



## **Office Of Health Care Access Certificate of Need Application**

### **Final Decision**

**Applicants:** HealthSouth Corporation and ASC Acquisition LLC

**Docket Number:** 07-30955-CON

**Project Title:** Termination of HealthSouth's Ambulatory Surgery Division in Connecticut and Acquisition of Four Ambulatory Surgery Centers by ASC Acquisition LLC

**Statutory Reference:** Sections 19a-638 and 19a-639 of the Connecticut General Statutes

**Filing Date:** July 17, 2007

**Decision Date:** August 16, 2007

**Default Date:** October 15, 2007

**Staff Assigned:** Laurie K. Greci

**Project Description:** HealthSouth Corporation proposes to terminate its Ambulatory Surgery Division in Connecticut by selling its four Connecticut ambulatory surgery centers to ASC Acquisition LLC at a total capital cost of \$60,047,000.

**Nature of Proceedings:** On July 17, 2007, the Office of Health Care Access received a completed Certificate of Need ("CON") application from HealthSouth Corporation for the proposal to terminate its Ambulatory Surgery Division in Connecticut by selling four Connecticut ambulatory surgery centers to ASC Acquisition LLC at a total capital cost of \$60,047,000. HealthSouth Corporation is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

Notices to the public regarding OHCA's receipt of HealthSouth Corporation's and ASC Acquisition LLC's ("Applicants") Letter of Intent to file a CON Application were published on May 8, 2007, in *The Connecticut Post* (Bridgeport), *The News-Times* (Danbury) and the *Hartford Courant*. OHCA received no responses from the public concerning the Applicants' proposal.

Pursuant to Sections 19a-638 and 19a-639, three individuals or an individual representing an entity with five or more people had until July 13, 2007, the twenty-first calendar day following the filing of the Applicants' CON application, to request that OHCA hold a public hearing on the Applicants' proposal. OHCA received no hearing requests from the public.

OHCA's authority to review and approve, modify or deny the CON application is established by Sections 19a-638 and 19a-5639, C.G.S. The provisions of these sections, as well as the principles and guidelines set forth in Section 19a-637, C.G.S., were fully considered by OHCA in its review.

## Findings of Fact

### Clear Public Need

#### **Impact of the Proposal on the Applicants' Current Utilization Statistics Proposal's Contribution to the Quality of Health Care Delivery in the Region Proposal's Contribution to the Accessibility of Health Care Delivery in the Region**

1. HealthSouth Corporation ("HealthSouth") is a Delaware corporation headquartered in Birmingham, Alabama. Through the subsidiaries of its Ambulatory Surgery Division, HealthSouth owns and operates 139 ambulatory surgical facilities and 3 surgical hospitals in 35 states. (*April 10, 2007, Letter of Intent, page 7*)
2. HealthSouth is proposing to terminate ownership of its Ambulatory Surgery Division, including its four Connecticut ambulatory surgery centers, through a stock purchase agreement with ASC Acquisition LLC ("ASC"), an affiliate of TPG Partners V, LP ("TPG"). (*June 25, 2007, Initial CON Submission, page 2*)
3. While the Ambulatory Surgery Division has been a strong contributor to the overall financial health of the corporation, management determined that it was in the best interest of HealthSouth to sell the Division to an outside investor and have it operate as a separate company rather than as a division of HealthSouth. (*June 25, 2007, Initial CON Submission, page 6*)
4. TPG is a private investment partnership with over \$30 billion of capital under management in affiliated funds. The TPG group of funds has a global presence with investments across a wide range of industries, including healthcare. (*June 25, 2007, Initial CON Submission, page 9*)
5. Prior to the acquisition by ASC, HealthSouth will complete an internal restructuring to transfer substantially all of the assets of its Ambulatory Surgery Division to Surgical

Care Affiliates, LLC, formerly known as Surgery Holdings, LLC. Surgical Care Affiliates is a newly formed entity and a wholly owned subsidiary of HealthSouth that will hold the business of the Ambulatory Surgery Division. The stock of Surgical Care Affiliates, and in turn the assets of the Ambulatory Surgery Division, will be acquired by ASC at the closing of the transaction. *(June 25, 2007, Initial CON Submission, page 43)*

6. ASC will continue to operate the four ambulatory surgery centers through the same limited partnerships and limited liability companies with the same senior, regional, and local management, professional staff and referring physician bases. *(June 25, 2007, Initial CON Submission, page 4)*
7. ASC will continue to offer all of the same services presently offered and without any interruption of service. *(June 25, 2007, Initial CON Submission, page 4)*
8. ASC will acquire the following four ambulatory surgery centers ("Facilities") in Connecticut:
  - a. HealthSouth Surgery Center of Bridgeport, LLC d/b/a HealthSouth Surgery Center of Bridgeport, 4920 Main Street, Bridgeport ("Bridgeport Center");
  - b. HealthSouth Surgery Center of Danbury, LP d/b/a HealthSouth Surgery Center of Danbury, 73 Sandpit Road, Danbury ("Danbury Center");
  - c. Hartford Surgery Center, LLC d/b/a HealthSouth Surgery Center of Hartford, 100 Retreat Avenue, Hartford ("Hartford Center"); and
  - d. HealthSouth Connecticut Surgery Center, LP d/b/a HealthSouth Connecticut Surgery Center, 81 Gillett Street, Hartford ("CT Center").*(April 17, 2007, Letter of Intent, pages 9 and 10)*
9. Each Facility is a multi-specialty ambulatory surgical center licensed by the State of Connecticut, Department of Public Health ("DPH"), in accordance with Section 19a-491 C.G.S., and Section 190-13-D56 of the Public Health Code. The licenses do not limit the surgical specialties that can be offered by the Facilities. *(June 25, 2007, Initial CON Submission, page 2)*
10. The Bridgeport Center has been in existence since 1982. The Center was established pursuant to a Certificate of Need ("CON") issued by the former Commission on Hospitals and Health Care ("CHHC") under Docket Number 82-532 and was acquired by HealthSouth in 1997. The Bridgeport Center has four (4) operating rooms and a single procedure room. The Bridgeport Center's focus is on pain management, otolaryngology, orthopedics, and gastroenterology procedures, which collectively accounted for 67 percent of the Center's procedures in 2006. The Bridgeport Center serves a largely urban population. Approximately 19% of the Center's cases in 2006 involved Bridgeport residents. The current operating entity for the Bridgeport Center is HealthSouth Surgery Center of Bridgeport, LLC. *(June 25, 2007, Initial CON Submission, page 10 and 47)*
11. The Danbury Center has been in existence since 1982. The Danbury Center was established pursuant to a CON issued by CHHC Docket Number 82-506 and was acquired by HealthSouth in 1997. It has three (3) operating rooms and three (3) procedure rooms that routinely operate at, or near, capacity. More than 9,000 cases were

performed at the Danbury Center in 2006, largely in the areas of gastroenterology, pain management, orthopedics, and ophthalmology. Approximately 26% of the Danbury Center's case volume in 2006 was attributable to Danbury residents. The current operating entity for the Danbury Center is HealthSouth Surgery Center of Danbury, LP. *(June 25, 2007, Initial CON Submission, page 10)*

12. The Hartford Center has been in existence since 1975. It was established pursuant to a CON issued by the CHHC under Docket Number 75-522 and was acquired by HealthSouth in 1997. It is located in the South End of Hartford and serves a largely urban population. The Hartford Center has two (2) operating rooms and a single procedure room. The current operating entity for the Hartford Center is HealthSouth Surgery Center of Hartford, LLC. Having numerous gynecologists on staff, women's surgical services accounted for approximately 72% of the Hartford Center's volume in 2006. *(June 25, 2007, Initial CON Submission, pages 10, 24, and 47)*
13. The CT Center has been in existence since 1983. It was established pursuant to a CON issued by the CHHC under Docket Number 83-540 and was acquired by HealthSouth in 1998. The CT Center has two (2) operating rooms and a single procedure room. The current operating entity for the CT Center is Health South Connecticut Surgery Center, LP. *(June 25, 2007, Initial CON Submission, pages 10, 23, 24 and 47)*
14. Each Facility has physician investors who perform varying percentages of their procedures at their respective Facilities:
  - a. HealthSouth Surgery Center of Bridgeport, LLC has 23 physician investors who collectively own 30 membership interests. These physicians' procedures account for more than 55 percent of the Bridgeport Center's 2007 year-to-date surgical volume.
  - b. HealthSouth Surgery Center of Danbury, LP has 23 physician investors who collectively own 48 limited partnership interests. These physicians' procedures account for approximately 90 percent of the Danbury Center's 2007 year-to-date surgical volume.
  - c. HealthSouth Surgery Center of Hartford, LLC has three (3) physician investors, who acquired 49 membership interests in March 2007 through a limited liability company in which they are members. Under OHCA Docket Number 06-30738-RCN, the limited liability company will acquire an additional 11 membership interests.
  - d. HealthSouth Connecticut Surgery Center, LP has five (5) physician investors who collectively own five (5) limited partnership interests. These physicians' procedures account for approximately 14 percent of the Connecticut Center's year-to-date surgical volume.*(June 25, 2007, Initial CON Submission, page 42 and OHCA Docket Number 06-30738-RCN, Final Decision))*
15. Physician ownership in each of the entities that owns and operates a HealthSouth Facility will remain the same after the stock sale. *(June 25, 2007, Initial CON Submission, page 45)*
16. The following table reports the surgical specialties that are offered, or have been offered, at each of the Facilities. The number of active medical staff by specialty is enclosed in parenthesis:

**Table 1: Ambulatory Surgical Specialties by Facility**

<b>Specialty</b>	<b>Bridgeport Center</b>	<b>Danbury Center</b>	<b>Hartford Center</b>	<b>CT Center</b>
<b>Gastroenterology</b>	Yes (11)	Yes (8)	Yes (0)	Yes (2)
<b>General Surgery</b>	Yes (2)	Yes (1)	Yes (1)	Yes (6)
<b>Gynecology</b>	Yes (27)	Yes (1)	Yes (39)	Yes (30)
<b>Neurosurgery</b>	No	No	Yes (1)	No
<b>Ophthalmology</b>	Yes (9)	Yes (10)	Yes (3)	Yes (2)
<b>Oral Surgery</b>	Yes (4)	Yes (12)	Yes (2)	Yes (0)
<b>Orthopedics</b>	Yes (13)	Yes (23)	Yes (5)	Yes (14)
<b>Otolaryngology (ENT)</b>	Yes (8)	Yes (0)	Yes (5)	Yes (0)
<b>Pain Management</b>	Yes (6)	Yes (3)	Yes (0)	Yes (2)
<b>Plastic Surgery</b>	Yes (8)	Yes (2)	Yes (1)	Yes (3)
<b>Podiatry</b>	Yes (19)	Yes (6)	Yes (9)	Yes (5)
<b>Stereotactic Breast Biopsy</b>	No	No	No	Yes (0)
<b>Urology</b>	Yes (2)	Yes (0)	Yes (3)	Yes (6)

*(June 25, 2007, Initial CON Submission, pages 2 and 38)*

17. Several physicians no longer utilize the Centers, having moved to other facilities or ambulatory surgery centers. The Danbury Center has in the past provided otolaryngology (“ENT”) and urology services and at present has no physicians on staff to perform procedures in these specialties. The Hartford Center has in the past provided gastroenterology and pain management services and at present has no physicians on staff to perform procedures in these specialties. The Connecticut Center has in the past provided otolaryngology and oral surgery services and at present has no physicians on staff that performs procedures in these specialties. HealthSouth continues its efforts to recruit gastroenterologists, pain management specialists, otolaryngologists, and oral surgeons to perform procedures at the Facilities. *(June 25, 2007, Initial CON Submission, page 3)*
18. Following the acquisition by ASC, the existing executive, and regional management team, which has knowledge of the industry and regulatory environment as well as the portfolio of facilities presently owned by HealthSouth, will remain in executive management positions. The existing team’s strategy for the Ambulatory Surgery Division will include recruiting and retaining physicians, including those who practice in specialties that have lost volume at one of the Facilities, to perform their surgical procedures at the Connecticut Facilities. *(June 25, 2007, Initial CON Submission, page 4)*

19. The Applicants based the need for the change of ownership on:
  - a. The strategic decision by HealthSouth to sell its Outpatient Rehabilitation, Diagnostic Imaging, and Ambulatory Surgery Divisions in order to concentrate on the provision of inpatient rehabilitation services and to deleverage the company;
  - b. The ability of ASC to acquire and operate the Ambulatory Surgery Division as a stand-alone business; and
  - c. The ongoing need for each Facility and the Applicants' desire to engage in a transaction that will guarantee that each Facility continues to exist as a vital healthcare resource in its community.

*(June 25, 2007, Initial CON Submission, page 5)*
20. HealthSouth undertook a number of measures to restore its integrity and financial health after experiencing significant financial problems in 2003:
  - a. Replacement of the Board of Directors and senior management team;
  - b. Corporate governance policies and practices were improved;
  - c. Accounting transactions were reconstructed;
  - d. Amended financial reports were filed with the SEC;
  - e. Settlements were reached on lawsuits; and
  - f. All existing prior indebtedness was prepaid through recapitalization transactions.

*(June 25, 2007, Initial CON Submission, page 6)*
21. HealthSouth's new management decided that the company would focus on being a provider of post-acute healthcare services, with an initial focus on rehabilitative health care. The decision was based on factors including:
  - a. HealthSouth's existing divisions compete in market segments with substantial growth potential;
  - b. HealthSouth's significant debt burden, including settlement obligations to be paid to government agencies, limited its ability to pursue many growth opportunities;
  - c. HealthSouth's belief that a "pure play" post-acute strategy builds upon its core competencies in inpatient rehabilitation and responds to industry trends; and
  - d. The use of the funds made available from the divestiture of the various divisions would be used to deleverage the company and allow HealthSouth to pursue growth opportunities in its inpatient division and complementary post-acute care businesses.

*(June 25, 2007, Initial CON Submission, page 7)*
22. ASC will purchase HealthSouth's Ambulatory Surgery Division for approximately \$882.3 million in cash. ASC was selected as purchaser, in part, because affiliates of its sole member, TPG, have extensive experience in the healthcare sector. In addition, ASC expressed the intention to maintain current senior, regional, and local management personnel to operate the Ambulatory Surgery Division as a stand-alone business. *(June 25, 2007, Initial CON Submission, pages 7, 8)*
23. In the ambulatory surgery center market, ASC identified the following competitive strengths associated with HealthSouth's Ambulatory Surgery Division, which led to its decision to acquire the Division:
  - a. Leading national franchise;
  - b. Strong physician relationships and experienced management team;

- c. Diverse case mix from multi-specialty ambulatory surgery centers;
- d. Favorable payer mix, with limited exposure to any single payer; and
- e. Stable revenues.

*(June 25, 2007, Initial CON Submission, pages 8)*

24. Following its acquisition of the Ambulatory Surgery Division, ASC's operating strategy will include:

- a. Recruiting and retaining leading physicians;
- b. Improving operating efficiencies and margins as a stand-alone business;
- c. Increasing utilization at underperforming facilities;
- d. Expanding selectively through acquisitions and developments; and
- e. Pursuing strategic relationships with healthcare systems.

*(June 25, 2007, Initial CON Submission, pages 8, 9)*

25. The following tables report the procedure volumes by procedure type and by facility for FYs<sup>1</sup> 2004, 2005, 2006, and 2007, annualized:

**Table 2a: Bridgeport Center Actual Procedure Volume By Specialty**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007*</b>
<b>Gastroenterology</b>	1,108	902	905	864
<b>General Surgery</b>	37	26	20	12
<b>Gynecology</b>	795	717	625	516
<b>Ophthalmology</b>	254	412	466	487
<b>Oral Surgery</b>	66	40	52	34
<b>Orthopedics</b>	906	847	909	1,154
<b>Otolaryngology</b>	890	1,051	1,021	1,200
<b>Pain Management</b>	662	1,123	1,011	977
<b>Plastic Surgery</b>	256	165	91	99
<b>Podiatry</b>	509	487	459	480
<b>Urology</b>	5	127	174	166
<b>Vascular</b>	2	--	--	--
<b>TOTAL</b>	<b>5,490</b>	<b>5,897</b>	<b>5,733</b>	<b>5,989</b>

\*Annualized, based on actual volume performed in first 5 months of calendar year.

*(June 25, 2007, Initial CON Submission, page 39 and July 17, 2007, Completeness Response, page 2)*

<sup>1</sup> Each Center uses the calendar year as its fiscal year.

**Table 2b: Danbury Center Actual Procedure Volume By Specialty**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007 *</b>
<b>Gastroenterology</b>	3,501	3,884	3,687	3,929
<b>General Surgery</b>	6	1	9	7
<b>Gynecology</b>	66	16	2	0
<b>Ophthalmology</b>	1,149	1,131	1,115	1,166
<b>Oral Surgery</b>	6	4	9	12
<b>Orthopedics</b>	1,460	1,822	1,931	1,946
<b>Otolaryngology</b>	131	88	53	0
<b>Pain Management</b>	2,535	2,527	2,465	1,987
<b>Plastic Surgery</b>	39	61	27	2
<b>Podiatry</b>	96	98	66	79
<b>TOTAL</b>	<b>8,989</b>	<b>9,632</b>	<b>9,364</b>	<b>9,130</b>

\*Annualized, based on actual volume performed in first 5 months of calendar year.  
(June 25, 2007, Initial CON Submission, page 40 and July 17, 2007, Completeness Response, page 2))

**Table 2c: Hartford Center Actual Procedure Volume By Specialty**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007*</b>
<b>Gastroenterology</b>	163	29	--	--
<b>General Surgery</b>	7	8	11	5
<b>Gynecology</b>	1,708	1,798	1,734	1,630
<b>Neurology</b>	10	6	2	10
<b>Ophthalmology</b>	164	147	97	91
<b>Oral Surgery</b>	7	4	10	7
<b>Orthopedics</b>	530	320	86	247
<b>Otolaryngology</b>	296	274	274	274
<b>Pain Management</b>	290	--	--	--
<b>Plastic Surgery</b>	8	16	6	10
<b>Podiatry</b>	429	200	168	221
<b>Urology</b>	38	26	18	5
<b>TOTAL</b>	<b>3,650</b>	<b>2,828</b>	<b>2,406</b>	<b>2,500</b>

\*Annualized, based on actual volume performed in first 5 months of calendar year.  
(June 25, 2007, Initial CON Submission, page 41 and July 17, 2007, Completeness Response, page 3)

**Table 2d: CT Center Actual Procedure Volume By Specialty**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007 *</b>
<b>Gastroenterology</b>	911	461	21	24
<b>General Surgery</b>	179	4	34	36
<b>Gynecology</b>	846	770	735	718
<b>Ophthalmology</b>	87	64	62	58
<b>Orthopedics</b>	533	593	882	938
<b>Pain Management</b>	673	1,146	1,030	1,150
<b>Plastic Surgery</b>	30	30	16	14
<b>Podiatry</b>	108	142	137	113
<b>Urology</b>	55	71	47	46
<b>TOTAL</b>	<b>3,422</b>	<b>3,281</b>	<b>2,964</b>	<b>3,096</b>

\*Annualized, based on actual volume performed in first 5 months of calendar year.

(June 25, 2007, Initial CON Submission, page 42 and July 17, 2007, Completeness Response, page 3)

26. On the average, HealthSouth's surgical cases require an operating room environment for one hour. It estimated the minimum capacity for an operating room to be 60% of total capacity, and the maximum at 80% of total capacity. HealthSouth provided the following ambulatory surgical center capacity for its Facilities:

**Table 3: Operating Room Capacity by Facility**

<b>Center</b>	<b>Number of ORs</b>	<b>Estimated Capacity per OR</b>		<b>FY 2006 Utilization</b>
	<b>Available, Equipped, and Utilized</b>	<b>Minimum</b>	<b>Maximum</b>	
Hartford*	2	1,250	1,650	2,407
CT**	2	1,200	1,600	2,676
Danbury***	3	1,150	1,550	9,363
Bridgeport*	4	1,250	1,650	5,733

\* Based on room availability of 8 hours/day, 7 days/week, and 52 weeks/year and 1 hour per case.

\*\* Based on room availability of 8 hours/day, 5 days/week and 50 weeks/year and 1 hour per case.

\*\*\* Based on room availability of 7.5 hours/day, 5 days/week, and 51 weeks/year and 1 hour per case.

(June 25, 2007, Initial CON Submission, pages 21 to 24)

27. The Facilities will remain licensed by DPH as outpatient surgical facilities and continue to be held by the current licensees. DPH will be notified of the change in parent company. (June 25, 2007, Initial CON Submission, page 36)
28. The current operating entities will bill for services provided after the acquisition by ASC. (June 25, 2007, Initial CON Submission, page 47)
29. Section 19a-613 of the Connecticut General Statutes authorizes OHCA to collect patient-level outpatient data from health care facilities or institutions, as defined in Section 19a-630.

**Financial Feasibility and Cost Effectiveness of the Proposal and its Impact on the  
Applicants' Rates and Financial Condition  
Impact of the Proposal on the Interests of Consumers of Health Care Services and the  
Payers for Such Services  
Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines**

30. The valuations of the Facilities agreed to by HealthSouth and ASC were based upon an implicit multiple of earnings before interest, taxes, depreciation, and amortization minus the minority interest. The total capital cost of \$60,047,000 is comprised of the following:

**Table 4: Valuation of the Facilities**

<b>Facility</b>	<b>Valuation</b>
HealthSouth Surgery Center of Bridgeport	\$16,451,000
HealthSouth Surgery Center of Danbury	\$30,032,000
HealthSouth Surgery Center of Hartford	\$608,000 <sup>2</sup>
HealthSouth Connecticut Surgery Center	\$9,956,000
<b>TOTAL:</b>	<b>\$60,047,000</b>

*(June 25, 2007, Initial CON Submission, pages 48 and 49)*

31. ASC will acquire all of HealthSouth's equity interest in the Ambulatory Surgery Division for cash consideration of \$882.3 million, plus \$16.5 million of assumed leases and other indebtedness. Goldman Sachs Credit Partners and J.P. Morgan Securities, Inc, has committed to \$655 million of credit, comprised of a \$355 million Senior Secured Term Loan Facility, and \$300 million of Senior Unsecured and Senior Subordinated Bridge Facilities. TPG and management will provide approximately \$267.3 million of equity for this transaction. *(June 25, 2007, Initial CON Application, pages 2 and 50)*
32. The Applicants are not projecting any incremental revenue, expenses, or volume as a result of the change of ownership. ASC will be acquiring the Ambulatory Surgery Division and operating the Connecticut Facilities in substantially the same manner as HealthSouth. *(June 25, 2007, Initial CON Application, page 54)*

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<sup>2</sup> All facilities nationwide were ranked within one of four quartiles based upon their FY 2006 performance. Bridgeport Center and Danbury Center were ranked in Quartile 1; CT Center was ranked in Quartile 2; and the Hartford Center in Quartile 4. The Bridgeport, Danbury, and CT Centers, with higher earnings makes their purchase price allocations greater than that of the Hartford Center. *(August 10, 2007, Email from J. Groves, Esq.)*

33. The following table reports the combined projected financial gain from operations for HealthSouth's Facilities in Connecticut:

**Table 5: Combined Projected Financial Results for the Facilities**

<b>Projected:</b>	<b>FY 2007*</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Revenue from Operations	\$28,371,844	\$29,549,469	\$30,800,915	\$32,106,328
Total Operating Expense	22,060,117	22,721,920	23,403,578	24,105,685
<b>Gain from Operations</b>	<b>\$ 6,311,727</b>	<b>\$ 6,827,549</b>	<b>\$ 7,397,337</b>	<b>\$ 8,000,643</b>
<b>Procedure Volume</b>	<b>20,636</b>	<b>20,961</b>	<b>21,292</b>	<b>21,629</b>

\* Based on four months of FY 2007 actual results and ASC's operating strategy.

(June 25, 2007, Initial CON Submission, pages 900 and 901)

34. The following tables report the projected financial results for each individual ambulatory surgery center in Connecticut:

**Table 6a: Financial Projections by Fiscal Year for Bridgeport Center**

<b>Projected:</b>	<b>FY 2007*</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Revenue from Operations	\$7,995,519	\$8,354,972	\$8,730,591	\$9,123,101
Total Operating Expense	6,166,212	6,351,199	6,541,735	6,737,987
<b>Gain from Operations</b>	<b>\$1,829,307</b>	<b>\$2,003,773</b>	<b>\$2,188,856</b>	<b>\$2,385,114</b>
<b>Procedure Volume</b>	<b>5,376</b>	<b>5,457</b>	<b>5,538</b>	<b>5,622</b>

\* Based on four months of FY 2007 actual results and ASC's operating strategy.

(June 25, 2007, Initial CON Submission, page 896)

**Table 6b: Financial Projections by Fiscal Year for Danbury Center**

<b>Projected:</b>	<b>FY 2007*</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Revenue from Operations	\$10,891,363	\$11,358,212	\$11,869,168	\$12,403,112
Total Operating Expense	8,067,738	8,309,77	8,559,064	8,815,836
<b>Gain from Operations</b>	<b>\$ 2,823,625</b>	<b>\$ 3,048,441</b>	<b>\$ 3,310,104</b>	<b>\$ 3,587,276</b>
<b>Procedure Volume</b>	<b>9,300</b>	<b>9,440</b>	<b>9,581</b>	<b>9,725</b>

\* Based on four months of FY 2007 actual results and ASC's operating strategy.

(June 25, 2007, Initial CON Submission, page 897)

**Table 6c: Financial Projections by Fiscal Year for Hartford Center**

<b>Projected:</b>	<b>FY 2007*</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Revenue from Operations	\$4,999,179	\$5,141,481	\$5,295,655	\$5,454,451
Total Operating Expense	3,922,245	4,039,912	4,161,109	4,285,943
<b>Gain from Operations</b>	<b>\$1,069,554</b>	<b>\$1,101,569</b>	<b>\$1,134,545</b>	<b>\$1,168,509</b>
<b>Procedure Volume</b>	<b>3,221</b>	<b>3,285</b>	<b>3,351</b>	<b>3,418</b>

\* Based on four months of FY 2007 actual results and ASC's operating strategy.

(June 25, 2007, Initial CON Submission, page 898)

**Table 6d: Financial Projections by Fiscal Year for CT Center**

<b>Projected:</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Revenue from Operations	\$4,493,164	\$,694,804	\$4,905,502	\$5,25,664
Total Operating Expense	3,903,921	4,021,039	4,141,670	4,285,920
<b>Gain from Operations</b>	<b>\$ 589,243</b>	<b>\$ 673,766</b>	<b>\$ 763,832</b>	<b>\$ 859,744</b>
<b>Procedure Volume</b>	<b>2,739</b>	<b>2,780</b>	<b>2,822</b>	<b>2,864</b>

\* Based on four months of FY 2007 actual results and ASC's operating strategy.  
(June 25, 2007, Initial CON Submission, page 899)

35. The current and projected payer mix for each of the four Centers is presented in the following table. The payer mix has been projected not to change as a result of the acquisition by ASC.

**Table 7: Current and Projected Payer Mix by Facility**

<b>Payer</b>	<b>Bridgeport Center</b>	<b>Danbury Center</b>	<b>Hartford Center</b>	<b>CT Center</b>
Medicare*	8%	20%	2%	8%
Medicaid* (includes other medical assistance)	1%	0%	2%	2%
CHAMPUS and TriCare	0%	0%	0%	0%
<b>Total Government Payers</b>	<b>9%</b>	<b>20%</b>	<b>4%</b>	<b>10%</b>
Commercial Insurers*	77%	70%	92%	68%
Uninsured	2%	2%	1%	1%
Workers Compensation	12%	8%	3%	21%
<b>Total Non-Government Payers</b>	<b>91%</b>	<b>80%</b>	<b>96%</b>	<b>90%</b>
<b>Total Payer Mix</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* Includes managed care activity.  
(June 25, 2007, Initial CON Application, pages 51, 52, and 53)

36. ASC proposes to maintain an experienced team of management personnel, who possess knowledge of the industry and regulatory environment, as well as HealthSouth's portfolio of facilities. This team will work to recruit and retain leading physician, improve operating efficiencies and margins throughout the Division, capitalize on the Division's diversified business mix, increase utilization at underperforming facilities, and pursue development and strategic relationship opportunities. (June 25, 2007, Initial CON Application, page 53)

37. ASC believes that it can meaningfully improve its operating margins through:
  - a. Staffing and labor management tools that will determine the most appropriate and efficient staffing plans for its facilities;
  - b. Enhancement of its information technology;
  - a. Containment of costs by increasing system integration and enhancing data analysis in order to increase efficiencies in reimbursement and collection processes and to identify related cost saving initiatives; and
  - b. Reduction of costs through the standardization of purchasing practices and enhancement of its procurement system.

*(June 25, 2007, Initial CON Submission, page 55)*
38. There is no State Health Plan in existence at this time. *(June 25, 2007, Initial CON Application, page 4)*
39. The Applicants have adduced evidence that the proposal is consistent with their long-range plans. *(June 25, 2007, Initial CON Submission, page 5)*
40. In the past year HealthSouth has undertaken actions to improve productivity and contain costs, including strategies to improve cash flow, standardization of labor and supply chain practices, and reduction of fixed costs. *(June 25, 2007, Initial CON Submission, page 34)*
41. This proposal will not result in changes to the Applicants' teaching and research responsibilities. *(June 25, 2007, CON Application, page 36)*
42. There are no distinguishing characteristics of the Applicants' patient/physician mix. *(June 25, 2007, CON Application, page 36)*
43. The Applicants' proposal will result in no change in the technical and managerial competence currently in place and providing efficient and adequate service to the public. *(June 25, 2007, CON Application, page 29 and Exhibit C)*
44. The Facilities' rates are sufficient to cover the operating costs associated with the proposal. *(June 25, 2007, Initial CON Submission, pages 896 to 901)*

## Rationale

The Office of Health Care Access (“OHCA”) approaches community and regional need for Certificate of Need (“CON”) proposals on a case-by-case basis. CON applications do not lend themselves to general applicability due to a variety of factors, which may affect any given proposal; e.g., the characteristics of the population to be served, the nature of the existing services, the specific types of services proposed to be offered, the current utilization of services and the financial feasibility of the proposal.

HealthSouth Corporation (“HealthSouth”), through the subsidiaries of its Ambulatory Surgery Division (“Division”), owns and operates 139 ambulatory surgical facilities and 3 surgical hospitals in 35 states. Four of the ambulatory surgical facilities are located in Connecticut. These include HealthSouth Surgery Center of Bridgeport, HealthSouth Surgery Center of Danbury, HealthSouth Surgery Center of Hartford, and HealthSouth Connecticut Surgery Center, located in Hartford (“Connecticut Facilities”). HealthSouth entered into an agreement to sell its Ambulatory Surgery Division to ASC Acquisition, LLC (“ASC”), an affiliate of TPG Partners V, LP. HealthSouth proposes to include in the sale to ASC the four Connecticut Facilities. The sale will be made pursuant to a stock purchase agreement and in consideration of cash and equity interest in the new company, Surgical Care Affiliates, which will own and operate the Division and its facilities.

ASC will maintain an experienced team of management personnel, who possess an in-depth knowledge of the industry and regulatory environment, as well as HealthSouth’s portfolio of facilities. This team will work to recruit and retain leading physician, improve operating efficiencies and margins throughout the Division, capitalize on the Division’s diversified business mix, increase utilization at underperforming facilities, and pursue development and strategic relationship opportunities. Together, these initiatives will help to strengthen the Connecticut Facilities, furthering the Applicants’ of providing Connecticut residents with access to the highest-quality outpatient surgical care in a cost-effective manner.

The stock purchase agreement in its entirety includes debt financing of up to \$655 million underwritten by Goldman Sachs Credit Partners and J.P. Morgan Securities, Inc. In addition, HealthSouth will receive \$267.3 million in equity in the new company. The CON proposal is financially feasible. The Connecticut Facilities have been in operation for up to 30 years. Each Facility is projected to provide gains from operations in FY 2007 through FY 2010. The combined projected gain from operations for the Connecticut Facilities is \$6,311,727, \$6,827,549, \$7,397,337, and \$8,000,643 for FY 2007 through 2010, respectively. Although OHCA cannot draw any conclusions, the Applicants’ financial projections, and the volumes that they were based upon, appear to be reasonable and achievable. The sale of HealthSouth’s Ambulatory Surgery Division in Connecticut to ASC will contribute favorably to the quality of services provided, the ongoing accessibility of these services, and the cost of these services.

## Order

Based upon the foregoing Findings and Rationale, the Certificate of Need application of HealthSouth Corporation to terminate its Ambulatory Surgery Division in Connecticut by selling its four Connecticut ambulatory surgery centers to ASC Acquisition LLC, at a total capital cost of \$60,047,000, is hereby GRANTED, subject to conditions:

1. HealthSouth Corporation is authorized to sell the following four ambulatory surgery centers to ASC Acquisition LLC:
  - a. HealthSouth Surgery Center of Bridgeport, LLC d/b/a HealthSouth Surgery Center of Bridgeport, located at 4920 Main Street, Bridgeport and having four (4) operating rooms and a single procedure room;
  - b. HealthSouth Surgery Center of Danbury, LP d/b/a HealthSouth Surgery Center of Danbury, located at 73 Sandpit Road, Danbury and having three (3) operating rooms and three (3) procedure rooms;
  - c. Hartford Surgery Center, LLC d/b/a HealthSouth Surgery Center of Hartford, located at 100 Retreat Avenue, Hartford and having two (2) operating rooms and a single procedure room; and
  - d. HealthSouth Connecticut Surgery Center, LP d/b/a HealthSouth Connecticut Surgery Center, located at 81 Gillett Street, Hartford and having two (2) operating rooms and a single procedure room.
2. This authorization shall expire on August 16, 2008. If the sale of the four Connecticut ambulatory surgery centers to ASC Acquisition LLC has not been completed by that date, the Applicants must seek further approval from OHCA to complete the project beyond that date.
3. The Applicants shall not exceed the approved total capital cost of \$60,047,000 consisting of the following capital costs of:
  - a. \$16,451,000 for HealthSouth Surgery Center of Bridgeport;
  - b. \$30,032,000 for HealthSouth Surgery Center of Danbury;
  - c. \$608,000 for HealthSouth Surgery Center of Hartford; and
  - d. \$9,956,000 for HealthSouth Connecticut Surgery Center.
4. In the event that the Applicants learn of potential cost increases or expects that final capital costs for any or all of the four ambulatory surgery centers will exceed those approved, the Applicants shall notify OHCA immediately.
5. The Applicants must provide OHCA with copies of all correspondence with the State of Connecticut, Department of Public Health, concerning the acquisition of the four ambulatory surgery centers until August 16, 2008.

6. The Applicants must report date of the commencement of operations for each Connecticut ambulatory surgery center under ASC Acquisition LLC, as the parent company, to OHCA within one month of each commencement date.
7. Beginning in January 2008, each of the four Connecticut ambulatory surgery centers<sup>3</sup> shall each provide OHCA with utilization reports on a quarterly basis. The data elements and the format and submission requirements are described in Attachment 1. Each facility shall include in its quarterly report the name and telephone number of the person that OHCA may contact for data inquiries. In addition to basis data analyses, OHCA will use the submitted data to assure that residents of Bridgeport, Danbury, Hartford, and surrounding towns have appropriate access to the respective facility.
8. Should ASC Acquisitions, LLC propose to change ownership or change, expand, or terminate services or change the number of operating rooms and/or procedure rooms at any of the four ambulatory surgery centers, ASC Acquisitions, LLC shall file with OHCA appropriate documentation regarding such proposal, including either a Certificate of Need Determination Request or a Certificate of Need Letter of Intent.

Should the Applicants fail to comply with any of the aforementioned conditions, OHCA reserves the right to take additional action as authorized by law.

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the  
Office of Health Care Access

August 16, 2007

Signed by Cristine A. Vogel  
Commissioner

CAV: lkg

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<sup>3</sup> Under Docket Number 06-30738-RCN, Order Number 6 on page 11 of the Final Decision HealthSouth Surgery Center of Hartford also requires quarterly data submission as described in Attachment 1. Data must only be submitted to OHCA once to satisfy the requirements of both dockets.

**Attachment 1**

HealthSouth Surgery Center of Bridgeport, LLC , HealthSouth Surgery Center of Danbury, LP, HealthSouth Surgery Center of Hartford, LLC, and HealthSouth Connecticut Surgery Center , LP shall separately submit patient-specific data as listed and defined below for those patients that receive service, care, diagnosis or treatment at the following four facilities:

- a. HealthSouth Surgery Center of Bridgeport, 4920 Main Street, Bridgeport;
- b. HealthSouth Surgery Center of Danbury, 73 Sandpit Road, Danbury;
- c. HealthSouth Surgery Center of Hartford, 100 Retreat Avenue, Hartford; and
- d. HealthSouth Connecticut Surgery Center, 81 Gillett Street, Hartford.

This information may be extracted from either the medical abstract or billing records or both and submitted to the Office of Health Care Access (OHCA) in accordance with this Attachment.

- I. The data are to be submitted in **comma delimited file(s)** or **Excel file(s)** on a computer disk or electronically.
- II. Column headers to be used are listed below in parentheses after the name of each data element.
- III. Data formats to be followed are listed for each data element.
- IV. The disk or file should be clearly marked with the applicant's/facility's name, file name, docket number and its contents.
- V. Accompanying the data submission, the applicant/facility must submit a full written description of the data submitted and its record layout.
- VI. Initial data shall be submitted at the end of the first quarter of 2008. Data for a calendar quarter shall be filed before the end of the calendar quarter following the calendar quarter in which the encounter was recorded. This data set shall contain the data records for each individual encounter from that facility during the preceding calendar quarter. For example, the data set to be filed before June 30, 2008, shall contain the data records for each individual encounter at that facility from January 1, 2008 until March 31, 2008.
- VII. All data collected by OHCA will be subject to the laws and regulations of the State of Connecticut and the Office of Health Care Access regarding its collection, use, and confidentiality.

### Outpatient Facility Encounter Data Layout

#	Description	Field Name	Data Type	Start	Stop
1	Facility ID -CMS assigned National Provider Identifier (effective May 23, 2005) or OHCA assigned SID # or the last four digits of the Medicare Provider Number for the unit from which the patient was discharged for the encounter being recorded.	facid	Char(10)	1	10
2	Fiscal Year – Hospital fiscal year runs from October 1 of a calendar year to September 30 of the following calendar year and is the year of discharge.	fy	Char(4)	11	12
3	Quarter – The quarter of discharge.	quart	Char(1)	13	13
	January 1 – March 31 - 2				
	April 1 – June 30 - 3				
	July 1 - September 30 - 4				
	October 1 – December 31 - 1				
4	Medical Record Number – unique patient identification number assigned to each patient for whom services are provided by a facility that distinguishes by itself the encounter of an individual patient from the encounter of all other patients for that facility.	mrn	Char(20)	14	33
	<b>Format: string (20, zero filled to left if fewer than 20 characters)</b>				
5	Patient Control Number – unique number assigned by the facility to each patient’s individual encounter that distinguishes the medical and billing records of the encounter.	patcont	Char(20)	34	53
	<b>Format: string (20, zero filled to left if fewer than 20 characters)</b>				
6	Social Security Number – patient’s SSN	ssn	Char(9)	54	62
	<b>Format: string (9, exclude hyphens)</b>				
7	Date of birth – the month, day, and year of birth of the patient whose encounter is being recorded.	dob	Date	63	70
	<b>Format: date (8, mmddyyyy)</b>				
8	Sex – patient’s sex, to be numerically coded as follows:	sex	Char(1)	71	71
	1. Male = 1				
	2. Female = 2				
	3. Not determined = 3				
9	Race – patient-identified designation of a category from the following list, and coded as follows:	race	Char(1)	72	72
	A. White = 1				

#	Description	Field Name	Data Type	Start	Stop
9	B. Black/African American = 2				
	C. American Indian/Alaska Native = 3				
	D. Native Hawaiian/Other Pacific Island (e.g., Native Hawaiian, Guamanian or Chamorro, Samoan, Other Pacific Islander.) = 4				
	E. Asian (e.g., Asian Indian, Chinese, Filipino, Japanese, Korean, Vietnamese, other Asian) = 5				
	F. Two or more races = 6				
	G. Some other race = 7				
	H. Unknown = 8				
10	Ethnicity – patient-identified ethnic origin from categories listed and coded as follows:	pat_eth	Char(1)	73	73
	A. Hispanic/Latino (i.e., Mexican, Puerto Rican, Cuban or other Hispanic or Latino) = 1				
	B. Non-Hispanic/Latino = 2				
11	Patient's State – patient indicated state of primary residence.	patstate	Char(2)	74	75
12	Town – patient indicated town of primary residence.	town_cty	Char(3)	76	78
13	Zip Code – zip code of the patient's primary residence	patzip	Char(5)	79	83
14	Relationship to Insured1 – means the categories of patient's relationship to the identified insured or sponsor as listed below:	r_insured1	Char(3)	84	86
	1. Self = 1				
	2. Spouse = 2				
	3. Child = 3				
	4. Other = 4				
15	Employment status (e_stat) – means the categories of patient's employment status as listed below:	e-stat	Char(1)	87	87
	1. Employed = 1				
	2. Full-time student = 2				
	3. Part-time student = 3				
	4. Retired = 4				
	5. Other = 5				
16	Insured1's employer – means the name of the insured's employer.	employ1	Char(50)	88	137
17	Insured1's state of residence – means the insured's state of primary residence.	il_state	Char (2)	138	139

#	Description	Field Name	Data Type	Start	Stop
18	Insured2's employer – means the name of the insured's employer.	employ2	Char (50)	140	189
19	Insured2's state of residence – means the insured's state of primary residence.	i2_state	Char (2)	190	191
20	Insured3's employer – means the name of the insured's employer.	employ3	Char (50)	192	241
21	Insured3's state of residence – means the insured's state of primary residence.	i3_state	Char (2)	242	243
22	Principal Diagnosis – the ICD-9-CM code for the condition which is established after the study to be chiefly responsible for the encounter being recorded.	dx1	Char(5)	244	248
	<b>Format: String (5, do not include decimal place -- decimal place is implied)</b>				
23	Secondary Diagnoses (dx2 through dx10) – the ICD-9-CM codes for the conditions, exclusive to the principal diagnosis, which exist at the time the patient was treated or which developed subsequently to the treatment and which affect the patient's treatment for the encounter being recorded. Diagnoses which are associated with an earlier encounter and which have no bearing on the current encounter shall not be recorded as secondary diagnoses.	dx2	Char(5)	249	253
	<b>Format: String (5, do not include decimal place -- decimal place is implied)</b>				
24	As defined in (23)	dx3	Char(5)	254	258
25	As defined in (23)	dx4	Char(5)	259	263
26	As defined in (23)	dx5	Char(5)	264	268
27	As defined in (23)	dx6	Char(5)	269	273
28	As defined in (23)	dx7	Char(5)	274	278
29	As defined in (23)	dx8	Char(5)	279	283
30	As defined in (23)	dx9	Char(5)	284	288
31	As defined in (23)	dx10	Char(5)	289	293
32	E-code (ecode1 to ecode3) – The ICD-9-CM codes for external cause of injury, poisoning or adverse effect.	ecode1	Char(5)	294	298
	<b>Format: string (5, do not include decimal place -- decimal place is implied)</b>				
33	As defined in (32)	ecode2	Char(5)	299	303
34	As defined in (32)	ecode3	Char(5)	304	308
35	Date of service– the month, day, and year for each procedure, service or supply. “To (dost) & From (dosf)” are for a series of identical services	dosf	Date	309	316

#	Description	Field Name	Data Type	Start	Stop
35	provider recorded. (Format: date (8, mmddyyyy))				
36	As defined in (35)	dost	Date	317	324
37	Principal Procedure - the HCPCS/CPT code for the procedure most closely related to the principal diagnosis that is performed for the definitive treatment of the patient.	px1	Char(5)	325	329
38	Modifier (mod1 & mod2) – means by which a physician indicates that a service or procedure performed has been altered by some specific circumstance but not changed in definition or code.	mod1	Char(2)	330	331
39	As defined in (38)	mod2	Char(2)	332	333
40	Dx Reference Number – diagnosis code number relating the date of service and procedures performed to the primary diagnosis.	Dxnum1	Char(2)	334	335
41	Units of services – number of days for multiple days or units of supply.	Units1	Num (4)	336	339
42	Charge – charge for the listed service	Charge1	Num (6)	340	345
43	Secondary Procedure (px2 through px10) – the HCPCS/CPT codes for other significant procedures.	Px2	Char(5)	346	350
44	Modifier (mod3 & mod4) – means by which a physician indicates that a service or procedure performed has been altered by some specific circumstance but not changed in definition or code.	mod3	Char(2)	351	352
45	As defined in (38)	mod4	Char(2)	353	354
46	Dx Reference Number (dxnum) – diagnosis code number relating the date of service and procedures performed to the primary diagnosis.	Dxnum2	Char(2)	355	356
47	Units of services – number of days for multiple days or units of supply.	Units2	Num (4)	357	360
48	Charge – charge for the listed service.	Charge2	Num (6)	361	366
49	As defined in (43)	px3	Char(5)	367	371
50	Modifier (mod5 & mod6) – means by which a physician indicates that a service or procedure performed has been altered by some specific circumstance but not changed in definition or code.	mod5	Char(2)	372	373
51	As defined in (38).	mod6	Char(2)	374	375
52	Dx Reference Number – diagnosis code number relating the date of service and procedures performed to the primary diagnosis.	Dxnum3	Char(2)	376	377

#	Description	Field Name	Data Type	Start	Stop
53	Units of services – number of days for multiple days or units of supply.	Units3	Num (4)	378	381
54	Charge – charge for the listed service	Charge3	Num (6)	382	387
55	As defined in (43).	px4	Char(5)	388	392
56	Modifier (mod7 & mod8) – means by which a physician indicates that a service or procedure performed has been altered by some specific circumstance but not changed in definition or code.	mod7	Char(2)	393	394
57	As defined in (38).	mod8	Char(2)	395	396
58	Dx Reference Number – diagnosis code number relating the date of service and procedures performed to the primary diagnosis.	Dxnum4	Char(2)	397	398
59	Units of services – number of days for multiple days or units of supply.	Units4	Num (4)	399	402
60	Charge – charge for the listed service.	Charge4	Num (6)	403	408
61	As defined in (43).	px5	Char(5)	409	413
62	Modifier (mod9 & mod10) – means by which a physician indicates that a service or procedure performed has been altered by some specific circumstance but not changed in definition or code	mod9	Char(2)	414	415
63	As defined in (38)	mod10	Char(2)	416	417
64	Dx Reference Number – diagnosis code number relating the date of service and procedures performed to the primary diagnosis.	Dxnum5	Char(2)	418	419
65	Units of services – number of days for multiple days or units of supply.	Units5	Num (4)	420	423
66	Charge – charge for the listed service.	Charge5	Num (6)	424	429
67	As defined in (43).	px6	Char(5)	430	434
68	Modifier (mod11 & mod12) – means by which a physician indicates that a service or procedure performed has been altered by some specific circumstance but not changed in definition or code.	mod11	Char(2)	435	436
69	As defined in (38).	mod12	Char(2)	437	438
70	Dx Reference Number (dxnum) – diagnosis code number relating the date of service and procedures performed to the primary diagnosis.	Dxnum6	Char(2)	439	440
71	Units of services – number of days for multiple days or units of supply.	Units6	Num (4)	441	444
72	Charge – charge for the listed service.	Charge6	Num (6)	445	450
73	As defined in (43).	px7	Char(5)	451	455

#	Description	Field Name	Data Type	Start	Stop
74	Modifier (mod13 & mod14) – means by which a physician indicates that a service or procedure performed has been altered by some specific circumstance but not changed in definition or code.	mod13	Char(2)	456	457
75	As defined in (38).	mod14	Char(2)	458	459
76	Dx Reference Number – diagnosis code number relating the date of service and procedures performed to the primary diagnosis.	Dxnum7	Char(2)	460	461
77	Units of services – number of days for multiple days or units of supply.	Units7	Num (4)	462	465
78	Charge – charge for the listed service.	Charge7	Num (6)	466	471
79	As defined in (43).	px8	Char(5)	472	476
80	Modifier (mod15 & mod16) – means by which a physician indicates that a service or procedure performed has been altered by some specific circumstance but not changed in definition or code.	mod15	Char(2)	477	478
81	As defined in (38).	mod16	Char(2)	479	480
82	Dx Reference Number – diagnosis code number relating the date of service and procedures performed to the primary diagnosis.	Dxnum8	Char(2)	481	482
83	Units of services – number of days for multiple days or units of supply.	Units8	Num (4)	483	486
84	Charge – charge for the listed service.	Charge8	Num (6)	487	492
85	As defined in (43).	px9	Char(5)	493	497
86	Modifier (mod17 & mod18) – means by which a physician indicates that a service or procedure performed has been altered by some specific circumstance but not changed in definition or code.	mod17	Char(2)	498	499
87	As defined in (38).	mod18	Char(2)	500	501
88	Dx Reference Number – diagnosis code number relating the date of service and procedures performed to the primary diagnosis.	Dxnum9	Char(2)	502	503
89	Units of services – number of days for multiple days or units of supply.	Units9	Num (4)	504	507
90	Charge – charge for the listed service.	Charge9	Num (6)	508	513
91	As defined in (43).	px10	Char(5)	514	518
92	Modifier (mod19 & mod20) – means by which a physician indicates that a service or procedure performed has been altered by some specific circumstance but not changed in definition or code.	mod19	Char(2)	519	520
93	As defined in (38).	mod20	Char(2)	521	522

#	Description	Field Name	Data Type	Start	Stop
94	Dx Reference Number (dxnum) – diagnosis code number relating the date of service and procedures performed to the primary diagnosis.	Dxnum10	Char(2)	523	524
95	Units of services – number of days for multiple days or units of supply.	Units10	Num (4)	525	528
96	Charge – charge for the listed service.	Charge10	Num (6)	529	534
97	Payment sources (Primary (ppayer), Secondary (spayer) and Tertiary (tpayer)) - the major payment sources that were expected at the time the dataset was completed, from the categories listed below: <div> <div>A</div> <div>Self pay =</div> <div>B</div> <div>Worker's Compensation =</div> <div>C</div> <div>Medicare =</div> <div>D</div> <div>Medicaid =</div> <div>E</div> <div>Commercial Insurance Company =</div> <div>F</div> <div>Medicare Managed Care =</div> <div>G</div> <div>Medicaid Managed Care =</div> <div>H</div> <div>Commercial Insurance Managed Care =</div> <div>I</div> <div>CHAMPUS or TRICARE =</div> <div>J</div> <div>Other Government Payment =</div> <div>Q</div> <div>Title V =</div> <div>R</div> <div>No Charge or Free Care =</div> <div>Other = M</div> </div>	ppayer	Char(1)	535	535
98	As defined in (97).	spayer	Char(1)	536	536
99	As defined in (97).	tpayer	Char(1)	537	537
100	Payer Identification (payer1, payer2, payer3) – the insured's group number (or National Plan ID) that identifies the payer organization from which the facility expects, at the time of the encounter, some payment for the bill. Up to three payer organizations shall be reported in the order of their expected contributions to the payment of the facility's bill. <b>Format: string (9, zero filled to left if fewer than 9 characters)</b>	payer1	Char(5)	538	542

#	Description	Field Name	Data Type	Start	Stop
101	As defined in (100).	payer2	Char(5)	543	547
102	As defined in (100).	payer3	Char(5)	548	552
103	Encounter type – indicates the priority of the encounter.	etype	Char(1)	553	553
	Emergent = 1				
	Urgent = 2				
	Elective = 3				
104	Referring Physician - State license number or NPI of the physician primarily responsible for the patient for this encounter.	rphysid	Char(10)	554	559
105	Attending Physician – State license number or NPI identifying the provider who performed the service/treatment/procedure.	pphysdocid	Char(10)	560	565
106	Operating Physician – State license number or NPI identifying the provider who performed the service/treatment/procedure.	ophysid	Char(10)	566	575
107	Charges – Sum of all charges for this encounter.	chrg_tot	Num(8)	576	583
108	Disposition – the circumstances of the patient’s discharge, categories of which are defined below:	pstat	Char(2)	584	585
	Discharged to home or self care, (routine discharge) 01				
	Discharged or transferred to another short term general hospital for inpatient care 02				
	Discharged or transferred to a skilled nursing facility (SNF) 03				
	Discharged or transferred to an intermediate care facility (ICF) 04				
	Transferred to another type of institution for inpatient care 05				
	Discharged or transferred to a home under care of an organized home health service organization 06				
	Left or discontinued care against medical advice 07				
	Discharged or transferred to home under the care of a home IV Provider 08				
	Admitted as an inpatient to this hospital 09				
	Expired 20				
	Expired at home 40				
	Expired in a medical facility (e.g. hospital, SNF, ICF or free-standing hospice) 41				
	Expired – place unknown 42				

#	Description	Field Name	Data Type	Start	Stop
108	Hospice – home 50				
	Hospice – medical facility 51				
	Discharged or transferred to another rehabilitation facility including rehabilitation distinct part units of a hospital 62				
	Discharged or transferred to Medicare certified long term care hospital (LTCH) 63				
	Discharged or transferred to a nursing facility certified under Medicaid but not certified under Medicare 64				
	Discharged or transferred to a psychiatric hospital or psychiatric distinct part unit of a hospital 65				

Please provide all new categories of a data element indicate by the external code sources specified in the National Electronic Data Interchange Transaction Set Implementation Guide Section C.