Analysis of the Reasonableness of Assumptions Used For and Feasibility of Projected Financials of:

Reliant Medical Group, Inc.

For the Years Ending December 31, 2017
Through December 31, 2021

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

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January 19, 2018

Travis Winkey
EVP, Optum Corporate Development
Optum
11000 Optum Circle
Eden Prairie, MN 55344

RE: Analysis of the Reasonableness of Assumptions and Projections Used to Support the Financial Feasibility and Sustainability of the Proposed Project

Dear Mr. Winkey:

Enclosed is a copy of our report on the reasonableness of assumptions used for and feasibility of the financial projections for Reliant Medical Group, Inc. Please contact me to discuss this report once you have had an opportunity to review.

Sincerely,

BDO USA, LLP

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RE: Analysis of the Reasonableness of Assumptions and Projections Used to Support the Financial Feasibility and Sustainability of the Proposed Project

Dear Mr. Winkey

We have performed an analysis related to the reasonableness and feasibility of the financial projections (the "Projections") of Reliant Medical Group, Inc. ("Reliant" or "the Applicant") related to a proposed transaction including Collaborative Care Holdings, LLC, a subsidiary of Optum ("Optum"). This report details our analysis and findings with regards to the reasonableness of assumptions used in the preparation of the Projections and feasibility of the projected financial results prepared by the management of Optum ("Management"). This report is to be used by Optum and Reliant in connection with Reliant's Determination of Need ("DoN") Application – Factor 4(a) and should not be distributed or relied upon for any other purpose.

I. <u>EXECUTIVE SUMMARY</u>

The scope of our review was limited to an analysis of the five year financial projections for Reliant for the fiscal years ending 2017 through 2021 prepared by Management 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.

The Projections exhibit a cumulative operating EBITDA surplus of approximately 3.3 percent of cumulative projected revenue for Reliant for the five years from 2017 through 2021. Based upon our review of the relevant documents and analysis of the Projections, we determined the anticipated operating EBITDA surplus is a reasonable expectation and based upon feasible financial assumptions. Accordingly, we determined that the Projections are reasonable and feasible, and not likely to result in a liquidation of Reliant's assets. A detailed explanation of the basis for our determination of reasonableness and feasibility is contained within this report.

II. RELEVANT BACKGROUND INFORMATION

The indirect change of control transaction (the "Proposed Project") brings together the physician and other provider and clinical resources of Reliant, including Reliant's wholly-owned single specialty ambulatory surgery centers (the "ASCs"), Surgical Eye Experts, LLC, which is licensed to operate Surgical Eye Care ("SEE"), and Reliant Medical Group The Endoscopy Center, LLC, which is licensed to operate The Endoscopy Center ("TEC", formerly "SCOPE"), and the enhanced administrative resources of Collaborative Care Holdings, Inc., a subsidiary of Optum. Reliant is the sole member of the ASCs and will continue to be the sole member post-transaction. Reliant proposes to enter into a transaction whereby Optum will acquire certain assets of Reliant. Optum will provide administrative services to Reliant and has committed to funding certain capital projects that Reliant has planned. There is no change in the ASCs' services contemplated as a result of the Proposed Project. Current Reliant leaders will continue to be in charge of clinical matters as they relate to the ASCs. Reliant does not anticipate any price or service impacts on the patient panels of the ASCs as a result of the Proposed Project.

Reliant is a multi-specialty group practice. Reliant was founded in 1929 and is located and serves the communities of Central and MetroWest regions of Massachusetts. The Applicant has more than 500 employed clinicians, approximately 2,600 employees, and provides care to more than 320,000 patients. Reliant has 27 locations, including the two ASCs.

Optum is a national, integrated ambulatory care platform that is physician led, patient-centric, and data driven. Optum partners with physician practices for the mutual achievement of the "Quadruple Aim": (i) deliver better quality care (ii) in a cost-effective manner, which increases (iii) patient and (iv) provider satisfaction. Optum's operations remove the burden of administration so physicians and other providers can focus on what they do best which is provide care. Optum also provides data analytics and other technical capabilities to help make the physician practice more efficient and to provide providers the tools to help them do their job.

III. SCOPE OF REPORT

The scope of this report is limited to an analysis of the five year financial projections for Reliant, the Applicant, for the fiscal years ending 2017 through 2021 (the "Projections"), prepared by Management, 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. 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 project is not likely to result in a liquidation of the underlying assets or the need for reorganization.

This report is based on prospective financial information provided to us by Management. BDO has not audited or performed any other form of attestation services on the projected financial information related to the operations of Reliant.

If BDO had audited the underlying data, matters may have come to our attention that would have resulted in our using amounts that differ from those provided. 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 Optum 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 opinions and conclusions contained in this report, we reviewed documents produced by Management. The documents and information upon which we relied are identified below or are otherwise referenced in this report:

1. Project Revere – Financial Model with Balance Sheet;
2. Project Revere – Transaction Steps;
3. SCOPE Balance Sheet and IS 2015 thru 11.2017, related to TEC;
4. SEE Balance Sheet and IS 2015 thru 11.2017;
5. 2017 – 16 SEE & SCOPE CP Volume Details, related to SEE and TEC;

6. CY2018 Operating Budget – ASC;
7. Reliant Medical Group, Inc. Consolidated Financial Statements December 31, 2016, 2015, and 2014;
8. Reliant Medical Group – Change in Service Form;
9. Reliant Medical Group – DoN Application Exhibits;
10. Reliant Medical Group, Inc. DoN Application;
11. IBISWorld Industry Report, Primary Care Doctors in the US, dated November 2017;
12. RMA Annual Statement Studies, published by Risk Management Associates;
13. Pratt's Stats; and
14. Provider Compensation data from MGMA DataDive.

V. <u>REVIEW OF THE PROJECTIONS</u>

This section of our report summarizes our review of the reasonableness of the assumptions used and feasibility of the Projections.

The following tables presents the Key Metrics, as defined below, which compares the operating results of the Projections to market information from RMA Annual Studies ("RMA"), Pratt's Stats, and IBISWorld, as well as Reliant's historical performance, to assess the reasonableness of the projections.

	Key Financial Metrics and Ratios		Projected			
	Reliant Medical Group Inc.	2017	2018	2019	2020	2021
	Profitability					
	Operating Margin (%)	-0.7%	-1.3%	-0.4%	1.2%	2.7%
	Excess Margin (%)	-0.5%	-1.1%	-0.4%	1.2%	2.7%
	EBITDA ($)	15,802,062	17,120,511	18,324,213	28,132,833	42,032,934
(1)	Debt Service Coverage Ratio (x)	-1.40 x	-2.82 x	-1.55 x	4.47 x	9.20 x
	Liquidity					
	Days of Available Cash and Investments on Hand (#)	39.0	41.5	47.8	54.2	63.4
	Operating Cash Flow Margin (%)	2.8%	2.1%	2.6%	3.7%	5.3%
	Solvency					
	Current Ratio (x)	2.07 x	2.19 x	2.41 x	2.64 x	3.02 x
(1)	Ratio of Long Term Debt to Total Capitalization (%)	56.1%	6.5%	5.6%	4.5%	3.4%
(1)	Ratio of Cash Flow to Long Term Debt (%)	23.3%	85.2%	122.9%	213.6%	388.2%
(2)	Unrestricted Net Assets ($)	62,043,281	245,438,094	255,648,731	274,461,095	303,067,897
	Total Net Assets ($)	62,043,281	245,438,094	255,648,731	274,461,095	303,067,897

Footnotes:

(1) Debt includes capital leases. Long-term debt, excluding capital leases, projected to be repaid by Optum in the first quarter of 2018.

(2) Restricted assets held on the Foundation's balance sheet. As the Foundation is to be divested as part of the Proposed Project, unrestricted net assets is equal to total net assets in the projection period. Increase in net assets between FY 2017 and FY 2018 due to infusion from Optum and repayment of debt.

	Key Financial Metrics and Ratios	Actual		RMA	Pratt's Stats	IBIS World
	Reliant Medical Group Inc.	2015	2016	Average		
	Profitability					
	Operating Margin (%)	-2.7%	2.8%	3.3%	16.6%	15.7%
	Excess Margin (%)	-0.4%	3.1%	NA	NA	NA
	EBITDA ($)	(5,056,000)	32,732,000	NA	2,883,909	NA
(1)	Debt Service Coverage Ratio (x)	-2.86 x	6.29 x	NA	NA	NA
	Liquidity					
	Days of Available Cash and Investments on Hand (#)	37.6	38.7	NA	NA	NA
	Operating Cash Flow Margin (%)	-2.7%	3.0%	NA	NA	7.2%
	Solvency					
	Current Ratio (x)	1.53 x	1.84 x	0.80 x	2.22 x	1.00 x
(1)	Ratio of Long Term Debt to Total Capitalization (%)	20.1%	20.4%	31.2%	NA	27.8%
(1)	Ratio of Cash Flow to Long Term Debt (%)	-121.2%	102.7%	NA	NA	NA
(2)	Unrestricted Net Assets ($)	53,073,000	73,854,000	NA	NA	NA
	Total Net Assets ($)	53,394,000	74,052,000	470,973	103,113,210	NA

Footnotes:

(1) Debt includes capital leases.

(2) Restricted assets held on the Foundation's balance sheet.

The Key Metrics fall into three primary categories: profitability, liquidity, and solvency. Profitability metrics are used to assist in the evaluation of management performance in how efficiently resources are utilized. Liquidity metrics, including common ratios such as “days of available cash and investments on hand”, measure the quality and adequacy of assets to meet current obligations as they come due. Solvency metrics measure the company's ability to take on and 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 Financial Metrics and Ratios

Ratio Definitions	**Calculation**
Profitability	
Operating Margin (%)	Income / (Loss) from Operations Divided by Total Revenue
Excess Margin (%)	(Operating Revenue - Operating Expenses + Non-Operating Revenue) Divided by (Total Operating Revenue + Non-Operating Revenue)
EBITDA ($)	Earnings Before, Interest, Tax, Depreciation and Amortization
Debt Service Coverage Ratio (x)	Income / (Loss) from Operations Divided by Principal and Interest Payments
Liquidity	
Days of Available Cash and Investments on Hand (#)	Cash and Investments Divided by Daily Operating Expenses (Excl. Accruals)
Operating Cash Flow Margin (%)	Cash Flow from Operations Divided by Total Revenue
Solvency	
Current Ratio (x)	Current Assets Divided by Current Liabilities
Ratio of Long Term Debt to Total Capitalization (%)	Long Term Debt Divided by Total Capitalization (Total Debt and Equity)
Ratio of Cash Flow to Long Term Debt (%)	Cash Flow from Operations Divided by Long Term Debt
Unrestricted Net Assets ($)	Total Unrestricted Net Assets
Total Net Assets ($)	Total Shareholders' Equity of the Company

In addition to RMA, Pratt's Stats, and IBISWorld, we also obtained provider compensation data for physician groups in Central Massachusetts through MGMA DataDive. We reviewed this data in our assessment of the underlying assumptions; however, it is not included in the table above.

1. Revenues

We analyzed the projected revenues within the Projections. Based upon our discussions with Management and the documents provided, the projected revenues were estimated based upon Management's anticipated changes in the following categories:

Member Months

Management projected future revenues based upon the expected memberships related to Medicare (Tufts Health Plan), Commercial (Harvard Pilgrim, Blue Cross Blue Shield, Tufts Health Plan, Fallon Health Plan, and UHC), Medicaid managed care (Fallon Health Plan MCO), and NextGen ACO.

Per Member Per Month ("PMPM")

Base rates and adjustments were forecasted by Management to arrive at total revenue per member per month.

Net FFS Revenue

Management projected revenue related to net FFS revenue, which included assumptions related to provider FTEs, encounters per provider, and revenue per encounter.

In order to determine the reasonableness of the projected revenues, we reviewed the underlying assumptions upon which Management relied. Based upon our review, Management relied upon the historical operations of Reliant and anticipated market movements. The five year compound annual growth rate ("CAGR") in the Projections of 3.1 percent falls within range of Reliant's historical revenue growth rates. This five year CAGR also falls within range of the historical growth of 2.3 percent and projected annual growth of 4.3 percent of the IBISWorld report.

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

2. Operating Expenses

We analyzed each of the categorized operating expenses for reasonableness and feasibility as it related to the Projections.

Based upon our analysis, the majority of expenses as a percentage of revenues were within range of the historical levels. Total compensation as a percentage of revenue in the five year projection period fell below the historical range in two of the five projection years. Management provided a detailed compensation build supporting total projected compensation and benefits. Outside medical and pharmacy services as a percentage of revenue in the five year projection period were within the historical range. Management provided a detailed explanation for a slight increase in this expense as a percentage of revenue in the year to date 2017 period in comparison to the prior year related to abnormally high birth rates with complications, high specialty drug utilization, and a severe flu season. These factors were considered in developing the projections, along with expected improvements in medical expenses related to Optum's contribution of medical management and population health tools.

Based upon the foregoing, it is our opinion that the operating expenses projected by Management reflects a reasonable estimation of future expenses of Reliant.

VI. FEASIBILITY

We analyzed the Projections and Key Metrics for the Proposed Project. In preparing our analysis we considered multiple sources of information including industry metrics, historical results, and Management expectations. 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.

Within the projected financial information, the Projections exhibit a cumulative operating EBITDA surplus of approximately 3.3 percent of cumulative projected revenue for the Proposed Project for the five years from 2017 through 2021. Based upon our review of the relevant documents and analysis of the Projections, we determined the anticipated operating surplus is a reasonable expectation and based upon feasible financial assumptions. Accordingly, we determined that the Projections are reasonable and feasible, and not likely to have a negative impact on the patient panel or result in a liquidation of assets of Reliant.

Respectively submitted,

Erik Lynch
Partner, BDO USA LLP