
DELIVERED ELECTRONICALLY

September 24, 2021

Mr. A.J. LaRosa
MSK Attorneys
275 College St.
PO Box 4485
Burlington, VT 05406

RE: Docket No. GMCB-008-21con, Collaborative Surgery Center, Development of an Outpatient Surgery Center with Four Operating Rooms in Colchester. Project Cost: \$11,908,278.

Dear Mr. LaRosa:

Thank you for the responses to the first set of questions for the above referenced project. Additional information is required to complete our review. At this time, please provide the following information:

Electronic Medical Record

1. Provide more specific information on the cloud-based EMR you are planning to use for the facility. Explain whether the costs of \$13,500 up front cost and \$55,000/year for the subscription rate are represented in each of the applicable financial tables submitted with the application for years 1, 2, and 3 of operation. If so, specify the line item where these costs are represented.
2. To be compliant with Vermont's Health Information Exchange, explain how the cloud-based EMR you are planning to use will facilitate sharing data from patients seen at CSC with other facilities and providers that the patient also must see and vice versa. See Statutory Criteria 8 (any lease or purchase of Health Care Information Technology conforms with the Health Information Technology Plan). If documents will not need to be shared, please explain.



Financial (NOTE: Please submit all revised financial tables in Excel in addition to being included in the PDF version of your responses to this set of questions.)

3. Submit a full set of assumptions for each of the financial tables 1-9, including staffing and utilization, revenues and expenses, assets and liabilities.
4. Submit financing assumptions regarding the 10-year loan for the \$4,100,652 especially the 10% interest rate and identify who the lender will be.
5. Identify and explain all capital lease accounting assumptions regarding the applicant's intention to enter into a capital lease arrangement including accurate recording of the asset and matching liability of this cost in all affected financial tables and the possible future purchase agreement. If the applicant is planning to purchase the property, the asset and liabilities associated with the purchase should be recorded and lease payments should be reflected in the Income Statement. Revise all affected financial tables and resubmit.
6. *NOTE: All start-up costs must be included in the first year of operation on each financial table submitted.* Clarify whether start-up costs are included in the first-year costs shown on Table 3, Income Statement, and all other financial tables submitted with the application. If not, please revise and resubmit all financial tables.
7. Financial Tables 1 (Project Costs) and Table 2 (Debt Financing Arrangement, Sources and Uses of Funds): Table 1 was not correctly completed. Identify and populate the costs for each of the line items reflected in Table 1. The Fixed Equipment line item is only for actual fixed equipment. Interior build-out, fit-up, renovation, and/or construction costs should be reflected in the correct line items. Debt Financing Expenses Section of Table 1 must be filled out. Table 1, Project Costs, should be equal to Table 2 for Total Required funds and Total Use of Funds. Please revise and resubmit.
8. Revise and resubmit the Tables 3 & 6, showing Gross Revenues on Table 3 less deductions such as bad debt and charity care to equal Net Patient Revenues. These numbers must also tie out in each year on Table 6. Also include totals on Table 6.
9. Table 4, Balance Sheet Fixed Assets - Furniture, Fixtures and Other Equipment: these amounts should equal the project costs of fixed equipment \$2,413,173, Major Movable Equipment \$4,100,652 and Furnishings, fixtures and & equipment \$330,000 for the first year and may change due to additional assets after year 1 and depreciation should change accordingly as reflected in accumulated depreciation and on Table 3 as depreciation expense. Please revise and resubmit.
10. Table 4, Balance Sheet should include an Accounts Receivable and Accounts Payable. Please revise and resubmit.



11. Page 23: Please explain future ownership arrangements regarding what is represented in the 3rd paragraph and the arrangement around future minority shares. Explain whether minority owners will be physicians and/or non-physician investors. The accounting for these transactions must be reflected in Table 4, Balance Sheet.
12. Revise and submit Table 5, Cash Flow Statement, to include your equity contributions which should also be reflected and flow through to be reflected on Table 4, Balance Sheet. Reflect any of the changes included in your responses to financial questions included in this set of questions.

Staffing/Other

13. Provide a full staffing plan for years 1, 2 and 3, based on Table 9, Staffing Projections.
14. In a table format, specify the number of projected OR cases for proposed years 1, 2, 3 and 4 reflected in Table 7, Utilization Projections included in the application that will be elective vs. urgent.
15. Page 39: It is stated that UVMMC employed surgeons are expected to use CSC facility if needed. Please identify the projected percent of time that CSC may be used by UVMMC employed surgeons.
16. Complete the attached Excel spreadsheet for the Capacity and Volume Survey. For Year 1, 2, 3 and 4 of operation, please specify the calendar year. If you begin operation part way through a calendar year, please proportion capacity and volumes to the nearest quarter of that calendar year.

In responding, restate the question in bold font and respond in unbolded font. Send an electronic copy to me at donna.jerry@vermont.gov and one hard copy (three-hole punched) with a Verification Under Oath to my attention at the Green Mountain Care Board, 144 State Street, Montpelier, Vermont 05602.

If you have any questions, please do not hesitate to contact me at 802-760-8162.

Sincerely,

s/ Donna Jerry
Senior Health Policy Analyst
Green Mountain Care Board

cc. Michael Barber
General Counsel

