

**Exhibit B.6**

**Certification from an Independent Certified Public Accountant**

# Tufts Medicine: Shields PET/CT, LLC

Analysis of the Reasonableness of  
Assumptions and Feasibility of Tufts  
Medicine: Shields PET/CT, LLC

**REPORT DATED AUGUST 19, 2022**

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August 19, 2022

Mr. Paul Anderson  
Shields Health Care Group  
Crown Colony Park  
700 Congress Street, Suite 204  
Quincy, MA 02169

Dear Mr. Anderson,

Veralon Partners Inc. (“Veralon”) performed an analysis of the prospective financial schedules prepared by Shields Health Care Group (“Shields” or “Management”) for Tufts Medicine: Shields PET/CT, LLC (the “Applicant”) or, as is referred to by the Massachusetts Department of Public Health Determination of Need (“MA DPH DoN”) Application Instructions, the (“Proposed Project”). At this time, Shields intends to file a Determination of Need (“DoN”) application to the Commonwealth of Massachusetts seeking approval for the Proposed Project.

This application includes a section regarding Financial Feasibility as referenced in the MA DPH DoN code section 100.210 specifically paragraph (A)(4) *Determination of Need Factors*. This Financial Feasibility component of the application provides “sufficient documentation of the availability of sufficient funds for capital and ongoing operating costs necessary to support the Proposed Project without negative impacts or consequences to the Applicant’s Patient Panel.” This report details our findings regarding the reasonableness of the assumptions used in preparation of the prospective financial schedules, and the feasibility of the Proposed Project based on the prospective financial schedules prepared Management for the operation of the Applicant.

This report is to be used by Shields in its DoN Application – Factor 4(a) and should not be distributed for any other purpose.

## **I. EXECUTIVE SUMMARY**

The scope of our analysis was limited to reviewing six-year consolidated prospective financial schedules (the “Financials”) prepared by Management for the operation of the Applicant. The Financials are shown in the Appendix.

The Financials reflect positive operating margins and positive year-end cash balances in each of the six years presented. Based on our review of the relevant documents and analysis of the Financials, we determined the assumptions used in the preparation of the Financials to be reasonable. Accordingly, we determined that the Proposed Project is feasible and sustainable, and not likely to have a negative impact on the patient panel or result in a liquidation of assets of the Applicant.

The COVID-19 Pandemic has disrupted the operating environment for nearly all businesses, and in particular, those operating in the healthcare industry. The below considerations, among others, have acutely impacted healthcare providers:

- A likely permanent elevation of salary and wage expense for clinical and administrative staff, compounded by labor shortages;
- The availability of staff to meet the demands of budgeted/planned patient volumes; and
- Supply chain difficulties, contributing to difficulty in obtaining certain supplies, as well as elevated supply expenditures.

Shields Management has represented that in the development of the Applicant's Financials and associated volume forecasts, they have taken into consideration the above factors and have considered the current and likely ongoing/future impact of the COVID-19 Pandemic.

## **II. RELEVANT BACKGROUND INFORMATION**

Shields was founded in 1972 as a family owned and operated nursing home. In 1986, Shields opened its first MRI center. Shields currently operates over 40 centers across the New England area offering MRI and PET/CT services.

MelroseWakefield Hospital ("MelroseWakefield") is a not-for-profit community hospital with 234 licensed beds located in Melrose, Massachusetts, which offers an array of inpatient and outpatient services.

## **III. SCOPE OF ANALYSIS**

The scope of this report is limited to an analysis of the Financials prepared by Management and the supporting documentation to render an opinion as to the reasonableness of assumptions used in the preparation and feasibility of the Financials. 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, and that the plan is not likely to result in a liquidation of the underlying assets or the need for reorganization.

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

## IV. SOURCES OF INFORMATION UTILIZED

In formulating our report, we reviewed the Financials as well as discussed corresponding assumptions with Management. The documents and information upon which we relied are identified below or are otherwise referenced in this report:

1. Tufts Medicine: Shields PET/CT, LLC six-year Financials, prepared May 12, 2022;
2. Volume assumptions;
3. Payer mix of a similar market location to MelroseWakefield and per-case reimbursement assumptions;
4. The MA DPH DoN Guidelines (105 CMR 100.000);
5. Shields company website ([www.shields.com](http://www.shields.com)); and
6. MelroseWakefield website:  
[\(https://www.melrosewakefield.org/locations/melrosewakefield-hospital/\)](https://www.melrosewakefield.org/locations/melrosewakefield-hospital/)

## V. REVIEW OF THE FINANCIALS

This section of our report summarizes our review of the reasonableness of the assumptions utilized in preparing the Financials as well as the feasibility of the Applicant. Table 1 presents the key metrics (the "Key Metrics") reviewed in our analysis along with definitions.

Table 1

Summary of Key Metric Calculation Definitions	
Key Metric	Calculation
<b>Liquidity</b>	
Current Ratio	Current Assets/Current Liabilities
Days in Accounts Receivable	Net Patient Accounts Receivable/(Net Patient Service Revenue/365)
<b>Operating</b>	
EBITDA	Net Income Plus: Interest, Taxes, Depreciation, and Amortization
EBITDA Margin	EBITDA/Net Revenue

The Key Metrics used in this report fall into two categories: liquidity and operating metrics. Liquidity ratios measure the quality and adequacy of assets to meet current obligations as they come due. Operating ratios are used to assist in the evaluation of management performance. Table 2 shows the results of the Key Metric calculations for 2023 through 2028. Note that the key metrics in Table 2 do not include a debt service coverage calculation as there is no debt component as part of the Applicant.

Table 2

Tufts Medicine: Shields PET/CT, LLC						
Summary of Key Metrics						
	2023	2024	2025	2026	2027	2028
<b>Liquidity Ratios</b>						
Current Ratio	15.0	6.9	6.2	5.6	6.1	6.4
Days in Accounts Receivable	55.00	55.00	55.00	55.00	55.00	55.00
<b>Operating Ratios</b>						
EBITDA	\$ 580,305	\$ 858,518	\$ 974,535	\$ 1,078,490	\$ 1,151,311	\$ 1,232,399
EBITDA Margin	37.9%	50.0%	51.5%	51.7%	52.3%	53.5%

## **I. Revenues**

To determine the reasonableness of the prospective revenues, we reviewed the underlying assumptions upon which Management relied. Based upon our discussions with Management, the prospective volume was based on an analysis of the Applicant's 2021 PET/CT volume trends plus an annual growth factor ranging from five percent to 12 percent annually. The prospective revenue per scan rates were determined based on actual 2021 payer mix and rates of a similar market location to MelroseWakefield.

We understand that the PET/CT scanner, to be located at 888 Main St, Wakefield, MA 01880, will be operational one day per week for 52 weeks of the year. Management estimated 2023 case volumes to be 605 based on current MelroseWakefield volume trends plus a growth factor. Management estimated that the Applicant would perform approximately 11.6 tests per day in 2023. Tests per day are assumed to increase to 17.4 by 2028. Management notes that hours of operation increase from 10 to 12 per day beginning in 2025. Management has represented that these volumes are in-line with Shields's other PET/CT ventures. Based upon our review of the volume assumptions, we determined that the prospective Applicant volumes provided by Management are reasonable.

Next, we reviewed the Financials to determine the reasonableness of the reimbursement rates selected for 2023 through 2028. Management provided supporting information used to prepare the Financials, including the payer mix of a similar market location to MelroseWakefield. Management based the budgeted reimbursement rate on a calculated weighted average of this location's payer mix and reimbursement rates. Shields noted that while contractual rate increases from their payers are possible, they are not guaranteed. As such, Management has held per-test reimbursement rates largely constant (2028 per test rates are 0.6% higher than 2023 per test rates) for the Applicant. Based upon our review, we determined the reimbursement rates provided by Management are reasonable for the Applicant.

It is our opinion that the revenue growth estimated by Management reflects a reasonable estimate of future revenues of the Applicant based on estimated volumes and reimbursement.

## **II. Expenses**

We analyzed the expense categories included in the Financials for reasonableness. Generally, our approach included a review of the total expenses for each category, a calculation of a compound annual growth rate ("CAGR") to analyze year-over-year trends, and consideration to the extent that each expense item is tied to volume or more fixed in nature. Below are the expense categories provided in the Financials along with relevant findings.

### **Operating Expenses**

Operating expenses include support services, billing, and bad debt expense. Management projected bad debt expenses that are notably higher in 2023 to account for Medicare and Medicaid services that are not anticipated to be reimbursable for the first month of operations for the Applicant until accreditation is obtained from the American College of Radiology ("ACR").

The ACR website states, "Accreditation evaluation [is] typically completed within 60 days or less of image submission."<sup>1</sup> Based upon our discussions with Management, when applying for accreditation for other similar projects, accreditation is typically achieved within two weeks. Accordingly, we determined Management's one-month estimate to obtain accreditation in the Financials is reasonable, and therefore, the corresponding bad debt expense is also reasonable.

We calculated an operating expense (including support services, billing, and bad debt expense) CAGR for 2024 through 2028 of 7.6 percent for the Applicant. 2023 was not included in the CAGR calculation due to the previously cited higher bad debt expenses. Bad debt expense for the Applicant in 2028 was \$36,858.

## Facilities & Equipment Related Expenses

Facilities and equipment-related expenses include equipment-related expenses, depreciation, and other facility & equipment expenses. No facilities-related expenses were projected in 2023 through 2028 and equipment-related expenses remain steady at \$285,560 during the same time period.

## Service-Related Expenses

Service-related expenses include FDG (fludeoxyglucose) charges, specialty isotope, and other service related expenses. These expenses are projected to increase steadily between 2023 and 2028, representing a CAGR of 9.2 percent.

## Salaries & Benefits

Salaries and benefits include radiology, technologists, and operations expense. We calculated a CAGR of 9.3 percent from 2023 through 2028 and found this to be a reasonable assumption.

## Selling, General & Administrative ("SG&A") Expenses

SG&A expenses include support services, management fees, and other SG&A expenses. We calculated a CAGR of 6.6 percent from 2024 through 2028. 2023 was not included in the CAGR calculation due to the estimated start-up costs of initiating operations, such as legal fees, and Community Health Needs Assessment ("CHNA"), etc.

## Interest Expense

We note that there is no interest expense for the Applicant.

Based upon our review of the prospective expenses for the Applicant, we did not find that the underlying inputs warranted additional adjustment. Accordingly, it is our opinion that the operating expenses estimated by Management are reasonable.

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<sup>1</sup> <https://www.acr.org/Clinical-Resources/Accreditation>



### **III. Capital Expenditures and Cash Flows**

We reviewed the capital expenditures and future cash flows to determine whether sufficient funds would be available to sustain the operation of the Applicant.

For the Applicant, there are \$25,000 in capital asset acquisitions in 2023. There are no capital expenditures expected from 2024 through 2028. Accordingly, we determined that the prospective capital requirements and resulting impact on the cash flows are reasonable.

### **VI. FEASIBILITY**

We analyzed the Financials and the associated Key Metrics and determined both to be based on reasonable assumptions. The Financials 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 feasibility of the Proposed Project.

The Applicant exhibits cash surpluses in the Financials, after any scheduled distributions, in each of the six years. Based on our discussions with Management, it is our understanding that distributions could be reduced in the event of a business downturn or interruption to increase the cash reserves of the Applicant.

Based upon our review of the relevant documents, we determined the Financials are based upon feasible assumptions. Accordingly, we determined that the Financials are feasible and sustainable and not likely to have a negative impact on the patient panel or result in a liquidation of assets of the Applicant.

Respectively submitted,

Daniel M. Grauman, MBA, CPA/ABV

Managing Director & CEO  
Veralon Partners Inc.

## Appendix: The Financials

# FINANCIALS

## Statement of Profit and Loss

Tufts Medicine: Shields PET/CT, LLC Statement of Profit and Loss <sup>1</sup>												
	2023		2024		2025		2026		2027		2028	
	Total	Per Scan	Total	Per Scan	Total	Per Scan	Total	Per Scan	Total	Per Scan	Total	Per Scan
Total Volume	605		678		746		821		862		905	
<b>Revenue</b>												
Net Patient Revenue	\$ 1,530,685		\$ 1,717,356		\$ 1,892,478		\$ 2,085,612		\$ 2,200,336		\$ 2,303,612	
Total Revenue	\$ 1,530,685		\$ 1,717,356		\$ 1,892,478		\$ 2,085,612		\$ 2,200,336		\$ 2,303,612	
Annual Change (%)	na		12.2%		10.2%		10.2%		5.5%		4.7%	
<b>Expenses</b>												
Operating Expenses												
Support Services - Operations	\$ 9,057	\$ 15	\$ 10,150	\$ 15	\$ 11,168	\$ 15	\$ 12,291	\$ 15	\$ 12,905	\$ 15	\$ 13,549	\$ 15
Billing	8,045	13	9,016	13	9,920	13	10,917	13	11,462	13	12,034	13
Bad Debt Expense	91,091	151	27,478	41	30,280	41	33,370	41	35,205	41	36,858	41
Total Operating Expenses	\$ 108,193	\$ 179	\$ 46,644	\$ 69	\$ 51,368	\$ 69	\$ 56,578	\$ 69	\$ 59,573	\$ 69	\$ 62,441	\$ 69
Annual Change (%)	na		-56.9%		10.1%		10.1%		5.3%		4.8%	
Facilities and Equipment Related												
Equipment Related	\$ 285,560	\$ -	\$ 285,560	\$ -	\$ 285,560	\$ 383	\$ 285,560	\$ 348	\$ 285,560	\$ 331	\$ 285,560	\$ 316
Facilities Related	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Expense	5,000	8	5,000	7	5,000	7	5,000	6	5,000	6	5,000	6
Other Facility & Equipment	6,050	10	6,780	10	7,460	10	8,210	10	8,620	10	9,050	10
Total Facilities and Equipment Related	\$ 296,610	\$ 437	\$ 297,340	\$ 391	\$ 298,020	\$ 356	\$ 298,770	\$ 324	\$ 299,180	\$ 309	\$ 294,610	\$ 290
Annual Change (%)	na		0.2%		0.2%		0.3%		0.1%		-1.5%	
Service Related												
FDG Charges	\$ 72,600	\$ 120	\$ 81,360	\$ 120	\$ 89,520	\$ 120	\$ 98,520	\$ 120	\$ 103,440	\$ 120	\$ 108,600	\$ 120
Specialty Isotope	95,772	158	107,265	158	118,758	159	134,081	163	153,236	178	153,236	169
Equipment Maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Other Service Related	3,025	5	3,390	5	3,730	5	4,105	5	4,310	5	4,525	5
Total Service Related	\$ 171,397	\$ 283	\$ 192,015	\$ 283	\$ 212,008	\$ 284	\$ 236,706	\$ 288	\$ 260,986	\$ 303	\$ 266,361	\$ 294
Annual Change (%)	na		12.0%		10.4%		11.6%		10.3%		2.1%	
Salary and Benefits - Operations												
Radiology	\$ 7,198	\$ 12	\$ 8,449	\$ 12	\$ 9,311	\$ 12	\$ 10,261	\$ 12	\$ 10,826	\$ 13	\$ 11,334	\$ 13
Technologists	74,087	122	74,087	109	85,363	114	119,190	145	119,190	138	119,190	132
Operations	38,314	63	42,714	63	46,777	63	51,210	62	53,679	62	56,128	62
Total Service Related	\$ 119,599	\$ 198	\$ 125,250	\$ 185	\$ 141,451	\$ 190	\$ 180,661	\$ 220	\$ 183,694	\$ 213	\$ 186,651	\$ 206
Annual Change (%)	na		4.7%		12.9%		27.7%		1.7%		1.6%	
Total Operating Expenses	\$ 695,800	\$ 1,096	\$ 661,249	\$ 927	\$ 702,846	\$ 899	\$ 772,715	\$ 902	\$ 803,432	\$ 894	\$ 810,063	\$ 859
Annual Change (%)	na		-5.0%		6.3%		9.9%		4.0%		0.8%	
Selling, General, and Administrative Expenses												
Support Services - SG&A	\$ 48,451	\$ 80	\$ 54,298	\$ 80	\$ 59,743	\$ 80	\$ 65,750	\$ 80	\$ 69,033	\$ 80	\$ 72,477	\$ 80
Management Fee	100,772	167	118,291	174	130,354	175	143,657	175	151,559	176	158,673	175
SG&A - Other	110,357	182	30,000	44	30,000	40	30,000	37	30,000	35	30,000	33
Total SG&A	\$ 259,580	\$ 402	\$ 202,589	\$ 299	\$ 220,097	\$ 295	\$ 239,407	\$ 292	\$ 250,592	\$ 291	\$ 261,150	\$ 289
Annual Change (%)	na		-22.0%		8.6%		8.8%		4.7%		4.2%	
Other Income, Expenses, and Taxes												
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (Income)/Expense	-	-	-	-	-	-	-	-	-	-	-	-
Misc Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Income, Expenses, and Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Change (%)	na		na		na		na		na		na	
Total Expenses	\$ 955,380	\$ 1,579	\$ 863,838	\$ 1,274	\$ 922,944	\$ 1,237	\$ 1,012,122	\$ 1,233	\$ 1,054,025	\$ 1,223	\$ 1,071,212	\$ 1,184
<b>Net Income (Loss)</b>	<b>\$ 575,305</b>	<b>\$ 951</b>	<b>\$ 853,518</b>	<b>\$ 1,259</b>	<b>\$ 969,535</b>	<b>\$ 1,300</b>	<b>\$ 1,073,490</b>	<b>\$ 1,308</b>	<b>\$ 1,146,311</b>	<b>\$ 1,330</b>	<b>\$ 1,232,399</b>	<b>\$ 1,362</b>
Annual Change (%)	na		48.4%		13.6%		10.7%		6.8%		7.5%	

<sup>1</sup>Source: Shields management.

## Balance Sheet

Tufts Medicine: Shields PET/CT, LLC						
Balance Sheet <sup>1</sup>						
	2023	2024	2025	2026	2027	2028
<b>Assets</b>						
Current Assets						
Cash	\$ 815,618	\$ 252,346	\$ 212,717	\$ 175,818	\$ 218,793	\$ 242,307
Accounts Receivable	230,651	258,780	285,168	314,270	331,557	347,120
Doubtful Accounts	(76,115)	(85,397)	(94,105)	(103,709)	(109,414)	(114,549)
Other Current Assets	-	-	-	-	-	-
Total Current Assets	\$ 970,155	\$ 425,729	\$ 403,779	\$ 386,379	\$ 440,936	\$ 474,877
Property and Equipment	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Less: Accumulated Depreciation	(5,000)	(10,000)	(15,000)	(20,000)	(25,000)	(25,000)
Net Property and Equipment	\$ 20,000	\$ 15,000	\$ 10,000	\$ 5,000	\$ -	\$ -
Due from Partners	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Assets</b>	<b>\$ 990,155</b>	<b>\$ 440,729</b>	<b>\$ 413,779</b>	<b>\$ 391,379</b>	<b>\$ 440,936</b>	<b>\$ 474,877</b>
<b>Liabilities and Shareholders' Equity</b>						
Current Liabilities						
Current Maturities of LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current Maturities of Capital Leases	-	-	-	-	-	-
Accounts Payable	64,850	61,906	65,421	69,531	72,778	74,319
Accrued Expenses	-	-	-	-	-	-
Total Current Liabilities	\$ 64,850	\$ 61,906	\$ 65,421	\$ 69,531	\$ 72,778	\$ 74,319
Long Term Debt, Excluding Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Lease Obligations, Excluding Current	-	-	-	-	-	-
Due to Partners	-	-	-	-	-	-
Owners Equity	925,305	378,823	348,358	321,848	368,158	400,558
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 990,155</b>	<b>\$ 440,729</b>	<b>\$ 413,779</b>	<b>\$ 391,379</b>	<b>\$ 440,936</b>	<b>\$ 474,877</b>

<sup>1</sup>Source: Shields management.

## Statement of Cash Flows

Tufts Medicine: Shields PET/CT, LLC						
Statement of Cash Flows <sup>1</sup>						
	2023	2024	2025	2026	2027	2028
<b>Operating Activities</b>						
Net Income	\$ 575,305	\$ 853,518	\$ 969,535	\$ 1,073,490	\$ 1,146,311	\$ 1,232,399
Non-Cash Adjustment	-	-	-	-	-	-
Depreciation	5,000	5,000	5,000	5,000	5,000	-
Total Cash from Operations	\$ 580,305	\$ 858,518	\$ 974,535	\$ 1,078,490	\$ 1,151,311	\$ 1,232,399
Change in Accounts Receivable/Accounts Payable	\$ (89,687)	\$ (21,790)	\$ (14,164)	\$ (15,389)	\$ (8,336)	\$ (8,886)
Change in Other Current Assets	-	-	-	-	-	-
Change in Due To/From	-	-	-	-	-	-
Net Cash for/from Operations	\$ 490,618	\$ 836,728	\$ 960,370	\$ 1,063,101	\$ 1,142,975	\$ 1,223,514
<b>Investing Activities</b>						
Capital Asset Acquisitions - DON	\$ (25,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash for/from Operations	\$ (25,000)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Financing Activities</b>						
Proceeds from Leases/Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayments on Leases/Loans	-	-	-	-	-	-
Net Cash for/from Financing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Contributions (Shields)	\$ 122,500	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Contributions (Partners)	227,500	-	-	-	-	-
Cash Distributions (Shields)	-	(490,000)	(350,000)	(385,000)	(385,000)	(420,000)
Cash Distributions (Partners)	-	(910,000)	(650,000)	(715,000)	(715,000)	(780,000)
Net Cash Used for Distributions	\$ 350,000	\$ (1,400,000)	\$ (1,000,000)	\$ (1,100,000)	\$ (1,100,000)	\$ (1,200,000)
Net Increase (Decrease) in Cash	\$ 815,618	\$ (563,272)	\$ (39,630)	\$ (36,899)	\$ 42,975	\$ 23,514
Cash at Beginning of Period	\$ -	\$ 815,618	\$ 252,346	\$ 212,717	\$ 175,818	\$ 218,793
Cash at End of Period	\$ 815,618	\$ 252,346	\$ 212,717	\$ 175,818	\$ 218,793	\$ 242,307

<sup>1</sup>Source: Shields management.