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STATE OF CONNECTICUT

OFFICE OF HEALTH STRATEGY

DOCKET NUMBER 24-32697-CON

A HEARING REGARDING THE TRANSFER OF OWNERSHIP OF A HEALTH CARE FACILITY FROM ORTHOPAEDIC SPECIALTY SURGERY CENTER, LLC TO HEALTH PLUS ORTHO MANAGEMENT, LLC

Public Hearing held via Zoom on Tuesday, July 30, 2024, beginning at 9:01 a.m.

H e l d B e f o r e:

ALICIA J. NOVI, ESQ., Hearing Officer

Administrative Staff, CON Program:

STEVEN W. LAZARUS, Supervisor

ANNALIESE FAIELLA, Team Lead

NICOLE TOMCZUK, Health Care Analyst

Reporter: Lisa L. Warner, CSR #061

A p p e a r a n c e s:

For Health Plus Ortho Management, LLC:

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Also present:

LESLIE GREER, OHS

(The hearing commenced at 9:01 a.m.)

HEARING OFFICER NOVI: Good morning, everybody. It is now 9:01 on July 30, 2024. This is the Orthopaedic Specialty Surgery Center, LLC, Docket Number 24-32697-CON. Thank you all for being here today. Health Plus Ortho Management, LLC and Orthopaedic Specialty Surgery Center, LLC, the applicants in this matter, seek a Certificate of Need for the transfer of a health care facility pursuant to Connecticut General Statutes, Section 19a-638(a)(2). Specifically Health Ortho -- Health Plus Ortho Management, LLC seeks to acquire an additional 17.7 percent equity interest in the Orthopaedic Specialty Surgery Center, LLC.

Throughout this proceeding, I'll be interchangeably referring to Health Plus Ortho Management, LLC as HPOM and Orthopaedic Specialty Surgery Center, LLC as OSSC just for brevity purposes.

Today is July 30, 2024. My name is Alicia Novi. Dr. Deidre S. Gifford, the commissioner of Health Strategy, designated me to serve as hearing officer for this matter to rule on all motions and recommended findings of fact and conclusions of law upon completion of the

hearing.

Public Act Number 21-2, as amended by Public Act 22-3, authorizes the agency to hold a public hearing by means of electronic equipment. In accordance with this legislation, any person who participates orally in an electronic meeting shall make a good faith effort to state his, her or their name and title at the outset of each occasion that the person participates orally during an uninterrupted dialogue or series of questions and answers. We ask that all members of the public mute the device that they are using to access this hearing and silence any additional devices that are around them.

This public hearing is held pursuant to Connecticut General Statutes, Section 19a-639a(f)(2) of the general statutes, provides that HSP may hold a public hearing with respect to any CON application submitted under Chapter 368z. This hearing is being -- sorry, I apologize. Although this is a discretionary hearing that is not governed by the contested case provisions found in Chapter 54 of the general statutes, also known as the Uniform Administrative Procedures Act, or UAPA, and the Regulations of the

Connecticut State Agencies, the RCSA, at 19a-9-24, the manner in which OHS conducts these proceedings will be guided by these statutes and regulations. The Office of Health Strategy is here to assist me in gathering facts related to this application and will be asking the applicants' witnesses questions.

At this time, I would like -- I'm going to ask each staff person assisting with the hearing today to identify themselves with their name, the spelling of their last name, and their OHS title. We'll start with Steve.

MR. CARANNANTE: Are you on mute, Steve?

HEARING OFFICER NOVI: Yes, I think Steve is on mute, yes.

MR. CARANNANTE: Or his audio is not working.

HEARING OFFICER NOVI: Yeah, I think his audio is not working. I do apologize. I will introduce Steve Lazarus for those of you who do not know him. He is our CON team manager. I may have gotten his title wrong. I do apologize, Steve. I normally don't introduce everybody.

Next, I will go to Ms. Faiella who will

be off camera due to some technical issues with her new computer.

MS. FAIELLA: Good morning. My name is Annie Faiella, F-a-i-e-l-l-a, and I am the CON team lead.

HEARING OFFICER NOVI: Ms. Tomczuk.

MS. TOMCZUK: Good morning. My name is Nicole Tomczuk, T-o-m-c-z-u-k, and I am a health care analyst.

HEARING OFFICER NOVI: Thank you. Also present is Leslie Greer, who will be assisting with hearing logistics, gathering the names for public comment and providing other miscellaneous support.

The Certificate of Need process is a regulatory process, and as such the highest level of respect will be accorded to the applicants, members of the public and our staff. Our priority is the integrity and transparency of this process. Accordingly, decorum must be maintained by all present during these proceedings.

This hearing is being transcribed and recorded, and the video will be made available on the OHS website in its YouTube account. All documents related to this hearing that have been

or will be submitted to OHS are available for review through our Certificate of Need CON portal which is accessible on the OHS CON webpage.

In making my decision, I will consider and make written findings in accordance with Section 19a-639 of the Connecticut General Statutes.

Lastly, as Zoom notified you either when you entered this hearing or when the recording started, I wish to point out that by appearing on camera in this virtual hearing you are consenting to being filmed. If you wish to revoke your consent, please do so at this time by exiting the Zoom meeting or this hearing room.

All right. We can start by going over the exhibits and the items of which I am taking administrative notice. Then I will ask if there are any objections. The CON portal contains a prehearing Table of Record, and the exhibits are identified in the table from A to K, and I will also be adding Exhibit L, which is the attorney's Notice of Appearance.

Mr. Lazarus, Ms. Tomczuk and Ms. Faiella, any additional exhibits that you would like to enter into the record at this time?

MS. FAIELLA: No.

HEARING OFFICER NOVI: All right. Great. The applicant is hereby noticed that I am taking administrative notice of the following documents: One, the Statewide Health Care Facilities and Services Plan and its supplements; two, the Facilities and Services Inventory; three, OHS Acute Care Hospital Discharge Database; four, the All Payer Claims Database claims data; and the Hospital Reporting System, HRS, financial and utilization data. And I also take administrative notice of other OHS decisions, agreed settlements and determinations that may be relevant to this matter but which have not yet been identified.

I want to ask the counsel for the applicants Health Plus Ortho Management, LLC and Orthopaedic Specialty Center, LLC, can you please identify yourself for the record?

MR. CARANNANTE: Sure. Good morning, Hearing Officer Novi. My name is Vincenzo Carannante here on behalf of the applicants from the law firm Shipman & Goodwin.

HEARING OFFICER NOVI: I'm sorry, I'm going to just ask you to repeat your last name so I can get the pronunciation.

MR. CARANNANTE: Sure, "Carannante." You can also just call me, you can just call me "Vin," that's probably much easier, or Attorney Vin, if you need to use a title, but you can just use Vin. Up to you, Hearing Officer Novi.

HEARING OFFICER NOVI: I'm just going to use your last name just for, you know, a proper record.

MR. CARANNANTE: No problem.

HEARING OFFICER NOVI: But I do want to try and get your last name as correct as possible.

MR. CARANNANTE: Very much appreciated. No problem.

HEARING OFFICER NOVI: All right. Attorney Carannante, are there any objections to the exhibits in the Table of Record or the administratively noticed documents and dockets?

MR. CARANNANTE: No objection.

HEARING OFFICER NOVI: All right. So all identified and marked exhibits are entered as full exhibits, including your appearance, which thank you for filing. Do you have any additional exhibits that you wish to enter at this time?

MR. CARANNANTE: No, I do not.

(Applicants' Exhibits A through L:

Received in evidence, noted in index.)

HEARING OFFICER NOVI: Okay. We'll proceed in the order established in the agenda for today's hearing. I'd like to advise the applicant that we may ask questions related to the application that you may feel you have already addressed. We'll do this for the purpose of ensuring that the public has knowledge about your proposal and for the purpose of clarification. I want to assure you that we have reviewed your application, completeness responses, prefile testimony, and I will do so again many times before issuing a decision.

As this hearing is being held virtually, we ask that, one, all participants to the extent possible should be able to -- should enable the use of video cameras when testifying or commenting during proceedings. All comments and public -- all participants and the public shall mute their devices and should disable their cameras when we go off the record or take a break. Please be advised that although we will try to shut off the hearing recording during breaks, it may continue. If the recording is on, any audio or video that has not been disabled will be

accessible to all participants.

Public comments taken during the hearing will likely go in the order established by OHS during the registration process; however, I may allow public officials to testify out of order. I or OHS staff will call each individual by name when it is their time to speak. Registration for public comment -- sorry, I do apologize. Registration for public comment can be done using the Zoom chat function. Please list your name and that you would like to make a public comment in the message. Ms. Greer will help us assemble that. Public comment is scheduled to start at 11:30 a.m. If the technical portion of the hearing is not completed by 11:30 a.m., public comments may need to be postponed until the technical portion is complete.

The applicants' witnesses must be available after public comment as OHS may have follow-up questions based on public comment. If anyone listening to this hearing would like to submit written comments in lieu of speaking today, you may do so by emailing your comments to CONcomment@ct.gov. Again, that is C-O-N-c-o, "M" as in "Mary," "M" as in "Mary," e-n-t@ct.gov.

Are there any other housekeeping matters or procedural issues that we need to address before we start, Mr. Carannante?

MR. CARANNANTE: Not on this end, no.

HEARING OFFICER NOVI: We'll go with Ms. Faiella because we cannot hear Steve.

MS. FAIELLA: No, thank you.

HEARING OFFICER NOVI: All right. Great. Okay. We will move on to the technical portion in which, Attorney Carannante, your opening statement.

MR. CARANNANTE: Sure. It's going to be very short. So good morning, Hearing Officer Novi, and the rest of the Office of Health Strategy staff. As you can see from the screens before you, we have a team of people here, including HPM folks, folks from the ASC, including Dr. Buchalter, our medical director. We wanted to be sure we have as many people as possible here for you today to answer any of your questions, get you all the information that you need to make your decision.

With that, we'd like to jump right in and commence with our prefile testimony. And we'd start, I'd like to introduce Walter LeStrange. I

don't know if you need to swear him in.

HEARING OFFICER NOVI: Yes. I was going to say, before we start with that, I'm going to swear all of your witnesses at once. So if you could just name the people who will be the majority of the testimony. If you have somebody who will offer one or two comments later, we can swear them in at the time, but let's start with people who are giving prefile testimony, and I'll swear them in.

MR. CARANNANTE: Sure. I think it's easier if each of them identified themselves. And some of them are all in the same room. But I'll start with Walter LeStrange who's submitting, our only person doing prefile testimony. He's the chief operating officer of HPM. And then I'll let everyone else, if you can hear me, please introduce yourselves so you can all be sworn in at the same time by Hearing Officer Novi.

Eileen's group, I see that's the next group on my screen. Can you guys each do that, please?

EILEEN O'BRIEN: Yes. My name is Eileen O'Brien. I'm the administrator here at the Orthopaedic and Specialty Surgery Center.

JOEL BUCHALTER: I'm Joel Buchalter. I'm the orthopedic surgeon. I am the medical director of the Orthopaedic Speciality and Surgery Center.

HEARING OFFICER NOVI: I'm going to ask that you spell your last names just for the stenographer so that she can properly get your name.

So Eileen, I'm sorry --

EILEEN O'BRIEN: O'Brien.

HEARING OFFICER NOVI: -- O'Brien, if you could spell your last name, please.

EILEEN O'BRIEN: O-'-B-r-i-e-n.

HEARING OFFICER NOVI: Okay. And the next person, the doctor. I'm sorry.

JOEL BUCHALTER: Joel, J-o-e-l. Last name is Buchalter, "B" as in "boy," u-c-h-a-l-t-e-r.

HEARING OFFICER NOVI: From now on everybody who says their name, if you could just spell your last name at the same time.

CRYSTAL HANCOCK: Sure. I am Crystal Hancock, H-a-n-c-o-c-k, and I'm the director of nursing at OSSC.

LAUREN MEALEY: I'm Lauren Mealey,

M-e-a-l-e-y, and I'm the business office manager.

LUIS PERALTA: And I'm Luis Peralta, P-e-r-a-l-t-a. I'm the operating room manager.

MR. CARANNANTE: Dave, do you want to go next?

DAVID MCCABE: Yes. Thanks. Good morning. My name is David McCabe, M-c-C-a-b-e, and I am the chief financial officer for HPOM.

MR. CARANNANTE: Stu, do you want to go next?

STUART BLUMBERG: Sure. Good morning. I'm Stuart Blumberg, chief executive officer of Health Plus Management, "B," as in "boy," l-u-m-b-e-r-g.

MR. CARANNANTE: Is that our whole team? Do we have anyone else? Do we have Dina?

DINA RAGAB: Yes. Good morning, everyone. My name is Dina Ragab, R-a-g-a-b, and I am the head of strategy and growth at Health Plus Management.

MR. CARANNANTE: Anyone else from -- do you see anyone else on the screen, Walter?

WALTER LESTRANGE: Danielle Beltran.

DANIELLE BELTRAN: Good morning. My name is Danielle Beltran, "B," as in "boy,"

e-l-t-r-a-n. I'm the VP of client services for Health Plus Management.

HEARING OFFICER NOVI: Okay. I'm just going to remind those last two people who identified themselves, to the extent possible, when you are testifying we do ask that you go on camera if you have that capability.

MR. CARANNANTE: Walter, anyone else?

WALTER LESTRANGE: No, that's it.

HEARING OFFICER NOVI: Okay. Everybody, I'm going to ask you to raise your right hand. I'm going to assume that we are all doing this as I cannot see quite all of you at the same time.

W A L T E R L E S T R A N G E,
E I L E E N O ' B R I E N,
J O E L B U C H A L T E R,
C R Y S T A L H A N C O C K,
L A U R E N M E A L E Y,
L U I S P E R A L T A,
D A V I D M C C A B E,
S T U A R T B L U M B E R G,
D I N A R A G A B,
D A N I E L L E B E L T R A N,

having been first duly sworn by Hearing

Officer Novi, testified as follows:

HEARING OFFICER NOVI: Thank you. All right. And at this point, I'm going to make note that I've seen everybody say that they do --- that they swear that they will provide correct testimony.

All right. I just want to remind you that when you give testimony to make sure that you state your full name and adopt any written testimony that you have submitted on the record prior to testifying today. The applicants may now proceed with their testimony. I ask all witnesses to define any acronyms that you use for the benefit of the public and the clarity of the record.

All right. Attorney Carannante, you can go ahead with your testimony or with your applicants' testimony.

MR. CARANNANTE: Sure. Introducing Walter LeStrange, chief operating officer for Health Plus Management.

Walter, all yours.

THE WITNESS (LeStrange): Thank you. Good morning, Hearing Officer Novi, and the OHS staff. Thank you for your time. We appreciate

the work that you do. And as Vincenzo has said, my name is Walter LeStrange, L-e-S-t-r-a-n-g-e. And I am the chief operating officer of Health Plus Management. In my prefile testimony today I will briefly highlight who Health Plus Management is, Health Plus Management and Health Plus Orthopaedic Management, LLC's experience and expertise, and why the physician owners of the ASC have chosen Health Plus to partner.

As set forth in our application, Health Plus Orthopaedic Management is a subsidiary of and wholly owned by and managed by Health Plus Management. Health Plus Management is a service organization established in 1994. Health Plus collaborates with physicians and providers in the musculoskeletal field as well as the ambulatory surgery centers. Through a comprehensive suite of services, including marketing, information technology, purchasing, human resources, compliance, revenue cycle management, finance/accounting and facility design and development, Health Plus supports providers in optimizing their operations. We currently serve over 50 locations and over 80 physicians with more than one million patient visits annually.

Health Plus Orthopaedic Management is managed and supported by Health Plus Management's senior leadership team which has over 20 years experience managing multiple ambulatory surgery centers across various states. Please see Exhibit O for my curriculum vitae, and David McCabe, Health Plus Management's chief financial officer, for his CV as well.

As reflected in our CVs, I have served as the chief operating officer of Nuvance Health Medical Practice which included the development of the ambulatory Surgery strategy for their health system. I served as the chief operating officer and executive vice president of ProHealth which included the management of two ambulatory surgery centers.

I also served as the vice president of surgical services for Staten Island University Hospital, North Shore LIJ Health System, which included providing executive leadership to the surgical division of Staten Island University Hospital, including 22 operating rooms, an ambulatory surgery center, the Department of Anesthesia, all surgical sub-specialty departments, their surgical residency program and

fellowships, the surgical faculty practice and the Central Sterile Processing Department.

And finally, I served as the executive director of United Medical Surgical PC, which included overseeing and coordinating the construction of a new ambulatory surgery center and a new cosmetic center.

As for Mr. McCabe, he has served as the chief financial officer for National Spine & Pain Centers wherein he was responsible for the financial and operational management for 17 ambulatory surgery centers, including the development of three Certificate of Need from approval to full operational status.

Collectively, HPOM and HPM have three decades of experience in managing physician practices across New York, New Jersey and Connecticut and supporting their daily operations enabling physicians to focus on patient care. Throughout its tenure, Health Plus has consistently delivered exceptional support to physicians, empowering health care providers to concentrate on patient care while facilitating their growth through capital infusion and extensive management expertise.

In this present application, Health Plus and Health Plus Orthopaedic Management are poised to extend this wealth of expertise and support to the ASC so it can remain a viable alternative to hospital-based surgery by providing that same level of excellence in management and patient satisfaction to this specialized and complementary health care setting.

As reflected in the table we submitted with my prefile testimony with all the practices' locations we partner with and manage, Health Plus has a long and established track record that showcases long-term commitment to health care providers that it serves.

Health Plus Management established Health Plus Orthopaedic Management in 2022 in order to provide administrative management services to the physician practice known as Somers Orthopaedic Surgery & Sports Medicine Group which is co-located at the ambulatory surgery center. After familiarizing themselves with Health Plus Management's history for client service and our track record for administrative support, the physician owners experienced firsthand the relationship with Health Plus, and they were eager

to partner with Health Plus Management.

The reasons why the physician owners have chosen HPM/HPOM as a partner for their ASC stems from a number of reasons. One though, from their capital needs and the complexity of operating in a highly complex health care environment today. As an example, Medicare has recently approved a number of musculoskeletal procedures that should be performed in lower-cost ambulatory surgery settings. Given the significance of the orthopedic surgeons who practice in the ASC, the physician owners chose Health Plus as their partner.

Of importance to note, the rising costs in health care and the increased demand for total joint surgery, you know, we offer a less expensive alternative to providing this care in a very complex, low-cost setting. We believe that the ASC is the first in Connecticut to pioneer overnight beds to expand the opportunity to accommodate a larger patient population. And Health Plus Orthopaedic Management is facilitating the expansion of these cost savings by providing capital for equipment, both robotic and surgical instruments and tools, and we hope to expand hours

to a fifth day. In addition and finally is to expand the ACS certification as a center of excellence in joint replacement through the Joint Commission accreditation.

In closing, I'd like to stress and highlight the following: Health Plus Orthopaedic Management already owns 40 percent of the ASC and is already managing the ASC. This proposal involves the transfer of an additional 17.7 percent from the existing owners of the ASC to Health Plus. Moreover, no physician owner is selling all of his or her ownership interest in the ASC, and each such owner will remain a member and owner of the ASC.

As stated in the application, the physician owners will continue to be solely responsible for all of the medical and clinical decision-making in the ASC.

Health Plus will maintain ASC's provider as a Medicaid provider. Nothing will change.

Health Plus has never had one of their management services agreements terminated by a health care provider, facility or practice, reflecting the value such practices and providers

and facilities place on the contributions and benefits of Health Plus to their operations.

The quality of care at the ASC is of utmost importance to Health Plus Orthopaedic Management. As such, we track many clinical quality indicators every quarter, including normothermia, antibiotic timing, post-operative infections, deep venous vein thrombosis, pulmonary embolis, hospital transfers, falls, wrong sided surgeries, wrong sided blocks, adverse events, hand washing, needle sticks and patient satisfaction surveys. I'm very proud to report that since Health Plus Orthopaedic Management's involvement with the ASC, including the first two quarters of 2024 in which we performed 1,387 cases, our quality scores have been the highest in the history of the ASC.

Finally, Health Plus Management does not have any history of buying and selling their interest in any practice or health care facility. In fact, Health Plus has never bought and then resold any interest in any health care provider. As you can see from the list, we've been managing some practices since 2005.

I adopt this prefile testimony as my

own, Walter LeStrange.

HEARING OFFICER NOVI: All right. Attorney Carannante, anyone else that you would like to have for testimony?

MR. CARANNANTE: No, Hearing Officer Novi. Walter was our prefile that we filed with OHS, but we have a team here to answer any and all of OHS's questions.

HEARING OFFICER NOVI: Do you have any questions you'd like to ask of your own witness before we begin with our questions?

MR. CARANNANTE: No, Hearing Officer Novi, I do not.

HEARING OFFICER NOVI: All right. So at this point, I'm going to start with my questions that I have pre-written. We will then take -- we'll take a break maybe, depending on how quickly I go through the list, about halfway through or towards the end, and then that way we can make sure we have all of our questions done, but I'm going to start.

I'd just like to remind all of the witnesses for the applicants that if you are going to answer a question just restate your name and title at the beginning of your answer so that our

stenographer can properly attribute what you're saying to you.

The first question is, was the decision to transfer ownership a unanimous vote among all the physicians?

MR. CARANNANTE: Before we start, sorry, I should have mentioned one thing. Walter and/or I, but probably mostly Walter, will quarterback it, and we'll figure out who the best person is to respond to your question or any OHS question.

HEARING OFFICER NOVI: Okay. And that's fine, I expect that. I know there's a lot of people. And that's why I asked them to re-identify themselves before speaking each time.

MR. CARANNANTE: Got it. Sounds like a plan.

Walter, I'm assuming that's you and/or Dr. Buchalter.

THE WITNESS (LeStrange): So as the quarterback, I'm going to pass this one over to Dr. Buchalter to answer. Thank you.

THE WITNESS (Buchalter): Our voice, stuff is not great here, so can you just repeat the question for us, please?

HEARING OFFICER NOVI: Sure. Was the decision to transfer ownership a unanimous vote among the physicians?

THE WITNESS (Buchalter): So the physicians met and unanimously voted to transfer that amount of ownership. We had sought a partner to try to help us build the, you know, create a center where we could do more of the operations that we like to do, but we needed some capital investment in order to do that. And the physicians felt that this was our best partner in in order to do that.

HEARING OFFICER NOVI: And you said that you needed -- you wanted to do more. I'm sorry, I didn't quite write this down as well -- that you were looking to do more intense surgeries. What types of surgeries would those have been or that would have needed more capital?

THE WITNESS (Buchalter): So we're pretty much involved as one of the first centers to do these overnight beds for total joint replacements. And we do a fair number of total joint replacements, probably as much or more than any center in Connecticut. We take care of a very large Medicare population. And we are able to

bring them in, do their surgery. The healthier younger ones we're able to get home, but the older ones we can do in a very safe environment and keep them overnight and monitor them with, you know, two nurses overnight and the anesthesiologist that usually stays overnight, or an intensivist, an MD intensivist.

So we have a great center in order to help facilitate these expensive procedures and take them out of the hospital setting and then do them for significant savings to Medicare in an outpatient environment. We've set up a great system to do that. But in order for us to grow, we need capital investment in new computers, robotics, which we just got a new robot that HPM has helped us purchase, opening up another day so we can expand our hours and be able to do even more surgeries, potentially opening up a Saturday to do surgeries, and recruiting new surgeons in order to facilitate that.

So we feel it's great for the system in order for us to be able to do a great procedure, have great outcomes, and significant cost savings to the system. But we as physicians are really good at doing the surgical end of things and

coordinating and making sure that the quality of care is as good as any place in the country, but from a business perspective we just don't have the acumen. And that's why we've moved to HP. And like I said, unanimously all the doctors that participate in ownership in the center are on board.

HEARING OFFICER NOVI: I would like to follow up with a question about the overnight beds. Those weren't mentioned in the original application, but they were in the prefiled. Can you please explain a little bit more about what the overnight beds are and how many there are, how they're used?

THE WITNESS (Buchalter): So when we initially set up this concept of building an outpatient center for joint replacement back in 2018 and '19, we went to the health department and told them that for us to be able to do a large population of patients and not the 40-year-olds or 50-year-olds but really to be able to dig into the cost savings for the Medicare population, we needed the ability to keep them overnight. So some patients with high blood pressure or diabetes or sleep apnea, some of the risk factors we would

be able to monitor them overnight and make sure that we provided a safe environment and the ability to be discharged home the next day.

In order to do that, we had to go to the Department of Health in Connecticut and we had to create an overnight bed situation for ambulatory surgery centers. So we were really the first center in Connecticut to develop that and develop the guidelines and the protocols for that. Obviously, it took us a long time in order to get that approved, but we got it approved. And we've done several thousand joint replacements probably over the last seven years or so, six years, that we've been in business and have had tremendous success, knock wood, have not had any bad complications at all.

HEARING OFFICER NOVI: How often would you say you use the overnight beds?

THE WITNESS (Buchalter): So I would pass that to Crystal.

THE WITNESS (Hancock): Hi. My name is Crystal Hancock, and I'm the director of nursing. So we utilize overnight beds. We have three overnight beds, so we're able to have three patients overnight. And it is two nurses, three

patients, along with an intensivist or the anesthesiologist. And we use those beds probably anywhere between seven to nine times a month.

HEARING OFFICER NOVI: Now, is that for all three beds or just a single use or --

THE WITNESS (Hancock): So it really does depend. Sometimes we have three patients stay overnight. Other nights we will have two or one. So it kind of depends on the patient and if they feel comfortable going home.

HEARING OFFICER NOVI: Okay. The next question we're going to go kind of back to talking about the plan. Why was a 17.7 percent purchase required for changes to the ASC?

THE WITNESS (LeStrange): Thank you for that question. I'm going to refer that one back to -- well, I'll start with Dr. Buchalter and then I'll tail, tag onto his answer. Thank you.

THE WITNESS (Buchalter): So we, you know, again, we needed the ability to get to partner with someone that had some expertise which was more advanced than we currently had. And the doctors, you know, unanimously decided to sell half of their shares, and that's what we desired do to. We wanted to keep shares because we wanted

to obviously control the clinical aspects of the surgery center and to be intimately involved in its growth. So all the doctors had agreed to a 50 percent sale. And then when we went to look for partners, Health Plus agreed to this percentage in order to move forwards which the doctors felt very comfortable with.

HEARING OFFICER NOVI: I would like to -- I'm sorry, Mr. LeStrange, do you have follow-up or --

THE WITNESS (LeStrange): Yeah, just briefly. And it was partially a mathematical, how 17 percent wasn't an arbitrary number. That's how the math worked out that allowed the physicians to give that percentage of their shares up.

HEARING OFFICER NOVI: I would like to direct you to Exhibit C, the first set of completeness responses, and it is listed as Bates page 289.

MR. CARANNANTE: Are you going to share that document or should we get it on our end?

HEARING OFFICER NOVI: If you can get your own. I'm working off paper copies. I really like paper. So I'm reading off paper, I'm writing notes on paper. So if I could just direct you

guys to that one. You listed the benefits of this proposed transfer of ownership. My question is going to be, could the benefits in the proposed transfer of ownership have happened without the acquisition of the additional 17.7 percent?

THE WITNESS (LeStrange): I'll start off there. Thank you. That's a great question. So, in order for us to justify our investment and then to continue to make capital investments, you know, it stands to reason that we would want an additional percentage ownership. So some of these devices, the robot, for example, is a million dollars. We just put in four new surgical towers for $380,000. So just as, in part, as a justification for these additional investments, it stands to reason that we would want a larger percentage of the investment in the business. And, once again, as I mentioned, the surgeons always wanted to divest themselves of that much of it. So there's like two compelling complementary reasons why that occurred. Hopefully that answers your question.

HEARING OFFICER NOVI: I'm sorry. I'm still writing, so if I don't look up because I'm actually taking notes --

THE WITNESS (LeStrange): Okay. Sorry. I can pause.

HEARING OFFICER NOVI: All right.

THE WITNESS (LeStrange): And just as an aside, we have plans to continue making capital investments. In fact, just last week the anesthesia group asked us to purchase a new ultrasound probe which will help them improve the quality of their nerve blocks. So I think the capital investments are ongoing, and it's just really sound business.

HEARING OFFICER NOVI: Do you have any studies or proof that you can point to that the acquisition of the 17.7 percent will affect the quality at the ASC and contain costs?

THE WITNESS (LeStrange): Well, I don't have any studies to say, but I could tell you definitively that the clinical control remains with the physicians. We are the administrative leadership. Clinical decision and quality control is managed by Dr. Buchalter, Eileen O'Brien, who's a registered nurse, and Crystal Hancock, registered nurses, who oversee all of our quality indicators. And we have no input on what those are, and there's no influence to change any of

those.

HEARING OFFICER NOVI: How will HPOM improve costs as compared to the physicians having control over the ASC?

THE WITNESS (LeStrange): Well, I guess it's an indirect answer to that in that we can open -- with our advanced and increased resources and capital, we hope to open an additional day, and we can invest into more equipment that will expand access to patients and expand services.

HEARING OFFICER NOVI: Will the additional day, will that require the current doctors working more or what will the additional day, will it bring on more people?

THE WITNESS (LeStrange): It's a great question. So when you think about the ambulatory surgery center, the ambulatory surgery center is a dependent variable. We're the recipient of patients. The physicians drive who comes to the center. But if there's limited access, obviously there's limited opportunity for physicians to operate there. And if they have extra cases, they might then go to a hospital, which is a higher cost setting. So by opening a fifth day, we hope to, you know, provide that access to patients who

prefer to come to the ambulatory surgery center and to the surgeons who prefer to be in the ambulatory center.

You know, you didn't ask this question, but I'll just share with you that it's a more efficient setting. Having someone like myself who's managed both inpatient hospital operating rooms and ambulatory surgery centers, the efficiencies of ambulatory surgery centers really are unmatched, and it's just a better setting for patients and families.

HEARING OFFICER NOVI: How will HPOM enhance the delivery of services to patients at the center?

THE WITNESS (LeStrange): Well, first off, I'd just like to start off by saying it's already an exceptional center, so improving on exceptional standards is difficult, but we will maintain that exceptional care. Our survey results and our patient quality outcomes are near perfect. And we do, while we are not, you know, a voting member of our Medical Advisory Committee, we do join those meetings and listen in and hear about the quality measures that are ongoing.

As an aside, I'm a registered nurse as

well, and I've been involved in the quality care of ambulatory surgery centers and ORs in my career. This is an exceptional team, and we're just so thrilled to be partnering with them. And we don't expect any changes in quality. We'll maintain that exceptional quality.

MR. CARANNANTE: Officer Novi, can I interject one thing?

HEARING OFFICER NOVI: Yes.

MR. CARANNANTE: Can I ask Dr. Buchalter or his team or Walter or anyone else how the capital investments that we've made or HPOM has made so far and/or plan to make, how has that improved and/or will improve the quality of care at the surgery center? I don't know if that's Dr. Buchalter's room or Walter.

THE WITNESS (O'Brien): I can say two things. My name is Eileen O'Brien, the administrator at Orthopaedic and Specialty Surgery Center. I can tell you that Health Plus has allowed us to purchase new equipment which gives us better outcomes. Just the ultrasound is a state-of-the-art ultrasound machine that gives us access to giving better or very good nerve blocks for these total joint patients to go home to have

pain control.

They've allowed us to send two of our managers on to get higher management degrees which will help improve our process. We've also been able to send two of our OR nurses to operating room educational seminars so that they are able to give better patient care.

The new robot has allowed us to perform surgeries on some patients that may not have been able to be done here. Some people have nickel allergies, so those patients were not, robotic surgery may have not been an option for them, but with this new robot it is an option.

And then we've also been able to acquire four new towers which are for our orthopaedic or arthroscopic procedures that before that we had only three towers so now we have four towers, and we can run all four operating rooms simultaneously giving us more options to fill those rooms.

THE WITNESS (Buchalter): In addition, by having this state-of-the-art equipment we've upgraded our arthroscopic equipment, got another robot, this is our third robot. We've recruited additional physicians that would come to work at

the center that ordinarily may not come because of the type of technology that we do have. And having really the state-of-the-art technology allows us to do the best work possible for our patients. And obviously it's very attractive to patients to come to a center where we don't just try to cut corners and do things quickly and less expensively, we really do things state-of-the-art. And cost is obviously an object for all the stuff that we do, but it's really in the background where the quality of care is the number one thing that we have done from day one that we continue to do.

And just to add to that. We don't have, we as physicians just don't have the ability to analyze, like, you know, you're doing 100 of these, you know, this gauze pad you use is 10 cents cheaper from this other company, and you'll save $3 by doing this, and you multiply it by 20 and you multiply it by 100, and the next thing you know you're saving significant money and not at all cutting quality or like that. But we don't have the ability to analyze any of that data.

And there's so much data out there. And this insurance company gives you a dollar,

this insurance company gives you $2. You know, it's just so much information out there that we can't process and we can't optimize, you know, so that we can continue to be like state-of-the-art, be able to purchase really good equipment, to be able to have fun in the operating room, do great work, you have the most amazing patient satisfaction of anyplace I've ever worked, and it's because, you know, we have the tools as physicians and surgeons, but we don't have the running of the business end of things where we really need good help so we can do what we want to do.

And HP has allowed us to do exactly what we want to do. I mean, this new robot was a million dollars. Trust me, from an economic point of view trying to make money, it's not going to make you more money. It will probably make you less money, but we'll be able to do more patients, we'll have a better population of patients, and we'll continue to provide the services to like the Medicare population which, you know, if you look at the projection over the next ten years, the number of joint replacements are going to dramatically increase.

It's just, you can't do it in a hospital. It's too expensive. So we have to move these procedures to these centers where we can do them more cost effectively, higher quality of care. We don't have infections that come into our center. We only make sure we take care of healthy people that don't have infections, so our infection rates are as low as they can be anywhere around the country. We just have a great place, so we just want to grow it.

HEARING OFFICER NOVI: I do have a question, a follow-up question, and this is based off my lack of knowledge. What is a tower, and can you explain why four of them are very important? Sorry.

THE WITNESS (Buchalter): So we do what's called arthroscopic surgery which is we put a telescope in someone's shoulder, their knee, urologists put telescopes inside the bladder. And we are a multi-specialty center. We have ear, nose and throat surgeons that do things as well. The technology has grown dramatically. It's almost like you're buying a new computer where it's outdated in five years. So these towers consist of all the operating room equipment,

including the video equipment, which is these high definition 4K monitors, these telescopes that cost a billion dollars apiece but give you these beautiful pictures. These instruments we put inside these small joints that are specially made, you know, millimeter, 2 millimeter, 3 millimeter sizes, special motorized shavers that have vacuums and suck tissue out when somebody has a torn meniscus or a torn cartilage or need a rotator cuff repair.

So our equipment was great four or five years ago, but, believe it or not, it's outdated. And for us to stay on top of the game we needed new equipment. A tower is good for an operating room. Ideally we have four operating rooms. So if we have four towers, it will increase our efficiency. Because moving a tower from one room to another is a process that takes time and it decreases the efficiency. So having four of these state-of-the-art towers, one in each room, allow us really to do great work, and especially because it's so much better than the old stuff we had. And without HP we couldn't do that.

HEARING OFFICER NOVI: Thank you for your answer. I learn something new every hearing,

and now I know what a tower is. Thank you.

So I'm going to just, staying with completeness letter one, on page 282, Bates page 282 of the completeness letter response you answer, There will be no disruption in the continuity of day-to-day management services at the ASC as a result of this proposal. However, on page 289 it says, HPOM will now have greater decision-making responsibility and authority with respect to, and in brackets, operational efficiencies, days and hours of operation, recruiting new providers, and upgrading technology.

Can you kind of explain the juxtaposition of those two statements?

THE WITNESS (LeStrange): Sure. Thank you. So I think we've already, I think, addressed the clinical aspect of that, so I'll talk more about the business analytics perspective. So a couple of other things we've recently done in respect to revenue cycle and the electronic health record that's in the facility and the analytics, so we've just recently put a whole new system in place. So I think we went live July 1st.

HEARING OFFICER NOVI: Can I ask you

what system you've put in and just kind of tell us a little bit about that EHR.

THE WITNESS (LeStrange): Yeah, it's called SIS.

And Eileen, help me with the acronym. Surgical Information System; is that correct?

THE WITNESS (O'Brien): Correct.

THE WITNESS (LeStrange): That's it. So that allows us to do a host of analytics that we really prior to this were not capable of doing. So things you like to manage in terms of your efficiency of your OR, you'd like to know -- and once again, I'm sorry to give you this information, but I think you like learning new things. So one of the metrics that we look at is operating room turnover and operating room utilization. So with these new systems we're now loading a whole host of new data points that we previously didn't look at and measure. So going forward, we only went live July 1, but by Q4 of this year we'll have a really good sufficient database that we can start to analyze not just the OR efficiency and OR utilization, but we're also adding something called these preference cards.

So Dr. Buchalter has a certain menu of

items he likes to use in his operating room that Dr. Smith and Dr. Jones have a different preference card. All of that data is now, with the help of the team you see in the room, is being fed into this new system so we'll then be able to start analyzing not just efficiency but cost. And then we'll give that information to the Medical Advisory Committee and they can look at where we're seeing perhaps some unnecessary costs and then they make the justification around the clinical decision-making whether or not, you know, it's justified or not. We just provide the information in a setting that was exceptionally well run, but they were lacking some good data.

HEARING OFFICER NOVI: Can you address how HPOM will have greater manage -- and I think you may have already alluded to this -- greater managerial and administrative authority at the center after the acquisition?

THE WITNESS (LeStrange): So managerial authority, so things that we would be managing are really, once again, those operational things, non-clinical. So do they need a new air-conditioning unit on the roof, how is the revenue cycle being managed, you know, do we need

to replace equipment, which we've sort of been down that road, but there's, you know, purchasing opportunities. So it's everything operational. We might actually do some workflow analysis for patient experience, not necessarily clinical but what are those patient experiences.

We actually spend some time also in marketing which we haven't highlighted yet. So we will definitely do some marketing which will highlight the great facility that we have. So they historically probably haven't done anything in the social media world, and we'll be doing that as well, upgrading their website. So it's really everything you can imagine on that operational side of the part of the house we'll be looking at.

HEARING OFFICER NOVI: Okay. And then what -- can you talk a little bit about what the mission of HPOM as a management company is and how that correlates and connects to the ASC?

THE WITNESS (LeStrange): Thank you so much. So on that, I'd like to reintroduce our chief executive officer, Stuart Blumberg, and maybe Stu would like to speak to the history and mission of Health Plus.

THE WITNESS (Blumberg): Sure. Thank

you, Walter. Stuart Blumberg, CEO of Health Plus Management. I may not have said it up top, but I'm also the founder of the company. So we've been providing services and partnering with physicians for now over 30 years. In July is actually our 30-year anniversary. The longevity of our relationships with the physician practices that you saw in our exhibit really speak to what our vision and mission is which is to help physicians excel and succeed in private practice, enjoy what they're doing, have an alternative to hospital employment, and keep, you know, the patients as happy as could be with tremendous outcomes.

So our philosophy is to partner with best-in-class physicians like Dr. Buchalter and the Somers Group and OSSC as our first partnership in a surgery center. And coming into the surgery center, I should say, you know, we are well aware of the complexities of the surgery center, right. And having Walter and Dave and others on the Health Plus team, we needed to make sure that we were prepared and ready to deliver the same results that we've done historically for physician practices. So we, of course, recognize the

regulatory complexities, the operational complexities, the financial management that Dr. Buchalter has talked about.

So we came in very prepared. And the work that we do for for the surgery center really does align very closely with what we have done for 30 years, again, which is invest in these practices so that they could be here for the long term and that the patients can rely on the practice to be there when they need them and to provide outstanding service.

HEARING OFFICER NOVI: All right. Now, I'm going to stick with you for a little bit.

THE WITNESS (Blumberg): Sure.

HEARING OFFICER NOVI: Who will the CFO report to after acquisition? And can you provide an org chart as a Late-File?

THE WITNESS (Blumberg): Sure. And the CFO of Health Plus, right, Dave McCabe?

HEARING OFFICER NOVI: Well, is there a CFO of the actual ASC at the moment?

THE WITNESS (Blumberg): Dave, do you want to talk a bit about the hierarchy?

THE WITNESS (McCabe): Sure. Dave McCabe, CFO for Health Plus Management. The

actual site itself, the ASC, OSSC does not have an individual 100 percent dedicated chief financial officer. There is a financial person there. She's in the room. Lauren has already introduced herself. I am the CFO. Lauren provides information up to me which I provide to Stu as a direct report of Stu.

HEARING OFFICER NOVI: Can we get an org chart of how this will be laid out submitted as a Late-File of how the interplay between HPOM and the Orthopaedic Specialty Center?

THE WITNESS (LeStrange): Yes, absolutely.

HEARING OFFICER NOVI: Okay. So we'll make that Late-File 1.

(Late-File Exhibit 1, noted in index.)

HEARING OFFICER NOVI: And then sticking on with that, I would like to ask if you could please describe and provide before and after quality measures from previous acquisitions or partial acquisitions. I know you mentioned that this is a service you have been providing. So any statistics that you have on improvements that have been made or quality measures from before you purchased an ASC to after the purchase so that we

can see those. And that would be, I'd request that as Late-File 2.

THE WITNESS (LeStrange): Right. So I'm going to pass this one to Crystal. We've been with the group since October, I guess, so it might be a little early to do comparative data only to say that the outcomes at this point, and Crystal can speak to them, have really been --

HEARING OFFICER NOVI: Well, I'm looking more for other ASCs that you have partnered with. I know there was a list and it was in your prefile as well.

MR. CARANNANTE: Can I interject, Officer Novi?

HEARING OFFICER NOVI: Yes.

MR. CARANNANTE: HPOM does not have any ownership or management with prior ASCs. This is their first ASC. What we were highlighting before, and it's maybe a little nuanced, and I apologize for the lack of clarity, what we were stressing there is the individuals that are now managing this ASC have a lot of experience in their prior lives with management and participation or partnering with ASCs. So Walter's prior employment, ProHealth, Nuvance and

also Mr. McCabe, they have a lot of experience personally with ASCs, but this company, HPM, HPOM, this is their first management or partnership with an ASC. So we do not have any prior data with ASCs.

HEARING OFFICER NOVI: Okay.

MR. CARANNANTE: I just want to be clear.

HEARING OFFICER NOVI: So these 21 facilities that were listed on Mr. LeStrange's testimony, those are not ASCs?

THE WITNESS (LeStrange): Physician practices.

HEARING OFFICER NOVI: Physician practices, okay. Got you. I see a lot of them are rehab type.

THE WITNESS (LeStrange): Right.

HEARING OFFICER NOVI: I see that now. Okay. But if you do have any data about what your improvements have been doing -- I know it's only been since October -- any information that you would have on the improvements or any preliminary review that you've done of the facility, that would be appreciated as Late-File 2.

MR. CARANNANTE: Got it. Okay.

(Late-File Exhibit 2, noted in index.)

HEARING OFFICER NOVI: And then after -- and I'm now going to shift a little bit again to questions about staffing. Do you expect there to be a change in the non-doctor staffing? I know you've talked about hopefully having more doctors come on for the new days that you are open, but can you talk about the level of non-doctor staffing?

THE WITNESS (LeStrange): Sure. There would be no expectation that we would eliminate any positions. In fact, as we go to a fifth day, we would actually increase the staffing.

HEARING OFFICER NOVI: Where would you be looking to increase that staffing, do you have any idea, would it be nurses, would it be front desk people, things like that?

THE WITNESS (LeStrange): Eileen, would you like to take that, please?

THE WITNESS (O'Brien): Sure. My name is Eileen O'Brien. We would have to increase staffing in all areas. So that would be in the pre and postop areas, the operating room, maybe sterile processing and in the office.

HEARING OFFICER NOVI: And then a

question with that is would you be keeping with the same types of staff you've previously hired, for instance, instead of going from an RN to an LPN, or would you be looking to --

THE WITNESS (O'Brien): We would be keeping our same standards. We would hire registered nurses, certified surgical techs, certified sterile processing techs, the same standards that we hold right now.

HEARING OFFICER NOVI: And who would be doing the hiring at that time?

THE WITNESS (O'Brien): It's a collaborative effort between the director of nursing, Crystal Hancock, and Luis Peralta and Lauren Mealey.

HEARING OFFICER NOVI: So it would be handled in-house and not through HPOM?

THE WITNESS (O'Brien): Correct.

HEARING OFFICER NOVI: Okay. What type of input would HPOM have into, for instance, staffing or the -- I mean, I know besides hiring of doctors, would they be involved in the day-to-day HR or --

THE WITNESS (LeStrange): Great question. So regarding recruitment, if we take

that for new staff, so our human resource department at Health Plus would support Eileen's team in recruiting new people. So we would lead on posting ads, writing the ads for indeed.com or wherever we go, and that would be managed -- that would be the support we would provide. They'd make the decision on the actual personnel, but we would support their functions.

HEARING OFFICER NOVI: Okay. Great. I'm going to now shift gears a bit again to, I have a few questions about the board. As a result of the acquisition of the 17.7 percent, what qualifications would be required to be appointed to the board after HPOM gets the additional, will now have four seats?

THE WITNESS (LeStrange): So, the addition to the board would be people from our C-suite. So it would be David McCabe and possibly Stuart Blumberg, and that would be, you know, that would probably be the extent of board management.

HEARING OFFICER NOVI: Okay. And then you had mentioned that there was some committees, or it had been mentioned that there is some committees in this facility. What committees exist?

THE WITNESS (LeStrange): Eileen, would you like to manage that, please?

THE WITNESS (O'Brien): This is Eileen O'Brien. We have a Quality Committee, we have a Medical Advisory Committee, we have a Peer Review Committee.

THE WITNESS (Buchalter): Infection.

THE WITNESS (O'Brien): Infection Control is also quality.

HEARING OFFICER NOVI: How are people appointed to these committees?

THE WITNESS (O'Brien): They are appointed. They are identified through the management team and then we appoint them every year, so they get voted on every January.

HEARING OFFICER NOVI: All right. Hold on one second. I'm still writing. Will there be any changes to these committees after the acquisition?

THE WITNESS (O'Brien): I don't see any changes, no.

HEARING OFFICER NOVI: All right. My last few questions are about patients and the costs for patient care. Please describe and provide the charity care appeal information. I

know you talked about that there was a process, but I didn't see that process. Is that possible as a Late-File?

THE WITNESS (O'Brien): Yes.

HEARING OFFICER NOVI: We'll make that Late-File 3.

(Late-File Exhibit 3, noted in index.)

HEARING OFFICER NOVI: But can you explain what happens during the hearing or right now about what happens if somebody loses a request for charity care?

THE WITNESS (O'Brien): So we would go through an appeals process. It's submitted within 30 days of receiving the initial charity care determination. We would meet as the Medical Advisory Committee to review the appeal. It's based upon, you know, we would do the appeal outcome, and they can do a secondary appeal.

HEARING OFFICER NOVI: And how many of these would you say you do within a year or a six-month period?

THE WITNESS (O'Brien): We really -- a handful.

HEARING OFFICER NOVI: For patients who are uninsured, how are the out-of-pocket costs

handled?

THE WITNESS (O'Brien): We do have a schedule.

Do you want to speak that that, Lauren?

THE WITNESS (Mealey): So if they don't have insurance, we speak with them beforehand, and we have a fee schedule based off of the current prices of Medicare. So we would just get a procedure code and give them an estimate for their procedure, what it would cost out of pocket.

HEARING OFFICER NOVI: You did say you have a schedule. Can I ask for that to be submitted as Late-File 4?

THE WITNESS (Mealey): Yes.

(Late-File Exhibit 4, noted in index.)

HEARING OFFICER NOVI: Will the process change about uninsured patients' out-of-pocket costs after the acquisition?

THE WITNESS (LeStrange): No. In fact, the facility has not increased their fees since inception, which is six years ago, and we have no plans to increase fees going forward.

HEARING OFFICER NOVI: Okay. Who reports patient debt to debt collectors?

THE WITNESS (LeStrange): That would be

be Lauren, I guess, no?

THE WITNESS (Mealey): The business office.

HEARING OFFICER NOVI: The on-site one, okay.

THE WITNESS (LeStrange): Yes.

HEARING OFFICER NOVI: Will there be any changes to the way patient debt is handled after HPOM makes the acquisition?

THE WITNESS (Mealey): No.

HEARING OFFICER NOVI: Who will negotiate prices for patients after the 17.7 percent acquisition?

THE WITNESS (LeStrange): Lauren.

THE WITNESS (Mealey): It will still remain the same.

THE WITNESS (LeStrange): Yeah.

HEARING OFFICER NOVI: And Lauren, will you also be negotiating contracts with payers?

THE WITNESS (Mealey): So that's a --

THE WITNESS (LeStrange): I'll take that one. So we actually, to negotiate contracts with payers, that's where something that Health Plus would help with. So we've actually engaged with a third party to act as a consultant to help

us with that. So just in the world of health care, you know, physicians and facilities are price takers. We don't set a price. The payers set the price. We just take whatever they pay. But we can negotiate, hopefully, for better payments based on wage inflation, based on cost savings to the payer, and those are the type of strategies we use to bring better rates to the facility. But that has not happened as of yet, so the rates have been the same since inception.

HEARING OFFICER NOVI: Thank you. I'm going to go back for one last time -- and I'm sorry I've jumped around on this question -- this last question is about complex spinal cases. And I just would like to know a little bit more about that. It says that you'll be adding more complex spinal cases. Has there been an increased need for these surgeries; and if so, could you provide testimony -- or sorry, provide data on your complex spinal cases and what you're hoping to do with providing those services?

THE WITNESS (LeStrange): Sure. I'll start it off and then I'll pass the ball around. So just like with the same as total joints, it's been demonstrated that you can do a lot of these

high-cost cases in an ambulatory setting. So to that extent, you know, we've made that investment to get the instrumentation required to do those cases.

So we've actually recently recruited in the orthopaedic group a new spine surgeon who completed his fellowship at the University of Texas who has expertise in these minimally invasive outpatient surgical procedures, so he's now part of the group. In addition, we just recruited another neurosurgeon who does spine cases to support him as a senior leader in that group. So two new spine surgeons within the last year in the group. And we'll be bringing those cases, which are now Medicare, many of them are Medicare required. Unless there's comorbidity and reasons not to do them in an ambulatory setting, Medicare prefers that they're done in these settings.

Dr. Buchalter, anything to add or did I get it all?

THE WITNESS (Buchalter): Yeah, I think you kind of touched on it. And I think exactly that, that we have recruited physicians to perform procedures that are minimally invasive where you

put a telescope in and you can remove a herniated disc or you can take care of a spine issue with very sophisticated equipment that beforehand, you know, just the hospitals owned. We were not able to purchase those. We weren't able to afford that equipment. Now we can. And we can move a lot of these not bigger operations in the sense more dangerous operations but more complex operations requiring very expensive equipment into a surgery center where we can do it for a significant cost savings. So now we have the physicians to do it, now we have the equipment, and we'd like to get that up and running as well to provide that service.

HEARING OFFICER NOVI: All right. Thank you. And then one last Late-File. I would like to ask if you could provide a case mix index about what cases the ASC currently sees versus what it expects to see if the proposal is approved.

THE WITNESS (LeStrange): Great. Great question. Thank you.

HEARING OFFICER NOVI: And that would be -- sorry, my notes are all over the place -- that would be Late-File 5.

THE WITNESS (LeStrange): Yes.

(Late-File Exhibit 5, noted in index.)

HEARING OFFICER NOVI: Okay. So that is the end of my questions. I think at this time it would be a good time to take a 15-minute break. So actually let's make it a 20-minute break since we have gone for quite a while. We got a lot done. If we could meet back here -- we'll call it slightly under 20 minutes -- if we can be back here at 10:30.

I would like to remind everybody that we will, the hearing will remain on, so if you could please mute yourself and turn off your camera so that we cannot still see you. I will see everybody back here at 10:30 for the remaining hearing. Thank you, everybody, and I'll see you in 18 minutes.

(Whereupon, a recess was taken from 10:12 a.m. until 10:30 a.m.)

HEARING OFFICER NOVI: All right. Good morning, everybody. It is now 10:30 a.m. As you were just informed by the Zoom voice, we are recording this hearing, and by remaining in this hearing you consent to being recorded. If you would like to revoke that consent, please exit the

hearing at this time.

Okay. So I will continue. I did come up with a few questions after we went on break. I will ask some questions. I know one of our analysts has two questions for you, and then we will go ahead and allow the applicants' attorney to ask any questions that he has.

My first question is, are there any services that the ASC plans to discontinue after the acquisition?

THE WITNESS (LeStrange): No.

HEARING OFFICER NOVI: Will HPOM have any input into which services are added or removed after the acquisition?

THE WITNESS (LeStrange): Well, we won't be removing any. In terms of adding, the only input we would have would be to provide the analysis of the value add of doing certain procedures. They would decide if the clinical capabilities exist. So, for example, we won't deliver babies there because we don't have the clinical capability. They would make those decisions though.

HEARING OFFICER NOVI: Then my last question is, does the ASC currently have a

corporate practice of medicine policies and protections in place?

THE WITNESS (LeStrange): I would have to defer to either Dina, Vin or Eileen.

MR. CARANNANTE: Sure. Let me just chime in to clarify, Walter, and this might be a Dr. Buchalter question. Can you go -- Dr. Buchalter, can you guys speak to the Medical Advisory Committee, what we want folks here, or to tell Hearing Officer Novi and OHS staff is, you know, we're involved in administrative and business dealings, and all of the clinical decision-making is done by the clinical team.

I'm your attorney. I can't actually testify to that fact. So I would just like Dr. Buchalter's team or Walter to, if that's true, to testify and speak to that where just, if I'm hearing Officer Novi correctly, she would like to hear about who's involved in the clinical decision-making at the ASC.

THE WITNESS (Buchalter): So I think the clinical decision-making is by this Medical Advisory Committee which consists of just clinical people. There's no business people in there. It's myself, it's Eileen and it's Luis and Crystal

and Dr. Diana, who's the head of anesthesia for the surgery center. And it's the five of us that make all the clinical decisions in regards to how the surgery center functions. It's the five of us that look at all the quality measures and review them. It's the five of us that look at, you know, when the pharmacy comes in to check on us to make sure that we're doing everything correctly it's the five of us. And Eileen leads the charge because she's there every day of the week where I'm not, so she can speak to it a little bit more in detail.

THE WITNESS (O'Brien): So I'm not really sure what -- so --

HEARING OFFICER NOVI: Do you have a policy -- let's start with -- we'll break it down. Do you currently have a policy on the corporate practice of medicine?

THE WITNESS (O'Brien): On the corporate practice of medicine we have a policy on our surgical services. We have a policy on the type of patients that we will and cannot accept based on their medical conditions. We have policies on, you know, pre-admission quality measures as far as like, you know, labs, EKGs,

clearances that are needed to make sure the patient is safe here.

HEARING OFFICER NOVI: Do you have any -- do you plan to implement any policies to account for the enhanced involvement of non-physicians in the ASC?

THE WITNESS (O'Brien): No.

HEARING OFFICER NOVI: Okay.

THE WITNESS (Blumberg): And if I could just add from Stu Blumberg, Health Plus, that we just have a long-standing history of all of our agreements of having sensitivity to the corporate practice of medicine. So from myself throughout the whole team of Health Plus, as you've heard Walter testify, we have very, you know, strong checks and balances to not get involved in anything that has to do with the corporate practice of medicine. We, our history is in New York, which is a highly regulated state, so we're very familiar with it.

And to the question I'll defer about the policy written to others on the team, but I can say the spirit of what you've heard throughout the testimony today is how Health Plus functions as a company that does not get involved in

anything that has to do with medical decision-making. We trust that our partners are going to do right by their patients and for the practice and the ASC.

HEARING OFFICER NOVI: Okay. All right. Thank you very much. I'm now going to turn it over to Ms. Tomczuk. She has some additional questions that she will be asking.

MS. TOMCZUK: Good morning. I do have a couple follow-up questions to some things that were brought up previously. You had mentioned that you will, HPOM will be supporting with ads and that sort of thing as part of the hiring process goes. Will you be filtering through those applications or what would that look like?

THE WITNESS (LeStrange): Our human resource department are experts in recruitment. We have, as we testified earlier, we have many other businesses that we partner with, so we do this pretty well. And then we'll filter through, do some background checks, and then give applicants to Eileen's team for that. So we basically do the screening process for them.

MS. TOMCZUK: Okay. And then not related, a different question. Now, you had also

mentioned that Health Plus purchased some new towers, some very expensive equipment, and this is while you only owned the 40 percent. So what exactly will be kind of changing if the application is approved, if it's not approved will you kind of have like a budget that they have to stick to?

THE WITNESS (LeStrange): That's a good question. So we've made these investments in good faith. We believe they are necessary to run the business efficiently. The additional 17 percent to us helps us justify those. We're making those investments, so it's not an either/or. But, you know, to justify our investment we think it's appropriate that we have a larger ownership stake in that, but we've already made those investments.

MS. TOMCZUK: Correct.

THE WITNESS (LeStrange): So regardless of the outcome, we're all in.

HEARING OFFICER NOVI: All right. Thank you. At this point, I'm going to go ahead and allow the applicants' attorney, Attorney Carannante, to go ahead and ask any questions that he would like to ask of his witnesses.

MR. CARANNANTE: Sure. We don't have

any additional questions. The only thing I want to add just so we get some clarity to ask questions was with respect to -- I just want to make sure we're all on the same page with respect to the corporate practice of medicine. The corporation itself does not practice medicine. It's just the doctors that practice medicine or clinical care providers.

And so I just wanted to ask Eileen or Dr. Buchalter's team, do we have any -- does the Medical Advisory Committee, does it have any policies itself? I just want to make clear one point.

THE WITNESS (O'Brien): Policies in like patient selection or --

MR. CARANNANTE: No. As to the structure, the membership, anything with respect to the policies, or maybe just confirm right now who those members are again. I feel like we -- I think we stated it, but again, the corporation itself, you know, HPOM does not practice medicine. I just want to make it clear that only clinical providers are on that committee, correct?

THE WITNESS (O'Brien): Correct.

MR. CARANNANTE: And Dr. Buchalter, as

you've been involved with the facility, have you ever seen HPOM interfere with any of your or your partners' clinical decisions?

THE WITNESS (Buchalter): No, we have complete separation between the business end of things and the practice of medicine. And I think in all our bylaws and all our corporate documentation I think it was set up that way so that we would be autonomous of anybody that's not clinical, that's not part of the clinical team, to be involved in this medical executive committee -- Advisory Committee, excuse me.

So we have never been asked or questioned about anything that we decide to do. And it's done by the committee, and then we go in front of all the docs and we vote on a lot of things and make sure that everybody is agreement. And we've really had no issues in the five, six years we've been open in that regard. And certainly over the last year working with Health Plus there has never been a single time that anybody said a word about anything clinical. You know, everything has been separated with the business aspect of things, a total different issue.

MR. CARANNANTE: Thank you. That's all I have for my own witnesses, Hearing Officer Novi. I do have a question for you at the end. I just want to clarify all the Late-Files, but of course we can do that at the end.

HEARING OFFICER NOVI: Usually I do, right around the time you'll give a closing statement, I will talk to you about Late-Files, what you would need to get those exhibits in for a time frame. So if you want to use the break to maybe figure out what would be enough time for you to get them in, you could suggest that to me after public comment because we want to make sure that you have enough time to gather all the information needed.

And before we take a break before public comment, I would just like to state for everybody who is listening that public comment is open. You can sign up right now via our chat feature, and Ms. Greer will be here to help you and put a list together of people that would like to speak. If you would like to submit written comments and you don't want to speak today, that can be submitted to CONcomment@ct.gov. Again, that's C-O-N-c-o-m-m-e-n-t@ct.gov. And we will be

taking written comments for seven days after the hearing, after the end of this hearing, which would put us through to August 6th. So you would have until August 6th to submit a written comment, should you choose.

At this time, we'll take a break. We'll come back at 11:30. Any public comment that we have will be heard during that time. Then we'll go to closing statements from the applicants. And we will assign a Late-File date. We'll go over what's due for Late-Files, we'll do a Late-File date for that, and then we'll close the hearing. Thank you, everybody. And I will see you at 11:30.

MR. CARANNANTE: Thank you.

(Whereupon, a recess was taken from 10:42 a.m. until 11:30 a.m.)

HEARING OFFICER NOVI: Good morning. It is 11:30. As you were just informed by the Zoom, by the Zoom voice, we are recording this hearing and it will -- your remaining in this hearing means you consent to being recorded. If you would like to revoke your consent to be recorded, please exit the hearing at this time.

All right. At this point, I'm going to

quickly ask if we've had any sign-ups for public speaking.

Ms. Greer, have we had anyone sign up? Leslie?

MR. CARANNANTE: Would she be OHS-HSP?

HEARING OFFICER NOVI: Yes. Leslie, I don't know if you have your mic off or if you could just send a chat. Leslie, are you with us?

"No public comments." I see a chat.

Okay. So at this time, instead of going through the entire public comment section, I will just say if anybody is listening to this and would like to -- doesn't feel like speaking today but would like to submit written comments, you can submit written comments to us for up to seven days after this hearing which will run through August 6th at CONcomment@ct.gov. Again, that is CONcomment@ct.gov. And we can take those comments for a week.

I would like to thank everybody who is joining us again. Since we are not having any public comments, we will go to the Late-File submissions.

Do you know when you would be able to have the -- actually, let's read through a list of

the Late-Files. I will have, again, Ms. Tomczuk read through a list of the Late-Filed requests, and then I'll ask you, Attorney Carannante, what you would like to have for a due date for those.

MR. CARANNANTE: Sure.

MS. TOMCZUK: The first one I have -- I have five total. The first one is submit an organizational chart reflecting the changes of this proposal.

Two is provide --

MR. CARANNANTE: Sorry, could I -- do you want me to wait for my questions for each one or after you read all five? What do you prefer, Ms. Tomczuk?

MS. TOMCZUK: Alicia, do you want to --

HEARING OFFICER NOVI: Let's take the questions. I mean, do you have questions about each one that we're requesting or --

MR. CARANNANTE: No, no. I just had a question on the first one, so I didn't know --

HEARING OFFICER NOVI: Yes, go ahead right now then, we'll take that.

MR. CARANNANTE: Okay. Sure. Sorry for the rude interruption, Nicole. I just wanted to stop you if I was supposed to ask questions.

I just want to make sure. The way I wrote it down is you wanted a personnel org chart of how the, on the financial side, of how the ASC reports up to HPOM. That's what I wrote down. So I was just confused on that first Late-File about, you know, an organizational chart with respect to the proposal. So I just want to make sure we get you exactly what you need with Late-File Number 1.

HEARING OFFICER NOVI: I think it was a full org chart of what the organization is going to look like as well.

MR. CARANNANTE: And we're talking about personnel, correct?

HEARING OFFICER NOVI: Yes. I mean, we don't have to include obviously the -- well, yeah, we'll include personnel, all personnel on that org chart.

MR. CARANNANTE: That's what I mean. It's an individual org chart. It's not an entity org chart. It's just a personnel org chart, correct?

HEARING OFFICER NOVI: Yes.

MR. CARANNANTE: Okay. It's just one org chart.

HEARING OFFICER NOVI: And then just

also let us know who the person is at the top who reports out to HPOM as well. I know, for instance, we were talking about it, and they said, well, the financial person in-house reports to HPOM. You can just give us this person would report information about financials to HPOM, this person would --

MR. CARANNANTE: Okay. So it's one org chart that reflects what will happen if and when this proposal is approved, and it's name, title and who that person reports to.

HEARING OFFICER NOVI: Yes.

MR. CARANNANTE: Would that be fair?

HEARING OFFICER NOVI: That's fair, yes.

MR. CARANNANTE: Okay. Sorry about that. Thank you.

HEARING OFFICER NOVI: No, that's fine.

MS. TOMCZUK: The second one is provide quality measures for both before and after the introduction of HPOM.

MR. CARANNANTE: Okay.

MS. TOMCZUK: Third, provide information for charity care appeals.

MR. CARANNANTE: Okay.

MS. TOMCZUK: Provide a schedule of the charity care policy.

MR. CARANNANTE: I thought it was the out-of-pocket fee schedule you guys wanted to see for Late-File Number 4.

HEARING OFFICER NOVI: There were actually, I believe, two of that one.

MR. CARANNANTE: We had the, you want to see the charity care policy that was -- appeal process for the charity care policy, that's number 3, and number 4 was the out-of-pocket fee schedule.

HEARING OFFICER NOVI: Yes.

MS. TOMCZUK: And the final one was provide a current case mix index and a case mix index if this proposal is approved.

MR. CARANNANTE: And are we talking about projections for like one year? When you say -- so we have the current, obviously it is what it is whatever our current case mix index is. Is it something like what it would look like a year from now or, you know, day one after the proposal? I just want to make sure we, again, get you exactly what you're looking for.

HEARING OFFICER NOVI: Let's do a year

after, like we'll do what it currently is prior to acquisition and then a year after acquisition.

MR. CARANNANTE: Okay. And is that it, Nicole?

MS. TOMCZUK: Yes.

MR. CARANNANTE: So we were thinking by August 9th, Hearing Officer Novi, if that's acceptable to you and your staff and your team.

HEARING OFFICER NOVI: That is more than acceptable. Do you need more time? I usually like to make sure you have plenty of time to get them in.

MR. CARANNANTE: Unless anyone on the OSSC or the HPOM team objects, we're going with August 9th, correct?

THE WITNESS (LeStrange): August 9th is fine. Thank you.

HEARING OFFICER NOVI: Okay. We will have those due by August 9th, and we usually ask that they be due by 4 p.m. that day. If you have any issues with that, please let us know prior to that day and you can always file for a request for an extension on the filing of those.

MR. CARANNANTE: Very much appreciate it. Thank you.

HEARING OFFICER NOVI: Are there any additional questions or concerns about the Late-Files, Attorney Carannante?

MR. CARANNANTE: No, not at this time.

HEARING OFFICER NOVI: All right. So at this point, I would like to offer you the chance to make a closing argument or a statement.

MR. CARANNANTE: Sure. With your permission, Hearing Officer Novi, we'd just like our CEO, Stuart Blumberg, just 30 seconds on closing remarks and then, you know, we thank you for your time. We really appreciate the effort and all the time you've put into reviewing our application, but Stuart would like to make just a one-minute closing remark and then we're good.

THE WITNESS (Blumberg): Thank you. And thanks for the extra 30 seconds. 30 seconds might be tough. I'll take the minute.

HEARING OFFICER NOVI: You can take more time, if you'd like.

THE WITNESS (Blumberg): Just reflecting on this great hearing, and thank you again for the time and the help that you're giving us in analyzing this proposal that we're making.

I guess just, you know, this increase

from 40 to 17 percent, just if I could reflect on that for a minute. This is a center that took us a very long time to find. We were looking for our first ASC partnership to be with really fantastic physicians, state-of-the-art facility, and that's exactly what the founders of OSSC put together. And they didn't spare any expense. And they hired a great team of folks that you've met today who have been so enthusiastic about the growth of the center.

As we all know, health care has changed a lot since OSSC opened, especially over the last few years after COVID. Between cost of goods increasing, wage inflation, et cetera, it makes it harder and harder for the physicians to stay ahead of the curve and keep this vision that they had at the beginning which is just, you know, the 24-hour stay, all of the different things that these innovative doctors want to do costs a lot of money.

So, you know, this first partnership with the 40 percent ownership certainly has paid dividends and we think for all constituents being the payers, the providers and the patients. And we've made significant investments, like we spoke

about, some maybe more than we would typically make with a 40 percent ownership, but we did that in good faith because we never put margins ahead of great patient care and long-term relationships with our partners.

But this extra 18 percent, I think, will reduce the burden, the financial burden on the physicians for these big expenses that are going to be coming down the pike as a lot of the equipment has five-year life, half life. So we think, you know, being able to offload some of the financial burden and let them focus on the medicine will be really helpful, again, for all the constituents that are involved here, and especially the cost of care and the quality of care.

What won't change is anything along the lines of clinical decision-making. For 30 years that's been how we operate. We will never get in the middle of that. And we think, you know, as long as we work with the right doctors and trust in their judgment, then we'll have another 30 years. Maybe I won't be at the helm, but somebody will be. So I think that I just wanted to clarify because there were some really good questions

about, you know, what does that 18 percent do.

And I think it really does, again, unburden the docs from future investments. It allows Health Plus to hopefully get a return on their investment in the future. But at the same time, I think quality of care has increased since we've made our first 40 percent. And if we're fortunate enough to be approved, we think we can make quality of care even better than it currently is. So thank you for your time and consideration.

HEARING OFFICER NOVI: All right. Thank you very much.

Attorney Carannante, anything else you would like to add?

MR. CARANNANTE: No. Besides for our appreciation for you and your staff, we have nothing else to add.

HEARING OFFICER NOVI: All right. I'd like to thank everybody for attending today. I'd like to thank you for coming back after the fairly long break as well. This hearing will be adjourned. I want to remind you that the record will remain open until closed by OHS.

And if anybody would like to submit written comments, again, you have seven days from

today that will go through August 6th to submit written comments at CONcomment@ct.gov. Thank you, everybody. I'm going to close this hearing now at 11:43 a.m. Have a great day.

(Whereupon, the hearing adjourned at 11:43 a.m.)

CERTIFICATE

I hereby certify that the foregoing 83 pages are a complete and accurate computer-aided transcription of my original stenotype notes taken of the Hearing held via Zoom before the Department of Public Health, Office of Health Strategy, in Re: DOCKET NUMBER 24-32697-CON, A HEARING REGARDING THE TRANSFER OF OWNERSHIP OF A HEALTH CARE FACILITY FROM ORTHOPAEDIC SPECIALTY SURGERY CENTER, LLC TO HEALTH PLUS ORTHO MANAGEMENT, LLC, which was held before ALICIA J. NOVI, ESQ., HEARING OFFICER, on July 30, 2024.

Lisa L. Warner, CSR 061
Court Reporter
Notary Public
My commission expires:
May 31, 2028

I N D E X

*Applicant's Exhibits A through L (premarked and reflected in the Table of Record) received in evidence on page 9.

**Administrative notice items cited on page 8.

WITNESSES:
Walter LeStrange (Direct testimony, page 17)
Eileen O'Brien
Joel Buchalter
Crystal Hancock
Lauren Mealey
Luis Peralta
David McCabe
Stuart Blumberg
Dina Ragab
Danielle Beltran

LATE-FILED EXHIBITS

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