

STATE OF CONNECTICUT

OFFICE OF HEALTH CARE ACCESS

M. JODI RELL
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

September 6, 2006

Arthur G. Geiger, M.D.
Valley Orthopedic Specialists, LLC
111 Wakelee Avenue
Ansonia, CT 06401

John H. Hajjar, M.D.
Surgem, LLC
555 Kinderkamack Road
Oradell, NJ 07649

RE: CON Determination 06-30809-DTR
Valley Orthopedic Specialists, LLC and Surgem, LLC
Relocation of Existing Single Specialty Surgery Center in Ansonia

Dear Drs. Geiger and Hajjar:

On July 27, 2006, with additional information submitted on August 23, 2006, the Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") Determination form for the relocation of the existing single specialty surgery center from 111 Wakelee Avenue to 121 Wakelee Avenue in Ansonia.

OHCA has reviewed the information contained in your request and makes the following findings:

1. Valley Orthopedic Specialists, LLC f/k/a Housatonic Orthopedic & Sports Medicine VOS, LLC ("VOS") is a single specialty orthopedic surgery center, consisting of two operating rooms and one procedure room, located at 111 Wakelee Avenue in Ansonia, CT.
2. On December 9, 1999, under Report No.: 99-K3, OHCA determined that CON approval was not required for VOS to operate a single specialty office based surgical suite at 111 Wakelee Avenue in Ansonia, CT.
3. Surgem, LLC is a surgery center development and management company that is organized as a New Jersey limited liability company. Its principal place of business is 555 Kinderkamack Road in Oradell, New Jersey.

4. VOS proposes to relocate the existing single specialty surgery center from 111 Wakelee Avenue to 121 Wakelee Avenue in Ansonia and maintain the two operating rooms and one procedure room for orthopedic procedures.
5. VOS has entered into a management services agreement with Surgem to manage the surgery center at 121 Wakelee Avenue in Ansonia, CT.
6. VOS states that a new medical office building will be developed on the lot next door at 121 Wakelee Avenue by a real estate limited liability company RealCo that will be formed, and jointly financed and owned by VOS physicians and Surgem. RealCo will lease space in the new building to VOS for the surgery center.
7. VOS will be the sole owner and licensee of the surgery center.
8. VOS will apply to the Department of Public Health for licensure of the surgery center as an outpatient surgical facility. Once licensed, accredited and Medicare certified, VOS will bill third parties for a facility fee for surgical services rendered at the surgery center.
9. There will be no change in the patient population currently served with this relocation.
10. There will be no new services offered. There will be no additional operating or procedure rooms at 121 Wakelee Avenue in Ansonia.
11. The associated total capital expenditure/cost for the proposal is \$2,593,931, consisting of \$1,985,000 in construction/renovation and \$608,931 in equipment.
12. VOS has provided OHCA evidence that it has been performing orthopedic single specialty surgery and pain management prior to July 1, 2003.
13. Pursuant to Section 19a-493b of the Connecticut General Statutes ("C.G.S."), an entity must provide OHCA satisfactory evidence that it was in operation on or before July 1, 2003, or obtained, on or before July 1, 2003, from the OHCA, a determination that a certificate of need is not required.
14. Pursuant to Section 19a-638 C.G.S., each health care facility or institution which intends to introduce any additional function or service into its program of health care shall submit to the office, prior to the proposed date of the institution of such function or service, a request for permission to undertake such function or service.
15. Pursuant to Section 19a-639 C.G.S., as amended by Public Act 06-64, (except as provided in sections 19a-639a to 19a-639c, inclusive) each health care facility or institution, including, but not limited to, any inpatient rehabilitation facility, any health care facility or institution or any state health care facility or institution proposing a capital expenditure exceeding three million dollars, or the acquisition of major medical equipment requiring a capital expenditure, as defined in regulations adopted pursuant to section 19a-643, in excess of three million dollars, including the leasing or donation of equipment or a

facility, shall submit a request for approval of such expenditure to the office, with such data, information and plans as the office requires in advance of the proposed initiation date of such project.

Based on the above findings and pursuant to Sections 19a-638, 19a-639 and 19a-643b, C.G.S., OHCA has determined that the proposed relocation of the existing surgery center in Ansonia does not represent a new function or service and the capital expenditure associated with the proposal is below the three million dollar threshold. Therefore, Certificate of Need approval from OHCA is not required for VOS to relocate the surgery center into a new building at 121 Wakelee Avenue in Ansonia, CT.

If you have any questions concerning the above, please feel free to contact Steven Lazarus, Associate Health Care Analyst, at (860) 418-7012.

Sincerely,

Signed by Cristine A. Vogel
Commissioner

CAV:swl