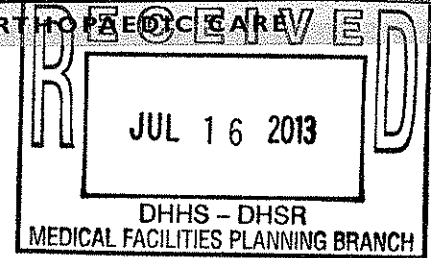


ORTHOWILMINGTON
Move better. Live better.

INTRODUCING THE REGIONAL DESTINATION FOR ORTHOPAEDIC CARE

July 16, 2013



Good afternoon,

I am Stephen L. DeBiasi, Chief Executive Officer of OrthoWilmington, PA. I am here today to say that the procedures and process for applying for and obtaining a Certificate of Need for a freestanding single-specialty surgery center are unfair and should be changed. I have experience managing a medical practice with a two operating room single-specialty surgery center here in Wilmington and would like to have the opportunity to provide a similar setup as an alternative for our orthopaedic patients.

OrthoWilmington is a seventeen physician orthopaedic and physical medicine and rehabilitation practice with three locations in New Hanover county and satellite offices in Brunswick and Onslow counties. We see approximately 700 – 800 patients per day and perform approximately 10,000 surgeries per year in the local hospitals and ambulatory surgery centers. OrthoWilmington was created by the January 2012 merger of Atlantic Orthopedics and Wilmington Orthopaedic Group. Each group, in partnership with national surgery center operators, applied for and was denied the CON for the two operating rooms. That CON was awarded to a company owned by Novant Health in 2007 and recently sold to New Hanover Regional Medical Center and are still not operational.

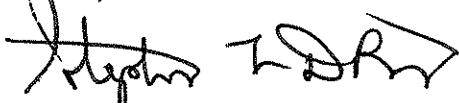
From an employer perspective, we want to continue to offer medical insurance coverage to our employees. We are partially self-funded, which means that we cover the actual cost of claims up to a certain amount and then have insurance coverage for the occasional outlier claim. Improving access to single specialty operating rooms that bill at the ASC rates instead of hospital outpatient department rates reduces the overall cost of health care claims for our employees and their families. For an orthopaedic example, the national Medicare rates for a knee arthroscopy are \$2,075 in a hospital versus \$1,197 for the same procedure performed in an ASC. Reducing the cost of claims provides funding for our group to implement wellness and other prevention strategies to keep our employees healthy and at work caring for our patients.

Now from a patient perspective, I would like to share with you my experience having an endoscopy at an in-office surgery center owned by a gastroenterology group last month. It was a very efficient process: I arrived at 7:00am and was in the car on my way home in less than 90 minutes. As I lay awake on the operating room table, I was comforted in overhearing the conversation among the anesthesia and nursing staff and the physician. I could tell they had done this procedure hundreds of times and were very comfortable in their surroundings and in working with each other. Overhearing their conversations significantly reduced my anxiety and probably led to a better outcome. If something had gone wrong, I felt they would work well together to take appropriate action. I am certain that my portion of the bill as well as the portion my employer pays on my behalf would have been significantly more in a hospital setting.

In closing, I would like to reiterate that based on my experience managing a single-specialty operating room, as an employer purchasing health insurance for 245 employees and as a recent patient of a gastroenterology single specialty operating room, I believe the CON process for single specialty surgery centers should be opened up to more physician practices as a means of improving quality care and increasing access and choice for consumers. Further, a physician operated single specialty ASC has a demonstrated ability to reduce costs for patients, insurance companies (including employers like OrthoWilmington) and the government.

As you know, most surgery can now be done safely on an outpatient basis. Changing the CON process and procedures would create the flexibility for practices to provide surgical care in a more cost-effective, efficient and safe environment.

Thank you,

A handwritten signature in black ink, appearing to read "Stephen L. DeBiasi". The signature is written in a cursive style with a large, stylized initial "S".

Stephen L. DeBiasi, FACHE, CMPE
Chief Executive Officer