

May 20, 2021

Via Email and U.S. Mail

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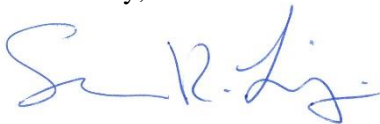
Re: Docket No. GMCB-009-20con, Proposed Purchase of Ambulance Services; Response to Green Mountain Care Board followup questions dated May 17, 2021

Dear Ms. Jerry:

On behalf of our client, WLRC Medical, Inc. (“WLRC”), I am pleased to enclose WLRC’s responses to the Green Mountain Care Board’s May 17, 2021 request for additional information, as well as a Verification Under Oath executed by WLRC’s shareholder and director.

Thank you for your review of the attached responses, and please be in touch if I can provide any additional information or answer any questions.

Sincerely,



Shannon K. Lenzini

Attachments

20670511.1

WLRC MEDICAL, INC.

Certificate of Need Application

Responses to Green Mountain Care Board Questions

- 1. Explain in detail WLRC's contingency plan if more funds are needed to meet its current commitments and obligations for recently purchased entities in other states noted in the organizational chart and also provide adequate funds to purchase and operate AmCare (including the purchase of new equipment and technology specified in the application).**

AmCare has at least two very good reasons to be confident in its financial position: AmCare's overall financial health has historically been strong, and Mr. Rosenberg brings significant management experience in the ambulance services industry, and specifically in providing EMS in rural areas. Based on AmCare's historical performance and Mr. Rosenberg's considerable experience, there is every reason to expect that AmCare's financial health will remain strong under WLRC's ownership.

In addition to AmCare's strong financial position, the WLRC family of companies (which will include Butler Medical Transport once that transaction closes) is also financially well-positioned, having had just under \$22 million of sales during the COVID-19 pandemic, and with a preliminary EBIDTA of approximately \$2.8 million dollars. Based on the past success of the operations of each of these companies, along with Mr. Rosenberg's considerable experience in this industry, WLRC is confident that each company under its umbrella, including AmCare, will be able to satisfy its respective obligations through its operations.

As for a contingency plan, in the unlikely event that operations prove insufficient to allow one of its companies to meet its obligations, WLRC would be able to rely on a well-established and unused line of credit which would be at its disposal upon the closing of the Butler Medical transaction. In addition, as the parent company, WLRC would have the ability to access cash from any of its subsidiaries, if another of its subsidiaries was in need. Finally, at the anticipated closing of this transaction, WLRC estimates that AmCare will have approximately \$400,000 of working capital that will be at WLRC's disposal.

With respect to the new equipment and technology mentioned in the application, the costs for those items are factored into the overall project cost, meaning that WLRC's bank financing will be sufficient to pay for those expenses and those expenses are not in addition to the transaction cost. As an example of the benefits of Mr. Rosenberg's many years of experience in the industry, under the management services agreement which is in place, AmCare will be able to replace its cardiac monitors using a manufacturer with whom Mr.

Rosenberg has a long-standing relationship, and this manufacturer has agreed to give AmCare interest-free financing over the next five years for the monitors.

2. **WLRC projects operating margins of 17% in 2021; 14% in 2022; and 14% in 2023. WLRC also projects an average annual growth of 8% for revenues and 7% for operating expenses for 2020-2023. Explain in detail your contingency plan if these increases in operating margins and revenues are not achieved. Also, explain the financial impact on the viability of AmCare and impact on services currently provided and represented as being maintained after AmCare is purchased.**

AmCare has historically been a profitable ambulance service, and as explained in Question 1, there is no reason to think that it will not continue to be so. WLRC anticipates being able to reduce expenses by tapping into efficiencies available to it as a result of the inclusion of several companies under the WLRC umbrella. For example, WLRC will move billing in-house to WLRC, which will handle billing for all WLRC companies, making this a more cost-efficient process. Second, WLRC's technology improvement and innovations will streamline other processes for AmCare, as well as the other WLRC companies resulting in a more streamlined overall operation. Finally, as will be explained below, WLRC is confident that there is a need to be met in certain towns within Franklin and Chittenden counties which WLRC will be able and willing to meet, which would lead to increased revenue.

In the unlikely event that these expected cost reductions and revenue increases do not come to fruition, WLRC would have the same options available to it as outlined in Question #1: access to a line of credit; ability to access cash from its other subsidiaries; and some amount of existing working capital at its disposal.

Given the expertise and experience of Mr. Rosenberg, the strong historical financial performance of AmCare, and the contingency plan which includes access to a line of credit, ability of WLRC to access cash from its other subsidiaries if needed, and some amount of working capital, WLRC is confident that AmCare will have the necessary resources to continue to provide the same quality services that it has provided in the past, and WLRC does not expect any disruption to meeting the needs of the people that depend upon AmCare's continued existence.

3. **In its April 28, 2021 response, WLRC attributed a projected increase in transports to two factors: 1) aid to nearby towns, municipalities, and small professional services that have sought AmCare's help in providing services; and 2) a recent uptick in calls that is expected to continue. Please specify the impact of each factor and provide support for the assumptions, including additional details regarding the requests for aid that AmCare has received.**

As Franklin County's largest EMS employer and only career EMS provider, AmCare has fielded many requests over the years from towns, municipalities, and private services, seeking AmCare's assistance in providing services. In the past, AmCare has not had the

inclination to provide all of the requested assistance. Under WLRC's ownership, AmCare will have that ability and desire. Just as an example, already in 2021 AmCare has received requests for aid from 2 towns in Franklin County and 1 town in Lamoille County. In 2020, AmCare received a request from 1 town in Franklin County, and in each of 2019 and 2018, there was a request made by 1 town in Chittenden County. Finally, a Chittenden County college reaches out to AmCare almost every year, seeking help.

Under WLRC's ownership, AmCare will have the capacity and desire to provide the requested assistance, which in turn, is expected to lead to more calls responded to and, as a result, increased revenue.

Although it seems counterintuitive, 2020 was actually a down year for 911 calls, as people stayed put at home whenever possible. As the pandemic situation slowly improves, there is expected to be an uptick in calls and a return to more pre-pandemic type 911 call conditions. Additionally, AmCare had already been seeing more requests for help with hospital transfers for a hospital in Chittenden County, and the trend indicates that this need will continue to be there. Finally, as noted above, certain towns have requested AmCare's assistance and under WLRC, AmCare intends to aid those towns as much as possible, and this is expected to lead to an uptick in calls from those towns.

4. **Confirm the Vermont county(s) and towns currently served by AmCare and the county(s) and towns (and other contiguous states, if applicable) that will be served by AmCare after the proposed purchase by WLRC. Specify where the increase in the percentage of transports and responses will be coming from and explain the impact on existing entities providing transport and response services in Vermont towns and counties WLRC will serve.**

AmCare is the primary provider of EMS for the City of St. Albans, and the Towns of St. Albans, Fairfield, Georgia, and Sheldon. After the proposed purchase, AmCare will continue to provide the same services in the same towns and, as discussed in Question 3, expects to provide EMS to certain other towns and municipalities in Franklin and Chittenden counties when the request for help is made.

The only anticipated impact on existing entities providing transport and response services in Vermont is that the entities which reach out to AmCare for assistance will receive the requested assistance, making the impact a positive one for those entities and for the people in need of transport and response in those communities.

5. **Provide a copy of your IRS determination letter.**

Both AmCare and WLRC are taxable entities. AmCare is currently taxed as a partnership and WLRC is currently and will continue to be taxed as an S Corporation. After the closing of the transaction, WLRC intends to file a Qualified Subchapter S Subsidiary Election so that AmCare will then be treated as a Qualified Subchapter S subsidiary of WLRC.