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Dec 21, 2015

Alexandria Hicks
CON Coordinator
DHSS
3601 C. St., Suite 978
Anchorage, AK 99503

RE: Request for Additional Information Dec 11, 2015

Dear Ms. Hicks,

Thank you for your response and questions. I will answer in order.

1) In my estimate for Muldoon ASC I added an additional \$5,000 for shipping in the new equipment and I did not carry over 2/7 of the \$750 consulting fee paid by ASC North. This accounts for \$4,785.71 of this difference. The other \$10 appears to be a math or translational error on my part.

2) Currently we are identifying and interviewing appropriate surgery specialties to fill up the available time in Muldoon ASC in parallel to this request for determination. It is a work in progress. Since the foundation ASC (ASC North) will have all of the basic equipment needed to conduct core operations, the variable equipment I estimated that would be required would include endoscopy equipment and surgical trays specific to any new specialty. Since the endoscopy equipment is the most expensive line item, I added it to the project cost for DHSS' determination. Any surgical trays needed would be added to the project costs as the surgical specialties materialize. Since the project cost submitted was so small relative to the CON cap these few trays would have a de minimis effect on the overall budget, most likely they would add \$20-30,000 in additional costs.

The currently considered and most likely surgeon candidates for Muldoon include 2-3 vein specialists, 1-2 podiatrists and 1 hand surgeon. I am also reaching out to a few general surgeons, but this effort is fraught with delay given the holidays and the surgeon's difficult call schedules.

3) Our current plan for ASC North is to be open Monday through Thursday from 7am until 4pm with two mornings per week of spine surgery, 2 afternoons of 'to follow' pain procedures and two full days of pain procedures.

Our plans for Muldoon ASC will be for two full days of vein procedures and/or hand/foot surgeries that will be conducted on Fridays and Saturdays. If we can attract a general surgeon

or two we will try and balance surgeon demand with available time and/or run longer days on Friday and Saturday.

Ultimately, I cannot give you a more definitive estimate of the number of cases, nor the final head count of surgeons that will be involved with Muldoon ASC. Our current best estimate is that we will fill up 4 full days a week with ASC North and 2 full days a week with Muldoon ASC. Currently there is no interest from either ASC to utilize Sundays, but for cost allocation purposes it is our opinion that it should be carried by ASC North, since ASC North will only be granting Muldoon ASC a sub-lease for a maximum of 2 days per week. Therefore the 5/7 and 2/7 allocation ratio makes logical sense.

Ms. Hicks, I hope you can appreciate that my situation with regard to getting commitments from prospective surgeons is hampered by the fact that we do not yet have a final determination by the DHSS. Some potential surgeons want to hold their commitment until the DHSS determination. Once a final positive determination is in hand, I have no doubt that I will attract all of the surgeons needed to fill up the two days.

Please let me know if you have any further questions and I look forward to an early decision by DHSS on this determination.

Sincerely,

Harold Gear
Managing Member