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**RECEIVED**

By CERTIFICATE OF NEED PROGRAM at 12:17 pm, Feb 25, 2021

February 19, 2021

**CN21-60**

VIA U.S. MAIL AND EMAIL ([eric.hernandez@doh.wa.gov](mailto:eric.hernandez@doh.wa.gov); [fslcon@doh.wa.gov](mailto:fslcon@doh.wa.gov))

Department of Health  
Certificate of Need Program  
111 Israel Road S.E.  
Tumwater, WA 98501

Re: Tri-City Orthopaedic Clinic, P.S.C.  
Application for Certificate of Need

Ladies and Gentlemen:

Please find enclosed the original, one copy, and one flash drive containing an electronic version of Tri-City Orthopaedic Clinic, P.S.C.'s Certificate of Need Application seeking approval for a 4-operating room ambulatory surgical facility in Kennewick, Washington. Tri-City Orthopaedic Clinic, P.S.C.'s check in the amount of \$20,427.00 for the review fee will follow via U.S. Mail.

Please conform the enclosed cover page and face page of the Application and return them to our office in the envelope provided. If you have any questions or need any additional information, please let me know. Thank you for your assistance.

Regards,

STUDEBAKER NAULT, PLLC



Emily R. Studebaker

Enclosures

cc: Tri-City Orthopaedic Clinic, P.S.C.

4827-7353-2120, v. 1

**TRI-CITY ORTHOPAEDIC CLINIC, P.S.C.**

**CERTIFICATE OF NEED APPLICATION  
PROPOSING TO OPERATE A CERTIFICATE OF NEED  
APPROVED AMBULATORY SURGICAL FACILITY  
IN KENNEWICK, WASHINGTON**

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## Application Instructions

The Certificate of Need (CN) Program will use the information in your application to determine if your project meets the applicable review criteria. These criteria are included in the state law and rules. Revised Code of Washington (RCW) 70.38 and Washington Administrative Code (WAC) 246-310.

### General Instructions:

- Include a table of contents for application sections and appendices/exhibits.
- Number all pages consecutively.
- Do not bind or 3-hole punch the application.
- Make the narrative information complete and to the point.
- Cite all data sources.
- Provide copies of articles, studies, etc. cited in the application.
- Place extensive supporting data in an appendix.
- Provide detailed descriptions of assumptions used for all projections.
- Use non-inflated dollars for all cost projections.
- Do not include a general inflation rate for these dollar amounts.
- Do include current contract cost increases such as union contract staff salary increases. You must identify each contractual increase in the description of assumptions included in the application.
- Do not include a capital expenditure contingency.
- **If any of the documents provided in the application are in draft form, a draft is only acceptable if it includes the following elements:**
  - a. identifies all entities associated with the agreement,
  - b. outlines all roles and responsibilities of all entities,
  - c. identifies all costs associated with the agreement,
  - d. includes all exhibits that are referenced in the agreement, and
  - e. any agreements in draft form must include a document signed by both entities committing to execute the agreement as submitted following CN approval.

**Do not skip any questions in this application. If you believe a question is not applicable to your project, provide rationale as to why it is not applicable.**

Program staff members are available to provide technical assistance (TA) at no cost to you before submitting your application. While TA isn't required, it's highly recommended and can make any required review easier. To request a TA meeting, call 360-236-2955 or email us at [FSLCON@doh.wa.gov](mailto:FSLCON@doh.wa.gov).



**Certificate of Need Application  
Ambulatory Surgical Facilities  
Ambulatory Surgery Centers**

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Certificate of Need applications must be submitted with a fee in accordance with Washington Administrative Code [\(WAC\) 246-310-990](#).

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Application is made for a Certificate of Need in accordance with provisions in Revised Code of Washington [\(RCW\) 70.38](#) and [WAC 246-310](#), rules and regulations adopted by the Washington State Department of Health. I attest that the statements made in this application are correct to the best of my knowledge and belief.

Signature and Title of Responsible Officer:  Scott N. Faringer, CASC, CMPE Chief Executive Officer	Phone Number  (509) 460-5588
Dated:  February 18, 2021	Email Address:  sfaringer@tcortho.com
Legal Name of Applicant:  Tri-City Orthopaedic Clinic, P.S.C.	Number of Surgery Rooms requested – include operating room and procedure rooms:  4
Address of Applicant:  6703 W. Rio Grande Avenue Kennewick, WA 99336	Estimated Capital Expenditure:  \$192,244.32

**Identify the Planning Area for this project as defined in WAC 246-310-270(3):**

Benton-Franklin County Secondary Health Services Planning Area

## **Applicant Description**

1. Provide the legal name(s) and address(es) of the applicant(s)

Note: The term “applicant” for this purpose includes any person or individual with a ten percent or greater financial interest in the partnership or corporation or other comparable legal entity. WAC 246-310-010(6)

The applicant is Tri-City Orthopaedic Clinic, P.S.C. (“Tri-City Orthopaedic Clinic”). Its address is 6703 W. Rio Grande Avenue, Kennewick, WA 99336.

Tri-City Orthopaedic Clinic is seeking certificate of need (“CN”) approval for a 4-operating room (“OR”) ambulatory surgical facility (“ASF”) in the Benton-Franklin County secondary health services planning area.

2. Identify the legal structure of the applicant (LLC, PLLC, etc.) and provide the UBI number.

Tri-City Orthopaedic Clinic is a Washington professional corporation. Its UBI is 601 824 458.

3. Provide the name, title, address, telephone number, and email address of the contact person for this application.

Please direct questions regarding this application to the following:

Emily R. Studebaker, Esq.  
Studebaker Nault, PLLC  
11900 N.E. 1st Street, Suite 300  
Bellevue, WA 98005  
Tel: (425) 279-9929  
E-mail: estudebaker@studebakernault.com

4. Provide the name, title, address, telephone number, and email address of the consultant authorized to speak on your behalf related to the screening of this application (if any).

Emily R. Studebaker, Esq.  
Studebaker Nault, PLLC  
11900 N.E. 1st Street, Suite 300  
Bellevue, WA 98005  
Tel: (425) 279-9929  
E-mail: estudebaker@studebakernault.com

5. Provide an organizational chart that clearly identifies the business structure of the applicant(s).

Please see Exhibit 1 for an organizational chart for Tri-City Orthopaedic Clinic.

- Identify all healthcare facilities owned, operated by, or managed by the applicant. This should include all facilities in Washington State as well as out-of-state facilities, and should identify the license/accreditation status of each facility.

Tri-City Orthopaedic Clinic owns, operates, and manages the following sites:

Site	Services	License/Accreditation Status
985 Goethals Drive Richland, WA 99352	Outpatient surgery Physical and occupational therapy	ASF.FS.60100090 Medicare #: G8931679 Medicaid #: 2040411
821 Swift Boulevard Richland, WA 99352	Orthopedic care MRI, CT, and X-ray imaging	Medicare #: GAB01868 Medicaid #: 7085939
6703 West Rio Grande Avenue, Suite A Kennewick, WA 99336	Outpatient surgery	ASF.FS.60509264 Medicare #: G8935749 Medicaid #: 2056252 Accredited by Accreditation Association for Ambulatory Health Care
6703 West Rio Grande Avenue, Suite B Kennewick, WA 99336	Orthopedic care MRI, CT, and X-ray imaging	Medicare #: GAB01868 Medicaid #: 7085939
6699 West Rio Grande Avenue Kennewick, WA 99336	Orthopedic care	Medicare #: GAB01868 Medicaid #: 7085939

### **Project Description**

- Provide the name and address of the existing facility.

Tri-City Orthopaedic Clinic owns, operates, and manages Tri-City Orthopaedic Kennewick Surgery Center, a CN-exempt, 4-OR ASF at 6703 West Rio Grande Avenue, Suite A, Kennewick, WA 99336.

- Provide the name and address of the proposed facility. If an address is not yet assigned, provide the county parcel number and the approximate timeline for assignment of the address.

Tri-City Orthopaedic Clinic proposes to operate Tri-City Orthopaedic Kennewick Surgery Center as a CN-approved, 4-OR ASF at 6703 West Rio Grande Avenue, Suite A, Kennewick, WA 99336.

- Provide a detailed description of the proposed project.

Tri-City Orthopaedic Clinic proposes to operate Tri-City Orthopaedic Kennewick Surgery Center as a CN-approved, 4-OR ASF at 6703 West Rio Grande Avenue, Suite A, Kennewick, WA 99336.



4. With the understanding that the review of a Certificate of Need application typically takes at least 6-9 months, provide an estimated timeline for project implementation, below:

Tri-City Orthopaedic Clinic proposes to operate Tri-City Orthopaedic Kennewick Surgery Center as a CN-approved, 4-OR ASF at 6703 West Rio Grande Avenue, Suite A, Kennewick, WA 99336. Tri-City Orthopaedic Kennewick Surgery Center has historically operated as a CN-exempt ASF. The proposed ASF is fully built-out and operational. It is anticipated that the proposed project would be complete upon issuance of the requested CN.

Event	Anticipated Month/Year
Design complete	N/A
Construction Commenced	N/A
Construction Completed	N/A
Facility Prepared for Survey	N/A
Project Completion	Upon Issuance of CN

5. Identify the surgical specialties to be offered at this facility by checking the applicable boxes below. Also attach a list of typical procedures included within each category.

- |   |   |   |
|---|---|---|
| <input checked="" type="checkbox"/> Ear, Nose, & Throat | <input checked="" type="checkbox"/> Maxillofacial | <input checked="" type="checkbox"/> Pain Management |
| <input type="checkbox"/> Gastroenterology               | <input type="checkbox"/> Ophthalmology            | <input checked="" type="checkbox"/> Plastic Surgery |
| <input checked="" type="checkbox"/> General Surgery     | <input checked="" type="checkbox"/> Oral Surgery  | <input type="checkbox"/> Podiatry                   |
| <input type="checkbox"/> Gynecology                     | <input checked="" type="checkbox"/> Orthopedics   | <input type="checkbox"/> Urology                    |

Other? Describe in detail: Vascular Surgery

6. If you checked gastroenterology, above, please clarify whether this includes the full spectrum of gastroenterological procedures, or if this represents a specific sub-specialty: N/A

Endoscopy                       Bariatric Surgery                       Other: \_\_\_\_\_

7. For existing facilities, provide a discussion of existing specialties and how these would or would not change as a result of the project.

Tri-City Orthopaedic Kennewick Surgery Center currently offers orthopedics and pain management. Upon CN approval, it would also offer the following: ear, nose and throat surgery; general surgery; maxillofacial surgery; oral surgery; plastic surgery; and vascular surgery.

8. Identify how many operating rooms will be at this facility at project completion. Note, for certificate of need and credentialing purposes, “operating rooms” and “procedure rooms” are one and the same.

Tri-City Orthopaedic Kennewick Surgery Center has 4 ORs. The project does not propose any increase in the number of ORs at Tri-City Orthopaedic Kennewick Surgery Center.

9. Identify if any of the surgery rooms at this facility would be exclusively dedicated to endoscopy, cystoscopy, or pain management services.

None of the ORs will be exclusively dedicated to endoscopy, cystoscopy, or pain management services.

10. Provide a general description of the types of patients to be served by the facility at project completion (e.g. age range, diagnoses, etc.).

Tri-City Orthopaedic Kennewick Surgery Center will offer and provide care to patients ages two years to 100 years who require ambulatory surgery, are not expected to require hospitalization, and can be treated appropriately in an outpatient surgery setting.

11. Provide a copy of the applicable letter of intent that was submitted according to WAC 246-310-080.

Please see Exhibit 2 for the Letter of Intent for the proposed project.

12. Provide single-line drawings (approximately to scale) of the facility, both before and after project completion.

Please see Exhibit 3 for single line drawings of Tri-City Orthopaedic Kennewick Surgery Center.

13. Confirm that the facility will be licensed and certified by Medicare and Medicaid. If this application proposes the expansion of an existing facility, provide the existing facility’s identification numbers.

ASF License #: Tri-City Orthopaedic Kennewick Surgery Center is licensed by the Department of Health pursuant to chapter 70.230 RCW (License #: ASF.FS.60509264).

Medicare #: Tri-City Orthopaedic Kennewick Surgery Center participates in Medicare and is Medicare-certified (Medicare #: G8935749).

Medicaid #: Tri-City Orthopaedic Kennewick Surgery Center participates in Medicaid and serves Medicaid beneficiaries (Medicaid #: 2056252).

14. Identify whether this facility will seek accreditation. If yes, identify the accrediting body.

Tri-City Orthopaedic Kennewick Surgery Center is accredited by the Accreditation Association for Ambulatory Health Care.

**Certificate of Need Review Criteria**

**A. Need (WAC 246-310-210)**

WAC 246-310-210 provides general criteria for an applicant to demonstrate need for healthcare facilities or services in the planning area. WAC 246-310-270 provides specific criteria for ambulatory surgery applications. Documentation provided in this section must demonstrate that the proposed facility will be needed, available, and accessible to the community it proposes to serve. Some of the questions below only apply to existing facilities proposing to expend. For any questions that are not applicable to your project, explain why.

1. List all surgical facilities operating in the planning area – to include hospitals, ASFs, and ASCs.

Hospitals in the Benton-Franklin County secondary health services planning area are listed in Table 1 below.<sup>1</sup>

**Table 1**

**Benton-Franklin County Secondary Health Services Planning Area Hospitals**

<b>Hospitals</b>	
Kadlec Regional Medical Center	HAC.FS.00000161
Lourdes Medical Center	HAC.FS.00000022
Prosser Memorial Hospital	HAC.FS.00000046
TRIOS Health	HAC.FS.00000039

ASFs in the Benton-Franklin County secondary health services planning area are listed in Table 2 below.<sup>2</sup>

**Table 2**

**Benton-Franklin County Secondary Health Services Planning Area ASFs**

<b>ASFs</b>	
<b>CN-Exempt ASF</b>	
Columbia River Eye Center	ASF.FS.60100970
Hoyeol Yang MD PS	ASF.FS.60292086

<sup>1</sup> Source: CN historic files, ILRS.

<sup>2</sup> *Id.*

Northwest Endovascular Surgery*	ASF.FS.60528629
Pacific Cataract and Laser Institute	ASF.FS.60340640
Retina Laser Surgery Center <sup>3</sup>	CLOSED
The Surgery Center at Tri-City Orthopaedic	ASF.FS.60100090
The Surgery Center at Tri-City Orthopaedic Clinic	ASF.FS.60509264
Tri-City Regional Surgery Center	ASF.FS.60100019
Wright Surgical Arts	ASF.FS.60639761
CN-Approved ASFs	
High Desert Surgery Center	ASF.FS.60101793
Kadlec Ambulatory Surgery Center – Spaulding Campus	ASF.FS.60788612
Mid-Columbia Endoscopy Center*	ASF.FS.60301938
Northwest Ambulatory Physicians*	ASF.FS.60109656
Tri-Cities Endoscopy Center*	ASF.FS.60642274

\* These ASFs are endoscopy centers.

- Identify which, if any, of the facilities listed above provide similar services to those proposed in this application.

No CN-approved ASF in the Benton-Franklin County secondary health services planning area offers ear, nose and throat surgery, general surgery, maxillofacial surgery, oral surgery, or vascular surgery. Moreover, only one CN-approved ASF in the planning area that is unaffiliated with a hospital offers orthopedic surgery. Therefore, the proposed project is critical for providing patients in the planning area a meaningful choice for outpatient surgical services in a cost-effective setting.

- Provide a detailed discussion outlining how the proposed project will not represent an unnecessary duplication of services.

The establishment of the proposed ASF is being undertaken to provide additional capacity for outpatient surgical services in the Benton-Franklin County secondary health services planning area. The proposed ASF will not duplicate services. Instead, it is necessary in order to expand the services offered at Tri-City Orthopaedic Kennewick Surgery Center to all patients and providers in a health planning area, which has need for additional outpatient ORs.

No CN-approved ASF in the Benton-Franklin County secondary health services planning area offers ear, nose and throat surgery, general surgery, maxillofacial surgery, oral surgery, or vascular surgery. Moreover, only one CN-approved ASF in the planning area that is unaffiliated with a hospital offers orthopedic surgery. Accordingly, the ability of patients in the Benton-Franklin County secondary health services planning area to obtain

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<sup>3</sup> While the Department's provider credential database indicates that Retina Laser Surgery Center is closed, it nevertheless appears to be operating.

these services at an ASF, an outpatient surgical setting that is significantly more cost-effective for patients and payors, is currently limited. The proposed ASF would alleviate this access issue.

4. Complete the methodology outlined in WAC 246-310-270, unless your facility will be exclusively dedicated to endoscopy, cystoscopy, or pain management. If your facility will be exclusively dedicated to endoscopy, cystoscopy, or pain management, so state. If you would a copy of the methodology template used by the department, please contact us at [FSLCON@doh.wa.gov](mailto:FSLCON@doh.wa.gov).

Tri-City Orthopaedic Clinic is seeking CN approval for a 4-OR ASF. Based on the Department's quantitative need methodology set forth in WAC 246-310-270(9), the Benton-Franklin County secondary health services planning area is projected to need 13.13 additional outpatient ORs by 2024. Please see Exhibit 4 for Tri-City Orthopaedic Clinic's number need methodology calculation.

The proposed ASF will improve access to affordable, high-quality ambulatory surgical services to the Benton-Franklin County secondary health services planning area residents. Approval of the proposed ASF will allow Tri-City Orthopaedic Kennewick Surgery Center to offer a more convenient, lower-cost alternative to hospital-based outpatient surgery for outpatient surgical services to patients in the Benton-Franklin County secondary health services planning area.

CN approval of the proposed ASF will also make Tri-City Orthopaedic Kennewick Surgery Center available to all physicians in the community who are credentialed, privileged and in good standing and who perform ambulatory surgical services. Local physicians gaining access to Tri-City Orthopaedic Kennewick Surgery Center will improve Benton-Franklin County secondary health services planning area residents' access to the types of procedures expected to be performed at the Tri-City Orthopaedic Kennewick Surgery Center. Further, because freestanding ASFs are more efficient and cost-effective in comparison to hospital outpatient surgery departments, the contractual rates for purchasers in the Benton-Franklin County secondary health services planning area can be lower in a freestanding setting, which translates to cost savings to patients and payors.

The Benton-Franklin County secondary health services planning area has shown steady population growth from 2000 to 2020 and is forecasted to continue growing steadily through 2025. Please see Exhibit 5 for additional historical and projected resident population statistics for the Benton-Franklin County secondary health services planning area.

The ASF forecast provided below uses a comprehensive, statistically valid survey of ambulatory surgery cases by the National Center for Health Statistics, which is based on 2006 survey statistics and was published in a revised report in September 2009. This survey includes surgery use rates by major age cohort groups. It demonstrates use rates for persons 65-74 years old are 2.6 times the average use rate, and 2.4 times higher for

persons 75 years of age and older. These use rates are presented in Table 3 below. Considering the much higher growth in the 65+ age cohort, these use rate differences signify demand for health services will be much higher in the future as populations age.

**Table 3<sup>4</sup>**

**National Center for Health Statistics Ambulatory Surgery Use Rates per 10,000 Residents, by Major Age Cohort**

	Overall Average	Persons < 15 years old	Persons 15-44 years old	Persons 45-64 years old	Persons 65-74 years old	Persons > 75 years old
Use Rate	1,788.3	537.5	1,019.2	2,695.9	4,584.0	4,325.3
Use Rate/Overall Use Rate	1	0.3	0.6	1.5	2.6	2.4

There is an increasing need for additional outpatient surgery capacity in the Benton-Franklin County secondary health services planning area and surrounding areas. There continues to be significant shifting of surgeries to outpatient settings, where costs are lower and patient satisfaction is higher due to patients’ preference for outpatient-based care. Having a local ASF not only reduces travel time and costs, it reduces inconvenience and anxiety when patients are able to obtain both clinical and surgical care in the same location.

Tri-City Orthopaedic Clinic’s proposed ASF will respond to projected planning area demand for outpatient ORs and is validated by the need methodology, as shown below.

Need Methodology

The numeric portion of the need methodology requires a calculation of the annual capacity of the existing providers’ inpatient and outpatient OR’s in a planning area. Tri-City Orthopaedic Kennewick Surgery Center is located in the Benton-Franklin County secondary health services planning area. According to the Department’s records, there are 18 planning area providers, including the applicant, with OR capacity. Of the 18 providers, four are hospitals, and 14 are ASFs.

Table 1 shows a listing of the four hospitals. For the four hospitals, all known OR capacity and inpatient/mixed-use procedures are included in the methodology calculations for the planning area.

Because there is no mandatory reporting requirement for utilization of hospital or ASF ORs, the Department sends an annual utilization survey to all hospitals and known ASFs in the state. When this application was submitted in February 2021, the most recent utilization survey collected data for year 2019. However, not all providers submitted responses. The data provided in the utilization survey is used, if available.

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<sup>4</sup> Source: “Ambulatory Surgery in the United States, 2006,” U.S. Department of Health and Human Services, National Center for Health Statistics, Report Number 11, January 28, 2009, revised September 4, 2009. Table 10, page 18.

Table 2 shows a listing of the 14 ASFs in the planning area. Of the 14 ASFs shown above, four are endoscopy facilities (designated with an asterisk). The numeric methodology deliberately excludes the OR capacity and procedures for these ASFs from the numeric methodology. For the remaining 10 ASFs, eight are located within a solo or group practice (considered a CN-exempt ASF). Therefore, these eight facilities do not meet the ASF definition in WAC 246-310-010. For CN-exempt ASFs, the number of surgeries, but not ORs, is included in the methodology for the planning area. The remaining two ASFs are CN-approved facilities. For the two ASF's the OR capacity and utilization is counted in the numeric methodology.

In summary, data will be used for eight CN-exempt ASFs and two CN-approved ASFs.

Based on the information in the table above, the numeric methodology indicates a need for 13.13 outpatient ORs in year 2024.

5. If the methodology does not demonstrate numeric need for additional operating rooms, WAC 246-310-270(4) gives the department flexibility to approve the addition of outpatient operating room(s) under extraordinary circumstances. Extraordinary circumstances could include but are not limited to: lack of CN approved operating rooms in a planning area or lack of providers performing widely utilized surgical types. If there isn't sufficient numeric need for the approval of your project, please explain why the department should give consideration to this project under WAC 246-310-270(4). Provide **all** supporting data.

N/A. Based on the Department's numeric need methodology set forth in WAC 246-310-270(9), the Benton-Franklin County secondary health services planning area is projected to need 13.13 additional outpatient ORs by 2023. Please see Exhibit 4 for Tri-City Orthopaedic Clinic's numeric need methodology calculation.

6. For existing facilities, provide the facility's historical utilization for the last three full calendar years, by surgical type.

**Table 4**

**Tri-City Orthopaedic Kennewick Surgery Center Historical Utilization: 2017-2020**

	2017 (Year 1)	2018 (Year 2)	2019 (Year 3)	2020 (Year 4) (through November)
Procedure Volumes	12,176	10,901	11,370	10,616

7. Provide projected surgical volumes at the proposed facility for the first three full years of operation, separated by surgical type. For existing facilities, also provide the intervening years between historical and projected. Include all assumptions used to make these projections.

**Table 5**

**Tri-City Orthopaedic Kennewick Surgery Center Projected Utilization: 2021-2024**

	<b>2021 (Year 1)</b>	<b>2022 (Year 2)</b>	<b>2023 (Year 3)</b>	<b>2024 (Year 4)</b>
Procedure Volumes	11,678	12,845	13,488	13,488

8. For existing facilities, provide patient origin zip code data for the most recent full calendar year of operation.

Please see Exhibit 6 for 2019 patient origin zip code data.

9. Identify any factors in the planning area that could restrict patient access to outpatient surgical services. WAC 246-310-210(1) and (2)

No CN-approved ASF in Benton-Franklin County secondary health services planning area offers ear, nose and throat surgery, general surgery, maxillofacial surgery, oral surgery, or vascular surgery. Moreover, only one CN-approved ASF in the planning area that is unaffiliated with a hospital offers orthopedic surgery. Therefore, the proposed project is critical for providing patients in the planning area a meaningful choice for outpatient surgical services in a cost-effective setting.

10. Identify how this project will be available and accessible to low-income persons, racial and ethnic minorities, women, mentally handicapped persons, and other under-served groups. WAC 246-310-210(2)

A copy of Tri-City Orthopaedic Kennewick Surgery Center’s Admissions Policy, Charity Care Policy, Patient Rights and Responsibilities Policy, and Non-discrimination Policy are included as Exhibits 7, 8, 9 and 10, respectively. Consistent with WAC 246-310-270(7), Tri-City Orthopaedic Kennewick Surgery Center will offer charity care in an amount equal to or greater than the average percentage of total patient revenue, other than Medicare or Medicaid, that affected hospitals in the planning area utilized to provide charity care in the last available reporting year.

11. If this project proposes either a partial or full relocation of an existing facility, provide a detailed discussion of the limitations of the current site consistent with WAC 246-310-210(2).

N/A. The proposed project does not involve a partial or full relocation of the existing facility.

12. If this project proposes either a partial or full relocation of an existing facility, provide a detailed discussion of the benefits associated with relocation consistent with WAC 246-310-210(2).



N/A. The proposed project does not involve a partial or full relocation of the existing facility.

13. Provide a copy of the following policies:

- Admissions policy
- Charity care or financial assistance policy
- Patient Rights and Responsibilities policy
- Non-discrimination policy
- Any other policies directly related to **patient access**

Please see the following exhibits:

- Exhibit 7, Admissions Policy;
- Exhibit 8, Charity Care Policy;
- Exhibit 9, Patient Rights and Responsibilities Policy; and
- Exhibit 10, Non-discrimination Policy.

## **B. Financial Feasibility (WAC 246-310-220)**

Financial feasibility of a project is based on the criteria in WAC 246-310-220

1. Provide documentation that demonstrates that the immediate and long-range capital and operating costs of the project can be met. This should include but is not limited to:

- Utilization projections. These should be consistent with the projections provided under “Need” in section A. Include all assumptions.
- Pro Forma revenue and expense projections for at least the first three full calendar years of operation. Include all assumptions.
- For existing facilities, provide historical revenue and expense statements, including the current year. Ensure these are in the same format as the pro forma projections. For incomplete years, identify whether the data is annualized.

Please see Exhibit 11 for the historical revenue and expense statements, including the current year.

Please see Exhibit 12 for the pro forma revenue and expense projections.

2. Provide the following applicable agreements/contracts:

- Management agreement
- Operating agreement
- Medical director agreement
- Development agreement
- Joint Venture agreement

Note that all agreements above must be valid through at least the first three full years following completion of the project or have a clause with automatic renewals. Any agreements in draft form must include a document signed by both entities committing to execute the agreement as submitted following CN approval.

Please see the following exhibits:

- Exhibit 13, Medical Director Agreement; and
  - Exhibit 14, Tri-City Orthopaedic Clinic Bylaws.
3. CN approved ASFs must provide charity care at levels comparable to those at the hospitals in the ASF planning area. Identify the amount of charity care projected to be provided at this facility, captured as a percentage of gross revenue. (WAC 246-310-270(7))

Consistent with WAC 246-310-270(7), Tri-City Orthopaedic Kennewick Surgery Center will offer charity care in an amount equal to or greater than the average percentage of total patient revenue, other than Medicare or Medicaid, that affected hospitals in the planning area utilized to provide charity care in the last available reporting year. See Table 6 below for charity care amounts provided by hospitals in the Benton-Franklin County secondary health services planning area.

**Table 6**

**Benton-Franklin County Secondary Health Services Planning Area Hospital Charity Care**

	% of Total Revenue	% of Adjusted Revenue
Hospitals in Benton-Franklin Region		
Kadlec Regional Medical Center	1.52%	4.08%
Lourdes Medical Center	1.29%	3.27%
Prosser Memorial Hospital	1.48%	4.26%
TRIOS Health	0.43%	1.17%
Planning Area Hospitals Combined	1.10%	3.03%

4. Provide documentation of site control. This could include either a deed to the site or a lease agreement for the site. If a lease agreement is provided, the terms must be for at least five years following project completion.

Please see Exhibit 15 for Lease Agreement between MH2 Properties, LLC and Tri-City Orthopaedic Clinic, P.S.C. dated January 1, 2020.

5. For new facilities, provide county assessor information and zoning information for the site. If zoning information for the site is unclear, provide documentation or

letter from the municipal authorities showing the proposed project is allowable at the identified site.

N/A. The proposed ASF is fully built-out and operational.

6. Complete the table below with the estimated capital expenditure associated with this project. Capital expenditure is defined under WAC 246-310-010(10). If you have other line items not listed below, please include the items with a definition of the line item. Include all assumptions used to create the capital expenditure estimate.

Item	Cost
a. Land Purchase	N/A
b. Utilities to Lot Line	N/A
c. Land Improvements	N/A
d. Building Purchase	N/A
e. Residual Value of Replaced Facility	N/A
f. Building Construction	N/A
g. Fixed Equipment (not already included in the construction contract)	N/A
h. Movable Equipment	\$177,020.55
i. Architect and Engineering Fees	N/A
j. Consulting Fees	N/A
k. Site Preparation	N/A
l. Supervision and Inspection of Site	N/A
m. Any Costs Associated with Securing the Sources of Financing (include interim interest during construction)	N/A
1. Land	N/A
2. Building	N/A
3. Equipment	N/A
4. Other	N/A
n. Washington Sales Tax	\$15,223.77
<b>Total Estimated Capital Expenditure</b>	<b>\$192,244.32</b>

7. Identify the entity or entities responsible for funding the capital expenditure identified above. If more than one entity is responsible, provide breakdown of percentages and amounts for all.

Tri-City Orthopaedic Clinic is responsible for funding the capital expenditure.

8. Please identify the amount of start-up costs expected for this project. Include any assumptions that went into determining the start-up costs. If no start-up costs are needed, explain why.

No start-up costs are needed. The proposed ASF is fully built-out and operational. It is anticipated that the proposed project would be complete upon issuance of the requested CN.

9. The Certificate of Need program highly recommends that applicants consult with the office of Construction Review Services (CRS) early in the planning process. CRS review is required prior to construction and licensure (WAC 246-330-500, 246-330-505), and 246-330-510). Consultation with CRS can help an applicant reliably predict the scope of work required for licensure and certification. Knowing the required construction standards can help the applicant to more accurately estimate the capital expenditure associated with a project.

If your project includes construction, please indicate if you've consulted with CRS and provide your CRS project number.

There is no construction associated with the proposed project. Tri-City Orthopaedic Kennewick Surgery Center's ORs are fully built-out and operational.

10. Provide a non-binding contractor's estimate for the construction costs for the project.

There is no construction associated with the proposed project. Tri-City Orthopaedic Kennewick Surgery Center's ORs are fully built-out and operational.

11. Provide a detailed narrative regarding how the project would or would not impact costs and charges for health services. WAC 246-310-220

Because freestanding ASFs are more efficient and cost-effective in comparison to hospital outpatient surgery departments, the contractual rates for purchasers in the Benton-Franklin County secondary health services planning area can be lower in a freestanding setting, which translates to cost savings to patients and payors.

12. Provide documentation that the costs of the project, including any construction costs, will not result in an unreasonable impact on the costs and charges for health services in the planning area. WAC 246-310-220

There is no construction, renovation or expansion associated with the proposed project. Tri-City Orthopaedic Kennewick Surgery Center's ORs are fully built-out and operational.

13. Provide the projected payer mix by revenue and by patients using the example table below. If "other" is a category, define what is included in "other."

Payer	Percentage by Revenue	Percentage by Patient
-------	-----------------------	-----------------------

Medicare	14.2	3.5
Medicaid	0.3	23.1
Other Payers:		
Aetna	4.4	3.6
Asuris	1.8	1.9
Cigna	5.0	2.8
Exchange	7.2	4.3
First Choice Health	8.1	3.7
Group Health Cooperative	5.7	4.8
Moda Health	2.6	2.0
Premera Blue Cross	28.9	29.7
Self-pay	1.3	1.2
TRICARE	0.2	0.5
UnitedHealthcare	3.7	3.6
Workers Compensation	14.4	12.8
Other	2.2	2.5
Total	100	100

14. If this project proposes CN approval of an existing facility, provide the historical payer mix by revenue and patients for the existing facility. The table format should be consistent with the table shown above.

**Table 7**

**Tri-City Orthopaedic Kennewick Surgery Center Historical Payor Mix**

	2020		2019		2018		2017	
	Percentage by Revenue	Percentage by Patient	Percentage by Revenue	Percentage by Patient	Percentage by Revenue	Percentage by Patient	Percentage by Revenue	Percentage by Patient
<b>Payer</b>								
Medicare	14.2	3.5	16.4	25.9	14.3	24	0.5	23.7
Medicaid	0.3	23.1	0.6	3.2	0.4	2.3	14.1	3.1
Other Payers:								
Aetna	4.4	3.6	5.0	4.6	5.1	5.5	5.9	5.6
Asuris	1.8	1.9	2.5	1.6	2.5	2.9	3.0	3.9
Cigna	5.0	2.8	4.8	3.0	3.2	1.7	3.4	1.7
Exchange	7.2	4.3	4.0	3.3	1.2	1.1	3.6	3.8
First Choice Health	8.1	3.7	6.3	2.4	7.7	2.4	7.6	2.2
Group Health Cooperative	5.7	4.8	7.4	6.1	13.2	10.1	7.9	6.8
Moda Health	2.6	2.0	2.3	1.6	3.0	1.5	3.4	1.3
Premera Blue Cross	28.9	29.7	30.3	30.3	31.1	30.3	28.2	28.2

Self-pay	1.3	1.2	0.6	0.9	0.3	0.5	0.1	0.2
TRICARE	0.2	0.5	0.3	0.5	0.4	1.1	0.5	0.9
UnitedHealthcare	3.7	3.6	5.5	2.9	4.4	3.4	9.3	4.8
Workers Compensation	14.4	12.8	12	12.1	11.4	12.4	11.3	12.7
Other	2.2	2.5	2	1.6	1.8	0.8	2.2	1.1
Total	100	100	100	100	100	100	100	100

15. Provide a listing of all new equipment proposed for this project. The list should include estimated costs for the equipment. If no new equipment is required, explain.

Instrumentation: \$141,283.10  
 Stretchers : \$7,753.42  
 Ultrasound : \$43,207.80

16. Identify the source(s) of financing (loan, grant, gifts, etc.) and provide supporting documentation from the source. Examples of supporting documentation include: a letter from the applicant's CFO committing to pay for the project or draft terms from a financial institution.

The equipment listed in answer to Question 15 will be paid for by Tri-City Orthopaedic Clinic's out of cash on hand.

17. If this project will be debt financed through a financial institution, provide a repayment schedule showing interest and principal amount for each year over which the debt will be amortized. WAC 246-310-220

N/A

18. Provide the applicant's audited financial statements covering at least the most recent three years. WAC 246-310-220

Please see Exhibit 16 for Tri-City Orthopaedic Clinic's audited financial statements for the three most recent years.

### C. Structure and Process of Care (WAC 246-310-230)

Projects are evaluated based on the criteria in WAC 246-310-230 for staffing availability, relationships with other healthcare entities, relationships with ancillary and support services, and compliance federal and state requirements.

1. Provide a table that shows FTEs [full time equivalents] by classification for the proposed facility. If the facility is currently in operation, include at least the last three full years of operation, the current year, and the first three full years of operation following project completion. There should be no gaps in years. All staff classifications should be defined.

**Table 8**

**Tri-City Orthopaedic Kennewick Surgery Center Estimated Total Staffing 2021-2024**

<b>Position</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Administrator	1	1	1	1
RNs	18	19	20	21
Surgical Technologists	5	5	5	5
Receptionist/Scheduler	3	3	3	3
<b>Total</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>30</b>

2. Provide the assumptions used to project the number and types of FTEs identified for this project. If known, identify the salaries, wages, and employee benefits for each FTE category. This will assist the department in validating your financial projections.

The above FTEs by classification for the proposed project are based on Tri-City Orthopaedic Kennewick Surgery Center's historical staffing, which has remained constant for at least the past five years.

3. Provide the name and professional license number of the current or proposed medical director. If not already disclosed under WAC 246-310-220(1) above, identify if the medical director is an employee or under contract.

Johnathan R. Perry, M.D. (MD00034127) is and will continue to be the Medical Director of Tri-City Orthopaedic Kennewick Surgery Center.

4. If the medical director is/will be an employee rather than under contract, provide the medical director's job description.

N/A

- i. Identify key staff by name, if known (e.g. nurse manager, clinical director, etc.)

Shonda Suits, RN (RN00117559) is and will continue to be the Director of Nursing of Tri-City Orthopaedic Kennewick Surgery Center.

- 5. Provide a list of physicians who would use this surgery center, including their names, license numbers, and specialties.

See Table 9 for physicians who will provide surgical services at Tri-City Orthopaedic Kennewick Surgery Center.

**Table 9**

**Physicians to Provide Surgical Services at Tri-City Orthopaedic Kennewick Surgery Center**

<b>Physician</b>	<b>License</b>	<b>Specialty</b>
Judd R. Fitzgerald, M.D.	MD60734111	Orthopedics
Gregory Kamo, M.D.	MD00035560	Anesthesia
Uel D. Hansen, M.D.	MD60628502	Orthopedics
Robert B. Goldstein, M.D.	MD00039823	Anesthesia
Mark R. Merrell, M.D.	MD00033754	Orthopedics
Wade R. Otte, M.D.	MD00029568	Anesthesia
Johnathan R. Perry, M.D.	MD00034127	Orthopedics
Janmeet Sahota, D.O.	OP60220440	Spine
Allen B. Shoham, M.D.	MD60150901	Spine
Faustin R. Stevens, M.D.	MD60261135	Orthopedics
Cathryn “CJ” Vadala, M.D.	MD60949831	Orthopedics

In addition, Tri-City Orthopaedic has been engaged in discussions with physicians who are not members or employees of Tri-City Orthopaedic who intend to provide services at Tri-City Orthopaedic Kennewick Surgery Center if a CN is granted.

- 6. For existing facilities, provide names and professional license numbers for current credentialed staff.

See Table 10 for current credentialed staff at Tri-City Orthopaedic Kennewick Surgery Center.

**Table 10**

**Tri-City Orthopaedic Kennewick Surgery Center Credentialed Staff**

<b>Staff</b>	<b>Credential</b>
<b>Physicians</b>	



Judd R. Fitzgerald, M.D.	MD60734111
Uel D. Hansen, M.D.	MD60628502
Mark R. Merrell, M.D.	MD00033754
Johnathan R. Perry, M.D.	MD00034127
Janmeet Sahota, D.O.	OP60220440
Allen B. Shoham, M.D.	MD60150901
Faustin R. Stevens, M.D.	MD60261135
Cathryn "CJ" Vadala, M.D.	MD60949831
<b>Other Credentialed Staff</b>	
Jill Andrews-Prior, RN	RN60521896
Stephanie Benson, RN	RN60224302
Leah Bruhn, RN	RN00097913
Paul Brumfield, RN	RN60089327
Heather Case, RN	RN61003332
Barbara Connell, RN	RN00095588
Aidee Contreras, RN	RN60864780
Sara Coronado, RN	RN60334209
Jody Davidson, RN	RN60229362
Karissa DiNoia, RN	RN60117900
Pam Eerkes, RN	RN60081402
Jessica Fort, RN	RN60117912
Susan Gray, RN	RN60207268
Brianna Harrison, RN	RN60754144
Melissa Johnson, RN	RN60581628
Kassandra Kandle, RN	RN60156811
Kimberly Karspeck, RN	RN00130617
Mye Kropla, RN	RN00134077
Maria Mayorquin, RN	RN60297153
Jessica McCoy, RN	RN60669710
Anne Russell, RN	RN60481604
Meggen Schumacher, RN	RN00171497
Laura Sieler, RN	RN00089376
Shonda Suits, RN	RN00117559
Michelle Thiemens, RN	RN00155868
Charita White, RN	RN60367896
Melody Wilkins, RN	RN60069550
Cassandra Zorn, RN	RN60925867
Heidi Calderon	NC10094008
Leilani Garza	ST60107298

Celina Guerra	ST00001686
Krista Holbrook	ST00002305
Larry Kucheryavvy	ST60084261
Hillary Legard	RT60179531
Ricardo Perez	NC60671011
Cassi Saucedo	ST60445030
Amy Smith	ST60078230

Describe your methods for staff recruitment and retention. If any barriers to staff recruitment exist in the planning area, provide a detailed description of your plan to staff this project.

Timely patient care is provided by carefully anticipating the needs of Tri-City Orthopaedic Kennewick Surgery Center on a daily, weekly and monthly basis and utilizing agency staff when necessary. The Tri-City Orthopaedic Kennewick Surgery Center managers are also working managers and participate in patient care as necessary. Tri-City Orthopaedic Kennewick Surgery Center also delegates non-nursing tasks to appropriate personnel, utilizing our nursing staff for patient care to the extent possible.

7. For existing facilities, provide a listing of ancillary and support service vendors already in place.

Please see Exhibit 17 for a copy of the executed Transfer Agreement between Tri-City Orthopaedic Clinic and Trios Health dated September 4, 2014.

8. For new facilities, provide a listing of ancillary and support services that will be established.

N/A

9. Identify whether any of the existing working relationships with health care facilities listed above would change as a result of this project.

Tri-City Orthopaedic Clinic does not anticipate that any existing working relationships with health care facilities would change as a result of the proposed project.

10. If the ASF is currently operating, provide a listing of healthcare facilities with which the ASF has working relationships.

Please see Exhibit 17 for a copy of the executed Transfer Agreement between Tri-City Orthopaedic Clinic and Trios Health dated September 4, 2014.

11. Identify whether any of the existing working relationships with healthcare facilities listed above would change as a result of this project.

Tri-City Orthopaedic Clinic does not anticipate that any existing working relationships with health care facilities would change as a result of the proposed project.

12. For a new facility, provide a listing of healthcare facilities with which the ASF would establish working relationships.

N/A

13. Provide a copy of the existing or proposed transfer agreement with a local hospital.

Please see Exhibit 17 for a copy of the executed Transfer Agreement between Tri-City Orthopaedic Clinic and Trios Health dated September 4, 2014.

14. Provide an explanation of how the proposed project will promote continuity in the provision of health care services in the planning area, and not result in an unwarranted fragmentation of services. WAC 246-310-230

The proposed ASF will improve access to affordable, high-quality ambulatory surgical services to the Benton-Franklin County secondary health services planning area residents. Approval of the proposed ASF will allow Tri-City Orthopaedic Kennewick Surgery Center to offer a more convenient, lower-cost alternative to hospital-based outpatient surgery for the following: ear, nose and throat surgery; general surgery; maxillofacial surgery; oral surgery; orthopedics; pain management; plastic surgery; and vascular surgery. CN approval will also make Tri-City Orthopaedic Kennewick Surgery Center available to all physicians in the community who are credentialed, privileged and in good standing and who perform ambulatory surgical services. Local physicians gaining access to Tri-City Orthopaedic Kennewick Surgery Center will improve Benton-Franklin County secondary health services planning area residents' access to the procedures expected to be performed at the Tri-City Orthopaedic Kennewick Surgery Center. Further, because freestanding ASFs are more efficient and cost-effective in comparison to hospital outpatient surgery departments, the contractual rates for purchasers in the Benton-Franklin County secondary health services planning area can be lower in a freestanding setting, which translates to cost savings to patients.

15. Provide an explanation of how the proposed project will have an appropriate relationship to the service area's existing health care system as required in WAC 246-310-230(4)

See answer to Question #14 above.

16. Identify whether any facility or practitioner associated with this application has a history of the actions listed below. If so, provide evidence that the proposed or existing facility can and will be operated in a manner that ensures safe and adequate care to the public and conforms to applicable federal and state requirements. WAC 246-310-230(3) and (5)

- a. A criminal conviction which is reasonably related to the applicant's competency to exercise responsibility for the ownership or operation of a health care facility; or
- b. A revocation of a license to operate a healthcare facility; or
- c. A revocation of a license to practice as a health profession; or
- d. Decertification as a provider of services in the Medicare or Medicaid program because of failure to comply with applicable federal conditions of participation.

No facility or practitioner associated with Tri-City Orthopaedic Clinic has any history with respect to criminal convictions related to the ownership or operation of a health care facility, license revocation, or other sanction described in WAC 246-310-230(3) or (5).

**D. Cost Containment (WAC 246-310-230(3) and (5))**

Projects are evaluated based on the criteria in WAC 246-310-240 in order to identify the best available project for the planning area.

1. Identify all alternatives considered prior to submitting this project.

There is significant need for outpatient surgery ORs in the Benton-Franklin County secondary health services planning area. The proposed ASF will improve access, a key criterion for a CN. The proposed ASF will also provide a low cost, freestanding ambulatory surgical facility in the health planning area to meet the needs of patients and help residents of the planning area avoid wait times for procedures and lower health care costs.

Tri-City Orthopaedic Clinic has a presence in the Benton-Franklin County secondary health services planning area, and the proposed ASF will build upon this presence and offer other patients convenient access to surgical services. Tri-City Orthopaedic Clinic is committed to providing high quality, affordable care in the Benton-Franklin County secondary health services planning area, and the proposed ASF will help accomplish this goal. The proposed project promotes continuity of care with Tri-City Orthopaedic Clinic's other services, and it offers cost containment as well. Making the proposed ASF available to qualified, credentialed and privileged physicians in good standing is significantly less costly than building a new ASF to address the need for surgical services.

Tri-City Orthopaedic Clinic is requesting a CN for the proposed ASF so that other qualified, credentialed and privileged physicians in good standing can use the facility, which is fully built-out and operational. As part of its due diligence, Tri-City Orthopaedic Clinic examined alternatives to the proposed project and evaluated those alternatives. The alternatives are addressed below.

*Alternative 1: "Do Nothing"*

Tri-City Orthopaedic Clinic rejected a “do nothing” alternative. The Benton-Franklin County secondary health services planning area currently has too few outpatient ORs. Planning area residents are underserved relative to the forecasted demand for surgical services and must travel or wait to obtain care. Tri-City Orthopaedic Clinic has a presence in the Benton-Franklin County secondary health services planning area and can add value to community health services by extending its continuum of care to additional residents of the community and other patients. A “do nothing” alternative strategy is detrimental to the community, in that such a strategy would do nothing to reduce the travel or wait times for surgical services, would further restrict needed health care services within the health planning area, and would not improve the cost effectiveness of care delivery. There is no advantage to the “do nothing” alternative, so it was not considered feasible.

*Alternative 2: Request Approval for a Freestanding ASF, i.e., The Proposed Project*

In contrast to the “do nothing” approach, the advantages of a CN-approved ASF are clear. A CN-approved ASF would afford increased access and local choice for the health planning area residents and local, independent physicians. It would increase physicians’ and patients’ ease of access and improve their ability to deliver and receive high quality care. This alternative model reduces the overall cost of care and passes these relative cost and efficiency advantages of a freestanding ambulatory surgical facility to patients and payers.

There are no disadvantages to granting Tri-City Orthopaedic Clinic’s request for CN approval. The facility is built out and operational. The data demonstrates there would not be a duplication of services, given a projected net demand of over 13.13 outpatient ORs in the health planning area.

A CN-approved ASF would better serve the interests of the planning area residents and achieve Benton-Franklin County secondary health services planning area’s desire to reduce wait times for outpatient surgical services.

The primary objective of the proposed project is to provide needed access to a high quality, low cost ASF in the planning area where there is clearly demonstrated need. Patients who need outpatient surgery will have the option to have their procedure in an ASF where they can obtain the same quality surgical experience, but at a lower cost. The proposed ASF will offer care that is both affordable and local. The proposed ASF will be available to Tri-City Orthopaedic Clinic’s physicians and their patients as well as to other qualified, credentialed and privileged physicians in good standing and their patients.

2. Provide a comparison of the project with alternatives rejected by the applicant. Include the rationale for considering this project to be superior to the rejected alternatives. Factors to consider can include, but are not limited to: patient access to healthcare services, capital cost, legal restrictions, staffing impacts, quality of care, and cost of operation efficiency.

See answer to Question D.1.

3. Identify any aspects of the facility's design that lead to operational efficiency. This could include but is not limited to: LEED building, water filtration, or the methods for construction, etc. WAC 246-310-240(2) and (3).

N/A. The proposed ASF is fully built-out and operational.

4848-8364-1788, v. 8

EXHIBIT 1  
TRI-CITY ORTHOPAEDIC CLINIC  
ORGANIZATIONAL CHART

**Operations - Administration**

<b>Policy#</b>	<b>Policy</b>
GA003	Organizational Chart
<b>Effective Date: 9/11/14</b>	<b>Revision Date: 9/5/17</b>

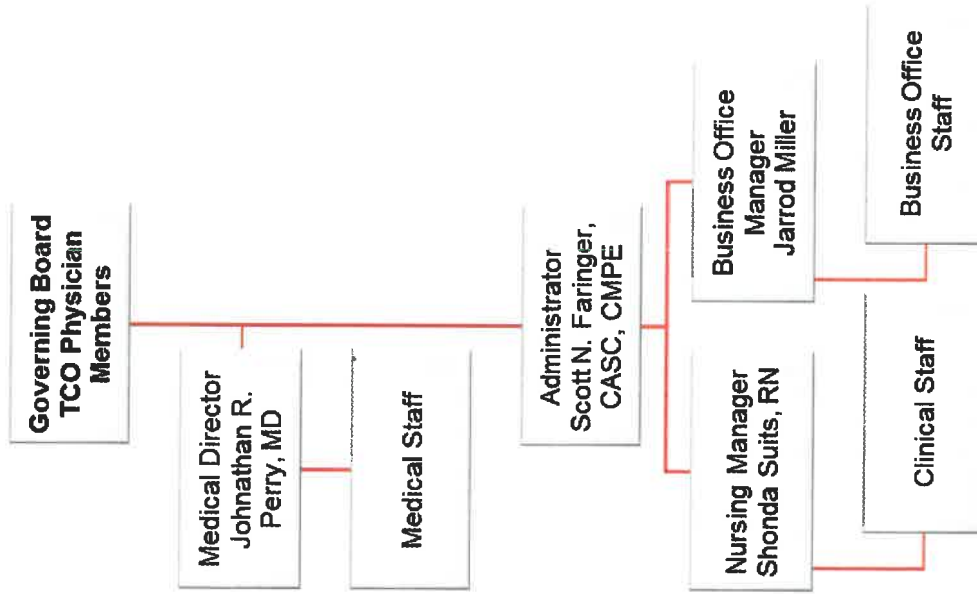




EXHIBIT 2  
LETTER OF INTENT



821 Swift Blvd.  
Richland, WA 99352

mailing:  
6703 W. Rio Grande Ave.  
Kennewick, WA 99336

p. (509) 460 5588  
f. (509) 783 5438

August 24, 2020

Eric Hernandez, Manager  
Certificate of Need Program  
Department of Health  
111 Israel Road S.E.  
Tumwater, WA 98501

*Sent via email: eric.hernandez@doh.wa.gov*

Re: Letter of Intent  
Tri-City Orthopaedic Clinic, P.S.C.

Dear Mr. Hernandez:

In accordance with WAC 246-310-080, Tri-City Orthopaedic Clinic, P.S.C. ("Tri-City Orthopaedic Clinic") hereby submits this Letter of Intent proposing to operate Tri-City Orthopaedics Kennewick Surgery Center as a certificate of need approved ambulatory surgery center ("ASC") in the Benton-Franklin secondary health services planning area. Tri-City Orthopaedics Kennewick Surgery Center has historically operated as a certificate of need exempt ASC.

Tri-City Orthopaedic Clinic submits the following information:

1. *Description of proposed services:* Tri-City Orthopaedic Clinic proposes to operate Tri-City Orthopaedics Kennewick Surgery Center as a four-operating room ambulatory surgery center.
2. *Estimated cost of proposed project:* The estimated capital expenditure associated with the proposed project is \$192,244.32.
3. *Identification of service area:* The service area for the proposed project is the Benton-Franklin County secondary health services planning area.

Thank you for your assistance in this matter. If you have any questions, please contact our attorney, Emily R. Studebaker, at [estudebaker@studebakernault.com](mailto:estudebaker@studebakernault.com) or (425) 279-9929.

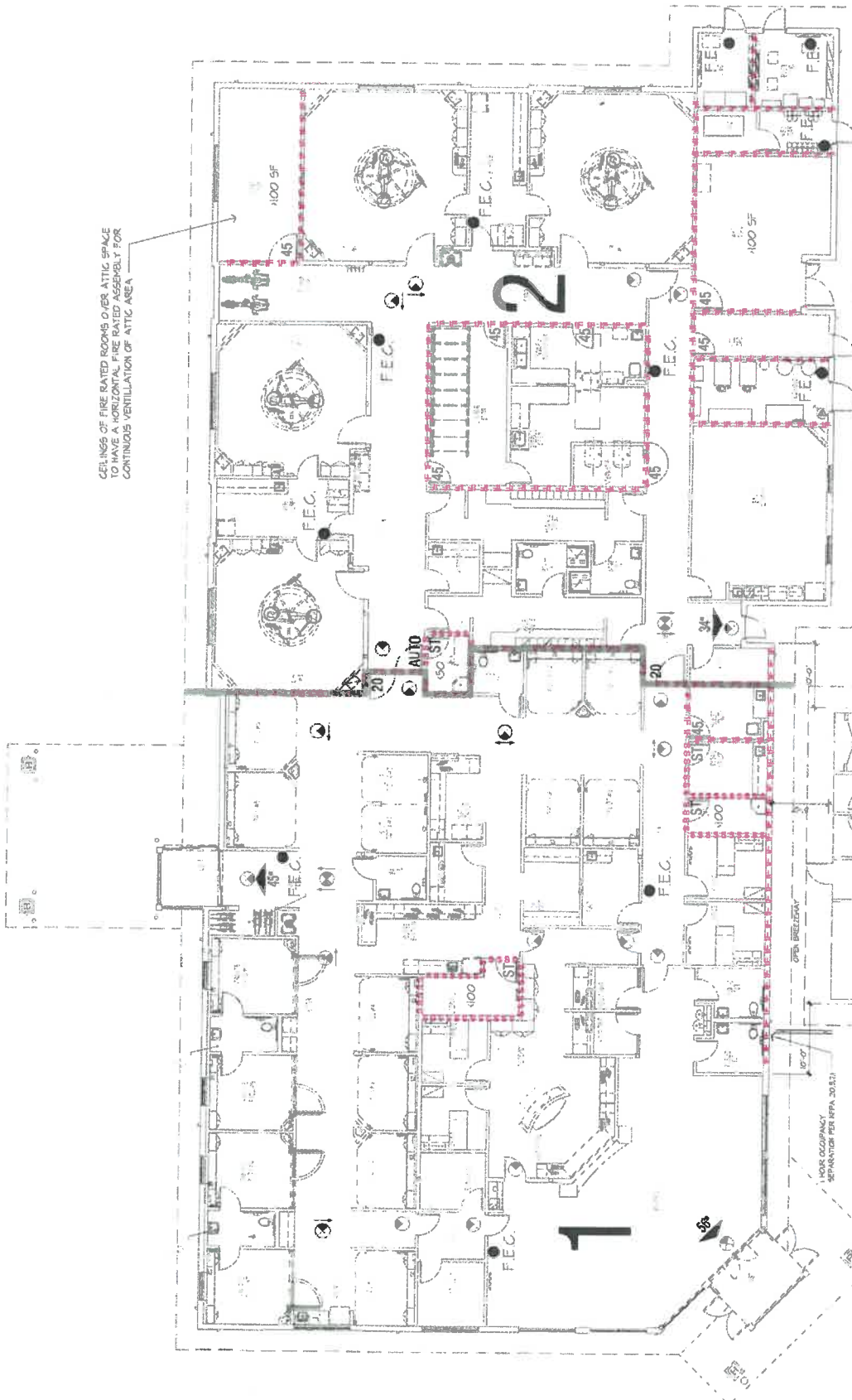
Sincerely,

A handwritten signature in black ink, appearing to read 'Scott N. Faringer', written over a light blue horizontal line.

Scott N. Faringer, CASC, CMPE  
Chief Executive Officer

EXHIBIT 3  
TRI-CITY ORTHOPAEDIC KENNEWICK SURGERY  
CENTER SINGLE LINE DRAWINGS

CEILING OF FIRE RATED ROOMS OVER ATTIC SPACE TO HAVE A HORIZONTAL FIRE RATED ASSEMBLY FOR CONTINUOUS VENTILATION OF ATTIC AREA



**LIFE SAFETY LEGEND**

- NON-RATED PARTITION
- 1 HOUR FIRE BARRIER
- 1 HOUR FIRE/SMOKE BARRIER CONSTRUCTED TO RESIST THE PASSAGE OF SMOKE
- SMOKE PARTITION CONSTRUCTED TO RESIST THE PASSAGE OF SMOKE
- SMOKE BARRIER FOR CORRIDOR/STAIR
- 1 HOUR FIRE RATED HORIZONTAL BARRIER
- FIRE EXTINGUISHER 4 CABINET
- WALL BRACKET & FIRE EXTINGUISHER
- EXIT LIGHT AND MATH. IN
- MAGNETIC-HOLD OPEN
- FIRE RATING OF DOOR IN MINUTES
- EXIT LIGHT FUTURE IN DIRECTION
- LINE DENOTES FACE OF EXIT FUTURE
- ARROW DENOTES FACE OF EXIT FUTURE IN DIRECTION, ARROW

**O1 LIFE SAFETY PLAN**  
NOT TO SCALE



EXISTING CLINIC (NOT IN SCOPE)  
BUSINESS OCCUPANCY  
IBC TYPE V-R  
FULLY SPRINKLED

EXISTING CLINIC AND NEW BARRIER CORRECTIONS CONSTRUCTION AS SHOWN BELOW PER SEC. 103.57 EXCEPTION

1 HOUR OCCUPANCY SEPARATOR PER NFPA 301.5.1

**EXHIBIT 4**  
**NUMERIC NEED METHODOLOGY CALCULATION**

Need Calculation

Row	Facility	License Number	Zip Code	CN Exempt Facility	Special Procedure Rooms	Dedicated Inpatient ORs	Dedicated Outpatient ORs	Mixed Use ORs	Mixed Use min/case	Inpatient Cases in Mixed Use ORs	Inpatient Mins. in Mixed Use ORs	Outpatient Min/Case	Outpatient Cases	Outpatient Mins.	Data Source
1	High Desert Surgery Center	ASF.FS.60101793		No	-	-	2	-	N/A	-	-	82.50	3,144	259,367	2016 Survey (CY2015 Data)
2	Kadlec Ambulatory Surgery Center – Spaulding Campus	ASF.FS.60788612		No	-	-	3	-	N/A	-	-	56.88	2,620	149,017	2020 Survey (CY2019 Data)
3	Northwest Endovascular Surgery	ASF.FS.60528629		Yes	-	-	1	-	N/A	-	-	48.10	640	30,784	2018 Survey (CY2017 Data)
4	Pacific Cataract and Laser Institute	ASF.FS.60340640		Yes	-	-	4	-	N/A	-	-	50.00	7,148	357,400	2020 Survey (CY2019 Data) for Outpatient Cases, Minutes per statutory assumption per case
5	The Surgery Center at Tri-City Orthopaedic	ASF.FS.60100090		Yes	2	-	2	-	N/A	-	-	13.69	3,623	49,602	2020 Survey (CY2019 Data)
6	The Surgery Center at Tri-City Orthopaedic Clinic	ASF.FS.60509264		Yes	-	-	4	-	N/A	-	-	77.28	2,139	165,298	2020 Survey (CY2019 Data)
7	Tri-City Regional Surgery Center	ASF.FS.60100019		Yes	1	-	3	-	N/A	-	-	47.19	3,206	151,291	2020 Survey (CY2019 Data)
8	Kadlec Regional Medical Center	HAC.FS.00000161		No	5	-	12	-	103.04	10,023	1,032,766	N/A	-	-	2020 Survey (CY2019 Data)
9	Lourdes Medical Center	HAC.FS.00000022		No	5	-	8	-	108.65	3,207	348,447	N/A	-	-	2018 Survey (CY2017 Data)
10	PMH Medical Center	HAC.FS.00000046		No	-	-	2	-	95.10	1,467	139,511	N/A	-	-	2020 Survey (CY2019 Data)
11	TRIOS Health	HAC.FS.00000039		No	-	-	8	-	100.00	7,540	754,000	N/A	-	-	DOH Evaluation of CN#1719
12	Total				13	-	19	30	102.29	22,237	2,274,724	51.63	22,520	1,162,759	

ORs counted in numeric methodology

Survey Data Year (1st Year)		2015		
Survey Data Year (2nd Year)		2016		
Survey Data Year (3rd Year)		2017		
Survey Data Year (4th Year)		2018		
Survey Data Year (5th Year)		2019		
Year 1 of Operation		2021		
Year 3 of Operation		2023		
Total Surgeries		44,757		60 minutes/hour
Area Population 2015 Estimated	277,282	Claritas data and annual estimates using Claritas growth rates	2015	44 hours/week
Area Population 2016 Estimated	282,336	Claritas data and annual estimates using Claritas growth rates	2016	51 weeks/year
Area Population 2017 Estimated	287,481	Claritas data and annual estimates using Claritas growth rates	2017	
Area Population 2018 Estimated	292,720	Claritas data and annual estimates using Claritas growth rates	2018	
Area Population 2019 Estimated	298,055	Claritas data and annual estimates using Claritas growth rates	2019	
Use Rate	158.5			13.13
Planning Area Projected Population Year: 2023	316,382	Claritas data and annual estimates using Claritas growth rates	2023	0.7
% Outpatient of Total Surgeries	50.32%			
% Inpatient of Total Surgeries	49.68%			

a.i.	Minutes/year/mixed-use OR								94,250	
a.ii.	Minutes/year/dedicated outpatient OR								68,850	
a.iii.	Outpatient OR capacity									
		5	dedicated outpatient ORs x 68850 minutes =		344,250	mins dedicated OR capacity	6,667	Outpatient surgeries		
a.iv.	Mixed-use OR capacity in minutes									
		30	mixed-use ORs x 94250 minutes =		2,827,500	mins mixed-use OR capacity	27,641	Mixed-use surgeries		
b.i.	Projected surgeries									
		24,024	projected inpatient surgeries	----->	2,457,518	minutes inpatient surgeries				
		24,180	projected outpatient surgeries	----->	1,248,455	minutes outpatient surgeries				
b.ii.	Forecast # of outpatient surgeries - capacity of dedicated outpatient ORs									
		24,180	-	6,667	=	17,512	outpatient surgeries			
b.iii.	Average time per surgery									
			Average time of inpatient surgeries	=	102.29					
			Average time of outpatient surgeries	=	51.63					
b.iv.	Projected OR capacity need in minutes									
			Inpatient surgeries x average time	=	2,457,518	minutes		Number of minutes needed for inpatient surgery		
			Remaining outpatient surgeries x avg time	=	904,205	minutes		Number of minutes needed for outpatient surgery over current dedicated outpatient OR capacity		
					3,361,723	minutes				
c.i.	Determination of excess mixed-use OR capacity									
			if b.iv < a. iv., divide (a. iv. - b.iv.) by 94250 to determine surplus of mixed-use ORs							
							b.iv.	3,361,723	projected OR capacity need	
							a.iv.	2,827,500	current mixed-use OR capacity	
			2,827,500							
			<u>(3,361,723)</u>							
			(534,223)	/	94,250	=		(5.67)		
c.ii.	Determination of inpatient and outpatient OR shortage									
			if b.iv > a. iv., divide (inpatient part of b. iv. - a.iv.) by 94250 to determine shortage of inpatient ORs							
			2,457,518							
			<u>(2,827,500)</u>							
			(369,982)	/	94,250	=		(3.93)		
			divide outpatient part of b.iv. by 68850 to determine shortage of dedicated outpatient ORs							
			904,205	/	68,850	=		13.13		

**EXHIBIT 5**

**HISTORICAL AND PROJECTED RESIDENT  
POPULATION STATISTICS FOR BENTON-  
FRANKLIN COUNTY SECONDARY HEALTH  
SERVICES PLANNING AREA**



# Benton & Franklin Counties Pop-Facts Demographic Trend

<b>Data Version:</b>	2020
<b>Pop-facts Demographic Trend sections</b>	Pop-Facts Demographic Trend   Population by Age and Sex Trend   Population Summary
<b>Output Type</b>	PDF and Excel
<b>Include Map</b>	YES
<b>Include Chart</b>	NO
<b>Include Labels</b>	YES
<b>Analysis Area</b>	Benton County (53005); Franklin County (53021)
<b>Map Subtotal Method</b>	None
<b>Report Generation Method</b>	Single
<b>Color Scheme</b>	claritas-standard
<b>Completion Notification Email</b>	Do not send email
<b>Reporting Detail</b>	Aggregate & Component
<b>Inclusion Method</b>	Centroid Inclusion
<b>Geography Level</b>	County (CTY)



Pop-Facts Demographic Trend

Pop-Facts Premier 2020

Report Generated: 2019-12-06 19:03:08

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# Benton & Franklin Counties Pop-Facts Demographic Trend

## Pop-Facts: Demographic Trend

Description	Aggregate					
	2000* / 2010**		2020		2025	
	Census	%	Estimate	%	Projection	%
<b>Population by Age**</b>	<b>253,340</b>		<b>303,487</b>		<b>325,282</b>	
Age 0 - 4	21,368	8.43%	23,570	7.77%	25,090	7.71%
Age 5 - 9	20,780	8.20%	23,983	7.90%	24,528	7.54%
Age 10 - 14	20,262	8.00%	23,849	7.86%	24,215	7.44%
Age 15 - 17	11,968	4.72%	13,716	4.52%	14,980	4.61%
Age 18 - 20	10,452	4.13%	12,278	4.05%	13,647	4.20%
Age 21 - 24	13,308	5.25%	16,074	5.30%	18,415	5.66%
Age 25 - 34	35,707	14.09%	41,201	13.58%	41,233	12.68%
Age 35 - 44	31,881	12.58%	40,071	13.20%	43,190	13.28%
Age 45 - 54	33,423	13.19%	34,018	11.21%	36,838	11.32%
Age 55 - 64	27,909	11.02%	33,361	10.99%	33,316	10.24%
Age 65 - 74	14,805	5.84%	25,576	8.43%	30,753	9.45%
Age 75 - 84	8,066	3.18%	11,593	3.82%	14,462	4.45%
Age 85 and over	3,411	1.35%	4,197	1.38%	4,615	1.42%
Age 16 and over	187,014	73.82%	227,587	74.99%	246,521	75.79%
Age 18 and over	178,962	70.64%	218,369	71.95%	236,469	72.70%
Age 21 and over	168,510	66.52%	206,091	67.91%	222,822	68.50%
Age 65 and over	26,282	10.37%	41,366	13.63%	49,830	15.32%
<b>Median Age</b>	<b>33.0</b>		<b>34.3</b>		<b>35.1</b>	
<b>Population by Sex**</b>	<b>253,340</b>		<b>303,487</b>		<b>325,282</b>	
Male	127,933	50.50%	153,698	50.64%	164,392	50.54%
Female	125,407	49.50%	149,789	49.36%	160,890	49.46%
<b>Pop. by Single-Classification Race by Hispanic/Latino**</b>						
<b>Hispanic or Latino</b>	<b>72,700</b>		<b>101,725</b>		<b>116,660</b>	

# Benton & Franklin Counties Pop-Facts Demographic Trend

## Pop-Facts: Demographic Trend

Description	Aggregate					
	2000* / 2010**		2020		2025	
	Census	%	Estimate	%	Projection	%
White Alone	27,447	37.75%	38,653	38.00%	44,479	38.13%
Black or African American Alone	324	0.45%	461	0.45%	531	0.46%
American Indian and Alaska Native Alone	468	0.64%	668	0.66%	773	0.66%
Asian Alone	120	0.17%	170	0.17%	198	0.17%
Native Hawaiian & Other Pacific Islander Alone	47	0.06%	67	0.07%	79	0.07%
Some Other Race Alone	40,323	55.46%	56,029	55.08%	64,014	54.87%
Two or More Races	3,971	5.46%	5,677	5.58%	6,586	5.65%
<b>Not Hispanic or Latino</b>	<b>180,640</b>		<b>201,762</b>		<b>208,622</b>	
White Alone	164,241	90.92%	178,288	88.37%	181,344	86.92%
Black or African American Alone	3,370	1.87%	5,187	2.57%	6,184	2.96%
American Indian and Alaska Native Alone	1,637	0.91%	1,814	0.90%	1,869	0.90%
Asian Alone	6,005	3.32%	8,265	4.10%	9,459	4.53%
Native Hawaiian & Other Pacific Islander Alone	313	0.17%	524	0.26%	642	0.31%
Some Other Race Alone	356	0.20%	398	0.20%	411	0.20%
Two or More Races	4,718	2.61%	7,286	3.61%	8,713	4.18%
<b>Households by Age of Householder**</b>	<b>88,549</b>		<b>105,976</b>		<b>113,730</b>	
Householder Under 25 Years	4,702	5.31%	4,957	4.68%	5,580	4.91%
Householder 25 to 34 Years	15,975	18.04%	17,460	16.48%	16,990	14.94%
Householder 35 to 44 Years	16,414	18.54%	20,396	19.25%	21,820	19.19%
Householder 45 to 54 Years	18,420	20.80%	18,259	17.23%	19,730	17.35%
Householder 55 to 64 Years	16,232	18.33%	19,039	17.97%	18,774	16.51%
Householder 65 to 74 Years	9,161	10.35%	15,574	14.70%	18,599	16.35%
Householder 75 to 84 Years	5,324	6.01%	7,479	7.06%	9,200	8.09%
Householder 85 Years and over	2,321	2.62%	2,812	2.65%	3,037	2.67%
<b>Median Age of Householder</b>	<b>48.9</b>		<b>50.6</b>		<b>51.3</b>	

# Benton & Franklin Counties Pop-Facts Demographic Trend

## Pop-Facts: Demographic Trend

Description	Aggregate					
	2000* / 2010**		2020		2025	
	Census	%	Estimate	%	Projection	%
<b>Households by Household Income*</b>	<b>67,667</b>		<b>105,976</b>		<b>113,730</b>	
Income Less than \$15,000	8,766	12.95%	8,574	8.09%	8,252	7.26%
Income \$15,000 - \$24,999	8,573	12.67%	8,488	8.01%	8,046	7.07%
Income \$25,000 - \$34,999	8,448	12.48%	8,397	7.92%	8,727	7.67%
Income \$35,000 - \$49,999	11,430	16.89%	11,472	10.83%	10,956	9.63%
Income \$50,000 - \$74,999	14,455	21.36%	20,357	19.21%	20,724	18.22%
Income \$75,000 - \$99,999	8,680	12.83%	14,245	13.44%	15,118	13.29%
Income \$100,000 - \$124,999	3,822	5.65%	11,721	11.06%	12,326	10.84%
Income \$125,000 - \$149,999	1,515	2.24%	8,187	7.73%	9,690	8.52%
Income \$150,000 - \$199,999	1,077	1.59%	7,097	6.70%	9,562	8.41%
Income \$200,000 - \$249,999	527	0.78%	3,096	2.92%	4,385	3.86%
Income \$250,000 - \$499,999	322	0.48%	3,124	2.95%	4,112	3.62%
Income \$500,000 or more	52	0.08%	1,218	1.15%	1,832	1.61%
<b>Average Household Income</b>	<b>\$55,106</b>		<b>\$90,860</b>		<b>\$100,160</b>	
<b>Median Household Income</b>	<b>\$45,560</b>		<b>\$69,719</b>		<b>\$75,265</b>	
<b>Median HH Inc. by Single-Classification Race*</b>						
White Alone	\$48,065		\$73,853		\$81,592	
Black or African American Alone	\$34,493		\$54,905		\$59,567	
American Indian and Alaska Native Alone	\$35,000		\$42,746		\$48,316	
Asian Alone	\$58,264		\$88,005		\$97,297	
Native Hawaiian & Other Pacific Islander Alone	\$78,333		\$83,721		\$89,951	
Some Other Race Alone	\$30,329		\$51,048		\$57,939	
Two or More Races	\$32,174		\$57,122		\$63,350	

# Benton & Franklin Counties

## Pop-Facts: Demographic Trend

Description	Benton County (53005)					
	2000* / 2010**		2020		2025	
	Census	%	Estimate	%	Projection	%
<b>Population by Age**</b>	<b>175,177</b>		<b>206,524</b>		<b>220,772</b>	
Age 0 - 4	13,071	7.46%	14,938	7.23%	15,963	7.23%
Age 5 - 9	13,081	7.47%	15,090	7.31%	15,472	7.01%
Age 10 - 14	13,350	7.62%	15,405	7.46%	15,663	7.09%
Age 15 - 17	8,162	4.66%	9,102	4.41%	9,996	4.53%
Age 18 - 20	6,926	3.95%	8,101	3.92%	9,071	4.11%
Age 21 - 24	8,781	5.01%	10,496	5.08%	12,138	5.50%
Age 25 - 34	23,038	13.15%	26,874	13.01%	26,937	12.20%
Age 35 - 44	21,734	12.41%	26,388	12.78%	28,449	12.89%
Age 45 - 54	25,067	14.31%	23,423	11.34%	24,696	11.19%
Age 55 - 64	21,381	12.21%	24,816	12.02%	24,179	10.95%
Age 65 - 74	11,515	6.57%	19,490	9.44%	23,534	10.66%
Age 75 - 84	6,293	3.59%	9,050	4.38%	11,006	4.99%
Age 85 and over	2,778	1.59%	3,351	1.62%	3,668	1.66%
Age 16 and over	133,063	75.96%	158,107	76.56%	170,383	77.18%
Age 18 and over	127,513	72.79%	151,989	73.59%	163,678	74.14%
Age 21 and over	120,587	68.84%	143,888	69.67%	154,607	70.03%
Age 65 and over	20,586	11.75%	31,891	15.44%	38,208	17.31%
<b>Median Age</b>	<b>35.5</b>		<b>36.2</b>		<b>36.8</b>	
<b>Population by Sex**</b>	<b>175,177</b>		<b>206,524</b>		<b>220,772</b>	
Male	87,486	49.94%	103,401	50.07%	110,398	50.01%
Female	87,691	50.06%	103,123	49.93%	110,374	49.99%
<b>Pop. by Single-Classification Race by Hispanic/Latino**</b>						
<b>Hispanic or Latino</b>	<b>32,696</b>		<b>48,469</b>		<b>57,254</b>	

# Benton & Franklin Counties

## Pop-Facts: Demographic Trend

Description	Benton County (53005)					
	2000* / 2010**		2020		2025	
	Census	%	Estimate	%	Projection	%
White Alone	13,981	42.76%	20,726	42.76%	24,482	42.76%
Black or African American Alone	190	0.58%	282	0.58%	332	0.58%
American Indian and Alaska Native Alone	294	0.90%	436	0.90%	515	0.90%
Asian Alone	70	0.21%	104	0.21%	123	0.21%
Native Hawaiian & Other Pacific Islander Alone	32	0.10%	47	0.10%	57	0.10%
Some Other Race Alone	15,538	47.52%	23,034	47.52%	27,208	47.52%
Two or More Races	2,591	7.92%	3,840	7.92%	4,537	7.92%
<b>Not Hispanic or Latino</b>	<b>142,481</b>		<b>158,055</b>		<b>163,518</b>	
White Alone	130,437	91.55%	141,109	89.28%	143,900	88.00%
Black or African American Alone	2,031	1.43%	3,172	2.01%	3,816	2.33%
American Indian and Alaska Native Alone	1,280	0.90%	1,343	0.85%	1,345	0.82%
Asian Alone	4,621	3.24%	6,138	3.88%	6,939	4.24%
Native Hawaiian & Other Pacific Islander Alone	221	0.16%	361	0.23%	440	0.27%
Some Other Race Alone	260	0.18%	288	0.18%	298	0.18%
Two or More Races	3,631	2.55%	5,644	3.57%	6,780	4.15%
<b>Households by Age of Householder**</b>	<b>65,304</b>		<b>77,439</b>		<b>82,933</b>	
Householder Under 25 Years	3,190	4.88%	3,278	4.23%	3,774	4.55%
Householder 25 to 34 Years	10,614	16.25%	11,902	15.37%	11,597	13.98%
Householder 35 to 44 Years	11,466	17.56%	14,101	18.21%	15,169	18.29%
Householder 45 to 54 Years	14,093	21.58%	13,141	16.97%	13,947	16.82%
Householder 55 to 64 Years	12,579	19.26%	14,534	18.77%	14,092	16.99%
Householder 65 to 74 Years	7,242	11.09%	12,222	15.78%	14,701	17.73%
Householder 75 to 84 Years	4,203	6.44%	5,968	7.71%	7,184	8.66%
Householder 85 Years and over	1,917	2.94%	2,293	2.96%	2,469	2.98%
<b>Median Age of Householder</b>	<b>50.2</b>		<b>52.2</b>		<b>52.8</b>	

# Benton & Franklin Counties

## Pop-Facts: Demographic Trend

Description	Benton County (53005)					
	2000* / 2010**		2020		2025	
	Census	%	Estimate	%	Projection	%
<b>Households by Household Income*</b>	<b>52,799</b>		<b>77,439</b>		<b>82,933</b>	
Income Less than \$15,000	6,211	11.76%	6,855	8.85%	6,680	8.05%
Income \$15,000 - \$24,999	6,292	11.92%	6,288	8.12%	6,141	7.40%
Income \$25,000 - \$34,999	6,629	12.56%	6,138	7.93%	6,336	7.64%
Income \$35,000 - \$49,999	8,681	16.44%	7,966	10.29%	7,769	9.37%
Income \$50,000 - \$74,999	11,708	22.17%	14,796	19.11%	15,050	18.15%
Income \$75,000 - \$99,999	7,295	13.82%	10,222	13.20%	10,923	13.17%
Income \$100,000 - \$124,999	3,157	5.98%	7,835	10.12%	8,520	10.27%
Income \$125,000 - \$149,999	1,240	2.35%	5,715	7.38%	6,488	7.82%
Income \$150,000 - \$199,999	853	1.62%	5,778	7.46%	7,028	8.47%
Income \$200,000 - \$249,999	428	0.81%	2,495	3.22%	3,472	4.19%
Income \$250,000 - \$499,999	264	0.50%	2,453	3.17%	3,195	3.85%
Income \$500,000 or more	41	0.08%	898	1.16%	1,331	1.60%
<b>Average Household Income</b>	<b>\$56,852</b>		<b>\$91,741</b>		<b>\$100,047</b>	
<b>Median Household Income</b>	<b>\$47,558</b>		<b>\$69,384</b>		<b>\$74,154</b>	
<b>Median HH Inc. by Single-Classification Race*</b>						
White Alone	\$49,017		\$72,100		\$78,343	
Black or African American Alone	\$40,783		\$53,100		\$55,605	
American Indian and Alaska Native Alone	\$35,536		\$47,148		\$53,152	
Asian Alone	\$63,329		\$97,659		\$106,525	
Native Hawaiian & Other Pacific Islander Alone	\$84,167		\$69,643		\$72,240	
Some Other Race Alone	\$32,510		\$50,270		\$55,337	
Two or More Races	\$34,088		\$52,774		\$58,478	

# Benton & Franklin Counties

## Pop-Facts: Demographic Trend

Description	Franklin County (53021)					
	2000* / 2010**		2020		2025	
	Census	%	Estimate	%	Projection	%
<b>Population by Age**</b>	<b>78,163</b>		<b>96,963</b>		<b>104,510</b>	
Age 0 - 4	8,297	10.61%	8,632	8.90%	9,127	8.73%
Age 5 - 9	7,699	9.85%	8,893	9.17%	9,056	8.67%
Age 10 - 14	6,912	8.84%	8,444	8.71%	8,552	8.18%
Age 15 - 17	3,806	4.87%	4,614	4.76%	4,984	4.77%
Age 18 - 20	3,526	4.51%	4,177	4.31%	4,576	4.38%
Age 21 - 24	4,527	5.79%	5,578	5.75%	6,277	6.01%
Age 25 - 34	12,669	16.21%	14,327	14.78%	14,296	13.68%
Age 35 - 44	10,147	12.98%	13,683	14.11%	14,741	14.10%
Age 45 - 54	8,356	10.69%	10,595	10.93%	12,142	11.62%
Age 55 - 64	6,528	8.35%	8,545	8.81%	9,137	8.74%
Age 65 - 74	3,290	4.21%	6,086	6.28%	7,219	6.91%
Age 75 - 84	1,773	2.27%	2,543	2.62%	3,456	3.31%
Age 85 and over	633	0.81%	846	0.87%	947	0.91%
Age 16 and over	53,951	69.02%	69,480	71.66%	76,138	72.85%
Age 18 and over	51,449	65.82%	66,380	68.46%	72,791	69.65%
Age 21 and over	47,923	61.31%	62,203	64.15%	68,215	65.27%
Age 65 and over	5,696	7.29%	9,475	9.77%	11,622	11.12%
<b>Median Age</b>	<b>28.4</b>		<b>30.7</b>		<b>31.8</b>	
<b>Population by Sex**</b>	<b>78,163</b>		<b>96,963</b>		<b>104,510</b>	
Male	40,447	51.75%	50,297	51.87%	53,994	51.66%
Female	37,716	48.25%	46,666	48.13%	50,516	48.34%
<b>Pop. by Single-Classification Race by Hispanic/Latino**</b>						
<b>Hispanic or Latino</b>	<b>40,004</b>		<b>53,256</b>		<b>59,406</b>	



# Benton & Franklin Counties

## Pop-Facts: Demographic Trend

Description	Franklin County (53021)					
	2000* / 2010**		2020		2025	
	Census	%	Estimate	%	Projection	%
White Alone	13,466	33.66%	17,927	33.66%	19,997	33.66%
Black or African American Alone	134	0.33%	179	0.34%	199	0.33%
American Indian and Alaska Native Alone	174	0.43%	232	0.44%	258	0.43%
Asian Alone	50	0.12%	66	0.12%	75	0.13%
Native Hawaiian & Other Pacific Islander Alone	15	0.04%	20	0.04%	22	0.04%
Some Other Race Alone	24,785	61.96%	32,995	61.96%	36,806	61.96%
Two or More Races	1,380	3.45%	1,837	3.45%	2,049	3.45%
<b>Not Hispanic or Latino</b>	<b>38,159</b>		<b>43,707</b>		<b>45,104</b>	
White Alone	33,804	88.59%	37,179	85.06%	37,444	83.02%
Black or African American Alone	1,339	3.51%	2,015	4.61%	2,368	5.25%
American Indian and Alaska Native Alone	357	0.94%	471	1.08%	524	1.16%
Asian Alone	1,384	3.63%	2,127	4.87%	2,520	5.59%
Native Hawaiian & Other Pacific Islander Alone	92	0.24%	163	0.37%	202	0.45%
Some Other Race Alone	96	0.25%	110	0.25%	113	0.25%
Two or More Races	1,087	2.85%	1,642	3.76%	1,933	4.29%
<b>Households by Age of Householder**</b>	<b>23,245</b>		<b>28,537</b>		<b>30,797</b>	
Householder Under 25 Years	1,512	6.50%	1,679	5.88%	1,806	5.86%
Householder 25 to 34 Years	5,361	23.06%	5,558	19.48%	5,393	17.51%
Householder 35 to 44 Years	4,948	21.29%	6,295	22.06%	6,651	21.60%
Householder 45 to 54 Years	4,327	18.61%	5,118	17.93%	5,783	18.78%
Householder 55 to 64 Years	3,653	15.72%	4,505	15.79%	4,682	15.20%
Householder 65 to 74 Years	1,919	8.26%	3,352	11.75%	3,898	12.66%
Householder 75 to 84 Years	1,121	4.82%	1,511	5.29%	2,016	6.55%
Householder 85 Years and over	404	1.74%	519	1.82%	568	1.84%
<b>Median Age of Householder</b>	<b>44.6</b>		<b>46.4</b>		<b>47.7</b>	

# Benton & Franklin Counties

## Pop-Facts: Demographic Trend

Description	Franklin County (53021)					
	2000* / 2010**		2020		2025	
	Census	%	Estimate	%	Projection	%
<b>Households by Household Income*</b>	<b>14,868</b>		<b>28,537</b>		<b>30,797</b>	
Income Less than \$15,000	2,555	17.18%	1,719	6.02%	1,572	5.10%
Income \$15,000 - \$24,999	2,281	15.34%	2,200	7.71%	1,905	6.19%
Income \$25,000 - \$34,999	1,819	12.23%	2,259	7.92%	2,391	7.76%
Income \$35,000 - \$49,999	2,749	18.49%	3,506	12.29%	3,187	10.35%
Income \$50,000 - \$74,999	2,747	18.48%	5,561	19.49%	5,674	18.42%
Income \$75,000 - \$99,999	1,385	9.32%	4,023	14.10%	4,195	13.62%
Income \$100,000 - \$124,999	665	4.47%	3,886	13.62%	3,806	12.36%
Income \$125,000 - \$149,999	275	1.85%	2,472	8.66%	3,202	10.40%
Income \$150,000 - \$199,999	224	1.51%	1,319	4.62%	2,534	8.23%
Income \$200,000 - \$249,999	99	0.67%	601	2.11%	913	2.96%
Income \$250,000 - \$499,999	58	0.39%	671	2.35%	917	2.98%
Income \$500,000 or more	11	0.07%	320	1.12%	501	1.63%
<b>Average Household Income</b>	<b>\$48,903</b>		<b>\$88,469</b>		<b>\$100,465</b>	
<b>Median Household Income</b>	<b>\$39,251</b>		<b>\$70,610</b>		<b>\$78,990</b>	
<b>Median HH Inc. by Single-Classification Race*</b>						
White Alone	\$44,279		\$81,884		\$93,144	
Black or African American Alone	\$26,341		\$58,761		\$68,986	
American Indian and Alaska Native Alone	\$32,000		\$36,618		\$38,750	
Asian Alone	\$45,139		\$71,603		\$80,368	
Native Hawaiian & Other Pacific Islander Alone	\$14,999		\$200,001		\$200,001	
Some Other Race Alone	\$28,109		\$51,800		\$60,498	
Two or More Races	\$29,573		\$66,108		\$74,443	

# Benton & Franklin Counties Pop-Facts Demographic Trend

## Population by Age and Sex Trend

Description	Aggregate					
	2010		2020		2025	
	Census	%	Estimate	%	Projection	%
<b>Total Population By Age</b>	<b>253,340</b>		<b>303,487</b>		<b>325,282</b>	
Age 0 - 4	21,368	8.43%	23,570	7.77%	25,090	7.71%
Age 5 - 9	20,780	8.20%	23,983	7.90%	24,528	7.54%
Age 10 - 14	20,262	8.00%	23,849	7.86%	24,215	7.44%
Age 15 - 17	11,968	4.72%	13,716	4.52%	14,980	4.61%
Age 18 - 20	10,452	4.13%	12,278	4.05%	13,647	4.20%
Age 21 - 24	13,308	5.25%	16,074	5.30%	18,415	5.66%
Age 25 - 34	35,707	14.09%	41,201	13.58%	41,233	12.68%
Age 35 - 44	31,881	12.58%	40,071	13.20%	43,190	13.28%
Age 45 - 54	33,423	13.19%	34,018	11.21%	36,838	11.32%
Age 55 - 64	27,909	11.02%	33,361	10.99%	33,316	10.24%
Age 65 - 74	14,805	5.84%	25,576	8.43%	30,753	9.45%
Age 75 - 84	8,066	3.18%	11,593	3.82%	14,462	4.45%
Age 85 and over	3,411	1.35%	4,197	1.38%	4,615	1.42%
Age 16 and over	187,014	73.82%	227,587	74.99%	246,521	75.79%
Age 18 and over	178,962	70.64%	218,369	71.95%	236,469	72.70%
Age 21 and over	168,510	66.52%	206,091	67.91%	222,822	68.50%
Age 65 and over	26,282	10.37%	41,366	13.63%	49,830	15.32%
<b>Median Age</b>	<b>33.0</b>		<b>34.3</b>		<b>35.1</b>	
<b>Male Population by Age</b>	<b>127,933</b>		<b>153,698</b>		<b>164,392</b>	
Age 0 - 4	10,957	8.56%	12,017	7.82%	12,786	7.78%
Age 5 - 9	10,678	8.35%	12,195	7.93%	12,443	7.57%
Age 10 - 14	10,452	8.17%	12,207	7.94%	12,364	7.52%
Age 15 - 17	6,129	4.79%	7,082	4.61%	7,676	4.67%
Age 18 - 20	5,499	4.30%	6,420	4.18%	7,125	4.33%
Age 21 - 24	6,751	5.28%	8,366	5.44%	9,621	5.85%
Age 25 - 34	18,347	14.34%	21,424	13.94%	21,460	13.05%
Age 35 - 44	16,183	12.65%	20,654	13.44%	22,262	13.54%
Age 45 - 54	16,759	13.10%	17,362	11.30%	18,781	11.42%
Age 55 - 64	14,186	11.09%	16,570	10.78%	16,549	10.07%
Age 65 - 74	7,262	5.68%	12,592	8.19%	15,192	9.24%

# Benton & Franklin Counties Pop-Facts Demographic Trend

## Population by Age and Sex Trend

Description	Aggregate					
	2010		2020		2025	
	Census	%	Estimate	%	Projection	%
Age 75 - 84	3,525	2.76%	5,256	3.42%	6,402	3.89%
Age 85 and over	1,205	0.94%	1,553	1.01%	1,731	1.05%
Age 16 and over	93,871	73.38%	114,964	74.80%	124,276	75.60%
Age 18 and over	89,717	70.13%	110,197	71.70%	119,123	72.46%
Age 21 and over	84,218	65.83%	103,777	67.52%	111,998	68.13%
Age 65 and over	11,992	9.37%	19,401	12.62%	23,325	14.19%
<b>Median Age</b>	<b>32.4</b>		<b>33.7</b>		<b>34.4</b>	
<b>Female Population by Age</b>	<b>125,407</b>		<b>149,789</b>		<b>160,890</b>	
Age 0 - 4	10,411	8.30%	11,553	7.71%	12,304	7.65%
Age 5 - 9	10,102	8.06%	11,788	7.87%	12,085	7.51%
Age 10 - 14	9,810	7.82%	11,642	7.77%	11,851	7.37%
Age 15 - 17	5,839	4.66%	6,634	4.43%	7,304	4.54%
Age 18 - 20	4,953	3.95%	5,858	3.91%	6,522	4.05%
Age 21 - 24	6,557	5.23%	7,708	5.15%	8,794	5.47%
Age 25 - 34	17,360	13.84%	19,777	13.20%	19,773	12.29%
Age 35 - 44	15,698	12.52%	19,417	12.96%	20,928	13.01%
Age 45 - 54	16,664	13.29%	16,656	11.12%	18,057	11.22%
Age 55 - 64	13,723	10.94%	16,791	11.21%	16,767	10.42%
Age 65 - 74	7,543	6.01%	12,984	8.67%	15,561	9.67%
Age 75 - 84	4,541	3.62%	6,337	4.23%	8,060	5.01%
Age 85 and over	2,206	1.76%	2,644	1.77%	2,884	1.79%
Age 16 and over	93,143	74.27%	112,623	75.19%	122,245	75.98%
Age 18 and over	89,245	71.16%	108,172	72.22%	117,346	72.94%
Age 21 and over	84,292	67.21%	102,314	68.31%	110,824	68.88%
Age 65 and over	14,290	11.39%	21,965	14.66%	26,505	16.47%

# Benton & Franklin Counties F

## Population by Age and Sex Trend

Description	Benton County (53005)					
	2010		2020		2025	
	Census	%	Estimate	%	Projection	%
<b>Total Population By Age</b>	<b>175,177</b>		<b>206,524</b>		<b>220,772</b>	
Age 0 - 4	13,071	7.46%	14,938	7.23%	15,963	7.23%
Age 5 - 9	13,081	7.47%	15,090	7.31%	15,472	7.01%
Age 10 - 14	13,350	7.62%	15,405	7.46%	15,663	7.09%
Age 15 - 17	8,162	4.66%	9,102	4.41%	9,996	4.53%
Age 18 - 20	6,926	3.95%	8,101	3.92%	9,071	4.11%
Age 21 - 24	8,781	5.01%	10,496	5.08%	12,138	5.50%
Age 25 - 34	23,038	13.15%	26,874	13.01%	26,937	12.20%
Age 35 - 44	21,734	12.41%	26,388	12.78%	28,449	12.89%
Age 45 - 54	25,067	14.31%	23,423	11.34%	24,696	11.19%
Age 55 - 64	21,381	12.21%	24,816	12.02%	24,179	10.95%
Age 65 - 74	11,515	6.57%	19,490	9.44%	23,534	10.66%
Age 75 - 84	6,293	3.59%	9,050	4.38%	11,006	4.99%
Age 85 and over	2,778	1.59%	3,351	1.62%	3,668	1.66%
Age 16 and over	133,063	75.96%	158,107	76.56%	170,383	77.18%
Age 18 and over	127,513	72.79%	151,989	73.59%	163,678	74.14%
Age 21 and over	120,587	68.84%	143,888	69.67%	154,607	70.03%
Age 65 and over	20,586	11.75%	31,891	15.44%	38,208	17.31%
<b>Median Age</b>	<b>35.5</b>		<b>36.2</b>		<b>36.8</b>	
<b>Male Population by Age</b>	<b>87,486</b>		<b>103,401</b>		<b>110,398</b>	
Age 0 - 4	6,706	7.67%	7,636	7.38%	8,153	7.39%
Age 5 - 9	6,743	7.71%	7,742	7.49%	7,908	7.16%
Age 10 - 14	6,880	7.86%	7,928	7.67%	8,038	7.28%
Age 15 - 17	4,173	4.77%	4,689	4.53%	5,128	4.65%
Age 18 - 20	3,613	4.13%	4,211	4.07%	4,719	4.27%
Age 21 - 24	4,389	5.02%	5,381	5.20%	6,274	5.68%
Age 25 - 34	11,667	13.34%	13,614	13.17%	13,695	12.41%
Age 35 - 44	10,817	12.36%	13,382	12.94%	14,374	13.02%
Age 45 - 54	12,442	14.22%	11,746	11.36%	12,446	11.27%
Age 55 - 64	10,771	12.31%	12,166	11.77%	11,848	10.73%
Age 65 - 74	5,613	6.42%	9,590	9.27%	11,628	10.53%

# Benton & Franklin Counties F

## Population by Age and Sex Trend

Description	Benton County (53005)					
	2010		2020		2025	
	Census	%	Estimate	%	Projection	%
Age 75 - 84	2,732	3.12%	4,081	3.95%	4,814	4.36%
Age 85 and over	940	1.07%	1,235	1.19%	1,373	1.24%
Age 16 and over	65,817	75.23%	78,562	75.98%	84,611	76.64%
Age 18 and over	62,984	71.99%	75,406	72.93%	81,171	73.53%
Age 21 and over	59,371	67.86%	71,195	68.85%	76,452	69.25%
Age 65 and over	9,285	10.61%	14,906	14.42%	17,815	16.14%
<b>Median Age</b>	<b>34.6</b>		<b>35.4</b>		<b>35.9</b>	
<b>Female Population by Age</b>	<b>87,691</b>		<b>103,123</b>		<b>110,374</b>	
Age 0 - 4	6,365	7.26%	7,302	7.08%	7,810	7.08%
Age 5 - 9	6,338	7.23%	7,348	7.13%	7,564	6.85%
Age 10 - 14	6,470	7.38%	7,477	7.25%	7,625	6.91%
Age 15 - 17	3,989	4.55%	4,413	4.28%	4,868	4.41%
Age 18 - 20	3,313	3.78%	3,890	3.77%	4,352	3.94%
Age 21 - 24	4,392	5.01%	5,115	4.96%	5,864	5.31%
Age 25 - 34	11,371	12.97%	13,260	12.86%	13,242	12.00%
Age 35 - 44	10,917	12.45%	13,006	12.61%	14,075	12.75%
Age 45 - 54	12,625	14.40%	11,677	11.32%	12,250	11.10%
Age 55 - 64	10,610	12.10%	12,650	12.27%	12,331	11.17%
Age 65 - 74	5,902	6.73%	9,900	9.60%	11,906	10.79%
Age 75 - 84	3,561	4.06%	4,969	4.82%	6,192	5.61%
Age 85 and over	1,838	2.10%	2,116	2.05%	2,295	2.08%
Age 16 and over	67,246	76.69%	79,545	77.14%	85,772	77.71%
Age 18 and over	64,529	73.59%	76,583	74.26%	82,507	74.75%
Age 21 and over	61,216	69.81%	72,693	70.49%	78,155	70.81%
Age 65 and over	11,301	12.89%	16,985	16.47%	20,393	18.48%

# Benton & Franklin Counties F

## Population by Age and Sex Trend

Description	Franklin County (53021)					
	2010		2020		2025	
	Census	%	Estimate	%	Projection	%
<b>Total Population By Age</b>	<b>78,163</b>		<b>96,963</b>		<b>104,510</b>	
Age 0 - 4	8,297	10.61%	8,632	8.90%	9,127	8.73%
Age 5 - 9	7,699	9.85%	8,893	9.17%	9,056	8.67%
Age 10 - 14	6,912	8.84%	8,444	8.71%	8,552	8.18%
Age 15 - 17	3,806	4.87%	4,614	4.76%	4,984	4.77%
Age 18 - 20	3,526	4.51%	4,177	4.31%	4,576	4.38%
Age 21 - 24	4,527	5.79%	5,578	5.75%	6,277	6.01%
Age 25 - 34	12,669	16.21%	14,327	14.78%	14,296	13.68%
Age 35 - 44	10,147	12.98%	13,683	14.11%	14,741	14.10%
Age 45 - 54	8,356	10.69%	10,595	10.93%	12,142	11.62%
Age 55 - 64	6,528	8.35%	8,545	8.81%	9,137	8.74%
Age 65 - 74	3,290	4.21%	6,086	6.28%	7,219	6.91%
Age 75 - 84	1,773	2.27%	2,543	2.62%	3,456	3.31%
Age 85 and over	633	0.81%	846	0.87%	947	0.91%
Age 16 and over	53,951	69.02%	69,480	71.66%	76,138	72.85%
Age 18 and over	51,449	65.82%	66,380	68.46%	72,791	69.65%
Age 21 and over	47,923	61.31%	62,203	64.15%	68,215	65.27%
Age 65 and over	5,696	7.29%	9,475	9.77%	11,622	11.12%
<b>Median Age</b>	<b>28.4</b>		<b>30.7</b>		<b>31.8</b>	
<b>Male Population by Age</b>	<b>40,447</b>		<b>50,297</b>		<b>53,994</b>	
Age 0 - 4	4,251	10.51%	4,381	8.71%	4,633	8.58%
Age 5 - 9	3,935	9.73%	4,453	8.85%	4,535	8.40%
Age 10 - 14	3,572	8.83%	4,279	8.51%	4,326	8.01%
Age 15 - 17	1,956	4.84%	2,393	4.76%	2,548	4.72%
Age 18 - 20	1,886	4.66%	2,209	4.39%	2,406	4.46%
Age 21 - 24	2,362	5.84%	2,985	5.93%	3,347	6.20%
Age 25 - 34	6,680	16.52%	7,810	15.53%	7,765	14.38%
Age 35 - 44	5,366	13.27%	7,272	14.46%	7,888	14.61%
Age 45 - 54	4,317	10.67%	5,616	11.17%	6,335	11.73%
Age 55 - 64	3,415	8.44%	4,404	8.76%	4,701	8.71%
Age 65 - 74	1,649	4.08%	3,002	5.97%	3,564	6.60%

# Benton & Franklin Counties F

## Population by Age and Sex Trend

Description	Franklin County (53021)					
	2010		2020		2025	
	Census	%	Estimate	%	Projection	%
Age 75 - 84	793	1.96%	1,175	2.34%	1,588	2.94%
Age 85 and over	265	0.66%	318	0.63%	358	0.66%
Age 16 and over	28,054	69.36%	36,402	72.37%	39,665	73.46%
Age 18 and over	26,733	66.09%	34,791	69.17%	37,952	70.29%
Age 21 and over	24,847	61.43%	32,582	64.78%	35,546	65.83%
Age 65 and over	2,707	6.69%	4,495	8.94%	5,510	10.20%
<b>Median Age</b>	<b>28.4</b>		<b>30.7</b>		<b>31.7</b>	
<b>Female Population by Age</b>	<b>37,716</b>		<b>46,666</b>		<b>50,516</b>	
Age 0 - 4	4,046	10.73%	4,251	9.11%	4,494	8.90%
Age 5 - 9	3,764	9.98%	4,440	9.51%	4,521	8.95%
Age 10 - 14	3,340	8.86%	4,165	8.93%	4,226	8.37%
Age 15 - 17	1,850	4.91%	2,221	4.76%	2,436	4.82%
Age 18 - 20	1,640	4.35%	1,968	4.22%	2,170	4.30%
Age 21 - 24	2,165	5.74%	2,593	5.56%	2,930	5.80%
Age 25 - 34	5,989	15.88%	6,517	13.97%	6,531	12.93%
Age 35 - 44	4,781	12.68%	6,411	13.74%	6,853	13.57%
Age 45 - 54	4,039	10.71%	4,979	10.67%	5,807	11.50%
Age 55 - 64	3,113	8.25%	4,141	8.87%	4,436	8.78%
Age 65 - 74	1,641	4.35%	3,084	6.61%	3,655	7.24%
Age 75 - 84	980	2.60%	1,368	2.93%	1,868	3.70%
Age 85 and over	368	0.98%	528	1.13%	589	1.17%
Age 16 and over	25,897	68.66%	33,078	70.88%	36,473	72.20%
Age 18 and over	24,716	65.53%	31,589	67.69%	34,839	68.97%
Age 21 and over	23,076	61.18%	29,621	63.47%	32,669	64.67%
Age 65 and over	2,989	7.93%	4,980	10.67%	6,112	12.10%



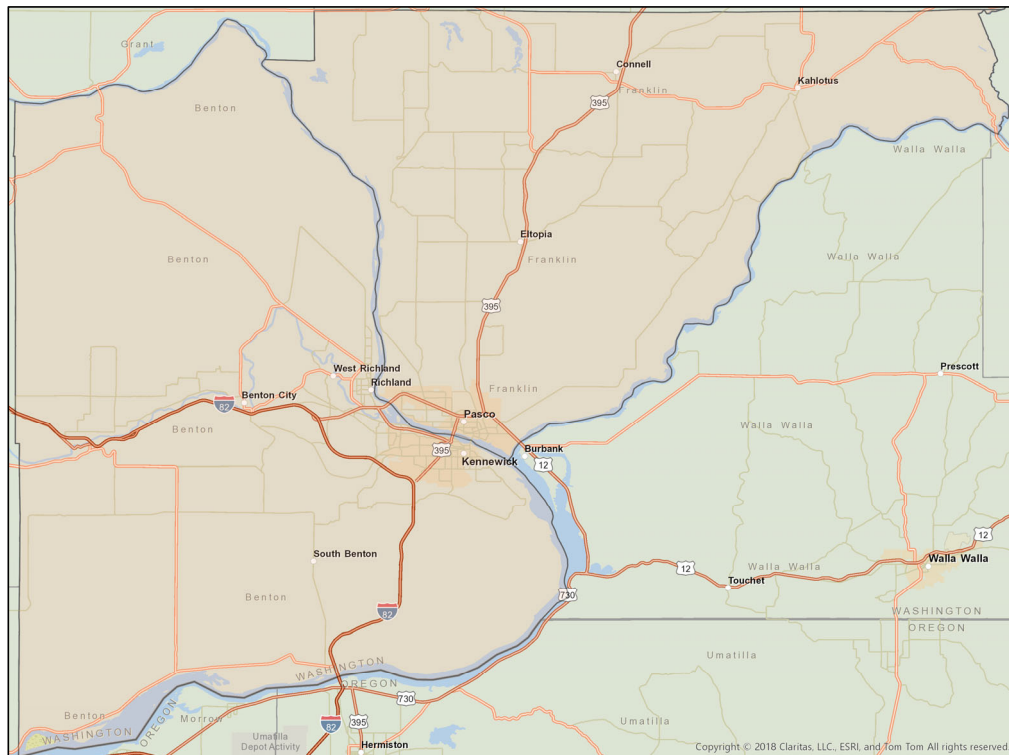
# Benton & Franklin Counties Pop-Facts Demographic Trend

## Population Summary

Population by:	Aggregate		Benton County (53005)		Franklin County (53021)	
	Total Population	Population Growth	Total Population	Population Growth	Total Population	Population Growth
<b>2025 Projection</b>	<b>325,282</b>		<b>220,772</b>		<b>104,510</b>	
<b>2020 Estimate</b>	<b>303,487</b>		<b>206,524</b>		<b>96,963</b>	
<b>2010 Census</b>	<b>253,340</b>		<b>175,177</b>		<b>78,163</b>	
<b>2000 Census</b>	<b>191,824</b>		<b>142,478</b>		<b>49,346</b>	
<b>Growth 2000 - 2010</b>		<b>32.07%</b>		<b>22.95%</b>		<b>58.40%</b>

# Benton & Franklin Counties Pop-Facts Demographic Trend

Map



**EXHIBIT 6**  
**2019 PATIENT ORIGIN ZIP CODE DATA**

Patients by Zip Code

Zip Code	Percentage of Patients
32095	0.1%
73507	0.1%
80002	0.1%
80545	0.1%
83815	0.1%
85267	0.1%
90034	0.1%
96720	0.1%
97801	1.4%
97813	0.2%
97818	0.5%
97824	0.1%
97826	0.3%
97827	0.1%
97836	0.5%
97838	5.4%
97842	0.1%
97843	0.1%
97844	1.3%
97846	0.1%
97850	0.3%
97862	0.2%
97868	0.1%
97875	0.7%

97876	0.1%
97882	1.4%
97883	0.1%
97886	0.1%
98133	0.1%
98223	0.1%
98503	0.1%
98612	0.1%
98826	0.1%
98837	0.4%
98848	0.1%
98857	0.3%
98901	0.2%
98902	0.3%
98903	0.1%
98908	0.2%
98925	0.1%
98926	0.1%
98930	0.7%
98932	0.1%
98935	0.2%
98936	0.1%
98942	0.4%
98944	0.6%
98947	0.1%
98948	0.1%
98951	0.1%

98953	0.1%
99004	0.1%
99026	0.1%
99115	0.1%
99141	0.1%
99205	0.1%
99208	0.1%
99224	0.1%
99301	16.7%
99302	0.6%
99320	3.4%
99322	0.1%
99323	1.9%
99324	0.4%
99326	0.5%
99328	0.5%
99329	0.1%
99330	0.4%
99333	0.1%
99335	0.1%
99336	11.9%
99337	10.6%
99338	6.7%
99343	0.4%
99344	1.4%
99346	0.2%
99347	0.1%

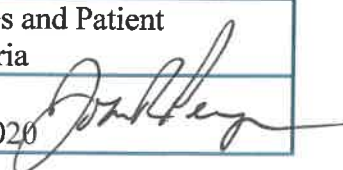
99348	0.1%
99349	0.6%
99350	1.6%
99352	10.4%
99353	5.7%
99354	6.0%
99357	0.1%
99360	0.2%
99361	0.1%
99362	1.5%
99371	0.1%
99402	0.1%
<b>Total count:</b>	<b>100.0%</b>

EXHIBIT 7  
ADMISSIONS POLICY





**Operations - Administration**

Policy#	Policy
GA009	Scope of Services and Patient Admission Criteria
Effective Date: 9/11/14	Revision Date: 02/04/2020 

**Policy: Scope of Services and Patient Admission Criteria**

The Surgery Center at TCO is a freestanding ASC located at Kennewick, WA.

- The facility is open from 6:00 AM until 5:30 p.m. Monday through Friday.
- Patient care areas include:
  - 4 Pre-op bays
  - 4 OR's
  - 12 PACU bays

The patients represent a variety of surgical specialties including:

- All surgeries are performed on an elective basis.
- Only American Society of Anesthesiologists (ASA) Physical Status Classifications I through III are considered appropriate for surgery in a freestanding ASC.

**Procedures:**

The type of procedures performed is defined in policy GA015 Delineation of Privileges and will be evaluated periodically by the Board. All procedures will be performed in the OR suites with the exception of joint manipulations which may be performed in the PACU.

**Patient Selection:**

It is the direction of the Board to select patient candidates that are appropriate for outpatient surgery in an Ambulatory Surgery Center. Therefore, patients with the following age or conditions are not candidates for admission to The Surgery Center at TCO:

- < 24 months with prior Anesthesia approval.
- BMI > 50 requiring General Anesthesia.
- BMI > 53 requiring Regional Anesthesia.
- Patients with known difficult airways requiring General Anesthesia (Unless evaluated by anesthesia prior to admission).
- Patients with a history of Malignant Hyperthermia.
- Patients with Muscular Dystrophy.

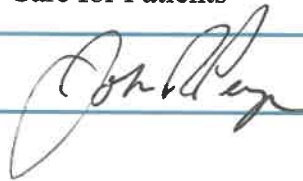
**Staffing:**

1. The primary nursing model is the care delivery method used at the facility.

- The R.N. is accountable to assess, delegate, coordinate and evaluate nursing care and outcomes.
2. The Facility Administrator will assure that a registered nurse will be present until all patients are discharged from the facility.
    - Facility is staffed with at least 1 BLS, ACLS and PALS certified R.N. at all times that patients are present.
  3. All clinical staff members are required to be licensed and/or certified in the State of Washington to perform those services for which they are employed. They must meet the minimal educational requirements for the position, and successfully complete the orientation and skills checklist for the job description provided to them.
  4. Staffing needs will vary according to census. *Minimum* staffing requirements in the facility are:
    - a. Pre-op Area: One RN with backup from OR, procedure rooms, or PACU as required.
    - b. Operating Room: One RN and one Certified Surgical Technician per OR.
      - If IV sedation is given, one additional RN to monitor the patient at all times in the absence of an Anesthesia provider.
    - c. Post Anesthesia Care Unit: Two RNs anytime there is a patient in the PACU. Patient to nurse staffing ratios are as follows,
      - 1:1 Intubated patients, children 13 and under until stable, and unstable patients.
      - 2:1 Patients receiving medications.
      - 4:1 Stable patients
    - d. Business Office: At least one staff member is available from opening until closing Monday through Friday.

EXHIBIT 8  
CHARITY CARE POLICY

**Operations - Administration**

Policy#	Policy
GA046	Charity Care for Patients
Effective Date: 3/23/15	Revision Date: 3/07/19 

**Policy:**

It is the desire of The Surgery Center at TCO (The Center) to provide financial assistance or charity care to those patients in need of such assistance. The Center considers each patient's ability to pay for his or her medical care, and is committed to treating patients who have financial needs with the same dignity and consideration that is extended to all of its patients. The Center intends, with this policy, to establish financial assistance procedures that are compliant with applicable federal, state and local laws.

This policy shall cover health care services provided by The Center and does not include physician, anesthesia services and other services provided by outside vendors. The Center has established procedures to aid and assist those patients who have demonstrated financial hardship and cannot meet the costs of the healthcare services they receive at The Center. The Center may assist patients in receiving available resources for payment of their services. When such resources are not available, patients will be evaluated for voluntary Charity Care.

**Definitions:**

Charity Care: The ability to receive free care. It refers to the inability of a patient to pay for medical care. In comparison, bad debt is an unwillingness of a patient to pay for medical care. Charity Care is designed to assist those patients who are unable to pay for all, or part, of their health care expenses. Charity Care is not designed to assist those who are able, yet unwilling, to pay. The patient's willingness to discuss his/her account and disclose pertinent financial information is often relied upon to make the distinction between inability and unwillingness to pay.

Financial Assistance: The ability to receive care at a discounted rate.

Uninsured Patient: An individual who does not have any third-party health care coverage by (a) a third party insurer, (b) an ERISA plan, (c) a Federal Health Care Program (including, without limitation, Medicare, Medicaid, SCHIP and Tricare), (d) Worker's Compensation, Medical Savings Accounts or other coverage for all or any part of the bill, including claims against third parties covered by insurance to which The Center is subrogated, but only if payment is actually made by such insurance company.

Federal Health Care Program: Any health care program operated or financed at least in part by the federal, state or local government.

**Procedure:**

1. Eligibility

- a. The Charity Care Policy was established to provide financial relief to those who are unable to meet their financial obligation to The Center. It applies to any person with the inability to pay all or part of their financial responsibility to The Center for The Center's provided services. Patients who are receiving elective cosmetic or plastic surgery are not eligible.

- b. Charity Care applies to charges for traditional, non-elective healthcare services to patients meeting the financial criteria set by The Center using the Federal Poverty Income Guidelines found at <https://aspe.hhs.gov/poverty-guidelines>.
  - c. Patients who are uninsured for the relevant service and who are ineligible for governmental or other insurance coverage, and who have family incomes in excess of 200%, but not exceeding 500%, of the Federal Poverty Level, will be eligible to receive Financial Assistance in the form of a partial discount of charge related to procedure and professional fees.
2. Eligibility Determination
- a. The determination of Charity Care eligibility and approval of Charity Care is completed prior to rendering services.
  - b. Once a patient is identified as uninsured, The Center personnel shall give the patient The Center Charity Care and Financial Assistance Application. The Uninsured Patient must complete the Application for Financial Assistance. Some or all of the following documentation will be required at the time of application:
    1. Medical Assistance eligibility /denial notice if applicable.
      - i. Income Tax returns for the most recently filed year.
      - ii. Proof of income and Adjusted Gross Income such as
        1. Pay stubs from the past six (6) pay periods.
        2. W-2 withholding statement.
        3. Social Security checks, receipts or deposits.
        4. Bank statements – checking and savings.
        5. Any other documentation that may secure as proof of Charity Care or Financial Assistance eligibility.
  - c. The financial resources of a parent or guardian may be considered in determining the eligibility of a patient who is dependent on their parents or guardian for financial support.
3. Participation
- a. A completed Center Charity Care and Financial Assistance Application will be forwarded to the Business Office Manager. When the application for Charity Care is received, the staff will review and determine if the application is complete and whether the documentation supports Charity Care or Financial Assistance eligibility.
  - b. Patients extended Financial Assistance in the form of a partial discount must sign a written agreement to pay the amount of the charges remaining after deducting the discount. The patient will receive a bill showing charges, the amount of the discount and the amount due. Physician/Professional, Anesthesia Services and other services provided by outside vendors are not covered by this policy and patients seeking discount for such services should be directed to call the physician or outside vendor directly.
  - c. Patients who do not provide the requested information necessary to completely and accurately assess their financial situation and/or who do not cooperate with efforts to secure governmental health care coverage will not be eligible for Charity Care or Financial Assistance. However, in normal circumstances, such cooperation should not be a precondition to the receipt of medically necessary treatment, especially in emergency care.
  - d. Applications outside of these guidelines may be approved based upon extraordinary circumstances with the documented approval of the Administrator.
4. Exceptions
- a. It is recognized that there is a small percentage of the uninsured patient population that has substantial assets and could easily afford to pay for health care services, but because

of having tax-exempt income or otherwise, will not have income reflected on a tax return. This policy is not intended to apply to this portion of the uninsured population.

5. Miscellaneous

- a. Confidentiality: Confidentiality of information and preservation of individual dignity will be maintained for all applying for Charity Care. No information obtained in the patient's Application for Charity Care may be released unless the patient gives express permission.
- b. Physician Participation: Physician participation in providing care to charity cases will be strongly encouraged. The Center will encourage and support staff physicians to provide a certain level of Charity Care for patients that the physician sees at the hospital.
- c. Additional Requestors: Charity care requests may be submitted by persons other than the patient, such as the patient's family, physician, clergy, social worker or hospital personnel. The patient shall be informed of such a request.
- d. Alternative Handling of Charges: Upon denial of a patient's Charity Care application, the Surgery Center administration may consider other alternatives for patient's medical care. Such alternatives may include:
  - i. A reduction in the fees charged
  - ii. Whole or partial write-off of the patient's account
  - iii. Reasonable payment terms for the patient
  - iv. Elimination of interest charged on periodic payment



## Charity Care and Financial Assistance Application Instructions

This is an application for financial assistance (also known as charity care) at The Surgery Center at TCO.

You may qualify for free care or reduced-price care based on your family size and income, even if you have health insurance. *Policy GA046 Charity Care for Patients*

**What does financial assistance cover?** The surgery center financial assistance covers appropriate ASC-based services provided by The Surgery Center at TCO depending upon your eligibility. Financial assistance may not cover all health care costs, including services provided by others.

**If you have questions or need help completing this application:** Contact the surgery center billing office at 509-460-5588. You may obtain help for any reason, including disability and language assistance.

**In order for your application to be processed, you must:**

- Provide us information about your family**  
Fill in the number of family members in your household (family includes people related by birth, marriage, or adoption who live together)
- Provide us information about your family's gross monthly income (income before taxes and deductions)**
- Provide documentation for family income**
- Attach additional information if needed**
- Sign and date the form**

**Note:** You do not have to provide a Social Security number to apply for financial assistance. If you provide us with your Social Security number it will help speed up processing of your application. Social Security numbers are used to verify information provided to us. If you do not have a Social Security number, please mark "not applicable" or "NA."

**Submit your completed application in person:** The Surgery Center at TCO  
Attn: Business Office Manager  
6703 W. Rio Grande Ave Bldg A  
Kennewick, WA 99336  
(509) 460-5588

We will notify you of the final determination of eligibility and appeal rights, if applicable, within 14 calendar days of receiving a complete financial assistance application, including documentation of income.

By submitting a financial assistance application, you give your consent for us to make necessary inquiries to confirm financial obligations and information.

**We want to help. Please submit your application promptly!  
You may receive bills until we receive your information.**



**The Surgery Center at TCO**  
**Charity Care and Financial Assistance Application – confidential**

*Please fill out all information completely. If it does not apply, write "NA." Attach additional pages if needed.*

**SCREENING INFORMATION**

Do you need an interpreter?  Yes  No *If Yes, list preferred language:*

Has the patient applied for Medicaid?  Yes  No *May be required to apply before being considered for financial assistance*

Does the patient receive state public services such as TANF, Basic Food, or WIC?  Yes  No

Is the patient currently homeless?  Yes  No

Is the patient's medical care need related to a car accident or work injury?  Yes  No

**PLEASE NOTE**

- We cannot guarantee that you will qualify for financial assistance, even if you apply.
- Once you send in your application, we may check all the information and may ask for additional information or proof of income.
- Within 14 calendar days after we receive your completed application and documentation, we will notify you if you qualify for assistance.

**PATIENT AND APPLICANT INFORMATION**

Patient first name	Patient middle name	Patient last name
<input type="checkbox"/> Male <input type="checkbox"/> Female <input type="checkbox"/> Other (may specify _____)	Birth Date	Patient Social Security Number (optional*)  <i>*optional, but needed for more generous assistance above state law requirements</i>
Person Responsible for Paying Bill	Relationship to Patient	Birth Date
		Social Security Number (optional*)  <i>*optional, but needed for more generous assistance above state law requirements</i>
Mailing Address  _____		Main contact number(s) ( ) _____ ( ) _____
City	State	Zip Code
Employment status of person responsible for paying bill <input type="checkbox"/> <b>Employed</b> (date of hire: _____) <input type="checkbox"/> <b>Unemployed</b> (how long unemployed: _____) <input type="checkbox"/> <b>Self-Employed</b> <input type="checkbox"/> <b>Student</b> <input type="checkbox"/> <b>Disabled</b> <input type="checkbox"/> <b>Retired</b> <input type="checkbox"/> <b>Other</b> ( _____ )		

**FAMILY INFORMATION**

List family members in your household, including you. "Family" includes people related by birth, marriage, or adoption who live together.

**FAMILY SIZE** \_\_\_\_\_

*Attach additional page if needed*

Name	Date of Birth	Relationship to Patient	If 18 years old or older: Employer(s) name or source of income	If 18 years old or older: Total gross monthly income (before taxes):	Also applying for financial assistance?
					Yes / No
					Yes / No
					Yes / No
					Yes / No

**All adult family members' income must be disclosed. Sources of income include, for example:**

- Wages - Unemployment - Self-employment - Worker's compensation - Disability - SSI - Child/spousal support  
 - Work study programs (students) - Pension - Retirement account distributions - Other (please explain \_\_\_\_\_)



## The Surgery Center at TCO

### Charity Care/Financial Assistance Application Form – confidential

#### INCOME INFORMATION

**REMEMBER:** You must include proof of income with your application.

**You must provide information on your family's income. Income verification is required to determine financial assistance. All family members 18 years old or older must disclose their income. If you cannot provide documentation, you may submit a written signed statement describing your income. Please provide proof for every identified source of income.**

**Examples of proof of income include:**

- A "W-2" withholding statement; or
- Current pay stubs (3 months); or
- Last year's income tax return, including schedules if applicable; or
- Written, signed statements from employers or others; or
- Approval/denial of eligibility for Medicaid and/or state-funded medical assistance; or
- Approval/denial of eligibility for unemployment compensation.

If you have no proof of income or no income, please attach an additional page with an explanation.

#### EXPENSE INFORMATION

*We use this information to get a more complete picture of your financial situation.*

**Monthly Household Expenses:**

Rent/mortgage \$ _____	Medical expenses \$ _____
Insurance Premiums \$ _____	Utilities \$ _____
Other Debt/Expenses \$ _____	<i>(child support, loans, medications, other)</i>

#### ASSET INFORMATION

*This information may be used if your income is above 101% of the Federal Poverty Guidelines.*

Current checking account balance \$ _____  Current savings account balance \$ _____	Does your family have these other assets? <b>Please check all that apply</b> <input type="checkbox"/> Stocks <input type="checkbox"/> Bonds <input type="checkbox"/> 401K <input type="checkbox"/> Health Savings Account(s) <input type="checkbox"/> Trust(s) <input type="checkbox"/> Property (excluding primary residence) <input type="checkbox"/> Own a business
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#### ADDITIONAL INFORMATION

Please attach an additional page if there is other information about your current financial situation that you would like us to know, such as a financial hardship, excessive medical expenses, seasonal or temporary income, or personal loss.

#### PATIENT AGREEMENT

I understand that The Surgery Center at TCO may verify information by reviewing credit information and obtaining information from other sources to assist in determining eligibility for financial assistance or payment plans.

I affirm that the above information is true and correct to the best of my knowledge. I understand if the financial information I give is determined to be false, the result may be denial of financial assistance, and I may be responsible for and expected to pay for services provided.

\_\_\_\_\_  
Signature of Person Applying

\_\_\_\_\_  
Date

**EXHIBIT 9**  
**PATIENT RIGHTS AND RESPONSIBILITIES POLICY**

## PATIENT RIGHTS

- Receive access to equal medical treatment and accommodations regardless of race, creed, sex, national origin, religion or sources of payment for care.
- Be fully informed and have complete information, to the extent known by the physician, regarding diagnosis, treatment, procedure and prognosis, as well as the risks and side effects associated with treatment and procedure prior to the procedure.
- Exercise his or her rights without being subjected to discrimination or reprisal.
- Voice grievances regarding treatment or care that is (or fails to be) furnished.
- Personal privacy.
- Be protected from all forms of abuse or neglect and have access to protective services.
- Be treated and cared for with dignity & respect in a safe setting.
- Receive the care necessary to regain or maintain his or her maximum state of health and if necessary, cope with death.
- Expect personnel who care for the patient to be friendly, considerate, respectful, and qualified through education and experience, as well as perform the services for which they are responsible with the highest quality of services.
- Be fully informed of the scope of services available at the facility, provisions for after hours care and related fees for services rendered.
- Be a participant in decisions regarding the intensity and scope of treatment. If the patient is unable to participate in those decisions, the patient's rights shall be exercised by the patient's designated representative or other legally designated person.
- Make informed decisions regarding his or her care.
- Refuse treatment to the extent permitted by law and be informed of the medical consequences of such refusal. The patient accepts responsibility for his or her actions including refusal of treatment or not following the instructions of the physician or facility.
- Approve or refuse the release of medical records to any individual outside the facility, or as required by law or third party payment contract.
- Be informed of any human experimentation or other research/educational projects affecting his or her care of treatment and can refuse participation in such experimentation or research without compromise to the patient's usual care.
- Express grievances/complaints and suggestions and receive timely complaint resolution.
- Complain about their care or treatment without fear or retribution or denial of care.
- Access to and/or copies of his/her medical records.
- Be informed as to the facility's policy regarding advance directives/living wills.
- Be fully informed before any transfer to another facility or organization and ensure the receiving facility has accepted the patient transfer.
- Express those spiritual beliefs and cultural practices that do not harm or interfere with the planned course of medical therapy for the patient.
- Expect the facility to agree to comply with Federal Civil Rights Laws that assure it will provide interpretation for individuals who are not proficient in English.
- Have an assessment and regular assessment of pain.
- Education of patients and families, when appropriate, regarding their roles in managing pain.
- To change providers if other qualified providers are available.
- If a patient is adjudged incompetent under applicable state health and safety laws by a court of proper jurisdiction, the rights of the patient are exercised by the person appointed under State law to act on the patient's behalf.
- If a state court has not adjudged a patient incompetent, any legal representative designated by the patient in accordance with state laws may exercise the patient's rights to the extent allowed by state law.
- Be informed of unanticipated outcomes.

## PATIENT RIGHTS (CONTINUED)

- Family input and care decisions, in compliance with existing legal directives of the patient or existing court-issued legal orders.
- If communication restrictions are necessary for patient care and safety, the Center will document and explain the restrictions to the patient and family.

## PATIENT RESPONSIBILITIES

- Be considerate of other patients and personnel and for assisting in the control of noise, eating and other distractions.
- Respecting the property of others and the facility.
- Reporting whether he or she clearly understands the planned course of treatment and what is expected of him or her.
- Keeping appointments and, when unable to do so for any reason, notifying the facility and physician.
- Providing care givers with the most accurate and complete information regarding present complaints, past illnesses and hospitalizations, medications, unexpected changes in the patient's condition, or any other patient health matters.
- Observing prescribed rules of the facility during his or her stay and treatment and, if instructions are not followed, forfeit of care at the facility.
- Promptly fulfilling his or her financial obligations to the facility.
- Identifying any patient safety concerns.

## ADVANCE DIRECTIVE NOTIFICATION

All patients have the right to participate in their own health care decisions and to make Advance Directives or to execute Powers of Attorney that authorize others to make decisions on their behalf based on the patient's expressed wishes when the patient is unable to make decisions or unable to communicate decisions. **The Surgery Center at TCO** respects and upholds those rights.

However, unlike in an acute care hospital setting **The Surgery Center at TCO** does not routinely perform "high risk" procedures. While no surgery is without risk, most procedures performed in this facility are considered to be of minimal risk. You will discuss the specifics of your procedure with your physician who can answer your questions as to its risks, your expected recovery, and care after your surgery.


Therefore, it is our policy, regardless of the contents of any Advance Directive or instructions from a health care surrogate or attorney "in" fact, that if an adverse event occurs during the your treatment at this facility, we will initiate resuscitative or other stabilizing measures and transfer you to an acute care hospital for further evaluation. At the acute care hospital, further treatments or withdrawal of treatment measures already begun will be ordered in accordance with your wishes, Advance Directive, or health care Power of Attorney. Your agreement with this facility's policy will not revoke or invalidate any current health care directive or health care power of attorney.

If you wish to complete an Advance Directive, copies of the official State forms are available at our facility.

If you do not agree with this facility's policy, we will be pleased to assist you in rescheduling your procedure.

EXHIBIT 10  
NON-DISCRIMINATION POLICY

**Operations - Administration**

Policy#	Policy
GA047	Non-Discrimination of Patients
Effective Date: 3/23/15	Revision Date: 3/07/19 

**Policy:**

The Surgery Center at TCO complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability, or sex. The Surgery Center at TCO does not exclude people or treat them differently because of race, color, national origin, age, disability, or sex.

This statement is in accordance with the provisions of Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and Regulations of the U.S. Department of Health and Human Services issued pursuant to these statutes at title 45 Code of Federal Regulations Parts 80, 84 and 91.

The Surgery Center at TCO will:

- Provide free aid and services to people to communicate effectively with us, such as:  
 Qualified sign language interpreters  
 Written Information in other formats (larger print, other formats)
- Provide free language services to other people whose primary language is not English, such as:  
 Qualified interpreters  
 Information written in other languages

EXHIBIT 11  
TRI-CITY ORTHOPAEDIC CLINIC  
HISTORICAL REVENUE AND EXPENSE

**TRI-CITY ORTHOPAEDIC CLINIC, PSC**  
**Profit & Loss by Class**

January 2017 through December 2019

	2019	2018	2017
	Kennewick SXC	Kennewick SXC	Kennewick SXC
	(SXC)	(SXC)	(SXC)
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
4200 · Fees Collected	29,117,288.85	10,525,426.55	8,919,383.08
4300 · Refunds	-278,836.88	-92,861.78	-108,033.34
4900 · Miscellaneous Income	170,254.45	85,195.12	19,672.70
<b>Total Income</b>	<u>29,008,706.42</u>	<u>10,517,759.89</u>	<u>8,831,022.44</u>
<b>Gross Profit</b>	29,008,706.42	10,517,759.89	8,831,022.44
<b>Expense</b>			
5000 · Personnel Expenses	6,840,256.44	2,377,544.80	2,228,000.92
5100 · Equipment Lease expenses	0.00	0.00	0.00
5300 · Transcription	50,022.00	15,802.85	15,568.81
5400 · IT expenses	158,076.93	51,643.77	42,247.40
5500 · Professional Fees	39,864.13	21,599.05	6,085.82
5600 · Taxes	0.00	0.00	0.00
5650 · Licensing and Accreditation	6,244.50	5,727.00	517.50
5700 · Rent	1,621,268.27	516,000.00	589,268.27
5830 · Janitorial	163,822.30	25,789.28	77,208.18
6100 · Medical Supplies	8,426,302.69	3,217,693.19	2,793,604.10
6150 · Medical Equip Repairs & Maint	219,121.95	67,707.95	62,632.06
6300 · Billing/Collections Fees	46,231.82	22,598.29	12,669.16
6400 · Office Supplies	53,431.76	12,910.05	18,513.21
6500 · Administrative expenses	223,249.34	56,881.29	69,651.02
6600 · Occupancy Expenses	523,608.14	208,454.23	174,715.80
6800 · Physician Expenses	105.34	43.44	61.90
6830 · Malpractice Insurance	0.00	0.00	0.00
6901 · Advertising	1,061.00	0.00	1,061.00
6907 · Dues and Subscriptions	30,241.92	2,405.82	18,774.58
<b>Total Expense</b>	<u>18,402,908.53</u>	<u>6,602,801.01</u>	<u>6,110,579.73</u>
<b>Net Ordinary Income</b>	10,605,797.89	3,914,958.88	2,720,442.71



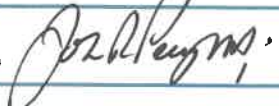
**EXHIBIT 12**

**TRI-CITY ORTHOPAEDIC CLINIC PRO FORMA  
REVENUE AND EXPENSE PROJECTIONS**

	Projected 2021	Projected 2022	Projected 2023	Projected 2024
Outpatient Revenue	\$11,577,969.21	\$12,735,766.13	\$13,372,554.43	\$13,372,554.43
Other Revenue	\$93,714.63	\$103,086.10	\$108,240.40	\$108,240.40
<b>Total Gross Revenue</b>	<b>\$11,671,683.84</b>	<b>\$12,838,852.22</b>	<b>\$13,480,794.83</b>	<b>\$13,480,794.83</b>
<b>Deductions from Revenue</b>				
Charity Care	\$131,890.03	\$145,079.03	\$152,332.98	\$152,332.98
Bad Debt and Refunds	\$92,861.78	\$95,675.50	\$98,574.46	\$101,561.27
<b>Net Revenue</b>	<b>\$11,446,932.03</b>	<b>\$12,598,097.69</b>	<b>\$13,229,887.39</b>	<b>\$13,226,900.58</b>
<b>Expenses</b>				
Salaries, Wages and Benefits	\$2,377,544.80	\$2,496,422.04	\$2,621,243.14	\$2,752,305.30
<b>Total Personnel Costs</b>				
Medical Supplies	\$3,217,693.19	\$3,378,577.85	\$3,547,506.74	\$3,724,882.08
Office Supplies	\$12,910.05	\$13,555.55	\$14,233.33	\$14,945.00
Laboratory	\$0	\$0	\$0	\$0
Pharmacy	\$0	\$0	\$0	\$0
Medical Director Fees	\$0	\$0	\$0	\$0
Equipment Lease and Maintenance	\$67,707.95	\$71,093.35	\$74,648.01	\$78,380.42
Building Rent or Lease	\$516,000.00	\$516,000.00	\$516,000.00	\$516,000.00
Depreciation / amortization	\$0	\$21,000.00	\$22,050.00	\$23,152.50
Insurance	\$0	\$10,500.00	\$11,025.00	\$11,576.25
Utilities	\$52,103.51	\$54,708.69	\$57,444.12	\$60,316.33
Other				
Transcription	\$15,802.85	\$16,592.99	\$17,422.64	\$18,293.77
IT expenses	\$51,643.77	\$54,225.96	\$56,937.26	\$59,784.12
Licensing and Accreditation	\$5,727.00	\$6,013.35	\$6,314.02	\$6,629.72
Janitorial	\$25,789.28	\$27,078.74	\$28,432.68	\$29,854.32
Dues and Subscriptions	\$2,405.82	\$2,526.11	\$2,652.42	\$2,785.04
Billing and Collection Fees	\$22,598.29	\$23,728.20	\$24,914.61	\$26,160.35
<b>Total All Expenses</b>	<b>\$6,367,926.51</b>	<b>\$6,692,022.83</b>	<b>\$7,000,823.97</b>	<b>\$7,325,065.20</b>
<b>Net Revenue Minus All Expenses</b>	<b>\$5,079,005.52</b>	<b>\$5,906,074.86</b>	<b>\$6,229,063.42</b>	<b>\$5,901,835.38</b>

EXHIBIT 13  
MEDICAL DIRECTOR AGREEMENT

**Operations - Administration**

Policy#	Policy
GA007	Notice of Medical Director
Effective Date: 9/11/14	Revision Date: 3/7/19 

**Policy:** To identify who is responsible for the leadership in the facility during or in the absence of the Medical Director according to state regulations and accreditation requirements.

**Procedure:**

1. This notice will be posted in the Administrator’s Medical Staff Manual for immediate reference.

**NOTICE OF MEDICAL DIRECTOR**

The Medical Director shall be **Johnathan R. Perry, MD**. In his/her absence **Faustin R. Stevens, MD** will assume his / her duties and responsibilities.

An outline of the Medical Director’s duties and responsibilities are documented in the Medical Staff Bylaws.

**THE SURGERY CENTER AT TCO - KENNEWICK**  
**MEDICAL DIRECTOR AGREEMENT**

**JOB SUMMARY**

***Johnathan R. Perry, MD***, under the direction of the Board as to the clinical matters, and in the capacity of ***MEDICAL DIRECTOR*** shall perform the services described as follows:

The ***Medical Director*** shall devote the necessary time to ***Medical Director's*** responsibilities in accordance with a schedule to be mutually agreed to by the parties.

1. **Licensing, Certification, Staff Membership.** At all times during the term of this Agreement, ***Medical Director*** shall be a physician duly licensed to practice medicine by the State of Washington, a member of the Center's active medical staff with all staff privileges necessary to provide services hereunder.
2. **Center Rules.** ***Medical Director*** shall abide by the administrative rules, regulations and policies of the Center, and shall offer his/her judgment by to the administration and clinical employees of the CENTER.
3. Advise the Center with respect to the ***Orthopedic*** physicians.
4. Overall coordination of medical care in the Department to insure the adequacy and appropriateness of the medical services provided to patients.
5. Daily communication with nursing staff as may be necessary to review potential patient care problems. This may include examination of medical records, and, when necessary, examination of the patients, and assurance of appropriate consultation.
6. As part of Center's overall patient care evaluation program, establish procedures to evaluate the consistency and quality of all services provided in the Department and participate actively in Center's overall patient care evaluation program (including utilization review), and Center Quality Improvement program in accordance with the medical staff/Governing board bylaws, rules and regulations, and policies of the Center and its medical staff.
7. Actively and effectively assist the Center and the medical staff, as required, in the performance of utilization review and cost containment functions.
8. Prepare and submit all reports of activities of the Department, as such reports may be requested, and analyze and interpret such reports upon request.
9. Participate in the medical and paramedical education programs conducted by the Center and perform such teaching and educational functions within the Center as are necessary to ensure the Center's compliance with the requirements of accrediting bodies, with the recommendations of appropriate medical specialty and subspecialty organizations, and as requested.

10. Maintain continuous liaison with CENTER in regard to patient care, professional conduct, maintenance of professional standards in the Department, coordination of Center personnel, and implementation of Center and medical staff Bylaws, rules and regulations, and policies.

11. Be available for consultations with staff physicians at such times as necessary and proper.

12. Conduct the Department in a cost efficient and effective manner, subject to budgetary systems and constraints established by the Center, and assist the Center in containing Department costs. Participate, as requested, in the preparation and operating and capital budgets for the Department (including projections of both revenues and expenditures), and use best efforts to perform all obligations under the Agreement in accordance with such Department budgets and otherwise cooperate with the Center in managing the Department.

13. Advise the Center with respect to technical and non-medical personnel assigned to the Department.

14. Participate in any committees to which *Medical Director* is assigned.

15. Advise CENTER regarding maintenance, repair and replacement of equipment for the Department.

Johnathan R Perry, MD  
Medical Directors Printed Name

  
Medical Directors Signature

1/15/2015  
Date

Scott N. Faringer  
Center Administrator Printed Name

  
Center Administrator Signature

1/15/15  
Date

EXHIBIT 14  
TRI-CITY ORTHOPAEDIC CLINIC BYLAWS

**BYLAWS**  
**OF**  
**TRI-CITY ORTHOPAEDIC CLINIC, P.S.C.**

**ARTICLE I. OFFICES**

1. **Registered Office.** The registered office of the corporation shall be as stated in the Articles of Incorporation or as may be fixed from time to time by the Board of Directors.
2. **Other Office.** The corporation may have other offices within or outside of the State of Washington at such places as the Board of Directors may fix from time to time or as the business of the corporation may require.

**ARTICLE II. SHAREHOLDERS**

1. **Place of Meetings.** All meetings of the shareholders shall be held at the registered office of the corporation, at the principal place of business of the corporation or at such other places as shall be determined from time to time by the Board of Directors, and the place at which such meeting shall be held shall be stated in the notice of the meeting.
2. **Annual Meetings.** The annual meeting of the shareholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held on a date to be fixed by the Board of Directors in the month of September of each year. If the annual meeting of the shareholders is not held as herein prescribed, the election of directors may be held at any meeting called pursuant to these Bylaws and the laws of the State of Washington. At the annual meeting of shareholders, the order of business shall be as follows:
  - (a) Calling the meeting to order.
  - (b) Proof of notice of meeting (or filing of waiver).



- (c) Reading of minutes of last annual meeting.
- (d) Reports of officers.
- (e) Reports of directors.
- (f) Election of directors.
- (g) Miscellaneous business.

3. Special Meetings. Special meetings of the shareholders may be called at any time by the Chairman of the Board, the President or the Board of Directors and shall be called by the Secretary at any time upon written request of any director or of any shareholder or shareholders holding in the aggregate not less than one-tenth of all the shares entitled to vote at such meeting.

4. Notice of Meetings. Notice of the time and place of the annual or any special meeting of shareholders shall be given by personally delivering or by mailing a written or printed notice of the same at least ten days, and not more than sixty days, prior to the meeting to each shareholder of record entitled to vote at such meeting. If mailed, postage shall be prepaid and the notice shall be addressed to the shareholder's last known address appearing on the stock transfer books of the corporation. In the case of a special meeting the notice shall state the purpose or purposes for which the meeting is called. Notice of any shareholders' meeting may be waived in writing by any shareholder at any time.

5. Fixing of Record Date. The Board of Directors shall fix in advance a date as the record date for any determination of shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose. Such record date in any case shall be not more than sixty days and, in case of a meeting of

shareholders, not less than ten days, prior to the date on which the particular action requiring such determination of shareholders is to be taken. If no record date is so fixed, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring the dividend or taking such other action is adopted, as the case may be, shall be the record date for such determination of shareholder.

6. Quorum and Voting. Except as otherwise provided by law or by the Articles of Incorporation:

(a) A quorum at any annual or special meeting of the shareholders shall consist of persons representing, either in person or by proxy, shares entitled to a majority of the voting power of all shares of the corporation entitled to vote at such meeting.

(b) If a quorum be not present at a properly called shareholders' meeting, the meeting may be adjourned by those present without new notice being given; provided, however, that any meetings at which directors are to be elected shall be adjourned only from day to day until such directors have been elected.

(c) The votes of a majority in interest of those present at any properly called meeting or adjourned meeting of shareholders at which a quorum, as in this paragraph defined, is present, shall be sufficient to transact business.

(d) The officer or agent having charge of the stock transfer books for shares of the corporation shall, at least ten days before each meeting of shareholders, make a complete record of the shareholders entitled to vote at each meeting of shareholders or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each, which record, for a period of ten days prior to such meeting, shall be kept on file at the

registered office of the corporation. Such record shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes thereof.

7. Proxies. Every shareholder shall have the right to cast his vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy. No proxy may be effectively revoked until notice in writing of such revocation has been given to the secretary of the corporation by the shareholder granting the proxy.

8. Voting of Shares by Certain Holders. Shares standing in the name of another corporation, domestic or foreign, may be voted by such officer, agent or proxy as the Bylaws of such corporation may prescribe, or in the absence of such provision, as the board of directors of such corporation may determine. A certified copy of a resolution adopted by such directors shall be conclusive as to their action.

Shares held by an administrator, executor, guardian, or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by the receiver without the transfer thereof

into his name if authority to do so be contained in an appropriate order of the court by which such receiver was appointed.

If shares are held jointly by three or more fiduciaries, the will of the majority of the fiduciaries shall control the manner of voting or giving of a proxy, unless the instrument or order appointing such fiduciaries otherwise directs.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

Treasury shares shall not be voted, directly or indirectly, at any meeting, or counted in determining whether a quorum is present at any meeting or determining the total number of outstanding shares at any given time.

9. Action Without a Meeting. Any action to be taken at a meeting of the shareholders, or any action which may be taken at a meeting of the shareholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

10. Conference Calls. A shareholder may participate in a meeting of the shareholders by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation of a shareholder by such means shall constitute presence in person at such meeting.

### ARTICLE III. STOCK

1. Certificates. Certificates of stock shall be issued in numerical order, and each shareholder shall be entitled to a certificate signed by the President or a Vice-President and the

Secretary or Assistant Secretary certifying to the number of shares which the certificate represents. Facsimile signatures may be utilized to the extent permitted by applicable law.

2. Transfers. No shareholder of the corporation may transfer any of his, her or its stock in the corporation to a person not a shareholder of the corporation without first offering the stock at fair market value to the corporation for redemption or purchase and to the current shareholders.

Transfers of stock shall be made only upon the transfer books of the corporation kept at the office of the corporation, and, before a new certificate is issued, the old certificate shall be surrendered for cancellation.

3. Rights of Registered Shareholders. Registered shareholders only shall be entitled to be treated by the corporation as the holders in fact of the stock standing in their respective names, and the corporation shall not be bound to recognize any equitable or other claim to or interest in any share on the part of any other person, whether or not it shall have express or other notice thereof, except as expressly provided by the laws of the State of Washington.

4. Replacement of Certificates. In case of loss or destruction of any certificate of stock, another may be issued in its place upon proof of such loss or destruction and upon such terms and conditions as the Board of Directors may provide, which may include a corporate surety bond or other indemnity.

5. Failure to Pay Subscription. If any subscriber for shares fails to pay amounts when due, the Board of Directors may declare a forfeiture of the subscription and/or of the amounts paid thereon if such failure remains uncured for at least twenty days after written demand has

been made therefore. The provisions of the foregoing sentence shall provide rights to the corporation in addition to any other rights existing under applicable law.

#### ARTICLE IV. BOARD OF DIRECTORS

1. Powers, Number and Tenure. The management of all the affairs, property and interest of the corporation shall be vested in a Board of Directors initially consisting of three persons, who shall be elected for a term of one year and shall hold office until their successors are elected and qualified. In addition to the powers and authority by these Bylaws and the Articles of Incorporation expressly conferred upon it, the Board of Directors may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the shareholders.

2. Change in Number. Other than as to the initial Board of Directors, the number of directors may at any time be increased or decreased by the Board of Directors who shall have the power to elect such additional directors to hold office until the next annual meeting of the shareholders and until their successors are elected and qualified. The change in number of directors shall not however diminish the term of any incumbent director, whose term may be diminished only as provided by law and these Bylaws.

3. Vacancies. All vacancies in the Board of Directors, whether caused by resignation, death or otherwise, may be filled by the remaining director or a majority of the remaining directors, or by the shareholders at any regular or special meeting held prior to the filling of such vacancy by the Board of Directors as above provided. A director thus elected to fill any

vacancy shall hold office for the unexpired term of his predecessor and until his successor is elected and qualified.

4. Regular Meetings. The Board of Directors or any committee designated by the Board of Directors may by resolution adopt a schedule of regular meetings. Regular meetings of the Board of Directors or of any committee designated by the Board of Directors may be held with or without notice at the registered office or principal place of business of the corporation or at such place or places as the Board of Directors or such committee, as the case may be, may from time to time designate.

5. Special Meetings. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board, the President or by any two directors, to be held at the registered office or principal place of business of the corporation or at such other place or places as the directors may from time to time designate. Special meetings of any committee designated by the Board of Directors may be called at any time by the Chairman of the Board, the President, by the chairman of such committee or by any two members thereof, to be held at the registered office or principal place of business of the corporation or at such other place or places as the members of such committee may from time to time designate.

6. Notice of Meetings. Written notice of all special meetings of the Board of Directors or of any committee designated by the Board of Directors shall be given to each director or member of such committee, as the case may be, not less than one day in advance of the same by telegram or personal delivery or, if by mail, such notice shall be deposited in the U.S. mail not less than three days in advance. Notice of any meeting may be waived in writing by any director or any committee member at any time.

7. Attendance at Meetings. The attendance of a director or any committee member at a meeting shall constitute a waiver of notice of such meeting, except where a director or committee member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Members of the Board of Directors or of any committee designated by the Board of Directors may participate in a meeting by means of a conference telephone call or similar communications equipment, and participation by such means shall constitute presence in person at a meeting.

8. Quorum and Voting. A majority of the whole Board of Directors shall be necessary at all meetings to constitute a quorum for the transaction of business, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. The act of the majority of the directors present at a meeting or adjourned meeting at which a quorum is present shall be the act of the Board of Directors.

9. Chairman of the Board. If the Board of Directors shall elect a Chairman of the Board, he shall act as Chairman of all meetings of the Board of Directors and shareholders, and except as may otherwise be provided by the Board of Directors, he shall be the Chief Executive Officer of the corporation.

10. Action of Directors or Committee Without a Meeting. Any action required to be taken at a meeting of the directors and any action which may be taken at a meeting of the directors or a committee (if any committee is appointed pursuant to Section 11 of this Article), may be taken without a meeting if a consent in writing, setting forth the action to be so taken,



shall be signed by all of the directors, or all of the members of the committee, as the case may be.

11. Committees. The Board of Directors by a resolution adopted by a majority of the full Board of Directors of the corporation may designate from among its members an Executive Committee, or one or more other committees, each of which, to the extent provided in such resolution, shall have and may exercise any or all of the authority of the Board of Directors, except as limited by law. The designation of any such committee and the delegation thereto of authority shall not relieve the Board of Directors, or any member thereof, of any responsibility imposed by law.

12. Removal. At a meeting of the shareholders called expressly for that purpose, the entire Board of Directors, or any lesser number, may be removed from office, with or without cause, by a vote of the holders of a majority of the shares entitled to vote at an election of directors. Unless the Articles of Incorporation deny or limit the right of cumulative voting, if less than the entire Board of Directors is to be removed, or one of the directors may be removed if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election of the entire Board of Directors, or, if there be classes of directors, at an election of the class of directors of which he is a part. If the Board of Directors or any one or more directors is so removed, new directors may be elected at this same meeting.

13. Compensation. By resolution of the Board of Directors, the directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as

director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefore.

14. Presumption of Assent. A director present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

#### ARTICLE V. OFFICERS

1. Election and Term of Office. The officers of the corporation shall be elected annually by the Board of Directors at the first meeting held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. A vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

~~2. Removal. Any officer or agent may be removed by the Board of Directors whenever in its judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.~~

3. President. Subject to the provisions of Article IV regarding the Chairman of the Board, the President shall be the Chief Executive Officer of the corporation and, subject to the

control of the Board of Directors, shall in general supervise and control all of the business affairs of the corporation. In the absence of the Chairman of the Board, or if there be none, the President shall preside at all meetings of the Board of Directors and shareholders. With the Secretary or any other proper officer of the corporation authorized by the Board of Directors, he may sign certificates for shares of the corporation, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the corporation or shall be required by law to be otherwise signed or executed. In general, he shall perform all duties incident to the office of President and such other duties as may be prescribed by resolution of the Board of Directors from time to time.

4. Vice-President. In the absence of the President or in the event of his death, disability, or refusal to act, the Vice President shall perform the duties of the President. If there shall be more than one Vice-President, the Vice-Presidents shall so act in the order designated at the time of their election, or in the absence of any designation, then in the order of their election. When so acting, the Vice-President shall have all the powers of and be subject to all the restrictions upon the president and shall perform such other duties as from time to time and be assigned to him by resolution of the Board of Directors.

5. Secretary. The Secretary shall, (a) keep the minutes of the shareholders' and Board of Directors' meetings in one or more books provided for that purpose, (b) see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law, (c) be custodian of the corporate records and of the seal (if any) of the corporation and see that the seal

of the corporation is affixed to all documents and execution of which on behalf of the corporation under its seal is duly authorized, (d) keep a register of the post office address of each shareholder, (e) sign with the President, or a Vice President, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors, (f) have general charge of the stock transfer books of the corporation, and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by resolution of the Board of Directors.

6. Treasurer. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties, in such sums and with such surety or sureties as the Board of Directors shall determine. He or she shall, (a) have charge and custody of and be responsible for all funds and securities of the corporation, (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, (c) deposit all such moneys in the name of the corporation in the banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws, and (d) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by resolution of the Board of Directors.

7. Assistant Secretaries and Assistant Treasurers. If required by the Board of Directors, the Assistant Secretaries and Treasurers shall respectively give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Secretaries and Assistant Treasurers in general shall perform such duties as shall be assigned to them by the Secretary or the Treasurer respectively, or by the President or by resolution of the Board of Directors.

8. Salaries. The salaries of the officers shall be fixed from time to time by the Board of Directors. No officer shall be prevented from receiving a salary by reason of the fact that he is also a director of the corporation.

#### ARTICLE VI. CONTRACTS, LOANS, CHECKS, DEPOSITS

1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument on behalf of the corporation, and that authority may be general or confined to specific instances. A director or officer of the corporation shall not be disqualified by his office from dealing or contracting with the corporation either as a vendor, purchaser, creditor, debtor, or otherwise.

2. Loans. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. That authority may be general or confined to specific instances. No loans shall be made by the corporation to a director nor shall the corporation guarantee the obligation of a director unless either: (a) the particular loan or guarantee is approved by the vote of the holders of at least a majority of the votes represented by the outstanding voting shares of all classes, except the votes of the benefited director, or (b) the Board of Directors determines that the loan or guarantee benefits the corporation and either approves the specific loan or guarantee or a general plan authorizing loans and guarantees.

3. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by the officer or officers, agent or agents of the corporation and in the manner as shall from time to time be determined by resolution of the Board of Directors.

4. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in the banks, trust companies or other depositories as the Board of Directors may select.

#### ARTICLE VII. DIVIDENDS AND FINANCE

1. Declaration and Payment of Dividends. Dividends may be declared by the Board of Directors and thereafter paid by the corporation, subject to the conditions and limitations imposed by the Articles of Incorporation, these Bylaws and the laws of the State of Washington.

2. Permissible Reserves. Before making any distribution of profits, there may be set aside out of the net profits of the corporation such sum or sums as the directors from time to time in their absolute discretion deem expedient as a reserve fund to meet contingencies, or for equalizing dividends, or for maintaining any property of the corporation, or for any other purpose, and any profits of any year not distributed as dividends shall be deemed to have been thus set apart until otherwise disposed of by the Board of Directors.

#### ARTICLE VIII. SEAL

The Board of Directors may adopt a corporate seal which, if adopted, shall be circular in form and shall have inscribed thereon the name of the corporation and the state of incorporation, the year of incorporation and the words "Corporate Seal".

#### ARTICLE IX. AMENDMENTS

The Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board of Directors at a meeting called for that purpose. Any Bylaw adopted or changed by the Board of Directors may be amended, repealed or altered by an affirmative vote of the shareholders at a meeting of shareholders following such action.

The foregoing Bylaws were adopted by the Board of Directors on the 25th day of  
October, 1997.

  
\_\_\_\_\_  
JAMES R. HAZEL  
Secretary

ATTEST:


  
\_\_\_\_\_  
MARK R. MERRELL  
President

EXHIBIT 15

LEASE AGREEMENT BETWEEN  
MH2 PROPERTIES, LLC AND TRI-CITY  
ORTHOPAEDIC CLINIC, P.S.C.



## LEASE

***THIS LEASE*** is executed the 1st day of January, 2020, by and between ***MH2 PROPERTIES, LLC***, a Washington Limited Liability Company (hereinafter referred to as "Landlord"), and ***TRI-CITY ORTHOPAEDIC CLINIC, P.S.C.***, a Washington Professional Services Corporation (hereinafter referred to as "Tenant").

### **1. DESCRIPTION OF PREMISES**

Landlord hereby leases to Tenant and Tenant hires from Landlord on the terms, covenants and conditions set forth herein those premises described in Exhibit A attached hereto, for property commonly known as 6703 W. Rio Grande Ave., Bldg A, Kennewick, WA 99336 (hereinafter referred to as "Leased Premises"). The parties acknowledge that the Leased Premises consists of approximately 14,840 square feet of space located on a single level.

The Leased Premises shall be used and occupied as medical offices for the purpose of providing surgical care. The Tenant shall not use the premises for any purpose in violation of any federal, state or municipal statute of ordinance, or of any regulation, order or directive of a governmental agency, as such statutes, ordinances, regulations, orders or directives now exist or may hereafter provide, concerning the use, safety or condition of the demised premises. On the breach of any provision hereof by Tenant, Landlord may at its option terminate this Lease forthwith and re-enter and repossess the demised premises.

(a) **Tenant Fixtures.** Tenant shall be entitled to remove all removable fixtures at the termination of this Lease but must pay to repair any damage done in such removal. However, all other improvements remain the property of Landlord at termination as set forth in Section 11.

### **2. TERM**

The term of this Lease shall be for five (5) years commencing on the 1st day of January 2020.

### **3. RENT**

Tenant agrees to pay Landlord at such place as Landlord may designate without deduction, offset, prior notice or demand, and Landlord agrees to accept as base rent for the Leased Premises the amount of \$43,000.00 per month.

The amount of \$43,000.00 is paid herewith to Landlord, upon execution of this Lease, representing the first month's rent. Thereafter, rent shall be due on the first day of each month during the term of this Lease.

If any payment required to be made by Tenant under the Lease is not paid on the date when

due, without grace, Tenant agrees to pay to Landlord a late charge equal to five percent (5%) per month of such late payment. Landlord and Tenant agree that this late charge represents a reasonable estimate of the costs and expenses to Landlord in connection with the handling of a late payment and is fair compensation to Landlord for its loss suffered by such late payment by tenant. Failure to pay any late charge within 30 days of assessment shall constitute default.

4. **REAL ESTATE AND PERSONAL PROPERTY TAXES AND ASSESSMENTS**

Tenant shall be responsible for and pay all real estate taxes assessed upon the real property.

Tenant shall be responsible for and pay all personal property taxes, including taxes on improvements to real property (with first and last years pro-rated), and personal property use tax.

5. **ELECTRICITY AND UTILITIES**

Tenant shall be solely responsible for and promptly pay when due all charges for electricity, business telephone, water, sewer, garbage, irrigation or any other utility used or consumed during the term of this Lease whether it is separately metered or not.

6. **USE OF PREMISES**

Tenant shall at its expense and risk, operate the Leased Premises as a medical center providing orthopaedic medical care. Tenant shall obtain all necessary permits, city, county and state licenses. Tenant shall promptly comply with all laws, ordinances, orders and regulations affecting the Leased Premises by governmental agencies having jurisdiction in its cleanliness, safety, occupation and use. Tenant shall not do or permit anything to be done in or about the Leased Premises or bring or keep anything in the Leased Premises that will in any way increase the fire insurance on the building. Tenant will not perform any act or carry on any practices that may injure the building or be a nuisance or menace to adjoining premises.

7. **INSURANCE**

No use shall be made or permitted to be made of the Leased Premises, nor acts done, which will increase the existing rate of insurance upon the building or cause the cancellation of any insurance policy covering the building or any part thereof.

Tenant shall maintain in full force and effect on all of its fixtures, inventory, equipment and all property in the Leased Premises a policy or policies of fire and extended coverage insurance with standard coverage endorsement to the extent of at least One Hundred Percent (100%) of its insurable value. The policy shall insure against "all risks." During the term of this Lease, the proceeds from any such policy or policies of insurance shall be used for repair or replacement of the fixtures or equipment so insured. Landlord will not carry insurance on Tenant's possessions. Tenant shall furnish Landlord with a Certificate of such policy with thirty (30) days of the commencement of this Lease. Said policy shall name Landlord and any mortgagees as additional

insureds.

Landlord shall maintain in full force and effect an "all risk" policy insuring the building structure to the full extent of value, but Tenant shall pay such insurance.

Tenant, at its own expense, shall provide and keep in force with companies acceptable to Landlord public liability insurance for the benefit of Landlord and Tenant jointly against liability for bodily injury and property damage in the aggregate amount of not less than Two Million Dollars (\$2,000,000), in respect to injuries to or death of one or more than one person, and in the aggregate amount of not less One Million Dollars (\$1,000,000.00) in respect to damage to property. Certificates of such policies shall be furnished to Landlord upon request. Such policies shall name Landlord and Landlord's mortgagees as additional insureds and shall be primary and non-contributing with any insurance carried by Landlord. The policy shall further provide that it shall not be canceled or altered without thirty (30) days written notice to Landlord.

**8. INDEMNIFICATION BY TENANT**

Tenant shall indemnify and hold harmless Landlord against and from any and all claims for bodily injuries, including bodily injuries sustained by employees of Tenant, property damage and environmental damage, including all claims, costs or assessments for environmental damage which may arise out of the operation or contamination of the Leased Premises (or adjoining premises) or release to the environment of hazardous substances, pollutants, fuel, petroleum or similar materials or substances, arising from Tenant's use of the Leased Premises or the conduct of its business or from any activity, work or thing done, permitted or suffered by the Tenant in or about the Leased Premises, and shall further indemnify and hold harmless Landlord against and from any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease or arising from any act or neglect, fault or omissions of the Tenant or of its agents or employees from any and all costs, attorney's fees and expenses and liabilities incurred in or about such claim or any action or proceeding brought thereof, and in case any action or proceeding shall be brought against Landlord by reason of any such claims, Tenant upon notice from Landlord shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property and injury to persons in or about the Leased Premises from any cause whatsoever except that which is caused by the failure of Landlord to observe any of the terms and conditions of this Lease after Landlord has received written notice thereof.

Tenant agrees that the foregoing indemnity specifically covers liability for actions brought by its own employees. The indemnification provided for in this section with respect to any acts or omissions during the term of this Lease shall survive any termination or expiration of this Lease. Tenant shall promptly notify Landlord of casualties or accidents occurring in or about the property.

Notwithstanding the foregoing, if losses, liabilities, damages, liens and expenses so arising are caused by the concurrent negligence of both Landlord and Tenant, their employees, agents, invitees or licensees, Tenant shall be obligated to indemnify Landlord only to the extent of Tenant's

own negligence or that of its officers, agents, employees, guests or invitees. The foregoing indemnity is specifically and expressly intended to constitute a waiver of Tenant's immunity under the Washington Industrial Insurance Act, RCW Title 51, to the extent necessary to provide Landlord with a full and complete indemnity from the claims made by Tenant and its employees, to the extent of their negligence. The Tenant is not required to indemnify the Landlord any negligence of the Landlord that may give rise to a claim. ***LANDLORD AND TENANT ACKNOWLEDGE THAT THE INDEMNIFICATION PROVISIONS OF THIS SECTION WERE SPECIFICALLY NEGOTIATED AND AGREED TO BY THEM.***

**9. MAINTENANCE OF PREMISES**

The Tenant shall maintain the Leased Premises, including the buildings thereon and any and equipment, fixtures and appurtenances, landscaping, grounds, parking areas, driveways, storage and refuse areas, furnished by the Landlord or Tenant under this Lease in good repair and tenantable condition on a basis consistent with its nature. For the purpose of so maintaining said premises and property, the Landlord may at reasonable times, and with the approval of the Tenant, enter and inspect the same and make any necessary repairs thereto.

**10. SIGN AND LANDSCAPING**

Tenant shall make no alternations or additions to the landscaping and shall place no exterior signs on the Leased Premises without the prior written consent of Landlord. Landlord may immediately remove any signs not in conformity with the Lease.

**11. ALTERATIONS**

After prior written consent of Landlord, Tenant may make alterations, additions or improvements in said premises, at its sole cost and expense. In the performance of such work, Tenant agrees to comply with all laws, ordinances, rules and regulations of any proper public authority, and to save Landlord harmless from damage, loss, or expense. Upon termination of this Lease, all alterations, additions or improvements made by Tenant to said premises shall become the property of Landlord without cost or expense to Landlord. Tenant shall not be entitled to any reimbursement for any Tenant improvements, nor shall Tenant be entitled to reimbursement for any improvements upon termination for default or other termination.

Nothing contained in this Lease shall be construed to authorize Tenant to do any act or make any contract so as to encumber in any manner the title of Landlord to the premises hereby demised or to create any claim or lien on or against the interests of Landlord in any building construction or building improvements which are authorized under this Lease. It is expressly agreed that all the expenses of the erection, equipping, repairing, improving and altering of building improvements or construction acknowledged or authorized hereunder shall be the responsibility of the Tenant, as required by the terms of any contract therefore, and that no liens be placed on the premises.

**12. ENTRY BY LANDLORD**

Tenant shall permit Landlord and/or Landlord's agents to enter, with reasonable notice, the Leased Premises at all reasonable times for the purpose of inspecting the same or for the purpose of maintaining the building or for the purpose of making repairs and alterations or additions to any portion of the building, including the erection and maintenance of such scaffolding, canopies, fences and props that may be required, or for the purpose of posting notices or showing the premises to prospective tenants during the last ninety (90) days of this Lease.

**13. ASSIGNMENT AND SUBLETTING**

Tenant shall not assign, mortgage or hypothecate this Lease or any interest in this Lease or permit the use of the Leased Premises by any person or persons other than Tenant or sublet the Leased Premises or any part of the Leased Premises. Any attempted assignment or subletting without Landlord's consent shall be void and shall, at the option of Landlord, terminate this Lease. Consent by the Landlord to any assignment or subletting shall not release Tenant from its primary liability under the Lease, and Landlord's consent to one assignment, subletting or occupation or use by other parties shall not be deemed consent to other subleases or assignments for occupation or use by other parties.

**14. INSOLVENCY OF TENANT**

Either the appointment of a receiver to take possession of all or substantially all of the assets of Tenant or a general assignment by Tenant under any insolvency or bankruptcy act shall, if any such appointments, assignments or action continues for a period of thirty (30) days constitutes a breach of this Lease by Tenant and Landlord may at its election without notice terminate this Lease and, in that event shall be entitled to immediate possession of the Leased Premises and damages.

**15. RE-ENTRY AND REPOSSESSION ON DEFAULT**

If default shall be made by Tenant or Tenant's successors or assigns in the payment of the rent and profit participation herein reserved, and that default shall continue for thirty (30) days after notice thereof in writing to Tenant or Tenant's successors or assigns, or if a breach other than in the payment of rent shall be made in the terms and conditions herein to be performed by Tenant or Tenant's successors and assigns, and the breach shall continue for thirty (30) days after notice thereof in writing to Tenant, then and in either event the right of Tenant to possession of the Leased Premises shall terminate without notice of demand, and the mere retention or possession thereafter by Tenant shall constitute a forcible detainer.

If Landlord so elects, but not otherwise, this Lease shall thereupon terminate. On the termination of the right of possession of Tenant, whether this Lease be terminated or not, Tenant shall surrender possession of the Leased Premises immediately, and under those conditions shall grant the Landlord full and free license to re-enter into and on the Leased Premises or any part thereof to repossess the premises with or without process of law, and to expel and remove Tenant or any other person who may be occupying the premises or any part thereof through Tenant. Landlord

may use any force in removing Tenant and any other person as may reasonably be necessary. Any re-entry shall be made without waiving or postponing any other right against Tenant or the right to enforce any bond or other security given for the faithful performance of the terms and conditions herein contained. Any re-entry shall be made without prejudice to any rights or remedies whether by statute or common law that might otherwise be used for recovering arrears in rent or for breach of any terms of conditions or this Lease. Any re-entry, repossession, expulsion or removal, whether by direct act of Landlord or through legal proceedings for that purpose, shall not terminate this Lease, nor release Tenant from any liability for the payment of any rent stipulated to be paid by this Lease or for the performance or fulfillment of any other term or condition provided herein, whether before or after the re-entry, repossession, expulsion or removal by Landlord.

In the event of any re-entry by Landlord, Landlord may operate the premises or lease or re-let the premises in whole or in part, or the buildings and improvements thereon, to any tenant or tenants that may be satisfactory to Landlord for any duration and for the best rent, terms and conditions as Landlord may obtain. The acceptance of any tenant or the making of any Lease of Landlord shall be conclusive of the exercise of proper discretion by Landlord. In event of a re-entry, Landlord shall use and apply any rent received by Landlord as follows:

- A. Payment of the cost, maintenance and operation of the Leased Premises and the building and improvement thereon, including a reasonable compensation to Landlord and its agents, attorneys or employees for services in the management of the Leased Premises.
- B. Payment of all taxes, assessments, impositions and other charges or expenses herein agreed to be paid by Landlord.
- C. Payment on account of the stipulated installments of rent to be paid by Tenant from time to time as the rent accrues, with interest at the rate of eighteen percent (18%) per annum from the time the rent becomes due.

Landlord shall not be under any obligation to repossess the Leased Premises during any period wherein Tenant is in default, and the foregoing provisions regarding the repossession and management of the building and improvements and the disposition of rents thereof by Landlord are made to operate only in the event Landlord shall elect to repossess the premises.

**16. ACCEPTANCE OF RENT AFTER DEFAULT TO BE WITHOUT PREJUDICE TO OTHER RIGHT OR REMEDIES**

The receipt and acceptance by Landlord of rental payments as they become due from Tenant where Landlord has knowledge of the existence of a breach of a term or condition of this Lease by Tenant, or after Landlord has served notice, commenced an action or obtained a final judgment for a breach by Tenant shall not be constructed as a waiver of the breach by Landlord, and shall not operate to prejudice, waive or affect any right or remedy that Landlord may have under this Lease

or by operation of law, as to that breach or any future breach of the same or of a different nature.

**17. EFFECT OF CONDEMNATION ON RENT**

If the whole or any part of the premises hereby leased shall be condemned or taken by the City of Richland, or by any county, federal, state or other authority for any purpose, then the term of this Lease shall cease on the part so taken from the day the possession of that part shall be required for any purpose and the rent shall be paid up to that day, and from that day Tenant or Landlord shall have the right either to cancel this Lease and declare the same null and void or to continue in the possession of the remainder of the premises under the terms herein provided, except that the rent shall be reduced in proportion to the amount of premises taken for public purpose. All damage awarded for such taking for any public purpose shall belong to and be the property of Landlord, whether such damage shall be awarded as compensation for diminution in value to the leasehold or to the fee of the premises herein leased.

**18. DESTRUCTION OF PREMISES**

In the event the Leased Premises are partially destroyed by the elements, or any other cause whether resulting from Tenant's neglect or fault or not, Tenant with reasonable promptness and dispatch shall repair and rebuild the same, providing the same can be repaired and rebuilt, to a condition similar to pre-destruction condition (under state and municipal laws and regulations) within sixty (60) working days and Tenant shall pay rent during such period of repair or rebuilding. For the purposes hereof, damage or injury which does not amount to fifty percent (50%) of the full (market) value of the Leased Premises (at the date of execution of this Lease) shall be considered as a partial destruction.

If the Leased Premises during the term of this Lease, or any renewal thereof, shall be destroyed by fire or other casualty whether the result of Tenant's neglect or fault or not, then and in that event Landlord shall be entitled to either restoration of the Leased Premises to its pre-destruction condition at Tenant's expense or payment from Tenant of an amount equal to the fair market value of the premises. Tenant's obligation to pay rent shall not cease unless and until payment to Landlord of the amount equal to fair market value. The Lease shall thereupon be terminated. Tenant shall not be excused from any obligation under the Lease, including payment of rent if it fails to maintain insurance required hereunder or if insurance does not cover the loss, and shall in any event be obligated to restore the premises to its pre-destruction condition or pay Landlord fair market value at its own expense, and to perform all other Lease obligations.

**19. ATTORNEY'S FEES AND COLLECTION CHARGES**

If the Landlord incurs any expense, including attorney's fees and collection costs, as a result of any default of Tenant hereunder, the sum or sums so paid by Landlord, with interest, costs and damages, shall be immediately due and payable to Landlord.

**20. NOTICES**

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All notices of any kind or sort in connection with this Lease by either party to the other shall be in writing and shall be sufficiently given and served upon the other party, sent by certified mail, return receipt requested, postage prepaid, and addressed as follows:

TO TENANT:            Tri-City Orthopaedic Clinic, PSC  
DBA The Surgery Center at TCO  
6703 W Rio Grande Avenue Building A  
Kennewick, WA 99336-2623

TO LANDLORD:        MH2 Properties, LLC  
6703 W Rio Grande Avenue Building B  
Kennewick, WA 99336-2623

**21.    HOLDING OVER**

If Tenant should remain in possession of the Leased Premises after the expiration of the Lease term without executing a new Lease, then such holding over shall be construed as a tenancy from month-to-month, subject to all the conditions, provisions and obligations of this Lease in so far as the same are applicable to a month-to-month tenancy.

**22.    SUBORDINATION BY TENANT**

This Lease, at Landlord's option, shall be subordinate to any mortgage or deed of trust now or hereafter placed upon the property of which the Leased Premises are a part and to any and all advances made on the security thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding any subordination, Tenant's right to quiet possession of the Leased Premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee or beneficiary under deed of trust shall elect to have this Lease prior to the lien of its mortgage or deed of trust, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage or deed of trust, whether this Lease is dated prior or subsequent to the date of the mortgage or deed of trust. Tenant agrees to execute any documents required to affect such subordination or to make this Lease prior to the lien of any mortgage or deed of trust, as the case may be, within ten (10) days after written demand.

**23.    ESTOPPEL CERTIFICATE**

Tenant shall at any time upon not less than ten (10) days prior written notice from Landlord execute, acknowledge and deliver to Landlord a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect), and the date to which the rent



and other charges are paid in advance, if any, and (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any perspective purchaser or encumbrancer of the property of which the Leased Premises are a part.

**24. MISCELLANEOUS PROVISIONS**

This instrument contains all of the agreements and conditions made between the parties in this Lease and may not be modified orally or in any other manner than by agreement in writing signed by the parties. Time is of the essence to each term and provision of this Lease.

Except as otherwise expressly provided, the terms and provisions of this Lease shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of Landlord and Tenant.

All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement of rent.

*IN WITNESS WHEREOF*, Landlord and Tenant have executed this Lease as of the day and year first above written. Individuals signing on behalf of a principal warrant they have authority to bind their principals.

TENANT:

LANDLORD:

TRI-CITY ORTHOPAEDIC CLINIC PSC,  
A Washington Professional Services Corporation

MH2 PROPERTIES, LLC,  
A Washington Limited Liability Company

By:  
Title:

  
\_\_\_\_\_  
CEO

By:  
Title:


  
\_\_\_\_\_  
MEMBER

EXHIBIT 16  
TRI-CITY ORTHOPAEDIC CLINIC AUDITED  
FINANCIAL STATEMENTS

## TRI-CITY ORTHOPAEDIC CLINIC, PSC

## Profit &amp; Loss

06/18/20

January through December 2017

Cash Basis

	<u>Jan - Dec 17</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4200 · Fees Collected	31,349,468.37
4300 · Refunds	-241,022.33
4900 · Miscellaneous Income	71,003.50
<b>Total Income</b>	<u>31,179,449.54</u>
<b>Gross Profit</b>	31,179,449.54
<b>Expense</b>	
5000 · Personnel Expenses	
5021 · Payroll Other	8,203.39
5030 · Contract Labor	0.00
5040 · Salaries	7,978,017.30
5050 · Employees-Employee Related Exp	1,409.23
5060 · Payroll Taxes & Fees	680,654.89
5070 · Medical Insurance	827,435.57
5090 · Other Benefit expense	476,124.21
<b>Total 5000 · Personnel Expenses</b>	<u>9,971,844.59</u>
5100 · Equipment Lease expenses	205,097.60
5300 · Transcription	50,064.81
5400 · IT expenses	
5421 · IT Expense-Software	217,388.59
5422 · IT Expense-Hardware	56,318.74
5423 · IT Expense-Support	108,429.17
<b>Total 5400 · IT expenses</b>	<u>382,136.50</u>
5500 · Professional Fees	
5200 · MRI Interpretations	292,015.00
5531 · Professional Fees-Legal	45,021.35
5532 · Professional Fees-Accounting	15,721.00
5533 · Professional Fees-Consulting	16,274.54
5539 · Professional Fees-Other	16,407.67
5500 · Professional Fees - Other	2,900.00
<b>Total 5500 · Professional Fees</b>	<u>388,339.56</u>
5600 · Taxes	
5651 · Taxes-Business & Occupation	464,907.81
5653 · Taxes-Property	179,719.69
<b>Total 5600 · Taxes</b>	<u>644,627.50</u>
5650 · Licensing and Accreditation	3,610.38
5700 · Rent	1,622,438.88
5830 · Janitorial	119,411.68
6100 · Medical Supplies	
5846 · Medical Gases	14,420.79
6110 · Injectables	474,462.25
6120 · DME	329,147.20
6130 · Implants	1,610,856.42
6140 · Minor Equipment	115,927.17
6100 · Medical Supplies - Other	1,761,575.09
<b>Total 6100 · Medical Supplies</b>	<u>4,306,388.92</u>
6150 · Medical Equip Repairs & Maint	106,243.85
6300 · Billing/Collections Fees	18,716.08
6400 · Office Supplies	105,162.83

## TRI-CITY ORTHOPAEDIC CLINIC, PSC

## Profit &amp; Loss

06/18/20

January through December 2017

Cash Basis

	<u>Jan - Dec 17</u>
<b>6500 · Administrative expenses</b>	
6904 · Continuing Ed. Employees	22,297.51
6906 · Bank Charges	103,744.45
6911 · Interest Expense	382,779.96
6914 · Travel Expenses	8,430.32
6916 · Postage and Delivery	43,821.24
6955 · Employee relations	8,675.61
6960 · Insurance	58,232.51
6961 · Recruiting Expenses	24,641.65
6962 · Meals & Entertainment	12,652.66
6963 · Patient Meals	4,973.06
6999 · Miscellaneous	7,656.36
6500 · Administrative expenses - Other	-354.71
<b>Total 6500 · Administrative expenses</b>	<u>677,550.62</u>
<b>6600 · Occupancy Expenses</b>	
5840 · Repairs & Maintenance	119,484.78
5842 · Service Contracts	341,434.35
5843 · Equipment- M&R	3,493.14
5845 · Laundry and Linen	8,287.72
5847 · Document Shredding	10,281.76
6260 · TV / Cable	21,774.92
6261 · Telephone/Internet	51,399.73
6262 · Utilities	222,168.61
<b>Total 6600 · Occupancy Expenses</b>	<u>778,325.01</u>
<b>6800 · Physician Expenses</b>	
6802 · Payroll Taxes	232,483.95
6804 · Medical Insurance	144,486.67
6805 · Other Benefits	83,499.16
6810 · Telephone - Cell	19,732.75
6815 · Continuing Education	43,133.84
6840 · Business Meals	13,347.64
6841 · Dues and Licensing	55,524.10
6850 · Travel & Entertainment	48,338.35
6905 · Automotive Expense	37,527.82
6915 · Charitable Donations	19,993.80
<b>Total 6800 · Physician Expenses</b>	<u>698,068.08</u>
6830 · Malpractice Insurance	238,696.83
6901 · Advertising	34,434.93
6907 · Dues and Subscriptions	16,123.97
<b>Total Expense</b>	<u>20,367,282.62</u>
<b>Net Ordinary Income</b>	10,812,166.92
<b>Other Income/Expense</b>	
Other Income	
7030 - Other Income	1,125.00
6801 · Doctors Salaries	-10,448,500.26
9200 · PT Allocation	-100,279.23
9300 · MRI Allocation	0.00
9400 · Overhead Allocation	0.00
9500 · SXC allocation	0.00
<b>Total Other Income</b>	<u>-10,547,654.49</u>
<b>Net Other Income</b>	-10,547,654.49
<b>Net Income</b>	<u><u>264,512.43</u></u>

## TRI-CITY ORTHOPAEDIC CLINIC, PSC

## Profit &amp; Loss

06/18/20

January through December 2018

Cash Basis

	<u>Jan - Dec 18</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4200 · Fees Collected	30,683,363.95
4300 · Refunds	-196,854.77
4900 · Miscellaneous Income	19,672.70
<b>Total Income</b>	<u>30,506,181.88</u>
<b>Gross Profit</b>	30,506,181.88
<b>Expense</b>	
<b>5000 · Personnel Expenses</b>	
5021 · Payroll Other	-2,750.00
5030 · Contract Labor	2,585.35
5040 · Salaries	7,650,041.53
5050 · Employees-Employee Related Exp	1,239.78
5060 · Payroll Taxes & Fees	700,571.98
5070 · Medical Insurance	787,785.94
5090 · Other Benefit expense	468,981.60
<b>Total 5000 · Personnel Expenses</b>	9,608,456.18
<b>5100 · Equipment Lease expenses</b>	198,674.95
5140 · Depreciation Expense	563,147.00
5300 · Transcription	34,700.06
<b>5400 · IT expenses</b>	
5421 · IT Expense-Software	254,612.68
5422 · IT Expense-Hardware	138,904.53
5423 · IT Expense-Support	143,627.88
5400 · IT expenses - Other	451.10
<b>Total 5400 · IT expenses</b>	<u>537,596.19</u>
<b>5500 · Professional Fees</b>	
5200 · MRI Interpretations	298,170.80
5531 · Professional Fees-Legal	23,397.12
5532 · Professional Fees-Accounting	21,010.46
5533 · Professional Fees-Consulting	24,150.00
5539 · Professional Fees-Other	9,860.25
5500 · Professional Fees - Other	-2,505.00
<b>Total 5500 · Professional Fees</b>	<u>374,083.63</u>
<b>5600 · Taxes</b>	
5651 · Taxes-Business & Occupation	460,468.07
5652 · Taxes-Federal	531.62
5653 · Taxes-Property	199,225.51
<b>Total 5600 · Taxes</b>	660,225.20
5650 · Licensing and Accreditation	20,505.29
5700 · Rent	2,476,949.43
5830 · Janitorial	140,134.47
<b>6100 · Medical Supplies</b>	
5846 · Medical Gases	15,498.95
6110 · Injectables	688,945.10
6120 · DME	290,435.34
6130 · Implants	1,533,959.10
6140 · Minor Equipment	117,078.48
6100 · Medical Supplies - Other	1,509,234.33
<b>Total 6100 · Medical Supplies</b>	<u>4,155,151.30</u>
6150 · Medical Equip Repairs & Maint	79,751.46
6300 · Billing/Collections Fees	16,598.88
6400 · Office Supplies	109,371.33

## TRI-CITY ORTHOPAEDIC CLINIC, PSC

## Profit &amp; Loss

06/18/20

January through December 2018

Cash Basis

	Jan - Dec 18
<b>6500 · Administrative expenses</b>	
6904 · Continuing Ed. Employees	26,251.98
6906 · Bank Charges	155,099.23
6911 · Interest Expense	203.99
6914 · Travel Expenses	7,683.78
6916 · Postage and Delivery	34,469.14
6955 · Employee relations	3,839.14
6960 · Insurance	81,173.56
6961 · Recruiting Expenses	54,833.71
6962 · Meals & Entertainment	14,822.66
6963 · Patient Meals	5,660.83
6999 · Miscellaneous	67,622.59
6500 · Administrative expenses - Other	1,341.70
<b>Total 6500 · Administrative expenses</b>	<b>453,002.31</b>
<b>6600 · Occupancy Expenses</b>	
5828 · Security	733.02
5840 · Repairs & Maintenance	148,207.15
5842 · Service Contracts	394,964.05
5843 · Equipment- M&R	2,835.35
5845 · Laundry and Linen	31,012.92
5847 · Document Shredding	10,956.19
6260 · TV / Cable	38,389.47
6261 · Telephone/Internet	36,176.29
6262 · Utilities	243,522.01
<b>Total 6600 · Occupancy Expenses</b>	<b>906,796.45</b>
<b>6800 · Physician Expenses</b>	
6802 · Payroll Taxes	232,842.36
6804 · Medical Insurance	167,626.96
6805 · Other Benefits	103,271.43
6810 · Telephone - Cell	17,383.04
6815 · Continuing Education	9,809.24
6840 · Business Meals	23,934.60
6841 · Dues and Licensing	38,331.51
6850 · Travel & Entertainment	42,697.48
6905 · Automotive Expense	26,274.45
6915 · Charitable Donations	14,603.95
6800 · Physician Expenses - Other	817.04
<b>Total 6800 · Physician Expenses</b>	<b>677,592.06</b>
6830 · Malpractice Insurance	211,026.00
6901 · Advertising	49,810.20
6907 · Dues and Subscriptions	34,525.46
<b>Total Expense</b>	<b>21,308,097.85</b>
<b>Net Ordinary Income</b>	<b>9,198,084.03</b>
<b>Other Income/Expense</b>	
<b>Other Income</b>	
6801 · Doctors Salaries	-9,876,672.64
9200 · PT Allocation	-60,279.51
9300 · MRI Allocation	0.00
9400 · Overhead Allocation	0.00
9500 · SXC allocation	0.00
<b>Total Other Income</b>	<b>-9,936,952.15</b>
<b>Net Other Income</b>	<b>-9,936,952.15</b>
<b>Net Income</b>	<b>-738,868.12</b>

## TRI-CITY ORTHOPAEDIC CLINIC, PSC

## Profit &amp; Loss

06/18/20

January through December 2019

Cash Basis

	<u>Jan - Dec 19</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4200 · Fees Collected	31,572,798.22
4300 · Refunds	-267,736.12
4900 · Miscellaneous Income	108,102.04
<b>Total Income</b>	<u>31,413,164.14</u>
<b>Gross Profit</b>	31,413,164.14
<b>Expense</b>	
5000 · Personnel Expenses	
5040 · Salaries	7,894,841.04
5050 · Employees-Employee Related Exp	1,202.04
5060 · Payroll Taxes & Fees	714,385.29
5070 · Medical Insurance	1,010,252.50
5090 · Other Benefit expense	462,880.46
<b>Total 5000 · Personnel Expenses</b>	<u>10,083,561.33</u>
5100 · Equipment Lease expenses	254,052.12
5140 · Depreciation Expense	133,571.00
5300 · Transcription	53,012.85
5400 · IT expenses	
5421 · IT Expense-Software	213,364.58
5422 · IT Expense-Hardware	162,604.62
5423 · IT Expense-Support	171,685.18
5400 · IT expenses - Other	706.17
<b>Total 5400 · IT expenses</b>	<u>548,360.55</u>
5500 · Professional Fees	
5200 · MRI Interpretations	325,070.00
5531 · Professional Fees-Legal	24,442.02
5532 · Professional Fees-Accounting	19,708.00
5533 · Professional Fees-Consulting	21,458.31
5539 · Professional Fees-Other	28,638.19
5500 · Professional Fees - Other	2,365.00
<b>Total 5500 · Professional Fees</b>	<u>421,681.52</u>
5600 · Taxes	
5651 · Taxes-Business & Occupation	463,399.92
5652 · Taxes-Federal	-257.00
5653 · Taxes-Property	191,000.04
<b>Total 5600 · Taxes</b>	<u>654,142.96</u>
5650 · Licensing and Accreditation	26,189.15
5700 · Rent	2,138,848.50
5830 · Janitorial	43,073.43
6100 · Medical Supplies	
5846 · Medical Gases	15,391.48
6110 · Injectables	735,754.80
6120 · DME	385,476.92
6130 · Implants	1,854,497.15
6140 · Minor Equipment	144,506.32
6100 · Medical Supplies - Other	1,509,213.44
<b>Total 6100 · Medical Supplies</b>	<u>4,644,840.11</u>
6150 · Medical Equip Repairs & Maint	80,452.69
6300 · Billing/Collections Fees	22,598.29
6400 · Office Supplies	74,835.78

## TRI-CITY ORTHOPAEDIC CLINIC, PSC

## Profit &amp; Loss

06/18/20

January through December 2019

Cash Basis

	<u>Jan - Dec 19</u>
<b>6500 · Administrative expenses</b>	
6904 · Continuing Ed. Employees	33,682.51
6906 · Bank Charges	192,778.96
6911 · Interest Expense	24,155.86
6914 · Travel Expenses	4,734.36
6916 · Postage and Delivery	29,284.54
6955 · Employee relations	17,202.10
6960 · Insurance	70,631.94
6961 · Recruiting Expenses	15,437.42
6962 · Meals & Entertainment	9,761.53
6963 · Patient Meals	6,331.97
6999 · Miscellaneous	9,853.52
6500 · Administrative expenses - Other	-24.08
<b>Total 6500 · Administrative expenses</b>	<u>413,830.63</u>
<b>6600 · Occupancy Expenses</b>	
5840 · Repairs & Maintenance	142,172.80
5842 · Service Contracts	423,630.19
5843 · Equipment- M&R	1,533.96
5845 · Laundry and Linen	36,835.53
5847 · Document Shredding	11,644.14
6260 · TV / Cable	37,535.37
6261 · Telephone/Internet	35,927.89
6262 · Utilities	229,749.88
<b>Total 6600 · Occupancy Expenses</b>	<u>919,029.76</u>
<b>6800 · Physician Expenses</b>	
6802 · Payroll Taxes	211,250.92
6804 · Medical Insurance	165,515.67
6805 · Other Benefits	56,277.53
6810 · Telephone - Cell	18,552.03
6815 · Continuing Education	41,667.11
6840 · Business Meals	20,734.01
6841 · Dues and Licensing	37,663.46
6850 · Travel & Entertainment	15,264.10
6905 · Automotive Expense	25,897.44
6915 · Charitable Donations	2,050.00
6800 · Physician Expenses - Other	537.93
<b>Total 6800 · Physician Expenses</b>	<u>595,410.20</u>
6830 · Malpractice Insurance	200,560.98
6901 · Advertising	114,919.81
6907 · Dues and Subscriptions	4,904.05
<b>Total Expense</b>	<u>21,427,875.71</u>
<b>Net Ordinary Income</b>	9,985,288.43
<b>Other Income/Expense</b>	
<b>Other Income</b>	
6801 · Doctors Salaries	-10,025,969.62
9200 · PT Allocation	-65,193.99
9300 · MRI Allocation	0.00
9400 · Overhead Allocation	0.00
9500 · SXC allocation	0.00
<b>Total Other Income</b>	<u>-10,091,163.61</u>
<b>Net Other Income</b>	-10,091,163.61
<b>Net Income</b>	<u><u>-105,875.18</u></u>



## Balance Sheet

As of December 31, 2017

	Dec 31, 17
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1010 · Community First Bank	544,222.22
1020 · SXC checking- Comm 1st	233,961.64
1120 · Cash - On hand	
1012 · Petty Cash	2,484.20
<b>Total 1120 · Cash - On hand</b>	<b>2,484.20</b>
<b>Total Checking/Savings</b>	<b>780,668.06</b>
<b>Other Current Assets</b>	
1300 · Accounts Receivable	
1015 · Unposted Receipts	-537,066.12
1350 · Other Short-Term Receivables	
1353 · Due from Employees	
1224 · Employee Advances	-573,708.95
<b>Total 1353 · Due from Employees</b>	<b>-573,708.95</b>
1354 · Due from Related Parties	
1243 · AR - MH properties	8,991.74
<b>Total 1354 · Due from Related Parties</b>	<b>8,991.74</b>
<b>Total 1350 · Other Short-Term Receivables</b>	<b>-564,717.21</b>
<b>Total 1300 · Accounts Receivable</b>	<b>-1,101,783.33</b>
1500 · Prepaid expenses	-215,124.35
<b>Total Other Current Assets</b>	<b>-1,316,907.68</b>
<b>Total Current Assets</b>	<b>-536,239.62</b>
<b>Fixed Assets</b>	
1314 · SXC Kennewick Equipment	1,965,714.64
1550 · Inventory- Medical Supplies	
1551 · DME	-5,855.36
1552 · Injectibles	73,151.97
<b>Total 1550 · Inventory- Medical Supplies</b>	<b>67,296.61</b>
1580 · Construction in progress	289,563.12
1750 · Furniture, Fixtures & Equipment	
1751 · Furniture and Fixtures	
1321 · Furniture and Fixtures - Perry	10,848.55
1322 · Furniture and Fixtures - Other	310,906.36
1751 · Furniture and Fixtures - Other	11,897.68
<b>Total 1751 · Furniture and Fixtures</b>	<b>333,652.59</b>
1753 · Equipment	
1310 · Equipment - OH	4,286.00
1311 · X-Ray equipment	120,942.20
1312 · Equipment - Other	233,203.23
1313 · Equipment from SXC merger	1,237,955.00
1315 · MRI Kennewick	277,707.92
<b>Total 1753 · Equipment</b>	<b>1,874,094.35</b>
1760 · Computer Equipment	
1301 · Computer Equipment - JRH	6,965.86
1302 · Computer Equipment - Other	705,623.53
1303 · Computer Equipment - Perry	2,895.94
1760 · Computer Equipment - Other	54,324.92
<b>Total 1760 · Computer Equipment</b>	<b>769,810.25</b>

## Balance Sheet

As of December 31, 2017

	Dec 31, 17
1780 · Vehicles	
1331 · Vehicles - JRH	57,572.26
1332 · Vehicles - MRM	73,590.76
1333 · Vehicles - OMH	105,962.61
<b>Total 1780 · Vehicles</b>	<b>237,125.63</b>
1799 · Accumulated Depreciation	-5,486,597.66
1750 · Furniture, Fixtures & Equipment - Other	194,810.88
<b>Total 1750 · Furniture, Fixtures &amp; Equipment</b>	<b>-2,077,103.96</b>
1775 · Buildings and Equipment-SXC	647,946.33
1776 · Buildings and Equipment-Clinic	71,059.19
<b>Total Fixed Assets</b>	<b>964,475.93</b>
<b>TOTAL ASSETS</b>	<b>428,236.31</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
2110 · Accounts Payable	-7,826.02
<b>Total Accounts Payable</b>	<b>-7,826.02</b>
<b>Credit Cards</b>	
2115 · Capital One Credit Card	11,018.32
<b>Total Credit Cards</b>	<b>11,018.32</b>
<b>Other Current Liabilities</b>	
2120 · Accrued Liabilities	
2121 · PT bonus accrual	21,396.23
2122 · Payroll Accrual	84,029.42
2123 · Accrued refunds	-6,354.42
2127 · Year End Employee Bonus	400.00
2128 · L&I Accrual	24,279.71
2129 · Hardware Accrual	94,523.39
2120 · Accrued Liabilities - Other	10,299.40
<b>Total 2120 · Accrued Liabilities</b>	<b>228,573.73</b>
2200 · Payroll Liabilities	
2205 · HSA Withholding	2,288.08
2220 · Insurance Withholdings Payable	
2142 · Aflac Insurance	180.30
<b>Total 2220 · Insurance Withholdings Payable</b>	<b>180.30</b>
2230 · Other Withholdings Payable	
2234 · FSA Payable	-2,690.05
<b>Total 2230 · Other Withholdings Payable</b>	<b>-2,690.05</b>
2200 · Payroll Liabilities - Other	-46.63
<b>Total 2200 · Payroll Liabilities</b>	<b>-268.30</b>
<b>Total Other Current Liabilities</b>	<b>228,305.43</b>
<b>Total Current Liabilities</b>	<b>231,497.73</b>
<b>Total Liabilities</b>	<b>231,497.73</b>

TRI-CITY ORTHOPAEDIC CLINIC, PSC

Balance Sheet

As of December 31, 2017

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	Dec 31, 17
Equity	
3020 · Common Stock (Value of corporate stock)	500.00
3030 · Equity in TCOC, LLC	509,407.90
3200 · Retained Earnings	-537,681.75
5900 · Doctor draws	-40,000.00
Net Income	264,512.43
Total Equity	196,738.58
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>428,236.31</b>

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## Balance Sheet

As of December 31, 2018

	Dec 31, 18
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1010 · Community First Bank	35,673.92
1020 · SXC checking- Comm 1st	15,786.70
1120 · Cash - On hand	
1012 · Petty Cash	1,000.00
<b>Total 1120 · Cash - On hand</b>	<b>1,000.00</b>
<b>Total Checking/Savings</b>	<b>52,460.62</b>
<b>Other Current Assets</b>	
<b>1300 · Accounts Receivable</b>	
1015 · Unposted Receipts	-169,733.67
<b>1350 · Other Short-Term Receivables</b>	
<b>1353 · Due from Employees</b>	
1224 · Employee Advances	45,032.13
1353 · Due from Employees - Other	29.09
<b>Total 1353 · Due from Employees</b>	<b>45,061.22</b>
<b>1354 · Due from Related Parties</b>	
1243 · AR - MH properties	7,934.00
<b>Total 1354 · Due from Related Parties</b>	<b>7,934.00</b>
<b>Total 1350 · Other Short-Term Receivables</b>	<b>52,995.22</b>
<b>Total 1300 · Accounts Receivable</b>	<b>-116,738.45</b>
1500 · Prepaid expenses	94,559.10
<b>Total Other Current Assets</b>	<b>-22,179.35</b>
<b>Total Current Assets</b>	<b>30,281.27</b>
<b>Fixed Assets</b>	
1314 · SXC Kennewick Equipment	2,192,696.24
<b>1550 · Inventory- Medical Supplies</b>	
1551 · DME	1,982.53
1552 · Injectibles	163,150.01
<b>Total 1550 · Inventory- Medical Supplies</b>	<b>165,132.54</b>
1580 · Construction in progress	289,563.12
<b>1750 · Furniture, Fixtures &amp; Equipment</b>	
<b>1751 · Furniture and Fixtures</b>	
1321 · Furniture and Fixtures - Perry	10,848.55
1322 · Furniture and Fixtures - Other	310,906.36
1751 · Furniture and Fixtures - Other	12,743.68
<b>Total 1751 · Furniture and Fixtures</b>	<b>334,498.59</b>
<b>1753 · Equipment</b>	
1310 · Equipment - OH	4,286.00
1311 · X-Ray equipment	120,942.20
1312 · Equipment - Other	233,203.23
1313 · Equipment from SXC merger	1,237,955.00
1315 · MRI Kennewick	277,707.92
<b>Total 1753 · Equipment</b>	<b>1,874,094.35</b>
<b>1760 · Computer Equipment</b>	
1301 · Computer Equipment - JRH	6,965.86
1302 · Computer Equipment - Other	705,623.53
1303 · Computer Equipment - Perry	2,895.94
1760 · Computer Equipment - Other	120,638.84
<b>Total 1760 · Computer Equipment</b>	<b>836,124.17</b>

## TRI-CITY ORTHOPAEDIC CLINIC, PSC

06/18/20

## Balance Sheet

Cash Basis

As of December 31, 2018

	Dec 31, 18
1780 · Vehicles	
1331 · Vehicles - JRH	57,572.26
1332 · Vehicles - MRM	73,590.76
1333 · Vehicles - OMH	105,962.61
<b>Total 1780 · Vehicles</b>	<b>237,125.63</b>
1799 · Accumulated Depreciation	-6,335,692.66
1750 · Furniture, Fixtures & Equipment - Other	199,347.49
<b>Total 1750 · Furniture, Fixtures &amp; Equipment</b>	<b>-2,854,502.43</b>
1775 · Buildings and Equipment-SXC	695,153.79
1776 · Buildings and Equipment-Clinic	396,652.26
<b>Total Fixed Assets</b>	<b>884,695.52</b>
<b>TOTAL ASSETS</b>	<b>914,976.79</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
2110 · Accounts Payable	51,311.51
<b>Total Accounts Payable</b>	<b>51,311.51</b>
<b>Credit Cards</b>	
2115 · Capital One Credit Card	103,453.75
<b>Total Credit Cards</b>	<b>103,453.75</b>
<b>Other Current Liabilities</b>	
2119 · Intercompany Transfers	100,000.00
2120 · Accrued Liabilities	
2121 · PT bonus accrual	13,032.06
2122 · Payroll Accrual	77,542.18
2123 · Accrued refunds	-8.41
2129 · Hardware Accrual	189,210.38
<b>Total 2120 · Accrued Liabilities</b>	<b>279,776.21</b>
2130 · Comm 1st LOC	900,000.00
2200 · Payroll Liabilities	
2150 · Wage Garnishment	2,059.54
2205 · HSA Withholding	2,134.99
2220 · Insurance Withholdings Payable	
2142 · Aflac Insurance	1,778.35
<b>Total 2220 · Insurance Withholdings Payable</b>	<b>1,778.35</b>
<b>Total 2200 · Payroll Liabilities</b>	<b>5,972.88</b>
<b>Total Other Current Liabilities</b>	<b>1,285,749.09</b>
<b>Total Current Liabilities</b>	<b>1,440,514.35</b>
<b>Total Liabilities</b>	<b>1,440,514.35</b>
<b>Equity</b>	
3020 · Common Stock (Value of corporate stock)	500.00
3030 · Equity in TCOC, LLC	509,407.90
3200 · Retained Earnings	-5,718.34
5900 · Doctor draws	-290,859.00
Net Income	-738,868.12
<b>Total Equity</b>	<b>-525,537.56</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>914,976.79</b>

## Balance Sheet

As of December 31, 2019

	Dec 31, 19
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1010 · Community First Bank	145,891.58
1020 · SXC checking- Comm 1st	56,978.20
1120 · Cash - On hand	
1012 · Petty Cash	1,000.00
<b>Total 1120 · Cash - On hand</b>	<b>1,000.00</b>
<b>Total Checking/Savings</b>	<b>203,869.78</b>
<b>Other Current Assets</b>	
<b>1300 · Accounts Receivable</b>	
1015 · Unposted Receipts	-541,542.67
<b>1350 · Other Short-Term Receivables</b>	
<b>1353 · Due from Employees</b>	
1224 · Employee Advances	36,919.76
1353 · Due from Employees - Other	29.09
<b>Total 1353 · Due from Employees</b>	<b>36,948.85</b>
<b>1354 · Due from Related Parties</b>	
1243 · AR - MH properties	7,934.00
<b>Total 1354 · Due from Related Parties</b>	<b>7,934.00</b>
<b>Total 1350 · Other Short-Term Receivables</b>	<b>44,882.85</b>
<b>Total 1300 · Accounts Receivable</b>	<b>-496,659.82</b>
1500 · Prepaid expenses	2,269.74
<b>Total Other Current Assets</b>	<b>-494,390.08</b>
<b>Total Current Assets</b>	<b>-290,520.30</b>
<b>Fixed Assets</b>	
1314 · SXC Kennewick Equipment	2,192,696.24
<b>1550 · Inventory- Medical Supplies</b>	
1551 · DME	7,184.10
1552 · Injectibles	100,248.81
<b>Total 1550 · Inventory- Medical Supplies</b>	<b>107,432.91</b>
1580 · Construction in progress	289,563.12
<b>1750 · Furniture, Fixtures &amp; Equipment</b>	
<b>1751 · Furniture and Fixtures</b>	
1321 · Furniture and Fixtures - Perry	10,848.55
1322 · Furniture and Fixtures - Other	310,906.36
1751 · Furniture and Fixtures - Other	12,743.68
<b>Total 1751 · Furniture and Fixtures</b>	<b>334,498.59</b>
<b>1753 · Equipment</b>	
1310 · Equipment - OH	4,286.00
1311 · X-Ray equipment	120,942.20
1312 · Equipment - Other	233,203.23
1313 · Equipment from SXC merger	1,237,955.00
1315 · MRI Kennewick	277,707.92
<b>Total 1753 · Equipment</b>	<b>1,874,094.35</b>
<b>1760 · Computer Equipment</b>	
1301 · Computer Equipment - JRH	6,965.86
1302 · Computer Equipment - Other	705,623.53
1303 · Computer Equipment - Perry	2,895.94
1760 · Computer Equipment - Other	160,427.84
<b>Total 1760 · Computer Equipment</b>	<b>875,913.17</b>

## TRI-CITY ORTHOPAEDIC CLINIC, PSC

06/18/20

## Balance Sheet

Cash Basis

As of December 31, 2019

	Dec 31, 19
1780 · Vehicles	
1331 · Vehicles - JRH	57,572.26
1332 · Vehicles - MRM	73,590.76
1333 · Vehicles - OMH	105,962.61
<b>Total 1780 · Vehicles</b>	<b>237,125.63</b>
1799 · Accumulated Depreciation	-6,469,263.66
1750 · Furniture, Fixtures & Equipment - Other	199,347.49
<b>Total 1750 · Furniture, Fixtures &amp; Equipment</b>	<b>-2,948,284.43</b>
1775 · Buildings and Equipment-SXC	695,153.79
1776 · Buildings and Equipment-Clinic	396,652.26
<b>Total Fixed Assets</b>	<b>733,213.89</b>
<b>TOTAL ASSETS</b>	<b>442,693.59</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
2110 · Accounts Payable	-3,960.53
<b>Total Accounts Payable</b>	<b>-3,960.53</b>
<b>Credit Cards</b>	
2115 · Capital One Credit Card	64,396.94
<b>Total Credit Cards</b>	<b>64,396.94</b>
<b>Other Current Liabilities</b>	
2119 · Intercompany Transfers	460,000.00
2120 · Accrued Liabilities	
2121 · PT bonus accrual	18,957.65
2122 · Payroll Accrual	203,821.25
2123 · Accrued refunds	-8.41
2127 · Year End Employee Bonus	-600.00
2128 · L&I Accrual	25,138.34
2129 · Hardware Accrual	84,698.25
2120 · Accrued Liabilities - Other	17,350.93
<b>Total 2120 · Accrued Liabilities</b>	<b>349,358.01</b>
2130 · Comm 1st LOC	200,000.00
2200 · Payroll Liabilities	
2150 · Wage Garnishment	4,311.91
<b>Total 2200 · Payroll Liabilities</b>	<b>4,311.91</b>
<b>Total Other Current Liabilities</b>	<b>1,013,669.92</b>
<b>Total Current Liabilities</b>	<b>1,074,106.33</b>
<b>Total Liabilities</b>	<b>1,074,106.33</b>
<b>Equity</b>	
3020 · Common Stock (Value of corporate stock)	500.00
3030 · Equity in TCOC, LLC	509,407.90
3200 · Retained Earnings	-744,586.46
5900 · Doctor draws	-290,859.00
Net Income	-105,875.18
<b>Total Equity</b>	<b>-631,412.74</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>442,693.59</b>

**EXHIBIT 17**  
**TRANSFER AGREEMENT BETWEEN TRI-CITY  
ORTHOPAEDIC CLINIC AND TRIOS HEALTH**





## TRANSFER AGREEMENT

This agreement is made and entered into this 29 day of August 2014, by and between Trios Health and The Tri-City Orthopaedic Clinic.

Whereas, Trios Health owns, maintains, and operates a hospital in the City of Kennewick; and

Whereas, The Tri-City Orthopaedic Clinic is a for-profit corporation doing business in the State of Washington which maintains and operates a facility doing business as The Surgery Center at TCO that is licensed by the State of Washington to perform outpatient surgery in the cities of Kennewick and Richland; and

Whereas, in order to insure continuity of optimum medical care for it's patients, patients who's needs surpass an outpatient basis and are in need of hospitalization will be provided transfer to a local hospital; and

Whereas, Trios Health is willing to provide such medical services to the patients of The Surgery Center at TCO.


NOW, THEREFORE IT IS HEREBY AGREED as follows:

1. **NOTIFICATION AND ACCEPTANCE OF TRANSFER.** The Surgery Center at TCO shall notify Trios Health as far in advance as reasonably possible of a request for transfer of a patient of The Surgery Center at TCO for admission to Trios Health. Trios Health agrees to accept transfer for admittance provided that Trios Health able to accommodate the needs of the patient.
2. **TRANSPORT OF PATIENT.** It is expressly understood and agreed that Trios Health shall have no responsibility or liability for the transport of a patient of The Surgery Center at TCO to its hospital. The Surgery Center at TCO shall be responsible for, and make, all necessary arrangements for the proper transport of the patient from The Surgery Center at TCO to Trios Health. This shall include, but is not limited to, stabilizing the patient, selecting the transportation medium and sending accompanying staff when indicated.
3. **MEDICAL RECORDS.** The Surgery Center at TCO shall send with each patient transferred from The Surgery Center at TCO to Trios Health a copy of the medical record and other information necessary to continue the patient's treatment without interruption, together with essential identifying and administrative information at the time of transfer. Trios Health agrees to share medical record of patients transferred for the purposes of Quality Improvement and Peer Review.

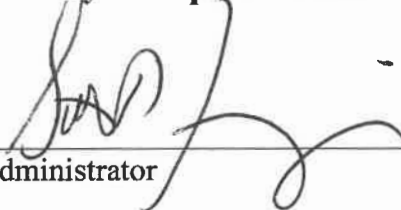
TRANSFER AGREEMENT  
(concluded)

4. **PATIENT VALUABLES.** Prior to the transfer of a patient to Trios Health, The Surgery Center at TCO shall make a written inventory of all valuables of patient to accompany patient in his/her transfer to Trios Health. This written inventory shall be provided to Trios Health upon admission.
  
5. **BILLING.** All bills incurred with respect to services performed by Trios Health for patients received from The Surgery Center at TCO pursuant to this agreement shall be collected by Trios Health from the patient, third party insurance coverage, or other sources normally billed by Trios Health.
  
6. **TERMINATION.** This agreement may be terminated by either party for any reason by giving sixty (60) days of its intention to terminate this agreement and by insuring the continuity of care to patients who already are involved in the transfer process. In this regard, the terminating party will be required to meet its commitments under this agreement to all patients for whom the other party has begun the agreement transfer process in good faith.
  
7. **APPROVAL.** This agreement is subject to approval of the parties indicated below.

**Trios Health**

By:  8/29/17  
Executive Director

**The Tri-City Orthopaedic Clinic**

By:   
Administrator

This agreement executed by the parties this 4<sup>TH</sup> day of SEPTEMBER 2014.