



North Carolina Department of Health and Human Services
Division of Health Service Regulation

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Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

August 13, 2014

John V. Arnold
511 Union Street, Suite 2700
Nashville, TN 37219-8966

No Review

Facility or Business: Orthopaedic Surgery Center of Asheville
Project Description: Add a new indirect owner to the ownership management structure for
Orthopaedic Surgery Center of Asheville
County: Buncombe
FID #: 942946

Dear Mr. Vernon:

The Certificate of Need Section (CON Section) received your letter on July 1, 2014, regarding the above referenced proposal. Based on the CON law **in effect on the date of this response to your request**, the proposal described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. However, please note that if the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

It should be noted that this determination is binding only for the facts represented by you. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by the Certificate of Need Section. Changes in a project include, but are not limited to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

Please contact the CON Section if you have any questions. Also, in all future correspondence you should reference the Facility I.D. # (FID) if the facility is licensed.

Sincerely,

Julie Halatek
Julie Halatek
Project Analyst

Martha J. Frisone
Martha J. Frisone, Interim Chief
Certificate of Need Section



Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-733-8139

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

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John

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June 27, 2014



North Carolina Department of Health
Attention: CON Program
2704 Mail Service Center
Raleigh, NC 27600-2704

Re: Orthopaedic Surgery Center of Asheville, LP
Notice of Proposed Transaction

Dear Sir or Madam:

We are writing on behalf of Orthopaedic Surgery Center of Asheville, LP (the "Center"), which owns and operates an ambulatory surgery center known as "Orthopaedic Surgery Center of Asheville," located at 34 Granby Street, Asheville, North Carolina 28801 (the "Facility"). The purpose of this letter is to notify you of a proposed transaction that will result in a change to the indirect owners of the Center through a stock transaction. As a result of the transaction, a new indirect owner, Surgery Center Holdings, Inc. (the "Buyer"), will be added to the ownership structure. The parties intend to make the proposed transaction effective as soon as possible. For your convenience, we have attached organizational charts showing a "before" and "after" view of the Center's ownership structure in connection with the transaction.

The Center will remain the owner and operator of the Facility and the Center's Federal Employment Identification Number (EIN) (i.e., Tax ID) will not change as a result of the transaction. There are also no planned changes to the legal name, location or clinical operations of the Facility as a result of the transaction. Similarly, there are no planned changes in the staffing or day-to-day operations of the Facility as a result of the transaction. It is our understanding that the proposed addition of an indirect owner as a result of a stock transfer does not constitute a change of ownership that would require Certificate of Need review. I would greatly appreciate if you would let me know at your earliest possible convenience if you need any additional information or documentation regarding this transaction. If so, please send any forms or applications that are required to be completed by the Facility in connection with the transaction to my attention at 511 Union Street, Suite 2700, Nashville, Tennessee 37219 or via e-mail at john.arnold@wallerlaw.com.

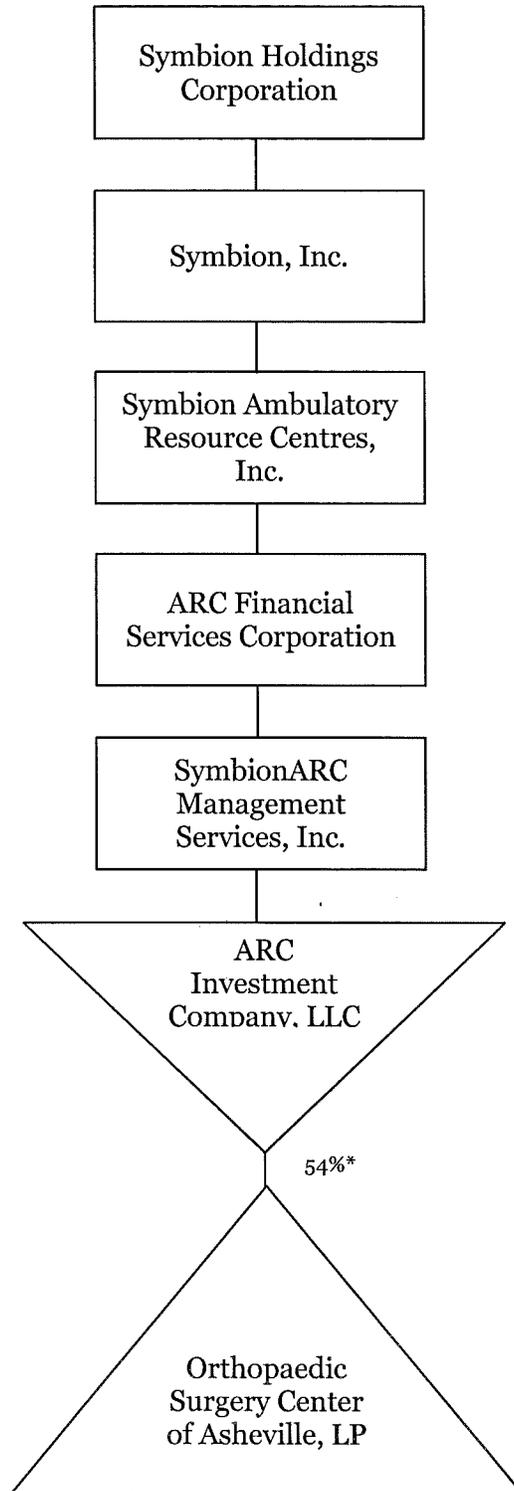
I thank you in advance for your assistance. Please do not hesitate to contact me at 615-850-8018, if you have questions or need additional information.

Best regards,

John V. Arnold

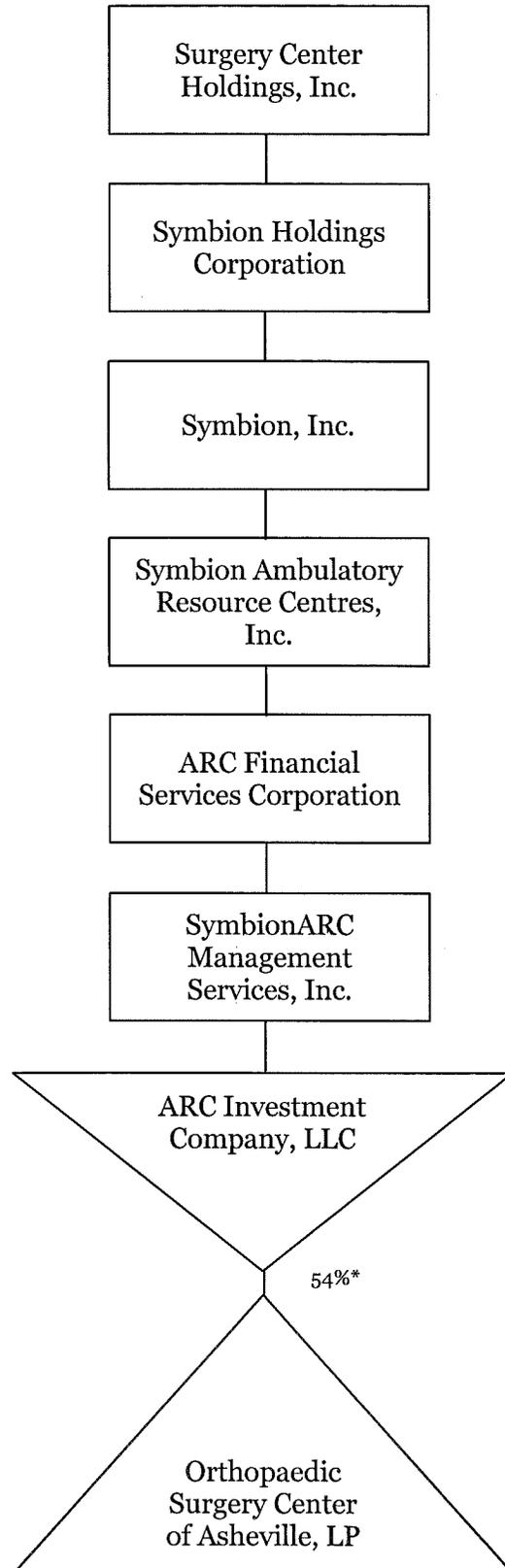
JVA:bab

**OWNERSHIP STRUCTURE
(CURRENT - BEFORE)**



*Remaining 46% held by individual physician investors (not changing).

**OWNERSHIP STRUCTURE
(ANTICIPATED - AFTER)**



*Remaining 46% held by individual physician investors (not changing).