

STATE OF NEW YORK
PUBLIC HEALTH AND HEALTH PLANNING COUNCIL

COMMITTEE DAY

AGENDA

September 24, 2020

10:00 a.m.

Via Live Webcasting

I. COMMITTEE ON ESTABLISHMENT AND PROJECT REVIEW

Peter Robinson, Chair

A. Applications for Construction of Health Care Facilities/Agencies

Acute Care Services – Construction

Exhibit # 1

	<u>Number</u>	<u>Applicant/Facility</u>
1.	202049 C	Brookdale Hospital Medical Center (Kings County)
2.	142276 C	White Plains Hospital Center (Westchester County)
3.	201151 C	Southside Hospital (Suffolk County)
4.	201161 C	Strong Memorial Hospital (Monroe County)
5.	201236 C	Strong Memorial Hospital (Monroe County)

Ambulatory Surgery Centers - Construction

Exhibit # 2

	<u>Number</u>	<u>Applicant/Facility</u>
1.	201240 C	Fifth Avenue Surgery Center (New York County)

B. Applications for Establishment and Construction of Health Care Facilities/Agencies

Acute Care Services – Establish/Construct

Exhibit # 3

	<u>Number</u>	<u>Applicant/Facility</u>
1.	202061 E	Rochester Regional Health (Monroe County)

Ambulatory Surgery Centers - Establish/Construct

Exhibit # 4

<u>Number</u>	<u>Applicant/Facility</u>
1. 191283 B	NY Endovascular Center, LLC (New York County)
2. 192320 E	Avicenna ASC, Inc. (New York County)
3. 201019 B	Pro-Medi Ambulatory Surgery Center (Queens County)
4. 201115 E	North Queens Surgical Center (Queens County)
5. 201225 B	Sunrise Surgery Center (Erie County)

Diagnostic and Treatment Centers - Establish/Construct

Exhibit # 5

<u>Number</u>	<u>Applicant/Facility</u>
1. 182305 B	CCH Home Care & Palliative Services, Inc. t/b/k/a Nascentia Community Care (Onondaga County)
2. 192322 B	Victory Community Health Center, Inc. (Kings County)
3. 201217 B	TOV HMC, LLC d/b/a Tov Health Medical Center (Rockland County)

Dialysis Services - Establish/Construct

Exhibit # 6

<u>Number</u>	<u>Applicant/Facility</u>
1. 192048 B	USRC Hamburg, LLC d/b/a U.S. Renal Care Hamburg Dialysis (Erie County)
2. 192321 B	USRC North Flushing, LLC d/b/a U.S. Renal Care North Flushing Dialysis (Queens County)
3. 201026 E	Latsch Dialysis, LLC d/b/a Westchester Home Training (Westchester County)

Certified Home Health Agencies- Establish/Construct

Exhibit # 7

	<u>Number</u>	<u>Applicant/Facility</u>
1.	192109 E	Tender Loving Care, an Amedisys Company (Nassau County)
2.	192311 E	Extended Home Care (New York County)

C. Restated Certificate of Incorporation

Exhibit # 8

Applicant

Samaritan Hospital of Troy, New York

Certificate of Dissolution

Applicant

Edward John Noble Hospital of Gouverneur, New York



**Project # 202049-C
Brookdale Hospital Medical Center**

**Program: Hospital
Purpose: Construction**

**County: Kings
Acknowledged: August 7, 2020**

Executive Summary

Description

The Brookdale Hospital Medical Center (BHMC), a 530-bed, voluntary not-for-profit, Article 28 hospital located at One Brookdale Plaza, Brooklyn (Kings County), and One Brooklyn Health System, Inc. (OBHS or the System), a not-for-profit 501(c)3 organization that is the sole member, active parent and co-operator of BHMC, request approval to merge Interfaith Medical Center (IMC), a 287-bed, voluntary not-for-profit, Article 28 hospital located at 1545 Atlantic Avenue, Brooklyn and Kingsbrook Jewish Medical Center (KJMC), 303-bed, voluntary not-for-profit, Article 28 hospital located at 585 Schenectady Avenue, Brooklyn with and into BHMC and certify all sites as divisions and extension clinics of BHMC. Under the plan of merger (the Merger), in consideration of BHMC assuming all of the assets of IMC and KJMC, subject to all of their respective liabilities, BHMC shall be the surviving Article 28 hospital with three hospital divisions: the BHMC Division, the IMC Division, and the KJMC Division. OBHS will remain the sole member, active parent and co-operator of BHMC, and there will be no change in board composition for either BHMC or OBHS.

This project follows two prior CON submissions involving the corporate restructuring of the Hospitals:

- CON #162117, which established OBHS as the co-operator of BHMC, IMC, and KJMC (the Hospitals) in 2017, and
- CON #172043, which in 2018 established OBHS as the active parent and co-operator of Rutland Nursing Home, The Schulman and Schachne Institute for Nursing and

Rehabilitation, Urban Strategies/Brookdale Family Care Center, and Brookdale Family Care Center (the Affiliates) and extended OBHS active parent powers over the Hospitals to include all 10 NYCRR 405.1(c) reserve powers.

The proposed Merger is the result of an OBHS review of alternative corporate governance structures and determination that a full asset merger would provide the greatest opportunity to achieve operating synergies, clinical service alignments, and other performance improvements integral to development of a more financially sustainable health care system in Central and Northeastern Brooklyn.

The corporate restructuring actions completed by OBHS and the Hospitals and the proposed Merger are important elements of the overarching Transformation Plan (the Plan) submitted by OBHS under PHL 2825-A, Health Care Facility Transformation – Kings County, (KHCFTP or the Grant). KHCFTP is a program established to provide up to \$700M of capital funding in support of projects to replace inefficient and outdated facilities as part of a merger, consolidation, acquisition, or other significant corporate restructuring activity intended to create a financially sustainable system of care. In January 2018, OBHS was awarded a \$664M KHCFTP grant. The grant contract was approved in July 2019 and established a five-year timetable for implementing approved capital project elements of the Plan. The OBHS Plan includes substantial and wide-ranging capital improvements which, fostered by corporate and clinical integration of the Hospitals, have an overarching goal to

preserve and enhance the Hospitals' vital role in the social and economic well-being of their communities while improving the System's financial sustainability over time.

The approved elements of the plan are:

- Development of an Ambulatory Care Network (over 30 sites) consisting of new or renovated hospital sites, including a new Medical Village on the KJMC campus offering primary and specialty care services, and new affiliations with several independent FQHC partners.
- Clinical Infrastructure projects and strategies to attain clinical and operational integration and implement crucial infrastructure, equipment, and technology upgrades needed to ensure safe environments and to compete in the current marketplace. As part of clinical integration, the KJMC Medical /Surgical inpatient service will be decertified, with the volume absorbed by existing capacity at IMC and BHMC, and the campus space reconfigured to support the Medical Village including the Emergency Department and expanded ambulatory services.
- Information Technology upgrades, including implementation of a single EPIC electronic medical record (EMR) system.
- Integration initiatives to achieve system synergies, including integrated service delivery and regionalization of service lines and consolidation/restructuring of financial, purchasing, human resources, and other administrative functions.

A number of these capital projects have been approved under prior Certificate of Need applications (CONs) and are underway, while others will be detailed in future CON submissions.

The proposed Merger will enable the System to obtain a single Medicaid and Medicare provider agreement with positive revenue impact. The proposed merger will also facilitate further alignment of clinical services and operations across the three campuses which is expected to yield cost savings and continued improvements in service quality, operating performance, and patient experience. The KJMC Division will specialize in post-acute care, long-term care, and rehabilitation and continue to deliver psychiatric services, along with expanded outpatient services through a Medical Village model. The IMC Division will continue to meet medical, routine surgery, behavioral and

ambulatory care needs in a safer environment with more modern facilities. The BHMC Division will become the tertiary care hospital and accommodate complex, high-risk, medical and surgical care and continue to serve as a regional trauma center. There are no changes in authorized services or licensed beds as a direct result of this CON application; however, future CON applications are expected to be filed to implement the Transformation Plan.

The OBHS Transformation Plan served by the Merger implements core tenets of Governor Cuomo's Vital Brooklyn Initiative. The Plan directly implements the Vital Brooklyn Community-Based Health Care program that calls for the establishment of new health care facilities in the community, investments in physical and clinical hospital expansion, and increased access to primary care providers and specialists. In addition, OBHS owned or controlled properties not needed for the direct delivery of health care services are being redeployed to develop affordable and supportive housing in partnership with developers and community-based organizations as part of Vital Brooklyn's Affordable Housing program.

OPCHSM Recommendation
Contingent Approval

Need Summary

The proposed merger is expected to accelerate OBHS's level of integration and as such is expected to facilitate OBHS' implementation of its Transformation Plan, with the goal of providing high-quality healthcare services in a strategic and more cost-effective manner to the high need communities OBHS serves.

Program Summary

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Summary

There are no project costs directly associated with this application. In the period following the Merger effective date, OBHS will accelerate implementation of the Transformation Plan and expects to realize positive revenue and operating cost impacts from operating BHMC, IMC, and KJMC as a single hospital system with one Medicaid and Medicare provider ID. Capital costs related to the Plan are expected to be funded by KHCFTP grant proceeds.

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of documentation of approval by the Office of Mental Health, acceptable to the Department. [PMU]
2. Submission of documentation of approval by the Office of Addiction Services and Supports, acceptable to the Department. [PMU]
3. Submission of a photocopy of an amended and executed Plan of Merger of Interfaith Medical Center (IMC) and Kingsbrook Jewish Medical Center (KJMC) into The Brookdale Hospital Medical Center (BHMC), acceptable to the Department. (CSL)
4. Submission of a photocopy of an amended and executed Certificate of Merger of IMC and KJMC into BHMC, acceptable to the Department. (CSL)
5. Submission of a photocopy of an amended and executed amendment to the Certificate of Incorporation of BHMC, acceptable to the Department. (CSL)
6. Submission of a photocopy of an amended and executed amendment to the Certificate of Incorporation of One Brooklyn Health System, Inc. (OBHS), acceptable to the Department. (CSL)
7. Submission of a photocopy of the amended bylaws of OBHS, acceptable to the Department. (CSL)

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

Council Action Date

October 8, 2020

Need and Program Analysis

Project Proposal

Post-merger, Brookdale Hospital Medical Center will be the surviving corporation with three hospital divisions and several extension clinics under one operating certificate number, and one Medicare and Medicaid provider agreement. OBHS is the sole member, active parent, and co-operator of BHMC, IMC, and KJMC. OBHS is the corporate parent of an integrated healthcare system and coordinates and manages the healthcare services that its affiliates provide to the residents of Brooklyn and other parts of New York City. The purpose of the project is to continue the development of OBHS with the goal of providing high quality healthcare services in a strategic and cost effective manner to the communities it serves. There will be no change to the board of OBHS or BHMC as a result of the merger.

This application does not seek any change in beds or services as part of this CON. There will be no changes in the staffing levels, utilization, revenues, or expenses as a direct result of this project. Any future changes to beds or services will require the submission of appropriate applications.

Need Analysis

The proposed CON to merge operations at KJMC, IMC, and Brookdale hospitals is a part of a larger OBHS Transformation Plan being funded through a \$664 million capital grant award the Department made to OBHS under the Kings County Health Care Facility Transformation Program (KCHFTP), and is expected to preserve and expand access to health care in Kings County while improving efficiency.

The 2016 Brooklyn Study: Reshaping the Future of Healthcare, commissioned by the New York State Department of Health and released by Northwell Health, has served as the roadmap for the OBHS Transformation work. The study emphasized that the hospitals and support services must be consolidated, clinical services regionalized, facilities rebuilt, and a large, transformative ambulatory care network developed throughout the service area.

Kings County is home to 2.65 million residents. It is served by two Veterans' Administration facilities, sixteen hospitals, and multiple community-based facilities in neighboring boroughs. The service area of OBHS is defined as a 12-zip code area of Central and Northeastern Brooklyn and spans eight Community Districts. Approximately 1.2 million residents live in this service area with 84.3 percent minority residents as compared to 45.4 percent in other Brooklyn communities. There are documented health disparities in the communities within the OBHS service area including lower life expectancy, higher rates of premature mortality, and higher rates of avoidable emergency room visits and hospitalizations for chronic conditions including heart failure, asthma, and diabetes.

The following tables display pertinent demographic information on the OBHS service area as distinct from the rest of Kings County.

Race Demographics: 2010 US Census	OBHS Service Area		Kings County	
	Number	Percent	Number	Percent
Hispanic/Latino (of any race)	186,268	16.5%	496,285	20.2%
White Non-Hispanic	177,223	15.7%	893,306	36.3%
Black/African American Non-Hispanic	694,168	61.6%	799,066	32.5%
Asian Non-Hispanic	40,711	3.6%	260,129	10.6%
Other race Non-Hispanic	28,123	2.5%	10,633	0.4%
Total	1,126,493	100.0%	2,459,419	100.0%

Place of Birth: 2018 US Census	OBHS Service Area		Kings County	
	Number	Percent	Number	Percent
Native-Born	750,317	63.5%	1,664,420	64.4%
United States	716,867	60.7%	1,577,987	61.1%
Puerto Rico, U.S. Islands, abroad with U.S. Parents	33,450	2.8%	86,433	3.4%
Foreign-Born	430,854	36.5%	918,410	35.6%
Naturalized U.S. citizen	269,519	22.8%	569,154	22.0%
Not a U.S. citizen	161,335	13.7%	349,256	13.5%
Total	1,181,171	100.0%	2,582,830	100.0%

OBHS Service Area – Insurance Coverage		
Insurance Status	Number	Percent
Total Population	1,176,592	
With health insurance coverage	1,067,205	90.7%
No health insurance coverage	109,387	9.3%

Source: Applicant

For the individuals insured in the OBH service area, 46% have public insurance.

The three OBHS hospitals account for only 16.8% of total hospital discharges from residents in their service area, and studies have noted that this high degree of outmigration to other Brooklyn hospitals as well as to Manhattan hospitals, represents an opportunity for OBHS to recapture patients. Outmigration is particularly common for high acuity services that command higher reimbursement than more routine services. Outmigration is most prevalent for commercially insured patients, with 72% leaving the service area for inpatient care.

Historical review of Average Daily Census (ADC) and Occupancy reveals excess capacity in all bed categories at all facilities except General Psychiatric beds at Brookdale Hospital as shown below.

Inpatient Utilization: Interfaith Medical Center																
Facility		2015			2016			2017			2018			2019*		
	Beds	Dis-charges	ADC	Occ.	Dis-charges	ADC	Occ.	Dis-charges	ADC	Occ.	Dis-charges	ADC	Occ.	Dis-charges	ADC	Occ.
Interfaith																
Med/Surg	117	4,763	71	60.7%	4,929	77	65.8%	4,663	72	61.5%	4,499	67	57.3%	3,526	59	50.2%
Pediatric	10	435	3	30.0%	361	2	20.0%	323	2	20.0%	347	2	20.0%	273	2	19.8%
Obstetric	0															
General Psychiatric	120	1,736	79	65.8%	2,031	82	68.3%	1,943	70	58.3%	1,965	72	60.0%	1,679	73	61.1%
Chem Dependency	40	1,716	29	72.5%	1,842	30	75.0%	1,765	30	75.0%	1,701	28	70.0%	1,337	25	62.5%
High Risk Neonate	0															
Total	287	8,650	182	63.4%	9,163	191	66.6%	8,694	174	60.6%	8,512	169	58.9%	6,815	159	55.4%
Inpatient Utilization:Kingsbrook Jewish Medical Center																
Facility		2015			2016			2017			2018			2019*		
	Beds	Dis-charges	ADC	Occ.	Dis-charges	ADC	Occ.	Dis-charges	ADC	Occ.	Dis-charges	ADC	Occ.	Dis-charges	ADC	Occ.
Kingsbrook																
Med/Surg	248	6,842	141	56.9%	7,570	147	59.3%	5,918	118	47.6%	6,503	130	52.4%	6,983	152	61.3%
Pediatric																
Obstetric																
General Psychiatric	55	967	39	70.9%	881	40	72.7%	765	40	72.7%	836	38	69.1%	666	30	54.7%
Chem Dependency																
High Risk Neonate																
Total	303	7,809	180	59.4%	8,451	187	61.7%	6,683	158	52.1%	7,339	168	55.4%	7,649	182	60.1%
Inpatient Utilization: Brookdale Hospital Medical Center																
Facility		2015			2016			2017			2018			2019*		
	Beds	Dis-charges	ADC	Occ.	Dis-charges	ADC	Occ.	Dis-charges	ADC	Occ.	Dis-charges	ADC	Occ.	Dis-charges	ADC	Occ.
Brookdale																
Med/Surg	358	9,281	170	47.5%	9,165	173	48.3%	9,220	180	50.3%	9,558	170	47.5%	8,721	183	51.0%
Pediatric	41	907	7	17.1%	971	8	19.5%	789	7	17.1%	781	6	14.6%	604	5	13.1%
Obstetric	40	1,541	14	35.0%	1,500	14	35.0%	1,372	12	30.0%	1,209	11	27.5%	973	11	26.8%
General Psychiatric	61	1,820	61	100.0%	1,803	60	98.4%	1,820	64	104.9%	1,846	61	100.0%	1,496	60	98.6%
Chem Dependency																
High Risk Neonate	30	340	11	36.7%	378	11	36.7%	278	8	26.7%	4	0	0.0%	107	6	19.6%
Total	530	13,889	263	49.6%	13,817	266	50.2%	13,479	271	51.1%	13,398	248	46.8%	11,901	265	50.0%

Source: SPARCS. *2019 Reporting not final- reports of 2/26/2020 (Discharges) and 6/26/2020 (ADC-rounded & Occupancy) displayed.

Given these resources and utilization, OBHS will reconfigure beds and services as shown in the table below.

Beds Pre- and Post- Merger									
Bed Types- Hospital	Kingsbrook			Interfaith			Brookdale		
	Pre	+/-	Post	Pre	+/-	Post	Pre	+/-	Post
Medical / Surgical	163	-163	0	104	-	104	326	-13	313
Intensive Care	10	-10	0	13	-	13	26	7	33
Coronary Care	10	-10	0				6	-	6
Pediatric				10	-	10	35	-	35
Pediatric ICU							6		6
Maternity							40	-	40
Neonatal Continuing Care							10	-	10
Neonatal Intensive Care							10	-	10
Neonatal Intermediate Care							10	-	10
Psychiatric (Adult) ^a	55	-	55	120	-24	96	52	6	58
Psychiatric (Pediatric)							9	-	9
Chem Dep Rehabilitation				20	-	20			
Chem Dep Detoxification				20	-	20			
Phys Med Rehab (PM&R) ^b	40	-	40						
PM&R/Coma Recovery	5	-5	0						
PM&R/Traumatic Brain Injury	20	-20	0						
Total Beds	303	-208	95	287	-24	263	530	0	530
<p>a. IMC: Architectural functional and space planning results indicated that compliance with Facility Guidelines Institute, FGI-14 guidelines will require a reduction of 6 beds in each of the 4 psychiatric units. A CON for the renovation of the two 8th floor units has been submitted and approved. Construction completion for the 8th floor units is anticipated by Fall 2022. BHMC: OBHS submitted an Administrative Review application in August 2020 to increase BHMC Adult Psychiatric Beds by 6 for a total of 58 Adult Psychiatric Beds. (Anticipated CON Approval Date: End of 2020)</p> <p>b. OBHS intends to de-certify the Coma Recovery and Traumatic Brain Injury beds at KJMC, as per the Kings County Transformation Grant application. The resulting PM&R bed count will be 40. Anticipated Approval Date: January 2021</p>									

The Kingsbrook campus will experience the largest transition. Through a to-be-filed Certificate of Need application and closure plan, acute medical/surgical services at the KJMC campus are expected to be closed by December 31, 2020, and it is assumed that approximately one third of the utilization will be retained at IMC and/or Brookdale, while the other utilization will either be captured by other area hospitals or will not materialize.

While the Northwell Report also recommended closing Inpatient Psychiatry on the KJMC campus and migrating this volume to the IMC campus, that has been reconsidered due to high demand and public need in the service area. KJMC will retain its Inpatient Psychiatry services on its campus.

The KJMC campus, following Transformation, will include:

- The Rutland Nursing Home
- Exempt Unit Rehabilitation Beds
- Exempt Unit Psychiatry Beds
- A freestanding 911 Receiving Emergency Room
- Existing and expanded Outpatient Services (including significant expansion of services under its KCHFTP grant-funded Medical Village Project).

The table below shows the effect of the assumed post-transition utilization distribution scenario of 30% migration of KJMC medical/surgical occupancy to BHMC and IMC (15% to each).

Med/Surg¹ Absorption Analysis 30% of KJMC Occupancy Absorbed in IMC & BMC									
		2018			30% of KJMC Discharges		Including KJMC Migration		
Facility	Beds	Disch.	ADC	Occ.	Disch.	ADC	Disch.	ADC	Occ.
Kingsbrook	248	6,503	130	52.4%	-1,950	-40			
Interfaith	117	4,499	67	57.3%	975	20	5,474	87	74.4%
Brookdale	352	9,558	170	48.3%	975	20	10,533	190	54.0%

¹ Med/Surg includes Intensive Care and Coronary Care Beds

The table below shows the projected post-merger certified bed resources at Brookdale Hospital and its capacity to absorb the full caseload from Kingsbrook if that were necessary. The addition of six general psychiatric beds at Brookdale reduces its occupancy to 91% from 100% experienced in 2018. The overall occupancy at Brookdale in this scenario would increase from 2018 levels of 46% to 71% post-transformation.

Brookdale Occupancy¹ Assuming Absorption of ALL Kingsbrook Med/Surg ADC				
	Beds	Discharges	ADC	Occ.
Med/Surg ²	352	16,061	300	85.2%
Pediatric	41	781	6	14.6%
Obstetric	40	1,209	11	27.5%
General Psychiatric	67	1,846	61	91.0%
High Risk Neonate	30	4	0	0.0%
Total	530	19,901	378	71.3%

¹ Source: 2018 SPARCS

² Med/Surg includes Intensive Care and Coronary Care Beds

At the same time, outpatient visits are expected to increase 17% in Year One and 85% in Year Three. This significant growth in outpatient visits is based on the \$207 million investment being made through the KHCFTP capital grant into a large integrated ambulatory care network which includes 14 OBHS-controlled ambulatory sites that will be added and/or substantially renovated. In addition, this growth in visit volume also represents referrals from FQHC partners to OBHS clinics for subspecialty and ambulatory surgery.

Projected OBH Outpatient Visits by Payer Source							
		Current -2019		Year One		Year Three	
		Visits	%	Visits	%	Visits	%
Commercial	FFS	0	0.0%	0	0.0%	0	0.0%
	MC	95,557	16.7%	102,576	11.2%	155,818	17.1%
Medicare	FFS	54,511	9.5%	56,089	16.3%	81,737	9.0%
	MC	99,930	17.5%	110,610	20.5%	177,913	19.5%
Medicaid	FFS	38,134	6.7%	40,189	12.5%	59,839	6.6%
	MC	248,918	43.6%	271,501	36.6%	395,713	43.5%
Private Pay		26,982	4.7%	26,364	2.2%	30,464	3.3%
All Other		7,460	1.3%	7,175	0.6%	8,601	0.9%
Total		571,492	100.0%	614,504	100.0%	910,085	100.0%

As part of the KJMC campus transition, the KJMC ED will become an off-campus Emergency Department of Brookdale Hospital. ED visits at KJMC for the past three years show a declining trend and are as follows:

Kingsbrook Jewish ED Volumes		
Year	Total ED Visits	Treat and Release (T&R)
2017	36,187	28,715
2018	36,255	29,556
2019	33,799	27,085

The Kingsbrook ED will continue to have specific bays for pediatrics, isolation, cardiac, orthopedics, fast-track, and gynecology. OBHS anticipates no service gap will be created by the KJMC Transition due to the availability of the Brookdale ED (Level 1 Trauma Center), which is located 1.9 miles and 10 minutes travel time from KJMC, and the Interfaith ED, which is located 2.3 miles and 12 minutes travel time from KJMC.

Compliance with Applicable Codes, Rules and Regulations

The medical staff will continue to ensure that the procedures performed at the facility conform to generally accepted standards of practice and that privileges granted are within the physician's scope to practice and expertise. The Facility's admissions policy includes anti-discrimination provisions regarding age, race, creed, color, national origin, marital status, sex, sexual orientation, religion, disability, or source of payment. All procedures are performed in accordance with all applicable federal and state codes, rules, and regulations. A sliding fee scale is in place for those without insurance and provisions are made for those who cannot afford services.

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules, and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

Prevention Agenda

OBHS is a founding member of the Brooklyn Community Collaborative (BCC), an umbrella organization for a group of Brooklyn anchor healthcare institutions that are rooted in their local communities to benefit the communities they serve. With the support of DSRIP funding, BCC was formed by its member organizations and partners to develop programs and implement outcome-based initiatives that address Social Determinants of Health. BCC's work involves four outcomes-based initiatives that address specific Social Determinants of Health:

1. **Homes for Health** - Public-private partnership for housing stability, healthy homes, and community ownership;
2. **Citizen Share Brooklyn** - Development of unionized cooperatives, enterprises, education, job training, and advocacy;
3. **Caring Communities** - Coordinated care management and community efforts to connect Brooklynites to services;
4. **Strong Communities Fund** - Flexible funds and capacity building to strengthen community-based organizations and develop civic infrastructure to address Participatory Action Research priorities.

Further evidence of OBHS's strong commitment has been the reconfiguration of its campuses in order to facilitate the development of hundreds of units of affordable housing, a component of The Vital Brooklyn Initiative. OBHS has forged partnerships with the New York State Housing and Community Renewal agency, housing developers, elected officials, advocates, community-based organizations, the DSRIP PPS, federally qualified health centers (FQHCs) and others to develop a model of community development and wellness.

During fiscal year 2018:

- Brookdale Hospital Medical Center spent \$2,180,430 net on community health improvement services, representing 0.37% of total operating expenses.
- Interfaith Medical Center spent \$911,327 net on community health improvement services, representing 0.37% of total operating expenses.
- Kingsbrook Jewish Medical Center spent \$0 net on community health improvement services.

Conclusion

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law. The merger proposed as part of this Project will facilitate OBHS with implementation of its Transformation Plan, with the goal of providing high-quality healthcare services in a strategic and cost-effective manner to the high need communities OBHS serves.

Financial Analysis

The applicant has submitted an operating budget for OBHS Year One and Year Three following the merger, as detailed below.

	<u>Dollars in Thousands (\$000)</u>					
	<u>Current Year (2019)</u>		<u>Year One (2021)</u>		<u>Year Three (2023)</u>	
<u>Hospitals</u>	<u>Per Diem</u>	<u>Total</u>	<u>Per Diem</u>	<u>Total</u>	<u>Per Diem</u>	<u>Total</u>
NPSR - Inpatient	\$15,370	\$491,795	\$16,450	\$447,940	\$16,765	\$467,406
NPSR - Outpatient	\$239	<u>\$136,341</u>	\$242	<u>\$149,010</u>	\$218	<u>\$198,440</u>
NPSR - Total		\$628,136		\$596,950		\$665,846
Other Revenue*		\$127,226		\$114,336		\$114,336
Operating Expenses		\$983,457		\$939,867		\$995,468
Depreciation		<u>\$20,389</u>		<u>\$21,245</u>		<u>\$25,184</u>
Total Expenses		\$1,003,846		\$961,112		\$1,020,652
State Subsidy**		\$255,619		\$255,619		\$255,619
Net Income Before Affiliates		<u>\$7,135</u>		<u>\$5,793</u>		<u>\$15,149</u>
<u>Affiliates</u>						
Nursing Homes - Net D&TC/PC		(\$57,551)		(\$67,640)		(\$79,585)
		(\$2,737)		(\$3,682)		(\$4,691)
Net Income - System		<u>(\$53,154)</u>		<u>(\$65,529)</u>		<u>(\$69,127)</u>
Discharges		31,997		27,437		27,880
Visits		571,492		614,504		901,085

* Other revenue includes grants, physician billing, 340B pharmacy, GME payments, and other ancillary income.

** The State subsidy reflected in the table above is based on actual payments received in Calendar Year 2019. For purposes of the CON analysis, the State subsidy was assumed to remain flat, as future State supplemental payments are to be determined and subject to State budget approval. It is expected that State supplemental payments will continue to provide material support to allow OBHS to continue operations.

OBHS's Hospital income before affiliates is forecast to contribute \$5.8M in 2021 and \$15.1M in 2023. Growth in outpatient visits is projected to generate an incremental \$62.1M in Net Patient Service Revenue (NPSR), a direct outcome of the 14 OBHS-controlled ambulatory sites that will be added and/or substantially renovated as part of the Transformation Plan and referrals from FQHC partners for subspecialty and ambulatory surgery. The reduction in outpatient per diem is due to the increased proportion of primary care outpatient volume as a percentage of overall ambulatory volume called for in the Plan.

Consistent with the strategic shift towards systemwide integration and outpatient service delivery, inpatient NPSR initially falls by \$43.9M in 2021 but recovers about \$19.5M of that shortfall by 2023. The Plan-driven systemwide reduction in discharges is expected to reduce NPSR by \$64.8M in 2021, but this revenue loss is mitigated by other Plan outcomes, including revenue cycle enhancements to be applied systemwide, higher patient acuity on retained discharges, additional volume from ambulatory site referrals, and managed care and commercial contracting synergies.

Declines in Other Revenue primarily reflect the end of DSRIP and other grant programs that contributed approximately \$6M and \$13M to 2019 income, offset in part by 5% growth in physician billing revenues from 2019-2021. The state subsidy revenue forecast is based on state supplemental payments made through the Value Based Payment Quality Improvement Program (VBP-QIP) and Vital Access Provider Assurance Program (VAPAP) funds received in CY 2019 which are assumed for purposes of the CON analysis to remain flat over the projection period. Future state supplemental payments are to be determined and are subject to state budget approval.

Overall operating expenses are projected to increase only 0.4% annually from 2019-2023. While the forecast assumes approximately 3% average annual inflation on labor and other operating costs, a number of Plan initiatives serve to restrain overall operating expense growth relative to inflation. The initiatives include variable cost savings associated with lower discharges, a realization of supply chain and purchasing efficiencies, consolidation of lab services offered at the three Hospitals, and insourcing of work previously handled by outside vendors.

As presented, the Hospitals show net income before affiliates of \$15.2M in 2023, more than double Hospital net income for 2019 as a result of the hospital operating performance improvement initiatives implemented during this period in accordance with the Transformation Plan. System net income is projected to decrease from (\$57.6M) to (\$79.6M) by 2023, largely as the forecast rate of revenue growth per year is outpaced by the projected annual growth rate in operating expenses. In addition, the projection does not include the benefit or outcome of other Transformation Plan initiatives under development but not yet implemented, including improvements in OBHS' post-acute care services which the KHCFTP grant projects do not specifically address, as well as future clinical integration initiatives. It is expected that the projected System losses will be offset by a combination of future Transformation Plan project initiatives including improvements to the post-acute care services as well as further back office and clinical service line integration facilitated by this Merger CON, cash management strategies, and State supplemental payments.

Utilization by payor for OBHS inpatient and outpatient services is as follows:

<u>Inpatient – Discharges</u>	<u>Current Year</u>	<u>Year One</u>	<u>Year Three</u>
Commercial	11.5%	11.2%	11.3%
Medicare	37.6%	36.8%	36.9%
Medicaid	48.1%	49.2%	49.1%
Private Pay/Other	2.8%	2.8%	2.8%
Total	100.0%	100.0%	100.0%

<u>Outpatient – Visits</u>	<u>Current Year</u>	<u>Year One</u>	<u>Year Three</u>
Commercial	16.7%	16.7%	17.1%
Medicare	27.0%	27.1%	28.5%
Medicaid	50.2%	50.7%	50.1%
Private Pay/Other	6.0%	5.5%	4.3%
Total	100.0%	100.0%	100.0%

OBHS expects no material shift in payor mix or the underlying demographics of its market area. However, KJMC's payor mix has a slightly higher proportion of Medicare than IMC and BHMC, so the post-transformation systemwide inpatient) payor mix is projected to be slightly more Medicaid and less Medicare. Conversely, the increase in KJMC Medical Village outpatient volume is expected to shift the payor mix to a slightly higher Medicare percent.

In sum, the Transformation Plan's positive financial impact, including the movement to a single provider ID under BHMC, the development and projected growth of outpatient services, a realization of operating synergies, and completion of grant-funded transformation work, is forecast at \$48.5M in 2021 and \$88.8M by 2023. As stated, the OBHS transformation process is expected to continue throughout the projection period and the construction term of the KHCFTP grant, which is currently expected to conclude in 2025, but may exceed this time period due to the complexity and scope of the capital projects involved. The Merger will enable the systemwide management and strategic planning needed to address continued market-driven revenue and expense changes, both at the Affiliates and the Hospitals.

Capability and Feasibility

There are no project costs to execute the Merger. The submitted budget indicates losses for the OBHS System, including affiliates, of \$65,528,517 and \$69,127,457 for Year One and Year Three, respectively. The budget is reflective of the challenges of financially distressed hospitals that serve communities with a high concentration of uninsured, under-insured, Medicaid and Medicare enrollees, with complex medical, social, and economic needs, where the rate of growth of revenues does not keep pace with the rate of growth of expenses. The projected losses are expected to be offset through future Transformation Plan projects not yet implemented, other corporate and clinical service line performance improvement initiatives planned but not yet implemented or quantified in the projection, and proactive operating cash management strategies. Certain KHCFTP grant funded projects may also receive working capital support in the form of KHCFTP grant fund advances and payment assignments to vendors. In addition, it is expected that supplemental state payments will be made sufficient for OBHS to maintain its financial solvency. The budget appears reasonable.

BFA Attachment B is the consolidated 2019 Draft certified financial statements for OBHS, internal consolidated financial statements for 2018, and the 2018 audited financial statements for BHMC, IMC, and KJMC. BFA Attachment C is the OBHS internal consolidated 2020 financial statements for the six months ended 6/30/2020.

As shown on BFA Attachment B, OBHS had negative net working capital and net asset positions as of 12/31/19 and a reported cash balance of \$28.1M. The consolidated entity reported a loss of \$53.2M for the calendar year ended 12/31/19, or a loss of \$27.9M before depreciation and amortization. For the year ended 12/31/2018, OBHS reported negative net working capital and net assets and a cash balance of \$5.9M, and a loss from operations of \$56.3M. The improvement in operating income in 2019 was driven by increases in net patient service revenue, grants, and other income to offset increased operating expenses including salary and benefit costs.

The OBHS consolidated interim financial statements shown on BFA Attachment C include financial performance for the six months ended 6/30/20. The Hospitals report negative net working capital and negative net assets and a cash balance of \$40.1M. The cash balance does not include approximately \$172M in stimulus funds received in second quarter 2020 under the CARES Act and is reported as a restricted asset; CARES Act funds can only be used to cover costs related to the COVID-19 ("covid") pandemic and will be taken into income as such costs are recognized.

OBHS recorded a net operating loss for the six months ended 6/30/20 of \$12.0M and an operating loss before depreciation of \$1.2M. The improvement in operating income relative to prior year stems from, above-budget net patient service revenue during the peak of the covid crisis and reductions in salary and supply costs related to utilization declines following the April 2020 peak in covid cases. In addition, OBHS recognized approximately \$30M of CARES Act subsidy in income during the period, an amount that covered volume-driven revenue losses and operating expenses incurred due to the covid pandemic.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BFA Attachment A Organization Chart: OBHS post-merger
BFA Attachment B OBHS Audited Financial Statements - for the year ended 12/31/19 and audited financial statements for KJMC, BHMC and IMC for the year ended 12/31/18
BFA Attachment C OBHS Internal Financial Statements – for the six-month period ended 6/30/20
BPNR Attachment Map



Project # 142276-C
White Plains Hospital Center

Program: Hospital
Purpose: Construction

County: Westchester
Acknowledged: January 7, 2015

Executive Summary

Description

White Plains Hospital Center (WPHC), a 291-bed, voluntary not-for-profit, Article 28 acute care hospital located at 41 East Post Road, White Plains (Westchester County), requests approval to initiate an adult cardiac surgery program. There are no construction costs associated with this application. The project will be undertaken in cooperation with Montefiore Medical Center who will provide direct clinical, quality involvement and oversight of the program. Effective January 2, 2015, Montefiore Health System, Inc. (MHS) was approved as the active parent and co-operator of WPHC.

WPHC has an existing cardiac catheterization and electrophysiology program. Approval of this program is consistent with the recommendations of the Regulatory Modernization Initiative Cardiac Workgroup, which sought to expand the availability of Cardiac Surgery to qualified regional hospitals to ensure patients can safely access high-quality cardiac care as conveniently as possible and to update CON regulations to recognize new systems of care.

OPCHSM Recommendation
Contingent approval

Need Summary

The addition of Cardiac Services at WPHC will add resources to a region with growing demand and in a county that currently only has one other hospital providing cardiac surgery services. The CON is being reviewed under the recently approved revisions to 10 NYCRR 709.14, which will become effective September 30, 2020.

Program Summary

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e)

Financial Summary

Project costs of \$1,663,488 will be met via equity from operations.

Table with 3 columns: Budget, Year One, Year Three. Rows include Revenues, Expenses, and Excess of Rev. over Exp.

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of assurances that the applicant and affiliate will agree to fully participate in anticipated data collection initiatives to include the study of access and/or acute myocardial infarction patients. [HSP]
3. Submission of a written agreement to develop and implement an institutional plan which provides for accurate and timely reporting of Cardiac Surgery and Percutaneous Coronary Intervention Reporting System (CSRS and PCIRS) data to the Department. The plan must ensure that relevant medical and administrative staff are trained in the use of these systems and are familiar with the specific definitions involved. In addition, the plan must provide for designated CSRS and PCIRS data managers, with clinical expertise, who are trained in specific clinical criteria used in these systems and are authorized to ensure accurate and timely reporting of data. [HSP]
4. Submission of assurances that the facility will continue to implement a hospital heart disease prevention program with the recommendation of the Cardiac Advisory Committee and the Department as set forth in 10 NYCRR 709.14. A schedule of recent and planned activities should be included with the assurances. [HSP]
5. Submission of a written agreement that, until the applicant has reached a level of productivity consistent with the annual 300 case volume set forth in 10 NYCRR 709.14, high risk cases such as high risk angioplasty and high risk coronary artery bypass graft surgeries will be transferred to the affiliate program or another full service program experienced in handling such cases. [HSP]
6. Submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-01. [AER]
7. Submission of Engineering (MEP) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-01. [AER]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

October 8, 2020

Need and Program Analysis

Cardiac Surgery – Need Methodology

This application is being reviewed under the approved revisions to 10 NYCRR 709.14, which is anticipated to become effective September 30, 2020.

Qualifying criteria for approval under the revised regulation include documentation of a cardiac patient base and current cardiac interventional referrals sufficient to support a projected annual volume of at least 300 cardiac surgery cases (previously 500) and a projected annual volume of at least 36 emergency PCI cases within two years of approval. There is no longer a volume requirement for existing cardiac surgery programs in the planning area to meet in order to approve a new program such as this application. The 300 surgical case number required of the applicant, as well as all other surgical numbers that follow in this review, exclude Transcatheter Aortic Valve Replacement (TAVR) procedures, a less invasive procedure that is designed to replace a diseased aortic valve. White Plains Hospital projects 410 cardiac procedures in the first year, increasing to 541 in Year Three.

Cardiac Surgery – Current Utilization

Statewide Cardiac Surgery Procedures, 2015-2019						
	2015	2016	2017	2018	2019*	
Procedures	18,636	18,987	18,445	18,349	17,653	

Source: Cardiac Services Group

* 2019 trends 11 months of reporting to a full year value where applicable

Percent decrease 2015-2019: -5.3%, excludes TAVR

Hudson Valley Cardiac Surgery Procedures 2016 – 2019*						
Facility	2016	2017	2018	2019*	Distance from WPHC (miles)	Travel Time from WPHC (minutes)
Westchester Med Center	469	477	534	543	6	10
Good Sam - Suffern	129	92	125	120	22	27
Vassar Brothers	358	257	334	372	66	73
Total	956	826	993	1,035		

Source: Cardiac Services Group

* 2019 trends 11 months of reporting to a full year value.

Percent increase 2016-2019: 8.3%, excludes TAVR

BPNR Attachment A is a map showing the locations of the existing cardiac surgery programs in the service area in relation to WPH. Despite the decrease in statewide cardiac surgery procedures 2016-2019, Cardiac surgery volume increased 8.3% in the Hudson Valley Region for the same period. Westchester Medical Center currently operates the only cardiac surgery program in Westchester County. BPNR Attachment B contains a table showing the historical distribution of cardiac surgery cases emanating from Westchester County to existing cardiac surgery programs.

Hudson Valley Residents Receiving Cardiac Surgery 2014-2019						
Year	2014	2015	2016	2017	2018	2019*
Procedures	1,958	1,977	2,030	1,919	1,973	2,151

Source: Cardiac Services Group.

*2019 trends 11 months of reporting to a full year value, excludes TAVR.

The Hudson Valley Region is expected to realize an increase of 21.2 percent in the 65+ population from 2013 to 2025. Currently, Westchester County has the highest 65+ population in the HSA with 2020 projected at 154,879.

Population Estimates by County including the 65+ population, Source: Cornell PAD					
County	2013	65+ 2013	65+ 2015	65+ 2020	65+ 2025
Dutchess	296,916	44,834	45,043	50,677	57,024
Orange	375,592	45,822	47,811	55,325	63,898
Putnam	99,645	14,249	13,906	15,697	17,544
Rockland	320,903	46,852	46,630	50,424	54,948
Sullivan	76,665	12,420	13,187	15,062	17,033
Ulster	180,998	30,408	31,018	34,809	38,508
Westchester	968,802	149,196	145,603	154,879	167,735
Total	2,319,521	343,781	343,198	376,873	416,690

Project Proposal

White Plains Hospital currently operates the following cardiac services:

- Cardiac Catheterization - PCI
- Electrophysiology
- Inpatient coronary care
- Cardiac testing

White Plains Hospital Center is one of 11 acute care hospitals of Montefiore Health System. Montefiore Health System is the active parent and co-operator of WPHC. The Applicant has submitted a written plan that demonstrates their ability to comply with all of the standards for Cardiac Surgery and they have assured the Department that their program will meet all of the requirements of 405.29 and 709.14.

White Plains Hospital and Montefiore Hospital have formalized, a written agreement whereby Montefiore will provide six experienced surgeons to perform the cardiac surgery cases at White Plains initially. Montefiore Hospital will be the clinical affiliate and cardiac back-up for the catheterization and interventional procedures.

White Plains Hospital has set a goal to prevent chronic disease by decreasing the percentage of African Americans and Hispanics dying prematurely from heart-related deaths. The facility plans to achieve this goal through community outreach programs. Some of the programs include “The Heart of the Matter” heart club, Congestive Heart Failure outreach program, Go Red for Women, Annual Heart Walk, Mall Walkers, White Plains Wellness Week, Wellness Through Prevention Month, free blood pressure screenings, nutritional presentations, and educational articles.

White Plains Hospital projects 410 non-TAVR cardiac procedures in Year One, increasing to 541 in Year Three, thus meeting the new regulatory requirements for approval. The applicant asserts that their projected cardiac case volume will be comprised of patients WPH has had to transfer to other hospitals for lack of their own cardiac surgery program; patients from within the Montefiore system; and patients currently migrating out of their service area for surgery and will therefore have minimal impact on Westchester Medical Center.

Staffing will increase by 31.0 FTEs in Year One and 39.9 FTEs in Year Three.

Compliance with Applicable Codes, Rules and Regulations

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility’s enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

Prevention Agenda

Although the application does not state how the proposed project will advance local Prevention Agenda priorities, White Plains Hospital Center is supporting two priorities of the 2019-2024 New York State Prevention Agenda by implementing multiple interventions, including:

1. Promote Well-Being and Prevent Mental and Substance Use Disorders
 - Host naloxone training sessions.
 - Implement CAGE-AID screening.
 - Conduct prescriber chart review.
 - Prescriber education.
2. Promote Healthy Women, Infants and Children
 - Establish a written breastfeeding policy that is routinely communicated to all health care staff.
 - Train all health care staff in the skills necessary to implement this policy.
 - Inform pregnant women about the benefits and management of breastfeeding.
 - Help moms initiate breastfeeding within one hour of birth.
 - Show moms how to breastfeed and how to maintain lactation even if they are separated from their infants.
 - Give infants no food or drink other than breast milk, unless medically indicated.

The application states that White Plains Hospital Center engaged patients, community members, elected officials, organizations, area business leaders, the Westchester County Department of Health, and other health facilities in their Prevention Agenda efforts. White Plains Hospital Center cites data indicators that it tracks to measure progress toward achieving local Prevention Agenda goals, including:

- Number of materials distributed.
- Number of persons who interacted with distributed materials.
- Attendance at all educational events.
- Pre- and post-event tests (to assess knowledge gained during presentations).
- Number of naloxone training sessions, and number of attendees/participants.
- Number of prescribers that utilize the CAGE-AID screening tool.
- Breastfeeding implementation rates.

Conclusion

The addition of Cardiac Services at WPHC will serve an area where demand has increased significantly and is expected to continue increasing. Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Analysis

Total Project Cost and Financing

Total project cost for the acquisition of moveable equipment is estimated at \$1,663,488, broken down as follows:

Moveable Equipment	\$1,652,400
CON Fee	2,000
Additional Processing Fee	<u>9,088</u>
Total Project Cost	\$1,663,488

The applicant will provide equity from operations to meet the total project cost.

Operating Budget

The applicant has submitted an incremental operating budget, in 2020 dollars, for the first and third years, summarized below:

Revenue	Year One		Year Three	
	Per Disch.	Total	Per Disch.	Total
Comm FFS	\$89,309	\$1,428,943	\$99,813	\$1,597,009
Comm MC	\$148,790	20,235,471	\$164,624	\$29,961,613
Medicare FFS	\$42,680	6,060,529	\$45,579	\$8,705,624
Medicare MC	\$43,232	2,334,509	\$45,607	\$3,238,122
Medicaid FFS	\$30,990	495,843	\$30,990	\$495,843
Medicaid MC	\$30,510	1,220,384	\$30,418	\$1,581,725
Private Pay	\$3,197	3,197	\$3,397	\$6,794
Other	\$14,863	<u>74,316</u>	\$16,013	<u>\$176,138</u>
Total Revenues		\$31,853,193		\$45,762,868
<u>Expenses</u>				
Operating	\$21,599	\$8,855,699	\$30,002	\$16,230,898
Capital	<u>522</u>	<u>214,000</u>	<u>409</u>	<u>221,000</u>
Total Expenses	\$22,121	\$9,069,699	\$30,410	\$16,451,898
Excess of Revenues		<u>\$22,783,494</u>		<u>\$29,310,970</u>
Discharges		410		541

The following is noted with respect to the submitted budget:

- Based on the hospital's existing contracts, the hospital has projected a 3% annual increase in Commercial rates, a 1.5% annual increase in Medicare rates, and a 0% increase in Medicaid and other rates.
- For the Medicare and Medicaid reimbursement rate projections, the applicant utilized the most recent published weights associated with the DRG grouping and multiplied the hospital's base rate for the respective cardiac surgery DRG's.
- The SFY 2020/21 Enacted State Budget effective April 2, 2020, reduced Medicaid payments by 1.5%; therefore, reducing the Medicaid revenues in Years One and Three. This reduction has been reflected within the budgets.
- Expense and utilization assumptions are based on available data regarding existing cardiac surgery programs at other hospitals in the geographical area, including the Montefiore Medical Center cardiac surgery program.

Utilization broken down by payor source during the first and third years is as follows:

Payor	Year One	Year Three
Comm FFS	3.90%	2.96%
Comm MC	33.17%	33.64%
Medicare FFS	34.63%	35.30%
Medicare MC	13.17%	13.12%
Medicaid FFS	3.90%	2.96%
Medicaid MC	9.76%	9.61%
Private Pay	.24%	.37%
Other	<u>1.23%</u>	<u>2.04%</u>
Total	100.00%	100.00%

Capability and Feasibility

Project costs of \$1,663,488 will be met via equity from operations of the hospital. BFA Attachment A is the 2018 and the 2019 certified financial statements of White Plains Hospital Center, which indicates the availability of sufficient funds for the equity contribution.

The submitted budget indicates an incremental excess of revenues over expenses of \$22,783,494 and \$29,310,970 during the first and third years, respectively. Revenues are based on current reimbursement methodologies. The submitted budget appears reasonable.

As shown on BFA Attachment A, the hospital had an average positive working capital position and an average positive net asset position from 2018 through 2019. Also, the hospital achieved an average excess of revenues over expenses of \$44,494,500 from 2018 through 2019.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BPNR Attachment A	Map
BPNR Attachment B	Cardiac Surgery Locations for Westchester County Residents
BFA Attachment A	Financial Summary – 2018 and 2019 certified financial statements of White Plains Hospital Center and Subsidiaries



**Project # 201151-C
Southside Hospital**

**Program: Hospital
Purpose: Construction**

**County: Suffolk
Acknowledged: May 26, 2020**

Executive Summary

Description

Southside Hospital, a 305-bed, voluntary not-for-profit Article 28 tertiary care hospital located at 301 East Main Street, Bay Shore (Long Island), requests approval to construct a new six-story inpatient building and certify sixty net new medical/surgical beds. The new inpatient pavilion will house sixty private medical/surgical rooms, six new operating rooms, two new endoscopy rooms, 41 prep and recovery/PACU bays/rooms, and the requisite support. A new main entry with reception and security, shell space for four future operating rooms, and appropriate engineering support will also be provided. The total project area is 179,402 GSF in total, including 178,218 GSF of new construction and 1,184 GSF of renovated space. Upon completion, Southside Hospital's licensed bed complement will increase to 365 beds.

The project seeks to modernize and expand to accommodate medical/surgical bed utilization increases and current operating room capacity constraints. The recently expanded emergency department has opened, and the hospital has experienced fast growth in patient volumes, revealing a need for additional inpatient beds to handle the increase in patient admissions. In addition, the increased complexity of cardiac and neurosurgical cases requiring longer OR times lowers throughput. Similar time-intensive procedures represent a large portion of the facility's anticipated growth.

Southside Hospital is co-operated by Northwell Healthcare, Inc., whose sole corporate member is Northwell Health, Inc., a New York not-for-profit corporation that operates a

comprehensive, integrated health care delivery system comprised of numerous hospitals across the greater New York metropolitan area, as well as a network of physician practices and providers of subacute care including home care, long term care, and hospice services.

**OPCHSM Recommendation
Contingent Approval**

Need Summary

The addition of medical/surgical beds and the expansion of surgical capacity will enable the applicant to manage a projected increase in utilization and serve the local community, which includes Suffolk County's increasingly diverse and elderly population.

Program Summary

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Summary

Total project costs of \$460,913,189 will be met with \$85,134,559 equity from operations (Southside) with the \$375,778,631 balance anticipated to be financed via a tax-exempt bond issued through the Dormitory Authority of the State of New York (DASNY) at an interest rate of 6.5% for a thirty-year term. Citigroup Global Markets, Inc. has provided a letter of interest to underwrite bond financing. Northwell intends to issue permanent debt in periodic increments to finance major projects. To mitigate capitalized construction interest created by issuing debt

before beginning construction, the project will initially be funded with Northwell Health, Inc. Obligated Group accumulated funds or interim financing through bank revolving credits. Therefore, financing is conditioned upon the Department having the opportunity to review the final bond financing proposal in advance to ensure that it meets approval standards. Northwell Health, Inc. has submitted a letter of commitment to support and absorb any incremental operational losses from this application.

	<u>(000's)</u>	
<u>Incremental</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$26,751	\$71,621
Expenses	<u>60,022</u>	<u>72,103</u>
Gain/Loss	(\$33,272)	(\$483)

	<u>(000's)</u>		
<u>Enterprise</u>	<u>Current</u>	<u>Year</u>	<u>Year</u>
	<u>Year</u>	<u>One</u>	<u>Three</u>
Revenues	\$534,850	\$561,601	\$606,471
Expenses	<u>521,344</u>	<u>581,366</u>	<u>593,447</u>
Gain/Loss	\$13,506	(\$19,765)	\$13,024

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. The submission of Design Development and State Hospital Code (SHC) Drawings, as described in BAER Drawing Submission Guidelines DSG-1.0 Required Schematic Design (SD) and Design Development (DD) Drawings, and 2.18 LSC Chapter 18 Healthcare Facilities Public Use, for review and approval. [DAS]

Approval conditional upon:

1. The project must be completed within five years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before July 28, 2022 and construction must be completed by November 13, 2024, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. This project is approved to be initially funded with Northwell Health, Inc. Obligated Group equity, with the prospect that the project will be 81.52% percent financed as part of Northwell Health, Inc. Obligated Group tax-exempt bond financing through the Dormitory Authority of the State of New York (DASNY). The bond issue is expected to include a 6.5% interest rate and a 30-year term. Financing is conditioned upon the Department having the opportunity to review the final financing proposal in advance to ensure that it meets approval standards. [BFA]
4. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

October 8, 2020

Need and Program Analysis

Program Description

Southside Hospital requests approval to construct a new six-story inpatient building and certify sixty net new medical/surgical beds. The new inpatient pavilion will house sixty private medical/surgical rooms, six new operating rooms, two new endoscopy rooms, prep and recovery space, and requisite support space.

Beds			
Bed Type	Current	+/-	Proposed
Coronary Care	10		10
Intensive Care	26		26
Maternity	29		29
Medical / Surgical	223	+60	283
Neonatal Continuing Care	5		5
Neonatal Intermediate Care	6		6
Pediatric	6		6
Total	305	60	365

HFIS 2020

The impetus for the project is a confluence of the factors below:

- Expected decrease in outmigration including higher complex cases that result in inpatient stays,
- An aging demographic prone to chronic disease,
- Projected growth in ED utilization, particularly admissions from the ED due to a completed ED expansion project,
- Removal of physical barriers limiting volumes,
- Growth of cancer services,
- Growing role as a regional tertiary center providing advanced cardiac and surgical services,
- Recruitment of surgeons.

Staffing is expected to increase as a result of this construction/expansion project by 199.6 FTEs in Year One of the completed project and increase to 499.1 FTEs by Year Three of the completed project.

Analysis

Southside Hospital has experienced significant medical/surgical bed utilization growth from 2015 to 2018 and currently exceeds the 85% generally accepted benchmark for medical/surgical utilization

Historical Average Daily Census, Occupancy									
		2015		2016		2017		2018	
Type	Beds	ADC	Occ.	ADC	Occ.	ADC	Occ.	ADC	Occ.
Med/Surg (includes ICU, CCU)	259	200	77.22%	209	80.69%	233	89.96%	223	86.10%
Obstetric	29	20	68.97%	23	79.31%	22	75.86%	22	75.86%
Pediatric	6	1	16.67%	2	33.33%	1	16.67%	1	16.67%
High Risk Neonates	11	3	27.27%	4	36.36%	4	36.36%	0	0.00%
Total	305	224	73.44%	238	78.03%	260	85.25%	256	83.93%

SPARCS 02/26/2020

Projected Average Daily Census								
	2019	2020	2021	2022	2023	2024	2025	2026
ADC	261	262	267	275	284	290	300	308
Med/Surg Beds* (includes ICU, CCU)	259	259	267	267	279	279	339	339
Occupancy	101%	101%	100%	103%	102%	104%	88%	91%

*Planned bed increases included in projections

ED volume has grown by almost 30% at Southside, as seen below. CON 142083 renovated the entire department adding 14 new ED bays for a total of 49 and increased the overall size to accommodate additional patients. This growth in ED patient volumes has resulted in a need for additional inpatient beds to handle the increase in patient admissions. Approximately 20% of total ED visits in 2019 resulted in an admission.

Historical ED Visits					
	2015	2016	2017	2018	2019
Total ED Visits	57,898	59,512	67,992	71,757	74,968

SPARCS 08/24/2020

The following tables show historical and projected OR-specific surgery. As can be seen, ambulatory surgery has been migrating to other settings while inpatient surgery has seen strong growth. The growth is projected to continue, supporting the proposed OR expansion.

Historical OR-Specific Surgical Procedures						
	2015	2016	2017	2018	2019	Change
Inpatient Surgery	3,560	4,359	4,813	5,001	5,226	46.8%
Ambulatory Surgery	<u>3,443</u>	<u>3,322</u>	<u>3,225</u>	<u>2,883</u>	<u>2,467</u>	-28.3%
Total OR Volume	7,003	7,681	8,038	7,884	7,693	9.9%

SPARCS August 2020

Projected OR-Specific Surgical Volume							
	2023	2024	2025	2026	2027	2028	2029
Inpatient & Ambulatory Procedures	7,284	7,511	8,193	8,761	9,329	9,556	9,783

Applicant

Compliance with Applicable Codes, Rules and Regulations

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

Prevention Agenda

In its application, Southside Hospital does not state how the proposed project will advance local Prevention Agenda priorities. The application does state interventions that Southside Hospital is implementing to support goals of the 2019-2024 New York State Prevention Agenda, including Health Home Care Management, FQHC Alignment, and Transitional Care Management.

The application states that Southside Hospital engaged local partners, including the Suffolk County Department of Health, in their Prevention Agenda efforts through its participation in the Long Island Health Collaborative. Southside Hospital cites data indicators that it tracks to measure progress toward achieving local Prevention Agenda goals, including:

- Age-adjusted percentage of adults who have a regular health care provider - Aged 18+ years
- Age-adjusted preventable hospitalizations rate per 10,000 - Aged 18+ years
- Percentage of adults (aged 18-64) with health insurance
- Preventable hospitalizations: Ratio of Black non-Hispanics to White non-Hispanics
- Preventable hospitalizations: Ratio of Hispanics to White non-Hispanics

In 2018 the applicant spent \$1,850,847 on community health improvement services, representing 0.282% of total operating expenses.

Conclusion

Historical growth in medical/surgical volume coupled with projected growth, support the need for sixty additional beds and expanded surgical capacity (including shell space for future use). Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Analysis

Total Project Cost and Financing

Total project cost, for new construction and the acquisition of moveable equipment for the Article 28 and the Non-Article 28 space, is estimated at \$460,913,189, further broken down as follows:

<u>Category</u>	<u>Article 28</u>	<u>Shell Space</u>	<u>Total</u>
New Construction	\$241,399,993	\$32,864,680	\$274,264,673
Renovation and Demolition	1,328,940	0	\$1,328,940
Site Development	21,743,401	0	\$21,743,401
Temporary Utilities	2,247,986	0	\$2,247,986
Asbestos Abatement or Removal	1,000,000	0	\$1,000,000
Design Contingency	24,998,622	3,122,145	\$28,120,767
Construction Contingency	14,377,234	1,478,911	\$15,856,145
Planning Consultant Fees	5,289,447	657,294	\$5,946,741
Architect/Engineering Fees	21,157,787	2,629,174	\$23,786,961
Construction Manager Fees	10,230,249	1,314,587	\$11,544,836
Other Fees (Consultant)	10,578,893	1,314,587	\$11,893,480
Moveable Equipment	31,953,290	0	\$31,953,290
Telecommunications	9,000,000	0	\$9,000,000
Financing Costs	19,940,116	0	\$19,940,116
CON Fee	2,000	0	\$2,000
Additional Processing Fee	<u>2,283,853</u>	<u>0</u>	<u>\$2,283,853</u>
Total Project Cost	\$417,531,811	\$43,381,378	\$460,913,189

Project costs are based on a 28-month construction period. Due to the inclusion of shell space, reimbursable project costs are limited to \$417,531,811.

The applicant's financing plan appears as follows:

Equity	\$85,134,559
Tax exempt bonds (DASNY) (6.5%, 30 years)	<u>\$375,778,631</u>
Total	\$460,913,189

Citigroup Global Markets, Inc. has submitted a letter of interest to underwrite bond financing. The project will initially be funded with Northwell Health, Inc. Obligated Group accumulated funds or interim financing through bank revolving credits. Hence, financing is conditioned upon the Department reviewing the final bond financing proposal in advance to ensure that it meets Department standards.

Operating Budget

The applicant has submitted an incremental operating budget, in 2020 dollars, for the first and third year, summarized below:

	<u>Current Year</u> <u>(2019)</u>	<u>Year One</u>	<u>Year Three</u>
<u>Inpatient Revenues</u>			
Commercial MC	\$197,290,000	\$209,277,217	\$229,488,698
Medicare FFS	111,670,000	\$118,350,684	129,556,261
Medicare MC	49,544,000	\$52,565,790	57,561,568
Medicaid FFS	14,669,000	\$15,537,951	16,881,962
Medicaid MC	51,206,000	\$54,262,210	59,328,438
Private Pay	<u>7,525,000</u>	<u>\$7,958,086</u>	<u>8,560,367</u>
Inpatient Revenues	\$431,904,000	\$457,951,938	\$501,377,294
<u>Inpatient Expenses</u>			
Operating	\$298,028,600	\$310,980,655	\$323,500,100
Capital	<u>14,777,600</u>	<u>\$61,700,300</u>	<u>61,026,900</u>
Inpatient Expenses	\$312,806,200	\$372,680,955	\$384,527,000
Inpatient Excess Revenue over Expenses	<u>\$119,097,800</u>	<u>\$85,270,983</u>	<u>\$116,850,294</u>
Utilization (Discharges)	24,185	24,943	26,205
<u>Outpatient Revenues</u>			
Commercial MC	\$61,649,000	\$62,089,600	\$62,995,300
Medicare FFS	\$13,084,000	\$13,191,500	\$13,413,300
Medicare MC	\$8,595,000	\$8,656,600	\$8,783,700
Medicaid FFS	\$1,285,000	\$1,293,300	\$1,311,100
Medicaid MC	\$10,740,000	\$10,810,400	\$10,954,000
Private Pay	<u>\$7,593,000</u>	<u>\$7,607,200</u>	<u>\$7,635,900</u>
Outpatient Revenues	\$102,946,000	\$103,648,600	\$105,093,300
<u>Outpatient Expenses</u>			
Operating	\$198,685,700	\$198,833,000	\$199,068,200
Capital	<u>9,851,700</u>	<u>\$9,851,700</u>	<u>9,851,700</u>
Outpatient Expenses	\$208,537,400	\$208,684,700	\$208,919,900
Outpatient Excess Revenue over Expenses	<u>(105,591,400)</u>	<u>(\$105,036,100)</u>	<u>(\$103,826,600)</u>
Utilization (Visits)	133,777	134,560	136,165
Total Excess Revenue over Expenses	<u>\$13,506,400</u>	<u>(\$19,765,117)</u>	<u>\$13,023,694</u>

The following is noted with respect to the submitted budget:

- Effective April 2, 2020, Medicaid payments have been reduced by 1.5% in accordance with the FY2021 Enacted State Budget, therefore reducing the Medicaid revenues. The reduction has been reflected in the budget.
- Staffing assumptions were developed with the Clinical and Operational leadership using staffing models in existing programs. Expense and utilization assumptions are based upon the DRG Detail Variable Direct Care. Once the variable discreet costs are calculated, threshold costs are developed using the experience of the clinical and management staff of the hospital.
- Revenue and payor rate assumptions are based upon the current experience of the existing volume and payor mix at Southside Hospital.

- The Year One incremental losses are primarily due to additional inpatient capital expenses (depreciation and interest) of approximately \$47,000,000 which are more than offset by Year Three, as a result of the ramp up in projected volume and associated revenue growth.

Utilization by payor source for inpatient and outpatient services is as follows:

<u>Inpatient</u>	<u>Current Year</u>	<u>Year One</u>	<u>Year Three</u>
Commercial MC	25.02%	25.20%	25.47%
Medicare FFS	29.98%	30.01%	30.06%
Medicare MC	12.87%	12.92%	12.99%
Medicaid FFS	5.11%	5.13%	5.16%
Medicaid MC	24.13%	23.83%	23.38%
Private Pay	<u>2.89%</u>	<u>2.91%</u>	<u>2.94%</u>
Total	100.00%	100.00%	100.00%

<u>Outpatient</u>	<u>Current Year</u>	<u>Year One</u>	<u>Year Three</u>
Commercial MC	29.30%	29.32%	29.35%
Medicare FFS	18.30%	18.32%	18.37%
Medicare MC	8.97%	8.99%	9.01%
Medicaid FFS	4.09%	4.09%	4.07%
Medicaid MC	26.14%	26.12%	26.07%
Private Pay	<u>13.19%</u>	<u>13.17%</u>	<u>13.13%</u>
Total	100.00%	100.00%	100.00%

Capability and Feasibility

Total project cost of \$460,913,139 will be met with equity of \$85,134,559 to be derived from operations and tax-exempt bond financing of \$375,778,631 via the Dormitory Authority of the State of New York at an interest rate of 6.5% for a thirty-year term. As previously noted, the project will initially be funded with Northwell Health, Inc. Obligated Group accumulated funds or interim financing through bank revolving credits. Hence, financing is conditioned upon the Department reviewing the final bond financing proposal in advance to ensure that it meets Department standards. The incremental working capital need, estimated at \$13.87 million, is based on two months of third year incremental expenses and will be funded via ongoing operations. BFA Attachment A is the 2018 certified financial statements of Northwell Health, Inc. and their internal financial statements as of September 30, 2019, which indicates the availability of sufficient funds for the equity contribution and working capital needs.

The submitted budget indicates an incremental excess of revenues over expenses of (\$33,271,530) and (\$482,706) during the first and third years, respectively. Year One incremental losses are the result of additional inpatient capital investments. The applicant projects improvement by Year Three due to ramping up of volume and associated revenues. The Southside budget shows excess revenues over expenses by Year Three inclusive of the project, and Northwell Health, Inc. has submitted a letter of commitment to support and absorb any incremental operational losses from this application. Revenues are based on current reimbursement methodologies. The submitted budget appears reasonable.

As shown on BFA Attachment A, the entity had an average positive working capital position and an average positive net asset position from January 1, 2018 through September 30, 2019. Also, the entity achieved an average excess of revenues over expenses of \$110,447,000 during the period shown.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BFA Attachment A Financial Summary- 2018 certified financial statements and the September 30, 2019 internal financial statements of Northwell Health, Inc.



**Project # 201161-C
Strong Memorial Hospital**

**Program: Hospital
Purpose: Construction**

**County: Monroe
Acknowledged: May 18, 2020**

Executive Summary

Description

Strong Memorial Hospital, an 886-bed, voluntary not-for-profit, Article 28 tertiary care hospital located at 601 Elmwood Avenue, Rochester (Monroe County), requests approval to add a new oncology infusion and therapeutic radiation extension clinic to be located at the intersection of Hard Road and Route 104 in Webster. The clinic will be certified for Medical Services – Other Medical Specialties, Radiology – Therapeutic O/P, and Linear Accelerator LINAC) services. The clinic will be located in approximately 18,888 SF of leased space on the first floor of a newly constructed commercial building. The project also involves the addition of approximately 2,200 SF outside the building footprint to house the LINAC, for a total project area of approximately 21,088 SF. The proposed extension site will be located 16 miles from the main hospital. The applicant will be transferring a LINAC from Strong Memorial Hospital to the new site, so there will be no incremental LINAC request per this application.

Strong Memorial Hospital is a Division of the University of Rochester (UR). The hospital currently provides oncology services at 13 separate locations throughout the Finger Lakes Region.

OPCHSM Recommendation
Contingent Approval

Need Summary

Approval of this project will not impact the number of linear accelerators in the Finger Lakes Region. The hospital will be transferring a linear accelerator from Strong Memorial to the new site. Strong Memorial Hospital is seeking to certify an extension clinic to offer oncology infusion and therapeutic radiation services in Monroe County. The number of projected visits is 4,862 in Year One and 6,945 in Year Three

Program Summary

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Summary

Project Cost of \$6,635,248 will be met via equity from hospital operations.

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$6,605,371	\$9,689,155
Expenses	<u>6,385,400</u>	<u>7,799,650</u>
Excess Revenues	\$219,971	\$1,889,505

Recommendations

Health Systems Agency

The Finger Lakes HSA recommends approval for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of an executed lease rental agreement, acceptable to the Department of Health. [BFA]

Approval conditional upon:

1. The project must be completed within two years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before January 1, 2021 and construction must be completed by September 30, 2021, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]
4. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

October 8, 2020

Need and Program Analysis

Program Description

Strong Memorial Hospital (SMH), requests approval for the addition of a new extension clinic to be located at the intersection of Hard Road and Route 104 in Webster (Monroe County) and certified for Medical Services-Other Medical Specialties, Therapeutic Radiology, and Linear Accelerator services.

The Applicant reported that they currently provide oncology services at 13 regions throughout the Finger Lakes Regions. The proposed project provides the opportunity to improve treatment access for patients residing in east of Rochester and west of Syracuse. The Applicant reports that the physical demands of frequent medical visits and common treatment side effects make traveling significant distances for appointments challenging.

Staffing is expected to increase as a result of this construction/expansion project by 34.6 FTEs in Year One of the completed project and remain at 34.6 FTEs by Year Three of the completed project.

Compliance with Applicable Codes, Rules and Regulations

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

Prevention Agenda

Strong Memorial Hospital is implementing interventions, supporting goals of the 2019-2024 New York State Prevention Agenda, including:

Smoking Cessation

- Wilmot Cancer Institute (WCI) offers a Tobacco Dependence Treatment Program to help patients and their families quit tobacco. The program is personalized to meet patients' specific needs.
- As part of the University of Rochester, smoking cessation services are offered to all their employees (~32,000 individuals) and their families.
- Because smoking and lung cancer disproportionately impact people of color, WCI actively recruits under-represented minorities into cessation clinical trials and other targeted interventions.
- To protect the next generation from lung and other cancers, WCI works with local schools to educate students on the risks of smoking, including e-cigarettes.

Preventing Sexually Transmitted Infections

- When appropriate, patients are counseled on how to reduce HPV transmission including using a condom, avoiding multiple sexual partners, and avoiding or quitting smoking.

The application states that Strong Memorial Hospital engaged community hospitals, Monroe County Department of Public Health, and community agencies and programs in their Prevention Agenda efforts. The application does not specify if Strong Memorial Hospital uses data indicators to track progress toward achieving local Prevention Agenda goals. In 2018 the applicant spent \$1,810,668 on community health improvement services, representing 0.047% of total operating expenses.

Conclusion

The new extension clinic will provide additional outpatient oncology services to Strong Memorial Hospitals patients residing east of Rochester. Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Analysis

Lease Rental Agreement

The applicant has submitted a draft lease rental agreement for the site that they will occupy, which is summarized below:

Premises:	18,888 sq. ft. located at Hard Road (adjacent to the Northwest Corner of the Interstate with NYS Route 104), Webster, New York
Lessor:	RRL Acquisitions, LLC
Lessee:	University of Rochester
Term:	15 years
Rental:	Year 1-15: \$385,504 (\$20.41 per sq. ft.)
Provisions:	The lessee shall be responsible for real estate taxes, maintenance and utilities.

The applicant submitted an affidavit indicating that the lease agreement will be an arm's length lease and was negotiated with a third party who is not controlled by the University. The rental rate was determined by the tenant's independent real estate consultants to be consistent with a Fair Market Value rental rate for the property.

Total Project Cost and Financing

Total project cost is estimated at \$6,635,248, which is for new construction and the acquisition of moveable equipment, further broken down as follows:

New Construction	\$4,433,200
Design Contingency	159,884
Construction Contingency	443,320
Architect/Engineering Fees	324,000
Construction Manager Fees	136,000
Other Fees (Consultant)	41,937
Moveable Equipment	550,312
Telecommunications	508,312
CON Fee	2,000
Additional Processing Fee	36,283
Total Project Cost	\$6,635,248

Project costs are based on a nine-month construction period. The applicant will provide equity to meet the total project cost.

Operating Budget

The applicant has submitted an incremental operating budget, in 2020 dollars, during the first and third years, summarized below:

	<u>Year One</u>		<u>Year Three</u>	
	<u>Per Visit *</u>	<u>Total</u>	<u>Per Visit *</u>	<u>Total</u>
<u>Revenues</u>				
Commercial FFS	\$33.71	\$3,272,063	\$34.61	\$4,799,659
Commercial MC	\$33.71	280,387	34.61	411,288
Medicare FFS	\$33.71	1,238,596	34.61	1,816,847
Medicare MC	\$33.71	1,204,209	34.61	1,766,406
Medicaid FFS	\$33.71	128,971	34.61	189,183
Medicaid MC	\$33.71	365,419	34.61	536,019
Private Pay	\$33.68	7,274	34.64	10,670
Other	\$33.71	108,452	34.61	159,083
Total Revenues		\$6,605,371		\$9,689,155

	<u>Year One</u>		<u>Year Three</u>	
	<u>Per Visit *</u>	<u>Total</u>	<u>Per Visit *</u>	<u>Total</u>
<u>Expenses</u>				
Operating	\$30.46	\$5,967,800	\$26.31	\$7,365,150
Capital	<u>2.13</u>	<u>417,600</u>	<u>1.55</u>	<u>434,500</u>
Total Expenses	\$32.59	\$6,385,400	\$27.87	\$7,799,650
Excess Revenues		<u>\$219,971</u>		<u>\$1,889,505</u>
Utilization (Visits)		195,948		279,925

* Specific rate assumptions were not used but rather an average gross and net revenue for this type of clinical practice, modified for known and anticipated rate reductions.

The following is noted with respect to the submitted budget:

- Utilization projections were based on an extensive review of cancer incidence tumor registry and market share data within the targeted zip codes, as well as Advisory Board and NYS predictions for oncology volume and growth. The applicant noted the following:
 - Medical oncology volume is based on a standard UR Medicine ramp-up of 70%, 90% to 100% by Year Three.
 - Radiation Oncology volume was estimated based on a standard expectation that 50% of medical oncology patients, or 245 patients based on projected medical oncology volumes, would require some form of radiation treatment.
 - Radiation Oncology revenue was estimated using the actual revenue of a similar UR Medicine facility (Nicholas Noyes Memorial Hospital) and proportionally adjusting for the estimated radiation volume.
- Revenues were estimated based on Strong's standard payor mix using the actual revenue of a similar UR Medicare facility (Noyes) and proportionately adjusting for the estimated radiation volume.
- Expense assumptions are based on the estimated staffing and average supply use for a multi-oncology specialty practice.
- The applicant indicated that average gross and net revenues for this type of practice were used in developing the revenue projections. The payments were modified for known and anticipated rate reductions, including the Medicaid payment reduction of 1.5% effective April 2, 2020, in accordance with the FY 2020-21 Enacted State Budget.

Utilization broken down by payor source, during the first and third years is as follows:

<u>Payor Source</u>	<u>Year One</u>	<u>Year Three</u>
Commercial FFS	49.54%	49.54%
Commercial MC	4.25%	4.24%
Medicare FFS	18.75%	18.75%
Medicare MC	18.24%	18.23%
Medicaid FFS	1.95%	1.95%
Medicaid MC	5.53%	5.53%
Private Pay	0.11%	0.11%
Other	<u>1.63%</u>	<u>1.65%</u>
Total	100.00%	100.00%

Capability and Feasibility

Total project cost of \$6,635,248 will be funded via equity from hospital operations. The incremental working capital need of \$1,299,942, based on two months of third year expenses, will be funded via operations. BFA Attachment A is the June 30, 2018 and June 30, 2019 certified financial statements of Strong Memorial Hospital, which indicates the availability of sufficient funds for the equity contribution and working capital need.

The submitted budget projects an excess of revenues over expenses of \$219,971 and \$1,889,505 during the first and third years, respectively. Revenues are based on current reimbursement methodologies. The submitted budget appears reasonable.

As shown on BFA Attachment A, the entity had an average positive working capital position and an average positive net asset position for the periods ending June 30, 2018 and June 30, 2019. Also, the entity achieved an average excess of revenues over expenses of \$109,856,316 for the 2018-2019 period.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BFA Attachment A Financial Summary – June 30, 2018 and June 30, 2019 certified financial statements of Strong Memorial Hospital.



**Project # 201236-C
Strong Memorial Hospital**

**Program: Hospital
Purpose: Construction**

**County: Monroe
Acknowledged: July 7, 2020**

Executive Summary

Description

Strong Memorial Hospital, an 886-bed, voluntary not-for-profit, Article 28 tertiary care hospital located at 601 Elmwood Avenue, Rochester (Monroe County), requests approval to certify and construct a new multi-specialty ambulatory surgery center (ASC) extension clinic to be located off-site at 10 Miracle Mill Drive in Rochester. The applicant also requests clinic certification for Medical Services – Other Medical Specialties. The project consists of constructing eight operating room (ORs) primarily for Orthopedic, Pain Management and Physical Medicine & Rehabilitation cases, three procedure rooms primarily for injections, infusions and other procedures not requiring anesthesia care, as well as exam rooms, physical therapy space and all required pre-, post-, and support spaces. Shelled expansion space will be constructed but not fit out initially upon approval.

The applicant will purchase property and two buildings at the Marketplace Mall (vacant). The “mall anchor” building will undergo an internal demolition by the Seller at an estimated cost of \$2.2 million. These costs are factored into the overall negotiated purchase price in the Contract of Sale. The second adjoining building will be delivered fully vacant by the Seller. The applicant will redevelop the property to construct a new center building of approximately 80,222 square feet to accommodate this extension clinic. A separate application, 201237, is currently under review to co-locate another extension clinic on the site to relocate outpatient

imaging, physical and occupational therapies, and other outpatient programs currently operated by Strong Memorial Hospital at 4901 Lac De Villa Blvd in Rochester.

**OPCHSM Recommendation
Contingent Approval**

Need Summary
The center will also be certified for Medical Services – Other Medical Specialties. The number of projected procedures is 20,647 in Year One with Medicaid at 7.3% and Charity Care at 3.1%.

Program Summary
Based on the results of this review, a favorable recommendation can be made regarding the facility’s current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Summary
Project costs of \$83,665,077 will be met as follows: Equity of \$8,366,568 via operations and tax-exempt bond financing issued by County of Monroe Industrial Development Agency of \$75,298,569 at an interest rate of 3.25% for a 25-year term.

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$48,248,487	\$50,603,812
Expenses	<u>34,750,877</u>	<u>35,570,393</u>
Excess	\$13,497,610	\$15,033,419
Revenues		

Recommendations

Health Systems Agency
Finger Lakes HSA recommends Approval.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of a bond resolution, acceptable to the Department of Health. Included with the submitted bond resolution must be a sources and uses statement and debt amortization schedule, for both new and refinanced debt. [BFA]
3. Submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-1.0. [AER]
4. Submission of Engineering (MEP) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-1.0. [AER]

Approval conditional upon:

1. The project must be completed within three years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before February 17, 2021 and construction must be completed by December 11, 2022, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]
4. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date
October 8, 2020

Need and Program Analysis

Program

The extension clinic will specialize in Orthopedics and be certified for Ambulatory Surgery (multispecialty) and Medical Services-Other Medical Specialties to provide primarily orthopedic surgeries (including 23-hour stay joint replacement surgery), pain management injections, infusions for osteoporosis and metabolic bone treatment, and other procedures (hand and wrist procedures under local anesthesia) not requiring anesthesia care.

Strong Memorial Hospital has a critical need to expand and modernize its Operating Room facilities. Renovations to modernize ORs in both on-campus suites will require reducing the number of rooms currently available. Strong believes this is the most cost effective and patient centered strategy as so many surgical cases are now able to be done in an outpatient center.

The Applicant states that the ASC will be open from 5 am to 11 pm Monday through Friday. The location is centralized for the convenience of the public. Staffing is expected to increase as a result of this construction/expansion project by 47.8 FTEs in Year One of the completed project and increase to 49.5 FTEs by Year Three of the completed project.

Analysis

The service area consists of Monroe County. The population of Monroe County in 2010 was 744,344 with 308,069 individuals (41.4%) who are 45 and over, which are the primary population group utilizing ambulatory surgery services. This population group (45 and over) is estimated to grow to 335,868 by 2025 and represent 44.3% of the projected population of 758,294.

The table below shows the number of patient visits for free-standing as well as hospital affiliated ASC's in Monroe County for years 2018 and 2019.

Type	Facility Name	Patient Visits	
		2017	2018
Multi	Brighton Surgery Center, LLC	4,791	7,696
Multi	Lindsay House Surgery Center, LLC	672	930
Multi	Rochester Ambulatory Surgery Center	7,413	7,945
Multi	Unity Linden Oaks Surgery Center	7,171	11,198
Multi	Westfall Surgery Center, LLP ¹	13,532	11,012
Multi	URMC Ambulatory Center	15,871	15,567
Total Visits		49,450	54,348

Source: SPARCS

The number of projected procedures is 20,647 in Year One and 21,362 in Year Three. These projections are based on the current practices of participating surgeons.

Projections	Year One		Year Three	
	Volume	%	Volume	%
Comm FFS	6,650	32.2%	6,826	32.0%
Comm MC	967	4.7%	990	4.6%
Medicare FFS	2,913	14.1%	3,036	14.2%
Medicare MC	7,552	36.6%	7,852	36.8%
Medicaid FFS	321	1.6%	337	1.6%
Medicaid MC	1,191	5.8%	1,233	5.8%
Private Pay	268	1.3%	278	1.3%
Charity Care	640	3.1%	662	3.1%
Other	145	0.6%	148	0.6%
Total	20,647	100.0%	21,362	100.0%

The center will follow the same charity care policy standards as Strong, including collaboration with FQHC's to provide service to the under-insured. A copy of the financial aid policy, including a sliding fee scale has been provided to DOH. The center will participate in the following Medicaid managed care plans: Excellus Blue Choice, Fidelis and MVP. The applicant is committed to serving all persons in need without regard to ability to pay or source of payment.

Compliance with Applicable Codes, Rules and Regulations

- The Department issued a Stipulation and Order (S&O) on October 30, 2018 and fined Strong Memorial Hospital \$10,000 based on findings from an allegation survey that was completed on April 30, 2018. Deficient practice was cited in the area of: Restraints. Specifically, the facility failed to follow acceptable standards of practice of Patient Rights, in regard to the use of proper use of restraints in the behavioral health areas. The areas were utilizing law enforcement techniques including the use of metal handcuffs, pepper gel, body strikes, and holds.

Prevention Agenda

Strong Memorial Hospital and its orthopedics department are implementing interventions to support two priority areas of the 2019-2024 New York State Prevention Agenda, including:

1. Promote Healthy Women, Infants, and Children
"In collaboration with the Rochester City School District, SMH's Fitness Science program helps children from Rochester's most challenged socioeconomic neighborhoods grow academically and athletically. This program helps student athletes with academic tutoring, nutrition education, subsidized meals, physical training and injury prevention and triage expertise. Student transportation is subsidized to reduce families' financial burden."
2. Promote Well-being and Prevent Mental and Substance Use Disorders
"All patients receiving SMH orthopedic surgical procedures and rehabilitation services take a PROMIS assessment (patient report outcome measurement information system) which focuses on physical function, pain interference, depression, and self-efficacy. The tool statistically stratifies patients with potential problems and we directly treat or refer the patient to help (psychiatry, social work, pain management including opioid treatment, etc.)."

The application states that Strong Memorial Hospital engaged community hospitals, the Monroe County Health Department, and other local partners in their Prevention Agenda efforts. Strong Memorial Hospital does not cite data indicators in its application that it tracks to measure progress toward achieving local Prevention Agenda goals.

In 2018 the applicant spent \$1,810,668 on community health improvement services, representing 0.047% of total operating expenses.

Conclusion

Approval of this project will allow for continued and improved access to multi-specialty ambulatory surgery services for the residents within Monroe County. Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law

Financial Analysis

Land Purchase Agreement

The applicant has submitted a draft land purchase agreement for the site, summarized as follows:

Date:	November 16, 2019
Property:	10 Miracle Mill Drive Mall Property in Rochester, New York consisting of approximately 20.16 acres of land including (a) portions of the Sears Parcel; (b) portions of the Macy's Parcel; and (c) portions of the adjoining Main Mall Parcel, including over which a portion of the existing main mall structure is located, and parking easement areas.
Sellers:	Hyland Enterprises, Inc., Sandra Lee Rueckwald, as Co-trustee under Paragraph Eight of Will of Raymond P Hylan Deceased, The Canandaigua National Bond and Trust Company, as Co-Trustee under Paragraph eight of will of Raymond P Hylan Deceased, The Markerplace, SMPO, LLC, MMPO, LLC and BTMPM, LLC
Purchaser	University of Rochester
Purchase Price	\$18,300,000

Total Project Cost and Financing

Total project cost, which is for land acquisition, new construction, the acquisition of moveable equipment and the shell space construction, is estimated at \$83,665,077, further broken down as follows:

	<u>Article 28</u>	<u>Shell Space</u>	<u>Total</u>
Land Acquisition	\$4,994,100	\$0	\$4,994,100
Renovation and Demolition	42,139,828	145,991	42,285,819
Design Contingency	2,390,266	1,518	2,391,784
Construction Contingency	4,213,983	14,599	4,228,582
Planning Consultant Fees	107,954	0	107,954
Architect/Engineering Fees	3,631,597	10,219	3,641,816
Construction Manager Fees	2,719,125	4,964	2,724,089
Other Fees (Consultant)	831,660	0	831,660
Moveable Equipment	13,310,828	0	13,310,828
Telecommunications	3,301,500	0	3,301,500
Financing Costs	1,200,000	0	1,200,000
Interim Interest Expense	4,188,285	0	4,188,285
CON Fee	2,000	0	2,000
Additional Processing Fee	<u>456,660</u>	<u>0</u>	<u>456,660</u>
Total Project Cost	\$83,487,786	\$177,291	\$83,665,077

Project costs are based on a 22-month construction period. Reimbursable project cost for this application is limited to \$83,487,786.

The applicant has submitted a MAI appraisal for the property inclusive of land (\$6,320,000), mall anchor building (\$2,770,000) and other mall space (\$7,020,000) for a total appraised value of \$16,110,000. The total square footage for the businesses to be occupying the land is 367,524 square feet. As a result of the lower of cost or appraised value requirement for Medicaid reimbursement, the MAI appraised value of the land to be included in the total project cost for this application is \$4,994,100, determined based on the total square footage of 115,808 square feet allocated to the ASC project. CON 201237 for construction of an Article 28 Imaging/Therapy service clinic at this site (currently under review by the Department), provides for additional MAI appraised land value allocation based on that project's total 86,330 square feet of space. The balance at 165,386 square feet is allocated to a non-Article 28 Private Practice Clinic Building to be constructed on the site.

The applicant's financing plan appears as follows:

Equity (Operations)	\$8,366,568
Tax-exempt Bond Financing issued by County of Monroe Industrial Development Agency at 3.25% interest for a 25-year term	\$75,298,569

Operating Budget

The applicant has submitted their current year budget, and first- and third year budget, in 2020 dollars, summarized below:

	<u>Current Year</u>	<u>Year One</u>	<u>Year Three</u>
<u>Revenues</u>			
Commercial FFS	\$10,447,167	\$15,402,483	\$16,070,876
Commercial MC	1,493,309	2,232,232	2,327,567
Medicare FFS	4,924,593	6,857,121	7,226,316
Medicare MC	12,689,705	17,753,650	18,676,479
Medicaid FFS	563,077	760,644	805,025
Medicaid MC	1,959,967	2,786,877	2,924,339
Private Pay	439,153	627,231	657,967
Charity Care	0	0	\$0
All Other	<u>1,263,994</u>	<u>1,828,249</u>	<u>1,915,243</u>
Total Revenues	\$33,780,965	\$48,248,487	\$50,603,812
<u>Expenses</u>			
Operating	\$18,663,301	\$27,804,421	\$28,765,259
Capital	<u>2,448,904</u>	<u>6,946,456</u>	<u>6,805,134</u>
Total Expenses	21,112,205	34,750,877	35,570,393
Excess Revenues	<u>\$12,668,760</u>	<u>\$13,497,610</u>	<u>\$15,033,419</u>
Utilization (Procedures)	12,698	20,647	21,362

The following is noted with respect to the submitted budget:

- The current year expenses, revenues and utilization procedures represents the existing ASC operation located at 4901 Lac De Villa Blvd that will be moving to the proposed new site upon completion of construction.
- Effective April 2, 2020, the 2020/21 Enacted State Budget reduced Medicaid payments by 1.5%, therefore reducing Medicaid revenue in Year One and Year Three. This reduction has been reflected within the budgets.
- Incremental volume projections were based on the analysis of market share, population demographics, faculty recruitment plans, and historical growth trends, which were compared with HANYS and Healthcare Advisory Board data sets.
- Specific rate assumptions were not used for reimbursement purposes. Rather, current average gross and net revenues for the projected cases and procedures were used to calculate operating revenues.

Capability and Feasibility

Total project cost of \$83,665,077 will be met as follows: Equity of \$8,366,568 via operations and tax-exempt bond financing issued by County of Monroe Industrial Development Agency of \$75,298,569 at an interest rate of 3.25% for a 25-year term. The incremental working capital need of \$2,409,698, based on two months of the incremental third year operating cost, will be funded via ongoing operations. BFA Attachment A is the June 30, 2018 and June 30, 2019 certified financial statements of Strong Memorial Hospital, which indicates the availability of sufficient funds for the equity contribution and working capital needs.

The submitted budget projects an excess of revenues over expenses of \$13,497,610 and \$15,033,419 during the first and third years, respectively. Revenues are based on current reimbursement methodologies. The submitted budget appears reasonable.

As shown on BFA Attachment A, the entity had an average positive working capital position and an average positive net asset position for the periods ending June 30, 2018 and June 30, 2019. Also, the entity achieved an average excess of revenues over expenses of \$109,856,316 for the 2018-2019 period.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BFA Attachment A Financial Summary – June 30, 2018 and June 30, 2019 certified financial statements of Strong Memorial Hospital



Project # 201240-C

Fifth Avenue Surgery Center

Program: Diagnostic and Treatment Center
Purpose: Construction

County: New York
Acknowledged: July 8, 2020

Executive Summary

Description

Fifth Avenue Surgery Center, LLC (Center), a multi-specialty Article 28 freestanding ambulatory surgical center (FASC) located at 1049 Fifth Avenue, New York (New York County), requests approval to certify a multi-specialty ambulatory surgery center (ASC) extension clinic to be located at 305 East 47th Street, New York (New York County). The current FASC location has two operating rooms (ORs) and lacks capacity due to a high demand for outpatient surgical services. The extension clinic will have six ORs and is 2.5 miles or 20 minutes' travel time from the Center's main location.

On June 24, 2019, Surgicore 5th Avenue, LLC (a 60% owner of the Center) entered into an Asset Purchase Agreement (APA) with Midtown Surgery Assets, LLC and Midtown Surgery Center, LLC to purchase certain assets utilized by Midtown Surgery Center, LLC in its operation of a FASC located at the site of the proposed extension clinic. The purchase price for the operating assets is \$6,000,000 to be paid for by Fifth Avenue Surgery, LLC. Per a written agreement included in this application, within 30 days of the Center receiving approval of this application, Midtown Surgery Center, LLC will vacate and surrender the premises. Surgicore 5th Avenue, LLC will assign its rights under the APA to Fifth Avenue Surgery Center, LLC. On July 8, 2019, Midtown 305 Realty, LLC (a related party to the applicant) purchased the space in which the extension clinic will be located from Thorne Lau Chin, LLC. Midtown 305 Realty, LLC will lease the space to Fifth Avenue Surgery Center, LLC.

Stuart Ira Springer, M.D., F.A.C.S. will serve as the extension clinic's Medical Director. The Center has an existing Hospital Transfer Agreement with Mount Sinai Hospital, which is located 3.3 miles and 15 minutes' travel time from the proposed extension clinic. The Center has asked Mount Sinai Hospital to amend the Transfer Agreement to add the extension clinic.

OPCHSM Recommendation

Contingent approval with an expiration of the operating certificate five years from the date of its issuance.

Need Summary

The Center will initially offer ophthalmology, pain management, orthopedic, and podiatric surgery services in New York County. The number of projected procedures is 4,480 in Year One and 7,706 in Year Three, with utilization of Medicaid at 3.0% and Charity Care at 5.1% by Year Three.

Program Summary

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Summary

Total project costs of \$3,357,919 will be met with \$344,751 cash from Fifth Avenue Surgery Center, LLC and a \$1,736,800 equipment lease. The remaining \$1,276,368 as well as the \$6,000,000 Asset Purchase Agreement (APA) will be financed via two loans from Citibank, NA.

One loan is for \$2,000,000 and the other is for \$6,000,000. The terms of the permanent financing are broken down into A) an "Interest Only Period", i.e., the construction period, with interest at approximately 3.0% (based on LIBOR today) or 3.25% - 4.25% under the Prime Rate option; and B) the fixed-rate period, where interest and principal are paid, which has a term of four (4) years, amortization schedule of nine (9) years, and interest at the Bank's cost of funds plus 300 basis points (approximately 3.25% as of today).

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$14,598,650	\$24,996,550
Expenses	<u>12,897,338</u>	<u>19,133,344</u>
Net Income	\$1,701,312	\$5,863,206

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval with an expiration of the operating certificate five years from the date of its issuance, contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission by the governing body of the ambulatory surgery center of an Organizational Mission Statement which identifies, at a minimum, the populations and communities to be served by the center, including underserved populations (such as racial and ethnic minorities, women and handicapped persons) and the center's commitment to meet the health care needs of the community, including the provision of services to those in need regardless of ability to pay. The statement shall also include commitment to the development of policies and procedures to assure that charity care is available to those who cannot afford to pay. [RNR]
3. Submission of a signed agreement with an outside, independent entity satisfactory to the Department to provide annual reports to DOH. Reports are due no later than April 1st for the prior year and are to be based upon the calendar year. Submission of annual reports will begin after the first full or, if greater or equal to six months after the date of certification, partial year of operation. Reports should include:
 - a. Data displaying actual utilization including procedures;
 - b. Data displaying the breakdown of visits by payor source;
 - c. Data displaying the number of patients who needed follow-up care in a hospital within seven days after ambulatory surgery;
 - d. Data displaying the number of emergency transfers to a hospital;
 - e. Data displaying the percentage of charity care provided;
 - f. The number of nosocomial infections recorded during the year reported;
 - g. A list of all efforts made to secure charity cases; and
 - h. A description of the progress of contract negotiations with Medicaid managed care plans. [RNR]
4. Submission of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
5. Submission of an executed equipment lease agreement, acceptable to the Department of Health. [BFA]
6. Submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-01. [AER]
7. Submission of Engineering (MEP) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-01. [AER]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before January 1, 2021 and construction must be completed by May 1, 2021, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]

3. The submission of annual reports to the Department as prescribed by the related contingency, each year, for the duration of the limited life approval of the facility. [RNR]
4. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]
5. The applicant must ensure registration for and training of facility staff on the Department's Health Commerce System (HCS). The HCS is the secure web-based means by which facilities must communicate with the Department and receive vital information. Upon receipt of the Operating Certificate, the Administrator/director that has day-to-day oversight of the facility's operations shall submit the HCS Access Form at the following link to begin the process to enroll for HCS access for the first time or update enrollment information as necessary:
https://www.health.ny.gov/facilities/hospitals/docs/hcs_access_forms_new_clinics.pdf. Questions may be directed to the Division of Hospitals and Diagnostic & Treatment Centers at 518-402-1004 or email: hospinfo@health.ny.gov [HSP]
6. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

October 8, 2020

Need and Program Analysis

Program Description

Proposed Operator	Fifth Avenue Surgery Center, LLC
Doing Business As	Fifth Avenue Surgery Center
Site Address	305 East 47 th Street, New York, New York 10017 (New York County)
Surgical Specialties	Multi-Specialty, initially Ophthalmology, Orthopedics, Pain Management, Podiatric
Operating Rooms	6
Procedure Rooms	0
Hours of Operation	Monday through Saturday 6 am to 8 pm
Staffing (1st Year / 3rd Year)	32.0 FTEs / 52.0 FTEs
Medical Director(s)	Stuart Ira Springer, M.D.
Emergency, In-Patient and Backup Support Services Agreement and Distance	Is expected to be provided by: Mount Sinai Hospital 3.3 Miles / 15 minutes
On-call service	The patient will have been given the phone number of an on-call service which will be available 24 hours per day, seven (7) days per week, to immediately refer the patient to the on-call physician.

Dr. Stuart Springer is the proposed Medical Director. He received his medical degree from New York Medical College. He completed his Orthopedic Surgery residency at Metropolitan Hospital at Hospital for Joint Diseases in New York. He is board certified in Orthopedic Surgery. He is an Attending Orthopedic Surgeon at multiple hospitals in New York and has owned multiple private practices. He has held multiple academic appointments.

Analysis

The service area consists of New York County. The population of New York County in 2010 was 1,585,873 with 595,344 individuals (37.5%) who are 45 and over, which are the primary population group utilizing ambulatory surgery services. Per PAD projection data, this population group (45 and over) is estimated to grow to 703,766 by 2025 and represent 41.2% of the projected population of 1,709,958.

The table below shows the number of patient visits for ambulatory surgery centers in New York County for 2017 and 2018.

Type	Facility Name	Patient Visits	
		2017	2018
Gastroenterology	Carnegie Hill Endo, LLC	11,718	12,280
Gastroenterology/ Pain Management	East Side Endoscopy & Pain Management Center	9,498	8,833
Multi	Fifth Avenue Surgery Center	1,997	4,037
Gastroenterology	Gramercy Park Digestive Disease Center	9,863	11,972
Gastroenterology	Gramercy Park DDC-Bennett Ave (opened 4/8/20)	N/A	N/A
Multi	Gramercy Surgery Center, Inc	3,365	3,105
Multi	Greenwich Village ASC, LLC (opened 10/13/17)	N/A	593
Orthopedics	HSS ASC of Manhattan (opened 9/13/17)	N/A	1,895
Orthopedics	HSS West Side ASC (opened 7/16/19)	N/A	N/A
Ophthalmology	Hudson Yards Surgery Ctr (opened 6/30/20)	N/A	N/A
Gastroenterology	Kips Bay Endoscopy Center, LLC	9,410	12,102
Gastroenterology	Liberty Endoscopy Center (opened 1/13/17)	N/A	5,240
Gastroenterology	Manhattan Endoscopy Center, LLC	14,616	12,606
Gynecology	Manhattan Reproductive Surgery Center (opened 3/27/19)	N/A	N/A

Type	Facility Name	Patient Visits	
		2017	2018
Multi	Manhattan Surgery Center	6,364	6,080
Ophthalmology	Mid Manhattan Surgi-Center	3,348	3,180
Multi	Midtown Surgery Center	2,411	2,745
Multi	NY Center for Ambulatory Surgery (opened 12/13/19)	N/A	N/A
Ophthalmology	Retinal Ambulatory Surgery Center of New York Inc	4,095	4,179
Multi	SurgiCare of Manhattan, LLC	3,967	4,377
Gastroenterology	The Endoscopy Center of New York	12,488	13,377
Gastroenterology	West Side GI	17,802	18,563
Total Visits		110,942	125,164

Source: SPARCS

The applicant projects 4,480 procedures in Year One and 7,706 procedures in Year Three. These projections are based on the current practices of participating surgeons. The applicant states that all the procedures are currently being performed either in an office-based setting, at Fifth Avenue Surgery Center, or at another ASC affiliated with the applicant. The table below shows the projected payor source utilization for Years One and Three.

Payor	Year One		Year Three	
	Volume	%	Volume	%
Commercial	3,270	73%	5,326	69%
Medicare	900	20%	1,700	22%
Medicaid	90	2%	230	3%
Charity Care	180	4%	390	5%
Private Pay	40	1%	60	1%
Total	4,480	100.0%	7,706	100.0%

According to the applicant, their existing site, in 2020 provided 216 charity care cases, representing 4.65% of total cases. In year-to-date 2020, the site has provided 39 charity care cases, representing 2.34% of total cases. These percentages exceed the commitment made in CON 171220 when Surgicore Fifth Avenue LLC (Surgicore) became a 60.00% member of Fifth Avenue Surgery Center.

Fifth Avenue Surgery Center's main site has historically been an out-of-network provider, and, as such, has not experienced much Medicaid utilization to date. However, since Surgicore became the majority member in 2017, Surgicore has been working to change the culture at the main site such that it will begin to accept all insurance plans, including all Medicaid plans. To that end, Fifth Avenue Surgery Center has hired a representative whose sole responsibility is to coordinate the addition of these new insurance payors at the main site, as well as at the extension clinic.

Fifth Avenue Surgery Center's extension clinic plans to contract with the following Medicaid Managed Care Plans: Health First; and Fidelis Care. The Center will work collaboratively with local Federally Qualified Health Centers (FQHC) such as Helen B Atkinson, William F Ryan Community, Citicares Community, and Metro Community within the service area to provide service to the under-insured in their service area. The Center has developed a financial assistance policy with a sliding fee scale to be utilized when the Center is operational.

Fifth Avenue Surgery Center is committed to the development of a formal outreach program at the extension clinic that will be directed to members of the local community, particularly those who are underserved. The purpose of this program will be to inform community members of the benefits derived from, and the latest advances made in ambulatory surgery. Additionally, Fifth Avenue Surgery Center's physicians currently attend community events that seek to inform the public of the Charity Care and financial assistance programs that are available at the Center for people without insurance. These physicians also render and promote free services to uninsured patients from underserved communities and plan to conduct the same type of community outreach once the extension clinic becomes operational. Fifth Avenue Surgery Center plans to develop, enhance, and extend the foregoing programs and policies of service to the underserved to the extension clinic.

Compliance with Applicable Codes, Rules and Regulations

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

Conclusion

Approval of this project will provide increased access to ambulatory surgery services to the residents of New York County. Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Analysis

Asset Purchase Agreement

The applicant submitted an executed APA to acquire certain assets related to the surgery center to be effectuated upon approval by the Public Health and Health Planning Council. The terms are summarized below:

Date:	June 24, 2019
Seller:	Midtown Surgery Assets, LLC, Midtown Surgery Center LLC
Purchaser:	Surgicore Fifth Avenue LLC
Assets Transferred:	All furniture, fixtures, furnishings, equipment, etc.; All inventory and supplies located at the facility; All policies/procedures, manuals, intellectual property, etc.; Telephone and fax numbers; Administrative and financial books and records; Permits; Goodwill; Trust Property; Medicare/Medicaid/Third Party Payor provider numbers and provider reimbursement agreements.
Excluded Assets:	Cash/Cash Equivalents; All Accounts Receivable and other rights to payment from third parties; Licenses and permits not assignable or transferable; marketable securities; Any grant awarded by a Governmental Authority; All sums received from DOH related to the Universal Settlement of Medicaid rate appeals and connected lawsuits against NYS; Funds from all rate adjustments and appeals.
Purchase Price:	\$6,000,000
Payment of Purchase Price:	\$600,000 initial payment and 3 installments of \$1,800,000

Surgicore Fifth Avenue will assign the rights to Fifth Avenue Surgery Center. The purchase price will be paid by Fifth Avenue Surgery, LLC via a Citibank, NA loan. The terms of the permanent financing are broken down into A) an "Interest Only Period", i.e., the construction period, with interest at approximately 3.0% (based on LIBOR today) or 3.25% - 4.25% under the Prime Rate option; and B) the fixed-rate period, where interest and principal are paid, which has a term of four (4) years, amortization schedule of nine (9) years, and interest at the Bank's cost of funds plus 300 basis points (approximately 3.25% as of today).

Assignment of Agreement of Sale

The applicant has submitted an executed APA assignment agreement, summarized below:

Date:	October 4, 2019
Assignor:	Surgicore 5th Avenue LLC
Assignee:	Fifth Avenue Surgery Center, LLC
Assignment:	All of Assignor's rights, title, interest in and to, and obligations under, the Purchase Agreement to Assignee
Price:	\$6,000,000

The Assignor assigns all rights to, title and interest in, and obligations under, the Purchase Agreement to Assignee. Assignee accepts the aforesaid assignment and assumes and agrees to be bound by and timely perform, observe, discharge, and otherwise comply with each of the agreements, representations, warranties, duties, obligations, and covenants undertaken by Assignor in the Purchase Agreement.

Lease Agreement

The applicant has submitted an executed lease agreement for the site to be occupied, the terms of which are summarized below:

Premises:	14,532, square feet of space at 505 Park Avenue 3 rd Floor New York, NY (\$90 per sq. ft)
Owner:	Midtown 305 Realty, LLC
Tenant:	Fifth Avenue Surgery Center
Rental:	Base rent \$1,307,880 annually (\$108,890 per month) and 3% increase thereafter.
Term:	10 years
Provisions:	Tenant shall be responsible for operating expense, real estate taxes, and landlord insurance charges

The applicant submitted an affidavit that the lease is a non-arm's length agreement in that a familiar relationship exists between the principals of the landlord and tenant. The applicant has submitted letters from two New York State realtors attesting to the rent reasonableness.

Total Project Cost and Financing

Total project costs for leasehold improvements, renovations, and moveable equipment is \$3,357,919 broken down as follows:

Renovation & Demolition	\$863,616
Design Contingency	86,361
Construction Contingency	86,362
Architect Engineering Fees	483,600
Other Fees	80,823
Moveable Equipment	1,736,800
CON Fee	2,000
Additional Processing Fee	<u>18,357</u>
Total Project Cost	\$3,357,919

Project costs are based on a five month construction period.

The applicant's financing plan for the leasehold improvements is as follows:

Equity (cash)	\$344,751
Equipment Lease	1,736,800
Loan (\$2,000,000 loan total)	<u>1,276,368</u>
Total	<u>\$3,357,919</u>

The \$2,000,000 Citibank, NA loan guarantors are 5th Avenue Surgery Center LLC, Surgicore 5th Avenue, LLC, and Surgicore Midtown LLC. The terms of the permanent financing are broken down into A) an "Interest Only Period", i.e., the construction period, with interest at approximately 3.0% (based on LIBOR

today) or 3.25% - 4.25% under the Prime Rate option; and B) the fixed-rate period, where interest and principal are paid, which has a term of four (4) years, amortization schedule of nine (9) years, and interest at the Bank's cost of funds plus 300 basis points (approximately 3.25% as of today).

Operating Budget

The applicant submitted their first year and third-year operating budget, in 2020 dollars, as shown below:

	<u>Year One</u>		<u>Year Three</u>	
	<u>Per Proc.</u>	<u>Total</u>	<u>Per Proc.</u>	<u>Total</u>
<u>Revenues</u>				
Commercial FFS	\$4,082.50	\$13,350,000	\$4,245.21	\$22,610,000
Medicare FFS	\$1,200.00	1,080,000	\$1,200.00	2,040,000
Medicaid FFS	\$985.00	88,650	\$985.43	226,550
Charity Care	\$0	0	\$0	0
Private Pay	<u>\$2,000</u>	<u>80,000</u>	<u>\$2,000</u>	<u>120,000</u>
Total Revenues		\$14,598,650		\$24,996,550
<u>Expenses</u>				
Operating	\$2,412.95	\$10,810,000	\$2,230.73	\$17,190,000
Capital	<u>\$465.92</u>	<u>2,087,338</u>	<u>\$252.19</u>	<u>1,943,334</u>
Total Expenses	\$2,878.87	\$12,897,338	\$2,482.92	\$19,133,344
Excess of Revenues		<u>\$1,701,312</u>		<u>\$5,863,206</u>
Utilization (Proc.)		4,480		7,706

Utilization by payor source during first and third years is broken down as follows:

<u>Payor</u>	<u>Year One</u>		<u>Year Three</u>	
	<u>Visits</u>	<u>%</u>	<u>Visits</u>	<u>%</u>
Commercial FFS	3,270	73%	5,326	69%
Medicare FFS	900	20%	1,700	22%
Medicaid FFS	90	2%	230	3%
Charity care	180	4%	390	5%
Private Pay	<u>40</u>	<u>1%</u>	<u>60</u>	<u>1%</u>
Total	<u>4,480</u>	<u>100%</u>	<u>7,706</u>	<u>100%</u>

The following is noted with respect to the submitted budget:

- Effective April 2, 2020, Medicaid payments have been reduced by 1.5% in accordance with the FY 2020 Enacted State Budget, therefore reducing Medicaid revenues. This reduction has been reflected within the budgets.
- Year One and Year Three costs are estimates, increased for most items to account for the effects of inflation. Medical Supplies are increased to account for the forecasted increase in utilization in the respective years.
- The Year Three increase is related to the Center's expectation that the increased OR capacity will drive further increased revenues and related costs.
- The rates of the respective payor sources are based on the current reimbursement rates for similar services.

Capability and Feasibility

Total project costs of \$3,357,919 will be met by \$344,751 cash from Fifth Avenue Surgery Center, LLC and by \$1,736,800 through an equipment lease. The remaining \$1,276,368 as well as the \$6,000,000 Asset Purchase Agreement (APA) will be financed via a loan from Citibank, NA. One loan is for \$2,000,000 and the other is for \$6,000,000. The terms of the permanent financing are broken down into A) an "Interest Only Period", i.e., the construction period, with interest at approximately 3.0% (based on LIBOR today) or 3.25% - 4.25% under the Prime Rate option; and B) the fixed-rate period, where interest and principal are paid, which has a term of four (4) years, amortization schedule of nine (9) years, and interest at the Bank's cost of funds plus 300 basis points (approximately 3.25% as of today).

Working capital requirements are estimated at \$3,188,891 based on two months of third year expenses and will be funded by ongoing operations. BFA Attachment B is the Fifth Avenue Surgery Center, LLC's internal financial statements as of November 30, 2019, which indicates the availability of sufficient funds for the equity contribution to meet the equity portion of the total project cost and working capital requirement. The Center shows positive working capital of \$1,830,895 and positive operating income of \$5,924,760. BFA Attachment A, the 2018 Certified Financial Statements of Fifth Avenue Surgery Center, LLC, shows a positive working capital of \$3,291,566, members' equity of \$3,645,668 and net income of \$7,682, 904. BFA Attachment D is the pro forma balance sheet as of the first day of operation, which indicates a positive members' equity of \$1,042,939.

The submitted budget indicates the facility will generate net income of \$1,701,312 and \$5,863,206 in the first and third years, respectively. Revenues are based on prevailing reimbursement methodologies for ambulatory surgery centers. The budget appears reasonable.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Supplemental Information

Surrounding Hospital Responses

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.

NYU Langone Hospitals -- **No Response**
 550 First Avenue
 New York, New York 10016

Memorial Hospital for Cancer and Allied Diseases -- **No Response**
 1275 York Avenue
 New York, New York 10065

Bellevue Hospital Center -- **No Response**
 462 First Avenue
 New York, New York 10016

DOH Comment

In the absence of comments from hospitals in the area of the ASC, the Department finds no basis for reversal or modification of the recommendation for approval of this application based on public need, financial feasibility and owner/operator character and competence.

Attachments

BFA Attachment A	Certified Financial Statements of Fifth Avenue Surgery Center 2018
BFA Attachment B	Internal Financial Statements of Fifth Avenue Surgery Center, November 30, 2019
BFA Attachment C	Proforma Balance Sheet for Fifth Avenue Surgery, LLC
BPNR Attachment	Map



**Project # 202061-E
Rochester Regional Health**

**Program: Hospital
Purpose: Establishment**

**County: Monroe
Acknowledged: August 14, 2020**

Executive Summary

Description

Rochester Regional Health (RRH), a New York not-for-profit corporation, requests approval to be established as: 1) the sole corporate member and active parent of St. Lawrence Health System, Inc. (SLHS); 2) the second active parent/co-operator of Canton-Potsdam Hospital (CPH), Gouverneur Hospital (GH) and Massena Hospital, Inc. (MHI); and 3) the corporate parent of Northern Lights Home Health Care, an Article 36 certified home health agency (CHHA) serving St. Lawrence County in which CPH holds a one-third membership interest.

SLHS is a New York not-for-profit corporation that was formed in 2013 under CON 132088 as the sole corporate member, active parent, and co-operator of CPH, a 94-bed acute care hospital located at 50 Leroy St. in Potsdam, and GH, a 25-bed critical access hospital located at 77 West Barney Street in Gouverneur. Under CON 192157 and effective December 31, 2019, SLHS was established as the active parent and co-operator of MHI, a 25-bed acute care hospital located at 1 Hospital Drive in Massena. The three Article 28 not for profit hospitals are located in St. Lawrence County and are collectively referred to as the "Hospitals" or "SLHS Affiliates." Upon completion of this CON, SLHS will remain the sole member of the Hospitals and RRH will become the second active parent/co-operator of the SLHS Affiliates. RRH will also become the controlling person of the CHHA through its sole corporate membership of SLHS.

RRH was formed in 2014 under CON 141018 and serves as the corporate parent of an integrated health care delivery system serving

residents in the Finger Lakes and Western New York regions. RRH coordinates and manages health related services provided by its affiliate hospitals, which include Rochester General Hospital, The Unity Hospital of Rochester, Newark-Wayne Community Hospital, United Memorial Medical Center, and Clifton Springs Sanitarium Company, Inc. d/b/a Clifton Springs Hospital and Clinic.

As active parent and co-operator of SLHS, RRH will have the power and authority to make decisions for its affiliate subject to the Affiliation Agreement, its certificate of incorporation, bylaws, and the active parent powers with regard to SLHS and SLHS Affiliates as described in 10 NYCRR 405.1(c), including but not limited to the following:

- Appoint and remove with or without cause the Chief Executive Officer of SLHS/SLHS Affiliates;
- Approve any amendment of the Certificate of Incorporation or bylaws of SLHS/SLHS Affiliates;
- Approve annual capital and operating budgets of SLHS and SLHS Affiliates;
- Approve any plan of merger, consolidation, reorganization, dissolution or liquidation of SLHS/SLHS Affiliates including new members, or development or dissolution of any subsidiary organizations and other entities;
- Fix the number of directors, appoint and remove directors with cause;
- Approve the debt of SLHS/SLHS Affiliates other than in the ordinary course of business;

- Approve settlements of litigation involving SLHS/SLHS Affiliates when such settlements exceed applicable insurance coverage or self-insurance fund;
- Approve strategic plans of SLHS/SLHS Affiliates; and
- Approve SLHS/SLHS Affiliates management contracts requiring Department of Health approval, as defined in 10 NYCRR Section 405.3(f) and approve Certificates of Need to be filed by SLHS/SLHS Affiliates with the Department of Health.

The purpose of this transaction is to position SLHS and its Affiliates under the control of RRH, with the objective of strengthening the delivery of high quality healthcare in a cost-effective manner to the North Country communities served by SLHS. RRH will deploy its best practices and strategies in clinical integration, population health, and regional network development, and support SLHS's key initiatives, which include improving and expanding existing services, developing new services to meet local needs, construction of new, modernized hospital-related facilities, sourcing of knowledgeable management staff, improving recruiting and retaining physicians and organizing SLHS as RRH's North Country regional hub.

Per an Affiliation Agreement dated July 10, 2020, RRH and SLHS will create a facility development and financing plan to construct a minimum of 48 to 54 single occupancy acute rooms at CPH's acute care facility (the "Inpatient Project"), and other major capital projects (the "Facility Plan"). RRH will form the RRH Obligated Group which will borrow \$60 million to fund the Inpatient Project (the "Facility Loan"). SLHS, CPH, GH, and MHI, or a combination of the foregoing identified by RRH, shall join the RRH Obligated Group upon the later of the Closing Date of the Affiliation Agreement and the closing of the Facility Loan. The Facility Loan will be reflected on the financial statements of SLHS. It is expected that RRH will fulfill its pledge within the sooner of six years following the Closing Date or on the date CPH is issued a Certificate of Occupancy. The Agreement also provides for the following:

- Within 18 months after the Closing Date, RRH shall, at its sole expense, complete the installation of the RRH Care Connect

Epic electronic health record (EHR) system at all SLHS locations.

- For a period of ten (10) years after Closing, RRH shall cause SLHS to maintain and continue to operate CPH as a fully licensed and accredited acute care hospital.
- For a period of five (5) years after Closing, RRH shall cause SLHS to maintain MHI as a fully licensed and accredited acute care hospital.
- The parties acknowledge that the current SLHS Medical Staff Development Plan represents a reasonable minimum number of physicians by specialty to support patient care in the SLH service area and RRH will not require any significant changes without first consulting SLHS.

There are no costs associated with this project and no changes to staffing, projected utilization, revenues, or expenses for the SLHS Affiliates as a direct result of this project. Upon completion, the SLHS Affiliates will remain separate not-for-profit corporations certified under Article 28. There will be no reduction in either authorized services or the number or type of beds as a result of this project.

OPCHSM Recommendation
Contingent Approval

Need Summary

There will be no change in beds or services provided as part of this application.

Program Summary

The individual background review indicates the proposed members have met the standard for approval as set forth in Public Health Law §2801-a(3).

Financial Summary

There are no project costs associated with this application. RRH will secure \$60 million within a six-year period following affiliation to support SLHS capital projects, and at its own expense, complete the installation of a uniform EHR platform across all SLHS Affiliates. There are no capital costs and no projected incremental changes in staffing, utilization, operating expense, or operating revenue at the Hospitals per this application.

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of documentation of approval by the Office of Mental Health, acceptable to the Department. [PMU]
2. Submission of documentation of approval by the Office of Addiction Services and Supports, acceptable to the Department. [PMU]
3. Submission of a photocopy of an amended and executed amendment to the Certificate of Incorporation of Rochester Regional Health (RRH), acceptable to the Department. [CSL]
4. Submission of a photocopy of the amended bylaws of RRH, acceptable to the Department. [CSL]
5. Submission of a photocopy of an amended and executed Restated Certificate of Incorporation of St. Lawrence Health System (SLHS), acceptable to the Department. [CSL]
6. Submission of a photocopy of an amended and executed Restated Certificate of Incorporation of Canton-Potsdam Hospital, acceptable to the Department. [CSL]
7. Submission of a photocopy of an amended and executed Restated Certificate of Incorporation of Massena Hospital, Inc., acceptable to the Department. [CSL]
8. Submission of a photocopy of an amended and executed Restated Certificate of Incorporation of Gouverneur Hospital (GH), acceptable to the Department. [CSL]
9. Submission of a photocopy of the amended bylaws of GH, acceptable to the Department. [CSL]
10. Submission of a photocopy of the Certificate of Incorporation and any amendments of Northern Lights Health Care Partnership, Inc. d/b/a Northern Lights Home Health Care (Northern Lights), acceptable to the Department. [CSL]
11. Submission of a photocopy of the bylaws and any amendments of Northern Lights, acceptable to the Department. [CSL]
12. Submission of a photocopy of a list of the Board of Directors of Northern Lights, acceptable to the Department. [CSL]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

Council Action Date

October 8, 2020

Need and Program Analysis

Background

Canton Potsdam Hospital (CPH), located at 50 Leroy Street in Potsdam (St Lawrence County), is a 94 bed, not-for-profit, community hospital. The hospital is certified to operate 11 extension clinics in St. Lawrence County.

Gouverneur Hospital, located at 77 West Barney Street in Gouverneur (St. Lawrence County), is a 25 bed critical access hospital. The hospital is certified to operate two extension clinics in St. Lawrence County and one in Jefferson County.

Massena Hospital, located at 1 Hospital Drive in Massena (St. Lawrence County), is a 25 bed community hospital. The hospital is certified to operate three extension clinics in St Lawrence County.

CPH holds a one third membership interest in Northern Lights Home Home Health Care. Upon approval of this project, RRH will become a controlling person over the CHHA. The other corporate members, each holding one third membership interest, are Claxton Hepburn Medical Center and United Helpers Management Company, Inc.

There are no projected changes in the beds, services, utilization, or staffing as a direct result of the approval of this project.

Character and Competence

The Officers and Directors of Rochester Regional Health are:

Name	Title/Position
Michael R. Nuccitelli	Chair of the Board
David Riedman	Vice Chair of the Board and Treasurer
Eric J. Bieber, M.D.	President and CEO
Robert S. Sands	Secretary
Hugh R. Thomas, Esq.	Assistant Secretary
Anna Lynch	Director
David Munson, Jr	Director
Stephen Ognibene, M.D.	Director
David Riedman	Director
Karen Gallina	Director
Nancy Ferris, Ph.D.	Director
Thomas Houseknecht	Director
Leonard Olivieri	Director
Justin Smith	Director
Michael R. Nuccitelli	Director
Efrain Rivera	Director
Robert S.Sands	Director
Edward S. Mucenski	Director

Eric Bieber, M.D. is the CEO of Rochester Regional Health. He has lead the organization during a period of rapid growth, adding additional hospitals and physician practices, expanding the geographic reach of tertiary and quaternary healthcare throughout Upstate New York. He was previously employed as the President of University Hospitals, Cleveland. Dr. Bieber discloses an affiliation with the following healthcare entities:

<i>Rochester Regional Health</i>	<i>07/2014-present</i>
<i>The Unity Hospital of Rochester</i>	<i>07/2014-12/2016</i>
<i>The Rochester General Hospital</i>	<i>07/2014-12/2016</i>
<i>Behavioral Health Network, Inc</i>	<i>07/2014-12/2016</i>
<i>North Park Nursing Home, Inc</i>	<i>07/2014-12/2016</i>

<i>Park Ridge Nursing Home, Inc</i>	<i>07/2014-12/2016</i>
<i>Rochester General Hudson Housing, Inc</i>	<i>07/2014-12/2016</i>
<i>Rochester General Long Term Care, Inc</i>	<i>07/2014-12/2016</i>
<i>Park Ridge Hospital, Inc</i>	<i>04/2006-12/2016</i>
<i>Independent Living for Seniors</i>	<i>07/2014-12/2016</i>
<i>United Memorial Medical Center</i>	<i>07/2014-12/2016</i>
<i>Clifton Springs Hosital & Clinic</i>	<i>07/2014-12/2016</i>
<i>Newark-Wayne Community Hospital</i>	<i>07/2014-12/2016</i>
<i>Drugscan, Inc</i>	<i>2018-present</i>
<i>DSI Medical Services, Inc</i>	<i>2018-present</i>
<i>Rochester Surgery Center</i>	<i>2011-present</i>
<i>Linden Surgery Center</i>	<i>2015-present</i>

Nancy Ferris, Ph.D., retired, was previously the Director at Kodak Research Laboratories. Her responsibilities included all aspects of corporate research portfolio development and implementation, including transitioned research portfolio through disruptive corporate restructuring during Chapter 11 proceedings; scientific staff development and Ph.D. recruitment to forge new technology directions for the corporation; responsibility for all research and technical operations in materials science, device physics, and computational sciences. Ms. Ferris discloses an affiliation with the following healthcare entities:

<i>Rochester Regional Health</i>	<i>07/2014-present</i>
<i>The Unity Hospital of Rochester</i>	<i>04/2006-12/2016</i>
<i>The Rochester General Hospital</i>	<i>07/2014-12/2016</i>
<i>Behavioral Health Network, Inc</i>	<i>07/2014-12/2016</i>
<i>North Park Nursing Home, Inc</i>	<i>04/2006-12/2016</i>
<i>Park Ridge Nursing Home, Inc</i>	<i>04/2006-12/2016</i>
<i>Rochester General Hudson Housing, Inc</i>	<i>07/2014-12/2016</i>
<i>Rochester General Long Term Care, Inc</i>	<i>07/2014-12/2016</i>
<i>Park Ridge Hospital, Inc</i>	<i>04/2006-12/2016</i>
<i>Independent Living for Seniors</i>	<i>07/2014-12/2016</i>

Karen Gallina is a community volunteer. She discloses an affiliation with the following healthcare entities:

<i>Rochester Regional Health</i>	<i>06/2019-present</i>
<i>The Unity Hospital of Rochester</i>	<i>2007-2011, 2012-present</i>
<i>The Rochester General Hospital</i>	<i>2014-present</i>
<i>Behavioral Health Network, Inc</i>	<i>2014-present</i>
<i>North Park Nursing Home, Inc</i>	<i>2014-present</i>
<i>Park Ridge Nursing Home, Inc</i>	<i>2014-present</i>
<i>Rochester General Hudson Housing, Inc</i>	<i>2014-2017</i>
<i>Rochester General Long Term Care, Inc</i>	<i>2014-present</i>
<i>Park Ridge Hospital, Inc</i>	<i>2007-2014</i>
<i>Independent Living for Seniors</i>	<i>2014-present</i>

Thomas Houseknecht is the current President and Co-owner of Crickler Vending Company, Inc, a convenience service business, including vending, micro-markets, and office coffee service. He is also the President and owner of MTE Turf Equipment Solutions, an equipment sales/service and parts company.

Mr. Houseknecht discloses an affiliation with the following healthcare entities:

<i>Rochester Regional Health</i>	<i>2015-present</i>
<i>The Unity Hospital of Rochester</i>	<i>2015-12/2016</i>
<i>The Rochester General Hospital</i>	<i>2015-12/2016</i>
<i>Behavioral Health Network, Inc</i>	<i>2015-12/2016</i>
<i>North Park Nursing Home, Inc</i>	<i>2015-12/2016</i>
<i>Park Ridge Nursing Home, Inc</i>	<i>2015-12/2016</i>
<i>Rochester General Hudson Housing, Inc</i>	<i>2015-12/2016</i>
<i>Rochester General Long Term Care, Inc</i>	<i>2015-12/2016</i>
<i>Park Ridge Hospital, Inc</i>	<i>2015-12/2016</i>
<i>Independent Living for Seniors</i>	<i>2015-12/2016</i>
<i>United Memorial Medical Center</i>	<i>2006-present</i>

Anna Lynch is an Associate and Managing Partner at Underberg & Kessler LLP law firm. Her responsibilities include representing healthcare facilities, physicians, and other providers throughout Upstate New York, providing advice and counsel on risk management and patient care, professional discipline, state and federal regulatory compliance, and contractual matters. She discloses an affiliation with the following healthcare entities:

<i>Rochester Regional Health</i>	<i>07/2014-present</i>
<i>The Unity Hospital of Rochester</i>	<i>07/2014-12/2016</i>
<i>The Rochester General Hospital</i>	<i>06/2006-12/2016</i>
<i>Behavioral Health Network, Inc</i>	<i>06/2016-12/2016</i>
<i>North Park Nursing Home, Inc</i>	<i>07/2014-12/2016</i>
<i>Park Ridge Nursing Home, Inc</i>	<i>07/2014-12/2016</i>
<i>Rochester General Hudson Housing, Inc</i>	<i>06/2006-12/2016</i>
<i>Rochester General Long Term Care, Inc</i>	<i>06/2006-12/2016</i>
<i>Park Ridge Hospital, Inc</i>	<i>07/2014-12/2016</i>
<i>Independent Living for Seniors</i>	<i>07/2014-12/2016</i>

Edward Mucenski is the Shareholder and Officer of Pinto, Mucenski, Hooper, VanHouse & Co., Certified Public Accountants, P.C. His responsibilities include performing financial statement audits, completing cost reports, and assisting in other areas for nursing home clients. He also maintains positive client relationships and drives new acquisitions; develops and implements organizational goals, procedures, and policies; consults and cooperates with other partners and employees; identifies improvement gaps and implements corrective measures; manages, monitors, and reviews business operations; and oversees hiring activities and creates a good working environment. Mr. Mucenski discloses an affiliation with the following healthcare entities:

<i>Canton Potsdam Hospital</i>	<i>1988-2011, 2012-present</i>
<i>St. Joseph's Rehab Center</i>	<i>2001-2011</i>
<i>St. Lawrence Health System</i>	<i>2013-present</i>

David Munson is the President of the University of Rochester Institute of Technology. His responsibilities include providing executive leadership to a national research university. He was the previous Chair of the Department of Electrical Engineering of Computer Sciences and the Dean of Engineering at the University of Michigan, Ann Arbor. He was responsible for promoting the development of the College of Engineering, including the creation of the new robotics center. Mr. Munson discloses an affiliation with the following healthcare entities:

<i>Rochester Regional Health</i>	<i>03/2018-present</i>
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Michael Nuccitelli is the President and CEO of Omega Tool Measuring Machine, Inc, a manufacturing of accessories for the machine tool industry company. His responsibilities include leading business strategy development and implementation and overseeing daily business operations and ensuring successful outcomes. He is also the Owner and Executive Vice President of Century Mold Co. Inc, an injection mold job shop. Mr. Nuccitelli discloses an affiliation with the following healthcare entities:

<i>Rochester Regional Health</i>	<i>07/2014-present</i>
<i>The Unity Hospital of Rochester</i>	<i>2004-12/2016</i>
<i>The Rochester General Hospital</i>	<i>07/2014-12/2016</i>
<i>Behavioral Health Network, Inc</i>	<i>07/2014-12/2016</i>
<i>North Park Nursing Home, Inc</i>	<i>2004-12/2016</i>
<i>Park Ridge Nursing Home, Inc</i>	<i>2004-12/2016</i>
<i>Rochester General Hudson Housing, Inc</i>	<i>07/2014-12/2016</i>
<i>Rochester General Long Term Care, Inc</i>	<i>07/2014-12/2016</i>
<i>Park Ridge Hospital, Inc</i>	<i>2004-12/2016</i>
<i>Independent Living for Seniors</i>	<i>07/2014-12/2016</i>
<i>Linden Surgery Center</i>	<i>2015-present</i>

Mr. David Riedman is the President and CEO of Riedman Development Corp., a real estate development, investment, and asset management company. His responsibilities include making high-level strategic decisions while managing the overall operations and resources that direct the inclusive growth of the company. Mr. Riedman discloses an affiliation with the following healthcare entities:

<i>Rochester Regional Health</i>	<i>01/2017-present</i>
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Stephen Ognibene, M.D. is a physician, President, CEO, and Managing Partner of the Rochester Colon and Rectal Surgeons, PC. He is a full-time physician and surgeon and has medical staff privileges at seven local hospitals. He received his medical degree from State University of New York Upstate Medical University in Syracuse. He completed his residency in General Surgery at Strong Memorial Hospital and his residency in Colon and Rectal Surgery at Cedars Sinai Medical Center. He is board certified in Surgery and Colon and Rectal Surgery. Dr. Ognibene discloses an affiliation with the following healthcare entities:

<i>Rochester Regional Health</i>	<i>06/2019-present</i>
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Leonard Olivieri is a licensed attorney who is the Chief Financial Officer of Peko Precision Products, a contract manufacturer. His responsibilities include to develop, direct, and evaluate the organization's function and performance; evaluate and advise on the impact of long-range planning, the introduction of new planning, the introduction of new programs/strategies, and regulatory action; provide timely and accurate analysis of budgets, financial reports, and financial trends to assist the CEO/ President and other senior executives in performing their responsibilities; enhance/develop, implement, and enforce policies and procedures of the organization by way of systems that will improve the overall operations and effectiveness of the corporation. Mr. Olivieri discloses an affiliation with the following healthcare entities:

<i>Rochester Regional Health</i>	<i>07/2014-present</i>
<i>The Unity Hospital of Rochester</i>	<i>07/2014-12/2016</i>
<i>The Rochester General Hospital</i>	<i>06/2012-12/2016</i>
<i>Behavioral Health Network, Inc</i>	<i>06/2012-12/2016</i>
<i>North Park Nurisng Home, Inc</i>	<i>07/2014-12/2016</i>
<i>Park Ridge Nursing Home, Inc</i>	<i>07/2014-12/2016</i>
<i>Rochester General Hudson Housing, Inc</i>	<i>06/2012-12/2016</i>
<i>Rochester General Long Term Care, Inc</i>	<i>06/2012-12/2016</i>

Mr. Efrain Rivera is the Senior Vice President of Paychex, Inc. His responsibilities include managing the company's financial actions, including cash and liquidity management, risk management, and corporate finance. Mr. Rivera discloses membership interest in the following healthcare facilities:

<i>Rochester Regional Health</i>	<i>07/2014-present</i>
<i>The Unity Hospital of Rochester</i>	<i>04/2013-12/2016</i>
<i>The Rochester General Hospital</i>	<i>07/2014-12/2016</i>
<i>Behavioral Health Network, Inc</i>	<i>07/2014-12/2016</i>
<i>North Park Nursing Home, Inc</i>	<i>04/2013-12/2016</i>
<i>Park Ridge Nursing Home, Inc</i>	<i>04/2013-12/2016</i>
<i>Rochester General Hudson Housing, Inc</i>	<i>07/2014-12/2016</i>
<i>Rochester General Long term Care, Inc</i>	<i>07/2014-12/2016</i>
<i>Park Ridge Hospital, Inc</i>	<i>04/2013-12/2016</i>
<i>Independent Living for Seniors</i>	<i>07/2014-12/2016</i>

Mr. Robert Sands is the current Executive Chairman and the previous CEO of Constellation Brands, inc, an international producer and marketer of beer, wine, and spirits. His responsibilities include providing strategic leadership and working with the board of directors and the CEO to establish long-range goals, strategies, plans, and policies. Mr. Sands discloses an affiliation with the following healthcare entities:

<i>Rochester Regional Health</i>	<i>07/2014-present</i>
<i>The Unity Hospital of Rochester</i>	<i>07/2014-12/2016</i>
<i>The Rochester General Hospital</i>	<i>04/1999-12/2016</i>
<i>Behavioral Health Network, Inc</i>	<i>04/1999-12/2016</i>
<i>North Park Nurisng Home, Inc</i>	<i>07/2014-12/2016</i>
<i>Park Ridge Nursing Home, Inc</i>	<i>07/2014-12/2016</i>
<i>Rochester General Hudson Housing, Inc</i>	<i>04/1999-12/2016</i>
<i>Independent Living for Seniors</i>	<i>04/1999-12/2016</i>

Mr. Justin Smith is the President and Chief Operating Officer of Brite Computers, an IT and cybersecurity company. His responsibilities include creating growth and operational excellence through involvement in both the strategic and tactical elements of Brite Computers. Mr. Smith discloses an affiliation with the following healthcare entities:

<i>Rochester Regional Health</i>	<i>07/2014-present</i>
<i>The Unity Hospital of Rochester</i>	<i>07/2014-present</i>
<i>The Rochester General Hospital</i>	<i>06/2012-present</i>
<i>Behavioral Health Network, Inc</i>	<i>06/2012-present</i>
<i>North Park Nursing Home, Inc</i>	<i>07/2014-12/2016</i>
<i>Park Ridge Nursing Home, Inc</i>	<i>07/2014-12/2016</i>
<i>Rochester General Hudson Housing, Inc</i>	<i>06/2012-12/2016</i>
<i>Rochester General Long Term Care</i>	<i>06/2012-12/2016</i>
<i>Independent Living for Seniors</i>	<i>06/2012-12/2016</i>

Mr. Hugh Thomas is the General Counsel, Executive Vice President, and Chief Administrative Officer of Rochester Regional Health. He is responsible for legal affairs, general corporate and governance matters, corporate compliance, internal audit, risk management, and government relations. Mr. Thomas discloses an affiliation with the following healthcare entities:

<i>Drugscan, Inc</i>	<i>2018-present</i>
<i>DSI Medical Servicesm Inc</i>	<i>2018-present</i>
<i>Newark-Wayne Dialysis Center</i>	<i>2013-present</i>
<i>Rochester Surgery Center</i>	<i>2011-present</i>
<i>Linden Surgery Center</i>	<i>2015-present</i>

Staff from the Division of Certification and Surveillance reviewed the disclosure information submitted regarding licenses held, formal education, training in pertinent health and/or related fields, 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 the 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.

Compliance with Applicable Codes, Rules and Regulations

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

- *The Department issued a Stipulation and Order (S&O) dated November 16, 2018 and fined Massena Memorial Hospital \$6,000 based on the findings from a complaint survey that was completed on April 27, 2018. Specifically, the facility failed to ensure that patients on cardiac telemetry were routinely observed by staff in the central monitoring station and nursing staff was not trained in cardiac monitoring and abnormal heart rhythms. These failures may have contributed to a patient's death.*

Prevention Agenda

Rochester Regional Health is participating with other hospitals in three interventions to support the Prevent Chronic Diseases priority of the 2019-2024 New York State Prevention Agenda:

1. Participate in the 2020 Performance Commission and explore potential interventions to decrease preventable hospitalizations by improving management of chronic disease.
2. Work with community organizations to develop a program in which primary care physicians will receive National Committee for Quality Assurance (NCQA) certification in diabetes care.
3. Identify and implement sustainable policy, system, and environmental changes that promote increased physical activity and improved nutrition among adults.

The application states that Rochester Regional Health engaged local partners in their Prevention Agenda efforts, including hospital systems serving Monroe County, the Monroe County Department of Public

Health, and Common Ground Health. Rochester Regional Health cites data indicators that it tracks to measure progress toward achieving local Prevention Agenda goals, including:

- Number of preventable hospitalizations
- Number of primary care physicians who receive NCQA certification in diabetes care

Conclusion

The individual background review indicates the proposed members have met the standard for approval as set forth in Public Health Law §2801-a(3).

Financial Analysis

Financial Analysis

There are no capital costs and no projected incremental changes in staffing, utilization, operating expense or operating revenue associated with this application.

The following represents the consolidated budget of the SLHS and its Affiliates:

<u>Consolidated Budget</u>	<u>Current Year</u> <u>(2019)</u>	<u>Year One</u> <u>(2021)</u>	<u>Year Three</u> <u>(2023)</u>
Total Revenues	\$245,574,240	\$329,104,150	\$355,831,289
Total Expenses	<u>\$231,772,212</u>	<u>\$318,928,943</u>	<u>\$344,945,364</u>
Net Income	<u>\$13,802,028</u>	<u>\$10,175,207</u>	<u>\$10,885,925</u>
Total Discharges	27,432	32,782	34,094
Total Visits	428,573	549,912	571,910

The following is noted with respect to the submitted budget:

- Current Year revenues and expenses are based on the 2019 certified financial statements of SLHS. During this period, the SLHS Hospitals included only CPH and GH. MHI joined SLHS on January 1, 2020.
- The Year One and Year Three budgets represent SLHS operations inclusive of CPH, GH, and MHI and reflect total growth based on SLHS historic performance.
- Revenues are based on existing rates and contracts and assume a 2% increase in annual net revenue. Medicaid payments have been reduced by 1.5% in accordance with SFY 2020 Enacted State Budget.
- The number and mix of staff represent inclusion of MHI and 0.5% annual increases due to projected growth in volume.

Utilization by payor for the consolidated SLHS entities is as follows:

<u>Inpatient</u>	<u>Current Year</u>		<u>Year One</u>		<u>Year Three</u>	
	<u>Discharges</u>	<u>%</u>	<u>Discharges</u>	<u>%</u>	<u>Discharges</u>	<u>%</u>
Total Commercial	3,694	13.47%	4,480	13.67%	4,660	13.67%
Total Medicaid	8,895	32.43%	10,037	30.62%	10,438	30.62%
Total Medicare	13,909	50.70%	17,055	52.02%	17,737	52.02%
Total All Other	934	3.40%	1,210	3.69%	1,259	3.69%
Total Consolidated	27,432	100.00%	32,782	100.00%	34,094	100.00%

<u>Outpatient</u>	<u>Current Year</u>		<u>Year One</u>		<u>Year Three</u>	
	<u>Visits</u>	<u>%</u>	<u>Visits</u>	<u>%</u>	<u>Visits</u>	<u>%</u>
Total Commercial	153,723	35.87%	186,257	33.87%	193,708	33.87%
Total Medicaid	90,018	21.00%	114,272	20.78%	118,843	20.78%
Total Medicare	137,270	32.03%	172,498	31.37%	179,398	31.37%
Total All Other	47,562	11.10%	76,885	13.98%	79,961	13.98%
Total Consolidated	428,573	100.00%	549,912	100.00%	571,910	100.00%

Capability and Feasibility

There are no issues of capability or feasibility, as there are no project costs, budgets or working capital requirements associated with this application.

BFA Attachment C is the 2019 consolidated financial statements of Rochester Regional Health. As shown, RRH maintained positive working capital and net asset positions and generated \$37,496,000 in operating income for 2019 on total revenues of \$2,281,127,000 (1.6% operating margin.)

BFA Attachment D is RRH's internal financial statements for the period ended July 31, 2020, during which RRH maintained positive working capital and net asset positions. The facility reported a \$135 million operating loss. The applicant indicated the loss is solely attributable to the COVID-19 outbreak which resulted in precipitous reductions in volume and a near complete elimination of outpatient surgeries from late March through May 2020. Operational losses were offset by \$128 million in COVID-19 grant revenues and \$25 million in additional COVID-19 expenses, captured outside of standard operating losses, resulting in a \$32 million loss for the period. Historical data for April through July 2020 shows monthly operating losses have declined from a high of \$60 million in April to a positive \$1 million operating gain in July 2020, and RRH anticipates additional federal support and expects to break even at year-end.

BFA Attachment E is the draft financial statements for MHI for year ended December 31, 2019. As indicated, MHI maintained positive working capital and net asset positions during this period. The facility reported a \$10,284,083 loss which was offset by \$19,335,714 in non-operating revenues and a positive \$5,613,534 net position at the beginning of 2019, resulting in a net position of \$14,665,165.

BFA Attachment F is the 2019 certified financial statements for St. Lawrence Health System, Inc. As shown, for 2019 the entity generated \$4,624,535 in negative working capital, maintained a positive net asset position and an operating gain of \$12,359,097. Negative working capital can be attributed to SLHS investing \$21 million towards purchasing of property and equipment during 2019. On December 31, 2019, as a condition prior to the closing of the MHI transaction (CON 192167), SLHS was required to contribute \$7.2 million to St. Lawrence County (Seller). In connection with this transaction, SLHS received \$4.2 million in loans from the Dormitory Authority of the State of New York. The SLHS invests cash in excess of daily requirements in short-term investments and has Board designated investments that can be made available to the System upon approval of the Board.

BFA Attachment G is SLHS's internal financials statements as of July 31, 2020. The entity generated positive working capital and net asset position and reported a \$5,641,242 operating income. SLHS maintained profitability through February 2020, but due to the COVID-19 pandemic, SLHS experienced losses in March. SLHS's April 2020 loss was offset by the initial round of CARES Act funds and subsequent funding rounds in May helped SLHS maintain its current level of profitability. In total SLHS received \$19.8 million of CARES funding and it expects it to be profitable by year-end.

SLHS is a financially stable health system and the proposed CON to make RRH its active parent and co-operator is expected to strengthen its sustainability by investing in a clinical IT system, population health strategies, and new more modern facilities, while not compromising the financial strength of RRH.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

- BFA Attachment A Rochester Regional Health – Current Organizational Chart
- BFA Attachment B Rochester Regional Health – Proposed Organizational Chart
- BFA Attachment C Rochester Regional Health – 2019 Consolidated Financial Statements
- BFA Attachment D Rochester Regional Health – Internal Financial Statements for period ended July 31, 2020
- BFA Attachment E Massena Memorial Hospital – Draft Financial Statements for period ended December 31, 2019
- BFA Attachment F St. Lawrence Health System – 2019 Certified Financial Statements
- BFA Attachment G St. Lawrence Health System – Internal Financial Statements for period ended July 31, 2020



**Project # 191283-B
NY Endovascular Center, LLC**

Program: Diagnostic and Treatment Center **County:** New York
Purpose: Establishment and Construction **Acknowledged:** May 31, 2019

Executive Summary

Description

NY Endovascular Center, LLC (NYEC), a Delaware limited liability company authorized to do business in New York State, requests approval to establish and construct a single-specialty Article 28 freestanding ambulatory surgery center (FASC) to be located at 505 East 116th Street, New York (New York County). The Center will specialize in providing endovascular procedures to patients with End Stage Renal Disease (ESRD). The FASC will be housed in approximately 4,562 square feet of leased space on the third and fourth floors of an existing four-story commercial building in Manhattan. The space is currently unoccupied and will be a shell space buildout to include two Procedure Rooms and encompass the entire third floor with three utility rooms on the fourth floor. Only mild sedation will be administered in this facility, not general anesthesia.

The sole member of NYEC is Raymond Figueroa.

Israel Schur, M.D., who is Board-Certified in Radiology and Vascular and Interventional Radiology, will serve as Medical Director. NYEC expects to enter into a Transfer and Affiliation Agreement with Mount Sinai Hospital located 1.9 miles (six minutes travel time) for emergency services and back-up care.

OPCHSM Recommendation

Contingent approval with an expiration of the operating certificate five years from the date of its issuance.

Need Summary

The number of projected procedures is 4,516 in Year One and 5,267 in Year Three, with utilization of Medicaid at 10% and Charity Care at 4% each year.

Program Summary

The individual background review indicates the proposed members have met the standard for approval as set forth in Public Health Law §2801-a(3).

Financial Summary

The total project costs of \$3,010,959 will be met with member's equity.

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$21,626,113	\$25,224,695
Expenses	16,531,118	19,263,675
Net Income	\$5,094,995	\$5,961,020

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval with an expiration of the operating certificate five years from the date of its issuance, contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission by the governing body of the ambulatory surgery center of an Organizational Mission Statement which identifies, at a minimum, the populations and communities to be served by the center, including underserved populations (such as racial and ethnic minorities, women and handicapped persons) and the center's commitment to meet the health care needs of the community, including the provision of services to those in need regardless of ability to pay. The statement shall also include commitment to the development of policies and procedures to assure that charity care is available to those who cannot afford to pay. [RNR]
3. Submission of a signed agreement with an outside, independent entity satisfactory to the Department to provide annual reports to DOH. Reports are due no later than April 1st for the prior year and are to be based upon the calendar year. Submission of annual reports will begin after the first full or, if greater or equal to six months after the date of certification, partial year of operation. Reports should include:
 - a. Data displaying actual utilization including procedures;
 - b. Data displaying the breakdown of visits by payor source;
 - c. Data displaying the number of patients who needed follow-up care in a hospital within seven days after ambulatory surgery;
 - d. Data displaying the number of emergency transfers to a hospital;
 - e. Data displaying the percentage of charity care provided;
 - f. The number of nosocomial infections recorded during the year reported;
 - g. A list of all efforts made to secure charity cases; and
 - h. A description of the progress of contract negotiations with Medicaid managed care plans.[RNR]
4. Submission of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
5. Submission of an executed lease agreement, acceptable to the Department of Health. [BFA]
6. Submission of a photocopy of an executed amendment of the applicant's certificate of formation, acceptable to the Department. [CSL]
7. Submission of a photocopy of an executed amendment of the applicant's certificate of formation, acceptable to the Department. [CSL]
8. Submission of a revised Schedule 3B, acceptable to the Department. [CSL]
9. Submission of a photocopy of the applicant's fully executed operating agreement, acceptable to the Department. [CSL]
10. Submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-1.0. [AER]
11. Submission of Engineering (MEP) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-1.0. [AER]

Approval conditional upon:

1. The project must be completed within two years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before February 1, 2021 and construction must be completed by June 30, 2021, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The submission of annual reports to the Department as prescribed by the related contingency, each year, for the duration of the limited life approval of the facility. [RNR]
4. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]
5. The applicant must ensure registration for and training of facility staff on the Department's Health Commerce System (HCS). The HCS is the secure web-based means by which facilities must communicate with the Department and receive vital information. Upon receipt of the Operating Certificate, the Administrator/director that has day-to-day oversight of the facility's operations shall submit the HCS Access Form at the following link to begin the process to enroll for HCS access for the first time or update enrollment information as necessary:
https://www.health.ny.gov/facilities/hospitals/docs/hcs_access_forms_new_clinics.pdf. Questions may be directed to the Division of Hospitals and Diagnostic & Treatment Centers at 518-402-1004 or email: hospinfo@health.ny.gov [HSP]
6. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

October 8, 2020

Need Analysis

Analysis

The service area consists of New York County. The population of New York County in 2010 was 1,585,873 with 595,344 individuals (37.5%) who are 45 and over, which are the primary population group utilizing ambulatory surgery services. Per PAD projection data, this population group (45 and over) is estimated to grow to 703,766 by 2025 and represent 41.2% of the projected population of 1,709,958.

The number of projected procedures is 4,516 in Year One and 5,267 in Year Three. These projections are based on the current practices of participating surgeons. The applicant states that all the procedures are currently being performed either at Mount Sinai facilities (8%) or in an office-based setting (92%). The table below shows the projected payor source utilization for Years One and Three.

Payor	Year One		Year Three	
	Volume	%	Volume	%
Commercial FFS	339	7.51%	395	7.51%
Commercial MC	339	7.51%	395	7.51%
Medicare FFS	2,258	50.00%	2,634	50.01%
Medicare MC	903	20.00%	1,053	19.99%
Medicaid FFS	226	5.00%	263	4.99%
Medicaid MC	226	5.00%	263	4.99%
Private Pay	44	0.97%	53	1.00%
Charity Care	181	4.01%	211	4.00%
Total	4,516	100.00%	5,267	100.00%

The Center initially plans to obtain contracts with the following Medicaid Managed care plans: Fidelis, Health First, United Health Care Community, and Affinity Health. This center is addressing the needs of patients who are recipients of end-stage renal disease services and referrals will be made by a nephrologist. As a result, interaction with Federally Qualified Health Centers (FQHC) is expected to be minimal. Nonetheless, the Center will seek to work with local FQHC's such as: Urban Health Plan, Ryan Center and the Institute of Family Health to provide service to the under-insured in their service area. The Center has developed a financial assistance policy with a sliding fee scale to be utilized when the Center is operational.

The table below shows the number of patient visits for ambulatory surgery centers in New York County for 2017 and 2018.

Type	Facility Name	Patient Visits	
		2017	2018
Gastroenterology	Carnegie Hill Endo, LLC	11,718	12,280
Gastroenterology/ Pain Management	East Side Endoscopy & Pain Management Center	9,498	8,833
Multi	Fifth Avenue Surgery Center	1,997	4,037
Gastroenterology	Gramercy Park Digestive Disease Center	9,863	11,972
Gastroenterology	Gramercy Park DDC-Bennett Ave (opened 4/8/20)	N/A	N/A
Multi	Gramercy Surgery Center, Inc	3,365	3,105
Multi	Greenwich Village ASC, LLC (opened 10/13/17)	N/A	593
Orthopedics	HSS ASC of Manhattan (opened 9/13/17)	N/A	1,895
Orthopedics	HSS West Side ASC (opened 7/16/19)	N/A	N/A
Ophthalmology	Hudson Yards Surgery Ctr (opened 6/30/20)	N/A	N/A
Gastroenterology	Kips Bay Endoscopy Center, LLC	9,410	12,102
Gastroenterology	Liberty Endoscopy Center (opened 1/13/17)	N/A	5,240
Gastroenterology	Manhattan Endoscopy Center, LLC	14,616	12,606
Gynecology	Manhattan Reproductive Surgery Center (opened 3/27/19)	N/A	N/A

Type	Facility Name	Patient Visits	
		2017	2018
Multi	Manhattan Surgery Center	6,364	6,080
Ophthalmology	Mid Manhattan Surgi-Center	3,348	3,180
Multi	Midtown Surgery Center	2,411	2,745
Multi	NY Center for Ambulatory Surgery (opened 12/13/19)	N/A	N/A
Ophthalmology	Retinal Ambulatory Surgery Center of New York Inc	4,095	4,179
Multi	SurgiCare of Manhattan, LLC	3,967	4,377
Gastroenterology	The Endoscopy Center of New York	12,488	13,377
Gastroenterology	West Side GI	17,802	18,563
Total Visits		110,942	125,164

Source: SPARCS

Conclusion

Approval of this project will provide increased access to vascular surgery services in an outpatient setting for the residents of New York County.

Program Analysis

Program Description

Proposed Operator	NY Endovascular Center, LLC
To Be Known As	NY Endovascular Center
Site Address	505 East 116 th Street New York, New York 10029 (New York County)
Surgical Specialties	Ambulatory Surgery-Single Specialty Endovascular
Operating Rooms	0
Procedure Rooms	2
Hours of Operation	Monday through Friday from 8 am to 6 pm, if needs dictate, hours will be expanded
Staffing (1st Year / 3rd Year)	7.50 FTEs / 7.50 FTEs
Medical Director(s)	Israel Schur, MD
Emergency, In-Patient and Backup Support Services Agreement and Distance	Expected to be provided by: Mount Sinai Hospital 1.9 miles / 6 minutes away
After-hours access	The facility will have an answering machine that has a recorded message that instructs the patient to call their Medical Doctor or 911. This information will also be given on the written discharge instructions.

Character and Competence

The sole member of NY Endovascular Center, LLC is Raymond Figueroa.

Mr. Raymond Figueroa has currently been employed as the Chief Executive Officer at an ambulatory surgery center with a focus on pediatric dental patients that require general anesthesia and a company that is focused on providing vascular services to patients requiring vascular procedures. He was the previous owner, founder, and Chief Executive Officer of American Access Care, LLC that focused on vascular treatment of patients. They operated 30 vascular access centers in 12 states with vascular access services provided in office based surgery centers, state-licensed clinics, and ambulatory surgery centers. Mr. Figueroa has extensive management and financial background in medical practices.

The proposed Medical Director is **Israel Schur M.D.** Dr. Schur has over 30 years of Interventional experience. He has participated in multiple speaking engagements and has multiple publications in the advancements of Interventional Endovascular procedures. He is the current Medical Director of an

Endovascular practice. He provides oversight of all day to day operations of the interventional surgical center. He was the previous Medical Director of an endovascular center. He provided oversight of an endovascular center with a focus on dialysis access and varicose vein patients. He graduated medical school from Long Island Jewish Medical Center. He completed his residency in Diagnostic Radiology at Mount Sinai Medical Center. He is board-certified in Diagnostic Radiology.

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.

Integration with Community Resources

The Applicant will serve all patients needing care, regardless of their ability to pay or the source of payment. The patients of the Center will be suffering from end stage renal disease and referred from their nephrologist. The nephrologist, for the most part, acts as their primary care physician. The Center will work with the transferring hospital to ensure there is back up primary care coverage for any patient that is in need. The Applicant states that in their application they are located in a Medically Underserved area as well as a Dental Health Professional Shortage Area and a Mental Health Professional Shortage Area. Based on this patient demographic, ESRD, this service will be made to the underserved community of Manhattan and throughout the city.

It is not the intent of the Applicant to become part of an Accountable Care Organization. If the need arises, the Applicant will address this in the future. The facility will utilize an electronic medical record system.

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

Total Project Cost and Financing

Total project costs for renovation and moveable equipment are estimated at \$3,010,959 broken down as follows:

Renovation & Demolition	\$1,800,000
Design Contingency	180,000
Construction Contingency	180,000
Planning Consultant Fees	36,000
Architect/Engineering Fees	144,000
Other Fees	75,000
Movable Equipment	577,500
CON Application Fee	2,000
CON Processing Fee	<u>16,459</u>
Total Project Cost	\$3,010,959

Project costs are based on a five-month construction period. NYEC will fund the total project cost via member's equity. BFA Attachment A is the member's net worth which reveals sufficient equity to fund project costs. Per Section 7.6 of the lease, the landlord will contribute \$151,725 towards the project.

Lease Agreement

The applicant has submitted a draft Building Lease Agreement for the proposed site, the terms of which are summarized below:

Premises:	4,562 square feet located on the 3 rd and 4 th floors of the Annex Building at 505 East 116 th Street, New York, New York
Landlord:	Tiago Holdings, LLC
Tenant:	NY Endovascular Center, LLC
Rental:	Base rent of \$235,121 per year (\$19,593.42 per month) for the first two years with a 2% annual increase thereafter.
Term:	10 years plus (2) 5-year renewal terms
Provisions:	Lessee shall be responsible for real estate taxes, maintenance, insurance and utilities.

The lease arrangement is an arm's length agreement. The applicant has submitted an affidavit attesting that there is no relationship between landlord and tenant. Letters from two New York real estate brokers were submitted attesting to the reasonableness of the rent.

Operating Budget

The applicant has submitted their first- and third- year operating budget, in 2020 dollars, as shown below:

	<u>Year One</u>		<u>Year Three</u>	
<u>Revenues</u>	<u>Per Proc.</u>	<u>Total</u>	<u>Per Proc.</u>	<u>Total</u>
Commercial - FFS	\$7,078.84	\$2,399,726	\$7,086.17	\$2,799,039
Commercial - MC	\$5,899.03	1,999,771	\$5,905.15	2,332,533
Medicare - FFS	\$4,959.57	11,198,719	\$4,959.07	13,062,186
Medicare - MC	\$4,252.01	3,839,561	\$4,253.05	4,478,463
Medicaid - FFS	\$4,648.43	1,050,546	\$4,659.15	1,225,357
Medicaid - MC	\$4,090.62	924,481	\$4,100.05	1,078,314
Private Pay	\$4,847.93	<u>213,309</u>	\$4,694.40	<u>248,803</u>
Total Revenue		\$21,626,113		\$25,224,695
<u>Expenses</u>				
Operating	\$3,581.85	\$16,175,647	\$3,587.11	\$18,893,303
Capital	<u>78.71</u>	<u>355,471</u>	<u>\$70.32</u>	<u>370,372</u>
Total	\$3,660.56	\$16,531,118	\$3,657.43	\$19,263,675
Net Income		<u>\$5,094,995</u>		<u>\$5,961,020</u>
Total Procedures		4,516		5,267

Utilization by payor source during first and third years is broken down as follows:

<u>Payor</u>	<u>Year One</u>	<u>Year Three</u>
Commercial - FFS	7.51%	7.51%
Commercial - MC	7.51%	7.51%
Medicare - FFS	50.00%	50.01%
Medicare - MC	20.00%	19.99%
Medicaid - FFS	5.00%	4.99%
Medicaid - MC	5.00%	4.99%
Private Pay	0.97%	1.00%
Charity	<u>4.01%</u>	<u>4.00%</u>
Total	100%	100%

The following is noted with respect to the submitted budget:

- The budget is based on the applicant's health care experience.
- Revenue assumptions are based on the Medicare Physician Fee Schedule for vascular access and vascular disease procedures. The rates were averaged by procedure type based on the applicant's experience with providing the procedures, as well as collections.
- Most of the payer sources have contracted rates based on the Medicare Physician Fee Schedule. Most of the applicant's agreements are based on the Medicare Physician Fee Schedule, which range between 83 – 100% of Medicare. Reimbursements will be consistent with the guidelines for Medicare, Medicaid, and Commercial Insurance payers which are all inclusive. It is anticipated that payments will be an all-inclusive/global fee based on the specific payer protocol.
- In accordance with the FY 2021 Enacted State Budget and effective April 2, 2020, Medicaid payments are being reduced by 1.5% across the board. The reduction is reflected within the budgets.
- Expense assumptions are based on experience, local agreements, and a staffing model that includes 4.0 FTE registered nurses and 2.0 FTE Technician Specialist.
- Medical and surgical supplies account for approximately 67% of Year One total non-capital operating cost. The Interventional Supplies used in Peripheral Artery Disease (PAD) and Vascular Access procedures include: atherectomy devices (\$2,700), stents (up to \$2,000), and angioplasty balloons (up to \$300). The estimated supply costs based on related entities are as follows: 30% of revenues for PAD, 20% of revenues for Vascular Access, and 10% of revenues for Uterine Fibroid Embolization (UFE).
- Utilization is based on the applicant's experience with patients receiving these services in private physician offices as office-based surgery or in a hospital operating room as outpatient surgery. Based on the proposed operator's administrative experience in other sites where these services are performed, the following are proposed procedures to be performed in year-one: PAD – approx. 865, Vascular Access 3,459, and UFEs – approx. 192-

Capability and Feasibility

The total project costs of \$3,010,959 will be met via equity.

Working capital requirement is estimated at \$3,210,613 based on two months of third year expenses and will be satisfied via member's equity. BFA Attachment A is the net worth statement of the proposed member, which indicates the availability of sufficient funds for stated levels of equity. BFA Attachment B, the pro forma balance sheet for the applicant, indicates that the facility will initiate operations with member's equity of \$6,221,571.

The submitted budget indicates the facility will generate net income of \$5,094,995 and \$5,961,020 in the first and third years, respectively. Revenues are based on current reimbursement methodologies for vascular access and vascular disease procedures. Expenses are based on experience, local agreements, and staffing model.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Supplemental Information

Surrounding Hospital Responses

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.

Henry J. Carter Specialty Hospital -- **No Response**
1752 Park Avenue
New York, New York 10035

Metropolitan Hospital Center -- **No Response**
1901 First Avenue
New York, New York 10029

Mount Sinai Hospital -- **No Response**
One Gustave L Levy Place
New York, New York 10029

DOH Comment

In the absence of comments from hospitals in the area of the ASC, the Department finds no basis for reversal or modification of the recommendation for approval of this application based on public need, financial feasibility and owner/operator character and competence.

Attachments

BFA-Attachment A	Net Worth of Proposed Member
BFA-Attachment B	Pro Forma Balance Sheet, NY Endovascular Center LLC
BPNR Attachment	Map



Project # 192320-E
Avicenna ASC, Inc.

Program: Diagnostic and Treatment Center **County:** Bronx
Purpose: Establishment **Acknowledged:** December 31, 2019

Executive Summary

Description

Avicenna ASC, Inc. (the Center), a proprietary, Article 28 freestanding ambulatory surgery center (FASC) located at 2522 Hughes Avenue (Bronx County), requests approval for indefinite life status. The facility was approved by the Public Health and Health Planning Council (PHHPC) under CON 111277 as a multi-specialty FASC. PHHPC approval was for a conditional five-year limited life and the Center began operations effective March 18, 2015. The applicant requested indefinite life status before their limited life expiration.

The Center is accredited by the Accreditation Association for Ambulatory Health Care (AAAHC) and provides ambulatory surgical services in gastroenterology, gynecology, neurology, orthopedics, otolaryngology, urology, pain management, podiatry, plastic surgery, general surgery and vascular surgery utilizing two operating rooms and two procedure rooms. The applicant is not proposing to add or change any services or expand or renovate the facility. The current lease expires January 31, 2026 and provides for a five-year extension option.

Suzanne Yu, M.D., PhD, is the current Medical Director and the facility has a Transfer and Affiliation Agreement with Bronx-Lebanon Hospital Center, located 2.4 miles (10 minutes) from the FASC, for backup and emergency services.

OPCHSM Recommendation

Approval

Need Summary

Data submission by the applicant, a contingency of CON 111277, has been completed. Based on CON 111277, Avicenna ASC projected 6,252 visits in Year One and 6,633 visits in Year Three. Medicaid visits were projected at 65 % and Charity Care was projected at 4 % for Year Three. The total number of visits was 2,777 in Year One (2016-1st full year) and 5,497 in Year Three (2018). Actual Medicaid was 45.8% in Year Three (2018) and Charity Care was 3.5%.

Upon approval of this project, Avicenna ASC projects 5,936 visits in Year One with Medicaid at 45.8% and Charity Care at 3.5%.

Program Summary

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Summary

There are no project costs associated with this application.

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$8,959,962	\$9,004,309
Expenses	\$8,748,608	\$8,802,995
Net Income	\$211,354	\$201,314

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval

Council Action Date

October 8, 2020

Need and Program Analysis

Analysis

The primary service area is Bronx County. The table below provides Year Three utilization, projections and actual, by payor, for CON 111277, and projections for Year One following approval.

Payor	CON 111277 Projected Year 3 (2018)	CON 111277 Actual Year 3 (2018)	CON 192320 Projections Year 1
Comm FFS	2.0%	0.0%	0.0%
Comm MC	7.0%	2.3%	2.4%
Medicare FFS	18.0%	3.4%	3.4%
Medicare MC	2.0%	13.1%	13.1%
Medicaid FFS	10.0%	3.2%	3.2%
Medicaid MC	55.0%	42.6%	42.6%
Charity Care	4.0%	3.5%	3.5%
Private Pay/Other (WC)	2.0%	31.9%	31.8%
Total	100.0%	100.0%	100.0%

The table below provides information on projections and utilization by visits for Year One (2016-1st full year) and Year Three (2018) based on CON 111277.

CON 111277- Visits	Year 1 (2016)		Year 3 (2018)	
	Projected	Actual	Projected	Actual
Avicenna ASC				
Total	6,252	2,777	6,633	5,497

Upon beginning operations, the center had difficulty obtaining its Medicaid provider number, causing delays in obtaining contracts with Medicaid managed care plans. This resulted in a significantly lower number of cases being performed in its first full year of operation (2016). The Center currently has Medicaid Managed Care contracts with the following health plans: Affinity, Anthem, BCBS, Fidelis, Healthfirst, Metroplus and WellCare. This center's Medicaid utilization has been strong during their limited-life approval process, 55% in 2016, 51% in 2017, and 46% in 2018. The center's charity care utilization reached 3.5% for Year Three. The center has partnered with area FQHCs, including Urban Health Plan and Brighton Health to provide service to the under-insured in their service area.

Compliance with Applicable Codes, Rules and Regulations

The medical staff will continue to ensure that procedures performed at the facility conform to generally accepted standards of practice and that privileges granted are within the physician's scope of practice and/or expertise. The facility's admissions policy will include anti-discrimination regarding age, race, creed, color, national origin, marital status, sex, sexual orientation, religion, disability, or source of payment. All procedures will be performed in accordance with all applicable federal and state codes, rules and regulations, including standards for credentialing, anesthesiology services, nursing, patient admission and discharge, a medical records system, emergency care, quality assurance and data requirements.

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

Conclusion

Per the PHHPC Ad Hoc Committee recommendation, the department should exercise flexibility to evaluate each ASC according to its totality of its proposed and actual volume of service to the underserved whether Medicaid, Charity Care or a combination of the two. The center's Medicaid utilization has been strong each year, above 45% for the past three years. Charity care utilization reached 3.5% for year three (2018). The center has partnered with FQHCs in their service area to provide care to the under-insured. These facts reflect the center's commitment to the under-insured, thereby showing reasonable efforts to provide service to the underserved patients in Bronx County. Therefore, certification for indefinite life should be granted.

Financial Analysis

The applicant has submitted their current operating budget (2018) and the first and third years subsequent to indefinite life certification, in 2020 dollars, as summarized below:

	<u>Current Year</u>		<u>Year One</u>		<u>Year Three</u>	
	<u>Per Proc</u>	<u>Total</u>	<u>Per Proc</u>	<u>Total</u>	<u>Per Proc</u>	<u>Total</u>
<u>Revenues</u>						
Commercial MC	\$2,720	\$339,985	\$2,559	\$368,452	\$2,544	\$371,448
Medicare FFS	\$1,297	\$243,785	\$1,301	\$264,014	\$1,301	\$265,363
Medicare MC	\$980	\$705,811	\$1,029	\$800,711	\$1,033	\$808,892
Medicaid FFS	\$1,100	\$191,381	\$1,099	\$206,548	\$1,099	\$207,632
Medicaid MC	\$995	\$2,331,709	\$994	\$2,515,016	\$994	\$2,529,720
All Other	\$3,612	\$4,529,689	\$2,514	\$4,739,721	\$2,523	\$4,755,754
Other Oper. Rev		<u>\$65,500</u>		<u>\$65,500</u>		<u>\$65,500</u>
Total Revenues		\$8,407,860		\$8,960,970		\$9,005,396
<u>Expenses</u>						
Operating	\$1,343.32	\$7,384,257	\$1,325.51	\$7,868,203	\$1,321.55	\$7,890,962
Capital	<u>\$151.68</u>	<u>\$833,790</u>	<u>\$148.32</u>	\$880,405	<u>\$152.74</u>	\$912,033
Total Expenses	\$1,495.01	\$8,218,047	\$1,473.82	\$8,748,608	\$1,474.29	\$8,802,995
Net Income		<u>\$189,813</u>		<u>\$211,354</u>		<u>\$201,314</u>
Total Procedures		5,497		5,936		5,971

The following is noted with respect to the submitted budget:

- Effective April 2, 2020, Medicaid payments have been reduced by 1.5% in accordance with the FY 2020 Enacted State Budget, therefore reducing the Medicaid Revenues in Years One and Three. This reduction has been reflected within the budgets.
- Revenue, expense and utilization assumptions are based on the combined historical experience of the physician members of Avicenna ASC, Inc.
- Expenses include maintaining the current level of 22.91 FTEs in Year One and Year Three, particularly for Technicians, Specialists, and Registered Nurses. Increases in expenses in Year One and Year Three are largely attributable to medical and surgical supplies and salaries/wages.
- All Other revenues reflect self-insured, Worker's Compensation and other governmental insurance carriers.

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

Payor	Current Year		Year One		Year Three	
	Proc.	%	Proc.	%	Proc.	%
Commercial FFS	125	2.3%	144	2.4%	146	2.4%
Medicare FFS	188	3.4%	203	3.4%	204	3.4%
Medicare MC	720	13.1%	778	13.1%	783	13.1%
Medicaid FFS	174	3.2%	188	3.2%	189	3.2%
Medicaid MC	2,343	42.6%	2,530	42.6%	2,545	42.6%
Charity Care	193	3.5%	208	3.5%	209	3.5%
All Other	<u>1,754</u>	<u>31.9%</u>	<u>1,885</u>	<u>31.8%</u>	<u>1,895</u>	<u>31.7%</u>
Total	5,497	100.0%	5,936	100.0%	5,971	100.0%

Capability and Feasibility

There are no project costs associated with this application. The submitted budget indicates a net income from operations of \$211,354 and \$201,314 for the first and third years, respectively. Revenue is based on the historical experience of the operation and on current reimbursement rates. The budget appears reasonable.

BFA Attachment A, the internal financial statements (accrual basis) of Avicenna ASC, Inc., indicates that the facility has maintained positive working capital, positive net assets and generated positive net income from operations. BFA Attachment B, the 2018 certified financial statements of Avicenna ASC, Inc., indicates that the facility has maintained positive working capital, net assets and experienced a net income from operations after taxes of \$189,813 for the period.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

- BFA Attachment A Avicenna ASC, Inc. – Internal Financial Statements as of June 30, 2020
- BFA Attachment B Avicenna ASC, Inc. – 2018 Certified Financial Statements



**Project # 201019-B
Pro-Medi Ambulatory Surgery Center**

Program: Diagnostic and Treatment Center **County:** Queens
Purpose: Establishment and Construction **Acknowledged:** January 31, 2020

Executive Summary

Description

Pro-Medi Ambulatory Surgery Center, LLC (Center), a to be formed New York limited liability company, is requesting approval to establish and construct an Article 28 multi-specialty freestanding ambulatory surgery center (FASC).

The proposed members of the Center are Samuel Cho, M.D. (10%) who will also be the Medical Director, and Kyung Jin Lee (90%), president of the operation.

The facility will be located at 190-08/10 Northern Boulevard, Auburndale (Queens County) in approximately 7,300 square feet of leased space to be renovated by the landlord. The building is currently owned by One Professional Development Corporation which Kyung Jin Lee is the sole shareholder. Samuel Cho, M.D. and Kyung Jin Lee are related by marriage.

The FASC will have three operating rooms and one procedure room located on the 1st floor.

Pro-Medi expects to enter into a transfer and affiliation agreement with Flushing Hospital Center. Flushing Medical Center submitted a letter supporting the establishment of this entity.

OPCHSM Recommendation

Contingent approval with an expiration of the operating certificate five (5) years from the date of its issuance.

Need Summary

Pro-Medi Ambulatory Surgery Center will initially provide general, podiatry, gastroenterology, otolaryngology, urology, and gynecology surgery services. The number of projected procedures is 5,427 in Year One and 6,676 in Year Three, with Medicaid at 12% and Charity Care at 2% each year.

Program Summary

The individual background review indicates the proposed members have met the standard for approval as set forth in Public Health Law §2801-a(3).

Financial Summary

Project costs are \$4,972,922. Kyung Jin Lee, who is the sole shareholder of the landlord One Professional Development Corporation will provide \$895,126 in equity, and the remaining \$4,077,796 via bank loan over-5 years @ prime plus prime 1.5% which total approximately 4.75%. The proposed loan from Bank of Hope has a two year draw down period and the rate will then be fixed for 5 years. The applicant indicates that the balance of approximately \$3,617,140 will be refinanced for a period of 25-years. In the event refinancing is not possible, the members of Pro-Medi will pay the balance via equity as shown on BFA Attachment A.

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$4,098,447	\$5,108,606
Expenses	<u>\$4,048,423</u>	<u>\$4,523,471</u>
Net Income	\$ 50,024	\$ 585,135

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval with an expiration of the operating certificate five years from the date of its issuance, contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of an executed building lease, acceptable to the Department of Health. [BFA]
3. Submission of an executed renovation and movable equipment loan, acceptable to the Department of Health. [BFA]
4. Submission of an executed working capital loan commitment acceptable to the Department of Health. [BFA]
5. Submission of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
6. Submission by the governing body of the ambulatory surgery center of an Organizational Mission Statement which identifies, at a minimum, the populations and communities to be served by the center, including underserved populations (such as racial and ethnic minorities, women and handicapped persons) and the center's commitment to meet the health care needs of the community, including the provision of services to those in need regardless of ability to pay. The statement shall also include commitment to the development of policies and procedures to assure that charity care is available to those who cannot afford to pay. [RNR]
7. Submission of a signed agreement with an outside, independent entity satisfactory to the Department to provide annual reports to DOH. Reports are due no later than April 1st for the prior year and are to be based upon the calendar year. Submission of annual reports will begin after the first full or, if greater or equal to six months after the date of certification, partial year of operation. Reports should include:
 - a. Data displaying actual utilization including procedures;
 - b. Data displaying the breakdown of visits by payor source;
 - c. Data displaying the number of patients who needed follow-up care in a hospital within seven days after ambulatory surgery;
 - d. Data displaying the number of emergency transfers to a hospital;
 - e. Data displaying the percentage of charity care provided;
 - f. The number of nosocomial infections recorded during the year reported;
 - g. A list of all efforts made to secure charity cases; and
 - h. A description of the progress of contract negotiations with Medicaid managed care plans. [RNR]
8. Submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-1.0 [AER]
9. Submission of a photocopy of an amended and executed Articles of Organization of Pro Medi Ambulatory Surgery Center, LLC, acceptable to the Department. [CSL]
10. Submission of a photocopy of an amended and executed Operating Agreement of Pro Medi Ambulatory Surgery Center, LLC, acceptable to the Department. [CSL]

Approval conditional upon:

1. The project must be completed within two years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

2. Construction must start on or before August 1, 2021 and construction must be completed by February 28, 2022, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]
4. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]
5. The applicant must ensure registration for and training of facility staff on the Department's Health Commerce System (HCS). The HCS is the secure web-based means by which facilities must communicate with the Department and receive vital information. Upon receipt of the Operating Certificate, the Administrator/director that has day-to-day oversight of the facility's operations shall submit the HCS Access Form at the following link to begin the process to enroll for HCS access for the first time or update enrollment information as necessary:
https://www.health.ny.gov/facilities/hospitals/docs/hcs_access_forms_new_clinics.pdf. Questions may be directed to the Division of Hospitals and Diagnostic & Treatment Centers at 518-402-1004 or email: hospinfo@health.ny.gov [HSP]
6. The submission of annual reports to the Department as prescribed by the related contingency, each year, for the duration of the limited life approval of the facility. [RNR]

Council Action Date
October 8, 2020

Need Analysis

Analysis

The service area consists of Queens County. The population of Queens County in 2010 was 2,230,722 with 862,706 individuals (38.7%) who are 45 and over, which are the primary population group utilizing ambulatory surgery services. Per PAD projection data, this population group (45 and over) is estimated to grow to 1,084,283 by 2025 and represent 43.2% of the projected population of 2,508,764.

The table below shows the number of patient visits for ambulatory surgery centers in Queens County for 2017 and 2018.

Type	Facility Name	Patient Visits	
		2017	2018
Multi	Choices Women's Medical Center Inc ¹	14,779	0
Multi	EMU Health 2	5,712	5,928
Gastroenterology	Flushing Endoscopy Center, LLC	13,429	11,245
Multi	Gramercy Surgery Center, Inc. - Queens	2,205	1,828
Ophthalmology	Mason Eye Surgery Center	2,084	1,864
Multi	New York Surgery Center Queens, LLC	3,337	2,262
Multi	North Queens Surgical Center	4,835	4,750
Multi	Physicians Choice Surgicenter	670	462
Gastroenterology	Queens Boulevard ASC, LLC	9,564	10,662
Gastroenterology	Queens Endoscopy ASC, LLC	12,027	12,055
Multi	Rockaways ASC Development (opened 5/23/19)	N/A	N/A
Gastroenterology	The Endoscopy Center of Queens	2,598	6,042
Ophthalmology	The Mackool Eye Institute LLC	7,303	6,021
Total Visits		78,543	63,119

Source: SPARCS

¹ No data located for 2018

The number of projected procedures is 5,427 in Year One and 6,676 in Year Three. These projections are based on the current practices of participating surgeons. The applicant states that approximately 90% of the procedures are currently being performed in an office-based setting. The table below shows the projected payor source utilization for Years One and Three.

Payor	Year One		Year Three	
	Volume	%	Volume	%
Commercial FFS	1,031	19%	1,135	17%
Commercial MC	977	18%	1,335	20%
Medicare MC	2,496	46%	3,071	46%
Medicaid FFS	271	5%	200	3%
Medicaid MC	380	7%	601	9%
Private Pay	163	3%	200	3%
Charity Care	109	2%	134	2%
Total	5,427	100.0%	6,676	100.0%

The Center initially plans to obtain contracts with the following Medicaid Managed care plans: Fidelis Advantage Plus, Empire BCBS HealthPlus MLTC, AgeWell New York, and Aetna Betterhealth. The Center will work collaboratively with local Federally Qualified Health Centers (FQHC) such as: Charles B Wang Community Health, Urban Health Plan, and the Institute for Family Health to provide service to the under-insured in their service area. The Center has developed a financial assistance policy with a sliding fee scale to be utilized when the Center is operational.

Conclusion

Approval of this project will provide increased access to multi-specialty ambulatory surgery services to the residents of Queens County

Program Analysis

Project Proposal

Proposed Operator	Pro-Medi Ambulatory Surgery Center, LLC
Doing Business As	Pro-Medi Ambulatory Surgery Center
Site Address	190-08/10 Northern Boulevard Flushing, New York 11358 (Queens County)
Surgical Specialties	Multi-Specialty, initially including: Gastroenterology General Surgery Gynecological Urological Otolaryngology Podiatry
Operating Rooms	3
Procedure Rooms	1
Hours of Operation	Monday through Friday 7 am to 5 pm
Staffing (1st Year / 3rd Year)	9.2 FTEs / 13.2 FTEs
Medical Director(s)	Samuel Cho, M.D.
Emergency, In-Patient and Backup Support Services Agreement and Distance	Is expected to be provided by: Flushing Hospital and Medical Center 1.5 Miles / 7 minutes
On-call service	Patients who require assistance during off-hours will engage the 24-hour answering service to reach the surgical staff during hours when the facility is closed.

Character and Competence

The ownership of Pro-Medi Ambulatory Surgery Center is:

Member Name	Interest
Samuel Cho, MD	50%
Kyung Jin Lee	50%
TOTAL	100%

Dr. Samuel Cho has been employed at his private practice as the President and Medical Director for approximately 25 years. He has been President and Medical Director of a Gastroenterology Clinic and an Office Based Surgery Center. He has performed and directed outpatient endoscopy procedures for over 20 years. He completed his residence in Internal Medicine and fellowship in Gastroenterology at NYU Medical Center. He received his medical degree from NYU School of Medicine.

Ms. Kyung Jin Lee is the Manager of a laboratory and management company. She manages medical practices and an endoscopy center. Her duties include hiring personnel, supervising equipment leasing, supplies, and completing payroll.

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. Samuel Cho disclosed that he was named in a malpractice suit involving alleged perforation after a colonoscopy with biopsies. A colonoscopy was performed on July 30, 2012 on the patient as a screening because of family history of colon cancer. The patient had a previous history of gunshot wound and a placement of mesh device at a later time for incisional hernia repair. During the colonoscopy, an eight (8) millimeter hard nodule was noted and this was biopsied using cold forceps due to a concern of a submucosal colon mass. The patient reported abdominal pain three (3) hours after the procedure and he was sent to the Emergency Department. He was found to have a perforation at the biopsy site and a migrated mesh noted at the perforation site. He underwent repair of the perforation but developed a wound infection after surgery. The mesh required removal approximately two (2) months after the initial surgery. The patient recovered and went back to work six (6) months after the initial incident. The case was settled on March 9, 2016 for \$375,000. Dr. Cho also remediated his approach to become more precautionary. He does not take multiple biopsies from the same site and now always considers the possibility of rare conditions such as mesh migration in patients with prior surgeries.

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

For those patients who do not identify a primary care provider (PCP), the Applicant will offer a referral in the community who can meet the needs of the patient, if language or other barriers exist. The Applicant will seek to undertake the following steps to initiate a community outreach and marketing plan to the following identified providers in order to reach the underserved and Medicaid population: meet with executive staff of Flushing Hospital to discuss a collaborative/networking relationship to address the underserved population that Flushing Hospital serves and to assist in meeting the needs of this population, the target community. The Applicant would hope to enter into contracts, Medicaid Managed Care Plans, which would include but not be limited to Aetna Betterhealth; AgeWell New York; Empire BlueCross BlueShield HealthPlus; MLTC; and Fidelis Medicaid Advantage Plus. The Applicant is meeting with and having discussions with local Article 28 D&TCs and FQHC. The FQHCs that have been identified based on their proximity to the propose ASC are Charles B. Wangs Community Health Center, Urban Health Plan, Inc, and Institute for Family Health.

The Applicant is committed to serving all persons in need of services and there will be no discrimination based on personal characteristics or ability to pay. There is a financial assistance policy with a sliding fee schedule. The Applicant has proposed an operating budget that includes 12% Medicaid, demonstrating the Center's expected outreach to this traditionally underserved population.

The Center intends on using an Electronic Medical Record (EMR) program and will consider participating in an Accountable Care Organization (ACO), Regional Health Information Organization (RHIO) and/or, Health Information Exchange (HIE).

Conclusion

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

Financial Analysis

Lease Rental Agreement

The applicant has submitted a draft lease agreement, the terms of which are summarized below:

Landlord:	One Professional Development Corporation
Tenant:	Pro-Medi Ambulatory Surgery Center, LLC
Premises:	Located at 190-08/10 Northern Boulevard, Flushing, 11358
Term:	10 Years – Upon Tenants election, lease shall be renewed for an additional 10 years at a rate of 3% higher than the 10 th Year rent cost.
Rental:	The annual base rent is \$420,000 per annum-(\$57.53 per square ft.) with a 3% increase each year for 10 years.
Provisions:	Tenant shall pay taxes and utilities.

The applicants have submitted an affidavit stating that the proposed members, Dr. Samuel Cho and Kyung Jin Lee, are married. Kyung Jin Lee, (Spouse) owns 100% of the shares issued and outstanding stock of One Professional Development Corporation who is leasing to the (Center). BFA Attachment B is the organizational chart indicating the relationship between the real estate and proposed operator. The applicant has indicated that the lease will be a non-arm's length lease arrangement and submitted two letters from New York real estate brokers attesting to the reasonableness of the base per square foot rental.

Total Project Cost and Financing

Total project costs for renovations and the acquisition of movable equipment is estimated at \$4,972,922 broken down as follows:

Renovation & Demolition	\$ 2,943,225
Design Contingency	294,323
Construction Contingency	294,323
Architect/Engineering Fees	294,323
Other Fees (Consulting)	257,500
Movable Equipment	628,630
Financing Costs	122,509
Interim Interest Expense	108,898
Application Fee	2,000
Additional Processing Fee	<u>27,191</u>
Total Project Cost	<u>\$4,972,922</u>

Project costs are based on a six-month construction period.

The applicant's financing plan appears as follows:

Member Equity	\$ 895,126
*Bank Loan @ 4.75% Term (5 years)	<u>\$4,077,796</u>
Total Project Costs	<u>\$4,972,922</u>

Equity contributions are based on the proposed members' percentage of interest. A letter of interest has been submitted by Hope Bank for both the equipment and construction loan to One Professional Development Corporation. The loan can be drawn down for a period of 24-months up to \$4,100,000 with a five-year payback term. In the event the applicant cannot refinance the loan, then the loan will be paid back via the two proposed members of Pro-Medi, LLC. An Affidavit has been submitted by both members indicating they will pay any outstanding equity in the event they cannot refinance.

Operating Budget

The applicant has submitted an operating budget in 2020 dollars, for the first and third years of operation, summarized below:

<u>Revenues</u>	<u>Year One</u>		<u>Year Three</u>	
	<u>Per Visit</u>	<u>Revenues</u>	<u>Per Visit</u>	<u>Revenues</u>
Commercial - FFS	\$1,156.42	\$1,192,270	\$1,198.41	\$1,355,796
Commercial - MC	\$825.79	\$806,799	\$850.85	\$1,133,887
Medicare - MC	\$660.84	\$1,649,456	\$673.19	\$2,066,631
Medicaid - FFS	\$653.65	\$179,289	\$648.62	\$129,724
Medicaid - MC	\$654.87	\$251,004	\$656.34	\$394,459
Private Pay	\$659.96	\$107,574	\$659.57	\$132,368
Bad Debt		<u>-\$83,642</u>		<u>-\$104,257</u>
Total Revenues		\$4,098,447		\$5,108,606
 <u>Expenses</u>				
Operational Expense	\$493.73	\$2,679,461	\$404.14	\$3,141,098
Capital Expense	<u>\$252.25</u>	<u>\$1,369,062</u>	<u>\$160.48</u>	<u>\$1,382,373</u>
Total Expense	\$745.98	\$4,048,423	\$564.62	\$4,523,471
Net Income		<u>\$50,023</u>		<u>\$585,135</u>
Total Procedures		5,427		6,676

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

<u>Payor</u>	<u>Year One</u>	<u>Year Three</u>
Commercial Ins.-FFS	19%	17%
Commercial Ins.-MC	18%	20%
Medicare-MC	46%	46%
Medicaid-FFS	5%	3%
Medicaid-MC	7%	9%
Private Pay	3%	3%
Charity Care	<u>2%</u>	<u>2%</u>
Total	100%	100%

The following is noted with respect to the submitted budget:

- Expense and utilization assumptions are based on the combined historical experience of the proposed physician members of the Center and similar Ambulatory Surgery Centers in the current location they serve.
- The applicant has submitted physician referral letters in support of utilization projections.
- April 2, 2020 was used for Medicaid reimbursement methodologies and was applied to the year one and three of the projected budget.

Capability and Feasibility

Project costs are \$4,972,922. Kyung Jin Lee will provide \$895,126 in equity, and the remaining will be \$4,077,796 will be financed via a bank loan to One Professional Development Corporation (Landlord) from the Bank of Hope, with a draw period of 2-years to support construction for the project. The term of the loan is 5-years @ prime plus prime1.5% which is approximately 4.75%. The proposed loan from Bank of Hope is a loan structured to be drawn over 24-months as needed. After the draw down period, the loan will be converted to a 5-year fixed term loan with a 25-year amortization schedule. One Development Corporation proposes to refinance the loan, however, in the event the loan cannot be refinanced, the members of the applicant will pay the balloon payment due in the amount of \$3,617,140 to satisfy the loan. BFA attachment A indicates they have enough liquid equity to fund the equity requirement and this balloon payment.

Working capital requirements, estimated at \$753,912 based on two months of third year expenses and will be provided through \$385,912 members equity and a bank loan of \$368,000 @ Prime plus 1.5% approximately 4.75% for five-years. A letter of interest from Bank of Hope has been submitted. BFA Attachment A is the net worth statements of the proposed members of Pro-Medi Ambulatory Center, which indicates the availability of enough funds for the stated levels of working capital. Attachment C is

the pro forma balance sheet of The Center as of the first day of operation, which indicates positive members' equity position of \$1,281,038 as of the first day of operations.

The submitted budget indicates a net profit of \$50,023 and \$585,135 for the first and third year, respectively. The budget appears reasonable.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Supplemental Information

Surrounding Hospital Responses

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.

Flushing Hospital Medical Center -- **No Response**
45th Avenue & Parsons Blvd
Flushing, New York 11355

New York-Presbyterian/Queens -- **No Response**
56-45 Main Street
Flushing, New York 11355

Queens Hospital Center -- **No Response**
82-68 164th Street
Jamaica, New York 11432

DOH Comment

In the absence of comments from hospitals in the area of the ASC, the Department finds no basis for reversal or modification of the recommendation for approval of this application based on public need, financial feasibility and owner/operator character and competence.

Attachments

BFA Attachment A	Personal Net Worth Statement of Proposed Members of Pro-Medi ASC
BFA Attachment B	Organizational Chart of Pro-Medi Ambulatory Surgery
BFA Attachment C	Pro Forma Balance Sheet of Pro-Medi ASC
BPNR Attachment	Map



**Project # 201115-E
North Queens Surgical Center**

Program: Diagnostic and Treatment Center **County:** Queens
Purpose: Establishment **Acknowledged:** March 9, 2020

Executive Summary

Description

NYEEQASC, LLC, is the operator of North Queens Surgical Center (The Center), an existing Article 28 freestanding ambulatory surgery center (FASC) located at 45-64 Francis Lewis Boulevard in Bayside (Queens County), requests approval for an indefinite life operating certificate. The facility was initially approved by the Public Health and Health Planning Council (PHHPC) under CON 111552-B as a multi-specialty FASC for a conditional five-year limited life and the Center began operations effective March 5, 2015. The applicant notified the Department before their limited life expiration, requesting indefinite life status.

There will be no change in the services and the facility will continue to operate under its original 20-year sublease. The FASC currently has an administrative services agreement (ASA) with Surgicore Management NY LLC, a related entity to Surgicore 5th Avenue, LLC, a member of the FASC, via identical membership. Edwin K. Chan, is the current Medical Director and the facility has a Transfer and Affiliation Agreement with Queens Hospital Center, located 7.1 miles (20 minutes) from the FASC, for backup and emergency services. The Center is accredited by the Accreditation Association for Ambulatory Health Care (AAAHC).

OPCHSM Recommendation
Approval

Need Summary

The total number of visits was 4,602 in Year One (2016-1st full year) and 4,441 in Year Three (2018). Actual Charity Care in Year Three (2018) was 0% and Medicaid was 21.7%. Upon approval of this project, North Queens Surgical Center projects 6,144 visits in Year One with Medicaid at 16.8% and Charity Care at 0.3%. There will be no changes in services

The facility's Medicaid utilization has averaged 20% for the past three years, and it has partnered with an FQHC in the service area to provide care, demonstrating its commitment to serving the under-insured in Queens County.

Program Summary

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Summary

There are no project costs associated with this application.

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$12,959,602	\$12,959,602
Expenses	10,648,465	10,817,976
Net Income	\$2,311,137	\$2,141,626

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval

Council Action Date

October 8, 2020

Need and Program Analysis

Background

North Queens Surgical Center is a multi-specialty ambulatory surgery center located at 45-64 Francis Lewis Boulevard, Bayside (Queens County) that currently provides orthopedics, otolaryngology, ophthalmology, ocular plastics, retinal, pain management, plastic surgery, and podiatry surgical services in four operating rooms. The primary service area is Queens County.

The Center is accredited by the Accreditation Association for Ambulatory Health Care (AAAHC). It is open Monday through Friday, from 8:00 am to 6:00 pm, and extends its hours as necessary to accommodate need. Dr. Edwin K. Chan, M.D. will continue to serve as the Medical Director. There are no anticipated changes in services and staffing is not expected to increase—based on the center’s forecasted increase in utilization in these years.

Analysis

The following tables provide projected and actual utilization.

Payor	CON 111552 Projected Year 3 (2018)	CON 111552 Actual Year 3 (2018)	CON 201115 Projections Year 1
Comm FFS	15.0%	25.0%	8.0%
Comm MC	50.0%	0.0%	0.0%
Medicare FFS	25.0%	39.5%	19.7%
Medicare MC	2.0%	0.0%	0.0%
Medicaid FFS	2.0%	0.2%	0.2%
Medicaid MC	3.0%	21.5%	16.7%
Private Pay	1.0%	0.2%	0.0%
Charity Care	2.0%	0.0%	0.2%
Other (WC, Self-Pay, No-fault)	0.0%	13.6%	55.3%
Total	100.0%	100.0%	100.0%

CON 111552- Visits	Year 1 (2016)		Year 3 (2018)	
North Queens Surgical	Projected	Actual	Projected	Actual
Total	7,000	4,602	7,426	4,441

At its onset the center required a long time to enter into payor agreements with insurance providers, thereby resulting in a significantly lower number of cases being performed in its first full year of operation (2016). The Center currently has Medicaid Managed Care contracts with the following health plans: Affinity, Empire BCBS, Emblem Health, Fidelis, Healthfirst, Metroplus and United Healthcare. This center’s Medicaid utilization has been higher than projected during their limited-life approval process, averaging 20% for years 2016 through 2018, according to their AHCF reports. The center entered into a referral agreement with Charles B Wang Community Health Center.

Per the PHHPC Ad Hoc Committee recommendation, the department should exercise flexibility to evaluate each ASC according to its totality of its proposed and actual volume of service to the underserved whether Medicaid, Charity Care or a combination of the two.

Compliance with Applicable Codes, Rules and Regulations

The medical staff will continue to ensure that procedures performed at the facility conform to generally accepted standards of practice and that privileges granted are within the physician's scope of practice and/or expertise. The facility’s admissions policy will include anti-discrimination regarding age, race, creed, color, national origin, marital status, sex, sexual orientation, religion, disability, or source of payment. All procedures will be performed in accordance with all applicable federal and state codes, rules and regulations, including standards for credentialing, anesthesiology services, nursing, patient

admission and discharge, a medical records system, emergency care, quality assurance and data requirements.

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

Conclusion

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law. The facility's Medicaid utilization has been relatively high each year, averaging 20% for the past three years. The center has partnered with an FQHC in their service area to provide care to the under-insured. These facts reflect the center's commitment to the under-insured in Queens County.

Financial Analysis

Operating Budgets

The applicant has submitted their current operating budget (2018) and the first and third years subsequent to indefinite life certification, in 2020 dollars, as summarized below:

<u>Revenues</u>	<u>Current Year</u>		<u>Year One</u>		<u>Year Three</u>	
	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>
Commercial FFS	\$2,644.23	\$2,937,735	\$2,644.23	\$1,295,671	\$2,644.23	\$1,295,671
Medicare FFS	\$1,084.84	1,901,722	\$1,084.84	1,311,570	\$1,084.84	1,311,570
Medicaid FFS	\$5,123.20	51,232	\$4,944.32	54,388	\$4,944.32	54,388
Medicaid MC	\$1,445.23	1,378,750	\$1,430.74	1,463,651	\$1,430.74	1,463,651
Private Pay	\$232.00	2,088	0.00	0	0.00	0
All Other	\$2,599.86	<u>\$1,570,315</u>	\$2,599.86	<u>\$8,834,322</u>	\$2,599.86	<u>\$8,834,322</u>
Total Revenues		<u>\$7,841,842</u>		<u>\$12,959,602</u>		<u>\$12,959,602</u>
 <u>Expenses</u>						
Operating	\$1,645.37	\$7,307,066	\$1,444.39	\$8,874,344	\$1,471.98	\$9,043,855
Capital	<u>399.49</u>	<u>1,774,121</u>	<u>288.76</u>	<u>1,774,121</u>	<u>288.76</u>	<u>1,774,121</u>
Total Expenses	\$2,044.85	\$9,081,187	\$1,733.15	\$10,648,465	\$1,760.74	\$10,817,976
Net Income / (Loss)		<u>(\$1,239,345)</u>		<u>\$2,311,137</u>		<u>\$2,141,626</u>
Total Procedures		4,441		6,144		6,144

The following is noted with respect to the submitted budget:

- All Other revenues reflect Worker's Compensation, uninsured/Self-Pay and No-Fault.
- Year 1 and Year 3 revenues are based on the 2018 payer rates experienced by the Center.
- Effective April 2, 2020, Medicaid payments have been reduced by 1.5% in accordance with the FY 2020 Enacted State Budget, therefore reducing the Medicaid Revenues in Years 1 and 3. This reduction has been reflected within the budgets.
- The number and mix of staff were determined by the experience of participating physicians and members in providing health services to patients and on State and industry norms for FASCs.
- Utilization for this project is based on experience of participating surgeons and their estimate on the number of cases they can bring to the center. Increase in utilization in Years 1 and 3 is a result of the affiliation with Surgicore 5th Avenue LLC.

- Operating revenues and expense related to this project are based on the combined historical experience of the physician members as well as other FASC's in New York State.
- Expenses include maintaining the current level of 22.91 FTEs in Year 1 and 3, particularly for Technicians, Specialists, and Registered Nurses. Increases in expenses in Year 1 and 3 are largely attributable to salaries/wages, medical and surgical supplies, purchased services other direct expenses and utilities.

Utilization by payor source for the current, first and third years is as follows:

Payor	Current Year		Year One		Year Three	
	Visits	%	Visits	%	Visits	%
Commercial FFS	1,111	25.02%	490	7.98%	490	7.98%
Medicare FFS	1,753	39.47%	1,209	19.68%	1,209	19.68%
Medicaid FFS	10	0.23%	11	0.18%	11	0.18%
Medicaid MC	954	21.48%	1,023	16.65%	1,023	16.65%
Private Pay	9	0.20%	0	0.00%	0	0.00%
Charity Care	0	0.00%	13	0.21%	13	0.21%
All Other	<u>604</u>	<u>13.60%</u>	<u>3,398</u>	<u>55.30%</u>	<u>3,398</u>	<u>55.30%</u>
Total	4,441	100.00%	6,144	100.00%	6,144	100.00%

Capability and Feasibility

There are no project costs associated with this application.

The submitted budget indicates a net income from operations of \$2,311,137 and \$2,141,626 for the first and third years, respectively. Revenue is based on the historical experience of the operation and on current reimbursement rates. The budget appears reasonable.

BFA Attachment B, is the Center's current internal financials for period ended June 30, 2020, during which the Center maintained positive working capital, the facility reported negative \$2,298,049 in negative equity due to historical operating losses experienced at the facility, and net income of \$173,882.

BFA Attachment C, the internal financial statements for year-ended December 31, 2019 of North Queens Surgical Center, indicate that the facility has maintained positive working capital, generated negative \$2,981,539 in net assets and reported positive net income of \$242,174 from operations. Negative net assets of \$2,981,539 was due to the historical operating losses experienced at the facility.

BFA Attachment D, the 2018 certified financial statements of North Queens Surgical Center show that the facility has maintained negative working capital, negative net assets and experienced a net loss from operations of \$1,239,345 for the period. The operating loss, negative equity and negative working in 2018 were due to historical operating losses that were the result of lower-than-expected utilization. Additional cases projected as a result of affiliation with Surgicore 5th Avenue LLC will put the Center in a stronger financial position.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

- BFA Attachment A Internal Financial Statements as of June 30, 2020
- BFA Attachment B Internal Financial Statements as of December 31, 2019
- BFA Attachment C 2018 Certified Financial Statements



**Project # 201225-B
Sunrise Surgery Center**

Program: Diagnostic and Treatment Center **County:** Erie
Purpose: Establishment and Construction **Acknowledged:** June 30, 2020

Executive Summary

Description

Sunrise Surgery Center LLC (Sunrise or Center), a to be established New York limited liability company, requests approval to establish and construct a Single Specialty (Ophthalmology), Article 28 Freestanding Ambulatory Surgery Center (FASC) to be located at 3349 Southwestern Boulevard, Orchard Park (Erie County). The Center will be located in approximately 12,600 square feet of leased space in a single-story building and will have two operating rooms and two procedure rooms (Article 28 space). The building will also include approximately 3,000 square feet of separate, non-Article 28 medical office space that will house the private medical practice of Andrew J. Siedlecki, M.D., the sole member of Sunrise. Trinity Legacy Properties LLC (Trinity), whose sole member is Dr. Siedlecki, owns the land and a vacant building on the proposed site. Trinity will construct a shell building addition to the existing structure. Upon completion of the shell construction and contingent approval of this project, Trinity will lease the space to Sunrise, which will fit-out the FASC space.

Dr. Siedlecki, who is Board Certified in Ophthalmology, will serve as Medical Director of the Center. Sunrise expects to have a Transfer and Affiliation Agreement with Catholic Mercy Hospital of Buffalo, located 5.4 miles (14 minutes) from the proposed Center, for backup and emergency services.

Erie County is the primary service area of the Center. However, the applicant expects to draw patients from the southern portion of Western New York due to the specialized services (YAG Laser procedures) the Center will provide.

OPCHSM Recommendation

Contingent approval with an expiration of the operating certificate five (5) years from the date of its issuance.

Need Summary

The number of projected procedures is 1,381 in Year One and 1,786 in Year Three, with Medicaid at 7.0% and Charity Care at 2.02% in the third year.

Program Summary

The individual background review indicates the proposed members have met the standard for approval as set forth in Public Health Law §2801-a(3).

Financial Summary

Total project cost of \$3,798,802 will be met via accumulated funds from the proposed member of Sunrise Surgery Center LLC.

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$2,269,291	\$2,923,770
Expenses	\$2,267,119	\$2,812,262
Net Income	\$2,172	\$111,508

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval with an expiration of the operating certificate five years from the date of its issuance, contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of an executed building lease, acceptable to the Department of Health. [BFA]
3. Submission of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
4. Submission by the governing body of the ambulatory surgery center of an Organizational Mission Statement which identifies, at a minimum, the populations and communities to be served by the center, including underserved populations (such as racial and ethnic minorities, women and handicapped persons) and the center's commitment to meet the health care needs of the community, including the provision of services to those in need regardless of ability to pay. The statement shall also include commitment to the development of policies and procedures to assure that charity care is available to those who cannot afford to pay. [RNR]
5. Submission of a signed agreement with an outside, independent entity satisfactory to the Department to provide annual reports to DOH. Reports are due no later than April 1st for the prior year and are to be based upon the calendar year. Submission of annual reports will begin after the first full or, if greater or equal to six months after the date of certification, partial year of operation. Reports should include:
 - a. Data displaying actual utilization including procedures;
 - b. Data displaying the breakdown of visits by payor source;
 - c. Data displaying the number of patients who needed follow-up care in a hospital within seven days after ambulatory surgery;
 - d. Data displaying the number of emergency transfers to a hospital;
 - e. Data displaying the percentage of charity care provided;
 - f. The number of nosocomial infections recorded during the year reported;
 - g. A list of all efforts made to secure charity cases; and
 - h. A description of the progress of contract negotiations with Medicaid managed care plans. [RNR]
6. Submission of an executed lease, acceptable to the Department. [CSL]
7. Submission of a photocopy of the applicant's executed and restated articles of organization, acceptable to the Department. [CSL]
8. Submission of a photocopy of the applicant's executed amended and restated operating agreement, acceptable to the Department. [CSL]
9. Submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-1.0. [AER]
10. Submission of MEP Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-1.0. [AER]

Approval conditional upon:

1. The project must be completed within two years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before July 1, 2021 and construction must be completed by June 30, 2022, presuming the Department has issued a letter deeming all contingencies have been satisfied

prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]

3. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]
4. The applicant must ensure registration for and training of facility staff on the Department's Health Commerce System (HCS). The HCS is the secure web-based means by which facilities must communicate with the Department and receive vital information. Upon receipt of the Operating Certificate, the Administrator/director that has day-to-day oversight of the facility's operations shall submit the HCS Access Form at the following link to begin the process to enroll for HCS access for the first time or update enrollment information as necessary:
https://www.health.ny.gov/facilities/hospitals/docs/hcs_access_forms_new_clinics.pdf. Questions may be directed to the Division of Hospitals and Diagnostic & Treatment Centers at 518-402-1004 or email: hospinfo@health.ny.gov [HSP]
5. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date
October 8, 2020

Need Analysis

Analysis

The service area consists of Erie County. The population of Erie County in 2010 was 919,040 with 402,771 individuals (43.8%) who are 45 and over, which are the primary population group utilizing ambulatory surgery services. Per PAD projection data, this population group (45 and over) is estimated to grow to 427,273 by 2025 and represent 45.2% of the projected population of 945,162.

The table below shows the number of patient visits for ambulatory surgery centers in Erie County for 2017 and 2018.

Type	Facility Name	Patient Visits	
		2017	2018
Multi	Ambulatory Surgery Center of Western New York LLC ¹	14,470	9,904
Multi	Buffalo Ambulatory Surgery Center	11,697	12,866
Multi	Buffalo Surgery Center, LLC	13,859	15,248
Multi	Center for Ambulatory Surgery LLC	10,349	9,566
Multi	Endoscopy Center of Western New York, LLC	11,358	12,941
Ophthalmology	Eye Health Associates Inc	4,092	4,012
Multi	Millard Fillmore Surgery Center, LLC	3,891	3,439
Gastroenterology/ Ophthalmology	Premier Ambulatory Surgery Ctr (opened 7/31/18)	N/A	N/A
Multi	Southtowns Surgery Center	1,857	2,280
multi	Sterling Surgical Center, LLC	5,825	5,747
Pain Management	WNY Medical Management	2,110	2,093
Multi	WNY Medical Management-Sheridan (opened 10/16/19)	N/A	N/A
Total Visits		79,508	78,096

Source: SPARCS

¹ 2018 data is an estimation, based upon partial year information

The number of projected procedures is 1,381 in Year One and 1,786 in Year Three. These projections are based on the current practices of participating surgeon. Dr. Siedlecki currently has a 50% ownership interest in an existing FASC, which is approximately 17 miles or 25 minutes north of this proposed FASC. The applicant states that all the procedures are currently being performed in his existing FASC in Northtowns. Establishing a new ASC in Southtowns would reduce the travel time for his elderly patients. The table below shows the projected payor source utilization for Years One and Three.

Payor	Year One		Year Three	
	Volume	%	Volume	%
Commercial	304	22.01%	393	22.00%
Medicare	952	68.94%	1,232	68.98%
Medicaid	97	7.02%	125	7.01%
Charity Care	28	2.03%	36	2.01%
Total	1,381	100.0%	1,786	100.0%

The Center initially plans to obtain contracts with the following Medicaid Managed care plans: Fidelis, United Healthcare Community Plan, BCBS Amerigroup, Independent Health Medisource, Univera Community Plan, WellCare, Molina Healthcare, and Centers Plan for Health Living. The Center intends to work collaboratively with local family shelters, homeless shelters, Federally Qualified Health Centers (FQHC) and hospitals within the service area to provide service to the under-insured. The Center has developed a financial assistance policy with a sliding fee scale to be utilized when the Center is operational.

Conclusion

Approval of this project will provide increased access to ophthalmology surgery services in an outpatient setting for the residents of Erie County.

Program Analysis

Project Proposal

Sunrise Surgery Center LLC seeks approval to establish and construct an Article 28 free standing, single specialty ambulatory surgery center specializing in ophthalmology to be located at 3349 Southwestern Boulevard in Orchard Park (Erie County).

Proposed Operator	Sunrise Surgery Center LLC
Doing Business As	Sunrise Surgery Center
Site Address	3349 Southwestern Boulevard Orchard Park, New York 14127 (Erie County)
Surgical Specialties	Single Specialty: Ophthalmology
Operating Rooms	2
Procedure Rooms	2
Hours of Operation	Monday through Friday 8 am to 4 pm Weekends or evening hours to be available to accommodate patient needs.
Staffing (1st Year / 3rd Year)	13.5 FTEs / 17.5 FTEs
Medical Director(s)	Andrew J. Siedlecki, M.D.
Emergency, In-Patient and Backup Support Services Agreement and Distance	Is expected to be provided by: Catholic Health Mercy Hospital 5.4 Miles / 14 minutes
On-call service	Patients who require assistance during off-hours will have been provided the number of an on-call service, which will be available 24 hours a day, seven (7) days a week, to immediately refer the patient to the Center's on-call physician.

Character and Competence

Andrew J. Siedleckie, M.D. is the proposed sole member of Sunrise Surgery Center, LLC.

Dr. Andrew J. Siedlecki is also the proposed Medical Director and has been employed at Andrew J. Siedlecki, MD, PC for approximately 31 years. He is also a Clinical Instructor of Ophthalmology at the University at Buffalo, Ross Eye Institute. He is the Medical Director and has ownership interest of Eye Health, Inc. surgery center. He received his medical degree from the Weill Cornell Medical College. He completed his ophthalmologic residency at the Medical College of Virginia. He is board certified in Ophthalmology and Eye Surgery. Dr. Siedlecki disclosed the following health facility interests:

Eye Health Associates, Inc

2000-present

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. Andrew Siedlecki disclosed in October 2018, he was named in a malpractice suit involving alleged negligence in performing a cataract procedure. The case is in the early stages of discovery.

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 applicant commits that all patients will be treated on the basis of need for the procedure, without discrimination due to any personal characteristics or ability to pay. The proposed Center, through its architectural design, will also address the needs of those individuals with handicaps including persons with visual impairments, hearing impairments, and those with other physical impairments. The Applicant commits to providing charity care, at a rate of 2.0% and a Medicaid rate of 7.0%, for persons without the ability to pay, and to utilizing a discounted fee scale for persons unable to pay the full charge or who are uninsured. Patients to be served by the ASC, who do not have a primary care physician, will be provided a list of physicians who are accepting new patients. The ASC will also provide its patients with contact information to its affiliated hospital, Catholica Health Mercy Hospital of Buffalo or one of its affiliated hospitals or clinics, to provide additional resources for primary care services.

The ASC will be located in close proximity to existing community clinics, which provide non-emergent medical services for underserved populations in the Southtowns. The ASC will develop relationships with these entities to ensure access to care is available. Additionally, the ASC will continue to seek and develop strategic relationships with other area community clinics serving underserved demographics. The Center has developed the following action plan to outreach to underserved communities: the Center will reach out on a regular basis to local hospitals and other healthcare providers, in an effort to obtain charity care referrals; the Center will reach out on a regular basis to any FQHC, in an effort to bring additional charity care and Medicaid patient referrals to the Center; the Center will reach out to local family shelters and homeless shelters in an effort to bring additional charity care and Medicaid cases to the Center; and the Center will encourage primary care providers to send their uninsured and under-insured patients to the facility for care.

The Center intends on using an Electronic Medical Record (EMR) program and will consider participating in an Accountable Care Organization (ACO), Regional Health Information Organization (RHIO) and/or, Health Information Exchange (HIE)

Conclusion

The individual background review indicates the proposed member has met the standard for approval as set forth in Public Health Law §2801-a(3).

Financial Analysis

Total Project Cost and Financing

Total project costs for renovations, equipment and fees is estimated at \$3,798,802 broken down as follows:

Renovation & Demolition	\$1,937,520
Design Contingency	193,752
Construction Contingency	193,752
Architect/Engineering Fees	193,752
Construction Manager Fees	48,438
Other Fees (Consultant)	20,000
Moveable Equipment	1,188,820
CON Fee	2,000
Additional Processing Fee	<u>20,768</u>
Total Project Cost	\$3,798,802

Project costs are based on a 12-month construction period. Total project cost will be met via accumulated funds of the proposed member.

Lease Rental Agreement

The applicant has submitted a draft lease agreement for the site that they will occupy, summarized below:

Premises:	12,600 square feet (Article 28 space) at 3349 Southwestern Boulevard, Orchard Park, NY
Landlord:	Trinity Legacy LLC
Tenant:	Sunrise Surgery Center LLC
Term:	Five years with an option to extend for two additional renewal terms of 36 months each.
Rental:	\$336,000 (\$26.67 per sq. ft.)
Provisions:	Tenant is responsible for Insurance, maintenance, repairs, utilities and property taxes.

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 members have identical ownership. Letters have been provided from two New York licensed realtors attesting to the rental rate being of fair market value.

Operating Budget

The applicant has submitted an operating budget, in 2020 dollars, for the first and third year of operation, summarized below:

	<u>Year One</u>		<u>Year Three</u>	
	<u>Per Proc.</u>	<u>Total</u>	<u>Per Proc.</u>	<u>Total</u>
<u>Revenues</u>				
Commercial FFS	\$2,026.75	\$616,133	\$2,019.50	\$793,665
Medicare FFS	\$1,623.88	1,545,934	\$1,616.38	1,991,377
Medicaid MC	\$1,105.40	<u>107,224</u>	\$1,109.82	<u>138,728</u>
Total Revenues		\$2,269,291		\$2,923,770
<u>Expenses</u>				
Operating	\$1,199.77	\$1,656,889	\$1,232.94	\$2,202,032
Capital	<u>\$441.88</u>	<u>610,230</u>	<u>341.67</u>	<u>610,230</u>
Total Expenses	\$1,641.65	\$2,267,119	\$1,574.61	\$2,812,262
Net Income		<u>\$2,172</u>		<u>\$111,508</u>
Procedures		1,381		1,786
Cost/Procedure		\$1,641.65		\$1,574.61

The following is noted with respect to the submitted operating budget:

- Effective April 2, 2020, Medicaid payments have been reduced by 1.5% in accordance with the FY 2020 Enacted State Budget, therefore reducing the Medicaid Revenues in Years One and Three. This reduction has been reflected within the budget.
- The projected operating expenses are based on the experience of Dr. Siedlecki in providing ambulatory surgery services at his existing FASC, as well as the projections and experience of other FASCs in New York State.
- Utilization by payor is based on the existing payor mix at Dr. Siedlecki's existing FASC.
- The Medicaid Managed Care rate is based on the existing Medicaid payment rate for similar services at Dr. Siedlecki's other existing ASC.
- The Commercial FFS and Medicare FFS rates are based on the 2020 Medicare FFS Fee Schedule.
- To justify the conservative projected growth after the first year of operation, Dr. Siedlecki anticipates that his two sons and one nephew will join the practice, and ultimately perform surgeries at the new Center once they complete their training in ophthalmology in the coming years.

Utilization broken down by payor source for the first and third year is as follows:

<u>Payor</u>	<u>Year One</u>	<u>Year Three</u>
Medicaid MC	22.01%	22.00%
Medicare FFS	68.94%	68.98%
Commercial FFS	7.02%	7.01%
Charity Care	2.03%	2.01%

Capability and Feasibility

Total project cost of \$3,798,802 will be met via accumulated funds of the proposed member of Sunrise Surgery Center LLC.

Working capital requirements are estimated at \$468,710, which is equivalent to two months of third year expenses. The applicant will finance the working capital with existing equity from its sole member, Andrew J. Siedlecki, M.D. BFA Attachment A is Dr. Siedlecki's net worth statement, which indicates the availability of sufficient funds for the equity contributions. BFA Attachment B is the pro forma balance sheet of Sunrise Surgery Center LLC, which indicates a positive member's equity of \$4,267,512 as of the first day of operation.

The submitted budget indicates a net income of \$2,172 and \$111,508 during the first and third years of operation, respectively. Revenues are based on current reimbursement methodologies for ambulatory surgery centers specializing in ophthalmology services. The submitted budget appears reasonable.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Supplemental Information

Surrounding Hospital Responses

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.

Mercy Hospital of Buffalo -- **No Response**
565 Abbott Road
Buffalo, New York 14220

John R. Oishei Children's Hospital -- **No Response**
818 Ellicott Street
Buffalo, New York 14203

Buffalo General Medical Center -- **No Response**
100 High Street
Buffalo, New York 14203

DOH Comment

In the absence of comments from hospitals in the area of the ASC, the Department finds no basis for reversal or modification of the recommendation for approval of this application based on public need, financial feasibility and owner/operator character and competence.

Attachments

BFA Attachment A Personal Net Worth of Proposed Member
BFA Attachment B Pro Forma Balance Sheet
BPNR Attachment Map



Project # 182305-B
CCH Home Care & Palliative Services, Inc.
t/b/k/a Nascentia Community Care

Program: Diagnostic and Treatment Center **County:** Onondaga
Purpose: Establishment and Construction **Acknowledged:** March 15, 2019

Executive Summary

Description

CCH Home Care & Palliative Services, Inc., an existing New York not-for-profit corporation to be known as Nascentia Community Care (NCC), requests approval to establish and construct an Article 28 diagnostic and treatment center (D&TC) to be located at 1050 West Genesee Street, Syracuse (Onondaga County).

Nascentia Health, Inc (NHI) is the sole member and passive parent of NCC. The D&TC is being established to complement the services provided by the family of organizations that are part of NHI, which is the parent of a certified home health agency, a long-term home health care program, two licensed home care service agencies and a Medicaid managed long term care plan.

The D&TC will be housed in approximately 1,360 square feet of leased space in a building owned by NHI. The space is currently a Physical Therapy Suite that will be transformed into a primary care clinic with two exam rooms and the requisite support spaces. The applicant requests certification for Medical Services – Primary Care and will serve the counties of Onondaga, Cayuga, Jefferson, Oswego and Wayne.

Pamela Horst, M.D., who is Board-certified in Family Medicine and Hospice and Palliative Medicine, will serve as Medical Director. The

D&TC is expected to have a Transfer Agreement for backup and emergency services with SUNY Upstate Medical University – SUNY Health Science Center at Syracuse, located 2.3 miles (7 minutes) from the proposed Center.

OPCHSM Recommendation
Contingent Approval

Need Summary

The D&TC will provide primary care services in a large geographic region that includes very rural areas and includes a Health Professional Shortage Area. The number of projected visits in Year One is 998 and 1,919 in Year Three.

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

There are no project costs for this application.

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenue	\$135,972	\$308,335
Expenses	190,131	269,533
Net Income (Loss)	(\$54,159)	\$38,802

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of an executed administrative services agreement, acceptable to the Department of Health. [BFA]
2. Submission of a photocopy of an amended and executed Lease Agreement, acceptable to the Department. [CSL]
3. Submission of a photocopy of an amended and executed Administrative Services Agreement, acceptable to the Department. [CSL]
4. Submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-03. [AER]
5. The submission of Engineering (MEP) Drawings for review and approval, as described in BAER Drawing Submission Guidelines DSG-03. [AER]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]
3. The applicant must ensure registration for and training of facility staff on the Department's Health Commerce System (HCS). The HCS is the secure web-based means by which facilities must communicate with the Department and receive vital information. Upon receipt of the Operating Certificate, the Administrator/director that has day-to-day oversight of the facility's operations shall submit the HCS Access Form at the following link to begin the process to enroll for HCS access for the first time or update enrollment information as necessary:
https://www.health.ny.gov/facilities/hospitals/docs/hcs_access_forms_new_clinics.pdf. Questions may be directed to the Division of Hospitals and Diagnostic & Treatment Centers at 518-402-1004 or email: hospinfo@health.ny.gov [HSP]
4. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

October 8, 2020

Need and Program Analysis

Program Description

The primary service area will include the counties of Onondaga, Cayuga, Jefferson, Oswego and Wayne. The target population for Nascentia Community Care is the general public as well as individuals receiving formal in-home community support through one of the programs sponsored by their parent, Nascentia Health, Inc. Nascentia Health, Inc. is the corporate parent of a certified home health agency (CHHA), a long-term home health care program (LTHHCP), two licensed home care service agencies (LHCSA) and a Medicaid managed long term care plan.

In addition to in-clinic visits, Nascentia Community Care will provide home visit services to their patients who become homebound or are unable to attend the treatment center for care utilizing a nurse practitioner model of care.

The primary care services will be promoted to potential referral sources and relationships with existing providers such as local hospitals, emergency rooms, urgent cares, and shelters. Nascentia Community Care will announce its opening of the clinic and its accepting of new patients through social media, traditional advertisement, and website enhancement.

Proposed Operator	CCH Home Care & Palliative Services, Inc
To Be Known As	Nascentia Community Center
Site Address	1050 West Genesee Street Syracuse, NY 13204 (Onondaga County)
Specialties	Medical Services - Primary Care
Hours of Operation	Monday through Friday from 8 am to 4 pm
Staffing (1st Year / 3rd Year)	1.25 FTEs / 2.0 FTEs
Medical Director(s)	Pamela S. Horst, MD
Emergency, In-Patient and Backup Support Services Agreement and Distance	Expected to be provided by University Hospital at Upstate Medical Center 2.3 miles / 7 minutes away

The applicant has stated they are committed to serving all persons in need without regard to ability to pay or source of payment.

Character and Competence

The board members Nascentia Community Care are:

Name	Title
John Barsanti	Board Member
Nancy Bottar	Board Member
John Clark	Board Chair
Susan Crossett	Board Member
Thomas Dennison	Vice Chair
Dell Ford Jordan	Board Secretary
Robert Galusha	Board Member
Kathleen Garofalo	Board Member
William Gerbig	Board Member
Timothy Hammond	Board Member
David Johnson	Board Member
Anita Lombardi	Board Member
David Page	Board Member
Paul Twombly	Board Treasurer
Kevin Wade	Board Member

Mr. Barsanti, retired, held the position of COO/CFO of the Roman Catholic Diocese for over eight years. His responsibilities included assisting with strategic business development, key planning issues, and making recommendations on major business decisions. He also provided leadership and management to enable financial strength and operating efficiency. He previously owned The Barsanti Group, a consulting practice focused on assisting family owned companies in succession planning for over six years. Mr. Barsanti discloses offices held in:

<i>Nascentia Health</i>	<i>2018-present</i>
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Ms. Bottar, retired, is a RN. She retired approximately 34 years ago with over 18 years of experience. She has been a member of multiple healthcare related boards and foundations. Ms. Bottar discloses offices held in:

<i>Home Aides of CNY</i>	<i>2008-present</i>
<i>Nascentia Health</i>	<i>2008-present</i>
<i>Eldercare Foundation</i>	<i>2008-present</i>
<i>VNA of CNY</i>	<i>2008-present</i>

Mr. Clark is the President and CEO of Pyramid Brokerage Co., a real estate brokerage. He has been employed by the brokerage for over 40 years. His responsibilities include overseeing all aspects of the company. Mr. Clark discloses offices held in:

<i>Home Aides of CNY</i>	<i>02/2011-2013</i>
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Ms. Crossette has worked for the Partners in the Franciscan Ministries for over five years. She oversees and evaluates incorporated ministries for the monitoring and support of adherence to the mission and purpose, sound corporate governance practice, and sustainability. She has also been employed at Harris Beach PLLC for over eight years. She provides corporate strategy for clients in energy economic development. She has been a Board Member who has been responsible for review of a hospital merger. She assists in the development of strategy for the long-term success of the facility.

Mr. Dennison is a Professor of Public Administration at Syracuse University and a Director of the Health Services Management and Policy Program. He has worked at the University for approximately 20 years. His teaching and research relate to management, financing, and delivery of personal health care services. Mr. Dennison discloses offices held in the following healthcare facilities:

<i>VNA of Central New York</i>	<i>07/2007-present</i>
<i>Home Aides of CNY</i>	<i>07/2007-present</i>
<i>CCH</i>	<i>07/2007-present</i>

Mr. Jordan is a retired educator from the Syracuse school district. He retired over ten years ago. He sits on several boards and participates in decision making with other Board Members.

Mr. Galusha is the Executive Vice President of Sales of OneGroup, an insurance agency. He has 30 years of experience in the insurance industry specific to not-for-profit healthcare organizations has provided him with knowledge of their operations.

Ms. Garofalo is a Nurse Practitioner (NP) employed at Bristol Myers Squibb for over five years. Her responsibilities include her daily duties as a NP and in addition she is in charge of employee's health and fitness, worker's compensation, wellness activities and some duties related to environmental health and safety. She has related competencies and knowledge in risk management, health law, quality issues related to health, malpractice considerations, and community wellness. She was previously employed at Welch Allen, Inc as a Nurse Practitioner for 11 years. Ms. Garofalo discloses offices held in the following healthcare facilities:

<i>VNA Homecare</i>	<i>2011-present</i>
<i>VNA of CNY, Inc</i>	<i>2002-2008</i>

Mr. Gerbig is the president of the Ralph W. Earl Co. He has been employed by the company for over 34 years. He has experience and knowledge of sound business practice including resource management; business development; operations; and fiscal responsibility. Mr. Gerbig disclosed offices held in the following healthcare facilities:

<i>VNA Homecare</i>	<i>2009-present</i>
<i>Independent Healthcare Services, Inc</i>	<i>2003-2009</i>

Mr. Hammond is a Certified Public Accountant. He has been employed as a Manager at Bonadio & Co., LLP for over four years. He is responsible for all phases of audits compliant with US auditing standards; he supervises and trains multiple teams during audit engagements and review audit testing workpapers and documents; researches complex accounting transactions compliance issues; recruits entry level and experienced staff accountants; prepares engagement time budgets, monitor compliance with time budgets, prepares and progress and final bills. He has previous employment as the Director of Finance at Liberty Resources, Inc, as a Senior Associate at Fust Charles Chambers LLP, as a Supervisor at Grossman St. Amour Certified Public Accountants PLLC, and as an Audit Assistant at the New York State Department of Taxation & Finance. He has experience in working in not-for profit healthcare organizations. He has trained and supervised a team of associates, acted as liaison to clients, partners and managers, provided evaluations, and assisted in preparing financial statements.

Mr. Johnson is an Architect. He is a Partner and Owner of King & King, an architectural firm, for over 15 years. He is involved in the leadership decision making which includes leading the healthcare design practice. He discloses offices held in the following healthcare facilities:

<i>VNA of CNY</i>	<i>2009-present</i>
<i>Nascentia Health</i>	<i>2009-present</i>

Ms. Lombardi is a Partner, Chief Compliance Officer, and Investment Advisor Representative in Everest Consultants LLC, an independent investment firm for over 15 years. She manages the firm's compliance program, providing investment advisory services, financial planning, and providing investment advice. Ms. Lombardi discloses office held in the following healthcare facilities:

<i>Crouse Health Foundation</i>	<i>06/2018-present</i>
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Dr. David Page is a Family Practice Physician employed at Family Care Medical Group for approximately 25 years. Dr. Page discloses offices held in the following healthcare facilities:

<i>Family Care Medical Group Board Member</i>	<i>1995-present</i>
<i>Excellus Blue Cross Blue Shield,</i>	
<i>Regional Advisory Board</i>	<i>2008-present</i>
<i>HealthConnections, VP, Secretary</i>	<i>2004-present</i>

Mr. Twombly has been the Vice President of Sticklely, Inc, a Global Supply Chain for approximately one year. He is responsible for global manufacturing and distribution operations for three factories in the US and Asia. He was previously employed as Vice President of Continuous Improvement for Sticklely, Inc where he was responsible for developing the annual strategic plan for the company in partnership with senior management. He was also responsible for driving improvements using the LEAN and Sigma-6 methodologies. He also has previous employment with Welch Allen, Inc as the Vice President of Operations where he led the implementation of a new production system based on the broad application of lean methodologies at four facilities in the US, Germany, and Ireland. He was directly responsible for operations, supply chain, logistics, facilities/maintenance, and engineering.

Mr. Wade has been employed by BPAS Actuarial & Pension Services as an Actuary for over 17 years. He consults on pensions and post-retirement healthcare plans. He works with clients to deliver cost efficient employee and executive benefits.

The proposed Medical Director is **Dr. Pamela Horst**. She received her medical degree from the Pennsylvania State University Medical Center. She completed her Family Practice Residency at Shadyside Hospital in Pittsburgh. She is board-certified in Family Medicine with a sub-specialty in Hospice and Palliative Medicine. She has been the Hospice Physician for the Hospice of Central New York for 17 years. She has 28+ years as the Associate Director of the Department of Family Medicine and Clinical Associate Professor at State University of New York Upstate Medical Center.

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.

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. The clinic will offer primary care services over a large geographic area.

Financial Analysis

Lease Agreement

The applicant has submitted an executed lease agreement, the terms of which are summarized below:

Date:	November 1, 2018
Premises:	1,295 square feet located at 1050 West Genesee Street, Syracuse, New York
Landlord:	Nascentia Health, Inc.
Tenant:	Nascentia Community Care
Rental:	\$28,275 annually.
Term:	10 years with 2 additional renewal periods of 5 years each.

The lease arrangement is a non-arm's length agreement. The applicant has submitted an affidavit attesting that there is a relationship between landlord and tenant. Letters from two New York real estate brokers were submitted attesting to the reasonableness of the rent.

Administrative Service Agreement

The applicant has submitted a draft administrative service agreement. The terms are summarized below:

Facility/Operator:	Nascentia Community Care
Manager/Contractor:	Nascentia Health, Inc.
Term:	3 years
Duties of the Contractor:	1. Maintenance of the books and records; 2. Disposition of assets and the incurring of liabilities normally associated with the day to day operations of the NCC, including but not limited to: Executive Management payroll; Legal Services; Advertising; Marketing; Rent; Rental of Equipment; Boards, Bureaus and Association Fees; Insurance; Collection and Bank Service Charges; Traveling Expenses; Telephone, Shipping, Postage and Wireless Connectivity; Printing and Stationary; 3. Implementation of policies affecting the delivery of health care services, including, but not limited to: Employee Recruitment and Retention; Medical Director Services; Provider Relations, Credentialing & Contracting; Management Information Systems; Clinical and Non-Clinical Enrollment; 4. Implementation of the NCC's budgets and provision for annual audits, including: Finance, Auditing and Actuarial functions; Occupancy, Depreciation & Amortization; 5. Quality Improvement; 6. Utilization Review
Compensation:	Monthly payments at a rate of \$1,803; with an increase to \$3,505 per month in year 3. Intended to be a pass through of NHI's actual cost.

While Nascentia Health Inc will be providing all the above services, the Facility Operator retains ultimate control in all of the final decisions associated with the services. The applicant has submitted an executed attestation stating that the applicant understands and acknowledges that there are powers that must not

be delegated, the applicant will not willfully engage in any illegal delegation and understands that the Department will hold the applicant accountable. It is also noted that the proposed ASA is not an arm's length agreement as there is a relationship between the Facility Operator and the Contractor.

Operating Budget

The applicant has submitted their first- and third-year operating budget, in 2019 dollars, as shown below:

<u>Revenues</u>	<u>Year One</u>		<u>Year Three</u>	
	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>
Medicare - FFS	\$82.55	\$51,676	\$90.12	\$93,633
Medicare - MC	\$82.51	24,010	\$90.13	65,257
Medicaid - FFS	\$43.27	2,120	\$49.74	4,676
All Other		<u>58,166</u>		<u>144,769</u>
Total Revenue		\$135,972		\$308,335
<u>Expenses</u>				
Operating	\$162.18	\$161,856	\$125.72	\$241,258
Capital	<u>\$28.33</u>	<u>28,275</u>	<u>\$14.73</u>	<u>28,275</u>
Total	\$190.51	\$190,131	\$140.45	\$269,533
Net Income (Loss)		<u>(\$54,159)</u>		<u>\$38,802</u>
Total Patient Visits		998		1,919

Utilization by payor source during first and third years is broken down as follows:

<u>Payor</u>	<u>Year One</u>	<u>Year Three</u>
Medicare - FFS	62.7%	54.1%
Medicare - MC	29.2%	37.7%
Medicaid - FFS	4.9%	4.9%
Charity	1.7%	1.5%
All Other	<u>1.5%</u>	<u>1.7%</u>
Total	100.0%	100.0%

The following is noted with respect to the submitted budget:

- Medicaid and Medicare revenues are based on published rates for procedure codes 99201-99205, 99211-99214 and 99347-99350 for a nurse practitioner services. (eMedNY and NGS Medicare fee schedules).
- All Other Revenue is for Care Management services.
- Utilization is based on their collaboration with Upstate University Hospital and other local hospitals to refer patients that need primary care. Currently, patients are being seen either in their private physician's office or in emergency rooms. The intent is to reduce unnecessary emergency room utilization.
- It is estimated that 90% of patients will be seen at the facility in Year One and 10% will be home visits for established patients. By Year Three home visits are expected to account for 30% of total visits.
- Expense and utilization assumptions are based on the historical experience of NHI.

Capability and Feasibility

There are no project costs associated with this application. Working capital requirements are estimated at \$44,922 based on two months of the third-year expenses and will be satisfied via an equity contribution from Eldercare Foundation, Inc., which is part of NHI. BFA Attachment C is the financial summary of Nascentia Health, Inc., which indicates sufficient funds for the equity contribution.

The submitted budget indicates the facility will generate net income (loss) of (\$54,159) and \$38,804, in the first and third years, respectively. Revenues are based on currently published fee schedule rates Nurse Practitioner services. The submitted budget appears reasonable.

BFA Attachment B is the 2017 and 2018 certified financial statements of CCH Home Care & Palliative Services, Inc., to be known as Nascentia Community Care, and their internal financials as of November 30, 2019, which indicates the availability of sufficient funds for stated levels of equity. BFA Attachment C provides a financial summary of Nascentia Health, Inc. for the periods 2017-2018, which indicates positive net income, working capital, and net asset position.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BPNR Attachment	Map
BFA Attachment A	Nascentia Community Care, Organizational Chart
BFA Attachment B	Nascentia Community Care, Inc.'s 2017-2018 Certified Financial Statements and Internals Financial as of November 30, 2019
BFA Attachment C	Financial summary of Nascentia Health, Inc



Project # 192322-B
Victory Community Health Center, Inc.

Program: Diagnostic and Treatment Center **County:** Kings
Purpose: Establishment and Construction **Acknowledged:** February 3, 2020

Executive Summary

Description

Victory Community Health Center, Inc., an existing not-for-profit New York corporation, requests approval to establish and construct an Article 28 diagnostic and treatment center (D&TC) to be located at 1659 78th Street, Suite 2A, Brooklyn (Kings County). The applicant requests certification for Medical Services - Primary Care, Medical Services – Other Medical Specialties, and Dental O/P. Additionally, the applicant will provide podiatry and physical and occupational therapy services.

The D&TC will be housed in approximately 9,000 square feet of leased space on the second floor of an existing two-story multi-use building. The building is owned by 7718 Professional Plaza LLC, whose members are Zinovy Kerzhner and Klara Kerzhner, the Executive Director and a board member, respectively, of Victory Community Health Center, Inc. The space was previously occupied by a home care agency, a physical therapy practice and a private physician practice. Upon completion of the project, the D&TC will have six exam rooms, four dental rooms, one X-Ray room, a mammography room, a physical therapy suite with nine therapy bays, an exercise pool, a therapy tub, and the requisite support areas.

Upon approval of this application by the Public Health and Health Planning Council, the applicant intends to apply to HRSA as a Federally Qualified Health Center (FQHC) Look Alike Clinic to provide services to this underserved area in Kings County.

Vladimir Lekht, M.D., who specializes in internal medicine, will serve as Medical Director. The proposed Center is expected to have a transfer and affiliation agreement for emergency and backup services with NYU Langone Hospital-Brooklyn located 3.2 miles (19 minutes' travel time) from the proposed center.

OPCHSM Recommendation
Contingent Approval

Need Summary
Kings County is designated as a Medically Underserved Area. The applicant projects 32,400 visits in Year One and 43,200 in Year Three.

Program Summary
The individual background review indicates the proposed members have met the standard for approval as set forth in Public Health Law §2801-a(3).

Financial Summary
Total project costs of \$391,739 will be met with \$70,000 equity from the Executive Director and two board members of Victory Community Health Center, Inc., with the remaining \$321,739 to be financed via a loan from Alexander and Elizabeth Kouperman at 6% interest for an eight-year term and eight-year payout period. A letter of interest has been provided.

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$2,784,303	\$3,868,733
Expenses	<u>2,712,855</u>	<u>3,662,239</u>
Net Income	\$71,448	\$206,494

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of an executed loan commitment, acceptable to the Department of Health. [BFA]
3. Submission of an executed building lease, acceptable to the Department of Health. [BFA]
4. Submission of an executed working capital loan commitment, acceptable to the Department. [BFA]
5. Submission of proof of site control, acceptable to the Department. [CSL]
6. Submission of a photocopy of the Board Resolution adopting the applicant's bylaws, acceptable to the Department. [CSL]
7. Submission of a photocopy of the applicant's executed and amended bylaws, acceptable to the Department. [CSL]
8. Submission of a photocopy of the applicants executed and amended certificate of incorporation, acceptable to the Department. [CSL]
9. Submission of an revised Schedule 3B, reflecting that the Not-For-Profit does not have any members in Section D. [CSL]
10. Submission of the review and approval of the pool design by the Department of Health's Bureau of Community Environmental Health and Food Protection. [PMU]

Approval conditional upon:

1. The project must be completed within three years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval.
2. Construction must start on or before May 1, 2020 and construction must be completed by June 1, 2022, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]
4. The applicant must ensure registration for and training of facility staff on the Department's Health Commerce System (HCS). The HCS is the secure web-based means by which facilities must communicate with the Department and receive vital information. Upon receipt of the Operating Certificate, the Administrator/director that has day-to-day oversight of the facility's operations shall submit the HCS Access Form at the following link to begin the process to enroll for HCS access for the first time or update enrollment information as necessary:
https://www.health.ny.gov/facilities/hospital/docs/hcs_access_form_new_clinics.pdf. Questions may be directed to the Division of Hospitals and Diagnostic & Treatment Centers at 518-402-1004 or email: hospinfo@health.ny.gov [HSP]
5. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

October 8, 2020

Need and Program Analysis

Program Proposal

Proposed Operator	Victory Community Health Center Inc.
To Be Known As	Victory Community Health Center
Site Address	1659 78 th Street Suite 2A Brooklyn, New York 11214 (Kings County)
Services	Medical Services – Primary Care Medical Services - Other Medical Specialties Dental Podiatry Physical Therapy Occupational Therapy
Hours of Operation	Monday-Sunday 9 AM to 8 PM
Staffing (1st Year / 3rd Year)	23.4 FTEs / 34.3 FTEs
Medical Director(s)	Vladimir Lekht, M.D.
Emergency, In-Patient and Backup Support Services Agreement and Distance	Expected to be provided by NYU Langone 2.5 miles / 14 minutes away

The service area includes the areas of Bensonhurst and Bath Beach of Kings County. The population of Kings County was 2,504,700 in 2010 and is projected to grow to 2,810,876 by 2025, an increase of 12.2%.

Kings County is designated as a Medically Underserved Area/Population (Source: HRSA). Victory Community Health Center intends to apply to become a Federally Qualified Health Look Alike Clinic.

The applicant projects 32,400 visits in Year One and 43,200 in Year Three. The applicant is committed to serving all persons in need without regard to ability to pay or source of payment.

Character and Competence

The board of Victory Community Health Center Inc. is:

Name	Title
Zinovy Kerzhner	<i>Executive Director</i>
Regina Prokofyera	<i>Chairperson/Treasurer</i>
Klara Kerzhner	<i>Secretary</i>
Yvonne Ward	<i>Board Member</i>
Vladimir Lekht, MD	<i>Board Member (and proposed Medical Director)</i>

Dr. Vladimir Lekht is the Director of the Internal Medicine Department and has been a staff Internal Medicine Physician at an adult care center for approximately eight years. He is also self-employed on a part time basis and sees home bound patients. He earned his medical degree from the Ross University, School of Medicine, in Dominica. He completed his Internal Medicine residency at Maimonides Hospital Medical Center. He completed his medical degree at the University of California Los Angeles School of Medicine.

Mr. Zinovy Kerzhner has been the Supervising Administrator and Program Director of an Adult Day Care part time for approximately eight years. He is responsible for supervising a staff of ten employees and volunteers, including hiring and firing the employees. He has developed and implemented policies and procedures for documenting and storing patient records. He has processed medical-legal documents, insurance data, and corresponding requests for each. He has also analyzed patient data for reimbursement, facility planning, risk management, utilization management, and research purposes. He

has directed public relations, advertising, and marketing campaigns for the facility. He was previously employed as the Supervising Administrator of a primary care practice.

Ms. Klara Kerzhner is the Program Director of an Adult Daycare Center for over eight years. She is responsible for the administrative operations of the facility including managing the day to day operations; administering and supervising patient care services; hiring and firing of employees; supervising a staff of 10 employees and volunteers; developing and implementing policies and procedures for documenting and storing patient records; participated in the development and design of the computer software for the computerized health information system; processing medical-legal documents, insurance data, and corresponding requests; analyzes patient data for reimbursement, facility planning, quality of patient care, risk management, utilization management, and research; and manages the medical records department.

Ms. Regina Prokofyera is a Manager of a Rehabilitation and Physical Therapy clinic for over two years. She performs the administrative, supervisory, and financial duties. She monitors all aspects of legal compliance, billing procedures, collections, and monthly cash flow. She supervises a staff of six employees. She was the previous Facility Manager of a multispecialty private medical clinic.

Ms. Yvonne Ward has been the Administrator of a Licensed Homecare Agency for approximately one year. She is also the Regional Program Director/Compliance Director at an Adult Day Center. She is responsible for overseeing two (2) large adult day centers where she ensures compliance and conformity with all laws and regulations, including planning and implementing a compliance program. She managed and implemented the program to accommodate the needs of all the participants. She is responsible for record keeping, accounts, and billing audits. She has also been an Independent Contractor for approximately six (6) years who assists clients with all aspects of the NYS Article 36 Licensed Home Care Services Agency licensure including preparation of policy and procedure manuals, Department legal review response, clinical files and employee file forms, and comprehensive review of the organization's adherence to regulatory guidelines.

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.

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.

Conclusion

Approval of this project will allow for the improved access for primary care services for residents within areas of Bensonhurst and Bath Beach as well as the surrounding communities of Kings County. 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 Agreement

The applicant has submitted a letter of intent / draft lease agreement for the site to be occupied, the terms of which are summarized below:

Premises:	9,000 square feet of space at 1659 78 th Street, 2 nd Floor, Brooklyn, NY, 11214
Owner:	7718 Professional Plaza LLC
Tenant:	Victory Community Health Center, Inc.
Rental:	Base rent \$324,900 annually (\$27,000 per month) and 3% increase thereafter.
Term:	20 years
Provisions:	Tenant shall be responsible for proportionate share of water bill, and real estate tax increases.

The applicant submitted an affidavit that the lease is a non-arm's length agreement in that a relationship exists between principals of the landlord and tenant. The landlord company is 90% owned by Zinovy Kerzhner, the current President/Executive Director of Victory Community Health Center, Inc., and 10% owned by Klara Kerzhner, Mr. Kerzhner's mother and Secretary of the corporation. The affidavit attests that the members of the landlord entity will not vote on matters of health center location. Additionally, the applicant has submitted letters from two New York State realtors attesting to the rent reasonableness.

Total Project Cost and Financing

Total project costs for leasehold improvements, renovations and moveable equipment is \$391,739, broken down as follows:

Renovation & Demolition	\$125,000
Design Contingency	12,500
Construction Contingency	12,500
Architect /Engineering Fees	25,000
Moveable Equipment	148,107
Telecommunications	1,500
Interest Expense	63,000
CON Fee	2,000
Additional Processing Fee	<u>2,132</u>
Total Project Cost	<u>\$391,739</u>

Project costs are based on a 13-month construction period.

The applicant's financing plan is as follows:

Equity (Employees)	\$70,000
Loan (8-year term, 6%, self-amortizing)	<u>321,739</u>
Total	<u>\$391,739</u>

Alexander and Elizabeth Kouperman have provided a letter of interest to fund the project cost loan and documentation from Goldman Sachs Bank showing sufficient resources. The applicant indicated that the loan agreement is an arm's length agreement as Mr. and Ms. Kouperman have no relation to the operation other than being lenders,.

Operating Budget

The applicant submitted their first year and third-year operating budget, in 2020 dollars, as shown below:

	Year One		Year Three	
	Per Visit	Total	Per Visit	Total
<u>Revenues</u>				
Commercial FFS	\$85.00	\$220,320	\$85.00	\$293,760
Medicare FFS	\$85.00	413,100	\$85.00	550,800
Medicare MC	\$85.00	275,400	\$85.00	367,200
Medicaid FFS	\$147.75	718,065	\$147.75	1,276,560
Medicaid MC	\$73.88	1,077,098	\$73.88	1,276,560
Private Pay	\$85.00	137,700	\$85.00	183,600
Bad debt		<u>(57,380)</u>		<u>(79,747)</u>
Total Revenues		\$2,784,303		\$3,868,733
<u>Expenses</u>				
Operating	\$70.73	\$2,291,655	\$74.66	\$3,225,361
Capital	<u>\$13.00</u>	<u>421,200</u>	<u>\$10.11</u>	<u>436,878</u>
Total Expenses	\$83.73	\$2,712,855	\$84.77	\$3,662,239
Excess of Revenues		<u>\$71,448</u>		<u>\$206,494</u>
Utilization (Visits)		32,400		43,200

Utilization by payor source during first and third years is broken down as follows:

Payor	Year One		Year Three	
	Visits	%	Visits	%
Commercial FFS	2,592	8%	3,456	8%
Medicare FFS	4,860	15%	6,480	15%
Medicare MC	3,240	10%	4,320	10%
Medicaid FFS	4,860	15%	8,640	20%
Medicaid MC	14,580	45%	17,280	40%
Private Pay	1,620	5%	2,160	5%
Charity Care	<u>648</u>	<u>2%</u>	<u>864</u>	<u>2%</u>
Total	32,400	100%	43,200	100%

The following is noted with respect to the submitted budget:

- Effective April 2, 2020, Medicaid payments have been reduced by 1.5% in accordance with the FY 2020 Enacted State Budget, therefore reducing Medicaid revenues. This reduction has been reflected within the budgets.
- Expense, revenue and utilization assumptions are based on average workflow, utilization and expenses experienced by private medical practices of the similar size and service offering within the existing location, and personal experience managing similar facilities in Kings county.
- Year One utilization of 32,400 visits is based on current service needs, physical serviceability and a 360-day work year.
- Utilization is expected to increase by 15% annually (on average) due to better community awareness and established service efficiency), for a projected Year Three volume of 43,200 visits.
- The rates of the respective payor sources are based on the current reimbursement rates for similar services within the immediate service area.

Capability and Feasibility

The total project cost of \$391,739 will be funded with \$70,000 equity from the Executive Director and two board members of Victory Community Health Center, Inc., with the remaining \$321,739 to be financed via a loan from Alexander Elizabeth Kouperman at 6% interest for an eight-year term and eight-year payout period. A letter of interest has been provided. The applicant indicated that the loan is an arm's length agreement. Documentation has been provided from Goldman Sachs Bank showing the lenders have sufficient resources to fund the project cost loan.

Working capital requirements are estimated at \$610,373 based on two months of third year expenses and will be met with \$305,187 equity (employees) and a \$305,186 loan from Mr. and Ms. Kouperman for a five-year term (level debt) at 6% interest. The lenders provided a documentation showing sufficient funds in a bank account to fund the total project cost and working capital loan amount.

BFA Attachment A is the net worth statements of the individuals associated with Victory Community Health Center, Inc. providing equity for the total project cost and the working capital, which indicates the availability of sufficient funds for stated levels of equity. The individuals contributing equity are as follows: Zinovy Kerzhner (Executive Director), Klara Kerzhner (Secretary), and Regina Prokofyeva (Treasurer). BFA Attachment B, the pro forma balance sheet for the applicant, indicates that the facility will initiate operations with a positive net asset position of \$375,187.

The submitted budget indicates the facility will generate net income of \$71,448 and \$206,494 in the first and third years, respectively. Revenues are based on prevailing reimbursement methodologies for D&TCs. The budget appears reasonable.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BFA Attachment A	Net Worth Statement of Victory Community Health Center, Inc.
BFA Attachment B	Pro Forma Balance Sheet, Victory Community Health Center, Inc.



Project # 201217-B
TOV HMC, LLC d/b/a Tov Health Medical Center

Program: Diagnostic and Treatment Center **County:** Rockland
Purpose: Establishment and Construction **Acknowledged:** May 26, 2020

Executive Summary

Description

Tov HMC, LLC d/b/a/ Tov Health Medical Center, an existing New York limited liability company, requests approval to establish and construct an Article 28 diagnostic and treatment center (D&TC) to be located at 1540 Route 202, Pomona (Rockland County). The applicant requests certification for Medical Services – Primary Care and Medical Services – Other Medical Specialties to provide primary care and medical specialty services with a focus on the residents of the Pomona, a village partly in the towns of Ramapo and Haverstraw, as well as the surrounding areas of Suffern and Stony Point in Rockland County. The D&TC will be housed in approximately 2,350 square feet of leased space on the first floor of a two-story building that houses other existing businesses. The space is currently in use as a private physician practice and requires only minor interior renovations to meet Article 28 standards. The renovations will be independent of surrounding tenancies.

The building is owned by Pearl Mont Commons LLC, an unrelated entity, that will lease the clinic space to Tov Health LLC, a property company owned by the members of Tov HMC, LLC. Tov Health LLC will sub-lease the space to Tov HMC, LLC.

Ownership of the Center is as follows:

<u>Proposed Operator</u>	
Tov HMC, LLC	
<u>Members</u>	<u>Interest</u>
Chana Landa	50%
Dov Landa	50%

Dr. Vladimir Zelenko, M.D., who specialized in family medicine, will serve as Medical Director. The proposed Center is negotiating a Transfer and Affiliation Agreement for emergency and backup services with Nyack Hospital located 11.9 miles (17 minutes' travel time) from the proposed Center.

OPCHSM Recommendation
Contingent Approval

Need Summary

The number of projected visits is 10,787 in Year One and 21,347 in Year Three. The Center projects Medicaid utilization of 65%.

Program Summary

The individual background review indicates the proposed members have met the standard for approval as set forth in Public Health Law §2801-a(3).

Financial Summary

Total project cost of \$206,561 will be met via \$20,656 members' equity and a \$185,905 loan at 5% interest for a three-year term. Peapack-Gladstone Bank has provided a letter of interest for the loan at the stated terms.

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$1,289,166	\$2,551,475
Expenses	<u>1,345,758</u>	<u>2,213,609</u>
Net Income/loss	(\$56,592)	\$337,866

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
3. Submission of an executed loan commitment for project costs, acceptable by the Department of Health. [BFA]
4. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
5. Submission of an executed personal home equity loan commitment for working capital, acceptable to the Department of Health. [BFA]
6. Submission of an executed lease agreement, acceptable to the Department of Health. [BFA]
7. Submission of a photocopy of an amended and executed Articles of Organization, acceptable to the Department. [CSL]
8. Submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-1.0. [AER]
9. Submission of Engineering (MEP) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-1.0. [AER]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before January 1, 2021 and construction must be completed by February 1, 2021, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]
4. The applicant must ensure registration for and training of facility staff on the Department's Health Commerce System (HCS). The HCS is the secure web-based means by which facilities must communicate with the Department and receive vital information. Upon receipt of the Operating Certificate, the Administrator/director that has day-to-day oversight of the facility's operations shall submit the HCS Access Form at the following link to begin the process to enroll for HCS access for the first time or update enrollment information as necessary:
https://www.health.ny.gov/facilities/hospital/docs/hcs_access_form_new_clinics.pdf. Questions may be directed to the Division of Hospitals and Diagnostic & Treatment Centers at 518-402-1004 or email: hospinfo@health.ny.gov [HSP]
5. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

October 8, 2020

Need and Program Analysis

Program Description

Proposed Operator	Tov HMC, LLC
To Be Known As	Tov Health Medical Center
Site Address	1540 Route 202 Pomona, New York 10970 (Rockland County)
Specialties	Medical Services – Primary Care Other Medical Specialties, including: Infectious Disease, Gastroenterology, Pain Management, Orthopedics, Oncology, Cardiology, Urology
Hours of Operation	Monday-Friday 8 AM to 6 PM If need dictates will expand to include Sunday 8:30 AM to 6 PM
Staffing (1st Year / 3rd Year)	14.3 FTEs / 24.8 FTEs
Medical Director(s)	Vladimir Zelenko, M.D.
Emergency, In-Patient and Backup Support Services Agreement and Distance	Expected to be provided by Nyack Hospital 12 miles / 10.9 minutes away

Analysis

The primary service area includes Pomona, a village in the towns of Ramapo and Haverstraw. The secondary service area would be the rest of Rockland County. The population of Rockland County was 311,687 in 2010 and is estimated to grow to 346,928 by 2025, an increase of 11.3%.

The number of projected visits is 10,787 in Year One and 21,347 in Year Three. The center is projecting Medicaid utilization of 65% and is committed to serving all persons in need without regard to ability to pay or source of payment.

Character and Competence

The members of Tov HMC, LLC are:

Name	Interest
Chana Landa	50%
Dov Landa	50%
Total	100%

Ms. Chana Landa has been the Office Manager of Tov Health, LLC, a PC practice, for almost two years. She is responsible for hiring and assessment of staff, ensuring operations run efficiently. She is in charge of payroll, booking staff schedules, account managements payable and receivable. She has five years experience working in medical practices. She has trained receptionists, ensured supplies were ordered, balanced budgets, participated in customer relations, and dealt with the day to day operations of running an office.

Mr. Dov Landa is a Physician's Assistant. He worked for over eight years at a health clinic performing physical exams, ordering laboratory testing, and educating patients. He participated in transitioning from a paper to an EMR system. He participated in the Urgent Care hours. He created a follow up system for patients to receive a follow up call. This practice was sold, and he helped create a boutique style private practice with a physician.

Dr. Vladimir Zelenko is the proposed Medical Director. He is the CEO, President, and Medical Director of his private practice that he has owned for 11 years. He was previously employed as a Family Practice Medicine Physician. He received his medical degree from the University of Buffalo School of Medicine and Biomedical Science. He completed his residency at South Nassau Community Hospital. He is Board Certified in Family Medicine. He has 10 years building and operating a multi-specialty group.

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.

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.

Conclusion

Approval for this project will provide for the improved access to a variety of medical services for individuals residing in Pomona, as well as the surrounding communities in Rockland County. The individual background review indicates the proposed members have met the standard for approval as set forth in Public Health Law §2801-a(3).

Financial Analysis

Total Project Cost and Financing

Total project cost for leasehold improvements, renovations and moveable equipment is \$206,561 broken down as follows:

Renovation & Demolition	\$23,000
Site Development	2,000
Design Contingency	2,500
Construction Contingency	2,500
Architect /Engineering Fees	8,000
Construction Manager Fees	8,000
Other Fees	35,000
Moveable Equipment	119,310
Financing Costs	2,386
Interim Interest Expense	746
CON Fee	2,000
Additional Processing Fee	1,119
Total Project Cost	\$206,561

Project costs are based on a one-month construction period. Project costs will be met via equity of \$20,656 from the proposed members personal resources and a \$185,905 bank loan at 5% interest for a three-year term. BFA Attachment A is the net worth statement of the proposed members of Tov HMC, LLC, which shows sufficient liquid assets overall to meet the equity requirements of this application. Peapack-Gladstone Bank has provided a letter of interest for the loan at the stated terms.

Lease Agreement

The applicant has submitted a draft lease agreement, the terms of which are summarized below:

Date:	March 23, 2018 (as dated but lease is not executed)
Premises:	2,550 square feet of space at 1540 Route 202, Pomona, NY 10970
Landlord:	Pearl Mont Commons, LLC
Tenant:	Tov Health LLC
Rental:	Year 1: Rent \$60,000 (\$23.53 per sq. ft) Year 2 through Year 4: Rent \$72,000 (\$28.24 per sq. ft.) Rent shall increase 3% every three years thereafter.
Term:	10 years with two five-year renewal options
Provisions:	Tenant shall be responsible for utilities, maintenance, personal property insurance and pro rata share of electricity, water and gas.

The applicant submitted an affidavit that the lease is an arm's length agreement. The applicant has submitted letters from two New York realtors attesting to the rent reasonableness.

Sublease Agreement

The applicant has submitted an executed sublease for the site that they will occupy, summarized below:

Date:	February 4, 2020
Premises:	2,550 square feet of space at 1540 Route 202, Pomona, NY 10970
Over-Landlord:	Pearl Mont Commons, LLC
Sub-Landlord:	Tov Health LLC
Sub-Tenant:	Tov HMC, LLC
Sublease Payments:	Base rent and any rent owed under the Over-lease
Term:	10 years
Provisions:	Sub-Tenant shall be responsible for utilities, maintenance, personal property insurance and pro rata share of electricity, water and gas.

The applicant has attested that the Sublease Agreement is a non-arm's length arrangement as Tov HMC, LLC, the Sub-landlord and Tov Health LLC, the tenant have common ownership. Letters from two New York real estate brokers were submitted attesting to the reasonableness of the rent.

Operating Budget

The applicant has submitted their first and third-year operating budget, in 2020 dollars, as shown below:

	Year One		Year Three	
Revenues	Per Visit	Total	Per Visit	Total
Commercial FFS	\$164.95	\$177,978	\$164.99	\$352,249
Medicare FFS	\$150.00	242,698	\$150.01	480,339
Medicare MC	\$120.07	64,719	\$120.05	128,090
Medicaid FFS	\$139.60	75,245	\$139.57	148,922
Medicaid MC	\$103.07	667,043	\$103.07	1,320,189
Private Pay	\$189.76	<u>61,483</u>	\$190.13	<u>121,686</u>
Total Revenue		\$1,289,166		\$2,551,475
Expenses				
Operating	\$97.79	\$1,054,887	\$90.43	\$1,930,575
Capital	<u>\$26.96</u>	<u>290,871</u>	<u>\$13.26</u>	<u>283,034</u>
Total Expenses	\$124.76	\$1,345,758	\$103.69	\$2,213,609
Net Income		<u>(\$56,592)</u>		<u>\$337,866</u>
Utilization (Visits)		10,787		21,348
Cost/Visit		\$124.76		\$103.69

Utilization by payor source during first and third years is broken down as follows:

<u>Payor</u>	<u>Year One</u>		<u>Year Three</u>	
	<u>Visits</u>	<u>%</u>	<u>Visits</u>	<u>%</u>
Commercial FFS	1,079	10.0%	2,135	10.0%
Medicare FFS	1,618	15.0%	3,202	15.0%
Medicare MC	539	5.0%	1,067	5.0%
Medicaid FFS	539	5.0%	1,067	5.0%
Medicaid MC	6,472	60.0%	12,809	60.0%
Private Pay	324	3.0%	640	3.0%
Charity Care	<u>216</u>	<u>2.0%</u>	<u>427</u>	<u>2.0%</u>
Total	10,787	100.0%	21,347	100.0%

The following is noted with respect to the submitted budget:

- Effective April 2, 2020, Medicaid payments have been reduced by 1.5% in accordance with the FY 2020 Enacted State Budget, therefore reducing the Medicaid Revenues in Years One and Three. This reduction has been reflected within the budgets
- The Medicaid Fee-for-Service rate is based on the base rate plus the cost of capital per the total project costs and rent. The base rate utilized is \$141.64, which is the APG rate obtained from the Bureau of D&TC Reimbursement for a freestanding upstate D&TC.
- The Medicaid Managed Care rate is conservatively estimated at 75% of the Medicaid APG Fee-for-Service rate.
- Commercial insurance and Medicare Fee-for-Service is based on the Medicare Part B fee schedule.
- Medicare Managed Care is based on 80% of the Medicare Part B Fee Schedule.
- The assumptions utilized in the preparation and presentation of the budget included the following: public need factors in the area for adult and pediatric primary care and specialty care services; input from the proposed Medical Director; review and confirmation of information as obtained from filed AHCF cost reports for existing and operating Article 28 D&TC; and the applicant's knowledge of the needs for the operations of an Article 28 D&TC.

Capability and Feasibility

Total project cost of \$206,561 will be met via \$20,656 from the proposed members' personal resources and a \$185,905 loan at 5% interest for a three-year term. BFA Attachment A is the net worth statement of the proposed members of Tov HMC, LLC, which shows sufficient liquid assets overall to meet the equity requirements of this application. Peapack-Gladstone Bank has provided a letter of interest for the loan at the stated terms.

Working capital requirements are estimated at \$368,935 based on two months of third-year expenses and will be met via \$184,468 from the proposed members' personal resources and \$184,467 loan at 5% interest for a three-year term. Peapack-Gladstone Bank has provided a letter of interest for the working capital loan at the stated terms. The applicant indicated that equity from their two real estate properties can be used for personal borrowing to meet any equity requirements. Peapack-Gladstone Bank has provided a letter of interest for a personal home equity loan with an interest rate estimated at 5% for a five-year term. Based on the net equity in the two properties (\$962,245), the Bank indicated they would consider a maximum personal home equity loan of up to 60% or \$577,347. BFA Attachment A, coupled with the home equity loan, shows that the applicant has sufficient liquid assets overall to meet the equity requirements of this application. BFA Attachment B, the pro forma balance sheet, indicates that the facility will initiate operations with members equity of \$205,124

The submitted budget projects a net loss of \$56,592 for the first year of operations and a net income of \$337,866 for the third year. Revenues are based on prevailing reimbursement methodologies for D&TCs. The applicant will offset any losses from working capital funds. The budget appears reasonable.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BFA Attachment A	Net Worth Statement of Tov HMC, LLC
BFA Attachment B	Pro Forma Balance Sheet, Tov HMC, LLC
BPNR Attachment	Map



**Project # 192048-B
USRC Hamburg, LLC d/b/a
U.S. Renal Care Hamburg Dialysis**

Program: Diagnostic and Treatment Center **County:** Erie
Purpose: Establishment and Construction **Acknowledged:** July 26, 2019

Executive Summary

Description

USRC Hamburg, LLC d/b/a U.S. Renal Care Hamburg Dialysis, a New York limited liability company, requests approval to establish and construct a 13-station, Article 28 End-Stage Renal Dialysis (ESRD) Center to be located at 3860 McKinley Parkway, Blasdell (Erie County). The proposed ESRD Center will occupy approximately 6,842 square feet of leased space in an existing building. The facility will be certified for in-center chronic renal dialysis, home hemodialysis training and support, and home peritoneal dialysis training and support services.

The proposed members of USRC Hamburg, LLC and their ownership interests are as follows:

<u>USRC Hamburg, LLC</u>	
<u>Members</u>	<u>%</u>
U.S. Renal Care Inc	51%
LEDP III LLC	49%
Heather Wheat, MD (16.67%)	
Kristin Matteson, DO (16.67%)	
Richard Steinacher, DO (16.67%)	
Arundathi Namassivaya, MD (16.67%)	
Maria C.V. Del Castillo, MD (16.66%)	
Imad Ahmed, MD (16.66%)	

Imad Ahmed, M.D., who is board certified in Internal Medicine and Nephrology, will serve as the Center’s Medical Director. The applicant intends to enter into an Affiliation Agreement for backup and emergency services with Kenmore Mercy Hospital, located 18.8 miles (30 minutes travel time) from the Center. BFA Attachment B presents the post-closing organizational chart for USRC Hamburg, LLC.

As of March 31, 2019, U.S. Renal Care, Inc. (USRC) operated 333 outpatient ESRD centers located in 31 states and the Territory of Guam. BFA Attachment E is USRC’s indirect ownership of ESRD centers located in New York State (NYS) along with a NYS consolidate financial statement. BFA Attachment F is the physician members ownership in affiliated ESRD centers.

OPCHSM Recommendation
Contingent Approval

Need Summary

The most current dialysis station need projection includes seven stations for Erie County. The addition of 13 stations would exceed the calculated need of 316 stations by only two percent and would ensure financially feasible additional capacity for the planning area. Of the 309 total stations attributed to Erie County, 301 are operational and eight are approved but not yet open (pipeline). Erie County is home to seventeen operational dialysis facilities: fifteen are freestanding and two are hospital-based. There are no other providers in the applicant’s site’s zip-code.

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 costs of \$1,888,097 will be met via \$188,810 in members' equity, \$171,050 from a landlord construction allowance, and a seven-year intercompany loan from USRC for \$1,528,237 with interest at the 3 Month Libor rate plus 4.75% (first two years interest only, then amortized over the remaining five-years). As of July 21, 2020, the 3 Month Libor rate was 0.26% for an estimated interest rate of 5.01%.

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$775,216	\$2,625,991
Expenses	<u>\$1,373,230</u>	<u>\$2,143,043</u>
Net Income	(\$598,014)	\$482,948

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of an executed Intercompany Loan, acceptable to the Department of Health. [BFA]
3. Submission of an executed Administrative Services Agreement, acceptable to the Department of Health. [BFA]
4. Submission of an executed building lease, acceptable to the Department of Health. [BFA]
5. Submission of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
6. Submission of a photocopy of a Certificate of Assumed Name, acceptable to the Department. [CSL]
7. Submission of a photocopy of an amended and executed Articles of Organization, acceptable to the Department. [CSL]
8. Submission of a photocopy of an amended and executed Operating Agreement, acceptable to the Department. [CSL]
9. Submission of a photocopy of an amended and executed Medical Director Services Agreement, acceptable to the Department. [CSL]
10. Submission of a photocopy of the applicant's amended and executed Administrative Services Agreement, acceptable to the Department. [CSL]
11. Submission of a photocopy of an amended Lease Agreement, acceptable to the Department. [CSL]
12. Submission of a photocopy of an amended and executed Articles of Organization for LEDP III LLC, acceptable to the Department. (CSL)
13. Submission of a photocopy of an amended and executed Operating Agreement for LEDP III LLC, acceptable to the Department. (CSL)
14. Submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-01. [AER]
15. Submission of Engineering (MEP) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-01. [AER]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before January 1, 2021 and construction must be completed by July 1, 2021, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

4. The applicant must ensure registration for and training of facility staff on the Department's Health Commerce System (HCS). The HCS is the secure web-based means by which facilities must communicate with the Department and receive vital information. Upon receipt of the Operating Certificate, the Administrator/director that has day-to-day oversight of the facility's operations shall submit the HCS Access Form at the following link to begin the process to enroll for HCS access for the first time or update enrollment information as necessary:
https://www.health.ny.gov/facilities/hospital/docs/hcs_access_form_new_clinics.pdf. Questions may be directed to the Division of Hospitals and Diagnostic & Treatment Centers at 518-402-1004 or email: hospinfo@health.ny.gov [HSP]
5. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]

Council Action Date
October 8, 2020

Need Program Analysis

Analysis

The primary service area for the new facility will be Erie County, which had a population estimate of 919,719 for 2018. The percentage of the population aged 65 and over was 17.9%. The nonwhite population percentage was 20.5%. These are the two population groups that are most in need of end stage renal dialysis service. Comparisons between Erie County and New York State are shown below.

Residents	Erie County	New York State
Ages 65 and Over	17.9%	16.4%
Nonwhite	20.5%	30.3%

Source: U.S. Census 2019

Need Projection

Chronic End Stage Renal Disease (Dialysis) Stations / Need Projected Through 2021							
County	Operational Stations	Pending Stations	Total Current Stations	Calculated Total Need	Unmet Need 2021	County-wide Stations Under Review	Unmet Need After Approval
	a	b	c	d	e	f	g
			(a + b)		(d - c)		(e - f)
Erie	301	8	309	316	7	13	-6
Column (b): Pending Stations includes projects with approval or contingent approval and projects, excluding this application, with recommendations of approval by the Bureau of Public Need Review, but not yet approved or contingently approved.							
Column (f): Stations Under Review: Includes this project and all other active CONs submitted but pending any level of approval or recommendation.							
Counts of Existing, Pending, and Total Current Stations display a blend of freestanding stations and hospital based stations counts. Hospital based stations have a 0.71 factor applied.							

In 2017 there were approximately 1,363 patients receiving dialysis treatment in Erie County. There are currently 301 existing stations which can treat approximately 1,355 patients based on the departmental standard of freestanding facilities: 4.5 patients utilizing 2.5 shifts, per station. The industry routinely runs at approximately 3 shifts per station. There are 8 stations in the pipeline which can treat approximately 36 additional patients per established guidelines. Local factors submitted in support of this project include:

- Proposed center would increase consumer choice of providers.
- Public Transportation is available only through 5:00 pm limiting access.
- Winter weather in the area often makes travel difficult for residents in need of treatment.
- Currently there are no operational clinics in the zip code and the zip code specific analysis demonstrates a need.

Conclusion

Approval is recommended after consideration of local factors including neighborhood characteristics. The applicant will provide home peritoneal dialysis training and support and home hemodialysis training and support. The local area includes an above state-average elderly population.

Program Analysis

Project Proposal

Proposed Operator	USRC Hamburg, LLC
Doing Business As	U.S. Renal Care Hamburg Dialysis
Site Address	3860 McKinley Parkway Blasdell, NY 14219 (Erie County)
Approved Services	Chronic Renal Dialysis (13 Stations) Home Hemodialysis Training and Support Home Peritoneal Dialysis Training and Support
Hours of Operation	Initially Monday, Wednesday, Friday 6 AM to 5 PM, then Monday through Saturday, 6 AM to 8 PM
Staffing (1st Year / 3rd Year)	8.0 FTEs / 14.0 FTEs
Medical Director(s)	Imad Ahmed, M.D.
Emergency, In-Patient and Backup Support Services Agreement and Distance	Will be provided by Kenmore Mercy Hospital 18.8 mi. / 30 minutes

Character and Competence

The members/managers/officers of the applicant and associated corporate parents have all been reviewed for character and competence and are as follows:

USRC Hamburg, LLC

- **Members**
 - **U.S. Renal Care, Inc. (51%)**
 - **LEDP III, LLC (49%)**
- **Officers**
 - Thomas L. Weinberg, President & Chairman
 - James D. Shelton, Vice President & Treasurer
 - Michael Huguélet, Secretary
- **Board of Managers**
 - Mary Dittrich
 - Thomas L. Weinberg
 - James D. Shelton
 - Kristin Matteson
 - Maria CV Del Castillo

U.S. Renal Care, Inc.

- **Directors/Officers**
 - James D. Shelton
 - Thomas L. Weinberg
 - Mark Caputo

LEDP III, LLC

- Kristin A. Matteson, D.O.
- Maria C.V. Del Castillo, M.D.
- Heather Wheat, M.D.
- Arundathi Namassivaya, M.D.
- Imad Ahmed, M.D.
- Richard Steinacher, D.O.

Mr. Michael Huguelet has been employed at U.S. Renal Care for over two years. He is the Chief Development Officer responsible for the new dialysis facility development and identifying locations most convenient for patients to identify options for their healthcare needs. He has held previous positions as Vice President of a Healthcare focused corporate finance group that represented clients in dialysis services.

Mark Caputo is the CEO of U.S Renal Care, Inc. for approximately two months. He was the previous Managing Partner at a Fresenius Medical Care for four years and a Chairman for Sound Inpatient Physicians, a physician contract agency. He has ownership interest of multiple dialysis facilities. His responsibilities include developing and executing strategic plans, driving operational effectiveness, meeting financial, clinical, and operational goals. The CEO will represent the company with the public, press, and professional associations. Mr. Caputo discloses an affiliation with the following healthcare facilities:

<i>Fishkill Dialysis Center, LLC</i>	<i>01/2011-present</i>
<i>LSL Newburgh, LLC</i>	<i>10/2010-present</i>
<i>SJLS, LLC Cortland</i>	<i>07/2009-01/2013</i>
<i>SJLS, LLC Liverpool</i>	<i>07/2009-01/2013</i>
<i>SJLS, LLC Fayetteville</i>	<i>07/2009-01/2013</i>
<i>SJLS, LLC Syracuse</i>	<i>07/2009-01/2013</i>
<i>Vestal Healthcare, LLC Binghamton</i>	<i>02/2011-present</i>
<i>Vestal Healthcare, LLC Vestal</i>	<i>01/2007-present</i>
<i>Vestal Healthcare, LLC Saratoga</i>	<i>03/2015-present</i>
<i>Vestal Healthcare, LLC Bay Shore</i>	<i>03/2015-present</i>
<i>Vestal Healthcare, LLC Williamsville</i>	<i>03/2015-present</i>
<i>Vestal Healthcare, LLC Centereach</i>	<i>03/2015-present</i>
<i>Vestal Healthcare, LLC Lindenhurst</i>	<i>03/2015-present</i>
<i>Nassau Dialysis f/ka South Shore Dialysis</i>	<i>1997-06/2018</i>

Mary Dittrich, M.D. is a Nephrologist, board certified in Internal Medicine with a sub-specialty in Nephrology. She is the Chief Medical Officer, President, and Consultant of Liberty Dialysis and FMS Dialysis facilities located in Boise, Idaho and Alaska. She received her medical degree from the University of Colorado Health Sciences Center in Denver, Colorado. She completed her Internal Medicine residency at the University of Washington in Seattle. She completed her Nephrology fellowship at University of Washington in Seattle. Dr. Dittrich discloses an affiliation with the following healthcare facilities:

<i>US Renal Care, Inc</i>	<i>2019-present</i>
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Mr. James D. Shelton has been employed at U.S. Renal Care, Inc for over 11 years. He manages the company's accounting, finance, and information technology functions. Mr. Shelton discloses an affiliation with the following healthcare facilities:

<i>U.S. Renal Care, Inc</i>	<i>09/2006-present</i>
<i>DSI Dutchess Dialysis</i>	<i>01/2016-present</i>
<i>DSI Newburgh Dialysis</i>	<i>03/2017-present</i>
<i>USRC Cheektowaga</i>	<i>10/2009-present</i>
<i>USRC Pelham</i>	<i>04/2016-present</i>
<i>USRC South Flushing</i>	<i>04/2016-present</i>
<i>USRC Tonawanda</i>	<i>10/2009-present</i>
<i>USRC West Cheektowaga, LLC</i>	<i>05/2016-present</i>
<i>USRC Williamsville</i>	<i>10/2009-present</i>

Mr. Thomas Weinberg is the Principle Legal Advisor for 13 years for U.S. Renal Care, Inc. He has extensive experience with the management of dialysis clinics and of the larger company. Mr. Weinberg discloses an affiliation with the following healthcare facilities:

<i>U.S. Renal Care, Inc</i>	<i>09/2006-present</i>
<i>DSI Dutchess Dialysis</i>	<i>01/2016-present</i>
<i>DSI Newburgh Dialysis</i>	<i>03/2017-present</i>
<i>USRC Cheektowaga</i>	<i>10/2009-present</i>
<i>USRC Pelham</i>	<i>04/2016-present</i>
<i>USRC South Flushing</i>	<i>04/2016-present</i>

<i>USRC Tonawanda</i>	<i>10/2009-present</i>
<i>USRC West Cheektowaga, LLC</i>	<i>05/2016-present</i>
<i>USRC Williamsville</i>	<i>10/2009-present</i>

Dr. Imad Ahmed is the proposed Medical Director. He is currently employed at Nephrology Associates of WNY for over two (2) years. He was previously employed at the Renal Associates of West Michigan for over nine (9) years. He is a practicing Nephrologist with over 10 years of experience. He is board-certified in Internal Medicine with a sub-specialty in Nephrology. He completed his Internal Medicine residency at State University of New York Upstate Medical Center. He completed his fellowship in Nephrology at University of Rochester. He recently (2018) relocated from Michigan to New York to be closer to his family but was previously Medical Director of two dialysis facilities in Michigan.

Dr. Namassivaya Arundathi is a practicing Nephrologist for over 18 years. He received his medical degree from Maine Medical Center. He completed his Nephrology fellowship at Maine Medical Center. Dr. Arundathi discloses ownership interest in the following health care facilities:

<i>USRC Williamsville</i>	<i>10/2009-present</i>
<i>USRC Cheektowaga</i>	<i>10/2009-present</i>
<i>USRC Tonawanda</i>	<i>10/2009-present</i>
<i>USRC West Cheektowaga, LLC</i>	<i>05/2016-present</i>
<i>USRC Amherst</i>	<i>07/2018-present</i>

Dr. Maria Del Castillo is a practicing Nephrologist and partner at Nephrology Associates of WNY with over 24 years of experience. She is board-certified in Nephrology. She has experience in the management of patients with end stage renal disease as well as all stages of primary and chronic kidney disease and acute kidney complications. Dr. Del Castillo discloses ownership interest in the following healthcare facilities:

<i>USRC Tonawanda</i>	<i>10/2011-present</i>
<i>USRC Cheektowaga</i>	<i>10/2011-present</i>
<i>USRC Williamsville</i>	<i>10/2011-present</i>
<i>USRC West Cheektowaga, LLC</i>	<i>11/2016-present</i>
<i>USRC Amherst, LLC</i>	<i>07/2018-present</i>

Dr. Kristin Matteson is a practicing Nephrologist and managing partner in Nephrology Associates of WNY, LLC for 17 years. Her duties include diagnosis and managing nephrology patients including end stage renal disease and dialysis. As a partner she has experience with human resources and financial statements. Dr. Matteson discloses ownership interest in the following healthcare facilities:

<i>USRC Tonawanda</i>	<i>11/2011-present</i>
<i>USRC Cheektowaga</i>	<i>11/2011-present</i>
<i>USRC Williamsville</i>	<i>11/2011-present</i>
<i>USRC West Cheektowaga, LLC</i>	<i>10/2017-present</i>
<i>USRC Amherst, LLC</i>	<i>07/2018-present</i>

Dr. Richard Steinacher is a practicing Nephrologist and a partner in Nephrology Associates of WNY, a busy, nine physician nephrology practice in the Buffalo area. He provides both inpatient and outpatient nephrology care at four local hospitals. He is currently the Medical Director of USRC Amherst Dialysis. Dr. Steinacher discloses ownership interest in the following healthcare facilities:

<i>USRC West Cheektowaga</i>	<i>05/2016-present</i>
<i>USRC Amherst Dialysis</i>	<i>07/2018-present</i>

Dr. Heather Wheat is a practicing Nephrologist with over 12 years of experience. She is the Medical Director of Nephrology Associates of WNY. She has extensive experience in inpatient and outpatient nephrology as well as taking care of dialysis patients. Dr. Wheat discloses ownership interest in the following healthcare facilities:

<i>USRC Tonawanda</i>	<i>10/2009-present</i>
<i>USRC Cheektowaga</i>	<i>10/2009-present</i>
<i>USRC Williamsville</i>	<i>10/2009-present</i>
<i>USRC West Cheektowaga, LLC</i>	<i>05/2016-present</i>
<i>USRC Amherst</i>	<i>07/2018-present</i>

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.

Messrs., Shelton, and Weinberg disclosed in February 2010, an investigation from the Office of the Inspector General of the U.S. Department of Health and Human Services (OIG) related to alleged improper Medicare and Medicaid billing at certain Dialysis Corporation of America (DCA) clinics. In February 2010, prior to the USRC's acquisition of DCA, DCA received a subpoena from the Office of the Inspector General of the U.S. Department of Health and Human Services (OIG) with respect to an investigation relating to improper Medicare and Medicaid billing at certain DCA clinics. DCA fully cooperated with the inquiry. The investigation related to two (2) *qui tam* suits with the Department of Justice and private litigants. U.S. Renal Care, Inc acquired DCA in June 2010. United States ex. rel Davis v. Dialysis Corporation of America, Inc., Case No. 1:08-cv-02829 (D. Md); and United States ex. rel. Harris, et al. v. DCA, Case No. 1: 09-cv-02457-JKB (D. Md). The U.S. government intervened in the Davis case but declined to intervene in the Harris case. USRC denied any impropriety or liability by DCA in both cases but determined that it should settle these cases with the U.S. government and the private litigants. The two suits filed by the U.S. government were settled, the Davis case on May 17, 2013 and the Harris case September 12, 2014. No non-DCA facilities owned by U.S. Renal Care were involved in the above-referenced investigations and litigation.

Dr. Matteson disclosed that she as named in a malpractice case filed in 2016. The suit was brought in connection with care and treatment during the hospitalization from November 12 to November 17, 2013. The patient was post-op from rectal surgery requiring a temporary ileostomy and ultimately passed away. Dr. Matteson was the patient's consulting nephrologist. The case was voluntarily discontinued in November 2017.

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.

The Department has taken the following enforcement action against U.S. Renal Care, Inc affiliated facilities:

- On April 7, 2017, the Department issued a Stipulation and Order (S&O) and \$2,000 fine for surveillance findings of December 9, 2016 related to Construction prior to Department of Health approval. Specifically, the operator started construction on this new ESRD facility prior to receiving an all contingencies satisfied letter and approval to begin construction from the Department.
- The Department of Health and Welfare in Idaho and CMS initiated a 90-day termination track for Liberty Dialysis Idaho Falls, LLC on September 01, 2011 due to no-compliance with the Conditions for Coverage-Patient Care Plan and Responsibilities of the Medical Director.
- The Department of Health and Welfare in Idaho and CMS initiated a 90-day termination track for Liberty Dialysis-Nampa LLC on February 11, 2011 due to no-compliance with Conditions for Coverage-Patient Care Plan and QAPI.
- The Department of Health of South Carolina declared Immediate Jeopardy on September 14, 2012 at NRA Orangeburg South Carolina LLC d/b/a Orangeburg Dialysis Clinic related to Infection Control. The Immediate Jeopardy was removed on later on September 14, 2012 @ 10 am. The conditions were corrected on a later revisit.

Star Ratings - Dialysis Facility Compare (DFC)

The Centers for Medicare and Medicaid Services (CMS) and the University of Michigan Kidney Epidemiology and Cost Center have developed a methodology for rating each dialysis facility which may be found on the Dialysis Facility Compare website as a “Star Rating.” The method produces a final score that is based on quality measures currently reported on the DFC website and ranges from 1 to 5 stars. A facility with a 5-star rating has quality of care that is considered 'much above average' compared to other dialysis facilities. A 1- or 2- star rating does not mean that a facility provides poor care. It only indicates that measured outcomes were below average compared to other facilities. Star ratings on DFC are updated annually to align with the annual updates of the standardized measures.

U.S. Renal Care, Inc. operates over 300 dialysis centers, nine of which are located in New York State. USRC Hamburg, LLC. is a subsidiary of U.S. Renal Care, Inc. The star ratings for the New York State facilities are show below:

Facility Name	Address	Star Rating
DSI Dutchess Dialysis Inc. d/b/a DSI Dutchess Dialysis	2585 South Road Poughkeepsie, NY 12601	★★★
DSI Dutchess Dialysis Inc. d/b/a DSI Newburgh Dialysis	39 North Plank Road Newburgh, NY 12550-2124	★★★★
USRC Cheektowaga Inc. d/b/a U.S. Renal Care Cheektowaga	2875 Union Road Suite 13 Cheektowaga, NY 14225	★★
USRC Pelham, LLC d/b/a U.S. Renal Care Pelham Parkway Dialysis	1400 Pelham Parkway South Building 5 Bronx, NY 10461	★★★
USRC South Flushing, LLC d/b/a U.S. Renal Care South Flushing Dialysis	71-12 Park Ave Flushing, NY 11365-4105	★★★★
USRC Tonawanda, Inc d/b/a U.S. Renal Care Tonawanda Dialysis	3161 Eggert Road Tonawanda, NY 14150	★★★★
USRC West Cheektowaga, LLC d/b/a U.S. Renal Care Amherst Dialysis	2880 Sheridan Drive Tonawanda, NY 14150	N/A
USRC West Cheektowaga, LLC d/b/a U.S. Renal Care West Cheektowaga	2681 Harlem Road Cheektowaga, NY 14225	★★★
USRC Williamsville, Inc d/b/a U.S. Renal Care Williamsville Dialysis	7964 Transit Road Suite 8-A Williamsville, NY 14421	★★★

Financial Analysis

Total Project Costs and Financing

Total project costs for renovation and moveable equipment are estimated at \$1,888,097 broken down as follows:

Renovation & Demolition	\$1,165,000
Design Contingency	5,900
Construction Contingency	111,650
Architect/Engineering Fees	59,000
Movable Equipment	490,888
Telecommunications	43,342
Application Fees	2,000
Additional Processing Fees	<u>10,317</u>
Total Project Cost	<u>\$1,888,097</u>

Project costs are based on a six-month construction period.

The total project costs will be funded as follows:

Equity-USRC Hamburg, LLC Members	\$188,810
Landlord construction allowance	171,050
USRCs intercompany loan (7-year term, interest at 3 Month Libor plus 4.75%)	<u>1,528,237</u>
Total	<u>\$1,888,097</u>

As of July 21, 2020, the 3 Month Libor rate was 0.26% for an estimated interest rate of 5.01%. The first two years of the intercompany loan are interest only, then amortized over the remaining five-year term

BFA Attachments A and B are, respectively, the net worth summary of USRC Hamburg, LLC's members and the Financial Statement of U.S. Renal Care, Inc., which reveals sufficient resources to meet the equity requirements. The applicant has provided a draft Intercompany Loan agreement with USRC.

Lease Rental Agreement

The applicant submitted a draft lease agreement; the terms are summarized below:

Premises:	6,842 sq. ft. located at 3860 McKinley Parkway, Blasdell, NY 14219
Landlord:	MCHIGH Development, LLC
Lessee:	USRC Hamburg, LLC
Term:	10 years with two 5-year renewal options.
Rental:	Years 1-5: \$150,524 per year (\$22.00 per sq. ft., \$12,543.67 per month) Years 6-10: \$165,576 per year (\$24.20 per sq. ft., \$13,798.03 per month) Years 11-15: \$182,134 per year (\$26.62 per sq. ft., \$15,177.84 per month) Years 16-20: \$200,334 per year (\$29.26 per sq. ft., \$16,694.48 per month)
Provisions:	Tenant will be responsible for maintenance, utilities and real estate taxes.

An affidavit has been submitted stating that the lease is an arm's length lease. The applicant submitted letters from two NYS licensed realtors attesting to the reasonableness of the per square foot rental rate.

Administrative Services Agreement

The applicant submitted a draft Administrative Services Agreement (ASA), as summarized below:

Facility:	USRC Hamburg, LLC
Contractor:	U.S. Renal Care, Inc.
Services Provided:	Personnel training, monitoring and oversight; arrangements of purchase and supplies to include vendor relations on behalf of the operator; billing/collections for services; bookkeeping/accounting services inclusive of reports; funds management to include operation and maintenance of clinics, disbursements of clinic funds as needed; Insurance premiums, equipment pricing and authorization with operators approval; deductibles, retention, and co-insurance attributable insurances; policies/procedures development as authorized by operator; quality control reviews; licenses, permits, accreditations and provider numbers; compliance assistant; back up to legal actions
Term:	10 years
Fee:	\$87,619

While U.S. Renal Care, Inc. will provide all of the above services, the Licensed Operator retains ultimate authority, responsibility, and control of the operations. There is common ownership between the applicant and the ASA provider, as shown on BFA Attachment F, post-closing organization chart. The applicant has submitted an executed attestation acknowledging understanding of the statutory and regulatory required reserve powers that cannot be delegated, and that they will not willfully engage in any such illegal delegations of authority.

Operating Budget

The applicant submitted an operating budget for year one and three, in 2020 dollars, as summarized below:

Revenues	Year One		Year Three	
	Per Treat.	Total	Per Treat.	Total
Medicaid-FFS	\$219.50	\$25,682	\$206.33	\$91,404
Medicaid-MC	\$240.61	6,737	\$245.02	53,660
Medicare-FFS	\$289.59	337,657	\$306.71	1,496,444
Medicare-MC	\$301.62	22,320	\$374.66	193,700
Commercial-FFS	\$701.14	358,280	\$726.15	547,515
Commercial-MC	\$411.39	44,430	\$460.82	311,515
Bad Debt		<u>-19,890</u>		<u>-68,247</u>
Total Revenues		\$775,216		\$2,625,991
<u>Expenses</u>				
Operating	\$475.95	\$953,797	\$231.46	\$1,733,196
Capital	<u>\$209.30</u>	<u>419,433</u>	<u>\$54.73</u>	<u>409,847</u>
Total Expenses	\$685.25	\$1,373,230	\$286.19	\$2,143,043
Net Income		<u>(\$598,014)</u>		<u>\$482,948</u>
Total Treatments		2,004		7,488
Cost per Treatment		\$685.25		\$286.19

Utilization broken down by payor source during Year One and Year Three is as follows:

Payor	Year One		Year Three	
	Treatments	%	Treatments	%
Medicaid-FFS	117	5.84%	443	5.92%
Medicaid-MC	28	1.40%	219	2.92%
Medicare-FFS	1,166	58.18%	4,879	65.16%
Medicare-MC	74	3.69%	517	6.90%
Commercial-FFS	511	25.50%	754	10.07%
Commercial-MC	<u>108</u>	<u>5.39%</u>	<u>676</u>	<u>9.03%</u>
Total	2,004	100%	7,488	100%

The following is noted with respect to the submitted budget:

- Revenues are based on the actual experience of similar outpatient dialysis centers owned by USRC and located in the proposed center's service area. Revenues assume bundled ESRD rates for Medicaid and Medicare per the payors' current reimbursement methodologies, while the commercial rates are based on USRC's established contracts within the proposed center's services area.
- Effective April 2, 2020, Medicaid payments have been reduced by 1.5% in accordance with the FY 2020 Enacted State Budget, therefore reducing the Medicaid Revenues in years one and three. This reduction has been reflected within the budgets.
- Expenses are based on current market rates and USRC's contracted rates. Expenses include consideration for the average clinical utilization of medications and medical supplies, utilities, equipment and professional fees.
- Utilization is based on USRC's standard utilization methodology for opening a new dialysis facility in a region, which includes conservative estimates during the initial start-up period.
- Breakeven utilization for the third year is 81.6% or 6111 treatments.

Capability and Feasibility

Project costs of \$1,888,097 will be met via \$188,810 in members' equity, \$171,050 from a landlord construction allowance, and a seven-year intercompany loan from USRC for \$1,528,237 at stated terms. The applicant has provided a draft of the USRC Intercompany Loan agreement.

Total working capital is estimated at \$955,188 based on two months of third year expenses of \$357,174 plus funding \$598,014 for the first year's loss. USRC will be covering the first year projected operating

loss of \$598,014 through a working capital contribution, plus any additional required funds. The remaining \$357,174 will be funded via \$178,587 from members equity and \$178,587 renewable one-year intercompany loan from USRC Inc. at 3 Month Libor plus 4.75%. The applicant has provided a draft Intercompany Loan agreement with USRC.

Review of BFA Attachment A, members' personal net worth statements, shows sufficient liquid resources to meet their portion of the project's equity requirements. Review of BFA Attachment B, USRC and Subsidiaries' 2017-2018 certified financial statements and their internal quarterly report as of September 30, 2019, indicates the entity maintained positive working capital and net asset positions for the periods, and generated net income after taxes of \$48,281,000 in 2018 and had a net loss of \$53,368,000 for the nine months ending September 30, 2019. The loss is attributed primarily to \$68,607,000 in transaction costs associated with USRC's 2019 merger with BCPE Cycle Buyer, Inc. The 2019 quarterly report also identifies \$21,292,000 in cost saving initiatives (clinic \$8,946,000 and corporate \$12,346,000). As shown above, USRC has sufficient liquid resources available to cover their portion of both equity requirements and to provide the funding for both intercompany loans.

BFA Attachment C is USRC Hamburg, LLC d/b/a USRC Hamburg Dialysis' pro forma balance sheet, which shows operations will start with \$290,528 in equity.

The submitted budget indicates a net loss of \$598,014 for Year One and a net income of \$482,948 for Year Three. Revenues are based on the current reimbursement methodologies for dialysis services. The year one loss is due to the start-up of operations. U.S Renal Care, Inc. has provided documentation stating they will contribute working capital to cover the loss, plus any additional needed funds. The submitted budget is reasonable.

BFA Attachment D is the U.S. Renal Care, Inc.'s NYS affiliated dialysis centers and their consolidated financial statement for 2018 and March 31, 2019, which shows positive working capital, positive net assets, and operating surpluses.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BFA Attachment A	Net Worth Statements of the members' of USRC Hamburg, LLC
BFA Attachment B	Financial Summary of USRC and Subsidiaries Certified 2017-2018 and Unaudited Internal Quarterly Report as of September 30, 2019.
BFA Attachment C	Pro-Forma Balance Sheet of USRC Hamburg, LLC
BFA Attachment D	Affiliated New York's' Dialysis Centers and New York State Consolidated Financial Statement for 2018 and March 31, 2019.
BFA Attachment E	Physician Members interest in Affiliated Dialysis Centers
BFA Attachment F	Post-Closing Organizational Chart
RNR Attachment	Map



**Project # 192321-B
USRC North Flushing, LLC
d/b/a U.S. Renal Care North Flushing Dialysis**

Program: Diagnostic and Treatment Center **County:** Queens
Purpose: Establishment and Construction **Acknowledged:** December 31, 2019

Executive Summary

Description

USRC North Flushing, LLC d/b/a U.S. Renal Care North Flushing Dialysis, an existing New York limited liability company, requests approval to establish and construct a 25-station, Article 28 chronic renal dialysis center to be located in a leased space at 2707 Francis Lewis Boulevard, Flushing (Queens County). The proposed facility will occupy 10,210 square feet of an existing building. The applicant requests certification for Renal Dialysis - Chronic O/P, Home Hemodialysis Training and Support, and Home Peritoneal Dialysis Training and Support services. The target population to be served includes the residents of Flushing as well as the rest of Queens County. The applicant will lease the clinic space from 2711 FLB Associates, LLC via an arm's length lease.

Celeste S. Chang, M.D., who is Board Certified in Nephrology and Internal Medicine, will serve as the Medical Director. Long Island Jewish Medical Center, located 8.2 miles (18 minutes) from the proposed center, is expected to serve as the backup hospital.

OPCHSM Recommendation
Contingent Approval

Need Summary

This clinic will offer in-center hemodialysis, home peritoneal training and support, and home hemodialysis training and support. Currently there is a need for 76 stations in Queens County. There are seven operating dialysis facilities in Flushing NY that total 134 stations. The addition of these 25 stations will help provide needed services in the county. Upon approval there will be a remaining need of 51 stations in Queens County.

Program Summary

The individual background review indicates the proposed members have met the standard for approval as set forth in Public Health Law §2801-a(3).

The ownership of the facility is as follows:

<u>Proposed Operator</u>	
USRC North Flushing, LLC	
<u>Members</u>	
USRC North Flushing Holdings, LLC	75%
USRC Alliance, LLC (100%)	
U.S. Renal Care Inc. (100%)	
Wei Y. Sun, M.D.	5%
Elizabeth Liang, M.D.	5%
Laurel Yap, M.D.	5%
Li Yang M.D.	5%
Celeste S. Chang, M.D.	5%

USRC North Flushing Holdings, LLC is wholly owned by USRC Alliance, LLC, which is wholly owned by U.S. Renal Care, Inc.

Financial Summary

Total project costs of \$4,225,100 will be met via \$316,883 equity from U.S Renal Care, Inc., \$105,628 equity from the five physician members of USRC North Flushing, LLC, and the remaining \$3,802,589 will be met via a seven-year term loan at 7% interest. U.S. Renal Care, Inc. has provided a draft loan agreement at the stated terms.

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$1,066,122	\$6,109,886
Expenses	<u>\$2,312,038</u>	<u>\$5,133,148</u>
Net Income/Loss	(\$1,245,916)	\$976,738

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of an executed building lease, acceptable to the Department of Health. [BFA]
3. Submission of an executed Administrative Services Agreement, acceptable to the Department of Health. [BFA]
4. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
5. Submission of an executed loan commitment, acceptable to the Department of Health. [BFA]
6. The submission of State Hospital Code (SHC) Drawings for review and approval, as described in BAER Drawing Submission Guidelines DSG-1.0. [AER]
7. The submission of Engineering (MEP) Drawings for review and approval, as described in BAER Drawing Submission DSG-1.0. [AER]
8. Submission of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
9. Submission of a photocopy of a Certificate of Assumed Name, acceptable to the Department. [CSL]
10. Submission of a photocopy of an amended and executed Articles of Organization, acceptable to the Department. [CSL]
11. Submission of a photocopy of an amended and executed Operating Agreement, acceptable to the Department. [CSL]
12. Submission of a photocopy of an amended and executed Medical Director Services Agreement, acceptable to the Department. [CSL]
13. Submission of a photocopy of the applicant's amended and executed Administrative Services Agreement, acceptable to the Department. [CSL]
14. Submission of a photocopy of an amended Lease Agreement, acceptable to the Department. [CSL]
15. Submission of a photocopy of an amended and executed Articles of Organization for USRC North Flushing Holdings, LLC, acceptable to the Department. [CSL]
16. Submission of a photocopy of an amended and executed Operating Agreement for USRC North Flushing Holdings, LLC, acceptable to the Department. [CSL]
17. Submission of a photocopy of an amended and executed Articles of Organization for USRC Alliance, LLC, acceptable to the Department. [CSL]
18. Submission of a photocopy of an amended and executed Operating Agreement for USRC Alliance, LLC, acceptable to the Department. [CSL]
19. Submission of a photocopy of the Certificate of Incorporation for U.S. Renal Care, Inc., acceptable to the Department. [CSL]
20. Submission of a photocopy of the Bylaws for U.S. Renal Care, Inc., acceptable to the Department. [CSL]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before February 1, 2021 and construction must be completed by June 1, 2021, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]
4. The applicant must ensure registration for and training of facility staff on the Department's Health Commerce System (HCS). The HCS is the secure web-based means by which facilities must communicate with the Department and receive vital information. Upon receipt of the Operating Certificate, the Administrator/director that has day-to-day oversight of the facility's operations shall submit the HCS Access Form at the following link to begin the process to enroll for HCS access for the first time or update enrollment information as necessary:
https://www.health.ny.gov/facilities/hospital/docs/hcs_access_form_new_clinics.pdf. Questions may be directed to the Division of Hospitals and Diagnostic & Treatment Centers at 518-402-1004 or email: hospinfo@health.ny.gov. [HSP]
5. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]

Council Action Date

October 8, 2020

Need Analysis

Analysis

The primary service area for the new facility will be Queens County, which had a population estimate of 2,278,906 for 2018. The percentage of the population aged 65 and over was 15.7%. The nonwhite population percentage was 52.1%. These are the two population groups that are most in need of end stage renal dialysis service. Comparisons between Queens County and New York State are shown below.

Demographic	Queens County	New York State
Ages 65 and Over	15.7%	16.4%
Nonwhite	52.1%	30.3%

Source: U.S. Census 2019

Need Projection

Chronic End Stage Renal Disease (Dialysis) Stations / Need Projected Through 2021							
County	Operational Stations	Pending Stations	Total Current Stations	Total Need 2021	Unmet Need 2021	County-wide Stations Under Review	Unmet Need After Approval
	a	b	c	d	e	f	g
			(a + b)		(d - c)		(e - f)
Queens	756	227	983	1059	76	25	51
Operational and Pending Stations status refreshed August 1, 2020							
Column (b): Pending Stations includes projects with approval or contingent approval and projects, excluding this application, with recommendations of approval by the Bureau of Public Need Review, but not yet approved or contingently approved.							
Column (f): Stations Under Review: Includes this project and all other active CONs submitted but pending any level of approval or recommendation.							
Counts of Operational, Pending, and Total Current Stations display a blend of freestanding stations and hospital-based stations counts. Hospital based stations have a 0.71 factor applied.							

According to the applicant, USRC South Flushing operates a dialysis facility in Flushing that is operating over-capacity and is no longer able to take additional patients. On average, the facility is denying four to five patients per month due to lack of capacity to accept new dialysis patients. There are patients currently at this facility who live closer to the proposed center and may opt to transfer there. The proposed center will also provide some flexibility for those patients who desire a more convenient shift (i.e. moving from late night to daytime or morning). USRC South Flushing has 40-50 patients that are dialyzing in the evening that may benefit by transferring to the proposed facility where they could receive treatment during daytime hours.

The applicant performed an extensive assessment of the characteristics of the Flushing area community, which includes a large Asian-born population, identified a number of public health challenges related to socioeconomic factors such as a higher percentage of the elderly, residents living below the FPL, and residents who lack proficiency in the English language. The applicant nephrologists also observed their patients' longstanding distrust of western medicine resulted in their preference to seek traditional Chinese medicine techniques, thereby delaying needed clinical interventions. Due to these factors and delays in care, the Asian-American communities in the greater Flushing area have historically been medically disenfranchised. The five Asian-American nephrologists (who are 25% members of the application) are bilingual and have practiced in the Flushing community for many years.

Conclusion

The addition of 25 stations will help provide needed services in the county.

Program Analysis

Project Proposal

USRC North Flushing, LLC, d/b/a U.S. Renal Care North Flushing Dialysis Center limited liability company, requests approval to establish and construct a 25-station chronic renal dialysis center at 2707 Francis Lewis Blvd. Flushing NY in (Queens County).

Proposed Operator	USRC North Flushing, LLC
Doing Business As	U.S. Renal Care North Flushing Dialysis
Site Address	2707 Francis Lewis Boulevard (Blvd). Flushing, NY 11358 (Queens County)
Approved Services	Chronic Renal Dialysis (25 Stations) Home Hemodialysis Training and Support Home Peritoneal Dialysis Training and Support
Shifts/Hours/Schedule	Initially, the Center will be open: Monday, Wednesday and Friday from 5:00 am to 6:00 pm. Tuesdays and Thursdays from 9:00 am to 3:00 pm. When fully operational, the center will be open: Monday through Saturday from 5:00 am to 6:00 pm.
Staffing (1st Year / 3rd Year)	10.0 FTEs / 26.0 FTEs
Medical Director(s)	Celeste Chang, MD
Emergency, In-Patient and Backup Support Services Agreement and Distance	Expected to be provided by Long Island Jewish Medical Center Hospital 16 miles /8.4 minutes away

Character and Competence

The members/managers/officers of the applicant and associated corporate parents have all been reviewed for character and competence and are as follows:

USRC North Flushing, LLC

- **Members**
 - **USRC North Flushing Holdings, LLC (75%)**
 - **Wei Y. Sun, M.D. (5%)**
 - **Elizabeth Liang, M.D. (5%)**
 - **Laurel Yap, M.D. (5%)**
 - **Li Yang, M.D. (5%)**
 - **Celeste S. Chang, M.D. (5%)**
- **Officers**
 - Thomas L. Weinberg
 - James D. Shelton
 - Michael Huguelet
- **Board of Managers**
 - Wei Y. Sun, M.D.
 - Thomas L. Weinberg
 - James D. Shelton

USRC North Flushing Holdings, LLC

- **Members/Manager**
 - USRC Alliance, LLC (100%)
- **Officers**
 - Thomas L. Weinberg
 - James D. Shelton
 - Michael Huguelet

USRC Alliance, LLC

- Members
 - U.S. Renal Care, Inc. (100%)
- Managers
 - James D. Shelton
 - Thomas L. Weinberg
 - Mary Dittrich

U.S. Renal Care, Inc.

- Directors/Officers
 - James D. Shelton
 - Thomas L. Weinberg
 - Mark Caputo

Mr. Michael Huguelet has been employed at U.S. Renal Care for over two years. He is the Chief Development Officer responsible for the new dialysis facility development and identifying locations most convenient for patients to identify options for their healthcare needs. He previously spent five years with DaVita as the Vice President. He was the Chief Development Officer of NorthStar Anesthesia for over two years also.

Mr. James Shelton has been employed at U.S. Renal Care, Inc for over 11 years. He manages the company's accounting, finance, and information technology functions. Mr. Shelton discloses an affiliation with the following healthcare facilities:

<i>U.S. Renal Care, Inc</i>	<i>09/2006-present</i>
<i>DSI Dutchess Dialysis</i>	<i>01/2016-present</i>
<i>DSI Newburgh Dialysis</i>	<i>03/2017-present</i>
<i>USRC Cheektowaga</i>	<i>10/2009-present</i>
<i>USRC Pelham</i>	<i>04/2016-present</i>
<i>USRC South Flushing</i>	<i>04/2016-present</i>
<i>USRC Tonawanda</i>	<i>10/2009-present</i>
<i>USRC West Cheektowaga, LLC</i>	<i>05/2016-present</i>
<i>USRC Williamsville</i>	<i>10/2009-present</i>

Mr. Thomas Weinberg has been the Principle Legal Advisor for U.S. Renal Care, Inc. for 13 years. He has extensive experience with the management of dialysis clinics and of the larger company. Mr. Weinberg discloses an affiliation with the following healthcare facilities:

<i>U.S. Renal Care, Inc</i>	<i>09/2006-present</i>
<i>DSI Dutchess Dialysis</i>	<i>01/2016-present</i>
<i>DSI Newburgh Dialysis</i>	<i>03/2017-present</i>
<i>USRC Cheektowaga</i>	<i>10/2009-present</i>
<i>USRC Pelham</i>	<i>04/2016-present</i>
<i>USRC South Flushing</i>	<i>04/2016-present</i>
<i>USRC Tonawanda</i>	<i>10/2009-present</i>
<i>USRC West Cheektowaga, LLC</i>	<i>05/2016-present</i>
<i>USRC Williamsville</i>	<i>10/2009-present</i>

Mary Dittrich, M.D. is a manager of USRC Alliance, LLC and is a Nephrologist, board certified in Internal Medicine with a sub-specialty in Nephrology. She is the Chief Medical Officer, President, and Consultant of Liberty Dialysis and FMS Dialysis facilities located in Boise, Idaho and Alaska. She received her medical degree from the University of Colorado Health Sciences Center in Denver, Colorado. She completed her Internal Medicine residency at the University of Washington in Seattle. She completed her Nephrology fellowship at University of Washington in Seattle. Dr. Dittrich discloses an affiliation with the following healthcare facilities:

<i>US Renal Care, Inc</i>	<i>2019-present</i>
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Mark Caputo has been the CEO of U.S Renal Care, Inc. for several months. He was the previous Managing Partner at a Fresenius Medical Care for four years and a Chairman for Sound Inpatient Physicians, a physician contract agency. He has ownership interest of multiple dialysis facilities. His responsibilities include developing and executing strategic plans, driving operational effectiveness, meeting financial, clinical, and operational goals. The CEO will represent the company with the public, press, and professional associations. Mr. Caputo discloses an affiliation with the following healthcare facilities:

<i>Fishkill Dialysis Center, LLC</i>	<i>01/2011-present</i>
<i>LSL Newburgh, LLC</i>	<i>10/2010-present</i>
<i>SJLS, LLC Cortland</i>	<i>07/2009-01/2013</i>
<i>SJLS, LLC Liverpool</i>	<i>07/2009-01/2013</i>
<i>SJLS, LLC Fayetteville</i>	<i>07/2009-01/2013</i>
<i>SJLS, LLC Syracuse</i>	<i>07/2009-01/2013</i>
<i>Vestal Healthcare, LLC Binghamton</i>	<i>02/2011-present</i>
<i>Vestal Healthcare, LLC Vestal</i>	<i>01/2007-present</i>
<i>Vestal Healthcare, LLC Saratoga</i>	<i>03/2015-present</i>
<i>Vestal Healthcare, LLC Bay Shore</i>	<i>03/2015-present</i>
<i>Vestal Healthcare, LLC Williamsville</i>	<i>03/2015-present</i>
<i>Vestal Healthcare, LLC Centereach</i>	<i>03/2015-present</i>
<i>Vestal Healthcare, LLC Lindenhurst</i>	<i>03/2015-present</i>
<i>Nassau Dialysis f/ka South Shore Dialysis</i>	<i>1997-06/2018</i>

Li Yang M.D. is currently employed and has ownership in a multi-physician group practice specializing in Nephrology for over six years and is working as a Nephrologist in an outpatient practice taking care patients with kidney disease and dialysis patients at four clinics and is Medical Director at a Dialysis Center. Approximately two years ago Dr. Yang completed a Nephrology Fellowship at Virginia Commonwealth University and did training at the medical center in kidney disease and acute and chronic hemodialysis and peritoneal dialysis.

Laurel Yap M.D. has been employed as an attending Nephrologist at Chinatown Kidney Care for five years. She was previously employed at Downtown Renal Medicine as an Attending Nephrologist and Grace Medical Care PLLC as an Attending Physician. She was previously employed as an attending Nephrologist at a Renal Practice for one year. She completed her residency at Coney Island Hospital and a Nephrology fellowship at SUNY Downstate Medical Center.

Elizabeth Liang M.D. has been employed at Chinatown Kidney Care PLLC, a multi-physician group specializing in Nephrology, for eight years. She completed her medical degree at State University of New York Downstate Medical College. She completed her residency in Internal Medicine at Rhode Island Hospital and her Nephrology residency at Albert Einstein College. She is board certified in Internal Medicine with a subspecialty in Nephrology.

Wei Sun M.D. has been employed and is a practicing physician at Chinatown Kidney Care PLLC for 14 years. He received his medical degree from Sun Yat University of Medical Science in China. He completed his residencies in Internal Medicine and Nephrology at Brookdale University Hospital Medical Center. He is board certified in Internal Medicine with a subspecialty in Nephrology.

Celeste S. Chang, MD, is the proposed Medical Director. She has been employed as a Nephrologist at Chinatown Kidney Care PLLC for three years. She previously attended New York Medical College at Westchester Medical Center for her fellowship training as a Nephrologist. She completed her residency in Internal Medicine at Interfaith medical Center. She has previous experience as a Medical Director of the Hemodialysis Center in at the Fu Chen Hospital in Taiwan. She is board certified in Internal Medicine with a subspecialty in Nephrology. Dr. Chang discloses ownership interest in:

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.

Messrs. Shelton, and Weinberg disclosed in February 2010, an investigation from the Office of the Inspector General of the U.S. Department of Health and Human Services (OIG) related to alleged improper Medicare and Medicaid billing at certain Dialysis Corporation of America (DCA) clinics. In February 2010, prior to the USRC's acquisition of DCA, DCA received a subpoena from the Office of the Inspector General of the U.S. Department of Health and Human Services (OIG) with respect to an investigation relating to improper Medicare and Medicaid billing at certain DCA clinics. DCA fully cooperated with the inquiry. The investigation related to two (2) qui tam suits with the Department of Justice and private litigants. U.S. Renal Care, Inc acquired DCA in June 2010. United States ex. rel Davis v. Dialysis Corporation of America, Inc., Case No. 1:08-cv-02829 (D. Md); and United States ex. rel Harris, et al. v. DCA, Case No. 1: 09-cv-02457-JKB (D. Md). The U.S. government intervened in the Davis case but declined to intervene in the Harris case. USRC denied any impropriety or liability by DCA in both cases but determined that it should settle these cases with the U.S. government and the private litigants. The two suits filed by the U.S. government were settled, the Davis case on May 17, 2013 and the Harris case September 12, 2014. No non-DCA facilities owned by U.S. Renal Care were involved in the above-referenced investigations and litigation.

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.

The Department has taken the following enforcement action against U.S. Renal Care, Inc affiliated facilities:

- On April 7, 2017, the Department issued a Stipulation and Order (S&O) and \$2,000 fine for surveillance findings of December 9, 2016 related to Construction prior to Department of Health approval. Specifically, the operator started construction on this new ESRD facility prior to receiving an all contingencies satisfied letter and approval to begin construction from the Department.
- The Department of Health and Welfare in Idaho and CMS initiated a 90-day termination track for Liberty Dialysis Idaho Falls, LLC on September 01, 2011 due to no-compliance with the Conditions for Coverage-Patient Care Plan and Responsibilities of the Medical Director.
- The Department of Health and Welfare in Idaho and CMS initiated a 90-day termination track for Liberty Dialysis-Nampa LLC on February 11, 2011 due to no-compliance with Conditions for Coverage-Patient Care Plan and QAPI.
- The Department of Health of South Carolina declared Immediate Jeopardy on September 14, 2012 at NRA Orangeburg South Carolina LLC d/b/a Orangeburg Dialysis Clinic related to Infection Control. The Immediate Jeopardy was removed on later on September 14, 2012 @ 10 am. The conditions were corrected on a later revisit.

Star Ratings - Dialysis Facility Compare (DFC)

The Centers for Medicare and Medicaid Services (CMS) and the University of Michigan Kidney Epidemiology and Cost Center have developed a methodology for rating each dialysis facility which may be found on the Dialysis Facility Compare website as a "Star Rating." The method produces a final score that is based on quality measures currently reported on the DFC website and ranges from 1 to 5 stars. A facility with a 5-star rating has quality of care that is considered 'much above average' compared to other dialysis facilities. A 1- or 2- star rating does not mean that a facility provides poor care. It only indicates that measured outcomes were below average compared to other facilities. Star ratings on DFC are updated annually to align with the annual updates of the standardized measures.

U.S. Renal Care, Inc. operates over 300 dialysis centers, nine of which are located in New York State. USRC North Flushing, LLC. is a subsidiary of U.S. Renal Care, Inc. The star ratings for the New York State facilities are show below:

Facility Name	Address	Star Rating
DSI Dutchess Dialysis Inc. d/b/a DSI Dutchess Dialysis	2585 South Road Poughkeepsie, NY 12601	★★★
DSI Dutchess Dialysis Inc. d/b/a DSI Newburgh Dialysis	39 North Plank Road Newburgh, NY 12550-2124	★★★★
USRC Cheektowaga Inc. d/b/a U.S. Renal Care Cheektowaga	2875 Union Road Suite 13 Cheektowaga, NY 14225	★★
USRC Pelham, LLC d/b/a U.S. Renal Care Pelham Parkway Dialysis	1400 Pelham Parkway South Building 5 Bronx, NY 10461	★★★
USRC South Flushing, LLC d/b/a U.S. Renal Care South Flushing Dialysis	71-12 Park Ave Flushing, NY 11365-4105	★★★★
USRC Tonawanda, Inc d/b/a U.S. Renal Care Tonawanda Dialysis	3161 Eggert Road Tonawanda, NY 14150	★★★★
USRC West Cheektowaga, LLC d/b/a U.S. Renal Care Amherst Dialysis	2880 Sheridan Drive Tonawanda, NY 14150	N/A
USRC West Cheektowaga, LLC d/b/a U.S. Renal Care West Cheektowaga	2681 Harlem Road Cheektowaga, NY 14225	★★★
USRC Williamsville, Inc d/b/a U.S. Renal Care Williamsville Dialysis	7964 Transit Road Suite 8-A Williamsville, NY 14421	★★★

Conclusion

The individual background review indicates the proposed members have met the standard for approval as set forth in Public Health Law §2801-a(3).

Financial Analysis

Total Project Cost and Financing

Total project costs for renovations, equipment and fees is estimated at \$4,225,100 broken down as follows:

Renovation & Demolition	\$3,065,217
Design Contingency	306,522
Construction Contingency	153,261
Architect/Engineering Fees	82,000
Moveable Equipment	550,000
Telecommunications	43,000
CON Fee	2,000
Additional Processing Fee	<u>23,100</u>
Total Project Cost	\$4,225,100

Project costs are based on a construction start date of December 1, 2020, and a four-month construction period. The applicant's financing plan appears as follows:

Equity (U.S Renal Care, Inc.)	\$316,883
Equity (physician members of USRC North Flushing, LLC)	\$105,628
Term loan (7-year term, 7% interest)	\$3,802,589

U.S. Renal Care, Inc. has provided a draft loan agreement at the stated terms. BFA Attachment A is the net worth statement of the physician members, which shows sufficient resources for the equity contribution. BFA Attachment B is the 2017 - 2018 certified financial statements of U.S. Renal Care, Inc. and Subsidiaries which supports positive net asset and working capital positions and positive net income from operations.

Administrative Services Agreement

The applicant has submitted a draft Administrative Services Agreement (ASA).

Administrator:	U.S. Renal Care, Inc.
Licensed Operator:	USRC North Flushing, LLC
Services Rendered:	Personnel training, monitoring, and oversight; supplies and prescription drugs; coordinate billing and collections; bookkeeping and accounting; funds management; negotiate reasonable liability insurance; policy and procedure development; repairs and maintenance; provide access to proprietary software; quality assurance and review; obtain and maintain licenses, permits, accreditation, and provider numbers; compliance assistance; manage legal actions; staff and expenditure management.
Term:	Ten years
Compensation:	Year 1 \$90,384; Year 2 \$358,828; Year 3-10 \$561,416.

USRC North Flushing, LLC retains ultimate control in all final decisions associated with the services. The applicant has submitted an executed attestation stating that the applicant understands and acknowledges that there are powers that must not be delegated, the applicant will not willfully engage in any illegal delegation and understands that the Department will hold the applicant accountable.

Lease Agreement

The applicant has submitted a letter of intent which represents a draft lease agreement for the site.

Premises:	10,210 square feet at 2707 Francis Lewis Boulevard, Flushing, NY
Landlord:	2711 FLB Associates, LLC
Tenant:	USRC North Flushing, LLC
Term:	Ten years
Rent:	\$530,920 with 3% annual escalations
Provisions:	Insurance, maintenance and utilities will be paid for by applicant.

The applicant has indicated that the lease is an arm's length agreement and has submitted letters from two New York realtors attesting to the reasonableness of the per square foot rental.

Operating Budget

The applicant has submitted an operating budget for the first and third years, in 2020 dollars, which is summarized below:

	Year One		Year Three	
	Per Treat.	Total	Per Treat.	Total
<u>Revenues</u>				
Commercial FFS	\$720.00	\$285,840	\$871.00	\$706,543
Commercial MC	\$650.00	163,150	\$786.50	1,433,790
Medicare FFS	\$268.73	431,313	\$285.10	2,608,350
Medicare MC	\$335.41	141,209	\$369.79	1,438,495
Medicaid FFS	\$227.90	101,416	\$223.36	593,257
Medicaid MC	\$237.39	25,875	\$233.66	219,399
Bad Debt		<u>(82,681)</u>		<u>(889,948)</u>
Total Revenues		\$1,066,122		\$6,109,886
<u>Expenses</u>				
Operating	\$309.04	\$997,573	\$197.30	\$3,802,441
Capital	\$407.21	1,314,465	\$69.05	1,330,707
Total Expenses	\$716.25	\$2,312,038	\$266.35	\$5,133,148
Net Income/(Loss)		<u>(\$1,245,916)</u>		<u>\$976,738</u>
Treatments		3,228		19,272
Cost per Treatment		\$716.24		\$266.35

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

Payor	Year One		Year Three	
	Treatments	%	Treatments	%
Commercial FFS	397	12%	811	4%
Commercial MC	251	8%	1,823	9%
Medicare FFS	1,605	50%	9,149	47%
Medicare MC	421	13%	3,890	20%
Medicaid FFS	445	14%	2,656	14%
Medicaid MC	109	3%	943	6%
Total	3,228	100%	19,272	100%

The following is noted with respect to the submitted operating budget:

- Effective January 1, 2020, Medicaid payments have been reduced by 1% in accordance with the FY 2020 Enacted State Budget, therefore reducing the Medicaid Revenues in Years One and Three. This reduction has been reflected within the budgets.
- Revenue assumptions are based upon current reimbursement methodologies by payor for chronic renal dialysis services.
- Expense and utilization assumptions are based on the experience of other dialysis centers within the Buffalo market, and the percentage of treatments by payor are consistent through the years of census growth.
- The applicant indicated that there is a significant increase in utilization from the first year to the third year because of the following reasons:
 - The Flushing ESRD market anticipates a 3-5% forecasted growth in dialysis patients between 2018 and 2022. With each dialysis patient requiring three treatments per week, the market will need to expand capacity to accommodate 33,228 to 56,940 additional treatments by 2020. In the first year of operation, the facility will be in ramp-up phase and as the patient panel increases, the operator will bring on additional staff and expand the number of days of operation and shifts. By Year Three, USRC North Flushing anticipates serving approximately 122 patients annually, delivering 19,272 treatments when fully ramped up.
 - Patient panels are expected to grow along with a general increase in ESRD and Chronic Kidney Disease prevalence. The existing USRC South Flushing facility will be unable to care for the number of “new to dialysis” patients expected in the service area.
 - The proposed center will be a place where the Asian-born population will feel comfortable, and where the physicians and staff understand their cultural needs.

Capability and Feasibility

Total project costs of \$4,225,100 will be met via \$316,883 equity from U.S Renal Care, Inc., \$105,628 equity from the five physician members of USRC North Flushing, LLC, and the remaining \$3,802,589 will be met with debt financing via a seven-year term loan at 7% interest. The applicant has submitted a letter of interest at the stated terms.

Working capital requirements are estimated at \$855,525 based on two months of Year Three expenses and will be met via \$320,821 equity from U.S Renal Care, Inc., \$106,941 equity from the five physician members of USRC North Flushing, LLC, and the remaining \$427,763 via debt financing at 7% interest for five years. BFA Attachment A is the Net Worth Statements of the physician members (25% total membership) of USRC North Flushing, LLC, which indicates sufficient funds to meet both the total project cost and working capital equity requirements. BFA Attachment D is the pro forma balance sheet of USRC North Flushing, LLC as of the first day, which indicates the operations will begin with negative member’s equity of \$1,110,526

The submitted budget projects a net loss of \$1,245,916 for the first year and net income of \$976,738 for the third year. The applicant indicated that the net operating loss in Year One will be covered by USRC North Flushing, LLC by means of working capital contributions, and any additional funds as needed. Revenues are based on current reimbursement methodologies for chronic renal dialysis services. The budget appears reasonable.

BFA Attachment B is a summary of U.S. Renal Care, Inc. and Subsidiaries' Certified Financial Statement as of December 31, 2017 and 2018. As shown, the entity maintained a positive working capital position, a positive net asset position, and achieved an average operating income of \$211,966,500 for the years 2017 and 2018.

BFA Attachment C is a summary of U.S. Renal Care, Inc. and Subsidiaries' Internal Financial Statement as of September 30, 2019. As shown, the entity maintained a positive working capital position, a positive net asset position, and achieved a net operating income of \$52,562,000.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BFA Attachment A	Net Worth Statements of proposed members of USRC North Flushing, LLC
BFA Attachment B	2017 and 2018 Certified Financials of U.S. Renal Care, Inc. and Subsidiaries.
BFA Attachment C	September 30, 2019 Internal Financials of U.S. Renal Care, Inc. and Subsidiaries.
BFA Attachment D	Pro Forma Balance Sheet of USRC North Flushing, LLC
BFA Attachment E	Organizational Chart -USRC North Flushing, LLC
RNR Attachment	Map



Project # 201026-E
Latsch Dialysis, LLC d/b/a Westchester Home Training

Program: Diagnostic and Treatment Center **County:** Westchester
Purpose: Establishment **Acknowledged:** January 27, 2020

Executive Summary

Description

Latsch Dialysis, LLC (Latsch), a New York limited liability company, requests approval to be established as the new operator of Westchester Home Training, an Article 28 Diagnostic and Treatment Center (D&TC) located at 955 Yonkers Avenue, Yonkers (Westchester County). The D&TC is a chronic renal dialysis home training extension clinic site of Bronx Dialysis Center, which is operated by Knickerbocker Dialysis, Inc., and became operational effective April 10, 2018. The facility is certified to provide home hemodialysis and home peritoneal dialysis training and support services. There will be no change in services provided and Latsch will continue to operate the facility under the assumed name of Westchester Home Training after the change of ownership.

On May 17, 2017, Latsch Dialysis, LLC entered into an Asset Purchase Agreement (APA) with Knickerbocker Dialysis, Inc. for the sale and acquisition of the Center's operating interest for \$1,250,200. The APA will be effectuated upon approval by the Public Health and Health Planning Council (PHHPC).

Ownership before and after the requested change is as follows:

<u>Current Operator</u> Knickerbocker Dialysis, Inc.	
<u>Shareholder</u>	<u>%</u>
Davita of New York, Inc.	100%
Davita Inc. (100%)	

<u>Proposed Operator</u> Latsch Dialysis, LLC	
<u>Members</u>	<u>%</u>
Knickerbocker Dialysis, Inc.	70%
Davita of New York, Inc (100%)	
Davita Inc. (100%)	
Westchester Dialysis, LLC	30%
Osahon Ukponmwan, M.D. (26.6%)	
Sadia Saboor, M.D. (26.6%)	
Gabriela M. Henriquez, M.D. (20.2%)	
Suman M. Reddy, M.D. (26.6%)	

Osahon Ukponmwan, M.D. will continue as Medical Director of the facility upon the change in operator. The applicant has a transfer and affiliation agreement with St. Joseph's Medical Center, located three miles from the Center. The applicant will enter into an administrative services agreement with Knickerbocker Dialysis, Inc. for certain consulting and administrative services.

OPCHSM Recommendation
Contingent approval

Need Summary
There will be no change to services provided as a result of this application.

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 \$1,250,200 purchase price will be met via a \$1,384,000 loan for a five-year term with interest at 3.25% plus the One-month LIBOR (0.17% as of July 1, 2020) for an estimated interest rate of 3.42%. An executed loan agreement has been provided by CoBiz Bank. BOK, NA is the successor in interest to CoBiz Bank and will honor the current agreement. The \$133,800 excess loan proceeds will be used to help fund working capital.

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$1,891,097	\$4,131,159
Expenses	<u>\$1,744,231</u>	<u>\$2,435,803</u>
Net Income	\$146,866	\$1,695,356

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
2. Submission of a photocopy of an amended and executed lease agreement, acceptable to the Department. [CSL]
3. Submission of a photocopy of an amended and executed Articles of Organization of 2nd level member Westchester, LLC, acceptable to the Department. [CSL]
4. Submission of a photocopy of an amended Certificate of Incorporation of 2nd level member Knickerbocker Dialysis, Inc., acceptable to the Department. [CSL]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]
3. The applicant must ensure registration for and training of facility staff on the Department's Health Commerce System (HCS). The HCS is the secure web-based means by which facilities must communicate with the Department and receive vital information. Upon receipt of the Operating Certificate, the Administrator/director that has day-to-day oversight of the facility's operations shall submit the HCS Access Form at the following link to begin the process to enroll for HCS access for the first time or update enrollment information as necessary:
https://www.health.ny.gov/facilities/hospitals/docs/hcs_access_forms_new_clinics.pdf. Questions may be directed to the Division of Hospitals and Diagnostic & Treatment Centers at 518-402-1004 or email: hospinfo@health.ny.gov [HSP]

Council Action Date

October 8, 2020

Need and Program Analysis

Program Description

There are no proposed changes in operation or services. Staffing is expected to increase by 2.2 FTEs in Year One and increase 3.9 FTEs by Year Three of the completed project.

Character and Competence

The proposed membership of Latsch Dialysis, LLC is provided in the chart below.

Member Name/Title	Interest
Knickerbocker Dialysis, Inc.	70.0%
Matt H. Henn, <i>President, CEO, Director</i>	
Gregory S. Stewart, <i>Vice President</i>	
Marcus Catsouphe, <i>Treasurer</i>	
Nicholas M. Gossman, <i>Secretary</i>	
Luann D. Regensberg, <i>Assistant Secretary</i>	
Westchester Dialysis, LLC	30.0%
Osahon Ukponmwan, M.D. (7.98%)	
Sadia Saboor, M.D. (7.98%)	
Gabriela M. Henriquez, M.D. (6.06%)	
Suman M. Reddy, M.D. (7.98%)	
Total	100.0%

The proposed managers of Latsch Dialysis, LLC have been identified as:

Luann D. Regensberg
 Matt Henn
 Osahon Ukponmwan, M.D.

DaVita of New York, Inc (DVANY) which is owned by DaVita, Inc. is the sole shareholder of Knickerbocker Dialysis, Inc. Each of the managers of Knickerbocker Dialysis, Inc. is employed by DaVita. Each of the members of Westchester Dialysis, LLC is a practicing Nephrologist.

Mr. Matt Henn has been the Division Vice President of DaVita Inc. for over seven years. He manages approximately \$400 million in revenue, approximately 150 million pre-G&A EBITDA, and 1800 staff. He significantly reduced labor costs while stabilizing operations and drove treatment growth at three times the market average. He designed, piloted, and scaled a new method of staff selection, hiring, and on-boarding that is now the enterprise standard. He increased staff retention and satisfaction.

Mr. Gregory Stewart has been the Vice President of Accounting Services and Assistant Controller of DaVita Inc for over 10 years. He is responsible for accounting and reporting of this public company and operator of over 2,000 dialysis centers.

Mr. Marcus Catsouphe has been the Division Vice President of DaVita Inc. for over five years. He was the previous Regional Operations Director for approximately four years. He is responsible to lead over 35 outpatient dialysis centers across multiple states that serve 3,000 patients, employ 750 employees, and generate \$300 million in revenue and \$60 million in EDITA (earnings before interest, taxes, depreciation, and amortization). He executed a turn around that improved divisional performance rankings within one year. He hired and promoted a new leadership team. He improved relative competitive growth from losing to outperforming competitive and industry benchmarks. He has negotiated service agreement contracts with multiple external physician groups, while adhering to compliance guidelines and requirements.

Mr. Nicholas Gossman has been the Group Finance Director of DaVita Inc. for over five years. He was the previous Division Finance Manager/Senior Manager of DaVita Inc. for approximately five years. He is a key contributor in monthly financial reviews with senior leadership; providing root cause analysis and recommendation on action plans; coordination of the budget process; joint venture reporting and

communicating with joint venture partners on financial performance; builds models and assess new projects; partners with the Division Vice President to analyze, review, and recommend overall divisional growth strategy.

Ms. Luann Regensberg was the Regional Operations Director of DaVita Health Care Partners for over 12 years. She was recently promoted to the Division Vice President. She is responsible for general management and oversight of operations within the assigned division. She provides strategic and tactical leadership, counsel and direction to field management to ensure safe, efficient, therapeutic, and ethical patient care. She is also responsible for Develop and execute strategic operating plans and goals for assigned division; track metrics and success criteria including ROI for all activities; analyze current center trends impacting patient service delivery; review, analyze, and address gaps in service excellence, policies, and/or procedures proactively; identify issues and implement solutions; lead the creation and implementation of teammate development processes and succession planning including mentoring, coaching, and modeling appropriate leadership behaviors; manage financial and revenue growth, operations and labor management, contract management, and clinical outcomes within the division; fulfill broad-reaching, strategic responsibility for the development and implementation of proactive programs, operational improvements, communications, and other division-specific general management responsibilities related to all modalities (chronic, acute, PD, home) within the assigned division; and lead the creation and implementation of DaVita's operating strategies within all modalities based on the identification of Best Demonstrated Practices.

Dr. Osahon Ukponmwan will continue as the Medical Director of the Center. Dr. Ukponmwan completed a nephrology fellowship at the Albert Einstein Medical Center and is a board-certified Internist with board sub-certification in Nephrology. He has over 20 years of experience in the field of nephrology and dialysis therapy.

Dr. Sadia Saboor has been a practicing Nephrologist for approximately 17 years and a Partner at Yonkers Nephrology for over seven years. She has been a practicing Physician for approximately 19 years. She is also the Medical Director of DaVita-owned dialysis center. She received her medical degree from the AGA Khan Medical College in Pakistan. She completed her residency in Internal Medicine and Nephrology at NY Medical College.

Dr. Gabriela Henriquez has been a practicing Nephrologist with Kidney Medical Associates for over seven years. She received her medical degree from George Washington University School of Medicine in Washington DC. She completed an Internal Medicine and Pediatric Residency at University of Miami. She completed an Internal Medicine Nephrology Fellowship and Pediatric Nephrology Fellowship at Montefiore Medical Center, Albert Einstein College of Medicine in New York. She is board certified in Internal Medicine with a sub-specialty in Nephrology.

Dr. Suman Reddy has been a practicing Nephrologist with Kidney Medical Associates. He is involved in patient care and administrative duties. He has been in practice for over 23 years. He received his medical degree from Rutgers New Jersey Medical School in New Jersey. He is board certified in Internal Medicine with a sub-specialty in Nephrology. He completed his Internal Medicine and Nephrology residency at Boston Medical Center.

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.

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.

Record of Legal Actions

Note: References to the “Company” or DaVita mean DaVita Inc. and its subsidiaries. References to DMG mean DaVita Medical Group, formerly known as Healthcare Partners (HCP), a former subsidiary of DaVita.

Ongoing Inquiries and Investigations by the Federal Government and Certain Civil Proceedings:

2016 U.S. Attorney Texas Investigation: In early February 2016, the Company announced that its pharmacy services’ wholly owned subsidiary, DaVita Rx, LLC (DaVita Rx), received a Civil Investigation Demand (CID) from the U.S. Attorney’s Office, Northern District of Texas. The government is conducting a federal False Claims Act (FCA) investigation concerning allegations that DaVita Rx presented or caused to be presented false claims for payment to the government for prescription medications, as well as an investigation into the Company’s relationship with pharmaceutical manufacturers. The CID covers the period from January 1, 2006 through the present. In connection with the Company’s ongoing efforts working with the government, the Company learned that a qui tam complaint had been filed covering some of the issues in the CID and practices that had been identified by the Company in a self-disclosure that it filed with the Office of Inspector General (OIG) for the U.S. Department of Health and Human Services (HHS) in February 2016. In December 2017, the Company finalized and executed a settlement agreement with the government and realtors in the qui tam matter that included total monetary consideration of \$63,700,000 of which \$41,500,000 was an incremental cash payment and \$22,200,000 was for amounts previously refunded, and all of which was previously accrued. The government’s investigation into certain of the Company’s relationships with pharmaceutical manufacturers is ongoing, and in July 2018, the OIG served the Company with a subpoena seeking additional documents and information relating to those relationships. The Company is continuing to cooperate with the government in this investigation.

Jeff Kent v. St. Elizabeth Medical Center et.al.: In January 2017, a putative class action lawsuit was filed in Kentucky Commonwealth court against the Company, a local medical center, a nephrology group, and an individual physician, alleging that the defendants conspired to provide medically unnecessary dialysis services to the plaintiff and other putative class members. In February and March 2017, the defendants filed a motion to dismiss most of Kent’s claims on the ground that after his death, his estate failed to “revive” the claims under Kentucky law. The court granted that motion on May 17, 2019. On July 17, 2019, the Company filed a motion to dismiss Kent’s class action claims. On September 17, 2019, the court granted that motion, dismissing all of Kent’s class action claims except for wrongful death claims. The Company disputes these allegations and intends to defend it accordingly.

2017 U.S. Attorney Massachusetts Investigation: In January 2017, in connection with an investigation into possible federal health care offenses, the U.S. Attorney’s Office, District of Massachusetts served the Company with an administrative subpoena for records relevant to charitable patient assistance organizations, particularly the American Kidney Fund, including documents related to efforts to provide patients with information concerning the availability of charitable assistance. On July 23, 2019, the Department of Justice notified the U.S. District Court for the District of Massachusetts of its decision not to intervene in the matter of *U.S. ex rel. David Gonzalez v. DaVita Healthcare Partners, et al.* The Court unsealed the complaint by order entered on August 1, 2019. The Department of Justice has confirmed that the complaint, which alleges violations of the federal False Claims Act and various state false claims acts, was the basis of its investigation initiated in January 2017. The Company has not been served with a complaint.

2017 U.S. Attorney Colorado Investigation: In November 2017, the U.S. Attorney’s Office, District of Colorado informed the Company of an investigation it was conducting into possible federal healthcare offenses involving DaVita Kidney Care, as well as several of the Company’s wholly owned subsidiaries. The matter currently includes an investigation into DaVita Rx, DaVita Laboratory Services, Inc. (DaVita Labs), and RMS Lifeline, Inc. (Lifeline). In each of August 2018 and May 2019, the Company is continuing to cooperate with the government in this investigation.

2018 U.S. Attorney Florida Investigation: In March 2018, DaVita Labs received two CIDs from the U.S. Attorney’s Office, Middle District of Florida that suggest it is investigating whether DaVita Labs submitted false claims for blood, urine and fecal testing where there was insufficient test validation or stability

studies to ensure accurate results, in violation of the FCA. In October 2018, DaVita Labs received a subpoena from the OIG in connection with this matter requesting certain patient records linked to clinical laboratory tests. On September 30, 2019, the U.S. Attorney's Office notified the U.S. District Court, Middle District of Florida, of its decision not to elect to intervene at this time in the matter of *U.S. ex rel. Lorne Holland, et al. v. DaVita Healthcare Partners, Inc., et al.* The court then unsealed the complaint, which alleges violations of the FCA, by order dated the same day. In January 2020, the private party realtors served the Company and DaVita Labs with an amended complaint. The Company and DaVita Labs dispute these allegations and intend to defend this action accordingly.

2019 Blue Cross & Blue Shield of Florida, Inc and Health Options v. DaVita Inc.: In May 2019, Blue Cross of Florida filed suit against DaVita in Federal Court alleging a variety of claims, including breach of contract, tortious interference with contract, fraud, negligent misrepresentation, and unjust enrichment. These claims primarily concern charitable premium assistance. Company disputes the allegations and intends to defend the case accordingly.

2019 Keystone Health Plan East, Inc. et. al. DaVita Inc.: In November 2019, several subsidiaries of Independence Blue Cross filed suit against DaVita in federal Court in Pennsylvania alleging a variety of claims, including breach of contract, fraud, negligent misrepresentation, tortious interference with contract, and unjust enrichment. These claims primarily concern charitable premium assistance. The Company disputes the allegations and intends to defend the case accordingly.

Shareholder and Derivative Claims

Peace Officers' Annuity and Benefit Fund of Georgia Securities Class Action Civil Suit: In February 2017, the Peace Officers' Annuity and Benefit Fund of Georgia filed a putative federal securities class action complaint in the U.S. District Court for the District of Colorado against the Company and certain executives generally alleging that they violated federal securities law concerning the Company's financial results and revenue derived from patients who receive charitable premium assistance from an industry funded non-profit organization. The complaint further alleges that the process by which patients obtained commercial insurance and received charitable premium assistance was improper and "created a false impression of DaVita's business and operational status and future growth prospects." In March 2018, the Company and various individual defendants filed a motion to dismiss. On March 28, 2019, the U.S. District Court for the District of Colorado denied the motion to dismiss. The Company answered on May 28, 2019. The Company disputes these allegations and intends to defend it accordingly.

In re DaVita Inc. Stockholder Derivative Litigation: In August 2017, the U.S. District Court for the District of Delaware consolidated three previously disclosed shareholder derivative lawsuits: the Blackburn Shareholder action, the Gabilondo Shareholder action, and the City of Warren Police and Fire Retirement System Shareholder action. The complaint generally alleges breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, corporate waste, and misrepresentation and/or failure to disclose certain information in violation of the federal securities laws in connection with an alleged practice to direct patients with government subsidized health insurance into private health insurance plans to maximize the Company's profits. In December 2017, the Company filed a motion to dismiss and a motion to stay the proceeding in the alternative. On April 25, 2019, the court denied the Company's motion to dismiss. The Company answered the complaint on May 28, 2019. The Company disputes these allegations and intends to defend it accordingly.

Resolved Matters

2011 U.S. Attorney Medicaid Investigation: In 2011, the Company received an administrative subpoena from the OIG and a request for documents from the U.S. Attorney's Office for the Eastern District of New York related to payments for infusion drugs covered by Medicaid composite payments for dialysis. The Company cooperated with the government, produced the requested documents, and in March 2016, finalized and executed settlement agreements with the State of New York and the U.S. Department of Justice (DOJ), including a settlement payment of an immaterial amount.

2014 OIG Medicaid Program Integrity Audit: Following a review of claims for Medicaid reimbursement at 19 DaVita dialysis facilities, the Agency for Health Care Administration, through its OIG Medicaid Program Integrity office, made a preliminary determination that the Company was overpaid for claims that in whole or in part should have been billed to the Nursing Home Division Waiver Program rather than Medicaid

Fee For Service. Without waiving its right to contest future requests for repayment, the Company refunded the Agency \$267,287.93.

Settlement and Corporate Integrity Agreement: In October 2014, DaVita entered into a Settlement Agreement with the U.S. Department of Justice and a CIA with the OIG to resolve all allegations arising under the complaint *United States ex rel. David Barbetta v. DaVita, Inc et al.*, No. 09 – cv – 02175 WJM KMT (D. Colo.).

2014 Indiana Attorney General Medicaid Fraud Control Unit Demand Letter: In July 2014, the Indiana Attorney General's Medicaid Fraud Control Unit requested, and in October 2014 DaVita refunded \$712.66 to the Indiana Medicaid program in relation to dialysis services provided by a DaVita nurse to a Medicaid recipient for three days while the nurse was temporarily unlicensed.

Vainer Private Civil Suit: In 2008, the OIG issued a subpoena for documents a subpoena for documents relating to the pharmaceutical products Zemplar, Hectorol, Venofer, Ferrelcit, and erythropoietin, as well as other related matters, as a result of civil complaint filed by relators Daniel Barbit and Dr. Alon Vanier pursuant to the qui tam provisions of the federal FCA. The relators alleged that the Company's drug administration practices for the Company's dialysis operations for Vitamin D and iron agents fraudulently created unnecessary waste, which was billed to and paid for by the government. In June 2015, the Company finalized the terms of a settlement with plaintiffs, including a settlement amount of \$450 million and attorney fees and other costs of \$45 million.

2015 U.S. Attorney Transportation Investigation: Between 2015 and 2016, the Company received ten (10) administrative subpoenas (each for one set of patient medical records) at ten (10) different dialysis centers in southern California. In 2017, a qui tam complaint was served on the Company in the U.S. District Court for the Central District of California related to an investigation concerning the medical necessity of patient transportation, which was the basis for the subpoenas. The DOJ declined to intervene, and the court ultimately granted the Company's motion to dismiss both the original Complaint and the plaintiff's Amended Complaint. In July 2017, the plaintiff declined to proceed further and filed a notice of dismissal.

2015 OIG Medicare Advantage Civil Investigation: In March 2015, JSA HealthCare Corporation (JSA), a subsidiary of DMG, received a subpoena from the OIG requesting documents and information relating to certain MA plans for which JSA provided services, and seeking information regarding JSA's communications about patient diagnoses as they related to certain MA plans generally, and more specifically as related to two Florida physicians with whom JSA previously contracted. In addition, in June 2015, the Company received a civil subpoena from the OIG seeking production of a wide range of documents relating to the Company and its subsidiaries' (including DMG and its subsidiary JSA) provision of services to MA plans and related patient diagnosis coding and risk adjustment submission and payments, including information relating patient diagnosis coding practices for a number of conditions, including potentially improper historical coding for a particular condition. With respect to that condition, the guidance related to that coding issue was discontinued following the Company's November 1, 2012 acquisition of HCP, and the Company notified CMS in April 2015 of the coding practice that may have been problematic, some of which were the subject of the Swoben Private Civil Suit, discussed below. On September 28, 2018, the Company reached a settlement with the DOJ and agreed to pay \$270 million. In connection with the Company's acquisition of HCP, the Company has escrowed a portion of the purchase price to secure its indemnification rights, and the \$270 million settlement was paid with these escrowed funds.

2015 U.S. Department of Justice Vascular Access Investigation and Related Qui Tam Litigation: In 2015, Lifeline, a wholly owned subsidiary of the Company, received a CID from the DOJ related to two Florida vascular access centers that the Company acquired in 2012. The DOJ investigation was initiated pursuant to a qui tam complaint that alleged violations of the FCA as a result of claims submitted to the government for allegedly medically unnecessary angiograms and angiography procedures performed at two vascular access centers as well as employment related claims. The DOJ declined to intervene and in January 2017, the Company finalized and executed a settlement agreement with the realtor and the government for an immaterial amount. In April 2017, the court dismissed the case with prejudice.

Swoben Private Civil Suit: In April 2013, HCP was one of several defendants served with a civil complaint filed by a former employee of SCAN Health Plan alleging violations of the federal False Claims Act (FCA) and the California FCA. In October 2017, James M. Swoben, the realtor, filed a Notice of Dismissal of the action as to the HCP, and the government consented to the dismissal of the suit without prejudice.

Solari Post Acquisition Matter: In 2016, HCP Nevada disclosed to the OIG that proper procedures for clinical and eligibility determinations may not have been followed by Las Vegas Solari Hospice (Solari), which HCP Nevada acquired in March 2013 and sold in September 2016. In June 2016, the Company was notified by the OIG that the disclosure submission had been accepted into the OIG's Self Disclosure Protocol. In October 2017, the Company finalized and executed a settlement agreement with the OIG including payment of an immaterial amount.

White, Kathleen, et al. v. DaVita Healthcare Partners, Inc., Civil Action No. 15-cv-2106, U.S. District Court for the District of Colorado: In three consolidated actions (Menchaca v. DaVita Healthcare Partners, Inc., Saldana v. DaVita Healthcare Partners, Inc., and Hardin v. DaVita Healthcare Partners, Inc.), the plaintiffs alleged wrongful death based on allegations related to Granuflo, a product used as a component of the dialysis process. The Menchaca and Saldana actions arose out of the treatment of patients in California, while the Hardin action arose out of the treatment of a patient in Illinois. In June 2018, the jury returned a verdict in favor of the plaintiffs, collectively awarding \$85 million in compensatory damages and \$375 million in punitive damages. Judgment on this verdict was not entered, and in November 2018, the parties settled all three actions collectively for \$25.5 million, and all three cases were dismissed with prejudice.

DaVita-Cielo Vista Dialysis, Sun City Dialysis Center, and Loma Vista Dialysis Center: In August 2018, Medicare revoked the certification of three Texas dialysis centers owned in whole or in part by DaVita, (Cielo Vista Dialysis, Sun City Dialysis, and Loma Dialysis Center). The owners of the facilities appealed the revocations and on November 28, 2018 Medicare reinstated their certification with no gap in coverage.

DaVita-Southside Dialysis: In September 2018, DaVita, as a majority owner of Southside Dialysis (Texas), received notification that the facility's initial Medicare certification was denied. The denial is under appeal. The clinic was resurveyed on February 13, 2019 and was certified effective March 29, 2019.

DaVita-Brighton Park Dialysis: In September 2018, DaVita, as majority owner of Brighton Park Dialysis (Illinois), received notification that the facility's initial Medicare certification application was denied. The denial was appealed and following receipt of a final denial determination, a new 855A application was submitted and approved. Brighton Park was certified effective July 17, 2019.

DaVita-Estabrook Park Dialysis: In February 2019, DaVita, as indirect owner of Estabrook Park Dialysis (Wisconsin), received notification that the facility's initial Medicare certification application was denied due to the fact that the clinic's sole patient was hospitalized on the date of the initial survey, making it impossible for a survey to be conducted. A new 855A application was submitted and approved. Estabrook Park was certified effective September 10, 2019.

2017 U.S. Attorney Florida Investigation: In November 2017, U.S. Attorney's Office, Southern District of Florida informed the Company of an investigation it was conducting into possible federal healthcare offenses involving Lifeline. The U.S. Attorney's Office, Southern District of Florida notified the court on April 4, 2019 of its decision to not intervene in the matter of *Gabriel Valle, M.D., et al. v. RMS Lifeline, Inc., et al.* The complaint then was unsealed in the U.S. Attorney's Office confirmed that the complaint, which alleges violations of the FCA, was the basis of its investigation initiated in November 2017. On July 16, 2019, the private party relators filed a Notice of Voluntary Dismissal of the matter, and the court dismissed the lawsuit without prejudice and closed the case.

Star Ratings - Dialysis Facility Compare (DFC)

The Centers for Medicare and Medicaid Services (CMS) and the University of Michigan Kidney Epidemiology and Cost Center have developed a methodology for rating each dialysis facility which may be found on the Dialysis Facility Compare website as a "Star Rating." The method produces a final score

that is based on quality measures currently reported on the DFC website and ranges from 1 to 5 stars. A facility with a 5-star rating has quality of care that is considered 'much above average' compared to other dialysis facilities. A 1- or 2- star rating does not mean that a facility provides poor care. It only indicates that measured outcomes were below average compared to other facilities. Star ratings on DFC are updated annually to align with the annual updates of the standardized measures.

DaVita operates over 2,500 dialysis centers (more than 40 of which are located in New York State). Knickerbocker Dialysis, Inc. is solely owned by DaVita of New York, Inc. (DVANY), which is owned by DaVita. A comprehensive list of the Star Ratings for all dialysis centers that Knickerbocker Dialysis, Inc. operates or is affiliated with in New York State is provided below.

Facility Name	Address	Star Rating
Bronx Dialysis Center	Bronx, NY 10461	★★★
South Bronx Dialysis Center	Bronx, New York 10457	★
Richmond Kidney Center	Staten Island, New York 10301	★★★★
Catskill Dialysis Center	Monticello, New York 12701	★★★
Sheepshead Bay Renal Care Center	Brooklyn, New York 11235	★★★★
Garden City Dialysis Center	Garden City, New York 11530	★★★★
Central New York Dialysis	East Syracuse, New York 13210	★★★
Millenium Dialysis	Brooklyn, New York 11230	★★★★★
Riverdale Dialysis Center	Bronx, New York 10463	★★★
Peekskill Cortland Dialysis Center	Cortland Manor, New York 10566	★★★★★
Bronx River Dialysis	Bronx, New York 10462	★★★★
Queens Dialysis Center	Jamaica, New York 11434	★★★
Boston Post Road Dialysis Center	Bronx, New York 10475	★★★
Soundview Dialysis Center	Bronx, New York 10473	★★★★
Lynbrook Dialysis Center	Lynbrook, New York 11563	★★★
Northtowns Dialysis Center	Tonawanda, New York 14150	★★★
Midwood Dialysis	Brooklyn, New York 11230	★★★
Yonkers Dialysis Center	Yonkers, New York	★★★
Suburban Dialysis Center	Williamsville, New York 14221	★★
Queens Village Dialysis Center	Queens Village, New York 11429	★★★
Long Island Renal Care	Amityville, New York 11701	★★★
Borough Park Dialysis	Brooklyn, New York	★★★★★
Jamestown Dialysis Center	Jamestown, New York 14701	N/A
Orange Dialysis Center	Middletown, New York 10941	N/A
Waters Place Dialysis	Bronx, New York 10461	★★★
Staten Island Dialysis Center	Staten Island, New York 10305	★★★★
Ivy Dialysis	Elmira, New York	★★★
Corning Dialysis	Corning, New York	★★★
Schuyler Dialysis	Montour Falls, New York 14830	★★★★
Williamsbridge Dialysis Center	Bronx, New York 10467	★★★
East Rochester Dialysis	East Rochester, New York 14445	N/A
Williamsbridge Home Dialysis Center	Bronx, New York 10467	N/A
Clinton Hill Dialysis	Brooklyn, New York	★

Facility Name	Address	Star Rating
Jamaica Hillside Dialysis	Jamaica, New York 11432	N/A
Atlas Park Dialysis	Glendale, New York 11385	N/A
Melrose Dialysis	Bronx, New York 10455	N/A
Seaway Dialysis	Irondequoit, New York 14621	N/A
Buffalo Dialysis	Buffalo, New York 14203	N/A
Brooklyn Community Dialysis	Brooklyn, New York 11220	N/A
Hutchinson River Dialysis	Bronx, New York 10469	★★★
Ozone Park Dialysis	Ozone Park, New York 11417	N/A
Greenpoint Dialysis	Brooklyn, New York 11206	N/A
Sandford Boulevard Dialysis	Mount Vernon, New York 10550	N/A
Laconia Dialysis	Bronx, New York 10469	N/A
Allerton Dialysis	Bronx, New York 10467	N/A
Clearview Dialysis	Bayside, New York 11361	N/A
Mount Eden Dialysis	Bronx, New York 10452	N/A
Wingate Dialysis	Brooklyn, New York 11203	N/A
Staten Island South Dialysis	Staten Island, New York 10312	N/A
Rockland County Dialysis	Nanuet, New York 10954	N/A
Downtown Brooklyn Dialysis	Brooklyn, New York 11231	★★★
Longwood Dialysis	Bronx, New York 10459	N/A
Flatlands Dialysis	Brooklyn, New York 11229	N/A
Deer Park Dialysis	Deer Park, New York 11729	N/A
Huntington on Broadway Dialysis	Huntington Station, New York 11746	★★★★
Port Washington Dialysis Center	Port Washington, New York 11050	★★★★★
Floral Park Home Dialysis	Floral Park, New York 11001	★★★★★
Julia and Israel Waldbaum Dialysis	Great Neck, New York 11021	★★★★★
Crossway Park Dialysis	Woodbury, New York 11797	N/A
Long Island City Dialysis	Long Island City, New York 11101	N/A
East Islip Dialysis	East Islip, New York 11730	★★★★

Conclusion

There will be no change in services provided as a result of this application. 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

Asset Purchase Agreement

The applicant has submitted an executed APA for the purchase of the operations, summarized below:

Date:	May 17, 2017
Purpose:	Purchase all rights of Seller to own and operate the Dialysis Center
Seller:	Knickerbocker Dialysis, Inc.
Buyer:	Latsch Dialysis, LLC
Assets Acquired:	All of Knickerbocker's rights, title and interest in and to all tangible and intangible assets of the center owned by Knickerbocker (other than the Intercompany payables and intercompany receivables) and used in and for the sole benefit of the Dialysis business.
Assumed Liabilities:	All debts, obligations and liabilities of Knickerbocker with respect to the Dialysis Business regardless of when incurred, including without limitations: (1) Salaries, wages, benefits and accrued paid time off of all employees employed in the business of the center; (2) All obligations arising under all contracts and leases relating to the center and assigned to the company; and (3) Any and all existing debts, liens, claims, encumbrances, liabilities and obligations to which any of the assets may be subject, including without limitation, all capital lease obligations and all accounts payable incurred or accrued in connection with the operations of the Dialysis business.
Purchase Price:	\$1,250,200
Payment of Purchase Price:	Cash at Closing

The proposed entity will fund the purchase price and part of the working capital needs through one loan. The terms are as follows:

Bank Loan for Purchase (5 years, self-amortizing, interest estimated at 3.42%) *	\$1,250,200
Bank Loan Proceeds to be used for Working Capital	<u>\$133,800</u>
Total Bank Loan	\$1,384,000

* Interest is based on 3.25% plus One-Month Libor (0.17% as of July 1, 2020) estimated at 3.42%.

An executed self-amortizing loan agreement has been provided by CoBiz bank. BOK, NA is the successor in interest to CoBiz Bank and will honor the current agreement.

The applicant has submitted an original affidavit, which is acceptable to the Department, in which the applicant agrees, notwithstanding any agreement, arrangement or understanding between the applicant and the transferor to the contrary, to be liable and responsible for any Medicaid overpayments made to the facility and/or surcharges, assessments or fees due from the transferor pursuant to Article 28 of the Public Health Law with respect to the period of time prior to the applicant acquiring its interest, without releasing the transferor of its liability and responsibility. As of July 1, 2020, the facility has no outstanding Medicaid overpayment liabilities.

Administrative Services Agreement

The applicant submitted an executed consulting and administrative services agreement (CASA), summarized below:

Date:	May 17, 2017
Company:	DaVita, Inc.
Operator:	Latsch Dialysis, LLC
Services Provided:	Purchase, lease, license or otherwise acquire or arrange for the use of all assets necessary to operate the center, maintain each item of equipment and all authorized additions, attachments and accessories, provide computer hardware and software, supplies and prescription drugs, billing and collecting, bookkeeping, accounting and taxes, funds management, insurance acquisition, policy and procedure development, quality assurance and review, licenses, permits and provider numbers, compliance assistance, legal actions, other acts and expenditures and compliance with laws.
Term:	10 years with infinite 5-year renewals
Compensation:	\$34,718 annually with a 10% annual increase

The executed CASA provides that the licensed operator retains ultimate authority, responsibility and control in all final decisions associated with the services, acknowledges the reserve powers that must not be delegated, and the conflicts clause provisions that ensure compliance with governmental agencies, statutes and regulations. The applicant has submitted an executed attestation stating that the applicant understands and acknowledges that there are powers that must not be delegated, the applicant will not willfully engage in any such illegal delegation and understands that the Department will hold the applicant accountable.

Lease / Lease Assignment Agreement

The applicant has submitted an executed lease agreement and assignment of lease agreement, summarized below:

Date of Lease:	September 22, 2015
Date of Assignment:	May 17, 2017
Premises:	4,845 square feet located at 955 Yonkers Avenue
Landlord:	955 Yonkers Ave., LLC
Lessee:	Knickerbocker Dialysis, Inc.
Assignee:	Latsch Dialysis, LLC.
Term:	10-year lease, with unlimited 1-year extensions
Rental:	Year One \$133,237.50 with annual increases of 2% for years 2-10 (\$27.50 per sq. ft.).
Provisions:	Lessee responsible for real estate taxes, maintenance and utilities.

The applicant indicated that the lease is an arm's length lease agreement with non-related parties.

Operating Budget

The applicant has submitted an operating budget, in 2020 dollars, for the current year (2019) and the first and third year after the change in ownership, summarized below:

<u>Revenues</u>	<u>Current 2019</u>		<u>Year One</u>		<u>Year Three</u>	
	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>
Medicaid MC	\$375	\$50,651	\$324	\$195,359	\$324	\$418,540
Medicare MC	\$249	\$134,379	\$271	\$279,157	\$291	\$759,012
Commercial	\$1,041	<u>\$763,040</u>	\$1,318	<u>\$1,416,581</u>	\$1,607	<u>\$2,953,607</u>
Total Revenues		\$948,070		\$1,891,097		\$4,131,159
<u>Expenses</u>						
Operating	\$448.81	\$631,927	\$442.02	\$1,196,984	\$326.49	\$1,873,397
Capital	<u>\$212.26</u>	<u>\$298,860</u>	<u>\$202.09</u>	<u>\$547,247</u>	<u>\$98.01</u>	<u>\$562,406</u>
Total Expenses	\$661.07	\$930,787	\$644.11	\$1,744,231	\$424.50	\$2,435,803
Net Income		<u>\$17,283</u>		<u>\$146,866</u>		<u>\$1,695,356</u>
Treatments		1,408		2,708		5,738

Revenues, expenses and utilization are based on the experience at the facility, as well as the experiences of the members of Latsch, particularly Knickerbocker Dialysis, Inc. Knickerbocker operates more than 50 chronic renal dialysis facilities in New York State, including Westchester Home Training.

Utilization broken down by payor is as follows:

<u>Payor</u>	<u>Current (2019)</u>	<u>Year One</u>	<u>Year Three</u>
Medicaid MC	9.59%	22.27%	22.48%
Medicare MC	38.35%	38.04%	45.49%
Commercial	<u>52.06%</u>	<u>39.69%</u>	<u>32.03%</u>
Total	100.00%	100.00%	100.00%

Capability and Feasibility

The purchase price of \$1,250,200 will be met via a \$1,384,000 loan from BOK, NA, successor in interest to CoBiz Bank, at the above stated terms. The remaining \$133,800 from the loan will be used for working capital needs.

The working capital requirement is estimated at \$405,967 based on two months of third year expenses; however, the proposed operator indicated they will provide \$1,042,800 for working capital as follows: Latsch Dialysis, LLC will provide \$909,000 or 87.17% (\$636,300 from Knickerbocker Dialysis, Inc. and \$272,700 from Westchester Dialysis, LLC) and the remaining 12.83% will be provided via the \$133,800 excess proceeds from the BOK, NA loan as previously detailed. BFA Attachments A and B are the personal net worth statements of the individual members of Westchester Dialysis, LLC and the 2018 and 2019 certified financial statements of DaVita, respectively, and indicate the availability of sufficient funds for the equity contribution. Dr. Suman Reddy, a member of Westchester Dialysis, LLC, has provided a disproportionate share affidavit to cover any other Westchester Dialysis, LLC member's equity shortfall. BFA Attachment C is the pro forma balance sheet which indicates a positive net asset position of \$909,000 as of the first day of operation.

The submitted budget projects a net income of \$146,866 and \$1,695,356 during the first and third years, respectively. Revenues are based on current reimbursement methodologies for dialysis services. The submitted budget appears reasonable.

As shown on BFA Attachment B, the 2018 and 2019 certified financial statements of DaVita, Inc., the entity had a positive working capital position and a net asset position and generated an average net income of \$485,187,500 for the period.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

- BFA Attachment A Net Worth Statement for the Members of Latsch Dialysis, LLC
- BFA Attachment B Financial Summary - 2018 and 2019 certified financial statements of DaVita, Inc.
- BFA Attachment C Pro Forma Balance Sheet as of the first day of operation
- BFA Attachment D Organizational Chart of Latsch Dialysis, LLC.



**Project # 192109-E
Tender Loving Care, an Amedisys Company**

Program: Certified Home Health Agency
Purpose: Establishment

County: Nassau
Acknowledged: August 30, 2019

Executive Summary

Description

Tender Loving Care Health Care Services of Nassau Suffolk, LLC d/b/a Tender Loving Care, an Amedisys Company (TLC), a proprietary, Article 36 Certified Home Health Agency (CHHA) located at 100 Garden City Plaza, Garden City (Nassau County), requests approval to acquire the CHHA assets of Premier Home Health Care Services, Inc. (Premier) and thereby add Bronx, New York and Westchester Counties to its operating certificate. Premier is a New York proprietary business corporation that operates a CHHA located at 5 Bryant Park, 1065 Avenue of the Americas, New York (New York County). Premier also operates other lines of business including licensed home care services agencies (LHCSAs) and an Article 49 licensed entity. On July 25, 2019, TLC entered into an Asset Purchase Agreement (APA) with Premier to purchase the CHHA assets for \$1,500,000. Upon approval of the merger by the Public Health and Health Planning Council (PHHPC), Premier will divest of the CHHA operation but continue to operate its other lines of business.

TLC is authorized to provide CHHA services in Kings, Queens, Nassau and Suffolk counties and is certified to provide Home Health Aide, Medical Social Services, Medical Supplies Equipment and Appliances, Nursing, Nutritional Services, Occupational Therapy, Physical Therapy, and Speech-Language Pathology services. Premier's CHHA is authorized to provide services in Kings, Queens, Bronx, New York and Westchester counties and is certified to provide all CHHA services TLC currently offers, plus Homemaker, Housekeeper, Personal Care, Respiratory Therapy and Physician services. The merger will expand

TLC's geographic service area to include Bronx, New York and Westchester counties. However, TLC will not expand its services to include the five additional CHHA services Premier currently provides. TLC currently operates an office at 1721 North Ocean Avenue in Medford (Suffolk County) and plans to open an additional branch office in Westchester County to accommodate the expanded service area post-merger.

TLC is subsidiary of Amedisys, Inc., a national home care and hospice company that operates in 38 states. As of December 31, 2019, the company owned and operated 321 Medicare-certified home health care agencies and 138 Medicare-certified Hospice programs. Amedisys, Inc.'s corporate office is located at 3854 American Way, Baton Rouge, Louisiana.

**OPCHSM Recommendation
Contingent Approval**

Need Summary

Tender Loving Care currently is currently certified to provide services in Kings, Nassau, Queens, and Suffolk Counties. With this merger, TLC is seeking to add the following counties to the operating certificate: Bronx, New York and Westchester Counties.

Program Summary

The individual background review indicates the proposed members have met the standard for approval as set forth in Public Health Law.

Financial Summary

There are no project costs associated with this application. The acquisition price for Premier CHHA is \$1,500,000 to be funded from Amedisys, Inc.'s existing borrowing of a \$725,000,000 Senior Secured Credit Facility. The Credit Facility consists of a \$175,000,000 term loan and a \$550,000,000 Revolving Credit Facility, of which \$449,800,000 is available to be drawn as of December 31, 2019. The Credit Facility is composed of a syndicate of ten lenders and has a maturity date of February 4, 2024, with Bank of American, N.A. serving as the Administrative Agent.

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$11,503,126	\$13,628,051
Expenses	<u>7,849,574</u>	<u>9,277,833</u>
Gain/(Loss)	\$3,653,552	\$4,350,218

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a photocopy of the applicant's amended and fully executed Lease Agreement, acceptable to the Department. [CSL]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

Council Action Date

October 8, 2020

Need and Program Analysis

Program Description

Tender Loving Care, an Amedisys Company is an existing CHHA serving Nassau, Kings, Queens and Suffolk counties from an office located at 100 Garden City Plaza, Suite 100, Garden City, New York 11530. Premier Home Health Care Services, Inc. serves Nassau, Kings, Queens, Bronx, New York and Westchester counties. Upon approval of this project, TLC will add New York, Bronx and Westchester to their approved geographical service location.

TLC is certified to provide Home Health Aide, Medical Social Services, Medical Supplies Equipment and Appliances, Nursing, Nutritional Services, Occupational Therapy, Physical Therapy, and Speech-Language Pathology services. Premier's CHHA is currently authorized to provide all the services TLC currently offers, plus Homemaker, Housekeeper, Personal Care, Respiratory Therapy and Physician services. TLC will not add the five services Premier currently offers that TLC does not. Given the service area and the number of operational CHHAs offering the five services, the department does not anticipate a lack of access. As part of the closure plan process, Premier will be required to assist in transferring affected patients to other appropriate providers.

TLC is parented by TLC Health Care Services, LLC, which is parented by TLC Holdings I, LLC. TLC Holdings I, LLC is parented by Amedisys TLC Acquisition LLC, which is parented by Amedisys Holding, LLC, which is parented by Amedisys, Inc., a corporation formed in Delaware with authority to do business in New York State. Please see Program Attachment A – Amedisys Organizational Chart for further details.

Amedisys, Inc. is a national home care and hospice company operating in 38 states. As of June 30, 2019 Amedisys, Inc. owns and operates 322 Certified Home Health Agencies and 137 Hospices. Amedisys, Inc. has ownership interest in the following Certified Home Health Agencies in New York State:

- Tender Loving Care Health Care Services of Nassau Suffolk, LLC d/b/a Tender Loving Care (Garden City)
- Tender Loving Care Health Care Services of Nassau Suffolk, LLC d/b/a Tender Loving Care (Medford)
- Tender Loving Care Health Care Services of Erie Niagara, LLC d/b/a Amedisys Home Health Care

Please see Program Attachment B – Out-of-State Affiliations for the list of healthcare entities in which Amedisys, Inc. has ownership interest outside of New York State

Character and Competence

The Board of Tender Loving Care Health Care Services of Nassau Suffolk, LLC is as follows:

Paul B. Kusserow – President President, CEO, Amedisys, Inc.
Jennifer R. Guckert , Esq. (FL, LA, MS, TN) - Secretary Senior VP of Legal, Deputy General Counsel, Corporate Secretary, Amedisys, Inc.
Scott G. Ginn - Treasurer CFO, Amedisys, Inc.

The Boards of TLC Health Care Services, LLC, TLC Holdings, LLC, Amedisys TLC Acquisition, LLC, and Amedisys Holding, LLC are identical. The Boards for these entities are as follows:

Paul B. Kusserow – President Disclosed Above
Scott G. Ginn – Vice President & Treasurer Disclosed Above
Jennifer R. Guckert, Esq. (FL, LA, MS, TN) - Secretary Disclosed Above

The Board of Amedisys, Inc. is as follows:

Paul B. Kusserow – President & Chief Executive Officer Disclosed Above
Scott G. Ginn – Treasurer & Chief Financial Officer Disclosed Above
Jennifer R. Guckert, Esq. (FL, LA, MS, TN) - Secretary Disclosed Above
Jeffrey A. Rideout, MD (CA) CEO, Integrated Healthcare Association CEO, Rideout Advisors LLC
Richard A. Lechleiter President, Catholic Education Foundation
Donald A. Washburn Retired
Jake L. Netterville CPA, Postlethwaite & Netterville
Bruce D. Perkins Strategic Executive, Barona Midco, LLC
Julie D. Klapstein Retired

The Board of Amedisys, Inc. disclosed several legal actions in which the company was involved. Please see Program Attachment C – Record of Legal Actions for further details. A search of the individuals and entities named above revealed no matches on either the Medicaid Disqualified Provider List or the OIG Exclusion List.

The applicant has confirmed that the proposed financial/referral structure has been assessed in light of anti-kickback and self-referral laws, with the consultation of legal counsel, and it is concluded that proceeding with the proposal is appropriate.

Facility Compliance / Enforcement

The West Virginia Department of Health and Human Resources reports as follows:

- Amedisys West Virginia, LLC d/b/a Amedisys Hospice of Vienna had condition level findings for violations of 42 CFR 418.78 and was on a 90-day termination track in November 2015. The agency was found to be back in compliance following a revisit survey on January 11, 2016 and the termination track was lifted.
- Amedisys West Virginia, LLC d/b/a Amedisys Hospice of Bluefield had condition level findings for violations of 42 CFR 418.72 and was on a 90-day termination track in April 2012. The agency was found to be back in compliance following a revisit on May 29, 2012 and the termination track was lifted.

The Texas Department of Health and Human Services reports as follows:

- Compassionate Care Hospice of Central Texas, LLC was fined \$1,000 for survey findings on May 1, 2017. The penalty was paid in full on July 27, 2017.

- Compassionate Care Hospice of Bryan Texas, LLC was fined \$750 for survey findings on December 19, 2017, the fine was paid on May 14, 2018. This agency was also fined \$750 for survey findings on March 29, 2018, the fine was paid on September 13, 2018.
- Amedisys Hospice, LLC d/b/a Amedisys Hospice of San Antonio was fined \$650 for survey findings on March 22, 2019. The penalty was paid in full on July 29, 2019.

Nine states did not respond to the requests for compliance information. The applicant submitted affidavits attesting to the compliance history of the health care facilities in the following states: Missouri, Michigan, District of Columbia, Arkansas, Indiana, Connecticut, Kentucky, Ohio and Massachusetts. The applicant reports that any statements of deficiencies issued have been resolved and no fines were assessed.

Quality

CHHA Quality of Patient Care Star Ratings as of July 28, 2020	
New York Average: 3.5 out of 5 stars National Average: 3.5 out of 5 stars	
CHHA Name	Quality of Care Rating
Tender Loving Care Health Care Services of Nassau Suffolk, LLC d/b/a Tender Loving Care (Garden City)	5 out of 5 stars
Tender Loving Care Health Care Services of Nassau Suffolk, LLC d/b/a Tender Loving Care (Medford)	3.5 out of 5 stars
Tender Loving Care Health Care Services of Erie Niagara, LLC d/b/a Amedisys Home Health Care	4 out of 5 stars

Conclusion

Review of the Personal Qualifying Information indicates that the applicant has the required character and competence to operate a certified home health agency. TLC is an existing CHHA that has established relationships with hospitals and other health providers in its service area and has an existing patient base.

Financial Analysis

Asset Purchase Agreement

The applicant has submitted an executed APA to acquire the CHHA's operating interests, which will become effective upon PHHPC approval. The terms are summarized below:

Date:	July 25, 2019
Seller:	Premier Home Health Care Services, Inc.
Purchaser:	Tender Loving Care Health Care Services of Nassau Suffolk, LLC d/b/a Tender Loving Care, an Amedisys Company (TLC)
Assets Transferred:	All rights, title and interest in the business assets free and clear of any liens. Included assets: books and records relating to business operations; patients record of the business on census as of the closing date; business goodwill; to the extent assignable licenses, registrations, certificates of need, authorizations, permits and any other regulatory approvals held or owned relating to the business.
Excluded Assets:	Seller's licenses to operate licensed home care services agencies, seller's license under Article 49, seller's National Provider Identifier (NPI), seller's Medicare and Medicaid provider numbers associated businesses not being sold.
Assumed Liabilities:	None.
Purchase Price:	\$1,500,000
Payment:	\$1,500,000 due at closing.

The purchase price is proposed to be satisfied from the existing \$725,000,000 Senior Secured Credit Facility that has a maturity date of February 4, 2024, of which \$449,800,000 is available as of December 31, 2019. The Credit Facility is composed of a syndicate of ten lenders with Bank of America, N.A. serving as the Administrative Agent. A commitment to fund the purchase price has been provided by Amedisys, Inc.

BFA Attachment A is Amedisys, Inc. and Subsidiaries' 2018 and 2019 10-K filing which documents sufficient resources to meet the funding requirement.

The applicant has submitted an original affidavit, which is acceptable to the Department, in which the applicant agrees, notwithstanding any agreement, arrangement or understanding between the applicant and the transferor to the contrary, to be liable and responsible for any Medicaid overpayments made to the facility and/or surcharges, assessments or fees due from the transferor pursuant to Article 28 of the Public Health Law with respect to the period of time prior to the applicant acquiring its interest, without releasing the transferor of its liability and responsibility. As of June 10, 2020, the facility had no outstanding Medicaid overpayment liabilities.

Lease Agreement

The lease terms for the real property (offices) located at 100 Garden City Plaza are summarized below:

Date:	Estimated to be December 1, 2016
Premises:	Located at 100 Garden City Plaza, Garden City, NY 11530
Owner/Landlord:	TL GCP Owner, LLC
Lessee:	Tender Loving Care Health Care Services of Nassau Suffolk, LLC
Term:	7 years (estimated to be November 30, 2023)
Rent:	\$201,567 per yr. (includes electric) (\$16,797 monthly) Increase approx. 3.2% yrly.
Provisions:	Maintenance and increase in taxes and utilities

The lease terms for the real property (offices) located at 1721 North Ocean Avenue are summarized below:

Date:	Third amendment dated April 4, 2016
Premises:	1721 North Ocean Avenue, Medford, NY 11763
Owner/Landlord:	North Ocean Properties
Lessee:	Tender Loving Care Home Health Care Services of Nassau Suffolk, LLC
Term:	3 years from June 1, 2018 (Amended Term Commencement Date). Has the right to renew
Rent:	\$68,451 per year (\$5,704 monthly) Increase 3% yearly.
Provisions:	Maintenance, taxes and utilities

The applicant has attested that the leases are arm's length agreements.

Operating Budget

The applicant has submitted its current results for 2018, and the projected first- and third-year operating budgets, in 2020 dollars, as summarized below:

	Current		Year One		Year Three	
	Per Visit	Total	Per Visit	Total	Per Visit	Total
<u>Revenues</u>						
Medicare - MC	\$254.44	\$1,306,812	\$228.55	\$10,332,652	\$222.17	\$12,215,927
Commercial - FFS	\$155.37	32,938	\$132.46	442,945	\$121.15	684,595
Commercial - MC	\$246.50	5,423	\$222.08	727,529	\$222.08	727,529
Charity Care		0		230,063		272,561
Bad Debt		<u>-250,874</u>		<u>-230,063</u>		<u>-272,561</u>
Total Revenues		\$1,094,299		\$11,503,126		\$13,628,051

	<u>Current</u>		<u>Year One</u>		<u>Year Three</u>	
	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>
<u>Expenses</u>						
Operating	\$262.51	\$1,409,676	\$138.16	7,391,999	\$132.16	\$8,820,258
Capital	<u>\$43.76</u>	<u>234,976</u>	<u>\$8.56</u>	<u>457,575</u>	<u>\$6.86</u>	<u>457,575</u>
Total Expenses	\$306.27	\$1,644,652	\$146.72	7,849,574	\$139.02	\$9,277,833
Net Income (Loss)		<u>(\$550,353)</u>		<u>\$3,653,552</u>		<u>\$4,350,218</u>
Utilization (visits)		5,370		53,502		66,738

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

<u>Payor</u>	<u>Current Year</u>		<u>Year One</u>		<u>Year Three</u>	
	<u>Visits</u>	<u>%</u>	<u>Visits</u>	<u>%</u>	<u>Visits</u>	<u>%</u>
Medicare – M C	5,136	95.64%	45,210	84.50%	54,984	82.38%
Commercial -FFS	212	3.95%	3,344	6.25%	5,651	8.47%
Commercial - MC	22	.41%	3,276	6.12%	3,276	4.91%
Charity Care	<u>0</u>	<u>0%</u>	<u>1,672</u>	<u>3.13%</u>	<u>2,827</u>	<u>4.24%</u>
Total	5,370	100%	53,502	100%	66,738	100%

The applicant indicated they will ensure the provision of charity care for each fiscal year to meet the requirement of no less than two percent (2%) of the projected annual operating cost for that fiscal year, in accordance with Title 10 NYCRR Section 763.11(a)(11). The commitment includes providing uncompensated services to uninsured patients lacking the financial resources to pay, as well as funding needed programs that are not self-supporting through existing reimbursement programs or sources. Charity care will be part of TLC's outreach program and its marketing personnel will communicate their charity care policy to the referring sources.

The following is noted with respect to the submitted budget:

- The Year One and Year Three budget was based on the 2019 annualized data of the Garden City site, the addition of the Premier CHHA, and the addition of a Westchester County branch location.
 - At the end of 2018, in an effort to reduce physical space and market overlap, TLC consolidated its main Hicksville site (980 South Broadway, Hicksville (Nassau County)) into the Garden City site. As a result of the closure of the Hicksville site, all patients of the closed site were discharged and re-admitted to the Garden Center site at the end of 2018.
 - As of August 2019, TLC's Garden City site had approximately 350 patients and performs approximately 3,800 visits per month. The Garden City site admits approximately 160 new patients each month.
 - TLC proposes to strengthen the services offered to the community through the development of additional outreach efforts to hospitals, nursing homes and other community-based agencies explaining the acquisition and the nature of services offered.
- The applicant estimated an average Medicare episodic rate of approximately \$3,600 per episode, which is based on the 2018 average rate that the Garden City site experienced. This payment rate was used in the budget projections.
- The applicant did not forecast any Medicaid revenues. TLC is currently contracted with Medicaid and certain Medicaid Managed Care plans (Fallon, Elderwood Health Plan, Centers for Healthy Living, Independent Health, MVP Health Plan, Univera and Emblem); however, TLC has not experienced any volume for Medicaid or Medicaid Managed Care at its Garden City, Medford or Hicksville sites. TLC does have and anticipates continuing to have dually eligible patients, whose secondary insurance is Medicaid and primary insurance is Medicare.
- Managed Care rates were based on TLC's experience at its existing sites.
- Expenses are based on the applicant's experience at its other existing sites.

Capability and Feasibility

The acquisition price for Premier CHHA is \$1,500,000 to be funded from Amedisys, Inc.'s existing borrowing of a \$725,000,000 Senior Secured Credit Facility. The Credit Facility consists of a \$175,000,000 term loan and a \$550,000,000 Revolving Credit Facility, of which \$449,800,000 is available to be drawn as of December 31, 2019. The Credit Facility is composed of a syndicate of ten lenders and has a maturity date of February 4, 2024, with Bank of American, N.A. serving as the Administrative Agent. There are no project costs associated with this application.

The working capital requirement is estimated at \$1,034,154 based on two months of first year incremental expenses (change between current year and first year). Funds will be provided from cash on hand by Amedisys, Inc. and ongoing operations from TLC. A review of BFA attachment A shows sufficient liquid resources to meet this requirement.

TLC projects the first and third years will show a surplus of \$3,653,552 and \$4,350,218, respectively. The budget appears to be reasonable.

BFA Attachment A, Amedisys, Inc. and Subsidiaries' 2018 and 2019 10-K financials, shows average positive working capital and during this period the organization maintain an average equity position of \$562,073,000. For the year ending December 31, 2019, Amedisys had net income of \$127,907,000.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BFA Attachment A	Financial Summary, Amedisys, Inc. & Subsidiaries 2018 and 2019 10-K statement
BFA Attachment B	TLC Organizational Chart
Program Attachment A	Amedisys Organizational Chart
Program Attachment B	Out-of-State Affiliations
Program Attachment C	Record of Legal Actions



**Project # 192311-E
Extended Home Care**

Program: Certified Home Health Agency
Purpose: Establishment

County: New York
Acknowledged: December 31, 2019

Executive Summary

Description

Extended CHHA Acquisition, LLC d/b/a Extended Home Care, a Delaware limited liability company, authorized to operate in New York, requests approval to acquire 100% membership interest in Extended Nursing Personnel CHHA, LLC, a New York proprietary, Article 36 Certified Home Health Agency (CHHA) located at 360 West 31st Street, 3rd Floor, New York (New York County). Extended Nursing Personnel CHHA, LLC is licensed as a Special Needs CHHA to serve the Office of People with Development Disabilities (OPWDD) population in Bronx, Kings, Nassau, New York, Queens, Richmond and Suffolk Counties. They are certified to provide the following services: Home Health Aide, Personal Care, Medical Social Services, Medical Supplies/Equipment and Appliances, Nursing, Nutritional, Physician Services, Occupational Therapy, Physical Therapy, Respiratory Therapy and Speech-Language Pathology. There will be no interruption or change in services or no programmatic changes to the CHHA as a result of the membership change. Upon approval of this application, Extended CHHA Acquisition, LLC will be a holding company of Extended Nursing Personnel CHHA, LLC, which will be owned by Jeffrey Shemia (51%) and Agnes Shemia (49%).

On September 25, 2019, Extended CHHA Acquisition, LLC, entered into a Membership Interest Purchase Agreement (MAPA) with Extended Nursing Personnel CHHA, LLC for the sale and acquisition of 100% of the CHHA's current membership interests

Ownership of the CHHA before and after the requested change is as follows:

Current Owners	
Extended Nursing Personnel CHHA, LLC	
Members	
Claudia Taglich	46%
Lenore Mahoney	46%
Vincent Achillarre	8%

Proposed Owners	
Extended Nursing Personnel CHHA, LLC	
Member	
Extended CHHA Acquisition, LLC	100%
Jeffrey Shemia (51%)	
Agnes Shemia (49%)	

OPCHSM Recommendation
Contingent Approval

Need Summary

There will be no change to services or counties served as a result of the change in ownership. Extended Home Care will continue as a Special Needs CHHA certified to provide services to the OPWDD population in Bronx, Kings, Nassau, New York, Queens, Richmond and Suffolk Counties.

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

Extended CHHA Acquisition, LLC will acquire 100% membership interest of Extended Nursing Personnel CHHA, LLC for \$49,000,000 plus \$2,811,378 estimated cash on hand, minus \$6,303,737 estimated third party liabilities. The net purchase price of \$45,507,641 will be funded via members' equity. There are no project costs associated with this application. The budget is as follows:

	<u>Year One</u>	<u>Year Three</u>
Revenues	\$64,221,122	\$66,456,017
Expenses	<u>56,741,080</u>	<u>59,203,694</u>
Gain/(Loss)	\$7,480,042	\$7,252,323

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. A signed and notarized attestation from the applicant stating that they understand that as an OPWDD-population Special Needs CHHA their patient census must be at least 90% from the OPWDD population, and that they understand the Special Needs designation will appear on their operating certificate. [CHA]
2. Submission of an executed building lease agreement, acceptable to the Department of Health. [BFA]
3. Submission of an amended and executed Operating Agreement, acceptable to the Department. [CSL]
4. Submission of an amended and executed Articles of Organization, acceptable to the Department. [CSL]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. The CHHA must attain within one year, and maintain going forward, an OPWDD population patient census of at least 90%. [CHA]

Council Action Date

October 8, 2020

Need and Program Analysis

Program Description

Extended CHHA Acquisition, LLC, a limited liability company formed in Delaware with authority to do business in New York State, requests approval to become the new operator of Extended Home Care, a Special Needs Certified Home Health Agency currently operated by Extended Nursing Personnel CHHA, LLC, under Article 36 of the Public Health Law.

Extended Home Care is a Special Needs CHHA licensed to serve the Office for People with Developmental Disabilities (OPWDD) population in Nassau, Suffolk, Bronx, Kings, New York, Queens and Richmond counties. The services currently offered are: Home Health Aide, Medical Social Services, Medical Supplies Equipment and Appliances, Nursing, Nutritional, Personal care, Physician, Therapy – Occupational, Therapy – Physical, Therapy- Respiratory, and Therapy – Speech Language Pathology. There will be no changes to the counties served or services provided as a result of this project.

Extended Home Care serves people with developmental disabilities as their target population as specified in their original establishment approval. This population tends to remain on service longer, since the pediatric cases are eligible for services from age 5 through 21, and even longer if they meet continued eligibility requirements. This target population has been around 1,200 individuals for the last few years.

In the last five years Extended Home Care has consistently increased their special needs patient capacity. In 2016, 75.90% of their total patient census was special needs cases. In 2017, 78.20% of their census was special needs patients. In 2018, 80% of their census was special needs. In 2019, their special needs patients made up 84.40% of their total patient census. Their current 2020 census consists of 88.30% special needs cases.

The applicant intends to continue serving the special needs population through relationships with Medicaid Service Coordinators and agencies that direct service referrals for special needs patients. Extended Home Care has contracts with three downstate Care Coordination Organizations (CCOs) and has informed them of the available services for their special needs members and have instructed the CCOs on their referral and intake process. This relationship has resulted in a steady stream of service referrals to Extended Home Care which the applicant intends to continue utilizing going forward.

Character and Competence Review

The membership of Extended CHHA Acquisition, LLC is as follows:

Agnes Shemia

Administrator, HCS Certified Home Care NY, Inc. d/b/a Girling Health Care of New York (CHHA)

Affiliations

- HCS Certified Home Care NY, Inc. d/b/a Girling Health Care of New York (CHHA)
- HCS Home Care (LHCSA)
- A & J Homecare (LHCSA)

Jeffrey Shemia

CEO, HCS Certified Home Care NY, Inc. d/b/a Girling Health Care of New York (CHHA)

Affiliations

- HCS Certified Home Care NY, Inc. d/b/a Girling Health Care of New York (CHHA)
- HCS (LHCSA)
- A & J Homecare (LHCSA)

The members of Extended CHHA Acquisition, LLC disclosed various legal actions in which they and/or the healthcare facilities/agencies they own have been involved. Please see Program Attachment A – Record of Legal Actions for further details.

A search of the individuals and entities named above revealed no matches on either the Medicaid Disqualified Provider List or the OIG Exclusion List.

Facility Compliance/Enforcement

The information provided by the Division of Home and Community Based Services has indicated that the applicant has provided sufficient supervision to prevent harm to the health, safety and welfare of patients and to prevent recurrent code violations.

CHHA Quality of Patient Care Star Ratings as of August 27, 2020	
New York Average: 3 out of 5 stars National Average: 3.5 out of 5 stars	
CHHA Name	Quality of Care Rating
HCS Certified Home Care NY, Inc. d/b/a Girling Health Care of New York	4 out of 5 stars
Extended Nursing Personnel CHHA, LLC d/b/a Extended Home Care	3.5 out of 5 stars

Conclusion

Extended Home Care is an existing CHHA that has established relationships with hospitals and other health providers in its service area and has an existing patient base. The establishment of Extended CHHA Acquisition, LLC as the new operator will result in no changes to the services being provided by the CHHA. Review of the Personal Qualifying Information indicates that the applicant has the required character and competence to operate a certified home health agency.

Financial Analysis

Membership Interest Purchase Agreement

The applicant has submitted an executed membership interest purchase agreement which will be effectuated upon Public Health and Health Planning Council (PHHCP) approval of this CON. The terms of the agreement are summarized below:

Date:	September 25, 2019
Seller:	Extended Nursing Personnel CHHA, LLC
Buyer:	Extended CHHA Acquisition, LLC
Asset Acquired:	100% membership interest in Extended Nursing Personnel CHHA, LLC.
Purchase Price:	\$49,000,000 plus the total amount of estimated cash on hand (\$2,811,378), minus the total amount of estimated indebtedness (0); minus the total amount of estimated company transaction expense (0); minus the total amount of the estimated third party liabilities (\$6,303,737), all as adjusted for any Working Capital deficit or surplus for an estimated net purchase price of \$45,507,641
Payment of Purchase Price:	\$1,470,000 upon execution; \$44,037,641 as adjusted for working capital, due at closing.

The purchase price of the CHHA is proposed to be satisfied with equity from the members. BFA Attachment A is the net worth summary for the proposed members of Extended CHHA Acquisition, LLC, which reveals sufficient resources to meet the equity requirement for the project.

The applicant has submitted an original affidavit, which is acceptable to the Department, in which the applicant agrees, notwithstanding any agreement, arrangement or understanding between the applicant and the transferor to the contrary, to be liable and responsible for any Medicaid overpayments made to the facility and/or surcharges, assessments or fees due from the transferor pursuant to Article 36 of the Public Health Law with respect to the period of time prior to the applicant acquiring its interest, without releasing the transferor of its liability and responsibility. The facility has a no outstanding Medicaid Assessment liability as of August 27, 2020.

Lease Agreement

The applicant submitted a draft lease agreement, the terms of which are summarized below:

Premises:	Located at 1987-2001 Coney Island Avenue, Brooklyn, New York. 11223 (building consists of 50,000 square feet – it is contemplated that 10,000 square feet will be rented by Extended Nursing Personnel CHHA, LLC)
Landlord/Lessor:	Alon Baruch, LLC
Lessee:	Extended Nursing Personnel CHHA, LLC.
Term:	10-years with one 5-year renewal
Rent:	Annual rent \$355,740 payable monthly \$29,645 (\$35.57 per sq. ft)
Provisions:	Triple Net Lease

Once the applicant receives all approvals, Extended Nursing Personnel CHHA, LLC will move from its current location at 360 West 31st Street to 1987-2001 Coney Island Avenue, Brooklyn, which is owned by the applicant members. The lease arrangement is a non-arms-length agreement. The applicant has submitted an affidavit attesting to the relationship between the landlord and the operator. Letters from two NYS licensed realtors have been provided attesting to the rental rate being of fair market value.

Operating Budget

The applicant has submitted their current year (2019) and projected operating budgets for the first and third years, in 2021 dollars, summarized below:

	Current Year	First Year	Three Year
<u>Revenues</u>			
Medicaid - FFS	\$38,276,743	\$38,798,264	\$40,148,443
Medicaid - MC	18,305,483	18,554,895	19,200,605
Medicare - FFS	2,525,433	2,559,842	2,648,925
Commercial - FFS	3,651,250	3,700,998	3,829,793
Commercial - MC	598,962	607,123	628,251
Total Revenue	\$63,357,871	\$64,221,122	\$66,456,017
<u>Expenses</u>			
Operating	\$58,884,698	\$56,056,246	\$58,621,049
Capital	864,887	684,834	582,645
Total Expenses	\$59,749,585	\$56,741,080	\$59,203,694
Net Income	\$3,608,286	\$7,480,042	\$7,252,323

The following is noted with respect to the submitted budget:

- The current year reflects the facility's 2019 revenue and expenses.
- Reimbursement rates (except for Medicaid) are projected to remain approximately flat. Medicare was based on episodic payment rate of \$3,154.27 with a case mix index (CMI) of 0.975 for an average rate of \$3,075.94. The Medicaid episodic payment rate is \$3,629 with a CMI of 01.83 for an average rate of \$6,641.87.
- Effective April 2, 2020, Medicaid payments have been reduced by 1.5% in accordance with the FY 2020 Enacted State Budget, therefore reducing the Medicaid Revenues in years one and three. This reduction has been reflected within the budgets
- Expenses are based on historical experience adjusted for projected volume.
- Breakeven is projected at 88.35% and 89.09% in the first and third years, respectively.
- The applicant states they will continue to provide charity care in each fiscal year in amount of not less than 2% of the total operating costs of the agency, consistent with Section 763.11(a)(11) of Title 10 of the New York Codes, Rules and Regulations.

- Utilization by payor for the current, first and third years is summarized below:

<u>Payor</u>	<u>Current Year</u>	<u>First Year</u>	<u>Third Year</u>
Medicaid-FFS	69.15%	69.15%	69.15%
Medicaid-MC	23.92%	23.92%	23.92%
Medicare-FFS	2.17%	2.17%	2.17%
Commercial-FFS	4.40%	4.40%	4.40%
Commercial-MC	0.36%	.36%	.36%
Charity	0%	0%	0%
Total	100%	100%	100%

Capability and Feasibility

Extended CHHA Acquisition, LLC will acquire 100% membership interest of Extended Nursing Personnel CHHA, LLC for \$49,000,000 plus \$2,811,378 estimated cash on hand, minus \$6,303,737 estimated third party liabilities. The net purchase price of \$45,507,641 will be funded via members' equity. There are no project costs associated with this application.

The working capital requirement is estimated at \$9,456,847 based on two months of first year expenses. Funding will be from members' equity. Review of BFA Attachment A shows members have sufficient liquid resources to cover equity and working capital requirements.

The submitted budget projects a first- and third-year profit of \$7,480,042 and \$7,252,323, respectively. Revenues are expected to increase by \$863,251, primarily 2% in volume growth offset by reduction in Medicaid reimbursement. Overall expenses are expected to decrease by \$3,008,505 primarily from the salaries, benefits and consultants. The expected \$3,738,091 net reduction in salaries, benefits and consultants will be offset by a net increase of \$729,586 for purchase services and other items. Employee benefits are maintained at 13.22%. BFA Attachment C is Extended Nursing Personnel CHHA, LLC d/b/a Extended Home Care pro forma balance sheet, which shows the entity will start with \$54,964,488. The budget appears reasonable.

BFA Attachment D is Extended Nursing Personnel CHHA, LLC 2019 draft financial statements which shows negative working capital, negative net assets and net income of \$3,608,287 before earnings in subsidiaries and New York City business tax, bringing net income to \$3,687,088.

BFA Attachment E is the proposed members' listed affiliated business interests and their financial summaries for 2019. Based on the 2019 combined internal financial statements the facilities had positive working capital, positive net assets and net income of \$16,096,040.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BFA Attachment A	Net Worth Statements of proposed members
BFA Attachment B	Pre & Post Organizational Chart for Extended Nursing Personnel CHHA, LLC
BFA Attachment C	Pro forma Balance Sheet
BFA Attachment D	2019 Draft Financial Statements for Extended Nursing Personnel CHHA, LLC
BFA Attachment E	Affiliated Business and their Financial Summary
Program Attachment A	Record of Legal Actions



MEMORANDUM

To: Public Health and Health Planning Council (PHHPC)

From: Michael Bass *MB*
Deputy General Counsel

Date: August 11, 2020

Subject: Restated Certificate of Incorporation of Samaritan Hospital of Troy, New York Relative to Application #192045, an Application which Received Approval Effective 1/1/20.

Samaritan Hospital of Troy, New York (Samaritan Hospital) requests Public Health and Health Planning Council (PHHPC) approval of its proposed amendment and restatement of its certificate of incorporation.

Application #192045 approved the merger of two hospital operators (1) Memorial Hospital, Albany, N.Y. in Albany County, d/b/a Albany Memorial Hospital, and (2) Samaritan Hospital d/b/a as Samaritan Hospital in Rensselaer County, with Samaritan Hospital being the surviving corporation. Because of the merger on January 1, 2020, Samaritan Hospital is now seeking to restate its certificate of incorporation to amend its purpose language to include Albany County as an additional location in which Samaritan Hospital may provide services.

Part of the legal review of the application involved reviewing the Restated Certificate of Incorporation of Samaritan Hospital of Troy, New York to allow it to amend its corporate purposes to include Albany County as a county in which it may erect, establish, and maintain a hospital and dispensary, and resolutions authorizing the amendment.

The Board of Directors has authorized the amendment and restatement of the certificate of incorporation by an affirmative vote of the Executive Committee at a duly called meeting held on June 28, 2019. The Board of Directors of the sole member, St. Peter's Health Partners, of Samaritan Hospital authorized the amendment and restatement of the certificate of incorporation by an affirmative vote of the Executive Committee at a duly called meeting held on June 28, 2019.

The Restated Certificate cannot be filed with the New York State Department of State without having PHHPC's consent to file attached thereto. Therefore, PHHPC is being asked to grant consent to the filing.

The documents have been reviewed. There is no legal objection to the proposed Restated Certificate of Incorporation of Samaritan Hospital of Troy, New York and it is in legally acceptable form.

Attachments



KAREN E. SOSLER ATTORNEYS AT LAW
Partner
(518) 841-7063
karen.sosler@rivkin.com

WWW.RIVKINRADLER.COM

66 South Pearl Street
Albany, NY 12207-1534
T 518.462.3000 F 518.462.4199

February 13, 2020

VIA EMAIL (p hhpc@health.ny.gov)

Ms. Colleen M. Leonard
Executive Secretary, Public Health and Health Planning Council
NYS Department of Health
Center for Health Care Facility Planning, Licensure and Finance
Corning Tower, Room 1805
Albany, New York 12237

Re: Samaritan Hospital of Troy, New York
Approval of Amended Purposes

Dear Colleen:

On behalf of our client, Samaritan Hospital of Troy, New York ("Samaritan"), we seek the NYS Public Health and Health Planning Council's approval of an amendment to Samaritan's purposes as shown in the enclosed Restated Certificate of Incorporation. Specifically, Samaritan's purposes are being amended to add Albany County as an area in which Samaritan may maintain a hospital. The Attorney General has asked for this change given the recent merger of Memorial Hospital, Albany, N.Y. into Samaritan, which was effective on January 1, 2020 (see Project No. 192045). Also enclosed is Samaritan's current Restated Certificate of Incorporation.

If you have any questions, please contact me at (518) 462-3000 or karen.sosler@rivkin.com.

Sincerely yours,

RIVKIN RADLER LLP

Karen E. Sosler

Enclosures

25 Main Street, Court Plaza North
Suite 501
Hackensack, NJ 07601-7021
T 201.287.2460 F 201.489.0495

477 Madison Avenue
New York, NY 10022-5843
T 212.455.9555 F 212.687.9044

2649 South Road
Poughkeepsie, NY 12601-6843
T 845.473.8100 F 845.473.8777

926 RXR Plaza
Uniondale, NY 11556-0926
T 516.357.3000 F 516.357.3333

Restated Certificate of Incorporation of SAMARITAN HOSPITAL OF TROY, NEW YORK

Under Section 805 of the NYS Not-for-Profit Corporation Law

The undersigned, being the Secretary of SAMARITAN HOSPITAL OF TROY, NEW YORK (the "Corporation"), does hereby certify:

1. The name of the Corporation is SAMARITAN HOSPITAL OF TROY, NEW YORK.
2. The Corporation's Certificate of Incorporation was filed by the Department of State on July 15, 1896, under the Membership Corporation Law.
3. The text of the Certificate of Incorporation is amended to effect the following changes:
 - a. REPLACE, in its entirety, Article THIRD, Paragraph (a), regarding the initial purpose of the Corporation to include Albany County as an additional location of services, with the following new paragraph:

“(a) The objects of the said Corporation shall be the erecting, establishing, and maintaining of a hospital and dispensary in the counties of Rensselaer and Albany in the State of New York, for the care of such indigent persons, needing medical or surgical treatment, as the funds of the Corporation or the rules established by the Board of Directors may allow, together with such persons as may wish to receive and pay for treatment, and may be admitted into said hospital under the regulations of said Board of Directors.”
4. The text of the Certificate of Incorporation is restated as amended to read as set forth in full below:

Certificate of Incorporation of SAMARITAN HOSPITAL OF TROY, NEW YORK

Under Section 402 of the NYS Not-for-Profit Corporation Law

- FIRST: The name of the said corporation shall be SAMARITAN HOSPITAL OF TROY, NEW YORK (the "Corporation").
- SECOND: The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law ("NPCL") and a charitable corporation under Section 201 of the NPCL.

THIRD: The Corporation shall be organized and operated exclusively for religious, charitable, scientific, and educational purposes within the meaning of Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended, or the corresponding section of any future federal tax code (the "Code"). The Corporation shall have no power to act in a manner which is not exclusively within the contemplation of Section 501(c)(3) of the Code, and the Corporation shall not engage directly or indirectly in any activity which would prevent it from qualifying, and continuing to qualify, as a Corporation as described in Section 501(c)(3) of the Code. Without limiting the generality of the foregoing, the Corporation shall carry out its purposes in a manner that advances, promotes, and supports the purposes of Trinity Health Corporation ("Trinity Health"), an Indiana nonprofit corporation, or its successor, and to further the apostolate and charitable works of Catholic Health Ministries on behalf of and as an integral part of the Roman Catholic Church in the United States. Without limiting the generality of the foregoing, the specific purposes of the Corporation shall include the following:

- (a) The objects of the said Corporation shall be the erecting, establishing, and maintaining of a hospital and dispensary in the counties of Rensselaer and Albany in the State of New York, for the care of such indigent persons, needing medical or surgical treatment, as the funds of the Corporation or the rules established by the Board of Directors may allow, together with such persons as may wish to receive and pay for treatment, and may be admitted into said hospital under the regulations of said Board of Directors.
- (b) To participate in the administration of the James A. Eddy Memorial Geriatric Center, a residential health care facility established pursuant to Article 28 of the Public Health Law, or its successor, to the extent required by and pursuant to the terms of the documents establishing the James A. Eddy Memorial Foundation.
- (c) The corporation may participate in the operation or administration of additional residential health care facilities or programs provided that before any such facility or program is opened or operated, the corporation shall first receive prior establishment approval from the Public Health Council.
- (d) To establish, operate and maintain a degree granting program for the educating of nurses; to engage, in conjunction with universities, colleges and professional schools, in programs related to the training of other health care professionals.
- (e) To operate chemical dependence, alcoholism and/or substance abuse services, within the meaning of Articles 19 and 32 of the Mental Hygiene Law and the Rules and Regulations adopted pursuant thereto as each may be amended from time to time, which shall require as a condition precedent before engaging in the conduct of any such services an

Operating Certificate from the New York State Office of Alcoholism and Substance Abuse Services.

- (f) To operate programs for the mentally disabled pursuant to Article 31 of the Mental Hygiene Law, subject to issuance of an operating certificate by the Office of Mental Health. The Corporation may not establish any such facility or program without first obtaining such operating certificate.
- (g) The Corporation shall not have a Catholic mission or identity, but shall pursue its purposes in conformity with the Ethical and Religious Directives for Catholic Health Care Services as promulgated and amended from time to time by the United States Conference of Catholic Bishops (or any successor organization).
- (h) To promote, support and further any and all charitable, scientific, religious and educational purposes within the meaning of Section 501(c)(3) of the Code.
- (i) To coordinate and oversee the activities of Affiliates.
- (j) To acquire, purchase, own, loan and borrow, erect, maintain, hold, use, control, manage, invest, exchange, convey, transfer, sell, mortgage, lease and rent all real and personal property of every kind and nature, which may be necessary or incidental to the accomplishment of any and all of the above purposes.
- (k) To accept, receive and hold, in trust or otherwise, all contributions, legacies, bequests, gifts and benefactions which may be left, made or given to the Corporation, or its predecessor or constituent corporations, by any person, persons or organizations.
- (l) To take all such actions as may be necessary or desirable to accomplish the foregoing purposes within the restrictions and limitations of this Certificate of Incorporation, the Bylaws of the Corporation and applicable law, provided that no substantial part of the activities of the Corporation shall be to carry out propaganda, or to otherwise attempt to influence legislation; and the Corporation shall not participate or intervene in any political campaign on behalf of or in opposition of any candidate for public office (by the publishing or distribution of statements or otherwise), in violation of any provisions applicable to corporations exempt from taxation under Section 501(c)(3) of the Code and the regulations promulgated thereunder as they now exist or as they may be amended.
- (m) The Corporation shall not be operated for the pecuniary gain or profit, incidental or otherwise, of any private individual, and no part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its Directors, Officers or other private individuals, except the Corporation shall be authorized and empowered to pay reasonable

compensation for services rendered to or for the Corporation and to make payments and distributions in furtherance of the purposes set forth herein consistent with applicable law.

- (n) Notwithstanding any other provisions of this Certificate of Incorporation, the Corporation shall not carry on any activity not permitted to be carried on by: (i) a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or (ii) a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.
- (o) Nothing herein shall authorize this corporation, directly or indirectly, to engage in or include among its purposes any of the activities mentioned in Section 404 (a-u) of the New York State Not-for-Profit Corporation Law except to the extent that such purposes or activities have been expressly approved via a Certificate or Consent to filing

FOURTH: The office of said Corporation shall be located in the County of Rensselaer, New York.

FIFTH: The Secretary of State is hereby designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary shall mail a copy of any process against the Corporation served upon it is c/o CT Corporation System, 28 Liberty Street, New York, New York 10005.

SIXTH: The Corporation has designated CT Corporation System as its registered agent upon whom process against the corporation may be served. The street address of the registered agent is 28 Liberty Street, New York, New York 10005.

SEVENTH: The Corporation shall have one member: St. Peter's Health Partners, a New York not-for-profit corporation.

EIGHTH: Subject to any approvals described in this Certificate of Incorporation, upon the liquidation, dissolution or termination of the Corporation for any reason, all of the remaining assets and property of the Corporation shall, after paying or making provision for payment of all its known debts, obligations and liability, be used for the benefit of or be distributed to the following upon approval of the attorney general or the order of a Justice of the Supreme Court of the State of New York:

- (a) to St. Peter's Health Partners, a NYS Not-for-Profit corporation, so long as it then qualifies as an organization described in Section 501(c)(3) of the Code, or
- (b) if St. Peter's Health Partners does not qualify as such, to one or more of St. Peter's Health Partner's supported affiliates (i.e., organizations that St. Peter's Health Partner's was organized and operated exclusively to benefit), so long such organization qualifies as an exempt organization under Section 501(c)(3) of the Code), in accordance with a distribution plan proposed by the Corporation and approved by Trinity Health.

Any assets not so disposed shall be disposed of by the attorney general or a court of competent jurisdiction exclusively to one or more corporations, trusts, funds or other organizations as the attorney general or said court shall determine, which at the time are exempt from federal income tax as organizations described in Section 501(c)(3) of the Code and which are organized and operated exclusively for such purposes. No private individual shall share in the distribution of any Corporation assets upon dissolution of the Corporation.

NINTH: St. Peter's Health Partners' sole member is Trinity Health. Certain rights and powers related to the Corporation are reserved to St. Peter's Health Partners and Trinity Health under the Corporation's Governance Documents. Action by the Corporation shall not be taken or authorized until St. Peter's Health Partners and Trinity Health, as required, shall have exercised their respective reserved powers in the manner provided in the Governance Documents.

The following powers are reserved to St. Peter's Health Partners and Trinity Health:

- (a) As reserved to St. Peter's Health Partners:
 - (i) Approve the amendment or restatement of the Certificate of Incorporation and Bylaws of the Corporation, in whole or in part, and recommend the same to Trinity Health for adoption;
 - (ii) Appoint and remove members of the Corporation's Board of Directors;
 - (iii) Elect and remove the President and Chief Executive Officer of the Corporation;
 - (iv) Approve the strategic plan of the Corporation, and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption as part of the consolidated strategic plan of St. Peter's Health Partners, provided that such right of adoption shall not permit Trinity Health to exercise any of the governance authority prohibited under applicable regulations unless Trinity Health has received establishment approval from the New York State Public Health and Health Planning Council;
 - (v) Approve those Significant Finance Matters which pursuant to the System Authority Matrix are subject to the authority of St. Peter's Health Partners, including the incurrence of debt, and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption and authorization, provided that such right of adoption and authorization shall not permit Trinity Health to exercise any of the governance authority prohibited under applicable regulations unless Trinity Health has received

establishment approval from the New York State Public Health and Health Planning Council;

- (vi) Approve the annual operating and capital budgets of the Corporation, and recommend the same to Trinity Health for adoption as part of the consolidated operating and capital budgets of St. Peter's Health Partners, provided that such right of adoption shall not permit Trinity Health to exercise any of the governance authority prohibited under applicable regulations unless Trinity Health has received establishment approval from the New York State Public Health and Health Planning Council;
- (vii) Conduct financial planning and monitor and assure long-term financial performance of the Corporation;
- (viii) Approve any merger, consolidation, transfer or relinquishment of membership rights, or the sale of all or substantially all of the operating assets of the Corporation (certain transactions and transfers of real property and immovable goods may also be subject to the approval of Catholic Health Ministries), and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption and authorization;
- (ix) Approve any dissolution, winding up or abandonment of operations, liquidation, filing of action in bankruptcy, receivership or similar action affecting the Corporation, and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption and authorization;
- (x) Approve any formation or dissolution of Affiliates, partnerships, cosponsorships, joint membership arrangements, and other joint ventures involving the Corporation, and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption and authorization;
- (xi) Approve any pledge or encumbrance of assets whether pursuant to a sale, capital lease, mortgage, disposition, hypothecation, or other transaction in excess of limits established by Trinity Health (pledges or encumbrances of certain real property and immovable goods may also be subject to the approval of Catholic Health Ministries), and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption and authorization;
- (xii) Approve any change to the structure or operations of the Corporation which would affect its status as a nonprofit entity, exempt from taxation under Section 501(c)(3) of the Internal

Revenue Code, and recommend the same to Trinity Health for approval;

- (xiii) Approve all other matters and take all other actions reserved to members of nonprofit corporations (or shareholders of for-profit corporations, as the case may be) by the laws of the state in which the Corporation is domiciled or as reserved in the Governance Documents of the Corporation;
 - (xiv) Approve certificate of need applications for the Corporation;
 - (xv) Approve settlements of litigation when such settlements exceed an amount to be fixed from time to time by St. Peter's Health Partners;
 - (xvi) Approve, interpret and change the statement of mission and philosophy adopted by the Corporation and require the Corporation to operate in conformance with its statement of mission and philosophy;
 - (xvii) Approve quality assessment and performance improvement standards applicable to the Corporation, and conduct and/or coordinate credentialing, peer review and quality assurance activities of the Affiliates;
 - (xviii) Adopt or approve operating policies and procedures, to the extent set forth in the Bylaws; and
 - (xix) Effect the transfer of assets of the Corporation to the extent required by the terms of the Corporation's participation in an Obligated Group, as approved by the Public Health and Health Planning Council.
- (b) As reserved to Trinity Health:
- (i) Adopt, amend, modify or restate the Certificate of Incorporation and Bylaws of the Corporation, in whole or in part, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
 - (ii) Approve those Significant Finance Matters which pursuant to the System Authority Matrix are subject to the authority of Trinity Health provided that Trinity Health shall not have approval authority over the incurrence of debt necessary to finance the cost of compliance with operational or physical plant standards required by law or the execution of hospital contracts for management or clinical services, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;

- (iii) Approve any merger, consolidation, transfer or relinquishment of membership rights, or the sale of all or substantially all of the operating assets of the Corporation (certain transactions and transfers of real property and immovable goods may also be subject to the approval of Catholic Health Ministries), or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
 - (iv) Approve any dissolution, winding up or abandonment of operations, liquidation, filing of action in bankruptcy, receivership or similar action affecting the Corporation, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
 - (v) Approve any formation or dissolution of Affiliates, partnerships, cosponsorships, joint membership arrangements, and other joint ventures involving the Corporation, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
 - (vi) Subject to the requirements of the New York Not-for-Profit Corporation Law, approve any pledge or encumbrance of assets whether pursuant to a sale, capital lease, mortgage, disposition, hypothecation, or other transaction in excess of limits established by Trinity Health (pledges or encumbrances of certain real property and immovable goods may also be subject to the approval of Catholic Health Ministries), except for pledges or encumbrances necessary to finance the cost of compliance with operational or physical plant standards required by law, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
 - (vii) Approve any change to the structure or operation of the Corporation which would affect its status as a nonprofit entity, exempt from taxation under Section 501(c) of the Internal Revenue Code, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
 - (viii) Appoint and remove the independent fiscal auditor of the Corporation; and
 - (ix) Effect the transfer of assets of the Corporation to the extent required by the terms of the Corporation's participation in an Obligated Group, as approved by the Public Health and Health Planning Council.
-

5. This Restated Certificate of Incorporation was authorized by vote of the Corporation's sole member in accordance with Section 802(a) of the Not-for-Profit Corporation Law.

IN WITNESS WHEREOF, the undersigned has executed this Restated Certificate of Incorporation on this 12 day of February 2020.

Robert N. Swidler



2020.02.12

16:49:46 -05'00'

Robert N. Swidler, Esq.
Secretary

Restated
Certificate of Incorporation of
SAMARITAN HOSPITAL OF TROY, NEW YORK

Under Section 805 of the NYS Not-for-Profit Corporation Law

Filed by:

Karen E. Sosler, Esq.
RIVKIN RADLER LLP
66 South Pearl Street, 11th Floor
Albany, New York 12207
Tel: (518) 462-3000
Eml: karen.sosler@rivkin.com

DRAWDOWN ACCOUNT #J8

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the Department of State, at the City of Albany, on August 9, 2019.

Brendan C. Hughes

Brendan C. Hughes
Executive Deputy Secretary of State

190808000391

**Restated Certificate of Incorporation of
SAMARITAN HOSPITAL OF TROY, NEW YORK**

Under Section 805 of the NYS Not-for-Profit Corporation Law

The undersigned, being the Secretary of SAMARITAN HOSPITAL OF TROY, NEW YORK (the "Corporation"), does hereby certify:

1. The name of the Corporation is SAMARITAN HOSPITAL OF TROY, NEW YORK.
2. The Corporation's Certificate of Incorporation was filed by the Department of State on July 15, 1896, under the Membership Corporation Law.
3. The text of the Certificate of Incorporation is hereby restated without amendment or change to read as set forth in full below:

**Certificate of Incorporation of
SAMARITAN HOSPITAL OF TROY, NEW YORK**

Under Section 402 of the NYS Not-for-Profit Corporation Law

- FIRST:** The name of the said corporation shall be SAMARITAN HOSPITAL OF TROY, NEW YORK (the "Corporation").
- SECOND:** The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law ("NPCL") and a charitable corporation under Section 201 of the NPCL.
- THIRD:** The Corporation shall be organized and operated exclusively for religious, charitable, scientific, and educational purposes within the meaning of Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended, or the corresponding section of any future federal tax code (the "Code"). The Corporation shall have no power to act in a manner which is not exclusively within the contemplation of Section 501(c)(3) of the Code, and the Corporation shall not engage directly or indirectly in any activity which would prevent it from qualifying, and continuing to qualify, as a Corporation as described in Section 501(c)(3) of the Code. Without limiting the generality of the foregoing, the Corporation shall carry out its purposes in a manner that advances, promotes, and supports the purposes of Trinity Health Corporation ("Trinity Health"), an Indiana nonprofit corporation, or its successor, and to further the apostolate and charitable works of Catholic Health Ministries on behalf of and as an integral part of the Roman Catholic Church in the United States. Without limiting the generality of

the foregoing, the specific purposes of the Corporation shall include the following:

- (a) The objects of the said Corporation shall be the erecting, establishing, and maintaining of a hospital and dispensary in the City of Troy, County of Rensselaer, and State of New York, for the care of such indigent persons, needing medical or surgical treatment, as the funds of the Corporation or the rules established by the Board of Directors may allow, together with such persons as may wish to receive and pay for treatment, and may be admitted into said hospital under the regulations of said Board of Directors.
- (b) To participate in the administration of the James A. Eddy Memorial Geriatric Center, a residential health care facility established pursuant to Article 28 of the Public Health Law, or its successor, to the extent required by and pursuant to the terms of the documents establishing the James A. Eddy Memorial Foundation.
- (c) The corporation may participate in the operation or administration of additional residential health care facilities or programs provided that before any such facility or program is opened or operated, the corporation shall first receive prior establishment approval from the Public Health Council.
- (d) To establish, operate and maintain a degree granting program for the educating of nurses; to engage, in conjunction with universities, colleges and professional schools, in programs related to the training of other health care professionals.
- (e) To operate chemical dependence, alcoholism and/or substance abuse services, within the meaning of Articles 19 and 32 of the Mental Hygiene Law and the Rules and Regulations adopted pursuant thereto as each may be amended from time to time, which shall require as a condition precedent before engaging in the conduct of any such services an Operating Certificate from the New York State Office of Alcoholism and Substance Abuse Services.
- (f) To operate programs for the mentally disabled pursuant to Article 31 of the Mental Hygiene Law, subject to issuance of an operating certificate by the Office of Mental Health. The Corporation may not establish any such facility or program without first obtaining such operating certificate.
- (g) The Corporation shall not have a Catholic mission or identity, but shall pursue its purposes in conformity with the Ethical and Religious Directives for Catholic Health Care Services as promulgated and amended from time to time by the United States Conference of Catholic Bishops (or any successor organization).

- (h) To promote, support and further any and all charitable, scientific, religious and educational purposes within the meaning of Section 501(c)(3) of the Code.
- (i) To coordinate and oversee the activities of Affiliates.
- (j) To acquire, purchase, own, loan and borrow, erect, maintain, hold, use, control, manage, invest, exchange, convey, transfer, sell, mortgage, lease and rent all real and personal property of every kind and nature, which may be necessary or incidental to the accomplishment of any and all of the above purposes.
- (k) To accept, receive and hold, in trust or otherwise, all contributions, legacies, bequests, gifts and benefactions which may be left, made or given to the Corporation, or its predecessor or constituent corporations, by any person, persons or organizations.
- (l) To take all such actions as may be necessary or desirable to accomplish the foregoing purposes within the restrictions and limitations of this Certificate of Incorporation, the Bylaws of the Corporation and applicable law, provided that no substantial part of the activities of the Corporation shall be to carry out propaganda, or to otherwise attempt to influence legislation; and the Corporation shall not participate or intervene in any political campaign on behalf of or in opposition of any candidate for public office (by the publishing or distribution of statements or otherwise), in violation of any provisions applicable to corporations exempt from taxation under Section 501(c)(3) of the Code and the regulations promulgated thereunder as they now exist or as they may be amended.
- (m) The Corporation shall not be operated for the pecuniary gain or profit, incidental or otherwise, of any private individual, and no part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its Directors, Officers or other private individuals, except the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered to or for the Corporation and to make payments and distributions in furtherance of the purposes set forth herein consistent with applicable law.
- (n) Notwithstanding any other provisions of this Certificate of Incorporation, the Corporation shall not carry on any activity not permitted to be carried on by: (i) a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or (ii) a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.
- (o) Nothing herein shall authorize this corporation, directly or indirectly, to engage in or include among its purposes any of the activities mentioned in Section 404 (a-u) of the New York State Not-for-Profit Corporation Law

except to the extent that such purposes or activities have been expressly approved via a Certificate or Consent to filing

- FOURTH: The office of said Corporation shall be located in the County of Rensselaer, New York.
- FIFTH: The Secretary of State is hereby designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary shall mail a copy of any process against the Corporation served upon it is c/o CT Corporation System, 28 Liberty Street, New York, New York 10005.
- SIXTH: The Corporation has designated CT Corporation System as its registered agent upon whom process against the corporation may be served. The street address of the registered agent is 28 Liberty Street, New York, New York 10005.
- SEVENTH: The Corporation shall have one member: St. Peter's Health Partners, a New York not-for-profit corporation.
- EIGHTH: Subject to any approvals described in this Certificate of Incorporation, upon the liquidation, dissolution or termination of the Corporation for any reason, all of the remaining assets and property of the Corporation shall, after paying or making provision for payment of all its known debts, obligations and liability, be used for the benefit of or be distributed to the following upon approval of the attorney general or the order of a Justice of the Supreme Court of the State of New York:
- (a) to St. Peter's Health Partners, a NYS Not-for-Profit corporation, so long as it then qualifies as an organization described in Section 501(c)(3) of the Code, or
 - (b) if St. Peter's Health Partners does not qualify as such, to one or more of St. Peter's Health Partner's supported affiliates (i.e., organizations that St. Peter's Health Partner's was organized and operated exclusively to benefit), so long such organization qualifies as an exempt organization under Section 501(c)(3) of the Code), in accordance with a distribution plan proposed by the Corporation and approved by Trinity Health.

Any assets not so disposed shall be disposed of by the attorney general or a court of competent jurisdiction exclusively to one or more corporations, trusts, funds or other organizations as the attorney general or said court shall determine, which at the time are exempt from federal income tax as organizations described in Section 501(c)(3) of the Code and which are organized and operated exclusively for such purposes. No private individual shall share in the distribution of any Corporation assets upon dissolution of the Corporation.

- NINTH: St. Peter's Health Partners' sole member is Trinity Health Certain rights and powers related to the Corporation are reserved to St. Peter's Health Partners and Trinity Health under the Corporation's Governance Documents. Action by the Corporation shall not be taken or authorized until St. Peter's Health Partners and

Trinity Health, as required, shall have exercised their respective reserved powers in the manner provided in the Governance Documents.

The following powers are reserved to St. Peter's Health Partners and Trinity Health:

- (a) As reserved to St. Peter's Health Partners:
 - (i) Approve the amendment or restatement of the Certificate of Incorporation and Bylaws of the Corporation, in whole or in part, and recommend the same to Trinity Health for adoption;
 - (ii) Appoint and remove members of the Corporation's Board of Directors;
 - (iii) Elect and remove the President and Chief Executive Officer of the Corporation;
 - (iv) Approve the strategic plan of the Corporation, and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption as part of the consolidated strategic plan of St. Peter's Health Partners, provided that such right of adoption shall not permit Trinity Health to exercise any of the governance authority prohibited under applicable regulations unless Trinity Health has received establishment approval from the New York State Public Health and Health Planning Council;
 - (v) Approve those Significant Finance Matters which pursuant to the System Authority Matrix are subject to the authority of St. Peter's Health Partners, including the incurrence of debt, and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption and authorization, provided that such right of adoption and authorization shall not permit Trinity Health to exercise any of the governance authority prohibited under applicable regulations unless Trinity Health has received establishment approval from the New York State Public Health and Health Planning Council;
 - (vi) Approve the annual operating and capital budgets of the Corporation, and recommend the same to Trinity Health for adoption as part of the consolidated operating and capital budgets of St. Peter's Health Partners, provided that such right of adoption shall not permit Trinity Health to exercise any of the governance authority prohibited under applicable regulations unless Trinity Health has received establishment approval from the New York State Public Health and Health Planning Council;
 - (vii) Conduct financial planning and monitor and assure long-term financial performance of the Corporation;

- (viii) Approve any merger, consolidation, transfer or relinquishment of membership rights, or the sale of all or substantially all of the operating assets of the Corporation (certain transactions and transfers of real property and immovable goods may also be subject to the approval of Catholic Health Ministries), and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption and authorization;
- (ix) Approve any dissolution, winding up or abandonment of operations, liquidation, filing of action in bankruptcy, receivership or similar action affecting the Corporation, and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption and authorization;
- (x) Approve any formation or dissolution of Affiliates, partnerships, cosponsorships, joint membership arrangements, and other joint ventures involving the Corporation, and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption and authorization;
- (xi) Approve any pledge or encumbrance of assets whether pursuant to a sale, capital lease, mortgage, disposition, hypothecation, or other transaction in excess of limits established by Trinity Health (pledges or encumbrances of certain real property and immovable goods may also be subject to the approval of Catholic Health Ministries), and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption and authorization;
- (xii) Approve any change to the structure or operations of the Corporation which would affect its status as a nonprofit entity, exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, and recommend the same to Trinity Health for approval;
- (xiii) Approve all other matters and take all other actions reserved to members of nonprofit corporations (or shareholders of for-profit corporations, as the case may be) by the laws of the state in which the Corporation is domiciled or as reserved in the Governance Documents of the Corporation;
- (xiv) Approve certificate of need applications for the Corporation;
- (xv) Approve settlements of litigation when such settlements exceed an amount to be fixed from time to time by St. Peter's Health Partners;

- (xvi) Approve, interpret and change the statement of mission and philosophy adopted by the Corporation and require the Corporation to operate in conformance with its statement of mission and philosophy;
 - (xvii) Approve quality assessment and performance improvement standards applicable to the Corporation, and conduct and/or coordinate credentialing, peer review and quality assurance activities of the Affiliates;
 - (xviii) Adopt or approve operating policies and procedures, to the extent set forth in the Bylaws; and
 - (xix) Effect the transfer of assets of the Corporation to the extent required by the terms of the Corporation's participation in an Obligated Group, as approved by the Public Health and Health Planning Council.
- (b) As reserved to Trinity Health:
- (i) Adopt, amend, modify or restate the Certificate of Incorporation and Bylaws of the Corporation, in whole or in part, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
 - (ii) Approve those Significant Finance Matters which pursuant to the System Authority Matrix are subject to the authority of Trinity Health provided that Trinity Health shall not have approval authority over the incurrence of debt necessary to finance the cost of compliance with operational or physical plant standards required by law or the execution of hospital contracts for management or clinical services, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
 - (iii) Approve any merger, consolidation, transfer or relinquishment of membership rights, or the sale of all or substantially all of the operating assets of the Corporation (certain transactions and transfers of real property and immovable goods may also be subject to the approval of Catholic Health Ministries), or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
 - (iv) Approve any dissolution, winding up or abandonment of operations, liquidation, filing of action in bankruptcy, receivership or similar action affecting the Corporation, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
 - (v) Approve any formation or dissolution of Affiliates, partnerships, cosponsorships, joint membership arrangements, and other joint

ventures involving the Corporation, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;

- (vi) Subject to the requirements of the New York Not-for-Profit Corporation Law, approve any pledge or encumbrance of assets whether pursuant to a sale, capital lease, mortgage, disposition, hypothecation, or other transaction in excess of limits established by Trinity Health (pledges or encumbrances of certain real property and immovable goods may also be subject to the approval of Catholic Health Ministries), except for pledges or encumbrances necessary to finance the cost of compliance with operational or physical plant standards required by law, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
- (vii) Approve any change to the structure or operation of the Corporation which would affect its status as a nonprofit entity, exempt from taxation under Section 501(c) of the Internal Revenue Code, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
- (viii) Appoint and remove the independent fiscal auditor of the Corporation; and
- (ix) Effect the transfer of assets of the Corporation to the extent required by the terms of the Corporation's participation in an Obligated Group, as approved by the Public Health and Health Planning Council.

-
4. This Restated Certificate of Incorporation was authorized by vote of the Corporation's member in accordance with Section 802(a) of the Not-for-Profit Corporation Law.

IN WITNESS WHEREOF, the undersigned has executed this Restated Certificate of Incorporation on this 5 day of August, 2019.



Robert N. Swidler, Esq.
Secretary

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**Restated
Certificate of Incorporation of
SAMARITAN HOSPITAL OF TROY, NEW YORK**

Under Section 805 of the NYS Not-for-Profit Corporation Law

RECEIVED
2019 AUG -8 AM 11:09
FILED
2019 AUG -8 PM 3:20

Filed by:

Karen E. Sosler, Esq.
RIVKIN RADLER LLP
9 Thurlow Terrace
Albany, New York 12203
Tel: (518) 462-3000
Eml: karen.sosler@rivkin.com

DRAWDOWN ACCOUNT #J8

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STATE OF NEW YORK
DEPARTMENT OF STATE
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BY: *[Signature]*
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FILING RECEIPT

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ENTITY NAME: SAMARITAN HOSPITAL OF TROY, NEW YORK

DOCUMENT TYPE: AMENDMENT (DOMESTIC NFP) COUNTY: RENS
COUNTY PROCESS REG.AGENT PROVISIONS RESTATED

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FILED:06/26/2019 DURATION:***** CASH#:190626000685 FILM #:190626000659

FILER:

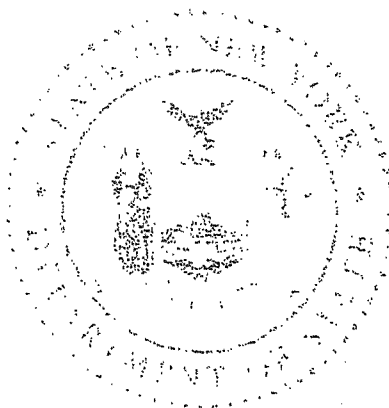
KAREN E. SOSLER, ESQ.
RIVKIN RADLER LLP
9 THURLOW TERRACE
ALBANY, NY 12203

ADDRESS FOR PROCESS:

C/O C T CORPORATION SYSTEM
28 LIBERTY STREET
NEW YORK, NY 10005

REGISTERED AGENT:

C T CORPORATION SYSTEM
28 LIBERTY STREET
NEW YORK, NY 10005



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SERVICE COMPANY: RIVKIN RADLER LLP (ALBANY)

SERVICE CODE: J8

FEES 65.00

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PAYMENTS 65.00

CASH 0.00
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DRAWDOWN 65.00
OPAL 0.00
REFUND 0.00

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DOS-1025 (04/2007)

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the
Department of State, at the City of Albany,
on June 27, 2019.

A handwritten signature in cursive script, reading "Whitney Clark".

Whitney Clark
Deputy Secretary of State

190626000659

**Restated Certificate of Incorporation of
SAMARITAN HOSPITAL OF TROY, NEW YORK**

Under Section 805 of the NYS Not-for-Profit Corporation Law

The undersigned, being the Secretary of SAMARITAN HOSPITAL OF TROY, NEW YORK (the "Corporation"), does hereby certify:

1. The name of the Corporation is SAMARITAN HOSPITAL OF TROY, NEW YORK.
2. The Corporation's Certificate of Incorporation was filed by the Department of State on July 15, 1896, under the Membership Corporation Law.
3. The text of the Certificate of Incorporation is amended to effect the following changes, and no changes are being made to the purposes of the Corporation:
 - a. REPLACE, in its entirety, Article FOURTH, regarding the location of the Corporation, with the following new paragraph:

"FOURTH: The office of said Corporation shall be located in the County of Rensselaer, New York."
 - b. ADD new Article FIFTH, regarding service of process, with the following new paragraph:

"FIFTH: The Secretary of State is hereby designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary shall mail a copy of any process against the Corporation served upon it is c/o CT Corporation System, 28 Liberty Street, New York, New York 10005."
 - c. ADD new Article SIXTH, regarding the designation of a registered agent, to read as follows:

"SIXTH: The Corporation has designated CT Corporation System as its registered agent upon whom process against the corporation may be served. The street address of the registered agent is 28 Liberty Street, New York, New York 10005."
 - d. RENUMBER Articles FIFTH through SEVENTH as Articles SEVENTH through NINTH, regarding the member of the Corporation, the dissolution of the Corporation and the powers the Corporation has reserved to St. Peter's Health Partners and Trinity Health Corporation, respectively.
 - e. ADD new paragraph (ix) to renumbered Article NINTH (b), regarding powers the Corporation has reserved to Trinity Health Corporation, to read as follows:

190626000659

"(ix) Effect the transfer of assets of the Corporation to the extent required by the terms of the Corporation's participation in an Obligated Group, as approved by the Public Health and Health Planning Council."

4. The text of the Certificate of Incorporation is restated as amended to read as set forth in full below:

Certificate of Incorporation of SAMARITAN HOSPITAL OF TROY, NEW YORK

Under Section 402 of the NYS Not-for-Profit Corporation Law

- FIRST:** The name of the said corporation shall be SAMARITAN HOSPITAL OF TROY, NEW YORK (the "Corporation").
- SECOND:** The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law ("NPCL") and a charitable corporation under Section 201 of the NPCL.
- THIRD:** The Corporation shall be organized and operated exclusively for religious, charitable, scientific, and educational purposes within the meaning of Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended, or the corresponding section of any future federal tax code (the "Code"). The Corporation shall have no power to act in a manner which is not exclusively within the contemplation of Section 501(c)(3) of the Code, and the Corporation shall not engage directly or indirectly in any activity which would prevent it from qualifying, and continuing to qualify, as a Corporation as described in Section 501(c)(3) of the Code. Without limiting the generality of the foregoing, the Corporation shall carry out its purposes in a manner that advances, promotes, and supports the purposes of Trinity Health Corporation ("Trinity Health"), an Indiana nonprofit corporation, or its successor, and to further the apostolate and charitable works of Catholic Health Ministries on behalf of and as an integral part of the Roman Catholic Church in the United States. Without limiting the generality of the foregoing, the specific purposes of the Corporation shall include the following:
- (a) The objects of the said Corporation shall be the erecting, establishing, and maintaining of a hospital and dispensary in the City of Troy, County of Rensselaer, and State of New York, for the care of such indigent persons, needing medical or surgical treatment, as the funds of the Corporation or the rules established by the Board of Directors may allow, together with such persons as may wish to receive and pay for treatment, and may be admitted into said hospital under the regulations of said Board of Directors.

- (b) To participate in the administration of the James A. Eddy Memorial Geriatric Center, a residential health care facility established pursuant to Article 28 of the Public Health Law, or its successor, to the extent required by and pursuant to the terms of the documents establishing the James A. Eddy Memorial Foundation.
- (c) The corporation may participate in the operation or administration of additional residential health care facilities or programs provided that before any such facility or program is opened or operated, the corporation shall first receive prior establishment approval from the Public Health Council.
- (d) To establish, operate and maintain a degree granting program for the educating of nurses; to engage, in conjunction with universities, colleges and professional schools, in programs related to the training of other health care professionals.
- (e) The Corporation shall not have a Catholic mission or identity, but shall pursue its purposes in conformity with the Ethical and Religious Directives for Catholic Health Care Services as promulgated and amended from time to time by the United States Conference of Catholic Bishops (or any successor organization).
- (f) To promote, support and further any and all charitable, scientific, religious and educational purposes within the meaning of Section 501(c)(3) of the Code.
- (g) To coordinate and oversee the activities of Affiliates.
- (h) To acquire, purchase, own, loan and borrow, erect, maintain, hold, use, control, manage, invest, exchange, convey, transfer, sell, mortgage, lease and rent all real and personal property of every kind and nature, which may be necessary or incidental to the accomplishment of any and all of the above purposes.
- (i) To accept, receive and hold, in trust or otherwise, all contributions, legacies, bequests, gifts and benefactions which may be left, made or given to the Corporation, or its predecessor or constituent corporations, by any person, persons or organizations.
- (j) To take all such actions as may be necessary or desirable to accomplish the foregoing purposes within the restrictions and limitations of this Certificate of Incorporation, the Bylaws of the Corporation and applicable law, provided that no substantial part of the activities of the Corporation shall be to carry out propaganda, or to otherwise attempt to influence legislation; and the Corporation shall not participate or intervene in any political campaign on behalf of or in opposition of any candidate for public office (by the publishing or distribution of statements or otherwise);

in violation of any provisions applicable to corporations exempt from taxation under Section 501(c)(3) of the Code and the regulations promulgated thereunder as they now exist or as they may be amended.

- (k) The Corporation shall not be operated for the pecuniary gain or profit, incidental or otherwise, of any private individual, and no part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its Directors, Officers or other private individuals, except the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered to or for the Corporation and to make payments and distributions in furtherance of the purposes set forth herein consistent with applicable law.
- (l) Notwithstanding any other provisions of this Certificate of Incorporation, the Corporation shall not carry on any activity not permitted to be carried on by: (i) a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or (ii) a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

FOURTH: The office of said Corporation shall be located in the County of Rensselaer, New York.

FIFTH: The Secretary of State is hereby designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary shall mail a copy of any process against the Corporation served upon it is c/o CT Corporation System, 28 Liberty Street, New York, New York 10005.

SIXTH: The Corporation has designated CT Corporation System as its registered agent upon whom process against the corporation may be served. The street address of the registered agent is 28 Liberty Street, New York, New York 10005.

SEVENTH: The Corporation shall have one member: St. Peter's Health Partners, a New York not-for-profit corporation.

EIGHTH: Subject to any approvals described in this Certificate of Incorporation, upon the liquidation, dissolution or termination of the Corporation for any reason, all of the remaining assets and property of the Corporation shall, after paying or making provision for payment of all its known debts, obligations and liability, be used for the benefit of or be distributed to the following upon approval of the attorney general or the order of a Justice of the Supreme Court of the State of New York:

- (a) to St. Peter's Health Partners, a NYS Not-for-Profit corporation, so long as it then qualifies as an organization described in Section 501(c)(3) of the Code, or
- (b) if St. Peter's Health Partners does not qualify as such, to one or more of St. Peter's Health Partner's supported affiliates (i.e., organizations that St. Peter's Health Partner's was organized and operated exclusively to benefit), so long such organization qualifies as an exempt organization

under Section 501(c)(3) of the Code), in accordance with a distribution plan proposed by the Corporation and approved by Trinity Health.

Any assets not so disposed shall be disposed of by the attorney general or a court of competent jurisdiction exclusively to one or more corporations, trusts, funds or other organizations as the attorney general or said court shall determine, which at the time are exempt from federal income tax as organizations described in Section 501(c)(3) of the Code and which are organized and operated exclusively for such purposes. No private individual shall share in the distribution of any Corporation assets upon dissolution of the Corporation.

NINTH:

St. Peter's Health Partners' sole member is Trinity Health. Certain rights and powers related to the Corporation are reserved to St. Peter's Health Partners and Trinity Health under the Corporation's Governance Documents. Action by the Corporation shall not be taken or authorized until St. Peter's Health Partners and Trinity Health, as required, shall have exercised their respective reserved powers in the manner provided in the Governance Documents.

The following powers are reserved to St. Peter's Health Partners and Trinity Health:

- (a) As reserved to St. Peter's Health Partners:
 - (i) Approve the amendment or restatement of the Certificate of Incorporation and Bylaws of the Corporation, in whole or in part, and recommend the same to Trinity Health for adoption;
 - (ii) Appoint and remove members of the Corporation's Board of Directors;
 - (iii) Elect and remove the President and Chief Executive Officer of the Corporation;
 - (iv) Approve the strategic plan of the Corporation, and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption as part of the consolidated strategic plan of St. Peter's Health Partners, provided that such right of adoption shall not permit Trinity Health to exercise any of the governance authority prohibited under applicable regulations unless Trinity Health has received establishment approval from the New York State Public Health and Health Planning Council;
 - (v) Approve those Significant Finance Matters which pursuant to the System Authority Matrix are subject to the authority of St. Peter's Health Partners, including the incurrence of debt, and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption and authorization, provided that such right of adoption and authorization shall not permit Trinity Health to exercise any of the governance authority prohibited under

applicable regulations unless Trinity Health has received establishment approval from the New York State Public Health and Health Planning Council;

- (vi) Approve the annual operating and capital budgets of the Corporation, and recommend the same to Trinity Health for adoption as part of the consolidated operating and capital budgets of St. Peter's Health Partners, provided that such right of adoption shall not permit Trinity Health to exercise any of the governance authority prohibited under applicable regulations unless Trinity Health has received establishment approval from the New York State Public Health and Health Planning Council;
- (vii) Conduct financial planning and monitor and assure long-term financial performance of the Corporation;
- (viii) Approve any merger, consolidation, transfer or relinquishment of membership rights, or the sale of all or substantially all of the operating assets of the Corporation (certain transactions and transfers of real property and immovable goods may also be subject to the approval of Catholic Health Ministries), and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption and authorization;
- (ix) Approve any dissolution, winding up or abandonment of operations, liquidation, filing of action in bankruptcy, receivership or similar action affecting the Corporation, and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption and authorization;
- (x) Approve any formation or dissolution of Affiliates, partnerships, cosponsorships, joint membership arrangements, and other joint ventures involving the Corporation, and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption and authorization;
- (xi) Approve any pledge or encumbrance of assets whether pursuant to a sale, capital lease, mortgage, disposition, hypothecation, or other transaction in excess of limits established by Trinity Health (pledges or encumbrances of certain real property and immovable goods may also be subject to the approval of Catholic Health Ministries), and if required by the System Authority Matrix, recommend the same to Trinity Health for adoption and authorization;
- (xii) Approve any change to the structure or operations of the Corporation which would affect its status as a nonprofit entity, exempt from taxation under Section 501(c)(3) of the Internal

Revenue Code, and recommend the same to Trinity Health for approval;

- (xiii) Approve all other matters and take all other actions reserved to members of nonprofit corporations (or shareholders of for-profit corporations, as the case may be) by the laws of the state in which the Corporation is domiciled or as reserved in the Governance Documents of the Corporation;
- (xiv) Approve certificate of need applications for the Corporation;
- (xv) Approve settlements of litigation when such settlements exceed an amount to be fixed from time to time by St. Peter's Health Partners;
- (xvi) Approve, interpret and change the statement of mission and philosophy adopted by the Corporation and require the Corporation to operate in conformance with its statement of mission and philosophy;
- (xvii) Approve quality assessment and performance improvement standards applicable to the Corporation, and conduct and/or coordinate credentialing, peer review and quality assurance activities of the Affiliates;
- (xviii) Adopt or approve operating policies and procedures, to the extent set forth in the Bylaws; and
- (xix) Effect the transfer of assets of the Corporation to the extent required by the terms of the Corporation's participation in an Obligated Group, as approved by the Public Health and Health Planning Council.

(b) As reserved to Trinity Health:

- (i) Adopt, amend, modify or restate the Certificate of Incorporation and Bylaws of the Corporation, in whole or in part, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
- (ii) Approve those Significant Finance Matters which pursuant to the System Authority Matrix are subject to the authority of Trinity Health provided that Trinity Health shall not have approval authority over the incurrence of debt necessary to finance the cost of compliance with operational or physical plant standards required by law or the execution of hospital contracts for management or clinical services, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;

- (iii) Approve any merger, consolidation, transfer or relinquishment of membership rights, or the sale of all or substantially all of the operating assets of the Corporation (certain transactions and transfers of real property and immovable goods may also be subject to the approval of Catholic Health Ministries), or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
- (iv) Approve any dissolution, winding up or abandonment of operations, liquidation, filing of action in bankruptcy, receivership or similar action affecting the Corporation, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
- (v) Approve any formation or dissolution of Affiliates, partnerships, cosponsorships, joint membership arrangements, and other joint ventures involving the Corporation, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
- (vi) Subject to the requirements of the New York Not-for-Profit Corporation Law, approve any pledge or encumbrance of assets whether pursuant to a sale, capital lease, mortgage, disposition, hypothecation, or other transaction in excess of limits established by Trinity Health (pledges or encumbrances of certain real property and immovable goods may also be subject to the approval of Catholic Health Ministries), except for pledges or encumbrances necessary to finance the cost of compliance with operational or physical plant standards required by law, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
- (vii) Approve any change to the structure or operation of the Corporation which would affect its status as a nonprofit entity, exempt from taxation under Section 501(c) of the Internal Revenue Code, or if Trinity Health receives a recommendation as to any such action, approve such action as recommended;
- (viii) Appoint and remove the independent fiscal auditor of the Corporation; and
- (ix) Effect the transfer of assets of the Corporation to the extent required by the terms of the Corporation's participation in an Obligated Group, as approved by the Public Health and Health Planning Council.

5. This Restated Certificate of Incorporation was authorized by the member in accordance with Section 802(a) of the Not-for-Profit Corporation Law.

IN WITNESS WHEREOF, the undersigned has executed this Restated Certificate of
Incorporation on this 26 day of June, 2019.

Robert N. Swidler
Robert Swidler,
VP Legal Services
2019.06.26
11:56:51 -04'00'
Robert N. Swidler, Esq.
Secretary

190626000 659

Restated
Certificate of Incorporation of
SAMARITAN HOSPITAL OF TROY, NEW YORK

Under Section 805 of the NYS Not-for-Profit Corporation Law

FILED

2019 JUN 26 PM 3:47

Filed by:

Karen E. Sosler, Esq.
RIVKIN RADLER LLP
9 Thurlow Terrace
Albany, New York 12203
Tel: (518) 462-3000
Eml: karen.sosler@rivkin.com

DRAWDOWN ACCOUNT #J8

2019 JUN 26 PM 2:16
CORPORATIONS
DEPARTMENT OF STATE

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1cc
STATE OF NEW YORK
DEPARTMENT OF STATE

FILED JUN 26 2019

TAXS

BY:

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**RESOLUTION OF THE BOARD OF DIRECTORS
OF
SAMARITAN HOSPITAL OF TROY, NY**

**RE THE MERGER OF MEMORIAL HOSPITAL, ALBANY NEW YORK
AND SAMARITAN HOSPITAL OF TROY, NY**

June 28, 2019

Whereas the Executive Committee has considered a proposed plan to merge the Corporation and Memorial Hospital of Albany New York, and

Whereas the plan is necessary to ensure the continuation of acute care services to the community served by Albany Memorial Hospital;

Now therefore, the Board hereby:

Authorizes the CEO of the Corporation to file applications for Certificates of Need with the NYS Department of Health and take such other steps as are necessary and appropriate to effectuate such merger; and

Recommends approval by the full Board of the attached Plan of Merger

I, Robert N. Swidler, duly elected and acting Secretary of the Corporation, do hereby certify that the following resolution was approved at a duly called meeting of the Executive Committee of the Board of Directors of the Corporation, held on June 28, 2019, at which a quorum was present and acting throughout, and that such resolution has not been rescinded or modified since the date of its adoption and remain in full force and effect:


Robert N. Swidler
Board Secretary

**RESOLUTION OF THE BOARD OF DIRECTORS
OF
ST. PETER'S HEALTH PARTNERS**

**RE THE MERGER OF MEMORIAL HOSPITAL, ALBANY NEW YORK
AND SAMARITAN HOSPITAL OF TROY, NY**

June 28, 2019

Whereas the Executive Committee has considered a proposed plan to merge Memorial Hospital, Albany New York and Samaritan Hospital of Troy, New York, and

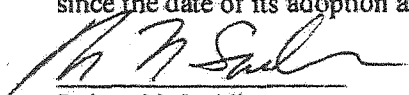
Whereas the plan is necessary to ensure the continuation of acute care services to the community served by Albany Memorial Hospital;

Now therefore, the Board hereby:

Authorizes the CEO of the Corporation to file applications for Certificates of Need with the NYS Department of Health and take such other steps as are necessary and appropriate to effectuate such merger; and

Recommends approval by the full Board of the attached Plan of Merger

I, Robert N. Swidler, duly elected and acting Secretary of the Corporation, do hereby certify that the following resolution was approved at a duly called meeting of the Executive Committee of the Board of Directors of the Corporation, held on June 28, 2019, at which a quorum was present and acting throughout, and that such resolution has not been rescinded or modified since the date of its adoption and remain in full force and effect:


Robert N. Swidler
Board Secretary

11/19/19



MEMORANDUM

To: Public Health and Health Planning Council

From: Michael Bass, Deputy General Counsel *MB*

Date: August 11, 2020

Subject: Proposed Dissolution of Edward John Noble Hospital of Gouverneur, New York

Edward John Noble Hospital of Gouverneur, New York ("EJN") requests Public Health and Health Planning Council ("PHHPC") approval of its proposed dissolution in accordance with the requirements of Not-For-Profit Corporation Law § 1002(c) and § 1003, as well as 10 NYCRR Part 650.

EJN is a New York not-for-profit corporation incorporated on January 4, 1923, under the name Stephen B. Van Duzee Hospital, to operate a general hospital at 77 West Barney Street in Gouverneur, New York. EJN ceased operation of the hospital on December 31, 2013 when it sold substantially all of its assets to Gouverneur Hospital pursuant to the approval of the New York State Supreme Court, St. Lawrence County and an Asset Purchase Agreement and Closure Plan approved by the New York State Department of Health.

EJN paid all of its secured creditors with funds from the December 2013 sale and settled claims with all remaining creditors upon the completion of its court-approved Plan of Dissolution and Distribution of Assets (entered by the New York State Supreme Court, St. Lawrence County on February 15, 2015). As a result of the sale and completion of its plan of dissolution, EJN currently has no assets and no liabilities.

The Board of Trustees of EJN approved the sale of the assets by unanimous written consent dated October 10, 2013 and dissolution by resolution dated December 2, 2014. EJN has no members.

The required documents: A Verified Petition to the Attorney General, a Plan of Dissolution, and a proposed Certificate of Dissolution, with supporting organizational documents of the EJN and resolution of the board of trustees authorizing the dissolution, are included for PHHPC's review. A letter from EJN's counsel, Barclay Damon LLP, advocating for dissolution, is also enclosed.

There is no legal objection to the proposed Verified Petition, Plan of Dissolution, and the Certificate of Dissolution.

Attachments.

In the Matter of the Application of
EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR,
NEW YORK, or Approval of a Certificate of Dissolution
pursuant to Section 1002 of the Not-for-Profit
Corporation Law.

VERIFIED PETITION

TO: THE ATTORNEY GENERAL OF THE STATE OF NEW YORK
Watertown Regional Office
Dulles State Office Building
317 Washington Street
Watertown, New York 13601

Petitioner, EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK (“Petitioner”), by Michael J. Burgess, Chairman, for its Verified Petition herein respectfully alleges:

1. Petitioner is a New York not-for-profit corporation.
2. Petitioner, whose principal office was located in the County of St. Lawrence, was incorporated pursuant to the Not-for-Profit Corporation Law of the State of New York (the “NPCL”) on January 4, 1923 under the name Stephen B. Van Duzee Hospital. A copy of Petitioner’s Certificate of Incorporation, together with all amendments thereto, is attached hereto as Exhibit A.
3. A copy of Petitioner’s current bylaws, as amended, is attached hereto as Exhibit B.
4. Petitioner is now dissolving because it has not operated since December 31, 2013 when Petitioner sold substantially all of its assets to Gouverneur Hospital, a New York not-for-profit corporation.
5. Petitioner no longer has a principal office. Petitioner’s previous principal office location was 77 W. Barney St., Gouverneur, New York 13642 as of 2013.
6. The purpose for which Petitioner was organized, as substantially set forth in its Certificate of Incorporation, as amended, was to operate a not-for-profit hospital in the Town of Gouverneur, New York.
7. Petitioner is a charitable corporation under Section 201 of the NPCL.
8. Petitioner desires to dissolve because, following the sale of all of its assets to Gouverneur Hospital in 2013 and eventual liquidation (as described below), Petitioner does not have the assets necessary to fulfill its corporate purposes.
9. In 2013, Petitioner applied to the New York State Supreme Court, County of St. Lawrence (the “Court”), for approval of its sale of substantially all assets to Gouverneur Hospital (the “Asset Sale”).
10. Following the Asset Sale, Petitioner had sufficient sale proceeds to pay all of its secured creditors and was left with \$396,264 in a pool to be distributed to its unsecured creditors (the “Pool Funds”) against \$1,900,480 in remaining liabilities.

11. On December 2, 2014, Petitioner's board of trustees (the "Board") approved and adopted a Plan of Dissolution and Distribution of Assets (the "Plan") by unanimous resolution. Copies of the Plan and authorizing resolutions are attached as Exhibit C and Exhibit D, respectively.

12. In January 2015, Petitioner presented a verified petition with the Court for approval of the Plan (the "Plan Petition"). A copy of the Plan Petition, with all related exhibits, is attached as Exhibit E.

13. Simultaneously with the Plan Petition, Petitioner filed an Order to Show Cause with the Court ("OTSC") requesting a deadline by which Petitioner's remaining creditors were required to submit their claims to the Court. A copy of the OTSC is attached as Exhibit F.

14. Following the OTSC, Petitioner served a copy of the OTSC on its remaining creditors. Copies of the OTSC and related documents served on creditors are attached as Exhibit G, respectively.

15. In February 2015, the Court issued an order approving the Plan, requiring that creditors present all claims to Petitioner's counsel by September 1, 2015, and approving a Notice of Claim Filing Deadline (the "Plan Order"). A copy of the Plan Order is attached as Exhibit H.

16. Following the Plan Order, Petitioner proceeded to settle all of its claims with remaining creditors out of the Pool Funds in accordance with the Plan.

17. Petitioner now has no assets and no liabilities and desires to dissolve.

18. Petitioner has therefore completed its Plan of Dissolution and desires to file a Certificate with the New York Department of State (the "Certificate"). A copy of the proposed Certificate is attached as Exhibit I.

19. Petitioner currently has three directors. At the time of the Board meeting approving the Plan and preparation of the Certificate, Petitioner had four directors.

20. A quorum of directors under Petitioner's bylaws is a majority of the entire Board.

21. The names, addresses, and titles of Petitioner's current directors and officers are as follows:

Name	Title(s)	Address
Michael Burgess	Trustee/Chairman	57 West Barney Street Gouverneur, NY 13642
Mark Brackett	Trustee/Secretary	57 West Barney Street Gouverneur, NY 13642
Andrew Williams, MD	Trustee	57 West Barney Street Gouverneur, NY 13642

22. Petitioner does not have any members and did not have any members at the time Plan was adopted and approved.

23. All resolutions authorizing the Plan and Certificate are in full force and effect and have not been modified or rescinded as of the date hereof.

24. Petitioner acknowledges its obligation to file a final financial report on form CHAR 500, with all required attachments, with the Attorney General's Charities Bureau showing no assets or liabilities and is submitting a draft of such form as **Exhibit J**. Petitioner gives its assurance that (i) the final financial report shall be the same in all material respects to that which is attached hereto and (ii) Petitioner shall duly file its final CHAR500 report with all required attachments with the Charities Bureau.

25. The Certificate requires the consent of the New York State Department of Health ("DOH"). Petitioner is in the process of obtaining DOH approval of the Certificate and will provide evidence of such approval to the Attorney General once received. Other than the approval of DOH and the Attorney General, no other government agency approvals are required for the Certificate.

26. Petitioner has not made any application similar to this Petition requesting approval of the Certificate to the Attorney General or to any court.

27. With this Petition, the Certificate of Dissolution is being submitted to the Attorney General for approval pursuant to Section 1003 of the NPCL.

[Remainder of Page Intentionally Left Blank.]

WHEREFORE, Petitioner requests that the Attorney General approve the Certificate of Dissolution of EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK, a New York not-for-profit corporation, pursuant to Not-for-Profit Corporation Law Section 1003.

IN WITNESS WHEREFORE, the Corporation has caused this Petition to be executed this ___ day of July 27, 2020 by:

Michael J. Burgess
Michael J. Burgess, Chairman

VERIFICATION

STATE OF NEW YORK)
) SS:
COUNTY OF Onondaga)

Michael Burgess, being duly sworn, deposes and says:

I am the Chairman of Edward John Noble Hospital of Gouverneur, New York, the corporation named in the above Petition. I make this verification at the direction of its Board of Trustees. I have read the foregoing Petition and know the contents thereof to be true of my own knowledge, except those matters that are stated on information and belief and as to those matters I believe them to be true.

Michael J. Burgess
Michael J. Burgess, Chairman

Sworn to before me this
27th day of July, 2020.

Katherine K Flynn
Notary Public

KATHERINE K FLYNN NOTARY PUBLIC STATE OF NEW YORK ONONDAGA COUNTY LIC. #01FL6347460 COMM. EXP. <u>9/6/2020</u>
--

EXHIBIT A
Certificate of Incorporation

See attached.

STATE OF NEW YORK

DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

WITNESS my hand and official seal of the Department of State, at the City of Albany, on February 21, 2013.



A handwritten signature in black ink, appearing to read "Daniel E. Shapiro".

Daniel E. Shapiro
First Deputy Secretary of State

In the State of New York

County of New York

Whereas, Application has been made to the State Board of Charities for its approval of the incorporation of

St. Stephen's, The Nurse Hospital

Whitish. On due inquiry and investigation it appears to said Board desirable and proper that such association be incorporated.

And Whereas, In pursuance of and in conformity with the provisions of the Laws of the State of New York, the said State Board of Charities hereby certifies that it appears to the incorporation of said Stephen S. The Nurse Hospital (Whitish) office located at

the city of New York, the incorporation of which is hereby approved.

In Witness Whereof, the said Board has this 15th day of December, 1922, caused these presents to be subscribed by its President and attested by its Secretary and its official seal to be hereunto affixed.

William R. Howard

PRESIDENT

William R. Howard

SECRETARY

11-17-1

MEMORANDUM FOR THE RECORD

DATE: 10/10/44

TO: SAC, NEW YORK

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10. [Text]

IN SENATE
JANUARY 11, 1923
REPORT OF THE COMMISSIONERS OF THE LAND OFFICE
IN RESPONSE TO A RESOLUTION PASSED BY THE SENATE
ON NOVEMBER 14, 1922

James G. Dolan
Charles M. Fall
Warren W. Harvey
J. Walter McLean
George M. Fraser
Grant B. Fuller
George S. Dawley
James O. Sheldon
G. Arthur Parker

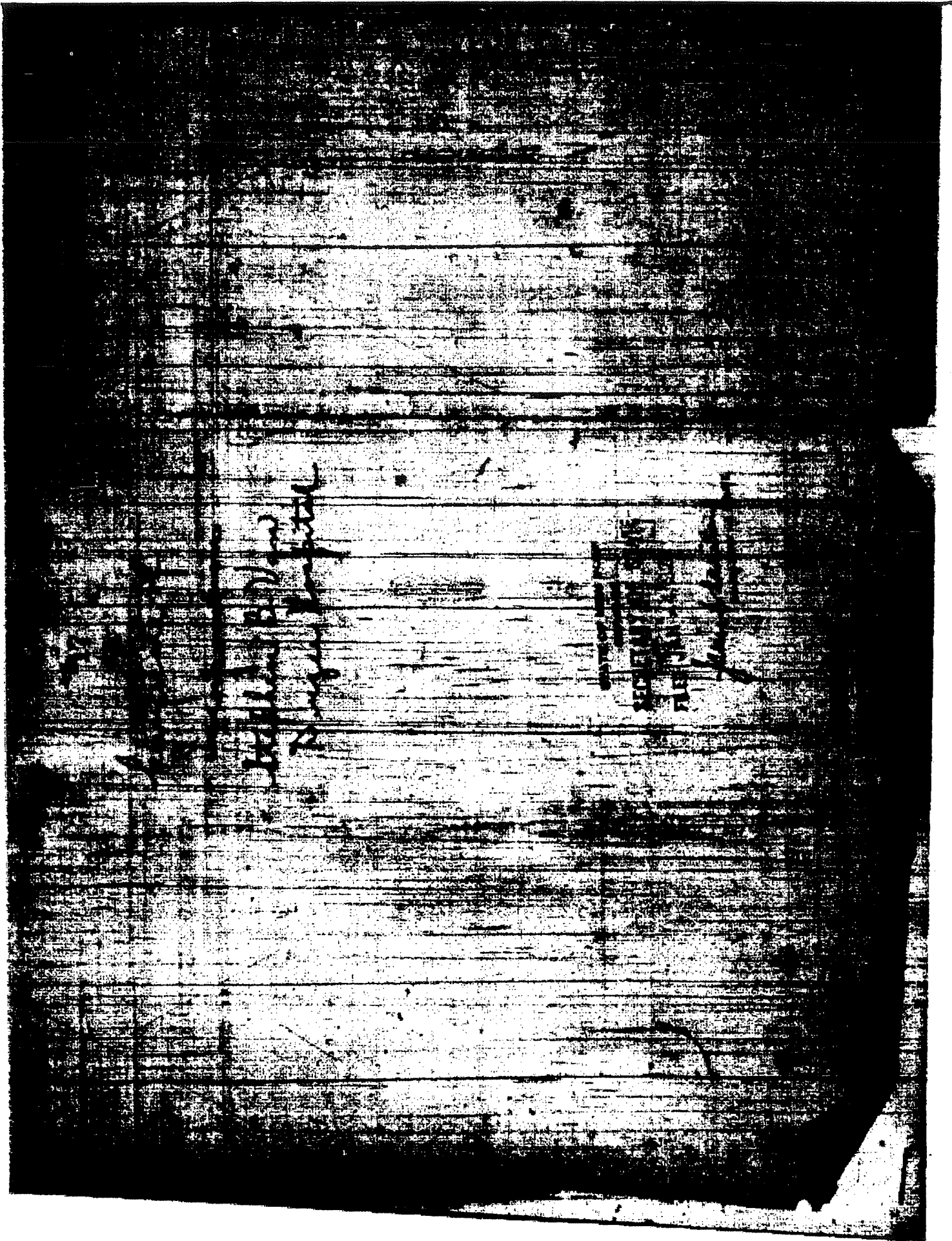
State of New York,
St. Lawrence County, SS:

ON this 28th day of November, 1922, before me, the undersigned, personally appeared James G. Dolan, Charles M. Fall, Warren W. Harvey, J. Walter McLean, George M. Fraser, Grant B. Fuller, George S. Dawley, James O. Sheldon and G. Arthur Parker, all well known and known to me to be the same persons who executed the foregoing instrument and they severally acknowledged to me that they executed the same.

.....*P. M. J. [Signature]*.....
Notary Public.

I hereby approve of the incorporation of the above named
Stephen M. Vendusa Hospital.
Dated the 28th day of November, 1922.

[Signature]
Justice of the Supreme Court



STATE OF NEW YORK

DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
February 21, 2013.



A handwritten signature in black ink, appearing to read "Daniel E. Shapiro".

Daniel E. Shapiro
First Deputy Secretary of State

THE STEPHEN B. VAN DUZEE HOSPITAL OF GOVERNEUR, NEW YORK, FOR THE PURPOSE OF PROVIDING THAT THE NUMBER OF DIRECTORS OF THE SAID HOSPITAL BE CHANGED FROM 35, AS AT PRESENT PROVIDED, TO ANY NUMBER NOT LESS THAN THREE (3) NOR MORE THAN THIRTY-FIVE (35), AS DETERMINED FROM TIME TO TIME BY THE SAID CORPORATION IN ACCORDANCE WITH ITS BY-LAWS AND PURSUANT TO SECTION 30 OF THE MEMBERSHIP CORPORATION LAW.

WE, THE UNDERSIGNED Vice President and Secretary of the STEPHEN B. VAN DUZEE HOSPITAL, do make sign, acknowledge and file this certificate as follows :

FIRST: The name of the corporation is STEPHEN B. VAN DUZEE HOSPITAL of Gouverneur, St. Lawrence County, New York.

SECOND: The original certificate of incorporation was filed in the office of the Secretary of State on January 4th, 1923.

THIRD: The number of directors of the corporation is at present thirty-five (35). The number of directors is changed in that the said number shall be not less than three (3) nor more than thirty-five (35) as shall be established from time to time by the said corporation in accordance with its By-Laws.

IN WITNESS WHEREOF, we have made, signed and acknowledged this certificate, in duplicate, this twenty-first day of February, 1945.

17

Albert E. Boughner
Vice President

William B. Simons
Secretary

STATE OF NEW YORK,)
County of St. Lawrence,) ss.:

On this twenty-first day of February, 1945, before me, the subscriber, personally appeared ALBERT E. BOUGHNER and WILLIAM B. SIMONS to me personally known and known to me to be the same persons described in and who made and subscribed the foregoing Certificate, and they severally duly acknowledged to me that they made and subscribed the same.

Carl F. Easton
Notary Public (Seal)

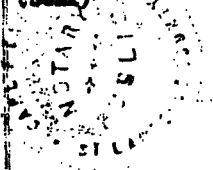
STATE OF NEW YORK,)
County of St. Lawrence,) ss.:

ALBERT E. BOUGHNER and WILLIAM B. SIMONS, being severally duly sworn, each for himself, deposes and says: That the said ALBERT E. BOUGHNER is the Vice President of the STEPHEN B. VAN DUZEE HOSPITAL and that the said WILLIAM B. SIMONS is the Secretary thereof; that they were authorized to sign the foregoing Certificate of Amendment of the Certificate of Incorporation of the STEPHEN B. VAN DUZEE HOSPITAL of Gouverneur, New York, for the Purpose of Providing that the Number of Directors of said Hospital be Changed from 35, as at present provided, to any number not less than three (3) nor more than thirty-five (35), as determined from time to time by the said corporation, in Accordance with its By-Laws and Pursuant to Section 30 of the Membership Corporation Law, by the concurring vote of a majority of the members of the corporation present at an annual meeting held upon notice, pursuant to Section 43 of the Membership Corporation Law of the State of New York, held on the fifth day of February, 1945, and that they subscribed such certificate by virtue of such authority.

Subscribed and sworn to before me this twenty-first day of February, 1945.

Albert E. Boughner
William B. Simons

Carl F. Easton
Notary Public



CERTIFICATE OF INCORPORATION
of the
CERTIFICATE OF INCORPORATION
of the
STEPHEN B. VAN DUZEE HOSPITAL

GOVERNOR, NEW YORK

FOR THE PURPOSE OF PROVIDING THAT
NUMBER OF DIRECTORS OF SAID HOSPITAL
BE CHANGED FROM 35, AS AT PRESENT
PROVIDED, TO ANY NUMBER NOT LESS THAN
NOR MORE THAN 35, AS DETERMINED FROM
TIME TO TIME BY SAID CORPORATION IN
ACCORDANCE WITH ITS BY-LAWS PURSUANT
TO SECTION 30 OF THE MEMBERSHIP CO-
OPERATION LAW.

Subscribed February 21st, 1945

Filed in

THE OFFICE OF THE SECRETARY OF STATE

STATE OF NEW YORK
DEPARTMENT OF STATE

FILED MAR 1 - 1945

TAX \$
FILING FEE \$ 25⁰⁰

Thomas J. Curran
SECRETARY OF STATE

BY *Albert E. Boughner*
CASHIER

Albert E. Boughner, Vice-
Stephen V. Van Duzee Hoag
26 William St.,
Gouverneur, N.Y.

STATE OF NEW YORK

DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
February 21, 2013.



A handwritten signature in black ink, appearing to read "Daniel E. Shapiro".

Daniel E. Shapiro
First Deputy Secretary of State

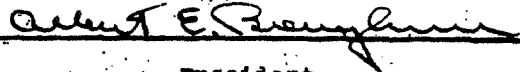
CERTIFICATE OF CHANGE OF NAME OF STEPHEN B. VAN DUZEE HOSPITAL
TO EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK, PURSUANT
TO SECTION FORTY OF THE GENERAL CORPORATION LAW.

We, Albert E. Boughner and Mason R. Smith, being
respectively the president and the secretary of Stephen B. Van
Duzee Hospital, certify:

1. The name of this corporation is Stephen B. Van Duzee
Hospital.
2. The certificate of incorporation was filed in the Office
of the Secretary of State on the 4th day of January, 1923.
3. The new name to be assumed by this corporation is Edward
John Noble Hospital of Gouverneur, New York.

IN WITNESS WHEREOF, we have made and subscribed this certifi-
cate this 4th day of February, 1948.

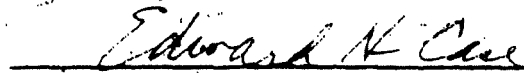
11


President


Vice President

STATE OF NEW YORK :
COUNTY OF ST. LAWRENCE : ss.:

On this 4th day of February, 1948, before me personally
came Albert E. Boughner and Mason R. Smith, to me known and known
to me to be the persons described in and who executed the fore-
going certificate of change of name, and they thereupon severally
duly acknowledged to me that they executed the same.


Notary Public

NOTARY PUBLIC
NOTARY PUBLIC
NOTARY PUBLIC

4458-11-1 A76

STATE OF NEW YORK

COUNTY OF ST. LAWRENCE

Albert E. Boughner and Mason R. Smith, being duly sworn, depose and say, and each for himself deposes and says that he, Albert E. Boughner is the president of Stephen B. Van Duzee Hospital, and he, Mason R. Smith, is the secretary thereof; that the said Stephen B. Van Duzee Hospital is a membership corporation and that they were duly authorized to execute and file the foregoing certificate of change of name of said membership corporation by the votes, cast in person or by proxy, of a majority of the members of record of the corporation who are entitled to vote, and that such votes were cast at the meeting of the members called for that purpose upon like notice as that required for the annual meetings of the corporation and said meeting was held in the Municipal Building in the Village of Gouverneur, New York on the second day of February, 1948 at 8 o'clock P.M.

Albert E. Boughner

Mason R. Smith

Subscribed and sworn to before me
this 4th day of February, 1948,

Edward H. Case

Notary Public

EDWARD H. CASE
Notary Public, State of New York
County of St. Lawrence
Commission Expires March 30, 1948

#76

4957-11-2

1473 *Couvent*
St. Lawrence Co 2129-17

CERTIFICATE OF CHANGE OF NAME
OF STEPHEN B. VAN DUZEE HOSPITAL
TO EDWARD JOHN NOBLE HOSPITAL OF
GOUVERNEUR, NEW YORK, PURSUANT
TO SECTION FORTY OF THE GENERAL
CORPORATION LAW.

4954

MM

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED FEB 5 - 1948
TAX \$ *200*
FILING FEE \$ *25*

Thomas J. Curran
SECRETARY OF STATE

BY *[Signature]*

4954-11-3

EDWARD HAILE CASE
ATTORNEY AND COUNSELOR AT LAW
107 EAST MAIN STREET
GOUVERNEUR, N. Y.

STATE OF NEW YORK

DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the Department of State, at the City of Albany, on February 21, 2013.

A handwritten signature in black ink, appearing to read "D. Shapiro".

Daniel E. Shapiro
First Deputy Secretary of State

Certificate of Report of Existence

of

Edward John Noble Hospital

of Gouverneur, New York

Pursuant to Section 57

of the Membership Corporations Law

1. The name of the corporation is John Edward Noble Hospital of Gouverneur, New York. The original name was Stephen B. Van-Duzee Hospital.
2. The certificate of incorporation was filed in the Department of State on Jan. 4, 1923.
3. The corporation was formed pursuant to Membership Corporations Law.
4. The existence of the foregoing corporation is hereby continued.

Dated: February 28, 1951

Albert E. Boughner
Chairman and a Trustee

STATE OF NEW YORK

County of St. Lawrence

On this 28th day of February, 1951, before me personally appeared Albert E. Boughner to me personally known and known to me to be the person described in and who executed the foregoing certificate, and he thereupon acknowledged to me that he executed the same for the uses and purposes therein mentioned.

Edward H. Case
Notary Public

107-38

Certificate of Report of
Existence of

Edward John Noble Hospital
of Gouverneur, New York

Pursuant to Section 87
of the
Membership Corporations
Law

STATE OF NEW YORK
DEPARTMENT OF STATE

FILED MAR 6 1951

FILING FEE \$5.00

Thomas J. ...

Secretary of State

EDWARD HAILE CASE
ATTORNEY AND COUNSELOR AT LAW
107 EAST MAIN STREET
GOUVERNEUR, N. Y.

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
February 21, 2013.

A handwritten signature in black ink, appearing to read "D. Shapiro".

Daniel E. Shapiro
First Deputy Secretary of State

4897503

CERTIFICATE

OF

AMENDMENT

OF

CERTIFICATE

OF

INCORPORATION

OF

EDWARD JOHN NOBLE HOSPITAL
OF GOVERNEUR, NEW YORK

Under Section 803 of the Not For Profit Corporation Law

WE, the undersigned, being respectively the Chairman of the Board of Trustees and Secretary of the Board of Trustees of Edward John Noble Hospital of Gouverneur, New York, in accordance with Section 803 of the Not For Profit Corporation Law, hereby certify;

1. The name of the corporation is EDWARD JOHN NOBLE HOSPITAL OF GOVERNEUR, NEW YORK. It was formed under the name of Stephen B. VanDuzee Hospital.

2. Pursuant to the Membership Corporation Law, the Certificate of Incorporation was filed with the Secretary of State of January 4, 1923.

3. The Certificate of Change of Name of Stephen B.

CASE, LEADER & AVLING
ATTORNEYS AT LAW
107 645th MAIN STREET
GOVERNEUR, NEW YORK
1942

~~Vanduzee Hospital to Edward John Noble Hospital of Gouverneur~~
New York, was filed February 5, 1948, pursuant to Section 40 of
the General Corporation Law.

3a. The Corporation, as a corporation, is defined in
Sub-paragraph (a)(5) of Section 102; it is a type B corporation
under Section 201, in that it is a hospital; and the corporate
purposes are not to be enlarged.

3b. The post office address within the State of New
York to which the Secretary of State shall mail a copy of any
notice required by law is: 77 West Barney Street, Gouverneur,
New York 13642.

4. There are no approvals or consents required
beyond the action set forth at paragraph 3 herein.

3
5. Paragraph "6th" of the Certificate of Incorporation is amended as follows: By striking out the following:

"The annual meeting of said corporation shall be held at the principal office in the said Village of Gouverneur on the first Monday of February each year."

and by inserting the following:

"The annual meeting of said corporation shall be held at the principal office in the said Village of Gouverneur in the month of April of each year."

6. Paragraph "7th" of the Certificate of Incorporation is amended as follows: By striking out the following:

"The directors of said corporation shall constitute the Board of Managers thereof."

and by inserting the following:

"The members of said corporation shall constitute the Board of Trustees thereof."

7. Paragraph "8th" of the Certificate of Incorporation is amended as follows: By striking out the following:

"Every director of said corporation shall be a citizen of the United States, a resident of the Town of Gouverneur, St. Lawrence County, aforesaid. No duly licensed practicing physician shall be eligible as a director of said corporation."

and by inserting the following:

"Every member of said corporation shall be a citizen of the United States, a resident of the area served by the hospital."

8. The above amendments to the certificate of incorporation were authorized by vote of a majority of all members entitled to vote thereon at a meeting of the members.

IN WITNESS WHEREOF, we have signed this certificate on the ~~28th~~ day of July, 1980.

CASE, LEADER & AVLING
ATTORNEYS AT LAW
101 EAST MAIN STREET
GOUVERNEUR, NEW YORK
13642

Clifford E. Tibbits, Jr.
Clifford E. Tibbits, Jr.

Dorothy Wemyss
Dorothy Wemyss, Secretary

4687503

STATE OF NEW YORK
DEPARTMENT OF STATE

RD SEP 11 1980

AMT OF CHECK \$

FILING FEE \$

COPY \$

REFUND \$

THE CERTIFICATE OF AMENDMENT

OF THE CERTIFICATE OF

INCORPORATION OF EDWARD

JOHN ROBLE HOSPITAL OF

GOVERNOUR, NEW YORK

St. Lawrence

84-5-371-171

NY 151-330

NY 151-330

NY 151-330

NY 151-330

CASE & LEADER

WATSON, PAT LAW

NEW YORK 15642

Handwritten: H. J. ...
Types

M

58117

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Handwritten: G. J. ...

FILING RECEIPT

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ENTITY NAME: EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK

DOCUMENT TYPE: AMENDMENT (DOMESTIC NFP)
PROCESS PROVISIONS

COUNTY: STLA

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FILED:08/21/2013 DURATION:***** CASH#:130821000644 FILM #:130821000591

FILER:

NACHAMIE SPIZZ COHEN & SERCHUK, P.C
425 PARK AVENUE

NEW YORK, NY 10022

ADDRESS FOR PROCESS:

THE CORPORATION
77 WEST BARNEY STREET
GOUVERNEUR, NY 13642

REGISTERED AGENT:



=====

SERVICE COMPANY: CONTINENTAL CORPORATE SERVICES, INC. - SERVICE CODE: 04

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REFUND 0.00

STATE OF NEW YORK

DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the Department of State, at the City of Albany, on August 22, 2013.

Anthony Giardina

Anthony Giardina
Executive Deputy Secretary of State

130821000591

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
EDWARD JOHN NOBLE HOSPITAL
OF GOUVERNEUR, NEW YORK

Under Section 803 of the Not-For-Profit Corporation Law

We, the undersigned, being respectively the Chairman of the Board of Trustees and Secretary of the Board of Trustees of Edward John Noble Hospital of Gouverneur, New York, in accordance with Section 803 of the Not-For-Profit Corporation Law, hereby certify:

1. The name of the corporation is EDWARD JOHN NOBLE HOSPITAL OF GOVERNEUR, NEW YORK. It was formed under the name of Stephen B. Van Duzee Hospital.
2. Pursuant to the Membership Corporation Law, the Certificate of Incorporation was filed with the Secretary of State of January 4, 1923.
3. The Certificate of Change of Name of Stephen B. Van Duzee Hospital to Edward John Noble Hospital of Gouverneur, New York, was filed February 5, 1948, pursuant to Section 40 of the General Corporation Law.
4. The Corporation is defined in Sub-paragraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law. The Corporation is a Type B Corporation under Section 201, in that it is a hospital. The corporate purposes are not to be enlarged, limited or otherwise changed by this Certificate of Amendment to the Certificate of Incorporation.
5. The Secretary of State is designated as agent of the Corporation upon whom process against it may be served. The post office address within the State of New York to which the

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Secretary of State shall mail a copy of any notice required by law is: 77 West Barney Street,
Gouverneur, New York 13642.

6. There are no approvals or consents required for this amendment. This Certificate of Amendment to the Certificate of Corporation does not add, change or eliminate a purpose, power or provision the inclusion of which in a certificate of incorporation requires consent or approval of a governmental body or officer or any other person or body.

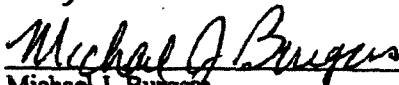
7. The sole purpose of this Certificate of Amendment to the Certificate of Incorporation is to delete all references to the corporation having members and to affirmatively indicate that the Corporation shall not have any members, as permitted for Type B Corporations by Section 601(a) of the Not-For-Profit Corporation Law.

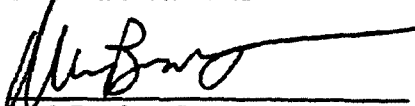
Accordingly, paragraph "7th" of the Certificate of Incorporation is amended to read as follows:

7th: "The corporation shall not have any members."

8. The above amendments to the Certificate of Incorporation were authorized by vote of a majority of all members entitled to vote thereon at a meeting of the members.

IN WITNESS WHEREOF, we have signed this certificate and affirm that the statements herein are true under the penalties of perjury on the 2 of Aug, 2013.

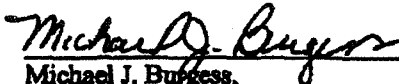
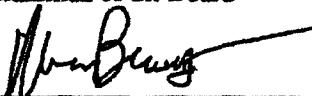

Michael J. Burgess,
Chairman of the Board


Mark Brackett, Secretary

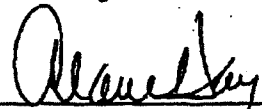
VERIFICATION

STATE OF NEW YORK)
) ss:
COUNTY OF ST. LAWRENCE)

Michael J. Burgess and Mark Brackett, being first duly sworn, depose and say that they are the Chairman of the Board of Trustees and Secretary of the Board of Trustees, respectively, of EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK, that they have read the foregoing Certificate and know the contents thereof and that the statements therein are true.


Michael J. Burgess,
Chairman of the Board

Mark Brackett, Secretary

Sworn to before me this 2
day of Aug, 2013


Notary Public

ALANE DAY
Notary Public, State of New York
No. 01DA6083510
Qualified in St. Lawrence County
Commission Expires November 18, 2014

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CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
EDWARD JOHN NOBLE HOSPITAL
OF GOUVERNEUR, NEW YORK

Under Section 803 of the Not-For-Profit Corporation Law

**DRAWDOWN
CONTINENTAL #04**

Filer: Nachamie Spizz Cohen & Serchuk, P.C.
425 Park Avenue
New York, NY 10022

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cc
STATE OF NEW YORK
DEPARTMENT OF STATE

FILED AUG 21 2013

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EXHIBIT B
Bylaws

See attached.

EXHIBIT C
Plan of Dissolution

See attached.

PLAN OF DISSOLUTION AND DISTRIBUTION OF ASSETS
OF EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK

The Board of Trustees of Edward John Noble Hospital of Gouverneur, New York (the "Corporation") having considered the advisability of voluntarily dissolving the Corporation, and it being the unanimous opinion of the Board that dissolution is advisable and in the best interests of the Corporation, and the Board having approved, by unanimous resolution dated December 2, 2014 at a duly-noticed meeting, a plan for a voluntary dissolution of the Corporation, does hereby resolve that the Corporation be dissolved in accordance with the following plan:

1. There being no members of the Corporation, no vote of membership is required to approve this dissolution, and action of the Board of Trustees is sufficient.
2. Approval of the dissolution of the Corporation is required to be obtained from the following government agency, whose approval is attached hereto as **Schedule A.**:
 - a. New York State Department of Health
3. The Corporation has assets consisting of cash in the amount of \$396,264.00. Such assets are not legally required to be used for any particular purpose.
4. The assets owned by the Corporation shall be used to satisfy any unpaid liabilities of the Corporation. It is anticipated that the assets of the Corporation will not be sufficient to pay the unpaid liabilities of the Corporation in full. In that event, then such assets shall be used to pay the liabilities of the Corporation in the order of priority accorded by the Not-for-Profit Corporation Law of the State of New York, with creditors of the same class to receive distributions on a pro rata basis.
5. The Corporation's books and records show liabilities totaling approximately \$1,900,480.00. A schedule listing the Corporation's known liabilities as of the date hereof is attached hereto as **Schedule B.** A schedule listing any known contingent, unliquidated, and/or disputed claims against the Corporation as of the date hereof is attached hereto as **Schedule C.**
6. The total amount of legal fees estimated to be incurred in connection to the dissolution procedure shall be between \$50,000.00 and \$150,000.00.
7. Within two hundred seventy days after the date that an Order Approving Plan of Dissolution and Distribution of Assets is signed by the Court, the Corporation shall carry out this Plan.

Schedule A

[Department of Health Approval]

Schedule B

List of Creditors

\$Amount	Name of Creditor	Address	City	State	Zip
	I - Employee (Priority) Claims				
\$5,008.20	AL HUSSEIN NABEEL M.D.	PO BOX 216	GOUVERNEUR	NY	13642
\$163.52	BULLOCK, JULIE	2980 COUNTY ROUTE 24	RUSSELL	NY	13684
\$900.00	DOMBEK LANG TERESA M.D.	94 WALTON STREET	ALEXANDRIA BAY	NY	13607
\$1,400.00	DR GEORGE MINA	77 WEST BARNEY ST	GOUVERNEUR	NY	13642
\$10,000.00	HAZIMEH YUSEF	300 N. BLVD APT. 1A	ALBANY	NY	12204
\$6,000.00	SCHUESSLER DONALD C JR MD	129 ROWLEY STREET	GOUVERNEUR	NY	13642
\$35.20	SMITH RENEE	125 DEPOT STREET	GOUVERNEUR	NY	13642
\$8.25	SWIFT CAROL S	297 EAST MAIN STREET	GOUVERNEUR	NY	13642
\$23,515.17	Total amount				

II - General Unsecured Claims

Amount	Name	Address	City	State	Zip
\$9,135.34	3M COMPANY	PO BOX 371227	PITTSBURGH	PA	15250-7227
\$900.00	7 NEWS WWNY	120 ARCADE STREET	WATERTOWN	NY	13601
\$150.10	A.C. T.N.T. HEALTHCARE SERVICE	320 DECKER DRIVE, SUITE 100	IRVING	TX	75062
\$556.43	AAG BEDNEFIT PLAN	PO BOX 619015	DALLAS	TX	75261
\$6,304.63	AARP HEALTH CARE OPTIONS	PO BOX 740819	ATLANTA	GA	30374-0819
\$1,209.27	AARP HEALTHCARE OPTIONS	UNITED HEALTHCARE CLAIM DIV	ATLANTA	GA	30374-0819
\$73.53	ADAP PLUS	EMPIRE STATION	ALBANY	NY	12220
\$2,970.00	ADIRONDACK PHYSICAL &	OCCUPATIONAL THERAPY, LLC	CANTON	NY	13617
\$2,812.06	ADVANTRA FREEDOM	PO BOX 7154	LONDON	KY	40742
\$37.76	AETNA	PO BOX 981109	EL PASO	TX	79998-1109
\$1,570.14	AETNA	PO BOX 14079	LEXINGTON	KY	40512
\$1,350.42	AETNA LIFE & CASUALTY	PO BOX 981107	EL PASO	TX	799981107

\$49.62	AETNA LIFE INS CO	PO BOX 150409	HARTFORD	CT	6115
\$17.86	AFLAC	PO BOX 15089	ALBANY	NY	12212
\$23.47	AIG	660 WHITE PLAINS RD	TARRYTOWN	NY	10591
\$6,909.02	AIRGAS EAST	PO BOX 802576	CHICAGO	IL	60680-2576
\$1,413.50	ALCON LABORATORIES INC	PO BOX 677775	DALLAS	TX	75267-7775
\$400.00	ALERT SERVICES CORPORATION	P.O. BOX 920215	NORCROSS	GA	30010-0215
\$4,150.00	AMERICAN ARBITRATION ASOC	231 SALINA MEADOWS PARKWAY	NORTH SYRACUSE	NY	13212
\$1,107.42	AMERICAN PROGRESSIVE	PO BOX 130	PENSACOLA	FL	32591
\$187.96	AMERICAS CHOICE HEALTH PLAN	PO BOX 60432	KING OF PRUSSIA	PA	19406
\$863.79	ANTARES MANAGEMENT SOLUTIONS	PO BOX 477917	BROADVIEW HEIGHTS	OH	44147-7917
\$4,135.19	ANTHEM BLUE CROSS CONNETICUT	370 BASSETT RD	NORTH HAVEN	CT	64734201
\$3,115.06	APA PARTNERS INC	8 BRITISH AMERICAN BOULEVARD	LATHAM	NY	12110-8006
\$577.97	APA PARTNERS INC	PO BOX 1506	LATHAM	NY	12110-8006
\$791.36	APA PARTNERS INC	PO BOX 66601	ALBANY	NY	12206
\$325.00	AUDIOMEDTRIC TECHNOLOGY	247 CAYUGA ROAD	BUFFALO	NY	14225
\$386.00	AUDIT MICRO CONTROLS, INC.	PO BOX 131420	CARLSBAD	CA	92013
\$17.73	AUSA LIFE FIRST PROVIDIAN	PO BOX 97	SCRANTON	PA	18504-0097
\$156.68	AZ BENEFIT OPTIONS HARRINGTON	PO BOX 785	PUEBLO	CO	81002-0785
\$9,529.10	B BRAUN MEDICAL INC	PO BOX 512382	PHILADELPHIA	PA	19175-2382
\$468.00	BARKLEY SAFE AND LOCK CO	16 COURT STREET	CANTON	NY	13617
\$336.00	BARKSDALE BUTCHSON L	1667 CR 19	RICHVILLE	NY	13681
\$263.12	BARR PATRICIA	709 OGDEN ST	OGDENSBURG	NY	13669
\$297.64	BCBS NORTHEASTERN NEW YORK	187 WOLF RD	ALBANY	NY	12212
\$269.50	BECTON DICKINSON	ATTN: LOCKBOX 371137	PITTSBURGH	PA	15251-1137
\$61.30	BENCO DENTAL CO	PO BOX 731372	DALLAS	TX	75397-1372
\$2,764.70	BENECARD PBF	BENECARD PBF LOCKBOX	NEW YORK	NY	10087-9085
\$450.00	BENEFACOR FUNDING CORP.	PO BOX 6241	DENVER	CO	80206
\$43.70	BENEFIT ADMINISTRATIVE SYSTEMS	17475 JOVANNA DRIVE SUITE 1B	HOMWOOD	IL	60430-4623
\$380.83	BERCHTOLD CORPORATION	PO BOX 6039	CHARLESTON	SC	29419
\$6,531.04	BETTE & CRING LLC	18438 US ROUTE 11	WATERTOWN	NY	13601
\$234.83	BIRD GENERAL CONTRACTING	1012 RIVER ROAD	EDWARDS	NY	13635
\$274.92	BLUE CROSS	PO BOX 22999	ROCHESTER	NY	14692
\$37.85	BLUE CROSS ALABAMA	450 RIVERCHASE PARKWAY EAST	BIRMINGHAM	AL	35298
\$71.87	BLUE CROSS BLUE SHIELD GEORGIA	PO BOX 9907	COLUMBUS	OH	31908-6007

\$14,280.43	BLUE CROSS CENTRAL NY	344 S WARREN ST	SYRACUSE	NY	13221
\$499.91	BLUE CROSS FINGER LAKERS	165 COURT ST	ROCHESTER	NY	14647
\$1,349.82	BLUE CROSS GEORGIA	12 RHOADS DRIVE	UTICA	NY	13502
\$167.15	BLUE CROSS HMO BLUE	PO BOX 22999	UTICA	NY	13502-6398
\$39.61	BLUE CROSS ILLINOIS	PO BOX 1364	CHICAGO	IL	60690
\$607.00	BLUE CROSS MO	PO BOX 14882	ST LOUIS	MO	63178
\$43.14	BLUE CROSS OF ALABAMA	PO BOX 995	BIRMINGHAM	AL	35298
\$869.00	BLUE CROSS OF GEORGIA	PO BOX 9907	COLUMBUS	GA	31908
\$309.29	BLUE CROSS OF MASS	PO BOX 9198	NORTH QUINCY	MA	2171
\$284.70	BLUE CROSS OF VERMONT	PO BOX 186	MONTPELIER	VT	56010
\$3,949.29	BLUE CROSS ROCHESTER	165 COURT ST	ROCHESTER	NY	14647
\$56.98	BLUE CROSS SOUTH CAROLINA	PO BOX 6000	GREENVILLE	SC	29606-6000
\$18,616.14	BLUE CROSS UTICA	PO BOX 22999	ROCHESTER	NY	14692
\$13,472.96	BLUE CROSS UTICA	12 RHOADS DRIVE	ROCHESTER	NY	14692
\$2,877.17	BLUE CROSS WESTERN PA	PO BOX 3355	PITTSBURGH	PA	15230
\$270.00	BOPREY MICHAEL C	1233 US HWY 11	GOUVERNEUR	NY	13642
\$589.06	BRACCO DIAGNOSTICS	P.O. BOX 532411	CHARLOTTE	NC	28290-2411
\$5.00	BRASSARD LUCY	1112 SALINA STREET	WATERTOWN	NY	13601
\$20.00	BRESETT HAROLD D JR	78A COOPER ROAD	HAMMOND	NY	13646
\$11,548.75	BRIDGEPORT CAPITAL FUNDING,LLC	PO BOX 101004	ATLANTA	GA	30392-1004
\$21.56	BRIDGMAN PHILLIP M D	PO BOX 68	HANNAWA FALLS	NY	13647
\$40.28	BUFFALO MEDICAL GROUP	PO BOX 8000 DEPT 581	BUFFALO	NY	14267-0001
\$185,199.87	CANTON POTSDAM HOSPITAL ATTN: RICK JACOBS	50 LEROY STREET	POTSDAM	NY	13676
\$284.07	CAPITAL BLUE CROSS	PO BOX 779503	HARRISBURG	PA	17177-9503
\$162.26	CAPTS LANDING INC	47 JAMES ST	ALEXANDRIA BAY	NY	13607
\$2,430.00	CARDIAC SCIENCE CORP	P.O. BOX 83261	CHICAGO	IL	60691-0261
\$9,881.90	CARDINAL HEALTH	PO BOX 905488	CHARLOTTE	NC	28290
\$441.00	CAREFUSION 211, INC.	88253 EXPEDITE WAY	CHICAGO	IL	60695-0001
\$150.00	CARTHAGE AREA HOSPITAL	1001 WEST STREET ROAD	CARTHAGE	NY	13619
\$1,544.30	CASELLA WASTE SYSTEMS,INC	PO BOX 1372	WILLISTON	VT	54951
\$1,800.00	CENTRAL NEW YORK	HEALTH SYSTEMS AGENCY, INC.	EAST SYRACUSE	NY	13057
\$27,450.74	CENTREX CLINICAL LAB	28 CAMPION ROAD	NEW HARTFORD	NY	13413
\$268.73	CENTREX CLINICAL LABORATORIES	PO BOX 12130	BURLINGTON	NC	27215

\$551.00	CENTURION MEDICAL PRODUCTS	PO BOX 842816	BOSTON	MA	22842
\$90.34	CHAPION CHART SUPPLY	94 NEWCOMB STREET	NORTON	MA	2766
\$3,015.00	CHARLES SOLANA & SONS	80 MODULAR AVENUE	COMMACK	NY	11725
\$753.57	CIGNA INSURANCE	PO BOX 5200	SCRANTON	PA	18505-5200
\$28.00	CIVIES CORPORATION	PO BOX 6309	SYRACUSE	NY	13217
\$197.61	CIVIES CORPORATION	RMSCO INC	LIVERPOOL	NY	13088-4300
\$661.10	CIVIES STEEL COMPANY	8 CHURCH ST	GOUVERNEUR	NY	13642
\$7,797.30	CLAXTON HEPBURN MED CTR	214 KING STREET	OGDENSBURG	NY	13669
\$39,975.51	CLEARPATH DIAGNOSTICS	ATTN : CHRISTINA TARNACKI	SYRACUSE	NY	13202
\$106.09	CNA	PO BOX 4855	SYRACUSE	NY	13221
\$182.00	CNA	3 HUNTINGTON QUADRANGEL	MELVILLE	NY	11747
\$1,457.31	CNA MAILHANDLERS	PO BOX 44242	JACKSONVILLE	FL	32232-4242
\$41.76	CNY ANESTHESIA GROUP, PC	PO BOX 2005	EAST SYRACUSE	NY	13057-4505
\$22.62	COLE ALICE	5008 TIMBER LANE	RALEIGH	NC	27606
\$22.62	COLE ALICE	PO BOX 164	HAILESBORO	NY	13645
\$2,226.08	COLE JAMES E	206 COLE RD	GOUVERNEUR	NY	13642
\$819.00	COMMUNITY HEALTH CENTER NORTH COUNTRY	4 COMMERCE LANE	CANTON	NY	13617
\$1,959.06	COMP RISK MANAGEMENT	112 DELLAFIELD	POUGHKEPSI	NY	12601
\$57.00	COMPANY BOART LONGYEAR	WANDA SCOTT SAFETY COORDINATOR	WYTHEVILLE	VA	24382
\$1,580.00	COMPHEALTH ASSOCIATES	PO BOX 972625	DALLAS	TX	75397
	COMPHEALTH ASSOCIATES, INC.	151 NORTH MAIN ST.	NEW CITY	NY	10956
	C/O KLEINMAN, SALTZMAN & BOLNICK, P.C.				
\$862.15	COMPRESIVE RISK MGMT	112 DELLAFIELD	POUGHKEPSI	NY	12601
\$3,161.78	CORE SOURCE	PO BOX 2920	CLINTON	IA	52733-2920
\$590.00	CUMMINS NORTHEAST LLC	6193 EASTERN AVENUE	SYRACUSE	NY	13211
\$320.97	CXTEX	5404 SOUTHW BAY ROAD	SYRACUSE	NY	13221-4799
		PO BOX 4799			
\$914.38	DAIICHI SANKYO, INC.	TWO HILTON COURT	PARSIPPANY	NJ	07054
\$5.55	DAVA PHARMACEUTICALS, INC	400 KELBY STREET	FORT LEE	NJ	07024
\$319.66	DAVID SEAN A	150 MARKET ST APT 15	POTSDAM	NY	13676
\$792.00	DAVIDSON HELEN M	188 HAILESBORO ST	GOUVERNEUR	NY	13642
\$545.61	DEPARTMENT OF CORRECTIONAL	THE HARRIMAN STATE CAMPUS	ALBANY	NY	12226-2050
\$1,263.67	DEPT OF VETERAN AFFAIRS	RECOVERY AUDIT PROGRAM	DENVER	CO	80206-9022
\$98,376.18	DIRECT ENERGY BUSINESS	P.O. BOX 70220	PHILADELPHIA	PA	19176-0220

\$28.44	DR SLEZKA	77 WEST BARNEY ST	GOUVERNEUR	NY	13642
\$35.48	E ELLUS BLUE CROSS	12 RHOADS DRIVE	UTICA	NY	13502
\$1,275.00	EAST COAST LASER MEDICAL	115 WOODLAND AVENUE	MULLICA HILL	NJ	8062
\$105.29	EBA INSURANCE	11 PUBLIC SQUARE	WATERTOWN	NY	13601
\$1,503.22	ELI LILLY & COMPANY	CORPORATE CENTER	INDIANAPOLIS	IN	46285
\$14,807.06	EMPIRE BLUE CROSS	PO BOX 1407	NEW YORK	NY	10008-1407
\$980.74	EMPIRE BLUE CROSS	PO BOX 5047	MIDDLETOWN	NY	10940
\$2,100.21	ENGINEERS JOINT WELFARE FUND	101 INTREPID LANE	SYRACUSE	NY	13205-0100
\$41.30	FALCON RECOVERY SYSTEMS LLC	PO BOX 552	CANTON	NY	13617
		2 JUDSON STREET			
\$32.10	FIRST CARDINAL CORP	PO BOX 15095	ALBANY	NY	12212
\$2,056.93	FIRST UNITED AMERICAN	PO BOX 3125	SYRACUSE	NY	13220
\$15.00	GAEBEL BARBARA	502 DOANE ROAD	GOUVERNEUR	NY	13642
\$22.03	GALDERMA LABORATORIES INC	Attn: Treasury Department	FORT WORTH	TX	76177
		1450 NORTH FREEWAY			
\$1.95	GARDNER CASANDRA M	2941A ST HWY RTE 812	DEKALB JUNCTION	NY	13630
\$199.95	GBC	PO BOX 203412	DALLAS	TX	75320-3412
\$458.58	GE MEDICAL SYSTEMS	PO BOX 640944	PITTSBURGH	PA	15264
\$206.34	GE PENSIONERS MEDICAL CLAIMS	PO BOX 740801	ATLANTA	GA	30374-0801
\$44.69	GEICO	750 WOODBURY ROAD	WOODBURY	NY	11797-2589
\$151.33	GENENTECH USA	1 DNA WAY	SAN FRANCISCO	CA	94080-4990
		Mail Stop 315B			
\$15.00	GERBER GILBERT	PO BOX 175	HAILESBORO	NY	13645
\$20.00	GHI	PO BOX 2832	NEW YORK	NY	10116
\$70.00	GHI CORRESPONDENCE DEPT	5015 CAMPUSWOOD DRIVE	EAST SYRACUSE	NY	13057
\$12,800.23	GHI FAMILY HEALTH PLUS	PO BOX 4141	KINGSTON	NY	12402
\$32,347.93	GHI INSURANCE	PO BOX 2833	NEW YORK	NY	10116-2833
\$47.25	GLADLE MYRTLE M	PO BOX 227	RICHVILLE	NY	13681
\$3,869.49	GLAXO SMITH KLINE	PO Box 640067	Pittsburgh	PA	15264-0067
\$24.34	GLENS FALLS HOSPITAL	100 PARK ST OCC HEALTH	GLENS FALLS	NY	12801
\$1,693.01	GOUV SAVINGS&LOAN SELFINSURED	42 CHURCH STREET	GOUVERNEUR	NY	13642
\$817.51	GOUVERNEU RESCUE SQUAD	US HWY 11	GOUVERNEUR	NY	13642
\$2,671.88	GOUVERNEUR VOLUNTEER	RESCUE SQUAD INC	BALDWINVILLE	NY	13027
\$6,402.65	GRAINGER	DEPT 810760389	PALATINE	IL	60038

\$706.61	GREAT WEST HEALTHCARE	1000 GREAT WEST DRIVE	KENNETT	MO	63857-3749
\$27.12	GUARDIAN INS	PO BOX 8024	APPLETON	WI	54912-8024
\$673.54	GYMO/PC	220 STERLING STREET	WATERTOWN	NY	13601
\$298.39	GYPSUM WHOLESALERS INC	3334 WALTERS ROAD	SYRACUSE	NY	13209
\$24.40	HALFORD SR JOHN L	241 ROWLEY STREET	GOUVERNEUR	NY	13642
\$208.09	HAMILTON RICHARD G	676 CR 19	HERMON	NY	13652
\$87.80	HANLON GEORGE	77 BIRCHWOOD DR	GOUVERNEUR	NY	13642
\$171.83	HARTFORD	PO BOX 14170	LEXINGTON	KY	40512
\$168.00	HARTFORD LIFE INSURANCE COMPAN	CBCA	BEATYVILLE	KY	41311
\$110.47	HARVARD PILGIM HEALTHCARE	PO BOX 699218	QUINCY	MA	22699
\$162.90	HD SUPPLY FACILITIES	MAINTENANCE	SAN DIEGO	CA	92150-9055
\$197.26	HEALTH ADMINISTRATIVE CENTER	CHAMPVA	DENVER	CO	80206-9024
\$185.00	HEALTH COR CORPORATE MED	73-01 GRAND AVENUE	MASPETH	NY	11378
\$10,119.00	HEALTH FACILITY ASSESSMENT FUND ADMINISTRATOR	333 BUTTERNUT DRIVE	SYRACUSE	NY	13214
\$11.36	HEALTH STUDY NURSES	665 HUNTINGTON AVE RM 349	BOSTON	MA	2115
\$60,757.00	HEALTHCARE ASSOCIATION	PO BOX 5535 GPO	NEW YORK	NY	10087
\$1,089.00	HEALTHLY LIVING PARTNERSHIP	50 ST HWHY 310 SUITE 2	CANTON	NY	13617
\$233.64	HEALTHNET PEARL	PO BOX 870501	SOUTHSIDE BEACH	SC	29587-8711
\$50.00	HEALTHSCOPE BENEFITS	27 CORPORATE HILL DRIVE	LITTLEROCK	AR	72205
\$494.35	HEALTHSTREAM, INC. LEARNING SERVICES	P.O. BOX 102817	ATLANTA	GA	30368
\$14.00	HEALTHY LIVING PARTNERSHIP	7 EAST MAIN ST #A	GOUVERNEUR	NY	13642
\$673.64	HEALTHY LIVING PARTNERSHIP	SLCPB/HEALTHLY LIVING PROGRAM	CANTON	NY	13617-1476
\$466.60	HEATON JOHN B	37 RIVERSIDE DR 3C	CANTON	NY	13617
\$39.53	HECLA MINING COMPANY	CLAIMS AGEN	SPOKANE	WA	99205-0434
\$722.00	HEMA TECHNOLOGIES INC	291 ROUTE 22, SUITE 12	LEBANON	NJ	8833
\$106.93	HENDRICK MARGARET	PO BOX 86	GOUVERNEUR	NY	13642
\$19.60	HERSHEY CREAMERY CMP	301 SOUTH CAMERON ST	HARRISBURG	PA	17101
\$779.33	HIGHMARK SERVICES COMPANY	PO BOX 535078	PITTSBURGH	PA	15253-5078
\$619.78	HILL ROM	PO BOX 643592	PITTSBURGH	PA	15264
\$3,013.00	HISCOCK & BARCLAY, LLP	ATTN: ACCOUNTING	ROCHESTER	NY	14604-2404
\$505.87	HOCKEY RHODA J ESTATE	57 WEST BARNEY STREET	GOUVERNEUR	NY	13642
\$240.74	HOSPICE OF ST LAW VALLEY	PO BOX 469	POTSDAM	NY	13676

\$14.57	HOSPIRA, INC.	275 N. FIELD DR. BLDG H1	LAKE FOREST	IL	60045
\$90.71	HUBERT COMPANY	25401 NETWORK PLACE	CHICAGO	IL	606731254
\$1,268.75	HUDSON HEADWATERS HEALTH NETWORK, INC	9 CAREY ROAD	QUEENSBURY	NY	12804
\$555.68	HUMANA CLAIM OFFICE	PO BOX 14601	LEXINGTON	KY	40512-4601
\$65.00	I.B.E.W LOCAL 1249 INS FUND	PO BOX 301 6518 FREEMONT RD	EAST SYRACUSE	NY	13057-0301
\$20.00	IDZENGA HARRY F	PO BOX 372	GOUVERNEUR	NY	13642
\$336.52	IKON FINANCIAL SERVICES	PO BOX 41564	PHILADELPHIA	PA	19101
\$4,380.44	IMMUCOR INC	2990 GATEWAY DRIVE SUITE 400	NORCROSS	GA	30071
\$11.72	INDECS	PO BOX 668	LYNDHURST	NJ	7071
\$1,841.55	INTEGRITY HEALTHCARE SERVICES	1801 WEST END AVENUE #530	NASHVILLE	TN	37203
\$1,612.68	INTERIM PHYSICIANS	4170 ASHFORD DUNWOODY ROAD	ATLANTA	GA	30319
\$8,615.02	IROQUOIS HLTHCARE ALLIANC	5740 COMMONS PARK	EAST SYRACUSE	NY	13057
\$3,258.14	ISS	2010 CABOT BLVD WEST	LANGHORNE	PA	19047
\$15,589.37	J & J HEALTH CARE SYSTEMS	5972 COLLECTION CENTER DRIVE	CHICAGO	IL	60693
\$28.82	JAMES HUANG PHYS PLCC	PO BOX 2005	EAST SYRACUSE	NY	13057-4505
\$47.40	JEFF LEWIS HEALTHY WOMENS PART	7785 STATE STREET	LOWVILLE	NY	13367
\$25.00	JEFFERSON COUNTY SELF INSURED	ARSENAL ST	WATERTOWN	NY	13601
\$994.21	JOHNSON & JOHNSON HEALTH CARE SYSTEMS	425 HOES LANE	PISCATAWAY	NJ	08855
\$250.00	JOSEPH S BOSCOE	24 BIRCHWOOD DR	GOUVERNEUR	NY	13642
\$3,705.00	JSL COMMUNICATIONS INC	200 WASHINGTON STREET	WATERTOWN	NY	13601
\$266.75	JUNE KATHLEEN M	29 BRISTOL RD	GOUVERNEUR	NY	13642
\$659.76	KCI USA	PO BOX 203086	HOUSTON	TX	77216
\$67.04	KEMPER	PO BOX 5000	SMITHTOWN	NY	11787
\$330.19	KERLEY TRACY	1126A LARCH CLE	GOUVERNEUR	NY	13642
\$9,452.04	KING & SPALDING LLP	1180 PEACHTREE ST.	ATLANTA	GA	30309
\$77.00	KINNEY DRUGS DISTRIBUTION CNT	520 EAST MAIN STREET	GOUVERNEUR	NY	13642
\$18.00	KNAPP ANNAMAE A18	1365 MAPLE RIDGE ROAD	DEKALB	NY	13630
\$279.81	KOCH JOHN B JR	39 WINDING WAY	CEDAR GROVE	NJ	7009
\$600.00	KOWALSKI RONALD E	15 ACADEMY STREET	SKANEATELES	NY	13152
\$16.80	KULP TAMMY	318 STEVENS ROAD	GOUVERNEUR	NY	13642
\$595.02	KVH-TECH INC.	110 TERRY DRIVE	NEWTOWN	PA	18940
\$100.00	LABOR LAW COMPLIANCE CENTER	17215 RED OAK DR. #112	HOUSTON	TX	77090

\$77.12	LABORERS LOCAL 322	RMSCO	LIVERPOOL	NY	13088
\$320.00	LIDLAW TRANSIT	PO BOX 235	GOUVERNEUR	NY	13642
\$51.50	LIDLAW TRANSIT 640	P.O. BOX 266	PHILADELPHIA	NY	13673
\$488.74	LAKE EFFECT CLAIMS SERVICE	PO BOX 710	WATERTOWN	NY	13601
\$344.78	LAMAR PENNY	21 E BARNEY ST	GOUVERNEUR	NY	13642
\$15.00	LATRAY DONALD	88 BARKER ROAD	ANTWERP	NY	13608
\$16.00	LAVERGHETTA CYNTHIA S	102 WASHINGTON ST	ANTWERP	NY	13608
\$3,886.00	LEASING ASSOC. OF BARRINGTON	33 WEST HIGGINS ROAD, SUITE 103	SOUTH BARRINGTON	IL	60010
\$411.55	LEESON ESTATE OF STELLA M	74 DORWIN ST	GOUVERNEUR	NY	13642
\$10.00	LEHIGH STEPHEN	131 COUNTRY CLUB RD	GOUVERNEUR	NY	13642
\$1,300.00	LEWIS COUNTY GENERAL HOSPITAL	7785 NORTH STATE STREET	LOWVILLE	NY	13367
\$825.00	LIBERTY MEDICAL CARE OF	LOWER MANHATTAN PC	OGDENSBURG	NY	13669
\$6,035.15	LINDE GAS NORTH AMERICA LLC	24963 NETWORK PL.	CHICAGO	IL	606731249
\$500.00	LINDSEY LEAH G	32649 CTY RT 194	THERESA	NY	13691
\$51.89	LINSTAR	430 LAWRENCE BELL DRIVE	BUFFALO	NY	14221
\$1,112.42	LOCAL 1249	PO BOX 301	EAST SYRACUSE	NY	13057
\$30.00	LOVE LINDA	87 ROCK ISLAND STREET	GOUVERNEUR	NY	13642
\$94.21	MAILFINANCE	25881 NETWORK PLACE	CHICAGO	IL	606731258
\$215.75	MANAGED PHYSICAL NETWORK	PO BOX 8200	KINGSTON	NY	12402
\$379.62	MARKETLAB INC	PO BOX 888374	KENTWOOD	MI	49588
\$1,269.30	MARTINS POINT HEALTHCARE	CLAIMS DEPT	PORTLAND	ME	41047410
\$140.70	MAYHEW DOROTHY M	220 MAYHEW RD	RENSELEAR FALLS	NY	13680
\$76.36	MCCULLOUGH MALCOLM I	109 SOUTH HAMMOND ROAD	HAMMOND	NY	13646
\$10.00	MCDONALD DAVID	1281 CO RT 27	OSWEGATCHIE	NY	13670
\$104.16	MEDICAID	PO BOX 4444	ALBANY	NY	122140444
\$156.90	MEDICAID	COMPUTER SCIENCES CORPORATIO	RENSELAER	NY	122144601
\$43.97	MEDICARE ADVANTAGE PLAN	HEALTHNET	SURFSIDE BEACH	SC	29587
\$2,334.71	MEDICARE PART B	PO BOX 5202	BINGHAMTON	NY	13902
\$1,000.00	MEDIFAX EDI LLC	PO BOX 572490	MURRAY	UT	841572490
\$532.50	MELDRIM GRETCHEN L	148 KRUEGER RD	ST JOHNSVILLE	NY	13452
\$59.82	MERCK & CO.	PO Box 4	WEST POINT	PA	19486-0004
\$905.67	MERCK & COMPANY, INC.	Sumneytown Pike, WP39-239	WEST POINT	PA	19486-0004
\$4,683.27	MERCK SCHERING PLOUGH PHARMACEUTICALS	PO Box 1000	NORTH WALES	PA	19454

\$344.00	MICHAELS DANIEL G	PO BOX 398	GOUVERNEUR	NY	13642
\$1,402.50	MILLENNIUM FUNDING	PO BOX 327	WILLIAMSVILLE	NY	14231
\$641.00	MILLENNIUM SURGICAL CORP.	822 MONTGOMERY AVE. #205	NARBERTH	PA	19072
\$10.00	MILLER ANDREW	1067 CR 22	GOUVERNEUR	NY	13642
\$3,067.67	MILLER MAYER LLP	202 EAST STATE STREET, STE.700	ITHACA	NY	148516435
\$100.45	MONROE ANN L	150 MORRISON RD	GOUVERNEUR	NY	13642
\$800.00	MORGAN SCIENTIFIC	151 ESSEX STREET	HAVERHILL	MA	1832
\$230.90	MOSHIER CAROL S	200 ELM ST	OGDENSBURG	NY	13669
\$2,999.66	MST INC	8415 154th AVE NE	REDMOND	WA	98052
\$25.00	MULLIN TAMMY L	109 FOX FARM RD	GOUVERNEUR	NY	13642
\$441.00	MULTIPLAN INC	115 5TH AVENUE	NEW YORK	NY	100031004
\$65.00	MURDIE CAROL	116 HULL ROAD	GOUVERNEUR	NY	13642
\$191.04	MUTUAL OF OMAHA	INDIVIDUAL CLAIMS PLAZA	OMAHA	NE	68175
\$30.69	MUTUAL OF OMAHA INS CO	AMERICAN FOREIGN SPA	WASHINGTON	DC	20036
\$7,418.62	MVP HEALTH PLAN	PO BOX 1434	SCHENECTADY	NY	12305
\$1,487.57	MVP SELECT CARE	PO BOX 2207	SCHENECTADY	NY	12305
\$39.20	MVP SELECT CARE INC	PO BOX 1434	SCHENECTADY	NY	123011434
\$83.13	NA LETTER CARRIERS	20547 WAVERLY COURT	ASHBURN	VA	22093
\$304.48	NAAMAN LOWRY	PO BOX 292	GOUVERNEUR	NY	13642
\$254.00	NARDELLI JOSEPH A	20 E BARNEY ST	GOUVERNEUR	NY	13642
\$1,516.54	NATIONAL HEALTHCARE	SERVICES LLC	YORK	PA	17403
\$299.41	NATIONAL PRODUCTS, INC.	7410 DALLAS AVE. SOUTH	SEATTLE	WA	98108
\$158.50	NATIONWIDE LIFE INS	PO BOX 925309	HOUSTON	TX	772925309
\$79.40	NCA COMP	14 LAYFAYETTE SSQUARE	BUFFALO	NY	14203
\$370.60	NETWORK SERVICES COMPANY	LOCKBOX 231805	CHICAGO	IL	60689
\$75.00	NEW CENTURY PODIATRY	18564 US ROUTE 11	WATERTOWN	NY	13601
\$48,887.30	NEW YORK HEART CENTER	1000 EAST GENESEE STREET	SYRACUSE	NY	13210
\$24.51	NEW YORK LIFE INSURANCE	51 MADISON AVE	NEW YORK	NY	10010
\$92.00	NEW YORK STATE DISABILITY	PO BOX 165	ALBANY	NY	12260
\$53.80	NORTH AMERICAN ADMINISTRATORS	PO BOX 9501	AMHERST	NY	14226
\$285.09	NORTH AMERICAN PREF GUARDIAN	PO BOX 885	AMHERST	NY	14226
\$4,032.00	NORTHEAST MEDICAL REPAIRS	6143 VAN ALSTINE ROAD	CAMILLUS	NY	13031
\$295.00	OPHTEC INTERNATIONAL	OPHTHALMOLOGICAL LABORATORI	BOCA RATON	FL	33487
\$221.97	OPTIMA HEALTH	PO BOX 5028	TROY	MI	480075028

\$9,349.64	OPTUMINSIGHT CARE TRACKER	2771 MOMENTUM PLACE	CHICAGO	IL	606895327
\$402.21	ORBEGOZO GABRIEL	340 CR 13	RICHVILLE	NY	13681
\$16,012.66	OTIS ELEVATOR COMPANY	PO BOX 13716	NEWARK	NJ	71880716
\$10.00	OTTO TAMMY	6073 US HWY 58	GOUVERNEUR	NY	13642
\$268.01	PAR PHARMACEUTICAL, INC.	PO Box 731531	Dallas	TX	75373-1531
\$1,505.92	PARTS SOURCE	777 LENA DRIVE	AURORA	OH	44202
\$27.22	PCAP	ST LAW COUNTY PUBLIC HLTH DEPT	CANTON	NY	136171476
\$80.00	PEQUOT PHARMACEUTICAL NETWORK	BENEFIT ADMINISTRATORS	MASHANTUCKET	CT	6338
\$344.40	PEQUOT PLAN ADMINISTRATORS	PO BOX 3620	MASHANTUCKET	CT	6339
\$1,694.91	PGBA LLC	PO BOX 870153	SURFSIDE BEACH	SC	29587
\$5.00	PHELPS BRUCE S	1365 CO RT 22	GOUVERNEUR	NY	13642
\$4,556.72	POMCO	PO BOX 6329	SYRACUSE	NY	13217
\$14.22	PREFERRED ADMINISTRAT SERVICES	PO BOX 22920	ROCHESTER	NY	146922920
\$324.55	PREFERRED CARE	259 MONROE AVE	ROCHESTER	NY	14607
\$214.20	PREMIUM CREDIT HUMANA	PO BOX 750	SCOTTSDALE	AZ	85252
\$40.45	PRICE CHOPPER OPER CO INC	PO BOX 1392	WILLISTON	VT	54951392
\$36.20	PRINCIPAL LIFE INSURANCE	PO BOX 39710	COLORADO SPRINGS	CO	809493910
\$26,134.74	PROACT INC	PO BOX 1179	BUFFALO	NY	14240
\$395.20	PROCLAIM SERVICES	830 WASHINGTON ST	WATERTOWN	NY	13601
\$1,640.38	PROFESSIONAL LABORATORY	SYSTEMS, INC	GARDEN CITY PARK	NY	11040
\$194.90	PROGRESSIVE	PO BOX 22055	ALBANY	NY	12201
\$29.66	PROGRESSIVE NOFAULT CLAIMS	PO BOX 22031	ALBANY	NY	122012031
\$2,030.73	PUPILS BENEFIT PLAN	101 DUTCH MEADOWS LANE	GLENVILLE	NY	123023517
\$312.63	PUPILS BENEFIT PLAN	126 SARATOGA RD	GLENVILLE	NY	12302
\$2,038.70	Purdue	PO Box 910668	Dallas	TX	75391-0668
\$50,972.43	QUEST DIAGNOSTICS	2178 COLLECTION CENTER DRIVE	CHICAGO	IL	60693
\$1,940.00	RADIOGRAPHIC TESTING SVC	4 TANNER HOLLOW DRIVE	ALBANY	NY	12205
\$36.00	RADIOLOGY ST LAWRENCE	PROFESSIONAL PRACTICE MNGMNT	WATERTOWN	NY	13601
\$18,000.00	REACH HEALTH INC.	10745 WESTSIDE WAY, SUITE 350	ALPHARETTA	GA	30009
\$274.72	REMEL INC. / ATT: ANNIE NAL	BOX # 96299	CHICAGO	IL	60693
\$662.88	RENZI BROS INC	PO BOX 23	WATERTOWN	NY	13601
\$9,770.54	RESPITECH MEDICAL INC.	250 RANCK AVENUE	LANCASTER	PA	17602
\$20.00	RICE CONSTANCE E	275 W BARNEY STREET	GOUVERNEUR	NY	13642
\$236.48	RICHARDS JOAN M	12 EAST RD	GOUVERNEUR	NY	13642

\$256.22	RISK ENTERPRISE MANAGEMENT	300 CROWN COLONEY DRIVE	QUINCY	MA	2169
\$13,028.97	RIVER HOSPITAL	4 FULLER STREET	ALEXANDRIA BAY	NY	13607
\$319.60	RIVERSIDE MEDIA GROUP	PO BOX 562	CLAYTON	NY	13624
\$735.30	ROYAL SUN & ALLIANCE	PO BOX 4701	SYRACUSE	NY	13221
\$10.50	RURAL CARRIERS BENEFIT PLAN	PO BOX 668329	CHARLOTTE	NC	28266
\$28.49	SAFARILAND LLC	PO BOX 406351	ATLANTA	GA	303846351
\$3.70	SALISBURY SUSAN	116 LITTLE YORK ROAD	GOUVERNEUR	NY	13642
\$24,178.81	SAMARITAN MEDICAL CENTER	104 PADDOCK STREET	WATERTOWN	NY	13601
\$430.00	SCHOFF DIANE	3159 RT 9N	GREENFIELD CENTER	NY	12833
\$950.42	SCHOPFER ARCHITECTS LLP	1111 JAMES STREET	SYRACUSE	NY	13203
\$585.00	SCHWERZMANN & WISE, P.C.	ATTORNEYS AT LAW	WATERTOWN	NY	13601
\$200.00	SELECTIVE INSURANCE	3420 TORINGDONWAY #300	CHARLOTTE	NC	282772439
\$114.27	SERVICE EMPLOYEE BEN FUND	PO BOX 1600	SYRACUSE	NY	13201
\$385.00	SERVISS CURTIS R	586 CT RT 24	GOUVERNEUR	NY	13642
\$15.00	SHAMPINE KEIKO	1417 ST HWY 812	GOUVERNEUR	NY	13642
\$4,664.41	SHI CORP.	PO BOX 952121	DALLAS	TX	753952121
\$20.00	SHIPPEE TRUDY	80 RIVER DRIVE	GOUVERNEUR	NY	13642
\$568.08	SIEMENS INDUSTRY, INC. / BUILDING TECHNOLOGIES	PO BOX 2134	CAROL STREAM	IL	601322134
\$243.94	SIF	1045 SEVENTH N ST	LIVERPOOL	NY	13088
\$311.96	SIMPSON TRACY	9341B LIVINGSTON WAY	FT DRUM	NY	13603
\$1,200.00	SKYTRON	16208 COLLECTIONS CENTER DRIVE	CHICAGO	IL	60693
\$14.43	SLATE EILEEN J	27 COUNTRY CLUB RD	GOUVERNEUR	NY	13642
\$559.50	SMITH MARION D	3809 ST HWY 58	GOUVERNEUR	NY	13642
\$23.40	SMW+	PO BOX 1449	GOODLETTSVILLE	TN	37070-1449
\$81.48	SNYDER CARMEN	10 JUDSON STREET	CANTON	NY	13617
\$6,312.27	SOMA TECHNOLOGY	166 HIGHLAND PARK DRIVE	BLOOMFIELD	CT	6002
\$1,070.00	SONICWALL	1143 BORREGAS AVE	SUNNYVALE	CA	94089
\$3.16	SOPER DONNA J	59 ISLAND ST	EDWARDS	NY	13635
\$406.48	SOURCEONE HEALTHCARE, INC.	4444 VIEWRIDGE AVE, STE 1	SAN DIEGO	CA	92123
\$4,712.80	SPECIAL FUNDS	5789 WIDEWATERS PARKWAY	DEWITT	NY	13214
\$10,947.34	ST LAWRENCE COUNTY	SOLID WASTE DEPARTMENT	CANTON	NY	13617
\$7,718.84	ST LAWRENCE RADIO ASSOC	1116 ARSENAL SUITE 504	WATERTOWN	NY	13601
\$19.55	ST LAW CO NYSARC	6 COMMERCE LANE	CANTON	NY	13617

\$19.77	ST LAW COUNTY SELF INSURED	48 COURT ST	CANTON	NY	13617
\$210.82	ST LAW CTY HEALTH INITIATIVE	ATTENTION: TRUDY DALTON	CANTON	NY	13617
\$49.91	ST LAW CTY SELF INS	48 COURT STREET	CANTON	NY	13617
\$21.62	ST LAWERNCE ZINC	408 SYLVIA LAKE RD	GOUVERNEUR	NY	13642
\$258.33	ST LAWRENCE COUNTY SELF INSURA	48 COURT ST	CANTON	NY	13617
\$1,734.50	ST LAWRENCE LEWIS	PO BOX 697	CANTON	NY	13617-0697
\$82.44	ST LAWRENCE LEWIS WORK COMP	PO BOX 274	RICHVILLE	NY	13681
\$45.15	ST LAWRENCE NYSARC	6 COMMERCE LANE	CANTON	NY	13617
\$232.30	ST LAWRENCE NYSARC	FLEXIBLE BENEFITS SYSTEM	CANTON	NY	13617
\$2,873.00	ST. LAWRENCE HEALTH	INITIATIVE, INC.	POTSDAM	NY	13676
\$7,903.90	STAPLES BUSINESS ADVANTAGE	DEPT ROC PO BOX 415256	BOSTON	MA	22415
\$2,916.27	STATE FARM	PO BOX 8016	BALLSTON SPA	NY	12020
\$277.26	STATE FARM INSURANCE COMPANIES	PO BOX 2360	BLOOMINGTON	IL	1702
\$1,522.29	STATE INS FUND	1045 7TH NORTH ST	LIVERPOOL	NY	13088
\$800.00	STATE UNIVERSITY OF NY	750 EAST ADAMS STREET	SYRACUSE	NY	13210
\$332.51	STATEWIDE INDEPENDENT PPO PHCS	PO BOX 5170	DES PLAINES	IL	60017
\$137.98	STATEWIDE INDEPENTENT PPO	6507 BASILE ROW	EAST SYRACUSE	NY	13057
\$18.19	STATEWIDE INS	4317 E GENESEE ST	SYRACUSE	NY	13214
\$30.00	STEPANEK PATRICIA	154 HAILESBORO ST #41	GOUVERNEUR	NY	13642
\$1,477.97	STERICYCLE	PO BOX 6582	CAROL STREAM	IL	60197-6582
\$3,247.33	STERIS CORPORATION	P.O. BOX 644063	PITTSBURGH	PA	15264-4063
\$531.14	STEVEN BLACKBURN	384 SAN BURR DRIVE	COLUMBUS	OH	43230
\$250.87	STONERIVER PHARM SOLUTION	PO BOX 504591	ST LOUIS	MO	63150
\$16,229.33	SUN OFFICE PRODUCTS	7347 S REVERE PARKWAY	CENTENNIAL	CO	80112
\$3,934.41	SYSMEX AMERICA, INC.	39923 TREASURY CENTER	CHICAGO	IL	60694-9900
\$1,241.14	TAKEDA PHARMACEUTICALS No. AMERICA	One Takeda Parkway	Deerfield	IL	60015
\$349.38	TENNANT COMPANY	PO BOX 71414	CHICAGO	IL	60694-1414
\$29.65	THE GOLUB CORPORATION	501 DUANESBURG RD	ROTTERDAM-SCHENECH	NY	12306
\$3,089.00	THE NEW ENGLAND JOURNAL	OF MEDICINE	WALTHAM	MA	24511
\$3,826.00	THE T SYSTEM- DEPT 2537	P.O. BOX 122537	DALLAS	TX	75312-2537
\$238.00	THE TAIGA GROUP, LLC	POST OFFICE BOX 232	GLENMONT	NY	12077
\$865.50	THE TRANE CO	15 TECHNOLOGY PLACE	EAST SYRACUSE	NY	13057
\$6,081.40	THERACOM	PAYMENT CENTER	CINCINNATI	OH	45264-0105
\$1,611.94	THOMPSON ARNOLD ESTATE	MALYS REBECCA	SYRACUSE	NY	13208

\$1,255.77	TODAYS OPTIONS	PO BOX 391888	CAMBRIDGE	MA	21399
\$519.20	TODAYS OPTIONS	PO BOX 742648	HOUSTON	TX	77274-1107
\$949.03	TOTAL CARE	PO BOX 11507	SYRACUSE	NY	13218
\$8,970.00	TOTAL REPAIR EXPRESS L.L.C.	10-1 ILENE CT	HILLSBOROUGH	NJ	8844
\$5.99	TRANSAMERICA	REGIONAL CLAIM OFFICE	SCRANTON	PA	18504-0097
\$88.23	TRANSAMERICA LIFE INS COMPANY	PO BOX 97	SCRANTON	PA	18504-0097
\$550.60	TRAVELRES INS	PO BOX 22005	ALBANY	NY	12201
\$170.75	TRAVLERS INS. IMS	PO BOX 129	CAMILLIUS	NY	13031
\$12,022.21	TRICARE REGION 1 CLAIMS	PO BOX 7011	CAMDEN	SC	29020
\$442.80	TRIGON BLUE CROSS	2015 STAPLES MILL RD	RICHMOND	VA	23279
\$156.45	ULINE SHIPPING SUPPLY SPC	PO BOX 88741	CHICAGO	IL	60680
\$1,537.15	UNIFIRST CORPORATION	103 LUTHER AVENUE	LIVERPOOL	NY	13088
\$336.40	UNITED HEALTHCARE	PO BOX 740801	ATLANTA	GA	30374-0801
\$2,586.54	UNITED HEALTHCARE	CPO BOX 1600	KINGSTON	NY	12402
\$2,227.63	UNITED HEALTHCARE	PO BOX 740800	ATLANTIC	GA	30374-0800
\$114.45	UNITED HEALTHCARE	PO BOX 30555	SALT LAKE CITY	UT	84130
\$24.10	UNITED HEALTHCARE	CPO BOX 1600	KINGSTON	NY	12402
\$28.40	UNITED HEALTHCARE	PO BOX 659769	SAN ANTONIO	TX	78265-0069
\$32.99	UNITED HEALTHCARE	LUCENT PPO INDEMNITY	ATLANTA	GA	30374-0802
\$146.00	UNIV OF ROCH/STRONG HOSPITAL	601 ELMWOOD AVE	ROCHESTER	NY	14642
\$294.61	UNIVERSAL UNDERWRITERS GROUP	15 BRITISH AMERICAN BLVD	LATHAM	NY	12110
\$213.60	UNIVERSITY PATHOLOGIST	250 HARRISON ST SUITE 502	SYRACUSE	NY	13202
\$6,000.00	UNIVERSITY PATHOLOGISTS LABORATORIES	224 HARRISON ST., SUITE 600	SYRACUSE	NY	13202
\$410.00	UP TO DATE INC	95 SAWYER ROAD	WALTHAM	MA	2453
\$1,973.47	UPSTATE ADMIN SERVICES	620 ERIE BLVD W	SYRACUSE	NY	13204-2415
\$339.50	UPSTATE ADMIN SERVICES	723 JAMES ST	SYRACUSE	NY	13217
\$18.11	UPSTATE ADMINISTRATIVE SERV	PO BOX 6589	SYRACUSE	NY	13217-6589
\$567.69	USAA CASUALTY INSURANCE	PO BOX 33490	SAN ANTONIO	TX	78265
\$2,819.67	USHERWOOD OFF TECHNOLOGY	1005 WEST FAYETTE ST	SYRACUSE	NY	13204
\$20,515.94	VERIZON ADVANCED DATA	PO BOX 4820	TRENTON	NJ	8650
\$363.00	VETERANS ADMINISTRATION	PO BOX 11930	ST PAUL	MN	55111
\$3,114.31	VETERANS ADMINISTRATION	400 FORT HILL AVE	CANANDAUGYA	NY	14424
\$108.00	VILLAGE OF GOUVERNEUR	33 CLINTON STREET	GOUVERNEUR	NY	13642
\$69.05	VILLAGE OF GOUVERNEUR POLICE	33 CLINTON STREET	GOUVERNEUR	NY	13642

\$8,678.72	W.B. MASON CO.,INC.	PO BOX 981101	BOSTON	MA	22981
\$12,745.07	WALLACE LABORATIES DIVISION	265 DAVIDSON AVENUE, SUITE 300	SOMERSETt	NJ	08873-4120
\$50.00	WALTZ ANGEL	71 BIRCHWOOD DRIVE	GOUVERNEUR	NY	13642
\$5.00	WALTZ CONNIE	71 BIRCHWOOD DRIVE	GOUVERNEUR	NY	13642
\$10.00	WASHBURN DONNA	1755 LEAD MINE ROAD	GOUVERNEUR	NY	13642
\$26.90	WATERTOWN EYE CENTER	1815 STATE STREET	WATERTOWN	NY	13601
\$245.41	WAUSAU	PO BOX 4834	SYRACUSE	NY	13221
\$743.81	WAUSAU	PO BOX 8092	WAUSAU	WS	54402-8092
\$666.40	WAUSAU BENEFITS	PO BOX 8013	WAUSAU	WI	54402-8013
\$8,137.50	WEATHERBY LOCUMS, INC. C/O KLEINMAN, SALTZMAN & BOLNICK, P.C.	151 NORTH MAIN ST.	NEW CITY	NY	10956
\$15.00	WEAVER LINDA	3321 ST HWY 58	GOUVERNEUR	NY	13642
\$386.30	WEBSTER WELDON R	125 SOUTH SHORE RD	GOUVERNEUR	NY	13642
\$22.74	WELLCARE	PO BOX 4438	SCRANTON	PA	18505
\$418.30	WELLCARE	PO BOX 4467	SCRANTON	PA	18505
\$38.00	WELLNESS CONNECTION	7785 N STATE STREET	LOWVILLE	NY	13367
\$199.43	WHITMARSH RICHARD H	79 MAPLE AVE	EDWARDS	NY	13635
\$460.05	WINDSOR GROUP	PO BOX 105112	ATLANTA	GA	30348
\$447.23	WISNER LARRY G	100 DANA HILL RD	RUSSELL	NY	13684
\$10.24	WITHERELL DONALD E	660 CO RT 11	GOUVERNEUR	NY	13642
\$267.00	YELLOW BOOK MID-ATLANTIC	PO BOX 11815	NEWARK	NJ	71018115
\$168.00	ZAFFARANO LEONARD M	1267 CO RT 12	GOUVERNEUR	NY	13642
\$32.40	ZOLL MEDICAL CORPORATION	869 MILL ROAD	CHELMSFORD	MA	1824
\$155.30	ZURICH AMERICAN	LONG ISLAND CLAIM CUST SERV	JAMAICA	NY	11430
\$9,343.20	ZURICH AMERICAN INSURANCE	8723 INNOVATION WAY	CHICAGO	IL	60682-0087
\$384.61	ZURICH NORTH AMERICAN	PO BOX ZZ	JAMAICA	NY	11430
\$1,273,533.34	Total amount				

Schedule C

List of Creditors

III - Known Contingent, Unliquidated and/or Disputed Claims

\$Amount	Name of Creditor	Address	City	State	Zip
\$116,000.00	CHARLES CONOLE V. EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR (INDEX #: 2933/2013, SUPREME COURT-ONONDAGA COUNTY) C/O COSTELLO, COONEY, FEARON PLLC ATTN.: DONALD S. DIBENEDETTO, ESQ.	500 PLUM STREET, SUITE 300	SYRACUSE	NY	13204
\$312,186.00	HEALTHCARE OF NEW YORK WORKERS COMPENSATION TRUST C/O FREDERICK J. MICALE, ESQ. P.C.	P. O. BOX 2096	SYRACUSE	NY	13220
\$168,215.00	NYS WCB, AS SUCCESSOR IN INTEREST TO THE HEALTHCARE INDUSTRY TRUST NEW YORK v. EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR (INDEX#: 5753/2013, SUPREME COURT-COUNTY OF ALBANY) C/O LYNDA BATTISTE, ESQ. NYS WORKERS' COMPENSATION BOARD, OFFICE OF GENERAL COUNSEL, LITIGATION DIVISION	328 STATE STREET	SCHENECTADY	NY	12305

ROBERT J. NICAISE C/O GEORGE S. MEHALLOW, ESQ.	2700 BELLEVUE AVE.	SYRACUSE	NY	13219
SHRED IT USA, INC. C/O ROBERT ROTHMAN, ESQ.	120 E. WASHINGTON ST., SUITE 107	SYRACUSE	NY	13202-4093
MR. GREGORY JOHNSON 08303-055 FCI ALLENWOOD UNIT	3B POB 2000	WHITE DEER	PA	17887
MR. GREGORY JOHNSON 08303-055 FEDERAL MEDICAL CENTER	DEVENS POB 879, UNIT J-B	AYER	MA	1432
JOSEPH ALEX C/O HERZFELD & RUBIN, PC	125 BROAD ST.	NEW YORK	NY	10004
LEON WAY AND DAKOTA WAY C/O CHARLES I. FALGIATANO, ESQ.	121 EAST WATER STREET	SYRACUSE	NY	13202
MARK FITZSIMMONS C/O LAFAVE, WEIN & FRAMENT, PLLC	2400 WESTERN AVENUE	GUILDERLAND	NY	12084
NATIONSTAR MORTGAGE LLC V. LIEBENOW, DYLAN, CHRISTOPHER A. MILLER, ASSOC. FOR NEIGHBORHOOD REHABILITATION INC., ET AL. (INDEX #: 142855/2014, SUPREME COURT- ST. LAWRENCE COUNTY) C/O AMBER A JUREK, ESQ.	25 NORTHPOINTE PARKWAY-STE. 25 TEL. 716-204-1700	AMHERST	NY	14228

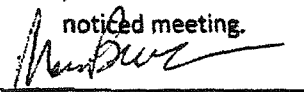
\$7,030.00 NORTHEAST ELECTRONICS V. EDWARD 28 EAST MAIN STREET, ROCHESTER NY 14314
JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW SUITE 1800
YORK
(INDEX #: ____/2014, SUPREME COURT-
MONROE COUNTY)
C/O RELIN, GOLDSTEIN & CRANE, LLP
ATTN.: JOSEPH M. SHUR, ESQ.

\$603,431.00 Total Amount

Certification

I, Mark Brackett, Secretary of the Edward John Noble Hospital of Gouverneur, New York, hereby certify under penalties of perjury that the within Plan of Dissolution was duly submitted to the Board of Trustees of the Corporation and passed by unanimous resolution dated December 2, 2014 at a duly-

noticed meeting.

A handwritten signature in black ink, appearing to read 'Mark Brackett', written over a horizontal line.

Mark Brackett, Secretary

Dated the 14 day of January, 2015.

EXHIBIT D
Authorizing Board Resolutions

See attached.

**RESOLUTION OF THE BOARD OF TRUSTEES
OF
EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK**

December 2, 2014

WHEREAS, on October, 13, 2013, the Board of Trustees of the Corporation executed an unanimous written consent authorizing the Corporation to sell its assets pursuant to a Letter of Intent and Asset Purchase Agreement and thereafter dissolve after consummation of the sale; and

WHEREAS, the sale was consummated on December 31, 2013; and

WHEREAS, in furtherance of its dissolution, the Corporation must obtain the approval of its verified petition (the "Petition") and plan (the "Plan"), in substantially the forms attached hereto as Exhibits A and B, from the New York State Attorney General and the New York State Supreme Court pursuant to the Not-for-Profit Corporation Law of the State of New York;


NOW, THEREFORE, it is hereby

RESOLVED that, the appropriate officers of this Corporation be, and they hereby are, authorized to execute and direct the filing of the finalized Petition and finalized Plan, for and on behalf of the Corporation, and dissolve the Corporation in accordance with such Petition and such Plan and execute and direct the filing of any document as may be reasonably necessary in furtherance thereof, including a certificate of dissolution.

CERTIFICATION

I hereby certify that I am the duly qualified and acting Secretary of Edward John Noble Hospital of Gouverneur, New York; that the foregoing is a true and complete copy of a resolution of said corporation duly adopted at a meeting of the Board of Trustees of said corporation held on December 2, 2014, at which a quorum was present, and that said resolution has not been amended and is in full force and effect.

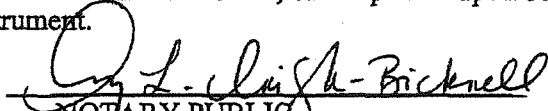
IN WITNESS WHEREOF, I have hereunto signed my name as Secretary this 10 day of December 2014.



Secretary

STATE OF NEW YORK)
) SS:
COUNTY OF ST. LAWRENCE)

On this 10th day of December, in the year 2014, before me, the undersigned, a Notary Public in and for said State, personally appeared MARK BRACKETT, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.


NOTARY PUBLIC

Amy L. Irish-Bicknell
Notary Public in the State of New York
St. Lawrence Co. No. 01TR6159456
My Commission Expires Jan. 22, 2015

EXHIBIT E

Petition to Court for Approval of Plan (with exhibits)

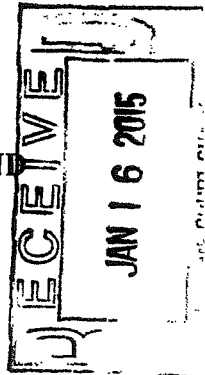
See attached.



SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ST. LAWRENCE

In the Matter of the Application of EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK, a corporation duly organized under the laws of the State of New York, for leave to dissolve and enjoin certain creditor/claimant activity pursuant to Article 11 of the New York Not-For-Profit Corporation Law.

VERIFIED JUDICIAL
PETITION
FOR DISSOLUTION AND
INJUNCTION
UNDER NFPCL
§1102(a)(1)(A),
§1102(a)(2)(E) AND
§1113(a)(3)



Index No. 144980
IAS No. 44-1-2015-0039
DUPLICATE
ORIGINAL
FILED

TO THE SUPREME COURT OF THE STATE OF NEW YORK,
COUNTY OF ST. LAWRENCE:

Petitioner, Edward John Noble Hospital of Gouverneur, New York (the "Petitioner" or the "Hospital"), by Michael J. Burgess, Chairman, hereby submits this Verified Petition for entry of an Order:

- (i) approving the proposed dissolution pursuant to Article 11 of the Not-for-Profit Corporation Law of the State of New York (the "NFPCL");
- (ii) enjoining certain creditor/claimant activity during the pendency of this Petition and until the Plan (as defined herein) is fully consummated, in accordance with NFPCL Section 1113 (a)(3); and
- (iii) granting such other and further relief as this Court deems just and proper.

In support of the Petition, Petitioner respectfully states as follows:

1. Petitioner is a not-for-profit corporation duly organized and existing pursuant to the laws of the State of New York. Petitioner was incorporated for the purpose of providing services as a hospital by a certificate of incorporation filed in 1923. A copy of Petitioner's Certificate of Incorporation, including any amendments thereto, is attached hereto as **Exhibit A**.

2. Petitioner's principal office was located at 77 W. Barney St., Gouverneur, New

York, St. Lawrence County, New York.

3. The names, addresses, and titles of the Petitioner's officers and trustees are set forth on **Exhibit B**.

4. The purpose for which the Petitioner was organized was to operate a not-for-profit hospital in the town of Gouverneur, New York.

5. The Petitioner is a Type B corporation.

6. The Petitioner does not have any members.

7. By unanimous written consent dated and effective as of October 10, 2013, the members of the Board of Trustees of Petitioner resolved to sell substantially all of Petitioner's assets (the "Asset Sale") to Gouverneur Hospital, as assignee of Canton-Potsdam Hospital (the "Purchaser"), pursuant to an Asset Purchase Agreement and to dissolve thereafter. A copy of such unanimous written consent of the Board of Trustees of Petitioner is annexed hereto as **Exhibit C**.

8. The Asset Sale was authorized by this Court by Order (the body of which Order is annexed hereto as **Exhibit D**, but without annexes or exhibits¹) entered on December 20, 2013 in the Matter of the Application of Edward John Noble Hospital of Gouverneur, New York, et. al, Index No. 142537, Supreme Court, St. Lawrence County.

9. The Sale was consummated on and as of December 31, 2013.

10. Petitioner closed its hospital business on and as of December 31, 2013.

11. Prior to the Asset Sale, Petitioner was indebted in the amount of \$11,313,225.00 (the "Bond Indebtedness") under certain Civic Facility Revenue Bonds Series 2010 dated as of October 1, 2010. The Bond Indebtedness was secured by substantially all of Petitioner's assets.

¹ The complete Order, together with all annexes and exhibits, is available for review at the St. Lawrence County Clerk's office and at <http://www.scsnylaw.com/EJN/>.

12. Prior to the Asset Sale, Petitioner was also indebted to the Dormitory Authority of the State of New York ("DASNY") in the amount of \$2,412,000.00 (the "DASNY Indebtedness") pursuant to that certain Reimbursement and Security Agreement between DASNY and the Hospital dated as of April 30, 2013. The DASNY Indebtedness was secured by certain of Petitioner's assets.

13. As a result of consummating the Asset Sale, Petitioner received the following consideration:

- Purchaser's payment of the base purchase price in the amount of \$2,500,000.00;
- Purchaser's payment of the accounts receivable purchase price in the amount of \$2,150,000.00;
- Purchaser's assumption of \$1,500,000.00 of the DASNY Indebtedness;
- Purchaser's satisfaction of \$500,000.00 of indebtedness owed by Petitioner to Purchaser;
- Purchaser's payment of certain post-closing trailing expenses in the maximum amount of \$986,228.00 (the "Post-Closing Trailing Expense Funds"); and
- Purchaser's payment of \$396,129.00 in cash for the benefit of Petitioner's unsecured creditors (the "Unsecured Creditor Pool Funds").

14. To facilitate the consummation of the Asset Sale, in addition to the consideration paid by Purchaser, Petitioner received an additional \$4,000,000.00 of funding to enable payment and full satisfaction of the Bond Indebtedness.

15. All amounts owed by Purchaser in connection with the Asset Sale have been paid, including, without limitation, the Post-Closing Trailing Expense Funds and the Unsecured Creditor Pool Funds.

16. Pursuant to the terms of the Asset Sale, Petitioner agreed to hold the Unsecured Creditor Pool Funds in trust for the benefit of Petitioner's unsecured creditors (other than those unsecured creditors paid through the Post-Closing Trailing Expense Funds) and to distribute the Unsecured Creditor Pool Funds to the Petitioner's unsecured creditors in accordance with a

judicial dissolution under Article 11 of the NFPCL.

17. Annexed hereto as **Exhibit E** is a statement of the assets and liabilities of Petitioner as of December 31, 2014. Such statement shows assets of \$396,264.00 and liabilities of \$1,900,480.00. Petitioner's assets consist solely of the Unsecured Creditor Pool Funds. Petitioner's liabilities reflect Petitioner's remaining liabilities after application of the Post-Closing Trailing Expense Funds.

18. No gifts, property or other assets are held for a restricted use by the Petitioner.²

19. Since the assets of Petitioner are not sufficient to discharge its liabilities, dissolution of Petitioner is authorized by NFPCL Section 1102(a)(1)(A).

20. Petitioner has sold substantially all of its assets and has closed its hospital business. Since Petitioner is no longer able to carry out its purposes, dissolution of Petitioner is also authorized by NFPCL Section 1102(a)(2)(E).

21. Annexed hereto as **Exhibit F** is a list containing the names and addresses of all Petitioner's creditors and claimants, including any with unliquidated or contingent claims and any with whom Petitioner has unfulfilled contracts.

22. On December 2, 2014, Petitioner's Board of Trustees approved and adopted a plan of dissolution and distribution of assets dated December 1, 2014 (the "**Plan**") by a unanimous resolution dated December 2, 2014 (the "**Resolution**"). Copies of the Plan and the Resolution are attached hereto as **EXHIBIT G** and **EXHIBIT H**, respectively. As set forth in the Resolution, Petitioner's Board of Trustees has further authorized the filing of a certificate of dissolution in accordance with the NFPCL.

² By Order entered on July 7, 2014 in the Matter of the Application of Edward John Noble Hospital of Gouverneur, New York, *et al.*, Index No. 143754, Supreme Court, St. Lawrence County, this Court designated Gouverneur Hospital as the beneficiary, in lieu of Petitioner, of approximately \$1,477,908.00 of Petitioner's restricted donor funds.

23. By the time this Court considers the Verified Petition, Petitioner anticipates that the Plan will have been approved by the New York State Department of Health. Said approval will be filed as an exhibit to the Plan.

24. Since Petitioner's liabilities exceed its assets, there will not be any assets remaining for distribution after providing for the payment of creditors.

25. By reason of all the foregoing, dissolution of Petitioner would be in the best interests of Petitioner.

26. The Attorney General is a necessary party to this proceeding and has been given notice hereof.

27. Consistent with NFPCL Sections 1115 and 1007(a), the inclusion of a creditor or claimant in Exhibit F or Exhibit G, or any reference to Petitioner's total liabilities in this Verified Petition, and the providing of notice of this proceeding to such creditor or claimant shall not constitute a recognition that any person is a proper creditor or claimant, and shall not revive or make valid, or operate as a recognition of the validity of, or a waiver of any defense or counterclaim in respect of any claim against the Petitioner, its assets, its director or officers, which has been barred by any statute of limitations or become invalid by any cause, or in respect of which the Petitioner, its directors or officers, has any defense or counterclaim. The validity of any claim against Petitioner shall be determined in the claim resolution process upon Petitioner's review of claims filed by the bar date, and, if necessary, adjudication by this Court.

28. No previous application for approval of the Plan has been made to this or any other court.

WHEREFORE, based upon the foregoing, Petitioner prays for an Order of this Court substantially in the form annexed hereto as **Exhibit I**:

(i) after such notice and an opportunity to be heard as this Court deems sufficient, approving the proposed dissolution of Petitioner;

(ii) during the pendency of this Petition and until the Plan is fully consummated, enjoining all creditors and claimants from commencing or continuing any actions against Petitioner; and

(iii) granting such other and further relief as this Court deems just and proper.

Dated: January 15, 2015
New York, New York

Respectfully submitted,

LECLAIRRYAN, A PROFESSIONAL
CORPORATION³

By: 

Janice B. Grubin, Esq.
LeClairRyan, A Professional Corporation
885 Third Avenue
New York, NY 10022
(212) 754-9400

Counsel for Petitioner
Edward John Noble Hospital
of Gouverneur, New York

³ On June 13, 2014, Janice B. Grubin withdrew from the law firm of Spizz Cohen & Serchuk, P.C. (formerly known as Nachamie Spizz Cohen & Serchuk, P.C), Petitioner's prior counsel, and joined the law firm of LeClairRyan, A Professional Corporation as of June 16, 2014. LeClairRyan, through Gregory J. Mascitti, represented the Purchaser in the Asset Sale. The Purchaser and the Petitioner desire, and have consented, to have Ms. Grubin and Mr. Mascitti continue to represent each of them, respectively, in this dissolution proceeding.

VERIFICATION

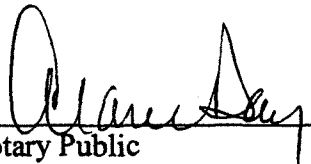
I, Michael J. Burgess, affirm and say: I am the Chairman of the Board of EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK, a non-profit corporation and Petitioner of the within action; I have read the foregoing Petition and know the contents thereof and the same is true to my own knowledge. I make this verification because the above party is a corporation and I am the Chairman of the Board thereof.



Name: Michael J. Burgess
Title: Chairman of the Board

STATE OF NEW YORK; COUNTY OF ST. LAWRENCE: ss:

On January 13, 2015, before me, the undersigned, personally appeared Michael J. Burgess, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, executed the instrument.



Notary Public

ALANE DAY
Notary Public, State of New York
No. 01DA6083510
Qualified in St. Lawrence County
Commission Expires November 18, 2018

EXHIBIT A

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
February 21, 2013.

A handwritten signature in black ink, appearing to read "D. Shapiro".

Daniel E. Shapiro
First Deputy Secretary of State

In the State of New York

Stephen B. Van Duser Hospital

Whereas, Application has been made to the State Board of Charities for its approval of the incorporation of

Stephen B. Van Duser Hospital

Whereas, On due inquiry and investigation it appears to said Board desirable and proper that such association shall be incorporated.

Now, Therefore, In pursuance of and in conformity with the provisions of the Laws of the State of New York, the said State Board of Charities hereby certifies that it appears of the incorporation of said Stephen B. Van Duser Hospital, principal office, Governor, N. Y.

the certificate of incorporation of which is herewith annexed.

In Witness Whereof, the said Board has this 18th day of December, 1922, caused these presents to be subscribed by its President and attested by its Secretary and its official seal to be hereunto affixed.

William Stewart

PRESIDENT

Charles Johnson

SECRETARY

THE UNITED STATES DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL
WASHINGTON, D. C.

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THE UNITED STATES DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL
WASHINGTON, D. C.

NOTARIAL PUBLIC, STATE OF NEW YORK
JAMES H. JOYCE, Notary Public
No. 1111, City of New York, N.Y.
Notary Public, State of New York

James G. Dolan
Charles E. Felt
Warren W. Harvey
J. Walter McLean
George M. Massey
Grant B. Fuller
George S. Dawley
James O. Sheldon
Arthur Parker

State of New York,
St. Lawrence County, SS:

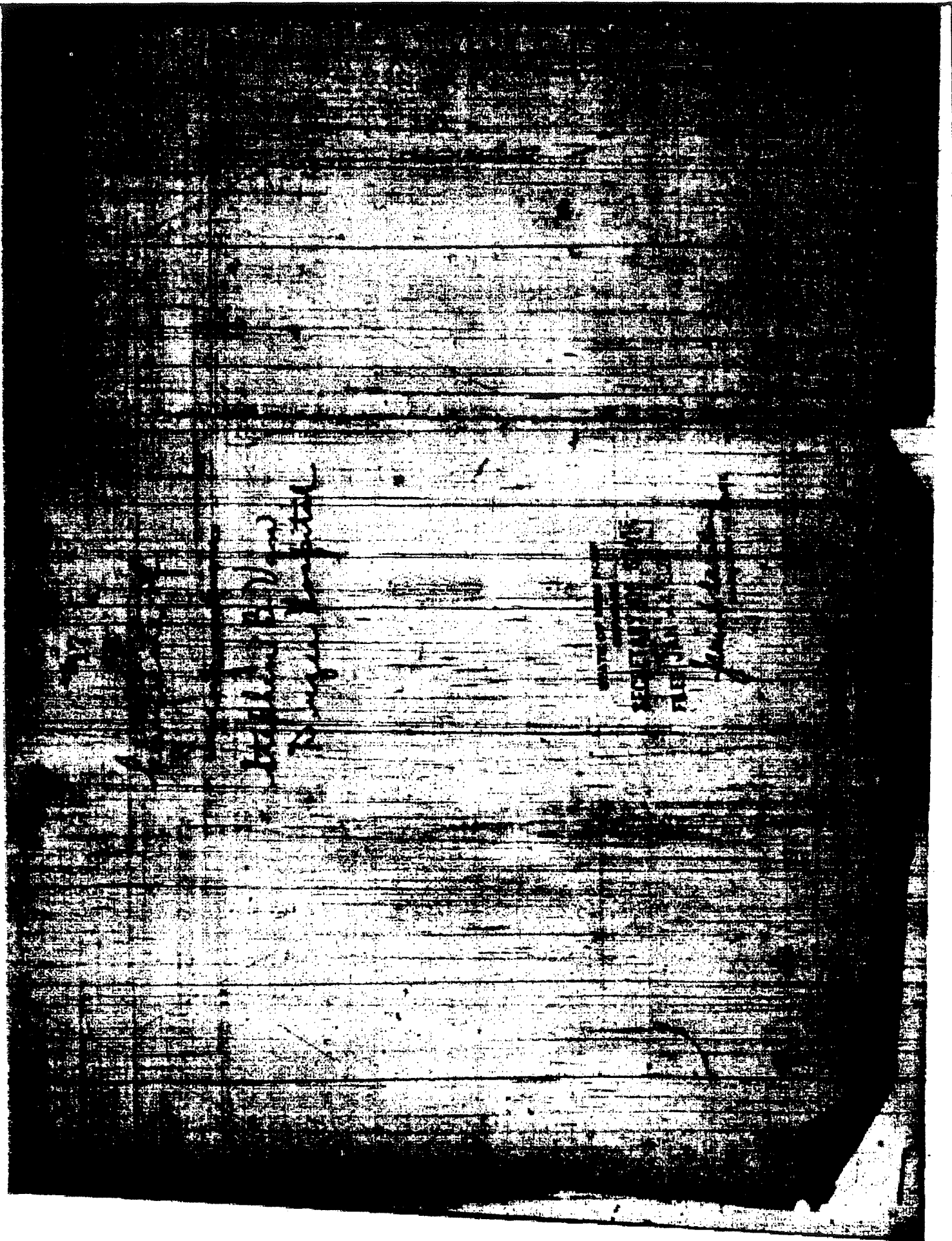
On this 25th day of November, 1922, before me, the undersigned, personally appeared James G. Dolan, Charles E. Felt, Warren W. Harvey, J. Walter McLean, George M. Massey, Grant B. Fuller, George S. Dawley, James O. Sheldon and Arthur Parker, to me known and known to me to be the same persons who executed the foregoing instrument and they severally acknowledged to me that they executed the same.

J. M. Joyce
Notary Public

I hereby approve of the incorporation of the above named
Stephen N. Vandusen Hospital.

Dated the 25th day of November, 1922.

J. M. Joyce
Justice of the Supreme Court



STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
February 21, 2013.



A handwritten signature in black ink, appearing to read "Daniel E. Shapiro".

Daniel E. Shapiro
First Deputy Secretary of State

THE STEPHEN B. VAN DUZER HOSPITAL OF GOVERNEUR, NEW YORK, FOR THE PURPOSE OF PROVIDING THAT THE NUMBER OF DIRECTORS OF THE SAID HOSPITAL BE CHANGED FROM 35, AS AT PRESENT PROVIDED, TO ANY NUMBER NOT LESS THAN THREE(3) NOR MORE THAN THIRTY-FIVE(35), AS DETERMINED FROM TIME TO TIME BY THE SAID CORPORATION IN ACCORDANCE WITH ITS BY-LAWS AND PURSUANT TO SECTION 30 OF THE MEMBERSHIP CORPORATION LAW.

WE, THE UNDERSIGNED Vice President and Secretary of the STEPHEN B. VAN DUZER HOSPITAL, do make sign, acknowledge and file this certificate as follows :

- FIRST: The name of the corporation is STEPHEN B. VAN DUZER HOSPITAL of Gouverneur, St. Lawrence County, New York.
- SECOND: The original certificate of incorporation was filed in the office of the Secretary of State on January 4th, 1923.
- THIRD: The number of directors of the corporation is at present thirty-five(35). The number of directors is changed in that the said number shall be not less than three(3) nor more than thirty-five(35) as shall be established from time to time by the said corporation in accordance with its By-Laws.

IN WITNESS WHEREOF, we have made, signed and acknowledged this certificate, in duplicate, this twenty-first day of February, 1945.

17

Albert E. Boughner
Vice President

William B. Simons
Secretary

STATE OF NEW YORK,)
County of St. Lawrence,) ss.:

On this twenty-first day of February, 1945; before me, the subscriber, personally appeared ALBERT E. BOUGHNER and WILLIAM B. SIMONS to me personally known and known to me to be the same persons described in and who made and subscribed the foregoing Certificate, and they severally duly acknowledged to me that they made and subscribed the same.

Carl F. Easton
Notary Public (Seal)

STATE OF NEW YORK,)
County of St. Lawrence,) ss.:

ALBERT E. BOUGHNER and WILLIAM B. SIMONS, being severally duly sworn, each for himself, deposes and says: That the said ALBERT E. BOUGHNER is the Vice President of the STEPHEN B. VAN DUZER HOSPITAL and that the said WILLIAM B. SIMONS is the Secretary thereof; that they were authorized to sign the foregoing Certificate of Amendment of the Certificate of Incorporation of the STEPHEN B. VAN DUZER HOSPITAL of Gouverneur, New York, for the Purpose of Providing that the Number of Directors of said Hospital be Changed from 35, as at present provided, to any number not less than three(3) nor more than thirty-five(35), as determined from time to time by the said corporation, in Accordance with its By-Laws and Pursuant to Section 30 of the Membership Corporation Law, by the concurring vote of a majority of the members of the corporation present at an annual meeting held upon notice, pursuant to Section 43 of the Membership Corporation Law of the State of New York, held on the fifth day of February, 1945, and that they subscribed such certificate by virtue of such authority.

Subscribed and sworn to before me this
twenty-first day of February, 1945.

(Seal) Carl F. Easton
Notary Public

4512-17-1

4309
CERTIFICATE OF INCORPORATION
of the
of the
STEPHEN B. VAN DUZEE HOSPITAL

~~GOVERNOR, NEW YORK~~

FOR THE PURPOSE OF PROVIDING THAT
NUMBER OF DIRECTORS OF SAID HOSPITAL
BE CHANGED FROM 35, AS AT PRESENT
PROVIDED, TO ANY NUMBER NOT LESS THAN
NOR MORE THAN 35, AS DETERMINED FROM
TIME TO TIME BY SAID CORPORATION IN
ACCORDANCE WITH ITS BY-LAWS PURSUANT
TO SECTION 30 OF THE MEMBERSHIP CORP
ORATION LAW.

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED **MAR 1-1945**
TAX \$
FILING FEE \$ *250*

Thomas J. Quinn
SECRETARY OF STATE

BY *Albert E. Boughner*
CASHIER

Subscribed February 21st, 1945

Filed in
THE OFFICE OF THE SECRETARY OF STATE

Albert E. Boughner, Vice-
Stephen V. Van Duzee Hoag
26 William St.,
Gouverneur, N.Y.

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
February 21, 2013.

A handwritten signature in black ink, appearing to read "Daniel E. Shapiro".

Daniel E. Shapiro
First Deputy Secretary of State

CERTIFICATE OF CHANGE OF NAME OF STEPHEN B. VAN DUZEE HOSPITAL
TO EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK, PURSUANT
TO SECTION FORTY OF THE GENERAL CORPORATION LAW.

We, Albert E. Boughner and Mason R. Smith, being
respectively the president and the secretary of Stephen B. Van
Duzee Hospital, certify:

1. The name of this corporation is Stephen B. Van Duzee
Hospital.
2. The certificate of incorporation was filed in the Office
of the Secretary of State on the 4th day of January, 1923.
3. The new name to be assumed by this corporation is Edward
John Noble Hospital of Gouverneur, New York.

IN WITNESS WHEREOF, we have made and subscribed this certifi-
cate this 4th day of February, 1948.

11

Albert E. Boughner

President

Mason R. Smith

Vice President

STATE OF NEW YORK :
: ss.:
COUNTY OF ST. LAWRENCE :

On this 4th day of February, 1948, before me personally
came Albert E. Boughner and Mason R. Smith, to me known and known
to me to be the persons described in and who executed the fore-
going certificate of change of name, and they thereupon severally
duly acknowledged to me that they executed the same.

Edward H. Case

Notary Public

4452-11-1 A76

STATE OF NEW YORK

COUNTY OF ST. LAWRENCE

Albert E. Boughner and Mason R. Smith, being duly sworn, depose and say, and each for himself deposes and says that he, Albert E. Boughner is the president of Stephen B. Van Duzee Hospital, and he, Mason R. Smith, is the secretary thereof; that the said Stephen B. Van Duzee Hospital is a membership corporation and that they were duly authorized to execute and file the foregoing certificate of change of name of said membership corporation by the votes, cast in person or by proxy, of a majority of the members of record of the corporation who are entitled to vote, and that such votes were cast at the meeting of the members called for that purpose upon like notice as that required for the annual meetings of the corporation and said meeting was held in the Municipal Building in the Village of Gouverneur, New York on the second day of February, 1948 at 8 o'clock P.M.

Albert E. Boughner
Mason R. Smith

Subscribed and sworn to before me
this 4th day of February, 1948.

Edward H. Case

Notary Public

EDWARD H. CASE
Notary Public, State of New York
County of St. Lawrence
Commission Expires March 30, 1948

#76

4957-11-2

14-13 *Romeo*
St Lawrence Co. R
208-17

CERTIFICATE OF CHANGE OF NAME
OF STEPHEN B. VAN DUSEE HOSPITAL
TO EDWARD JOHN NOBLE HOSPITAL OF
GOVERNEUR, NEW YORK, PURSUANT
TO SECTION FORTY OF THE GENERAL
CORPORATION LAW.

4958
11-16-48

11-16-48

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED FEB 5 - 1948

TAX \$ *20*
FILING FEE \$ *20*

Thomas J. ...
SECRETARY OF STATE
BY *W. ...*

EDWARD HAILE CASE
ATTORNEY AND COUNSELOR AT LAW
107 EAST MAIN STREET
GOVERNEUR, N.Y.

STATE OF NEW YORK

DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
February 21, 2013.



A handwritten signature in black ink, appearing to read "D. Shapiro", is written over the printed name.

Daniel E. Shapiro
First Deputy Secretary of State

Certificate of Report of Existence
of
Edward John Noble Hospital
of Gouverneur, New York
Pursuant to Section 57
of the Membership Corporations Law

1. The name of the corporation is John Edward Noble Hospital of Gouverneur, New York. The original name was Stephen B. Van-Duzee Hospital.
2. The certificate of incorporation was filed in the Department of State on Jan. 4, 1923.
3. The corporation was formed pursuant to Membership Corporations Law.
4. The existence of the foregoing corporation is hereby continued.

Dated: February 28, 1951

Albert E. Boughner
Chairman and a Trustee

STATE OF NEW YORK :
County of St. Lawrence : ss

On this 28th day of February, 1951, before me personally appeared Albert E. Boughner to me personally known and known to me to be the person described in and who executed the foregoing certificate, and he thereupon acknowledged to me that he executed the same for the uses and purposes therein mentioned.

Edward H. Case
Notary Public

11-1-38

Certificate of Report of
Existence of

Edward John Noble Hospital
of Gouverneur, New York

Pursuant to Section 57
of the
Membership Corporations
Law

STATE OF NEW YORK
DEPARTMENT OF STATE

FILED MAR 6 1951

FILED FEB 23 1951

Thomas J. ...

Secretary of State

EDWARD HAILE CASE
ATTORNEY AND COUNSELOR AT LAW
107 EAST MAIN STREET
GOVERNEUR, N. Y.

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
February 21, 2013.

A handwritten signature in black ink, appearing to read "D. Shapiro", is written over the printed name.

Daniel E. Shapiro
First Deputy Secretary of State

A 897 503

CERTIFICATE

OF

AMENDMENT

OF

CERTIFICATE

OF

INCORPORATION

OF

EDWARD JOHN NOBLE HOSPITAL
OF GOUVERNEUR, NEW YORK

Under Section 803 of the Not For Profit Corporation Law

WE, the undersigned, being respectively the Chairman of the Board of Trustees and Secretary of the Board of Trustees of Edward John Noble Hospital of Gouverneur, New York, in accordance with Section 803 of the Not For Profit Corporation Law, hereby certify;

1. The name of the corporation is EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK. It was formed under the name of Stephen B. VanDusee Hospital.

2. Pursuant to the Membership Corporation Law, the Certificate of Incorporation was filed with the Secretary of State of January 4, 1923.

3. The Certificate of Change of Name of Stephen B.

~~Vanduzee Hospital to Edward John Noble Hospital of Gouverneur~~
New York, was filed February 5, 1948, pursuant to Section 40 of
the General Corporation Law.

3a. The Corporation, as a corporation, is defined in
Sub-paragraph (a)(5) of Section 102; it is a type B corporation
under Section 201, in that it is a hospital; and the corporate
purposes are not to be enlarged.

3b. The post office address within the State of New
York to which the Secretary of State shall mail a copy of any
notice required by law is: 77 West Barney Street, Gouverneur,
New York 13642.

4. There are no approvals or consents required
beyond the action set forth at paragraph 3 herein.

3
5. Paragraph "6th" of the Certificate of Incorporation is amended as follows: By striking out the following:

"The annual meeting of said corporation shall be held at the principal office in the said Village of Gouverneur on the first Monday of February each year."

and by inserting the following:

~~"The annual meeting of said corporation shall be held at the principal office in the said Village of Gouverneur in the month of April of each year."~~

6. Paragraph "7th" of the Certificate of Incorporation is amended as follows: By striking out the following:

"The directors of said corporation shall constitute the Board of Managers thereof."

and by inserting the following:

"The members of said corporation shall constitute the Board of Trustees thereof."

7. Paragraph "8th" of the Certificate of Incorporation is amended as follows: By striking out the following:

"Every director of said corporation shall be a citizen of the United States, a resident of the Town of Gouverneur, St. Lawrence County, aforesaid. No duly licensed practicing physician shall be eligible as a director of said corporation."

and by inserting the following:

"Every member of said corporation shall be a citizen of the United States, a resident of the area served by the hospital."

8. The above amendments to the certificate of incorporation were authorized by vote of a majority of all members entitled to vote thereon at a meeting of the members.

IN WITNESS WHEREOF, we have signed this certificate on the 28th day of July, 1980.

CASE, LEADER & AYLING
ATTORNEYS AT LAW
101 EAST MAIN STREET
GOVERNEUR, NEW YORK
13622

Clifford E. Tibbits, Jr.
Clifford E. Tibbits, Jr.

Dorothy Wemyss
Dorothy Wemyss, Secretary

STATE OF NEW YORK)

SS:

COUNTY OF ST. LAWRENCE)

CLIFFORD E. TIBBITS, JR. and DOROTHY WEMYSS, being first
duly sworn, depose and say that they are the Chairman of the Board
of Trustees and Secretary of the Board of Trustees, respectively,
of EDWARD JOHN NOBLE HOSPITAL OF GOVERNOUR, NEW YORK, that they
have read the foregoing Certificate and know the contents thereof
and that the statements therein are true.

Clifford E. Tibbits, Jr.
Clifford E. Tibbits, Jr.

Dorothy Wemyss
Dorothy Wemyss

Sworn to before me this 23 day
of July, 1980.

James P. Beck
Notary Public State of New York
My Commission Expires 3/30/81

4687503

STATE OF NEW YORK
DEPARTMENT OF STATE

RD SEP 11 1960

AMT OF CHECK \$

FILING FEE \$

COPY \$

CERT \$

REFUND \$

CERTIFICATE OF AMENDMENT

OF THE CERTIFICATE OF

INCORPORATION OF EDWARD

JOHN ROBLE HOSPITAL OF

GOVERNOR, NEW YORK

*St. Elizabeth's Hospital
2000 2nd St. S. 48
LA - 11 E 120
NO. Type
10/1/60*

*Hypertension
Types*

12-4-3

MD

52117

CLASS OF LEADER
ATTORNEY AT LAW

GOVERNOR, NEW YORK 15842

63

GA

FILING RECEIPT

=====

ENTITY NAME: EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK

DOCUMENT TYPE: AMENDMENT (DOMESTIC NFP)
PROCESS PROVISIONS

COUNTY: STLA

=====

FILED:08/21/2013 DURATION:***** CASH#:130821000644 FILM #:130821000591

FILER:

NACHAMIE SPIZZ COHEN & SERCHUK, P.C
425 PARK AVENUE

NEW YORK, NY 10022

ADDRESS FOR PROCESS:

THE CORPORATION
77 WEST BARNEY STREET
GOUVERNEUR, NY 13642

REGISTERED AGENT:



=====

SERVICE COMPANY: CONTINENTAL CORPORATE SERVICES, INC. - SERVICE CODE: 04

FEEs	90.00	PAYMENTS	90.00
	-----		-----
FILING	30.00	CASH	0.00
TAX	0.00	CHECK	0.00
CERT	0.00	CHARGE	0.00
COPIES	10.00	DRAWDOWN	90.00
HANDLING	50.00	OPAL	0.00
		REFUND	0.00

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the Department of State, at the City of Albany, on August 22, 2013.

Anthony Giardina

Anthony Giardina
Executive Deputy Secretary of State

130821000591

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
EDWARD JOHN NOBLE HOSPITAL
OF GOUVERNEUR, NEW YORK

Under Section 803 of the Not-For-Profit Corporation Law

We, the undersigned, being respectively the Chairman of the Board of Trustees and Secretary of the Board of Trustees of Edward John Noble Hospital of Gouverneur, New York, in accordance with Section 803 of the Not-For-Profit Corporation Law, hereby certify:

1. The name of the corporation is EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK. It was formed under the name of Stephen B. Van Duzee Hospital.
2. Pursuant to the Membership Corporation Law, the Certificate of Incorporation was filed with the Secretary of State of January 4, 1923.
3. The Certificate of Change of Name of Stephen B. Van Duzee Hospital to Edward John Noble Hospital of Gouverneur, New York, was filed February 5, 1948, pursuant to Section 40 of the General Corporation Law.
4. The Corporation is defined in Sub-paragraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law. The Corporation is a Type B Corporation under Section 201, in that it is a hospital. The corporate purposes are not to be enlarged, limited or otherwise changed by this Certificate of Amendment to the Certificate of Incorporation.
5. The Secretary of State is designated as agent of the Corporation upon whom process against it may be served. The post office address within the State of New York to which the

Secretary of State shall mail a copy of any notice required by law to: 77 West Barney Street,
Gouverneur, New York 13642.

6. There are no approvals or consents required for this amendment. This Certificate of Amendment to the Certificate of Corporation does not add, change or eliminate a purpose, power or provision the inclusion of which in a certificate of incorporation requires consent or approval of a governmental body or officer or any other person or body.

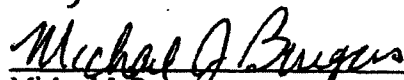
7. The sole purpose of this Certificate of Amendment to the Certificate of Incorporation is to delete all references to the corporation having members and to affirmatively indicate that the Corporation shall not have any members, as permitted for Type B Corporations by Section 601(a) of the Not-For-Profit Corporation Law.

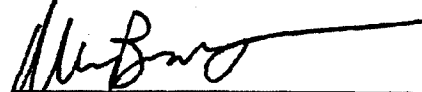
Accordingly, paragraph "7th" of the Certificate of Incorporation is amended to read as follows:

7th: "The corporation shall not have any members."

8. The above amendments to the Certificate of Incorporation were authorized by vote of a majority of all members entitled to vote thereon at a meeting of the members.

IN WITNESS WHEREOF, we have signed this certificate and affirm that the statements herein are true under the penalties of perjury on the 2 of Aug, 2013.



Michael J. Burgess,
Chairman of the Board



Mark Brackett, Secretary

VERIFICATION

STATE OF NEW YORK)
) ss:
COUNTY OF ST. LAWRENCE)

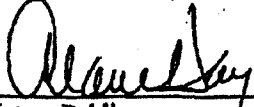
Michael J. Burgess and Mark Brackett, being first duly sworn, depose and say that they are the Chairman of the Board of Trustees and Secretary of the Board of Trustees, respectively, of EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK, that they have read the foregoing Certificate and know the contents thereof and that the statements therein are true.



Michael J. Burgess,
Chairman of the Board


Mark Brackett, Secretary

Sworn to before me this 2
day of Aug, 2013



Notary Public

ALANE DAY
Notary Public, State of New York
No. 01DA8083510
Qualified in St. Lawrence County
Commission Expires November 18, 2014

130821000591

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
EDWARD JOHN NOBLE HOSPITAL
OF GOUVERNEUR, NEW YORK

Under Section 803 of the Not-For-Profit Corporation Law

**DRAWDOWN
CONTINENTAL #04**

Filer: Nachamie Spizz Cohen & Serchuk, P.C.
425 Park Avenue
New York, NY 10022

2013 AUG 21 PM 1:51
FILED

RECEIVED
2013 AUG 21 AM 9:13

see
STATE OF NEW YORK
DEPARTMENT OF STATE

FILED AUG 21 2013

TAXS _____

BY: huc

Stla

281304.1

644

EXHIBIT B

Petitioner's Trustees and Officers

Trustees

Michael J. Burgess
Kinney Drugs
29 Main Street
Gouverneur, New York 13642

Nicholas Gardner, DDS
119 East Main Street
Gouverneur, New York 13642

Mark Brackett
Kinney Drugs
29 Main Street
Gouverneur, New York 13642

Andrew Williams, MD
Community Health Center of the North Country
4 Commerce Lane
Canton, New York 13617

Officers

Michael J. Burgess, Chairman
Kinney Drugs
29 Main Street
Gouverneur, New York 13642

Nicholas Gardner, DDS, Vice Chairman
119 East Main Street
Gouverneur, New York 13642

Mark Brackett, Secretary/Treasurer
Kinney Drugs
29 Main Street
Gouverneur, New York 13642

Marlinda Lavalley, Chief Executive Officer
EJ Noble Hospital
c/o 77 W. Barney Street
Gouverneur, New York 13642

EXHIBIT C

EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK
A New York Not-for-Profit Corporation
Unanimous Written Consent of Trustees

The undersigned, being all of the Trustees of Edward John Noble Hospital of Gouverneur, New York, a New York Not-for-Profit Corporation ("Corporation"), do hereby consent to the adoption of the following resolutions with the same force and effect as if said resolutions had been duly adopted at a meeting of the Board of Trustees of the Corporation.

Reference is made to that certain Letter of Intent (the "Letter of Intent") attached hereto as Exhibit A, previously executed on behalf of the Corporation at the direction of the Trustees.

WHEREAS, the Trustees unanimously reaffirm that it is in the best interests of the Corporation to sell substantially all of its assets and to dissolve.

NOW, THEREFORE, IT IS HEREBY

RESOLVED, that each of the undersigned Trustees waive notice of meeting with respect to any of the matters addressed by this unanimous written consent; and


RESOLVED, that the Corporation shall sell its assets pursuant to an Asset Purchase Agreement effectuating the Letter of Intent, subject to any necessary government approvals; and

RESOLVED, that the Corporation shall dissolve after consummation of the aforementioned sale, subject to any necessary government approvals; and

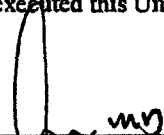
RESOLVED, that the appropriate officers of this Corporation be, and they hereby are, authorized to execute, for and on behalf of the Corporation, an Asset Purchase Agreement, any petition for the approval of the sale of the assets of the Corporation and/or for the approval of the dissolution of the Corporation, and any document as may be reasonably necessary in furtherance thereof; and

RESOLVED, that this Unanimous Written Consent of Trustees may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of this Unanimous Written Consent of Trustees by facsimile or other electronic transmission shall be effective as delivery of an original counterpart.

IN WITNESS WHEREOF, the undersigned have executed this Unanimous Written Consent as of and effective as of October 10, 2013.



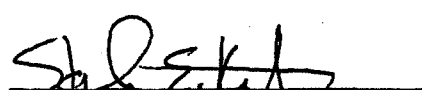
Michael J. Burgess, Trustee




Dr. Andrew Williams, Trustee



Mark Brackett, Trustee



Stephen E. Knight, Trustee



Dr. Nicholas Gardner, Trustee

Exhibit A
Letter of Intent

CANTON-POTSDAM
HOSPITAL

CARING BEYOND MEDICINE

February 11, 2013

Edward John Noble Hospital of Gouverneur, New York
Att'n: Mr. Ryan P. Schermerhorn, Chairman
c/o Janice Grubin, Esq.
Nachamie Spizz Cohen & Serchuk, PC
425 Park Ave.
New York, NY 10022

Gouverneur Nursing Home Company, Inc. d/b/a Kinney Nursing Home
Att'n: Mr. Ryan P. Schermerhorn, Chairman
c/o Janice Grubin, Esq.
Nachamie Spizz Cohen & Serchuk, PC
425 Park Ave.
New York, NY 10022

Hartland Asset Management Corporation, as Agent for the National Automatic Sprinkler Fund Industry Pension Fund
Att'n: Mr. Lee Smith
25 Main Street, 3rd Floor
Tuckahoe, NY 10707

Dear Mr. Schermerhorn and Mr. Smith:

On behalf of Canton-Potsdam Hospital ("CPH"), I am writing to express CPH's interest in forming a new not-for-profit entity ("Newco" or "Purchaser") to acquire certain assets of Edward John Noble Hospital of Gouverneur, New York and Gouverneur Nursing Home Company, Inc. d/b/a Kinney Nursing Home (referred to collectively as "EJN" or "Seller") pursuant to the terms set forth herein (the "Proposed Transaction"). The assets of EJN would be sold to Purchaser free and clear of all liens, claims, and encumbrances, including, without limitation, any liens, claims, and encumbrances asserted by Hartland Asset Management Corporation, as Agent for the National Automatic Sprinkler Fund Industry Pension Fund ("Hartland") in connection with EJN's obligations under Civic Facility Revenue Bonds Series 2010 dated as of October 1, 2010 and related bond documents (the "Bond Documents") and the loan documents between Hartland, as Agent for the National Automatic Sprinkler Fund Industry Pension Fund (the "Fund") and EJN (the "Loan Documents"). EJN, Purchaser, and Hartland are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

This letter (referred to hereafter as "this letter" or "this Letter of Intent") serves as a binding letter of intent between the Parties to consummate the Proposed Transaction subject to the terms and conditions set forth herein.

Prior to consummation of the Proposed Transaction, EJN and CPH, with Hartland's consent which is hereby granted, contemplate that CPH will provide certain management services to EJN pursuant to a management agreement to be executed and delivered by the Parties, with the understanding that Hartland's execution and delivery of such management agreement shall be for the limited purpose of

consenting to the Plan (as defined below) and agreeing to certain material terms applicable to Hartland as set forth below (the "Management Agreement"). Pursuant to the Management Agreement, EJV and CPH intend to implement the EJ Noble Hospital and Kinney Nursing Home Restructuring Plan presented by CPH to EJV on January 23, 2013 and the timeline and term sheet attached hereto as Schedule A (collectively, the "Plan"). EJV and Hartland hereby agree to support the implementation of the Plan and agree that the Management Agreement shall include the following material terms:

- EJV, Hartland, and the Fund and their successors, assigns, predecessors, employees, agents, heirs, and/or executors hereby acknowledge and agree that they have no claims or causes of action against CPH or any affiliate of CPH, or any of their respective officers, directors, employees, attorneys, representatives, predecessors, successors, or assigns arising out of or related to (i) any actions taken by CPH in connection with EJV, including, without limitation, CPH's assessment of EJV's operations and financial condition, CPH's proposed recommendations related to EJV's operations and financial condition, and the implementation of any proposed recommendations made by CPH, (ii) that certain Memorandum of Understanding between EJV and CPH dated as of December 7, 2012, and (iii) that certain Hospital Management Agreement dated as of December 7, 2012 that was neither fully executed nor delivered by EJV or CPH, and that, if EJV, Hartland, and the Fund and their successors, assigns, predecessors, employees, agents, heirs, and/or executors, now have, or ever did have, any such claims or causes of action against CPH or any affiliate of CPH, or any of their respective officers, directors, employees, attorneys, representatives, predecessors, successors, or assigns, whether known or unknown, at law or in equity arising from the foregoing, from the beginning of the world through this date and through the time of execution of this Agreement, all such claims and causes of action are hereby expressly WAIVED, and EJV, Hartland, and the Fund and their successors, assigns, predecessors, employees, agents, heirs, and/or executors hereby RELEASE CPH and any affiliate of CPH, and their respective officers, directors, employees, attorneys, representatives, predecessors, successors, and assigns from any liability therefor.
- CPH, Hartland, and the Fund and their successors, assigns, predecessors, employees, agents, heirs, and/or executors hereby acknowledge and agree that they have no claims or causes of action against EJV or any affiliate of EJV, or any of their respective officers, directors, employees, attorneys, representatives, predecessors, successors, or assigns, including, without limitation, any former, present, and future members of EJV's boards of directors, arising out of or related to (i) any actions taken by EJV in connection with EJV's operations and financial condition, provided that Hartland and the Fund shall not release or waive any rights or claims against the not-for-profit corporate entities themselves (notwithstanding the waivers and releases granted to EJV's former, present, and future boards of directors as provided herein), (ii) that certain Memorandum of Understanding between EJV and CPH dated as of December 7, 2012, and (iii) that certain Hospital Management Agreement dated as of December 7, 2012 that was neither fully executed nor delivered by EJV or CPH, and that, if CPH, Hartland, and the Fund and their successors, assigns, predecessors, employees, agents, heirs, and/or executors, now have, or ever did have, any such claims or causes of action against EJV or any affiliate of EJV, or any of their respective officers, directors, employees, attorneys, representatives, predecessors, successors, or assigns, whether known or unknown, at law or in equity arising from the foregoing, from the beginning of the world through this date and through the time of execution of this Agreement, all such claims and causes of action are hereby expressly WAIVED, and CPH, Hartland, and the Fund and their successors, assigns, predecessors, employees, agents, heirs, and/or executors hereby RELEASE EJV and any affiliate of EJV, and their respective officers, directors, employees, attorneys, representatives, predecessors, successors, and assigns from any liability therefor, provided that CPH is not waiving or releasing any obligation of EJV to repay any funds loaned by CPH to EJV in accordance with that certain Memorandum of Understanding between EJV and CPH dated as of December 7, 2012, and provided further that Hartland is not

waiving or releasing any of EJN's obligations under the Bond Documents and the Loan Documents or any existing defaults thereunder.

- EJV and CPH and their successors, assigns, predecessors, employees, agents, heirs, and/or executors hereby acknowledge and agree that they have no claims or causes of action against Hartland or any affiliate of Hartland, or the Fund, or any of their respective officers, directors, employees, attorneys, representatives, predecessors, successors, or assigns arising out of or related to (i) any actions taken by Hartland in connection with EJV's operations and financial condition, (ii) that certain Memorandum of Understanding between EJV and CPH dated as of December 7, 2012, and (iii) that certain Hospital Management Agreement dated as of December 7, 2012 that was neither fully executed nor delivered by EJV or CPH, and that, if EJV and CPH and their successors, assigns, predecessors, employees, agents, heirs, and/or executors, now have, or ever did have, any such claims or causes of action against Hartland or any affiliate of Hartland, of the Fund, or any of their respective officers, directors, employees, attorneys, representatives, predecessors, successors, or assigns, whether known or unknown, at law or in equity, from the beginning of the world through this date and through the time of execution of this Agreement, all such claims and causes of action are hereby expressly WAIVED, and EJV and CPH and their successors, assigns, predecessors, employees, agents, heirs, and/or executors hereby RELEASE Hartland and any affiliate of Hartland, and the Fund, and their respective officers, directors, employees, attorneys, representatives, predecessors, successors, and assigns from any liability therefor.
- Except for acts of gross negligence or willful misconduct, CPH shall not be liable for any liabilities, losses, damages, claims, causes of action, costs or expenses incurred by EJV or Hartland as a result of any acts or omissions by CPH pursuant to the Management Agreement.
- Except for acts of gross negligence or willful misconduct, EJV shall not be liable for any liabilities, losses, damages, claims, causes of action, costs or expenses incurred by CPH or Hartland as a result of any acts or omissions by EJV pursuant to the Management Agreement.
- In consideration of EJV's and CPH's performance of the Management Agreement, and subject to receipt of the Debt Service Payments (as defined in the Plan), Hartland agrees to forbear from enforcing Hartland's rights and remedies under the Bond Documents and the Loan Documents so long as the Management Agreement, this Letter of Intent, and the Definitive Documents remain in full force and effect and no default shall have occurred thereunder which is not remedied within a period of time equal to the longer of (i) any cure period provided under the applicable agreement or (ii) 15 days following written notice to the defaulting party by any of the other parties hereto ("Uncured Default"). EJV (i) acknowledges that certain defaults have occurred under the Bond Documents and (ii) agrees that nothing contained in the Management Agreement or Hartland's consent thereto or to this Letter of Intent shall constitute a waiver of any event of default (whether now existing or hereafter arising) under the Bond Documents or the Loan Documents.
- During the term of the Management Agreement and for so long as the Management Agreement, this Letter of Intent, and the Definitive Documents remain in full force and effect with no Uncured Default, EJV and Hartland shall not, directly or indirectly, solicit, discuss, or negotiate with or provide any confidential information or data to any other person or entity with respect to a possible sale or other transfer of EJV's assets and shall not otherwise facilitate any effort or attempt to market or sell EJV's assets to any other person or entity.

As set forth in the Plan, EJM and CPH, with Hartland's consent which is hereby granted, intend to consummate the Proposed Transaction in conjunction with a voluntary dissolution plan under the New York Not-For-Profit Corporation Law to be submitted by EJM (the "Voluntary Dissolution"). Subject to the terms of the Management Agreement, EJM and CPH contemplate that CPH will provide management services to EJM pending approval of the Voluntary Dissolution by the New York State Department of Health, the New York State Attorney General, and the New York State Supreme Court.

The Parties agree to use their best efforts to enter into a separate duly executed and delivered written agreement between the Parties to consummate the Proposed Transaction (a "Definitive Agreement"), a forbearance agreement, and a management agreement (a Definitive Agreement and such other agreements referred to collectively the "Definitive Documents"). However, in the event that the Parties are unable to agree upon the terms of a Definitive Agreement or any of the Definitive Documents, the Parties shall consummate the Proposed Transaction in accordance with the timeline and terms sheet set forth Schedule A attached hereto which shall govern and control the rights and obligations of the Parties hereunder. The Parties intend this binding letter of intent to be presently binding and enforceable by and against the Parties.

EJM and CPH agree that the Definitive Agreement shall include the following material terms:

1. Purchase of Assets. The assets to be sold to Purchaser consist of all of EJM's right, title, and interest in all personal property and real property owned by EJM, including, without limitation, EJM's cash, accounts receivable, and certain contracts designated by Purchaser prior to Closing (the "Designated Contracts") (such assets referred to collectively as the "Purchased Assets"), except the Excluded Assets (as defined below). The assets to be excluded from the Purchased Assets shall consist of all of EJM's contracts that are not Designated Contracts (the "Excluded Assets"). The Purchased Assets shall be sold by EJM and purchased by Purchaser in their "as-is" physical condition subject to standard representations and warranties. The Purchased Assets shall be sold by EJM to Purchaser free and clear of any lien, claim, or encumbrance. EJM shall indemnify Purchaser against any lien, claim, or encumbrance related to any Purchased Asset that arose prior to the closing of the Proposed Transaction. EJM agrees to use its best efforts to prepare, submit, and obtain approval of a plan of voluntary dissolution of EJM pursuant to which the Proposed Transaction will be consummated. Upon request by the Purchaser to EJM, Purchaser may request that certain of EJM's assets be sold by EJM to Purchaser pursuant to section 363 of the United States Bankruptcy Code, subject to the same terms and conditions set forth herein, provided that EJM's decision to proceed with such a sale shall be in the sole and reasonable discretion of EJM's boards, and provided further that no Party shall have any further obligation under this Letter of Intent, the Management Agreement, or any Definitive Document in the event that EJM's boards elect not to proceed with such a sale. Any sale of the Purchased Assets to Purchaser shall be subject to the approval of the New York State Department of Health, the New York State Attorney General, and the New York State Supreme Court.

2. Purchase Price. The purchase price for Purchased Assets shall consist of the following (the "Purchase Price"):

- a. \$2,500,000 to be paid by Purchaser to Hartland in cash at the Closing (as defined below);
- b. \$4,333,225 of certain restricted funds to be provided by the New York State Department of Health and paid to Hartland by EJM; and
- c. an amount equal to the value of EJM's accounts receivable as determined in accordance with paragraph (C) of Schedule A to be paid by Purchaser to Hartland in cash at the Closing.

Mr. Schermerhorn
Mr. Lee Smith
February 11, 2013
Page 5

In addition to the Purchase Price, EJN agrees to use its best efforts to cause the \$943,000.00 restricted donor funds to be paid to Hartland simultaneous with the Closing and the approval of the Voluntary Dissolution consistent with Section M (6) a. of Schedule A.

3. No Assumption of Liabilities or Obligations. Purchaser shall not assume any of EJN's debts, liabilities, or obligations of any kind whatsoever except any liabilities expressly assumed by Purchaser in connection with any Designated Contract assigned to Purchaser.

4. Closing. Purchaser's obligation to purchase the Purchased Assets is subject to Purchaser having completed to its satisfaction in its sole and reasonable discretion, all due diligence and other investigations to be conducted by or on behalf of Purchaser. The closing of the Proposed Transaction (the "Closing") shall be held on or before December 31, 2013. Without limiting the foregoing, Purchaser shall not be obligated to purchase the Purchased Assets in the event that the Management Agreement terminates prior to the Closing. In addition, the conditions precedent to Purchaser's obligation to purchase the Purchased Assets shall include, without limitation, (i) evidence satisfactory to Purchaser in its sole and reasonable discretion that any liens, claims, or encumbrances upon the Purchased Assets have been satisfied, removed, or terminated prior to the Closing or will be satisfied, removed, or terminated simultaneous with the Closing, (ii) Purchaser being satisfied, in its sole and reasonable discretion, that no threatened claim or pending litigation related to the Purchased Assets exists, (iii) Purchaser being satisfied, in its sole and reasonable discretion, that Purchaser will be able to hire a sufficient number of EJN's current employees to continue operations, (iv) Purchaser being satisfied that EJN is in substantial compliance with all applicable rules and regulations governing EJN's operations, (v) Purchaser's receipt of a clean phase I environmental report with respect to any real property that is included in the Purchased Assets, (vi) approval of the Proposed Transaction by the Department of Health, (vii) approval of the Proposed Transaction by the New York State Attorney General, (viii) the entry of a final, non-appealable order approving the Voluntary Dissolution, and (ix) Purchaser obtaining any other regulatory or governmental approval or license required for the operation of the business after the Closing. In its sole and reasonable discretion, CPH may waive any of the aforementioned conditions precedent.

The Parties further agree as follows:

Article 9 Secured Party Sale Option. Upon request by the Purchaser to Hartland, whose consent shall not be unreasonably withheld, Purchaser may elect to have certain of EJN's assets sold by Hartland to Purchaser pursuant to Article 9 of the Uniform Commercial Code, subject to the same terms and conditions set forth herein. In such event, Hartland shall represent and warrant to Purchaser that, as of the Closing of the Proposed Transaction, Hartland holds a first priority, perfected security interest in the Purchased Assets.

Preparation and Other Terms of the Agreements. In the event that EJN and Hartland accept the terms of this letter by February 11, 2013, counsel for Purchaser will prepare a draft of a Definitive Agreement and deliver such draft to EJN and Hartland by no later than February 15, 2013. Counsel for EJN and Hartland will provide Purchaser with any comments and proposed revisions to the draft Definitive Agreement by no later than February 19, 2013.

Access. Upon acceptance of this letter by EJN, EJN shall provide Purchaser and its agents with access to all books, records, and other reports relating to EJN and the Purchased Assets for purposes of Purchaser conducting such due diligence activities as Purchaser deems to be necessary or appropriate. Hartland shall have no obligation to provide access to or cause EJN to provide access to any books, records, or other reports relating to EJN and the Purchased Assets.

Mr. Schermerhorn
Mr. Lee Smith
February 11, 2013
Page 6

Expenses. Each Party will pay its own professional and other fees and expenses incurred in negotiating this letter and a Definitive Agreement and consummating the Proposed Transaction, provided, however, that the Parties acknowledge that EJN's professionals' fees and expenses shall be paid from funds made available by DOH to fund EJN's operations and Hartland's expenses will be paid by EJN to the extent that the DOH agrees to increase the amount of the funds available to EJN to cover such expenses. Each party represents and warrants to the other that it has not utilized a broker in connection with the Proposed Transaction.

Governing Law; Venue. This letter shall be governed by and construed in accordance with the laws of the State of New York and the United States, without regard to provisions thereof relating to conflicts of law. If a Party initiates any action or other proceeding arising out of or relating to this Agreement, the sole and exclusive jurisdiction for such action or proceeding will be any state or federal court of appropriate jurisdiction sitting in St. Lawrence County, New York, and each Party hereby consents to such jurisdiction.

No Further Negotiations with Non-Parties. Notwithstanding anything in this letter to the contrary, so long as the Management Agreement this Letter of Intent, and the Definitive Documents remain in effect with no Uncured Default, EJN and Hartland agree that neither EJN, Hartland, nor any agent or other person acting on behalf of EJN or Hartland, shall, directly or indirectly, solicit, discuss or negotiate with, or provide any confidential information or data to, any other person or entity with respect to the sale or other transfer of the Purchased Assets, or otherwise facilitate any effort or attempt to market or sell the Purchased Assets.

Confidentiality. Each Party agrees that it will not, without the prior written consent of the other Party, disclose the existence or contents of this letter or make, directly or indirectly, any public comment, statement or communication with respect thereto, or otherwise disclose or permit the disclosure of the existence of any discussions between the Parties regarding the Proposed Transaction. Each Party agrees that the existence of this letter, the proposed terms set forth herein, and the communications and discussions between the Parties regarding the Proposed Transaction shall remain confidential. Notwithstanding the foregoing, the Parties shall be permitted to disclose the terms of this letter and the Proposed Transaction to their respective professionals and representatives.

Management Agreement. EJN and Hartland acknowledge that CPH will provide certain management services to EJN in accordance with the terms of the Management Agreement. EJN and Hartland hereby consent to CPH taking such actions as may be necessary to negotiate a Definitive Agreement and consummate the Proposed Transaction. In connection therewith, EJN and Hartland do not object to CPH having discussions with EJN's current employees regarding possible future employment with Purchaser and discussions with EJN's current suppliers, vendors, and service providers regarding any current contracts with EJN and possible future business relationships with Purchaser, and EJN and Hartland agree that such actions shall not be deemed to be a breach of any obligation or duty that CPH may have to any party under the Management Agreement or otherwise.

Legal Effect. The terms of this letter are intended by the Parties to be binding and enforceable obligations. Regardless of whether a Definitive Agreement is executed and delivered, the Parties hereto will be legally bound to consummate the Proposed Transaction subject to the terms and conditions set forth herein, and, in such case, the Parties shall be bound solely by the terms and conditions set forth herein.

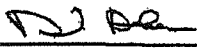
Counterparts; Assignment. This letter may be executed in one or more counterparts, each of which will be deemed to be an original of this letter and all of which, when taken together, will be deemed to constitute one and the same letter. The Parties agree that this letter may be executed by facsimile signatures and that delivery of such facsimile signatures shall have the same force and effect as

Mr. Schermerhorn
Mr. Lee Smith
February 11, 2013
Page 7

delivery of original signatures. This letter is not assignable by any Party without the prior written consent of the other Party, which consent may be withheld within the sole discretion of the other Party, and any assignment without such consent shall be null and void.

If this letter is satisfactory to you, please so indicate by signing and returning the enclosed copy of this letter to the undersigned prior to Monday, February 11, 2013 at 10:00 a.m. prevailing Eastern Time (the "Expiration Time"). If this letter is not executed and returned to the undersigned prior to the Expiration Time, this letter will terminate and be null and void ab initio.

CANTON-POTSDAM HOSPITAL

By: 
Name: David B. Acker
Title: President and CEO

The terms of the above letter are accepted as of February 11, 2013.

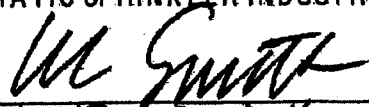
EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK

By: _____
Name: _____
Title: _____

GOUVERNEUR NURSING HOME COMPANY, INC. D/B/A KINNEY NURSING HOME

By: _____
Name: _____
Title: _____

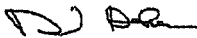
HARTLAND ASSET MANAGEMENT CORPORATION, AS AGENT FOR THE NATIONAL
AUTOMATIC SPRINKLER INDUSTRY PENSION FUND

By: 
Name: LEE SMITH
Title: PRESIDENT

assignment without such consent shall be null and void.


If this letter is satisfactory to you, please so indicate by signing and returning the enclosed copy of this letter to the undersigned prior to Monday, February 11, 2013 at 10:00 a.m. prevailing Eastern Time (the "Expiration Time"). If this letter is not executed and returned to the undersigned prior to the Expiration Time, this letter will terminate and be null and void ab initio.

CANTON-POTSDAM HOSPITAL


By: 
Name: David B. Acker
Title: President and CEO

The terms of the above letter are accepted as of February 11, 2013.

EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK

By: 
Name: RYAN PSCHERMERHORN
Title: CHAIRMAN

GOUVERNEUR NURSING HOME COMPANY, INC. D/B/A KINNEY NURSING HOME

By: 
Name: RYAN P SCHERMERHORN
Title: CHAIRMAN

HARTLAND ASSET MANAGEMENT CORPORATION, AS AGENT FOR THE NATIONAL AUTOMATIC SPRINKLER INDUSTRY PENSION FUND

By: _____
Name: _____
Title: _____

SCHEDULE A

EJN – TIMELINE AND TERM SHEET

- 1) This binding letter of intent signed by Monday 02/11/13 at 10:00 AM and submit to DOH.
- 2) DOH approves term sheet by Monday 02/11/13.
- 3) The Management Agreement between CPH and EJN consented to by Hartland by Monday 02/11/13 at 5:00 PM (including hold harmless for CPH, EJN, and new and old EJN board members).
- 4) DOH approves promptly.
- 5) CPH provides to EJN a bridge loan adequate to meet next week's payroll (due Thursday, 02/14/13) by Wednesday 02/13/13 at 9:00 AM.
- 6) Current "old" EJN board resigns and new board assumes governance of EJN with \$3M to \$5M D&O policy in effect and tail (or equivalent) purchased for old board.
- 7) DOH funds EJN restructuring counsel trust account with \$1.6M for 1st Q 2013 cash flow shortfall by EOB Wednesday, February 20, 2013.
- 8) EJN counsel repays CPH bridge loan upon receipt of \$1.6M.
- 9) The Closing shall be no later than 12/31/13.

Terms

EJN and CPH agree to the terms (A) through (M) set forth below, except for (M)(4) and (M)(5). EJN, CPH, and Hartland agree to the terms (C), (F), (M)(3), and (M)(6) through (M)(9) set forth below, and Hartland consents to the terms (A), (B), (D), (E), (G), (H), (I), (J), (K), (L), (M)(1), and (M)(2) set forth below. EJN and Hartland agree to the terms of (M)(4) and (M)(5) without prejudice to EJN's right to review the amounts set forth therein and an accounting of such amounts to be provided by Hartland to EJN. EJN shall provide written notice to Hartland of any dispute related to the amounts set forth in (M)(4) and (M)(5) on or before 02/19/13. If EJN does not notify Hartland of any such dispute on or before 02/19/13, then the the amounts set forth in (M)(4) and (M)(5) shall be deemed to be true and correct.

- A) Hartland consents to the Management Agreement by time set forth in 3 above.
- B) EJN hires independent healthcare financial restructuring expert(s) to: 1) verify current liabilities, value of existing AR, and cash flow needs, 2) perform 2012 audit, 3) assist in restructuring and dissolution.
- C) An accounts receivable valuation expert acceptable to EJN, CPH, and Hartland shall be retained by EJN. The expert will calculate, as of February 8, 2013, the amount of EJN's net accounts receivable valued as being collectible based upon gross accounts

receivable less contractual and bad debt allowances ("AR") and will communicate the amount to Hartland and CPH (the "First Valuation Amount"). Hartland and CPH have 14 days from notice of the expert's AR valuation to evaluate the First Valuation Amount and its method of calculation. If there is objection, a dispute resolution process will be used to resolve the First Valuation Amount. The Parties agree that the First Valuation Amount will be no less than \$1.5M and no greater than \$2.15M. Sixty days prior to the Closing, the same financial expert will conduct a second valuation of AR (the "Second Valuation Amount") using the same methodology used to determine the First Valuation Amount. If the Second Valuation Amount is less than the First Valuation Amount, then CPH will pay Hartland the First Valuation Amount at the Closing. If the Second Valuation Amount is greater than the First Valuation Amount, and if the First Valuation Amount is less than \$2M, then CPH will pay Hartland at the Closing as follows: (i) 100% of the Second Valuation Amount up to \$2M, plus (ii) 50% of any value between \$2M and \$2.3M (i.e., a maximum payment of \$2.15M to Hartland). If the Second Valuation Amount is greater than the First Valuation Amount, and if the First Valuation Amount is greater than \$2M but less than \$2.15M, then CPH will pay Hartland at the Closing as follows: (i) 100% of the Second Valuation Amount, plus (ii) 50% of the difference between \$2.3M and the Second Valuation Amount, up to a maximum payment of \$2.15M to Hartland. Notwithstanding the foregoing, in the event that all or a portion of the \$943,000 of restricted donor funds are not paid to Hartland or otherwise subject to a lien in favor of Hartland, the \$2.15M maximum payment cap shall not apply and Hartland shall share in 50% of any value in excess of \$2M to the extent of the shortfall from the restricted donor funds.

- D) EJV counsel retains a compliance expert to perform compliance audit and recommend to the EJV boards any disclosures that may result to appropriate regulatory bodies or other parties.
- E) EJV and CPH with assistance from the financial expert prepare weekly cash budgets specifically detailing all receipts, expenses and status of AP. These budgets are forwarded to DOH and Hartland.
- F) On March 1, 2013 EJV and CPH provides DOH with amended 2nd Q 2013 cash flow shortfall assumptions. DOH, EJV, and CPH agree on 2nd Q 2013 DOH funding and agreed upon amounts funded so as to allow operations to continue through the 2nd Q and restructuring expenses (including EJV's restructuring counsel, compliance expert, and financial experts) paid. All DOH funds flow through EJV counsel trust account. DOH funds \$4M to be used to pay Hartland in fashion specified by DOH. If the total DOH funds are provided subsequent to April 14, 2013, then this amount will be \$4,333,225. Current understanding is that the \$4M will be placed in EJV counsel trust account and that EJV, DOH, and Hartland will determine the timing and conditions of disbursements.
- G) EJV submits CAH application to CMS by March 1, 2013 with expected approval July 1, 2013.

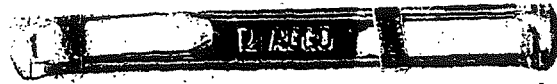
- H) CHCNC (Canton based FQHC) develops with CPH and EJM and presents plans to DOH by April 1, 2013 for retrofitting existing space at EJM to accommodate a 4,000 square foot primary care clinic, approximate cost \$400,000. Expected opening July 1, 2013. Funding will be included in 2nd Q cash flow projection.
- I) EJM restructuring counsel files voluntary petition for dissolution at such time as it deems appropriate with a need to have dissolution process finalized and approved by the New York State Supreme Court and the New York State Attorney General prior to 12/31/13.
- J) June 1, 2013, CPH and EJM provide DOH with cash flow shortfall projection for 3rdQ 2013 following same procedure as in F above.
- K) September 1, 2013 the same process as described in F and J occurs for 4th Q of 2013.
- L) All reports called for above will be promptly shared with DOH and the three parties irrespective of which entity might be responsible for preparing it.
- M) From execution of this document neither EJM nor Hartland will negotiate with other hospitals, health centers, or any other parties for the purchase of the assets, it being the parties commitment to work exclusively with each other and be supportive of each other through the steps set forth above so as to consummate a transaction which leads to the following:
 - 1) The service area which EJM serves has an uninterrupted, sustainable health care service which is consistent with the EJ Noble Hospital and Kinney Nursing Home Restructuring Plan dated January 23, 2013.
 - 2) A new entity created by CPH with appropriate Gouverneur board representation is formed to own and operate the facility and provide health care services to the EJM service area. The Parties will use their best efforts to finalize a Definitive Agreement for submission to DOH approval on or before 02/22/13 unless extended by the mutual consent of the Parties. Purchaser will receive all of the Purchased Assets free and clear of liens, claims, and encumbrances.
 - 3) Hartland will be paid the Debt Service Payments (as defined below) from the quarterly cash flow operational funds provided by DOH.
 - 4) The Bonds shall remain outstanding by paying the interest on the Bonds due on April 15, 2013 in the amount of \$333,225, unless pursuant to the provisions of section F of Schedule A, DOH makes \$4.0M available prior to April 15, 2013. Of the sum required, \$144,186.83 would come from the Bond Fund and the remaining \$189,038.17 from the Debt Reserve. This added interest cost of \$333,225 by delaying the mandatory purchase of the Bonds to October 15, 2013 will be recovered by an add on of funds from DOH.

Prior to the Closing, Hartland to purchase the Bonds for a purchase price of \$11,313,225 (the "Bond Purchase Price") representing the principal of \$10,980,000 and accrued interest of \$333,225.

- 5) Of the Bond Purchase Price, \$929,845.04 would come from the Debt Service Reserve Fund, \$70,961.83 would come from the Debt Reserve, and \$4,333,225.00 would come from funding provided by the State of New York to EJN, leaving a balance of \$5,979,193.13 to be provided by the Fund (the "Balance").
- 6) Pursuant to the provisions of the Loan Agreement between the Fund and EJN (the "Loan Agreement"), the Balance will constitute a loan (the "Fund Loan") from the Fund to EJN. The Fund Loan is payable on demand and will bear interest, provided that, subject to Hartland's receipt of the Debt Service Payments provided for in paragraph 7 below, no demand shall be made and no other payment shall be required in connection with the Fund Loan prior to the Closing.
 - a. EJN agrees to explore whether the \$943,000 of restricted donor funds (the "Donor Funds") can be used to serve as collateral for a bank loan to fund the retirement of the Bonds or the Fund Loan without further Order of the Court. If EJN is not able to secure such a bank loan, EJN will request a loan from the DOH's Health Care Restructuring Loan Program, which loan, upon funding, is expected to be repaid by other DOH funds made available to EJN and/or all or such portion of the Donor Funds that EJN is able to make available through authorization from the NYS Supreme Court, subject to the approval of the DOH, the Attorney General, and the NYS Supreme Court.
- 7) Pending the Closing, and subject to EJN's receipt of the funding to be provided by the DOH, EJN will make the following debt service payments to Hartland: \$72,000 per month, in arrears, beginning on May 1, 2013 and continuing on the first day of each month thereafter until the Closing (the "Debt Service Payments"). The Debt Service Payments will be applied to interest first and then principal on the then-outstanding obligations of EJN under the Bond Documents or the Fund Loan, as applicable.
- 8) Subject to the provisions set forth herein being complied with, Hartland agrees that it will not make demand for payment of the Fund Loan but will reserve all of its rights under the Bond Documents.

- 9) The principal balance of the Fund Loan shall be paid as follows:
- a. \$2,500,000 to be paid by Purchaser to Hartland in cash at the Closing;
 - b. \$4,333,225 of certain restricted funds to be provided by the New York State Department of Health and paid by EJM to Hartland;
 - c. an amount equal to the value of EJM's accounts receivables as determined in accordance with paragraph C above;
 - d. upon receipt of the amounts set forth in items a. through c. above, Hartland shall cause all liens, claims, and encumbrances on the Purchased Assets to be released. To the extent that the Fund Loan is secured by the Donor Funds, Hartland shall continue to retain such lien. EJM agrees to use its best efforts to cause the the Donor Funds to be paid to Hartland no later than the Closing and the approval of the Voluntary Dissolution in satisfaction of EJM's obligations under the Fund Loan;
 - e. The Fund Loan shall be deemed paid in full and satisfied upon Hartland's receipt of the items a. through d. and M7 above.

EXHIBIT D



SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ST. LAWRENCE

In the Matter of the Application of EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK and GOUVERNEUR NURSING HOME COMPANY, INC. d/b/a KINNEY NURSING HOME, non-profit corporations duly organized under the laws of the State of New York, for leave to sell certain assets pursuant to sections 510 and 511 of the Not-For-Profit Corporation Law and for EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK to amend its certificate of incorporation.

Index No. 142537

~~PROCESSED~~ ORDER

Case # 44-1-2013-0858

**ORDER GRANTING LEAVE TO SELL REAL AND PERSONAL PROPERTY AND TO
AMEND EJN'S CERTIFICATE OF INCORPORATION**

WHEREAS, Petitioners Edward John Noble Hospital of Gouverneur, New York ("EJN") and Gouverneur Nursing Home Company, Inc. d/b/a Kinney Nursing Home ("KNH") filed a petition for entry of an order under §§ 510 and 511 of the Not-for-Profit Corporation Law verified by Michael J. Burgess, Petitioners' Chairman of the Board, on the 4th day of December, 2013 and supported by the Affirmation of Janice B. Grubin (the "Grubin Affirmation"), sworn to on the 4th day of December, 2013 and the Supplemental Affirmation of Janice B. Grubin (the "Supplemental Grubin Affirmation"), sworn to on the 13th day of December, 2013; and

WHEREAS, Petitioner KNH proposes, pursuant to the Asset Purchase Agreement¹ between Petitioners EJN and KNH and Gouverneur Hospital (as assignee of Canton-Potsdam Hospital) dated as of November 8, 2013 annexed hereto as "Annex 1" and annexed to the Grubin Affirmation as Exhibit "1," to transfer the KNH Assets – certain real property located at 57 West

¹ All capitalized terms and acronyms used herein and not otherwise identified shall have the meanings set forth in the Table of Definitions appended to the Verified Petition, which Table of Definitions is annexed hereto as "Annex 2."

Barney Street, Gouverneur, New York and all of its fixtures, machinery and equipment, listed in Schedule 2 of the Asset Purchase Agreement – to Petitioner EJM in partial satisfaction of the KNH Indebtedness and in accordance with the terms of the Asset Purchase Agreement; and

WHEREAS, Petitioner EJM proposes to sell the Purchased Assets, including, without limitation, all of its real and personal property, including the KNH Assets, the hospital facility located at 77 West Barney Street, Gouverneur, New York, the Antwerp Health Center located at 6 Lexington Avenue, Antwerp, New York, the Edwards Health Center located at 8 Church Street, Edwards, New York and all of its personal property, listed in Schedule 1 of the Asset Purchase Agreement and except as excluded in Schedule 3 of the Asset Purchase Agreement, to Gouverneur Hospital (“Purchaser”) in accordance with the terms of the Asset Purchase Agreement, including without limitation authorizing Petitioner EJM to use the Post-Closing Trailing Expense Funds to pay the Post-Closing Trailing Expenses, consisting of (i) salary, wages, benefits and employer contributions of employees for the period of December 15, 2013 to December 31, 2013, (ii) vendor obligations for goods and services provided in the ordinary course of business between December 1, 2013 and December 31, 2013 and (iii) legal fees of restructuring counsel, so that the Proposed Sale can close by December 31, 2013; and

WHEREAS, Petitioner EJM seeks approval of the proposed Amendment to its Certificate of Incorporation which is intended to be filed with the Secretary of State of the State of New York simultaneously with the Closing; and

WHEREAS, in consideration of the proposed conveyance of the KNH Assets, Petitioner EJM will provide Petitioner KNH, as of the Closing Date, with a credit of \$1,000,000 against the KNH Indebtedness of \$2,339,860; and

WHEREAS, the Purchase Price to be paid by Purchaser on the Closing Date in

consideration for the Purchased Assets is as follows: (i) \$500,000 to be paid as a setoff against Petitioner EJM's indebtedness under the Promissory Notes, (ii) the Unsecured Creditor Pool Funds in the amount of \$396,129 to be paid in cash to Petitioner EJM for the benefit of Petitioner EJM's unsecured creditors, (iii) the Base Purchase Price in the amount of \$2,500,000 to be paid in cash to Petitioner EJM, (iv) the AR Purchase Price to be paid in cash to Petitioner EJM in the amount as determined under the Asset Purchase Agreement, but not less than \$1,800,000, (v) the assumption of up to a maximum of \$1,500,000 of the DASNY 2nd Quarter Loan, and (vi) the Post-Closing Trailing Expense Funds to be paid in cash to Petitioner EJM; and

WHEREAS, upon the Closing Date, Petitioner EJM will have satisfied all of its secured creditors and expects to have Unsecured Creditor Pool Funds in the amount of \$396,129 available for distribution to EJM's unsecured creditors and EJM proposes to disburse the Unsecured Creditor Pool Funds to EJM's unsecured creditors in accordance with a judicial dissolution process under Article 11 of the Not-for-Profit Corporation Law, which will be the subject of a subsequent petition; and

WHEREAS, upon the Closing Date of the Proposed Sale, the Purchaser will be able to provide health care services to the area currently served by Petitioner EJM; and

WHEREAS, notice to all creditors of Petitioners EJM and KNH and other parties in interest has been given pursuant to Section 511(c) of the Not-for-Profit Corporation Law; and

WHEREAS, the Court finds that the Petitioners have shown: (i) that on December 5, 2013 this Court entered an Order To Show Cause as to why the relief requested in the Petition should not be granted, (ii) and that a hearing (the "Hearing") was conducted on December 20, 2013; and

WHEREAS, the Court finds that the proposed conveyance and distribution of Petitioners

KNH and EJN's Assets as described in the Petition and the schedules pursuant to the Asset Purchase Agreement dated as of November 8, 2013, and the consideration to be given in exchange therefor, are fair and reasonable and in furtherance of the purposes of the Petitioners; and

WHEREAS, upon the reading and filing of said Verified Petition, the Grubin Affirmation and the Supplemental Grubin Affirmation and on all the exhibits and papers attached, and upon further proof of service and notice of all papers and documents in accordance with the Order To Show Cause and upon the Attorney General of the State of New York, and the Attorney General offering no objection, and upon the record of the Hearing,

It is by this Court **DETERMINED** that, sufficient and good cause being shown and notice having been provided all creditors pursuant to §511(c) of the Not-for-Profit Corporation Law and that said, EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK AND GOUVERNEUR NURSING HOME COMPANY, INC. d/b/a KINNEY NURSING HOME were duly incorporated by law, and this Court deems it proper to order leave to sell the real and personal property and to amend the Petitioner EJN's Certificate of Incorporation;

And it appearing to the satisfaction of the Court that the interests of said corporations will be promoted by the Proposed Sale and Amendment,

NOW THEREFORE, ON MOTION OF NACHAMIE SPIZZ COHEN & SERCHUK, P.C., ATTORNEYS FOR SAID PETITIONERS, IT IS HEREBY:

ORDERED, ADJUDGED and DECREED that the conveyance of the KNH Assets to Petitioner EJN for the sum of \$1,000,000 is hereby approved, in accordance with the terms and conditions of the annexed Asset Purchase Agreement, and Petitioner KNH, by its duly authorized officer, is authorized and empowered to execute, acknowledge and deliver to Petitioner EJN any

and all documents, pledges and obligations effectuating said conveyance, being more specifically described as follows:

SEE LEGAL DESCRIPTION OF REAL PROPERTY ("Annex 3") AND LIST OF PERSONAL PROPERTY ("Annex 4") ANNEXED HERETO

; and it is further

ORDERED, ADJUDGED and DECREED that the sale of the Purchased Assets to Purchaser, Gouverneur Hospital, for the sum of no less than \$6,696,129.00, to be paid, offset or applied in the manner set forth in Section 1.5(b)(i) through (v) of the Asset Purchase Agreement, plus any increase above \$1,800,000 as may be determined in the AR Purchase Price in accordance with Section 1.5(c) of the Asset Purchase Agreement, plus the Purchaser's covenant pursuant to Section 1.5(b)(vi) of the Asset Purchase Agreement to pay the Post-Closing Trailing Expense Funds to Petitioner EJM following the Closing is hereby approved in accordance with the terms and conditions of the Asset Purchase Agreement, and Petitioner EJM, by its duly authorized officer, is authorized and empowered to execute, acknowledge and deliver to Purchaser Gouverneur Hospital any and all documents, pledges and obligations effectuating said conveyance, being more specifically described as follows:

SEE LEGAL DESCRIPTION OF REAL PROPERTY ("Annex 5") AND LIST OF PERSONAL PROPERTY ("Annex 6") ANNEXED HERETO

; and it is further

ORDERED, ADJUDGED and DECREED that Petitioner EJM is authorized to (i) pay from the proceeds of the Purchase Price, the Base Purchase Price and the AR Purchase Price to the Fund; (ii) permit the set off of \$500,000 against the Promissory Notes, (iii) hold approximately \$396,129 in the Unsecured Creditor Pool Funds and distribute same to legitimate unsecured creditors in accordance with further order of the Court pending a judicial dissolution

process under Article 11 of the Not-for-Profit Corporation Law, which will be the subject of a subsequent petition, and (iv) use the Post-Closing Trailing Expense Funds to pay the Post-Closing Trailing Expenses to the Trailing Expenses Recipients; and it is further

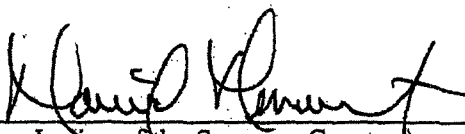
ORDERED, ADJUDGED and DECREED that the proposed Amendment to the Certificate of Incorporation of Petitioner EJM is hereby approved; and it is further

ORDERED, ADJUDGED and DECREED that Petitioners shall serve a copy of this signed Order on the Attorney General, and that this Court and the Attorney General shall receive written notice that the transaction has been completed, if the transaction has been abandoned, or if it is still pending ninety (90) days after the Court's approval; and it is further

ORDERED, ADJUDGED and DECREED that the Court will retain jurisdiction of this matter for purposes of enforcing this Order.

ENTERED

Dated: DEC. 20, 2013


Justice of the Supreme Court



CV-2013-0142537
12/20/2013 01:48 PM

ORDER
Mary Lou Rupp, St Lawrence County Clerk

THE ATTORNEY GENERAL HEREBY APPEARS HEREIN,
HAS NO OBJECTION TO THE GRANTING OF
JUDICIAL APPROVAL HEREON, ACKNOWLEDGES
RECEIPT OF STATUTORY NOTICE, AND DEMANDS
SERVICE OF ALL PAPERS SUBMITTED HEREIN
INCLUDING ALL ORDER, JUDGMENTS AND
ENDORSEMENTS OF THE COURT. SAID NO OBJECTION
IS CONDITIONED ON SUBMISSION OF THE MATTER
TO THE COURT WITHIN 30 DAYS HEREAFTER.

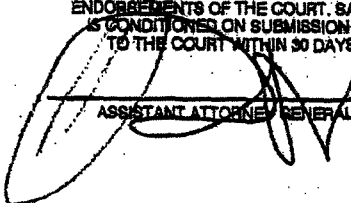

ASSISTANT ATTORNEY GENERAL
DATE 12-18-13

EXHIBIT E

EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

CASH HELD IN ESCROW	\$ 396,264
TOTAL ASSETS	<u>\$ 396,264</u>

LIABILITIES

AMOUNTS DUE CREDITORS	\$ 1,297,049
CONTINGENT LIABILITIES	\$ 603,431
TOTAL LIABILITIES	<u>\$ 1,900,480</u>

NET ASSETS

UNRESTRICTED	<u>\$ (1,504,216)</u>
TOTAL NET ASSETS	<u>\$ (1,504,216)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 396,264</u>

EXHIBIT F

List of Creditors

Name of Creditor	Address	City	State	Zip
I - Employee (Priority) Claims				
AL HUSSEIN NABEEL M.D.	PO BOX 216	GOUVERNEUR	NY	13642
BULLOCK, JULIE	2980 COUNTY ROUTE 24	RUSSELL	NY	13684
DOMBEK LANG TERESA M.D.	94 WALTON STREET	ALEXANDRIA BAY	NY	13607
DR GEORGE MINA	77 WEST BARNEY ST	GOUVERNEUR	NY	13642
HAZIMEH YUSEF	300 N. BLVD APT. 1A	ALBANY	NY	12204
SCHUESSLER DONALD C JR MD	129 ROWLEY STREET	GOUVERNEUR	NY	13642
SMITH RENEE	125 DEPOT STREET	GOUVERNEUR	NY	13642
SWIFT CAROL S	297 EAST MAIN STREET	GOUVERNEUR	NY	13642

II - General Unsecured Claims

Name	Address	City	State	Zip
3M COMPANY	PO BOX 371227	PITTSBURGH	PA	15250-7227
7 NEWS WWNY	120 ARCADE STREET	WATERTOWN	NY	13601
A.C. T.N.T. HEALTHCARE SERVICE	320 DECKER DRIVE, SUITE 100	IRVING	TX	75062
AAG BEDNEFIT PLAN	PO BOX 619015	DALLAS	TX	75261
AARP HEALTH CARE OPTIONS	PO BOX 740819	ATLANTA	GA	30374-0819
AARP HEALTHCARE OPTIONS	UNITED HEALTHCARE CLAIM DIV	ATLANTA	GA	30374-0819
ADAP PLUS	EMPIRE STATION	ALBANY	NY	12220
ADIRONDACK PHYSICAL &	OCCUPATIONAL THERAPY, LLC	CANTON	NY	13617
ADVANTRA FREEDOM	PO BOX 7154	LONDON	KY	40742
AETNA	PO BOX 981109	EL PASO	TX	79998-1109
AETNA	PO BOX 14079	LEXINGTON	KY	40512
AETNA LIFE & CASUALTY	PO BOX 981107	EL PASO	TX	799981107

AETNA LIFE INS CO	PO BOX 150409	HARTFORD	CT	6115
AFLAC	PO BOX 15089	ALBANY	NY	12212
AIG	660 WHITE PLAINS RD	TARRYTOWN	NY	10591
AIRGAS EAST	PO BOX 802576	CHICAGO	IL	60680-2576
ALCON LABORATORIES INC	PO BOX 677775	DALLAS	TX	75267-7775
ALERT SERVICES CORPORATION	P.O. BOX 920215	NORCROSS	GA	30010-0215
AMERICAN ARBITRATION ASOC	231 SALINA MEADOWS PARKWAY	NORTH SYRACUSE	NY	13212
AMERICAN PROGRESSIVE	PO BOX 130	PENSACOLA	FL	32591
AMERICAS CHOICE HEALTH PLAN	PO BOX 60432	KING OF PRUSSIA	PA	19406
ANTARES MANAGEMENT SOLUTIONS	PO BOX 477917	BROADVIEW HEIGHTS	OH	44147-7917
ANTHEM BLUE CROSS CONNETICUT	370 BASSETT RD	NORTH HAVEN	CT	64734201
APA PARTNERS INC	8 BRITISH AMERICAN BOULEVARD	LATHAM	NY	12110-8006
APA PARTNERS INC	PO BOX 1506	LATHAM	NY	12110-8006
APA PARTNERS INC	PO BOX 66601	ALBANY	NY	12206
AUDIOMEDTRIC TECHNOLOGY	247 CAYUGA ROAD	BUFFALO	NY	14225
AUDIT MICRO CONTROLS, INC.	PO BOX 131420	CARLSBAD	CA	92013
AUSA LIFE FIRST PROVIDIAN	PO BOX 97	SCRANTON	PA	18504-0097
AZ BENEFIT OPTIONS HARRINGTON	PO BOX 785	PUEBLO	CO	81002-0785
B BRAUN MEDICAL INC	PO BOX 512382	PHILADELPHIA	PA	19175-2382
BARKLEY SAFE AND LOCK CO	16 COURT STREET	CANTON	NY	13617
BARKSDALE BUTCHSON L	1667 CR 19	RICHVILLE	NY	13681
BARR PATRICIA	709 OGDEN ST	OGDENSBURG	NY	13669
BCBS NORTHEASTERN NEW YORK	187 WOLF RD	ALBANY	NY	12212
BECTON DICKINSON	ATTN: LOCKBOX 371137	PITTSBURGH	PA	15251-1137
BENCO DENTAL CO	PO BOX 731372	DALLAS	TX	75397-1372
BENECARD PBF	BENECARD PBF LOCKBOX	NEW YORK	NY	10087-9085
BENEFACOR FUNDING CORP.	PO BOX 6241	DENVER	CO	80206
BENEFIT ADMINISTRATIVE SYSTEMS	17475 JOVANNA DRIVE SUITE 1B	HOMEWOOD	IL	60430-4623
BERCHTOLD CORPORATION	PO BOX 6039	CHARLESTON	SC	29419
BETTE & CRING LLC	18438 US ROUTE 11	WATERTOWN	NY	13601
BIRD GENERAL CONTRACTING	1012 RIVER ROAD	EDWARDS	NY	13635
BLUE CROSS	PO BOX 22999	ROCHESTER	NY	14692
BLUE CROSS ALABAMA	450 RIVERCHASE PARKWAY EAST	BIRMINGHAM	AL	35298
BLUE CROSS BLUE SHIELD GEORGIA	PO BOX 9907	COLUMBUS	OH	31908-6007

BLUE CROSS CENTRAL NY	344 S WARREN ST	SYRACUSE	NY	13221
BLUE CROSS FINGER LAKERS	165 COURT ST	ROCHESTER	NY	14647
BLUE CROSS GEORGIA	12 RHOADS DRIVE	UTICA	NY	13502
BLUE CROSS HMO BLUE	PO BOX 22999	UTICA	NY	13502-6398
BLUE CROSS ILLINOIS	PO BOX 1364	CHICAGO	IL	60690
BLUE CROSS MO	PO BOX 14882	ST LOUIS	MO	63178
BLUE CROSS OF ALABAMA	PO BOX 995	BIRMINGHAM	AL	35298
BLUE CROSS OF GEORGIA	PO BOX 9907	COLUMBUS	GA	31908
BLUE CROSS OF MASS	PO BOX 9198	NORTH QUINCY	MA	2171
BLUE CROSS OF VERMONT	PO BOX 186	MONTPELIER	VT	56010
BLUE CROSS ROCHESTER	165 COURT ST	ROCHESTER	NY	14647
BLUE CROSS SOUTH CAROLINA	PO BOX 6000	GREENVILLE	SC	29606-6000
BLUE CROSS UTICA	PO BOX 22999	ROCHESTER	NY	14692
BLUE CROSS UTICA	12 RHOADS DRIVE	ROCHESTER	NY	14692
BLUE CROSS WESTERN PA	PO BOX 3355	PITTSBURGH	PA	15230
BOPREY MICHAEL C	1233 US HWY 11	GOUVERNEUR	NY	13642
BRACCO DIAGNOSTICS	P.O. BOX 532411	CHARLOTTE	NC	28290-2411
BRASSARD LUCY	1112 SALINA STREET	WATERTOWN	NY	13601
BRESETT HAROLD D JR	78A COOPER ROAD	HAMMOND	NY	13646
BRIDGEPORT CAPITAL FUNDING,LLC	PO BOX 101004	ATLANTA	GA	30392-1004
BRIDGMAN PHILLIP M D	PO BOX 68	HANNAWA FALLS	NY	13647
BUFFALO MEDICAL GROUP	PO BOX 8000 DEPT 581	BUFFALO	NY	14267-0001
CANTON POTSDAM HOSPITAL	50 LEROY STREET	POTSDAM	NY	13676
ATTN: RICK JACOBS				
CAPITAL BLUE CROSS	PO BOX 779503	HARRISBURG	PA	17177-9503
CAPTS LANDING INC	47 JAMES ST	ALEXANDRIA BAY	NY	13607
CARDIAC SCIENCE CORP	P.O. BOX 83261	CHICAGO	IL	60691-0261
CARDINAL HEALTH	PO BOX 905488	CHARLOTTE	NC	28290
CAREFUSION 211, INC.	88253 EXPEDITE WAY	CHICAGO	IL	60695-0001
CARTHAGE AREA HOSPITAL	1001 WEST STREET ROAD	CARTHAGE	NY	13619
CASELLA WASTE SYSTEMS,INC	PO BOX 1372	WILLISTON	VT	54951
CENTRAL NEW YORK	HEALTH SYSTEMS AGENCY, INC.	EAST SYRACUSE	NY	13057
CENTREX CLINICAL LAB	28 CAMPION ROAD	NEW HARTFORD	NY	13413
CENTREX CLINICAL LABORATORIES	PO BOX 12130	BURLINGTON	NC	27215

CENTURION MEDICAL PRODUCTS	PO BOX 842816	BOSTON	MA	22842
CHAPION CHART SUPPLY	94 NEWCOMB STREET	NORTON	MA	2766
CHARLES SOLANA & SONS	80 MODULAR AVENUE	COMMACK	NY	11725
CIGNA INSURANCE	PO BOX 5200	SCRANTON	PA	18505-5200
CIVIES CORPORATION	PO BOX 6309	SYRACUSE	NY	13217
CIVIES CORPORATION	RMSCO INC	LIVERPOOL	NY	13088-4300
CIVIES STEEL COMPANY	8 CHURCH ST	GOUVERNEUR	NY	13642
CLAXTON HEPBURN MED CTR	214 KING STREET	OGDENSBURG	NY	13669
CLEARPATH DIAGNOSTICS	ATTN : CHRISTINA TARNACKI	SYRACUSE	NY	13202
CNA	PO BOX 4855	SYRACUSE	NY	13221
CNA	3 HUNTINGTON QUADRANGEL	MELVILLE	NY	11747
CNA MAILHANDLERS	PO BOX 44242	JACKSONVILLE	FL	32232-4242
CNY ANESTHESIA GROUP, PC	PO BOX 2005	EAST SYRACUSE	NY	13057-4505
COLE ALICE	5008 TIMBER LANE	RALEIGH	NC	27606
COLE ALICE	PO BOX 164	HAILESBORO	NY	13645
COLE JAMES E	206 COLE RD	GOUVERNEUR	NY	13642
COMMUNITY HEALTH CENTER NORTH COUNTRY	4 COMMERCE LANE	CANTON	NY	13617
COMP RISK MANAGEMENT	112 DELLAFIELD	POUGHKEPSI	NY	12601
COMPANY BOART LONGYEAR	WANDA SCOTT SAFETY COORDINAT	WYTHEVILLE	VA	24382
COMPHEALTH ASSOCIATES	PO BOX 972625	DALLAS	TX	75397
COMPHEALTH ASSOCIATES, INC.	151 NORTH MAIN ST.	NEW CITY	NY	10956
C/O KLEINMAN, SALTZMAN & BOLNICK, P.C.				
COMPRESIVE RISK MGMT	112 DELLAFIELD	POUGHKEPSI	NY	12601
CORE SOURCE	PO BOX 2920	CLINTON	IA	52733-2920
CUMMINS NORTHEAST LLC	6193 EASTERN AVENUE	SYRACUSE	NY	13211
CXTEX	5404 SOUTH BAY ROAD	SYRACUSE	NY	13221-4799
	PO BOX 4799			
DAIICHI SANKYO, INC.	TWO HILTON COURT	PARSIPPANY	NJ	07054
DAVA PHARMACEUTICALS, INC	400 KELBY STREET	FORT LEE	NJ	07024
DAVID SEAN A	150 MARKET ST APT 15	POTSDAM	NY	13676
DAVIDSON HELEN M	188 HAILESBORO ST	GOUVERNEUR	NY	13642
DEPARTMENT OF CORRECTIONAL	THE HARRIMAN STATE CAMPUS	ALBANY	NY	12226-2050
DEPT OF VETERAN AFFAIRS	RECOVERY AUDIT PROGRAM	DENVER	CO	80206-9022
DIRECT ENERGY BUSINESS	P.O. BOX 70220	PHILADELPHIA	PA	19176-0220

DR SLEZKA	77 WEST BARNEY ST	GOUVERNEUR	NY	13642
E ELLUS BLUE CROSS	12 RHOADS DRIVE	UTICA	NY	13502
EAST COAST LASER MEDICAL	115 WOODLAND AVENUE	MULLICA HILL	NJ	8062
EBA INSURANCE	11 PUBLIC SQUARE	WATERTOWN	NY	13601
ELI LILLY & COMPANY	CORPORATE CENTER	INDIANAPOLIS	IN	46285
EMPIRE BLUE CROSS	PO BOX 1407	NEW YORK	NY	10008-1407
EMPIRE BLUE CROSS	PO BOX 5047	MIDDLETOWN	NY	10940
ENGINEERS JOINT WELFARE FUND	101 INTREPID LANE	SYRACUSE	NY	13205-0100
FALCON RECOVERY SYSTEMS LLC	PO BOX 552	CANTON	NY	13617
	2 JUDSON STREET			
FIRST CARDINAL CORP	PO BOX 15095	ALBANY	NY	12212
FIRST UNITED AMERICAN	PO BOX 3125	SYRACUSE	NY	13220
GAEBEL BARBARA	502 DOANE ROAD	GOUVERNEUR	NY	13642
GALDERMA LABORATORIES INC	Attn: Treasury Department	FORT WORTH	TX	76177
	1450 NORTH FREEWAY			
GARDNER CASANDRA M	2941A ST HWY RTE 812	DEKALB JUNCTION	NY	13630
GBC	PO BOX 203412	DALLAS	TX	75320-3412
GE MEDICAL SYSTEMS	PO BOX 640944	PITTSBURGH	PA	15264
GE PENSIONERS MEDICAL CLAIMS	PO BOX 740801	ATLANTA	GA	30374-0801
GEICO	750 WOODBURY ROAD	WOODBURY	NY	11797-2589
GENENTECH USA	1 DNA WAY	SAN FRANCISCO	CA	94080-4990
	Mail Stop 315B			
GERBER GILBERT	PO BOX 175	HAILESBORO	NY	13645
GHI	PO BOX 2832	NEW YORK	NY	10116
GHI CORRESPONDENCE DEPT	5015 CAMPUSWOOD DRIVE	EAST SYRACUSE	NY	13057
GHI FAMILY HEALTH PLUS	PO BOX 4141	KINGSTON	NY	12402
GHI INSURANCE	PO BOX 2833	NEW YORK	NY	10116-2833
GLADLE MYRTLE M	PO BOX 227	RICHVILLE	NY	13681
GLAXO SMITH KLINE	PO Box 640067	Pittsburgh	PA	15264-0067
GLENS FALLS HOSPITAL	100 PARK ST OCC HEALTH	GLENS FALLS	NY	12801
GOUV SAVINGS&LOAN SELFINSURED	42 CHURCH STREET	GOUVERNEUR	NY	13642
GOUVERNEU RESCUE SQUAD	US HWY 11	GOUVERNEUR	NY	13642
GOUVERNEUR VOLUNTEER	RESCUE SQUAD INC	BALDWINVILLE	NY	13027
GRAINGER	DEPT 810760389	PALATINE	IL	60038

GREAT WEST HEALTHCARE	1000 GREAT WEST DRIVE	KENNETT	MO	63857-3749
GUARDIAN INS	PO BOX 8024	APPLETON	WI	54912-8024
GYMO/PC	220 STERLING STREET	WATERTOWN	NY	13601
GYPSUM WHOLESALERS INC	3334 WALTERS ROAD	SYRACUSE	NY	13209
HALFORD SR JOHN L	241 ROWLEY STREET	GOUVERNEUR	NY	13642
HAMILTON RICHARD G	676 CR 19	HERMON	NY	13652
HANLON GEORGE	77 BIRCHWOOD DR	GOUVERNEUR	NY	13642
HARTFORD	PO BOX 14170	LEXINGTON	KY	40512
HARTFORD LIFE INSURANCE COMPAN	CBCA	BEATYVILLE	KY	41311
HARVARD PILGIM HEALTHCARE	PO BOX 699218	QUINCY	MA	22699
HD SUPPLY FACILITIES	MAINTENANCE	SAN DIEGO	CA	92150-9055
HEALTH ADMINISTRATIVE CENTER	CHAMPVA	DENVER	CO	80206-9024
HEALTH COR CORPORATE MED	73-01 GRAND AVENUE	MASPETH	NY	11378
HEALTH FACILITY ASSESSMENT FUND	333 BUTTERNUT DRIVE	SYRACUSE	NY	13214
ADMINISTRATOR				
HEALTH STUDY NURSES	665 HUNTINGTON AVE RM 349	BOSTON	MA	2115
HEALTHCARE ASSOCIATION	PO BOX 5535 GPO	NEW YORK	NY	10087
HEALTHLY LIVING PARTNERSHIP	50 ST HWHY 310 SUITE 2	CANTON	NY	13617
HEALTHNET PEARL	PO BOX 870501	SOUTHSIDE BEACH	SC	29587-8711
HEALTHSCOPE BENEFITS	27 CORPORATE HILL DRIVE	LITTLEROCK	AR	72205
HEALTHSTREAM, INC. LEARNING SERVICES	P.O. BOX 102817	ATLANTA	GA	30368
HEALTHY LIVING PARTNERSHIP	7 EAST MAIN ST #A	GOUVERNEUR	NY	13642
HEALTHY LIVING PARTNERSHIP	SLCPB/HEALTHLY LIVING PROGRAM	CANTON	NY	13617-1476
HEATON JOHN B	37 RIVERSIDE DR 3C	CANTON	NY	13617
HECLA MINING COMPANY	CLAIMS AGEN	SPOKANE	WA	99205-0434
HEMA TECHNOLOGIES INC	291 ROUTE 22, SUITE 12	LEBANON	NJ	8833
HENDRICK MARGARET	PO BOX 86	GOUVERNEUR	NY	13642
HERSHEY CREAMERY CMP	301 SOUTH CAMERON ST	HARRISBURG	PA	17101
HIGHMARK SERVICES COMPANY	PO BOX 535078	PITTSBURGH	PA	15253-5078
HILL ROM	PO BOX 643592	PITTSBURGH	PA	15264
HISCOCK & BARCLAY, LLP	ATTN: ACCOUNTING	ROCHESTER	NY	14604-2404
HOCKEY RHODA J ESTATE	57 WEST BARNEY STREET	GOUVERNEUR	NY	13642
HOSPICE OF ST LAW VALLEY	PO BOX 469	POTSDAM	NY	13676

HOSPIRA, INC.	275 N. FIELD DR. BLDG H1	LAKE FOREST	IL	60045
HUBERT COMPANY	25401 NETWORK PLACE	CHICAGO	IL	606731254
HUDSON HEADWATERS HEALTH NETWORK, INC.	9 CAREY ROAD	QUEENSBURY	NY	12804
HUMANA CLAIM OFFICE	PO BOX 14601	LEXINGTON	KY	40512-4601
I.B.E.W LOCAL 1249 INS FUND	PO BOX 301 6518 FREEMONT RD	EAST SYRACUSE	NY	13057-0301
IDZENGA HARRY F	PO BOX 372	GOUVERNEUR	NY	13642
IKON FINANCIAL SERVICES	PO BOX 41564	PHILADELPHIA	PA	19101
IMMUCOR INC	2990 GATEWAY DRIVE SUITE 400	NORCROSS	GA	30071
INDECS	PO BOX 668	LYNDHURST	NJ	7071
INTEGRITY HEALTHCARE SERVICES	1801 WEST END AVENUE #530	NASHVILLE	TN	37203
INTERIM PHYSICIANS	4170 ASHFORD DUNWOODY ROAD	ATLANTA	GA	30319
IROQUOIS HLTHCARE ALLIANC	5740 COMMONS PARK	EAST SYRACUSE	NY	13057
ISS	2010 CABOT BLVD WEST	LANGHORNE	PA	19047
J & J HEALTH CARE SYSTEMS	5972 COLLECTION CENTER DRIVE	CHICAGO	IL	60693
JAMES HUANG PHYS PLCC	PO BOX 2005	EAST SYRACUSE	NY	13057-4505
JEFF LEWIS HEALTHY WOMENS PART	7785 STATE STREET	LOWVILLE	NY	13367
JEFFERSON COUNTY SELF INSURED	ARSENAL ST	WATERTOWN	NY	13601
JOHNSON & JOHNSON HEALTH CARE SYSTEMS	425 HOES LANE	PISCATAWAY	NJ	08855
JOSEPH S BOSCOE	24 BIRCHWOOD DR	GOUVERNEUR	NY	13642
JSL COMMUNICATIONS INC	200 WASHINGTON STREET	WATERTOWN	NY	13601
JUNE KATHLEEN M	29 BRISTOL RD	GOUVERNEUR	NY	13642
KCI USA	PO BOX 203086	HOUSTON	TX	77216
KEMPER	PO BOX 5000	SMITHTOWN	NY	11787
KERLEY TRACY	1126A LARCH CLE	GOUVERNEUR	NY	13642
KING & SPALDING LLP	1180 PEACHTREE ST.	ATLANTA	GA	30309
KINNEY DRUGS DISTRIBUTION CNT	520 EAST MAIN STREET	GOUVERNEUR	NY	13642
KNAPP ANNAMAE A18	1365 MAPLE RIDGE ROAD	DEKALB	NY	13630
KOCH JOHN B JR	39 WINDING WAY	CEDAR GROVE	NJ	7009
KOWALSKI RONALD E	15 ACADEMY STREET	SKANEATELES	NY	13152
KULP TAMMY	318 STEVENS ROAD	GOUVERNEUR	NY	13642
KVH-TECH INC.	110 TERRY DRIVE	NEWTOWN	PA	18940
LABOR LAW COMPLIANCE CENTER	17215 RED OAK DR. #112	HOUSTON	TX	77090

LABORERS LOCAL 322	RMSCO	LIVERPOOL	NY	13088
LIDLAW TRANSIT	PO BOX 235	GOUVERNEUR	NY	13642
LIDLAW TRANSIT 640	P.O. BOX 266	PHILADELPHIA	NY	13673
LAKE EFFECT CLAIMS SERVICE	PO BOX 710	WATERTOWN	NY	13601
LAMAR PENNY	21 E BARNEY ST	GOUVERNEUR	NY	13642
LATRAY DONALD	88 BARKER ROAD	ANTWERP	NY	13608
LAVERGHETTA CYNTHIA S	102 WASHINGTON ST	ANTWERP	NY	13608
LEASING ASSOC. OF BARRINGTON	33 WEST HIGGINS ROAD, SUITE 103	SOUTH BARRINGTON	IL	60010
LEESON ESTATE OF STELLA M	74 DORWIN ST	GOUVERNEUR	NY	13642
LEHIGH STEPHEN	131 COUNTRY CLUB RD	GOUVERNEUR	NY	13642
LEWIS COUNTY GENERAL HOSPITAL	7785 NORTH STATE STREET	LOWVILLE	NY	13367
LIBERTY MEDICAL CARE OF	LOWER MANHATTAN PC	OGDENSBURG	NY	13669
LINDE GAS NORTH AMERICA LLC	24963 NETWORK PL.	CHICAGO	IL	606731249
LINDSEY LEAH G	32649 CTY RT 194	THERESA	NY	13691
LINSTAR	430 LAWRENCE BELL DRIVE	BUFFALO	NY	14221
LOCAL 1249	PO BOX 301	EAST SYRACUSE	NY	13057
LOVE LINDA	87 ROCK ISLAND STREET	GOUVERNEUR	NY	13642
MAILFINANCE	25881 NETWORK PLACE	CHICAGO	IL	606731258
MANAGED PHYSICAL NETWORK	PO BOX 8200	KINGSTON	NY	12402
MARKETLAB INC	PO BOX 888374	KENTWOOD	MI	49588
MARTINS POINT HEALTHCARE	CLAIMS DEPT	PORTLAND	ME	41047410
MAYHEW DOROTHY M	220 MAYHEW RD	RENSELEAR FALLS	NY	13680
MCCULLOUGH MALCOLM I	109 SOUTH HAMMOND ROAD	HAMMOND	NY	13646
MCDONALD DAVID	1281 CO RT 27	OSWEGATCHIE	NY	13670
MEDICAID	PO BOX 4444	ALBANY	NY	122140444
MEDICAID	COMPUTER SCIENCES CORPORATIO	RENSELAER	NY	122144601
MEDICARE ADVANTAGE PLAN	HEALTHNET	SURFSIDE BEACH	SC	29587
MEDICARE PART B	PO BOX 5202	BINGHAMTON	NY	13902
MEDIFAX EDI LLC	PO BOX 572490	MURRAY	UT	841572490
MELDRIM GRETCHEN L	148 KRUEGER RD	ST JOHNSVILLE	NY	13452
MERCK & CO.	PO Box 4	WEST POINT	PA	19486-0004
MERCK & COMPANY, INC.	Sumneytown Pike, WP39-239	WEST POINT	PA	19486-0004
MERCK SCHERING PLOUGH PHARMACEUTICALS	PO Box 1000	NORTH WALES	PA	19454

MICHAELS DANIEL G	PO BOX 398	GOUVERNEUR	NY	13642
MILLENNIUM FUNDING	PO BOX 327	WILLIAMSVILLE	NY	14231
MILLENNIUM SURGICAL CORP.	822 MONTGOMERY AVE. #205	NARBERTH	PA	19072
MILLER ANDREW	1067 CR 22	GOUVERNEUR	NY	13642
MILLER MAYER LLP	202 EAST STATE STREET, STE.700	ITHACA	NY	148516435
MONROE ANN L	150 MORRISON RD	GOUVERNEUR	NY	13642
MORGAN SCIENTIFIC	151 ESSEX STREET	HAVERHILL	MA	1832
MOSHIER CAROL S	200 ELM ST	OGDENSBURG	NY	13669
MST INC	8415 154th AVE NE	REDMOND	WA	98052
MULLIN TAMMY L	109 FOX FARM RD	GOUVERNEUR	NY	13642
MULTIPLAN INC	115 5TH AVENUE	NEW YORK	NY	100031004
MURDIE CAROL	116 HULL ROAD	GOUVERNEUR	NY	13642
MUTUAL OF OMAHA	INDIVIDUAL CLAIMS PLAZA	OMAHA	NE	68175
MUTUAL OF OMAHA INS CO	AMERICAN FOREIGN SPA	WASHINGTON	DC	20036
MVP HEALTH PLAN	PO BOX 1434	SCHENECTADY	NY	12305
MVP SELECT CARE	PO BOX 2207	SCHENECTADY	NY	12305
MVP SELECT CARE INC	PO BOX 1434	SCHENECTADY	NY	123011434
NA LETTER CARRIERS	20547 WAVERLY COURT	ASHBURN	VA	22093
NAAMAN LOWRY	PO BOX 292	GOUVERNEUR	NY	13642
NARDELLI JOSEPH A	20 E BARNEY ST	GOUVERNEUR	NY	13642
NATIONAL HEALTHCARE	SERVICES LLC	YORK	PA	17403
NATIONAL PRODUCTS, INC.	7410 DALLAS AVE. SOUTH	SEATTLE	WA	98108
NATIONWIDE LIFE INS	PO BOX 925309	HOUSTON	TX	772925309
NCA COMP	14 LAYFAYETTE SSQUARE	BUFFALO	NY	14203
NETWORK SERVICES COMPANY	LOCKBOX 231805	CHICAGO	IL	60689
NEW CENTURY PODIATRY	18564 US ROUTE 11	WATERTOWN	NY	13601
NEW YORK HEART CENTER	1000 EAST GENESEE STREET	SYRACUSE	NY	13210
NEW YORK LIFE INSURANCE	51 MADISON AVE	NEW YORK	NY	10010
NEW YORK STATE DISABILITY	PO BOX 165	ALBANY	NY	12260
NORTH AMERICAN ADMINISTRATORS	PO BOX 9501	AMHERST	NY	14226
NORTH AMERICAN PREF GUARDIAN	PO BOX 885	AMHERST	NY	14226
NORTHEAST MEDICAL REPAIRS	6143 VAN ALSTINE ROAD	CAMILLUS	NY	13031
OPHTEC INTERNATIONAL	OPHTHALMOLOGICAL LABORATORI	BOCA RATON	FL	33487
OPTIMA HEALTH	PO BOX 5028	TROY	MI	480075028

OPTUMINSIGHT CARE TRACKER	2771 MOMENTUM PLACE	CHICAGO	IL	606895327
ORBEGOZO GABRIEL	340 CR 13	RICHVILLE	NY	13681
OTIS ELEVATOR COMPANY	PO BOX 13716	NEWARK	NJ	71880716
OTTO TAMMY	6073 US HWY 58	GOUVERNEUR	NY	13642
PAR PHARMACEUTICAL, INC.	PO Box 731531	Dallas	TX	75373-1531
PARTS SOURCE	777 LENA DRIVE	AURORA	OH	44202
PCAP	ST LAW COUNTY PUBLIC HLTH DEPT	CANTON	NY	136171476
PEQUOT PHARMACEUTICAL NETWORK	BENEFIT ADMINISTRATORS	MASHANTUCKET	CT	6338
PEQUOT PLAN ADMINISTRATORS	PO BOX 3620	MASHANTUCKET	CT	6339
PGBA LLC	PO BOX 870153	SURFSIDE BEACH	SC	29587
PHELPS BRUCE S	1365 CO RT 22	GOUVERNEUR	NY	13642
POMCO	PO BOX 6329	SYRACUSE	NY	13217
PREFERRED ADMINISTRAT SERVICES	PO BOX 22920	ROCHESTER	NY	146922920
PREFERRED CARE	259 MONROE AVE	ROCHESTER	NY	14607
PREMIUM CREDIT HUMANA	PO BOX 750	SCOTTSDALE	AZ	85252
PRICE CHOPPER OPER CO INC	PO BOX 1392	WILLISTON	VT	54951392
PRINCIPAL LIFE INSURANCE	PO BOX 39710	COLORADO SPRINGS	CO	809493910
PROACT INC	PO BOX 1179	BUFFALO	NY	14240
PROCLAIM SERVICES	830 WASHINGTON ST	WATERTOWN	NY	13601
PROFESSIONAL LABORATORY	SYSTEMS, INC	GARDEN CITY PARK	NY	11040
PROGRESSIVE	PO BOX 22055	ALBANY	NY	12201
PROGRESSIVE NOFAULT CLAIMS	PO BOX 22031	ALBANY	NY	122012031
PUPILS BENEFIT PLAN	101 DUTCH MEADOWS LANE	GLENVILLE	NY	123023517
PUPILS BENEFIT PLAN	126 SARATOGA RD	GLENVILLE	NY	12302
Purdue	PO Box 910668	Dallas	TX	75391-0668
QUEST DIAGNOSTICS	2178 COLLECTION CENTER DRIVE	CHICAGO	IL	60693
RADIOGRAPHIC TESTING SVC	4 TANNER HOLLOW DRIVE	ALBANY	NY	12205
RADIOLOGY ST LAWRENCE	PROFESSIONAL PRACTICE MNGMNT	WATERTOWN	NY	13601
REACH HEALTH INC.	10745 WESTSIDE WAY, SUITE 350	ALPHARETTA	GA	30009
REMEL INC. / ATT: ANNIE NAL	BOX # 96299	CHICAGO	IL	60693
RENZI BROS INC	PO BOX 23	WATERTOWN	NY	13601
RESPITECH MEDICAL INC.	250 RANCK AVENUE	LANCASTER	PA	17602
RICE CONSTANCE E	275 W BARNEY STREET	GOUVERNEUR	NY	13642
RICHARDS JOAN M	12 EAST RD	GOUVERNEUR	NY	13642

RISK ENTERPRISE MANAGEMENT	300 CROWN COLONEY DRIVE	QUINCY	MA	2169
RIVER HOSPITAL	4 FULLER STREET	ALEXANDRIA BAY	NY	13607
RIVERSIDE MEDIA GROUP	PO BOX 562	CLAYTON	NY	13624
ROYAL SUN & ALLIANCE	PO BOX 4701	SYRACUSE	NY	13221
RURAL CARRIERS BENEFIT PLAN	PO BOX 668329	CHARLOTTE	NC	28266
SAFARILAND LLC	PO BOX 406351	ATLANTA	GA	303846351
SALISBURY SUSAN	116 LITTLE YORK ROAD	GOUVERNEUR	NY	13642
SAMARITAN MEDICAL CENTER	104 PADDOCK STREET	WATERTOWN	NY	13601
SCHOFF DIANE	3159 RT 9N	GREENFIELD CENTER	NY	12833
SCHOPFER ARCHITECTS LLP	1111 JAMES STREET	SYRACUSE	NY	13203
SCHWERZMANN & WISE, P.C.	ATTORNEYS AT LAW	WATERTOWN	NY	13601
SELECTIVE INSURANCE	3420 TORINGDONWAY #300	CHARLOTTE	NC	282772439
SERVICE EMPLOYEE BEN FUND	PO BOX 1600	SYRACUSE	NY	13201
SERVISS CURTIS R	586 CT RT 24	GOUVERNEUR	NY	13642
SHAMPINE KEIKO	1417 ST HWY 812	GOUVERNEUR	NY	13642
SHI CORP.	PO BOX 952121	DALLAS	TX	753952121
SHIPPEE TRUDY	80 RIVER DRIVE	GOUVERNEUR	NY	13642
SIEMENS INDUSTRY, INC. / BUILDING TECHNOLOGIES	PO BOX 2134	CAROL STREAM	IL	601322134
SIF	1045 SEVENTH N ST	LIVERPOOL	NY	13088
SIMPSON TRACY	9341B LIVINGSTON WAY	FT DRUM	NY	13603
SKYTRON	16208 COLLECTIONS CENTER DRIVE	CHICAGO	IL	60693
SLATE EILEEN J	27 COUNTRY CLUB RD	GOUVERNEUR	NY	13642
SMITH MARION D	3809 ST HWY 58	GOUVERNEUR	NY	13642
SMW+	PO BOX 1449	GOODLETTSVILLE	TN	37070-1449
SNYDER CARMEN	10 JUDSON STREET	CANTON	NY	13617
SOMA TECHNOLOGY	166 HIGHLAND PARK DRIVE	BLOOMFIELD	CT	6002
SONICWALL	1143 BORREGAS AVE	SUNNYVALE	CA	94089
SOPER DONNA J	59 ISLAND ST	EDWARDS	NY	13635
SOURCEONE HEALTHCARE, INC.	4444 VIEWRIDGE AVE, STE 1	SAN DIEGO	CA	92123
SPECIAL FUNDS	5789 WIDEWATERS PARKWAY	DEWITT	NY	13214
ST LAWRENCE COUNTY	SOLID WASTE DEPARTMENT	CANTON	NY	13617
ST LAWRENCE RADIO ASSOC	1116 ARSENAL SUITE 504	WATERTOWN	NY	13601
ST LAW CO NYSARC	6 COMMERCE LANE	CANTON	NY	13617

ST LAW COUNTY SELF INSURED	48 COURT ST	CANTON	NY	13617
ST LAW CTY HEALTH INITIATIVE	ATTENTION: TRUDY DALTON	CANTON	NY	13617
ST LAW CTY SELF INS	48 COURT STREET	CANTON	NY	13617
ST LAWERNCE ZINC	408 SYLVIA LAKE RD	GOUVERNEUR	NY	13642
ST LAWRENCE COUNTY SELF INSURA	48 COURT ST	CANTON	NY	13617
ST LAWRENCE LEWIS	PO BOX 697	CANTON	NY	13617-0697
ST LAWRENCE LEWIS WORK COMP	PO BOX 274	RICHVILLE	NY	13681
ST LAWRENCE NYSARC	6 COMMERCE LANE	CANTON	NY	13617
ST LAWRENCE NYSARC	FLEXIBLE BENEFITS SYSTEM	CANTON	NY	13617
ST. LAWRENCE HEALTH	INITIATIVE, INC.	POTSDAM	NY	13676
STAPLES BUSINESS ADVANTAGE	DEPT ROC PO BOX 415256	BOSTON	MA	22415
STATE FARM	PO BOX 8016	BALLSTON SPA	NY	12020
STATE FARM INSURANCE COMPANIES	PO BOX 2360	BLOOMINGTON	IL	1702
STATE INS FUND	1045 7TH NORTH ST	LIVERPOOL	NY	13088
STATE UNIVERSITY OF NY	750 EAST ADAMS STREET	SYRACUSE	NY	13210
STATEWIDE INDEPENDENT PPO PHCS	PO BOX 5170	DES PLAINES	IL	60017
STATEWIDE INDEPENTENT PPO	6507 BASILE ROW	EAST SYRACUSE	NY	13057
STATEWIDE INS	4317 E GENESEE ST	SYRACUSE	NY	13214
STEPANEK PATRICIA	154 HAILESBORO ST #41	GOUVERNEUR	NY	13642
STERICYCLE	PO BOX 6582	CAROL STREAM	IL	60197-6582
STERIS CORPORATION	P.O. BOX 644063	PITTSBURGH	PA	15264-4063
STEVEN BLACKBURN	384 SAN BURR DRIVE	COLUMBUS	OH	43230
STONERIVER PHARM SOLUTION	PO BOX 504591	ST LOUIS	MO	63150
SUN OFFICE PRODUCTS	7347 S REVERE PARKWAY	CENTENNIAL	CO	80112
SYSMEX AMERICA, INC.	39923 TREASURY CENTER	CHICAGO	IL	60694-9900
TAKEDA PHARMACEUTICALS No. AMERICA	One Takeda Parkway	Deerfield	IL	60015
TENNANT COMPANY	PO BOX 71414	CHICAGO	IL	60694-1414
THE GOLUB CORPORATION	501 DUANESBURG RD	ROTTERDAM-SCHENE	NY	12306
THE NEW ENGLAND JOURNAL	OF MEDICINE	WALTHAM	MA	24511
THE T SYSTEM- DEPT 2537	P.O. BOX 122537	DALLAS	TX	75312-2537
THE TAIGA GROUP, LLC	POST OFFICE BOX 232	GLENMONT	NY	12077
THE TRANE CO	15 TECHNOLOGY PLACE	EAST SYRACUSE	NY	13057
THERACOM	PAYMENT CENTER	CINCINNATI	OH	45264-0105
THOMPSON ARNOLD ESTATE	MALYS REBECCA	SYRACUSE	NY	13208

TODAYS OPTIONS	PO BOX 391888	CAMBRIDGE	MA	21399
TODAYS OPTIONS	PO BOX 742648	HOUSTON	TX	77274-1107
TOTAL CARE	PO BOX 11507	SYRACUSE	NY	13218
TOTAL REPAIR EXPRESS L.L.C.	10-1 ILENE CT	HILLSBOROUGH	NJ	8844
TRANSAMERICA	REGIONAL CLAIM OFFICE	SCRANTON	PA	18504-0097
TRANSAMERICA LIFE INS COMPANY	PO BOX 97	SCRANTON	PA	18504-0097
TRAVELRES INS	PO BOX 22005	ALBANY	NY	12201
TRAVLERS INS. IMS	PO BOX 129	CAMILLIUS	NY	13031
TRICARE REGION 1 CLAIMS	PO BOX 7011	CAMDEN	SC	29020
TRIGON BLUE CROSS	2015 STAPLES MILL RD	RICHMOND	VA	23279
ULINE SHIPPING SUPPLY SPC	PO BOX 88741	CHICAGO	IL	60680
UNIFIRST CORPORATION	103 LUTHER AVENUE	LIVERPOOL	NY	13088
UNITED HEALTHCARE	PO BOX 740801	ATLANTA	GA	30374-0801
UNITED HEALTHCARE	CPO BOX 1600	KINGSTON	NY	12402
UNITED HEALTHCARE	PO BOX 740800	ATLANTIC	GA	30374-0800
UNITED HEALTHCARE	PO BOX 30555	SALT LAKE CITY	UT	84130
UNITED HEALTHCARE	CPO BOX 1600	KINGSTON	NY	12402
UNITED HEALTHCARE	PO BOX 659769	SAN ANTONIO	TX	78265-0069
UNITED HEALTHCARE	LUCENT PPO INDEMNITY	ATLANTA	GA	30374-0802
UNIV OF ROCH/STRONG HOSPITAL	601 ELMWOOD AVE	ROCHESTER	NY	14642
UNIVERSAL UNDERWRITERS GROUP	15 BRITISH AMERICAN BLVD	LATHAM	NY	12110
UNIVERSITY PATHOLOGIST	250 HARRISON ST SUITE 502	SYRACUSE	NY	13202
UNIVERSITY PATHOLOGISTS LABORATORIES	224 HARRISON ST., SUITE 600	SYRACUSE	NY	13202
UP TO DATE INC	95 SAWYER ROAD	WALTHAM	MA	2453
UPSTATE ADMIN SERVICES	620 ERIE BLVD W	SYRACUSE	NY	13204-2415
UPSTATE ADMIN SERVICES	723 JAMES ST	SYRACUSE	NY	13217
UPSTATE ADMINISTRATIVE SERV	PO BOX 6589	SYRACUSE	NY	13217-6589
USAA CASUALTY INSURANCE	PO BOX 33490	SAN ANTONIO	TX	78265
USHERWOOD OFF TECHNOLOGY	1005 WEST FAYETTE ST	SYRACUSE	NY	13204
VERIZON ADVANCED DATA	PO BOX 4820	TRENTON	NJ	8650
VETERANS ADMINISTRATION	PO BOX 11930	ST PAUL	MN	55111
VETERANS ADMINISTRATION	400 FORT HILL AVE	CANANDAUGYA	NY	14424
VILLAGE OF GOUVERNEUR	33 CLINTON STREET	GOUVERNEUR	NY	13642

VILLAGE OF GOUVERNEUR POLICE	33 CLINTON STREET	GOUVERNEUR	NY	13642
W.B. MASON CO.,INC.	PO BOX 981101	BOSTON	MA	22981
WALLACE LABORATIES DIVISION	265 DAVIDSON AVENUE, SUITE 300	SOMERSETt	NJ	08873-4120
WALTZ ANGEL	71 BIRCHWOOD DRIVE	GOUVERNEUR	NY	13642
WALTZ CONNIE	71 BIRCHWOOD DRIVE	GOUVERNEUR	NY	13642
WASHBURN DONNA	1755 LEAD MINE ROAD	GOUVERNEUR	NY	13642
WATERTOWN EYE CENTER	1815 STATE STREET	WATERTOWN	NY	13601
WAUSAU	PO BOX 4834	SYRACUSE	NY	13221
WAUSAU	PO BOX 8092	WAUSAU	WS	54402-8092
WAUSAU BENEFITS	PO BOX 8013	WAUSAU	WI	54402-8013
WEATHERBY LOCUMS, INC.	151 NORTH MAIN ST.	NEW CITY	NY	10956
C/O KLEINMAN, SALTZMAN & BOLNICK, P.C.				
WEAVER LINDA	3321 ST HWY 58	GOUVERNEUR	NY	13642
WEBSTER WELDON R	125 SOUTH SHORE RD	GOUVERNEUR	NY	13642
WELLCARE	PO BOX 4438	SCRANTON	PA	18505
WELLCARE	PO BOX 4467	SCRANTON	PA	18505
WELLNESS CONNECTION	7785 N STATE STREET	LOWVILLE	NY	13367
WHITMARSH RICHARD H	79 MAPLE AVE	EDWARDS	NY	13635
WINDSOR GROUP	PO BOX 105112	ATLANTA	GA	30348
WISNER LARRY G	100 DANA HILL RD	RUSSELL	NY	13684
WITHERELL DONALD E	660 CO RT 11	GOUVERNEUR	NY	13642
YELLOW BOOK MID-ATLANTIC	PO BOX 11815	NEWARK	NJ	71018115
ZAFFARANO LEONARD M	1267 CO RT 12	GOUVERNEUR	NY	13642
ZOLL MEDICAL CORPORATION	869 MILL ROAD	CHELMSFORD	MA	1824
ZURICH AMERICAN	LONG ISLAND CLAIM CUST SERV	JAMAICA	NY	11430
ZURICH AMERICAN INSURANCE	8723 INNOVATION WAY	CHICAGO	IL	60682-0087
ZURICH NORTH AMERICAN	PO BOX ZZ	JAMAICA	NY	11430

III - Known Contingent, Unliquidated and/or Disputed Claims

Name of Creditor	Address	City	State	Zip
CHARLES CONOLE V. EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR (INDEX #: 2933/2013, SUPREME COURT-ONONDAGA COUNTY) C/O COSTELLO, COONEY, FEARON PLLC ATTN.: DONALD S. DIBENEDETTO, ESQ.	500 PLUM STREET, SUITE 300	SYRACUSE	NY	13204
HEALTHCARE OF NEW YORK WORKERS COMPENSATION TRUST C/O FREDERICK J. MICALE, ESQ. P.C.	P. O. BOX 2096	SYRACUSE	NY	13220
NYS WCB, AS SUCCESSOR IN INTEREST TO THE HEALTHCARE INDUSTRY TRUST NEW YORK v. EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR (INDEX#: 5753/2013, SUPREME COURT-COUNTY OF ALBANY) C/O LYNDA BATTISTE, ESQ. NYS WORKERS' COMPENSATION BOARD, OFFICE OF GENERAL COUNSEL, LITIGATION DIVISION	328 STATE STREET	SCHENECTADY	NY	12305
ROBERT J. NICAISE C/O GEORGE S. MEHALLOW, ESQ.	2700 BELLEVUE AVE.	SYRACUSE	NY	13219
SHRED IT USA, INC. C/O ROBERT ROTHMAN, ESQ.	120 E. WASHINGTON ST., SUITE 107	SYRACUSE	NY	13202-4093

MR. GREGORY JOHNSON 08303-055 FCI ALLENWOOD UNIT 3B POB 2000		WHITE DEER	PA	17887
MR. GREGORY JOHNSON 08303-055 FEDERAL MEDICAL CENTER	DEVENS POB 879, UNIT J-B	AYER	MA	1432
JOSEPH ALEX C/O HERZFELD & RUBIN, PC	125 BROAD ST.	NEW YORK	NY	10004
LEON WAY AND DAKOTA WAY C/O CHARLES I. FALGIATANO, ESQ.	121 EAST WATER STREET	SYRACUSE	NY	13202
MARK FITZSIMMONS C/O LAFAVE, WEIN & FRAMENT, PLLC	2400 WESTERN AVENUE	GUILDERLAND	NY	12084
NATIONSTAR MORTGAGE LLC V. LIEBENOW, DYLAN, CHRISTOPHER A. MILLER, ASSOC. FOR NEIGHBORHOOD REHABILITATION INC., ET AL. (INDEX #: 142855/2014, SUPREME COURT- ST. LAWRENCE COUNTY) C/O AMBER A JUREK, ESQ.	25 NORTHPOINTE PARKWAY-STE. 25 TEL. 716-204-1700	AMHERST	NY	14228
NORTHEAST ELECTRONICS V. EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK (INDEX #: ____/2014, SUPREME COURT- MONROE COUNTY) C/O RELIN, GOLDSTEIN & CRANE, LLP ATTN.: JOSEPH M. SHUR, ESQ.	28 EAST MAIN STREET, SUITE 1800	ROCHESTER	NY	14314

EXHIBIT G

PLAN OF DISSOLUTION AND DISTRIBUTION OF ASSETS
OF EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK

The Board of Trustees of Edward John Noble Hospital of Gouverneur, New York (the "Corporation") having considered the advisability of voluntarily dissolving the Corporation, and it being the unanimous opinion of the Board that dissolution is advisable and in the best interests of the Corporation, and the Board having approved, by unanimous resolution dated December 2, 2014 at a duly-noticed meeting, a plan for a voluntary dissolution of the Corporation, does hereby resolve that the Corporation be dissolved in accordance with the following plan:

1. There being no members of the Corporation, no vote of membership is required to approve this dissolution, and action of the Board of Trustees is sufficient.
2. Approval of the dissolution of the Corporation is required to be obtained from the following government agency, whose approval is attached hereto as **Schedule A.**:
 - a. New York State Department of Health
3. The Corporation has assets consisting of cash in the amount of \$396,264.00. Such assets are not legally required to be used for any particular purpose.
4. The assets owned by the Corporation shall be used to satisfy any unpaid liabilities of the Corporation. It is anticipated that the assets of the Corporation will not be sufficient to pay the unpaid liabilities of the Corporation in full. In that event, then such assets shall be used to pay the liabilities of the Corporation in the order of priority accorded by the Not-for-Profit Corporation Law of the State of New York, with creditors of the same class to receive distributions on a pro rata basis.
5. The Corporation's books and records show liabilities totaling approximately \$1,900,480.00. A schedule listing the Corporation's known liabilities as of the date hereof is attached hereto as **Schedule B.** A schedule listing any known contingent, unliquidated, and/or disputed claims against the Corporation as of the date hereof is attached hereto as **Schedule C.**
6. The total amount of legal fees estimated to be incurred in connection to the dissolution procedure shall be between \$50,000.00 and \$150,000.00.
7. Within two hundred seventy days after the date that an Order Approving Plan of Dissolution and Distribution of Assets is signed by the Court, the Corporation shall carry out this Plan.

Schedule A

[Department of Health Approval]

Schedule B

List of Creditors

\$Amount	Name of Creditor	Address	City	State	Zip
	I - Employee (Priority) Claims				
\$5,008.20	AL HUSSEIN NABEEL M.D.	PO BOX 216	GOUVERNEUR	NY	13642
\$163.52	BULLOCK, JULIE	2980 COUNTY ROUTE 24	RUSSELL	NY	13684
\$900.00	DOMBEK LANG TERESA M.D.	94 WALTON STREET	ALEXANDRIA BAY	NY	13607
\$1,400.00	DR GEORGE MINA	77 WEST BARNEY ST	GOUVERNEUR	NY	13642
\$10,000.00	HAZIMEH YUSEF	300 N. BLVD APT. 1A	ALBANY	NY	12204
\$6,000.00	SCHUESSLER DONALD C JR MD	129 ROWLEY STREET	GOUVERNEUR	NY	13642
\$35.20	SMITH RENEE	125 DEPOT STREET	GOUVERNEUR	NY	13642
\$8.25	SWIFT CAROL S	297 EAST MAIN STREET	GOUVERNEUR	NY	13642
\$23,515.17	Total amount				

II - General Unsecured Claims

Amount	Name	Address	City	State	Zip
\$9,135.34	3M COMPANY	PO BOX 371227	PITTSBURGH	PA	15250-7227
\$900.00	7 NEWS WWNY	120 ARCADE STREET	WATERTOWN	NY	13601
\$150.10	A.C. T.N.T. HEALTHCARE SERVICE	320 DECKER DRIVE, SUITE 100	IRVING	TX	75062
\$556.43	AAG BEDNEFIT PLAN	PO BOX 619015	DALLAS	TX	75261
\$6,304.63	AARP HEALTH CARE OPTIONS	PO BOX 740819	ATLANTA	GA	30374-0819
\$1,209.27	AARP HEALTHCARE OPTIONS	UNITED HEALTHCARE CLAIM DIV	ATLANTA	GA	30374-0819
\$73.53	ADAP PLUS	EMPIRE STATION	ALBANY	NY	12220
\$2,970.00	ADIRONDACK PHYSICAL &	OCCUPATIONAL THERAPY, LLC	CANTON	NY	13617
\$2,812.06	ADVANTRA FREEDOM	PO BOX 7154	LONDON	KY	40742
\$37.76	AETNA	PO BOX 981109	EL PASO	TX	79998-1109
\$1,570.14	AETNA	PO BOX 14079	LEXINGTON	KY	40512
\$1,350.42	AETNA LIFE & CASUALTY	PO BOX 981107	EL PASO	TX	799981107

\$49.62	AETNA LIFE INS CO	PO BOX 150409	HARTFORD	CT	6115
\$17.86	AFLAC	PO BOX 15089	ALBANY	NY	12212
\$23.47	AIG	660 WHITE PLAINS RD	TARRYTOWN	NY	10591
\$6,909.02	AIRGAS EAST	PO BOX 802576	CHICAGO	IL	60680-2576
\$1,413.50	ALCON LABORATORIES INC	PO BOX 677775	DALLAS	TX	75267-7775
\$400.00	ALERT SERVICES CORPORATION	P.O. BOX 920215	NORCROSS	GA	30010-0215
\$4,150.00	AMERICAN ARBITRATION ASOC	231 SALINA MEADOWS PARKWAY	NORTH SYRACUSE	NY	13212
\$1,107.42	AMERICAN PROGRESSIVE	PO BOX 130	PENSACOLA	FL	32591
\$187.96	AMERICAS CHOICE HEALTH PLAN	PO BOX 60432	KING OF PRUSSIA	PA	19406
\$863.79	ANTARES MANAGEMENT SOLUTIONS	PO BOX 477917	BROADVIEW HEIGHTS	OH	44147-7917
\$4,135.19	ANTHEM BLUE CROSS CONNETICUT	370 BASSETT RD	NORTH HAVEN	CT	64734201
\$3,115.06	APA PARTNERS INC	8 BRITISH AMERICAN BOULEVARD	LATHAM	NY	12110-8006
\$577.97	APA PARTNERS INC	PO BOX 1506	LATHAM	NY	12110-8006
\$791.36	APA PARTNERS INC	PO BOX 66601	ALBANY	NY	12206
\$325.00	AUDIOMEDTRIC TECHNOLOGY	247 CAYUGA ROAD	BUFFALO	NY	14225
\$386.00	AUDIT MICRO CONTROLS, INC.	PO BOX 131420	CARLSBAD	CA	92013
\$17.73	AUSA LIFE FIRST PROVIDIAN	PO BOX 97	SCRANTON	PA	18504-0097
\$156.68	AZ BENEFIT OPTIONS HARRINGTON	PO BOX 785	PUEBLO	CO	81002-0785
\$9,529.10	B BRAUN MEDICAL INC	PO BOX 512382	PHILADELPHIA	PA	19175-2382
\$468.00	BARKLEY SAFE AND LOCK CO	16 COURT STREET	CANTON	NY	13617
\$336.00	BARKSDALE BUTCHSON L	1667 CR 19	RICHVILLE	NY	13681
\$263.12	BARR PATRICIA	709 OGDEN ST	OGDENSBURG	NY	13669
\$297.64	BCBS NORTHEASTERN NEW YORK	187 WOLF RD	ALBANY	NY	12212
\$269.50	BECTON DICKINSON	ATTN: LOCKBOX 371137	PITTSBURGH	PA	15251-1137
\$61.30	BENCO DENTAL CO	PO BOX 731372	DALLAS	TX	75397-1372
\$2,764.70	BENECARD PBF	BENECARD PBF LOCKBOX	NEW YORK	NY	10087-9085
\$450.00	BENEFACOR FUNDING CORP.	PO BOX 6241	DENVER	CO	80206
\$43.70	BENEFIT ADMINISTRATIVE SYSTEMS	17475 JOVANNA DRIVE SUITE 1B	HOMEWOOD	IL	60430-4623
\$380.83	BERCHTOLD CORPORATION	PO BOX 6039	CHARLESTON	SC	29419
\$6,531.04	BETTE & CRING LLC	18438 US ROUTE 11	WATERTOWN	NY	13601
\$234.83	BIRD GENERAL CONTRACTING	1012 RIVER ROAD	EDWARDS	NY	13635
\$274.92	BLUE CROSS	PO BOX 22999	ROCHESTER	NY	14692
\$37.85	BLUE CROSS ALABAMA	450 RIVERCHASE PARKWAY EAST	BIRMINGHAM	AL	35298
\$71.87	BLUE CROSS BLUE SHIELD GEORGIA	PO BOX 9907	COLUMBUS	OH	31908-6007

\$14,280.43	BLUE CROSS CENTRAL NY	344 S WARREN ST	SYRACUSE	NY	13221
\$499.91	BLUE CROSS FINGER LAKERS	165 COURT ST	ROCHESTER	NY	14647
\$1,349.82	BLUE CROSS GEORGIA	12 RHOADS DRIVE	UTICA	NY	13502
\$167.15	BLUE CROSS HMO BLUE	PO BOX 22999	UTICA	NY	13502-6398
\$39.61	BLUE CROSS ILLINOIS	PO BOX 1364	CHICAGO	IL	60690
\$607.00	BLUE CROSS MO	PO BOX 14882	ST LOUIS	MO	63178
\$43.14	BLUE CROSS OF ALABAMA	PO BOX 995	BIRMINGHAM	AL	35298
\$869.00	BLUE CROSS OF GEORGIA	PO BOX 9907	COLUMBUS	GA	31908
\$309.29	BLUE CROSS OF MASS	PO BOX 9198	NORTH QUINCY	MA	2171
\$284.70	BLUE CROSS OF VERMONT	PO BOX 186	MONTPELIER	VT	56010
\$3,949.29	BLUE CROSS ROCHESTER	165 COURT ST	ROCHESTER	NY	14647
\$56.98	BLUE CROSS SOUTH CAROLINA	PO BOX 6000	GREENVILLE	SC	29606-6000
\$18,616.14	BLUE CROSS UTICA	PO BOX 22999	ROCHESTER	NY	14692
\$13,472.96	BLUE CROSS UTICA	12 RHOADS DRIVE	ROCHESTER	NY	14692
\$2,877.17	BLUE CROSS WESTERN PA	PO BOX 3355	PITTSBURGH	PA	15230
\$270.00	BOPREY MICHAEL C	1233 US HWY 11	GOUVERNEUR	NY	13642
\$589.06	BRACCO DIAGNOSTICS	P.O. BOX 532411	CHARLOTTE	NC	28290-2411
\$5.00	BRASSARD LUCY	1112 SALINA STREET	WATERTOWN	NY	13601
\$20.00	BRESETT HAROLD D JR	78A COOPER ROAD	HAMMOND	NY	13646
\$11,548.75	BRIDGEPORT CAPITAL FUNDING,LLC	PO BOX 101004	ATLANTA	GA	30392-1004
\$21.56	BRIDGMAN PHILLIP M D	PO BOX 68	HANNAWA FALLS	NY	13647
\$40.28	BUFFALO MEDICAL GROUP	PO BOX 8000 DEPT 581	BUFFALO	NY	14267-0001
\$185,199.87	CANTON POTSDAM HOSPITAL	50 LEROY STREET	POTSDAM	NY	13676
	ATTN: RICK JACOBS				
\$284.07	CAPITAL BLUE CROSS	PO BOX 779503	HARRISBURG	PA	17177-9503
\$162.26	CAPTS LANDING INC	47 JAMES ST	ALEXANDRIA BAY	NY	13607
\$2,430.00	CARDIAC SCIENCE CORP	P.O. BOX 83261	CHICAGO	IL	60691-0261
\$9,881.90	CARDINAL HEALTH	PO BOX 905488	CHARLOTTE	NC	28290
\$441.00	CAREFUSION 211, INC.	88253 EXPEDITE WAY	CHICAGO	IL	60695-0001
\$150.00	CARTHAGE AREA HOSPITAL	1001 WEST STREET ROAD	CARTHAGE	NY	13619
\$1,544.30	CASELLA WASTE SYSTEMS,INC	PO BOX 1372	WILLISTON	VT	54951
\$1,800.00	CENTRAL NEW YORK	HEALTH SYSTEMS AGENCY, INC.	EAST SYRACUSE	NY	13057
\$27,450.74	CENTREX CLINICAL LAB	28 CAMPION ROAD	NEW HARTFORD	NY	13413
\$268.73	CENTREX CLINICAL LABORATORIES	PO BOX 12130	BURLINGTON	NC	27215

\$551.00	CENTURION MEDICAL PRODUCTS	PO BOX 842816	BOSTON	MA	22842
\$90.34	CHAPION CHART SUPPLY	94 NEWCOMB STREET	NORTON	MA	2766
\$3,015.00	CHARLES SOLANA & SONS	80 MODULAR AVENUE	COMMACK	NY	11725
\$753.57	CIGNA INSURANCE	PO BOX 5200	SCRANTON	PA	18505-5200
\$28.00	CIVIES CORPORATION	PO BOX 6309	SYRACUSE	NY	13217
\$197.61	CIVIES CORPORATION	RMSCO INC	LIVERPOOL	NY	13088-4300
\$661.10	CIVIES STEEL COMPANY	8 CHURCH ST	GOUVERNEUR	NY	13642
\$7,797.30	CLAXTON HEPBURN MED CTR	214 KING STREET	OGDENSBURG	NY	13669
\$39,975.51	CLEARPATH DIAGNOSTICS	ATTN : CHRISTINA TARNACKI	SYRACUSE	NY	13202
\$106.09	CNA	PO BOX 4855	SYRACUSE	NY	13221
\$182.00	CNA	3 HUNTINGTON QUADRANGEL	MELVILLE	NY	11747
\$1,457.31	CNA MAILHANDLERS	PO BOX 44242	JACKSONVILLE	FL	32232-4242
\$41.76	CNY ANESTHESIA GROUP, PC	PO BOX 2005	EAST SYRACUSE	NY	13057-4505
\$22.62	COLE ALICE	5008 TIMBER LANE	RALEIGH	NC	27606
\$22.62	COLE ALICE	PO BOX 164	HAILESBORO	NY	13645
\$2,226.08	COLE JAMES E	206 COLE RD	GOUVERNEUR	NY	13642
\$819.00	COMMUNITY HEALTH CENTER NORTH COUNTR	4 COMMERCE LANE	CANTON	NY	13617
\$1,959.06	COMP RISK MANAGEMENT	112 DELLAFIELD	POUGHKEPSI	NY	12601
\$57.00	COMPANY BOART LONGYEAR	WANDA SCOTT SAFETY COORDINAT	WYTHEVILLE	VA	24382
\$1,580.00	COMPHEALTH ASSOCIATES	PO BOX 972625	DALLAS	TX	75397
	COMPHEALTH ASSOCIATES, INC.	151 NORTH MAIN ST.	NEW CITY	NY	10956
	C/O KLEINMAN, SALTZMAN & BOLNICK, P.C.				
\$862.15	COMPRESIVE RISK MGMT	112 DELLAFIELD	POUGHKEPSI	NY	12601
\$3,161.78	CORE SOURCE	PO BOX 2920	CLINTON	IA	52733-2920
\$590.00	CUMMINS NORTHEAST LLC	6193 EASTERN AVENUE	SYRACUSE	NY	13211
\$320.97	CXTEX	5404 SOUTHR BAY ROAD	SYRACUSE	NY	13221-4799
		PO BOX 4799			
\$914.38	DAIICHI SANKYO, INC.	TWO HILTON COURT	PARSIPPANY	NJ	07054
\$5.55	DAVA PHARMACEUTICALS, INC	400 KELBY STREET	FORT LEE	NJ	07024
\$319.66	DAVID SEAN A	150 MARKET ST APT 15	POTSDAM	NY	13676
\$792.00	DAVIDSON HELEN M	188 HAILESBORO ST	GOUVERNEUR	NY	13642
\$545.61	DEPARTMENT OF CORRECTIONAL	THE HARRIMAN STATE CAMPUS	ALBANY	NY	12226-2050
\$1,263.67	DEPT OF VETERAN AFFAIRS	RECOVERY AUDIT PROGRAM	DENVER	CO	80206-9022
\$98,376.18	DIRECT ENERGY BUSINESS	P.O. BOX 70220	PHILADELPHIA	PA	19176-0220

\$28.44	DR SLEZKA	77 WEST BARNEY ST	GOUVERNEUR	NY	13642
\$35.48	E ELLUS BLUE CROSS	12 RHOADS DRIVE	UTICA	NY	13502
\$1,275.00	EAST COAST LASER MEDICAL	115 WOODLAND AVENUE	MULLICA HILL	NJ	8062
\$105.29	EBA INSURANCE	11 PUBLIC SQUARE	WATERTOWN	NY	13601
\$1,503.22	ELI LILLY & COMPANY	CORPORATE CENTER	INDIANAPOLIS	IN	46285
\$14,807.06	EMPIRE BLUE CROSS	PO BOX 1407	NEW YORK	NY	10008-1407
\$980.74	EMPIRE BLUE CROSS	PO BOX 5047	MIDDLETOWN	NY	10940
\$2,100.21	ENGINEERS JOINT WELFARE FUND	101 INTREPID LANE	SYRACUSE	NY	13205-0100
\$41.30	FALCON RECOVERY SYSTEMS LLC	PO BOX 552	CANTON	NY	13617
		2 JUDSON STREET			
\$32.10	FIRST CARDINAL CORP	PO BOX 15095	ALBANY	NY	12212
\$2,056.93	FIRST UNITED AMERICAN	PO BOX 3125	SYRACUSE	NY	13220
\$15.00	GAEBEL BARBARA	502 DOANE ROAD	GOUVERNEUR	NY	13642
\$22.03	GALDERMA LABORATORIES INC	Attn: Treasury Department	FORT WORTH	TX	76177
		1450 NORTH FREEWAY			
\$1.95	GARDNER CASANDRA M	2941A ST HWY RTE 812	DEKALB JUNCTION	NY	13630
\$199.95	GBC	PO BOX 203412	DALLAS	TX	75320-3412
\$458.58	GE MEDICAL SYSTEMS	PO BOX 640944	PITTSBURGH	PA	15264
\$206.34	GE PENSIONERS MEDICAL CLAIMS	PO BOX 740801	ATLANTA	GA	30374-0801
\$44.69	GEICO	750 WOODBURY ROAD	WOODBURY	NY	11797-2589
\$151.33	GENENTECH USA	1 DNA WAY	SAN FRANCISCO	CA	94080-4990
		Mail Stop 315B			
\$15.00	GERBER GILBERT	PO BOX 175	HAILESBORO	NY	13645
\$20.00	GHI	PO BOX 2832	NEW YORK	NY	10116
\$70.00	GHI CORRESPONDENCE DEPT	5015 CAMPUSWOOD DRIVE	EAST SYRACUSE	NY	13057
\$12,800.23	GHI FAMILY HEALTH PLUS	PO BOX 4141	KINGSTON	NY	12402
\$32,347.93	GHI INSURANCE	PO BOX 2833	NEW YORK	NY	10116-2833
\$47.25	GLADLE MYRTLE M	PO BOX 227	RICHVILLE	NY	13681
\$3,869.49	GLAXO SMITH KLINE	PO Box 640067	Pittsburgh	PA	15264-0067
\$24.34	GLENS FALLS HOSPITAL	100 PARK ST OCC HEALTH	GLENS FALLS	NY	12801
\$1,693.01	GOUV SAVINGS&LOAN SELFINSURED	42 CHURCH STREET	GOUVERNEUR	NY	13642
\$817.51	GOUVERNEU RESCUE SQUAD	US HWY 11	GOUVERNEUR	NY	13642
\$2,671.88	GOUVERNEUR VOLUNTEER	RESCUE SQUAD INC	BALDWINSVILLE	NY	13027
\$6,402.65	GRAINGER	DEPT 810760389	PALATINE	IL	60038

\$706.61	GREAT WEST HEALTHCARE	1000 GREAT WEST DRIVE	KENNETT	MO	63857-3749
\$27.12	GUARDIAN INS	PO BOX 8024	APPLETON	WI	54912-8024
\$673.54	GYMO/PC	220 STERLING STREET	WATERTOWN	NY	13601
\$298.39	GYPSUM WHOLESALERS INC	3334 WALTERS ROAD	SYRACUSE	NY	13209
\$24.40	HALFORD SR JOHN L	241 ROWLEY STREET	GOUVERNEUR	NY	13642
\$208.09	HAMILTON RICHARD G	676 CR 19	HERMON	NY	13652
\$87.80	HANLON GEORGE	77 BIRCHWOOD DR	GOUVERNEUR	NY	13642
\$171.83	HARTFORD	PO BOX 14170	LEXINGTON	KY	40512
\$168.00	HARTFORD LIFE INSURANCE COMPAN	CBCA	BEATYVILLE	KY	41311
\$110.47	HARVARD PILGIM HEALTHCARE	PO BOX 699218	QUINCY	MA	22699
\$162.90	HD SUPPLY FACILITIES	MAINTENANCE	SAN DIEGO	CA	92150-9055
\$197.26	HEALTH ADMINISTRATIVE CENTER	CHAMPVA	DENVER	CO	80206-9024
\$185.00	HEALTH COR CORPORATE MED	73-01 GRAND AVENUE	MASPETH	NY	11378
\$10,119.00	HEALTH FACILITY ASSESSMENT FUND ADMINISTRATOR	333 BUTTERNUT DRIVE	SYRACUSE	NY	13214
\$11.36	HEALTH STUDY NURSES	665 HUNTINGTON AVE RM 349	BOSTON	MA	2115
\$60,757.00	HEALTHCARE ASSOCIATION	PO BOX 5535 GPO	NEW YORK	NY	10087
\$1,089.00	HEALTHLY LIVING PARTNERSHIP	50 ST HWHY 310 SUITE 2	CANTON	NY	13617
\$233.64	HEALTHNET PEARL	PO BOX 870501	SOUTHSIDE BEACH	SC	29587-8711
\$50.00	HEALTHSCOPE BENEFITS	27 CORPORATE HILL DRIVE	LITTLEROCK	AR	72205
\$494.35	HEALTHSTREAM, INC. LEARNING SERVICES	P.O. BOX 102817	ATLANTA	GA	30368
\$14.00	HEALTHY LIVING PARTNERSHIP	7 EAST MAIN ST #A	GOUVERNEUR	NY	13642
\$673.64	HEALTHY LIVING PARTNERSHIP	SLCPB/HEALTHLY LIVING PROGRAM	CANTON	NY	13617-1476
\$466.60	HEATON JOHN B	37 RIVERSIDE DR 3C	CANTON	NY	13617
\$39.53	HECLA MINING COMPANY	CLAIMS AGEN	SPOKANE	WA	99205-0434
\$722.00	HEMA TECHNOLOGIES INC	291 ROUTE 22, SUITE 12	LEBANON	NJ	8833
\$106.93	HENDRICK MARGARET	PO BOX 86	GOUVERNEUR	NY	13642
\$19.60	HERSHEY CREAMERY CMP	301 SOUTH CAMERON ST	HARRISBURG	PA	17101
\$779.33	HIGHMARK SERVICES COMPANY	PO BOX 535078	PITTSBURGH	PA	15253-5078
\$619.78	HILL ROM	PO BOX 643592	PITTSBURGH	PA	15264
\$3,013.00	HISCOCK & BARCLAY, LLP	ATTN: ACCOUNTING	ROCHESTER	NY	14604-2404
\$505.87	HOCKEY RHODA J ESTATE	57 WEST BARNEY STREET	GOUVERNEUR	NY	13642
\$240.74	HOSPICE OF ST LAW VALLEY	PO BOX 469	POTSDAM	NY	13676

\$14.57	HOSPIRA, INC.	275 N. FIELD DR. BLDG H1	LAKE FOREST	IL	60045
\$90.71	HUBERT COMPANY	25401 NETWORK PLACE	CHICAGO	IL	606731254
\$1,268.75	HUDSON HEADWATERS HEALTH NETWORK, INC	9 CAREY ROAD	QUEENSBURY	NY	12804
\$555.68	HUMANA CLAIM OFFICE	PO BOX 14601	LEXINGTON	KY	40512-4601
\$65.00	I.B.E.W LOCAL 1249 INS FUND	PO BOX 301 6518 FREEMONT RD	EAST SYRACUSE	NY	13057-0301
\$20.00	IDZENGA HARRY F	PO BOX 372	GOUVERNEUR	NY	13642
\$336.52	IKON FINANCIAL SERVICES	PO BOX 41564	PHILADELPHIA	PA	19101
\$4,380.44	IMMUCOR INC	2990 GATEWAY DRIVE SUITE 400	NORCROSS	GA	30071
\$11.72	INDECS	PO BOX 668	LYNDHURST	NJ	7071
\$1,841.55	INTEGRITY HEALTHCARE SERVICES	1801 WEST END AVENUE #530	NASHVILLE	TN	37203
\$1,612.68	INTERIM PHYSICIANS	4170 ASHFORD DUNWOODY ROAD	ATLANTA	GA	30319
\$8,615.02	IROQUOIS HLTHCARE ALLIANC	5740 COMMONS PARK	EAST SYRACUSE	NY	13057
\$3,258.14	ISS	2010 CABOT BLVD WEST	LANGHORNE	PA	19047
\$15,589.37	J & J HEALTH CARE SYSTEMS	5972 COLLECTION CENTER DRIVE	CHICAGO	IL	60693
\$28.82	JAMES HUANG PHYS PLCC	PO BOX 2005	EAST SYRACUSE	NY	13057-4505
\$47.40	JEFF LEWIS HEALTHY WOMENS PART	7785 STATE STREET	LOWVILLE	NY	13367
\$25.00	JEFFERSON COUNTY SELF INSURED	ARSENAL ST	WATERTOWN	NY	13601
\$994.21	JOHNSON & JOHNSON HEALTH CARE SYSTEMS	425 HOES LANE	PISCATAWAY	NJ	08855
\$250.00	JOSEPH S BOSCOE	24 BIRCHWOOD DR	GOUVERNEUR	NY	13642
\$3,705.00	JSL COMMUNICATIONS INC	200 WASHINGTON STREET	WATERTOWN	NY	13601
\$266.75	JUNE KATHLEEN M	29 BRISTOL RD	GOUVERNEUR	NY	13642
\$659.76	KCI USA	PO BOX 203086	HOUSTON	TX	77216
\$67.04	KEMPER	PO BOX 5000	SMITHTOWN	NY	11787
\$330.19	KERLEY TRACY	1126A LARCH CLE	GOUVERNEUR	NY	13642
\$9,452.04	KING & SPALDING LLP	1180 PEACHTREE ST.	ATLANTA	GA	30309
\$77.00	KINNEY DRUGS DISTRIBUTION CNT	520 EAST MAIN STREET	GOUVERNEUR	NY	13642
\$18.00	KNAPP ANNAMAE A18	1365 MAPLE RIDGE ROAD	DEKALB	NY	13630
\$279.81	KOCH JOHN B JR	39 WINDING WAY	CEDAR GROVE	NJ	7009
\$600.00	KOWALSKI RONALD E	15 ACADEMY STREET	SKANEATELES	NY	13152
\$16.80	KULP TAMMY	318 STEVENS ROAD	GOUVERNEUR	NY	13642
\$595.02	KVH-TECH INC.	110 TERRY DRIVE	NEWTOWN	PA	18940
\$100.00	LABOR LAW COMPLIANCE CENTER	17215 RED OAK DR. #112	HOUSTON	TX	77090

\$77.12	LABORERS LOCAL 322	RMSCO	LIVERPOOL	NY	13088
\$320.00	LAILAW TRANSIT	PO BOX 235	GOUVERNEUR	NY	13642
\$51.50	LAILAW TRANSIT 640	P.O. BOX 266	PHILADELPHIA	NY	13673
\$488.74	LAKE EFFECT CLAIMS SERVICE	PO BOX 710	WATERTOWN	NY	13601
\$344.78	LAMAR PENNY	21 E BARNEY ST	GOUVERNEUR	NY	13642
\$15.00	LATRAY DONALD	88 BARKER ROAD	ANTWERP	NY	13608
\$16.00	LAVERGHETTA CYNTHIA S	102 WASHINGTON ST	ANTWERP	NY	13608
\$3,886.00	LEASING ASSOC. OF BARRINGTON	33 WEST HIGGINS ROAD, SUITE 103	SOUTH BARRINGTON	IL	60010
\$411.55	LEESON ESTATE OF STELLA M	74 DORWIN ST	GOUVERNEUR	NY	13642
\$10.00	LEHIGH STEPHEN	131 COUNTRY CLUB RD	GOUVERNEUR	NY	13642
\$1,300.00	LEWIS COUNTY GENERAL HOSPITAL	7785 NORTH STATE STREET	LOWVILLE	NY	13367
\$825.00	LIBERTY MEDICAL CARE OF	LOWER MANHATTAN PC	OGDENSBURG	NY	13669
\$6,035.15	LINDE GAS NORTH AMERICA LLC	24963 NETWORK PL.	CHICAGO	IL	606731249
\$500.00	LINDSEY LEAH G	32649 CTY RT 194	THERESA	NY	13691
\$51.89	LINSTAR	430 LAWRENCE BELL DRIVE	BUFFALO	NY	14221
\$1,112.42	LOCAL 1249	PO BOX 301	EAST SYRACUSE	NY	13057
\$30.00	LOVE LINDA	87 ROCK ISLAND STREET	GOUVERNEUR	NY	13642
\$94.21	MAILFINANCE	25881 NETWORK PLACE	CHICAGO	IL	606731258
\$215.75	MANAGED PHYSICAL NETWORK	PO BOX 8200	KINGSTON	NY	12402
\$379.62	MARKETLAB INC	PO BOX 888374	KENTWOOD	MI	49588
\$1,269.30	MARTINS POINT HEALTHCARE	CLAIMS DEPT	PORTLAND	ME	41047410
\$140.70	MAYHEW DOROTHY M	220 MAYHEW RD	RENSELEAR FALLS	NY	13680
\$76.36	MCCULLOUGH MALCOLM I	109 SOUTH HAMMOND ROAD	HAMMOND	NY	13646
\$10.00	MCDONALD DAVID	1281 CO RT 27	OSWEGATCHIE	NY	13670
\$104.16	MEDICAID	PO BOX 4444	ALBANY	NY	122140444
\$156.90	MEDICAID	COMPUTER SCIENCES CORPORATIO	RENSELAER	NY	122144601
\$43.97	MEDICARE ADVANTAGE PLAN	HEALTHNET	SURFSIDE BEACH	SC	29587
\$2,334.71	MEDICARE PART B	PO BOX 5202	BINGHAMTON	NY	13902
\$1,000.00	MEDIFAX EDI LLC	PO BOX 572490	MURRAY	UT	841572490
\$532.50	MELDRIM GRETCHEN L	148 KRUEGER RD	ST JOHNSVILLE	NY	13452
\$59.82	MERCK & CO.	PO Box 4	WEST POINT	PA	19486-0004
\$905.67	MERCK & COMPANY, INC.	Sumneytown Pike, WP39-239	WEST POINT	PA	19486-0004
\$4,683.27	MERCK SCHERING PLOUGH PHARMACEUTICALS	PO Box 1000	NORTH WALES	PA	19454

\$344.00	MICHAELS DANIEL G	PO BOX 398	GOUVERNEUR	NY	13642
\$1,402.50	MILLENNIUM FUNDING	PO BOX 327	WILLIAMSVILLE	NY	14231
\$641.00	MILLENNIUM SURGICAL CORP.	822 MONTGOMERY AVE. #205	NARBERTH	PA	19072
\$10.00	MILLER ANDREW	1067 CR 22	GOUVERNEUR	NY	13642
\$3,067.67	MILLER MAYER LLP	202 EAST STATE STREET, STE.700	ITHACA	NY	148516435
\$100.45	MONROE ANN L	150 MORRISON RD	GOUVERNEUR	NY	13642
\$800.00	MORGAN SCIENTIFIC	151 ESSEX STREET	HAVERTHILL	MA	1832
\$230.90	MOSHIER CAROL S	200 ELM ST	OGDENSBURG	NY	13669
\$2,999.66	MST INC	8415 154th AVE NE	REDMOND	WA	98052
\$25.00	MULLIN TAMMY L	109 FOX FARM RD	GOUVERNEUR	NY	13642
\$441.00	MULTIPLAN INC	115 5TH AVENUE	NEW YORK	NY	100031004
\$65.00	MURDIE CAROL	116 HULL ROAD	GOUVERNEUR	NY	13642
\$191.04	MUTUAL OF OMAHA	INDIVIDUAL CLAIMS PLAZA	OMAHA	NE	68175
\$30.69	MUTUAL OF OMAHA INS CO	AMERICAN FOREIGN SPA	WASHINGTON	DC	20036
\$7,418.62	MVP HEALTH PLAN	PO BOX 1434	SCHENECTADY	NY	12305
\$1,487.57	MVP SELECT CARE	PO BOX 2207	SCHENECTADY	NY	12305
\$39.20	MVP SELECT CARE INC	PO BOX 1434	SCHENECTADY	NY	123011434
\$83.13	NA LETTER CARRIERS	20547 WAVERLY COURT	ASHBURN	VA	22093
\$304.48	NAAMAN LOWRY	PO BOX 292	GOUVERNEUR	NY	13642
\$254.00	NARDELLI JOSEPH A	20 E BARNEY ST	GOUVERNEUR	NY	13642
\$1,516.54	NATIONAL HEALTHCARE	SERVICES LLC	YORK	PA	17403
\$299.41	NATIONAL PRODUCTS, INC.	7410 DALLAS AVE. SOUTH	SEATTLE	WA	98108
\$158.50	NATIONWIDE LIFE INS	PO BOX 925309	HOUSTON	TX	772925309
\$79.40	NCA COMP	14 LAYFAYETTE SSQUARE	BUFFALO	NY	14203
\$370.60	NETWORK SERVICES COMPANY	LOCKBOX 231805	CHICAGO	IL	60689
\$75.00	NEW CENTURY PODIATRY	18564 US ROUTE 11	WATERTOWN	NY	13601
\$48,887.30	NEW YORK HEART CENTER	1000 EAST GENESEE STREET	SYRACUSE	NY	13210
\$24.51	NEW YORK LIFE INSURANCE	51 MADISON AVE	NEW YORK	NY	10010
\$92.00	NEW YORK STATE DISABILITY	PO BOX 165	ALBANY	NY	12260
\$53.80	NORTH AMERICAN ADMINISTRATORS	PO BOX 9501	AMHERST	NY	14226
\$285.09	NORTH AMERICAN PREF GUARDIAN	PO BOX 885	AMHERST	NY	14226
\$4,032.00	NORTHEAST MEDICAL REPAIRS	6143 VAN ALSTINE ROAD	CAMILLUS	NY	13031
\$295.00	OPHTEC INTERNATIONAL	OPHTHALMOLOGICAL LABORATORI	BOCA RATON	FL	33487
\$221.97	OPTIMA HEALTH	PO BOX 5028	TROY	MI	480075028

\$9,349.64	OPTUMINSIGHT CARE TRACKER	2771 MOMENTUM PLACE	CHICAGO	IL	606895327
\$402.21	ORBEGOZO GABRIEL	340 CR 13	RICHVILLE	NY	13681
\$16,012.66	OTIS ELEVATOR COMPANY	PO BOX 13716	NEWARK	NJ	71880716
\$10.00	OTTO TAMMY	6073 US HWY 58	GOUVERNEUR	NY	13642
\$268.01	PAR PHARMACEUTICAL, INC.	PO Box 731531	Dallas	TX	75373-1531
\$1,505.92	PARTS SOURCE	777 LENA DRIVE	AURORA	OH	44202
\$27.22	PCAP	ST LAW COUNTY PUBLIC HLTH DEPT	CANTON	NY	136171476
\$80.00	PEQUOT PHARMACEUTICAL NETWORK	BENEFIT ADMINISTRATORS	MASHANTUCKET	CT	6338
\$344.40	PEQUOT PLAN ADMINISTRATORS	PO BOX 3620	MASHANTUCKET	CT	6339
\$1,694.91	PGBA LLC	PO BOX 870153	SURFSIDE BEACH	SC	29587
\$5.00	PHELPS BRUCE S	1365 CO RT 22	GOUVERNEUR	NY	13642
\$4,556.72	POMCO	PO BOX 6329	SYRACUSE	NY	13217
\$14.22	PREFERRED ADMINISTRAT SERVICES	PO BOX 22920	ROCHESTER	NY	146922920
\$324.55	PREFERRED CARE	259 MONROE AVE	ROCHESTER	NY	14607
\$214.20	PREMIUM CREDIT HUMANA	PO BOX 750	SCOTTSDALE	AZ	85252
\$40.45	PRICE CHOPPER OPER CO INC	PO BOX 1392	WILLISTON	VT	54951392
\$36.20	PRINCIPAL LIFE INSURANCE	PO BOX 39710	COLORADO SPRINGS	CO	809493910
\$26,134.74	PROACT INC	PO BOX 1179	BUFFALO	NY	14240
\$395.20	PROCLAIM SERVICES	830 WASHINGTON ST	WATERTOWN	NY	13601
\$1,640.38	PROFESSIONAL LABORATORY	SYSTEMS, INC	GARDEN CITY PARK	NY	11040
\$194.90	PROGRESSIVE	PO BOX 22055	ALBANY	NY	12201
\$29.66	PROGRESSIVE NOFAULT CLAIMS	PO BOX 22031	ALBANY	NY	122012031
\$2,030.73	PUPILS BENEFIT PLAN	101 DUTCH MEADOWS LANE	GLENVILLE	NY	123023517
\$312.63	PUPILS BENEFIT PLAN	126 SARATOGA RD	GLENVILLE	NY	12302
\$2,038.70	Purdue	PO Box 910668	Dallas	TX	75391-0668
\$50,972.43	QUEST DIAGNOSTICS	2178 COLLECTION CENTER DRIVE	CHICAGO	IL	60693
\$1,940.00	RADIOGRAPHIC TESTING SVC	4 TANNER HOLLOW DRIVE	ALBANY	NY	12205
\$36.00	RADIOLOGY ST LAWRENCE	PROFESSIONAL PRACTICE MNGMNT	WATERTOWN	NY	13601
\$18,000.00	REACH HEALTH INC.	10745 WESTSIDE WAY, SUITE 350	ALPHARETTA	GA	30009
\$274.72	REMEL INC. / ATT: ANNIE NAL	BOX # 96299	CHICAGO	IL	60693
\$662.88	RENZI BROS INC	PO BOX 23	WATERTOWN	NY	13601
\$9,770.54	RESPITECH MEDICAL INC.	250 RANCK AVENUE	LANCASTER	PA	17602
\$20.00	RICE CONSTANCE E	275 W BARNEY STREET	GOUVERNEUR	NY	13642
\$236.48	RICHARDS JOAN M	12 EAST RD	GOUVERNEUR	NY	13642

\$256.22	RISK ENTERPRISE MANAGEMENT	300 CROWN COLONEY DRIVE	QUINCY	MA	2169
\$13,028.97	RIVER HOSPITAL	4 FULLER STREET	ALEXANDRIA BAY	NY	13607
\$319.60	RIVERSIDE MEDIA GROUP	PO BOX 562	CLAYTON	NY	13624
\$735.30	ROYAL SUN & ALLIANCE	PO BOX 4701	SYRACUSE	NY	13221
\$10.50	RURAL CARRIERS BENEFIT PLAN	PO BOX 668329	CHARLOTTE	NC	28266
\$28.49	SAFARILAND LLC	PO BOX 406351	ATLANTA	GA	303846351
\$3.70	SALISBURY SUSAN	116 LITTLE YORK ROAD	GOUVERNEUR	NY	13642
\$24,178.81	SAMARITAN MEDICAL CENTER	104 PADDOCK STREET	WATERTOWN	NY	13601
\$430.00	SCHOFF DIANE	3159 RT 9N	GREENFIELD CENTER	NY	12833
\$950.42	SCHOPFER ARCHITECTS LLP	1111 JAMES STREET	SYRACUSE	NY	13203
\$585.00	SCHWERZMANN & WISE, P.C.	ATTORNEYS AT LAW	WATERTOWN	NY	13601
\$200.00	SELECTIVE INSURANCE	3420 TORINGDONWAY #300	CHARLOTTE	NC	282772439
\$114.27	SERVICE EMPLOYEE BEN FUND	PO BOX 1600	SYRACUSE	NY	13201
\$385.00	SERVISS CURTIS R	586 CT RT 24	GOUVERNEUR	NY	13642
\$15.00	SHAMPINE KEIKO	1417 ST HWY 812	GOUVERNEUR	NY	13642
\$4,664.41	SHI CORP.	PO BOX 952121	DALLAS	TX	753952121
\$20.00	SHIPPEE TRUDY	80 RIVER DRIVE	GOUVERNEUR	NY	13642
\$568.08	SIEMENS INDUSTRY, INC. / BUILDING TECHNOLOGIES	PO BOX 2134	CAROL STREAM	IL	601322134
\$243.94	SIF	1045 SEVENTH N ST	LIVERPOOL	NY	13088
\$311.96	SIMPSON TRACY	9341B LIVINGSTON WAY	FT DRUM	NY	13603
\$1,200.00	SKYTRON	16208 COLLECTIONS CENTER DRIVE	CHICAGO	IL	60693
\$14.43	SLATE EILEEN J	27 COUNTRY CLUB RD	GOUVERNEUR	NY	13642
\$559.50	SMITH MARION D	3809 ST HWY 58	GOUVERNEUR	NY	13642
\$23.40	SMW+	PO BOX 1449	GOODLETTSVILLE	TN	37070-1449
\$81.48	SNYDER CARMEN	10 JUDSON STREET	CANTON	NY	13617
\$6,312.27	SOMA TECHNOLOGY	166 HIGHLAND PARK DRIVE	BLOOMFIELD	CT	6002
\$1,070.00	SONICWALL	1143 BORREGAS AVE	SUNNYVALE	CA	94089
\$3.16	SOPER DONNA J	59 ISLAND ST	EDWARDS	NY	13635
\$406.48	SOURCEONE HEALTHCARE, INC.	4444 VIEWRIDGE AVE, STE 1	SAN DIEGO	CA	92123
\$4,712.80	SPECIAL FUNDS	5789 WIDEWATERS PARKWAY	DEWITT	NY	13214
\$10,947.34	ST LAWRENCE COUNTY	SOLID WASTE DEPARTMENT	CANTON	NY	13617
\$7,718.84	ST LAWRENCE RADIO ASSOC	1116 ARSENAL SUITE 504	WATERTOWN	NY	13601
\$19.55	ST LAW CO NYSARC	6 COMMERCE LANE	CANTON	NY	13617

\$19.77	ST LAW COUNTY SELF INSURED	48 COURT ST	CANTON	NY	13617
\$210.82	ST LAW CTY HEALTH INITIATIVE	ATTENTION: TRUDY DALTON	CANTON	NY	13617
\$49.91	ST LAW CTY SELF INS	48 COURT STREET	CANTON	NY	13617
\$21.62	ST LAWRENCE ZINC	408 SYLVIA LAKE RD	GOUVERNEUR	NY	13642
\$258.33	ST LAWRENCE COUNTY SELF INSURA	48 COURT ST	CANTON	NY	13617
\$1,734.50	ST LAWRENCE LEWIS	PO BOX 697	CANTON	NY	13617-0697
\$82.44	ST LAWRENCE LEWIS WORK COMP	PO BOX 274	RICHVILLE	NY	13681
\$45.15	ST LAWRENCE NYSARC	6 COMMERCE LANE	CANTON	NY	13617
\$232.30	ST LAWRENCE NYSARC	FLEXIBLE BENEFITS SYSTEM	CANTON	NY	13617
\$2,873.00	ST. LAWRENCE HEALTH	INITIATIVE, INC.	POTSDAM	NY	13676
\$7,903.90	STAPLES BUSINESS ADVANTAGE	DEPT ROC PO BOX 415256	BOSTON	MA	22415
\$2,916.27	STATE FARM	PO BOX 8016	BALLSTON SPA	NY	12020
\$277.26	STATE FARM INSURANCE COMPANIES	PO BOX 2360	BLOOMINGTON	IL	1702
\$1,522.29	STATE INS FUND	1045 7TH NORTH ST	LIVERPOOL	NY	13088
\$800.00	STATE UNIVERSITY OF NY	750 EAST ADAMS STREET	SYRACUSE	NY	13210
\$332.51	STATEWIDE INDEPENDENT PPO PHCS	PO BOX 5170	DES PLAINES	IL	60017
\$137.98	STATEWIDE INDEPENTENT PPO	6507 BASILE ROW	EAST SYRACUSE	NY	13057
\$18.19	STATEWIDE INS	4317 E GENESEE ST	SYRACUSE	NY	13214
\$30.00	STEPANEK PATRICIA	154 HAILESBORO ST #41	GOUVERNEUR	NY	13642
\$1,477.97	STERICYCLE	PO BOX 6582	CAROL STREAM	IL	60197-6582
\$3,247.33	STERIS CORPORATION	P.O. BOX 644063	PITTSBURGH	PA	15264-4063
\$531.14	STEVEN BLACKBURN	384 SAN BURR DRIVE	COLUMBUS	OH	43230
\$250.87	STONERIVER PHARM SOLUTION	PO BOX 504591	ST LOUIS	MO	63150
\$16,229.33	SUN OFFICE PRODUCTS	7347 S REVERE PARKWAY	CENTENNIAL	CO	80112
\$3,934.41	SYSMEX AMERICA, INC.	39923 TREASURY CENTER	CHICAGO	IL	60694-9900
\$1,241.14	TAKEDA PHARMACEUTICALS No. AMERICA	One Takeda Parkway	Deerfield	IL	60015
\$349.38	TENNANT COMPANY	PO BOX 71414	CHICAGO	IL	60694-1414
\$29.65	THE GOLUB CORPORATION	501 DUANESBURG RD	ROTTERDAM-SCHENECHEN	NY	12306
\$3,089.00	THE NEW ENGLAND JOURNAL	OF MEDICINE	WALTHAM	MA	24511
\$3,826.00	THE T SYSTEM- DEPT 2537	P.O. BOX 122537	DALLAS	TX	75312-2537
\$238.00	THE TAIGA GROUP, LLC	POST OFFICE BOX 232	GLENMONT	NY	12077
\$865.50	THE TRANE CO	15 TECHNOLOGY PLACE	EAST SYRACUSE	NY	13057
\$6,081.40	THERACOM	PAYMENT CENTER	CINCINNATI	OH	45264-0105
\$1,611.94	THOMPSON ARNOLD ESTATE	MALYS REBECCA	SYRACUSE	NY	13208

\$1,255.77	TODAYS OPTIONS	PO BOX 391888	CAMBRIDGE	MA	21399
\$519.20	TODAYS OPTIONS	PO BOX 742648	HOUSTON	TX	77274-1107
\$949.03	TOTAL CARE	PO BOX 11507	SYRACUSE	NY	13218
\$8,970.00	TOTAL REPAIR EXPRESS L.L.C.	10-1 ILENE CT	HILLSBOROUGH	NJ	8844
\$5.99	TRANSAMERICA	REGIONAL CLAIM OFFICE	SCRANTON	PA	18504-0097
\$88.23	TRANSAMERICA LIFE INS COMPANY	PO BOX 97	SCRANTON	PA	18504-0097
\$550.60	TRAVELRES INS	PO BOX 22005	ALBANY	NY	12201
\$170.75	TRAVLERS INS. IMS	PO BOX 129	CAMILLIUS	NY	13031
\$12,022.21	TRICARE REGION 1 CLAIMS	PO BOX 7011	CAMDEN	SC	29020
\$442.80	TRIGON BLUE CROSS	2015 STAPLES MILL RD	RICHMOND	VA	23279
\$156.45	ULINE SHIPPING SUPPLY SPC	PO BOX 88741	CHICAGO	IL	60680
\$1,537.15	UNIFIRST CORPORATION	103 LUTHER AVENUE	LIVERPOOL	NY	13088
\$336.40	UNITED HEALTHCARE	PO BOX 740801	ATLANTA	GA	30374-0801
\$2,586.54	UNITED HEALTHCARE	CPO BOX 1600	KINGSTON	NY	12402
\$2,227.63	UNITED HEALTHCARE	PO BOX 740800	ATLANTIC	GA	30374-0800
\$114.45	UNITED HEALTHCARE	PO BOX 30555	SALT LAKE CITY	UT	84130
\$24.10	UNITED HEALTHCARE	CPO BOX 1600	KINGSTON	NY	12402
\$28.40	UNITED HEALTHCARE	PO BOX 659769	SAN ANTONIO	TX	78265-0069
\$32.99	UNITED HEALTHCARE	LUCENT PPO INDEMNITY	ATLANTA	GA	30374-0802
\$146.00	UNIV OF ROCH/STRONG HOSPITAL	601 ELMWOOD AVE	ROCHESTER	NY	14642
\$294.61	UNIVERSAL UNDERWRITERS GROUP	15 BRITISH AMERICAN BLVD	LATHAM	NY	12110
\$213.60	UNIVERSITY PATHOLOGIST	250 HARRISON ST SUITE 502	SYRACUSE	NY	13202
\$6,000.00	UNIVERSITY PATHOLOGISTS LABORATORIES	224 HARRISON ST., SUITE 600	SYRACUSE	NY	13202
\$410.00	UP TO DATE INC	95 SAWYER ROAD	WALTHAM	MA	2453
\$1,973.47	UPSTATE ADMIN SERVICES	620 ERIE BLVD W	SYRACUSE	NY	13204-2415
\$339.50	UPSTATE ADMIN SERVICES	723 JAMES ST	SYRACUSE	NY	13217
\$18.11	UPSTATE ADMINISTRATIVE SERV	PO BOX 6589	SYRACUSE	NY	13217-6589
\$567.69	USAA CASUALTY INSURANCE	PO BOX 33490	SAN ANTONIO	TX	78265
\$2,819.67	USHERWOOD OFF TECHNOLOGY	1005 WEST FAYETTE ST	SYRACUSE	NY	13204
\$20,515.94	VERIZON ADVANCED DATA	PO BOX 4820	TRENTON	NJ	8650
\$363.00	VETERANS ADMINISTRATION	PO BOX 11930	ST PAUL	MN	55111
\$3,114.31	VETERANS ADMINISTRATION	400 FORT HILL AVE	CANANDAUGYA	NY	14424
\$108.00	VILLAGE OF GOUVERNEUR	33 CLINTON STREET	GOUVERNEUR	NY	13642
\$69.05	VILLAGE OF GOUVERNEUR POLICE	33 CLINTON STREET	GOUVERNEUR	NY	13642

\$8,678.72	W.B. MASON CO.,INC.	PO BOX 981101	BOSTON	MA	22981
\$12,745.07	WALLACE LABORATIES DIVISION	265 DAVIDSON AVENUE, SUITE 300	SOMERSET	NJ	08873-4120
\$50.00	WALTZ ANGEL	71 BIRCHWOOD DRIVE	GOUVERNEUR	NY	13642
\$5.00	WALTZ CONNIE	71 BIRCHWOOD DRIVE	GOUVERNEUR	NY	13642
\$10.00	WASHBURN DONNA	1755 LEAD MINE ROAD	GOUVERNEUR	NY	13642
\$26.90	WATERTOWN EYE CENTER	1815 STATE STREET	WATERTOWN	NY	13601
\$245.41	WAUSAU	PO BOX 4834	SYRACUSE	NY	13221
\$743.81	WAUSAU	PO BOX 8092	WAUSAU	WS	54402-8092
\$666.40	WAUSAU BENEFITS	PO BOX 8013	WAUSAU	WI	54402-8013
\$8,137.50	WEATHERBY LOCUMS, INC. C/O KLEINMAN, SALTZMAN & BOLNICK, P.C.	151 NORTH MAIN ST.	NEW CITY	NY	10956
\$15.00	WEAVER LINDA	3321 ST HWY 58	GOUVERNEUR	NY	13642
\$386.30	WEBSTER WELDON R	125 SOUTH SHORE RD	GOUVERNEUR	NY	13642
\$22.74	WELLCARE	PO BOX 4438	SCRANTON	PA	18505
\$418.30	WELLCARE	PO BOX 4467	SCRANTON	PA	18505
\$38.00	WELLNESS CONNECTION	7785 N STATE STREET	LOWVILLE	NY	13367
\$199.43	WHITMARSH RICHARD H	79 MAPLE AVE	EDWARDS	NY	13635
\$460.05	WINDSOR GROUP	PO BOX 105112	ATLANTA	GA	30348
\$447.23	WISNER LARRY G	100 DANA HILL RD	RUSSELL	NY	13684
\$10.24	WITHERELL DONALD E	660 CO RT 11	GOUVERNEUR	NY	13642
\$267.00	YELLOW BOOK MID-ATLANTIC	PO BOX 11815	NEWARK	NJ	71018115
\$168.00	ZAFFARANO LEONARD M	1267 CO RT 12	GOUVERNEUR	NY	13642
\$32.40	ZOLL MEDICAL CORPORATION	869 MILL ROAD	CHELMSFORD	MA	1824
\$155.30	ZURICH AMERICAN	LONG ISLAND CLAIM CUST SERV	JAMAICA	NY	11430
\$9,343.20	ZURICH AMERICAN INSURANCE	8723 INNOVATION WAY	CHICAGO	IL	60682-0087
\$384.61	ZURICH NORTH AMERICAN	PO BOX ZZ	JAMAICA	NY	11430
\$1,273,533.34	Total amount				

Schedule C

List of Creditors

III - Known Contingent, Unliquidated and/or Disputed Claims

\$Amount	Name of Creditor	Address	City	State	Zip
\$116,000.00	CHARLES CONOLE V. EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR (INDEX #: 2933/2013, SUPREME COURT-ONONDAGA COUNTY) C/O COSTELLO, COONEY, FEARON PLLC ATTN.: DONALD S. DIBENEDETTO, ESQ.	500 PLUM STREET, SUITE 300	SYRACUSE	NY	13204
\$312,186.00	HEALTHCARE OF NEW YORK WORKERS COMPENSATION TRUST C/O FREDERICK J. MICALE, ESQ. P.C.	P. O. BOX 2096	SYRACUSE	NY	13220
\$168,215.00	NYS WCB, AS SUCCESSOR IN INTEREST TO THE HEALTHCARE INDUSTRY TRUST NEW YORK v. EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR (INDEX#: 5753/2013, SUPREME COURT-COUNTY OF ALBANY) C/O LYNDA BATTISTE, ESQ. NYS WORKERS' COMPENSATION BOARD, OFFICE OF GENERAL COUNSEL, LITIGATION DIVISION	328 STATE STREET	SCHENECTADY	NY	12305

ROBERT J. NICAISE C/O GEORGE S. MEHALLOW, ESQ.	2700 BELLEVUE AVE.	SYRACUSE	NY	13219
SHRED IT USA, INC. C/O ROBERT ROTHMAN, ESQ.	120 E. WASHINGTON ST., SUITE 107	SYRACUSE	NY	13202-4093
MR. GREGORY JOHNSON 08303-055 FCI ALLENWOOD UNIT 3B POB 2000		WHITE DEER	PA	17887
MR. GREGORY JOHNSON 08303-055 FEDERAL MEDICAL CENTER	DEVENS POB 879, UNIT J-B	AYER	MA	1432
JOSEPH ALEX C/O HERZFELD & RUBIN, PC	125 BROAD ST.	NEW YORK	NY	10004
LEON WAY AND DAKOTA WAY C/O CHARLES I. FALGIATANO, ESQ.	121 EAST WATER STREET	SYRACUSE	NY	13202
MARK FITZSIMMONS C/O LAFAVE, WEIN & FRAMENT, PLLC	2400 WESTERN AVENUE	GUILDERLAND	NY	12084
NATIONSTAR MORTGAGE LLC V. LIEBENOW, DYLAN, CHRISTOPHER A. MILLER, ASSOC. FOR NEIGHBORHOOD REHABILITATION INC., ET AL. (INDEX #: 142855/2014, SUPREME COURT- ST. LAWRENCE COUNTY) C/O AMBER A JUREK, ESQ.	25 NORTHPOINTE PARKWAY-STE. 25 TEL. 716-204-1700	AMHERST	NY	14228

\$7,030.00

NORTHEAST ELECTRONICS V. EDWARD
JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW
YORK
(INDEX #: _____/2014, SUPREME COURT-
MONROE COUNTY)
C/O RELIN, GOLDSTEIN & CRANE, LLP
ATTN.: JOSEPH M. SHUR, ESQ.

28 EAST MAIN STREET,
SUITE 1800

ROCHESTER

NY

14314


\$603,431.00

Total Amount

Certification

I, Mark Brackett, Secretary of the Edward John Noble Hospital of Gouverneur, New York, hereby certify under penalties of perjury that the within Plan of Dissolution was duly submitted to the Board of Trustees of the Corporation and passed by unanimous resolution dated December 2, 2014 at a duly-

noticed meeting.



Mark Brackett, Secretary

Dated the 14 day of January, 2015.

EXHIBIT H

**RESOLUTION OF THE BOARD OF TRUSTEES
OF
EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK**

December 2, 2014

WHEREAS, on October, 13, 2013, the Board of Trustees of the Corporation executed an unanimous written consent authorizing the Corporation to sell its assets pursuant to a Letter of Intent and Asset Purchase Agreement and thereafter dissolve after consummation of the sale; and

WHEREAS, the sale was consummated on December 31, 2013; and

WHEREAS, in furtherance of its dissolution, the Corporation must obtain the approval of its verified petition (the "Petition") and plan (the "Plan"), in substantially the forms attached hereto as Exhibits A and B, from the New York State Attorney General and the New York State Supreme Court pursuant to the Not-for-Profit Corporation Law of the State of New York;


NOW, THEREFORE, it is hereby

RESOLVED that, the appropriate officers of this Corporation be, and they hereby are, authorized to execute and direct the filing of the finalized Petition and finalized Plan, for and on behalf of the Corporation, and dissolve the Corporation in accordance with such Petition and such Plan and execute and direct the filing of any document as may be reasonably necessary in furtherance thereof, including a certificate of dissolution.

CERTIFICATION

I hereby certify that I am the duly qualified and acting Secretary of Edward John Noble Hospital of Gouverneur, New York; that the foregoing is a true and complete copy of a resolution of said corporation duly adopted at a meeting of the Board of Trustees of said corporation held on December 2, 2014, at which a quorum was present, and that said resolution has not been amended and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto signed my name as Secretary this
10 day of December 2014.


Secretary

STATE OF NEW YORK)
) SS:
COUNTY OF ST. LAWRENCE)

On this 10th day of December, in the year 2014, before me, the undersigned, a Notary Public in and for said State, personally appeared MARK BRACKETT, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



NOTARY PUBLIC

Amy L. Irish-Bicknell
Notary Public in the State of New York
St. Lawrence Co. No. 011R6159456
My Commission Expires Jan. 22, 2015

EXHIBIT I

At the Supreme Court of the State of New York,
held in and for the County of St. Lawrence on the
____ day of _____, 2015.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ST. LAWRENCE

In the Matter of the Application of EDWARD JOHN
NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK
a corporation duly organized under the laws of the State
of New York, for leave to dissolve and enjoin certain
creditor/claimant activity pursuant to Article 11 of the
New York Not-For-Profit Corporation Law.

**ORDER APPROVING PLAN
OF DISSOLUTION AND
DISTRIBUTION OF ASSETS
AND ENJOINING CERTAIN
ACTIVITY**

Index No.
IAS No.

Upon reading and filing the Petition of Edward John Noble Hospital of Gouverneur, New York (the "Petitioner") for an Order approving of the Plan of Dissolution and Distribution of Assets and enjoining certain creditor and claimant activity, with the exhibits annexed, verified the 13th day of January, 2015, and it appearing that the Attorney General of the State of New York has no objection to approval of said Plan and issuance of injunctive relief, it is hereby

ORDERED that the Plan of Dissolution and Distribution of Assets (the "Plan") certified by Mark Brackett, Petitioner's Secretary, on the 14th day of January, 2015, be and the same is hereby approved; and it is further

ORDERED that, during the pendency of this matter and until the Plan is fully consummated and all assets finally distributed, the creditors and claimants of Edward John Noble Hospital of Gouverneur, New York shall be, and hereby are, restrained from beginning any action against the Corporation, or from taking any proceedings in an action theretofore commenced, except by permission of the Court, and such injunction shall have the same effect and be subject to the

same provisions of law as if each creditor and claimant upon whom it is served was named therein; and it is further

ORDERED that the creditors and claimants must present their claims against the Petitioner in writing and in detail so as to be received by Petitioner's counsel, LeClairRyan, A Professional Corporation, at its offices located at 885 Third Avenue, 16th Floor, New York, New York 10022, Attn.: Margaret Dai, by 5:00 p.m. (EST) on September 1, 2015, or be forever barred as against Petitioner, its assets, directors, and officers absent further order of this Court, provided, however, that, this September 1, 2015 deadline shall not apply to tax claims and other claims asserted by New York State and the United States; and it is further

ORDERED that the Court will retain jurisdiction of this matter to effectuate dissolution, including, claim resolution and enforcement of restraints against creditors and claimants, and for purposes of enforcing this Order.

ENTER

Justice of the Supreme Court

DUPLICATE
ORIGINAL
FILED

RECEIVED AT
ST. LAW. CO.
CLERKS OFFICE

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ST. LAWRENCE

2015 FEB 13 P 1:56

In the Matter of the Application of EDWARD JOHN
NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK
a corporation duly organized under the laws of the State
of New York, for leave to dissolve and enjoin certain
creditor/claimant activity pursuant to Article 11 of the
New York Not-For-Profit Corporation Law.

ATTORNEY AFFIRMATION

Index No. 144980
IAS No. 44-1-2015-0039

Janice B. Grubin, an attorney duly admitted to practice law in the Courts of the State of New York, affirms under penalties of perjury pursuant to CPLR R. 2106, as follows:

1. I am a shareholder of the firm of LeClairRyan, A Professional Corporation, attorneys for Edward John Noble Hospital of Gouverneur, New York (the "Petitioner"). As such, I am fully familiar with (i) the facts stated below and the proceedings heretofore and had herein and (ii) the prior proceeding before this Court concerning the sale of substantially all of the Petitioner's assets (the "Asset Sale") to Gouverneur Hospital, as authorized by this Court by Order entered December 20, 2013 in the Matter of the Application of Edward John Noble Hospital of Gouverneur, New York, et al., Index No. 142537, Supreme Court, St. Lawrence County (the "Sale Petition"), and the related closing of Petitioner's hospital on December 31, 2013 required by the New York State Department of Health ("DOH").

2. The source of my knowledge and information are the files and records maintained by your affirmant's office in the course of the preparation and proceedings of the Sale Petition and the instant Verified Petition, communications with our client,

counsel to Gouverneur Hospital and the DOH and my personal handling of both petitions. All documents to which reference is made within are annexed hereto and are incorporated herein by reference.

3. I submit this affirmation to demonstrate the approval of the Public Health and Health Planning Council (“PHHPC”)¹ to the Petitioner’s plan of dissolution and distribution of assets dated December 1, 2014 (the “Plan”), appended as Exhibit G to the instant Verified Petition.

4. By letter dated December 4, 2013, PHHPC consented to the filing of the Petitioner’s Certificate of Amendment, dated November 22, 2013, to Petitioner’s Certificate of Incorporation in connection with the Sale Petition and the establishment of Gouverneur Hospital. The Certificate of Amendment changed the Petitioner’s purpose in stating that “[T]he corporation is formed for the following purpose or purposes: To engage in the winding up of its activities and its dissolution following the sale of its assets.” Copies of the December 4, 2013 letter and the Certificate of Amendment are annexed hereto as **Exhibit “A.”**

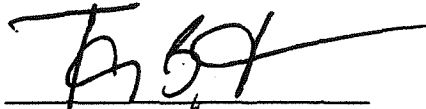
5. By notice dated January 2, 2014, the Department of State of the State of New York rejected the Certificate of Amendment stating that “[p]lease be advised that the new amended purposes does not set forth a not-for-profit purpose.” A copy of the notice is annexed hereto as **Exhibit “B.”**

¹ My understanding is that the Public Health and Health Planning Council is the entity designated to issue approval of these kinds of matters by the DOH and the Commissioner of Health. The PHHPC has a broad array of advisory and decision-making responsibilities with respect to New York State's public health and health care delivery system. It is charged with adopting and amending the Sanitary Code and health care facility, home care agency, and hospice operating regulations. The PHHPC also makes decisions concerning the establishment and transfer of ownership of health care facilities, home care agencies and hospice programs. It makes recommendations to the Commissioner concerning major construction projects, service changes, and equipment acquisitions in health care facilities and home care agencies. It also advises the Commissioner on issues related to the preservation and improvement of public health. PHHPC’s powers and duties are set forth in section 225 of the Public Health Law.

6. My recent inquiry to DOH earlier this month as to the status of its and the PHHPC's position on Petitioner's dissolution elicited the response that the approval had been given in connection with the Asset Sale and Sale Petition and that no further approval of the Plan was necessary.

Dated: New York, New York
February 12, 2015

**LECLAIRRYAN, A PROFESSIONAL
CORPORATION**

A handwritten signature in black ink, appearing to read 'J. B. Grubin', written over a horizontal line.

Janice B. Grubin

Exhibit A

PHHPC

PUBLIC HEALTH AND HEALTH PLANNING COUNCIL

Empire State Plaza, Corning Tower, Room 1805
Albany, New York 12237

(518) 402-0964
PHHPC@health.state.ny.us

December 4, 2013

Ms. Patricia Smyth
Cicero Consulting Associates VCC, Inc.
701 Westchester Avenue
White Plains, New York 10604

Re: Certificate of Amendment of the Certificate of Incorporation of Edward John Noble
Hospital of Gouverneur, New York

Dear Ms. Smyth:

AFTER INQUIRY and INVESTIGATION and in accordance with action taken at a meeting of the Public Health Council and Health Planning Council held on the 3rd day of October, 2013, I hereby certify that the Public Health and Health Planning Council consents to the filing of the Certificate of Amendment of the Certificate of Incorporation of Edward John Noble Hospital of Gouverneur, New York, dated, November 22, 2013.

Sincerely,



Colleen M. Frost
Executive Secretary

/cf

**CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF**

EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK

UNDER SECTION 803 OF THE NOT-FOR-PROFIT CORPORATION LAW

The undersigned, being the Chairman of the Board of Edward John Noble Hospital of Gouverneur, New York (the "Corporation,"), in order to amend the Corporation's Certificate of Incorporation, certifies that:

1. The name of the Corporation is Edward John Noble Hospital of Gouverneur, New York. The Corporation was formed under the name Stephen B. Van Duzee Hospital.

2. The Certificate of Incorporation of the Corporation was filed by the Department of State of the State of New York on January 4, 1923, under the Membership Corporation Law of the State of New York. The Corporation's Certificate of Incorporation was subsequently amended on March 1, 1945, February 5, 1948, September 11, 1980 and August 21, 2013.

3. The Corporation is a corporation as defined in Subparagraph (a)(5) of Section 102 of the New York Not-for-Profit Corporation Law. The Corporation is a Type B corporation under Section 201 of the New York Not-for-Profit Corporation Law and, after the amendment effected herein, the Corporation shall be a Type B corporation.

4. The Certificate of Incorporation of the Corporation is hereby amended as follows:

(a) Paragraph 1st, setting forth the name of the Corporation, is hereby revised to read in full as follows:

"1st The name of the Corporation is Edward John Noble Liquidating Corp."

(b) Paragraph 2nd, setting forth the purposes of the Corporation is hereby revised to read in full as follows:

"2nd. The corporation is formed for the following purpose or purposes: To engage in the winding up of its activities and its dissolution following the sale of its assets. As a means of accomplishing the foregoing purposes, the corporation shall have all of the powers set forth in Section 202 of the Not-for-Profit Corporation Law of the State of New York, and in general, to exercise such powers which now are or hereafter may be conferred by law, or necessary or incidental to the powers so conferred, or conducive to the attainment of the purposes of the corporation, subject to such limitations as are or may be prescribed by law. The corporation is not formed to engage in any act or activity requiring the consent or approval of any state official, department, board, agency or other body without such consent or approval first being obtained."

(c) A new Paragraph 10th of the Corporation's Certificate of Incorporation, setting forth the address for service of process, is hereby inserted and shall read as follows:

"10th The Secretary of State of the State of New York is hereby designated as the agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any such process against the Corporation served upon the Secretary is: Edward John Noble Liquidating Corp., 77 W. Barney Street, Gouverneur, New York 13642."

5. This Certificate of Amendment of the Certificate of Incorporation was authorized the unanimous written consent of the Corporation's Board of Trustees.

6. Annexed hereto are consents of the Justice of the Supreme Court, the New York State Attorney General's office, and of the NYS Public Health and Health Planning Council, approving the filing of this Certificate of Amendment to the Corporation's Certificate of Incorporation.

7. The Secretary of State of the State of New York is hereby designated as the agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any such process against the Corporation served upon the Secretary is: Edward John Noble Liquidating Corp., 77 W. Barney Street, Gouverneur, New York 13642.

[Signature Page to Follow]

IN WITNESS WHEREOF, I have signed this Certificate of Amendment of the
Certificate of Incorporation this 22 day of November, 2013, and do hereby affirm, under the
penalties of perjury, that its contents are true and correct.

A handwritten signature in cursive script, reading "Michael J. Burgess", is written over a horizontal line.

Michael J. Burgess, Chairman of the Board

Exhibit B



STATE OF NEW YORK
DEPARTMENT OF STATE
One Commerce Plaza, 99 Washington Avenue
ALBANY, NY 12231-0001

Andrew M. Cuomo
Governor

Cesar A. Perales
Secretary of State

January 02, 2014

04 - CONTINENTAL CORPORATE SERVICES, INC. - 04
Drop box: 66

RE: Incorporation of EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK

Dear Sir/Madam:

Thank you for your recent submission. The enclosed document(s) has been reviewed pursuant to the appropriate statutes. We regret we have not been able to file this document(s) and it is being returned to you for the following reasons:

Please be advised that the new amended purposes does not set forth a not-for-profit purpose.

The Not-for-Profit Corporation Law requires corporations to provide specific purpose(s). The purpose(s) set forth in the proposed certificate are unacceptably vague and must be clarified. Please review following list of helpful tips when drafting your purposes(s):

Do Not:

- Do not use the phrase "including but not limited to" when describing the purpose.
- Do not state vague and general purposes.
- Do not state the routine activities and powers the corporation will carry out in furtherance of its purposes (e.g., owning property).

Do:

- Clearly and fully describe the purpose of the corporation.
- Describe what the corporation will do to carry out its purpose.
- A concise description of the corporation's purpose is sufficient.
- Make sure the purposes are consistent with the "Type". A corporation's Type is defined by Section 201 of the Not-for-Profit Corporation Law.

Consider the following four elements when drafting the purpose paragraph:

- WHY - is the corporation being formed?
- WHAT - does the corporation intend on accomplishing?
- HOW - will the corporation accomplish these purposes?

WHO - will benefit from these purposes?

Note that Section 404 of the Not-for-Profit Corporation Law provides that corporations formed for certain purposes require the consent or approval of another governmental agency or office. The written consent or approval must be attached to the certificate when it is submitted to the Department of State for filing. Please review Section 404 of the Not-for Profit Corporation Law to determine whether any consents or approvals are required.

The entity name implies a for business purpose.

As you submitted the certificate for filing under the Expedited Handling option, your account has been debited \$75.

Please return a copy of this letter with your re-submission to facilitate the processing of your certificate(s).

Sincerely,

Adaiha
Division of Corporations
(518)473-4324

140102000487



LECLAIRRYAN

February 10, 2015

VIA FEDERAL EXPRESS

Ms. Mary B. Curran
Chief Clerk
St. Lawrence County Supreme Court
St. Lawrence County Courthouse
48 Court Street
Canton, NY 13617

**Re: In the Matter of the Application of EDWARD JOHN NOBLE
HOSPITAL OF GOUVERNEUR, NEW YORK
Index No. 144980, IAS No. 44-1-2015-0039: Order to Show
Cause**

Dear Ms. Curran:

Enclosed please find an original and a copy of the Affidavit of Service relating to the above-referenced Order to Show Cause. Please return a file-stamped copy in the enclosed self-addressed stamped envelope.

Please contact me if you have any questions.

Many thanks for your continuing courtesies.

Very truly yours,

Janice B. Grubin

JBG:kk
Enclosures

E-mail: Janice.Grubin@leclairryan.com
Direct Phone: 212-634-5016

885 Third Avenue, 16th Floor
New York, New York 10022
Phone: 212-697-6555 \ Fax: 212-986-3509

CALIFORNIA \ COLORADO \ CONNECTICUT \ MARYLAND \ MASSACHUSETTS \ MICHIGAN \ NEVADA \ NEW JERSEY \ NEW YORK \ PENNSYLVANIA \ TEXAS \ VIRGINIA \ WASHINGTON, D.C.

AFFIDAVIT OF SERVICE

STATE OF NEW YORK)
)ss:
COUNTY OF NEW YORK)

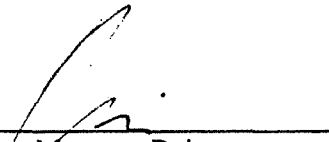
Margaret Dai, being duly sworn deposes and says that deponent is not a party to this action, is over 18 years of age and resides in the State of New Jersey.

On the 6th day of February, 2015, deponent served the within **Order to Show Cause** upon:


Angel Waltz
26320 Mustard Road
Watertown, NY 13601-5230

Total Repair Express
118 Indianwood Road, Ste. A
Lake Orion, MI 48362-4013

the updated address(es) provided by United States Postal Office by depositing same enclosed in a properly addressed wrapper, in an official depository under the exclusive care and custody of the United States Postal Office within the State of New York.


Margaret Dai

Sworn to before me this
6th day of February, 2015


Notary Public

Erin Brennan
NOTARY PUBLIC, STATE OF NEW YORK
01BR6285386
Qualified in Nassau County
My Commission Expires July 08, 2017

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ST. LAWRENCE

In the Matter of the Application of EDWARD JOHN
NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK
a corporation duly organized under the laws of the State
of New York, for leave to dissolve and enjoin certain
creditor/claimant activity pursuant to Article 11 of the
New York Not-For-Profit Corporation Law.

ORDER TO SHOW CAUSE

Index No. ~~144980~~ 144980
IAS No. 44-1-2015-0039

DUPLICATE
ORIGINAL
FILED

Upon the Verified Petition, it is hereby,

ORDERED, that Petitioner Edward John Noble Hospital of Gouverneur, New York ("Petitioner") and all persons interested in Petitioner show cause before the Honorable David R. Demarest, Justice of the New York Supreme Court, at the St. Lawrence County Supreme Court (the "Court"), 48 Court Street, Canton, New York, on the 13TH day of February, 2015 (the "Hearing Date"), at 1:36 o'clock in the AFTER noon of that day, or as soon thereafter as counsel can be heard, why an order (the "Order") should not be made and entered herein approving the relief requested by Petitioner; and it is further

ORDERED, that, effective immediately, during the pendency of this matter and continuing until the consummation of a plan of dissolution approved by this Court, including the final distribution of assets, as sought in the Verified Petition, all creditors and claimants of Edward John Noble Hospital of Gouverneur, New York are restrained from beginning any action against the Petitioner, or from taking any proceedings in an action theretofore commenced, except by permission of the Court, and such injunction shall have the same effect and be subject to the same provisions of law as if each creditor and claimant upon whom it is served was named therein; and it is further

ORDERED, that service of a copy of this Order To Show Cause, by first class mail on or before January 30 2015, upon (i) all creditors and claimants listed in Petitioner's books and records at their last known addresses; and (ii) New York State Tax Commission, pursuant to

Section 1104 of Article 11 of the New York Not-For-Profit Corporation Law ("Section 1104"); and (iii) Hon. Deanna Nelson, New York State Assistant Attorney General, 317 Washington Street, Watertown, New York 13601, shall be deemed good and sufficient service of the relief requested in the Petition; and it is further

ORDERED, that this Order To Show Cause shall be published once a week, in each of the three (3) weeks before the Hearing Date, in The Watertown Daily Times and The Gouverneur Tribune Press pursuant to Section 1104, with a copy of the Verified Petition and all exhibits available for viewing and downloading at <http://goo.gl/Ka6AkE> (and utilizing the user name and password of leclairguest@gmail.com and Guest123, respectively) or obtained by written request to Ms. Margaret Dai, LeClairRyan, A Professional Corporation, 885 Third Avenue, 16th Floor, New York, New York 10022 at margaret.dai@leclairryan.com; and it is further

ORDERED, that objections or responses, if any, to the relief requested by the Petitioner in the Verified Petition (a) shall be in writing; (b) shall set forth the basis for the response or objection and the specific grounds therefor; (c) shall be filed with the Court and (d) shall be served so that they are RECEIVED no later than 5:00 p.m. on February 12, 2015 by LeClairRyan, A Professional Corporation, counsel for the Petitioner, 885 Third Park Avenue, 16th Floor, New York, New York 10022, Attn: Janice B. Grubin, Esq., and Hon. Deanna Nelson, New York State Assistant Attorney General, 317 Washington Street, Watertown, New York 13601; and it is further

ORDERED, that unless objections or responses are timely filed and served, the Order may be signed without a hearing.

Dated: January 16, 2015
Canton, New York

2015 JAN 16 P 4:39

RECEIVED AT
ST. LAW. CO.
CLERKS OF C.


Honorable David R. Denarest

Index No. 144980
IAS #: 44-1-2015-0039

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ST. LAWRENCE

In the Matter of the Application of EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR,
NEW YORK a corporation duly organized under the laws of the State of New York, for leave to
dissolve and enjoin certain creditor/claimant activity pursuant to Article 11 of the New York
Not-For-Profit Corporation Law.

AFFIDAVIT OF SERVICE

LECLAIRRYAN, a Professional Corporation

Attorneys for Petitioner Edward John Noble Hospital of Gouverneur, New York

Office and Post Office Address, Telephone

885 Third Avenue

NEW YORK, N.Y. 10022

(212) 697-6555

The undersigned hereby certifies the enclosed papers pursuant to § 130-1.1 of the Rules of the
Chief Administrator.

(Signature)

Service of a copy of the within

is hereby admitted

Dated,

.....
Attorney(s) for

AFFIDAVIT OF SERVICE

STATE OF NEW YORK)
)ss:
COUNTY OF NEW YORK)


Margaret Dai, being duly sworn deposes and says that deponent is not a party to this action, is over 18 years of age and resides in the State of New Jersey.

On the 6th day of February, 2015, deponent served the within **Order to Show Cause** upon:

Angel Waltz
26320 Mustard Road
Watertown, NY 13601-5230

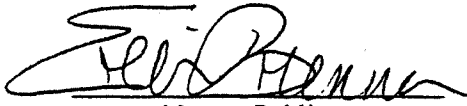
Total Repair Express
118 Indianwood Road, Ste. A
Lake Orion, MI 48362-4013

the updated address(es) provided by United States Postal Office by depositing same enclosed in a properly addressed wrapper, in an official depository under the exclusive care and custody of the United States Postal Office within the State of New York.



Margaret Dai

Sworn to before me this
6th day of February, 2015


Notary Public

Erin Brennan
NOTARY PUBLIC, STATE OF NEW YORK
01BR5285386
Qualified in Nassau County
My Commission Expires July 08, 2017

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ST. LAWRENCE

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ORDER TO SHOW CAUSE

Index No. ~~144980~~ 144980
IAS No. 44-1-2015-0039

DUPLICATE
ORIGINAL
FILED

Upon the Verified Petition, it is hereby,

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ORDERED, that, effective immediately, during the pendency of this matter and continuing until the consummation of a plan of dissolution approved by this Court, including the final distribution of assets, as sought in the Verified Petition, all creditors and claimants of Edward John Noble Hospital of Gouverneur, New York are restrained from beginning any action against the Petitioner, or from taking any proceedings in an action theretofore commenced, except by permission of the Court, and such injunction shall have the same effect and be subject to the same provisions of law as if each creditor and claimant upon whom it is served was named therein; and it is further

ORDERED, that service of a copy of this Order To Show Cause, by first class mail on or before January 30, 2015, upon (i) all creditors and claimants listed in Petitioner's books and records at their last known addresses; and (ii) New York State Tax Commission, pursuant to

Section 1104 of Article 11 of the New York Not-For-Profit Corporation Law ("Section 1104"); and (iii) Hon. Deanna Nelson, New York State Assistant Attorney General, 317 Washington Street, Watertown, New York 13601, shall be deemed good and sufficient service of the relief requested in the Petition; and it is further

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ORDERED, that objections or responses, if any, to the relief requested by the Petitioner in the Verified Petition (a) shall be in writing; (b) shall set forth the basis for the response or objection and the specific grounds therefor; (c) shall be filed with the Court and (d) shall be served so that they are RECEIVED no later than 5:00 p.m. on February 12, 2015 by LeClairRyan, A Professional Corporation, counsel for the Petitioner, 885 Third Park Avenue, 16th Floor, New York, New York 10022, Attn: Janice B. Grubin, Esq., and Hon. Deanna Nelson, New York State Assistant Attorney General, 317 Washington Street, Watertown, New York 13601; and it is further

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RECEIVED AT
ST. LAW. CO.
CLERKS OF C.


Honorable David R. Demarest

Index No. 144980
IAS #: 44-1-2015-0039

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ST. LAWRENCE

In the Matter of the Application of EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR,
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AFFIDAVIT OF SERVICE

LECLAIRRYAN, a Professional Corporation

Attorneys for Petitioner Edward John Noble Hospital of Gouverneur, New York

Office and Post Office Address, Telephone

885 Third Avenue
NEW YORK, N.Y. 10022
(212) 697-6555

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(Signature)

Service of a copy of the within

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Dated,

.....
Attorney(s) for

AFFIDAVIT OF SERVICE

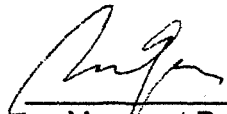
STATE OF NEW YORK)
)ss:
COUNTY OF NEW YORK)

Margaret Dai, being duly sworn deposes and says that deponent is not a party to this action, is over 18 years of age and resides in the State of New Jersey.

On the 20th day of January, 2015, deponent served the within **ORDER TO SHOW CAUSE** upon:

See attached service list (contained in 33 pages).

the address(es) designated by said attorneys by depositing same enclosed in a properly addressed wrapper, in an official depository under the exclusive care and custody of the United States Postal Office within the State of New York.



Margaret Dai

Sworn to before me this
20th day of January, 2015



Notary Public

SECORA M. BRATHWAITE
Notary Public, State of New York
No. 01BR6228980
Qualified in New York County
My Commission Expires 09/27/2018

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ST. LAWRENCE

In the Matter of the Application of EDWARD JOHN
NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK
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ORDER TO SHOW CAUSE

Index No. ~~144980~~ 144980
IAS No. 44-1-2015-0039

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ORDERED, that, effective immediately, during the pendency of this matter and continuing until the consummation of a plan of dissolution approved by this Court, including the final distribution of assets, as sought in the Verified Petition, all creditors and claimants of Edward John Noble Hospital of Gouverneur, New York are restrained from beginning any action against the Petitioner, or from taking any proceedings in an action theretofore commenced, except by permission of the Court, and such injunction shall have the same effect and be subject to the same provisions of law as if each creditor and claimant upon whom it is served was named therein; and it is further

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Section 1104 of Article 11 of the New York Not-For-Profit Corporation Law ("Section 1104"); and (iii) Hon. Deanna Nelson, New York State Assistant Attorney General, 317 Washington Street, Watertown, New York 13601, shall be deemed good and sufficient service of the relief requested in the Petition; and it is further

ORDERED, that this Order To Show Cause shall be published once a week, in each of the three (3) weeks before the Hearing Date, in The Watertown Daily Times and The Gouverneur Tribune Press pursuant to Section 1104, with a copy of the Verified Petition and all exhibits available for viewing and downloading at <http://goo.gl/Ka6AkE> (and utilizing the user name and password of leclairguest@gmail.com and Guest123, respectively) or obtained by written request to Ms. Margaret Dai, LeClairRyan, A Professional Corporation, 885 Third Avenue, 16th Floor, New York, New York 10022 at margaret.dai@leclairryan.com; and it is further

ORDERED, that objections or responses, if any, to the relief requested by the Petitioner in the Verified Petition (a) shall be in writing; (b) shall set forth the basis for the response or objection and the specific grounds therefor; (c) shall be filed with the Court and (d) shall be served so that they are RECEIVED no later than 5:00 p.m. on February 12, 2015 by LeClairRyan, A Professional Corporation, counsel for the Petitioner, 885 Third Park Avenue, 16th Floor, New York, New York 10022, Attn: Janice B. Grubin, Esq., and Hon. Deanna Nelson, New York State Assistant Attorney General, 317 Washington Street, Watertown, New York 13601; and it is further

ORDERED, that unless objections or responses are timely filed and served, the Order may be signed without a hearing.

Dated: January 16, 2015
Canton, New York

2015 JAN 16 P 4:38

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WALTHAM, MA 24511

THE T SYSTEM- DEPT 2537
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THE TAIGA GROUP, LLC
POST OFFICE BOX 232
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TRANSAMERICA LIFE INS COMPANY
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UNIVERSITY PATHOLOGISTS LABORATORIES
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WAUSAU, WI 54402-8013

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WORKERS COMPENSATION TRUST
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ROCHESTER, NY 14314

Hon. Deanna Nelson
New York State Assistant Attorney General
317 Washington Street
Watertown, New York 13601

NYS Department of Taxation and Finance
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885 THIRD AVE
NEW YORK NY 10022

REFERENCE: 5081938
20314572 SUPREME COURT OF THE

Amy Schultz, of the Town of Brownville, County of Jefferson, being duly sworn, says that she is a Legal Representative of the Johnson Newspaper Corp., a corporation duly organized and existing under the laws of the State of New York, and having its principal place of business in the City of Watertown, New York, and that said corporation is the publisher of the WATERTOWN DAILY TIMES, a Newspaper published in the City of Watertown, Jefferson County, and State of New York, and that a Notice, of which the annexed is a printed copy, has been published regularly in the said Newspaper.

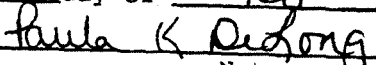

AMY SCHULTZ, LEGAL REPRESENTATIVE

PUBLISHED ON: 01/22 01/29 02/05

AD SPACE: 158 LINE
FILED ON: 02/05/15

Sworn to before me this

11th day of Feb, 2015


Notary Public

PAULA K DELONG
NOTARY PUBLIC-STATE OF NEW YORK
No. 01DE6091238
Qualified in Lewis County
My Commission Expires April 28, 2015

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ST. LAWRENCE

In the Matter of the Application of EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK a corporation duly organized under the laws of the State of New York, for leave to dissolve and enjoin certain creditor/claimant activity pursuant to Article 11 of the New York Not-For-Profit Corporation Law.

ORDER TO SHOW CAUSE
Index No. 144980
IAS No. 44-1-2015-0039

Upon the Verified Petition it is hereby ORDERED, that Petitioner Edward John Noble Hospital of Gouverneur, New York ("Petitioner") and all persons interested in Petitioner show cause before the Honorable David R. Demarest, Justice of the New York Supreme Court, at the St. Lawrence County Supreme Court (the "Court"), 48 Court Street, Canton, New York, on the 13th day of February, 2015 (the "Hearing Date"), at 1:30 o'clock in the afternoon of that day, or as soon thereafter as counsel can be heard, why an order should not be made and entered herein approving the relief requested by Petitioner (the "Order"); and it is further

ORDERED, that, effective immediately, during the pendency of this matter and continuing until the consummation of a plan of dissolution approved by this Court, including the final distribution of assets, as sought in the Verified Petition, all creditors and claimants of Edward John Noble Hospital of Gouverneur, New York are restrained from beginning any action against the Petitioner, or from taking any proceedings in an action ~~thereof~~ commenced, except by permission of the Court, and such injunction shall have the same effect and be subject to the same provisions of law as if each creditor and claimant upon whom it is served was named therein; and it is further

ORDERED, that service of a copy of this Order To Show Cause, by first class mail on or before January 30, 2015, upon (i) all creditors and claimants listed in Petitioner's books and records at their last known addresses; and (ii) New York State Tax Commission, pursuant to Section 1104 of Article 11 of the New York Not-For-Profit Corporation Law ("Section 1104"); and (iii) Hon. Deanna Nelson, New York State Assistant Attorney General, 317 Washington Street, Watertown, New York 13601, shall be deemed good and sufficient service of the relief requested in the Petition; and it is further

ORDERED, that this Order to Show Cause shall be published once a week, in each of the three (3) weeks before the Hearing Date, in The Watertown Daily Times and The Gouverneur Tribune Press pursuant to Section 1104, with a copy of the Verified Petition and all exhibits available for viewing and downloading at <http://goo.gl/Ka6AKE> (and utilizing the user name and password of leclair-guest@gmail.com and Guest123, respectively) or obtained by written request to Ms. Margaret Dai, LeClairRyan, A Professional Corporation, 885 Third Avenue, 16th Floor, New York, New York 10022 at margaret.dai@leclairryan.com; and it is further

ORDERED, that objections or responses, if any, to the relief requested by the Petitioner in the Verified Petition (a) shall be in writing; (b) shall set forth the basis for the response or objection and the specific grounds therefor; (c) shall be filed with the Court, and (d) shall be served so that they are RECEIVED no later than 5:00 p.m. on February 12, 2015 by LeClairRyan, A Professional Corporation, counsel for the Petitioner, 885 Third Avenue, 16th Floor, New York, New York 10022, Attn: Janice B. Grubin, Esq., and Hon. Deanna Nelson, New York State Assistant Attorney General, 317 Washington Street, Watertown, New York 13601; and it is further

ORDERED, that unless objections or responses are timely filed and served, the Order may be signed without a hearing.

Dated: January 16, 2015
Canton, New York

Honorable David R. Demarest

2015 FEB 13 P 1:57

ST. LAWRENCE COUNTY CLERK'S OFFICE

Affidavit of Publication
Under Section 206 the Limited Liability Company Law

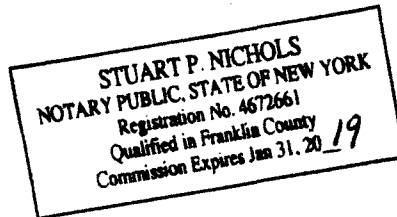
State of New York,)
County of St. Lawrence) SS.:

The undersigned is the publisher of Gouverneur Tribune-Press, a weekly newspaper published in Gouverneur, New York. A notice regarding ORDER TO SHOW CAUSE Index No. 144980 IAS No. 44-1-2015-0039 was published in said newspaper once in each week for 3 consecutive weeks, commencing on January 23, 2015; January 30, 2015 and ending on February 6, 2015. The text of the notice as published in said newspaper is as set forth in the annexed exhibit. This newspaper has been designated by the Clerk of St. Lawrence County for this purpose.

By: Phyllis Amell
Phyllis Amell
Authorized Designee of Dan McClelland, Publisher of the Gouverneur Tribune-Press

Sworn to before me this 10 day of Feb, 2015.

Stuart P. Nichols
Notary Public



2015 FEB 13 P 1:57

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**SUPREME COURT
OF THE STATE OF
NEW YORK
COUNTY OF ST.
LAWRENCE
ORDER TO SHOW
CAUSE
Index No. 144980
IAS No. 44-1-2015-
0039**

In the Matter of the Application of EDWARD JOHN NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK a corporation duly organized under the laws of the State of New York, for leave to dissolve and enjoin certain creditor/claimant activity pursuant to Article 11 of the New York Not-For-Profit Corporation Law.

Upon the Verified Petition, it is hereby, **ORDERED**, that Petitioner Edward John Noble Hospital of Gouverneur, New York ("Petitioner") and all persons interested in Petitioner show cause before the Honorable David R. Demarest, Justice of the New York Supreme Court, at the St. Lawrence County Supreme Court (the "Court"), 48 Court Street, Canton, New York, on the 13th day of February, 2015 (the "Hearing Date"), at 1:30 o'clock in the afternoon of that day, or as soon thereafter as counsel can be heard, why an order (the "Order") should not be made and entered herein approving the relief requested by Petitioner; and it is further **ORDERED**, that, effective immediately, during the pendency of this matter and continuing until the

consummation of a plan of dissolution approved by this Court, including the final distribution of assets as sought in the Verified Petition, all creditors and claimants of Edward John Noble Hospital of Gouverneur, New York are restrained from beginning any action against the Petitioner, or from taking any proceedings in an action theretofore commenced, except by permission of the Court, and such injunction shall have the same effect and be subject to the same provisions of law as if each creditor and claimant upon whom it is served was named therein; and it is further **ORDERED**, that service of a copy of this Order To Show Cause, by first class mail on or before January 30, 2015, upon (i) all creditors and claimants listed in Petitioner's books and records at their last known addresses; and (ii) New York State Tax Commission, pursuant to Section 1104 of Article 11 of the New York Not-For-Profit Corporation Law ("Section 1104"); and (iii) Hon. Deanna Nelson, New York State Assistant Attorney General, 317 Washington Street, Watertown, New York 13601, shall be deemed good and sufficient service of the relief requested in the Petition; and it is further **ORDERED**, that this Order To Show Cause shall be published once a week, in each of the three (3) weeks before the Hearing Date, in The

Watertown Daily Times and The Gouverneur Tribune Press pursuant to Section 1104, with a copy of the Verified Petition and all exhibits available for viewing and downloading at <http://goo.gl/Ka6AkE> (and utilizing the user name and password of leclairquest@gmail.com and Guest123, respectively) or obtained by written request to Ms. Margaret Dai, LeClairRyan, A Professional Corporation, 885 Third Avenue, 16th Floor, New York, New York 10022 at margaret.dai@leclairryan.com; and it is further **ORDERED**, that objections or responses, if any, to the relief requested by the Petitioner in the verified Petition (a) shall be in writing; (b) shall set forth the basis for the response or objection and the specific grounds therefor; (c) shall be filed with the Court and (d) shall be served so that they are RECEIVED no later than 5:00 p.m. on February 12, 2015 by LeClairRyan, A Professional Corporation, counsel for the Petitioner, 885 Third Park [SIC] Avenue, 16th Floor, New York, New York 10022, Attn: Janice B. Grubin, Esq., and Hon. Deanna Nelson, New York State Assistant Attorney General, 317 Washington Street, Watertown, New York 13601; and it is further **ORDERED**, that unless objections or responses are timely filed and served, the Order

may be signed
without a hearing.

Dated:
January 16, 2015
Canton, New York

/s/
Honorable
David R. Demarest

At the Supreme Court of the State of New York,
held in and for the County of St. Lawrence on the
15 day of FEBRUARY, 2015.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ST. LAWRENCE

In the Matter of the Application of EDWARD JOHN
NOBLE HOSPITAL OF GOUVERNEUR, NEW YORK
a corporation duly organized under the laws of the State
of New York, for leave to dissolve and enjoin certain
creditor/claimant activity pursuant to Article 11 of the
New York Not-For-Profit Corporation Law.

**ORDER APPROVING PLAN
OF DISSOLUTION AND
DISTRIBUTION OF ASSETS,
CONTINUING INJUNCTION
AND SETTING DEADLINE
FOR FILING CLAIMS**

Index No. 144980
IAS No. 44-1-2015-0039

Upon reading and considering the Petition of Edward John Noble Hospital of Gouverneur, New York (the "Petitioner") for an Order approving the Plan of Dissolution and Distribution of Assets and enjoining certain creditor and claimant activity, with the exhibits annexed, verified the 13th day of January, 2015; and due and proper notice of the Petition having been provided; and it appearing that no other or further notice need be provided; and the relief requested in the Petition being in the best interests of the Petitioner; and upon the Order To Show Cause entered on January 16, 2015; and upon the hearing held on February 13, 2015 (the "Hearing"); and it appearing that the Attorney General of the State of New York has no objection to approval of said Plan and to the previously-issued injunction remaining in place; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED that the Plan of Dissolution and Distribution of Assets (the "Plan") certified by Mark Brackett, Petitioner's Secretary, on the 14th day of January, 2015, be, and the same is, hereby approved; and it is further

ORDERED that, during the pendency of this matter and until the Plan is fully consummated and all Petitioner's assets finally distributed, the creditors and claimants of Edward John Noble Hospital of Gouverneur, New York shall continue to be, and hereby are, restrained from beginning any action against the Corporation, or from taking any proceedings in an action theretofore commenced, except by permission of the Court, and such injunction shall have the same effect and be subject to the same provisions of law as if each creditor and claimant upon whom it is served was named therein; and it is further

ORDERED that creditors and claimants must present their claims against the Petitioner (i) in writing; (ii) setting forth with specificity the legal and factual basis for the claim; (iii) including supporting documentation or an explanation as to why such documentation is not available; and (iv) signed by the claimant or, if the claimant is not an individual or is deceased or is otherwise unavailable, by an authorized agent of the claimant so as to be actually received by Petitioner's counsel, LeClairRyan, A Professional Corporation, at its offices located at 885 Third Avenue, 16th Floor, New York, New York 10022, Attn.: Janice B. Grubin, by 5:00 p.m. (Eastern Time) on September 1, 2015 (the "Claim Filing Deadline"), or be forever barred, estopped and enjoined from asserting the claim against Petitioner, its assets, directors, and officers absent further order of this Court, provided, however, that, the Claim Filing Deadline shall not apply to tax claims and other claims asserted by New York State and the United States of America; and it is further

ORDERED that notice of the Claim Filing Deadline shall be effectuated by service and publication of the Notice of Claim Filing Deadline (the "Notice"), substantially in the form

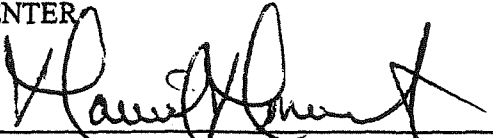
annexed hereto as Exhibit A, (i) by mailing the Notice via first class mail on or before February 27, 2015, upon all creditors and claimants listed in Petitioner's books and records at their last know addresses and (ii) by publishing the Notice once a week, in each of the two (2) successive weeks following the Hearing, in The Watertown Daily Times and The Gouverneur Tribune Press, with a copy of the Verified Petition and all exhibits, the Order To Show Cause and the Notice available for viewing and downloading at <http://goo.gl/Ka6AkE> (and utilizing the user name and password of leclairguest@gmail.com and Guest123, respectively) or obtained by written request to Ms. Margaret Dai, LeClairRyan, A Professional Corporation, 885 Third Avenue, 16th Floor, New York, New York 10022 at margaret.dai@leclairryan.com; and it is further

ORDERED that the inclusion of a creditor or claimant in Exhibit F or Exhibit G to the Verified Petition or any reference to Petitioner's total liabilities in the Verified Petition, and the providing of the Notice to any creditor or claimant shall not constitute a recognition that any person is a proper creditor or claimant, and shall not revive or make valid, or operate as a recognition of the validity of, or a waiver of any defense or counterclaim in respect of any claim against the Petitioner, its assets, its director or officers, which has been barred by any statute of limitations or become invalid by any cause, or in respect of which the Petitioner, its directors or officers, has any defense or counterclaim, provided however that all persons shall be entitled to establish the validity and priority, if any, of their claims against Petitioner by the timely filing of a claim in accordance with the procedures hereunder, which validity and priority shall then be determined upon Petitioner's review and analysis and, if necessary, adjudication by this Court.

ORDERED that the Court shall retain jurisdiction to hear and determine all matters arising from

or related to this Order and the Petitioner's dissolution, including, without limitation, the resolution of claims and the enforcement of restraints against creditors and claimants.

ENTER


Justice of the Supreme Court

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ST. LAW. CO.
CLERKS OFFICE

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EXHIBIT A

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