

**APPENDIX 1**

**PETITION FOR SUPPORT OF A DEMONSTRATION PROJECT FOR A SINGLE SPECIALTY,  
TWO OPERATING ROOM, AMBULATORY SURGICAL FACILITY IN BUNCOMBE,  
MADISON, YANCEY (BUNCOMBE COUNTY) COUNTIES**

**Selected Specific Support Information from the Blue Ridge Outpatient Surgery Center  
(BROSC) May 15, 2018 Certificate of Need (CON) Application**

- (b) Does the applicant or will the applicant own the building where the facility will be located?  
Yes  X  No \_\_\_\_\_

If no, provide the name and address of the owner of the building.

BRBJ Asheville.2, LLC will own the building where the proposed new ASC will be located. Please refer to Exhibit 4 for a copy of the draft lease agreement between BRBJ Asheville.2, LLC and BROSC.

- (c) Does the owner of the building or will the owner of the building have any joint or common ownership with the applicant?  
Yes  X  No \_\_\_\_\_

If yes, explain the relationship.

BRBJ Asheville.2, LLC is an applicant identified in Section A.2 and will own the building where the proposed new BROSC will be located.

10. If the applicant does not currently own or operate any existing hospitals or ASFs anywhere in North Carolina, describe the applicant's experience operating such facilities.

BROSC is a new entity that does not currently own, manage or operate any healthcare facilities. However, the physician owners of BROSC have extensive experience providing outpatient orthopaedic surgical services to residents of the Buncombe/Madison/Yancey County OR service area and surrounding communities.

### **EmergeOrtho**

#### *Background*

In a common mission to provide streamlined, patient-centered care, four independent orthopaedic physician groups across North Carolina recently joined together to form a new practice called EmergeOrtho. With 49 office locations in 21 counties statewide, EmergeOrtho is the second largest physician-owned orthopaedic practices in the country. Additional practices are poised to join during a second phase of expansion. The combined practices include 126 physicians and 237 physician assistants, nurse practitioners and therapists.

The practices that combined to create EmergeOrtho include the following: Blue Ridge Bone and Joint of Asheville, Hendersonville and Arden; Carolina Orthopaedic Specialists with offices in Alexander, Burke, Caldwell and Catawba counties; OrthoWilmington with offices in New Hanover, Brunswick and Onslow counties; and Triangle Orthopaedic Associates of the greater Raleigh-Durham area. The four practices began operating under the EmergeOrtho name on August 1, 2016. Patients of each individual group practice see no interruption in their care and services. Integrating their network across North Carolina, all EmergeOrtho offices use the same Electronic Health Records (EHR) system. Patients treated for injury while on vacation, for example, can follow up with an EmergeOrtho provider in their hometown who has seamless access to their medical chart.

The new EmergeOrtho continues to build on proven strategies and implement programs that improve outcomes and lower costs for patients. Ancillary services such as diagnostic imaging and physical therapy are available in most EmergeOrtho locations, and 12 offices provide MRI. Orthopaedic urgent care centers in 14 locations address emergent orthopaedic needs as a prompt, less expensive alternative to the ER. Additionally, each group is committed to the present and future alternative payment concepts, such as risk-sharing bundled payments, and all accept a broad range of insurance options.

#### *EmergeOrtho | Blue Ridge Division*

BROSC's physician members are also physician partners of the Blue Ridge Division of EmergeOrtho (EO | BRD) (formerly Blue Ridge Bone and Joint), a regional referral center for comprehensive orthopaedic care. Through a medical team of 22 board-certified, fellowship-trained physicians, eight Physician Assistants (PA), and two nurse practitioners, the practice offers fellowship-trained and board-certified experts in a variety of subspecialties within orthopaedics, including spine, sports medicine, hip and knee joint reconstruction and revision, hand and upper extremity, and foot and ankle as well as interventional physiatry.

The Blue Ridge Division of EmergeOrtho is headquartered at 129 McDowell in Asheville, with satellite offices in Asheville, Arden, and Hendersonville. In addition to the full range of specialty orthopaedic care, the group offers orthopaedic urgent care for immediate non-emergency care at each of its clinic locations. EmergeOrtho also offers physical therapy, digital X-ray, MRI, and interventional physiatry services.

EmergeOrtho offers a full scope of orthopaedic subspecialties, including:

- Ankle
- Back
- Elbow
- Foot
- Hand
- Hip
- Interventional physiatry
- Joint replacement
- Knee
- Minimally invasive surgery
- Neck
- Orthobiologics
- Shoulder
- Spine
- Sports medicine
- Wrist

In addition to surgical specialties, EO | BRD's interventional physiatrist offers non-surgical treatment of musculoskeletal conditions.

EmergeOrtho is dedicated to using progressive technologies, from sophisticated diagnostic tools to improved electronic communications for patients and physicians, including a convenient patient portal. With this convenient online access, patients can communicate with clinical staff, make appointment requests, receive test and lab results, request prescription renewals, and pay their bills.

Orthopedic surgery is the foundation of EmergeOrtho. In 2017, EO | BRD physicians performed over 4,600 outpatient surgical cases on residents of the Buncombe/Madison/Yancey County OR service area and surrounding communities. Experienced, certified physicians perform the most advanced inpatient and outpatient specialty procedures in a friendly, caring environment at many area hospitals. Patients receive one-on-one attention and personalized care to ensure a comfortable experience.

EmergeOrtho has first-hand experience developing, owning and operating an orthopaedic ASC. In 2011, EmergeOrtho physician members were approved to develop Triangle Orthopaedics Surgery Center, an orthopaedic ambulatory surgical facility with two operating rooms pursuant to the demonstration project need determination in the 2010 SMFP (CON Project I.D. # J-8616-10). Though EmergeOrtho is not an applicant for the proposed project, BROSC's physician members will leverage their relationships with other EmergeOrtho physicians in the Triangle to share best practices and strategies for ensuring high quality, cost effective ambulatory surgical care in the proposed ASC.

Additionally, the physician owners of EmergeOrtho Wilmington Division are also members of Brunswick Surgery Center, LLC, which received CON approval to develop a one-room ASC in Brunswick County. This project is in development.

In summary, BROSC is well positioned and experienced to develop and operate the proposed orthopaedic ASC. BROSC's member physicians already have the resources in place to make efficient use of an orthopaedic ASC:

- ✓ Over 30 years of service locally
- ✓ Part of one of the largest physician-owned orthopaedic practices in the country
- ✓ 20+ Board-certified, fellowship-trained physicians serving local patients
- ✓ A busy and established outpatient surgery program
- ✓ Increasing outpatient surgery utilization
- ✓ Rapidly aging population in Buncombe/Madison/Yancey County OR service area

**SECTION K - "CRITERION (12)" - G.S. 131E-183(a)(12)**

*"Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans."*

For change of scope or cost overrun applications, skip to Section K, Question 7.

1. Does the project involve construction of new space? Yes X No     

- (a) If yes, provide the total number of square feet to be constructed: 15,726 SF
- (b) Provide legible line drawings (no larger than 11" x 17") that identify all new construction in an Exhibit. The use of each room or space should be labeled.

Please see the facility line drawing in Exhibit 16.

2. Does the project involve renovation of existing space? Yes      No X

- (a) If yes, provide the total number of square feet to be renovated:
- (b) Provide legible line drawings (no larger than 11" x 17") that identify all existing spaces to be renovated in an Exhibit. Include drawings that show the "before" and "after" renovation. The use of each room or space should be labeled.

Not applicable. The project does not involve renovating existing space.

3. Does the project involve up fitting leased space? Yes      No X

- (a) If yes, provide the total number of square feet to be up fitted:
- (b) Provide legible line drawings (no larger than 11" x 17") that identify the space to be up fitted in an Exhibit. Include drawings that show the "before" and "after" up fitting. The use of each room or space should be labeled.

Not applicable. The project does not involve up fitting leased space.

4. (a) **Explain how the cost, design and means of construction (including renovating or up fitting space) represents the most reasonable alternative for the proposal and provide any supporting documentation in an Exhibit.**

The architect and general contractor based the projected ASC design and upfit cost on a detailed review of the project, and upon actual costs of similar ASC projects, published construction costing data, and their design and construction experience. Please refer to Exhibit 16 for the cost estimate documentation.

- (b) **Explain why the project will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services and provide any supporting documentation in an Exhibit.**

ASCs provide cost-effective care that save the patient, government, and third-party payors money. ASCs are highly specialized and function on a much smaller scale, so they are able to provide services at a lower price than a full-service hospital. As stated in Section N.2, Medicare saves billions annually when surgical procedures are performed at ASCs instead of hospital outpatient departments HOPDs. Likewise, Medicaid and other insurers benefit from lower prices for services performed in the ASC setting. And specifically, this project will not increase the charges or projected reimbursement for these services, which are established by Medicare, Medicaid, and/or existing private payor contracts.

Private insurance companies tend to save similarly, which means employers also incur lower health care costs when employees utilize ASC services. For this reason, both employers and insurers have been exploring ways to incentivize the movement of patients and procedures to the ASC setting.

- (c) **Identify any applicable energy saving features incorporated into the construction / renovation / up fitting plans and provide any supporting documentation in an Exhibit.**

BROSC designed the ASC to be in compliance with all applicable federal, state, and local building codes, and requirements for energy efficiency and consumption, including Policy GEN-4. The project will be designed to be energy efficient and to conserve water, specifically the 2012 North Carolina Energy Conservation Code. BROSC will develop and implement an Energy Efficiency and Sustainability Plan for the proposed ASC that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest North Carolina State Building Codes. The building codes apply to systems and equipment for electrical power, lighting, heating,

ventilating, air condition service, energy management, water heating and water conservation. The water conservation design standards include the use of low-flow toilets throughout the facility. The facility is being constructed to enable energy efficiency and cost-effective utilities. BROSC will closely monitors its utility usage and costs in order to maintain efficient and environmentally responsible energy operations. BROSC will strive to obtain the most cost-effective utilities available.

BROSC will work with experienced architects and engineers to develop this proposed ASC project to ensure energy efficient systems are an inherent part of the proposed project.

Specific tasks BROSC will accomplish during the ASC design and upfit include:

#### ASC Design

- Oversight and coordination of architects, engineers and all other design consultants to ensure adherence to schedules, budgets and timeframes.
- Drawing analysis / proactive coordination with architect, engineers and other consultants to study methods and materials.

#### ASC Upfit

- Development and oversight of the bidding, purchasing and contracting strategies.
- On-site management of the construction process, from pre-construction through post-construction and move-in periods.
- Budget and schedule development and oversight, including detailed reporting and payment management.



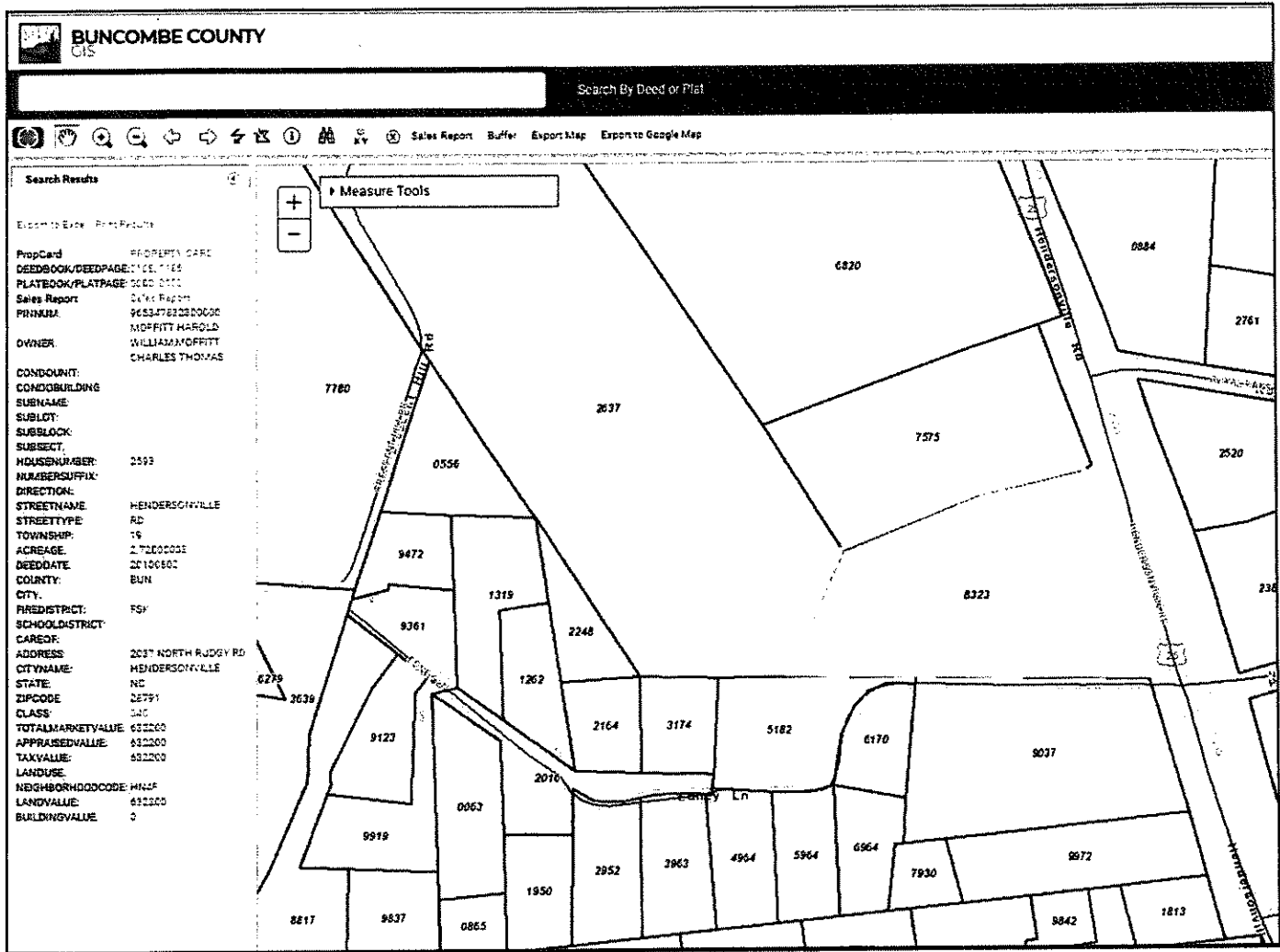


(b) Ownership

- Identify the legal entity that currently holds fee simple title to the proposed primary site (this is usually available on the county’s website).
- If the applicant is not the current owner in fee simple, provide documentation that the site is available for acquisition by purchase, lease, donation or other comparable arrangement.

As shown on the county tax report below, the primary site property (PIN # 9653478323) is owned by Harold William Moffitt and Charles Thomas Moffitt. Please see Exhibit 3 for documentation that the site is available for purchase.

Primary Site Ownership

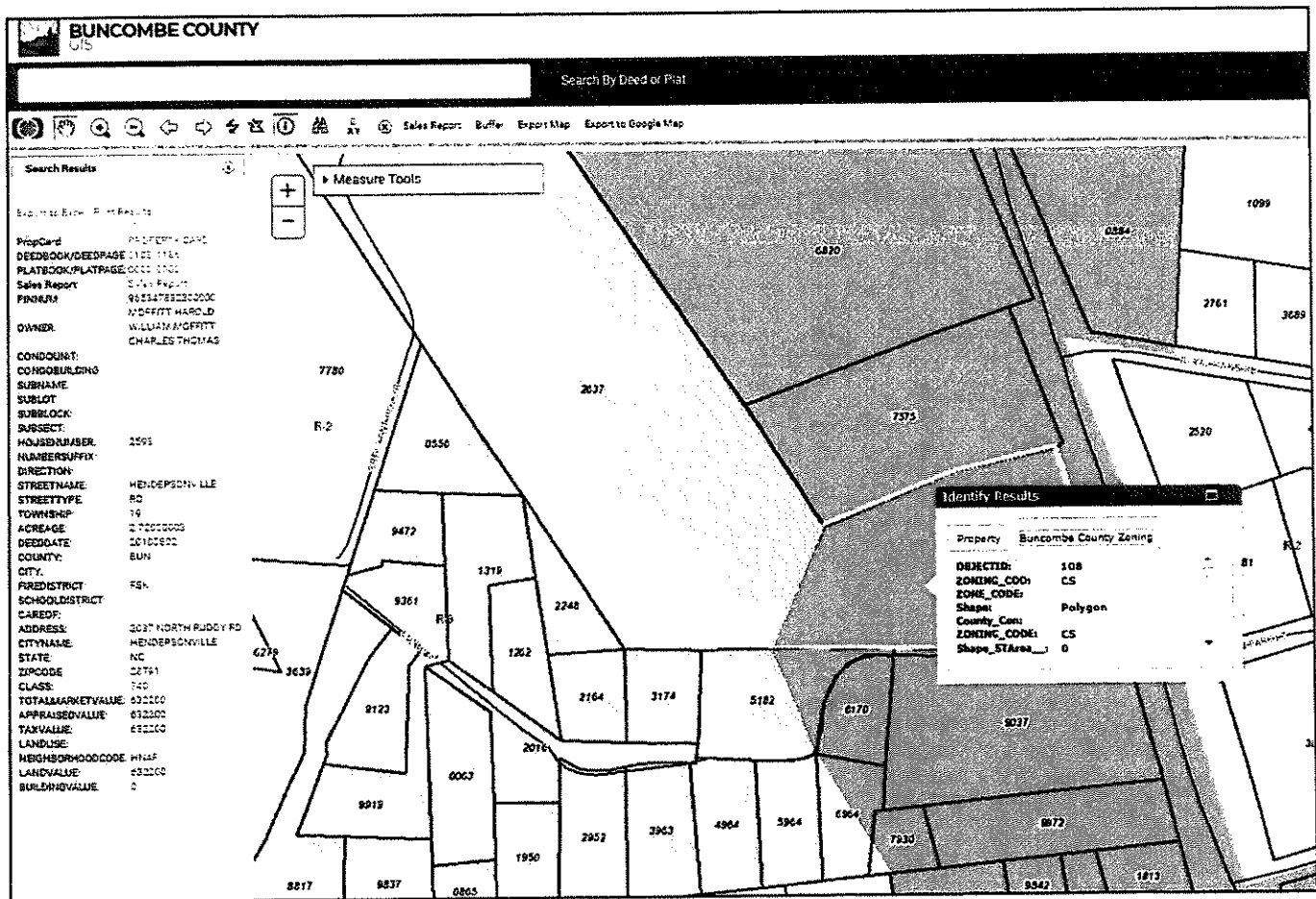


(c) Zoning and Special Use Permits

- Describe the current zoning at the proposed primary site and provide any supporting documentation in an Exhibit.
- If the proposed primary site will require rezoning, describe how the applicant anticipates having it rezoned and provide any supporting documentation in an Exhibit.
- If the proposed primary site will require a special use permit, describe how the applicant anticipates obtaining the special use permit and provide any supporting documentation in an Exhibit.

As shown on the county zoning map below, the primary site is currently zoned "CS" by Buncombe County, which is Commercial Service District. Healthcare facilities is a permitted use at this site, therefore rezoning and special use permit are not required. Please see the county zoning ordinance excerpts in Exhibit 16.

Primary Site Zoning



- (d) **Water** – Describe how water will be provided at the proposed primary site and include any supporting documentation in an Exhibit.
- (e) **Sewer and Waste Disposal** – Describe how sewer and waste disposal services will be provided at the proposed primary site and include any supporting documentation in an Exhibit.
- (f) **Power** – Describe how power will be provided at the proposed primary site and include any supporting documentation in an Exhibit.

The ASC will be located on a parcel of land along Hendersonville Road, a well-developed urban highway. The site is located in Arden and will be connected to the already available City of Asheville water and sewer, and to local power.

6. Proposed Secondary Site (if applicable)

- (a) **Address**

2605 Hendersonville Road

**Street Address (be as specific as possible)**

Arden  
**City**

North Carolina  
**State**

28704  
**ZIP Code**

The proposed secondary site is 100 yards south of the primary site, as shown below.

**Secondary Site for BROSC**



Primary site

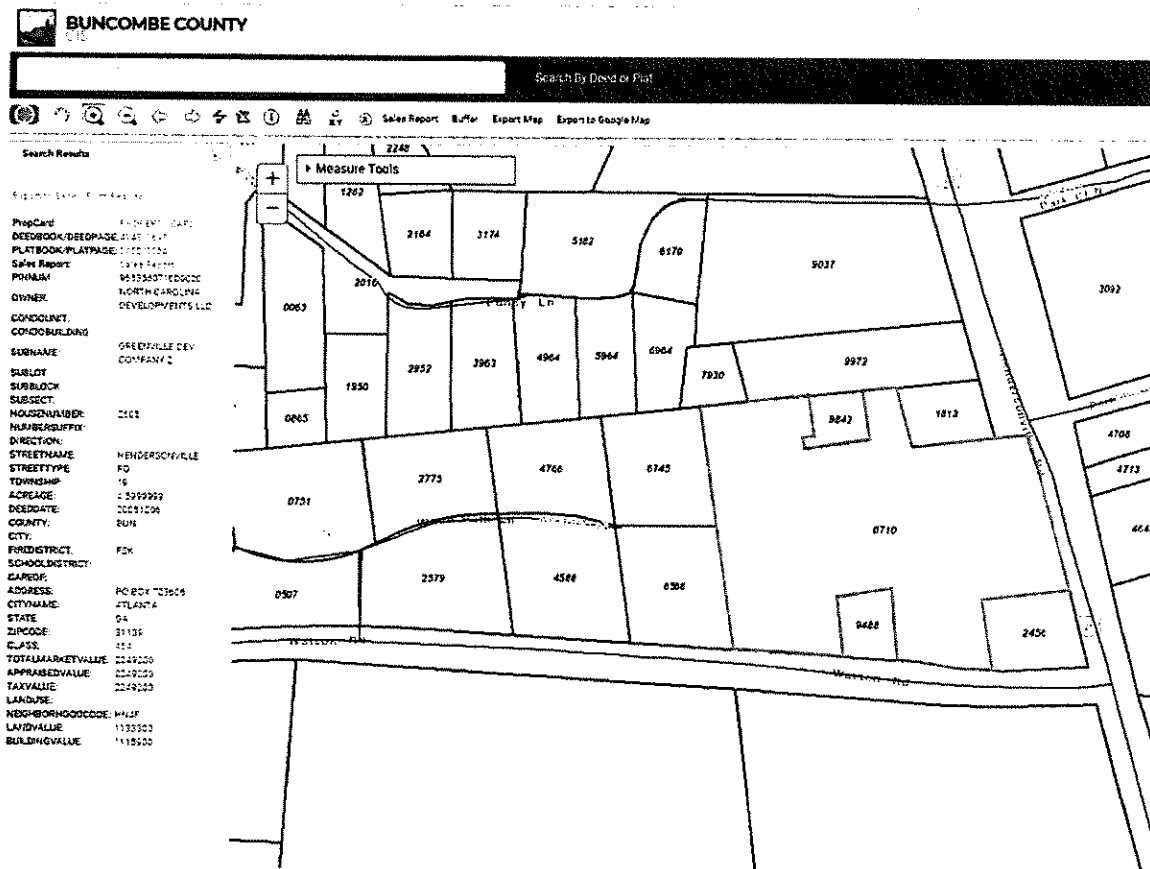
Secondary site

(b) Ownership

- Identify the legal entity that currently holds fee simple title to the proposed secondary site (this is usually available on the County’s website).
- If the applicant is not the current owner in fee simple, provide documentation that the site is available for acquisition by purchase, lease, donation or other comparable arrangement.

As shown on the county tax report below, the secondary site property (PIN # 9653560710) is owned by North Carolina Developments, LLC. Please see Exhibit 3 for documentation that the site is available for purchase. Note that the current platting of the property reflects the parcel owner’s past anticipated retail outparcels. This is reflected only in the platting, but the entire block is owned and contemplated for this project.

Secondary Site Ownership

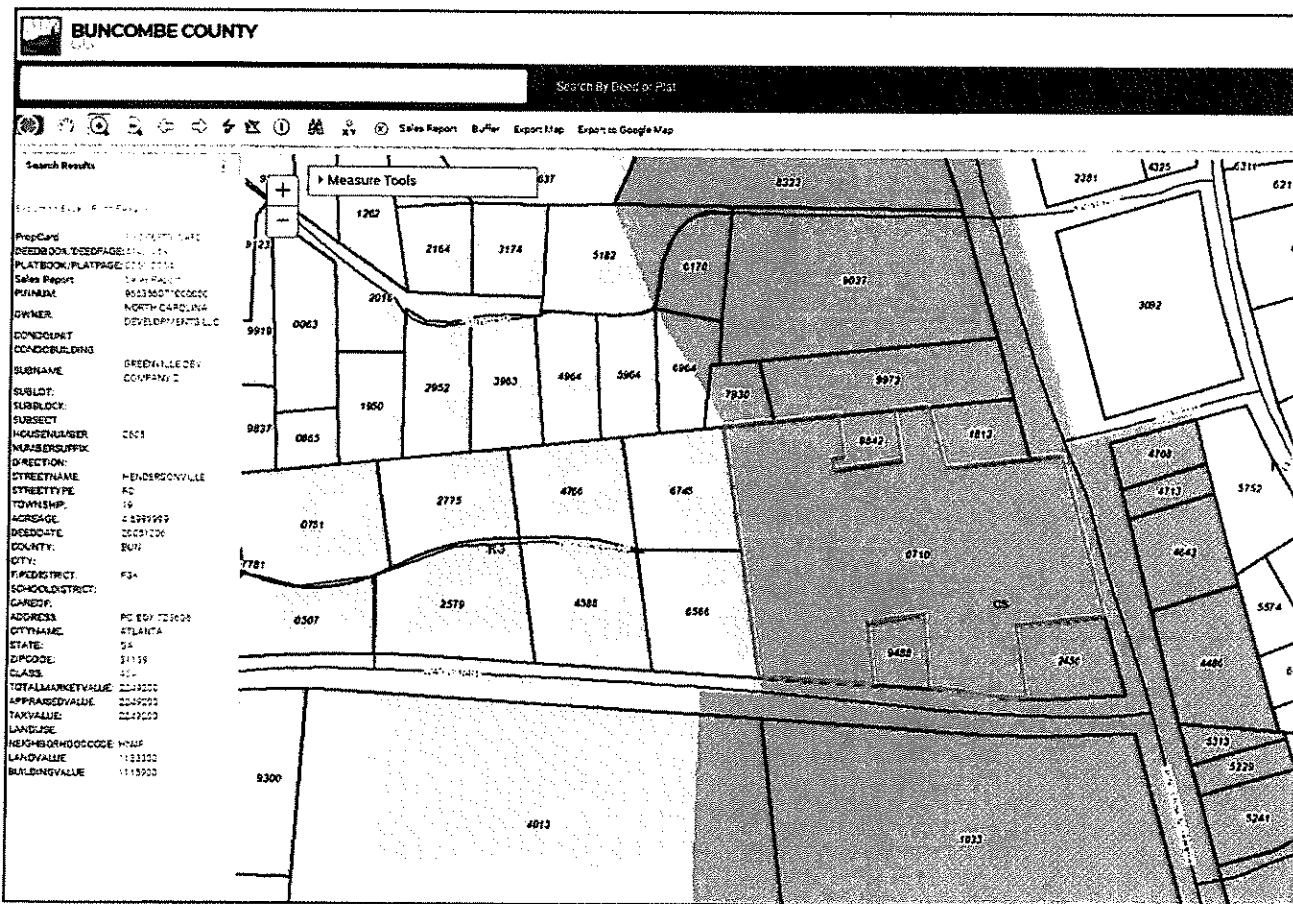


(c) Zoning and Special Use Permits

- Describe the current zoning at the proposed secondary site and provide any supporting documentation in an Exhibit.
- If the proposed secondary site will require rezoning, describe how the applicant anticipates having it rezoned and provide any supporting documentation in an Exhibit.
- If the proposed secondary site will require a special use permit, describe how the applicant anticipates obtaining the special use permit and provide any supporting documentation in an Exhibit.

As shown on the county zoning map below, the secondary site is currently zoned "CS" by Buncombe County, which is Commercial Service District. Healthcare facilities is a permitted use at this site, therefore rezoning and special use permit are not required. Please see the county zoning ordinance excerpts in Exhibit 16.

Secondary Site Zoning



- (d) **Water** – Describe how water will be provided at the proposed secondary site and include any supporting documentation in an Exhibit.
- (e) **Sewer and Waste Disposal** – Describe how sewer and waste disposal services will be provided at the proposed secondary site and include any supporting documentation in an Exhibit.
- (f) **Power** – Describe how power will be provided at the proposed secondary site and include any supporting documentation in an Exhibit.

The ASC will be located on a parcel of land along Hendersonville Road, a well-developed urban highway. The site is located in Arden and will be connected to the already available City of Asheville water and sewer and to local power. Please note that an existing structure on the site will be demolished. The demolition cost is included in the project capital cost estimate.

#### **Change of Scope or Cost Overrun Applications Only**

- 7. **If the information provided in response to Section K, Questions 1 through 6 would be different from what was in the previously approved application:**
  - (a) **Identify each change.**
  - (b) **Explain why each change is necessary.**
  - (c) **Provide any supporting documentation in an Exhibit.**

Not applicable. This project is not a change of scope or a cost overrun application.

## Demonstration of Need

4. (a) Describe the need the patients projected to use the ORs, GI endo rooms or procedure rooms in the facility identified in Section A, Question 7 have for the proposed project.
- (b) Provide any supporting documentation for your response in an Exhibit.

Pursuant to the need determination identified in the 2018 SMFP for two ORs in the Buncombe/Madison/Yancey multi-county service area, BROSC proposes to develop a new ASC with two ORs and two procedure rooms in Arden. The proposed project will:

- help meet the growing demand for ambulatory surgical services in the OR service area and surrounding communities,
- increase patient access to cost-effective ambulatory surgical services in the OR service area, including access for the medically underserved, and
- improve patient satisfaction through offering an ambulatory surgical service with lower cost and charge structures compared to existing hospital-based surgical services.

When identifying the need for the proposed project, BROSC reviewed ambulatory surgery growth trends, service area demographics and growth trends, geography, and physician surgical utilization. This need analysis is described in the following section.

### **Ambulatory Surgery**

According to SMG Marketing, a national leader in healthcare research, more than 16 million outpatient procedures were performed in community hospitals in 1999, compared with 9 million inpatient procedures. By contrast, today four out of every five surgical procedures are performed on an outpatient basis. Factors that contributed to this trend include medical and technological advancements, including improvements in anesthesia and in analgesics for the relief of pain, and the development and expansion of minimally invasive and noninvasive procedures.

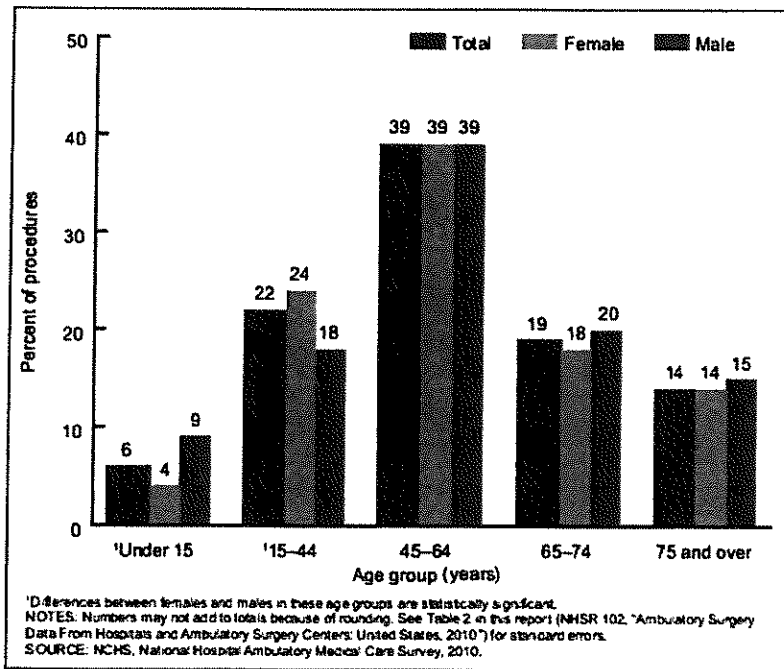
In 2010, 28.6 million ambulatory surgery visits to hospitals and ASCs occurred. During these visits, an estimated 48.3 million surgical and nonsurgical procedures were performed.<sup>1</sup> The following chart illustrates the distribution of procedures by age and sex.

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<sup>1</sup> Hall, et al. *Ambulatory Surgery Data From Hospitals and Ambulatory Surgery Centers: United States, 2010* National Health Statistics Reports, Number 102, February 28, 2017



**Percent distribution of ambulatory surgery procedures in hospitals and ambulatory surgery centers, by age and sex: United States, 2010**



In North Carolina, ambulatory surgery comprises the majority of total surgical utilization. The following table summarizes FY2012-FY2017 surgical utilization by type.

**North Carolina Surgery Cases, FY2012-FY2017**

	FY2013	FY2014	FY2015	FY2016	FY2017*
Inpatient Surgery Cases	252,309	247,399	250,229	252,707	258,944
Ambulatory Surgery Cases	646,204	637,641	652,632	657,664	666,204
<b>Ambulatory Surgery Cases as a % of Total Surgery Cases</b>	<b>71.9%</b>	<b>72.0%</b>	<b>72.3%</b>	<b>72.2%</b>	<b>72.0%</b>

Source: 2013 – 2018 SMFP

\*FY2017 data based on Draft Table 6B, Proposed 2019 SMFP

Ambulatory surgery accounts for approximately 72 percent of all surgical utilization in North Carolina. The 2018 SMFP identifies the need for two additional ORs in the

Buncombe/Madison/Yancey multi-county OR service area. The existing ORs are all located in Buncombe County. The following table summarizes historical inpatient and outpatient surgical cases performed in Buncombe County ORs.

**Buncombe County Surgery Cases, FY2012-FY2017**

	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017*</b>
Inpatient Surgery Cases	12,100	12,067	11,262	11,243	11,384
Ambulatory Surgery Cases	27,998	28,120	28,451	31,175	28,740
<b>Ambulatory Surgery Cases as a % of Total Surgery Cases</b>	<b>69.8%</b>	<b>70.0%</b>	<b>71.6%</b>	<b>73.5%</b>	<b>71.6%</b>

Source: 2013 – 2018 SMFP

\*FY2017 data based on Draft Table 6B, Proposed 2019 SMFP

Based on data provided in the 2018 SMFP, ambulatory surgery accounts for approximately 71.6 percent of all surgical utilization performed in Buncombe County ORs.

Technological advancement has enabled a growing range of procedures to be performed safely on an outpatient basis. Faster acting and more effective anesthetics and less invasive techniques, such as arthroscopy, have driven this outpatient migration. Procedures that only a few years ago required major incisions, long-acting anesthetics and extended convalescence can now be performed through closed techniques utilizing short-acting anesthetics, and with minimal recovery time. In addition, ASCs are known for their rapid throughput and heightened efficiency due to shorter average surgical case length and turn-around time (compared to inpatient cases). As medical innovation continues to advance, more and more procedures will be able to be performed safely in the outpatient setting, further increasing demand for ambulatory surgery.

**Ambulatory Surgery Centers**

ASCs are health care facilities that offer patients the convenience of having surgeries and procedures performed safely outside the hospital setting. Since their inception more than four decades ago, ASCs have demonstrated an exceptional ability to improve quality and customer service while simultaneously reducing costs. The number of ASCs continues to grow in response to demand from the key participants in surgical

care – patients, physicians and insurers. This demand has been made possible by technology but has been driven by high levels of patient satisfaction, efficient physician practice, high levels of quality and the cost savings that have benefited all. In 2014, over 5,400 ASCs treated 3.4 million fee-for-service (FFS) Medicare beneficiaries.<sup>2</sup> Today, 106 Medicare-certified ASCs exist in North Carolina.<sup>3</sup> ASCs offer many benefits to physicians, patients, and payors.

### *Physician Ownership*

By operating in ASCs instead of hospitals, physicians gain increased control over their surgical practices. In the ASC setting, physicians are able to schedule procedures more conveniently, assemble teams of specially trained and highly skilled staff, ensure that the equipment and supplies being used are best suited to their techniques, and design facilities tailored to their specialties and to the specific needs of their patients.

Physician ownership also helps reduce frustrating wait-times for patients and allows for maximum specialization and patient-doctor interaction. Unlike large-scale institutions, ASCs:

- Provide responsive, non-bureaucratic environments tailored to each individual patient's needs,
- Exercise better control over scheduling, so virtually no procedures are delayed or rescheduled due to the kinds of institutional demands that sometimes occur in hospitals such as unforeseen emergency room demands,
- Enable physicians to personally guide innovative strategies for governance, leadership and most importantly, quality improvement.

Physician ownership enables maximum professional control over the clinical environment and over the quality of care delivered to patients. As a result, patients say they have a 92 percent satisfaction rate with both the care and service they receive from ASCs.<sup>4</sup>

Finally, all physicians are bound by a strict code of medical ethics, and ASCs, their owners and the health care professionals who work in ASCs hold themselves to a high standard of care and professionalism.

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<sup>2</sup> MedPac Report to the Congress, March 2016.

<sup>3</sup> Based on data provided by the Centers for Medicare & Medicaid Services (CMS), June 2016

<sup>4</sup> Ambulatory Surgery Center Association. ASCs: A Positive Trend in Health Care  
<http://www.ascassociation.org/advancingsurgicalcare/aboutascscs/industryoverview/apositivetrendinhealthcare>

### *Quality/Safety*

Health care facilities in the United States are highly regulated by federal and state entities. ASCs are not excluded from this oversight. The safety and quality of care offered in ASCs is evaluated by independent observers through three processes: state licensure, Medicare certification and voluntary third-party accreditation.

All ASCs serving Medicare beneficiaries must be certified by the Medicare program. In order to be certified, an ASC must comply with standards developed by the federal government for the specific purpose of ensuring the safety of the patient and the quality of the facility, physicians, staff, services and management of the ASC. The ASC must demonstrate compliance with these Medicare standards initially and on an ongoing basis.

In addition to state and federal inspections, many ASCs choose to go through voluntary accreditation by an independent accrediting organization. Accrediting organizations for ASCs include The Joint Commission, the Accreditation Association for Ambulatory Health Care, the American Association for the Accreditation of Ambulatory Surgery Facilities and the American Osteopathic Association. ASCs must meet specific standards during on-site inspections by these organizations in order to be accredited. All accrediting organizations require an ASC to engage in external benchmarking, which allows the facility to compare its performance to the performance of other ASCs. Upon completion of the proposed project, BROSC will seek accreditation from either the Joint Commission or the AAAHC.

ASCs consistently perform as well as, if not better than, hospital outpatient departments (HOPDs) when quality and safety are examined. CMS requires ASCs to take steps to ensure that patients do not acquire infections during their care at these facilities. ASCs must establish a program for identifying and preventing infections, maintaining a sanitary environment and reporting outcomes to appropriate authorities. The program must be one of active surveillance and include specific procedures for prevention, early detection, control and investigation of infectious and communicable diseases in accordance with the recommendations of the Centers for Disease Control and Prevention. Because of these ongoing efforts, ASCs have low infection rates.

A registered nurse trained in the use of emergency equipment and in cardiopulmonary resuscitation must be available whenever a patient is in the ASC. To further protect patient safety, ASCs are also required to have an effective means of transferring patients to a hospital for additional care in the event of an emergency. Written guidelines outlining arrangements for ambulance services and transfer of medical information are mandatory. An ASC must have a written transfer agreement with a local hospital, or all physicians performing surgery in the ASC must have admitting privileges at the

designated hospital. Although these safeguards are in place, hospital admissions as a result of complications following ambulatory surgery in an ASC are rare.

Continuous quality improvement is an important means of ensuring that patients are receiving the best care possible. An ASC, with the active participation of its medical staff, is required to conduct an ongoing, comprehensive assessment of the quality of care provided.

The excellent outcomes associated with ambulatory surgery reflect the commitment that the ASC industry has made to quality and safety. One of the many reasons that ASCs continue to be so successful with patients, physicians and insurers is their keen focus on ensuring the quality of the services provided.

In addition, ambulatory surgical centers also have newer and more technologically advanced clinical information systems. The organizational efficiency provided by these systems allows improved coordination and communication among care-givers. This ultimately allows for quality patient-focused care and the resulting improved patient outcomes.

From a patient's perspective, most prefer the easy-to-find surgery center with convenient on-site parking. Patients prefer the simplified admissions process and discharge procedures and the less institutional atmosphere of an ASC. The surgery center staff tends to have higher job satisfaction, which translates to more pleasant interactions with patients.

EO | BRD physicians have a long history of providing high-quality healthcare services. Exhibit 15 includes a letter of support from David Sousa, COO and General Counsel for Medical Mutual. Medical Mutual is one of the nation's largest providers of medical professional liability insurance and other services for physicians and medical practices. In his letter of support in Exhibit 15 Mr. Sousa states, "Our company, and I individually, have a multi-decade history of: 1) providing the professional liability insurance coverage for both EO | BRD, and all of its individual providers; 2) working with the group to assure that they deliver the highest quality outcomes for their patients, and 3) monitoring their claims exposure emanating from episodic care. It is rare that we see groups as dedicated as EO | BRD to always keeping their patients first. They have done this not only exceedingly well over decades – they have done it consistently better than the general orthopedic community state-wide, better than the general physician pool state-wide, and because it remains a top priority for them."

Consistent with their experience providing exemplary patient care, EO | BRD physicians will ensure that BROSC is dedicated to continuously promoting quality care and patient safety through compliance with all applicable licensure and certification standards established in regards to ambulatory surgery centers. BROSC will establish and

maintain the highest standards and quality of care, consistent with the high standard that EO | BRD has sustained throughout its history of providing surgical care.

### *Cost-Effectiveness*

Not only are ASCs focused on ensuring patients have the best surgical experience possible, the care they provide is also more affordable. One of the reasons ASCs have been so successful is that they offer valuable surgical and procedural services at a lower cost when compared to hospital charges for the same services. Medicare payments to ASCs are lower than or equal to Medicare payments to HOPDs for comparable services for 100 percent of procedures.

ASCs provide cost-effective care that save the patient, government, and third-party payors money. Because ASCs are highly specialized and function on a much smaller scale, they are able to provide services at a lower price than a full-service hospital. On average, Medicare saves \$2.3 billion annually when surgical procedures are performed at ASCs instead of HOPDs.<sup>5</sup> Likewise, Medicaid and other insurers benefit from lower prices for services performed in the ASC setting.

In 2003, Medicare procedures performed in ASCs cost 83 percent of the amount paid to hospital outpatient departments for the same services. Today, procedures performed in the ASC cost Medicare just 53 percent of the amount paid to HOPDs.

Private insurance companies tend to save similarly, which means employers also incur lower health care costs when employees utilize ASC services. For this reason, both employers and insurers have recently been exploring ways to incentivize patients to utilize freestanding ASCs. A review of commercial medical-claims data found that U.S. health care costs are reduced by more than \$38 billion per year due to the availability of ASCs as an alternative, high quality setting for outpatient procedures. More than \$5 billion of that cost accrues directly to patients through lower deductible and coinsurance payments.<sup>6</sup>

Without the emergence of ASCs as an option for care, health care expenditures would have been billions of dollars higher over the past three decades. Studies have shown the Medicare program would pay approximately \$464 million more per year if all procedures performed in an ASC were instead furnished at a hospital.<sup>7</sup> As the number

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<sup>5</sup> Ambulatory Surgery Center Association. ASCs: A Positive Trend in Health Care.  
<http://www.ascassociation.org/advancingsurgicalcare/aboutascs/industryoverview/apositivetrendinhealthcare>

<sup>6</sup> Ambulatory Surgery Center Association. ASCs: A Positive Trend in Health Care.  
<http://www.ascassociation.org/advancingsurgicalcare/aboutascs/industryoverview/apositivetrendinhealthcare>

<sup>7</sup> Ambulatory Surgery Center Association. ASCs: A Positive Trend in Health Care.  
<http://www.ascassociation.org/advancingsurgicalcare/aboutascs/industryoverview/apositivetrendinhealthcare>

of surgical procedures performed in ASCs grows, the Medicare program may realize even greater savings - and of course Medicare beneficiaries will realize additional out-of-pocket savings as well.

As leaders of the revolution in surgical care who led to the establishment of affordable and safe outpatient surgery, ASCs have shown to be ahead of the curve in identifying promising avenues for improving the delivery of health care. With the cost of healthcare a major concern in today's society, it is important to promote high-quality, cost-effective options. Hence, the upward trend in popularity and utilization of ASCs.

Recognizing the opportunity for quality, access, and service presented by expansion of ambulatory surgery services as proposed in this application, BlueCross BlueShield of North Carolina (BCBSNC) has provided a letter of support for BROSC's proposed new ASC. Please see Exhibit 15 for a letter from Patrick Conway, MD, MSc, President and CEO of BCBSNC. BCBSNC provides innovative health care products, services and information to more than 3.89 million members, including approximately 1 million served on behalf of other Blue Plans.

Endorsement from BCBSNC is evidence of the vital role freestanding ASCs play in reducing costs within healthcare marketplace that is predominately comprised of hospital-based services. According to BCBSNC, its customers pay more for care at Mission Health than at many other health systems.<sup>8</sup> High costs directly contribute to higher premiums and out-of-pocket costs for BCBSNC customers. Hospital costs for outpatient procedures and inpatient hospital stays account for nearly half of all medical costs for Blue Cross NC customers.<sup>9</sup> Also according to BCBSNC, Mission Health is among the most expensive facilities for common inpatient procedures such as newborn deliveries, knee replacements as well as imaging procedures like chest x-rays and CT scans.<sup>10</sup>

BROSC has also received letters of support from Crescent Health Solutions which manages provider networks for numerous self-funded employers in Western North Carolina. Crescent Health Solutions encourages consumer choice in the provision of high quality healthcare in the most cost-effective setting possible and has documented its interest in contracting with BROSC and including the new ASC in its provider network. Please see Exhibit 15.

In summary, the proposed new ASC will enhance access to cost effective ambulatory surgery services for residents of the OR service area and western NC. Furthermore, as

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<sup>8</sup> <http://mediacenter.bcbsnc.com/news/mission-health-system-cancels-contract-with-blue-cross-nc-withdraws-from-network-effective-october-5>

<sup>9</sup> Source: BCBSNC - Insured business only based on Business Segment Report and GAAP income statement, 2016. Excludes group self-funded (ASO) business.

<sup>10</sup> Blue Cross NC Treatment Cost Estimator, Chest x-ray, CT Abdomen Pelvis, Vaginal Delivery, Knee Replacement

insurers like BCBSNC incentivize patients to utilize high quality, lower cost healthcare settings, the local demand for ambulatory surgery performed in freestanding ASCs like BROSC will increase.

**Geographic Access**

Currently, the existing licensed ORs in the Buncombe/Madison/Yancey multi-county OR service area are all located in Buncombe County. The following table summarizes the existing providers and the inventory of ORs.

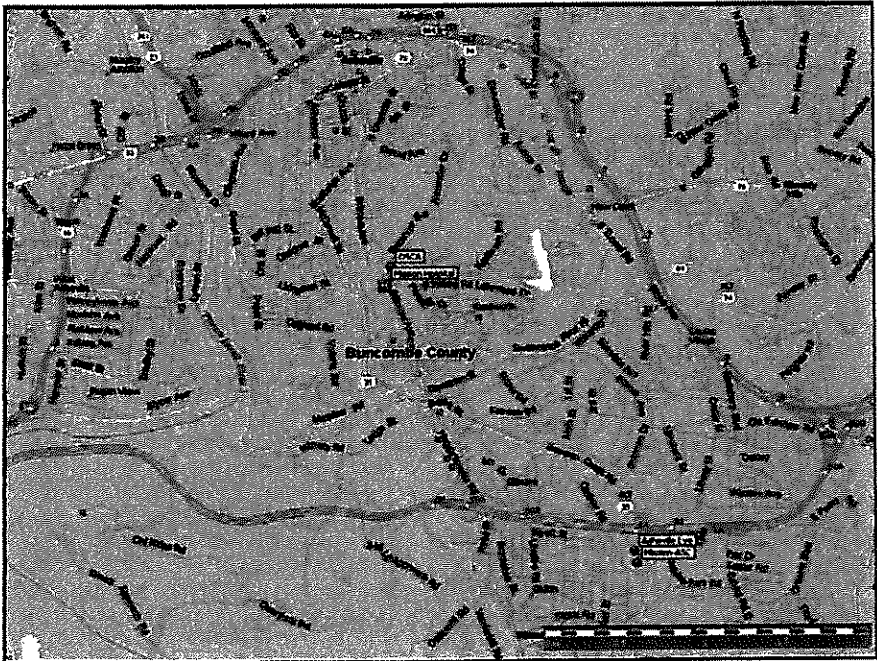
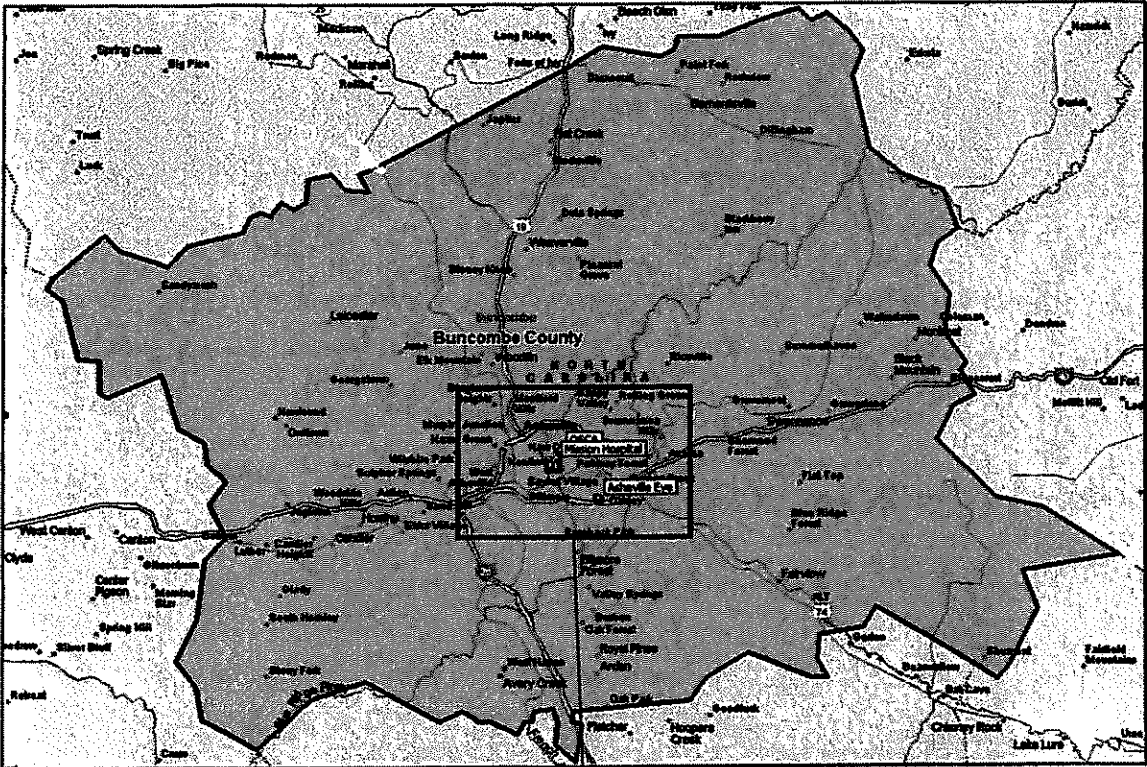
Facility	# of Inpatient ORs (excl ded C-Section ORs)	# of Dedicated C-Section ORs	# of Shared ORs	# of Dedicated Ambulatory ORs	Total # of ORs
Orthopaedic Surgery Center of Asheville	0	0	0	3	3
Asheville Eye Surgery Center	0	0	0	1	1
Mission Hospital	6	2	30	9	47

Source: 2018 License Renewal Applications

Within Buncombe County, the existing licensed ORs are located in central Buncombe County. The following map illustrates the locations of the existing licensed ORs.



Buncombe County OR Locations



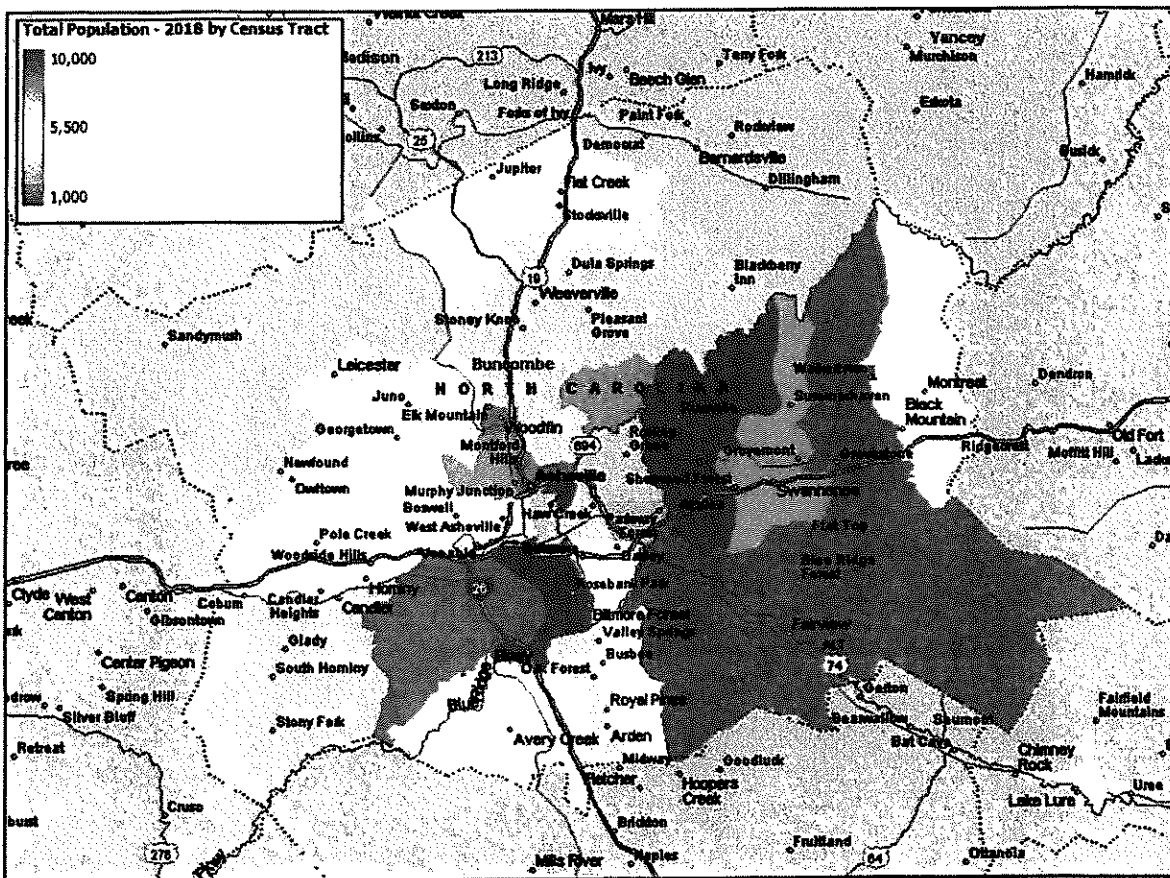
The locations of existing ORs in Buncombe County are concentrated within the central portion of Buncombe County in Asheville. The vast majority of ORs are located on or

proximate to the Mission hospital campus. For information purposes, Mission operates an off-campus ASC; however, that facility provides hospital-based services with HOPD pricing.

Given the concentration of ORs in central Buncombe County, the 2018 SMFP need determination for two additional ORs provides an opportunity to enhance geographic access to ambulatory surgical services. Additionally, there has been a recent shift from providing ambulatory care in centralized settings to expanding access to regional and community care. Responding to changes in third-party payor trends, technology, and clinical judgment, ambulatory health care providers, like EO | BRD and the proposed BROSC ASC, are developing ambulatory services in the community where the people are located, rather than where hospital services may be located. In addition, patients desire to access ambulatory services closer to home.

A review of the population distribution in Buncombe County indicates there is a large and growing population in the southern portion of Buncombe County. The map on the following page illustrates the 2018 population distribution by census tract in Buncombe County.

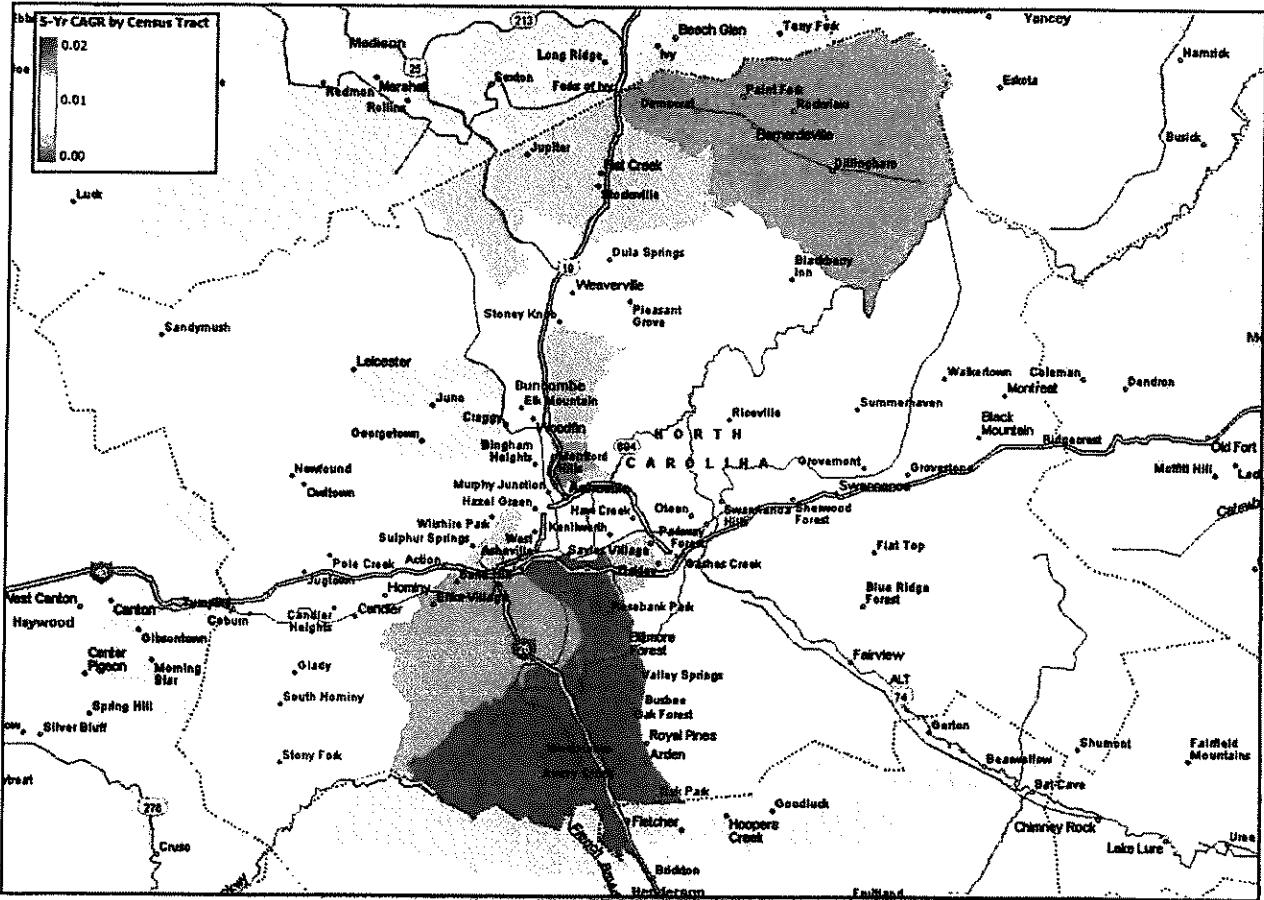
**Buncombe County  
 Population Distribution by Census Tract, 2018**



Population Source: Environics Analytics, see Exhibit 20

The current population located in the central portion of Buncombe County is well-served by the existing 51 ORs located in Asheville. Southern Buncombe County hosts approximately one-third of the county’s total population; however, there are no ORs located in the southern portion of the county. In addition, this area is projected to grow at a comparatively faster rate than the overall county population. The table on the following page summarizes current and projected population by zip code for Buncombe County.

Buncombe County  
Population Growth by Census Tract, 2018-2023 5-YR CAGR



Population Source: Envirionics Analytics, see Exhibit 20

The proposed project will establish a freestanding ASC in southern Buncombe County enhancing geographic access to ambulatory surgical services for BROSC patients. Additionally, the facility will be located proximate to North Carolina Highway 25 and to I-26. Therefore, the proposed new ASC will offer convenient access for patients from throughout the multi-county OR service area.

## Orthopaedic Surgery

As described previously, the proposed new ASC will be staffed and operated to provide orthopaedic ambulatory surgery services during the initial three project years.

The prevalence of musculoskeletal symptoms and disorders has continued to greatly increase in the U.S. over the past decade. The following graphic summarizes prevalence rates for select medical conditions by age and illustrates that musculoskeletal conditions have the highest prevalence rates for individuals age 18 and older compared to the other identified medical conditions.

**Prevalence and Age-Adjusted Rate of Self-Reported Select Medical Conditions by Age, United States 2012**

Medical Condition	Prevalence Per 100 Persons in Age Group					Age-Adjusted Rate [9] Per 100 Total Population
	18-44	45-64	65-74	75+	Total	
Musculoskeletal	41.6	62.4	70.1	69.9	53.9	52.8
Emotional Disorder	37.1	38	27.1	26.1	35.6	34.8
Circulatory	11.4	39.1	60.5	71.8	30.7	30
Sleep Disorder	25.1	31.8	33.3	36.6	29.1	28.5
Respiratory	24.2	32.1	32.9	28.3	28.2	27.6
Migraines or Severe Headaches	22.4	18.5	10.6	7.8	18.7	18.3
Mental Health Disorder	18.1	19.3	16.5	12.3	17.9	17.5
Diabetes	4.8	17.9	28.7	24.5	13.3	13
Blind or Trouble Seeing w/Glasses	5.4	11.3	11	14.9	8.8	8.6
Cancer	2	9.3	21.1	28.6	8.5	8.4
Cognitive Disorder	4.3	8.8	9.8	19	7.6	7.4
Hearing Trouble	1.7	6.3	13.1	27.6	6.4	6.3
Kidney Disease	0.6	1.9	3.1	5.3	1.7	1.6
Liver Disease	0.6	2	2.1	1.1	1.3	1.3

Age-adjusted by direct method to US Census population estimate for July 1, 2012. Accessed October 26, 2013. Source: National Health Interview Survey (NHIS)\_Adult sample. [www.cdc.gov/nchs/nhis/nhis\\_2012\\_data\\_release.htm](http://www.cdc.gov/nchs/nhis/nhis_2012_data_release.htm) July 2, 2013.

Musculoskeletal conditions are among the most disabling and costly conditions suffered by Americans. In 2002, President George W. Bush proclaimed the years 2002–2011 as the United States Bone and Joint Decade, providing national recognition to the fact that musculoskeletal disorders and diseases are the leading cause of physical

disability in this country.<sup>11,12</sup> At the end of the decade, the multiple associations of health providers treating musculoskeletal diseases realized the work had only begun, and the United States Bone and Joint Initiative (USBJI), a part of the Global Alliance for Musculoskeletal Health, was created.

In 2012, a study on the Global Burden of Disease and the worldwide impact of all diseases and risk factors<sup>13</sup> found musculoskeletal conditions such as arthritis and back pain affect more than 1.7 billion people worldwide, are the second greatest cause of disability, and have the 4th greatest impact on the overall health of the world population when considering both death and disability. Professor Christopher Murray, lead investigator, and the authors of the study underline the need to address the rising numbers of individuals with a range of conditions such as musculoskeletal disorders that largely address disability, not mortality, in the future.<sup>14</sup>

As the United States population continues to age in the next 25 years, musculoskeletal impairments will increase because they are most prevalent in the older segments of the population. By 2040, the number of individuals in the United States older than the age of 65 years is projected to grow from the current 15 percent of the population to 21 percent. Health care services worldwide will be facing severe financial pressures in the next 10 to 20 years due to the escalation in the number of people affected by musculoskeletal diseases. Bone and joint disorders account for more than one-half of all chronic conditions in people older than 50 years of age in developed countries, and are the most common cause of severe, long-term pain and disability.<sup>15</sup>

The U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics released a 2017 report presenting national estimates of ambulatory surgical and nonsurgical procedures performed in hospitals and ASCs in the United States during 2010. According to this report, of the 48.3 million ambulatory surgery procedures performed in the United States in 2010, there were 7.1 million operations (15%) on the musculoskeletal system, including procedures on muscle, tendon, fascia, and bursa. The following table summarizes the number of musculoskeletal procedures by category, sex, and age.

<sup>11</sup> Weinstein S: 2000–2010: The Bone and Joint Decade. *J Bone Joint Surg Am* 2000; 82:1-3.

<sup>12</sup> A Proclamation by the President of the United States of America: National Bone and Joint Decade Proclamation: National Bone and Joint Decade, 2002–2011. Office of the Press Secretary, 2002.

<sup>13</sup> [http://www.usbjd.org/projects/project\\_op.cfm?dirID=348](http://www.usbjd.org/projects/project_op.cfm?dirID=348)

<sup>14</sup> Global Burden of Diseases, Injuries and Risk Factors Study 2013. *The Lancet*, July 22, 2014. Available at: <http://www.thelancet.com/themed/global-burden-of-disease> Accessed June 30, 2014.

<sup>15</sup> The Bone and Joint Decade 2000–2010 for prevention and treatment of musculoskeletal disorders. Lund, Sweden, April 17–18, 1998. Conference proceedings. *Acta Orthop Scand Suppl* 1998;:218:1-86.

**Number of ambulatory surgery procedures in hospitals and ambulatory surgery centers, by procedure category, sex, and age: United States, 2010**

Procedure category & ICD-9-CM code	Sex			Age Group (years)				
	Total	Female	Male	< 15	15-44	45-64	65-74	75 +
Number (thousands)								
Operations on the musculoskeletal system (76-84,00.70-00.77,00.80-00.87)	7,076	3,802	3,275	173	2,114	3,456	885	448
Partial excision of bone (76.2-76.3,77.6-77.8)	241	132	109	*	49	141	*29	*
Reduction of fracture (76.7,79.0-79.3)	380	153	227	*52	160	111	*	*
Injection of therapeutic substance into joint or ligament (76.96,81.92)	267	183	84	*	*	127	*48	*
Removal of implanted devices from bone (76.97,78.6)	195	111	83	*	64	87	*	*
Excision and repair of bunion and other toe deformities (77.5)	379	327	*52	*	120	165	*55	*
Arthroscopy of knee (80.26)	692	332	359	*	254	333	80	*
Excision of semilunar cartilage of knee (80.6)	759	374	385	*	196	435	105	*
Replacement or other repair of knee (81.42-81.47,81.54-81.55,00.80-00.84)	571	285	286	*	201	*	*	*
Operations on muscle, tendon, fascia & bursa (82-83)	1,274	636	637	*	319	635	196	88

Source: National Health Statistics Reports, Number 102, February 28, 2017

\*An asterisk with a number indicates that the estimate is based on a relatively small number of cases, and while reliable, should be used with caution.

According to the National Health Statistics Report, the greatest number of musculoskeletal procedures were performed in the 45-54 age cohort (~3.5M or 49%) and the second greatest were performed in the 15-44 age cohort (~2.1M or 30%). As described later in this Section, the population of these age cohorts comprises a significant percentage of the multi-county service area and is projected to steadily increase during the next four years, contributing to the ongoing demand for orthopaedic ambulatory surgery.

ASCs provide a benefit to both patients and orthopaedic surgeons because many musculoskeletal surgical procedures can be provided in an efficient, cost-effective manner. Technological advances increase the procedures that can be safely performed on an outpatient basis, a trend contributing to a shift of cases to the ASC setting. For example, total joint replacements are increasingly being performed on an outpatient basis; according to healthcare intelligence firm Sg2, from 2012 to 2015, there was a 47 percent increase in the number of elective outpatient hip and knee replacement

procedures. Sg2 predicts there will be 77 percent growth in joint replacements over the next 10 years, but inpatient total joint replacements are only projected to grow 3 percent over the same time period.

The number of ASCs offering outpatient total joint replacements has jumped from around 25 in 2014 to more than 200 in 2017, according to a report from Advisory Board.<sup>16</sup> According to Becker's ASC Review, there are at least five ASCs in North Carolina that perform total joint replacements, including: Triangle Orthopaedics Surgery Center (Raleigh, NC), Blue Ridge Surgery Center (Raleigh, NC), Charlotte Surgery Center, Fayetteville Ambulatory Surgery Center, Mallard Creek Surgery Center (Charlotte, NC), and Surgical Center of Greensboro.<sup>17</sup>

The Medicare inpatient-only (IPO) list includes procedures that are only paid under the Hospital Inpatient Prospective Payment System. Each year, CMS uses established criteria to review the IPO list and determine whether or not any procedures should be removed from the list. CMS removed total joint replacements from the inpatient-only list in 2018, paving the way for a greater potential number of total joint replacements to be performed in the ASC setting. This will further increase demand for ambulatory surgery in ASCs.

The high demand for outpatient orthopaedic surgery offers a tremendous opportunity to improve quality, value and access through the proposed new ambulatory surgery center. Orthopaedic ambulatory surgery represents the largest volume of all outpatient surgical cases by specialty performed in Buncombe County ORs. As seen in the table on the following page, orthopaedic surgery makes up approximately 23.9% of all outpatient surgical cases performed in Buncombe County ORs.

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<sup>16</sup> <https://www.advisory.com/daily-briefing/2017/08/10/joint-replacement>

<sup>17</sup> <https://www.beckersasc.com/lists/123-asc-s-performing-total-joint-replacements.html>



**Buncombe County Surgical Operating Rooms  
 FY2017 Outpatient Surgical Cases by Specialty**

Specialty	OSCA	Asheville Eye	Mission	Total	% of Total
Orthopedics	3,250	0	3,609	6,859	23.9%
Ophthalmology	0	2,378	2,823	5,201	18.1%
General	0	0	3,397	3,397	11.8%
Other*	0	0	3,187	3,187	11.1%
Otolaryngology	0	0	2,486	2,486	8.6%
Oral Surgery	0	0	2,011	2,011	7.0%
OBGYN**	0	0	1,764	1,764	6.1%
Urology	0	0	1,568	1,568	5.5%
Neurosurgery	0	0	800	800	2.8%
Vascular	0	0	516	516	1.8%
Podiatry	109	0	378	487	1.7%
Plastic Surgery	0	0	446	446	1.6%
Cardiothoracic	0	0	18	18	0.1%
Oncology	0	0	0	0	0.0%
<b>Total</b>	<b>3,359</b>	<b>2,378</b>	<b>23,003</b>	<b>28,740</b>	<b>100.0%</b>

\*Other includes Podiatry, Hand, Trauma, Dentistry, Urogynecology

\*\*Excluding C-Sections

Source: 2018 License Renewal Applications

Totals may not foot due to rounding.

Given that orthopaedic surgery is the most common outpatient surgical specialty in the service area, an orthopaedic ASC would be an effective alternative to increase access to ambulatory surgical services. Additionally, as described later in this Section, the need for orthopaedic surgery services will continue to increase in the future due to the population growth rate and the aging of the population within the service area.

**EO | BRD Ambulatory Surgery Utilization**

Orthopedic surgery is the foundation of EmergeOrtho. In 2017, EO | BRD physicians performed over 4,600 outpatient surgical cases on residents of the Buncombe/Madison/Yancey County OR service area and surrounding communities. Experienced board-certified, fellowship-trained physicians perform the most advanced inpatient and outpatient specialty procedures in a friendly, caring environment at many area hospitals. Patients receive one-on-one attention and personalized care to ensure a comfortable experience.

The following table provides historical ambulatory surgery cases for the orthopaedic surgeons who have indicated support for the proposed ASC, and their intent to utilize the proposed OR.

**BROSC User Surgeons  
 Historical Ambulatory Surgical Cases**

	<b>CY2015</b>	<b>CY2016</b>	<b>CY2017</b>
Ambulatory Surgery Cases	3,801	3,870	4,672

Source: EO|BRD

Based on recent data, orthopaedic ambulatory surgery cases for the EO | BRD physicians that will utilize the proposed ASC have increased by a CAGR of 10.9%. The need for ambulatory surgical services will continue to increase in the future due to the high population growth rate and aging population within the service area.

**Service Area Demographics**

The service area for surgical operating rooms per 10A NCAC 14C .2101(12) means the OR service area as defined in Chapter 6 in the 2018 SMFP. The 2018 SMFP identifies Buncombe, Madison, and Yancey counties as a multi-county OR service area. In addition to the identified OR service area, residents of Henderson County comprise approximately 36 percent of the ambulatory surgery patient origin for the EO | BRD physicians who will utilize the proposed ASC (see Section C.2). Therefore, for the purpose of demonstrating need the population has for the proposed services, BROSC has included demographic information for Henderson County in addition to demographic information specific to the defined OR service area.

North Carolina Office of State Budget and Management (NCOSBM), projects the following population for the multi-county OR service area and Henderson County.

**Projected Population**

County	2018	2019	2020	2021	2022	4-YR CAGR
Buncombe	264,666	267,800	270,935	274,072	277,207	1.2%
Henderson	117,902	119,575	121,192	122,755	124,265	1.3%
Madison	22,504	22,769	23,034	23,299	23,562	1.2%
Yancey	18,254	18,311	18,366	18,423	18,479	0.3%
Total	423,326	428,455	433,527	438,549	443,513	1.2%

Source: North Carolina Office of State Budget & Management

NCOSBM projects the combined population of these four counties will grow by a CAGR of 1.2 percent during the next four years, or 20,187 additional residents, from 2018 to 2022. This growth rate is higher compared the projected statewide growth rate of 1.1 percent during the same time period.

The following table summarizes projected population growth by age cohort for the multi-county OR service area and Henderson County.

**Projected Population by Age Cohort**

<b>2018 Population Estimates</b>	<b>&lt;18</b>	<b>18-44</b>	<b>45-64</b>	<b>65+</b>	<b>Total</b>
Buncombe	50,226	91,517	70,607	52,316	264,666
Henderson	22,214	32,915	31,515	31,258	117,902
Madison	4,017	7,007	6,436	5,044	22,504
Yancey	3,325	5,478	4,936	4,515	18,254

<b>2022 Population Estimates</b>	<b>&lt;18</b>	<b>18-44</b>	<b>45-64</b>	<b>65+</b>	<b>Total</b>
Buncombe	50,700	95,573	71,553	59,381	277,207
Henderson	22,258	34,890	32,254	34,863	124,265
Madison	4,000	7,332	6,458	5,772	23,562
Yancey	3,360	5,623	4,745	4,751	18,479

<b>4-YR CAGR by Age Cohorts</b>	<b>&lt;18</b>	<b>18-44</b>	<b>45-64</b>	<b>65+</b>	<b>Total</b>
Buncombe	0.24%	1.09%	0.33%	3.22%	1.16%
Henderson	0.05%	1.47%	0.58%	2.77%	1.32%
Madison	-0.11%	1.14%	0.09%	3.43%	1.16%
Yancey	0.26%	0.66%	-0.98%	1.28%	0.31%

Source: North Carolina Office of State Budget & Management

The young adult population (age 18-44) comprises over 32 percent of the total 4-county population and is projected to increase steadily during the next four years. For this population, sports-related injuries are particularly relevant. Sports are integrally woven into the fabric of American society. From fandom, through recreational athletics, all the way to participation in professional athletics, sports are an important component of American lifestyle. Over the past few decades, an increase in participation in both youth sports as well as recreational activity has been noted – with a resultant increase in both acute and chronic musculoskeletal injuries. Anterior Cruciate Ligament (ACL) injury is most prevalent in patients 15-45 years of age.<sup>18</sup> It is more common in this age group in part because of their more active lifestyle as well as higher participation in sports. Surgical correction for ACL injury is a common surgical procedure performed

<sup>18</sup> Griffin LY. Noncontact Anterior Cruciate Ligament Injuries: Risk Factors and Prevention Strategies. Journal of the American Academy of Orthopaedic Surgeons. 2000; 8:141-150.

in ASCs. Therefore, the large and growing population base of young adults is ideally suited to benefit from the proposed ASC.

The baby boomer generation is also contributing to the increasing demand for ambulatory surgery. More than previous generations, baby boomers are entering the age where they are retiring from their jobs, but they are not retiring from the physical activities they love, from running marathons to playing with their grandchildren. They want to stay active, and they want to feel young. Their refusal to slow down puts an extra strain on their aging bodies. The more baby boomers are involved in a sporting activity, the more they are at risk of getting injured. Some of the most common injuries among this age group include ankle sprains, overuse tendinitis, meniscal tears, hip labral tears, wrist sprains, tennis elbow, rotator cuff tears and the flare-up of arthritic joints.<sup>19</sup>

The youngest baby boomers turned 50 in 2014. Thus, the next 15 years will continue to see robust growth of the aging adult population. The growing population age 65 and older will have a dramatic impact on the demand for orthopaedic surgical services.

### **Physician Support**

Local physicians are enthusiastic about the proposed project. BROSC has received support from many physicians in the local service area. These physicians currently refer patients to EO | BRD, some of whom receive surgical services as part of their treatment. Please refer to Exhibit 19 for letters of support from local physicians.

Upon completion of the proposed project, at least 17 physicians (16 orthopaedic surgeons and one interventional physiatrist) are expected to utilize the proposed facility initially. Please refer to Exhibit 19 for letters of support for this project. Please see Section Q for historical ambulatory surgical cases for BROSC user physicians and the methodology and assumptions for projecting surgical utilization at BROSC.

### **Summary**

In summary, BROSC has identified the population to be served by the proposed project and the need the population has for the proposed new ASC. The proposed project will:

- help meet the growing demand for ambulatory surgical services in the Buncombe/Madison/Yancey multi-county OR service area,

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<sup>19</sup> How Baby Boomers Can Prevent Sports Injuries. (n.d.). Retrieved from <https://www.abingtonhealth.org/healthy-living/health-news/library/articles-related-to-general-health/how-baby-boomers-can-prevent-sports-injuries/#.WvMQWYgyUk>

- increase patient access to ambulatory surgical services, including access for the medically underserved,
- increase geographic access to ambulatory surgical services,
- offer a new freestanding ASC to local residents, and
- increase access to ambulatory surgical services and scheduling options

5. If the proposal involves relocating any existing ORs or GI endo rooms to a different campus within the same service area or relocating and replacing the entire facility to a different campus within the same service area:

- Explain why the relocation or replacement is needed by the patients projected to use the ORs or GI endo rooms in the new location.
- Explain why the proposed site was selected as compared to other sites in the service area.
- Explain how the number of ORs or GI endo rooms to be relocated was determined.
- Provide any supporting documentation for your responses in an Exhibit.

Not applicable.

### *Historical and Projected Utilization*

6. Operating Room Projects (i.e., for projects that involve ORs)

(a) Group Assignment

(i) Existing Facilities - Identify the facility's Group Assignment as reported in Table 6A in the SMFP in effect at the time the review begins:

(ii) Existing Facilities - Are you proposing that the Group Assignment will change as a result of this project? Yes \_\_\_\_\_ No \_\_\_\_\_

If you answered yes,

- Identify the new Group Assignment: \_\_\_\_\_
- Explain why the new Group Assignment is appropriate.
- Provide any supporting documentation in an Exhibit.

Question 6 subparts (a)(i) and (ii) are not applicable. The proposed project involves development of a new ASC.

(iii) **New Facilities** - Identify the proposed Group Assignment for the new facility based on the table below: 6

Explain why that is the appropriate Group Assignment and provide any supporting documentation in an Exhibit.

Group	Facility Type
1	Academic Medical Center Teaching Hospital
2	Hospitals reporting more than 40,000 surgical hours
3	Hospitals reporting 15,000 to 40,000 surgical hours
4	Hospitals reporting less than 15,000 surgical hours
5	Separately licensed ambulatory surgical facilities that perform at least 50% of their procedures in either ophthalmology or otolaryngology, or a combination of the two specialties
6	All separately licensed ambulatory surgical facilities not in Group 5

BROSC projects that 100 percent of its ambulatory surgery cases will be orthopaedic surgical cases. Thus, BROSC does not project that at least 50% of its cases will be comprised of either ophthalmology or otolaryngology, or a combination of the two specialties. Please refer to Section Q for BROSC' methodology and assumptions for projecting surgical cases at BROSC.

(b) **Standard Hours per OR per Year** - Identify the Standard Hours per OR per year for the facility based on the Group Assignment identified in response to Question 6(a) and the following table: 1,312.5

Group	Hours per Day	Days per Year	Standard Hours per Operating Room per Year
1	10	260	1,950.0
2	10	260	1,950.0
3	9	260	1,755.0
4	8	250	1,500.0
5	7	250	1,312.5
6	7	250	1,312.5

(c) Case Times

- (i) **Existing Facilities** - Identify the facility's Final Case Times as reported in Table 6B in the SMFP in effect at the time the review begins and use those times to project estimated surgical hours in Form C.

Final Inpatient Case Time: \_\_\_\_\_

Final Outpatient Case Time: \_\_\_\_\_

Question 6 Subpart (c)(i) is not applicable. The proposed project involves development of a new ASC.

- (ii) **New Facilities** - Identify the Average Final Case Times from Step 5b of the OR Need Methodology in Chapter 6 of the SMFP in effect at the time the review begins for the group identified in response to Question 6(a)(ii) and use those times to project estimated surgical hours in Form C.

Average Final Inpatient Case Time: Not applicable

Average Final Outpatient Case Time: 68.6 minutes

(d) Health System

- (1) Identify all licensed or approved health service facilities with operating rooms located in the same service area that are or would be part of the applicant's health system, as that term is defined in Chapter 6 of the SMFP in effect at the time the review begins.

The 2018 SMFP identifies Buncombe/Madison/Yancey County as a multi-county operating room service area.

The following licensed health service facilities with operating rooms are located in the SMFP-identified service area:

- Orthopaedic Surgery Center of Asheville
- Asheville Eye Surgery Center
- Mission Hospital.



- (2) For each facility identified in response to Question 6(d)(1), provide the number of existing and approved ORs by completing the following table.

Facility	# of Inpatient ORs (excl ded C-Section ORs)	# of Dedicated C-Section ORs	# of Shared ORs	# of Dedicated Ambulatory ORs	Total # of ORs
Orthopaedic Surgery Center of Asheville	0	0	0	3	3
Asheville Eye Surgery Center	0	0	0	1	1
Mission Hospital	6	2	30	9	47

Source: 2018 License Renewal Applications

7. Complete Form C Utilization, which is found in Section Q. If the proposal results in an increase in the # of ORs in the service area, complete a separate Form C Utilization for each facility in the applicant's health system, as that term is defined in Chapter 6 of the SMFP in effect at the time the review begins.
- (a) Historical – Provide actual annual utilization data for three full fiscal years prior to the submission of the application. If three years of data is not available, provide annual utilization data since the service was first offered.
  - (b) Interim – Provide projected annual utilization data for each full fiscal year from the last full fiscal year prior to submission of the application until the project is complete. One year of annualized data may be necessary to complete the form as requested and is permissible. If it is necessary to include one year of annualized utilization data, specify the number of months for which actual utilization data is available, provide the total actual utilization data for those months and describe the method used to annualize the partial year of actual utilization data. Additional columns may be added to the spreadsheet for multiple interim years.

Question 7 subparts (a) and (b) are not applicable. The proposed project involves development of a new ASC.

- (c) **Projected – Provide projected annual utilization data for the first three full fiscal years after completion of the proposed project. A partial fiscal year of projected utilization data following completion of the project may be necessary and is permissible. If it is necessary to include a partial fiscal year of projected utilization data, specify the number of months included in the partial fiscal year. Then include three full fiscal years of projected annual utilization data.**
- (d) **Provide the assumptions and the methodology used to project utilization. These should be placed in Section Q, immediately following the completed Form C Utilization. They may be in either Word or Excel.**
- (e) **Provide any supporting documentation in an Exhibit.**

Please see “Form C Utilization” immediately following Section Q.

### Access

8. **Describe the extent to which all area residents, including low income persons, racial and ethnic minorities, women, handicapped persons, the elderly and other underserved groups, will have access to the proposed services.**

All area residents, including low income persons, racial and ethnic minorities, women, handicapped persons, the elderly and other underserved groups, will have access to the proposed new ASC, as clinically appropriate. BROSC will not discriminate on the basis of race, ethnicity, age, gender, or disability. Policies to provide access to services by low income, medically indigent, uninsured, or underinsured patients are described and provided in Exhibit 11. As set forth in the pro formas, a significant proportion of BROSC’s proposed surgical services will be provided to Medicare, Medicaid, and uninsured patients.

Please see Section L for details regarding access to services for medically underserved groups.

**SECTION J - "CRITERION (9)" - G.S. 131E-183(a)(9)**

*"An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals."*

1. What portion of the project's services does the applicant propose to be provided to individuals not residing in the Health Service Area (HSA) in which the project is located or in adjacent HSAs?

BROSC in Buncombe County is located in HSA I. As demonstrated in Section C.3, approximately 93.6% of patients to be served by the proposed new ASC during Project Year Two (CY2021) reside in HSA I and adjacent HSAs II and III. Approximately 6.4% of patients are projected to reside in other non-adjacent North Carolina counties from HSAs IV, V, and VI or other states, each of which would comprise 1% or less of total projected patient origin.

2. If a substantial portion of the facility's services will be provided to individuals not residing in the HSA in which the project is located or in adjacent HSAs, document the special needs and circumstances that warrant service to these individuals.

Note: Criterion (9) only applies if a "substantial portion" of the patients expected to utilize the facility reside in a "health service area" (i.e., HSA) that is not adjacent to the HSA where the facility is located. The following table identifies the non-adjacent HSAs for each HSA.

HSA	Non-adjacent HSAs
I	IV, V and VI
II	VI
III	IV and VI
IV	I and III
V	I
VI	I, II and III

"Substantial portion" is not defined in the CON Law but some of the synonyms for "substantial" are big, considerable, large and sizable. Thus, it would have to be a relatively large percentage of the total number of patients projected to be served in order to be considered a "substantial portion."

Not applicable. BROSC does not project that a substantial portion of the facility's services will be provided to individuals not residing in HSA I or in adjacent HSAs II and III. As demonstrated in Section C.3, approximately 93.6% of patients to be served by the proposed new ASC during Project Year Two (CY2021) reside in HSA I and adjacent HSAs II and III. Approximately 6.4% of patients are projected to reside in other non-adjacent North Carolina counties from HSAs IV, V, and VI and other states, each of which would comprise 1% or less of total projected patient origin. BROSC does not consider this to be a sizeable proportion. The projected patient origin of BROSC is rooted in the historical experience of EO | BRD ambulatory surgery patients.

As described previously, BROSC will operate as a regional resource for all western North Carolina residents, and will not deny access to care for any patients with a clinical need for outpatient surgery services.

In Section C, the applicant demonstrates the need the population has for the proposed ASC based on demographic, epidemiologic, and historical patient data.

**SECTION L - "CRITERION (13)" - G.S. 131E-183(a)(13)**

*"The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:*

- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;*
- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;*
- (c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and*
- (d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians."*

For change of scope or cost overrun applications, skip to Section L, Question 6.

- 1. (a) Describe the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the service area by completing the table below.

Question L.1.(a) is not applicable because BROSC is not an existing facility. However, for information purposes, the table on the following page portrays the demographics of EO | BRD patients and demonstrates that the physicians of EO | BRD have historically provided access to persons of all age, gender, and race.

**EmergeOrtho | Blue Ridge Division  
 Patient Demographics, CY2017**

	Percentage of Total Patients Served by EO BRD, CY2017	Percentage of the Population of Buncombe County
Female	53%	52.1%
Male	43%	47.9%
Unknown	4%	0.0%
64 and Younger	63%	80.9%
65 and Older	37%	19.1%
American Indian	0%	0.5%
Asian	0%	1.3%
Black or African-American	2%	6.4%
Native Hawaiian or Pacific Islander	0%	0.2%
White or Caucasian	88%	83.8%
Other Race	2%	8.4%
Declined / Unavailable	8%	0.0%

Sources: EO|BRD and United States Census Bureau

- (b) **Current Payor Sources - Complete the following table for the entire facility or campus and each service component involved in the proposal for the last full fiscal year prior to submission of the application. Additional columns may be added as necessary or the payor source for each service component may be provided in a separate table.**

Not applicable. BROSC is not an existing facility.

2. (a) **Is the facility obligated under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and handicapped persons?**  
 Yes \_\_\_\_\_ No X

BROSC is a new facility, with no obligation under applicable Federal regulations to provide uncompensated care, community service, or access by minorities and handicapped persons. However, BROSC will not discriminate based on race, color, national origin, age, disability, or sex. BROSC will have a policy to provide all services

to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay or any other factor that would classify a patient as underserved. The proposed ambulatory surgery center will be available to and accessible by any outpatient, including the medically underserved, having a clinical need for the offered services.

The ASC will be designed to ensure accessibility for handicapped persons and will be constructed conforming to the North Carolina State Building Code, the National Fire Protection Association 101 Life Safety Code, American National Standards Institute (ANSI) Standards for Handicapped Access, and all other requirement of federal, state, and local bodies. The planned spaces will be accessible to persons with disabilities, as required by the Americans with Disabilities Act.

In short, BROSC's planned facility will be designed and operated consistent with:

- \* Title VI of the Civil Rights Act of 1963
- \* Section 504 of the Rehabilitation Act of 1973
- \* The Age Discrimination Act of 1975

**(b) If you answered yes in response to Question L.2(a), describe how the facility has fulfilled or is fulfilling its requirement.**

- (c) Identify each patient civil rights equal access complaint filed against the existing facility and/or any similar facilities owned by a related entity in North Carolina in the last five years.**
- (d) Describe the current status of each complaint identified in response to Question L.2(c).**

BROSC is a proposed new licensed facility. However, BROSC is not aware of any court actions filed alleging patient civil rights equal access violations at any similar facilities in the past five years.

**3. Projected Payor Sources during the Second Full Fiscal Year of Operation following Completion of the Project.**

- (a) Complete the following table.**

(b) Provide the assumptions and methodology used to project each payor source.

**BROSC Projected Payor Mix**

Payor Source	Entire Facility or Campus	Operating Rooms	Procedure Rooms	GI Endo Rooms
Self-Pay	%	0.75%	1.95%	%
Charity Care	%	%	%	%
Medicare *	%	37.50%	47.46%	%
Medicaid *	%	5.79%	4.33%	%
Insurance *	%	48.28%	40.64%	%
Workers Compensation	%	5.26%	4.50%	%
TRICARE	%	0.68%	0.54%	%
Other (VA & other government)	%	1.75%	0.58%	%
Total	100.0%	100.0%	100.0%	100.0%

\* Including any managed care plans

The payor mix is based on the historical payor mix of surgical cases and non-surgical procedures performed by EO | BRD surgeons.

For comparison purposes, the tables below show the most recent payor mix for outpatient surgical cases at the three existing Buncombe County licensed facilities. (Note: neither Madison nor Yancey counties have any licensed healthcare facilities performing surgery.) These tables show that the projected BROSC payor mix is comparable to the existing historical payor mix, especially for an orthopaedic specialty.



**2017 Outpatient Surgery Payor Mix  
 Buncombe County Licensed Facilities**

Payor Type	Facility			Total	% of Total
	Mission Hospital	OSCA	Asheville Eye SC		
<i>Self-Pay/Charity Care</i>	669	5	409	1,083	3.43%
<i>Medicare</i>	8,121	1,120	3,864	13,105	41.48%
<i>Medicaid</i>	4,382	157	118	4,657	14.74%
<i>Commercial</i>	171	58	125	354	1.12%
<i>Managed Care</i>	8,862	381	978	10,221	32.35%
<i>Other</i>	798	1,371	6	2,175	6.88%
<b>Total</b>	<b>23,003</b>	<b>3,092</b>	<b>5,500</b>	<b>31,595</b>	<b>100.0%</b>

source: 2018 License Renewal Applications included in Exhibit 7.

Payor Type	Mission Hospital	OSCA	Asheville Eye SC
<i>Self-Pay/Charity Care</i>	2.91%	0.16%	7.44%
<i>Medicare</i>	35.30%	36.22%	70.25%
<i>Medicaid</i>	19.05%	5.08%	2.15%
<i>Commercial</i>	0.74%	1.88%	2.27%
<i>Managed Care</i>	38.53%	12.32%	17.78%
<i>Other</i>	3.47%	44.34%	0.11%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**4. Charity or Reduced Cost Care**

- (a) Describe how the facility determines or will determine which patients qualify for charity or reduced cost care.**

Patients will access outpatient surgery services at BROSC via physician referral. Outpatient surgical services at BROSC will be available to all persons with a clinical need who present themselves with a physician referral for services. BROSC will provide outpatient surgical services to Medicare and Medicaid recipients, the uninsured and the underinsured, without regard to race, color, national origin, age, disability, or sex.

BROSC will serve the medically indigent through charitable care. When this is the case, BROSC financial counselors will be trained and financial policies are designed to help the patients. BROSC defines charity care as free or discounted care provided to persons in medical need who are unable to financially afford or pay for their care, and who do not qualify for public or private assistance. BROSC will identify such persons at the time services are rendered, and patients may receive a discount for eligible services. BROSC will use the current Federal Poverty Income Guidelines estimated by adjusted gross income, family members, medical expenses, and living expenses for determining eligibility for charity care.

- (b) Provide a copy of the facility's existing or proposed charity or reduced cost care policies.**

Please refer to Exhibit 11 for the BROSC Charity Care and Financial Assistance policy.

**5. Indicate the means by which a person will have access to the facility's services (e.g., physician referral, self-admission, etc.).**

Access to the ASC will be by physician referral. Please refer to Exhibit 19 for letters from surgeons and referring physicians who support development of the proposed ambulatory surgery center.

**SECTION N - "CRITERION (18a)" - G.S. 131E-183(a)(18a)**

*"The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact."*

**For change of scope or cost overrun applications, skip to Section N, Question 4.**

- 1. Explain the expected effects of the proposed project on competition in the proposed service area.**

The proposed ASC project will promote cost-effectiveness, quality, and access to services via creation of a new ASC to better serve local residents, and therefore will promote competition in the proposed service area because it will enable BROSC to better meet the needs of EO | BRD's existing patient population, and to ensure more timely provision of and convenient access to outpatient surgical services for all area residents.

- 2. Discuss how the proposal will have a positive impact on:**

- (a) Cost effectiveness of the proposed services;**

ASCs provide cost-effective care that save the patient, government, and third-party payors money. Because ASCs are highly specialized and function on a much smaller scale, they are able to provide services at a lower price than a full-service hospital. On average, the Medicare program and its beneficiaries share in more than \$2.6 billion in savings each year because the program pays significantly less for procedures performed in ASCs when compared to the rates paid to hospitals for the same procedures.<sup>1</sup> Accordingly, patient co-pays are also significantly lower when care is received in an ASC. Likewise, Medicaid and other insurers benefit from lower prices for services performed in the ASC setting. And specifically, this project will not increase the charges or projected reimbursement for these services, which are established by Medicare, Medicaid, and/or existing private payor contracts.

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<sup>1</sup> Ambulatory Surgery Center Association: "ASCs: A Positive Trend in Health Care"

The cost to both Medicare and the patient are lower in ASCs than in hospital outpatient surgery departments. For example, a Medicare beneficiary will save over \$200 in co-pays if a meniscal repair is performed in an ASC rather than a hospital; the savings to Medicare are over \$800. A Government Accountability Office (GAO) study comparing ASC with Hospital Outpatient Department (HOPD) costs demonstrated that the cost of an ASC procedure was 84 percent of the cost of an HOPD procedure.<sup>2</sup> The Medicare Payment Advisory Commission (MedPAC) states in their March 2015 report, “We believe it is desirable to maintain beneficiaries’ access to ASCs because Medicare and beneficiaries pay less for services provided in ASCs than in HOPDs”.

According to the Ambulatory Surgery Center Association, in Charlotte, NC, the average ASC price for a knee arthroscopy was \$6,118, while the average HOPD price was \$12,493, more than twice as expensive. That means \$6,375 is saved on average in Charlotte, NC, when a patient chooses an ASC for a knee arthroscopy. BROSC anticipates similar savings in Buncombe County for orthopaedic surgical cases.

Without the emergence of ASCs as an option for care, health care expenditures would have been tens of billions of dollars higher over the past four decades. Private insurance companies tend to save similarly, which means employers also incur lower health care costs when employees utilize ASC services. For this reason, both employers and insurers have recently been exploring ways to create an incentive for the movement of patients and procedures to the ASC setting.

**(b) Quality of the proposed services; and**

BROSC is dedicated to ensuring quality care and patient safety through compliance with all applicable licensure and certification standards established in regards to ambulatory surgery centers. BROSC will establish and maintain the highest standards and quality of care, consistent with the high standard that EO | BRD has sustained throughout its history of providing surgical care.

As required to participate in the Medicare program, BROSC will meet certain conditions set by the federal government to ensure that the facility is operated in a manner that assures the safety of patients and the quality of services. BROSC will maintain complete, comprehensive and accurate medical records. The content of these records will include a medical history and physical examination relevant to the reason for the surgery and the type of anesthesia planned. In addition, a physician will examine the patient immediately before surgery to evaluate the risk of anesthesia and

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<sup>2</sup> GAO Report to Congressional Committees. "Medicare: Payment for Ambulatory Surgical Centers Should Be Based on the Hospital Outpatient Payment System."

the procedure to be performed. Prior to discharge each patient will be evaluated by a physician for proper anesthesia recovery.

As required by CMS, BROSC will take steps to ensure that patients do not acquire infections during their care. BROSC will establish a program for identifying and preventing infections, maintaining a sanitary environment and reporting outcomes to appropriate authorities. The program will involve active surveillance and include specific procedures for prevention, early detection, control and investigation of infectious and communicable diseases in accordance with the recommendations of the Centers for Disease Control and Prevention.

Whenever a patient is in the ASC, a registered nurse trained in the use of emergency equipment and in cardiopulmonary resuscitation will be present. To further protect patient safety, BROSC will have an effective means of transferring patients to a hospital for additional care in the event of an emergency. BROSC will have written guidelines outlining arrangements for ambulance services and transfer of medical information. BROSC will have a written transfer agreement with a local hospital, or all physicians performing surgery in the ASC will have admitting privileges at a local hospital. Please see Exhibit 12.

Continuous quality improvement is an important means of ensuring that patients are receiving the best care possible. BROSC, with the active participation of its medical staff, will conduct an ongoing, comprehensive assessment of the quality of care provided.

As described in Section H.3, BROSC will require all employees to participate in initial orientation, ongoing in-service education, and to have regular performance evaluations. Licensed staff members will be required to maintain their respective licensure and attend mandatory training and certification programs related to patient safety, infection control, CPR and emergency preparedness. Please refer to Exhibit 10 for information regarding employee professional training and continuing education.

Please see Exhibit 9 for copies of BROSC quality-related policies and procedures, including the Quality Assurance/Performance Improvement/Risk Management Program, the Safety Program, and the Infection Prevention and Control Plan.

**(c) Access by medically underserved groups to the proposed services.**

BROSC will comply with applicable Federal civil rights laws and will not discriminate on the basis of race, color, national origin, age, disability, gender, or sexual orientation. BROSC will not exclude people or treat them differently because of race, color, national origin, age, disability, gender, sexual orientation.

BROSC will:

- Provide free aids and services to people with disabilities to communicate effectively with us, such as:
  - Qualified sign language interpreters.
  - Written information in other formats (large print, audio, accessible electronic formats, other formats).
- Provide free language services to people whose primary language is not English, such as:
  - Qualified interpreters.
  - Information written in other languages.

Specific to this project, outpatient surgery services will be available to and accessible by any patient having a clinical need for such services. As a certified provider under Title XVIII (Medicare), BROSC will provide its services to the elderly. Services to low income persons will be provided by BROSC as a certified provider under Title XIX (Medicaid). BROSC will be a participating Medicare and Medicaid provider to serve the elderly and medically indigent populations in Buncombe County and surrounding communities. BROSC projects a combined Medicare/Medicaid payor mix of 43.29% for surgical cases.

The proposed ASC will be designed to ensure accessibility for handicapped persons and will be conforming to the North Carolina State Building Code, the National Fire Protection Association 101 Life Safety Code, American National Standards Institute (ANSI) Standards for Handicapped Access, and all other requirement of federal, state, and local bodies. The planned spaces will be accessible to persons with disabilities, as required by the Americans with Disabilities Act.

3. For projects where competition between providers will not have a favorable impact on cost effectiveness, quality, and access to the proposed services, explain why the proposed project is a service on which competition will not have a favorable impact.

Not applicable. As described in Section N.2, this proposed project will have a positive impact on cost effectiveness, quality and access to services for ambulatory surgery patients in Buncombe County and surrounding communities.

**Change of Scope or Cost Overrun Applications Only**

4. If the information provided in response to Section N, Questions 1 through 3 would be different from what was in the previously approved application:
- (a) Identify each change.
  - (b) Explain why each change is necessary.
  - (c) Provide any supporting documentation in an Exhibit.

Not applicable. This project is not a change of scope or a cost-overrun application.

**SECTION E - "CRITERION (4)" - G.S. 131E-183(a)(4)**

*"Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed."*

1. **Are there any alternative methods of meeting the needs for the proposed project?**

Yes   X              Respond to Question E.2  
No                   Respond to Question E.3

2. **If you answered yes to Section E.1:**

(a) **Describe each alternative method of meeting the needs for the proposed project.**

- Maintain status quo
- Pursue a joint venture
- Develop ORs in another geographic location
- Develop a multi-specialty ASC

(b) **For each alternative method not selected, explain how that alternative is more costly or less effective than the selected alternative.**

**Maintain Status Quo**

One approach, which would involve no capital expenditure, is to do nothing. BROSC would not pursue development of the proposed ASC project. However, this is not the most effective alternative. As described previously, there is a need for expanded access to cost effective ambulatory surgery services in the identified service area.

As described in Section C.4, the number of ambulatory surgery cases performed in the service area has consistently increased during recent years. In 2017, EO | BRD physicians performed over 4,600 ambulatory surgery cases. Approximately 85 percent of these cases were performed in hospital-based ORs. Therefore, there is a tremendous opportunity to reduce the cost of ambulatory surgery for EO | BRD patients. BROSC will not be affiliated with any HOPD. This means BROSC will not have hospital payor contracts, which in turn places its reimbursement eligibility far below that of HOPDs, enabling BROSC to offer surgical services at a lower cost than the HOPDs.

BROSC's physician members have proven they have the resources to meet the orthopaedic needs of service area residents and provide the highest quality of care.



BROSC's physician members are part of EmergeOrtho, the largest orthopaedic group in the service area and is the second largest orthopaedic group in North Carolina. BROSC's physician members offer a diverse and broad scope of services including state-of-the-art medical treatment, surgery, physical medicine and rehabilitation, physical and occupational therapy, interventional physiatry, orthotics, sports medicine, and other medical and diagnostic services.

The proposed project will expand access to high quality outpatient surgical services beyond what is presently available for service area residents. The project is in response to growing demands in the local area for ambulatory surgery, and for a desire to offer patients the comfort and convenience of receiving ambulatory surgery in a dedicated-outpatient facility.

For these reasons, maintaining the status quo is not the most effective alternative at this time.

#### **Pursue a Joint Venture**

EO | BRD physicians considered developing the proposed ASC as a joint venture. In fact, EO | BRD reached out to local hospitals during 2017 to initiate discussions about developing a new ASC in Buncombe County. However, these dialogues stalled which necessitated the decision to pursue development of a CON application under the current ownership structure. Unfortunately, when EO | BRD was re-approached regarding the potential for a joint venture, it was too late for EO | BRD to change its course regarding development of the proposed new ASC. However, the LLC organization structure will enable the potential for local hospitals or orthopaedic physicians to become members of the LLC in the future.

#### **Develop the Proposed ASC in Another Location**

BROSC considered developing the proposed ASC in another location in the OR service area. However, upon review of the existing resources and population distribution within the service area, BROSC determined the proposed location is the most effective alternative for the project.

The 2018 SMFP identifies Buncombe, Madison, and Yancey counties as a multi-county OR service area. NCOSBM projects the following population for the multi-county OR service area.

**Buncombe/Madison/Yancey County OR Service Area  
 Projected Population**

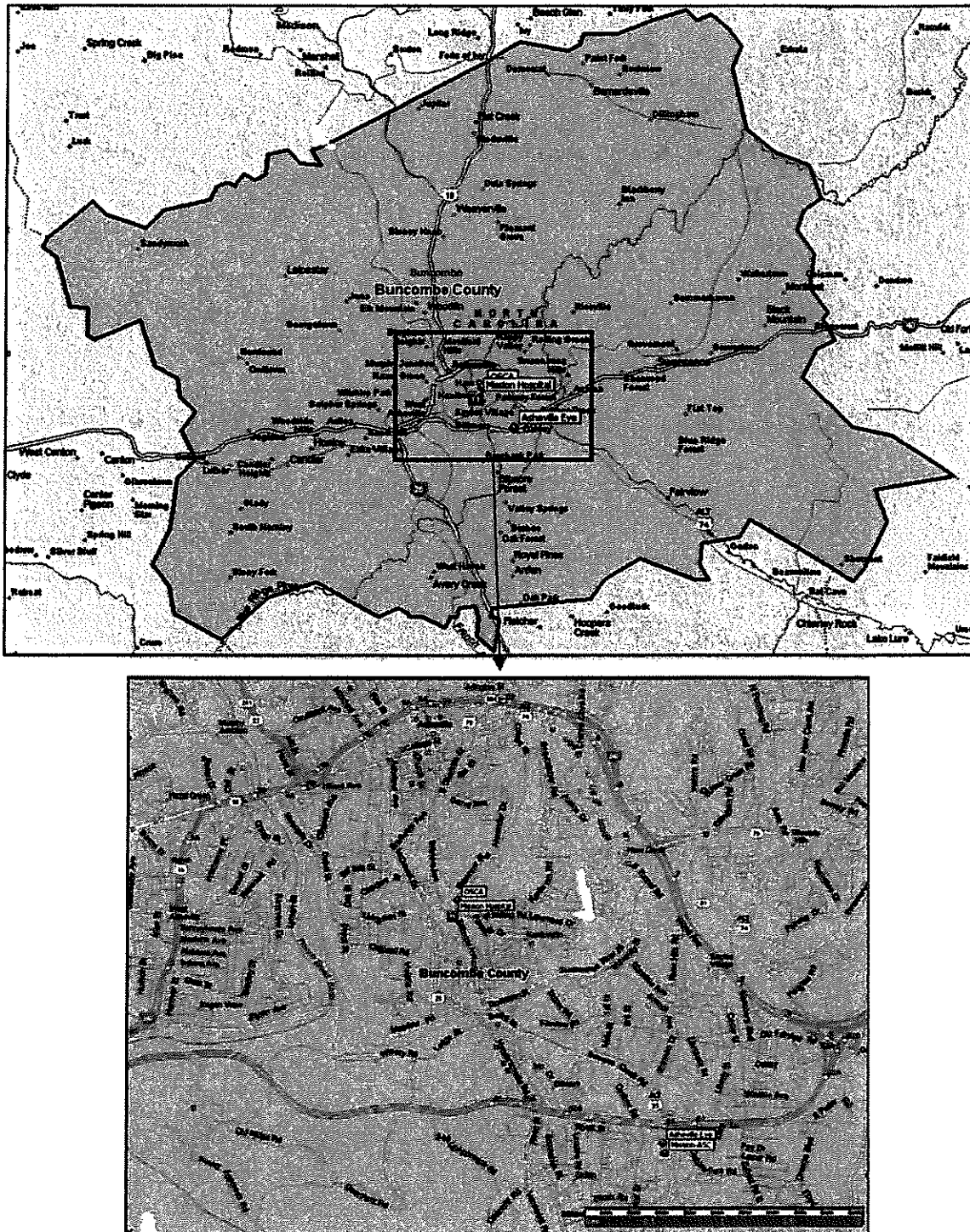
County	2018	2019	2020	2021	2022	4-YR CAGR
Buncombe	264,666	267,800	270,935	274,072	277,207	1.2%
Madison	22,504	22,769	23,034	23,299	23,562	1.2%
Yancey	18,254	18,311	18,366	18,423	18,479	0.3%

Source: North Carolina Office of State Budget & Management

Based on NCOSBM data, approximately 86.7 percent of residents in the multi-county OR service area reside in Buncombe County. Due to the comparatively smaller population size in both Madison County and Yancey County, BROSC determined that locating the proposed ASC in either Madison County or Yancey County was not the most effective alternative with regard to access. Buncombe County provides the greatest access to service area residents. Additionally, Buncombe County is the medical hub of western North Carolina. Residents from throughout the region travel to Buncombe County to obtain healthcare services. Therefore, BROSC determined Buncombe County was the most effective alternative for the proposed ASC.

Within Buncombe County, the existing licensed ORs are located in central Buncombe County. The following map illustrates the locations of the existing licensed ORs.

### Buncombe County OR Locations



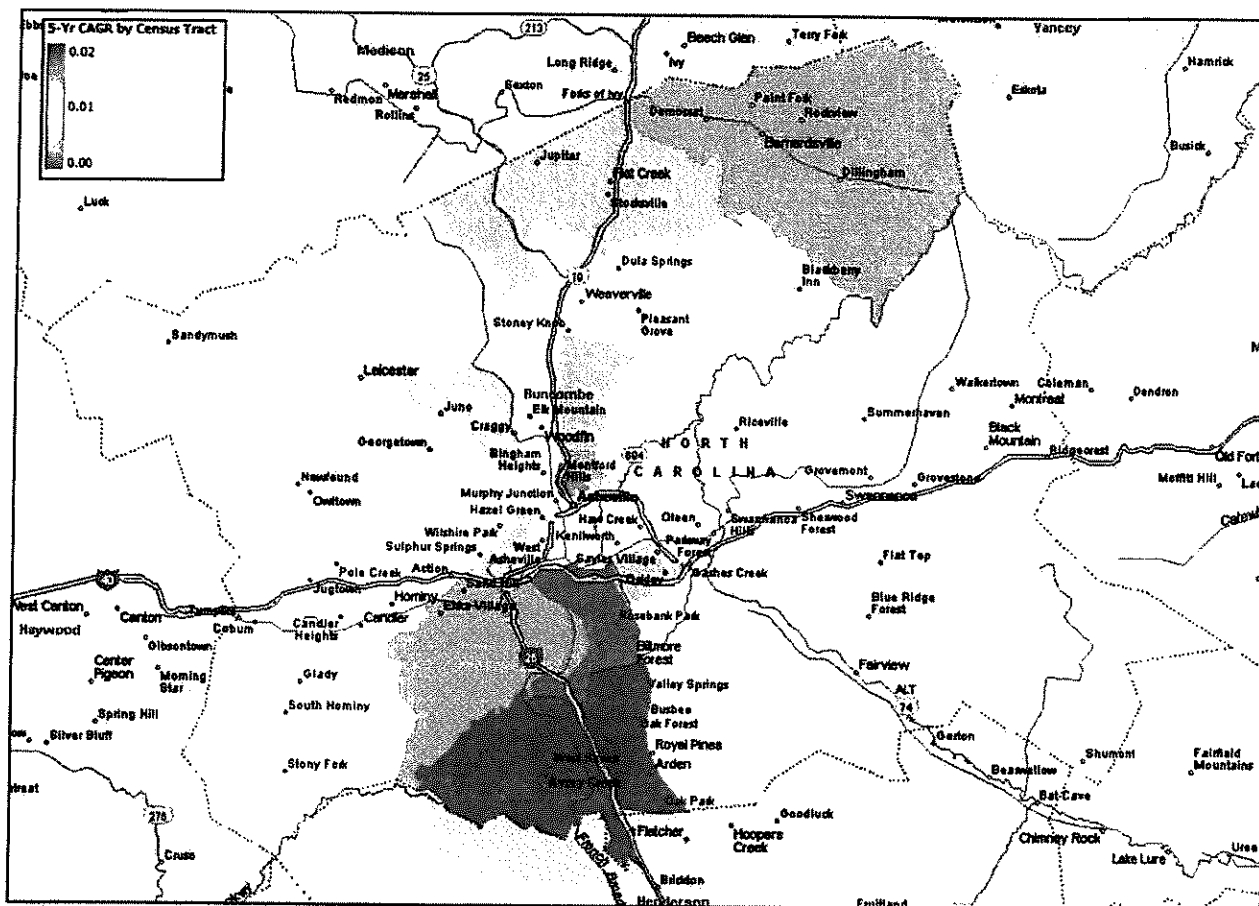
The locations of existing ORs in Buncombe County are concentrated within the central portion of the county in Asheville. The vast majority of ORs are located on or

proximate to the Mission hospital campus. For information purposes, Mission operates an off-campus ASC; however, the facility provides hospital-based services with HOPD pricing.

Given the concentration of ORs in central Buncombe County, the 2018 SMFP need determination for two additional ORs provides an opportunity to enhance geographic access to ambulatory surgical services. Additionally, there has been a recent shift from providing ambulatory care in centralized settings to expanding access to regional and community care. Responding to changes in third-party payor trends, technology, and clinical judgment, ambulatory health care providers, like EO | BRD and the proposed BROSC ASC are developing ambulatory services in the community where the people are located, rather than where hospital services may be located. In addition, patients desire to access ambulatory services closer to home.

As described in Section C.4, a review of the population distribution in Buncombe County indicates there is a large and growing population in the southern portion of Buncombe County. The current population located in the central portion of Buncombe County is well-served by the existing 51 ORs located in Asheville. Southern Buncombe County hosts approximately one-third of the county's total population; however, there are no ORs located in the southern portion of the county. In addition, this area is projected to grow at a comparatively faster rate than the overall county population. The table on the following page summarizes current and projected population by zip code for Buncombe County.

### Buncombe County Population Growth by Census Tract, 2018-2023 5-YR CAGR



Population Source: Envirionics Analytics, see Exhibit 20

The proposed project will establish a freestanding ASC in southern Buncombe County enhancing geographic access to ambulatory surgical services for BROSC patients. Additionally, the facility will be located proximate to North Carolina Highway 25 and to I-26. Therefore, the proposed new ASC will offer convenient access for patients from throughout the multi-county OR service area.

The proposed ambulatory surgery center will be located in a planned new construction building located near EO | BRD's clinic on Hendersonville Road in Arden. A review of EO | BRD's ambulatory surgery patient origin indicates a significant portion of patients reside in the southern portion of Buncombe County and Henderson County as well. Thus, the proposed location will be familiar to EO | BRD patients. Please refer to the following map.



**Develop an ASC Without Procedure Rooms**

BROSC considered developing the proposed ASC without procedure rooms; however, BROSC determined this was not the most effective alternative. Developing the proposed ASC with two procedure rooms enables physicians to rotate procedures between each room while the other is being cleaned between patients. Additionally, the combination of two ORs and two procedure rooms leverages facility staff and resources to maximize economies of scale. These benefits enable the ASC to be more efficient and productive.

**Develop a Multi-Specialty ASC With Procedure Rooms**

BROSC considered developing a multi-specialty ASC with procedure rooms; however, BROSC determined this was not the most effective alternative at this time. A proposal to develop a multi-specialty ASC would have resulted in increased capital costs associated with the relevant equipment needed for the various surgical specialties involved. OR turn over time could also potentially increase when the room changes over between different surgical specialties. This would decrease the efficiency of the facility. For these reasons, this alternative was not feasible at this time.

- (c) **Provide any supporting documentation in an Exhibit.**

Not applicable.

**3. If you answered no to Section E.1:**

- (a) **Explain why there is no alternative method of meeting the need for the project.**  
(b) **Provide any supporting documentation in an Exhibit.**

Not applicable.

**SECTION G - "CRITERION (6)" - G.S. 131E-183(a)(6)**

*"The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities."*

**For change of scope or cost overrun applications, skip to Section G, Question 4.**

**1. Identify all existing and approved facilities that provide the same services and are located in the service area.**

The service area for surgical operating rooms per 10A NCAC 14C .2101 (12) means the OR service area as defined in Chapter 6 in the 2018 SMFP. The 2018 SMFP identifies a multi-county OR service area consisting of Buncombe, Madison, and Yancey counties. For information purposes, all of the service area ORs are located in Buncombe County. Three licensed facilities with ORs are located in Buncombe County:

- Orthopaedic Surgery Center of Asheville
- Asheville Eye Surgery Center
- Mission Hospital

In addition to the identified OR service area, residents of Henderson County comprise approximately 36 percent of the ambulatory surgery patient origin for the EO | BRD physicians who will utilize the proposed ASC (see Section C.2). Therefore, for information purposes, BROSC has included facility information for Henderson County in addition to facility information specific to the defined OR service area. Two licensed facilities with ORs are located in Henderson County:

- Park Ridge Health
- Margaret R. Pardee Memorial Hospital



2. If available from a public source such as the SMFP or license renewal application forms on file with the Division of Health Service Regulation, for each existing facility identified in response to Question G.1, provide the total annual utilization during the last full fiscal year prior to submission of the application.

The following provides publicly available FY2017 utilization data for each existing facility identified in response to Question G.1.

**Buncombe/Madison/Yancey County OR Service Area**

		FY2017
Mission Hospital	Inpatient Cases	12,645
	Outpatient Cases	23,003
	Total Cases	35,648
Orthopaedic Surgery Center of Asheville	Outpatient Cases	3,359
Asheville Eye Surgery Center	Outpatient Cases	2,378

Source: 2018 License Renewal Applications

**Henderson County**

		FY2017
Park Ridge Health	Inpatient Cases	1,090
	Outpatient Cases	4,304
	Total Cases	5,394
Margaret R. Pardee Memorial Hospital	Inpatient Cases	2,255
	Outpatient Cases	4,928
	Total Cases	7,183

Source: 2018 License Renewal Applications

3. (a) Explain why the proposed project will not result in an unnecessary duplication of the existing or approved facilities that provide the same services and are located in the service area.
- (b) Provide any supporting documentation for your response in an Exhibit.

As described in Section C.4, the applicants demonstrate the need the population has for the proposed new ASC based on demographic data specific to the OR service area, historical EO | BRD surgical utilization, and qualitative benefits, including enhanced geographic access and access to a new freestanding ASC with non-HOPD charges.

Please see Section Q for projected surgical utilization for BROSC, which is based on reasonable and adequately supported assumptions.

As described in Section C.4, the proposed project will provide numerous benefits to local residents vis a vis quality, access, and cost effectiveness. For example, ASCs provide cost-effective care that save the patient, government, and third-party payors money. Because ASCs are highly specialized and function on a much smaller scale, they are able to provide services at a lower price than a full-service hospital. Approximately 85 percent of the ambulatory surgical cases performed by anticipated BROSC user physicians are currently being performed in hospital-based settings, thus these patients have the potential to benefit from the proposed ASC and its lower charge and cost structure. Additionally, the proposed BROSC location will enhance geographic access in southern Buncombe County where there is a large and growing population. Please see Section C.4 for additional detail. In conclusion, BROSC adequately demonstrates that the proposal will not result in an unnecessary duplication of existing or approved services in the service area.

**2. Coordination with Existing Health Care System**

- (a) **Existing Facility – Describe the facility’s existing and proposed relationships with other local health care and social service providers and provide any supporting documentation in an Exhibit.**

Not applicable. BROSC is not an existing facility.

- (b) **New Facility – Describe the efforts made by the applicant(s) to develop relationships with other local health care and social service providers and provide any supporting documentation in an Exhibit.**

EmergeOrtho | Blue Ridge Division is a longstanding existing healthcare provider in western North Carolina and works closely with other local health care and social service providers. EO | BRD works within the communities it serves to promote wellness and access to care. Partnering with local residents, EO | BRD addresses pressing needs to ensure healthy western North Carolinians. In addition, EO | BRD collaborates with public health departments in Buncombe and other western North Carolina counties and numerous community organizations to better understand the needs of the people who live here. EO | BRD continues collaborative efforts to eliminate healthcare disparities and improve access to high-quality medical care. In the 2017 fiscal year, EO | BRD provided \$267,564 in charity, free and discounted care, donations and community service. Specifically, EO | BRD doctors and staff (PAs, NPs, athletic trainers, medical assistants) provided the equivalent of approximately \$204,744 of charity, free and discounted care to VA patients, Project Access patients, practice patients and sports physicals to high school and college/university student athletes. Additionally, EO | BRD doctors donated more than \$51,300 to local/regional not-for-profit organizations. Finally, EO | BRD staff provided approximately \$11,520 in community service activities.

**Change of Scope or Cost Overrun Applications Only**

- 3. If the information provided in response to Section I, Questions 1 or 2 would be different from what was in the previously approved application:**

- (a) **Identify each change.**  
(b) **Explain why each change is necessary.**  
(c) **Provide any supporting documentation in an Exhibit.**

Not applicable. This is not a change of scope or cost overrun application.

**SECTION O - "CRITERION (20)" - G.S. 131E-183(a)(20)**

*"An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past."*

- 1. Describe the methods used or to be used by the facility to ensure and maintain quality of care.**

BROSC is dedicated to ensuring quality care and patient safety through compliance with all applicable licensure and certification standards established in regards to ambulatory surgery centers. BROSC will establish and maintain the highest standards and quality of care, consistent with the high standard that EO | BRD has sustained throughout its history of providing surgical care.

As required to participate in the Medicare program, BROSC will meet certain conditions set by the federal government to ensure that the facility is operated in a manner that assures the safety of patients and the quality of services. BROSC will maintain complete, comprehensive and accurate medical records. The content of these records will include a medical history and physical examination relevant to the reason for the surgery and the type of anesthesia planned. In addition, a physician will examine the patient immediately before surgery to evaluate the risk of anesthesia and the procedure to be performed. Prior to discharge each patient will be evaluated by a physician for proper anesthesia recovery.

As required by CMS, BROSC will take steps to ensure that patients do not acquire infections during their care. BROSC will establish a program for identifying and preventing infections, maintaining a sanitary environment and reporting outcomes to appropriate authorities. The program will involve active surveillance and include specific procedures for prevention, early detection, control and investigation of infectious and communicable diseases in accordance with the recommendations of the Centers for Disease Control and Prevention.

Whenever a patient is in the ASC, a registered nurse trained in the use of emergency equipment and in cardiopulmonary resuscitation will be present. To further protect patient safety, BROSC will have an effective means of transferring patients to a hospital for additional care in the event of an emergency. BROSC will have written guidelines outlining arrangements for ambulance services and transfer of medical information. BROSC will have a written transfer agreement with a local hospital, or all physicians performing surgery in the ASC will have admitting privileges at a local hospital.

Continuous quality improvement is an important means of ensuring that patients are receiving the best care possible. BROSC, with the active participation of its medical staff, will conduct an ongoing, comprehensive assessment of the quality of care provided.

As described in Section H.3, BROSC will require all employees to participate in initial orientation, ongoing in-service education, and to have regular performance evaluations. Licensed staff members will be required to maintain their respective licensure and attend mandatory training and certification programs related to patient safety, infection control, CPR and emergency preparedness. Please refer to Exhibit 7 for information regarding employee professional training and continuing education.

Please see Exhibit 9 for copies of BROSC quality-related policies and procedures, including the Quality Assurance/Performance Improvement/Risk Management Program, the Safety Program, and the Infection Prevention and Control Program.

Please see Exhibit 8 for a variety of clinical policies and procedures related to operation of the ASC.

**2. Existing facilities:**

- (a) **If the facility is licensed, document that it currently meets all licensure requirements.**
- (b) **If the facility is certified for participation in the Medicare or Medicaid programs, document that it currently meets all requirements for certification.**
- (c) **If the facility is accredited, identify the accrediting body and document that the accreditation is current.**

Not applicable. BROSC is not an existing facility.

**3. (a) Identify all similar health care facilities located in NC that are owned, operated or managed by each applicant or any related entities.**

BROSC does not own, manage or operate any other licensed healthcare facility.

The physician owners of BROSC are also part of EmergeOrtho, which currently operates one ambulatory surgery center in North Carolina: Triangle Orthopaedics Surgery Center (TOSC) (License # AS0142; Facility ID# 101146) in Wake County.

- (b) **Document that the facilities identified in response to Section O, Question 3(a) have provided quality care during the 18 months immediately preceding submission of the application (18-month look-back period).**

TOSC is currently licensed and certified by Medicare and has had no licensure or certification issues during the 18-month period immediately preceding submission of this application. This response does not include any standard level deficiencies that may have been identified and addressed in the course of inspections or surveys at TOSC, as EmergeOrtho does not interpret those as potentially placing TOSC out of compliance.

- (c) **Of the facilities identified in response to Section O, Question 3(a):**
- (i) **Identify those that were determined by the Division of Health Service Regulation or the Centers for Medicare and Medicaid Services to have operated out of compliance with any Medicare Conditions of Participation during the 18-month look-back period. Include only those facilities that did not challenge the determination, or if the determination was challenged, the determination was subsequently upheld.**
  - (ii) **For each facility identified in response to Section O, Question 3(c)(i), briefly summarize the deficiencies and indicate the number of patients, if any, affected by each deficiency.**
  - (iii) **For each facility identified in response to Section O, Question 3(c)(i), state whether or not the facility is now back in compliance. If the facility may not be back in compliance as of the date this application will be submitted, estimate when it will be back in compliance.**

Not applicable. See response in O.3(b) above.

## **SECTION Q**

BROSC utilized the following methodology and assumptions to project utilization for the proposed ambulatory surgery center.

### **1. Determine Historical Utilization**

As described previously, upon completion of the proposed project, the following orthopaedic surgeons are expected to utilize the proposed ASC<sup>1</sup>. These physicians are:

Angelo C. Cammarata, MD  
David C. Napoli, MD  
Edward G. Lilly, III, MD  
Jay C. Jansen, MD  
James C. Karegeannes, MD  
John M. Hicks, MD  
Michael J. Goebel, MD  
Mark R. Hedrick, MD  
Pamela G. Meliski, MD  
Peter G. Mangone, MD  
Robert E. Boykin, MD  
Stephen M. David, MD  
Tally H. Eddings, MD  
Werner C. Brooks, MD  
Jason E. Lang, MD  
Aimee J. Riley, DO

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<sup>1</sup> Please note that only orthopaedic surgeons are expected to utilize the proposed ORs. BROSC's interventional physiatrist will utilize the proposed procedure rooms.

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The 2018 SMFP identifies Buncombe, Madison, and Yancey counties as a multi-county OR service area. In addition to the identified OR service area, residents of Henderson County comprise approximately 36 percent of the ambulatory surgery patient origin for the EO | BRD physicians that will utilize the proposed ASC (see Section C.2)<sup>2</sup>. EO | BRD physicians also serve patients from throughout western North Carolina as documented in the historical patient origin in Section C.2. All EO | BRD ambulatory surgery patients will benefit from improved access to lower cost ambulatory surgical services. Therefore, historical surgical cases were obtained for the EO | BRD physicians that have documented their intent to utilize the proposed new ASC (see Exhibit 19).

The following table provides historical ambulatory surgery cases for the orthopaedic surgeons who have indicated support for the proposed ASC, and their intent to utilize the proposed OR.

**BROSC User Surgeons  
 Historical Ambulatory Surgical Cases**

	CY2015	CY2016	CY2017
Ambulatory Surgery Cases	3,801	3,870	4,672

Source: EO | BRD

Based on recent data, orthopaedic ambulatory surgery cases for the EO | BRD physicians that will utilize the proposed ASC have increased by a CAGR of 10.9%.

## 2. Project Orthopaedic Ambulatory Surgery Cases

As described previously, EO | BRD physicians have experienced robust growth for ambulatory orthopaedic surgery cases. To project orthopaedic ambulatory surgery cases for the user surgeons, BROSC applied one-fourth of the two-year CAGRs ( $10.9\% \times \frac{1}{4} = 2.7\%$ ). Given the large historical growth rate, BROSC conservatively utilized a small fraction of the two-year CAGR.

<sup>2</sup> As described in Section C.2 and C.3, Projected patient origin is based on CY2017 patient origin by county for the ambulatory surgery cases performed by EmergeOrtho | Blue Ridge Division physicians, which are the same physicians who will perform surgery at BROSC.



**Projected Orthopaedic Ambulatory Surgery Cases  
 BROSC User Surgeons  
 CY2018-CY2022**

	<b>Growth Rate</b>	<b>CY2018</b>	<b>CY2019</b>	<b>CY2020</b>	<b>CY2021</b>	<b>CY2022</b>
Ambulatory Surgery Cases	2.7%	4,799	4,929	5,063	5,201	5,342

Totals may not foot due to rounding.

BROSC projects ambulatory surgical cases based on reasonable and conservative assumptions. The projected growth rates are a fraction of historical ambulatory surgical growth rates for the BROSC user surgeons. BROSC’s assumption for projecting surgical cases is also supported by the growing and aging population in the service area and surrounding communities and the statistical data regarding orthopaedic surgical procedures described in Section C.4.

**3. Project Orthopaedic Ambulatory Surgery Cases to be Performed at BROSC**

As described previously, patients will benefit from access to ambulatory surgical services with comparably lower cost/charge structures than the existing hospital-based services that most patients are utilizing. Approximately 85 percent of the identified historical ambulatory surgery cases for BROSC’s user physicians were performed in a hospital-based setting, thus these patients would certainly benefit from the proposed ASC.

In consideration of the quantitative and qualitative benefits of the proposed project for local patients, BROSC reasonably projects that 60 percent of projected ambulatory surgical cases will be performed in the proposed ASC during project year one, 70 percent during project year two, and 75 percent during project year three. In estimating the projected percentages, BROSC considered the historical facility locations where ambulatory surgery cases were performed for the surgeons who will utilize BROSC and the likely preferences of those surgeons. Specifically, BROSC anticipates that it will become a preferred ambulatory surgery platform for the vast majority of EO | BRD orthopaedic surgeons based on the availability of larger modern ORs in an ASC setting preferred by many patients and payors. BROSC also considered capacity constraints in existing Buncombe County ORs and the qualitative benefits of the proposed new ASC previously described in Section C (e.g. lower charges, geographic access, etc.). The following table summarizes BROSC’s estimates for the percentage and number of cases that will shift to the proposed new ASC.

**Blue Ridge Outpatient Surgery Center  
 Projected Surgical Cases, CY2020 – CY2022**

	<b>CY2020</b>	<b>CY2021</b>	<b>CY2022</b>
EO   BRD Ambulatory Surgery Cases	5,063	5,201	5,342
% Shift to BROSC	60%	70%	75%
<b>Total</b>	<b>3,038</b>	<b>3,641</b>	<b>4,007</b>

Step 3 x Step 2  
 Totals may not foot due to rounding.

The projections in the previous table are reasonable and based on supported assumptions. As discussed previously, the projected surgical cases to be performed in the proposed ASC are based on the actual experience of BROSC user physicians. Additionally, BROSC applied conservative growth rates to project ambulatory surgical cases through the third year of the project and assumes a reasonable portion of cases will be performed in the proposed ASC. Furthermore, the demographic and epidemiologic data previously described in this Section support the continued growth of orthopaedic ambulatory surgery in the service area.

In all cases, EO | BRD physicians review a patient’s demographics in advance of surgery and determines the appropriate setting for surgery. Based on their actual experience performing ambulatory surgery and personal knowledge of the types of patients and cases served, BROSC user physicians confirm that the projected percentage shifts and resulting surgical case projections are appropriate for the proposed freestanding ASC. Furthermore, it is reasonable to anticipate a shift in this utilization pattern based on several factors, including but not limited to:

- BROSC will be located proximate to EO | BRD’s Arden clinic,
- access to outpatient-based (non-HOPD pricing) ambulatory surgery,
- reduced travel burden for patients seeking ambulatory surgery,
- OR size and layout in new facility,
- more timely access to ambulatory surgery, and
- convenient outpatient location for growing county population

BROSC also provides letters of support in Exhibit 19 from the orthopaedic surgeons who intend to utilize the proposed OR. These physician case estimates are consistent with the surgical cases described in this methodology. In Project Year 1, the 16 surgeons have

committed to perform ample orthopaedic surgical cases at the proposed facility. Please refer to the following table.

**Blue Ridge Outpatient Surgery Center  
 User Physicians Projected Surgical Cases  
 Documented in Letters of Support  
 Project Year 1**

Physician	CY2020 (PY1) Cases
Napoli	450
Lilly	160
Jansen	260
Karegeannes	30
Hicks	75
Goebel	135
Hedrick	450
Mangone	370
Meliski	200
Boykin	300
David	130
Lang	100
Riley	300
Brooks	320
Cammarata	400
Eddings	150
<b>Total</b>	<b>3,830</b>

Source: Physician Letters, Exhibit 19

Please note the letters of support from BROSC physician members serve as documentation to support BROSC’s methodology for projecting surgical cases to be performed in the proposed ASC. The specific methodology and assumptions for projecting surgical cases at BROSC are described in Steps 1 - 3 and are conservative in comparison to physician estimates provided in their letters of support.

The physician members of BROSC have demonstrated they have the resources to meet the orthopaedic needs of service area residents and provide the highest quality of care. BROSC’s physician members offer a diverse and broad scope of orthopaedic services including state-of-the-art medical treatment, surgery, physical medicine and rehabilitation, physical and occupational therapy, interventional physiatry, orthotics, sports medicine, and other medical and diagnostic services.

The proposed ASC will be available to any orthopaedic surgeon or pain management physician who meets the credentialing criteria for the proposed facility. The proposed services will be available to all residents regardless of their ability to pay.

**4. Project CY2022 OR Need at BROSC**

The following table projects OR need at BROSC based on the 2018 SMFP methodology for projecting OR need and utilizing the projected OR cases based on the previously described methodology and assumptions.

**Blue Ridge Outpatient Surgery Center  
 Projected OR Need**

		A	B		PY3 Cases x (B/60) = C	C ÷ A = D	E	D - E
	OR Group	Standard Hr/OR/Yr	Case Time		2022 Surgical Hours	Surgical ORs Required	2022 OR Inventory	OR Need (Surplus)
BROSC	6	1,312.5	OP	68.6	4,581	3.5	2	1.5

Totals may not foot due to rounding.

Based on the 2018 SMFP methodology for projecting OR need and utilizing the projected OR cases based on the previously described methodology and assumptions, BROSC is conforming to 10A NCAC 14C .2103(a)(b).

Nonsurgical Procedures Performed in Procedure Rooms

Procedure rooms are not regulated by CON; however, the following provides the specific methodology and assumptions used to project utilization for the procedure rooms at BROSC.

The proposed procedure rooms will be utilized by EO | BRD’s interventional physiatrist, Dr. Daniel Hankley. Interventional physiatry is a multidisciplinary branch of medicine focused on diagnosing the source of spine and musculoskeletal pain and employing nonsurgical treatments to effectively reduce or alleviate pain. The practice of interventional physiatry employs a wide range of treatment methods, including epidurals, facet injections, X-ray-guided and/or ultrasound-guided injections, stimulators, and more, to treat the wide range of pain experienced in patients.

BROSC reviewed the number of nonsurgical procedures performed by Dr. Hankley during CY2017. BROSC applied a five percent growth rate to project utilization through the third year of the project.

**BROSC Pain Management Specialists  
 Nonsurgical Procedures**

	Historical	Projected				
	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022
Nonsurgical Procedures	1,500	1,575	1,654	1,736	1,823	1,914

Totals may not foot due to rounding.

As described previously, interventional physiatry includes many different types of nonsurgical procedures, some more complex than others. Based on the types of nonsurgical procedures historically performed on EO | BRD patients, BROSC reasonably projects that 60 percent of projected nonsurgical procedures will be performed in the proposed ASC during project year one, 70 percent during project year two, and 75 percent during project year three.

**Blue Ridge Outpatient Surgery Center  
 Nonsurgical Procedures, CY2020-CY2022**

	<b>CY2020</b>	<b>CY2021</b>	<b>CY2022</b>
<b>Nonsurgical Procedures</b>	1,042	1,276	1,436

Totals may not foot due to rounding.

Please see Exhibit 10 for a letter of support from Dr. Hankley who will utilize the procedure rooms.

Portable X-Ray Procedures

The facility will utilize a portable x-ray (C-arm) unit to provide imaging procedures in conjunction with approximately 10 percent of the ambulatory surgery cases. The images are used by surgeons in conjunction with their surgery, i.e. for pin or fixator placement or removal of hardware. Additionally, the C-arm will be used in conjunction with pain management procedures (performed in the proposed procedure rooms). Therefore, the following table provides projected utilization for the portable x-ray unit.

**Blue Ridge Outpatient Surgery Center  
 Projected Portable X-ray Procedures**

	<b>CY2020</b>	<b>CY2021</b>	<b>CY2022</b>
<b>Portable X-ray Procedures</b>	1,346	1,640	1,836

Totals may not foot due to rounding.

**APPENDIX 2**

**PETITION FOR SUPPORT OF A DEMONSTRATION PROJECT FOR A SINGLE SPECIALTY,  
TWO OPERATING ROOM, AMBULATORY SURGICAL FACILITY IN BUNCOMBE,  
MADISON, YANCEY (BUNCOMBE COUNTY) COUNTIES**

**Selected Specific Support Information from the Blue Ridge Outpatient Surgery Center  
(BROSC) May 15, 2018 Certificate of Need (CON) Application Exhibit(s) Section**



**BlueCross BlueShield  
of North Carolina**

**Patrick H. Conway, MD, MSc**  
President & Chief Executive Officer

April 10, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

Blue Cross and Blue Shield of North Carolina (Blue Cross NC) supports the principles of the 2018 North Carolina State Medical Facilities Plan that focus on the promotion of safety and quality in the delivery of health care services and maximizing value for the resources expended on those services. To that end, I write to express support for Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) in their 2018 CON application for two operating rooms in Buncombe, Madison and Yancey counties.

Blue Cross NC recognizes the opportunities in quality, access and service presented by expansion of services provided by an ambulatory surgery center as the one proposed by EO|BRD. In addition, the lower costs associated with procedures appropriate for the ambulatory surgery center setting compared to a traditional hospital setting presents the potential for great benefit to the residents of Buncombe, Madison and Yancey counties. Blue Cross NC always strives to support providers with which we have long-standing relationships like EO|BRD, to encourage the provision of high quality healthcare in the most cost-effective setting possible.

If I can be of assistance with any questions from the Healthcare Planning and Certification of Need Section related to Blue Cross NC's support, please advise.

Sincerely,

Patrick H. Conway, MD, MSc  
President and Chief Executive Officer  
Blue Cross and Blue Shield of North Carolina





April 20, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to express Crescent Health Solutions support for the CON application filed by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint).

With four clinical facilities in Buncombe and Henderson counties, EO|BRD physicians are able to offer accessible services to many area residents in western North Carolina. With decades of service, the physician owners of BROSC are well-suited to develop the proposed ambulatory surgery center. BROSC's proposal will provide greater access and help reduce the cost of providing local healthcare services, and will be of great benefit to residents of Buncombe, Madison and Yancey Counties and other surrounding communities.

As the Provider Network for numerous self-funded employers in the Western North Carolina region, Crescent recognizes the quality, convenient access and service offered by an ambulatory surgery center, and we have found that costs are not negatively impacted for consumers utilizing such facilities. We encourage consumer choice in the provision of high quality healthcare in the most cost-effective setting possible. Thus, we welcome the opportunity to contract with BROSC, and to work with them to achieve on-going cost savings for our subscribers and employers.

We support BROSC's CON application, and hope the Healthcare Planning & Certificate of Need Section gives favorable consideration to their proposal.

Sincerely,

Andrew L. Wilson  
CEO



**Medical Mutual**<sup>SM</sup>

PROTECTING OUR PROFESSION

*David P. Sousa*  
*Chief Operating Officer and*  
*General Counsel*

April 4, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. Our company, and I individually, have a multi-decade history of: (1) providing the professional liability insurance coverage for both EO/BRD, and all of its individual providers; (2) working with the group to assure that they deliver the highest quality outcomes for their patients, and; (3) monitoring their claims exposures emanating from episodic care. It is rare that we see groups as dedicated as EO/BRD to always keeping their patients first. They have done this not only exceedingly well over decades -- they have done it consistently better than the general orthopedic community state-wide, better than the general physician pool state-wide, and because it remains a top priority for them.

700 Spring Forest Road, Suite 400  
Raleigh, NC 27609  
[www.medicalmutualgroup.com](http://www.medicalmutualgroup.com)

tel 919.872.7117  
tel 800.662.7917  
fax 919.878.7550

It is vitally important to receive surgical care in a lower cost, outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my (and our) unequivocal support for BROSC's Certificate of Need application.

Sincerely,

A handwritten signature in black ink, appearing to read "David P. Sousa". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

David P. Sousa

March 19, 2018

**RE: Letter of Support for EmergeOrtho/Blue Ridge Division**

To: Healthcare Planning and Certificate of Need Section

I urge you to approve the certificate of need filed by EmergeOrtho/Blue Ridge Division for two operating rooms available in the 2018 Medical Facilities Plan for Buncombe County for four reasons: patient centered choice, efficiency, cost, quality.

**Choice:** While our family is grateful for the quality oriented access to the many services available through the Mission Health system that we often utilize, we are also concerned with market concentration and unintended consequences that result. The recent contract dispute between Mission and BCBSNC brought home the need to protect patient centered choice and access by making sure operating rooms are available outside the Mission Health system— as would be achieved by your approval of the EmergeOrtho/Blue Ridge Division request.

**Efficiency:** As care delivery evolves toward bundled and episodic payment models to improve patient outcomes including quality and reduced cost, the integration of operating rooms within existing services available through EmergeOrtho/Blue Ridge Division provides a needed additional capability in Buncombe County to achieve better efficiency.

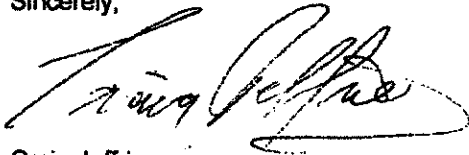
**Cost:** Medicare pays significantly less—and patient coinsurance is less—for the same procedures when performed in an ASC operating room instead of Hospital Outpatient Department. Overall, Medicare pays ASCs only 49 percent of the amount paid to HOPDs. EmergeOrtho/Blue Ridge Division's two operating rooms in the 2018 Medical Facilities Plan for Buncombe County will achieve documented saving for Medicare beneficiaries. Medicaid also can share in these savings when including the high number of Medicare beneficiaries in Buncombe County that are also on Medicaid (i.e. dual eligible).

**Quality:** Fortunately we have many resources to measure operating room quality: Smaller, focused operating facilities run by physicians within a single specialty – such as EmergeOrtho/Blue Ridge Division - have outstanding quality results that reflect their quality focus with clinic and other patient encounters before surgery and post surgery. Also, the clinical staff beyond the surgeon are often, like the surgeon, very experienced in the specialty and procedures expected in the smaller single specialty facility.

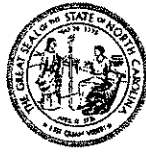
I am a resident of Asheville, and with my family utilize many providers in Buncombe County, including Mission primary care physicians, diagnostic and pharmacy facilities, and also EmergeOrtho/Blue Ridge Division. I am a health policy lawyer and for many years led the American Association of Ambulatory Surgery Centers (now ASC Association), established the ASC Quality Collaboration, and consulted with physician led ambulatory surgery centers.

I urge you to approve the certificate of need filed by EmergeOrtho/Blue Ridge Division for two operating rooms available in the 2018 Medical Facilities Plan for Buncombe County

Sincerely,



Craig Jeffries  
PO Box 2832  
Asheville, NC 28802  
828 772 2843  
CraigS.Jeffries@Gmail.com



North Carolina General Assembly  
Senate Chamber  
State Legislative Building  
Raleigh, NC 27601-2808

SENATOR RALPH E. HISE, JR.  
47TH DISTRICT

March 15, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison, and Yancey Counties and other surrounding communities do not have adequate access to cost-effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic, physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

A handwritten signature in black ink, appearing to read "Ralph E. Hise, Jr.", written over a printed name.

Ralph E. Hise, Jr.  
N.C. Senate





North Carolina General Assembly  
Senate Chamber  
State Legislative Building  
Raleigh, NC 27601-2808

SENATOR JIM DAVIS  
50TH DISTRICT

April 16, 2018

Ms. Martha Friscone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, N.C. 27699-2704

Dear Ms. Friscone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho/Blue Ridge Division (EO/BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first exclusively orthopedic physician owned surgical facility in Buncombe County. The proposed location is accessible to residents throughout Buncombe and surrounding counties, and will provide convenient access for local residents.

EO/BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery as this will result in higher quality and more cost effective outcomes.

Please accept my unqualified support for BROSC's Certificate of Need application.

Sincerely,



North Carolina General Assembly  
House of Representatives

REPRESENTATIVE MICHELE D. PRESNELL  
118TH DISTRICT

TELEPHONE: (919) 733-5732  
(919) 754-3163 FAX  
EMAIL: michele.presnell@ncleg.net  
DISTRICT: HAYWOOD|MADISON|YANCEY

April 10, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

Rep. Michele D. Presnell  
N.C. House of Representatives, District 118

March 14, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

*Rep. Mike Clampitt*

NC House of Representatives 119  
Room 1420, 16 West Jones Street, Raleigh, NC 27601  
919-715-3005 o 828-736-6222 c





greg@h2lawgroup.com

828.222.7401

March 21, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I understand Blue Ridge Outpatient Surgery Center, LLC ("BROSC") and physicians associated with the Blue Ridge Division of EmergeOrtho, PA ("EO/BRD") wish to develop an ambulatory surgery center in Buncombe County. I am writing to express my unqualified support for this initiative.

While our mountain communities have capable physicians and residents have access to many general health care facilities, there remains a need for more cost-effective ambulatory surgery services in this area. The proposal by BROSC to establish the first physician-owned, exclusively orthopedic ambulatory surgery center in Buncombe County is the right step for meeting this need. In addition, the proposed location for the surgery center is convenient for residents of Buncombe County and its neighboring counties.

The physicians at EO/BRD have a long history of providing high-quality health care services to our mountain communities, including medically-underserved residents. I believe it is important that the residents in this area be given the opportunity to receive surgical care in a lower-cost outpatient setting as proposed, and I think it is beneficial to have physicians play a leading role in managing this facility as this should ensure high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application for the proposed surgery center.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gregory S. Hilderbran', written over a horizontal line.

Gregory S. Hilderbran

GSH/s

COLTON GROOME  
Company

EST. 1950

April 11, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

As an Asheville native (66 years) and principal (44 years) in one of Western North Carolina's oldest (67 years) financial advisory firms, I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho | Blue Ridge Division (EO | BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

I know several of the local physicians personally and professionally as well as being a patient having received exceptional medical care.

EO | BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,



George M. Groome, CLU®, ChFC®, MSFS  
Board Chair of Colton Groome & Company

SECURITIES OFFERED THROUGH VALMARK SECURITIES, INC. MEMBER FINRA/SIPC, 160 SPENCER DRIVE, SUITE 800 AUSTON, OHIO 44888-8481, 1-800-796-5201. COLTON GROOME & COMPANY AND COLTON GROOME FINANCIAL ADVISORS, LLC, ARE SEPARATE ENTITIES FROM VALMARK SECURITIES AND VALMARK ADVISORS, INC.

Colton Groome  
Financial Advisors  
(828) 252-1616  
(828) 254-3885  
www.coltingroome.com

FIN-BAID PLANNING OFFERED THROUGH COLTON GROOME FINANCIAL ADVISORS, LLC, A STATE REGISTERED INVESTMENT ADVISOR. THIRD PARTY MONEY MANAGEMENT OFFERED THROUGH VALMARK ADVISORS, INC., A SEC REGISTERED INVESTMENT ADVISOR.

March 13, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

*Michael M. Pacifici*

Michael M. Pacifici  
141 E Euclid Pkwy  
Asheville, NC 28804

April 12, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

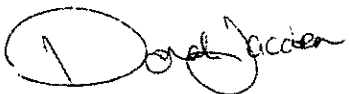
I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

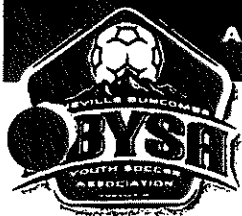
EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

A handwritten signature in black ink, appearing to read "Doral Jacobsen". The signature is written in a cursive style with a large initial "D".

Doral Jacobsen MBA FACMPE  
Chief Executive Officer  
Prosper Beyond, Inc.



## ASHEVILLE BUNCOMBE YOUTH SOCCER ASSOCIATION

PO BOX 895 - ASHEVILLE, NC 28802

PHONE (828) 288-7277

FAX (828) 288-0133

INFO@ABYSA.ORG

March 16, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EO|BRD physicians have a long history of providing high-quality healthcare services to our Asheville Buncombe Youth Soccer Association members, including our low-income medically underserved members. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

Michael Rottjakob  
Executive Director  
Asheville Buncombe Youth Soccer Association

Business Services  
301 College St, Ste 200  
Asheville, NC 28801  
Direct (828) 225-2020  
Fax (828) 251-4650

April 9, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

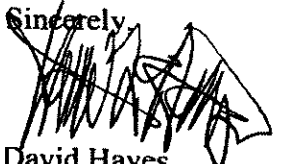
I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

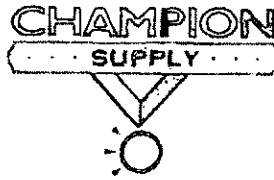
EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,



David Hayes  
Senior Vice President



March 22, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe County and surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EmergeOrtho physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

A handwritten signature in black ink, appearing to read "B. D. Johnson", written over a horizontal line.

Bruce D. Johnson  
President  
Champion Janitorial Supply



70 Woodfin Pl / Suite 312 / Asheville, NC 28801

828.582.4974  
www.paleosun.com

4/9/2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

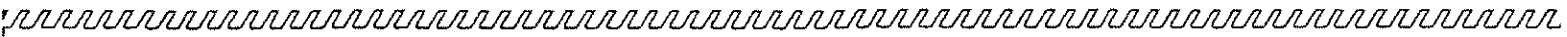
EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

*WILLIAM NEXDORF, PRESIDENT*

Smart Website  
Development







**First Citizens  
Bank**

**Patrick Carver**  
Area Executive

108 Patton Avenue  
Asheville, NC 28801  
Phone: 828.257.5730  
Fax: 828.257.5735  
pat.carver@firstcitizens.com  
www.firstcitizens.com

March 14, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,



March 14, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

Greg Duff, President

Glory Hound, Inc.  
PO Box 19256  
Asheville, NC 28815  
Phone: 828-400-5868 – [greg@gloryhoundevents.com](mailto:greg@gloryhoundevents.com)



PO Box 6751  
Hendersonville, NC 28793  
828-290-7812

brett@hulseymedia.com  
www.hulseymedia.com

February 20, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) to develop an ambulatory surgery center in Buncombe County. As the publisher of *Healthcare Resources of WNC*, I have worked with the leadership of BROSC for many years. I have also trusted their physicians to care for our sons' broken bones on more than one occasion.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe County and surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EmergeOrtho physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

Brett Hulsey  
Owner & Publisher

Asheville Apartments  
The Real Estate Book of  
Asheville & Hendersonville  
Hendersonville Magazine  
Healthcare Resources  
Aging Resources  
WNC Homeowners Guide

March 14, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

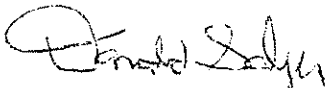
I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,



Donald Salyer  
Vice President of Sales  
Mobile Division

March 18, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

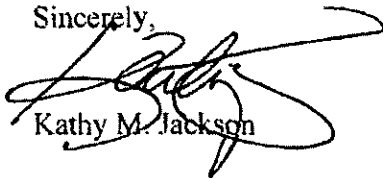
I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,



Kathy M. Jackson

3 Lawson Lane  
Asheville, North Carolina 28806

March 21, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

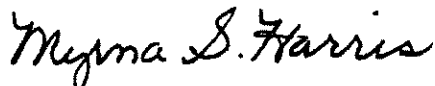
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Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe County and surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EmergeOrtho physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. As the retired CEO of a provider-sponsored network that was established in 1999 and is still in operation today, I know how important it is to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,



Myrna S. Harris  
828-400-0292

March 21, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe County and surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EmergeOrtho physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely

A handwritten signature in black ink that reads "Stewart J. Harley, M.D." The signature is written in a cursive style with a large, sweeping flourish at the end.

Stewart Harley, M.D.



**MATERIAL SALES COMPANY**  
HEDRICK INDUSTRIES

CRUSHED STONE

SAND

GRAVEL

April 9, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

Jon Neumann  
Vice President  
Material Sales Company, Inc.





America's Most Convenient Bank®

April 9, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick B. Blalock".

Patrick B. Blalock  
Sr. Relationship Manager  
VP Commercial Banking  
TD Bank, America's Most Convenient Bank



828-329-0175 Main  
828-233-0351 Fax  
ccomeaux@TeleiosCN.org

March 20, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe County and surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EmergeOrtho physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Comeaux", is written over a faint, illegible printed name.

Chris Comeaux  
President/CEO

April 10, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

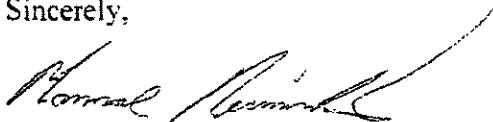
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Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,



Monroe Naimark  
Director of Business Development  
[edgediagnostics.com](http://edgediagnostics.com)  
P 828.777.2014 | F 704.935.4515

April 10, 2018



Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
N.C. Department of Health and Human Services  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone,

I am writing in support of the request by Blue Ridge Outpatient Surgery Center, LLC ("BROSC") and the EmergeOrtho/Blue Ridge Division ("EO/BRD") doctors, (formerly Blue Ridge Bone and Joint) to develop an ambulatory surgery center in Buncombe County.

I am one of the many local residents who use, respect and trust the efforts of EO/BRD physicians in meeting local health care needs. EO/BRD physicians have a long history of providing high quality health care services, which are also available to medically underserved residents. In addition, they have for many years served this community in many other capacities. I believe it is important to receive surgical care in a lower cost outpatient setting and it is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery. This should result in high quality and cost effective outcomes.

The proposed location is easily accessible to local residents and will provide convenient access for other residents of Western North Carolina. If the BROSC is successful in developing the proposed surgery center, I would certainly utilize their facility for my surgery.

Please accept my support for BROSC's Certificate of Need Application.

Yours truly

A handwritten signature in black ink, appearing to read 'W. Louis Bissette, Jr.', written over a horizontal line.

W. Louis Bissette, Jr.

WLBjr/sgw

PHONE 828.254.8800 / FAX 828.252.2438  
PHYSICAL ADDRESS Drhumor Building / 48 Patton Avenue / Asheville, NC 28801  
MAILING ADDRESS P.O. Box 3180 / Asheville, NC 28802  
mwblawyers.com

April 10, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

I am one of many local residents who respect and trust the efforts of EO|BRD physicians to meet local health care needs. EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

The proposed location is easily accessible to local residents, and will provide convenient access for residents of Buncombe, Madison and Yancey counties and other neighboring areas. If BROSC is successful in developing the proposed surgery center, I would certainly travel to their facility for my surgery.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

*David Cappullo, M.D.*

March 20, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) to develop an ambulatory surgery center in Buncombe County.

I am one of many local residents who respect and trust the efforts of EmergeOrtho (EO) physicians to meet local health care needs. EO physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

The proposed location is easily accessible to local residents, and will provide convenient access for residents of Buncombe, Madison and Yancey counties and other neighboring areas. If BROSC is successful in developing the proposed surgery center, I would certainly travel to their facility for my surgery.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,



Chris Comeaux

March 16, 2018



Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section Division of Health Service  
Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

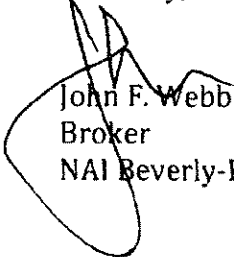
I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

I am one of many local residents who respect and trust the efforts of EO|BRD physicians to meet local health care needs. EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and costeffective outcomes.

The proposed location is easily accessible to local residents, and will provide convenient access for residents of Buncombe, Madison and Yancey counties and other neighboring areas. If BROSC is successful in developing the proposed surgery center, I would certainly travel to their facility for my surgery.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

  
John F. Webb  
Broker  
NAI Beverly-Hanks



April 9, 2018

**Ms. Martha Frisone**  
**Chief, Healthcare Planning and Certificate of Need Section**  
**Division of Health Service Regulation**  
**2704 Mail Center Service**  
**Raleigh, NC 27699-2704**

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

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The proposed location is easily accessible to local residents, and will provide convenient access for residents of Buncombe, Madison and Yancey counties and other neighboring areas. If BROSC is successful in developing the proposed surgery center, I would certainly travel to their facility for my surgery.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

A handwritten signature in black ink, which appears to read "Laura Webb". The signature is fluid and cursive.



3 Lawson Lane  
Asheville, North Carolina 28806

March 21, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) to develop an ambulatory surgery center in Buncombe County.

I am one of many local residents who respect and trust the efforts of EmergeOrtho (EO) physicians to meet local health care needs. EO physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

The proposed location is easily accessible to local residents, and will provide convenient access for residents of Buncombe, Madison and Yancey counties and other neighboring areas. If BROSC is successful in developing the proposed surgery center, I would certainly travel to their facility for my surgery.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,



Myrna S. Harris  
828-400-0292

April 11, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

I am one of many local residents who respect and trust the efforts of EO|BRD physicians to meet local health care needs. EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

The proposed location is easily accessible to local residents, and will provide convenient access for residents of Buncombe, Madison and Yancey counties and other neighboring areas. If BROSC is successful in developing the proposed surgery center, I would certainly travel to their facility for my surgery.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

William J. Cooper

March 21, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) to develop an ambulatory surgery center in Buncombe County.

I am one of many local residents who respect and trust the efforts of EmergeOrtho (EO) physicians to meet local health care needs. EO physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

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Please accept my support for BROSC's Certificate of Need application.

Sincerely,

A handwritten signature in black ink that reads "Stewart J. Harley, M.D." The signature is written in a cursive, flowing style.

Stewart Harley, M.D.

April 10, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

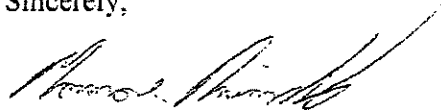
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Please accept my support for BROSC's Certificate of Need application.

Sincerely,



Monroe Naimark  
Director of Business Development  
[edgediagnostics.com](http://edgediagnostics.com)  
P 828.777.2014 | F 704.935.4515

April 12, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

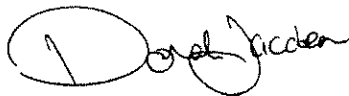
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The proposed location is easily accessible to local residents, and will provide convenient access for residents of Buncombe, Madison and Yancey counties and other neighboring areas. If BROSC is successful in developing the proposed surgery center, I would certainly travel to their facility for my surgery.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

A handwritten signature in black ink that reads "Doral Jacobsen". The signature is written in a cursive style with a large, looped initial "D".

Doral Jacobsen MBA FACMPE  
Chief Executive Officer  
Prosper Beyond, Inc.



**MATERIAL SALES COMPANY**  
HEDRICK INDUSTRIES

CRUSHED STONE      SAND      GRAVEL

April 9, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

I am one of many local residents who respect and trust the efforts of EO|BRD physicians to meet local health care needs. EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

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Please accept my support for BROSC's Certificate of Need application.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jon Neumann'.

Jon Neumann  
Vice President  
Material Sales Company, Inc.



April 10, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704

Dear Ms. Frisone:

Please accept this letter of support for the development of a new ambulatory surgery center here in Buncombe County by Blue Ridge Outpatient Surgery Center, LLC (BROSC).

I have personally worked closely with the physicians and staff at BROSC over the years on design projects, and as one who has served the local Medical community for over 25 years, I have been very impressed with their commitment to provide the highest level of care and compassion for their patients, and placing their health and welfare as first priority. In addition to this, I have had several family members who have been treated by BROSC with various orthopedic needs, and they have all had successful and positive outcomes of their treatments and surgeries.

Given the current healthcare landscape here in WNC, which presently has limited access for outpatient surgery, I believe that our community will certainly benefit in having BROSC develop a new outpatient surgery center. This new facility will allow BROSC to fully commit to caring for their patients regarding all aspects of their treatment, as well as providing opportunities for underprivileged patients to receive equitable care.

I am respectfully requesting that you consider BROSC's CON application, as their commitment to patient care is without question leading in our community. Please feel free to contact me at 828.236.2888 if you wish to discuss this matter with me.

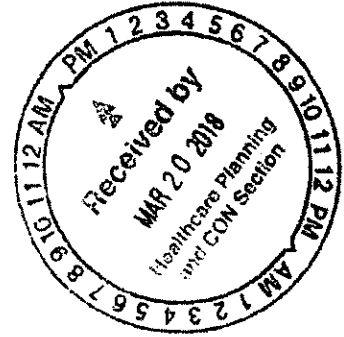
Thank you very much for your consideration.

Sincerely,

Mark A. Masters, AIA, President

March 14, 2018

Ms. Martha Frisone  
Chief, Healthcare Planning and Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Center Service  
Raleigh, NC 27699-2704



Dear Ms. Frisone:

I am writing to support the request by Blue Ridge Outpatient Surgery Center, LLC (BROSC) and the EmergeOrtho|Blue Ridge Division (EO|BRD) doctors (formerly Blue Ridge Bone & Joint) to develop an ambulatory surgery center in Buncombe County.

Our mountain area is generously blessed with capable medical facilities and physicians. However, residents of Buncombe, Madison and Yancey Counties and other surrounding communities do not have adequate access to cost effective ambulatory surgery services. The proposal by BROSC to establish an ambulatory surgery center in Buncombe County is an effective alternative for meeting local need, as it would be the first, exclusively orthopedic physician-owned surgical facility in our county. The proposed location is accessible to residents from throughout Buncombe County and neighboring counties, and will provide convenient access for local residents.

EO|BRD physicians have a long history of providing high-quality healthcare services, which are also available to medically underserved residents. I believe it is important to receive surgical care in a lower cost outpatient setting. It is also important to have physicians playing a leading role in managing a facility dedicated to ambulatory surgery, as this will result in high quality and cost-effective outcomes.

Please accept my support for BROSC's Certificate of Need application.

Sincerely,

A handwritten signature in cursive script that reads "Doral Jacobsen".

Doral Jacobsen MBA FACMPE  
Chief Executive Officer  
Prosper Beyond, Inc.



**APPENDIX 3**

**PETITION FOR SUPPORT OF A DEMONSTRATION PROJECT FOR A SINGLE SPECIALTY,  
TWO OPERATING ROOM, AMBULATORY SURGICAL FACILITY IN BUNCOMBE,  
MADISON, YANCEY (BUNCOMBE COUNTY) COUNTIES**

**2016 SHCC Denial**

**Acute Care Services Committee  
Agency Report  
Adjusted Need Petition for  
Ambulatory Surgical Facility Demonstration Project  
Proposed 2016 State Medical Facilities Plan**

---

***Petitioner:***

Blue Ridge Bone & Joint Clinic  
129 McDowell Street  
Asheville, NC 28801

***Contact:***

John Hicks, MD, President  
Stefan Magura, CEO  
(828) 281-7129  
[smagura@brbj.com](mailto:smagura@brbj.com)

***Request:***

The petition requests that *North Carolina 2016 State Medical Facilities Plan (SMFP)* support a demonstration project for a “single specialty, two operating room, ambulatory surgical facility in the Buncombe-Madison-Yancey” County service area.

***Background Information:***

Chapter Two of the *SMFP* allows persons to petition for an adjusted need determination if they believe their needs are not appropriately addressed by the standard methodology. Blue Ridge Bone and Joint Clinic requests “a demonstration project for a single, specialty, two operating room, ambulatory surgical facility in Buncombe County” that is consistent with the State Health Coordinating Council (SHCC) “approval of such demonstration projects as proposed in the *2010* and referenced and updated in the *2011, 2012, 2013, 2014, 2015* and *2016 SMFPs*.”

In the fall of 2008, the SHCC’s Single Specialty Ambulatory Surgery work group met and drafted recommendations for a demonstration project in order “to evaluate and test the concept of single specialty ambulatory surgery centers in North Carolina.” The workgroup, following the *SMFP*’s basic principles, developed criteria for the locations of each of the demonstration sites that required that “at least one county in each of the groups of counties has a current population greater than or equal to 200,000 and more than 50 total ambulatory/shared operating rooms and at least 1 separately licensed Ambulatory Surgery Center” (Table 6D, *2010 SMFP*). On May 27, 2009, the SHCC approved plans for the demonstration project, limiting the number to three sites. The *2010 SMFP* outlined specific criteria for the three demonstration project facilities.

Certificates of need were awarded to (1) Piedmont Outpatient Surgery Center LLC and Stratford Executive Associates LLC to develop a single-specialty ENT ambulatory surgical facility (ASC)

in the Triad area; (2) Triangle Orthopaedics Surgery Center to develop a single specialty (orthopaedic) ASC in the Triangle Area; and (3) University Surgery Center, LLC, to develop a single specialty (orthopaedic) ambulatory surgery center (ASC) in the Charlotte area. Piedmont Outpatient Surgery Center received its license effective February 6, 2012. Triangle Orthopaedics Surgery Center was licensed on February 25, 2013. The third demonstration project, University Surgery Center, LLC (d/b/a Mallard Creek Surgery Center) was licensed on May 1, 2014.

### *Analysis/Implications*

According to the Single Specialty Ambulatory Surgery Demonstration Project Work Group charge, the goal was to “[d]evelop a plan to evaluate and test the concept of single specialty ambulatory surgery centers in North Carolina” (Work Group Charge, 2009). Additionally, this model was designed to include measures “of value, access to the uninsured, and quality and safety of care” that are aligned with the basic principles of the *SMFP*. As stated in the *2010 SMFP*, each facility will provide “annual reports to the Agency showing the facility’s compliance with the project criteria.” Additional criteria require the Agency to “perform an evaluation of each facility at the end of the first calendar year the facility is in operation and will perform an annual evaluation of each facility thereafter” (Table 6D, *2010 SMFP*).

Three demonstration project sites were approved by the SHCC in the *2010 SMFP*, and no demonstration projects were added in subsequent SMFPs, or in the *Proposed 2016 SMFP*. Table 6D (*2011 SMFP, 2013 SMFP, 2014 SMFP, 2015 SMFP and Proposed 2016 SMFP*) and Table 6C (*2012 SMFP*) are inventory tables, providing information about the status of the three demonstration sites. The inventory table is not an update of the decision; instead, it is an accounting of the implementation of the decision made in 2009 for the *2010 SMFP*.

All three demonstration projects have been awarded certificates of need and are licensed. In the Agency’s first annual evaluation, it determined that Piedmont Outpatient Surgery Center had not demonstrated substantial compliance with the project criteria, because this facility had not submitted utilization and payment data to the statewide data processor. This situation has since been rectified. The second year evaluation for Piedmont Outpatient Surgery Center and the first year evaluation for Triangle Orthopaedics Surgery Center were presented at the Acute Care Services Committee meeting on September 17, 2014. The third year evaluation for Piedmont Outpatient Surgery Center, the second year evaluation for Triangle Orthopaedics Surgery Center and the first year evaluation for Mallard Creek Surgery Center will be presented at the Acute Care Services Committee meeting on September 8, 2015. As more annual evaluation data becomes available, each site will be monitored to assess effectiveness related to access, value, safety and quality for a five-year period, in keeping with the SHCC’s previously expressed timeline and criteria for the demonstration project.

In 2009, Blue Ridge Bone and Joint Clinic petitioned the SHCC to add Buncombe County as another Single Specialty Ambulatory Surgery Facility Demonstration Project site. Subsequently, Blue Ridge Bone and Joint submitted similar petitions to the SHCC in 2010, 2011, 2012, 2013 and 2014. The SHCC denied all of these petitions, citing the SHCC’s initial decision to limit the demonstration project to three, in order to “evaluate each facility after each facility has been in operation for five years.” Additionally, the SHCC stated that it would only consider expansion

beyond the three original demonstration projects if the Agency determines that the demonstration facilities are “meeting or exceeding all criteria” set forth in the *2010 SMFP* (Table 6D).

The petition presented data to support the cost efficiency of procedures performed in the ASC, compared to those performed in hospitals for both Medicaid and the State Health Plan; differences in costs per case in 2012 were \$160.99 and \$2,030.55, respectively. This data does not take into account the difference in acuity levels between patients in hospitals and patients in ASC facilities. To estimate the actual cost savings, further analysis would need to include account patient profiles and disease severity.

Finally, the SHCC developed specific criteria for choosing the demonstration project service areas. Table 6D (*2010 SMFP*) reads, “At least one county in each of the groups of counties has a current population greater than or equal to 200,000 and more than 50 total ambulatory/shared operating rooms and at least [one] separately licensed Ambulatory Surgery Center.” The SHCC’s reasoning was that, “locating facilities in high population areas with a large number of operating rooms and existing ambulatory surgery providers prevents the facilities from harming hospitals in rural areas, which need revenue from surgical services to offset losses from other necessary services such as emergency department services.” Buncombe County meets the population requirement and does have at least one separately licensed ASC. However, the service area has a total inventory of 43 ambulatory and shared operating rooms. Hence, the service area does not meet the established criterion of having greater than 50 ambulatory/shared operating rooms.

***Agency Recommendation:***

The SHCC has consistently decided not to allow any additional Single Specialty Ambulatory Surgery Demonstration Projects for a service area with a projected surplus before the project data regarding impact of the model can be received and evaluated. In addition, the Buncombe-Madison-Yancey service area does not meet all of the criteria set for by the SHCC for these special demonstration projects. Given the information and comments received by the August 14, 2015 deadline and in consideration of the factors discussed above, the Agency recommends that the petition be denied.