

West Bridgewater MA Endoscopy ASC, LLC
DoN Application # CEC-24082115-AS

Application for Determination of Need
for: Substantial Change in Service and Transfer of Site
Date: August 30, 2024

ATTACHMENTS

Attachment 1: Materials from Community Meetings

Attachment 2: Notice of Intent

Attachment 3: Independent CPA Report

Attachment 4: Affidavit of Truthfulness

Attachment 5: Scanned copy of Application Fee Check

Attachment 6: Affiliated Parties Form Question 1.9

Attachment 7: Change in Service Tables Questions 2.2 and 2.3

Attachment 1: Materials from Community Meetings

Easton Economic Development Council Meeting
July 11, 2024

Commonwealth Endoscopy Center
3 Washington Place, Easton, MA

1

Meeting details

- This community meeting is being held as part of the Determination of Need (DoN) process required by the Department of Public Health (DPH) for an ambulatory surgery center that will be located at 3 Washington Place in Easton
- We have notified elected officials, including the Board of Selectmen, as well as health and other service providers
- The purpose of this community meeting is to educate the public about the proposed project, solicit feedback and answer any questions.

2

Agenda

- First, the project principals will introduce themselves and tell you more about the proposed facility.
- The presentation will be followed by a question & answer period to address any questions you may have.

3

Commonwealth Endoscopy Center (West Bridgewater MA Endoscopy ASC, LLC)

- Currently operating in West Bridgewater through a longstanding joint venture between AmSurg Holdings, Inc. ("AMSURG") and Commonwealth Endoscopy Center, Inc.
- AMSURG is a nationally recognized leader in the strategic and operational management of surgery centers that deliver high quality, high value, same-day surgical services with superior patient experience.
- Commonwealth Endoscopy Center is owned by a group of physicians with longstanding relationships in the community. The physician owners have supplied specialized gastroenterology care to the Southeastern Massachusetts region for over 30 years.



4

Project Principals

- Howard Salomons, MD

- Gastroenterologist
- Medical Director, Commonwealth Endoscopy Center
- Board Member



- Chris Fenore

- AmSurg Massachusetts Director of Operations
- Chairman of the Board



5

Project Information

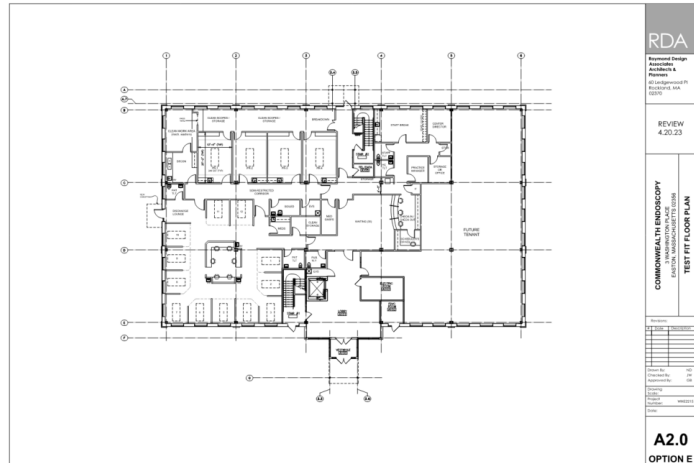
- ▶ 2 Story State of the Art Medical Office Building (26,000 SF)
- ▶ Ambulatory Surgery Center specializing in Gastrointestinal Care
 - ▶ Convenient access from Rt. 24, Rt. 138, Rt 106 and Rt. 123.
 - ▶ 7,500 square feet of space in existing Medical Office Space
 - ▶ 4 procedure rooms
 - ▶ 12 pre-operative and post operative/recovery bays
 - ▶ Increasing access to state-of-the-art GI/endoscopy care to the region
 - ▶ Virtual access to interpreter services (100+ languages and sign-language)
 - ▶ Handicap accessible
 - ▶ Accepting majority of insurances including Medicare & MassHealth products



6

Project Information

- 4 Procedure Rooms
- 12 Pre-Op/PACU Beds
- Decon/Clean Work Room
- Administrative Area
- Staff Lounge



7

Questions and Comments

- Contact
 - Chris Fenore (Chris.Fenore@amsurg.com)

8

Easton Select Board Meeting
July 15, 2024

Commonwealth Endoscopy Center
3 Washington Place, Easton, MA

1

Meeting details

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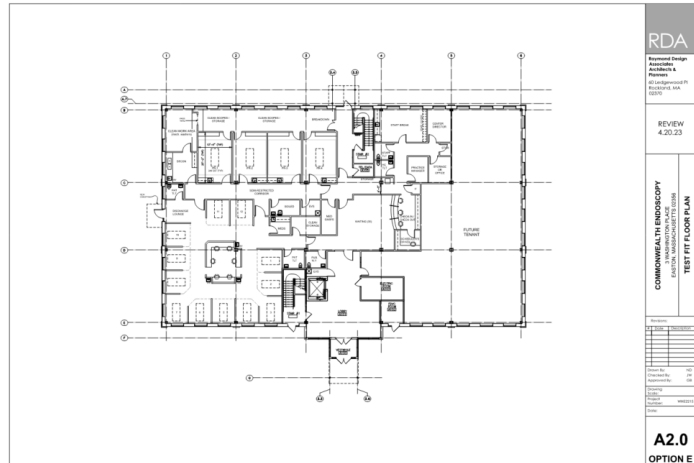
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Questions and Comments

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Attachment 2: Notice of Intent

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Foreclosure/Sheriff Sales

61 RANSOM ROAD, LOT 3, F/K/A 561 INDIAN HEAD STREET, HANSON
**LEGAL NOTICE
NOTICE OF
MORTGAGEE'S SALE OF
REAL ESTATE**

By virtue and in execution of the Power of Sale contained in a certain mortgage given by Fred A. Ransom and Linda J. Ransom to South Coastal Bank k/a MountainOne Bank dated February 15, 2002 and recorded in the Plymouth County Registry of Deeds in Book 21571, Page 291 of which mortgage the undersigned is the present holder, for breach of the conditions of said mortgage and for the purpose of foreclosing the same will be sold at Public Auction at 11:00 A.M. on Thursday, September 5, 2024 at 61 Ransom Road, Lot 3, f/k/a 561 Indian Head Street, Hanson, Massachusetts, all and singular the premises described in said mortgage,

To wit:
The land in Hanson, Plymouth County, Massachusetts, being shown as Lot B on a "Compiled Plan of Land in Hanson, Plymouth County, Mass.—January 12, 1972, Roy

Foreclosure/Sheriff Sales

C. Anderson, Jr., Surveyor, Hanson, Mass."

Being the same premises conveyed to the Mortgagees herein by deed dated August 11, 1972, recorded with the Plymouth County Registry of Deeds in Book 3807, Page 371.

Premises to be sold and conveyed subject to and with the benefit of all rights, rights of way, restrictions, easements, covenants, liens or claims in the nature of liens, improvements, public assessments, any and all unpaid taxes, tax titles, tax liens, water and sewer liens and any other municipal assessments or liens or existing encumbrances of record which are in force and are applicable, having priority over said mortgage, whether or not reference to such restrictions, easements, improvements, liens or encumbrances is made in the deed.

Terms of sale: A deposit of \$10,000.00 by cash, certified or bank check will be required to be paid by the purchaser at the time and place of sale. This sale is subject to a 2% buyer's premium. The balance is to be paid by certified or bank check at the Mortgagee's law offices within thirty (30) days from the date of sale. Deed will be provided to purchaser for recording upon receipt in full of the purchase price. In the event of an error in this publication, the description of the premises contained in said mortgage shall control.

Other terms will be announced at the sale.

MountainOne Bank,
Present holder of
said mortgage,
By its Attorney,

Joseph J. Lange, Esq.
Lyon & Fitzpatrick, LLP
14 Bobala Road, Suite 4
Holyoke, MA 01040
(413) 420-4086

#10453925
BE 8/9, 8/16, 8/23/24

Public Notices

557 Foundry St
**LEGAL NOTICE
EASTON WETLAND
HEARING**

In accordance with MA Wetlands Protection Act, MGL Ch. 131, s. 40 and Easton Wetland Protection ByLaw, Ch. 227, the Easton Conservation Commission will hold a virtual public hearing for the Town of Easton on August 26, 2024 at 6:30 PM for a Notice of Intent (NOI) application for Swift's Park redevelopment at 557 Foundry St. Zoom meeting instructions will be posted 48 hours in advance of the meeting at https://www.easton.ma.us. All are invited to participate. Benjamin Carroll, Chair August 16, 2024

AD# 10466547
BE 08/16/2024

560 Foundry St.
**LEGAL NOTICE
EASTON WETLAND
HEARING**

In accordance with MA Wetlands Protection Act, MGL Ch. 131, s. 40 and Easton Wetland Protection ByLaw, Ch. 227, the Easton Conservation Commission will hold a virtual public hearing for Greg Swan, DPW on August 26, 2024 at 6:30 PM for a Notice of Intent (NOI) application for utility pole installation and street widening at 560 Foundry St. Zoom meeting instructions will be posted 48 hours in advance of the meeting at https://www.easton.ma.us. All are invited to participate. Benjamin Carroll, Chair AD#10475916 BE 08/16/2024

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Public Announcement Concerning a Proposed Health Care Project

West Bridgewater MA Endoscopy ASC, LLC (the "Applicant") which operates the ambulatory surgery center known as Commonwealth Endoscopy Center (the "Facility") currently located at 120 West Center Street in West Bridgewater, MA, intends to file an application for a Notice of Determination of Need with the Massachusetts Department of Public Health for a substantial change in service and a transfer of site of the Facility to 3 Washington Place, Easton, MA (the "Proposed Project.") The Proposed Project will expand the Applicant's current procedure room capacity from two procedure rooms to four procedure rooms and will include 12 pre-operative and post-operative/recovery bays, administrative office, and a patient lobby and waiting area totaling 7500 square feet of space. The total value of the project based on the maximum capital expenditure is \$10.4 million. The Applicant does not anticipate any price or service impacts on the Applicant's existing patient panel as a result of the Proposed Project. Any ten taxpayers of Massachusetts may register in connection with the intended application by September 30, 2024 or 30 days from the filing date, whichever is later, by contacting the Department of Public Health, Determination of Need Program, 67 Forest Street, Marlboro, MA 01752.

BV-40061601

FROM PAGE ONE

Lawsuit

Continued from Page 1A

counters that until the Brockton Redevelopment Authority board votes to accept a bid, nothing from the negotiation phase is binding under the terms of the exclusive negotiation agreement. Further, Jean said the BRA gave the bidders several extensions, the last of which expired in April.

Early bidder takes city to court

Innovative Community Development sued the Brockton Redevelopment Authority in July. In court documents, they say Jean’s predecessor, Robert Jenkins, signed a “term sheet” that committed the city to selling at \$260,000. The spurned developers aim to force the city back to the negotiating table and, if a deal falls through, get back the money they say they’ve invested.

It isn’t clear when the impasse might be resolved. The case remains active in Plymouth County Superior Court.

Brockton has two ‘Corcoran Buildings’

The Frederick Douglass Avenue property is one of

more than two dozen in the city’s “urban revitalization area” downtown. Built in 1930, the building is considered to be in “poor condition.” Over the years, the ground floor has hosted small shops and restaurants. The second floor at various times contained beauty salons, a business school and offices for professionals like architects and dentists, according Cushman & Wakefield’s appraisal. The real estate firm concludes that, “The subject property would require a significant amount of renovation to be usable and ultimately the buyer would determine the end use of the property.”

In a blog post announcing the request for proposals, the Brockton Redevelopment Authority touted the property. “With a vibrant past as a hub for local commerce and community vibrancy, this versatile venue awaits a visionary new owner to breathe life into its walls,” the post said. “Boasting a prime location, two floors, a basement, and more, this gem is a unique investment opportunity not to be missed.”

It’s worth noting that Brockton is also home to a different, larger “Corcoran Building.” That former industrial site is at 308 Montello St.

Wondering about a vacant building, construction site or other sign of change in or near Brockton? I’m veteran local reporter Chris Helms and I’ll help you find out. Email your questions and tips to CHelms@enterpriseneews.com or connect on X at [@HelmsNews](https://twitter.com/CHelmsNews).



Corcoran building on Douglass Ave. in downtown Brockton from opposite side, on Friday, August 9.
MARK JARRET CHAVOUS/THE ENTERPRISE



A gas line was struck by crews working on Green Street in downtown Brockton on Wednesday, Aug. 14, leading to evacuations.
MARK JARRET CHAVOUS/THE ENTERPRISE

Gas leak prompted evacuations in downtown Brockton

Amelia Stern
The Enterprise | USA TODAY NETWORK

BROCKTON — A gas leak in downtown Brockton prompted an evacuation at the Brockton Neighborhood Health Center Wednesday afternoon, officials said.

A large gas main was struck at Main and Green Streets, the Brockton Fire Department wrote in a post on X, formerly Twitter.

Brockton Neighborhood Health Center, which is located on Main Street, was evacuated after a noticeable odor of gas was detected, according to an official on the scene.

“People were calm when asked to evacuate,” said Brockton Neighborhood Health Center Pharmacy Director Mike Berube, who gathered his people at Elvera’s Café about two blocks from the health center.

Just after noon, the Brockton Fire Department confirmed on X that the gas leak was secured and that Eversource was on scene making repairs.

The Brockton Neighborhood Health Center confirmed on X that they would be closing their Main St. building for the rest of the day as a result of the emergency. The pediatrics building, located at 58 Pleasant St., which was closed earlier, has reopened for the day, they wrote.

Enterprise staff writer Chris Helms contributed to this report.

Dispensary

Continued from Page 1A

Why new location, smaller operation?

Daniel de Abreu, the attorney representing San Holdings, told the Council at the initial hearing for the special permit change on May 21 the original project became too costly and difficult due to the topography of the parcel, a sloped, basin-like site that requires much evening out.

“We determined the amount of fill to bring the site up to spec was cost prohibitive,” said de Abreu.

What’s the new plan?

So the developers bought the lot next door, at 235 Hart St., and plan to renovate the vacant home and use it for the retail cannabis shop, with an enlarged driveway and 11 parking spaces.

In addition, the business will be by appointment only, no walk-ins allowed to mitigate traffic concerns, de Abreu said.

“The impact will be minimal. It won’t be car after car. It’s by appointment,” he said, adding the place won’t open until 10 a.m., completely avoiding the morning commute rush.

What will be built at original location?

De Abreu said Sans Holdings is working on plans for the original parcel, at 0 Hart St., but it won’t be cannabis related.

Opposition from 3 city councilors

City Councilor Phillip Duarte, who voted for the first proposal in 2022, expressed his opposition to the new project when it was presented on May 21. He said the original proposal was set farther back from the road.

“The tree line would have blocked the view of it from the roadway. It wasn’t as meshed in with the neighborhood. This is different. I don’t view this as being in conformity with the neighborhood,” said Duarte. Councilor Scott Martin, who wasn’t on the Council

back in 2022, said the additional traffic from the dispensary — on top of the traffic that already exists due to the proximity of Taunton High School and Bristol-Plymouth — will “create more of a bottleneck, which already exists.”

De Abreu said a traffic study done for the original proposal showed “no significant impact” and the changes to the project will mean the impact will be even less now.

But Councilor Jeffrey Postell, who was the lone “no” vote in 2022, was skeptical. He said, “traffic will be altered,” and he doesn’t believe most people won’t know the dispensary is by appointment only and you can’t “come and go as you please.”

What was the vote?

The City Council approved the revised special permit on July 23 by a vote of 6-3, just meeting the two-thirds majority required for approval of a special permit. Voting in favor were Kelly Dooner, Larry Quintal, David Pottier, John McCaul, Estele Borges and Barry Sanders. Voting against were Duarte, Martin and Postell.

How come the city’s ‘hands are tied’

The updated proposal first went before the Planning Board on May 2 for site plan review. Despite being a residential neighborhood, this section of Hart Street is zoned as an industrial district, a fact that left some Planning Board members in shock.

“To be honest, I’ve lived here my whole life. I didn’t know it was industrial,” said Planning Board Chair Tony Abreau.

Fellow Planning Board member Brian Carr said “we can’t deny this project, we can only make changes to it,” referring to an order of conditions. City Councilor Kelly Dooner, who also sits on the Planning Board, said the city, in the past, had lost in court when it denied a business a special permit when the project met all the requirements for the zoned use.

“We denied in an industrial zone. The city didn’t prevail. They ruled on what the zoning was. We lost pretty bad on that one,” said Dooner, adding, “The zones are what they are, and that’s why our hands are tied.”

Worry from residents

“I can barely get out of my driveway now because cars are just flying down. The traffic is horrendous,” Brenda Mitchell of 186 Hart St. told the Planning Board.

John Jay Paulo of nearby 17 Stevens St. said: “Other businesses are on busy streets that can handle retail. This is a residential neighborhood. This was done wrong.”

And Amelia McKinley, who lives right next door at 249 Hart St, said: “It’s already a busy street. It’s hard to turn onto it. I see accidents all the time. There’s more cars going down the street then they say.”

Agreement to address concerns

Both McKinley and representatives of San Holdings told the Planning Board an agreement is in place where the developers will:

- Pay for and expand the fence line separating their properties
- Plant more trees along the property line
- And refrain from having any of the dispensary’s security cameras pointing towards the home next door

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For more information, contact us at (508) 588-6700.

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Attachment 3: Independent CPA Report

West Bridgewater MA Endoscopy ASC, LLC

**Analysis of the Reasonableness of
Assumptions Used For and
Feasibility of Projected Financials of
West Bridgewater MA Endoscopy ASC, LLC
For the Years Ending December 31, 2026
Through December 31, 2030**

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BERNARD L. DONOHUE, III, CPA

One Pleasure Island Road

Suite 2B

Wakefield, MA 01880

(781) 569-0070

Fax (781) 569-0460

August 28, 2024

Ms. Libby Wylie, MHA
Vice President, Operations
AMSURG
1A Burton Hills Blvd, #300
Nashville, TN 37215

RE: Analysis of the Reasonableness of Assumptions and Projections Used to Support the Financial Feasibility and Sustainability of the Proposed Endoscopy ASC in Easton, MA by West Bridgewater MA Endoscopy ASC, LLC

Dear Ms. Wylie:

I have performed an analysis of the financial projections prepared by Amsurg Holdings, Inc. ("AMSURG") detailing the projected operations related to the expansion of services and transfer of site of West Bridgewater MA Endoscopy ASC, LLC (the "Center") in Easton, MA. This report details my analysis and findings with regards to the reasonableness of assumptions used in the preparation and feasibility of the financial forecast prepared by the management of West Bridgewater MA Endoscopy ASC, LLC ("Management") for the operation of the Center. This report is to be used by West Bridgewater MA Endoscopy ASC, LLC in its Determination of Need ("DoN") Application – Factor 4(a) and should not be distributed for any other purpose.

I. EXECUTIVE SUMMARY

The scope of my analysis was limited to an analysis of the five-year financial projections (the "Projections") prepared by Management of West Bridgewater MA Endoscopy ASC, LLC for the operation of the Center as well as actual operating results for the fiscal year ended December 31, 2023, and the supporting documentation in order to render an opinion as to the reasonableness of assumptions used in the preparation and feasibility of the Projections with regards to the impact of the increase in the number procedure rooms and relocation of the Facility from West Bridgewater, MA to Easton, MA.

Within the projected financial information, the Projections exhibit a net pre-tax profit margin ranging from 24.4% to 33.6% for the years ending December 31, 2026 through 2030. Based upon my review of the relevant documents and analysis of the projected financial statements, I determined the project and continued operating surplus are reasonable expectations and are based upon feasible financial assumptions. Accordingly, I determined that the Projections are feasible and sustainable and not likely to have a negative impact on the Applicant's patient panel or result in a liquidation of assets of the Center. A detailed explanation of the basis for my determination of reasonableness and feasibility is contained within this report.

*Member: American Institute of CPA's
Massachusetts Society of CPA's*

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II. RELEVANT BACKGROUND INFORMATION

West Bridgewater MA Endoscopy ASC, LLC is a for-profit Tennessee limited liability company currently serving a patient population primarily from Plymouth and Bristol Counties. The Center, a joint venture between AMSURG and Commonwealth Endoscopy Center, Inc., currently provides endoscopy services in a facility consisting of 2 procedure rooms located at 120 West Center Street in West Bridgewater, MA. AMSURG is a national health care company that partners with physicians and health systems to plan, manage and operate ambulatory surgery centers (ASCs). Commonwealth Endoscopy Center, Inc. is owned by a group of physicians who have provided gastroenterology care to the Southeastern Massachusetts region for over 30 years.

The Proposed Project will relocate the Center to 3 Washington Place, Easton, MA and expand to 4 procedure rooms, specializing in gastrointestinal care. Please refer to the DoN application for a further description of the proposed project and the rationale for the expenditures.

III. SCOPE OF REPORT

The scope of this report is limited to an analysis of the five-year financial projections prepared for West Bridgewater MA Endoscopy ASC, LLC (the “Projections”) and the supporting documentation in order to render an opinion as to the reasonableness of assumptions used in the preparation and feasibility of the Projections. My analysis of the Projections and conclusions contained within this report are based upon my detailed review of all relevant information (see Section IV which references the sources of information). I have gained an understanding of the Center through my review of the information provided as well as a review of AMSURG’s website, Gastrointestinal Specialists’ website, and the DoN application.

Reasonableness is defined within the context of this report as supportable and proper, given the underlying information. Feasibility is defined as based on the assumptions used, the plan is not likely to result in insufficient “funds available for capital and ongoing operating costs necessary to support the Proposed Project without negative impacts or consequences to the Applicant’s existing Patient Panel” (per Determination of Need, Factor 4(a)).

This report is based upon historical and prospective financial information provided to me by Management. If I had audited the underlying data, matters may have come to my attention that would have resulted in my using amounts that differ from those provided. Accordingly, I do not express an opinion or any other assurances on the underlying data or projections presented or relied upon in this report. I do not provide assurance on the achievability of the results forecasted by the Center because events and circumstances frequently do not occur as expected, and the achievement of the forecasted results is dependent on the actions, plans, and assumptions of Management. I reserve the right to update my analysis in the event that I am provided with additional information.

IV. PRIMARY SOURCES OF INFORMATION UTILIZED

In formulating my opinions and conclusions contained in this report, I reviewed documents produced by Management as well as other relevant information that is generally available. The documents and information upon which I relied are identified below or are otherwise referenced in this report:

1. West Bridgewater MA Endoscopy ASC, LLC’s 5-Year Projected Financial Statements, and Assumptions, initially received from Management on July 10, 2024;

2. Various documentation supporting calculations included in the projected financial statements, initially received from Management on July 10, 2024;
3. West Bridgewater MA Endoscopy ASC, LLC's balance sheets and income statements as of and for the years ended December 31, 2022 and 2023 and the trailing twelve months through February 28, 2024, initially received from Management on July 10, 2024;
4. West Bridgewater GI relocation and expansion presented by AMSURG to the AMSURG Board of Directors, prepared as of March 28, 2024;
5. West Bridgewater MA Endoscopy ASC, LLC DoN Application, draft provided July 10, 2024, final draft provided August 12, 2024;
6. Determination of Need Application Instructions dated March 2017;
7. CMS.gov (Medicare) Ambulatory Surgical Center Payment System website;
8. Mass.gov Executive Office of Health and Human Services;
9. Becker's ASC website <https://www.beckersasc.com>;
10. Intellimarker™ - by VMG Health, ASC benchmarking study, 2021-2022 data;
11. AMSURG website <https://amsurg.com>.
12. Gastrointestinal Specialists website <https://gisdoc.com>.

V. **REVIEW OF THE PROJECTIONS**

This section of my report summarizes my review of the reasonableness of the assumptions used and feasibility of the Projections. The following table presents the Key Metrics, as defined below, which compares the operating results of the Projections for the first five years of operations to historical results for the year ended December 31, 2023.

Key Metric	Key Metrics for Projected Periods					
(\$ in thousands)	As Reported 2023	2026	2027	2028	2029	2030
Days in Accounts Receivables	14.2	23.3	23.3	23.3	23.3	23.3
Days Cash on Hand	38.0	19.0	30.0	42.0	54.9	68.8
EBITDA (\$)	\$1,772	\$2,835	\$3,020	\$3,217	\$3,426	\$3,648
EBITDA Margin	45.2%	42.4%	42.6%	42.7%	42.9%	43.1%
Net Profit Margin	44.1%	24.4%	26.8%	29.2%	31.4%	33.6%
Debt Service Coverage (ratio)	20.6	1.6	1.9	2.0	2.2	2.3
Debt to Capitalization (%)	1.5%	34.0%	28.5%	21.5%	12.3%	0.0%
Members' Equity	\$9,983	\$10,256	\$10,399	\$10,561	\$10,744	\$10,950

The Key Metrics fall into three primary categories: liquidity, operating and solvency. Liquidity metrics, such as Days in Accounts Receivable and Days Cash on Hand measure the quality and adequacy of assets to meet current obligations as they come due. Operating metrics, such as earnings before interest, taxes, depreciation and amortization ("EBITDA"), EBITDA Margin, Net Profit Margin and Debt Service Coverage are used to assist in the evaluation of management performance in how efficiently resources are utilized. Solvency metrics, such as Debt to Capitalization and Members' Equity, measure the company's

ability to service debt obligations. Additionally, certain metrics can be applicable to multiple categories. The table below shows how each of the Key Metrics are calculated.

Key Metric	Definition
Days in Accounts Receivables	Accounts receivables divided by (net patient service revenue divided by 365 days)
Days Cash on Hand	(Cash & cash equivalents) divided by ((Total operating expenses - depreciation & amortization) divided by YTD days)
EBITDA (\$)	Earnings before interest, taxes, depreciation and amortization
EBITDA Margin	EBITDA divided by net patient service revenue
Net Profit Margin	Net profit divided by net patient service revenue
Debt Service Coverage (ratio)	(Net income (loss) + depreciation expense + amortization expense + interest expense) divided by (Principal payments + interest expense)
Debt to Capitalization (%)	(Current portion of long-term obligation + long-term obligations) divided by (Current portion of long-term obligations + long-term obligations + members' equity)
Members' Equity	Net equity of the LLC

1. Revenues

I analyzed the revenues identified by the Center in the Projections. Based upon my communications with Management, the projected volume was based on a ramp-up schedule developed from an analysis of current cases for the Center's current location and based on the addition of physicians to service the additional procedure rooms at the new location. The ramp up schedule for years 2 through 5 (2027 to 2030) included a modest 3% increase over the previous years. The payer mix was based on the current payer mix of the Center as the new location is in the same patient catchment area. Reimbursement was based upon the historic overall payment per case, which takes into account all payers, including Medicare, Medicaid and commercial insurance payments. In order to determine the reasonableness of the projected revenues, I reviewed the underlying assumptions upon which Management relied.

I first reviewed the Projections to determine the reasonableness of the projected volume. AMSURG provided historical data of services at the current location. AMSURG then created a utilization table, using conservative estimates from the volume contributions and benchmark data for the procedure room average minutes to arrive at year 1 (2026) cases and procedures. These cases and procedures were then ramped up through year 5 (2030). I compared the Center's benchmark data to an outside, independent survey of ambulatory surgery centers completed using 2021-2022 data (the latest study) and found that the Center's benchmark data used was reasonable, and that the number of projected cases and procedures per procedure room in 2030 (year 5) were within the ranges of currently operating ambulatory surgery centers as determined by the independent survey.

Next, I reviewed the Projections to determine the reasonableness of the payer mix and reimbursement rates selected for the first five years of operations, starting in 2026. To determine the reasonableness of using the actual payer mix for the trailing twelve months ended February 2024 in the projections, I

utilized the Gastrointestinal Specialists' Productivity Analysis for the calendar year ended December 2023. This document provided units, charges and payments by the various payers for the calendar year. I separated Medicare, Medicaid, Self-Pay and All Others, including the various commercial insurance carriers and compared this payer mix to the aforementioned independent survey's payer mix for the Northeast United States, and found them to be within the ranges published by the survey.

AMSURG used as a starting point, an average reimbursement rate of \$650.26 in the projections. This was calculated by dividing the actual net patient service revenue of the trailing twelve months ended February 2024 by the number of actual cases for the same period. This rate was then inflated by 3% in each year of the projections. To test the reasonableness of the starting average reimbursement rate, I again utilized the Gastrointestinal Specialists' Productivity Analysis for the calendar year ended December 2023. Converting the total units (procedures) provided to cases, using the standard 1.21 ratio, I then divided total cases into the total payments to arrive at an average payment of \$658.70. This compares favorably to the rate of \$650.26 used in the projection.

Based upon the foregoing, it is my opinion that the revenue projected by Management reflects a reasonable estimation of future revenues of the Center.

2. Expenses

I analyzed the Salary and Benefits, as well as the Other Operating Expenses for reasonableness and feasibility as related to the Projections of the Center.

AMSURG provided actual Salaries and Benefit data for the trailing twelve months ended February 2024. These amounts were adjusted for the increase in cases due to the change in procedure rooms from 2 to 4. Salaries were converted to a per case amount, and then multiplied by the total cases for each of the projection years. Salaries were also inflated by 3% each year. Benefits were increased each year based on the actual benefits to salaries ratio from the trailing twelve months ended February 2024 data. Salaries and Benefits amounts, as a percentage of total net revenue were compared to the previously mentioned independent survey and were found to be consistent with the survey results.

Medical Surgical Supplies included in the projections were compared to the previously mentioned independent survey and found to be consistent with the ranges included in the survey. Other expenses were also compared to the survey and found to be reasonable.

As mentioned above, salaries and benefits are projected to increase by 3% per year. Clinical expenses and other expenses are projected to increase by 3% per year after the baseline year (Year 2026).

Based upon the foregoing, it is my opinion that the operating expenses projected by Management are reasonable in nature.

3. Lease Agreement, Capital Expenditures and Cash Flows

I reviewed the lease terms, projected capital expenditures and future cash flows of the Center in order to determine whether sufficient funds would be available to support the lease of the Center, payment of the financed construction and equipment debt service and whether the cash flow would be able to support the continued operations.

Based upon my review of the Projections, my communications with Management and having received a

copy of the signed lease agreement, it is my understanding that up to 8,760 square feet of space at 3 Washington Place in Easton, MA will be leased by West Bridgewater MA Endoscopy ASC, LLC. Rent expense will be \$24.50 per square foot or \$214,620 per year. The lease will include a 3% increase every year. I also compared the total occupancy costs included in the projections to the independent survey and found them to be within the range in the survey.

The Projections also include capital costs for construction (build-out) and equipment at the 3 Washington Place, Easton, MA location. The total capital cost is \$6,318,200 after tenant improvement allowance. Leasehold improvements are depreciated on a straight-line basis over a 15-year useful life and equipment is depreciated on a straight-line basis over a 7-year useful life. The capital cost for leasehold improvements and equipment are being financed via loans which carry an annual interest rate of 9.50% and repayment in sixty (60) equal monthly payments. The interest rate of 9.50% is reasonable for a commercial loan in the current interest rate environment. We also reviewed the loan amortization schedule for accuracy.

Accordingly, I determined that the pro-forma capital expenditures, facility lease, terms of construction, equipment and working capital financing and the resulting impact on the cash flows of the Center are reasonable.

VI. FEASIBILITY

I analyzed the Projections and Key Metrics for the West Bridgewater MA Endoscopy ASC, LLC as well as the impact of the proposed project. In preparing my analysis I considered multiple sources of information including historical and projected financial information for the Center.

It is important to note that the Projections do not account for any anticipated changes in accounting standards. These standards, which may have a material impact on individual future years, are not anticipated to have a material impact on the aggregate Projections. However, Management has informed me that it has not capitalized lease assets and obligations related to its real estate lease as required under Accounting Standards Update (ASU) 2016-02, Leases (ASC Topic 842) and subsequent amendments (i.e., US GAAP). The Center has reported lease payments as rent expense as incurred. The effects of this departure on the Center's financial position, results of operations, and cash flows have not been determined. However, the only key metrics listed on page 3 that should be impacted by this GAAP departure are debt service coverage and debt to capitalization.

Based upon my review of the relevant documents and analysis of the projected financial statements, I determined the project and continued operating surplus are reasonable and are based upon feasible financial assumptions. Accordingly, I determined that the Projections are feasible and sustainable and not likely to have a negative impact on the patient panel or result in a liquidation of assets of West Bridgewater MA Endoscopy ASC, LLC.

Respectively submitted,



Bernard L. Donohue, III, CPA

Attachment 4: Affidavit of Truthfulness



Massachusetts Department of Public Health

Determination of Need

Affidavit of Truthfulness and Compliance

with Law and Disclosure Form 100.405(B)

Version: 7-6-17

Instructions: Complete Information below. When complete check the box "This document is ready to print:". This will date stamp and lock the form. Print Form. Each person must sign and date the form. When all signatures have been collected, scan the document and e-mail to: **dph.don@state.ma.us** Include all attachments as requested.

Application Number: Original Application Date:

Applicant Name:

Application Type:

Applicant's Business Type: ☐ Corporation ☐ Limited Partnership ☐ Partnership ☐ Trust ☒ LLC ☐ Other

Is the Applicant the sole member or sole shareholder of the Health Facility(ies) that are the subject of this Application? ☒ Yes ☐ No

The undersigned certifies under the pains and penalties of perjury:

1. The Applicant is the sole corporate member or sole shareholder of the Health Facility[ies] that are the subject of this Application;
2. I have read 105 CMR 100.000, the Massachusetts Determination of Need Regulation;
3. I understand and agree to the expected and appropriate conduct of the Applicant pursuant to 105 CMR 100.800;
4. I have read this application for Determination of Need including all exhibits and attachments, and certify that all of the information contained herein is accurate and true;
5. I have submitted the correct Filing Fee and understand it is nonrefundable pursuant to 105 CMR 100.405(B);
6. I have submitted the required copies of this application to the Determination of Need Program, and, as applicable, to all Parties of Record and other parties as required pursuant to 105 CMR 100.405(B);
7. I have caused, as required, notices of intent to be published and duplicate copies to be submitted to all Parties of Record, and all carriers or third-party administrators, public and commercial, for the payment of health care services with which the Applicant contracts, and with Medicare and Medicaid, as required by 105 CMR 100.405(C), et seq.;
8. I have caused proper notification and submissions to the Secretary of Environmental Affairs pursuant to 105 CMR 100.405(E) and 301 CMR 11.00;
9. If subject to M.G.L. c. 6D, § 13 and 958 CMR 7.00, I have submitted such Notice of Material Change to the HPC - in accordance with 105 CMR 100.405(G);
10. Pursuant to 105 CMR 100.210(A)(3), I certify that both the Applicant and the Proposed Project are in material and substantial compliance and good standing with relevant federal, state, and local laws and regulations, as well as with all previously issued Notices of Determination of Need and the terms and Conditions attached therein;
11. I have read and understand the limitations on solicitation of funding from the general public prior to receiving a Notice of Determination of Need as established in 105 CMR 100.415;
12. I understand that, if Approved, the Applicant, as Holder of the DoN, shall become obligated to all Standard Conditions pursuant to 105 CMR 100.310, as well as any applicable Other Conditions as outlined within 105 CMR 100.000 or that otherwise become a part of the Final Action pursuant to 105 CMR 100.360;
13. Pursuant to 105 CMR 100.705(A), I certify that the Applicant has Sufficient Interest in the Site or facility; and
14. Pursuant to 105 CMR 100.705(A), I certify that the Proposed Project is authorized under applicable zoning by-laws or ordinances, whether or not a special permit is required; or,
 - a. If the Proposed Project is not authorized under applicable zoning by-laws or ordinances, a variance has been received to permit such Proposed Project; or,
 - b. The Proposed Project is exempt from zoning by-laws or ordinances.

LLC

All parties must sign. Add additional names as needed.

Jeff Snodgrass

Name:

Signature:

Date

This document is ready to print: ☐

Date/time Stamp:

Attachment 5: Scanned copy of Application Fee Check

West Bridgewater MA Endoscopy ASC, LLC

Center Disbursement Account
120 West Center Street
West Bridgewater, MA 02379-160

Bank of America Disbursement

64-5/610

CHECK NUMBER

Twenty Thousand Seven Hundred Forty-Two And 77/100 Dollars

Pay to the order of

Commonwealth of Massachusetts
MA

Date

08/14/2024

\$*****20,742.77

VOID AFTER SIX MONTHS

[Signature]

AUTHORIZED SIGNATURE

Memo:

[Redacted]

Commonwealth of Massachusetts
MA

Remittance Advice For:

Invoice Number	Invoice Date	Memo	Net Amount USD
DON APPLICATION..	08/05/2024		20,742.77
Total			20,742.77