

TRIANGLE ORTHOPAEDIC SURGERY CENTER, LLC.
Profit and Loss Statement
3/1/14-2/28/15

Attachment A

	3/1/14-2/28/15
	Total
OP Surgery Gross Charges	\$17,248,637
Patient Refunds	(31,009)
Gross Revenue	17,217,629
Contractuals	(11,440,378)
Bad Debt Expense	(879,574)
Net Patient Revenue	4,897,677
Other Revenue	5,033
Total Net Revenue	4,902,710
 Operating Expenses	
Medical Supplies - Surgery	816,315
Medical Supplies - Pharmaceuti	136,770
Medical Supplies - Gases	7,309
Med Supplies - OP Implants	887,000
Med Supplies - Other Clinical	929
Clinical Supplies	1,848,324
Purchased Service - Administration	148,345
Purchased Service - Clinical Staff	869,976
Purchased Service - Patient Support	209,200
Purchased Service - Billing	990
Purchased Service - Collection	46,597
Purchased Service - Janitorial	28,058
Purchased Services - Haz Waste	2,500
Purchased Service - Laundry	49,376
Purchased Service - Transcript	16,043
Purchased Service - Radiology	804
Purchased Service - Pharmacy	57
Purchased Services-Maintenance	1,023
Purchased Services - Other	2,892
Purchased Services	1,375,861
Prof. Fees - Medical Director	22,000
Prof. Fees - General Consultin	4,762
Professional Fees	26,762
Travel - Meals & Entertainment	232
Travel - Airfare	3,123
Travel - Lodging	2,132
Travel - Auto Rental & Expense	584
Travel - Meetings	912
Travel	6,984
Utilities - Electricity	78,837

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Utilities - Gas	682
Utilities - Other	16,232
Telephone/Cable/Internet-Office	14,134
Telephone - Cell	1,395
Utilities	<u>111,279</u>

General Exp. - Computer Suppli	11
General Exp. - Office Supplies	4,692
General Exp. - Kitchen	5,347
General Exp - Minor Equip/Inst	11,607
General Exp. - Other Supplies	2,730
General Exp. - Bank Service Ch	17,316
General Exp. - Books, Dues, Su	16,250
General Exp. - Postage & Couri	33,122
General Exp. - Meals	5,789
General Exp. - Forms	4,229
General Exp. - Uniforms	208
General Exp. - Housekeeping	6,639
Service Contracts - Computers	20,173
Service Contracts - Medical Eq	56,130
Service Contracts - Office	8,289
Service Contracts - Other	12,602
Maintenance & Repair - Office	139
Maintenance & Repair - Med Equip	66,588
Maintenance & Repair - Bldg.	30,867
Management Fees	195,704
Other Operating Exp	<u>498,432</u>

Total Operating Expenses 3,867,640

Non-Operating Expenses

Rental - Building	584,176
Rental - Medical Equipment	4,661
Rent	<u>588,837</u>

Taxes - Property	54,589
Taxes - Sales & Use	1,289
Taxes - Payroll	94,128
Insurance - Property	3,785
Insurance - Malpractice	9,447
Marketing - Public Relations	2,990
Marketing - Donations/Contrib	100
Other Non-Operating Exp	<u>166,327</u>

Corporate Gen. & Admin. Exp 50,460

Total Non-Operating 805,624

EBITDA 229,445

Deprec-Leasehold Improvements	1,699
Deprec - Equip. Medical	168,771
Deprec - Equip. Hi Tech	8,939

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Deprec - Surgical Instruments	49,545
Deprec - Furn/Fix - Fixed	241
Deprec - Furn/Fix - Movable	18,073
Deprec - Computers	11,704
Depreciation	<u>258,972</u>
Amortization	<u>4,781</u>
Total Depreciation & Amortization	<u>263,752</u>
Interest Expense	113,642
Investment Income & Expense	<u>113,642</u>
EBT	<u>(147,949)</u>
Net Income(Loss)	<u><u>(147,949)</u></u>

** Information above is prior to completion of 2014 tax return*

7% Worksheet		Self-Pay	Medicaid	Total
A	# of Surgical Cases	45	262	307
B	Average Medicare Allowable Amount per Surgical Case	2,310.82	2,325.83	2,318.33
C	Revenue (A x B)	103,987.11	609,368.27	713,355.38
D	Revenue Collected (net revenue by payor category)	38,995.35	327,591.26	366,586.61
E	Difference (C - D)	64,991.76	281,777.01	346,768.77
F	Total Net Revenue (all payors combined)	4,464,193.15	4,464,193.15	4,464,193.15
G	Percentage (E / F)	1.46%	6.31%	7.77%

Report to Statewide Data Processor

Pursuant to the material representations made in your application and the conditions imposed on your certificate, the facility is required to submit utilization and payment data to the statewide data processor as required by G.S. 131E-214.2. Did the facility submit utilization and payment data to the statewide data processor during the reporting period? Yes Provide supporting documentation.

Surgical Safety

TOSC's electronic medical record (EMR) includes an integrated safe surgery checklist that was adapted from the World Health Organization's examples of safe surgery checklists. The purpose of the checklist is to promote communication of vital safety issues among team members. Safe surgical checklist items are required fields within the EMR. Additional documentation on the case is prohibited until the checklist is completed. Incorporating the safe surgical checklist into the EMR in this manner ensures its completion, thus reinforcing accepted safety practices and fostering better communication and teamwork between disciplines. Since the checklist requires confirmation and communication between multiple departments (i.e., Registration, Pre-Operative, and Operating Room), the information is separated by department. Attached is an example of the checklist. A daily chart audit is also performed to ensure all requirements are met by the staff. In the event missing documentation is identified, immediate education is given to the staff. Attached is an example of the daily chart audit tool.

Patient Outcomes

A comprehensive set of measures were prioritized by the Quality Improvement Committee, Infection Control Committee, Safety Committee and Medical Executive Committee. The Medical Executive Committee is comprised of 3 physician owners and 1 non-owner, one of which also serves as the Anesthesia Supervisor. TOSC collects data for both improvement priorities and continuing measurement of important aspects of care. These measures include processes affecting a large percentage of our patients. This allows us to evaluate the stability of our processes and the predictability of our outcomes. The functions and indicators were selected and prioritized based on the major patient populations served at TOSC. See attached Quality Assurance Performance Improvement Program and spreadsheet. TOSC's EMR also requires data input for the CMS Quality Indicators on each case performed. See attached example of CMS Quality Indicators data collection screen.

Interoperability with Other Providers

Since opening, TOSC has utilized AmkaiOffice and AmkaiCharts. An interface has been developed to allow demographic information to be sent from the physician's offices. See attached AmkaiOffice and AmkaiCharts product information. Hardcopy documents received are scanned into the patients chart in the corresponding section. The document can be viewed by clicking a link in either AmkaiOffice or AmkaiCharts. All providers have secure remote access to Amkai allowing for information to be obtained from off-site when needed. A complete medical record or particular sections of the chart can be faxed from within Amkai and tracked to ensure HIPAA compliance. An additional interface is currently in development to allow surgery scheduling requests to be sent between TOSC and physician offices that would eliminate the need for additional hardcopies of information to be faxed to TOSC prior to scheduling. These documents will then be directly linked to the appropriate section of the patient's chart.

Open Access to Physicians

In the CON process TOSC agreed that the facility would provide open access to all orthopedic surgeons in the surrounding area. Phone calls were made to area physicians as well as an invitation to TOSC's open house. Currently, three non-owner physicians have scheduled block time at TOSC. An application has been provided to an orthopedic physician that has expressed interest and multiple non-orthopedic providers have requested to be notified if there is a potential to expand service specialties in the future. A copy of TOSC's qualifications for membership from the Medical Staff Bylaws is attached.

Physician Responsibilities

Name of Each Physician Affiliated with the Facility during the Reporting Period	Does the Physician have any Ownership Interest in the Facility? (Yes or No)	Name of Each Hospital where the Physician has Privileges (list only one hospital per line) (provide supporting documentation)	Provided Emergency Room Coverage during Reporting Period? (Yes or No) (provide supporting documentation)	# of Nights on Call during Reporting Period
Aldridge, Julian Mack	Yes	Rex Healthcare Duke Regional Hospital Person Memorial Hospital	Yes	32
Burt, Mark	Yes	Granville Medical Center North Carolina Specialty Hospital Rex Healthcare Wake Med	Yes	41
Clifford, Philip	Yes	Blue Ridge Surgery Center North Carolina Specialty Hospital Duke Regional Hospital Granville Medical Center Person Memorial Hospital	Yes	22
Dellaero, David	Yes	Davis Ambulatory Surgical Center Betsy Johnson Regional Hospital Duke Regional Hospital North Carolina Specialty Hospital Person Memorial Hospital Granville Medical Center	Yes	23
Dimmig, Thomas	Yes	Davis Ambulatory Surgical Center North Carolina Specialty Hospital Person Memorial Hospital Granville Medical Center	Yes	21
Gilbert, Brett	Yes	Duke Regional Hospital Duke Regional Hospital Granville Medical Center Person Memorial Hospital Davis Ambulatory Surgical Center North Carolina Specialty Hospital	Yes	35

Attachment H

			Rex Healthcare	
			Wilson Medical Center	
			Betsy Johnson Regional Hospital	
Hage, William	Yes		Wake Med	Yes
			North Carolina Specialty Hospital	
			Rex Healthcare	
			Blue Ridge Surgery Center	
Kerner, Paul	Yes		North Carolina Specialty Hospital	Yes
			Duke Regional Hospital	
			Rex Healthcare	
			Wake Med	
			Davis Ambulatory Surgical Center	
Kuremsky, Marshall	Yes		North Carolina Specialty Hospital	Yes
			Betsy Johnson Regional Hospital	
			Rex Healthcare	
			Wake Med	
			Blue Ridge Surgery Center	
			Duke Regional Hospital	
Liebeit, Ralph	Yes		North Carolina Specialty Hospital	Yes
			Duke Regional Hospital	
			Granville Medical Center	
			Person Memorial Hospital	
			Davis Ambulatory Surgical Center	
Musante, David	Yes		North Carolina Specialty Hospital	Yes
			Duke Regional Hospital	
			Granville Medical Center	
			Person Memorial Hospital	
Romine, Lucas	No		Johnson Memorial	80
			Wilson Medical Center	
			North Carolina Specialty Hospital	
Rosenberg, Brett	No		Duke Regional Hospital	Yes
			Betsy Johnson Regional Hospital	
			Person Memorial Hospital	
			North Carolina Specialty Hospital	
			Central Harnett Health	
Rosenblum, Shepherd	Yes		North Carolina Specialty Hospital	Yes
			Rex Healthcare	43

			Wake Med		
			Blue Ridge Surgery Center		
Silver, William	Yes		North Carolina Specialty Hospital	Yes	28
			Duke Regional Hospital		
			Person Memorial Hospital		
			Granville Medical Center		
			Blue Ridge Surgery Center		
			Rex Healthcare		
Solic, John	Yes		Duke Regional Hospital	Yes	46
			Davis Ambulatory Surgical Center		
			Rex Healthcare		
			Wake Med		
			Blue Ridge Surgery Center		
			Person Memorial Hospital		
Viens, Nicholas	No		North Carolina Specialty Hospital		11
			Duke Regional Hospital		
			Granville Medical Center		
			North Carolina Specialty Hospital	Yes	49
			Duke Regional Hospital		
			Rex Healthcare		
			Wake Med		
			Davis Ambulatory Surgical Center		
			Betsy Johnson Regional Hospital		
Winters, Steven	Yes		Granville Medical Center	Yes	42
			North Carolina Specialty Hospital		
			Duke Regional Hospital		
			Person Memorial Hospital		