

May 13, 2021

Donna Jerry,
Senior Health Policy Analyst
Green Mountain Care Board
144 State Street
Montpelier, Vermont 05620

Re: The Collaborative Surgery Center

Dear Donna:

This letter of intent is submitted on behalf of the Collaborative Surgery Center (CSC), which will be applying shortly for a Certificate of Need (CON) to open and operate a multi-specialty ambulatory surgical center (ASC) in Chittenden County. The Collaborative Surgery Center will be a newly formed legal entity that is planned to be: (1) majority women-managed; (2) a benefit corporation, low-profit limited liability company or another legal entity with a charitable and/or socially responsible mission embedded in its organizational documents; and (3) located in Colchester, Vermont. At its inception, the company will be governed by Elizabeth Hunt, Amy Cooper and Susan Ridzon.¹ CSC acknowledges that the proposed ASC will require a CON, 18 V.S.A. § 9434(a)(6), and that jurisdiction over the CON rests with the Green Mountain Care Board. While adjacent to the Green Mountain Surgery Center (GMSC), and leveraging some of its space and management expertise, CSC will be an entirely separate entity with no overlapping shareholders to GMSC.

The proposed facility is planned to be approximately 9,000 SF with four sterile operating rooms. It will be located in part of an existing building adjacent to the Green Mountain Surgery Center at 525 Hercules Drive, in Colchester, Vermont. Its service area is expected to be Chittenden, Franklin, Grand Isle, Addison, Lamoille, and Washington Counties. The project will involve renovations to a portion of an existing structure, and we estimate the fit-up will cost approximately \$3 million.

¹ Ms. Hunt is the Operations Manager for the Green Mountain Surgery Center. Prior to that, she spent several years working in clinical roles at UVMHC in the radiology department and for Stryker Inc, the country's largest supplier of operating room implants and surgical equipment. Ms. Hunt holds a BS in Healthcare Administration from Champlain College and an Associate Degree in Architectural Building Engineering Technology.

Ms. Cooper is the CEO of Green Mountain Surgery Center and former Executive Director of the Accountable Care Coalition of the Green Mountains, Vermont Collaborative Physicians LLC, and Healthfirst Inc. Ms. Cooper holds a BA from Harvard University and an MBA from the Wharton School at the University of Pennsylvania.

Ms. Ridzon is the current Executive Director of Healthfirst Inc., Vermont's independent physician association. Prior to her involvement with Healthfirst, Ms. Ridzon worked at BlueCross and BlueShield of Vermont as a program manager where she became immersed in the Vermont healthcare reform environment.

There is need in the community for more outpatient-only operating room facilities. The need was there prior to 2020 and has intensified due to the reduction in outpatient operating capacity caused by Fanny Allen's closure in December 2020. There is an especially acute need to add operating room time and space for lower-cost independent practices to provide the full set of services for the community as patients are increasingly demanding care in a community setting, as opposed to an institutional setting. Additional OR capacity in the community will also make it easier to recruit new surgeons to the area and allow our health care system to provide timely access to care.

The innovative concept that the Collaborative Surgery Center has formulated will meet these needs, and the needs as defined in the State's CON statute, by (a) reducing unnecessary duplication of healthcare facilities, (b) bringing new capacity into the Chittenden County area at comparably low construction costs, and (c) bringing more lower-cost healthcare services to patients and insurers. We are supplying information about the proposed ASC in this letter to assist the GMCB's staff in conceptually understanding this project. We anticipate submitting a full CON application in short order as well.

The intent is for the project to initially be financed by a combination of debt and/or equity financing from local non-profit partner(s) or financial partner(s), and equity contributions from interested physicians. The eventual profits from the company will be divided between its physician owner-operators and its community-based partners, such as rural hospitals, community health centers, non-profit health insurers, or other appropriate/allowable organizational partners. CSC will, over the coming months, actively attempt to identify specific healthcare partners who are interested in the project to make sure that the financial benefits of the project are used to meet the needs of the existing healthcare system, with a particular focus on providing greater funding and support for primary care.

The female management at CSC is committed to recruiting a diverse board of managers from the physician ownership group and the non-profit partners. Given how the management ranks of healthcare in the United States, and in Vermont, have historically underrepresented women, we believe that our governance structure will create economic and leadership opportunities for women that have historically faced obstacles to economic and career advancement, particularly in the health care sector.

The Collaborative Surgery Center will provide elective, non-emergent ambulatory surgical procedures for patients who do not require hospitalization, and in which the expected duration of medical services does not exceed 24 hours following admission. CSC will be seeking an unrestricted multi-specialty license to provide any and all types of ambulatory surgeries that can be performed safely in a free-standing outpatient surgery center. We anticipate the proposed ASC's scope of service will include all specialties authorized to be performed in ASC's according to the CMS-approved procedure list for ambulatory surgery centers. It will seek Medicare and

Medicaid certification, accreditation from the Accreditation Association for Ambulatory Health Care and/or the Joint Commission, and will serve a broad cross-section of the community, including low-income and indigent patients.

We believe that having managers with expertise in surgery centers in Vermont and expertise on the broader healthcare system in Vermont – Amy Cooper, Liz Hunt, and Susan Ridzon - on our founding team is a major benefit to CSC. These women can bring their experience, successfully serving thousands of patients in Chittenden County and surrounding areas over the past two years, which in turn has saved Vermonters millions of dollars in healthcare costs and has delivered on its promise to provide a high quality, safe environment for patients. CSC's access to their operating and partnership expertise is a key element in reducing the risk of execution of its business plan and, more importantly, a key element in ensuring that patients are able to get greater access to low-cost, high quality healthcare.

CSC's facility will sit adjacent to the GMSC and will be attached via a corridor between the two buildings. Such linkage is a critical piece of CSC's application and important for Vermont's overall healthcare policy goals, as it allows more operating room capacity to be brought online where it is needed, without unnecessarily duplicating major pieces of healthcare facilities. CSC plans on utilizing GMSC's reception and waiting room to receive its patients, GMSC's central sterile processing area for disinfecting, GMSC's business office, and GMSC's medical gas room. All of these services will be contracted between CSC and GMSC on an arms-length basis. But critically, in order to operate its facility, CSC will not need to build or unnecessarily duplicate these aspects of its healthcare facility, as we believe GMSC's existing space will be able to accommodate CSC's volume. CSC's project costs will be reduced substantially by this arrangement, and more importantly from a patient perspective, its project timeline will be shortened, allowing additional operating rooms to be constructed quickly, wait times to be reduced and patients to be seen expeditiously. We believe this is a modest and efficient way of adding more capacity to serve Vermonters and that this strategy is harmonious with the spirit of Green Mountain Care Board rule 4.102 and 18 VSA 9431.

When a CON is awarded, the Collaborative Surgery Center intends to become an integrated part of the state's health care system. It will collaborate and cooperate with local hospitals and other health care providers to improve patient experience within the health care system, alleviate pressure on area hospital operating rooms and procedure rooms, improve health outcomes for Vermonters, and reduce health care costs.

Reducing the cost of health care is one of the primary advantages of ASCs. They are reimbursed at a lower rate than hospitals by Medicare and other insurers. ASCs characteristically have lower building, staffing and overhead costs than hospitals. They are tightly regulated, have low infection rates, are linked to improved health outcomes for patients, and achieve high levels of patient satisfaction. ASCs have accordingly filled an important role in national and state health reform efforts by right-sizing outpatient care and reducing the cost of outpatient procedures to a level that is consistent with the relative complexity of such procedures. Patients nationally and

locally have found that they are able to schedule procedures more quickly at ASCs than at their local hospital. When patients have their medical needs treated more quickly, there is a lower risk of an underlying health issue worsening or becoming more difficult to treat or manage.

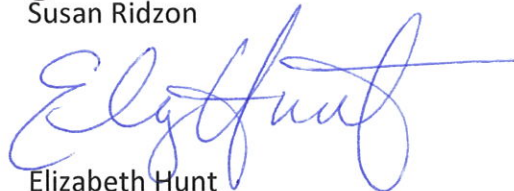
In summary, we are very excited to discuss our plans further with you and with the public and via our forthcoming CON application. We believe CSC speaks directly to the four key elements of 18 VSA 9431, as it (a) will be developed in a way that leverages existing surgical facility space without duplicating it, (b) it will contain the cost of delivering services by offering lower facility fees than other options, and also by promoting independent doctors in the community who themselves are paid lower physician fees than many HOPD-employed physicians, (c) it will improve the access to care by adding more operating rooms to an underserved community where long wait times are the norm and where patients are often forced to look out of state for care and (d) it will improve the quality of care by allowing patients to gain access to a low-infection-rate, safe and time-efficient site of care.

Please let us know if you have any questions.

Sincerely,



Susan Ridzon



Elizabeth Hunt



Amy Cooper

On behalf of Collaborative Surgery Center