



**MultiCare Health System**

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March 26, 2025

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

RE: MEC Spokane, LLC Certificate of Need Request for a Four Room Endoscopy Center, Submitted Electronically March 26, 2025

Dear Mr. Hernandez:

I am pleased to submit this certificate of need application on behalf of MEC Spokane Valley LLC ("MEC Spokane"), a wholly owned subsidiary of MultiCare Atlas JV LLC ("JVCO")— a joint venture formed by MultiCare Health System ("MultiCare") and Atlas Healthcare Partners ("Atlas").

The proposed project is for the establishment of a new four (4) operating room, freestanding ambulatory endoscopy center in Spokane Valley, Washington. The development and operation of MEC Spokane is focused on meeting the growing trend moving from hospital-based to freestanding outpatient settings, to meet the consumer and payer demand, and expand access to timely and local care for endoscopy services. The diagnostic and preventative nature of endoscopy services is also crucial for value-based care and population health, enabling early detection and management of conditions, which ultimately reduce long-term healthcare costs and improve patient health. The motivation for this application is to fill this gap in care for endoscopy services in Spokane County.

The Application Fee was mailed recently via USPS; the tracking number is: 9590 8467 3186 2419 03.

Thank you for your assistance regarding this request. Please contact me if you have any questions.

Sincerely,

Ryan Fix  
President, Retail Health, MultiCare Health System  
Board Member, MultiCare Atlas JV LLC



Certificate of Need Application  
Ambulatory Surgical Facilities  
Ambulatory Surgery Centers

Date  
Stamp  
Here

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

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

<b>Name, Title, and Signature of Responsible Officer:</b>  Ryan Fix President, Retail Health, MultiCare Health System Board Member, MultiCare Atlas JV LLC  <b>Signature:</b> <u>TZ7</u>  <b>Dated:</b> <u>3-26-2025</u>	<b>Phone Number:</b> (253) 403-1000    <b>Email Address:</b> ryan.fix@multicare.org
<b>Legal Name of Applicant:</b>  MEC Spokane Valley LLC  <b>Address of Applicant:</b>  12401 E. Sinto Ave. Spokane Valley, WA 99216	<b>Number of Operating Rooms requested:</b>  4 operating rooms  <b>Estimated Capital Expenditure:</b>  \$8,743,032

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

Spokane County Secondary Health Services Planning Area ("Spokane Planning Area")

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**List of Exhibits**

<b><u>Exhibit number</u></b>	<b><u>Exhibit name</u></b>
1	Organizational Chart
2	Letter of Intent
3	Single-Line Drawings
4	Financial Assistance Policy
5	Admission Criteria
6	Patient Rights and Responsibilities
7	Financial Pro Forma
8	Operating Agreement
9	Management Agreement
10	Centralized Services Agreement
11A	Lease Agreement
11B	Parcel Property Information
12	Letters of Financial Commitment
13	Contractor Letter
14	Equipment List
15	Medical Director Agreement Template
16	Transfer Agreement Template

## **1. Introduction and Rationale**

The applicant, MEC Spokane Valley LLC (“MEC Spokane”), is a wholly owned subsidiary of MultiCare Atlas JV LLC (“JVCO”) – a joint venture formed by MultiCare Health System (“MultiCare”) and Atlas Healthcare Partners (“Atlas”). MultiCare, a member of JVCO, is a locally-governed, not-for-profit, integrated health system that owns and operates twelve hospitals and over 300 primary, specialty, and urgent care clinics throughout the Puget Sound, Central Washington, Inland Northwest, and greater Pacific Northwest. Atlas, also a member of the JVCO, is an ambulatory surgery center management company that has significant experience working with non-profit health systems such as Banner Health in Arizona and Corewell Health (formerly the Spectrum Health and Beaumont Health systems) in Michigan to develop and operate ASFs throughout their respective service areas.

The proposed project is for the establishment of a new four (4) operating room, freestanding ambulatory endoscopy center in Spokane Valley, Washington. The development and operation of MEC Spokane is focused on meeting the growing trend moving from hospital-based to freestanding outpatient settings, to meet the consumer and payer demand, and expand access to timely and local care for endoscopy services. The diagnostic and preventative nature of endoscopy services is also crucial for value-based care and population health, enabling early detection and management of conditions, which ultimately reduce long-term healthcare costs and improve patient health.

Importantly, the health care system delivery model is migrating from traditional hospital-based care to lower-cost, outpatient settings such as freestanding, non-hospital-based ASFs. Consumers increasingly demand high-quality care that is both convenient and cost-effective, driving the move towards freestanding ASFs. Supporting this effort, payers and regulatory entities seek to direct surgeries to ASFs, when feasible.

Currently there are only two ASFs with a combined total of 3 operating rooms (“ORs”) in the Spokane County planning area that specialize in outpatient endoscopy procedures: South Perry Endoscopy PLLC (1 OR) and Spokane Digestive Disease Center (2 ORs), both located in the city of Spokane. Despite only having these two centers, Spokane County represents the third-most populous planning area in Washington State; unlike similarly populous planning areas in the urbanized Puget Sound region, Spokane County is both on the state border and surrounded by rural planning areas without the same depth of healthcare services. In 2023, in-migration represented about a quarter of all acute care discharges for Spokane hospitals. Analysis of surgery case rates also indicates significant in-migration to Spokane healthcare facilities for surgical procedures.

In addition, MultiCare currently performs a high number of endoscopy cases at its hospitals in Spokane, including over 6,000 cases at MultiCare Valley Hospital in Spokane Valley. A dedicated endoscopy center in Spokane Valley such as the proposed MEC Spokane center will offer a specialized environment that enhances procedural efficiency and improves patient access and satisfaction while strengthening MEC Spokane's ability to attract and recruit gastroenterologists. MEC Spokane's center will transition appropriate endoscopy procedures currently performed at hospitals in the area, including decanting the high demand for such services at MultiCare Valley Hospital, and help alleviate existing and future planning area capacity issues, freeing up capacity at inpatient hospitals for more complex cases.

## **2. Applicant Description**

Answers to the following questions will help the department fully understand the role of applicants. Your answers in this section will provide context for the reviews under Financial Feasibility (WAC 246-310-220) and Structure and Process of Care (WAC 246-310-230).

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

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

The applicant for the proposed project is MEC Spokane Valley LLC. Its address is:

12401 E. Sinto Ave., Spokane Valley, Washington 99216

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

MEC Spokane is a Washington limited liability company.

The UBI number is 605 665 365.

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

K. Erin Kobberstad  
Vice President, Strategic Planning  
253-403-8771  
MultiCare Health System  
820 A Street  
Tacoma, WA 98402  
[ekobberstad@multicare.org](mailto:ekobberstad@multicare.org)

Please also include the following associated consultants in communications and access to materials related to this application:

- Shontae Ramsey | [Shontae.ramsey@multicare.org](mailto:Shontae.ramsey@multicare.org)
- Liz Attwood | [liz.attwood@multicare.org](mailto:liz.attwood@multicare.org)

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

Jonathan Fox, PhD  
HealthTrends  
16531 62<sup>nd</sup> Ave W  
Lynnwood, WA 98037  
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Please also include the following associated consultants in communications and access to materials related to this application:

- Hunter Plumer, MHA | [hplumer@healthtrends.consulting](mailto:hplumer@healthtrends.consulting)
- Frank G. Fox, PhD | [frankgfox@healthtrends.consulting](mailto:frankgfox@healthtrends.consulting)

**5. Provide an organizational chart that clearly identifies the business structure of the applicant(s) and the role of the facility in this application.**

Please see Exhibit 1 for an organizational chart of MEC Spokane. It is 100% owned by JVCO. MultiCare (51% ownership) and Atlas (49% ownership) are the members of JVCO.

### 3. Project description

Answers to the following questions will help the department fully understand the type of facility you are proposing as well as the type of services to be provided. Your answers in this section will provide context for the reviews under Need (WAC 246-310-210) and Structure and Process of Care (WAC 246-310-230)

1. Provide the name and address of the existing facility.

This question is not applicable.

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

The address for the proposed facility is:  
12401 E. Sinto Ave., Spokane Valley, Washington 99216

3. Provide a detailed description of proposed project.

Please see the *Introduction and Rationale* section at the beginning of this application for a detailed description of the proposed project. MEC Spokane requests CN-approval to develop and operate a new certificate of need approved ASF with four (4) operating rooms dedicated to endoscopy procedures in Spokane County.

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

Event	Anticipated Month/Year
CN Approval	September 2025
Design Complete	September 2025
Construction Commenced	October 2025
Construction Completed	November 2026
Facility Prepared for Survey	May 2027
Project Completion	June 2027

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

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

☐ Other? Describe in detail:



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

☒ Endoscopy

☐ Bariatric Surgery

☐ Other: \_\_\_\_\_

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

This question is not applicable.

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

Given approval of the proposed project, MEC Spokane would have a total of four (4) operating rooms.

- 9. Identify if any of the operating rooms at this facility would be exclusively dedicated to endoscopy, cystoscopy, or pain management services. WAC 246-310-270(9)**

All operating rooms at this facility would be exclusively dedicated to endoscopy services.

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

MEC Spokane will serve patients who require outpatient endoscopy services that can be provided appropriately in an outpatient setting.

- 11. If you submitted more than one letter of intent for this project, provide a copy of the applicable letter of intent that was submitted according to WAC 246-310-080.**

Please see Exhibit 2 for a copy of the letter of intent.

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

Please see Exhibit 3 for single-line drawings of the proposed facility.

- 13. Confirm that the facility will be licensed and certified by Medicare and Medicaid, which is a requirement for CN approval. If this application proposes the expansion of an existing facility, provide the existing facility's identification numbers.**

The proposed facility will be licensed and certified by Medicare and Medicaid.

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

The proposed facility will seek accreditation from the Accreditation Association for Ambulatory Health Care ("AAAHC").

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

We anticipate meeting with CRS in the second quarter of 2025. A CRS project number has not yet been assigned.

#### 4. Certificate of Need Review Criteria

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

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

Some of the questions below require you to access facility data in the planning area. Please contact the Certificate of Need Program for any planning area definitions, facility lists, and applicable survey responses with utilization data.

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

Please see Table 1 for a complete list of hospitals and ASFs in the Spokane Planning Area.

Table 1: Spokane Surgical Facilities		
Hospitals, CN-Approved	Mixed Use Operating Rooms	Outpatient Operating Rooms
MultiCare Deaconess Hospital	17	
Providence Holy Family	12	
Providence Sacred Heart	41	
Shriner's Hospital for Children	2	
MultiCare Valley Hospital	8	
ASFs, CN-Approved	Mixed Use Operating Rooms	Outpatient Operating Rooms
Chesnut Institute of Cosmetic & Reconstructive Surgery		2
Columbia Surgery Center		4
Empire Eye Surgery		2
MultiCare Rockwood Eye Surgery		2
Providence Surgery & Procedure Center		4
ASFs, CN-Exempt	Mixed Use Operating Rooms	Outpatient Operating Rooms
Advanced Dermatology and Skin Surgery		6
Carol Hathaway, MD PS		1
Eye Consultants, PS		

Inland Northwest Surgery Center	1
Kai Morimoto, MD, PLLC	
Northwest Eyelid and Orbital Specialists, P.S.	1
Northwest Orthopaedic Specialists	6
Northwest Surgery Center Inc.	2
Pacific Cataract and Laser Institute	3
Pain Care Physicians, PLLC dba Anesis	1
Spokane	
Sand Plastic Surgery, PLLC	1
Shape Cosmetic Surgery	2
South Perry Endoscopy, PLLC	1
Spokane Digestive Disease Center	2
Spokane Podiatry. P.S.	2
Spokane Surgery Center	3
Spokane Valley Ear Nose and Throat	2
SRM Spokane	1
Plastic Surgery Northwest Surgery Center	2
Spokane Eye Clinic PS	5
Urology Surgery Center Northwest	3
The Orthopaedic Surgery Center - Valley	1
<b>Total, CN-Approved</b>	<b>80</b>
<b>14</b>	
Sources: 2024 Department of Health OR Survey, Eval of 21-65	

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

There are two endoscopy-only surgical centers in Spokane County: South Perry Endoscopy, PLLC and Spokane Digestive Disease Center.

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

There currently are only two ASFs in the Spokane County planning area that specialize in outpatient endoscopy procedures (identified in the previous response), both located in the city of Spokane.

The proposed project will be located in Spokane Valley and serve a different patient population. Furthermore, the utilization forecast detailed in Table 2 allocates a relatively small proportion of planning area endoscopy demand, representing about 10% in 2027 and growing to 20% in 2030. For 2030, there exists a remainder of nearly 50,000 endoscopy cases, indicating there is sufficient demand to support the proposed center without duplicating services at other planning area providers.

4. **Complete the methodology outlined in WAC 246-310-270, unless your facility will be exclusively dedicated to endoscopy, cystoscopy, or pain management. If your facility will be exclusively dedicated to endoscopy, cystoscopy, or pain management, so state. If you would like a copy of the methodology template used by the department, please contact the Certificate of Need Program.**

The proposed facility will be exclusively dedicated to endoscopy; thus, this question is not applicable.

5. **If the methodology does not demonstrate numeric need for additional operating rooms, WAC 246-310-270(4) gives the department flexibility. WAC 246-310-270(4) states: “Outpatient operating rooms should ordinarily not be approved in planning areas where the total number of operating rooms available for both inpatient and outpatient surgery exceeds the area need.”**

These circumstances could include but are not limited to: lack of CN approved operating rooms in a planning area, lack of providers performing widely utilized surgical types, or significant in-migration to the planning area. If there isn't sufficient numeric need for the approval of your project, please explain why the department should give consideration to this project under WAC 246-310-270(4). Provide all supporting data.

The proposed facility will be exclusively dedicated to endoscopy; thus, this question is not applicable.

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

This question is not applicable.

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

In Table 2, below, we present projected surgical volumes for the initial partial year of operation (July to December 2027, “Year 0”) and the first three full years of operation given project approval (2028 through 2030, “Years 1-3”).

Table 2: MEC Spokane Utilization Forecast, 2027 to 2030				
	July to Dec 2027	2028	2029	2030
Spokane County Market Forecast - GI Endoscopy Procedures (Annualized)	54,280	55,809	57,151	58,367
Market Share	10%	13%	15%	20%
# of Months Operational	6	12	12	12
Monthly Case Volume	452	605	714	973
Total Procedure	2,714	7,255	8,573	11,673
Procedure Per Case	1.3	1.3	1.3	1.3
Total Cases	2,088	5,581	6,594	8,980
Source: Applicant				

The forecast model uses the following assumptions and methodologies:

1. Spokane County market forecast of procedures is based on annual forecast data from Sg2 for Spokane County for GI endoscopy procedures.<sup>1</sup>
2. Market share assumptions are based on consideration of key factors including but not limited to: (1) the presence of two dedicated endoscopy centers in Spokane; (2) recruitment of additional GI providers; and (3) reduction in out-migration due to MEC Spokane providing increased access to freestanding, non-hospital-based endoscopy services.
3. Number of months that are operational are based on project timeline. Partial year 2027 represents a lower volume due to ramp required as MEC Spokane becomes CMS certified and contracted with commercial payers.
4. Total procedures are converted to total case count based on an assumed 1.3 procedures per case. This figure is derived from Atlas, the JV partner and managing entity, based on its significant experience in managing ASFs.

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

The health care system delivery model is migrating from traditional hospital-based care to lower-cost, outpatient settings such as freestanding non-hospital-based ASFs. Consumers increasingly demand high-quality care that is both convenient and cost-effective, driving the move towards freestanding ASFs. Supporting this effort, payers and regulatory entities seek to direct surgeries to ASFs, when feasible.

However, there currently are only two ASFs in the Spokane County planning area that specialize in outpatient endoscopy procedures (identified above). This is the case even

<sup>1</sup> Sg2 is a healthcare analytics company that provides a diverse set of data offerings, including market forecasts of outpatient services. Additional information on Sg2 can be found at <https://www.sg2.com/about-sg2>.

though Spokane County is the third-most populous planning area in Washington State. Unlike similarly populous planning areas (e.g., the Puget Sound region), Spokane County is both on the state border and surrounded by rural planning areas without the same depth of healthcare services. In 2023, in-migration represented about a quarter of all acute care discharges for Spokane hospitals. Analysis of surgery case rates also indicates significant in-migration to Spokane healthcare facilities for surgical procedures.<sup>2</sup>

These factors suggest a significant need for outpatient surgery centers. Patients in need of endoscopy services may be forced to utilize inpatient services, delay or forgo care, or out-migrate to neighboring planning areas. However, there are few outpatient surgery centers in any of the neighboring planning areas which do not require cross-state and/or significant travel of two to three hours. As such, for those patients who out-migrate, geography and regional traffic patterns, as well as insurance restrictions on out-of-state medical services, may also restrict access, especially during the winter months when the roads and passes may be closed or difficult to navigate.

9. **In a CN-approved facility, WAC 246-310-210(2) requires that “all residents of the service area, including low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly are likely to have adequate access to the proposed health service or services.” Confirm your facility will meet this requirement.**

MEC Spokane is committed to meeting community and regional health needs and provide charity care. A copy of the financial assistance policy applicable to the proposed ambulatory endoscopy center is included as Exhibit 4.

Our financial pro forma forecast is provided in Exhibit 7 and models a charity care figure of 1.95% as a percentage of gross revenue, as provided in Table 3. This charity care figure is equal to the Planning Area Hospital average and above the Eastern Washington Region's charity care averages for the 2020-2022 period.

Charity Care as % of Total Patient Service Revenue	2020	2021	2022	2020 to 2022 Average
MultiCare Deaconess Hospital	1.14%	1.02%	1.03%	1.06%
Providence Holy Family	1.12%	1.21%	1.41%	1.24%
Providence Sacred Heart	0.86%	0.97%	1.04%	0.96%
Shriner's Hospital for Children	4.32%	2.68%	4.03%	3.68%
MultiCare Valley Hospital	1.84%	1.75%	1.56%	1.72%
<b>Total</b>	<b>1.89%</b>	<b>1.92%</b>	<b>2.05%</b>	<b>1.95%</b>

<sup>2</sup> This conclusion is based on analysis of outpatient surgeries per 1,000 residents for the Spokane Planning Area as compared to other planning areas in Washington State. Based on the most recent Department inpatient and outpatient surgery statistics, the Spokane Planning Area's surgery use rate is relatively high compared to most other planning areas, demonstrating in-migration of patients for surgeries. CHARS inpatient files for this planning area also demonstrate significant in-migration.

**10. Provide a copy of the following policies:**

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

Please see the following exhibits for copies of the relevant policies:

- Exhibit 4. Financial Assistance Policy.
- Exhibit 5. Admissions Criteria.
- Exhibit 6. Patient Rights and Responsibilities.

Atlas will be the managing entity of MEC Spokane, as such its policies will be the effective policies in use at MEC Spokane.

Non-discrimination language is presented in Atlas' patient rights and responsibilities and financial assistance policies. MEC Spokane will provide quality healthcare to all patients regardless of age, sex, sexual orientation, gender preference, race, religion, disability, veteran status, national origin and/or ability to pay.



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

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

1. Provide documentation that demonstrates that the immediate and long-range capital and operating costs of the project can be met. This should include but is not limited to:
  - Utilization projections. These should be consistent with the projections provided under “Need” in section A. Include the basis for all assumptions.
  - Pro Forma revenue and expense projections for at least the first three full calendar years of operation. Include the basis for all assumptions.
  - Pro Forma balance sheet for the current year and at least the first three full calendar years of operation. Include the basis for all assumptions.
  - For existing facilities, provide three years of historical revenue and expense statements, including the current year. Ensure these are in the same format as the pro forma projections. For incomplete years, identify whether the data is annualized.

Utilization projections and how they were developed have been provided above in Table 2 and associated text. Please see Exhibit 7, which includes the required pro forma projections and assumptions.

2. Provide the following applicable agreements/contracts:

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

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

Please see Exhibit 8 for the MEC Spokane operating agreement. Exhibit 9 and Exhibit 10 are management services and centralized services agreements, respectively, between MEC Spokane and Atlas. We include a Medical Director Agreement template in Exhibit 15.

3. Certificate of Need approved ASFs must provide charity care at levels comparable to those at the hospitals in the ASF planning area. You can access charity care statistics from the Hospital Charity Care and Financial Data (HCCFD) website. Identify the amount of charity care projected to be provided at this facility, captured as a percentage of gross revenue, as well as charity care information for the planning area hospitals. The table below is for your convenience but is not required. WAC 246-310-270(7)

Please see Table 3 presented above in the *Need* section.

- 4. Provide documentation of site control. This could include either a deed to the site or a lease agreement for the site. If a lease agreement is provided, the terms must be for at least five years following project completion. The costs identified in these documents should be consistent with the Pro Forma provided in response to question 1.**

The proposed site is owned by MultiCare.<sup>3</sup> A draft lease between MultiCare and MEC Spokane is included in Exhibit 11. This exhibit also includes the applicable signed letter of intent to execute the lease between the two parties and a property summary documenting ownership by MultiCare Health System.

- 5. For new facilities, confirm that the zoning for your site is consistent with the project.**

The location of the proposed site is zoned as Corridor Mixed Use.<sup>4</sup> Under this zoning, medical office buildings are a permitted use.<sup>5</sup>

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

Item	Description	Total
a.	Land Purchase	
b.	Utilities to Lot Line	
c.	Land Improvements	
d.	Building Purchase	
e.	Residual Value of Replaced Facility	
f.	Building Construction	\$4,394,978
g.	Fixed Equipment (not already included in the construction contract)	\$2,141,565
h.	Movable Equipment	
i.	Architect and Engineering Fees	\$409,758
j.	Consulting Fees	

<sup>3</sup> See the Spokane County Property Summary for Parcel 45152.0818, located here: <https://cp.spokanecounty.org/SCOUT/propertyinformation/Summary.aspx?PID=45152.0818>

<sup>4</sup> See the Spokane Valley Zoning map for Parcel 45152.0818, located here: [https://experience.arcgis.com/experience/ecbd3732523342338b9c511c7f399909#data\\_s=id%3AdataSource\\_4-192595e5018-layer-4~dataSource\\_5-192599b86ad-layer-95%3A12943](https://experience.arcgis.com/experience/ecbd3732523342338b9c511c7f399909#data_s=id%3AdataSource_4-192595e5018-layer-4~dataSource_5-192599b86ad-layer-95%3A12943)

<sup>5</sup> See: <https://www.codepublishing.com/WA/SpokaneValley/html/SpokaneValley19/SpokaneValley1960.html#19.60.050>

k.	Site Preparation	\$121,073
l.	Supervision and Inspection of Site	
m.	Any Costs Associated with Securing the Sources of Financing (include interim interest during construction	\$1,053,510
n.	Washington Sales Tax	\$622,148
	<b>Total Estimated Capital Expenditure</b>	<b>\$8,743,032</b>

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

JVCO, as the sole member of MEC Spokane, will be responsible for funding the capital expenditure listed above through a loan from Bank of America. Please see Exhibit 12 for letters of financial commitment.

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

Please see Exhibit 7 for a table of start-up costs for the proposed project.

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

Please see Exhibit 13 for a non-binding contractor's estimate for the construction costs for the project.

- 10. Explain how the proposed project would or would not impact costs and charges to patients for health services. WAC 246-310-220**

In general, the cost of the project would not be expected to affect costs and charges, as rates are based on fee schedules with CMS and negotiated rates with other payers not directly impacted by project-related costs.

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

Please our response to Question 10, above.

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

Table 4: Projected Payer Mix by Gross Revenue and by Cases		
Payer	% of Cases	% of Gross Revenues
Commercial	37.16%	33.84%
Medicare	42.44%	45.94%
Self-Pay	0.67%	0.74%
Medicaid	12.70%	12.82%
Other Govt	7.03%	6.66%
Total	100%	100%
Source: Case mix based on endoscopy cases at MultiCare Deaconess and Valley hospitals. Gross Revenue mix based on Atlas experience.		

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

Since this project does not concern an existing facility, the historical payer mix for the ASC is not available.

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

An equipment list for the proposed project is included in Exhibit 14.

- 15. Provide a letter of financial commitment or draft agreement for each source of financing (e.g., cash reserves, debt financing/loan, grant, philanthropy, etc.). WAC 246-310-220.**

Please see Exhibit 12 for letters of financial commitment.

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

An amortization schedule for the Construction and Equipment loan is included in Exhibit 7.

- 17. Provide the applicant's audited financial statements covering the most recent three years. WAC 246-310-220**

The applicant entity is newly formed and thus has no recent financial statements. We include a letter in Exhibit 12 for a line of credit from Bank of America sufficient to cover all startup and working capital needs necessary to complete the project described herein.

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

Projects are evaluated based on the criteria in WAC 246-310-230 for staffing availability, relationships with other healthcare entities, relationships with ancillary and support services, and compliance with federal and state requirements. Some of the questions within this section have implications on financial feasibility under WAC 246-310-220 and will be marked as such.

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

The applicant is a new entity; thus, this question is not applicable. However, we have provided a list of healthcare facilities owned, operated or managed by the two members of JVCO, which is the 100% owner of MEC Spokane.

Name	Address	Medicare Provider Number	Medicaid Provider Number
MultiCare Mary Bridge Children's Hospital	317 Martin Luther King Jr. Way, Tacoma WA 98403	503301	3300340
MultiCare Auburn Medical Center	202 North Division St., Auburn WA 98001	500015	2022467
MultiCare Behavioral Health Inpatient Services- Auburn	202 North Division St., Auburn WA 98001	50-S015	3149101
MultiCare Deaconess	800 W 5 <sup>th</sup> Ave Spokane, WA 99204-2803	500044	2083493
MultiCare Valley	12606 East Mission Ave. Spokane Valley 99216-3421	500119	2083493
MultiCare Tacoma General Hospital	315 Martin Luther King Jr. Way, Tacoma WA 98405	500129	3300332
MultiCare Tacoma General Behavioral Health Adolescent Inpatient Services	315 Martin Luther King Jr. Way, Tacoma, WA 98405	50-0129	2071315
MultiCare Allenmore Hospital	1901 South Union Avenue, Tacoma WA 98405	500129	3300332
MultiCare Good Samaritan Hospital	407 14 <sup>th</sup> Ave. SE Puyallup, WA 98372	500079	3308707
MultiCare Good Samaritan Hospital, Inpatient Rehabilitation	401 15 <sup>th</sup> Ave. SE, Puyallup, WA 98372	50T079	3200094
Navos	2600 Southwest Holden, Seattle, WA 98126	504009	3500311
MultiCare Covington Hospital	17700 SE 272 <sup>nd</sup> Street Covington, WA 98042	500154	2102039
Wellfound Behavioral Health Hospital <sup>6</sup>	3402 S. 19 <sup>th</sup> Street, Tacoma, WA 98405	504016	150453

<sup>6</sup> A joint venture between MultiCare Health System and CHI Franciscan, now Virginia Mason Franciscan Health System.

MultiCare Capital Medical Center	3900 Capital Mall Dr SW, Olympia, WA 98502	500139	330365
MultiCare Yakima Memorial Hospital	2811 Tieton Dr., Yakima, WA 98902	500036	3307501
Overlake Medical Center & Clinics	1035 116th Ave NE, Bellevue, WA 98004	500051	1020765
Source: Applicant			

**Table 6: Atlas Healthcare Partners Facility List**

<b>NPI</b>	<b>Organization Name</b>	<b>Ptnr</b>	<b>Address</b>
1003332883	DESERT VISTA SURGICAL CENTER LLC	BH	10117 N 92ND ST STE 103, SCOTTSDALE, AZ, 85258
1770008922	BANNER PHOENIX SURGERY CENTER LLC	BH	1040 E MCDOWELL RD, PHOENIX, AZ, 85006
1104341353	BANNER PEORIA SURGERY CENTER LLC	BH	13640 N PLAZA DEL RIO BLVD STE 135, PEORIA, AZ, 85381
1760907919	BANNER SUN CITY WEST SURGERY CENTER LLC	BH	14416 W MEEKER BLVD STE 103, SUN CITY, AZ, 85375
1154911592	BCC WEST VALLEY LLC	BH	14642 N DEL WEBB BLVD STE 100, SUN CITY, AZ, 85351
1275158495	BCC CHANDLER LLC	BH	1475 W CHANDLER BLVD, CHANDLER, AZ, 85224
1780109934	BANNER MESA SURGERY CENTER LLC	BH	1500 S DOBSON RD STE 101, MESA, AZ, 85202
1962938332	BANNER UNION HILLS SURGERY CENTER LLC	BH	18301 N 79TH AVE STE E150, GLENDALE, AZ, 85308
1437615929	BANNER ENTICARE TEMPE SURGERY CENTER LLC	BH	1940 E SOUTHERN AVE, TEMPE, AZ, 85282
1992238661	OPTIMUM SURGICAL CENTER, LLC	BH	20045 N 19TH AVE BLDG 12, PHOENIX, AZ, 85027
1013539709	BSC BILTMORE LLC	BH	2222 E HIGHLAND AVE STE 100, PHOENIX, AZ, 85016
1750970869	BSC CHANDLER LLC	BH	1125 S ALMA SCHOOL RD STE 100, Chandler, AZ, 85286
1881339133	BSC SHEA PARK LLC	BH	2222 E HIGHLAND AVE STE 100, PHOENIX, AZ, 85016
1801825880	SURGERY CENTER AT RIVER ROAD, LLC	BH	2490 E. RIVER ROAD, TUCSON, AZ, 85718
1386275147	SURGERY CENTER OF MESA LLC	BH	2626 E UNIVERSITY DR, MESA, AZ, 85213
1023604931	ADVANCED SPINE AND PAIN SURGERY CENTERS LLC	BH	3525 N CENTRAL AVE, PHOENIX, AZ, 85012
1639605595	QUEEN CREEK SURGICAL CENTER, LLC	BH	36453 N GANTZEL RD STE 102, SAN TAN VALLEY, AZ, 85140
1114549805	BSC 1 LLC	BH	37200 N GANTZEL RD STE 100, Queen Creek, AZ, 85140
1063595221	SURGERY CENTER OF LOVELAND, LLC	BH	3800 GRANT AVE, LOVELAND, CO, 80538
1174185649	PISA ASC HOLDCO LLC	BH	4741 E CAMP LOWELL DRIVE, TUCSON, AZ, 85712
1275256562	CARDIOVASCULAR ASSOCIATES SURGERY AND ELECTROPHYSIOLOGY LLC	BH	4838 E BASELINE RD STE 108, MESA, AZ, 85206
1336268754	MOUNTAIN VISTA ORTHOPAEDIC SURGERY CENTER, LLC	BH	5890 W 13TH ST, GREELEY, CO, 80634
1790452126	AZENDO LLC	BH	6377 E TANQUE VERDE RD STE 102, TUCSON, AZ, 85715
1336131143	PHOENIX ORTHOPAEDIC AMBULATORY CENTER, LLC	BH	690 N COFCO CENTER CT, PHOENIX, AZ, 85008
1508438375	BSC REID PARK LLC	BH	717 S ALVERNON WAY, TUCSON, AZ, 85711
1154088490	BSC 3 LLC	BH	7400 N DOBSON RD STE 301, SCOTTSDALE, AZ, 85256

1881460178	BEC ORACLE LLC	BH	7490 N ORACLE RD STE 200, TUCSON, AZ, 85704
1922660109	BANNER SURGERY CENTER - ALVERNON LLC	BH	750 N ALVERNON WAY, TUCSON, AZ, 85711
1881113785	BANNER ESTRELLA SURGERY CENTER LLC	BH	9301 W THOMAS RD, PHOENIX, AZ, 85037
1881225639	BANNER SURGERY CENTER - THUNDERBIRD, LLC	BH	5555 W THUNDERBIRD RD STE 150, Glendale, AZ, 85306
1144333881	NORTH SCOTTSDALE AMBULATORY SURGERY CENTER, LLC	BH	9439 E IRONWOOD SQUARE DR STE 100, SCOTTSDALE, AZ, 85258
1538990387	SSC ORTHOPEDICS LLC	CH	2770 EAST BELTLINE AVE NE, GRAND RAPIDS, MI, 49525
1003581794	LENOX SURGERY CENTER LLC	CH	36555 26 MILE ROAD, LENOX, MI, 48048
1609522028	LIVONIA SURGERY CENTER LLC	CH	39000 7 MILE RD STE 1500, LIVONIA, MI, 48152
1700661212	PUYALLUP AMBULATORY SURGERY CENTER, LLC	MHS	1519 3RD ST SE #240, PUYALLUP, WA, 98372
1588494736	MYASC, LLC	MHS	111 S 11TH AVE STE 220, YAKIMA, WA, 98902
Notes: Ptnr column represents "Partner," where "BH" stands for Banner Health, "CH" stands for Corewell Health, and "MHS" stands for MultiCare Health System.			

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

Please see Table 7 below for the projected number of FTEs by occupation.

Table 7: Productive and Non-Productive FTEs by Type and Year				
	July to Dec 2027	2028	2029	2030
Administrator/CEO	1.00	1.00	1.00	1.00
Business Office Manager	1.00	1.00	1.00	1.00
Scheduler	1.00	1.00	1.00	1.00
Receptionist/Patient Registration	2.00	2.00	2.50	3.00
Inventory Coordinator	1.00	1.00	1.50	2.00
RN	6.00	6.00	9.00	12.00
Techs	3.00	3.00	4.50	6.00
<b>TOTAL</b>	<b>15.00</b>	<b>15.00</b>	<b>20.50</b>	<b>26.00</b>
Source: Applicant				
Notes: FTE counts include both productive and non-productive work hours, where non-productive work hours are those allocated to vacation time and sick leave.				

3. Provide the basis for the assumptions used to project the number and types of FTEs identified for this project.

FTE projections are based on Atlas' experience developing and managing surgical facilities with a case mix and volumes similar to the proposed MEC Spokane center, as well as MultiCare's review of publicly available staffing detail of other similarly sized endoscopy centers in Washington State.

Hourly wages for the occupational categories of Techs, RN, Inventory Coordinator, Schedule, and Receptionist/Patient Registration are based on union rates for these occupations at MultiCare Valley Hospital. Wage rates for the positions of Administrator/CEO and Business Office Manager are based on the BLS Occupational Wage Statistics for the Spokane-Spokane Valley MSA.

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

The proposed medical director is Robert D. Lawson, MD. His license number is MD61151174. The medical director will be contracted.

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

This question is not applicable.

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

Because MEC Spokane is not an existing facility, key staff are not known at this time.

- 7. Provide a list of physicians who would use this surgery center, including their names, license numbers, and specialties. WAC 246-310-230(3) and (5).**

Please see Table 8 for a list of physicians who would likely use MEC Spokane.

Table 8: Medical Roster		
Physician Name	License #	Specialty
Robert D Lawson	MD61151174	Gastroenterology
Miguel E Ordonez Castellanos	MD60319422	Gastroenterology
Ajay Pabby	MD60551062	Gastroenterology
Nicolas A Villa Guillen	MD60501812	Gastroenterology
Andrew Woolf	OP61480906	Gastroenterology
Source: Applicant		

- 8. For existing facilities, provide names and professional license numbers for current credentialed staff. WAC 246-310-230(3) and (5).**

This question is not applicable.



**9. Describe your methods for staff recruitment and retention. If any barriers to staff recruitment exist in the planning area, provide a detailed description of your plan to staff this project. WAC 246-310-230(1)**

The Atlas Talent Acquisition team consistently provides outstanding service in filling open positions at our Ambulatory Surgery Centers (ASCs), including those within the MultiCare Washington market. This is achieved through dedicated outreach efforts, such as job spotlights and job boards, to attract qualified candidates aligned with the Atlas culture. Our job postings are clear and transparent, detailing roles, qualifications, and pay ranges. In addition, Atlas offers sign-on incentives and employee referral programs to help fill critical and hard-to-fill positions.

To address geographic limitations, we provide relocation assistance and other compensation programs that support our recruitment efforts and reduce time-to-fill delays. For positions with skill gaps, Atlas offers training and career development programs for specific roles to help bridge those gaps. In competitive markets, we emphasize the Atlas Mission, Vision, and Values, along with career growth opportunities and work-life benefits, to attract top talent.

Employee retention is a priority at Atlas, and we foster a supportive workplace culture that emphasizes professional development. We promote work-life balance with flexible arrangements and a competitive benefits package. Additionally, our incentive and recognition programs are designed to enhance employee satisfaction and reduce turnover.

**10. For existing facilities, provide a listing of ancillary and support services already in place. WAC 246-310-230(2)**

This question is not applicable.

**11. For new facilities, provide a listing of ancillary and support services that will be established. WAC 246-310-230(2)**

MultiCare and Atlas, as members of the JVCO, will use their experience operating ambulatory surgical facilities to ensure the appropriate ancillary and support services are established for the proposed facility. The following are examples of the ancillary and support services expected to be established for MEC Spokane: medical records storage, pharmaceutical supplies, medical supplies, transcription, translation, medical gas, leased office equipment, linen/scrub rental, laboratory/pathology services, janitorial, maintenance, HVAC, etc.

**12. Identify whether any of the existing ancillary or support agreements are expected to change as a result of this project. WAC 246-310-230(2)**

This question is not applicable.

**13. If the ASF is currently operating, provide a listing of healthcare facilities with which the ASF has working relationships. WAC 246-310-230(4)**

This question is not applicable.

**14. Identify whether any of the existing working relationships with healthcare facilities listed above would change as a result of this project. WAC 246-310-230(4)**

This question is not applicable.

**15. For a new facility, provide a listing of healthcare facilities with which the ASF would establish working relationships. WAC 246-310-230(4)**

The proposed ASC will be part of the MultiCare Health System and work with local inpatient health providers. It will establish a patient transfer agreement with MultiCare-affiliated hospitals, including the planning area hospitals MultiCare Deaconess and MultiCare Valley.

**16. Provide a copy of the existing or proposed transfer agreement with a local hospital. WAC 246-310-230(4)**

Please see Exhibit 16 for a draft transfer agreement. It is anticipated this transfer agreement will be with MultiCare, as MultiCare Valley Hospital in Spokane Valley is adjacent to the MEC Spokane center's location.

**17. Provide an explanation of how the proposed project will promote continuity in the provision of health care services in the planning area, and not result in an unwarranted fragmentation of services. WAC 246-310-230(4)**

The proposed project will promote continuity of care and offer outpatient care for endoscopy services including diagnoses, treatment, and outpatient surgery, if needed. Currently there exist only two outpatient facilities which provide endoscopy services in the Spokane planning area. CN approval will allow MEC Spokane to meet the Planning Area need for outpatient endoscopy procedures and continue to support continuity of care in the local market. Without approval of the proposed project, patients in search of outpatient endoscopy procedures will need to commute outside the planning area, thereby creating unwarranted fragmentation of services.

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

MEC Spokane will work with all Spokane County inpatient health providers, including MultiCare Deaconess, MultiCare Valley, Providence Sacred Heart, Providence Holy Family, and Shriner's Hospital for Children.

MEC Spokane, as a wholly owned subsidiary of JVCO, will be integrated within MultiCare's network of hospital, primary care, and specialty care services. Additional information regarding MultiCare's health services in Spokane can be found through its website and location finder: <https://www.multicare.org/find-a-location/?query=&serviceLine=&serviceLineAction=&searchloc=Spokane%2C+Washington%2C+United+States&coordinates=47.659016%2C-117.42503&sortBy=relevance>

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

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

No facility or practitioner associated with this application has a history of any of the actions listed above.

#### D. Cost Containment (WAC 246-310-240)

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

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

MEC Spokane is requesting certificate of need approval to operate four (4) operating rooms in Spokane County dedicated to endoscopy services. In deciding to submit this application, MEC Spokane explored the following options:

- Option One: Develop a new 4-OR freestanding ASF dedicated to endoscopy services.
- Option Two: The same as Option One, but with only two (2) ORs, not four (4).
- Option Three: No project — do nothing.

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

We evaluate the options above using the following decision criteria: improving access; improving quality of care; capital and operating costs (efficiency); and legal restrictions:

Table 9: Alternatives Analysis: Promoting Access to Healthcare Services

Option:	Advantages/Disadvantages:
New 4-OR Endoscopy ASF (The Project).	<ul style="list-style-type: none"><li>• Provides non-hospital-based capacity in the planning area for needed endoscopy services, thereby improving access. (Advantage, "A")</li><li>• The improvement in access is greater than for a 2-OR facility. (A)</li></ul>
New 2-OR Endoscopy ASF.	<ul style="list-style-type: none"><li>• Provides non-hospital-based capacity in the planning area for needed endoscopy services, thereby improving access. (A)</li><li>• Access is improved, but to a lower degree than for a 4-OR facility. (Disadvantage, "D")</li></ul>
No project — do nothing	<ul style="list-style-type: none"><li>• Without the project, the planning area will continue to not have endoscopy services available outside of a hospital-based setting. This option does nothing to improve access. (D)</li></ul>

Table 10: Alternatives Analysis: Promoting Quality of Care and Staffing Impacts

Option:	Advantages/Disadvantages:
New 4-OR Endoscopy ASF (The Project).	<ul style="list-style-type: none"> <li>The requested project meets and promotes quality and continuity of care in the planning area, given it improves access, as identified above. (A)</li> <li>To the extent there is additional staffing required under this option, it is expected that any impacts would be offset by increased access to surgical services and higher quality of local care. (Neutral, "N").</li> </ul>
New 2-OR Endoscopy ASF.	<ul style="list-style-type: none"> <li>The requested project meets and promotes quality and continuity of care in the planning area, given it improves access, as identified above. (A)</li> <li>To the extent there is additional staffing required under this option, it is expected that any impacts would be offset by increased access to surgical services and higher quality of local care. (N).</li> </ul>
No project — do nothing	<ul style="list-style-type: none"> <li>This option would not have a local staffing impact. (A).</li> <li>However, without local access to a dedicated outpatient GI ASF, access is harmed. This reduces patient quality of care, given patients consistently prefer outpatient services when feasible and available. (D)</li> </ul>

Table 11: Alternatives Analysis: Promoting Cost and Operating Efficiency

Option:	Advantages/Disadvantages:
New 4-OR Endoscopy ASF (The Project).	<ul style="list-style-type: none"> <li>This option requires capital expenditures. (D)</li> <li>The capital expenditures for a 4-OR facility are not substantially different than for a 2-OR facility, so the larger facility promotes efficiency and ability for growth. (A)</li> <li>This option directly promotes long-range cost savings and operating efficiency, given there are medical procedures that can be provided outside of the hospital at a lower cost. This will result in lower-cost health care delivery. (A)</li> <li>There is also the anticipated benefit of reducing out-migration, which lowers costs to planning area residents who need ambulatory surgery. (A)</li> </ul>

New 2-OR Endoscopy ASF.	<ul style="list-style-type: none"> <li>• This option requires capital expenditures. (D)</li> <li>• The capital expenditures for a 2-OR facility are not substantially different than for a 4-OR facility, but the smaller facility is limited in its ability to serve the existing and future need. (D)</li> <li>• While smaller, this option still promotes long-range cost savings and operating efficiency, given there are medical procedures, albeit fewer, that can be provided outside of the hospital at a lower cost. This will result in lower-cost health care delivery. (A)</li> <li>• There is also the anticipated benefit of reducing out-migration, which lowers costs to planning area residents who need ambulatory surgery. (A)</li> </ul>
No project — do nothing	<ul style="list-style-type: none"> <li>• No capital costs. (A)</li> <li>• Higher cost/lower efficiency of care delivery, given there are services that can be provided at a lower cost outside of the hospital-setting; this increases cost to patients and payers. (D)</li> </ul>

Table 12: Alternatives Analysis: Legal Restrictions.

Option:	Advantages/Disadvantages:
New 4-OR Endoscopy ASF (The Project).	<ul style="list-style-type: none"> <li>• Requires certificate of need approval. This requires time and expense. (D)</li> </ul>
New 2-OR Endoscopy ASF.	<ul style="list-style-type: none"> <li>• Requires certificate of need approval. This requires time and expense. (D)</li> </ul>
No project — do nothing	<ul style="list-style-type: none"> <li>• No legal restriction. (A)</li> </ul>

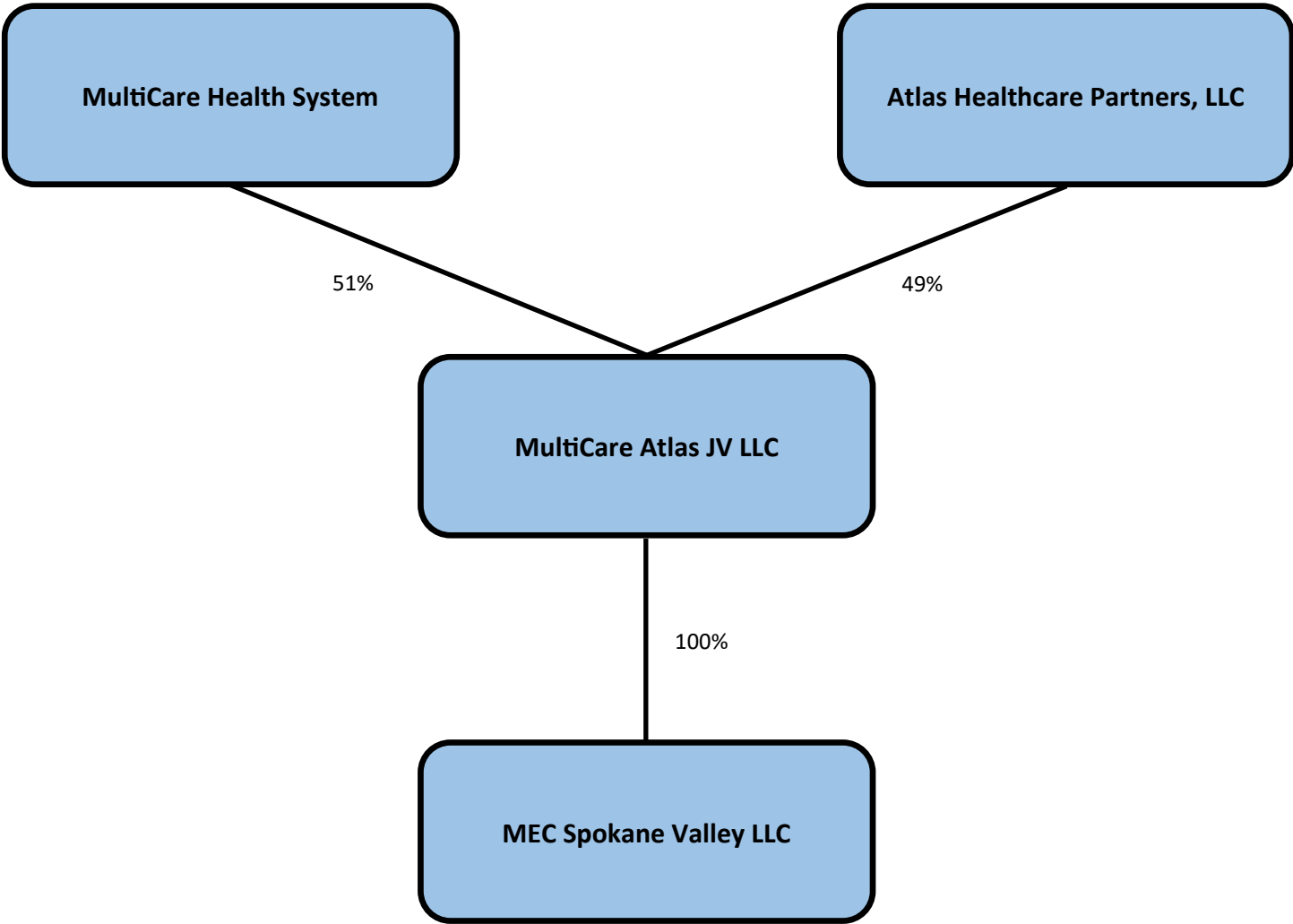
**3. Identify any aspects of the facility's design that lead to operational efficiency. This could include but is not limited to LEED building, water filtration, or the methods for construction, etc. WAC 246-310-240(2) and (3).**

The proposed project will meet MultiCare's and Atlas's internal standards, which have been engineered and tested to ensure that they support high quality, efficient, and patient-focused standards. These standards also meet and or exceed all applicable state and local codes.

# Exhibit 1

## Organizational Chart

**MultiCare Endoscopy Center – Spokane Valley**  
**Organizational Chart**





# Exhibit 2

## Letter of Intent



MultiCare Health System

820 A Street, Tacoma, WA, 98402

PO Box 5299 Tacoma, WA 98415-0299 • [multicare.org](http://multicare.org)

February 13, 2025

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

**RE: Letter of Intent to develop and operate a new certificate of need approved Ambulatory Surgical Facility (ASF) with four (4) rooms in Spokane County**

Dear Mr. Hernandez:

In accordance with WAC 246-310-080, MEC Spokane LLC submits this Letter of Intent ("LOI") to apply for a certificate of need to develop and operate a new certificate of need approved Ambulatory Surgical Facility (ASF) with four (4) rooms in Spokane County. In conformance with WAC, the following information is provided:

1. Description of Proposed Service: MEC Spokane LLC proposes to develop and operate a new certificate of need approved ASF endoscopy center. Upon project completion, the endoscopy center will operate four (4) rooms.
2. Estimated Cost of the Project: The estimated capital cost of the project is \$9,062,204.
3. Identification of the Service Area: The service area is Spokane County, Washington.

Please submit any notices, correspondence, communications, and documents to:

Erin Kobberstad, Vice President  
Strategic Planning  
MultiCare Health System  
820 A Street, Fourth Floor  
820-4-SBD  
Tacoma, WA 98402  
[erin.kobberstad@multicare.org](mailto:erin.kobberstad@multicare.org)

Jonathan Fox, PhD  
HealthTrends  
425-469-5687  
[jfox@healthtrends.consulting](mailto:jfox@healthtrends.consulting)

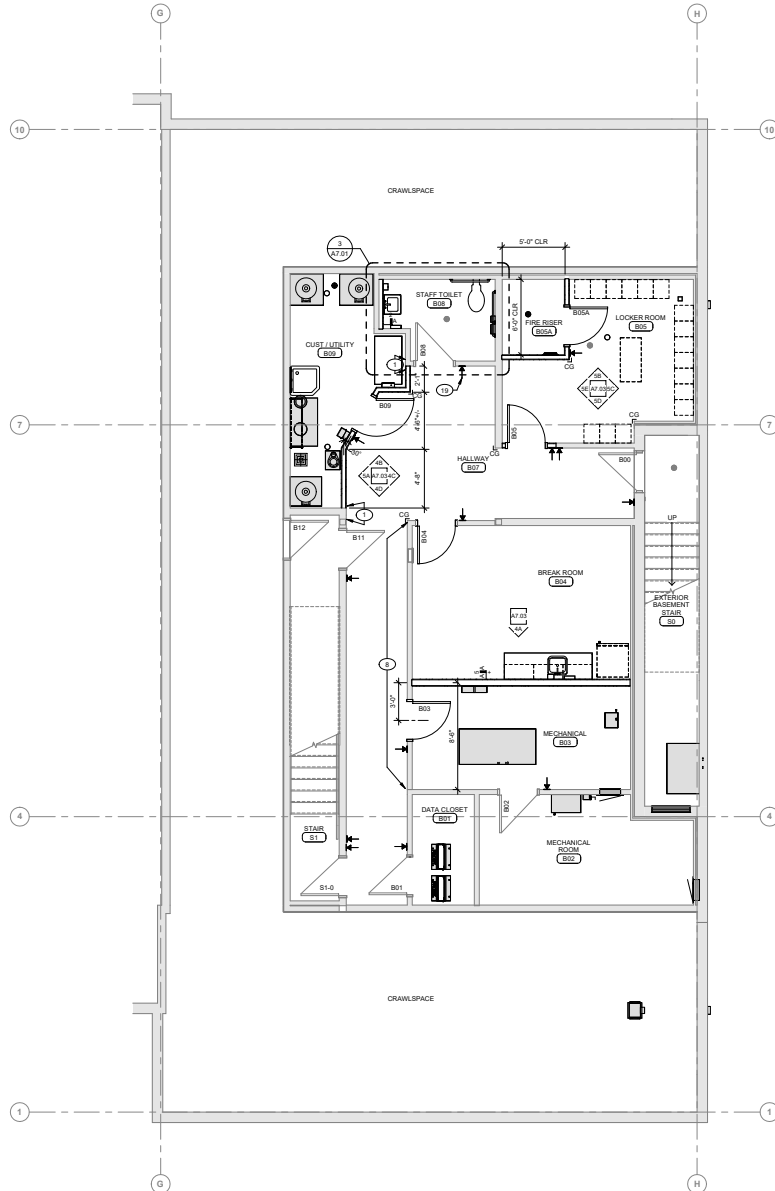
Thank you for your support. Please contact Erin if you have any questions.

Sincerely,

Florence Chang  
President  
MultiCare Health System  
Board Member, MultiCare Atlas JV LLC

# Exhibit 3

## Single-Line Drawings



**BASEMENT FLOOR PLAN**  
Scale: 1/4" = 1'-0"

GENERAL NOTES

- THE CONTRACTOR SHALL VERIFY AND COORDINATE ALL DRAWINGS, DIMENSIONS, SPECIFICATIONS AND SCHEDULES PRIOR TO PROCEEDING WITH ANY WORK OR FABRICATION. NOTIFY ARCHITECT IMMEDIATELY OF ANY UNCERTAINTY OR DISCREPANCY.
- DRAWINGS SHALL NOT BE SCALED.
- MASONRY IS DIMENSIONED NOMINALLY TO THE FACE. ACTUAL DIMENSIONS WILL BE + 3/8" FOR INSIDE DIMENSIONS AND MASONRY OPENINGS, AND - 3/8" FOR OUTSIDE DIMENSIONS.
- WHERE NOTES ON THE DRAWINGS INDICATE A CONDITION AT ONE LOCATION, WHETHER INDICATED AS TYPICAL OR NOT, THE NOTE SHALL APPLY TO ALL SIMILAR LOCATIONS UNLESS NOTED OTHERWISE.
- SEE SHEET A0.01 FOR SYMBOLS, & ABBREVIATIONS, ETC.
- SEE CODE PLAN & DETAIL, SHEET G0.01, FOR EXTENT OF RATED WALLS, CEILINGS & OPENINGS AS WELL AS CONSTRUCTION REQUIREMENTS.
- SEE REFLECTED CEILING PLAN SHEETS A0.01 & A0.02.
- DIMENSIONS ARE TYPICALLY TAKEN TO GRID LINE, CENTERLINE OF STUD WALL OR STRUCTURAL COLUMN (B) FRAMED WALLS, UNLESS NOTED OTHERWISE OR INDICATED ON DETAILS.
- ALL BUILDING SIGNAGE AND IDENTIFYING DEVICES TO COMPLY WITH THE REQUIREMENTS OF THE ADA (AMERICANS WITH DISABILITIES ACT).
- ALL GYPSUM BOARD PRODUCTS TO BE TYPE "X" GYPSUM BOARD UNLESS NOTED OTHERWISE.
- REFER TO ENLARGED PLANS FOR DIMENSIONS & NOTES. SEE ALSO DOOR/RELITE SCHEDULES AND FINISH SCHEDULES FOR ADDITIONAL INFORMATION.
- REFER TO LANDSCAPE AND CIVIL PLANS FOR INFORMATION OUTSIDE THE BUILDING, INCLUDING WALKS, DRIVES, CURBS, ETC.
- FINISH FLOORING TO EXTEND TO WALLS BELOW ALL CASEWORK NOT PERMANENTLY ATTACHED TO THE FLOOR UNLESS NOTED OTHERWISE.
- PROVIDE SOLID BLOCKING AT ALL CASEWORK AT TOP AND BOTTOM OF UPPERS AND AT TOP OF COUNTERS AND LOWER CABINETS. ALSO PROVIDE BLOCKING IN WALLS FOR WALL MOUNTED SUPPORTED ITEMS INCLUDING TV BRACKETS, SHELVES, MARKER BOARDS, ETC.
- PROVIDE CORIAN BISP CAMEO (NO OVERFLOW) AT ALL INTEGRAL SINKS. SEE MECHANICAL FOR FAUCET AND DRAIN.

WALL ASSEMBLIES

WALL FLAG KEY:

- NUMBER INDICATES SUBSTRATE
- LETTERS INDICATE SHEATHING TYPE SIDE OF WALL AFFECTED
- \* (ASTERISK) INDICATES PARTIAL HEIGHT WALL + 5'-6" AFF AND ON INT ELEVATIONS
- + (PLUS SIGN) INDICATES ACOUSTICAL INSULATION

NOTES:

- TYPICAL INTERIOR WALL ASSEMBLY IS TYPE A2A UNLESS SHOWN OTHERWISE. THE TYPICAL INTERIOR WALL ASSEMBLIES ARE NOT FLAGGED EXCEPT FOR CLARITY. ALL NON-TYPICAL ASSEMBLIES ARE CALLED OUT.
- A WALL ASSEMBLY CONTINUES THE FULL ROOM LENGTH, INCLUDING ANY JOGS, ANGLES, RECESSES, OR STUB WALLS FOR THE SIDE OF THE WALL UPON WHICH THE FLAG OCCURS.
- WHERE DIFFERENT STUD SIZES OCCUR ALONG A CORRIDOR WALL, IT IS INTENDED THAT THE CORRIDOR SIDE FINISHES ALIGN.
- ALL INTERIOR STUD FRAMING AND FURRING IS 1/2" OC UNO.
- SEE SHEET G0.01 FOR FIRE RATING CLASSIFICATIONS OF WALLS.
- EXTEND FRAMING, INSULATION, & SHEATHING COMPONENTS TO BOTTOM OF DECK ABOVE UNO.
- PROVIDE F325 VAPOR BARRIER AT ALL WALLS LOCATIONS NOTED WITH VAPOR BARRIER WHERE VAPOR BARRIER IS NOT COVERED BY SHEATHING (E. SHELL SPACES, INTERSTITIAL SPACES ABOVE CEILINGS).
- COMBINATION SHEATHING SUCH AS "B, C" INDICATES ONE SHEATHING MATERIAL ABOVE OR BELOW THE OTHER. SEE INTERIOR ELEVATIONS FOR EXTENT.
- REFER TO DETAILS, STRUCTURAL DRAWINGS AND NOTES FOR PROPER INSTALLATION OF MATERIALS LISTED IN WALL ASSEMBLIES, INCLUDING INFL. CONNECTIONS AND CONNECTIONS TO FOUNDATION AND DECK.
- ALL GYPSUM BOARD TO BE TYPE "X" UNO. ALL GYPSUM BOARD IN "WET" ROOM WALLS (TOILET ROOMS, CUSTODIAL ROOMS) TO BE WATER RESISTANT TYPE EXCEPT AS NOTED. DO NOT USE WATER RESISTANT GYPSUM BOARD ON CEILINGS. WALLS BEHIND CERAMIC TILE FINISH TO RECEIVE CEMENT BACKER BOARD.
- ALL GYPSUM BOARD SURFACES TO BE PREPARED FOR PAINT GRADE FINISH UNO.
- FOR FINISHES, REFER TO FINISH SCHEDULE AND INTERIOR ELEVATIONS.
- WALL ASSEMBLY TAGS DESCRIBE MAJOR EXTENT OF EXTERIOR WALL ASSEMBLY, SEE ELEVATIONS AND DETAILS FOR TRANSITIONS IN, AND LOCATIONS OF, CHANGES IN EXTERIOR WALL ASSEMBLIES.
- PROVIDE ABUSE RESISTANT GYPSUM BOARDS WHERE NOTED ON INTERIOR ELEVATIONS.

INTERIOR WALL SHEATHING MATERIALS

- A 5/8" GYPSUM BOARD
- B TWO LAYERS OF 5/8" GYPSUM BOARD, STAGGER JOINTS
- C 5/8" GYPSUM BOARD
- D 1/2" PLYWOOD (SEE STRUCTURAL)
- E SHEET METAL, PT & P
- F 5/8" GYPSUM BOARD
- G 2x2 WOOD FRAMING
- H 5/8" GYPSUM BOARD
- I 7/8" NAT. CHANNEL

INTERIOR WALL SUBSTRATE MATERIALS

- 2x3 WOOD STUD
- (2 1/2" METAL STUD OPTION WHERE INDICATED)
- 2x4 WOOD STUD
- (3 1/2" METAL STUD OPTION WHERE INDICATED)
- 3 5/8" METAL STUD
- 2x6 WOOD STUD
- (5 1/2" METAL STUD OPTION WHERE INDICATED)
- 2x6 WOOD SILL WITH STAGGERED 2x4 WOOD STUDS
- ACOUSTICAL BATT INSULATION

CODED NOTES - BASEMENT FLOOR PLAN

- ALIGN FACE OF FINISH
- FIXED ROOF ACCESS LADDER W/ HANDRAILS OVER ROOF AND SECURITY DOOR
- FULLY GROUT EXISTING OPENING IN CMU VENEER, PROVIDE SS CAP ANCHORED IN GROUT AND PROVIDE CONT SEALANT AROUND CAP. SEE MECH FOR DEMO/ VENT.
- PRIVACY FILM OVER EXISTING GLAZING
- PARTIAL HEIGHT INFILL AT EXISTING WINDOW OPENING, SEE INTERIOR ELEVATIONS AND DETAIL, 2x4x10
- FULL-HEIGHT INFILL AT EXISTING WINDOW OPENING, SEE INTERIOR ELEVATIONS AND DETAIL, 2x4x10
- FURRED WALL BEHIND ELECTRICAL PANELS
- PROVIDE ACOUSTICAL BATT INSULATION IN EXISTING WALL
- DISPOSABLE CURTAIN (B-3) ON CEILING MOUNTED TRACK, CENTER ON OVP SLOTTED ABOVE, SEE RCP
- MATCH ADJACENT EXISTING WALL TYPE
- CENTER WALL ON EXISTING COLUMN
- PROVIDE NEW TILE WANSPOOT, TILE FLOOR, AND PAINTED CEILING AND WALL FINISH IN THIS ROOM. SEE FINISH SCHEDULE. REINSTALL ALL EXISTING TOILET FIXTURES, ACCESSORIES, AND SINK COUNTER IN THE SAME LOCATIONS.
- CEILING MTD BAY NUMBER SIGN TO MATCH STANDARDS, OPCI. COORDINATE FINAL LOCATION WITH OWNER.
- CEILING MTD BAY NUMBER SIGN TO MATCH STANDARDS, OPCI. COORDINATE FINAL LOCATION WITH OWNER.
- NEW ROOM SIGN TO MEET ADA ACCESSIBILITY REQUIREMENTS AND MATCH SIGNAGE STANDARDS. TYP. OPCI. PROVIDE MATCHING BACK PANEL WHERE MTD TO GLAZING. COORDINATE FINAL LOCATIONS WITH OWNER.
- WALL MTD LOGO SIGNAGE TO MATCH STANDARDS, OPCI. PROTECT EXISTING WALL WHERE SUPPORTING HEADER ABOVE

GENERAL NOTES

- THE CONTRACTOR SHALL VERIFY AND COORDINATE ALL DRAWINGS, DIMENSIONS, SPECIFICATIONS AND SCHEDULES PRIOR TO PROCEEDING WITH ANY WORK OR FABRICATION. NOTIFY ARCHITECT IMMEDIATELY OF ANY UNCERTAINTY OR DISCREPANCY.
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- WHERE NOTES ON THE DRAWINGS INDICATE A CONDITION AT ONE LOCATION, WHETHER INDICATED AS TYPICAL OR NOT, THE NOTE SHALL APPLY TO ALL SIMILAR LOCATIONS UNLESS NOTED OTHERWISE.
- SEE SHEET A2.01 FOR SYMBOLS, & ABBREVIATIONS, ETC.
- SEE CODE PLAN & DETAIL, SHEET G2.01, FOR EXTENT OF RATED WALLS, CEILING & OPENINGS AS WELL AS CONSTRUCTION REQUIREMENTS.
- SEE REFLECTED CEILING PLAN SHEETS A3.01 & A3.02.
- DIMENSIONS ARE TYPICALLY TAKEN TO GRID LINE. CENTERLINE OF STUD WALL OR STRUCTURAL COLUMN @ FRAMED WALLS. UNLESS NOTED OTHERWISE OR INDICATED ON DETAILS.
- ALL BUILDING SIGNAGE AND IDENTIFYING DEVICES TO COMPLY WITH THE REQUIREMENTS OF THE ADA (AMERICANS WITH DISABILITIES ACT).
- ALL GYPSUM BOARD PRODUCTS TO BE TYPE "X" GYPSUM BOARD UNLESS NOTED OTHERWISE.
- REFER TO ENLARGED PLANS FOR DIMENSIONS & NOTES. SEE ALSO DOOR/RELITE SCHEDULE AND FINISH SCHEDULE FOR ADDITIONAL INFORMATION.
- REFER TO LANDSCAPE AND CIVIL PLANS FOR INFORMATION OUTSIDE THE BUILDING, INCLUDING WALLS, DRIVES, CURBS, ETC.
- FINISH FLOORING TO EXTEND TO WALLS BELOW ALL CASEWORK NOT PERMANENTLY ATTACHED TO THE FLOOR UNLESS NOTED OTHERWISE.
- PROVIDE SOLID BLOCKING AT ALL CASEWORK AT TOP AND BOTTOM OF UPPERS AND AT TOP OF COUNTERS AND LOWER CABINETS. ALSO PROVIDE BLOCKING IN WALLS FOR WALL MOUNTED SUPPORTED ITEMS INCLUDING TV BRACKETS, SHELVES, MARKER BOARDS, ETC.
- PROVIDE CORIAN 889P CAMEO WHITE (NO OVERFLOW) AT ALL INTEGRAL SINKS. SEE MECHANICAL FOR FAUCET AND DRAIN.

WALL ASSEMBLIES

- WALL FLAG KEY:**
- NUMBER INDICATES SUBSTRATE
  - LETTERS INDICATE SHEATHING TYPE SIDE OF WALL AFFECTED
  - \* (ASTERISK) INDICATES PARTIAL HEIGHT WALL -3'-0" AFF UNDO ON INT ELEVATIONS
  - + (PLUS SIGN) INDICATES ACoustICAL INSULATION

NOTES:

- TYPICAL INTERIOR WALL ASSEMBLY IS TYPE A2A UNLESS SHOWN OTHERWISE. THE TYPICAL INTERIOR WALL ASSEMBLY IS NOT FLAGGED EXCEPT FOR CLARITY. ALL NON-TYPICAL ASSEMBLIES ARE CALLED OUT.
- A WALL ASSEMBLY CONTINUES THE FULL ROOM LENGTH, INCLUDING ANY JOGS, ANGLES, REDUCES, OR STUB WALLS FOR THE SIDE OF THE WALL UPON WHICH THE FLAG OCCURS.
- WHERE DIFFERENT STUD SIZES OCCUR ALONG A CORRIDOR WALL, IT IS INTENDED THAT THE CORRIDOR SIDE FINISHES ALONG.
- ALL INTERIOR STUD FRAMING AND FURRING IS 16" OC UNLESS NOTED OTHERWISE.
- SEE SHEET G2.01 FOR FIRE RATING CLASSIFICATIONS OF WALLS.
- EXTEND FRAMING, INSULATION, & SHEATHING COMPONENTS TO BOTTOM OF DECK ABOVE UNDO.
- PROVIDE 1/2" VAPOR BARRIER AT ALL WALLS LOCATIONS NOTED WITH VAPOR BARRIER WHERE VAPOR BARRIER IS NOT COVERED BY SHEATHING (E. SHELL SPACES, INTERSTITIAL SPACES ABOVE CEILING).
- COMBINATION SHEATHING SUCH AS 1/2" INDICATES ONE SHEATHING MATERIAL ABOVE OR BELOW THE OTHER. SEE INTERIOR ELEVATIONS FOR EXTENT.
- REFER TO DETAILS, STRUCTURAL DRAWINGS AND NOTES FOR PROPER INSTALLATION OF MATERIALS LISTED IN WALL ASSEMBLIES, INCLUDING IN-ELL CONNECTIONS AND CONNECTIONS TO FOUNDATION AND DECK.
- ALL GYPSUM BOARD TO BE TYPE "X" UNDO. ALL GYPSUM BOARD IN "WET" ROOM WALLS (TOILET ROOMS, CUSTOMAL ROOMS) TO BE WATER RESISTANT TYPE EXCEPT AS NOTED. DO NOT USE WATER RESISTANT GYPSUM BOARD ON CEILING. WALLS BEHIND COUNTERS TO BE FINISH TO RESISTIVE CERAMIC BACKER BOARD.
- ALL GYPSUM BOARD SURFACES TO BE PREPARED FOR PAINT GRADE FINISH UNDO.
- FOR FINISHES, REFER TO FINISH SCHEDULE AND INTERIOR ELEVATIONS.
- WALL ASSEMBLY TAGS DESCRIBE MAJOR EXTENT OF EXTERIOR WALL ASSEMBLY. SEE ELEVATIONS AND DETAILS FOR TRANSITIONS IN, AND LOCATIONS OF, CHANGES IN EXTERIOR WALL ASSEMBLIES.
- PROVIDE ABUSE RESISTANT GYPSUM BOARDS WHERE NOTED ON INTERIOR ELEVATIONS.

INTERIOR WALL SUBSTRATE MATERIALS

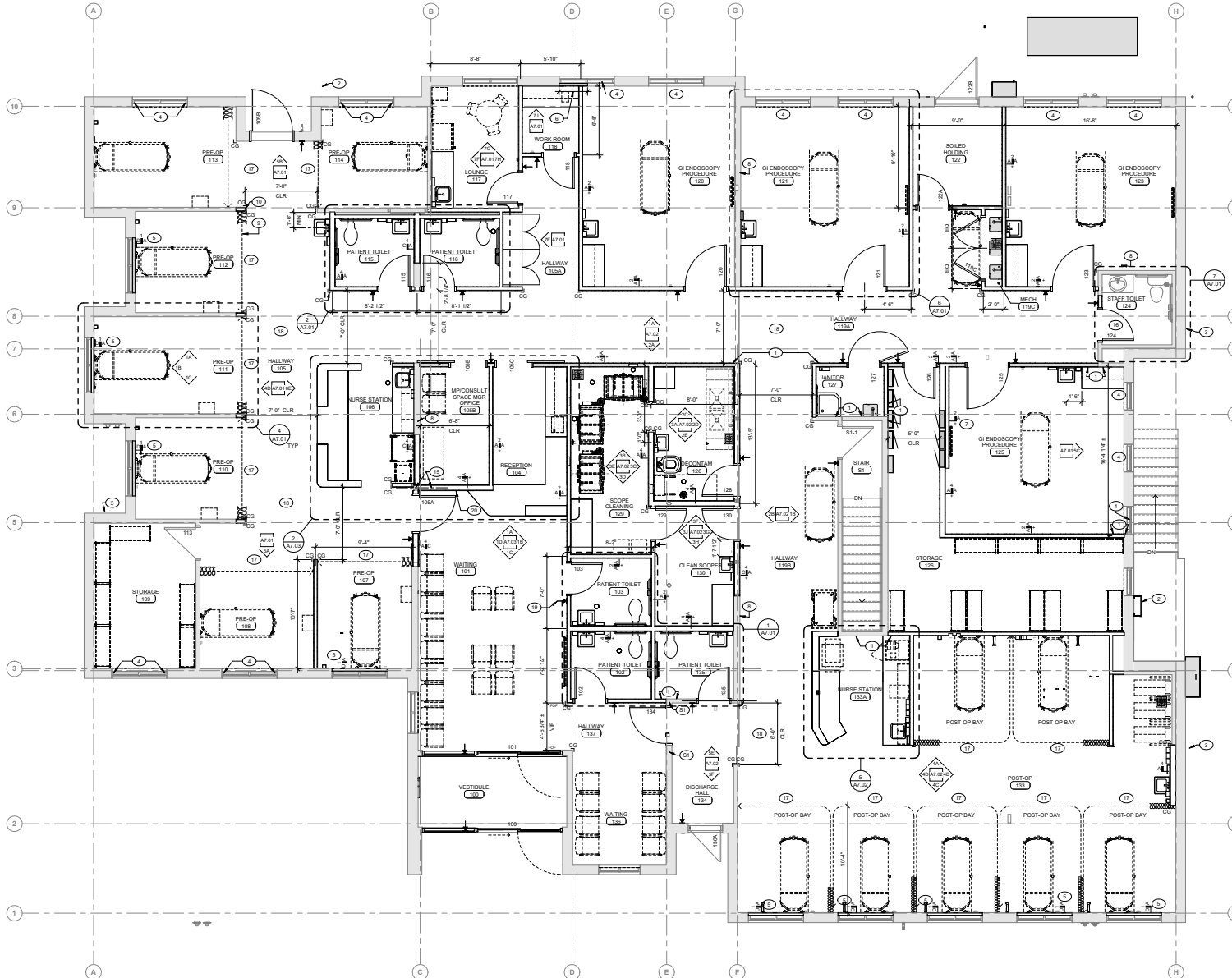
- 2x3 WOOD STUD (2" METAL STUD OPTION WHERE INDICATED)
- 2x4 WOOD STUD (1" METAL STUD OPTION WHERE INDICATED)
- 3" 58" METAL STUD
- 2x6 WOOD STUD (1" METAL STUD OPTION WHERE INDICATED)
- 2x6 WOOD BATT WITH STAGGERED 2x4 WOOD STUDS ACoustICAL BATT INSULATION

INTERIOR WALL SHEATHING MATERIALS

- A 5/8" GYPSUM BOARD
- B TWO LAYERS OF 5/8" GYPSUM BOARD, STAGGER JOINTS
- C 5/8" GYPSUM BOARD
- D 1/2" PL WOOD (SEE STRUCTURAL)
- E SHEET METAL, PT 6.8
- F 5/8" GYPSUM BOARD 2x2 WOOD FRAMING
- G 5/8" GYPSUM BOARD 78" HAT CHANNEL

CODED NOTES - FLOOR PLAN

- ALIGN FACE OF FINISH
- FIXED ROOF ACCESS LADDER W/ HANDRAILS OVER ROOF AND SECURITY DOOR
- FULLY GROUT EXISTING OPENING IN CMU VENEER. PROVIDE 3/4" CAP ANCHORED IN GROUT AND PROVIDE CONT SEALANT AROUND CAP. SEE MECH FOR DEMO (VENTS).
- PRIVACY FILM OVER EXISTING GLAZING
- PARTIAL HEIGHT WALL AT EXISTING WINDOW OPENING. SEE INTERIOR ELEVATIONS AND DETAIL 2106.30
- FULL-HEIGHT WALL AT EXISTING WINDOW OPENING. SEE INTERIOR ELEVATIONS AND DETAIL 2006.30
- FURRED WALL BEHIND ELECTRICAL PANELS
- PROVIDE ACoustICAL BATT INSULATION IN EXISTING WALL
- DISPOSABLE CURTAIN (R.3) ON CEILING MOUNTED TRACK, CENTER ON DIV. SOFFIT ABOVE. SEE RCP
- MATCH ADJACENT EXISTING WALL TYPE
- CENTER WALL ON EXISTING COLUMN
- PROVIDE NEW TILE WANSBURY, TILE FLOOR, AND PAINTED CEILING AND WALL FINISH IN THIS ROOM. SEE FINISH SCHEDULE. REINSTALL ALL EXISTING TOILET FIXTURES, ACCESSORIES, AND SINK COUNTER IN THE SAME LOCATIONS.
- CEILING MTD BAY NUMBER SIGN TO MATCH STANDARDS. OPCI. COORDINATE FINAL LOCATION WITH OWNER.
- CEILING MTD BAY NUMBER SIGN TO MATCH STANDARDS. OPCI. COORDINATE FINAL LOCATION WITH OWNER.
- NEW ROOM SIGN TO MEET ADA ACCESSIBILITY REQUIREMENTS AND MATCH SIGNAGE STANDARDS. TYP. OPCI. PROVIDE MATCHING BACK PANEL, WHETHER MTD TO GLAZING. COORDINATE FINAL LOCATIONS WITH OWNER.
- WALL-MTD LOGO SIGNAGE TO MATCH STANDARDS. OPCI. PROTECT EXISTING WALL WHERE SUPPORTING HEADER ABOVE.



**FLOOR PLAN - LEVEL 1**  
Scale: 1/4" = 1'-0"

# Exhibit 4

## Financial Assistance Policy

<b>Title: REV 101 FINANCIAL ASSISTANCE FOR ASC PATIENTS (WA)</b>	
<b>Number: 467</b>	<b>Version: 1</b>
<b>Category: Revenue Cycle Management, Revenue Optimization</b>	<b>Original Date: 02/07/2024</b>
<b>Approval Date: 02/07/2024</b>	<b>Next Review Date: 02/07/2025</b>
<b>Author: RCM - Management</b>	<b>Approved By: Governing Board</b>

## **POLICY and PROCEDURE**

### **I. Purpose/Expected Outcome:**

- A. This policy and the Financial Assistance Program outlined herein are intended to ensure a non-discriminatory and consistent methodology for the provision of free or discounted Medically Necessary care at ASCs in which Atlas Healthcare Partners, LLC manages via a management agreement. This policy assumes that such ASCs are subject to a management agreement with an Atlas JV, LLC which is subcontracted to Atlas Healthcare Partners, LLC (“Atlas”) (or wholly owned by a health system).
- B. Upon adoption by the governing board of an ASC, this policy and the Financial Assistance Program set forth herein will constitute the official financial assistance policy for such ASC.

### **II. Definitions:**

- A. CBO: Central Business Office - The operating unit of Atlas responsible for Billing and collecting Self-Pay accounts for ASC services, including co-payments and deductibles.
- B. Balance After Insurance (“BAI”): Amounts due by the patient after insurance adjudication is complete (e.g. deductibles, co-payments, and co-insurance). BAI does not include the patient’s share of cost for Medicaid/AHCCCS as determined by the state to be an amount the patient must pay in order for the patient to be eligible for Medicaid/AHCCCS, and Atlas is not authorized to provide financial assistance to fund or waive this amount.
- C. Billing and Collections Policy: The ASC Policy entitled: “Business Office: Self-pay Patients,” as the same may be amended from time to time.
- D. Charges: The amount the ASC would charge the patient for Medically Necessary services provided in the absence of this Policy.
- E. Charity Care: Covered Services provided to a patient for which the patient is not expected to pay any amount.
- F. Covered Services: Those services provided by an ASC that are Medically Necessary care; provided, however, that the following are not Covered Services:
  - 1. Cosmetic Procedures.
  - 2. Other services as determined by the ASC Governing Board.

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- G. Discounted Care: Covered Services provided to a patient for which the patient is expected to pay a discounted amount.
- H. Eligible Individual: An individual eligible for Financial Assistance under this Policy and the Financial Assistance Program hereunder without regard to whether the individual has applied for financial assistance.
- I. Federal Poverty Level (“FPL”): The annual income level for varying household sizes set by the federal government to establish households living above or below the defined poverty level. Chart located at <https://aspe.hhs.gov/poverty-guidelines>.
- J. Medicaid: All State and Federal Programs which include (but are not limited to) Medicaid, Medi-Cal, AHCCCS, CACP, and FES.
- K. Medically Indigent Household: A household with medical expenses incurred during the previous 12 months for which the household is responsible which exceeds 50% of the household’s total income for that year. For the purposes of determining whether a household is a Medically Indigent Household, all medical expenses are included, including non-ASC medical expenses.
- L. Medically Necessary: Those services required to identify or treat an illness or injury that is either diagnosed or reasonably suspected; considering the most appropriate level of care. To be Medically Necessary, a service must:
  - 1. Be required to treat an illness or injury;
  - 2. Be consistent with the diagnosis and treatment of the patient’s conditions;
  - 3. Be in accordance with the standards of good medical practice;
  - 4. Not be for the convenience of the patient or the patient’s physician; and
  - 5. Be that level of care most appropriate for the patient as determined by the patient’s medical condition and not the patient’s financial or family situation.
- M. Third-Party Insurance: An entity (corporation, company health plan or trust, automobile medical pay benefit, workers’ compensation, etc.) other than the patient (or guarantor) that will pay all or a portion of the patient’s medical bills.
- N. Underinsured Patient: A patient with Third-Party Insurance coverage, but with significant limitations or co-responsibility, including deductibles, co-payments, and co-insurance.

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- O. Uninsured Patient: A patient without Third-Party insurance and ineligible for government programs, in either case that may be billed for Covered Services provided to the patient.

### III. Policy:

The ASCs provide quality healthcare to all patients regardless of age, sex, sexual orientation, gender preference, race, religion, disability, veteran status, national origin and/or ability to pay. This Policy establishes Atlas Financial Assistance programs which, based on household income and the level of medical expenses, determine a patient's qualification for Charity Care or Discounted Covered Services. Eligibility for financial assistance will be provided for those individuals who are Uninsured or Underinsured and who meet the household income guidelines as outlined in this Policy or are members of a Medically Indigent Household. All financial assistance under this Policy will be treated as an expense of the relevant ASC.

### IV. Procedure/Interventions:

- A. Financial Assistance for Uninsured Patients: Uninsured Patients will qualify for financial assistance if: (a) their household income is less than 400% of FPL, (b) they cannot qualify for Medicaid/AHCCCS or other government program, or are unable to reasonably complete the application process for such governmental programs, (c) they lack other assets to pay the applicable full charges and (d) they complete an application for financial assistance in accordance with the following table:

<b>Financial Assistance-Uninsured Patients Charity and Discounted Care</b>	
<b>Household Income</b>	<b>Amounts Charged</b>
200% of < FPL	Full Charity 100% Discount, write-off entire patient account
>200%-300% FPL	75% discount off ASC Billed Charges (i.e., patient owes 25% of ASC Billed Charges)
>300%-400% FPL	50% discount off ASC Billed Charges (i.e., patient owes 50% of ASC Billed Charges)
>400% FPL	Does not qualify for ASC Financial Assistance Policy; refer to "Self-Pay Rate for Uninsured Patients" below

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- B. Financial Assistance for Underinsured Patients: Underinsured Patients will qualify for financial assistance if: (a) they have a minimum BAI of \$2500 and a household income of less than 400% of FPL, and (b) they complete an application for financial assistance, in accordance with the following table:

<b>Financial Assistance—Underinsured Patients with a Balance After Insurance in excess of \$2500</b>	
Household Income	Balance after Insurance
<200% of FPL	100% discount of BAI in excess of \$2500 (i.e., write-off patient liability in excess of \$2500)
>200%-300% FPL	75% discount of BAI in excess of \$2500 (i.e., patient owes 25% of the BAI in excess of \$2500 and 100% of the BAI up to \$2500)
>300%-400% FPL	50% discount of BAI in excess of \$2500 (i.e., patient owes 50% of the BAI in excess of \$2500 and 100% of the BAI up to \$2500)
>400% FPL	Does not qualify for ASC financial assistance unless a member of a Medically Indigent Household

- C. Financial Assistance for Members of Medically Indigent Households: Patients who are members of Medically Indigent Households will qualify for financial assistance, subject to application for financial assistance, as follows:
1. If an Uninsured Patient, the patient is responsible for 25% of the patient liability (including any adjustment of the patient liability amount pursuant to application of the Billing and Collections Policy).
  2. If an Underinsured Patient, the patient is responsible for 25% of the BAI (without regard to the amount of the BAI).

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- D. Self-Pay Rate for Uninsured Patients: Uninsured Patients who do not qualify for financial assistance, whether due to failure to apply, having a household income in excess 400% of FPL, not being a member of a Medically Indigent Household or any other reason, will be charged for services received as set forth in the Billing and Collections Policy.
- E. Exception: Balances resulting from the patient not following insurance guidelines; e.g., pre-certification requirement, referral requirement, are not covered.
- F. Write-Offs and Adjustments:
1. Covered Services will be eligible for write-off, in whole or in part if:
    - a. A patient qualifies for Medicaid/AHCCCS after service has been provided by the ASC (100% write-off). This includes any bills for services that predate coverage;
    - b. A patient qualifies for Medicaid/AHCCCS, but funding is not available to pay for services or Medicaid/AHCCCS denies coverage for Covered Services (100% write-off).
    - c. A patient is approved for financial assistance based on the guidelines and requirements outlined above in this policy, upon approval, write-offs and adjustments will be processed promptly in accordance with this policy, applicable procedures, state statutes and regulations.
  2. Signature Authority for Write-Offs: Financial Assistance Program write-offs will be granted subject to the following approval limits:
    - a. Up to \$5,000 – CBO Manager;
    - b. Over \$5,000 – CBO Director, unless delegated to CFO by the Director.
  3. Notification of FAP-Eligibility: Upon determination of eligibility, an individual who is determined to be eligible for the Enhanced Financial Assistance Program shall be notified in writing of such determination.
- G. Providers Not Covered: This policy does not apply to charges for services from physicians or their immediate family members.
- H. Reservation of Right to Seek Reimbursement of Charges from Third Parties: If any first- or third-party payor is liable for any portion of a patient's bill, the ASC will seek full reimbursement of all charges incurred by the patient at the applicable contractual or governmental rate applicable to such payor or, if there is no applicable contractual or

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governmental rate, as set forth in the Billing and Collections Policy, from such first- or third-party payors, including situations governed by the provisions of A.R.S. Section 33-931, et. seq. (or the analogous provisions of the laws of other states as applicable) despite any financial assistance granted pursuant to this policy.

- I. Eligibility Period: If a patient qualifies for financial assistance under this policy (other than because of the patient's membership in a Medically Indigent Household), all outstanding balances for Covered Services 12 months prior to and 180 days post qualification will be eligible for the appropriate discount or write-off. Any account within the current fiscal year or the previous 12 months and that has been placed in bad debt will be returned from the vendor and written off based on ASC Financial Assistance guidelines.
- J. Refunds: Payments received prior to qualifying for financial assistance under this policy will not be refunded.
- K. Methods for Applying for Financial Assistance: Patients must apply for financial assistance. Patients may apply for financial assistance by any of the following methods:
  1. Advising Patient Financial Clearance personnel at or prior to the time of registration that they are unable to pay some or all the actual or anticipated hospital charges.
  2. Patient Financial Clearance personnel will offer all Uninsured Patients a financial assistance application form.
  3. Patient Financial Clearance personnel and/or ASC-selected Medical Eligibility vendors will assist the patient in applying for Medicaid and for financial assistance under this policy.
  4. Requesting an application from ASC's Central Business Office by phone: 480-292-8541, or by mail: 2355 E Camelback Road STE 700, Phoenix, AZ 85016 and returning a completed application to the above address.
  5. Any of the methods specified in the Billing and Collections Policy.

## **V. Procedural Documentation:**

N/A

## **VI. Additional Information:**

N/A

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<b>Title: REV 101 FINANCIAL ASSISTANCE FOR ASC PATIENTS (WA)</b>	
<b>Number: 467</b>	<b>Version: 1</b>
<b>Category: Revenue Cycle Management, Revenue Optimization</b>	<b>Original Date: 02/07/2024</b>
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<b>Author: RCM - Management</b>	<b>Approved By: Governing Board</b>

## **VII. References:**

U.S. Department of Health and Human Services (ASPE) (Jan 17, 2024). HHS Poverty Guidelines for 2024.  
Retrieved 2/7/2024 from <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>

## **VIII. Other Related Policies/Procedures:**

- A. RCM 100 BUSINESS OFFICE - SELF-PAY PATIENTS
- B. REV 102 FINANCIAL ASSISTANCE APPLICATIONS

## **IX. Keywords/Keyword Phrases:**

- A. Financial Assistance Program
- B. Patient Assistance Program
- C. Uninsured Patients
- D. Legal
- E. Board
- F. Finance
- G. Charity Care

## **X. Appendix:**

N/A

# Exhibit 5

## Admission Criteria

<b>Title: ADMIN 107 PATIENT ADMISSION CRITERIA</b>	
<b>Category: Administration</b>	<b>Original Date: 01/25/2019</b>
<b>Publication Date: 06/21/2024</b>	<b>Next Review Date: 06/21/2025</b>
<b>Author Department: Clinical Operations</b>	<b>Approved By: Governing Board</b>

## **POLICY and PROCEDURE**

### **I. Purpose/Expected Outcome:**

To determine if the patient is an appropriate candidate for receiving the scheduled outpatient procedure and anesthesia.

### **II. Definitions:**

- A. ASA: American Society of Anesthesiologists
- B. ASA Physical Status is ranked as follows in determining pre-anesthesia risk:
  - 1. Class I: Normal healthy patient.
  - 2. Class II: Patient with mild systemic disease which is well controlled.
  - 3. Class III: Patient with severe systemic disease (which causes impairment of function).
  - 4. Class IV: Patient with severe systemic disease that is a constant threat to life.

### **III. Policy:**

- A. Patients of all ages will receive care and safety measures appropriate to age and life cycle.
- B. All patient medications, including instructions to hold/take medications prior to surgery, must be managed either by the provider, referring physician, or designated specialist.
- C. Patients with the following conditions or requirements **will not be admitted** to the Surgery Centers:
  - 1. Planned post-operative in-patient hospital care.
  - 2. Surgical procedures that will exceed 23:59 hours combined procedure, recovery and discharge time.  
Note: Exclusion for facilities with recovery care (convalescent) capabilities.
  - 3. Any surgical procedure scheduled longer than 6 hours.
  - 4. Those that generally result in extensive blood loss.
  - 5. Those that require major or prolonged invasion of body cavities.
  - 6. Those that may directly involve major blood vessels or constitute an emergency or life- threatening procedure.

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7. Those that may require post-operative ventilation, either because of the procedure to be performed, or because of a pre-existing condition.
8. BMI>50 requiring MAC, Sedation, or General Anesthesia.
9. Patients with BMI >50 for local only anesthesia must have Medical Director review and approval.
10. BMI >45 requiring prone positioning during the procedure with the use of Propofol sedation.
11. Patients with a current trach or history of a tracheostomy.
12. Tonsillectomies on patients under 3 years of age.
13. Adenoidectomies on patients under 1 year of age.
14. Pediatric patients under age 4 months.
15. Patients with active TB, known active and untreated MDRO (e.g. MRSA), an active communicable respiratory disease or any active infection not related to the procedure. IPM 108 CONTACT PRECAUTIONS AND ACTIVE INFECTIONS PROCESS.
16. Patient who is pregnant (any trimester).
17. Elective termination of pregnancy at any stage.
18. D & C for missed or incomplete abortion beyond 12 weeks gestation
19. D & C for molar pregnancy.
20. Patient with an ectopic pregnancy.
21. Patient who has had a heart or lung transplant.
22. Patient with MRSA refer to policy IPM #108.
23. Patient with a systolic blood pressure reading over 200 mm Hg or a diastolic blood pressure reading over 100 mm Hg unless trending downward during the preoperative period (includes local anesthesia patients).
24. Patient with a blood sugar reading of >300 unless the value is trending down after being rechecked during a 1-hour period (for total joints, refer to Total Joint protocol). **May have different protocols for new service lines.**



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25. Patient with new onset A-Fib or other potentially dangerous heart rhythm will be cancelled and upon provider discretion, either referred to PCP, Urgent Care, or transported to the ER for evaluation and treatment (utilize HST Clinical cancellation form).
26. Patient with Bare Metal cardiac stent placement(s) within the past 6 weeks; however, 12 weeks is preferable. Patients with Drug Eluting cardiac stent placement(s) within the past 6 months; however, 12 months is preferable see PRE-OP #112: "Intra-coronary stents and Intra-thoracic devices policy".
27. ACSs will not perform the following types of surgeries: major vascular, intrathoracic, craniotomies, mandibulectomies, bilateral neck revision.
28. History of Moderate-Severe Aortic Stenosis.
29. History of Moderate-Severe Pulmonary Hypertension.
30. Patients with history of PCI without stenting < 14 days prior to procedure.
31. Patients with known difficult airways.
32. Patients with balloon pumps/Left Ventricular assist devices.
33. Patients who are unable to assist with transfer (total lift).
34. Active congestive heart failure, EF<40%, except for local anesthesia only procedures.

#### **IV. Procedure/Interventions:**

- A. Prior to the scheduled procedure, the Surgery Center's Nursing staff will obtain the following information.
  1. Patient's health history..
  2. Patient's anesthesia history.
  3. Patient's family health and anesthesia history.
  4. Patient's calculated Body Mass Index (BMI).
  5. The PAT nurse will strongly encourage any patient with a home CPAP to bring it to the ASC with them.
- B. The facility's Medical Director and/or the patient's attending Anesthesiologist will be notified if there are any concerns regarding the appropriateness of the patient for the scheduled procedure.

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- C. On the day of service and prior to the patient leaving the Pre-Op department, the attending anesthesiologist will perform a pre-anesthesia risk assessment of the patient.
- D. The attending anesthesiologist, and/or surgeon, and/or Medical Director will determine if the patient is an appropriate candidate to have the surgery/procedure performed in an outpatient surgery setting.

## V. Procedural Documentation:

All documentation will be placed on the appropriate records.

## VI. Additional Information:

N/A

## VII. References:

American Society of Anesthesiologists (Dec. 13, 2020). ASA physical classification system. Retrieved 6/12/2024 from <https://www.asahq.org/standards-and-guidelines/asa-physical-status-classification-system>

Centers for Medicare and Medicaid Services. (CMS). (9/30/2019). §416.52. Condition for coverage - Patient admission, assessment, and discharge. Retrieved 6/12/2024 from <https://www.law.cornell.edu/cfr/text/42/416.52>

Sreedharan, R., Khanna, S. & Shaw, A. Perioperative glycemic management in adults presenting for elective cardiac and non-cardiac surgery. Perioper Med 12, 13 (2023). Retrieved 6/12/2024 from <https://doi.org/10.1186/s13741-023-00302-6>

The Joint Commission (TJC) (2024). Provision of care, treatment, and services.

## VIII. Other Related Policies/Procedures:

- A. PRE 112 INTRA-CORONARY STENTS & INTRA-THORACIC DEVICES
- B. PRE 114 MORBID OBESITY-OSA
- C. IPM 108 CONTACT PRECAUTIONS AND ACTIVE INFECTIONS PROCESS
- D. IPM 117 TUBERCULOSIS (TB) PREVENTION AND CONTROL PLAN

## IX. Keywords/Keyword Phrases:

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<b>Author Department: Clinical Operations</b>	<b>Approved By: Governing Board</b>

Admission Criteria

**X. Appendix:**

- A. Appendix A: Patient Conditions requiring Medical Director Approval
- B. Appendix B: Pre-op clearance conditions
- C. Appendix C: Additional Testing/Physician Clearance

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<b>Category: Administration</b>	<b>Original Date: 01/25/2019</b>
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## Appendix A

**Patients with the following conditions may require Medical Director review and approval**

- Patients with BMI > 45
- Patients with history of CAD/chest pain/intra coronary stents/CHF/Valvular disease/abnormal EKG
- Patients on Dialysis – require labs within 24 hours of procedure. HD within 24 hours prior to procedure
- Patients with history of severe peripheral vascular disease/bypass procedures
- Patients with Pacemaker/AICD
- Patients with history of Anesthesia complications
- Patients with a history of CVA
- Patients with history of COPD/Lung Disease requiring home oxygen
- Patients with history of severe neurological disorders/Autoimmune disorders/neuromuscular diseases or chromosomal abnormalities
- Patients with cirrhosis
- Patients who are transplant recipients
- Patients with history of paralysis (Paraplegia)
- Patients who use illicit drugs; excluding recreational or prescribed cannabis
- Patients with Cystic Fibrosis
- Patients with active seizure disorders
- Patients on blood thinners (excluding patients on Aspirin only)

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## Appendix B

**Pre-op consultation with another medical service may be required in the following circumstances:**

- Patient has a new medical condition
- Patient that has existing medical condition that does not appear to be optimally managed
- Patient has rare or serious medical condition where the implications for anesthesia are not obvious

**Patients with the following conditions may require Clearance from either PCP or appropriate specialist (CV, Pulmonary, Endocrine or Neurology, etc.):**

- Patients with uncontrolled hypertension (190/100 mmHg)
- Patients with new onset or recently increased angina/unstable angina
- Patients with recent MI (within 90 days)
- Patients with AICD/Pacemaker
- Patients with history of intracoronary stents (request the nature (type) of stent and time of placement, advice on anticoagulation cessation and resumption)
- Patients with shortness of breath
- Patients that require home oxygen therapy
- Patients with new abnormality on EKG
- Patients with any new change in heart rhythm/recent diagnosis of arrhythmia
- Patients with new abnormalities in neurologic function
- Patients on dialysis
- Patients with unexplained anemia/coagulopathy – not applicable to GI patients

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## Appendix C (page 1 of 2)

### Additional Testing/Physician Clearance

**Recommendation for additional testing and physician clearance prior to surgery requiring MAC or general anesthesia. Testing and clearance completed within 6 months prior to the procedure.**

#### Additional Testing

- Patient's age 50 years or older with the following conditions need a CXR:
  - Symptomatic CHF
  - Recent pulmonary infections
  - COPD
  - Home use of oxygen

#### Physician Clearance

- Medical Clearance
  - Uncontrolled hypertension or patient taking more than 2 blood pressure medications
  - Poorly controlled diabetes mellitus, A1C >7
  - Hemophiliacs, Factor V Leiden Deficiency, other blood disorders
  - History of Myasthenia Gravis
  - Patients taking blood thinners (Plavix, Eliquis, Xarelto, Coumadin, etc.) need when to stop and start medication indicated on clearance.
- Cardiac Clearance
  - New onset chest pain/shortness of breath
  - Coronary stents placed within the last 12 months
  - Arrhythmia without physician diagnosis or treatment
  - History of previous MI must have recent cardiac evaluation within 12 months
  - Pacemaker: clearance with device interrogation within the last 6 months.
- Pulmonary Clearance or Medical Clearance
  - Severe Asthma/COPD
  - Patient is on home oxygen
  - Severe scoliosis with restrictive function

#### Medication Requirements

- Psychiatric/Seizure Medications
  - Continue routine morning dosing
  - Psychostimulants- hold dose morning of surgery (examples: Amphetamines (Adderall), Methylphenidate (Ritalin), Modafinil, Oxybate)
  - MAO inhibitors- contact anesthesia prior to scheduling, often stopped 2 weeks prior (example: selegiline, isocarboxazid, phenelzine, tranylcypromine)
- Respiratory Medications
  - Asthma/COPD
    - Take morning oral dosing and bring inhalers on day of surgery

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## Appendix C (page 2 of 2)

- **Cardiac Medications**
  - Hypertension/Blood Pressure/Cardiac
    - Take Morning Dose
      - Beta-Blockers (end in -lol, example: Metoprolol)
      - Calcium Channel Blockers (example: Cardizem, Nifedipine)
      - Antiarrhythmics (any medication for irregular heartbeat)
    - Hold Morning Dose
      - Ace inhibitors (end in -pril, example: Lisinopril)
      - Angiotensin Receptor Blocker (end in -sartan, example: Losartan)
      - Diuretics (example: Lasix, HCTZ)
- **Diabetes Medication**
  - Insulin
    - Ideally dosing recommendation for fasting by Endocrinologist or Primary
      - ½ normal basal dose night before surgery, hold morning dose
    - Insulin Pumps
      - Continue basal rate if pump can be safely in place for procedure
  - Oral Medication/traditional
    - Hold morning dose (example: Metformin, Glyburide)
  - New Medications
    - Glucagon-like Peptide (GLP-1, end in -glutide, example: Wegovy, Semaglutide, Ozempic, Rybelsus, Trulicity, Victoza, Byetta, Bydureon, Adlyxin)
      - Discontinue 7 days prior to surgery (for weekly dosed); 1 day prior for daily dosed.
    - Glucose-Dependent Insulinotropic Polypeptide (GIP, example: Tirzepatide; Mounjaro, Zepbound)
      - Discontinue 7 days prior to surgery
    - Sodium-Glucose Cotransporter 2 Inhibitors (SGLT2, end in -liflozin) (ex: Jardiance, Farxiga, Invokana, Steglatro, Brenzavvy)
      - Discontinue 3-4 day prior to surgery
- **Erectile Dysfunction Medications**
  - Viagra (Sildenafil) hold for 24 hours
  - Levitra (Vardenafil) hold for 24 hours
  - Cialis (Tadalafil) hold for 3 days prior to surgery
- **Anticoagulants**
  - Cardiac Stents Dual Anti-Platelet Therapy
    - Drug-eluting Stents: minimum 6 months for elective cases (12 months preferable) - Cardiac Clearance needed.
    - Bare Metal Stents: minimum 6 weeks (preferable 12 weeks) for elective cases-Cardiac Clearance needed.
- **Miscellaneous- Suggested, but won't necessarily result in case being cancelled**
  - Phentermine: hold 5 days
  - Thyroid Medications: take morning dose
  - Steroids: Take morning dose
  - Gastric Reflux (GERD): take morning dose, NO particulates (TUMS, Maalox)
  - Opiates: chronic use then take morning dose
  - Opiate Agonist: Antagonists (Suboxone, Naltrexone, Buprenorphine)/Methadone-recommendations from prescribing pain/addiction doctor for continuation/discontinuation

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## Exhibit 6

# Patient Rights and Responsibilities



<b>Title: ADMIN 110 PATIENT RIGHTS AND RESPONSIBILITIES (WA)</b>	
<b>Number: 390 - WA</b>	<b>Version: 3 (updated 3/14/24)</b>
<b>Category: Administration</b>	<b>Original Date: 08/22/2023</b>
<b>Approval Date: 9/18/2023</b>	<b>Next Review Date: 9/18/2023</b>
<b>Author: Clinical Services</b>	<b>Approved By: Governing Board</b>

## **POLICY and PROCEDURE**

### **I. Purpose/Expected Outcome:**

To ensure that patients are informed of their rights and responsibilities.

### **II. Definitions:**

N/A

### **III. Policy:**

A. The Surgery Centers shall ensure that patients are informed of and receive a written copy of their Rights and Responsibilities prior to their surgery/procedure.

B. Patient Rights include, (but are not limited to):

1. To be provided a written statement of my Patient Rights and Responsibilities.
2. To be admitted to the facility for treatment without regard to age, race, color, religion, sex or origin.
3. To be treated and cared for with respect, consideration, and dignity.
4. To have spiritual care as needed and/or requested.
5. To not be restricted from communication with others.
6. To be communicated with in a language that is understandable and be informed if communication restrictions are necessary for patient care and safety. The facility shall document and explain any communication restrictions to the patient and family.
7. To expect quality care and service in a safe setting from this facility.
8. To know, in advance, the estimated amount for services.
9. To receive an explanation of the final bill, regardless of source of payment.
10. To full consideration of personal privacy concerning medical care.
11. To information concerning diagnosis, treatment, and prognosis, to the degree known, in terms that are easy to understand. To have family input in care decisions in compliance with the patient's legal directives. If concern for the patient's health makes it inadvisable to give such information to

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the patient, such information shall be made available to an individual designated by the patient as per existing legal directives or court-issued legal orders, or to a legally authorized individual (guardian, Power of Attorney, or Medical Power of Attorney).

12. To be informed and receive from the physician sufficient information to be able to understand the procedure or treatment being received in order to agree with care and sign the operative consent.
13. To know that the facility shall comply with rules for privacy and security of health information (HIPAA or Health Insurance Portability and Accountability Act)
14. To confidential treatment and security of medical records and to know that the patient has been given the opportunity to approve or refuse their release to outside parties except when otherwise required by law.
15. To refuse care and treatment and to be informed of the consequences of this action.
16. To receive prompt pain assessment, treatment, and information concerning pain prevention/relief measures.
17. To be involved in all aspects of care and to resolve problems with care decisions.
18. To be given the opportunity to participate in decisions involving health care, including changing physicians, without being subject to discrimination or retaliation. An exception would be when such participation is medically contraindicated.
19. To be informed of any persons other than routine personnel that would be observing or participating in the treatment.
20. To know if any research will be done during treatment and the right to refuse. A refusal to participate in any research, investigation or clinical trial will not hinder access to patient care.
21. To be informed of continuing health care needed following discharge.
22. To be informed of any unanticipated outcomes by my surgeon prior to facility discharge.
23. To know methods for expressing grievances and suggestions and the right to voice them.
24. To complain about care and treatment without fear of retribution or denial of care. (Washington Department of Health, Complaint Intake @ 1-800-633-6828)
25. To be free from any act of discrimination or reprisal.

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26. To expect timely complaint resolution (within 14 days or less).
27. To be protected and free from all forms of abuse (such as chemical, physical, and psychological), neglect and harassment and have the ability to access protective services.
28. To know that substantiated allegations of abuse and/or neglect must be reported to the state authority or the local authority or both.
29. To associate privately with a person of the patient's choice.
30. To be free of physical restraints with the exception of an emergency when restraint is necessary to protect the patient from injury to self or others and is authorized by the attending physician.
31. To be made aware, prior to the procedure, that the physician(s) may have ownership or investment interest in the facility.
32. To have access to a public telephone.
33. To receive written discharge instructions prior to leaving the facility.
34. To understand that the facility's policy on ADVANCE DIRECTIVES is to always resuscitate a patient and transfer that patient to a hospital in the event of deterioration for further evaluation and care. State-specific advance directive forms if applicable are available upon request.

C. Patient Responsibilities include, but are not limited to:

1. To read and understand all permits and/or consents to be signed. If the patient does not understand, it is their responsibility to ask the nurse or physician for clarification.
2. To read and reach individual decisions regarding Advance Directives.
3. To provide accurate and complete information regarding the patient's health, medications and past treatments.
4. To follow any pre-operative written or oral instructions from the physician or surgery center.
5. To notify the physician and/or surgery center if these instructions have not been followed.
6. To provide an adult to transport the patient home after surgery following receipt of narcotic/sedative medications and/or anesthesia.

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7. To provide for someone to be responsible for the patient's care for the first 24 hours after the procedure.
8. To follow carefully any written and/or verbal post-op instructions from the physician(s) and/or nurse(s).
9. To contact the physician regarding any post-operative question or problem.
10. To assure all financial obligations for services are fulfilled as promptly as possible, and to assume ultimate responsibility for payment regardless of insurance coverage.
11. To notify the surgery center if any Patient Rights have been violated, or if you have a complaint or a suggestion for improvement by returning your patient survey.
12. To cooperate with the health team in developing a pain management plan which includes assisting the physician(s) and nurse(s) to assess the patient's pain, requesting pain relief when pain first begins, and informing the (physician(s) and/or nurse(s) when pain is not relieved.

D. The Surgery Centers expect responsible behavior from the patient, family, and friends.

E. *Patient Rights & Responsibilities* are posted at the admission area of the facility and through the facility's website.

#### **IV. Procedure/Interventions:**

- A. Patients are provided the Rights and Responsibilities during the online registration process and/or given a copy at the time of registration. If the patient is unable to receive the information, it will be provided to the patient's Legally Authorized Representative.
- B. Staff is educated regarding patient Rights and Responsibilities at new employee orientation. Questions about patient Rights may be directed to the Registration personnel, DON or CEO.

#### **V. Procedural Documentation:**

Receipt of the Patient Rights & Responsibilities is documented on the Surgery Centers' Medical Treatment Agreement.

#### **VI. Additional Information:**

N/A

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<b>Category: Administration</b>	<b>Original Date: 08/22/2023</b>
<b>Approval Date: 9/18/2023</b>	<b>Next Review Date: 9/18/2023</b>
<b>Author: Clinical Services</b>	<b>Approved By: Governing Board</b>

## VII. References:

Centers for Medicare and Medicaid Services (CMS). (2024). State Operations Manual, Appendix L – Guidance for surveyors: Ambulatory surgical centers. Q-0219, §416.50 Condition for coverage - Patient rights.

The Joint Commission (TJC) (Jan 2024). Joint Commission standards and survey readiness guide. Chapter: Rights and responsibilities of the individual.

U.S. Department of Health & Human Services (July 26, 2013). Summary of the HIPAA privacy rule. Retrieved 3/14/2024 from <https://www.hhs.gov/hipaa/for-professionals/privacy/laws-regulations/index.html>

Washington Administrative Code (WAC), 246-330-125 – Patient Rights and Organizational Ethics. Retrieved 3/14/2024 from <https://apps.leg.wa.gov/wac/default.aspx?cite=246-330-125>

## VIII. Other Related Policies/Procedures:

A. [ADMIN 108 PATIENT COMPLAINT, DISCRIMINATION, & GRIEVANCE](#)

B. [PRI 110 NOTICE OF PRIVACY PRACTICES \(NPP\) STANDARD](#)

## IX. Keywords/Keyword Phrases:

N/A

## X. Appendix:

N/A

# Exhibit 7

## Financial Pro Forma

**MEC Spokane Valley LLC****Startup**

<b>Category</b>	<b>Startup Amount</b>
Personnel Costs	\$ 222,532
Supply Costs	\$ 800
Management Fee	\$ 120,000
Medical Director	\$ 15,000
Facility Costs	\$ 77,971
Contract Services	\$ 25,000
IT Expense	\$ 33,750
Repair and Maintenance	\$ 5,500
Maintenance Expense	\$ 7,000
Equipment Expense	\$ 1,250
Travel, Meals & Entertainment	\$ 1,750
Insurance	\$ 60
Legal and Professional	\$ 750
Tax and License	\$ 16,000
Mileage	\$ 750
Office Expense Supplies and Postage	\$ 5,750
Other G&A Expense	\$ 1,750
<b>Total</b>	<b>\$ 535,614</b>

<b>Months Employed Prior to Startup</b>				
<b>FTEs</b>	<b>FTEs</b>	<b>Wage</b>	<b>Labor Costs</b>	
Administrator/CEO	0.50	\$ 67.35	\$	35,022
Business Office Manager	0.50	\$ 64.26	\$	16,708
Scheduler	0.50	\$ 23.00	\$	5,980
Receptionist/Patient Registration	1.00	\$ 18.85	\$	9,802
Inventory Coordinator	0.50	\$ 20.53	\$	5,338
RN	3.00	\$ 52.38	\$	81,713
Techs	1.50	\$ 34.36	\$	26,801
<b>Total</b>	<b>7.50</b>		<b>\$</b>	<b>181,363</b>
<b>Benefits</b>			22.7%	<b>\$ 41,169</b>
<b>Total, Salaries and Benefits</b>				
			<b>\$</b>	<b>222,532</b>

<b>MEC Spokane Valley LLC</b> <b>Income Statement</b>
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	July to Dec			
	2027	2028	2029	2030
# of Months	6	12	12	12
Total Cases	2,088	5,581	6,594	8,980
Total Procedures	2,714	7,255	8,573	11,673
Gross Revenue	\$ 7,686,097	\$ 20,546,773	\$ 24,277,900	\$ 33,059,280
Charity Care	149,879	400,662	473,419	644,656
Contractual Allowances	5,706,927	15,255,979	18,026,341	24,546,516
Outpatient Net Revenue Before Bad Debt	\$ 1,829,291	\$ 4,890,132	\$ 5,778,140	\$ 7,868,109
Bad Debt	54,879	146,704	173,344	236,043
<b>Total Net Revenue</b>	<b>1,774,412</b>	<b>4,743,428</b>	<b>5,604,796</b>	<b>7,632,065</b>
Personnel Costs	804,393	1,608,785	2,191,815	2,774,844
Supply Costs	167,015	446,472	527,548	718,363
Management Fee	240,000	333,454	336,288	457,924
Medical Director	15,000	30,000	30,000	30,000
Facility Costs	155,943	317,733	325,676	333,818
Contract Services	75,000	150,000	150,000	150,000
IT Expense	67,500	135,000	135,000	135,000
Repair and Maintenance	11,000	22,000	22,000	22,000
Maintenance Expense	14,000	28,000	28,000	28,000
Equipment Expense	2,500	5,000	5,000	5,000
Travel, Meals & Entertainment	3,500	7,000	7,000	7,000
Insurance	12,519	33,467	39,544	53,847
Legal and Professional	1,500	3,000	3,000	3,000
Bank Fees	8,872	23,717	28,024	38,160
Centralized Support Services	88,721	241,915	291,561	404,960
Tax and License	5,000	10,000	29,650	10,000
B&O Tax	26,616	71,151	84,072	114,481
Mileage	1,500	3,000	3,000	3,000
Office Expense Supplies and Postage	11,500	23,000	23,000	23,000
Other G&A Expense	3,500	7,000	7,000	7,000
<b>Total Operating Expenses</b>	<b>1,715,578</b>	<b>3,499,694</b>	<b>4,267,178</b>	<b>5,319,398</b>
<b>EBITDA</b>	<b>58,834</b>	<b>1,243,734</b>	<b>1,337,618</b>	<b>2,312,667</b>
Depreciation and Amortization	326,537	653,074	653,074	653,074
Interest, Equipment and GC	185,945	343,571	303,957	262,000
Interest, LoC	77,453	200,411	240,285	252,281
Loan Guarantee Fee	72,635	134,207	118,733	102,344
<b>Net Income Before Taxes</b>	<b>\$ (603,735)</b>	<b>\$ (87,530)</b>	<b>\$ 21,569</b>	<b>\$ 1,042,969</b>



**MEC Spokane Valley LLC**  
**Assumptions**

<u>Category/Item</u>	<u>Assumption (Forecasted Years)</u>
<b>Volume Assumptions</b>	
Cases and Minutes	See the Need section of the application for discussion regarding utilization projections and associated assumptions.
<b>Revenues</b>	
Gross Revenue	\$3,681.62/case based on MultiCare case mix experience and average gross revenues by payer based on calendar year 2023 data of Atlas operated surgical facilities with similar case mix and volumes as the proposed MEC Spokane ('Atlas Actuals')
Charity Care	Projected at 1.95% of gross revenues based on MultiCare Valley Hospital's historical charity care average for the most recent three years available in the DOH Charity Care Reports (2020-2022)
Bad Debt	Projected at 3.00% of gross revenues based on Atlas Actuals
Contractual Adjustments	Projected at 74.25% of gross revenues based on Atlas Actuals
<b>Staffing Costs</b>	
Salaries and Wages	Based on FTE schedule and wage assumptions. See Structure and Process of Care section of the application for discussion related to assumptions underlying salaries and benefits
Benefits	22.70% of Salaries and Wages. See Structure and Process of Care section of the application for discussion related to assumptions underlying salaries and benefits
<b>Other direct expenses</b>	
Supply Costs	\$80.00/case based on Atlas Actuals.
Management Fee	Calculated per Section 4(a) of the Management Agreement. Set at minimum fee of \$40,000 per month for first 18 months (3 of which are in startup period), then 6% of Net Revenue thereafter.
Medical Director Allocation	Equal to \$2,500 per month consistent with Medical Director Agreement.
Facility Costs	Base rent equal to \$26/SF/Year, with 2.5% annual escalator. NNN costs equal to \$9/SF/Year, with 2.5% annual escalator. Base Rent and NNN calculated based on 8,911 SF and Lease Year start of April 1, 2027 and 8,911 SF.
Contract Services	\$150,000 per year based on Atlas Actuals.
IT Expense	\$135,000 per year based on Atlas Actuals.
Repair and Maintenance	\$22,000 per year based on Atlas Actuals.
Maintenance Expense	\$28,000 per year based on Atlas Actuals.

**MEC Spokane Valley LLC**  
**Assumptions**

<b>Category/Item</b>	<b>Assumption (Forecasted Years)</b>
Equipment Expense	\$5,000 per year based on Atlas Actuals.
Travel, Meals & Entertainment	\$7,000 per year based on Atlas Actuals.
Insurance	\$6.00/case based on insurance policies and applied risk factors related to payroll for workers comp and revenue for cyber, EPLI, property, environmental, and professional coverages.
Legal and Professional	\$3,000 per year based on Atlas Actuals.
Bank Fees	0.50% of net revenues based on historical banking and transaction fees.
Centralized Support Services	5.00% of net revenues, where that percentage increases by 2% each year based on CSA. See section 5 of SOW within CSA.
Tax and License	\$10,000 per year based on Atlas Actuals, plus ASF renewal fee of \$19,650 in Year 2 for WA state per WAC 246-330-199.
B&O Tax	1.5% of Net Revenue
Mileage	\$3,000 per year based on Atlas Actuals.
Office Expense Supplies and Postage	\$23,000 per year based on Atlas Actuals.
Other G&A Expense	\$7,000 per year based on Atlas Actuals.
<b>Non-Operating Expenses</b>	
Depreciation	See Depreciation Schedule. Calculated using straight-line method assuming a 20-year useful life for build-out and capitalized interest, and 7-year useful life for equipment.
Interest, Equipment and GC	Based on project-related interest from amortized loans
Interest, LoC	Interest generated from the LoC used for startup and working capital. Calculated based on prior year LoC balance and time period, with interest assumed equal to the rate for the equipment and GC loan (5.76%)
Loan Guarantee Fees	Based on 2.25% of loan value, calculated over a rolling 12-month period starting September 2025.

**MEC Spokane Valley LLC****FTE Schedule, Salaries, and Benefits****FTEs (Productive & Non-Productive)**

	July to Dec 2027	2028	2029	2030
Administrator/CEO	1.00	1.00	1.00	1.00
Business Office Manager	1.00	1.00	1.00	1.00
Scheduler	1.00	1.00	1.00	1.00
Receptionist/Patient Registration	2.00	2.00	2.50	3.00
Inventory Coordinator	1.00	1.00	1.50	2.00
RN	6.00	6.00	9.00	12.00
Techs	3.00	3.00	4.50	6.00
<b>TOTAL</b>	<b>15.00</b>	<b>15.00</b>	<b>20.50</b>	<b>26.00</b>

**Hourly Wage and Benefits % Assumptions**

	Hourly Wage	# of Hours	Benefits %	
Administrator/CEO	\$ 67.35	2,080	22.7%	
Business Office Manager	\$ 64.26	2,080	22.7%	
Scheduler	\$ 23.00	2,081	22.7%	
Receptionist/Patient Registration	\$ 18.85	2,080	22.7%	
Inventory Coordinator	\$ 20.53	2,080	22.7%	
RN	\$ 52.38	2,081	22.7%	
Techs	\$ 34.36	2,080	22.7%	
	<b>July to Dec 2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Number of Months	6	12	12	12

**Salaries**

	July to Dec 2027	2028	2029	2030
Administrator/CEO	\$ 70,044	\$ 140,088	\$ 140,088	\$ 140,088
Business Office Manager	\$ 66,830	\$ 133,661	\$ 133,661	\$ 133,661
Scheduler	\$ 23,932	\$ 47,863	\$ 47,863	\$ 47,863
Receptionist/Patient Registration	\$ 39,208	\$ 78,416	\$ 98,020	\$ 117,624
Inventory Coordinator	\$ 21,351	\$ 42,702	\$ 64,054	\$ 85,405
RN	\$ 327,008	\$ 654,017	\$ 981,025	\$ 1,308,033
Techs	\$ 107,203	\$ 214,406	\$ 321,610	\$ 428,813
<b>TOTAL</b>	<b>\$ 655,577</b>	<b>\$ 1,311,153</b>	<b>\$ 1,786,320</b>	<b>\$ 2,261,487</b>

**MEC Spokane Valley LLC****FTE Schedule, Salaries, and Benefits**

## Benefits

	July to Dec 2027	2028	2029	2030
Administrator/CEO	\$ 15,900	\$ 31,800	\$ 31,800	\$ 31,800
Business Office Manager	\$ 15,171	\$ 30,341	\$ 30,341	\$ 30,341
Scheduler	\$ 5,432	\$ 10,865	\$ 10,865	\$ 10,865
Receptionist/Patient Registration	\$ 8,900	\$ 17,800	\$ 22,251	\$ 26,701
Inventory Coordinator	\$ 4,847	\$ 9,693	\$ 14,540	\$ 19,387
RN	\$ 74,231	\$ 148,462	\$ 222,693	\$ 296,924
Techs	\$ 24,335	\$ 48,670	\$ 73,005	\$ 97,341
<b>TOTAL</b>	<b>\$ 148,816</b>	<b>\$ 297,632</b>	<b>\$ 405,495</b>	<b>\$ 513,357</b>

## Salaries and Benefits

	July to Dec 2027	2028	2029	2030
Administrator/CEO	\$ 85,944	\$ 171,888	\$ 171,888	\$ 171,888
Business Office Manager	\$ 82,001	\$ 164,002	\$ 164,002	\$ 164,002
Scheduler	\$ 29,364	\$ 58,728	\$ 58,728	\$ 58,728
Receptionist/Patient Registration	\$ 48,108	\$ 96,216	\$ 120,271	\$ 144,325
Inventory Coordinator	\$ 26,198	\$ 52,396	\$ 78,594	\$ 104,792
RN	\$ 401,239	\$ 802,478	\$ 1,203,718	\$ 1,604,957
Techs	\$ 131,538	\$ 263,077	\$ 394,615	\$ 526,153
<b>TOTAL</b>	<b>\$ 804,393</b>	<b>\$ 1,608,785</b>	<b>\$ 2,191,815</b>	<b>\$ 2,774,844</b>

**MEC Spokane Valley LLC**  
**Depreciation Schedule**

	Initial Investment	Useful Life Assumption	-----Forecast-----			
			<u>July to Dec</u>			
			<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
			<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
# of Months			6	12	12	12
ASC OR Buildout	\$ 5,364,207	20	\$ 134,105	\$ 268,210	\$ 268,210	\$ 268,210
Equipment	\$ 2,325,316	7	\$ 166,094	\$ 332,188	\$ 332,188	\$ 332,188
Capitalized Interest & Guarantee Fee	\$ 1,053,510	20	\$ 26,338	\$ 52,675	\$ 52,675	\$ 52,675
<b>Total Depreciation (Project Related)</b>	<b>\$ 8,743,032</b>		<b>\$ 326,537</b>	<b>\$ 653,074</b>	<b>\$ 653,074</b>	<b>\$ 653,074</b>

Project Loan Interest, Payments, and Ending Balances	<u>July to Dec</u>			
	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Project Interest	\$ 185,945	\$ 343,571	\$ 303,957	\$ 262,000
Principal Payments	\$ 320,729	\$ 669,777	\$ 709,391	\$ 751,348
Guarantee Fee	\$ 72,635	\$ 134,207	\$ 118,733	\$ 102,344
Ending Balances	\$ 6,268,569	\$ 5,598,792	\$ 4,889,401	\$ 4,138,053

**MEC Spokane Valley LLC**  
**Balance Sheet**

	Pre-Operational	-----Forecast-----			
		July to Dec 2027	Year 1	Year 2	Year 3
			2028	2029	2030
<b>ASSETS</b>					
<u>Current Assets</u>					
Cash and Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable		\$ 111,812	\$ 597,802	\$ 706,358	\$ 961,849
Other Current Asset/Inventories		\$ 102,916	\$ 275,119	\$ 325,078	\$ 442,660
<b>Total Current Assets</b>	<b>\$ -</b>	<b>\$ 214,728</b>	<b>\$ 872,921</b>	<b>\$ 1,031,436</b>	<b>\$ 1,404,509</b>
<u>Fixed Assets</u>					
Property, Plant, & Equipment	\$ 7,689,523	\$ 7,689,523	\$ 7,689,523	\$ 7,689,523	\$ 7,689,523
Capitalized Interest & Pre-Project Guarantee Fees	\$ 1,053,510	\$ 1,053,510	\$ 1,053,510	\$ 1,053,510	\$ 1,053,510
Accumulated Depreciation & Amortization		\$ (300,199)	\$ (900,597)	\$ (1,500,996)	\$ (2,101,394)
<b>Total Fixed Assets</b>	<b>\$ 8,743,032</b>	<b>\$ 8,442,833</b>	<b>\$ 7,842,435</b>	<b>\$ 7,242,036</b>	<b>\$ 6,641,638</b>
<b>Total Assets</b>	<b>\$ 8,743,032</b>	<b>\$ 8,657,561</b>	<b>\$ 8,715,355</b>	<b>\$ 8,273,473</b>	<b>\$ 8,046,147</b>
<b>LIABILITIES AND OWNER EQUITY</b>					
<u>Current Liabilities</u>					
Accounts Payable		\$ 35,252	\$ 143,823	\$ 175,363	\$ 218,605
Other Current Liabilities		\$ 13,725	\$ 27,998	\$ 34,137	\$ 42,555
<b>Total Current Liabilities</b>	<b>\$ -</b>	<b>\$ 48,976</b>	<b>\$ 171,821</b>	<b>\$ 209,501</b>	<b>\$ 261,161</b>
<u>Long Term Liabilities</u>					
Long Term Debt	\$ 6,589,298	\$ 6,268,569	\$ 5,598,792	\$ 4,889,401	\$ 4,138,053
Line of Credit	\$ 2,689,348	\$ 3,479,365	\$ 4,171,622	\$ 4,379,880	\$ 3,809,275
<b>Total Long Term Liabilities</b>	<b>\$ 9,278,646</b>	<b>\$ 9,747,934</b>	<b>\$ 9,770,414</b>	<b>\$ 9,269,281</b>	<b>\$ 7,947,327</b>
<b>Total Liabilities</b>	<b>\$ 9,278,646</b>	<b>\$ 9,796,910</b>	<b>\$ 9,942,234</b>	<b>\$ 9,478,782</b>	<b>\$ 8,208,488</b>
<u>Owner Equity</u>					
Retained Earnings	\$ (535,614)	\$ (1,139,349)	\$ (1,226,879)	\$ (1,205,309)	\$ (162,340)
<b>Total Equity</b>	<b>\$ (535,614)</b>	<b>\$ (1,139,349)</b>	<b>\$ (1,226,879)</b>	<b>\$ (1,205,309)</b>	<b>\$ (162,340)</b>
<b>Total Liabilities and Equity</b>	<b>\$ 8,743,032</b>	<b>\$ 8,657,561</b>	<b>\$ 8,715,355</b>	<b>\$ 8,273,473</b>	<b>\$ 8,046,147</b>

## MEC Spokane Valley LLC

### Amortization Schedule

Assumptions	Factors
Loan Amount:	\$7,689,523
Term (Years)	10.0
Commercial Lender Interest Rate	5.76%
Commercial Lender Interest Rate (monthly)	0.48%
Monthly Payment	\$84,445.65
Guarantee Fee (annual)	2.25%
Guarantee Fee (monthly)	0.1875%

Period Number	Statement Close Date	Beginning Balance	Principal	Interest	Payment	Ending Balance	Loan Guarantee Fee
1	9/15/2025	\$7,689,523	\$47,536	\$36,910	\$84,445.65	\$7,641,987	\$14,418
2	10/16/2025	\$7,641,987	\$47,764	\$36,682	\$84,445.65	\$7,594,223	\$14,329
3	11/15/2025	\$7,594,223	\$47,993	\$36,452	\$84,445.65	\$7,546,229	\$14,239
4	12/16/2025	\$7,546,229	\$48,224	\$36,222	\$84,445.65	\$7,498,005	\$14,149
5	1/16/2026	\$7,498,005	\$48,455	\$35,990	\$84,445.65	\$7,449,550	\$14,059
6	2/13/2026	\$7,449,550	\$48,688	\$35,758	\$84,445.65	\$7,400,862	\$13,968
7	3/16/2026	\$7,400,862	\$48,922	\$35,524	\$84,445.65	\$7,351,941	\$13,877
8	4/15/2026	\$7,351,941	\$49,156	\$35,289	\$84,445.65	\$7,302,785	\$13,785
9	5/16/2026	\$7,302,785	\$49,392	\$35,053	\$84,445.65	\$7,253,392	\$13,693
10	6/15/2026	\$7,253,392	\$49,629	\$34,816	\$84,445.65	\$7,203,763	\$13,600
11	7/16/2026	\$7,203,763	\$49,868	\$34,578	\$84,445.65	\$7,153,895	\$13,507
12	8/16/2026	\$7,153,895	\$50,107	\$34,339	\$84,445.65	\$7,103,788	\$13,414
13	9/15/2026	\$7,103,788	\$50,347	\$34,098	\$84,445.65	\$7,053,441	\$13,320
14	10/16/2026	\$7,053,441	\$50,589	\$33,857	\$84,445.65	\$7,002,852	\$13,225
15	11/15/2026	\$7,002,852	\$50,832	\$33,614	\$84,445.65	\$6,952,020	\$13,130
16	12/16/2026	\$6,952,020	\$51,076	\$33,370	\$84,445.65	\$6,900,944	\$13,035
17	1/16/2027	\$6,900,944	\$51,321	\$33,125	\$84,445.65	\$6,849,623	\$12,939
18	2/13/2027	\$6,849,623	\$51,567	\$32,878	\$84,445.65	\$6,798,055	\$12,843
19	3/16/2027	\$6,798,055	\$51,815	\$32,631	\$84,445.65	\$6,746,240	\$12,746
20	4/15/2027	\$6,746,240	\$52,064	\$32,382	\$84,445.65	\$6,694,176	\$12,649
21	5/16/2027	\$6,694,176	\$52,314	\$32,132	\$84,445.65	\$6,641,863	\$12,552
22	6/15/2027	\$6,641,863	\$52,565	\$31,881	\$84,445.65	\$6,589,298	\$12,453
23	7/16/2027	\$6,589,298	\$52,817	\$31,629	\$84,445.65	\$6,536,481	\$12,355
24	8/16/2027	\$6,536,481	\$53,071	\$31,375	\$84,445.65	\$6,483,411	\$12,256
25	9/15/2027	\$6,483,411	\$53,325	\$31,120	\$84,445.65	\$6,430,085	\$12,156
26	10/16/2027	\$6,430,085	\$53,581	\$30,864	\$84,445.65	\$6,376,504	\$12,056
27	11/15/2027	\$6,376,504	\$53,838	\$30,607	\$84,445.65	\$6,322,666	\$11,956
28	12/16/2027	\$6,322,666	\$54,097	\$30,349	\$84,445.65	\$6,268,569	\$11,855
29	1/16/2028	\$6,268,569	\$54,357	\$30,089	\$84,445.65	\$6,214,212	\$11,754
30	2/14/2028	\$6,214,212	\$54,617	\$29,828	\$84,445.65	\$6,159,595	\$11,652
31	3/16/2028	\$6,159,595	\$54,880	\$29,566	\$84,445.65	\$6,104,715	\$11,549
32	4/15/2028	\$6,104,715	\$55,143	\$29,303	\$84,445.65	\$6,049,572	\$11,446
33	5/16/2028	\$6,049,572	\$55,408	\$29,038	\$84,445.65	\$5,994,164	\$11,343
34	6/15/2028	\$5,994,164	\$55,674	\$28,772	\$84,445.65	\$5,938,491	\$11,239
35	7/16/2028	\$5,938,491	\$55,941	\$28,505	\$84,445.65	\$5,882,550	\$11,135
36	8/16/2028	\$5,882,550	\$56,209	\$28,236	\$84,445.65	\$5,826,341	\$11,030
37	9/15/2028	\$5,826,341	\$56,479	\$27,966	\$84,445.65	\$5,769,861	\$10,924

## MEC Spokane Valley LLC

### Amortization Schedule

Assumptions	Factors
Loan Amount:	\$7,689,523
Term (Years)	10.0
Commercial Lender Interest Rate	5.76%
Commercial Lender Interest Rate (monthly)	0.48%
Monthly Payment	\$84,445.65
Guarantee Fee (annual)	2.25%
Guarantee Fee (monthly)	0.1875%

Period Number	Statement Close Date	Beginning Balance	Principal	Interest	Payment	Ending Balance	Loan Guarantee Fee
38	10/16/2028	\$5,769,861	\$56,750	\$27,695	\$84,445.65	\$5,713,111	\$10,818
39	11/15/2028	\$5,713,111	\$57,023	\$27,423	\$84,445.65	\$5,656,088	\$10,712
40	12/16/2028	\$5,656,088	\$57,296	\$27,149	\$84,445.65	\$5,598,792	\$10,605
41	1/16/2029	\$5,598,792	\$57,571	\$26,874	\$84,445.65	\$5,541,220	\$10,498
42	2/13/2029	\$5,541,220	\$57,848	\$26,598	\$84,445.65	\$5,483,373	\$10,390
43	3/16/2029	\$5,483,373	\$58,125	\$26,320	\$84,445.65	\$5,425,247	\$10,281
44	4/15/2029	\$5,425,247	\$58,404	\$26,041	\$84,445.65	\$5,366,843	\$10,172
45	5/16/2029	\$5,366,843	\$58,685	\$25,761	\$84,445.65	\$5,308,158	\$10,063
46	6/15/2029	\$5,308,158	\$58,966	\$25,479	\$84,445.65	\$5,249,191	\$9,953
47	7/16/2029	\$5,249,191	\$59,250	\$25,196	\$84,445.65	\$5,189,942	\$9,842
48	8/16/2029	\$5,189,942	\$59,534	\$24,912	\$84,445.65	\$5,130,408	\$9,731
49	9/15/2029	\$5,130,408	\$59,820	\$24,626	\$84,445.65	\$5,070,588	\$9,620
50	10/16/2029	\$5,070,588	\$60,107	\$24,339	\$84,445.65	\$5,010,481	\$9,507
51	11/15/2029	\$5,010,481	\$60,395	\$24,050	\$84,445.65	\$4,950,086	\$9,395
52	12/16/2029	\$4,950,086	\$60,685	\$23,760	\$84,445.65	\$4,889,401	\$9,281
53	1/16/2030	\$4,889,401	\$60,977	\$23,469	\$84,445.65	\$4,828,424	\$9,168
54	2/13/2030	\$4,828,424	\$61,269	\$23,176	\$84,445.65	\$4,767,155	\$9,053
55	3/16/2030	\$4,767,155	\$61,563	\$22,882	\$84,445.65	\$4,705,592	\$8,938
56	4/15/2030	\$4,705,592	\$61,859	\$22,587	\$84,445.65	\$4,643,733	\$8,823
57	5/16/2030	\$4,643,733	\$62,156	\$22,290	\$84,445.65	\$4,581,577	\$8,707
58	6/15/2030	\$4,581,577	\$62,454	\$21,992	\$84,445.65	\$4,519,123	\$8,590
59	7/16/2030	\$4,519,123	\$62,754	\$21,692	\$84,445.65	\$4,456,369	\$8,473
60	8/16/2030	\$4,456,369	\$63,055	\$21,391	\$84,445.65	\$4,393,314	\$8,356
61	9/15/2030	\$4,393,314	\$63,358	\$21,088	\$84,445.65	\$4,329,956	\$8,237
62	10/16/2030	\$4,329,956	\$63,662	\$20,784	\$84,445.65	\$4,266,295	\$8,119
63	11/15/2030	\$4,266,295	\$63,967	\$20,478	\$84,445.65	\$4,202,327	\$7,999
64	12/16/2030	\$4,202,327	\$64,274	\$20,171	\$84,445.65	\$4,138,053	\$7,879
65	1/16/2031	\$4,138,053	\$64,583	\$19,863	\$84,445.65	\$4,073,470	\$7,759
66	2/13/2031	\$4,073,470	\$64,893	\$19,553	\$84,445.65	\$4,008,577	\$7,638
67	3/16/2031	\$4,008,577	\$65,204	\$19,241	\$84,445.65	\$3,943,372	\$7,516
68	4/15/2031	\$3,943,372	\$65,517	\$18,928	\$84,445.65	\$3,877,855	\$7,394
69	5/16/2031	\$3,877,855	\$65,832	\$18,614	\$84,445.65	\$3,812,023	\$7,271
70	6/15/2031	\$3,812,023	\$66,148	\$18,298	\$84,445.65	\$3,745,875	\$7,148
71	7/16/2031	\$3,745,875	\$66,465	\$17,980	\$84,445.65	\$3,679,409	\$7,024
72	8/16/2031	\$3,679,409	\$66,784	\$17,661	\$84,445.65	\$3,612,625	\$6,899
73	9/15/2031	\$3,612,625	\$67,105	\$17,341	\$84,445.65	\$3,545,520	\$6,774
74	10/16/2031	\$3,545,520	\$67,427	\$17,018	\$84,445.65	\$3,478,093	\$6,648



## MEC Spokane Valley LLC

### Amortization Schedule

Assumptions	Factors
Loan Amount:	\$7,689,523
Term (Years)	10.0
Commercial Lender Interest Rate	5.76%
Commercial Lender Interest Rate (monthly)	0.48%
Monthly Payment	\$84,445.65
Guarantee Fee (annual)	2.25%
Guarantee Fee (monthly)	0.1875%

Period Number	Statement Close Date	Beginning Balance	Principal	Interest	Payment	Ending Balance	Loan Guarantee Fee
75	11/15/2031	\$3,478,093	\$67,751	\$16,695	\$84,445.65	\$3,410,342	\$6,521
76	12/16/2031	\$3,410,342	\$68,076	\$16,370	\$84,445.65	\$3,342,266	\$6,394
77	1/16/2032	\$3,342,266	\$68,403	\$16,043	\$84,445.65	\$3,273,863	\$6,267
78	2/14/2032	\$3,273,863	\$68,731	\$15,715	\$84,445.65	\$3,205,132	\$6,138
79	3/16/2032	\$3,205,132	\$69,061	\$15,385	\$84,445.65	\$3,136,071	\$6,010
80	4/15/2032	\$3,136,071	\$69,393	\$15,053	\$84,445.65	\$3,066,678	\$5,880
81	5/16/2032	\$3,066,678	\$69,726	\$14,720	\$84,445.65	\$2,996,953	\$5,750
82	6/15/2032	\$2,996,953	\$70,060	\$14,385	\$84,445.65	\$2,926,892	\$5,619
83	7/16/2032	\$2,926,892	\$70,397	\$14,049	\$84,445.65	\$2,856,496	\$5,488
84	8/16/2032	\$2,856,496	\$70,734	\$13,711	\$84,445.65	\$2,785,761	\$5,356
85	9/15/2032	\$2,785,761	\$71,074	\$13,372	\$84,445.65	\$2,714,687	\$5,223
86	10/16/2032	\$2,714,687	\$71,415	\$13,030	\$84,445.65	\$2,643,272	\$5,090
87	11/15/2032	\$2,643,272	\$71,758	\$12,688	\$84,445.65	\$2,571,514	\$4,956
88	12/16/2032	\$2,571,514	\$72,102	\$12,343	\$84,445.65	\$2,499,412	\$4,822
89	1/16/2033	\$2,499,412	\$72,448	\$11,997	\$84,445.65	\$2,426,963	\$4,686
90	2/13/2033	\$2,426,963	\$72,796	\$11,649	\$84,445.65	\$2,354,167	\$4,551
91	3/16/2033	\$2,354,167	\$73,146	\$11,300	\$84,445.65	\$2,281,022	\$4,414
92	4/15/2033	\$2,281,022	\$73,497	\$10,949	\$84,445.65	\$2,207,525	\$4,277
93	5/16/2033	\$2,207,525	\$73,850	\$10,596	\$84,445.65	\$2,133,675	\$4,139
94	6/15/2033	\$2,133,675	\$74,204	\$10,242	\$84,445.65	\$2,059,471	\$4,001
95	7/16/2033	\$2,059,471	\$74,560	\$9,885	\$84,445.65	\$1,984,911	\$3,862
96	8/16/2033	\$1,984,911	\$74,918	\$9,528	\$84,445.65	\$1,909,993	\$3,722
97	9/15/2033	\$1,909,993	\$75,278	\$9,168	\$84,445.65	\$1,834,715	\$3,581
98	10/16/2033	\$1,834,715	\$75,639	\$8,807	\$84,445.65	\$1,759,076	\$3,440
99	11/15/2033	\$1,759,076	\$76,002	\$8,444	\$84,445.65	\$1,683,074	\$3,298
100	12/16/2033	\$1,683,074	\$76,367	\$8,079	\$84,445.65	\$1,606,707	\$3,156
101	1/16/2034	\$1,606,707	\$76,733	\$7,712	\$84,445.65	\$1,529,974	\$3,013
102	2/13/2034	\$1,529,974	\$77,102	\$7,344	\$84,445.65	\$1,452,872	\$2,869
103	3/16/2034	\$1,452,872	\$77,472	\$6,974	\$84,445.65	\$1,375,400	\$2,724
104	4/15/2034	\$1,375,400	\$77,844	\$6,602	\$84,445.65	\$1,297,556	\$2,579
105	5/16/2034	\$1,297,556	\$78,217	\$6,228	\$84,445.65	\$1,219,339	\$2,433
106	6/15/2034	\$1,219,339	\$78,593	\$5,853	\$84,445.65	\$1,140,746	\$2,286
107	7/16/2034	\$1,140,746	\$78,970	\$5,476	\$84,445.65	\$1,061,776	\$2,139
108	8/16/2034	\$1,061,776	\$79,349	\$5,097	\$84,445.65	\$982,427	\$1,991
109	9/15/2034	\$982,427	\$79,730	\$4,716	\$84,445.65	\$902,697	\$1,842
110	10/16/2034	\$902,697	\$80,113	\$4,333	\$84,445.65	\$822,584	\$1,693
111	11/15/2034	\$822,584	\$80,497	\$3,948	\$84,445.65	\$742,087	\$1,542

# MEC Spokane Valley LLC

## Amortization Schedule

Assumptions	Factors
Loan Amount:	\$7,689,523
Term (Years)	10.0
Commercial Lender Interest Rate	5.76%
Commercial Lender Interest Rate (monthly)	0.48%
Monthly Payment	\$84,445.65
Guarantee Fee (annual)	2.25%
Guarantee Fee (monthly)	0.1875%

Period Number	Statement Close Date	Beginning Balance	Principal	Interest	Payment	Ending Balance	Loan Guarantee Fee
112	12/16/2034	\$742,087	\$80,884	\$3,562	\$84,445.65	\$661,203	\$1,391
113	1/16/2035	\$661,203	\$81,272	\$3,174	\$84,445.65	\$579,932	\$1,240
114	2/13/2035	\$579,932	\$81,662	\$2,784	\$84,445.65	\$498,270	\$1,087
115	3/16/2035	\$498,270	\$82,054	\$2,392	\$84,445.65	\$416,216	\$934
116	4/15/2035	\$416,216	\$82,448	\$1,998	\$84,445.65	\$333,768	\$780
117	5/16/2035	\$333,768	\$82,844	\$1,602	\$84,445.65	\$250,924	\$626
118	6/15/2035	\$250,924	\$83,241	\$1,204	\$84,445.65	\$167,683	\$470
119	7/16/2035	\$167,683	\$83,641	\$805	\$84,445.65	\$84,042	\$314
120	8/16/2035	\$84,042	\$84,042	\$403	\$84,445.65	\$0	\$158

# Exhibit 8

## Operating Agreement

## OPERATING AGREEMENT

### MEC SPOKANE VALLEY LLC

THIS OPERATING AGREEMENT (this “Agreement”) of MEC Spokane Valley LLC, a Washington limited liability company (the “Company”) has been made and entered into this 14th day of March, 2025 by MultiCare Atlas JV LLC, a Washington limited liability company, the sole member of the Company as of the date hereof (the “Member”). The Member has adopted this Agreement which will govern the Company and the Member, except as otherwise provided in the non-waivable provisions of the Washington Limited Liability Company Act (RCW 25.15.006, *et. seq.*), as amended from time to time, and any successor thereto (the “Act”).

1. Name. The name of the Company is MEC Spokane Valley LLC.
  
2. Purpose.
  - (a) The principal purpose of the Company is to own and operate the licensed ambulatory surgery center located at 12401 E Sinto Ave., Spokane Valley, Washington, 99216 (the “Center”). In carrying out its purpose, the Company shall have all necessary powers and authority that may be exercised by a limited liability company formed under the Act.
  
  - (b) MultiCare Health System, a Washington nonprofit corporation, is a member of Member, and is a nonprofit corporation exempt from taxation pursuant to Section 501(c)(3) of the Code. Accordingly, the Company and the Center shall at all times be operated and managed in a manner that furthers the charitable and community-based health care purposes of MultiCare and its affiliates by promoting health and providing or expanding access to health care services for a broad cross-section of the community.
  
3. Term. The Company will continue in existence until dissolved and terminated as provided in this Agreement or as provided in the Act.
  
4. Place of Business; Registered Office and Agent. The principal office of the Company will be located at 12401 E Sinto Ave., Spokane Valley, Washington, 99216 or such other place as the Member may from time to time designate. The registered office and agent of the Company in the State of Washington shall be as set forth in the Company’s Certificate of Formation, as it may be amended from time to time.
  
5. Capital Contributions and Loans. The Member is under no obligation to make capital contributions to the Company or to lend money to the Company but may do so in the Member’s sole discretion.
  
6. Tax Status. Unless and until one or more additional members are admitted to the Company in accordance with the provisions hereof, (i) the Company shall be a disregarded entity for federal income tax purposes and all profits and losses of the Company, for both accounting and

tax purposes, will accrue to the sole Member and (ii) the Company shall not be required to maintain a capital account for the Member.

7. Cash Distributions. The Company may distribute cash to the Member from time to time as determined by the Member in its sole discretion, subject to any limitations imposed by law.

8. Governance. The Company is a “member-managed” limited liability company as described in the Act. The Member shall have the sole and exclusive authority to manage and conduct the Company’s activities and affairs. The Member acknowledges that the Company intends to, upon approval of the Center by applicable governing authorities, enter into a Management Agreement and a Centralized Services Agreement with Atlas Healthcare Partners, LLC to perform certain services on behalf of the Center and that such agreements remain in effect.

9. Books and Records. The Company will maintain full and accurate business records of the Company, including any records required to be maintained under the Act. All financial books and records of the Company shall be maintained in accordance with accounting principles generally accepted in the United States. The fiscal year of the Company will end on December 31.

10. Limitation of Liability. Except as required under applicable law, the Member shall not have any personal liability whatsoever in its capacity as such, whether to the Company or to any creditor of the Company or other third party, for the debts, liabilities, commitments or any other obligations of the Company or for any losses of the Company.

11. Amendment. No amendment or modification of this Agreement will be valid or effective unless in writing and signed by the Member.

*[Signature Page to Follow]*

IN WITNESS THEREOF, this Operating Agreement of MEC Spokane Valley LLC has been executed by the Member of the Company as of the date first set forth above.

MULTICARE ATLAS JV LLC Member

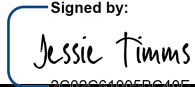
By:  Signed by:  
Name: Jessie Timms  
Title: Market President

Exhibit 9

Management Agreement

MEC Spokane Valley LLC  
12401 E. Sinto Ave.  
Spokane, Washington 99216

March 13, 2025

Atlas Healthcare Partners, LLC  
2355 E. Camelback Rd., Ste. 700  
Phoenix, AZ 85016

This letter confirms that MEC Spokane Valley LLC and Atlas Healthcare Partners, LLC are negotiating the following definitive agreements relating to the management of the ambulatory surgery center to be owned and operated by MEC Spokane Valley LLC, and which is the subject of the accompanying Certificate of Need Application. The sole member of MEC Spokane Valley LLC is MultiCare Atlas JV LLC. MultiCare Health System and Atlas Healthcare Partners, LLC are the members of MultiCare Atlas JV LLC.

- Management Agreement between MEC Spokane Valley LLC and Atlas Healthcare Partners, LLC; and
- Centralized Services Agreement between MEC Spokane Valley LLC and Atlas Healthcare Partners LLC

MEC Spokane Valley LLC and Atlas Healthcare Partners, LLC agree that all definitive agreements will be finalized and signed by all parties to such agreements upon issuance of the certificate of need for which MEC Spokane Valley LLC is applying.

Sincerely,

Signed by:  
  
4290D947C51A478...

Board Member, MultiCare Atlas JV, LLC,  
The sole member of MEC Spokane Valley LLC

Agreed:

Atlas Healthcare Partners, LLC

By:   
2C02C61005BC40E...

Date: 3/13/2025



**MANAGEMENT AGREEMENT  
(MEC SPOKANE VALLEY LLC)**

THIS MANAGEMENT AGREEMENT (this “Agreement”) is made and entered into as of [\_\_\_\_], 2025 by and between **Atlas Healthcare Partners, LLC**, an Arizona limited liability company (“Manager”), and **MEC Spokane Valley LLC**, a Washington limited liability company (the “Company”). Manager and the Company are sometimes referred to individually herein as a “Party” and collectively as the “Parties.”

**RECITALS**

A. The Company owns and operates an ambulatory surgery center located at 12401 E. Sinto Ave, Spokane, Washington 99216 (the “Surgery Center” or “ASC”).

B. MultiCare Atlas JV, LLC (“JVCO”), a joint venture between MultiCare Health System, a Washington nonprofit corporation (“MultiCare”), and Manager, is the member of the Company and is party to that certain Operating Agreement of the Company (the “Operating Agreement”).

C. Manager is engaged in the business of developing and managing ambulatory surgery centers.

D. The Company wishes to engage Manager, and Manager has agreed to be engaged to manage the operations of the Surgery Center on behalf of the Company pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and obligations of the Parties set forth herein, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**AGREEMENT**

**1. Management Services.**

(a) The Company hereby engages Manager, and Manager hereby accepts such engagement to provide management services to and for the Surgery Center as more fully described in Schedule 1. The Company hereby authorizes Manager to immediately open and maintain its bank accounts. In carrying out its duties, Manager will have the general authority to negotiate and consummate agreements and contracts for and on behalf of the Company in the usual course of business subject to any limitations on the Manager’s authority identified in this Agreement or the Operating Agreement, as applicable.

(b) The services provided by Manager to the Company pursuant to this Section 1 do not include financial clearance, medical records management, billing, coding and collection services, medical staff credentialing services or accounts payable services which will be provided by Manager to the Company pursuant to a separate Centralized Services Agreement.

(c) Subject to the provisions of Section 2 hereof, the exclusive authority and responsibility for the day-to-day operation of the Surgery Center shall, during the term of this Agreement, be and remain in Manager, and the Company shall have no rights or duties in derogation of the rights and duties of Manager hereunder.

**2. Limitations on Manager's Authority.** Notwithstanding Section 1 or any other provision of this Agreement to the contrary, Manager's services and authority shall be subject to the following limitations:

(a) Manager expressly acknowledges and agrees that the Management Board of Company ("Management Board"), the members of which will be appointed by the Company's member or members from time to time, retains final authority to control and direct the assets and operations of the Surgery Center, and that the operation of the Surgery Center shall be carried out by Manager within the budgets adopted by the Management Board from time to time and any reasonable parameters, policies, and procedures adopted by the Management Board and communicated in writing to Manager. Notwithstanding the foregoing, the Manager shall be authorized to make expenditures of Company funds in excess of an approved budget if such expenditures are reasonably determined by the Manager to be necessary to maintain patient safety or the Company's licensure or accreditation or to comply with a legal requirement or which would not otherwise be reasonably expected to result in more than a 5% cumulative increase in aggregate expenses over the then approved operating budget. Manager shall provide the Management Board with notice of the nature and amount of any such excess expenditure along an explanation of the basis for Manager's determination to make the expenditure. Such notice shall be in writing and provided in advance of Manager making such expenditure unless such expenditure is needed on an emergency basis, in which case, Manager will provide such notice as soon as reasonably practical thereafter.

(b) Manager acknowledges and agrees that so long as MultiCare or any of its affiliates is a direct or indirect owner of the Company, the Surgery Center is required to be managed and operated in a manner that furthers and is consistent with the charitable healthcare purposes of MultiCare and its affiliates as specifically set forth in the Operating Agreement. The Parties acknowledge and agree such purposes may override any duty that Manager may have to operate the Surgery Center solely for the financial benefits of its owners.

(c) Manager further acknowledges and agrees that the Surgery Center shall: (i) be operated and managed by Manager in good faith using commercially reasonable efforts, and in a manner that complies with all applicable legal and regulatory operating requirements and industry standards; (ii) in consultation with the medical executive committee of the Company (the "Medical Executive Committee") as designated by the Company from time to time, adopt standards for the quality of patient care that are commensurate with the standards applicable to the other surgical facilities operated by MultiCare; (iii) adopt ethical policies, including, without limitation, a conflict of interest policy and marketing guidelines, acceptable to MultiCare; (iv) adopt and make known to the public charity care policies consistent with MultiCare policies; (v) in consultation with the Medical Executive Committee, have physician credentialing standards that meet or

exceed NCQA requirements; and (vi) in consultation with the Medical Executive Committee shall have all necessary licenses and maintain accreditation with the Joint Commission, AAAHC or comparable accrediting organizations acceptable to MultiCare.

(d) Manager's rights and obligations are subject to the Operating Agreement (as such may be amended from time to time), which is incorporated by this reference and made part of this Agreement. In the event of a conflict between the terms of this Agreement and the terms of the Operating Agreement, the Operating Agreement's terms will control.

(e) Manager will not be responsible for any medical or professional matters relating to the Surgery Center. Manager may consult with the Company and make recommendations concerning such matters from time to time; however, the Company will be solely responsible for all decisions and actions taken with respect to medical and professional matters.

(f) The Company does not delegate to Manager any of the powers, duties, and responsibilities vested in the Company by law. Company expressly retains authority: (i) to request removal of key officers and management employees, including the Surgery Center's CEO (provided, the Company cannot unreasonably withhold consent to an administrator candidate or a change therein); (ii) over maintenance and control of the books and records of the Company; (iii) over the disposition of assets and the incurring of non-ordinary course liabilities on behalf of the Company; and (iv) over the adoption and enforcement of policies regarding the operation of the Company.

(g) The Company will retain the ultimate authority regarding all services provided at the Surgery Center. Physicians on staff at the Surgery Center will at all times be free, in their sole discretion, to exercise their professional/medical judgment on behalf of their patients. No provision of this Agreement is intended, nor will it be construed, to permit Manager to affect or influence the professional/medical judgment of any of such physicians. To the extent that any act or service required of or permitted to be taken by Manager by any provision of this Agreement may be construed or deemed to constitute the practice of medicine, the ownership or control of a medical practice, or the operation of a medical or health care facility, said provision of this Agreement will be void ab initio and the performance of said act or service by Manager will be deemed waived by the Company.

### **3. Term of Agreement.**

(a) The term of this Agreement shall commence on the first day of the month of licensure of the Surgery Center (the "Effective Date") and, unless sooner terminated as provided in the following subsections of this Section 3, shall continue in effect for a term of ten (10) years. Thereafter, unless written notice of nonrenewal is delivered to a Party by the other Party not less than 90 days prior to the end of the then current term of this Agreement, this Agreement shall be automatically renewed for successive five (5) year terms.

(b) This Agreement may be terminated by the non-defaulting Party by giving written notice thereof to the defaulting Party at any time after the occurrence of an event of Default described in Section 7 hereof with respect to the defaulting Party.

(c) No termination of this Agreement shall relieve either Party of any liability arising from any breach of this Agreement by such Party prior to such termination.

(d) Company has the right, but not the obligation, to immediately terminate this Agreement if Manager no longer has equity in the JVCO.

#### **4. Management Fee.**

(a) As Manager's fee for performing the services described in Schedule 1 hereto, Manager shall be paid a management fee (the "Management Fee") equal to a percentage of the net revenues of the Company during each year (or the portion thereof during which this Agreement is in effect) as follows: six percent (6%) net revenue for such year; provided, however, that during the first eighteen (18) months of the term of this Agreement, the Management Fee shall not be less than Forty Thousand Dollars (\$40,000) per month. For this purpose, "net revenues" shall be the Company's gross revenues, less adjustments for special contractual rates, charity work and an allowance for uncollectible accounts, all determined on an accrual basis in accordance with United States generally accepted accounting principles as applied consistently with past practice to the financial statements of the Company, including a monthly adjustment to the allowance for uncollectible accounts based on an aging of accounts receivable.

(b) In addition to the above monthly Management Fee, Manager (or its members) shall be reimbursed without markup for direct and allocable expenses incurred by Manager (or its members) in connection with the Company's operations. Reimbursable expenses include, but are not limited to, all of Manager's (or its members') direct and allocable indirect costs of providing Facility staff pursuant to Schedule 1, "Operations Management", subsection (d) hereof (including, but not limited to, all compensation and employee benefit costs), an allocable portion of premiums and other cost of providing the insurance coverage for the Company and an allocable portion of the direct cost of a third party company retained by Manager to manage leases of the ambulatory surgery center companies managed by Manager. Manager shall also be reimbursed for allocable salary, bonus and benefits expense of business development employees providing services on behalf of the Company, in each case as provided in Section 2 b. iii of Schedule 1 hereto. In addition, Manager (or its members) shall be reimbursed for reasonable travel expenses of management personnel of Atlas and its affiliates who make periodic business trips to the Surgery Center, including travel expenses for representatives of the Manager to attend in person meetings of the Company's Management Board, and other reasonable expenses subject to an annual cap thereon of \$50,000.00; provided, such cap shall not apply to reimbursable expenses described in Schedule 1 hereto. Expenses incurred by Manager in excess of \$50,000.00 per year (other than reimbursable expenses described in Schedule 1) shall be subject to the prior written approval of Company's Management Board, such approval to not be unreasonable withheld. Except as included in the above or as described in Schedule 1 hereto, Manager shall not be reimbursed by the Company for any indirect or

overhead expenses of Manager or its affiliates, including charges and allocations for internal personnel or outside consultants who have not been retained by the Company directly or approved in advance for charge to the Company by a vote of the Board of Managers including at least one member thereof not appointed by the Manager. Manager shall provide the Company's Management Board with a comparison of expenses reimbursed under this Section 4(b) with the amounts included in the Company's operating budget at each regular meeting of the Management Board.

(b) Except as otherwise provided in this Agreement, all of the costs and expenses of maintaining and operating the Surgery Center and its facilities shall be expenses of the Surgery Center, for the account of the Company, and shall not be expenses of Manager.

(c) If Manager is engaged by the Company to perform any services on behalf of the Company that are not included in the services described in Schedule 1 hereto, such engagement shall be through a separate written agreement that will provide separate compensation for such services from the Company.

**5. Representations of the Parties.** Each Party hereby represents and warrants to the other Party that:

(a) It has been duly organized and is validly existing under the laws of the state of its formation and has full power to own its properties and to conduct its business under the laws of said state;

(b) The execution and delivery of this Agreement by such Party, and the performance of such Party's duties and obligations hereunder, have been duly authorized by such Party and do not violate or result in a breach of such Party's governing documents or any other agreement, order, decree or legal requirement to which such Party is a party or is otherwise bound;

(c) This Agreement has been duly executed by and on behalf of such Party and is a valid and binding obligation of such Party enforceable against such Party in accordance with the terms hereof; and

(d) Neither it, nor, to its knowledge, any of its stockholders, members, directors, managers, officers, employees or agents, have been convicted of a criminal offense related to, and have not been excluded or debarred from participation in, any government program, including but not limited to, the federal Medicare program and any state Medicaid program.

**6. Limitation of Liability; Indemnification.**

(a) Manager does not hereby assume any of the obligations, liabilities or debts of the Company, except as otherwise expressly provided herein, and shall not, by virtue of its performance hereunder, assume or become liable for any of such obligations, debts or liabilities of the Company.

(b) Manager's maximum liability for any claim by the Company arising under this Agreement or under the Business Associate Addendum attached hereto as Exhibit A (the "BAA"), regardless of the form of such claim, whether in tort or contract, shall be limited to (i) if capable of cure, re-performing the non-conforming service and (ii) to the extent not covered and paid by Manager's insurance, an amount equal three (3) times the total amount of all Management Fees paid to Manager pursuant to this Agreement during the immediately preceding twelve month period; provided, such limitation shall not apply to claims based on fraud or intentional misconduct by Manager. The liability of Manager hereunder for damages arising out of a breach of its obligations or warranties in this Agreement shall be limited to direct damages incurred by the Company entitled to recovery under the terms hereof. For purposes hereof, (A) amounts paid to affected third parties as damages or settlements arising from such breach; and (B) fines and penalties imposed by governmental authority arising from such breach shall be considered direct damages. Other than the foregoing, in no event shall Manager have any liability to the Company for any indirect, special, incidental, punitive, or consequential damages, however caused, or for any lost profits, loss of data or use, cost or procurement of substitute goods or services, whether in contract, tort or otherwise, arising out of, or in any way connected with a breach of any other parties obligations or warranties in this agreement, even if Manager has been previously advised of the possibility of such loss or damages.

(c) Manager shall indemnify, defend and hold harmless Company and its equity holders (other than Manager), officers, directors, employees, agents and permitted assigns (each, a "Company Indemnified Party") from and against any and all losses, liabilities, damages, costs (including, without limitation, court costs and costs of appeal) and expenses (including, without limitation, reasonable attorneys' fees and fees of expert consultants and witnesses) arising from a claim brought by any person or entity other than Company or a Company Indemnified Party to the extent resulting from or relating to (i) a breach by Manager of the warranties stated in Section 5 hereof; (ii) any claim that the services provided by Manager hereunder or any related intellectual property used by Manager in connection therewith infringe on, constitute a misappropriation of the subject matter of, or otherwise violate any patent, copyright, trade secret, trademark or other proprietary right of any person or breaches any person's contractual rights; or (iii) Manager's willful misconduct, gross negligence, fraud, illegal activity or breach of this Agreement.

(d) The Company hereby agrees to indemnify and hold harmless and its officers, directors, managers, members, partners, employees, agents, successors and assigns (each, a "Manager Indemnified Party"), from and against any and all claims, actions, liabilities, losses, costs and expenses of any nature whatsoever, including reasonable attorneys' fees and other costs of investigating and defending any such claim or action, asserted against any such Manager Indemnified Party (collectively, "Damages") to the extent arising from: (i) any of the obligations, liabilities or debts of the Company or the Surgery Center; or (ii) the performance of this Agreement as long as the actions of such Manager Indemnified Party in the performance of this Agreement were taken in good faith and such Manager Indemnified Party reasonably believed such actions to be within the scope of its, his or her authority under this Agreement or the BAA and except to the extent arising in connection with or resulting from the willful misconduct, gross negligence, fraud, illegal activity or breach of any such agreement by the Manager Indemnified Party seeking

indemnification. If the Company does not believe a Manager Indemnified Party's actions were taken in good faith and/or the Manager Indemnified Party did not reasonably believe the actions were within its, his or her authority under any of the aforementioned agreements, then the matter shall be submitted to the dispute resolution procedures set forth in Section 21 and the Company shall have no obligations under this Section 6(d) unless or until it agrees or it is determined the actions were taken in good faith and/or such belief was reasonable.

(e) The indemnity obligation of any party providing indemnity hereunder to any party seeking indemnification shall be reduced by any insurance recovery received by the indemnified party with respect to the claim for which it is seeking indemnity and, if such recovery is received after a claim for indemnity has been paid by the indemnifying party, the indemnified party shall remit such insurance recovery to the indemnifying party to the extent it had previously paid such indemnity.

(f) The provisions of this Section 6 will survive the termination or nonrenewal of this Agreement for any reason.

**7. Default.** The following events with respect to a Party shall each constitute a "Default" by such Party under this Agreement:

(a) any failure by such Party to perform any of its covenants or obligations under this Agreement in any material respect, provided, however, in the case of Manager, if Manager diligently seeks to remedy such failure as soon as practicable, then a Default shall not occur unless Manager fails to remedy such failure within 60 days after delivery to Manager by the Company of a written notice specifying such failure;

(b) such Party: (i) commences any case, proceeding or other action under any Bankruptcy Laws seeking (A) to have an order for relief entered with respect to such Person, (B) to adjudicate such Party as bankrupt or insolvent, (C) reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to such Party or its debts, or (D) appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of such Party's assets; or (ii) makes a general assignment for the benefit of its creditors. For purposes hereof, "Bankruptcy Laws" means Title 11 of the United States Code, as amended from time to time, or any similar federal or state law for the relief of debtors, and all other liquidation, bankruptcy, assignment for the benefit of creditors, conservatorship, moratorium, receivership, insolvency, rearrangement, reorganization or similar debtor relief laws of the United States or other applicable jurisdiction in effect from time to time;

(c) there is commenced against such Party in a court of competent jurisdiction any case, proceeding or other action of a nature referred to in the foregoing Section 8(b) which (i) results in the entry of an order for any such relief or any such adjudication or appointment or (ii) remains undismissed, undischarged, unstayed or unbonded for 60 days from and after the date of entry thereof;

(d) there is commenced against such Party any case, proceeding or other action seeking issuance of a warrant of attachment, execution or similar process against all or any substantial part of such Party's assets which results in the entry of an order for any such relief which has not been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof;

(e) such Party generally does not, or is unable to, or admits in writing its ability to, pay its debts as they become due;

(f) such Party or any of its affiliates or its or their representatives takes any action in furtherance of, or indicating such Party's consent to, approval of, or acquiescence in, any of the acts set forth in the foregoing Sections 7(b), (c) and (d);

(g) the exclusion of such Party from participation in any federal health care program;

(h) such Party is found by a judgment of a court of competent jurisdiction to have violated the Federal False Claims Act, the Stark Law or the Anti-Kickback statute or becomes subject to a Corporate Integrity Agreement by CMS;

(i) such Party is convicted of, or pleads guilty (or nolo contendere) to, a felony;  
or

(j) an indictment or other formal charge is brought against such Party alleging commission by such Party of a felony in connection with the performance of its obligations under this Agreement.

**8. Competitive Services.** It is hereby acknowledged that Manager and its affiliates are currently in the business of owning, developing, managing and operating ambulatory surgery centers and other health facilities, and providing ambulatory surgery center management services apart from the services that Manager will provide to the Company under this Agreement. It is further acknowledged that MultiCare and Manager are members of JVCO which was formed by them to jointly own and operate ambulatory surgery centers. Except as otherwise restricted by the JVCO operating agreement, nothing in this Agreement shall prohibit Manager or any of its affiliates from owning, developing, managing and operating other ambulatory surgery centers, surgical hospitals or other health facilities or from providing such management services.

**9. Assignment.** Manager shall not have the right to assign its rights or delegate its duties hereunder to any organization unless it first obtains the written consent of the Company. All of the terms, provisions, covenants, conditions and obligations of this Agreement shall be binding on and inure to the benefit of the successors and assigns of the Parties hereto (including for purposes hereof, the Manager Indemnified Parties, each of which may enforce the provisions of Section 6(c) hereof in its, his or her own name and right).

**10. Notices.** Except as otherwise expressly permitted herein, all notices required or permitted to be given hereunder shall be in writing and shall be deemed effective upon receipt by the person or entity to which such notice is sent. Notices must be delivered personally, by commercial carrier, by fax with a machine generated confirmation sheet or by registered or



certified mail, postage prepaid, addressed to a party as stated below, unless changed by written notice given by either Party to the other pursuant hereto.

Notices shall be given to the Company at the following address:

MEC Spokane Valley LLC  
c/o MultiCare Health System  
402 S. J Street  
Tacoma, WA 98403  
Attention: Chief Executive Officer

and shall be given to Manager at the following address:

Atlas Healthcare Partners, LLC  
2355 East Camelback Road, Suite 700  
Phoenix, AZ 85016  
Attention: Chief Operating Officer

#### **11. Books and Records.**

(a) The Manager shall make books and records maintained by it on behalf of the Company available during normal business hours to managers, officers and other authorized persons acting on behalf of the Company who may examine and make copies of such books and records at the expense of the Company.

(b) The Parties will retain all records relating to this Agreement for any period as is necessary to comply with all laws and the rules of any governmental agency. If this Agreement is determined at any time during its term to be subject to the provisions of 42 Code of Federal Regulations, or any successor regulation which governs access to books and records of subcontractors of services to Medicare providers with a value or cost of \$10,000 or more during a 12-month period, then Manager and its subcontractors shall make available, upon the request of the Secretary of Health and Human Services or the Comptroller General, the contracts, books, documents, and records necessary to verify the nature and extent of the cost of providing Medicare services under this Agreement, if any; provided, however, that any applicable attorney-client, accountant-client or other legal privilege shall not be deemed waived by virtue of this Section 12(b). Such inspection shall be available up to four years after the rendering of such services.

**12. Status of the Parties.** Manager shall be an independent contractor and shall not be subject to any right of control, or any control in fact, by the Company over the methods by which it carries out its duties in accordance with the provisions of this Agreement. Neither this Agreement nor the exercise of any of the duties of the Company or Manager hereunder shall be deemed to create any type of partnership, joint venture, association or other relationship between the Parties hereto other than that of independent contractors each as to the other.

**13. Attorneys' Fees.** If any action at law or in equity is brought to enforce any of the terms of this Agreement, the prevailing Party shall be entitled to reasonable attorneys', fees and

costs in addition to any other relief. The prevailing Party shall be determined in accordance with the totality of the circumstances standard.

**14. Entire Agreement; Amendment.**

(a) This Agreement, along with the BAA, constitutes the entire agreement among the Parties with respect to the management of the Surgery Center and supersedes any and all prior agreements, either oral or written, between the Parties with respect thereto. No amendment to this Agreement shall be effective unless in a writing executed on behalf of each Party.

(b) Notwithstanding the foregoing, if the Company expects to provide services to enrollees of Medicare Advantage, the Parties agree to enter into a Medicare Advantage Contract Amendment in the form attached hereto as Exhibit B.

**15. Governing Law; Venue.** This Agreement shall be governed by and construed in accordance with Washington law, without regard to its conflicts of law principles.

**16. Enforceability.** If any provision of this Agreement or the application thereof to any Person or circumstance is held or agreed to be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other Persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law, so long as the essential benefits expected from this Agreement remain enforceable.

**17. Waiver.** No consent or waiver, express or implied, by either Party to or of any breach or default by the other Party in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other Party of the same or any other obligations of such Party hereunder. Failure on the part of either Party to complain of any act or failure to act of the other Party or to declare the other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by a Party of its rights hereunder.

**18. Interpretation of Agreement.** The Parties acknowledge and agree that this Agreement has been negotiated at arm's length and between parties equally sophisticated and knowledgeable in the matters dealt with in this Agreement. Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities in this Agreement against the Party that drafted it is not applicable and is hereby waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the intent of the Parties as set forth in this Agreement.

**19. Counterparts.** This Agreement may be executed in multiple counterparts which, when taken together, shall constitute one instrument. Signatures transmitted by e-mail (.pdf) or facsimile shall be accepted as original signatures.

**20. Compliance.**

(a) The Parties agree that, in order to comply with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 (HIPAA) and regulations promulgated thereunder by the U.S. Department of Health and Human Services, Manager

and its affiliates shall meet all requirements and obligations of the “Business Associate” contained in the BAA, which is incorporated herein by this reference.

(b) The Parties agree to conduct their relationship and in providing the services in full compliance with all applicable state, federal and local laws and regulations, including, but not limited to, the federal Anti-Kickback Statute. The Parties agree that no part of this Agreement shall be construed to induce or encourage the referral of patients or the purchase of health care services or supplies. The Parties acknowledge that there is no requirement under this Agreement or any other agreement between Manager or any affiliate thereof and the Company or the Surgery Center that any party refer any patients to any health care provider or purchase any health care goods or services from any source. Additionally, no payment under this Agreement is in return for the referral of patients.

(c) Manager shall, in accordance with the requirements of applicable state law, preserve the confidentiality of the medical records of all patients served by the Surgical Center and shall use the information in such records solely for the limited purposes necessary to perform its obligations hereunder.

(d) Neither Manager nor the Company will discriminate on the basis of race, color, sex, age, religion, national origin, or handicap in providing services under this Agreement or in the selection, hiring, placement, or management of employees or independent contractors as proscribed by any applicable local, state or federal law.

**21. Dispute Resolution.** Except with respect to a Party seeking injunctive or other equitable relief, the Parties shall first attempt to resolve any dispute arising under or relating to this Agreement (a “Dispute”) through good faith and reasonably continuous negotiations escalating through their respective management teams. In the event a Dispute is not resolved by the Parties within thirty (30) days of the commencement of such negotiations, then the Dispute will be submitted to JAMS (“JAMS”) for binding arbitration and prompt resolution pursuant to the Federal Arbitration Act (Title 9 of the United States Code) and the JAMS’s published Comprehensive Arbitration Rules & Procedures (the “JAMS Rules”) in effect on the date of this Agreement. Arbitration shall be before a single arbitrator. The Parties shall attempt to mutually select the arbitrator. In the event they are unable to mutually agree, the arbitrator shall be selected according to the JAMS Rules. Each Party undertakes to carry out the award of the arbitrator without delay. Each Party agrees that the provisions of this Section 21 provide the exclusive remedy with respect to any Dispute, and such Party shall be bound by the results of arbitration pursuant to this Section 21. EACH PARTY EXPRESSLY ACKNOWLEDGES AND AGREES THAT BY THIS PROVISION SUCH PARTY IS WAIVING AND RELINQUISHING ITS RIGHT TO A JURY TRIAL IN ANY AND ALL DISPUTES BETWEEN THE PARTIES RELATING TO THIS AGREEMENT. Each arbitration hearing will be held in Washington. Judgment may be entered on the arbitrator’s award in any court having jurisdiction. Notwithstanding the foregoing, each Party shall be entitled to seek injunctive or other equitable relief from any court of competent jurisdiction, without the need to resort to arbitration.

*[Signatures on following page]*

IN WITNESS WHEREOF, each Party hereto has caused this Management Agreement to be duly executed on its behalf as of the day and year first above written.

**MEC SPOKANE VALLEY LLC**

By \_\_\_\_\_

Name:

Title:

**ATLAS HEALTHCARE PARTNERS, LLC**

By \_\_\_\_\_

Name: Dan Jones

Title: Chief Operating Officer

[Signature Page to Management Agreement]

**EXHIBIT A**  
**BUSINESS ASSOCIATE ADDENDUM**

This Business Associate Addendum (this “Addendum”) is entered into as of the signature dates set forth below, to be effective on a date even with the effective date (“Effective Date”) of that certain Agreement (the “Agreement”) between Atlas Healthcare Partners, LLC (“Business Associate”) and MEC Spokane Valley LLC (the “Company”). This Addendum shall supersede and replace any existing business associate agreements or addendum(s) by and between the parties to this Addendum, relating to the subject matter of the Agreement.

The Company and Business Associate mutually agree to modify the Agreement to incorporate the terms of this Addendum to comply with the requirements of the implementing regulations at 45 Code of Federal Regulations (“C.F.R.”) Parts 160-64 for the Administrative Simplification provisions of Title II, Subtitle F of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”).

The parties further agree that Business Associate will function as a “business associate” of the Company and the Company will function as a “covered entity” as those terms are defined in 45 C.F.R. § 160.103.

1. **Definitions.** The terms “Electronic Protected Health Information” and “Protected Health Information” have the meanings set out in 45 C.F.R. § 160.103. The term “Unsecured Protected Health Information” has the meaning set forth at 45 C.F.R. § 164.402. The term “Required by Law” has the meaning set out in 45 C.F.R. § 164.103. The term “Treatment” has the meaning set out in 45 C.F.R. § 164.501. The term “Authorization” has the meaning set out in 45 C.F.R. § 164.508. Designated Record Set will have the meaning set out at 45 C.F.R. § 164.501. The term “Subcontractor” has the meaning set out in 45 C.F.R. § 160.103. The term “Breach” will have the meaning set out at 45 C.F.R. § 164.402.
2. **Privacy of Protected Health Information.**
  - a) **Permitted Uses and Disclosures.** Business Associate is only permitted to use and disclose Protected Health Information, whether in paper form or in electronic form, that it creates or receives on the Company’s behalf or receives from the Company (or another business associate of the Company) and to request Protected Health Information on the Company’s behalf (collectively, “the Company’s Protected Health Information”) as follows:
    - i. **Functions and Activities on the Company’s Behalf.** To perform functions, activities, services, and operations on behalf of the Company as specified in the Agreement.
    - ii. **Business Associate’s Operations.** For Business Associate’s proper management and administration or to carry out Business Associate’s legal responsibilities, provided that, with respect to disclosure of the Company’s Protected Health Information, either:

- A) The disclosure is Required by Law; or
  - B) Business Associate obtains reasonable assurance, evidenced by written contract, from any third-party person or entity to which Business Associate will disclose the Company's Protected Health Information that the person or entity will:
    - 1) Hold the Company's Protected Health Information in confidence and use or further disclose the Company's Protected Health Information only for the purpose for which Business Associate disclosed the Company's Protected Health Information to the person or entity or as Required by Law; and
    - 2) Promptly notify Business Associate (who will in turn notify the Company in accordance with Sections 4(a) and 4(b) (Privacy/Security Breach Investigation and Reporting) of this Addendum) of any instance of which the person or entity becomes aware in which the confidentiality of the Company's Protected Health Information was breached.
- iii. **Data Aggregation.** In accordance with 45 CFR 164.504(e)(2)(i)(B), Business Associate may use PHI to provide data aggregation services if and only to the extent such data aggregation is necessary for Business Associate to carry out the functions, activities, services, and operations on behalf of the Company as specified in the Agreement.
- b) **Minimum Necessary.** Business Associate will, in its performance of the functions, activities, services, and operations specified in Section 2(a) (Permitted Uses and Disclosures) above, make reasonable efforts to use, to disclose, and to request of the Company only the minimum amount of the Company's Protected Health Information reasonably necessary to accomplish the intended purpose of the use, disclosure or request, except that Business Associate will not be obligated to comply with this minimum necessary limitation with respect to:
- i. Disclosure to or request by a health care provider for Treatment;
  - ii. Use for or disclosure to an individual who is the subject of the Company's Protected Health Information, or that individual's personal representative;
  - iii. Use or disclosure made pursuant to an Authorization that is signed by an individual who is the subject of the Company's Protected Health Information to be used or disclosed, or by that individual's personal representative;
  - iv. Disclosure to the United States Department of Health and Human Services ("DHHS") in accordance with Section 7(a) (Inspection of Internal Books, Practices and Records) of this Addendum;

- v. Use or disclosure that is Required by Law; or
  - vi. Any other use or disclosure that is excepted from the minimum necessary limitation as specified in the Privacy Rule (as hereinafter defined).
- c) **Prohibition on Unauthorized Use or Disclosure.** Business Associate will neither use nor disclose the Company's Protected Health Information, except as permitted or required by this Addendum or in writing by the Company or as Required by Law. This Addendum does not authorize Business Associate to use or disclose the Company's Protected Health Information in a manner that would violate 45 C.F.R. Part 164, Subpart E "Privacy of Individually Identifiable Health Information" ("Privacy Rule") if done by the Company, except as set forth in Section 2(a)(ii) (Business Associates Operations) of this Addendum.
- d) **Information Safeguards.**
- i. **Privacy of the Company's Protected Health Information.** Business Associate will develop, implement, maintain, and use appropriate administrative, technical, and physical safeguards to protect the privacy of the Company's Protected Health Information. The safeguards must reasonably protect the Company's Protected Health Information from any intentional or unintentional use or disclosure in violation of the Privacy Rule and limit incidental uses or disclosures made pursuant to a use or disclosure otherwise permitted by this Addendum.
  - ii. **Security of the Company's Protected Health Information.** Business Associate will use reasonable and appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to the Company's Electronic Health Information, to prevent use or disclosure of that Electronic Protected Health Information other than as provided for by the Agreement.
- e) **Subcontractors.** Business Associate will require any of its Subcontractors, to which Business Associate is permitted by this Addendum or in writing by the Company to disclose the Company's Protected Health Information, to agree, as evidenced by written contract, that such Subcontractor will comply with the same privacy and security safeguard obligations with respect to the Company's Protected Health Information that are applicable to Business Associate under this Addendum.

### 3. **Individual Rights.**

- a) **Access.** Business Associate will, within five (5) days following the Company's request, make available to the Company or, at the Company's direction, to an individual (or the individual's personal representative) for inspection and obtaining copies, the Company's Protected Health Information, in a Designated Record Set, about the individual that is in Business Associate's custody or control.

- b) **Amendment.** Business Associate will, upon receipt of written notice from the Company, promptly amend, or permit the Company access to amend, any portion of the Company's Protected Health Information.
- c) **Disclosure Accounting.** So that the Company may meet its disclosure accounting obligations under the Privacy Rule:
  - i. **Disclosures Subject to Accounting.** Business Associate will record the information specified in Section 3(c)(iii) (Disclosure Information) below ("Disclosure Information") for each disclosure of the Company's Protected Health Information, not excepted from disclosure accounting as specified in Section 3(c)(ii) (Disclosures Not Subject to Accounting) below, that Business Associate makes to the Company or to a third party.
  - ii. **Disclosures Not Subject to Accounting.** Business Associate will not be obligated to record Disclosure Information or otherwise account for disclosures of the Company's Protected Health Information that are expressly excluded from such disclosure accounting requirement as set forth at 45 C.F.R. § 164.528(a)(1).
  - iii. **Disclosure Information.** With respect to any disclosure by Business Associate of the Company's Protected Health Information that is not excepted from disclosure accounting by Section 3(c)(ii) (Disclosures Not Subject to Accounting) above, Business Associate will record the following Disclosure Information as applicable to the type of accountable disclosure made:
    - A) **Disclosure Information Generally.** Except for repetitive disclosures of the Company's Protected Health Information as specified in Section 3(c)(iii)(B) (Disclosure Information for Repetitive Disclosures) below, the Disclosure Information that Business Associate must record for each accountable disclosure is (1) the disclosure date, (2) the name and (if known) address of the entity to which Business Associate made the disclosure, (3) a brief description of the Company's Protected Health Information disclosed, and (4) a brief statement of the purpose of the disclosure.
    - B) **Disclosure Information for Repetitive Disclosures.** For repetitive disclosures of the Company's Protected Health Information that Business Associate makes for a single purpose to the same person or entity (including the Company), the Disclosure Information that Business Associate must record is either (1) the Disclosure Information specified in Section 3(c)(iii)(A) (Disclosure Information Generally) above for each accountable disclosure; or (2) the Disclosure Information specified in Section 3(c)(iii)(A) (Disclosure Information Generally) above for the first of the repetitive accountable disclosures, the frequency, periodicity, or



number of the repetitive accountable disclosures, and the date of the last of the repetitive accountable disclosures.

iv. **Availability of Disclosure Information.** Business Associate will maintain the Disclosure Information for at least six (6) years following the date of the accountable disclosure to which the Disclosure Information relates. Business Associate will make the Disclosure Information available to the Company within thirty (30) days following the Company's request for such Disclosure Information to comply with an individual's request for disclosure accounting.

d) **Restriction Agreements and Confidential Communications.** Business Associate will comply with any reasonable agreement that the Company makes that either (i) restricts use or disclosure of the Company's Protected Health Information, or (ii) requires confidential or alternate methods of communication about the Company's Protected Health Information, provided that the Company notifies Business Associate in writing of the restriction or confidential or alternate communication obligations that Business Associate must follow. The Company will promptly notify Business Associate in writing of the termination of any such restriction agreement or confidential or alternate communication requirement and, with respect to termination of any such restriction agreement, instruct Business Associate whether any of the Company's Protected Health Information will remain subject to the terms of the restriction agreement.

#### 4. **Privacy/Security Breach Investigations and Reporting.**

- a) Business Associate will promptly and thoroughly investigate any suspected Breach of the Company's Unsecured Protected Health Information not permitted by this Addendum, or applicable state and/or federal law.
- b) Business Associate will notify the Company's HIPAA Privacy Office at the address provided below regarding a Breach of the Company's Unsecured Protected Health Information (a "Privacy Event") without unreasonable delay, but in no event later than three (3) calendar days of discovering that a Breach occurred, regardless if such Privacy Event is discovered by Business Associate or by any Subcontractor of Business Associate. Additionally, Business Associate will use its best efforts to assist with the Company's breach investigation by making a timely written report to the Company's HIPAA Privacy Office on any substantiated investigation of the Privacy Event. Business Associate will include as much of the information described in Sections 4(c)(i) through 4(c)(viii) (Privacy/Security Breach Investigations) below as is available at the time the report is written, and will supplement the report with additional information once that information is known. For purposes of this paragraph, a Breach shall be treated as discovered as of the first day on which the Breach is known or should reasonably have been known to Business Associate.

- c) Business Associate's initial written report concerning a Privacy Event will, at a minimum:
- (i) a description of what happened, including the date of the Breach and the date of the discovery and who committed the Breach,
  - (ii) the types of unsecured PHI involved in the Breach,
  - (iii) any steps individuals should take to protect themselves from potential harm from the HIPAA Breach, and
  - (iv) what Business Associate is doing to investigate the Breach, to mitigate harm to individuals, and to protect against any further Breaches.
  - (v) Provide any other information to the Company as the Company may request to fulfill its reporting obligations to an affected individual as required under 45 C.F.R. § 164.410.

5. **Other Business Associate Obligation.** To the extent Business Associate is to carry out the Company's obligation under the Privacy Rule, Business Associate will comply with the requirements applicable to the obligation.

6. **Termination of Agreement.**

a) **Right to Terminate for Breach.** The Company may terminate the Agreement if it determines, in its sole discretion that Business Associate has breached any provision of this Addendum and if, upon written notice to Business Associate of the breach, Business Associate fails to cure the breach within thirty (30) days after receipt of the notice. The Company may exercise this right to terminate the Agreement by providing Business Associate written notice of termination, stating the failure to cure the breach of this Addendum that provides the basis for the termination. Any such termination will be effective immediately or at such other date specified in the Company's notice of termination.

b) **Termination of Addendum on Conclusion of Agreement.** This Addendum will terminate upon termination or other conclusion of the Agreement.

i. **Obligations on Termination.**

A) **Return or Destruction of the Company's Protected Health Information as Feasible.** Upon termination or other conclusion of the Agreement, Business Associate will, if feasible, return to the Company or destroy all of the Company's Protected Health Information in whatever form or medium, including all copies thereof and all data, compilations, and other works derived therefrom that allow identification of any individual who is a subject of the Company's Protected Health Information. Business Associate will require any Subcontractor, to which Business

Associate has disclosed the Company's Protected Health Information as permitted by Section 2(e) (Subcontractors) of this Addendum, to, if feasible, return to Business Associate (so that Business Associate may return it to the Company) or destroy all of the Company's Protected Health Information in whatever form or medium received from Business Associate, including all copies thereof and all data, compilations, and other works derived therefrom that allow identification of any individual who is a subject of the Company's Protected Health Information, and certify on oath to Business Associate that all such information has been returned or destroyed. Business Associate will complete these obligations as promptly as reasonably possible, but not later than thirty (30) days following the effective date of the termination or other conclusion of the Agreement.

**B) Procedure When Return or Destruction Is Not Feasible.**

Business Associate will identify any of the Company's Protected Health Information, including any that Business Associate has disclosed to Subcontractors as permitted by Section 2(e) (Subcontractors) of this Addendum, that cannot feasibly be returned to the Company or destroyed and explain to the Company's satisfaction why return or destruction is infeasible. Business Associate will limit its further use or disclosure of such information to those purposes that make return or destruction of such information infeasible. Business Associate will, by its written contract with any Subcontractor to which Business Associate discloses the Company's Protected Health Information as permitted by Section 2(e) (Subcontractors) of this Addendum, require such Subcontractor to limit its further use or disclosure of the Company's Protected Health Information that such Subcontractor cannot feasibly return or destroy to those purposes that make the return or destruction of such information infeasible. Business Associate will complete these obligations as promptly as reasonably possible, but not later than thirty (30) days following the effective date of the termination or other conclusion of the Agreement.

**C) Continuing Privacy and Security Obligation.** Business Associate's obligation to protect the privacy and safeguard the security of the Company's Protected Health Information as specified in this Addendum will be continuous and survive termination, assignment of, or other conclusion of the Agreement and this Addendum.

**7. General Provisions.**

**a) Inspection of Internal Practices, Books, and Records.** Business Associate will make its internal practices, books, and records relating to its use and disclosure of

the Company's Protected Health Information available to the Company and to DHHS to determine the Company and Business Associate's compliance with the Privacy Rule.

**b) Amendment.** The parties agree to take such action as is necessary to amend this Addendum from time to time as is necessary for compliance with the requirements of HIPAA and any other applicable law.

**c) Conflicts.** The terms and conditions of this Addendum will override and control any conflicting term or condition of the Agreement. All non-conflicting terms and conditions of the Agreement remain in full force and effect.

[Signature Page to Follow.]

IN WITNESS WHEREOF, as of the Effective Date the Company and Business Associate have executed this Addendum individually or by signature of each party's duly authorized representative.

**The Company:**

**MEC Spokane Valley LLC**

By: \_\_\_\_\_

Name:

Its:

Date: \_\_\_\_\_

**Business Associate:**

**Atlas Healthcare Partners, LLC**

By: \_\_\_\_\_

Name: Dan Jones

Its: Chief Operating Officer

Date: \_\_\_\_\_

## **EXHIBIT B**

### **MEDICARE ADVANTAGE REQUIREMENTS**

#### Definitions:

“Centers for Medicare and Medicaid Services” or “CMS”: the agency within the Department of Health and Human Services that administers the Medicare program.

“Completion of Audit”: completion of audit by the Department of Health and Human Services, the Government Accountability Office, or their designees of a Medicare Advantage Organization, Medicare Advantage Organization contractor or related entity.

“Downstream Entity”: any party that enters into a written arrangement, acceptable to CMS, with persons or entities involved with the MA benefit, below the level of the arrangement between an MA organization (or applicant) and a first-tier entity. These written arrangements continue down to the level of the ultimate provider of both health and administrative services.

“Final Contract Period”: the final term of the contract between CMS and the Medicare Advantage Organization.

“First Tier Entity”: any party that enters into a written arrangement, acceptable to CMS, with an MA organization or applicant to provide administrative services or health care services for a Medicare eligible individual under the MA program.

“Medicare Advantage” or “MA”: an alternative to the traditional Medicare program in which private plans run by health insurance companies provide health care benefits that eligible beneficiaries would otherwise receive directly from the Medicare program.

“Medicare Advantage Organization” or “MA organization”) a public or private entity organized and licensed by a State as a risk-bearing entity (with the exception of provider-sponsored organizations receiving waivers) that is certified by CMS as meeting the MA contract requirements.

“Member” or “Enrollee”: a Medicare Advantage eligible individual who has enrolled in or elected coverage through a Medicare Advantage Organization.

“Provider”: (1) any individual who is engaged in the delivery of health care services in a State and is licensed or certified by the State to engage in that activity in the State; and (2) any entity that is engaged in the delivery of health care services in a State and is licensed or certified to deliver those services if such licensing or certification is required by State law or regulation.

“Related entity”: any entity that is related to the MA organization by common ownership or control and (1) performs some of the MA organization's management functions under contract or delegation; (2) furnishes services to Medicare enrollees under an oral or written agreement; or (3) leases real property or sells materials to the MA organization at a cost of more than \$2,500 during a contract period.

## Required Provisions

First Tier, Downstream, and Related Entities agree:

1. HHS, the Comptroller General, or their designees have the right to audit, evaluate, and inspect any pertinent information for any particular contract period, including, but not limited to, any books, contracts, computer or other electronic systems (including medical records and documentation of the first tier, downstream, and entities related to CMS' contract with Company through 10 years from the final date of the final contract period of the contract entered into between CMS and the MA organization or from the date of completion of any audit, whichever is later. [42 C.F.R. §§ 422.504(i)(2)(i) and (ii)]
2. To comply with the confidentiality and enrollee record accuracy requirements, including: (1) abiding by all Federal and State laws regarding confidentiality and disclosure of medical records, or other health and enrollment information, (2) ensuring that medical information is released only in accordance with applicable Federal or State law, or pursuant to court orders or subpoenas, (3) maintaining the records and information in an accurate and timely manner, and (4) ensuring timely access by enrollees to the records and information that pertain to them. [42 C.F.R. §§ 422.504(a)(13) and 422.118]
3. Enrollees will not be held liable for payment of any fees that are the legal obligation of the MA organization. [42 C.F.R. §§ 422.504(i)(3)(i) and 422.504(g)(1)(i)]
4. Any services or other activity performed in accordance with a contract or written agreement by a First Tier, Downstream, or Related Entity shall be consistent and comply with the MA organization's contractual obligations. [42 C.F.R. § 422.504(i)(3)(iii)]
5. First Tier, Downstream, and any Related Entities, including contractors or subcontractors will comply with all applicable Medicare laws, regulations, and CMS instructions. [42 C.F.R. §§ 422.504(i)(4)(v)]
6. If any of the MA organization's activities or responsibilities under its contract with CMS are delegated to any First Tier, Downstream, and Related Entity:
  - a. CMS and the MA organization reserve the right to revoke the delegation activities and reporting requirements or to specify other remedies in instances where CMS or the MA organization determine that such parties have not performed satisfactorily.
  - b. The MA organization will monitor the performance of the parties on an ongoing basis.
  - c. If the MA organization delegates the selection of providers, contractors, or subcontractor, the MA organization retains the right to approve, suspend, or terminate any such arrangement. [42 C.F.R. §§ 422.504(i)(4) and (5)]

## SCHEDULE 1

### SCOPE OF SERVICES

1. **Operations Management:** The Manager will implement and use the Atlas ASC operating model to manage and oversee the day-to-day operations of the ASC. Such operating model consists of four separate but related areas of operations that build upon each other to create an ASC with a culture that is focused on service to physicians and patients, executing on growth strategies and achieving profitability.
  - a. **CULTURE:** Culture is the foundation of the Atlas operating model. Manager will provide services to promote leadership effectiveness and employee engagement to drive a continuous focus on optimizing the culture at the ASC.
    - i. **Leadership:** Manager will provide direction to the ASC CEO and oversee the day-to-day operations of the ASC.
      1. Manager shall be responsible for managing an ASC chief executive officer as the administrative lead for the ASC (the “ASC CEO”) and the ASC CEO will report directly to a Manager Regional Vice President. If the ASC CEO needs to be selected or replaced, Manager will identify candidates and make recommendations with respect thereto to the Management Board. The Management Board must approve a candidate before the Manager hires such candidate as the ASC CEO.
      2. Working through the ASC CEO, Manager will be responsible for hiring and managing the ASC Management Team, including the Director of Nursing (“DON”), the Business Office Manager (“BOM”), the Materials Manager (“MM”) and the Scheduler. The ASC Management Team will report directly to the ASC CEO.
      3. Working through the ASC Management Team, Manager will be responsible for hiring and managing employees in their respective areas; Clinical Operations, Business Officer, Supply Chain and Scheduling. Manager’s employees will be eligible to provide services in a licensed ambulatory surgery center under the laws and regulations applicable to the jurisdiction in which Company does business.
      4. If the ASC Medical Director needs to be selected or replaced, Manager will identify Medical Director candidates and make recommendations with respect thereto to the Management Board. The Management Board must approve candidate before Manager engages such candidate as the ASC Medical Director. Nothing herein will prevent the Management Board from appointing or replacing the Medical Director in its sole discretion. The Manager



will oversee the performance of the ASC Medical Director on an ongoing basis.

- ii. **Employee Engagement:** Manager will oversee and promote employee engagement by monitoring and managing leadership effectiveness and culture.

- 1. Manager will administer an employee engagement survey to assess leadership effectiveness and overall ASC culture.
- 2. The results of the survey will be analyzed and used to create an annual employee engagement plan aimed at improving the leadership effectiveness and culture in all areas needing improvement. The ASC CEO will be responsible for managing the annual plan.

- b. **SERVICE:** The ASC provides an important service to physicians and their patients.

- i. **Physician Customer Service:** The Manager will oversee the customer service provided to physicians utilizing the ASC including reporting on service metrics to the Management Board and providing training and development to ASC non-physician staff.

- 1. The Manager will measure and track efficiency metrics including on-time starts, turnover time, block utilization, scheduling and other metrics as directed by the Management Board. The Manager will provide reports on same to the Management Board including a plan to address areas needing improvement.
- 2. The Manager will also provide customer service training and development to all non-physician staff of the ASC.

- ii. **Quality:** The Manager shall be responsible for implementing and monitoring ASC policies and procedures, providing regulatory support and reporting on the overall quality of care at the ASC to the Management Board.

- 1. The Manager will develop, implement and update policies and procedures for the operation of the ASC.
- 2. The Manager will oversee the work necessary to obtain the appropriate licensure, Medicare certification and accreditation of the ASC in order for the ASC to do business and be reimbursed for services provided at the ASC. Specifically, Manager will assist the ASC to obtain and maintain all required permits, licenses, certifications and accreditations. Additionally, the Manager will provide subject matter expertise and leadership to prepare the ASC

Schedule 1- 2

for surveys, interact with the surveyors and to respond to all survey reports.

3. The Manager will develop and implement regular quality reporting, provide industry benchmarks and oversee ongoing quality improvement plans.

4. **MEDICAL STAFF CREDENTIALING SERVICES ARE NOT INCLUDED AS MANAGEMENT SERVICES:** All personnel and direct expenses required for ASC medical staff credentialing are not included in the Management Agreement. Credentialing services are provided through a separate Centralized Services Agreement between the Manager and the ASC.

- iii. **Patient Safety:** The Manager will assist the ASC in providing and implementing best practice processes, policies and procedures, provide training to employees and implementing monthly reporting to monitor patient safety.

1. The Manager will develop, implement and monitor patient safety specific processes, policies and procedures.
2. The Manager will provide patient safety training to all non-physician staff of the ASC.
3. The Manager will develop and implement regular patient safety reporting, provide industry benchmarks and oversee ongoing patient safety improvement plans.

- iv. **Patient Experience:** The Manager will provide and implement processes, provide training to employees, and implement monthly reporting to monitor patient experience at the ASC. More specifically, Manager shall:

1. Manager will develop, implement and monitor patient experience processes, policies and procedures.
2. Manager will provide patient experience training to all employees of the ASC.
3. Manager will develop and implement regular patient experience reporting, provide industry benchmarks and oversee ongoing patient experience improvement plans.

- v. **Peer Review:** The Manager will assist the Management Board and the Medical Executive Committee in developing and implementing best practices for handling of physician peer review and reporting.

- c. **GROWTH:** Volume growth, revenue growth and executing on strategic planning creates strong and sustainable partnership returns. The Manager will provide strategic leadership and management of business development resources to assist in driving strong volume and revenue growth at the ASC.
  - i. **Business Development:** The Manager will assist in business development efforts and resources focused on retaining business and earning new business from physicians already on the medical staff and recruiting new physicians to join the medical staff.
    - 1. Manager will, through its business development employee(s), manage business development resources, on behalf of the ASC, responsible for maintaining relationships with physicians on staff at the ASC including the physician's office staff. The business development resources will market the service, efficiencies, quality, patient experience, OR time and partnership opportunities at the ASC in an effort to retain and earn business from the physicians on the medical staff. In addition, such business development resources will recruit the physicians to the ASC by marketing the service, efficiencies, quality, patient experience, OR time and partnership opportunities at the ASC.
    - 2. The Manager will provide business development training and technical support to the business development resources.
    - 3. The ASC will reimburse Manager for the direct costs of business development personnel directly providing services on behalf of the ASC and as reasonably allocated between the ASC and other ambulatory surgery centers managed by Manager as described in 2. (b) iii below.
  - ii. **Partnership Strategy:** Manager will provide advice, recommendations, support and implementation of ASC growth initiatives including service line expansion, evaluation of new service lines and other business development strategies.
    - 1. The Manager will develop growth initiatives and make recommendations to the Management Board including plans, evaluations and other supporting analysis. Once approved by the Management Board as required, the Manager will manage the execution of the growth initiatives and provide reports analyzing the returns and outcomes of the strategies.
  - iii. **Network Alignment:** The Manager will provide advice, recommendations, support and implementation of strategies to align the ASC with MultiCare and its health care delivery network.

1. Manager will provide network alignment strategies and recommendations to the Management Board including planning, evaluations and other supporting analysis. Once approved by the Management Board as required, Manager will coordinate with MultiCare's health care delivery network to implement the alignment strategies.
- d. **PROFITABILITY:** The Manager will provide technical support to optimize ASC financial performance and margins through development and execution of a managed care strategy with cost containment through efficient supply chain management and staffing productivity.
- i. **Managed Care Strategy and Support:** Manager, working in conjunction with MultiCare (subject to applicable legal requirements), will assist in developing and implementing a managed care strategy on behalf of the ASC.
    1. Manager, working in conjunction and as an equal partner with MultiCare (subject to applicable legal requirements), shall be responsible for the development of the ASC's managed care strategy including review and analysis of commercial contracts (including commercial Medicare and Medicaid products), and providing direction, advice, supervision and assistance to create and implement a sustainable managed care strategy focused on maintaining in-network status with all relevant commercial insurance products in the market at competitive ASC rates. Manager acknowledges MultiCare shall be solely responsible for interacting with payers on behalf of the ASC. The ASC shall compensate MultiCare for such services at commercially reasonable rates.
    2. Manager, working in conjunction with MultiCare (subject to applicable legal requirements) shall provide technical managed care support to the ASC including regular managed care reports to the Management Board and supporting analytics.
    3. Manager, working in conjunction with MultiCare (subject to applicable legal requirements), will prepare and submit any reports (including cost reports) required by commercial contracts or any authority having jurisdiction over the ASC.
  - ii. **Supply Chain Management, Procurement and Capital Purchasing:** The Manager will provide capital purchasing and supply chain management oversight and technical support including reporting on supply chain performance and implementation of cost containment opportunities.

1. The Manager will oversee and monitor the supply chain function at the ASC by providing subject matter expertise and support to the ASC CEO and materials manager (“MM”) including development, implementation and oversight of procurement and supply chain policies and procedures, best practice processes, performance reporting and capture of cost containment opportunities.
  2. The Manager will assist with the development and implementation of procurement strategies for medical supplies, medications, implants and purchased services including pricing strategies, vendor negotiation support, access to distributor agreement and group purchasing organizations (“GPO”) and Manager’s master services agreements. Manager shall work cooperatively with MultiCare to identify whether MultiCare’s existing supply chain function might be utilized to procure supplies and products at rates that are beneficial to the ASC.
  3. The Manager will assist with capital budgeting and purchasing including price and contract term negotiations support and investment analysis.
  4. The Manager will provide training, ongoing development and oversight of all materials management employees located at the ASC including the MM.
  5. **DIRECT EXPENSE REIMBURSEMENT TO MANAGER OR VENDOR(S):** The ASC will reimburse Manager for any expenses incurred by Manager on behalf of the ASC including distributor fees, GPO fees, procurement and inventory management information system expenses and other similar expenses directly related to the ASC’s supply chain, procurement or capital purchasing. The costs will not be marked up and will be reviewed and reconciled at least annually.
- iii. **Staffing Productivity:** The Manager will provide staffing productivity oversight and technical support including reporting on staffing productivity and cost containment. The Manager may also provide contingency staffing services to improve staffing productivity and customer service to physicians and patients while reducing staffing costs.
1. The Manager will oversee and monitor staffing productivity at the ASC by providing subject matter leadership and support to the ASC Facility CEO and DON including oversight of clinical staffing plans, best practice staffing practices and processes, productivity reporting and implementation of cost containment opportunities.

2. As necessary, the Manager will develop and implement a contingency staffing service (“ASC Float Pool”) to provide contingency clinical staffing for the ASC. Implementation of the ASC Float Pool will assist the ASC with matching staffing to volume, which increases staffing productivity, improves service to physicians and patients and reduces staffing costs.
  3. If applicable, the Manager will provide training, ongoing development and oversight of all float pool employees located at the ASC.
  4. **DIRECT EXPENSE REIMBURSEMENT TO MANAGER OR VENDOR(S):** The ASC will reimburse Manager for the direct costs of providing bonuses, payroll costs, benefits, employment insurance and other costs associated with employment of the contingency staff. The ASC will also reimburse Manager for overhead costs associated with managing and administering the ASC Float Pool (if applicable) including leadership and management personnel costs. Additionally, the ASC will either reimburse Manager or pay a vendor directly for staffing systems and IT costs including implementation costs, license costs, interface costs, training costs and related expenses incurred to manage the ASC Float Pool (if applicable). The costs will not be marked up and will be reviewed and reconciled at least annually.
2. **Support Services:** The Manager will provide services to support efficient and effective ASC operations including information technology support, human resources support and employee staffing, accounting and financial reporting services, risk management services, legal services support, and branding support.
- a. **Information Technology Support:** The Manager will provide exclusive information technology (“IT”) oversight and technical support including selecting, implementing, managing and coordinating services related to the IT infrastructure, applications and systems, desktop services and support required for ASC operations.
    - i. **ASC Infrastructure Support:** The Manager will design, implement and manage the ASC infrastructure.
      1. The Manager will design, implement and manage the ASC voice and data services and the ASC infrastructure including routers, switches, wireless access points, backup power including UPS systems, employee badge access systems, security systems and similar infrastructure.
      2. The Manager will also provide subject matter expertise and infrastructure support to the ASC in support of ongoing operations.

- ii. **ASC Application and System Support:** The Manager will design, implement and manage the ASC applications and systems.
  - 1. The Manager will design, implement and manage the ASC applications and systems including the patient accounting system (“PAS”), patient registration systems, ASC supply chain management and procurement systems, ASC billing and revenue cycle support systems, ASC Float Pool management systems (if applicable), patient experience and survey systems, human resource information systems (“HRIS”), enterprise resource planning systems (“ERP”), expense report systems, conferencing and internet presentation systems, medical staff credentialing systems, risk management and event reporting systems, contract management systems and other applications and systems required to operate and support the ASC.
  - 2. The Manager will also provide subject matter expertise and application support to the ASC including vendor support coordination.
- iii. **ASC Desktop and Hardware Support:** The Manager will design, implement and manage ASC desktop support and hardware.
  - 1. The Manager will design, implement and manage ASC desktop support and hardware including operating system licensing, desktop hardware placement and support, desktop security, desktop management services, printer management and endpoint data security and encryption.
  - 2. The Manager will also provide subject matter expertise and desktop support to the ASC including vendor support coordination in support of ongoing operations.
- iv. **DIRECT CAPITAL AND EXPENSE REIMBURSEMENT TO MANAGER OR VENDOR(S):** The ASC will reimburse Manager for capital and expenses incurred by Manager on behalf of the ASC including the IT infrastructure, applications and systems, desktop hardware and systems and support costs outlined below. Manager may also extend licenses to the ASC for use of the applications and systems below through a separate agreement requiring the ASC to reimburse Manager for all direct expenses or pay the respective vendors directly for all expenses including interface costs, lease costs, license costs and related expenses. IT development costs related to the expansion of service lines, business process changes and/or ASC construction will also be reimbursed to the Manager at cost. The costs reimbursed to Manager will not be marked up and will be reviewed and reconciled with the Management Board at least

annually. In addition to the foregoing, such costs will include but not be limited to:

1. ASC telecom services including voice and data service, lease costs, license costs and related expenses.
2. ASC infrastructure capital and expenses including routers, switch gear, wireless access points, backup power including UPS systems, employee badge access systems, security systems and similar infrastructure.
3. Accounting systems.
4. ASC Patient Account Systems including implementation costs, license costs, interface costs and related expenses.
5. ASC Patient Registration and Status Systems including implementation costs, license costs, interface costs and related expenses.
6. ASC Supply Chain Management Systems including implementation costs, license costs, interface costs and related expenses.
7. ASC Billing and Revenue Cycle Systems including implementation costs, license costs, interface costs and related expenses.
8. If applicable, ASC Float Pool Management Systems including implementation costs, license costs, interface costs and related expenses.
9. ASC Patient Experience and Survey Systems including implementation costs, license costs, interface costs and related expenses.
10. ASC Human Resources Information Systems including implementation costs, license costs, interface costs and related expenses.
11. ASC Expense Report Systems including implementation costs, license costs, interface costs and related expenses.
12. ASC Conferencing and Internet Presentation Systems including costs, license costs, interface costs and related expenses.
13. ASC Medical Staff Credentialing Systems including implementation costs, license costs, interface costs and related expenses.



14. ASC Desktop Operating Systems including implementation costs, license costs, interface costs and related expenses.
  15. ASC Desktop Hardware including capital costs, installation costs, lease costs, license costs and related expenses.
  16. ASC Desktop Security including implementation costs, license costs and related expenses.
  17. ASC Desktop Management and Desktop Support Services including implementation costs, license costs and related expenses.
  18. ASC Printer Management Services including implementation costs, support, consumables costs, lease costs, license costs and related expenses.
  19. ASC Endpoint Data Security and Encryption including implementation costs, license costs and related expenses.
  20. ASC Risk Management Systems including implementation costs, license costs and related expenses.
  21. ASC Contract Management Systems including implementation costs, license costs and related expenses.
- b. **Human Resources Support and Employee Staffing Services:** Manager will provide human resources (“HR”) oversight and support. Manager will also provide employee staffing services including direct employment and management of all ASC employees, dedicated staff recruiting services, benefit design and administration services, access to and use of a HR information system “HRIS”) and employment practices liability and worker’s compensation insurance coverage.
- i. **HR Oversight and Support:** The Manager will oversee and support human resources at the ASC by providing HR subject matter expertise and technical support to the ASC CEO and management team.
    1. The Manager will provide HR leadership and subject matter expertise related to policies and procedures, employee handbooks, job descriptions, compensation structures, performance management processes and systems, leadership development and succession and regulatory and legal support and coordination.
    2. The Manager will develop, implement and manage HR policies and procedures, handbooks, job descriptions, compensation structures and performance management.
  - ii. **Employee Staffing Services:** The Manager will provide Employee Staffing Services including direct employment and management of all ASC

employees, dedicated staff recruiting services, benefit design and administration services, access to and use of a HRIS and staffing and scheduling tools, employment practices liability and worker's compensation liability insurance coverage.

1. Manager will employ all ASC staff including the ASC CEO and Management Team. Except as otherwise provided in the Company operating agreement, Manager will have the authority and responsibility to hire and discharge all non-physician personnel working at the ASC.
2. Manager will provide dedicated recruiting services to the ASC to source and fill staff openings at all levels including the ASC Management Team, clinical staff, business office staff and supply chain staff.
3. Manager will design and administer employee benefits including health insurance, dental insurance, disability insurance, life insurance, 401K accounts and other competitive fringe benefits.
4. Manager will provide access to and use of a HRIS to assist with employee communication, access to payroll information, access and management of benefits, access and management of training, access and management of performance reviews and other supporting HR functions.
5. Manager will provide employment practices liability and worker's compensation liability insurance for all ASC employees.

iii. **DIRECT EXPENSE REIMBURSEMENT TO MANAGER OR VENDOR(S):** The ASC will reimburse Manager for all employee expenses and related employment services costs incurred by Manager on behalf of the ASC including the costs outlined below. The costs reimbursed to Manager will not be marked up and will be reviewed and reconciled with the Management Board at least annually. Such costs will include:

1. Direct and indirect personnel costs including salaries, wages, payroll taxes, unemployment taxes, paid time off, leave and all benefit costs of staff utilized by the ASC including contingency and ASC Float Pool staff (if applicable).
2. All bonuses paid to ASC staff according to the Manager's approved bonus plan.
3. Recruiting service costs including personnel costs, payroll costs, occupancy costs, IT costs and external marketing costs allocated based on total FTEs or costs directly incurred by the ASC.

4. Direct cost of employment practices liability and worker's compensation liability insurance allocated based on total FTEs.
  5. Direct costs of salary, bonus, payroll taxes, and unemployment taxes and all benefit costs of business development staff providing services on behalf of the ASC as reasonably allocated between the ASC and other ambulatory surgery centers managed by Manager.
- c. **Accounting and Financial Reporting Services:** The Manager will provide accounting and financial reporting services. The Manager will also provide budgeting, monthly operating reviews and analysis, cash management and tax reporting coordination.
- i. **Accounting and Financial Reporting Services:** The Manager will provide accounting and financial reporting services including technical supervision and support, maintenance of the ASC general ledger and preparation of financial reports, including monthly and annual financial statements and analysis.
    1. Monthly financial statements shall be available to the CEO within fifteen (15) business days after the end of each calendar month. Quarterly financial statements shall be available for members within fifteen (15) business days of each calendar quarter and annual financial statements shall be provided by February 21 of the following fiscal year.
    2. If elected by the Company, annual financial statements will be reviewed or audited by an independent certified public accountant selected by the Manager subject to the approval of the Management Board (which shall not be unreasonably withheld) at the expense of the Company.
  - ii. **Budgeting Services:** Manager will prepare and present the annual ASC operating and capital budgets for each fiscal year.
    1. Manager will complete and present annual operating and capital budgets to the Manager.
    2. After approval by the Manager, such budgets will be presented to the Management Board for its approval.
  - iii. **Monthly Operating Reviews ("MOR") and Analysis:** Manager will hold MORs to measure and optimize the ASC's culture, service, growth and profitability.
    1. The Manager will use the MOR to oversee the development and implementation of operational initiatives and priorities including leadership effectiveness, employee engagement, customer service to

physicians, quality, patient safety, patient experience, marketing strategies, partnership strategy, network alignment strategy, managed care strategy, revenue cycle performance, supply chain performance and staffing productivity.

2. Manager will present the operational initiatives, priorities and analysis to the Management Board for review and implementation.
- iv. **Cash Management:** Manager will open and maintain bank accounts on behalf of the ASC and provide cash management support.
    1. The Manager will maintain one or more bank accounts for the ASC in which it shall deposit the receipts from the business of the Company. The Manager shall be authorized to make withdrawals from such account to pay any and all ASC and other Company expenses and for distribution to members of the Company in accordance with instructions from the Management Board. Manager may invest ASC funds in connection with its cash management system, as approved and monitored by the Management Board.
  - v. **Tax Reporting:** Manager shall oversee the engagement of outside tax preparation services and timely tax reporting.
    1. Manager will coordinate external tax preparation services on behalf of the ASC and ensure all tax reporting is done in accordance with respective deadlines and requirements.
  - vi. **DIRECT EXPENSE REIMBURSEMENT TO MANAGER OR VENDOR(S):** The ASC will reimburse Manager for all expenses related to the use of outside firms and services for financial reviews, audits and tax reporting.
  - vii. **ACCOUNTS PAYABLE PROCESSING SERVICES ARE NOT INCLUDED AS MANAGEMENT SERVICES:** All personnel and direct expenses required for ASC Accounts Payable Processing Services are not included in the Management Agreement. Accounts payable processing Services are provided through a separate Centralized Services Agreement between the Manager and the ASC.
- d. **Risk Management Services:** The Manager will provide risk management support including coordination of insurance coverage and development with MultiCare, implementation and management of risk mitigation strategies, risk event reporting and claims management.
    - i. **Insurance Coverage Procurement and Management:** The Manager will negotiate, procure and manage insurance coverage for the ASC in coordination with MultiCare.

- ii. **Manager will develop, implement, manage and advise the ASC on risk mitigation strategies, reporting and management of claims.**
      - 1. Manager will develop, implement and manage risk mitigation related policies, procedures and best practice processes.
      - 2. Manager will provide risk mitigation strategies, provide risk event reporting and management of claims on behalf of the ASC.
    - iii. **DIRECT EXPENSE REIMBURSEMENT TO MANAGER OR VENDOR(S):** All premiums and other costs of ASC insurance coverage shall be an expense of the Company. The ASC will reimburse Manager will reimburse Manager for all insurance coverage expenses or pay MultiCare or outside vendors directly for the cost of insurance coverage.
  - e. **Legal Services Support:** Manager will secure and coordinate legal advice and services from outside counsel on behalf of the ASC.
    - i. **Legal Services Coordination:** Manager will coordinate advice, documentation and other legal services on behalf of the ASC.
      - 1. Manager will coordinate legal advice, documentation and other legal services on behalf of the ASC including physician arrangements and transactions, medical staff issues, vendor contracts, leases, loan documents, regulatory reviews and submittals, litigation, employment law and claims and other legal support as required or requested by the Management Board.
    - ii. **DIRECT EXPENSE REIMBURSEMENT TO MANAGER OR LEGAL COUNSEL:** All direct ASC legal costs will be the responsibility of the Company. The ASC will reimburse Manager for all legal expenses incurred on its behalf or pay outside legal counsel directly for the cost of legal services and expenses. The Company acknowledges and agrees that outside counsel retained by Manager to provide legal services to the ASC may also provide outside counsel services to Manager.
  - f. **Branding Support.** Manager, working in conjunction with MultiCare, will develop and deliver brand standards, nomenclature and architecture, and a brand style guide (including color and font guidelines) for the Company.

**Exhibit 10**

**Centralized Services Agreement**

MEC Spokane Valley LLC  
12401 E. Sinto Ave.  
Spokane, Washington 99216

March 13, 2025

Atlas Healthcare Partners, LLC  
2355 E. Camelback Rd., Ste. 700  
Phoenix, AZ 85016

This letter confirms that MEC Spokane Valley LLC and Atlas Healthcare Partners, LLC are negotiating the following definitive agreements relating to the management of the ambulatory surgery center to be owned and operated by MEC Spokane Valley LLC, and which is the subject of the accompanying Certificate of Need Application. The sole member of MEC Spokane Valley LLC is MultiCare Atlas JV LLC. MultiCare Health System and Atlas Healthcare Partners, LLC are the members of MultiCare Atlas JV LLC.

- Management Agreement between MEC Spokane Valley LLC and Atlas Healthcare Partners, LLC; and
- Centralized Services Agreement between MEC Spokane Valley LLC and Atlas Healthcare Partners LLC

MEC Spokane Valley LLC and Atlas Healthcare Partners, LLC agree that all definitive agreements will be finalized and signed by all parties to such agreements upon issuance of the certificate of need for which MEC Spokane Valley LLC is applying.

Sincerely,

Signed by:  
  
4290D947C51A478...

Board Member, MultiCare Atlas JV, LLC,  
The sole member of MEC Spokane Valley LLC

Agreed:

Atlas Healthcare Partners, LLC

By:   
2C02C61005BC40E...

Date: 3/13/2025

## CENTRALIZED SERVICES AGREEMENT (MEC Spokane Valley LLC)

THIS CENTRALIZED SERVICES AGREEMENT (this “Agreement”) is made and entered into and is effective as of [\_\_\_\_\_], 2025 by and between ATLAS HEALTHCARE PARTNERS, an Arizona limited liability company (“Atlas”), and MEC SPOKANE VALLEY LLC, a Washington limited liability company (the “Company”). Atlas and the Company are sometimes referred to individually herein as a “Party” and collectively as the “Parties.”

### RECITALS

A. The Company owns and operates an ambulatory surgery center located at 12401 E. Sinto Ave, Spokane, Washington 99216 (the “Surgery Center”).

B. MultiCare Atlas JV, LLC (“JVCO”), a joint venture between MultiCare Health System, a Washington nonprofit corporation (“MultiCare”), and Manager, is the member of the Company and is party to that certain Operating Agreement of the Company (the “Operating Agreement”).

C. Atlas is engaged in the business of developing and managing ambulatory surgery centers.

D. The Company and Atlas are entering into a separate Management Agreement (the “Management Agreement”) concurrent with this Agreement.

E. Company and Atlas desire to enter into this Agreement in order for Atlas to provide services to the Company relating to (i) coding, billing, collections, medical records management and financial clearance services, (ii) medical staff credentialing, and (iii) accounts payable processing (collectively, the “Services”) on the terms and conditions set forth herein and in separate Statements of Work (each a “SOW”) attached hereto.

### AGREEMENT

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to the following terms and conditions:

#### 1. Services.

**1.1 Exclusive Engagement of Atlas.** The Company hereby engages Atlas, and Atlas hereby accepts such engagement, to provide services to the Company described in Section 1.2 below (the “Services”).

**1.2 Services.** The Services to be provided by Atlas to the Company are described in separate SOWs which shall identify (a) the specific Services to be provided by Atlas to the Company under such SOW, (b) the deliverables, if any, to be provided by Atlas to



Company in connection with such Services, and (c) the compensation to be paid by the Company to Atlas for the Services described in such SOW. The initial SOWs attached hereto describe Services pertaining to (i) revenue cycle management, financial clearance services and accounts payable processing and (ii) medical staff credentialing. If the Parties mutually agree that Atlas shall provide additional Services, additional SOWs will be prepared with respect thereto and added as attachments to this Agreement. Each SOW is hereby incorporated into this Agreement.

**1.3 Appointment of Atlas as Company's Attorney-In-Fact.** In connection with the Services to be performed by Atlas on behalf of the Company hereunder, and as described in the SOWs, the Company hereby grants to Atlas an exclusive, special power of attorney and appoints Atlas as Company's true and lawful agent and attorney-in-fact, and Atlas hereby accepts such special power of attorney and appointment, solely for the purposes of carrying out its duties and obligations hereunder, including:

- (a) To execute and deliver on behalf of the Company all contracts between the Company and any third-party payor that were negotiated consistent with the rights granted in the Management Agreement;
- (b) To bill the Company's patients and third-party payors, in the Company's name and on the Company's behalf, for all claims for payment for all billable goods sold and services provided or arranged by the Surgery Center to patients;
- (c) To collect and receive, in the Company's name and on the Company's behalf, all accounts receivable generated by such billings, and to administer such accounts at its reasonable discretion on the Company's behalf, which administration shall include:
  - (i) extending the time of payment of any such accounts for cash, credit or otherwise;
  - (ii) discharging or releasing the obligors of any such accounts;
  - (iii) suing, assigning or selling at a discount such accounts to collection agencies; or
  - (iv) taking other measures to require the payment of any such accounts.
- (d) To deposit all amounts collected into a depository account in the name of the Company; and
- (e) To take possession of, and to endorse in the name of the Company, solely for deposit into the Company's bank depository account, any notes, checks, money orders, insurance payments and other instruments received as payment for services provided to patients by the Company.

## **2. Compensation of Atlas.**

**2.1** As compensation for the performance of the Services, the Company shall pay Atlas at the rates and upon the terms set forth in each SOW (collectively, the “Service Fees”).

**2.2** In addition to the Service Fees, Atlas shall be reimbursed for direct allocable expenses reasonably incurred by Atlas on behalf of the Company without markup. Except as included in the above, Atlas shall not be reimbursed by the Company for any indirect or overhead expenses of Atlas or its affiliates.

**2.3** The Company authorizes electronic funds transfers (whether through the Automated Clearing House (ACH) network or otherwise) for the payment of Service Fees from the Company’s primary checking account to an account designated by Atlas. From the account chosen by the Company in Exhibit A, the Service Fees shall be payable via electronic funds transfer from the Company’s primary checking account, and/or debit card, and/or credit card that is listed in Exhibit A. Funds shall be transferred into an account designated by Atlas. The Company is responsible for notifying Atlas in writing at least fourteen (14) days prior to changing form or source of electronic payment.

**3. Company’s Responsibilities.** The Company shall be responsible for and shall provide the following, and Atlas shall not be responsible for delays in or denials of payment resulting from failure of the Company to do so:

**3.1 Information.** The Company shall provide Atlas with the information reasonably requested by Atlas from time to time and in possession of the Company in connection with Atlas’s performance of the Services hereunder, including all payor information, all credentialing files, and all accounts payable history and/or vendor information as may be reasonably required to obtain payment for the services rendered at the Surgery Center.

**3.2 Client Contacts.** The Company shall identify one administrative representative, one clinical representative, and one accounting representative to whom Atlas may address all matters related to the Services. The Company may change any or all of such representatives by providing written notice of same to Atlas. Each Company representative will provide responses to Atlas inquiries in a reasonably timely manner.

**3.3 Billing, Credentialing and Payables Information.**

(a) The Company shall be responsible for securing the access to, and/or obtaining copies of, all information and/or systems needed by Atlas in order for Atlas to perform the Services under this Agreement, including, but not limited to, electronic or paper medical records of patients, credentialing files, payables invoices with relevant backup documentation and related payment and/or transactions or vendor history, or any other information or systems. The Company represents and warrants that all information provided by the Company to Atlas in relation to the Services being performed by Atlas hereunder, is and will be true and correct in all material respects.

(b) With respect to revenue cycle management and financial clearance Services, the information and/or systems shall include the following:

- (i) Patient name, address, telephone number, social security number, date of birth, sex, employer, and insurance information (if any);
  - (ii) If another party is responsible for or guarantees the patient's charges, as to such responsible party or guarantor, his/her/its name, address, telephone number, social security number, sex, employer, and insurance information (if any);
  - (iii) Date of service, performing physician(s) and applicable NPIs for the Surgery Center and the performing physician(s), CPT and/or HCPCS codes, and other appropriate diagnostic information, including unique modifiers, if available, relating to the procedures provided at the Surgery Center;
  - (iv) Workers' compensation information (if applicable to the services provided at the Surgery Center), including date of injury, claim number, MCO's name, copy of worker's compensation report;
  - (v) Any and all documentation and other information, including among other things, all records requiring physician and/or clinical staff verification and signature, for Atlas to perform CPT and HCPCS, as applicable, coding with required specificity; and
  - (vi) Any and all other information required by Atlas or third-party payors to process the claim or claims for the services rendered at the Surgery Center.
- (c) The Company (i) agrees that it shall obtain express written consent of patients, and take such other steps as are necessary to comply with all applicable state and federal laws, in order for Atlas to make phone calls to and/or send text messages or written communications to patients, (ii) agrees that Atlas may rely on such express written consent and (iii) agrees to provide Atlas with prompt written notice of any change in such patient contact information or communication preferences or instructions of which it becomes aware.

**3.4 Signatures.** The Company represents and warrants that Atlas may rely on physician signatures on charts and other medical documents, all as required for submission of claims on behalf of the Company.

**3.5 Medical Service Reports.** The Company will, to the extent possible, require its providers to appropriately document all services provided to patients, including signs and symptoms the patient is experiencing, patient diagnosis or medical condition and reason for treatment, with the Company intending for such documentation to be sufficient for Atlas to be able to perform CPT and/or HCPCS coding with required specificity with respect to services rendered by the Surgery Center.

**3.6 Access to and Copies of Records.** The Company maintains its business records for a period consistent with all applicable legal requirements and with standard industry

practice. The Company will provide Atlas with reasonable assistance in obtaining access to and copies of all records necessary for Atlas to provide its services under this Agreement and/or in connection with any review or audit by any third-party payor, both during and after the term of this Agreement.

**3.7 Lockbox and Bank Accounts.** A lockbox account will be maintained for the Company that has a unique tax identification number and all non-electronic remittances will be deposited daily into such lockbox account. A bank account for the Company will be maintained at a bank for receipt of electronic remittances. Atlas will have no signatory or ownership rights in such bank accounts and will have no right to negotiate or assert ownership rights in deposited funds or to checks made payable to the Company; provided, however, that the Company shall provide Atlas with view access to and bank statements for such account in order to assist Atlas in the performance of the billing, coding and collection Services. The Company shall be responsible for all bank charges, including any lockbox fees.

**3.8 Deposits.** The Company shall deposit all patient payments received directly by the Company into its deposit account or lockbox account, as applicable, on a daily basis. The Company shall promptly provide Atlas with copies of all deposit slips, cash sheets and Explanation of Benefits forms and/or patient account information no less frequently than daily.

**3.9 Refunds and Escheat.** Refunds to patients and third-party payors will be made by Atlas from the Company's established bank account. Atlas shall make such refunds as are required by contract or as requested by the Company. Atlas will only issue refunds if there are available funds to do so from the Company's bank account. Atlas will perform all state-required escheat reporting according to the state guidelines due to unclaimed funds.

**3.10 Payor Contracts.** The Company shall have responsibility for maintaining and complying with the terms of all contracts with third party payors, including, without limitation, all quality assurance requirements, utilization authorization and review requirements, and any other requirements, as may be necessary to obtain payment under such payor contracts for the services rendered at the Surgery Center.

**3.11 Taxes.** The Company shall be responsible for any applicable sales, use, value added or similar taxes payable with respect to the Services, or arising out of or in connection with this Agreement, other than taxes levied or imposed based upon Atlas's income. Atlas may pay such taxes on behalf of the Company provided Atlas provides prior written notice to the Company of its intention to make such payment on behalf of the Company, providing the Company a reasonable opportunity to challenge the assessment of any such taxes and the Company has notified Atlas in writing that it will not challenge the assessment of such taxes or pay such taxes directly. In the event that Atlas pays any such taxes on behalf of the Company in accordance with this Section 3.11, Atlas shall invoice the Company for such taxes and the Company agrees to pay such taxes in accordance with this Agreement.

**3.12 Limit on Responsibility.** Atlas shall not be responsible for delays or losses in billing or payment resulting from any acts or omission of the Company or of any third-party payor, including but not limited to Medicare or Medicaid.

**4. Mutual Compliance Obligations.**

**4.1 Compliance Obligations.** Each Party acknowledges the importance of compliance with applicable laws and regulations, including those requirements imposed by the applicable credentialing agency. At all times during the term of this Agreement, each Party shall comply with all laws, regulations, and credentialing requirements applicable to its respective business operations.

**4.2 HIPAA Compliance.** The Parties acknowledge their respective obligations for security and privacy of protected health information under the Health Insurance Portability and Accountability Act of 1996, as amended, and its implementing regulations (collectively “HIPAA Obligations”). In order to comply with their HIPAA Obligations, the Parties have, among other things, entered into a Business Associate Agreement dated as of the date hereof (the “BAA”), and incorporated by reference, and agree to comply with their respective obligations thereunder.

**5. Term.**

**5.1 Term.** The term of this Agreement shall commence as of the first day of the month of licensure of the Surgery Center (the “Effective Date”) and, unless sooner terminated as provided in the following subsections of this Section 5, shall continue in effect for a term of ten (10) years or until each SOW has been terminated as provided below. Thereafter, unless written notice of nonrenewal is delivered to a Party by the other Party not less than ninety (90) days prior to the end of the then current term of this Agreement, this Agreement shall be automatically renewed for successive five (5) year terms.

**5.2 Termination due to Default.** This Agreement may be terminated by the non-defaulting Party by giving written notice thereof to the defaulting Party at any time after the occurrence of an event of Default described in Section 9 hereof with respect to the defaulting Party.

**5.3 Termination of Management Agreement.** Upon the termination or expiration of the Management Agreement, either Party may terminate this Agreement upon at least sixty (60) days’ prior written notice to the other Party.

**5.4 Effect of Termination.** No termination of this Agreement shall relieve either Party of any liability arising from any breach of this Agreement by such Party prior to such termination.

**6. Confidentiality.**

**6.1** “Confidential Information” of a Party shall mean the terms and conditions of this Agreement, and any information or materials disclosed by such Party (“Disclosing”

Party”) to the other Party (“Recipient”), including: (a) in written, graphic, electronic or any other tangible form that is marked in writing as confidential or proprietary; or (b) in oral or other intangible form that is (i) identified as confidential at the time of the initial disclosure in oral or other intangible form and (ii) documented in a writing that is so marked and transmitted to the Recipient within thirty (30) days after such initial disclosure.

**6.2** Notwithstanding the foregoing, Confidential Information does not include any information or material which: (a) now is or hereafter becomes available to the public other than as the result of a disclosure by the Recipient in breach hereof; (b) is developed by the Recipient independently of any Confidential Information provided hereunder by the Disclosing Party; (c) was known by the Recipient prior to any disclosure made by the Disclosing Party to the Recipient; (d) becomes rightfully known to the Recipient from a source, other than the Disclosing Party, that does not owe a duty of confidentiality to the Disclosing Party with respect to such information or material; or (e) is an aggregation created by Recipient provided the underlying Confidential Information is not readily identifiable in such aggregation.

**6.3** Each Party shall safeguard and protect the Confidential Information from disclosure, theft, piracy or unauthorized access in a manner at least consistent with the protections such Party uses to protect its own most confidential information, provided that a Party may disclose Confidential Information to a third party in connection with performance of its obligations or exercise of its rights hereunder, if such third party is required to treat the Confidential Information in the same manner as the comparable information of the Party disclosing such Confidential Information to such third party.

**6.4** In addition, the Recipient will have the right to disclose Confidential Information: (a) to the extent required by order of a court, administrative agency or governmental body, or by any law, rule or regulation, or by subpoena, or any other administrative or legal process, provided that the Recipient shall give the Disclosing Party, to the extent reasonable, prompt notice of the pending disclosure so that the Disclosing Party may seek a protective order or other appropriate protection; (b) in confidence, to lawyers and accountants and to banks, underwriters, investors and other financing sources (and their advisors) (“Representatives”); and (c) in connection with the enforcement of this Agreement or any rights hereunder. The Parties shall inform their respective employees and Representatives of their obligations under this Agreement, and shall take such steps as may be reasonable in the circumstances, or as may be reasonably requested by the other Party, to prevent any unauthorized disclosure, copying or use of the Confidential Information.

**6.5** Each Party acknowledges the confidential and proprietary nature of the Confidential Information and agrees that it shall not reveal or disclose any Confidential Information for any purpose to any other person, firm, corporation or other entity, other than such Party’s employees and Representatives with a need to know such Confidential Information to perform the employee’s or Representative’s responsibilities consistent with such Party’s rights under this Agreement.

**6.6** Each Party acknowledges and agrees that, in the event of the other Party's breach of this Agreement, such Party will suffer irreparable injuries not compensated by money damages and therefore shall not have an adequate remedy at law. Accordingly, such Party shall be entitled to a preliminary and final injunction without the necessity of posting any bond or undertaking in connection therewith to prevent any further breach of these confidentiality obligations or further unauthorized use of Confidential Information. This remedy is separate and apart from any other remedy the Parties may have. A Party shall notify the other Party immediately upon discovery of any prohibited use or disclosure of the Confidential Information, or any other breach of these confidentiality obligations, and shall fully cooperate with the other Party to help the other Party regain possession of the Confidential Information and prevent the further prohibited use or disclosure of the Confidential Information.

**7. Warranty.** Atlas warrants that (a) the Services will be performed in a commercially reasonable manner and (b) upon notification by the Company of any error, issue or concern in connection with the Services or this Agreement (provided that such error, issue or concern is not a result of the Company's failure to perform), Atlas's sole liability and the Company's sole remedy will be (x) Atlas's use of a commercially reasonable manner to correct such error, issue or concern at no additional cost to the Company, or (y) indemnification by Atlas in accordance with Section 8 hereof. THE WARRANTY SET FORTH IN THIS SECTION 7 IS A LIMITED WARRANTY AND IT IS THE ONLY WARRANTY MADE BY ATLAS, EXCEPT FOR THOSE WARRANTIES SET FORTH IN SECTION 10 OF THIS AGREEMENT. ATLAS EXPRESSLY DISCLAIMS, AND THE COMPANY HEREBY EXPRESSLY WAIVES, ALL OTHER WARRANTIES EXPRESS OR IMPLIED.

**8. Limitation of Liability; Indemnification.**

**8.1 No Assumption of Liabilities.** Atlas does not hereby assume any of the obligations, liabilities or debts of the Company, except as otherwise expressly provided herein, and shall not, by virtue of its performance hereunder, assume or become liable for any of such obligations, debts or liabilities of the Company. The Company shall not hold Atlas responsible for any delay or loss of funds due to incorrect or incomplete information supplied by the Company or by the Company's financial institution or due to an error on the part of the Company's financial institution in depositing funds to the Company's account.

**8.2 Limitation on Liability.** Atlas's maximum liability for any claim by the Company arising under this Agreement, regardless of the form of such claim, whether in tort or contract, shall be limited to (i) if capable of cure, re-performing the non-conforming service and (ii) to the extent not covered and paid by Atlas's insurance, an amount equal three (3) times the total amount of all Service Fees paid to Atlas pursuant to this Agreement during the immediately preceding twelve month period; provided, such limitation shall not apply to any claims covered by the insurance policies of Atlas as required hereunder (to the extent paid out) or to claims based on fraud or intentional misconduct by Atlas. The liability of Atlas hereunder for damages arising out of a breach of its obligations or warranties in this Agreement shall be limited to direct damages incurred by the Company entitled to recovery under the terms hereof. For purposes

hereof, (A) amounts paid to affected third parties as damages or settlements arising from such breach; and (B) fines and penalties imposed by governmental authority arising from such breach shall be considered direct damages. Other than the foregoing, in no event shall Atlas have any liability to the Company for any indirect, special, incidental, punitive, or consequential damages, however caused, or for any lost profits, loss of data or use, cost or procurement of substitute goods or services, whether in contract, tort or otherwise, arising out of, or in any way connected with a breach of any other parties obligations or warranties in this Agreement, even if Atlas has been previously advised of the possibility of such loss or damages.

**8.3 Indemnity.** The Company hereby agrees to indemnify and hold harmless Atlas and its subcontractors hereunder and their respective officers, directors, managers, members, partners, employees, agents, successors and assigns (each, an “Atlas Indemnified Party”), from and against any and all claims, actions, liabilities, losses, costs and expenses of any nature whatsoever, including reasonable attorneys’ fees and other costs of investigating and defending any such claim or action, asserted against any such Atlas Indemnified Party (collectively, “Damages”) to the extent arising from: (a) any of the obligations, liabilities or debts of the Company or the Surgery Center; or (b) the performance of this Agreement or any SOW hereunder, as the case may be, as long as the actions of such Atlas Indemnified Party in the performance of this Agreement or such SOW, as the case may be, were taken in good faith and such Atlas Indemnified Party reasonably believed such actions to be within the scope of its, his or her authority under this Agreement or such SOW, as the case may be, and except to the extent arising in connection with or resulting from the willful misconduct, gross negligence, fraud, illegal activity or breach of this Agreement or any such SOW by the Atlas Indemnified Party seeking indemnification. If the Company does not believe a Atlas Indemnified Party’s actions were taken in good faith and/or the Atlas Indemnified Party did not reasonably believe the actions were within its, his or her authority under any of the aforementioned agreements, then the matter shall be submitted to the dispute resolution procedures set forth in Section 11.9 and the Company shall have no obligations under this Section 8.3 unless or until it agrees or it is determined the actions were taken in good faith and/or such belief was reasonable. Atlas shall indemnify, defend and hold harmless the Company and its equity holders (other than Atlas), officers, directors, employees, agents and permitted assigns (each, a “Company Indemnified Party”) from and against any and all losses, liabilities, damages, costs (including, without limitation, court costs and costs of appeal) and expenses (including, without limitation, reasonable attorneys’ fees and fees of expert consultants and witnesses) arising from a claim brought by any person or entity other than the Company or a Company Indemnified Party to the extent resulting from or relating to any claim that the services provided by Atlas hereunder or any related intellectual property used by Atlas in connection therewith infringe on, constitute a misappropriation of the subject matter of, or otherwise violate any patent, copyright, trade secret, trademark or other proprietary right of any person or breaches any person’s contractual rights; or (iii) Atlas’s willful misconduct, gross negligence, fraud, illegal activity or breach of this Agreement.



**8.4 Effect of Insurance.** The indemnity obligation of any party providing indemnity hereunder to any party seeking indemnification shall be reduced by any insurance recovery received by the indemnified party with respect to the claim for which it is seeking indemnity and, if such recovery is received after a claim for indemnity has been paid by the indemnifying party, the indemnified party shall remit such insurance recovery to the indemnifying party to the extent it had previously paid such indemnity.

**8.5 Survival.** The provisions of this Section 8 will survive the termination or nonrenewal of this Agreement for any reason.

**9. Default.** The following events with respect to a Party shall each constitute a “Default” by such Party under this Agreement:

**9.1** any failure by such Party to perform any of its covenants or obligations under this Agreement in any material respect, provided, however, in the case of Atlas, if Atlas diligently seeks to remedy such failure as soon as practicable, then a Default shall not occur unless Atlas fails to remedy such failure within ninety (90) days after delivery to Atlas by the Company of a written notice specifying such failure;

**9.2** Such Party: (a) commences any case, proceeding or other action under any Bankruptcy Laws seeking (i) to have an order for relief entered with respect to such Person, (ii) to adjudicate such Party as bankrupt or insolvent, (iii) reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to such Party or its debts, or (iv) appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of such Party’s assets; or (b) makes a general assignment for the benefit of its creditors. For purposes hereof, “Bankruptcy Laws” means Title 11 of the United States Code, as amended from time to time, or any similar federal or state law for the relief of debtors, and all other liquidation, bankruptcy, assignment for the benefit of creditors, conservatorship, moratorium, receivership, insolvency, rearrangement, reorganization or similar debtor relief laws of the United States or other applicable jurisdiction in effect from time to time;

**9.3** There is commenced against such Party in a court of competent jurisdiction any case, proceeding or other action of a nature referred to in the foregoing Section 9.2 which (a) results in the entry of an order for any such relief or any such adjudication or appointment or (b) remains undismissed, undischarged, unstayed or unbonded for 60 days from and after the date of entry thereof;

**9.4** There is commenced against such Party any case, proceeding or other action seeking issuance of a warrant of attachment, execution or similar process against all or any substantial part of such Party’s assets which results in the entry of an order for any such relief which has not been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof;

**9.5** Such Party generally does not, or is unable to, or admits in writing its inability to, pay its debts as they become due; or

**9.6** Such Party or any of its affiliates or its or their representatives takes any action in furtherance of, or indicating such Party's consent to, approval of, or acquiescence in, any of the acts set forth in the foregoing Sections 9.2, 9.3 and 9.4;

**9.7** The exclusion of such Party from participation in any federal health care program;

**9.8** Such Party is found by a judgment of a court of competent jurisdiction to have violated the Federal False Claims Act, the Stark Law or the Anti-Kickback statute or enters into a Corporate Integrity Agreement with CMS;

**9.9** Such Party is convicted of, or pleads guilty (or nolo contendere) to, a felony; or

**9.10** An indictment or other formal charge is brought against such Party alleging commission by such Party of a felony in connection with the performance of its obligations under this Agreement.

**10. Representation of the Parties.** Each Party hereby represents and warrants to the other Party that:

**10.1** It has been duly organized and is validly existing under the laws of the state of its formation and has full power to own its properties and to conduct its business under the laws of said state;

**10.2** The execution and delivery of this Agreement by such Party, and the performance of such Party's duties and obligations hereunder, have been duly authorized by such Party and do not violate or result in a breach of such Party's governing documents or any other agreement, order, decree or legal requirement to which such Party is a party or is otherwise bound;

**10.3** This Agreement has been duly executed by and on behalf of such Party and is a valid and binding obligation of such Party enforceable against such Party in accordance with the terms hereof; and

**10.4** Neither it, nor, to its knowledge, any of its stockholders, members, directors, managers, officers, employees or agents, have been convicted of a criminal offense related to, and have not been excluded or debarred from participation in, any government program, including but not limited to, the federal Medicare program and any state Medicaid Program.

**11. General.**

**11.1 Relationship of Parties.** Atlas, in furnishing Services to the Company under this Agreement, is acting only as an independent contractor. Except as set forth in this Agreement, Atlas does not and shall not undertake by this Agreement or otherwise to perform any obligation of the Company, whether regulatory or contractual, or assume any responsibility for the Company's business or operations. Atlas has the sole and exclusive right and obligation to supervise, manage, contract, direct, procure, perform or cause to

be performed, all work to be performed by Atlas under this Agreement, unless otherwise provided herein.

**11.2 Assignment.** Atlas shall not have the right to assign its rights or delegate its duties hereunder to any person unless it first obtains the written consent of the Company.

**11.3 Excusable Nonperformance.** Except for obligations to make payments hereunder when due, if either Party is delayed or prevented from performing its obligations under this Agreement as a result of any cause beyond its reasonable control, including but not limited to payer performance, fire, explosion, earthquake, floods, unavailability of necessary software, utilities or components, outages in third party transmission systems, war, terrorism, insurrection, acts of God, labor disputes, strikes, governmental regulations, governmental actions or judgment or decree of a court of competent jurisdiction (not arising out of breach by such Party of this Agreement) or , the delay shall be excused during the continuance of, and to the extent of, such cause, and the period of performance shall be extended to the extent necessary to allow performance after the cause of delay has been removed. Atlas agrees to work with the Company, at the Company's request, to develop mutually agreeable alternatives in order to minimize the negative impact of any such delay.

**11.4 Attorneys' Fees.** If any action at law or in equity is brought to enforce any of the terms of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees and costs, in addition to any other relief. The prevailing party shall be determined in accordance with the totality of the circumstances standard.

**11.5 Entire Agreement; Amendment.** This Agreement, including the BAA, the SOWs and all other attachments and addenda included or enclosed herein, constitutes the entire agreement between the Parties with respect to the services described herein, and supersedes any and all prior agreements, either oral or written, between the Parties with respect thereto. No other agreements, covenants, representations, or warranties, express or implied, oral or written, have been made by either Party with respect to the subject matter of this Agreement. No amendment to this Agreement shall be effective unless in a writing, executed on behalf of each Party.

**11.6 Severability.** In the event that any covenant, condition or other provision herein is held to be invalid, void or illegal by any court of competent jurisdiction, all remaining provisions of this Agreement shall continue to be deemed valid and enforceable to the extent permitted by law.

**11.7 Waiver.** The failure by either Party to enforce at any time, any of the provisions of this Agreement or to require at any time, performance by the other Party of any of the obligations hereunder, shall in no way be construed to be a waiver of said provision or to affect either the validity of this Agreement, or any part hereof, or the right of either Party thereafter, to enforce any and all provisions in accordance with this Agreement.

**11.8 Choice of Law.** This Agreement shall be governed by and construed in accordance with Washington law, without regard to its conflicts of law principles.

**11.9 Dispute Resolution.** Except with respect to a Party seeking injunctive or other equitable relief, the Parties shall first attempt to resolve any dispute arising under or relating to this Agreement (a “Dispute”) through good faith and reasonably continuous negotiations escalating through their respective management teams. In the event a Dispute is not resolved by the Parties within thirty (30) days of the commencement of such negotiations, unless otherwise mutually agreed upon by the Parties, then the Dispute will be submitted to JAMS (“JAMS”) for binding arbitration and prompt resolution pursuant to the Federal Arbitration Act (Title 9 of the United States Code) and the JAMS’s published Comprehensive Arbitration Rules & Procedures (the “JAMS Rules”) in effect on the date of this Agreement. Arbitration shall be before a single arbitrator. The Parties shall attempt to mutually select the arbitrator. In the event they are unable to mutually agree, the arbitrator shall be selected according to the JAMS Rules. Each Party undertakes to carry out the award of the arbitrator without delay. Each Party agrees that the provisions of this Section 11.9 provide the exclusive remedy with respect to any Dispute, and such Party shall be bound by the results of arbitration pursuant to this Section 11.9. EACH PARTY EXPRESSLY ACKNOWLEDGES AND AGREES THAT BY THIS PROVISION SUCH PARTY IS WAIVING AND RELINQUISHING ITS RIGHT TO A JURY TRIAL IN ANY AND ALL DISPUTES BETWEEN THE PARTIES RELATING TO THIS AGREEMENT. Each arbitration hearing will be held in Washington. Judgment may be entered on the arbitrator’s award in any court having jurisdiction. Notwithstanding the foregoing, each Party shall be entitled to seek injunctive or other equitable relief from any court of competent jurisdiction, without the need to resort to arbitration.

**11.10 Notices.** Except as otherwise expressly permitted herein, all notices required or permitted to be given hereunder shall be in writing and shall be deemed effective upon receipt by the person or entity to which such notice is sent. Notices must be delivered personally, by commercial carrier, by fax with a machine generated confirmation sheet or by registered or certified mail, postage prepaid, addressed to a party as stated below, unless changed by written notice given by either Party to the other pursuant hereto:

If to Atlas:

Atlas Healthcare Partners, LLC  
2355 East Camelback Road, Suite 700  
Phoenix, AZ 85016  
Attention: Chief Operating Officer

If to the Company:

MEC Spokane Valley LLC  
c/o MultiCare Health System  
402 S. J Street  
Tacoma, WA 98403  
Attention: Chief Executive Officer

**11.11 Access to Books and Records.** To the extent that the services provided under this Agreement are subject to the provisions of Section 1861(v)(1)(i) of the Social Security Act and 42 C.F.R., Part 420, Subpart D, entitled “Access to Books, Documents and Records of Subcontractors”, upon the written request of the Secretary of the Department of Health and Human Services or the Comptroller General or any of their duly authorized representatives, to the extent applicable under law and regulation, Atlas will make available those contracts, books, documents and records necessary to verify the nature and extent of the costs of providing services to the Company under this Agreement. Such inspection shall be available up to four (4) years after the rendering of such services. If Atlas carries out any of the duties of this Agreement through a subcontract with a value of \$10,000 or more over a twelve (12) month period with a related individual or organization, such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization upon written request shall make available, to the Secretary, the Comptroller General, or any of their duly authorized representatives the subcontract, and books, documents, and records of such organization that are necessary to verify the nature and extent of such costs. No attorney-client, accountant-client or other legal privilege will be deemed to have been waived by the Company or Atlas by virtue of this Agreement.

**11.12 Medicare Advantage Requirements.** Atlas will comply with the Centers for Medicare and Medicaid Services (“CMS”) requirements set forth on Exhibit B, attached hereto and incorporated by reference.

**11.13 Counterparts; Signatures.** This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Signatures transmitted by e-mail (.pdf) or facsimile shall be accepted as original signatures.

[Remainder of Page Intentionally Blank; Signature Page Follows]

IN WITNESS WHEREOF, each of the Parties hereto has caused this Agreement to be signed and delivered by its duly authorized officer as of the date first written above.

**Atlas Healthcare Partners, LLC**

**MEC Spokane Valley LLC**

---

Signature

Name: Dan Jones

Title: Chief Operating Officer

---

Signature

Name:

Title:

[Signature Page to Centralized Services Agreement]

EXHIBIT A - Form of Electronic Payment

Choose either Primary Checking Account or Credit Card

- ☐ Primary Checking Account for electronic funds transfer  
(attach a voided check with this signed Agreement)

Name of Financial Institution: \_\_\_\_\_

Routing Number: \_\_\_\_\_

Account Number: \_\_\_\_\_

- ☐ MasterCard      ☐ Visa      ☐ American Express

Account Number: \_\_\_\_\_

Expiration Date: \_\_\_\_\_ / \_\_\_\_\_  
Mo      Yr

My signature authorizes Electronic Payment of any and all fees due to Atlas and refunds due from Atlas to the above account(s).

Corporation/Limited Liability Company Name: **MEC Spokane Valley LLC**

Authorized Signature (Primary): \_\_\_\_\_ Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
Mo      Day      Yr

Authorized Signature (Primary): \_\_\_\_\_ Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
Mo      Day      Yr

## EXHIBIT B – Medicare Advantage Requirements

### Definitions:

“Centers for Medicare and Medicaid Services” or “CMS”: the agency within the Department of Health and Human Services that administers the Medicare program.

“Completion of Audit”: completion of audit by the Department of Health and Human Services, the Government Accountability Office, or their designees of a Medicare Advantage Organization, Medicare Advantage Organization contractor or related entity.

“Downstream Entity”: any party that enters into a written arrangement, acceptable to CMS, with persons or entities involved with the MA benefit, below the level of the arrangement between an MA organization (or applicant) and a first-tier entity. These written arrangements continue down to the level of the ultimate provider of both health and administrative services.

“Final Contract Period”: the final term of the contract between CMS and the Medicare Advantage Organization.

“First Tier Entity”: any party that enters into a written arrangement, acceptable to CMS, with an MA organization or applicant to provide administrative services or health care services for a Medicare eligible individual under the MA program.

“Medicare Advantage” or “MA”: an alternative to the traditional Medicare program in which private plans run by health insurance companies provide health care benefits that eligible beneficiaries would otherwise receive directly from the Medicare program.

“Medicare Advantage Organization” or “MA organization”) a public or private entity organized and licensed by a State as a risk-bearing entity (with the exception of provider-sponsored organizations receiving waivers) that is certified by CMS as meeting the MA contract requirements.

“Member” or “Enrollee”: a Medicare Advantage eligible individual who has enrolled in or elected coverage through a Medicare Advantage Organization.

“Provider”: (1) any individual who is engaged in the delivery of health care services in a State and is licensed or certified by the State to engage in that activity in the State; and (2) any entity that is engaged in the delivery of health care services in a State and is licensed or certified to deliver those services if such licensing or certification is required by State law or regulation.

“Related entity”: any entity that is related to the MA organization by common ownership or control and (1) performs some of the MA organization's management functions under contract or delegation; (2) furnishes services to Medicare enrollees under an oral or written agreement; or (3) leases real property or sells materials to the MA organization at a cost of more than \$2,500 during a contract period.



## Required Provisions

First Tier, Downstream, and Related Entities agree:

1. HHS, the Comptroller General, or their designees have the right to audit, evaluate, and inspect any pertinent information for any particular contract period, including, but not limited to, any books, contracts, computer or other electronic systems (including medical records and documentation of the first tier, downstream, and entities related to CMS' contract with Company through 10 years from the final date of the final contract period of the contract entered into between CMS and the MA organization or from the date of completion of any audit, whichever is later. [42 C.F.R. §§ 422.504(i)(2)(i) and (ii)]
2. To comply with the confidentiality and enrollee record accuracy requirements, including: (1) abiding by all Federal and State laws regarding confidentiality and disclosure of medical records, or other health and enrollment information, (2) ensuring that medical information is released only in accordance with applicable Federal or State law, or pursuant to court orders or subpoenas, (3) maintaining the records and information in an accurate and timely manner, and (4) ensuring timely access by enrollees to the records and information that pertain to them. [42 C.F.R. §§ 422.504(a)(13) and 422.118]
3. Enrollees will not be held liable for payment of any fees that are the legal obligation of the MA organization. [42 C.F.R. §§ 422.504(i)(3)(i) and 422.504(g)(1)(i)]
4. Any services or other activity performed in accordance with a contract or written agreement by a First Tier, Downstream, or Related Entity shall be consistent and comply with the MA organization's contractual obligations. [42 C.F.R. § 422.504(i)(3)(iii)]
5. First Tier, Downstream, and any Related Entities, including contractors or subcontractors will comply with all applicable Medicare laws, regulations, and CMS instructions. [42 C.F.R. §§ 422.504(i)(4)(v)]
6. If any of the MA organization's activities or responsibilities under its contract with CMS are delegated to any First Tier, Downstream, and Related Entity:
  - a. CMS and the MA organization reserve the right to revoke the delegation activities and reporting requirements or to specify other remedies in instances where CMS or the MA organization determine that such parties have not performed satisfactorily.
  - b. The MA organization will monitor the performance of the parties on an ongoing basis.
  - c. If the MA organization delegates the selection of providers, contractors, or subcontractor, the MA organization retains the right to approve, suspend, or terminate any such arrangement. [42 C.F.R. §§ 422.504(i)(4) and (5)]

## **SOW #1 TO CENTRALIZED SERVICES AGREEMENT**

### **REVENUE CYCLE MANAGEMENT AND FINANCIAL CLEARANCE SERVICES**

This Statement of Work (“SOW”) is effective as of the Effective Date and pertains to that certain Centralized Services Agreement, dated [\_\_\_\_\_], 2025, by and between **MEC Spokane Valley LLC**, a Washington limited liability company (“Company”), and **Atlas Healthcare Partners, LLC**, an Arizona limited liability company (“Atlas”). Company and Atlas will be referred to herein individually as a “Party” and collectively as the “Parties.” Capitalized terms not otherwise defined in this SOW shall have the meanings set forth in the Agreement.

Pursuant to this SOW and commencing on the Effective Date, Atlas shall, provide or arrange for the provision of health care coding, billing, collections, accounts receivable management and financial clearance services to and the handling of medical records requests for Company as are consistent with standards and practices which are generally accepted by, and deemed to be reasonable within, the ambulatory surgery center sector of the health care industry, as more fully described below. The Services described in this SOW shall be conducted in accordance with applicable laws, rules and regulations including, but not limited to, those applicable to Medicare and Medicaid.

**1. Financial Clearance Services.** Financial Clearance Services shall include the following:

- (a) Verifying a patient’s insurance eligibility for the visit to the Surgery Center; review all scanned orders and scanned insurance card to ensure patient is registered correctly;
- (b) Use various online tools, and contact payers directly where necessary, to verify insurance eligibility, obtain authorizations, and prepare patient liability estimations;
- (c) Complete contact with patient to review patient benefits and patient liability estimate; collect all funds due from patient or arrange appropriate payment arrangements; and
- (d) Review accounts with Company to resolve complex financial issues and/or inquiries prior to the performance of services at the Surgery Center.

**2. Billing and Collection Services.** Billing and collections services consist of the following:

- (a) Bill Company’s claims to patients and/or their employers, insurance companies and other third-party payors in Company’s name and on Company’s behalf for services rendered at the Surgery Center.
- (b) Collect and receive in Company’s name and on Company’s behalf, all accounts receivable generated through the Surgery Center, including without limitation,

any fee-for-service and capitation payments and any co-insurance, co-payments or deductibles, including retaining collection agencies as necessary, provided the cost of such collection agencies shall be passed through to the Company as described below;

(c) Take possession of and endorse in the name of Company, any notes, checks, money orders, insurance payments and any other instruments received as payment of such accounts receivable, and deposit such payments and reimbursements to the bank accounts and/or lockboxes of Company, as set forth in Section 3.7 of the Agreement; and

(d) Write off bad debt and contractual allowances of Company in Company's name and on its behalf, and other accounts receivable management.

Company acknowledges that Atlas is not a collection agency for the collection of delinquent accounts and is not serving as such under this SOW or the Agreement. Atlas will refer patient balances after date of service, including delinquent accounts, as defined by Company, to a collection agency selected by Atlas and at Company's cost. The costs of such collection agency shall be passed through to Company by Atlas when incurred. In addition, collection services with respect to accounts receivable existing as of the date of Atlas's engagement are not included under the above scope; the cost of such collection shall be handled by either a separate vendor or by Atlas as determined by Atlas and treated as a pass-through expense.

**3. Coding Services.** Coding services shall consist of the following:

(a) Prepare coding for services rendered at the Surgery Center from access to electronic medical record or other source documents as obtained by mutually agreed upon processes, as required by and in compliance with the requirements or guidelines of third-party payors, including: CPT coding, HCPCS' coding and others; and

(b) Notify Company reasonably and promptly of any material deficiencies or questions noted or discovered during the coding process and and/or with respect to the use or application of modifiers where appropriate to resolve any deficiencies or questions with respect to such coding process or modifier usage.

**4. Revenue Cycle Billing Performance Metrics Effective as of the Effective Date.** Beginning as of the Effective Date, the parties agree upon the performance metrics set forth below:

(a) Financial Clearance Benchmark: 95% of Scheduled Cases Financially Cleared five (5) days prior; review with Company representative five (5) days prior to scheduled procedure for any cases that cannot be cleared (contingent upon orders received and procedures scheduled no less than 7 business days prior to date of service).

(b) Revenue Cycle Benchmarks:

1. Net Collection Ratio 95% or greater (defined as Collections/Net Revenue);

2. Days Sales Outstanding (DSO): less than 45 Days (contingent upon payer/procedure mix); and
3. Bad Debt: Less than 4% of Net Revenue (actual realized expense for period with closed claims)

(c) Quality Standards:

(1) Coding:

- Goal is 95% baseline accuracy rate
- Contingent upon historical experience of Surgery Center
- Retraining/PIP for underperforming coders determined as 60 days of sub-standard results, measured and confirmed by internal and external auditing policies and procedures.
- Coding audits will be conducted on no less than an annual basis.

2. Claim Creation and Submission (Billing) contingent on Surgery Center Deliverables as set forth in (d) below:

- 96% clean claim submission as measured by clearinghouse payer acceptance reporting;
- Billing lag of 5 days or less (contingent upon receipt of operative report and other supporting documentation such as labs and implant invoice).

(d) Surgery Center Deliverables:

(1) Authenticated Operative Reports: received by CBO within 2 days from date of service.

(2) Data entry: 98% accuracy with patient demographics and insurance information.

(3) Schedule integrity:

- Procedures are scheduled within 1 business day of order receipt from physician practice and a minimum of 7 business days prior to scheduled date of service;
- Procedures scheduled are the procedures authorized and performed to ensure collectability.

(e) Medical Records: All medical records will be scanned to designated file or system within five (5) business days of date of service, including chart audit completion.

**5. Service Fee.** For the Services described in this SOW, the Company shall pay Atlas a fee (“Service Fee”) equal to 5.0% of the net revenues of the Company during the applicable month (or the portion thereof during which this Agreement is in effect) (the “Service Fee Percentage”) subject to adjustment as described below. For this purpose, “net revenues” shall be the Company’s gross revenues, less adjustments for special contractual rates, charity work and an allowance for uncollectible accounts, all determined on an accrual basis in accordance with United States generally accepted accounting principles as applied consistently with past practice to the financial statements of the Company, including a monthly adjustment to the allowance for uncollectible accounts based on an aging of accounts receivable. Atlas will invoice the Company for the Service Fee five (5) business days following the month that Services under this SOW are provided. The Company shall pay each invoice within ten (10) days of the invoice date.

The Service Fee Percentage will adjust prospectively on each anniversary of the Effective Date (each, an “Adjustment Date”) to reflect a change, if any, in the weighted average net revenue per case for the Surgery Center (“NRPC”) for the preceding twelve (12) months. Such NRPC as calculated shall be assigned to an NRPC Band in the following chart and the Service Fee Percentage for the succeeding twelve (12) months shall, subject to further adjustment as set forth in the next paragraph, be set at the particular NRPC Band as assigned:

NRPC												
< \$1,500	≥\$1,500 to < \$2,000	≥\$2,000 to < \$2,500	≥\$2,500 to < \$3,000	≥\$3,000 to < \$3,500	≥\$3,500 to < \$4,000	≥\$4,000 to < \$4,500	≥\$4,500 to < \$5,000	≥\$5,000 to < \$5,500	≥\$5,500 to < \$6,000	≥\$6,000 to < \$6,500	≥\$6,500 to < \$7,000	≥\$7,000
5.00%	4.95%	4.90%	4.85%	4.80%	4.75%	4.70%	4.65%	4.60%	4.55%	4.50%	4.45%	4.25%

The Service Fee Percentage as determined pursuant to the previous paragraph shall be subject to further adjustment on each anniversary of the Effective Date (each, an “Adjustment Date”) by multiplying such Service Fee Percentage by a multiplier equal to the lesser of (i) 1.02 or (ii) 1.00 plus any positive percentage change in the Medical Care Services Component of the U.S. Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, All Items, Index Base Period 1982-84 = 100 during the trailing twelve-month period ending the applicable Adjustment Date. The resulting Service Fee Percentage shall be the Service Fee Percentage for the next twelve (12) months.

**6. Termination.** Each Party shall have the right to terminate this SOW upon at least sixty (60) days’ prior written notice to the other Party.

## **SOW #2 TO CENTRALIZED SERVICES AGREEMENT**

### **MEDICAL STAFF PROVIDER CREDENTIALING AND PRIVILEGING SERVICES**

This Statement of Work (“SOW”) is effective as of the Effective Date and pertains to that certain Centralized Services Agreement, dated [\_\_\_\_\_], 2025, by and between **MEC Spokane Valley LLC**, a Washington limited liability company (“Company”), and **Atlas Healthcare Partners, LLC**, an Arizona limited liability company (“Atlas”). Company and Atlas will be referred to herein individually as a “Party” and collectively as the “Parties.” Capitalized terms not otherwise defined in this SOW shall have the meanings set forth in the Agreement.

Pursuant to this SOW, Atlas shall, commencing on the Effective Date, conduct the credentialing and privileging of all persons to be admitted to the Medical Staff of the Surgery Center as more fully described below. In connection therewith, Atlas will provide and/or arrange for the provision of all personnel and credentialing software systems and subscriptions required for the Services provided under this SOW.

**1. Credentialing and Privileging Services.** Credentialing and Privileging services shall consist of the following services:

(a) Validate and assess the qualifications of physicians and other providers to be appointed or reappointed to the Medical Staff of the Surgery Center pursuant to the criteria established from time to time by the Medical Executive Committee established by the Company for the Surgery Center;

(b) Determine whether a medical staff applicant meets minimum eligibility requirements, provide the applicant with the application, and ensure that the application is complete;

(c) Confirm and/or verify all applicants’ background credentials, to include, among other items, board certification, criminal background screenings, National Practitioner Data Bank clearance, DEA licensure, education and/or training completed, history of actions against the applicant, hospital affiliations, medical licensure, peer references, professional liability insurance certificates and any sanctions against the provider;

(d) Ensure that all information obtained shall be verified in the manner prescribed by the most recent State, federal and accrediting body guidelines as they pertain to primary source verification.

(e) Continue to monitor each staff member’s credentials, including sanctions or corrective action monitoring and ensure that such credentials do not expire prior to the time that the reappointment cycle begins, and assign dedicated customer service representatives to troubleshoot application issues;

(f) Confirm that applicants and medical staff members are compliant with all Company policies and procedures pertaining to, among other things, fire safety, the

requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), infection prevention, relevant certificates of training, and sponsoring physician forms, and identify any discrepancies or missing components in any medical staff member's file;

(g) Prepare medical staff applicant's application packet and supporting materials for distribution to the Company's Medical Executive Committee for review and support of its recommendation to the Company's Management Board of whether or not to grant privileges to the applicant at the Surgery Center, provide administrative support to Company's Medical Executive Committee and Management Board regarding credentialing and privileging issues, and provide notification to the applicant of the Management Board's credentialing determination; and

(h) Ensure that privileged medical providers are reappointed to the Company Medical Staff every two (2) years. The reappointment process shall include the processes enumerated above. In addition, with respect to reappointment, applicant performance data, including but not limited to, compliance with Company policies and procedures, complication and/or infection rates, and patient complaints, will be compiled in order to be reported to the Medical Executive Committee for consideration in determining whether to grant a reappointment to the Medical Staff of Company.

**2. Service Fee.** For the Services described in this SOW, the Company shall pay Atlas a fee (the "Service Fee") equal to \$400.00 ("RATE") per Company provider credentialed during the applicable year ("VOLUME") pursuant to the services outlined in this SOW.

**3. Terms.** Atlas will invoice the Company for the Service Fee thirty (30) days following the month that services are provided. The Company shall pay each invoice within thirty (30) days of the invoice date. The Service Fee will be calculated as follows: At the end of each month, Atlas will run a separate Active Staff Privileges Report for the Company to determine the number of physicians who were credentialed to be on the Active Medical Staff of the Center (VOLUME) which shall be multiplied by the RATE of \$400.00 per provider to determine the amount due for credentialing services.

**4. Termination.** Each Party shall have the right to terminate this SOW upon at least sixty (60) days' prior written notice to the other Party.

## SOW #3 TO CENTRALIZED SERVICES AGREEMENT

### ACCOUNTS PAYABLE SERVICES

This Statement of Work (“SOW”) is effective as of the Effective Date and pertains to that certain Centralized Services Agreement, dated [\_\_\_\_], 2025, by and between **MEC Spokane Valley LLC**, a Washington limited liability company (“Company”), and **Atlas Healthcare Partners, LLC**, an Arizona limited liability company (“Atlas”). Company and Atlas will be referred to herein individually as a “Party” and collectively as the “Parties.” Capitalized terms not otherwise defined in this SOW shall have the meanings set forth in the Agreement.

Pursuant to this SOW, Atlas shall, commencing on the Effective Date, process the Company’s accounts payable as more fully described herein. In connection herewith, Atlas will provide and/or arrange for the provision of all personnel and accounting software systems and subscriptions necessary to perform the Services described in this SOW.

**1. Services.** The accounts payables processing services shall consist of the following services:

(a) Invoice Processing. Review and verify invoices and check requests, flag and clarify any unusual or questionable invoice items or prices, sort, code and match invoices, set invoices up for payment, enter and upload invoices into the accounting system, and identify and notify the business office of the Company regarding any invoice discrepancies and issues;

(b) Financial Activities Related to Payables Processing. Administer expense reimbursements, post transactions to ledgers, monitor accounts to ensure payments are up to date via vendor statements review, provide monthly KPI reports, assist with month end closing, and maintain accurate historical records; and

(c) Other Functions Related to Payables Processing. Prepare and process electronic transfers and payments, prepare and perform check runs, maintain vendor files, correspond with vendors and respond to inquiries, provide supporting documentation for audits, if any, and maintain confidentiality of organizational information.

**2. Service Fee.** For the Services described in this SOW, the Company shall pay Atlas a fee (the “Service Fee”) equal to \$12.50 (“RATE”) per each processed payables invoice (“VOLUME”).

**3. Performance Metrics Effective as the Effective Date.** The parties agree that the performance goal starting on the Effective Date is that timely received, undisputed payables invoices for the Company, where the vendor invoices that are within Atlas HP standard payment terms, will be processed at least 95% on time. In addition, an associated performance goal is to minimize the payment of any late fees or interest charges associated with past due processing of invoice payments.

**4. Terms.** Service Fees under this SOW are due on the first of the month that services are provided. Atlas will invoice Company for an estimated Service Fees thirty (30) days



in advance of the month that services are to be provided. Company shall pay each invoice within thirty (30) days of the invoice date. This estimated Service Fee will be a calculation of the RATE of \$12.50 per processed payables invoice multiplied by the VOLUME of payables invoices anticipated to be processed on behalf of Company. To calculate the anticipated VOLUME, Atlas will forecast the Company payables invoices based on, among other things, operational knowledge, vendor data and the monthly average number of Company payables invoices actually processed in the twelve (12) consecutive months immediately prior to the Service Fees invoice date. The total Service Fees paid pursuant to this SOW in a calendar year will be trued-up on an annual basis. To maintain pass-through costing, Atlas reserves the right to adjust the RATE as necessary due to inflationary cost increases in order to ensure that Atlas does not incur losses for the services provided hereunder.

**Exhibit 11**

**Site Control Documents**

# Exhibit 11a

## Lease

MEC Spokane Valley LLC  
12401 E. Sinto Ave.  
Spokane, Washington 99216

March 13, 2025

MultiCare Health System  
Attn: General Counsel  
315 Martin Luther King Jr. Way  
MS: 820-3-LEG  
PO Box 5299  
Tacoma, WA 98415-0299

To Whom it May Concern:

This letter confirms that MEC Spokane Valley LLC (MECSV) and MultiCare Health System are negotiating a Lease Agreement for MECSV's lease of the real property located at 12401 East Sinto Avenue, Spokane, Washington 99216 for the operation of an ambulatory surgery center. The Lease Agreement is contingent upon, among other things, the issuance of the certificate of need for which MECSV is applying.

MECSV and MultiCare Health System agree the Lease Agreement will be finalized and signed upon issuance of the certificate of need for which MEC Spokane Valley LLC is applying.

Sincerely,

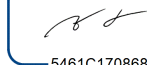
Signed by:  
  
2C02C61005BC40E...

Board Member, MultiCare Atlas JV, LLC,  
The sole member of MEC Spokane Valley LLC

Agreed:

MultiCare Health System, a  
Washington nonprofit corporation

Signed by:



James G. Lee  
EVP of Population Health and  
Chief Financial Officer

## LEASE AGREEMENT

### (Triple Net)

THIS LEASE AGREEMENT (the "Lease") is entered into and effective as of the date this Lease was last executed by the parties hereto ("Effective Date") between MultiCare Health System, a Washington nonprofit corporation ("Landlord") and MEC Spokane Valley LLC, a Washington limited liability company ("Tenant"). Landlord and Tenant agree as follows:

#### 1. LEASE SUMMARY.

**a. Leased Premises.** Landlord demises and lets to Tenant, and Tenant leases from Landlord for the Initial Term, as may be extended, upon the terms and conditions in the Lease, Landlord's interest in the following described property (the "Premises"): the buildings, structures, fixtures and other improvements located on the land depicted in Exhibit A and legally described in Exhibit B, commonly known as The Sinto Building (the "Building") on the property located at 12401 East Sinto Avenue, Spokane, Washington 99216 (the "Property").

**b. Term.** The "Initial Term" of the Lease shall be for one hundred twenty (120) months plus the partial month, if any, from the Commencement Date (as defined herein) to the end of the month in which that date occurs. The "Commencement Date" or "Lease Commencement Date" shall be the later of the dates that both of the following have occurred: (i) Tenant receives issuance and obtains all approvals and licenses necessary to operate an endoscopy center in the Premises from the Washington Department of Health ("DOH") and/or any other applicable governmental authority (or its functional equivalent) (collectively, the "DOH Endoscopy Center License"); and (ii) the earlier of (a) one hundred eighty (180) days from the Delivery Date (as defined herein); or (b) Tenant or Landlord obtains the certificate of occupancy (the "Certificate of Occupancy") by the applicable governmental authorities following Tenant's Work.

The "Delivery Date" is the date the Premises are delivered to Tenant, with Landlord's Work (as defined in Exhibit C) substantially complete, for Tenant's occupation and construction, if any. The anticipated Delivery Date is \_\_\_\_\_, 2025. Landlord and Tenant shall memorialize the Lease Commencement Date by completing and executing the Commencement Date Memorandum attached as Exhibit E as set forth more fully in Section 3(a).

**c. Base Rent.** Rent will commence as of the Lease Commencement Date unless otherwise specified. "Base Rent" will be \$26 per rentable square foot per year. This Lease is intended to be a Triple Net lease, as described further in Section 2(a).

**d. Index.** *Intentionally Reserved.*

**e. Security Deposit.** In recognition of Tenant's financial strength, no security deposit will be required.

**f. Permitted Use.** The "Permitted Uses" are: (i) the operation of an endoscopy center; (ii) the conduct of administrative office activities in support of such operations; and (iii) ingress, egress, and the parking of motor vehicles in the parking area by Tenant's health care providers, employees, patients, visitors and invitees.

**g. Exclusive Use.** *Intentionally Reserved*

- h. Excluded Health Care Tenants.** Intentionally Reserved
- i. Allowed Third Party Medical Services.** Intentionally Reserved
- j. Notice Addresses.**

**Landlord:**

MultiCare Health System  
 c/o CBRE, Inc. Real Estate Services  
 315 Martin Luther King Jr Way  
 MS: 1313-5-CON  
 PO Box 5299  
 Tacoma, WA 98415-0299  
 MultiCareFinance@cbre.com

**With Mandatory Copies To:**

MultiCare Health System  
 Attn: General Counsel  
 315 Martin Luther King Jr. Way  
 MS: 820-3-LEG  
 PO Box 5299  
 Tacoma, WA 98415-0299  
 Legal.Services@multicare.org

**Tenant:**

MEC Spokane Valley, LLC  
 c/o Atlas Healthcare Partners, LLC  
 2355 E. Camelback Rd., Suite 700  
 Phoenix, Arizona 85016  
 Attention: Legal

**With a copy to:**

Atlas Healthcare Partners, LLC  
 2355 E. Camelback Rd., Suite 700  
 Phoenix, Arizona 85016  
 Attention: Real Estate Department

**2. PREMISES.**

- a. Lease of Premises.** Landlord leases to Tenant, and Tenant leases from Landlord the Premises upon the terms specified in this Lease.
- b. *Intentionally Reserved.***
- c. Acceptance of Premises.** Landlord will deliver the Premises to Tenant in the condition described under Landlord's Work in Exhibit C. Landlord warrants to Tenant that Tenant's Permitted Uses and Exclusive Use do not violate any other agreement or covenant with any third party, including any other tenant or Landlord's lender(s), nor do they violate any instrument recorded against the Property. Other than as identified above or as otherwise set forth in this Lease, Tenant accepts the Premises in its "as is; where is" condition and otherwise subject to the terms of this Lease.
- d. Failure to Deliver Premises. *Intentionally Reserved.***
- e. Tenant Improvement Allowance. *Intentionally Reserved.***
- f. Relocation.** Landlord will not have the right to relocate Tenant.

### 3. TERM.

**a. Term.** The term of this Lease shall be one hundred twenty (120) months unless sooner terminated as provided herein, or extended by Tenant's exercise of its option rights as provided in Section 3(b) below. The first lease year shall commence on the Lease Commencement Date and shall end on the date which is 12 months from the end of the month in which the Lease Commencement Date occurs. Each successive lease year during the initial term and any extension terms shall be 12 months ("Lease Year"), commencing on the first day following the end of the preceding Lease Year, except that the last Lease Year shall end on the Termination Date. The term of this Lease shall expire on the date specified in Section 1 ("Termination Date"). The Lease Commencement Date and the Termination Date shall be memorialized in a Commencement Date Memorandum attached as Exhibit E and made a part of this Lease as soon as reasonably possible after the Lease Commencement Date.

**b. Option to Extend.** Provided Tenant is not in default at the time of the exercise or upon the commencement of any extension term described below, Tenant shall have two (2) successive options to extend the term of this Lease for five (5) years each.

If Tenant desires to exercise an option, it must deliver written notice to Landlord not less than 180 days prior to the expiration of the then-current Lease term, time being of the essence in connection therewith. Upon timely and proper exercise of any option, the term of this Lease shall be extended for the period of the subject option upon all of the same terms, conditions, and covenants as set forth herein, except that (i) the amount of the base monthly rental stated in the Lease shall be Fair Market Value (ii) after exercise of Tenant's final extension term option, there shall be no further extension or renewal term options.

If Landlord and Tenant are unable to agree on the fair market rental value for the Premises during the applicable extension term, then, within 30 days after the date Tenant exercises the applicable extension term option, Landlord and Tenant shall agree within 10 days thereafter on one real estate appraiser (who shall be a member of the American Institute of Real Estate Appraisers ("M.A.I.") or equivalent) who will determine the fair market rental value of the Premises.

If Landlord and Tenant cannot mutually agree upon an appraiser within said 10-day period, then one M.A.I.-qualified appraiser shall be appointed by Tenant and one M.A.I.-qualified appraiser shall be appointed by Landlord within 10 days of notice to the other of such disagreement. The two appraisers shall determine the fair market rental value of the Premises within 20 days of their appointment; provided, however, if either party fails to appoint an appraiser within such 10-day period, then the determination of the appraiser first appointed shall be final, conclusive, and binding upon both parties.

The appraisers appointed shall proceed to determine the fair market rental value within 20 days following such appointment. The conclusion shall be final, conclusive and binding upon both Landlord and Tenant. If said appraisers should fail to agree, but the difference in their conclusions as to fair market value is 10% or less of the lower of the two appraisals, then the fair market rental value shall be deemed the average of the two. If the two appraisers should fail to agree on the fair market rental value and the difference between the two appraisals exceeds 10% of the lower of the two appraisals, then the two appraisers thus appointed shall appoint a third M.A.I.-qualified appraiser, and in case of their failure to agree on a third appraiser within 10 days after their individual determination of the fair market rental value, either party may apply to the Presiding Judge of the Superior Court of

the county in which the Premises is situated, requesting such Judge to appoint the third M.A.I.-qualified appraiser.

The third appraiser so appointed shall promptly determine the fair market rental value of the Premises and the average of the appraisals of the two closest appraisers shall be final, conclusive, and binding upon both parties. The fees and expenses of said third appraiser or the one appraiser Landlord and Tenant agree upon, shall be borne equally between Landlord and Tenant. Landlord and Tenant shall pay the fees and expenses of their respective appraiser if the parties fail to agree on a single appraiser. All M.A.I. appraisers appointed or selected pursuant to this subsection shall have at least 10 years' experience appraising commercial properties in the commercial leasing market in which the Premises are located. If the extension term commences without an agreement or determination of fair market rental value, the extension term shall commence at the expiration of the current term and the rental amount due to Landlord or credit due to Tenant shall be reconciled upon that determination with the next monthly rental payment due.

#### **4. RENT.**

**a. Payment of Rent.** Tenant shall pay Landlord without notice, demand, deduction or offset, in lawful money of the United States, the monthly Base Rent stated in Section 1(c) in advance on or before the Lease Commencement Date and thereafter on the 1st day of each month during the Term and any other additional payments due to Landlord ("Additional Rent") (collectively, "rent" or "Rent") when required under this Lease. If the Lease Commencement Date falls on any day other than the first day of the month, the pro-rated Base Rent for the initial month of the Term shall be due on or before the first day of the first full month following the Lease Commencement Date in addition to the Base Rent for the ensuing month. Thereafter, Tenant shall pay monthly Base Rent as set forth in Section 1(c). For example, if the Lease Commencement Date is June 4, the pro-rated Base Rent for June shall be due on July 1 in addition to the Base Rent for July. Tenant shall pay Landlord at Landlord's office or at such other place as Landlord may from time to time designate in writing, or at Tenant's option via electronic payments or automated transfers. If free rental periods constitute the first months of the Lease, commencement of Rent payments shall begin upon their expiration. Payments for any partial month at the beginning or end of the Lease term shall be prorated. All payments due to Landlord under this Lease, including late fees and interest, shall be rent, and upon failure of Tenant to pay any such costs, charges, or expenses, Landlord shall have the same rights and remedies as otherwise provided in this Lease for the failure of Tenant to pay rent.

As of the mutual execution of this Lease, all payments due to Landlord will be sent to the following address, which Landlord may change from time-to-time:

MultiCare Health System Attn: Judy Markee  
PO Box 5299  
Mailstop 1313-5-FS  
Tacoma. WA 98415

**b. Base Rent Adjustment.** The base monthly rent shall be increased on the first day of the second Lease Year and on the first day of each Lease Year thereafter during the term of this Lease (each an "Adjustment Date") to an amount determined by multiplying the monthly Base Rent payable during the month immediately preceding the Adjustment Date by 2.5%.

**c. Late Charges; Default Interest.** If any sums payable by Tenant to Landlord under this Lease are not received within 10 business days after their due date. Tenant shall pay



Landlord in addition to the amount due, for the cost of collecting and handling such late payment, an amount equal to the lesser of 2% of the delinquent amount or \$200.

**d. Pro-Rata Share.** Tenant's "Pro-Rata Share," which is based on the ratio of the rentable square footage of the Premises to the rentable square footage of the Building, is 100%.

**e. Insurance and Real Estate Taxes.** Tenant shall pay as Additional Rent Tenant's Pro-Rata Share of insurance premiums paid by Landlord and to the extent used, the portion of deductibles for insurance used amortized over the useful life of the improvements insured ("Insurance"). Tenant shall also pay each month 1/12th of Tenant's Pro-Rata Share of Real Property Taxes (as defined herein) assessed against the Building and the Property. "Real Property Taxes" shall be deemed to include, except as stated otherwise in this Lease, all taxes and assessments, assessed upon or with respect to the ownership of the Building and the Property imposed by federal, state, or local governmental authority or any other taxing authority having jurisdiction. Real Property Taxes shall not include any inheritance, estate, gift, franchise, corporation, net income or net profits tax assessed against Landlord from the operation of the Building or the Property, documentary stamp taxes or intangible taxes incurred in connection with any financing or refinancing of the Building or the Property or any rentable/rented space therein or the Premises, transfer taxes imposed on the transfer of Landlord's interest in the Building or the Property or any interest in Landlord, or any interest charges or penalties incurred as a result of Landlord's failure to timely pay Real Property Taxes. To the extent that Tenant seeks and receives an exemption from ad valorem real property taxes pursuant to RCW 84.36.040 (or any other statute or regulation) for all or a portion of the Property, Landlord agrees that Tenant's liability for Real Property Taxes hereunder will be reduced in the amount of such exemption.

**f. Operating Expenses.**

- i. Tenant shall pay as Additional Rent, all "Operating Expenses," defined as Tenant's costs of operation, maintenance, and repair of the Building, the Common Areas, and the Property, including, but not limited to, all utilities, janitorial, refuse and trash removal, pest control, supplies, materials, and tools used in the operation of the Property, and maintenance and repairs to the roof and roof membrane, maintenance, repair, and replacement of the heating, ventilation, and air-conditioning ("HVAC") system, repairs to and maintenance of the lighting systems, security, fire-life safety systems, landscape maintenance and repair, and repair and maintenance of the parking lot, sidewalks and roadways serving the Property including snow and ice removal.
- ii. Operating Expenses shall not include: repairs to the structural components of the Building and Property, including load bearing walls and foundations, expenses that according to generally accepted accounting principles would be considered capital expenses except as otherwise provided herein; roof replacement including roof membrane; expenses paid directly by Tenant or otherwise reimbursed to Landlord; legal fees, financing costs, depreciation on the Building, Property and equipment; compensation for any of Landlord's employees; overhead, taxes on Landlord's business, and other expenses not attributable to operating and management of the Building; income taxes; excise and transfer taxes; marketing costs (including advertising and promotional expenses) and

leasing/broker commissions; cost incurred by Landlord for the repair or damage to the Building, Property, and/or underlying land to the extent that Landlord is reimbursed by insurance or condemnation proceeds or by tenants, warrantors, or other third parties; costs associated with removal or remediation of asbestos or other hazardous or toxic materials and associated claims; capital reserves (including any portion of any condominium or other community association assessment for capital reserves), and costs to correct the initial construction of, or latent defects in the Building.

**g. Insurance and Real Property Taxes Payments**

- i. Tenant shall pay Operating Expenses to Landlord or directly to the vendors that Tenant engages to provide services for the operation, maintenance and repair of the Building, Common Areas, and Property, subject to the limitations set forth in this Lease.
- ii. Landlord shall provide to Tenant thirty (30) days prior to the start of each calendar year Landlord's estimate of Tenant's Pro-Rata Share of Insurance, Real Property Taxes and Operating Expenses ("NNN Expenses") for the succeeding calendar year, in an itemized list by category of expense, and Landlord's good faith estimate of Tenant's Pro-Rata Share of such NNN Expenses.
- iii. Tenant shall pay 1/12 of its total Pro-Rata Share of estimated NNN Expenses for the succeeding year with each monthly payment of Base Rent.
- iv. Within one hundred twenty (120) days after the start of each calendar year, Landlord shall provide Tenant a statement setting forth the actual NNN Expenses for the preceding year ("NNN Expense Statement") along with copies of the Real Property Tax and Insurance invoices.

If Tenant's Pro-Rata Share of the NNN Expenses for the preceding year exceeds the sum of the monthly installments paid by Tenant, Tenant shall pay Landlord the difference within forty-five (45) days of receipt of the NNN Expense Statement, except such payment shall not be a waiver of Tenant's right to dispute the NNN Expense Statement and/or audit or examine Landlord's records for a final determination of actual expenses and recalculation of payment due. If the sum of the monthly NNN Expense installments paid by Tenant exceeds the amount of the actual NNN Expense for the preceding year, Landlord shall apply the excess amount as a credit to Tenant's future Pro-Rata Share of NNN Expenses payable pursuant to this Section, except such acceptance of credit shall not be a waiver of Tenant's right to audit or examine Landlord's records for a final determination of actual expenses and recalculation of credit due. If the Term of the Lease has expired, Landlord shall reimburse Tenant the excess within thirty (30) days of issuance of the NNN Expense Statement.

- v. Tenant shall have the right to dispute costs in the NNN Expense Statement submitted by Landlord as long as Tenant notifies Landlord of its intent to assert such rights within two hundred seventy (270) days from receipt of the NNN Expense Statement. Landlord shall cooperate with Tenant by

providing copies of invoices, including a general ledger, if so requested by Tenant. This right shall be ongoing and shall be independent of Tenant's right to audit under this Section 4 if Landlord and Tenant are unable to reach a resolution of the dispute.

- vi. Tenant shall have the right to audit, inspect, and copy the books and records of the Landlord at its local office with respect to any costs or items which are passed through to Tenant as Additional Rent upon thirty (30) days advance written notice by Tenant to Landlord. Landlord shall cooperate with Tenant in providing Tenant reasonable access to its books and records during normal business hours. Any audit conducted by Tenant shall be completed within ninety (90) days after Tenant's request thereof. If the audit shows that the amount of the Tenant's Pro-Rata Share of the NNN Expenses exceeds the amount actually paid by Tenant for the calendar year, Tenant shall pay to Landlord the difference within 30 days following completion of the audit. If the sum of the monthly installments of NNN Expense estimates actually paid by Tenant for such calendar year exceeds the amount of Tenant's Pro-Rata Share of the NNN Expenses actually due and owing, the difference shall be applied as a credit to Tenant's next payment of NNN Expense estimates or if the Term of the Lease has expired, Landlord shall reimburse Tenant the excess payment within thirty (30) days after completion of the audit. If the audit shows an overage to Tenant of more than five percent (5%) of the actual amount owed by Tenant for its Pro-Rata Share of the NNN Expenses, Landlord shall pay the reasonable cost of such audit.

**5. COMMON AREAS.** "Common Areas" shall mean all areas, facilities, and Building systems located on the Property. Tenant shall have the exclusive right to use the Common Areas.

**6. USES.** No act shall be done on or around the Premises by Tenant or Landlord that is unlawful or that will increase the existing rate of insurance on the Premises, the Building, or the Property, or cause the cancellation of any insurance on the Premises or the Building. Tenant shall not commit or allow to be committed any waste upon the Premises, or any public or private nuisance. Tenant will not be required to continuously operate provided that it otherwise complies with the remaining terms and provisions of the Lease. Tenant will be allowed to set and change its own hours of operation in its sole discretion throughout the Lease term.

**7. COMPLIANCE WITH LAWS.**

**a. Legal Requirements.** The "Legal Requirements" mean, as the case may be, any one or more of all present and future laws, codes, ordinances, orders, judgments, decrees, injunctions, rules, regulations and requirements, and all state and federal licensing and registration requirements, even if unforeseen or extraordinary, of every duly constituted governmental authority or agency (but excluding those which by their terms are not applicable to and do not impose any obligation on Tenant, Landlord or the Premises) and all covenants, restrictions and conditions now or hereafter of record which may be applicable to Tenant, to Landlord or to any of the Premises or Property, or to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of any of the Premises, even if compliance therewith (i) necessitates structural changes or improvements (including changes required to comply with the Americans with Disabilities Act) or results in interference with the use or enjoyment of

any of the Premises or (ii) requires Tenant to carry insurance other than as required by the provisions of this Lease.

**b. Compliance Generally.** Tenant shall not cause or permit the Premises to be used in any way which violates any Legal Requirement.

**c. Patient Referral; Independent Medical Judgment/Compliance.** Landlord shall complete and execute the form attached hereto as Exhibit H concurrently with the execution of this Lease. In addition, each party agrees that no party to this Lease has a duty or obligation to refer patients to one another and patient referral is not an obligation of this Lease. Nothing contained herein or in the relationship of Landlord and Tenant is intended to interfere with the exercise of independent medical judgment of either party.

The parties further agree:

- (i). The payments described in this Lease represent Fair Market Value;
- (ii). The Lease terms are commercially reasonable and not determined in a manner that takes into account the volume or value of referrals or other business generated between the parties;
- (iii). The aggregate space and/or equipment rented does not exceed that which is necessary to accomplish the commercially reasonable business purpose of the rental; and
- (iv). At Tenant's election, Landlord and Tenant shall document this Lease and all other arrangements between them (or between Tenant and a physician member of the other party or his or her family member) in a master contract list and/or repository that is maintained and updated centrally and available for review upon request by such party or any governmental agency with authority to request the information. Tenant shall maintain the master policy/repository in a manner that preserves the historical record of the past arrangements between Landlord and Tenant.

In addition, Landlord and its employees, agents, and contractors shall comply with Tenant's reasonable access rules and regulations related to Tenant's sensitive healthcare use, including, without limitation, any rules and regulations Tenant implements to comply with executive orders or other regulations promulgated by any government authority.

**8. INTENTIONALLY RESERVED**

**9. INTENTIONALLY RESERVED**

**10. INTENTIONALLY RESERVED**

**11. ALTERATIONS.**

**a.** Tenant may make non-structural alterations, additions, or improvements to the Premises ("Alterations") that do not exceed \$100,000 without the consent of the Landlord. If the Alterations exceed \$100,000, Tenant may only make such Alterations with the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned, or delayed. Subject to the conditions contained herein, Landlord has approved the Alterations set forth in Exhibit C. Such requests will be accompanied by reasonably detailed plans that allow Landlord to make an informed decision as to the requested changes to the Premises.

Landlord shall have ten (10) business days to review Alteration requests. If Landlord fails to respond within such period, such non-response shall be deemed Landlord's approval subject to the conditions contained herein. Tenant shall have the right to use its own architect and contractor.

**b.** The term Alterations shall not include the installation of shelves, movable partitions, Tenant's equipment, and trade fixtures that may be performed without damaging existing improvements or the structural integrity of the Premises, and Landlord's consent shall not be required for Tenant's installation or removal of those items.

**c.** Any Alteration by or on behalf of Tenant (whether or not Landlord's consent is required hereunder) shall comply with the following provisions (the "Alteration Conditions"): (a) the fair market value of the Premises shall not be lessened as a result of any such Alteration, nor shall the structural integrity of the Premises be impaired; (b) the Alteration and any Alteration theretofore made or thereafter to be made shall not in the aggregate reduce the gross floor area of the Building or other improvements within the Premises that contain rentable square footage, nor shall any such Alteration materially adversely affect access to the Premises; (c) the Alteration shall be performed in a good and workmanlike manner, and shall be expeditiously completed in compliance with all Legal Requirements, (d) all work done in connection with any such Alteration shall comply with all insurance requirements provided by Landlord, (e) Tenant shall promptly pay all costs and expenses of any such Alteration, and shall discharge all liens filed against any of the Leased Premises arising out of the same, (f) Tenant shall procure and pay for all permits and licenses required in connection with any such Alteration, (g) any Alteration shall be made under the supervision of a licensed contractors, architects and/or engineers, and (h) with respect to those Alterations requiring Landlord's consent hereunder, such Alterations shall be performed in accordance with detailed plans and specifications which have been approved in writing by Landlord. Upon completion of any Alteration, Tenant will provide as-built plans and specifications or record drawings to Landlord (except with respect to cosmetic or decorative Alterations for which plans, or specifications were not required).

**d.** All Alterations, except trade fixtures and other personal property belonging to Tenant, in or upon the Premises, whether placed there by Tenant or Landlord, shall, upon the termination of this Lease by lapse of time or otherwise or upon the earlier termination of Tenant's right of possession, become Landlord's property and shall remain upon the Premises, all without compensation, allowance or credit to Tenant; provided, however, that if at the time Landlord consents to Tenant's installation of Alterations, Landlord requires removal of the same upon termination, then Tenant, at Tenant's sole cost and expense, upon termination of this Lease by lapse of time or otherwise or upon the earlier termination of Tenant's right of possession, shall promptly remove such designated items, and Tenant shall thereafter repair any damage to the Premises caused by such removal, failing which Landlord may remove the same and repair the Premises, and Tenant shall pay the cost thereof to Landlord on written demand.

**12. SURRENDER.** Upon expiration of the Term, whether by lapse of time or otherwise, Tenant shall peaceably leave and surrender the Premises to Landlord in the condition the Premises are required to be maintained under this Lease, except for ordinary wear and tear and damage by fire, casualty, or condemnation but only to the extent Tenant is not required to repair the same hereunder. Tenant will remove all personal property and office trade fixtures and at its expense shall repair any damage caused by such removal. Any personal property or fixtures not so removed within thirty (30) days after the termination of the Term for any reason shall become the property of the Landlord without compensation, reimbursement, or credit to Tenant, and Landlord may

thereafter remove such property or fixtures (and repair any damage caused by such removal) at Tenant's sole cost.

**13. MAINTENANCE OF PREMISES.** Except for repairs and replacements that are the responsibility of Landlord as set forth herein, Tenant, at Tenant's sole cost, shall maintain the Building, Common Areas, and Property in safe and good order, condition, and repair. Landlord, at Landlord's sole cost, will be responsible for: (a) the repair and replacement of the building structure, foundation, load bearing walls, and exterior utility lines serving the Building and Premises; (b) replacement of the roof and membrane; (c) replacement of parking lots and sidewalks; and (d) repairs and replacements that according to generally accepted accounting principles would be considered capital expenses that are otherwise not considered Operating Expenses as defined herein. Each of Landlord and Tenant shall make repairs or ensure that repairs are made in a safe and workmanlike manner, keeping in mind Tenant's employees and invitees and their health and safety. Tenant shall not be responsible for defects or deferred maintenance incurred in or on the Building or Property prior to the Lease Commencement Date. Tenant shall maintain and test all sprinkler systems and fire alarms (the "Safety Systems") in accordance with all applicable laws and regulations and Tenant shall make regular inspection and testing reports on all Safety Systems serving the Building and Premises (including but not limited to FLS and backflow reports) available to Landlord upon Landlord's request or as required by the Washington State Department of Health ("DOH") or the Joint Commission on Accreditation of Healthcare Organizations ("JC").

**14. ACCESS AND RIGHT OF ENTRY.** After 48 hours' prior written notice from Landlord (except in cases of emergency, when no notice shall be required), Tenant shall permit Landlord and its agents, employees, and contractors to enter the Premises to make repairs, inspections, alterations, or improvements, provided however that any repairs, alterations, or improvements are made on a schedule mutually agreed upon by Landlord and Tenant and further provided that such work does not materially limit Tenant's access to the Premises nor deny Tenant its beneficial use of the Premises as provided herein. If Landlord makes repairs, alterations, or improvements, Landlord shall ensure that such repairs are made in a safe and workmanlike manner, keeping in mind Tenant's employees and invitees and their health and safety. At times mutually agreed upon, Landlord shall have the right to enter the Premises for the purpose of showing the Premises to prospective purchasers or lenders, and to prospective tenants within 90 days prior to the expiration or sooner termination of the Lease term. Landlord acknowledges that, in connection with any entry into the Premises, Landlord and its trustees, members, principals, beneficiaries, partners, officers, directors, employees, mortgagees and agents (collectively, "Landlord Related Parties") may come into contact with protected health information ("PHI") within the meaning of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-91, and regulations promulgated thereunder ("HIPAA"). Landlord (i) shall not disclose, and shall cause Landlord Related Parties not to disclose, any such PHI, (ii) shall implement such appropriate safeguards as may be necessary to protect the confidentiality of any such PHI against unauthorized access and use in connection with such entries into the Premises, and (iii) shall report to Tenant in writing any unauthorized use or disclosure of any such PHI by Landlord or Landlord Related Parties in connection with any such entry into the Premises within five (5) business days of becoming aware of such unauthorized use or disclosure. In the event HIPAA or any similar or related law or regulation requires a written contract with respect to the obligations of Tenant, Landlord, or Landlord Related Parties in connection with the privacy and security of PHI, then Tenant and Landlord shall execute, and Landlord shall cause Landlord Parties to execute, such written contract on such terms as are required by law. Landlord further acknowledges that, for Tenant to comply with HIPAA, Tenant may need to restrict access to the portions of the Premises where PHI is kept or stored. Except in cases of emergency, Landlord agrees that, notwithstanding the rights granted to Landlord under this Lease, except when accompanied by an authorized representative of Tenant, neither Landlord nor any agent of Landlord shall be permitted to enter those areas of the Premises, if any, designated

by Tenant as locations where patients are treated (when a patient is present) and where PHI and medical records are kept or stored.

**15. SIGNAGE.** Tenant shall obtain Landlord's written consent as to size, location, materials, method of attachment, and appearance, before installing any exterior signs or those viewable from outside the Premises, except that those signs on Exhibit D are approved by Landlord as long as the signage meets all City of Spokane codes and regulations related to signage. Landlord shall have 10 days to review future signage requests. If Landlord fails to respond within 10 days, such non-response shall be deemed approval. Tenant shall install any approved signage at Tenant's sole expense and in compliance with all applicable laws. Tenant shall not damage or deface the Premises in installing or removing signage and shall repair any injury or damage to the Premises caused by such installation or removal. Tenant shall have the right to install signage in a mutually agreed location on both monument sign(s) currently located on the Property at no Additional Rent to Tenant.

**16. DESTRUCTION OR CONDEMNATION.**

**a. Damage and Repair.** If the Premises or any appurtenance thereto, or any portion of the foregoing, is so damaged by fire, casualty or structural defects that the same cannot be used for Tenant's purposes, then Tenant will give prompt notice thereof to Landlord. If (i) such damage cannot, in the opinion of a licensed architect or engineer selected by Landlord, be restored within twelve (12) months of Landlord's receipt of all governmental permits or approvals to fully restore the premises without payment of overtime or other premiums or if such restoration is not completed within such twelve (12) month period, (ii) there is less than twenty-four (24) months of Term remaining as of the date of the casualty event, (iii) the damage is not covered, except for reasonable deductible amounts, by Landlord's or Tenant's insurance policies, or (iv) any Landlord lender requires that insurance proceeds be applied to any underlying debt or mortgage, then either party, at their respective option, may terminate this Lease by notice to the other party within ninety (90) days of the later of the casualty event, insurance adjustment, or lender demand, as applicable.

If Landlord restores the Premises under this Section, Landlord shall proceed with reasonable diligence to complete the work, and the monthly Base Rent shall be abated in the same proportion as the untenable portion of the Premises bears to the whole Premises, provided that there shall be a rent abatement only if the damage or destruction of the Premises or the Property did not result from, or was not contributed to directly or indirectly by the willful misconduct, fault or neglect of Tenant, or Tenant's officers, contractors, licensees, subtenants, agents, servants, employees, guests, invitees or visitors. No damages, compensation, or claim shall be payable by Landlord for inconvenience, loss of business, or annoyance directly, incidentally, or consequentially arising from any repair or restoration of any portion of the Premises, unless the repairs to the Premises are made necessary by the negligence or willful misconduct of Landlord or its agents, employees, contractors, or invitees therein. Landlord will not carry insurance of any kind for the protection of Tenant or any improvements paid for by Tenant or as provided in Exhibit C or on Tenant's furniture or on any fixtures, equipment, improvements, or appurtenances of Tenant under this Lease, and Landlord's restoration obligations hereunder shall not include any obligation to repair any damage thereto or replace the same, unless said damage is the result of the breach of this Lease by Landlord or by the negligence or willful misconduct of Landlord or its agents, employees, contractors or invitees therein.

**b. Condemnation.**

i. If all of the Premises or any material portion of the Premises which would prevent or materially interfere with Tenant's use of the remainder of the Premises for the Permitted Uses shall be taken or condemned for any public or quasi-public use under any law, ordinance, or regulation, or by right of eminent domain, or conveyed under a threat of condemnation, this Lease shall terminate at the option of either Landlord or Tenant as of the earlier of the date title vests in the condemning or the condemning authority first has possession of the Premises or the portion thereof. All Rents and other payments shall be paid through the date of such conveyance or possession. If this Lease is not terminated, the Rent payable during the unexpired Term will be reduced to the extent, if any, as may be fair and reasonable, and Landlord, at its expense, will restore the remaining Premises to a complete and tenantable unit.

ii. Landlord shall be entitled to the entire award from the condemning authority attributable to the value of the Premises and Tenant shall make no claim for the value of its leasehold. Notwithstanding the foregoing, Tenant shall be entitled to appear, claim, prove, and receive in the condemnation proceeding such award as may be made that represents the loss or damage to Tenant's trade fixtures and removable personal property located on the Premises and/or the Property, removal or relocation costs, the unamortized balance of any improvements or alterations installed on the Premises and/or the Property, and any other such other available relief at Tenant's expense; provided that in no event shall Tenant's claim reduce Landlord's award.

## **17. INSURANCE.**

### **1. Insurance.**

(a) Tenant shall maintain at its sole cost and expense the following insurance on the Leased Premises:

(i) Property insurance including physical damage insurance for the full replacement cost of all Alterations, including, without limitation, all additions, improvements and alterations to the Premises and of all personal property and fixtures, including all office furniture, trade fixtures, medical appliances, office equipment, merchandise and all other items of Tenant's property on the Premises, and which may contain a deductible of not more than \$500,000.

(ii) Commercial general liability with contractual liability coverage insurance against claims for bodily injury, death or property damage occurring on, in or about any of the Premises, which insurance shall provide minimum protection with of not less than \$3,000,000 per occurrence and an annual general aggregate of \$5,000,000.

(iii) Worker's compensation insurance in amounts required by applicable state laws.

(b) The insurance required by this Section shall be written by companies having an A.M. Best Rating of A-(VII) or better. All companies providing insurance required herein shall be authorized to do an insurance business in Washington or otherwise agreed to by Landlord. The insurance policies shall be for a term of not less than one (1) year, and shall (except for worker's compensation insurance) name Landlord, Tenant and any Landlord lender as



additional insured parties, as their respective interests may appear and shall name Landlord's lender, if any, as mortgagee and loss payee on the property insurance required hereunder. Tenant shall provide Landlord upon request thirty (30) days' prior written notice before the policy or policies in question shall be materially altered or cancelled.

(c) As evidence of the insurance specified required to be maintained by Tenant herein, Tenant shall deliver to Landlord evidence of such insurance through a certificate of insurance upon request. Each policy required to be carried by Tenant shall also provide that any loss otherwise payable thereunder shall be payable to the extent the Tenant deems commercially reasonable while still adhering to the minimum insurance requirements required herein.

(d) If Tenant fails to maintain any of the insurance required herein, Landlord shall be entitled to procure such insurance at Tenant's cost, together with interest thereon at twelve percent (12%).

(e) Anything in this section to the contrary notwithstanding, any insurance which Tenant is required to obtain may be carried under a "blanket" policy or policies covering other properties or liabilities of Tenant.

(f) Tenant hereby waives any and all rights of recovery against Landlord, or against their respective officers, employees, agents or representatives, for loss of or damage to property or the property of others under its control arising out of the Tenant's gross negligence, and if such loss or damage is covered by any insurance policy as required herein as and required by the terms of this Lease to be in force at the time of such loss or damage.

(g) Tenant shall obtain for the benefit of Landlord on the property insurance policy required hereunder a waiver of any right of subrogation for loss of or damage to property, or the property of others under its control arising out of the Tenant's gross negligence, and if such loss or damage is covered by any insurance policy as required herein, as required by the terms of this Lease to be in force at the time of such loss or damage which the insurer might otherwise acquire against Landlord or its officers, employees, agents or representatives by virtue of the payment of any loss covered by insurance or otherwise.

(h) Landlord shall maintain in force during the Term: (a) commercial general liability insurance with a combined single limit of not less than \$5,000,000; and (b) an all-risk property policy with insurance in an amount equal to the full replacement cost of the Landlord's insurable and financial interest in the Building and in the Premises (it being understood that such insurance shall be permitted to exclude any partitions, fixtures, additions and other Alterations that are placed in or about the Premises by Tenant and any personal property or fixtures, including all office furniture, trade fixtures, medical appliances, office equipment, merchandise and all other items of Tenant's property on the Premises), each as Landlord shall deem commercially reasonable (collectively, "Landlord's Insurance"). Landlord's Insurance shall be subject to such deductibles, self-insurance retention amounts, blanket and umbrella policy arrangements or other features as Landlord deems commercially reasonable while still adhering the minimum requirements required herein. Landlord may satisfy the requirements of Landlord's Insurance by means of self-insurance, at its election.

(i) Each of Landlord and Tenant hereby mutually release all claims against each other for all losses or damage covered or required to be covered hereunder by their respective property or physical damage insurance policies, except if such loss or damage shall have been caused by the fault or negligence of the other party; provided, however, that this release shall be applicable and in force and effect only to the extent that such release shall

be lawful at that time and in any event only with respect to loss or damage occurring during such times as the releasor's policies shall contain evidence to the effect that any such release shall not adversely affect or impair said policies or prejudice the right of the releasor to recover thereunder and then only to the extent of the insurance proceeds payable under such policies. Each Landlord and Tenant agrees that it will provide such evidence if requested by the other party upon applicable loss.

## **18. INDEMNIFICATION.**

**a. Indemnification by Tenant.** Tenant shall indemnify, defend, and hold harmless and defend Landlord and its managing agents from any claim, liability, damage, or loss occurring on the Premises, arising out of any negligence or willful misconduct of Tenant or its agents, or resulting from Tenant's failure to comply with any term of this Lease, except to the extent arising from or relating to the negligence, willful misconduct, or breach of this Lease of Landlord or its agents.

**b. Indemnification by Landlord.** Landlord shall indemnify, defend and hold harmless Tenant and its directors, officers, agents, employees, sublessees, and licensees from any claim, liability, damage or loss arising from or relating to the negligence or willful misconduct of Landlord or its agents, or resulting from Landlord's failure to comply with any term of this Lease, except to the extent arising from or relating to the gross negligence, willful misconduct, or breach of this Lease of Tenant or its directors, officers, agents, employees, sublessees, and licensees.

**c. Waiver of Immunity.** Landlord and Tenant each specifically and expressly waive any immunity that each may be granted under the Washington State Industrial Insurance Act, Title 51 RCW. Neither party's indemnity obligations under this Lease shall be limited by any limitation on the amount or type of damages, compensation, or benefits payable to or for any third party under the Worker Compensation Acts, Disability Benefit Acts, or other employee benefit acts.

**d. Survival.** The provisions of this Section shall survive expiration or termination of this Lease.

## **19. ASSIGNMENT AND SUBLETTING.**

**a.** Tenant will have the right to assign or sublet the Premises with the prior written consent of the Landlord.

**b.** Any prospective assignee or sublessee otherwise shall assume in writing all obligations of Tenant under this Lease. Any assignment by Tenant will not relieve Tenant of its obligations under this Lease.

**c.** Landlord may assign its interests, rights, duties, and obligations under this Lease to any person who owns the Property without the consent of Tenant. Landlord shall provide 30 days' written notice to Tenant in advance of such assignment. Landlord shall be jointly and severally liable with its assignee for the performance of all terms, conditions, covenants, and agreements contained in this Lease.

**d.** If Landlord signs a new lease with a prospective assignee or sublessee as a result of dealing directly with that party, Tenant shall be relieved of its responsibilities under this Lease.

e. In the event of any transfer or transfers of Landlord's interest in the Premises, other than a transfer for security purposes only, upon the assumption of this Lease by the transferee, Landlord shall not be relieved of obligations and liabilities accruing from and after the date of such transfer, including any liability for any retained security deposit or prepaid rent, for which the transferee shall also be liable.

**20. LIENS.** Tenant is not authorized to subject the Landlord's estate to any liens or claims of lien. Tenant shall keep the Premises free from any liens created by or through Tenant. Tenant shall indemnify and hold Landlord harmless from liability for any such liens including, without limitation, liens arising from any Alterations, except to the extent such liens arise from Landlord's negligence, willful misconduct, or breach of Lease. If a lien is filed against the Premises by any person claiming by, through, or under Tenant, Tenant shall, within 30 days after Landlord's demand, at Tenant's expense and election, either remove the lien or furnish to Landlord a bond in the amount of 150% of the lien amount.

**21. DEFAULT.** The following occurrences shall each be deemed an "Event of Default." Any notice periods granted herein shall be deemed to run concurrently with and not in addition to any default notice periods required by law.

a. **Failure To Pay.** Tenant fails to pay any uncontested sum, including Rent, due under this Lease following 10 business days' written notice from Landlord of the failure to pay.

b. **Vacation/Abandonment.** Tenant vacates the Premises (defined as an absence for at least 15 consecutive days without prior notice to Landlord), or Tenant abandons the Premises (defined as an absence of 5 days or more while Tenant is in breach of some other term of this Lease); provided however, as long as Tenant is paying Rent and keeping up the Premises, such vacation or abandonment shall not be considered an Event of Default.

c. **Insolvency.** If Tenant or Landlord becomes insolvent, voluntarily or involuntarily bankrupt, or a receiver, assignee, or other liquidating officer is appointed for Tenant or Landlord's business, provided that in the event of any involuntary bankruptcy or other insolvency proceeding, the existence of such proceeding shall constitute an Event of Default only if such proceeding is not dismissed or vacated within 60 days after its institution or commencement.

d. **Levy or Execution.** Tenant's or Landlord's interest in this Lease or the Premises, or any part thereof, is taken by execution or other process of law directed against Tenant or Landlord, or is taken upon or subjected to any attachment by any creditor of Tenant or Landlord, if such attachment is not discharged within 15 days after being levied.

e. **Tenant Default.** Tenant is in default of any covenant of this Lease to be performed by it and Landlord has given Tenant a 30-day written notice of such default, specifying the nature of such default. Notwithstanding anything contrary elsewhere in this Lease, Landlord agrees that if the default is of such nature that it can be cured by Tenant, but cannot with reasonable diligence be cured within 30 days, then such default shall be deemed cured if Tenant within said 30-day period shall have commenced the cure and shall continue thereafter with reasonable diligence to cause such curing to proceed to completion.

**f. Landlord Default.** Landlord defaults in the performance of any covenant required to be performed by Landlord and Tenant has given Landlord a 30-day written notice of such default, specifying the nature of such default. If Landlord does not remedy the default within 30 days following receipt of Tenant's notice, or in the case of default which reasonably requires more than 30 days to cure, if Landlord has not commenced to remedy the same within 30 days following receipt of Tenant's notice or Landlord is not diligently prosecuting such cure to completion, then Tenant may notwithstanding anything to the contrary contained in this Lease, (i) pay any sums necessary to perform any obligation of Landlord in default hereunder and deduct the cost thereof from Rent then and thereafter becoming due to Landlord hereunder, or require Landlord to reimburse such sum to Tenant immediately upon Landlord's receipt of Tenant's written demand therefor; or (ii) pursue any other available legal or equitable remedy. If Tenant incurs any expenses because of Landlord's failure to fulfill its obligations set forth in this Lease, Landlord agrees to reimburse Tenant for such expense upon demand by Tenant. If Landlord fails to so reimburse Tenant, Tenant, in addition to any other remedies it may have, may deduct such expense from any Rent then or thereafter becoming due to Landlord hereunder. If Landlord fails to cure any such default within the allotted cure period, Tenant shall have the right to seek monetary damages for loss arising from Landlord's failure to discharge its obligations under this Lease. In addition to all other rights and remedies provided by law or above, if Landlord defaults beyond an applicable cure period, Tenant may also elect to terminate the Lease by providing Landlord notice of its election to terminate the Lease. Nothing herein contained shall relieve Landlord from its duty to perform any of its obligations to the standard prescribed in this Lease.

**g. Survival.** The parties' rights and obligations under this Section 21 shall survive the expiration or earlier termination of this Lease.

## **22. REMEDIES.**

**a. Landlord Remedies.** Landlord shall have the following remedies upon a Tenant's Event of Default after the expiration of all applicable notice and cure periods without Tenant's cure. Landlord's rights and remedies under this Lease shall be cumulative, and none shall exclude any other right or remedy allowed by law.

**i. Termination of Lease.** Landlord may terminate Tenant's interest under the Lease. Upon termination of this Lease, Tenant will remain liable to Landlord for damages in an amount equal to the rent and other sums that would have been owing by Tenant under this Lease for the balance of the Term, less the net proceeds, if any, of any re-letting of the Premises by Landlord subsequent to the termination, after deducting all Landlord's Reletting Expenses (as defined below). Landlord shall be entitled to either collect damages from Tenant monthly on the days on which rent or other amounts would have been payable under the Lease, or alternatively, Landlord may accelerate Tenant's obligations under the Lease and recover from Tenant: (i) unpaid rent which had been earned at the time of termination; (ii) the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of rent loss that Tenant proves could reasonably have been avoided; (iii) the amount by which the unpaid rent for the balance of the term of the Lease after the time of award exceeds the amount of rent loss that Tenant proves could reasonably be avoided (discounting such amount by the discount rate specified in the Wall Street Journal at the time of the award, plus 1%); and (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under the Lease, or which

in the ordinary course would be likely to result from the Event of Default, including without limitation Reletting Expenses described below.

**ii. Re-Entry and Reletting.** Landlord may continue this Lease in full force and effect and with 10 days' written notice, re-enter and take possession of the Premises or any part thereof, expel the Tenant from the Premises and anyone claiming through or under the Tenant, and remove the personal property of either. Landlord may relet the Premises, or any part of them, in Landlord's or Tenant's name for the account of Tenant, for such period of time and at such other terms and conditions, as Landlord, in its reasonable discretion, may determine. Landlord may collect and receive the rents for the Premises. To the fullest extent permitted by law, the proceeds of any reletting shall be applied: first, to pay Landlord all costs and expenses of such reletting (including without limitation, costs and expenses incurred in retaking or repossessing the Premises, removing persons or property therefrom, securing new tenants, and, if Landlord maintains and operates the Premises, the costs thereof); second, to pay any indebtedness of Tenant to Landlord other than rent; third, to the rent due and unpaid hereunder; and fourth, the residue, if any, shall be held by Landlord and applied in payment of other or future obligations of Tenant to Landlord as the same may become due and payable, and Tenant shall not be entitled to receive any portion of such revenue until expiration of the Term. Re-entry or taking possession of the Premises by Landlord under this Section shall not be construed as an election on Landlord's part to terminate this Lease, unless a written notice of termination is given to Tenant. Landlord reserves the right following any re-entry or reletting, or both, under this Section to exercise its right to terminate the Lease. Tenant will pay Landlord the rent and other sums which would be payable under this Lease if repossession had not occurred, less the net proceeds, if any, after reletting the Premises, after deducting Landlord's Reletting Expenses. "Reletting Expenses" means all reasonable and customary expenses incurred by Landlord in connection with reletting the Premises, including without limitation, all repossession costs, brokerage commissions, attorneys' fees, remodeling and repair costs, costs for removing and storing Tenant's property and equipment, and tenant improvements and rent concessions granted by Landlord to any new Tenant, prorated over the life of the new lease.

**iii. Nonpayment of Additional Rent.** All costs which Tenant is obligated to pay to Landlord pursuant to this Lease shall in the event of nonpayment be treated as if they were payments of Rent, and Landlord shall have all the rights herein provided for in case of nonpayment of Rent.

**iv. Failure to Remove Property.** If Tenant fails to remove any of its property from the Premises at Landlord's request following an uncured Event of Default, Landlord may, at its option, remove and store the property at Tenant's expense and risk. If Tenant does not pay the reasonable storage cost within 30 days of Landlord's request, Landlord may, at its option, have any or all of such property sold at a commercially reasonable public or private sale (and Landlord may become a purchaser at such sale), in such manner as Landlord reasonably deems proper, so long as adequate notice is given to Tenant. Landlord shall apply the proceeds of such sale: (i) to the expense of such sale, including reasonable attorneys' fees actually incurred; (ii) to the payment of the costs or charges for storing such property; (iii) to the payment of any other sums of money which may then be or thereafter become due Landlord from Tenant under any of the terms hereof; and (iv) the balance, if any, to Tenant. Nothing in this Section shall limit Landlord's right to sell Tenant's personal property as permitted by law or to foreclose Landlord's lien for unpaid rent; provided that Landlord waives all lien rights with respect to Tenant's computers, files, and technology systems that include PHI.

**b. Tenant's Remedies.** In addition to those remedies set forth in Section 21, Tenant shall have the following remedies upon a Landlord's Event of Default after the expiration of all applicable notice and cure periods without Landlord's cure.

**i. Termination.** Tenant may terminate this Lease. Provided Tenant is not in default at the time of Tenant's notice of termination, Tenant shall not be liable to Landlord for any sum owed or any other obligation under the Lease after the termination date. Where Tenant has elected to terminate the Lease, Tenant shall (a) provide Landlord written notice of termination stating a specific termination date, (b) remain current on all sums owed Landlord under this Lease until such termination date, and (c) remove all of Tenant's property from the Premises not later than the termination date.

**ii. Other Remedies.** Tenant's rights and remedies under this Lease shall be cumulative and none shall exclude any other right or remedy allowed Tenant by law.

**23. MORTGAGE SUBORDINATION AND ATTORNMENT.** This Lease shall automatically be subordinate to any mortgage or deed of trust created by Landlord which is now existing or hereafter placed upon the Premises including any advances, interest, modifications, renewals, replacements, or extensions ("Landlord's Mortgage"). Tenant shall attorn to the holder of any Landlord's Mortgage or any person(s) acquiring the Premises at any sale or other proceeding under any Landlord's Mortgage provided such person(s) assume the obligations of Landlord under this Lease. Tenant shall promptly and in no event later than 20 business days after request execute, acknowledge, and deliver commercially reasonable documents which the holder of any Landlord's Mortgage may reasonably require as further evidence of this subordination and attornment. Notwithstanding the foregoing, Tenant's obligations under this Section to subordinate in the future are conditioned on the holder of each Landlord's Mortgage and each person acquiring the Premises at any sale or other proceeding under any such Landlord's Mortgage not disturbing Tenant's occupancy or beneficial use of the Premises, not increasing Tenant's obligations under this Lease in any way, or diminishing Tenant's rights under this Lease in any way.

**24. NON-WAIVER.** Either party's waiver of any breach of any term contained in this Lease shall not be deemed to be a waiver of the same term for subsequent acts.

**25. HOLDOVER.** If Tenant remains in possession of the Premises or any part thereof after the expiration of the term hereof with the express written consent of the Landlord, such occupancy shall be a tenancy from month to month at the rental paid for the month immediately preceding the expiration of the Term. Termination of such month-to-month tenancy shall be upon 30 days' advance written notice. If Tenant remains in possession without the written consent of Landlord, such tenancy shall be a month-to-month tenancy at a rental in the amount of 125% of the rent last paid for the month immediately preceding the expiration of the Term.

**26. NOTICES.** All notices under this Lease shall be in writing and effective (i) when delivered in person or via overnight courier, (ii) three days after being sent by registered or certified mail to Landlord or Tenant, as the case may be, at the notice addresses set forth in Section 1(j), (iii) via e-mail with an original sent by registered or certified mail if the recipient has designated one or more e-mail addresses in this Lease, or (iv) upon confirmed transmission by facsimile to such persons at the facsimile numbers set forth in the notice addresses or such other addresses/facsimile numbers as may from time to time be designated by such parties in writing.

**27. COSTS AND ATTORNEYS' FEES.** If Tenant or Landlord engage the services of an attorney to collect monies due or to bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of Rent or other

payments, or possession of the Premises, the losing party shall pay the prevailing party a reasonable sum for attorneys' fees in such suit in mediation or arbitration, at trial, on appeal, and in any bankruptcy proceeding.

**28. ESTOPPEL CERTIFICATES.** Each of Landlord and Tenant shall, from time to time, upon written request of the other, execute, acknowledge, and deliver to the other or its designee within 20 business days of such request a written statement specifying the following, subject to any modifications necessary to make such statements true and complete: (i) the date the Lease term commenced and the date it expires; (ii) the amount of minimum monthly Rent and the date to which such Rent has been paid; (iii) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way; (iv) that this Lease represents the entire agreement between the parties; (v) that all conditions under this Lease to be performed by the requesting party have been satisfied; (vi) that there are no existing claims, defenses or offsets which the submitting party has against the enforcement of this Lease by the requesting party; (vii) that no Rent has been paid more than one month in advance; and (viii) that no security has been deposited with Landlord (or, if so, the amount thereof).

**29. LANDLORD'S LIABILITY.** Anything contained herein to the contrary notwithstanding, any claim based on or in respect of any liability of Landlord under this Lease shall be enforced only against the Landlord's interest in the Premises and shall not be enforced against the Landlord, any of its constituent shareholders, partners, members, or other owners of Landlord, or the directors, officers, employees or agents of Landlord, individually or personally. Tenant agrees that any assignment by Landlord to its lender of Landlord's interest in this Lease, or the rent, payable hereunder, whether absolute or conditional in nature or otherwise, whether such assignment is made to the lender solely as additional collateral related to a mortgage or otherwise, and the acceptance thereof by lender shall never be treated as an assumption by lender of any obligations of Landlord hereunder unless lender shall, by notice sent to Tenant, specifically elect, and that lender shall be treated as having assumed Landlord's obligations hereunder only upon purchase of the Leased Premises pursuant to foreclosure of any mortgage or by deed or assignment of rights in lieu thereof, or other conveyance and then only subject to the limitations set forth in the first sentence hereof. In addition, the parties hereto acknowledge and agree that Landlord may condition any consent or approval required under this Lease on Landlord's receipt of the written consent or approval of its lender if required under any loan documents. Landlord will not be liable to Tenant for any consequential, speculative, punitive, incidental, indirect, treble, or special damages or claims for damages by reason of loss of profits or business. In no event shall either party be liable to the other for any consequential, speculative, punitive, incidental, indirect, treble, or special damages or claims for damages by reason of loss of profits or business; provided that the parties agree that the remedies, holdover rent, and other interest and fees expressly described in this Lease will not be construed to fall within the categories of the damages excluded by the preceding sentence.

**30. HAZARDOUS MATERIALS.**

a. Only to the extent of any environmental reports or evidence of environmental claims by any authority having jurisdiction or third party supplied by Landlord to Tenant, Landlord represents and warrants to Tenant that, to Landlord's knowledge there is no Hazardous Material (as defined below) on, in, or under the Premises as of the Lease Commencement Date except as may otherwise have been disclosed to Tenant in writing before the execution of this Lease. If there is any Hazardous Material on, in, or under the Premises or Building as of the Commencement Date, which has been or thereafter becomes unlawfully released through no action of Tenant, its agents, or invitees, then Landlord shall indemnify, defend and hold Tenant harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including without limitation sums paid in settlement of claims, attorneys' fees, consultant fees.

b. Tenant covenants that it (A) will comply, and will use diligent efforts to cause the Premises to comply, with all “Environmental Laws” (as defined herein) applicable to the Premises; (B) will not use the Premises for “Prohibited Activities” (as defined herein), and shall use diligent efforts to assure Tenant’s employees, agents, and invitees do not use the Premises for Prohibited Activities; (C) will not install or permit the installation on the Premises of any tanks, pits, sumps or surface impoundments for the storage of Hazardous Substances; (D) shall respond to the presence of Hazardous Substances on, in or under the Premises in accordance the terms of this section; provided, however, that in the event that Tenant believes that applicable Environmental Laws require reporting to governmental authorities with respect to the Premises or environmental conditions at the Premises and applicable Environmental Laws do not require an emergency response or immediate reporting, it shall first promptly notify Landlord in writing, and the parties shall cooperate in determining whether such requirements apply before any such reporting requirements are addressed; and (E) shall cause any Alterations of the Premises to be done in a way which complies with applicable Environmental Laws relating to exposure of persons working on or visiting the Leased Premises to Hazardous Substances. Additionally, Landlord agrees that Tenant may use, handle, and store customary amounts of household and commercial cleaners and chemicals to maintain the Premises in the normal course of Tenant’s business, provided that such use is in compliance with all Environmental Laws.

c. During the Term, Tenant will provide prompt notice to Landlord of: (i) any proceeding or investigation commenced or threatened by any governmental authority (including any notice thereof) with respect to the release, threatened release, or presence of any Hazardous Substance in, on, under, from or migrating toward the Premises; (ii) any lien, action, or notice with respect to the Premises resulting from any alleged violation of Environmental Laws; (iii) knowledge of the presence of Hazardous Substances in, on, or under the Premises in violation of Environmental Laws (except as disclosed by Landlord), or any written notice received by Tenant of any Hazardous Substances released or present on nearby real property after the Commencement Date; (iv) the commencement of any remedial work on the Premises.

d. Tenant shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about, or disposed of on the Premises by Tenant, its agents, employees, contractors or invitees, except in strict compliance with all applicable federal, state and local laws, regulations, codes and ordinances. If Tenant breaches the obligations stated in the preceding sentence, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including, without limitation, diminution in the value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, or elsewhere, damages arising from any adverse impact on marketing of space at the Premises, and sums paid in settlement of claims, attorneys’ fees, consultant fees and expert fees incurred or suffered by Landlord either during or after the Lease term.

e. Without limiting the foregoing, if the presence of any Hazardous Material brought upon, kept or used in or about the Premises by Tenant, its agents, employees, contractors or invitees, results in any unlawful release of Hazardous Material on the Premises or any other property, Tenant shall promptly take all actions, at its sole expense, as are necessary to return the Premises or any other property, to the condition existing prior to the release of any such Hazardous Material; provided that Landlord’s approval of such actions shall first be obtained, which approval may be withheld at Landlord’s sole discretion.

f. The indemnifications by Landlord and Tenant in this section include, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work, whether or not required by any federal, state or local



governmental agency or political subdivision, because of Hazardous Material present in the Premises, or in soil or ground water on or under the Premises.

g. Tenant's obligations under this Section 30 will survive the expiration or termination under this Lease.

As used herein, the term: (i) "Hazardous Material" means any hazardous, dangerous, toxic, or harmful substance, material, or waste, including biomedical waste, which is or becomes regulated by any local governmental authority, the State of Washington or the United States, due to its potential harm to the health, safety, or welfare of humans or the environment; (ii) "Environmental Laws" shall include all Legal Requirements (along with common law or strict liability provisions, and any judicial or administrative interpretations thereof, including any applicable judicial or administrative orders or judgments) relating to (a) the preservation, conservation or regulation of the environment; (b) the health and safety of humans or the ecosystem; (c) the handling, storage, or remediation of Hazardous Substances or pollution in general; or (d) matters relating to the foregoing subsections including, but not limited to each of the following, as enacted as of the date hereof or as hereafter amended; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601 et seq.; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §6901 et seq.; the Toxic Substance Control Act, 15 U.S.C. §2601 et seq.; the Water Pollution Control Act (also known as the Clean Water Act), 33 U.S.C. §1251 et seq.; the Clean Air Act, 42 U.S.C. §7401 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. §1801 et seq.; and the Model Toxics Control Act, Chapter 70A.305 RCW; and (iii) "Prohibited Activity" means the use, presence, release or threatened release, discharge, generation, manufacture, recycling, transportation, processing, refinement, treatment, storage, disposal or other handling of Hazardous Substances in any manner or quantity that would violate Environmental Laws.

**31. QUIET ENJOYMENT.** So long as Tenant pays the Rent and performs its obligations in this Lease, Tenant's possession, enjoyment, and beneficial use of the Premises for its intended purpose will not be disturbed by Landlord or anyone claiming by, through, or under Landlord. Tenant will have 24-hour access to the Premises 365 days a year.

**32. MERGER.** The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies.

**33. GENERAL.**

**a. Rule of Construction.** The parties agree that each party and its counsel have fully participated in the review and revision of this Lease and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Lease or any amendment hereto or exhibit herein or therein.

**b. Heirs and Assigns.** This Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors, and assigns.

**c. Brokers' Fees.** Neither Tenant or Landlord has engaged any broker, finder, or other person who would be entitled to any commission or fees in respect of the negotiation, execution, or delivery of this Lease and shall indemnify and hold harmless Landlord against any loss, cost, liability, or expense incurred by Landlord as a result of any claim asserted by any such broker, finder, or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Tenant. Landlord represents and warrants to Tenant that it has not engaged any broker, finder, or other person

who would be entitled to any commission or fees in respect of the negotiation, execution, or delivery of this Lease and shall indemnify and hold harmless Tenant against any loss, cost, liability, or expense incurred by Tenant as a result of any claim asserted by any such broker, finder, or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Landlord.

**d. Entire Agreement.** This Lease contains all of the covenants and agreements between Landlord and Tenant relating to the Premises. No prior or contemporaneous agreements or understanding pertaining to the Lease shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified, or added to except in writing signed by Landlord and Tenant.

**e. Severability.** Any provision of this Lease which shall prove to be invalid, void, or illegal shall in no way affect, impair, or invalidate any other provision of this Lease. Any waiver of any terms and conditions hereof must be in writing and signed by the parties hereto. A waiver of any term or condition hereof shall not be construed as a future waiver of the same or any other term or condition hereof.

**f. Force Majeure.** Time periods for either party's performance under any provisions of this Lease (excluding payment of Rent) shall be extended for periods of time during which the party's performance is prevented due to circumstances beyond such party's control, including without limitation, fires, floods, earthquakes, lockouts, strikes, embargoes, governmental regulations, acts of God, public enemy, war or other strife.

**g. Governing Law.** This Lease shall be governed by and construed in accordance with the laws of the State of Washington. Any action or proceeding arising out of this Lease shall be brought only in the courts of the State of Washington in Pierce County or the United States District Court for the Western District of Washington. Each party consents to the exclusive jurisdiction of such court in any such action or proceeding and waives any objection to such court's exercise of personal jurisdiction or the laying of venue in such court.

**h. Memorandum of Lease.** Neither this Lease nor any memorandum or "short form" thereof shall be recorded without Landlord or Tenant's prior consent.

**i. Submission of Lease Form Not an Offer.** One party's submission of this Lease to the other for review shall not constitute an offer to lease the Premises. This Lease shall not become effective and binding upon Landlord and Tenant until it has been fully signed by both Landlord and Tenant.

**j. Authority of Parties.** Each of Landlord and Tenant represents and warrants to the other that it has the authority to enter into this Lease, that the execution and delivery of this Lease has been duly authorized, and that upon such execution and delivery this Lease shall be binding upon and enforceable against the party on signing.

**k. Time.** "Day" as used herein means a calendar day and "business day" means any day on which commercial banks are generally open for business in the state where the Premises are situated. Any period of time which would otherwise end on a non-business day shall be extended to the next following business day. Time is of the essence of this Lease.

**l. Records.** Notwithstanding anything to the contrary within this Lease or applicable law, Landlord agrees it will not have the right nor shall it lien any of Tenant's patient records, be they in document or electronic form.

**m. *Intentionally Reserved.***

**n. Corporate Authority.** Each of Landlord and Tenant represents and warrants to the other that it has the authority to enter into this Lease, that the execution and delivery of this Lease has been duly authorized, and that upon such execution and delivery this Lease shall be binding upon and enforceable against the party on signing.

**34. CONFIDENTIALITY.** In performing their obligations under this Lease, the parties do not expect to exchange any protected health information as defined under federal and state law, but Landlord or its agent may be exposed to confidential information if present on the Premises. Both parties, their officers, employees, and subcontractors shall agree to maintain confidentiality regarding all information obtained during the Term and shall be responsible for ensuring that their employees and agents abide by such obligations. Neither party, its employees, nor its subcontractors shall engage in any practice that could compromise the confidentiality of patients, guests or staff, or information maintained at the Premises.

If at some point the Health Insurance Portability and Accountability Act of 1996 is found to apply to the parties under the terms of the Lease, the parties agree to enter into a business associate agreement.

**35. AMENDMENTS.** This Lease and each of the Exhibits attached hereto may be amended at any time by mutual agreement of the parties without additional consideration, provided that before any amendment shall become effective, it shall be reduced to writing and signed by the parties. Notwithstanding the foregoing, should any provision of this Lease be in conflict with a governing state or federal law, it shall be deemed amended accordingly.

**36. COUNTERPARTS.** This Lease or any subsequent amendment may be executed in several counterparts, as long as each party to the Lease or amendment executes at least one such counterpart. Each of such counterparts shall be an original but all of the counterparts, when taken together, shall constitute one and the same instrument and shall become effective when each party hereto has executed at least one such counterpart. The parties hereto agree that an electronic or facsimile signature shall constitute an original signature hereunder.

**37. PERMITTING CONTINGENCY. *INTENTIONALLY RESERVED.***

**38. EXHIBITS AND RIDERS.** The following exhibits and riders are made a part of this Lease, and the terms thereof shall control over any inconsistent provision in the sections of this Lease:

Exhibit A	Site Plan/Outline of the Premises
Exhibit B	Legal Description and Tax Parcel Number
Exhibit C	Landlord/Tenant's Work
Exhibit D	Signage Plan
Exhibit E	Commencement Date Memorandum
Exhibit F	<i>Intentionally Reserved</i>
Exhibit G	<i>Intentionally Reserved</i>
Exhibit H	Potential Referral Source Questionnaire

(signatures begin on the following page)

IN WITNESS WHEREOF, the parties have executed this Lease as of the date written below.

**Tenant: MEC Spokane Valley LLC,**  
a Washington limited liability company

\_\_\_\_\_  
By:  
Its:  
Date: \_\_\_\_\_

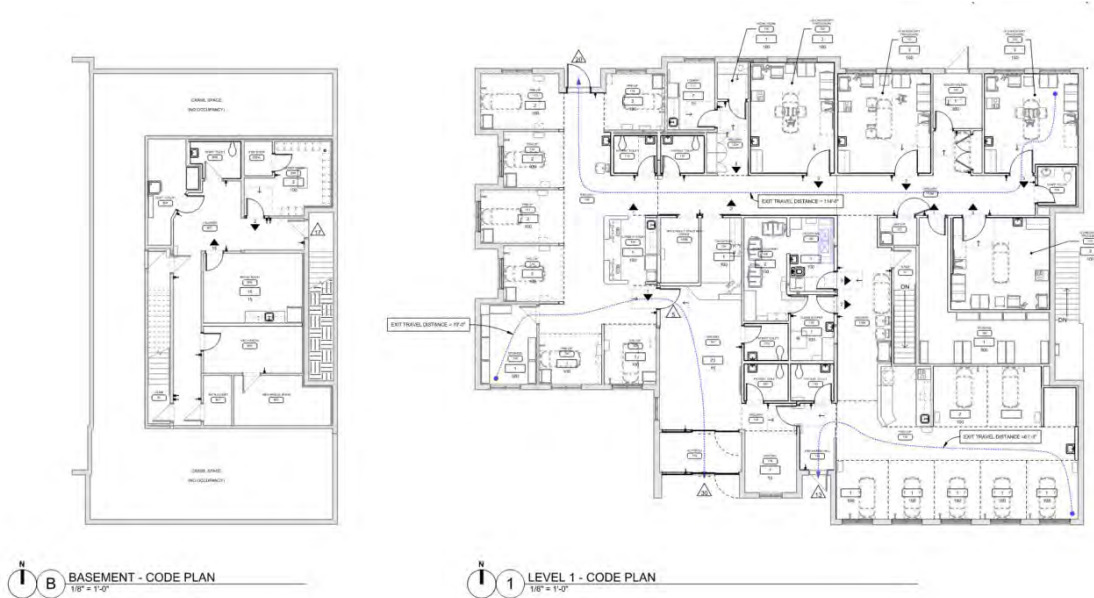
**Landlord: MultiCare Health System,**  
a Washington nonprofit corporation

\_\_\_\_\_  
By: James G. Lee  
Its: Chief Financial Officer  
Date: \_\_\_\_\_

## EXHIBIT A

### Floor Plan/Outline of the Premises

*The floor plans below represent the outline of the exterior and conceptual studies of the interior of the Building; interior depictions are subject to change.*





## **EXHIBIT B**

### **Legal Description and Tax Parcel Number**

LOT 4, BLOCK 2, MISSION VIEW ADDITION, ACCORDING TO PLAT RECORDED IN VOLUME "T" OF PLATS, PAGE 27, IN THE CITY OF SPOKANE VALLEY, SPOKANE COUNTY, WASHINGTON.

Spokane County Parcel Nos. 45152.0818 & 45152.0805.



## **EXHIBIT C**

### **Landlord's and Tenant's Work**

#### **Landlord's Work**

Landlord, at its sole cost and expense, shall deliver the Leased Premises to Tenant in good, broom clean condition free from any structural or latent defects with the Building water tight and free from mold, and all utilities necessary for the Tenant to operate its permitted use extended to the Building. Landlord will deliver flooring in its current condition, subject to Tenant's review for structural deficiencies upon Landlord's delivery of possession of the Leased Premises to Tenant.

#### **Tenant's Work**

Tenant, at its sole cost and expense, shall be responsible for the design, engineering, permitting and performance of the work to prepare the Leased Premises for occupancy by Tenant (the "**Tenant Improvements**").

Tenant shall cause its architect to prepare architectural and engineering plans and specifications for the Tenant Improvements (the "**Final Plans**") and submit to Landlord for Landlord's approval, which shall not be unreasonably withheld, conditioned, or delayed. The Final Plans shall include working drawings identifying the interior layout of the Leased Premises (including complete sets of architectural, structural, mechanical, electrical, and plumbing working drawings for any and all improvements to be constructed) and shall show the full detailed scope of all work to be performed. The Final Plans shall be suitable in all respects for bidding, permitting and construction of the Tenant Improvements. Upon acceptance of the Final Plans by Landlord and Tenant, such Final Plans shall be deemed to be a part of this Lease and incorporated into this Lease by reference. Approval by Landlord of the Final Plans shall not be a representation of warranty of Landlord that such plans are adequate for any use, purpose, or condition, or that such plans comply with any applicable law or code but shall merely be the consent of the Landlord to the Final Plans.

Upon approval of the Final Plans and selection of a general contractor acceptable to Landlord, Tenant shall promptly execute a contract with the general contractor which identifies the Final Plans and itemizes the construction costs to be paid thereunder. Thereafter, Tenant shall cause the Tenant Improvements to be constructed in a good and workmanlike manner and in compliance with the Final Plans and all applicable governmental laws, rules, regulations and requirements. Landlord shall fully cooperate with Tenant in obtaining all necessary permits, licenses and certificates necessary for the installation of the Tenant Improvements.

The approved general contractor and subcontractors shall be required to comply with all reasonable rules and regulations established by Landlord and Tenant. All contractors and subcontractors shall be required to procure and maintain insurance against all risks, in such amounts, and with such companies as Landlord may reasonably request.

## **EXHIBIT D**

### **Signage Plan**

***[To Be Submitted by Tenant at a Later Date]***

## EXHIBIT E

### Commencement Date Memorandum and Confirmation of Lease Terms

Reference is made to that certain Lease Agreement ("Lease") dated \_\_\_\_\_ between ("Tenant") and MultiCare Health System ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 12401 East Sinto Avenue, Spokane, Washington 99216 and commonly known as The Sinto Building ("Building").

Landlord and Tenant hereby acknowledge as follows:

- (1) The parties agree that the correct address of the premises is 12401 East Sinto Avenue, Spokane, Washington 99216 ("Premises");
- (2) Landlord delivered possession of the Premises to Tenant in a substantially complete condition on \_\_\_\_\_;
- (3) Tenant has accepted possession of the Premises and now occupies the same;
- (4) The initial term of the Lease commenced on \_\_\_\_\_ and will expire on \_\_\_\_\_; Tenant opened for business on \_\_\_\_\_;
- (5) The Premises contains approximately rentable square feet of space; and
- (6) Tenant's obligation to pay rent commenced on \_\_\_\_\_; provided however, Base Rent shall be abated for the period \_\_\_\_\_ through \_\_\_\_\_; and
- (7) Tenant has \_\_\_\_\_ successive options to extend the Lease for \_\_\_\_\_ years each and the last date for Tenant to exercise the first extension option is \_\_\_\_\_; and the last date for Tenant to exercise the second extension option is \_\_\_\_\_; and

(signatures on next page)

IN WITNESS WHEREOF, this Commencement Date Memorandum and Confirmation of Lease  
Terms is dated as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

TENANT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

LANDLORD

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: James G. Lee  
Its: Chief Financial Officer

**EXHIBIT F**

**Intentionally Reserved**

**EXHIBIT G**

**Intentionally Reserved**

## Exhibit H

### Potential Referral Source/Referral Recipient Questionnaire

RE: \_\_\_\_\_

- a. If Landlord is an individual, is Landlord a Physician\*?

\_\_\_\_\_ Yes          \_\_\_\_\_ No          \_\_\_\_\_ N/A

- b. If Landlord is an individual, is an Immediate Family Member\*\* of Landlord a Physician?

\_\_\_\_\_ Yes          \_\_\_\_\_ No          \_\_\_\_\_ N/A

- c. If Landlord is an entity, is Landlord directly or indirectly owned by a Physician and/or an Immediate Family Member of a Physician?

\_\_\_\_\_ Yes          \_\_\_\_\_ No          \_\_\_\_\_ N/A

- d. If Landlord is an individual (but is not a Physician or Immediate Family Member of a Physician), is Landlord or an Immediate Family Member of Landlord in any way involved in (i) furnishing healthcare items or services; (ii) referring individuals to other persons/entities for the furnishing or arranging for the furnishing of healthcare items or services; and/or (iii) purchasing, leasing, ordering or arranging for or recommending purchasing, leasing or ordering any healthcare good, facility, service or item?

\_\_\_\_\_ Yes          \_\_\_\_\_ No          \_\_\_\_\_ N/A

- e. If Landlord is an entity, is Landlord directly or indirectly owned by an individual listed in (d) and/or involved in any of the activities listed in (d)?

\_\_\_\_\_ Yes          \_\_\_\_\_ No          \_\_\_\_\_ N/A

**If the answer to any of the above is “yes,” please explain. If applicable, include the name and email address of any individual or entity affiliated with Landlord that is involved in the healthcare business.**

\* “Physician” means a doctor of medicine or osteopathy, a doctor of dental surgery or dental medicine, a doctor of podiatric medicine, a doctor of optometry, or a chiropractor. A Physician and the professional corporation of which he or she is a sole owner are the same.

\*\* “Immediate Family Member” means a spouse, domestic partner, natural or adoptive parent, child or sibling, stepparent, stepchild, stepbrother or stepsister, father in law, mother in law, son in law, daughter in law, brother in law or sister in law, grandparent or grandchild, and the spouse of a grandparent or grandchild.

(Signature on following page)

Tenant: \_\_\_\_\_

By: \_\_\_\_\_

Print: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_



## Exhibit 11b

### Parcel Property Information

# Parcel Information



Parcel Number: 45152.0818

Site Address: 12401 E SINTO AVE

Data As Of: 3/12/2025

## Parcel Image



Owner Name: MULTICARE HEALTH SYSTEM

Address: 14400 METCALF AVE, OVERLAND PARK, KS, 66223-

Taxpayer Name: MULTICARE HEALTH SYSTEM

Address: 14400 METCALF AVE, OVERLAND PARK, KS, 66223

## Site Address

Parcel Type	Site Address	City	Land Size	Size Desc.	Description	Tax Year	Tax Code Area	Status
R	12401 E SINTO AVE	SPOKANE VALLEY	32032	Square Feet	65 Service - Professional	2025	0144	Active

## Assessor Description

MISSION VIEW ADDITION LT 4 EXC S135FT & ALL LT 5 BLK 2

## Appraisal

Parcel Class	Appraiser	Neighborhood Code	Neighborhood Name	Neighborhood Desc	Appraiser Name	Appraiser Phone
65 Service - Professional	147	546510	465IM	Medical Office	Alex	(509) 477-5966

Under Washington State Law (WAC 458-07-015) The Assessor's office is required to make an exterior observation of all properties at least once every six years.

**This property is scheduled for inspection between September 2024 and May of 2025.**

## Assessed Value

Tax Year	Taxable	Market Total	Land	Dwelling/Structure	Current Use Land	Personal Prop.
2025	2,996,280	2,996,280	480,480	2,515,800	0	0
2024	2,776,680	2,776,680	480,480	2,296,200	0	0
2023	2,660,150	2,660,150	448,450	2,211,700	0	0
2022	2,481,350	2,481,350	448,450	2,032,900	0	0
2021	2,077,950	2,077,950	448,450	1,629,500	0	0

**Characteristics**

\* - Room counts reflect above grade rooms only.

Description	Appraiser	Year Built	Year Remodeled	Number of Floors
Medical Office	147	2005		2

**Commercial Details**

Description	Area
<b>All Extensions</b>	<b>8,738</b>
Medical Office	8,738

Land Number	Soil ID	Frontage	Depth	Lot(s)
1	CO26	0	0	0

**Sales**

Sale Date	Sale Price	Sale Instrument	Excise Number	Parcel
04/21/2023	3,055,000.00	Statutory Warranty Deed	202304054	45152.0818
06/30/2015	0.00	Quit Claim Deed	201509343	45152.0818

**Property Taxes**

Taxes are due April 30th and October 31st

**Total Charges Owing: \$31,821.50**

Tax Year	Charge Type	Annual Charges	Remaining Charges Owing
	<b>Total Taxes for 2025</b>	<b>31,821.50</b>	<b>31,821.50</b>
2025	A/V Property Tax	31,266.52	31,266.52
2025	Aquifer Principal NH1.5	60.00	60.00
2025	Soil Conservation Principal CNSV1	10.07	10.07
2025	Stormwater Principal Spokane Valley COM1	483.11	483.11
2025	Weed Control Principal WCWEED1	1.80	1.80
	<b>Total Taxes for 2024</b>	<b>27,666.78</b>	<b>0.00</b>
2024	A/V 1st Penalty	358.30	0.00
2024	A/V Interest	729.37	0.00
2024	A/V Property Tax	26,018.30	0.00
2024	Aquifer Principal NH1.5	60.00	0.00
2024	Soil Conservation Interest	0.28	0.00
2024	Soil Conservation Penalty	0.14	0.00
2024	Soil Conservation Principal CNSV1	10.07	0.00
2024	Stormwater Interest Spokane Valley	13.32	0.00
2024	Stormwater Principal Spokane Valley COM1	475.20	0.00
2024	Weed Control Principal WCWEED1	1.80	0.00
	<b>Total Taxes for 2023</b>	<b>27,143.36</b>	<b>0.00</b>
2023	A/V 2nd Penalty	994.30	0.00
2023	A/V Interest	745.73	0.00
2023	A/V Property Tax	24,857.57	0.00
2023	Aquifer Principal NH1.5	60.00	0.00
2023	Soil Conservation Interest	0.30	0.00
2023	Soil Conservation Penalty 2	0.40	0.00
2023	Soil Conservation Principal CNSV1	10.07	0.00

Tax Year	Charge Type	Annual Charges	Remaining Charges Owing
2023	Stormwater Interest Spokane Valley	13.78	0.00
2023	Stormwater Principal Spokane Valley COM1	459.36	0.00
2023	Weed Control Interest	0.05	0.00
2023	Weed Control Principal WCWEED1	1.80	0.00
<b>Total Taxes for 2022</b>		<b>28,814.19</b>	<b>0.00</b>
2022	A/V Property Tax	28,576.00	0.00
2022	Aquifer Principal NH1.5	60.00	0.00
2022	Soil Conservation Principal CNSV1	10.07	0.00
2022	Stormwater Principal Spokane Valley COM1	166.32	0.00
2022	Weed Control Principal WCWEED1	1.80	0.00

#### Tax Receipts

Tax Year	Receipt Number	Receipt Date	Receipt Amount
2024	10090134	12/05/2024	1,318.05
2024	10063526	10/31/2024	13,282.69
2024	9885769	04/30/2024	13,066.04
2023	9885769	04/30/2024	14,448.96
2023	9494193	04/28/2023	12,694.40
2022	9166536	10/17/2022	14,407.10
2022	8976735	04/15/2022	14,407.09

## Disclaimer

We are pleased to give you online access to the Assessor's Office and Treasurer's Office property tax and valuation information. While we make every effort to produce and publish the most current and accurate information possible, portions of this information may not be current or correct. Neither Spokane County, the Assessor, nor the Treasurer makes any warranty, express or implied, with regard to the accuracy, reliability, or timeliness of information in this system, and shall not be held liable for losses caused by using this information. Any person or entity that relies on any information obtained from this system, does so at his or her own risk. Please feel free to contact us about any error you discover or to give comments and suggestions. Call the Assessor's Office at (509) 477-3698 or the Treasurer's Office at (509) 477-4713.

RCW 42.56.070 (9) prohibits the release of lists of individuals requested for commercial purposes. The requester expressly represents that no such use of any such list will be made by the user or its transferee(s) or vendee(s). I understand, acknowledge, and accept the statements above, and agree to adhere to the prohibitions listed in RCW 42.56.070 (9).

## Exhibit 12

### Letters of Financial Commitment



February 13, 2025

*Trace Bringhurst*  
*Senior Vice President*  
*Banc of America Public Capital Corp*  
*Phone: 360-787-8950*  
*Trace.Bringhurst@bofa.com*

Certificate of Need Program, Washington Department of Health  
Attn: Eric Hernandez  
PO Box 47890  
Olympia, Washington, 98504

Banc of America Public Capital Corp ("BAPCC"), on behalf of Banc of America Leasing & Capital, LLC ("BALCAP") is pleased to continue our Ambulatory Surgery Center (ASC) financing program with Multicare Health System and Atlas Healthcare Partners for the project MEC Spokane Valley LLC. Total project of up to \$7,970,235 will be financed via a 10-year loan with a current interest rate of 5.76% and monthly payments of \$87,528.41.

This letter includes only a brief description of the principal terms of the transaction and is subject to the satisfactory completion of BALCAP's credit and legal process.

Kind Regards,  
**BANC OF AMERICA PUBLIC CAPITAL CORP**  
*Trace Bringhurst*

Trace Bringhurst



Chris McNett  
Senior Vice President  
Commercial Credit Officer

Bank of America, N.A.  
14636 N. Scottsdale Rd., Ste 200  
Scottsdale, AZ 85254  
T 602.523.6627 M 623.882.6038  
[christopher.mcnett@BofA.com](mailto:christopher.mcnett@BofA.com)

March 10, 2025

Certificate of Need Program, Washington Department of Health  
Attn: Eric Hernandez  
PO Box 47890  
Olympia, Washington, 98504

Bank of America, N.A. continues to provide working capital financing via a revolving line of credit with the Multicare Atlas JV, LLC for the project MEC Spokane Valley LLC. The revolving line of credit has availability in excess of the \$5 million estimated to be required for this project.

Please advise if you have any further questions.

Kind Regards,

A handwritten signature in dark ink, appearing to read "CMcNett", written in a cursive style.

Chris McNett  
SVP, Commercial Credit Officer

Exhibit 13

Contractor Letter



March 3, 2025

Eric Hernandez, Manager  
Certificate of Need Program  
Washington Department of Health  
111 Israel Road SE  
Tumwater WA 98501

RE: Certificate of Need Application for MultiCare Endoscopy Center – Spokane Valley

Dear Mr. Hernandez,

I am writing regarding MultiCare Health System's Certificate of Need Application proposing to establish a new ambulatory endoscopy center in Spokane Valley, WA. Based on our experience with similar construction projects, we have developed the following capital cost estimate:

- Construction Costs: \$4,394,978

Based on our experience, we believe the costs are a reasonable estimate of the expected cost for construction. Please contact us if you have any questions or require any additional information.

Sincerely,

Eric Faust, Operations Manager  
C. 509.220.5783 | efaust@swinerton.com  
WA License No. SWINEB\*992DR

# Exhibit 14

## Equipment List

## MEC Spokane Equipment List

Description	Unit Cost	Qty	Total
<u>Fixed Equipment</u>			
Bracket, Display, Articulating Arm, Wall Mount, 32in Display	\$ 330.00	4	\$ 1,320.00
Bracket, Wall, Flangeless Channel, 19"	\$ 360.00	7	\$ 2,520.00
Bracket, Wall, Flangeless Channel, 19"	\$ 360.00	7	\$ 2,520.00
Bracket, Wall, Super Sani Wipes Dispenser	\$ 25.00	7	\$ 175.00
Bracket, Wall, Super Sani Wipes Dispenser	\$ 25.00	7	\$ 175.00
Cabinet, Narcotic, Wall, Double Door, 12x8x15	\$ 225.58	1	\$ 225.58
Cabinet, Storage, Endoscope (10 scopes, w/lock)	\$ 5,500.00	3	\$ 16,500.00
Changing Station, Baby, Surface Mounted	\$ 390.00	2	\$ 780.00
Dishwasher, Undercounter	\$ 1,100.00	1	\$ 1,100.00
Dispenser / Cabinet, Personal Protection	\$ 400.00	1	\$ 400.00
Dispenser, Cleaning Fluids, Wall (EVS)	\$ -	1	\$ -
Dispenser, Cleaning Fluids, Wall (EVS)	\$ -	1	\$ -
Dispenser, Emesis Bag	\$ 40.00	7	\$ 280.00
Dispenser, Emesis Bag	\$ 40.00	7	\$ 280.00
Dispenser, Glove, Triple (vertical mount)	\$ 69.00	7	\$ 483.00
Dispenser, Glove, Triple (vertical mount)	\$ 69.00	7	\$ 483.00
Dispenser, Glove, Triple (vertical mount)	\$ 69.00	1	\$ 69.00
Dispenser, Glove, Triple (vertical mount)	\$ 69.00	4	\$ 276.00
Dispenser, Glove, Triple (vertical mount)	\$ 69.00	1	\$ 69.00
Dispenser, Glove, Triple (vertical mount)	\$ 69.00	1	\$ 69.00
Dispenser, Glove, Triple (vertical mount)	\$ 69.00	1	\$ 69.00
Dispenser, Glove, Triple (vertical mount)	\$ 69.00	1	\$ 69.00
Dispenser, Hand Sanitizer, Wall Mount (Purell)	\$ 25.00	2	\$ 50.00
Dispenser, Hand Sanitizer, Wall Mount (Purell)	\$ 25.00	1	\$ 25.00
Dispenser, Hand Sanitizer, Wall Mount (Purell)	\$ 25.00	1	\$ 25.00
Dispenser, Hand Sanitizer, Wall Mount (Purell)	\$ 25.00	2	\$ 50.00
Dispenser, Hand Sanitizer, Wall Mount (Purell)	\$ 25.00	1	\$ 25.00
Dispenser, Hand Sanitizer, Wall Mount (Purell)	\$ 25.00	2	\$ 50.00
Dispenser, Hand Sanitizer, Wall Mount (Purell)	\$ 25.00	1	\$ 25.00
Dispenser, Hand Sanitizer, Wall Mount (Purell)	\$ 25.00	1	\$ 25.00

## MEC Spokane Equipment List

Description	Unit Cost	Qty	Total
Dispenser, Hand Sanitizer, Wall Mount (Purell)	\$ 25.00	1	\$ 25.00
Dispenser, Paper Towel	\$ 55.00	1	\$ 55.00
Dispenser, Paper Towel	\$ 55.00	1	\$ 55.00
Dispenser, Paper Towel	\$ 55.00	1	\$ 55.00
Dispenser, Paper Towel	\$ 55.00	1	\$ 55.00
Dispenser, Paper Towel	\$ 55.00	1	\$ 55.00
Dispenser, Paper Towel	\$ 55.00	2	\$ 110.00
Dispenser, Paper Towel	\$ 55.00	4	\$ 220.00
Dispenser, Paper Towel	\$ 55.00	1	\$ 55.00
Dispenser, Paper Towel	\$ 55.00	1	\$ 55.00
Dispenser, Paper Towel	\$ 55.00	1	\$ 55.00
Dispenser, Paper Towel	\$ 55.00	2	\$ 110.00
Dispenser, Paper Towel	\$ 55.00	2	\$ 110.00
Dispenser, Toilet Paper, Surface Mount, Compact, 2- Roll	\$ 15.00	1	\$ 15.00
Dispenser, Toilet Paper, Surface Mount, Compact, 2- Roll	\$ 15.00	2	\$ 30.00
Dispenser, Toilet Paper, Surface Mount, Compact, 2- Roll	\$ 15.00	2	\$ 30.00
Dispenser, Toilet Paper, Surface Mount, Compact, 2- Roll	\$ 15.00	2	\$ 30.00
Dispenser, Toilet Seat Cover	\$ 35.00	1	\$ 35.00
Dispenser, Toilet Seat Cover	\$ 35.00	2	\$ 70.00
Dispenser, Toilet Seat Cover	\$ 35.00	2	\$ 70.00
Dispenser, Toilet Seat Cover	\$ 35.00	2	\$ 70.00
Disposal, Sharps, Wall Mount	\$ 9.45	1	\$ 9.45
Disposal, Sharps, Wall Mount	\$ 9.45	7	\$ 66.15
Disposal, Sharps, Wall Mount	\$ 9.45	7	\$ 66.15
Disposal, Sharps, Wall Mount	\$ 9.45	4	\$ 37.80
Ice Machine, Countertop, Push Button (with SD-271 stand)	\$ 6,700.00	1	\$ 6,700.00
Reprocessor, Endoscope, Standard	\$ 40,000.00	2	\$ 80,000.00
Sink, Processing, 3-Bay, 120 inch, Fixed Height, with Accessories, Acu-SinQ 2 and all Installations	\$ 17,000.00	1	\$ 17,000.00
Water Treatment System, Ice Maker, Wall	\$ 450.00	1	\$ 450.00
<b>Moveable Equipment</b>			
Allowance, Scopes	\$ 239,253.02	4	\$ 957,012.08

## MEC Spokane Equipment List

Description	Unit Cost	Qty	Total
Allowance, Warehousing and Installation Services	\$ 20,000.00	1	\$ 20,000.00
Allowance, Waxie EVS Start-up Kit	\$ 1,000.00	1	\$ 1,000.00
Bin, Plastic, Stacking, SPD Tote w/Lid, Blue 24x20x10 (cs/6)	\$ 57.75	4	\$ 231.00
Bin, Shredding, Secure, 26H	\$ -	1	\$ -
Cabinet, Flammable, 12 Gallon, Solvents	\$ 648.24	1	\$ 648.24
Canister, Suction, 1500cc	\$ 8.25	7	\$ 57.75
Canister, Suction, 1500cc	\$ 8.25	7	\$ 57.75
Cart, Anesthesia 30in w/Keypad lock (3) 3in drawers, (2) 6in drawers, (1) 9in drawer (BLUE)	\$ 2,800.00	4	\$ 11,200.00
Cart, Code/Crash, Adult, w/O2 cylinder holder, defib shelf, and backboard and drawer dividers	\$ 3,500.00	1	\$ 3,500.00
Cart, Cylinder Storage, Green (4 tank capacity)	\$ 400.00	1	\$ 400.00
Cart, Cylinder Storage, Red (4 tank capacity)	\$ 400.00	1	\$ 400.00
Cart, Cylinder, D&E, Single	\$ 115.44	2	\$ 230.88
Cart, Endoscopy, Surgical GI	\$ 8,693.65	4	\$ 34,774.60
Cart, Housekeeping, Polymer	\$ 302.75	1	\$ 302.75
Cart, Housekeeping, Polymer	\$ 302.75	1	\$ 302.75
Cart, Linen, Metal w/Cover 24x36x80	\$ 827.76	1	\$ 827.76
Cart, Linen, Metal w/Cover 24x36x80	\$ 827.76	1	\$ 827.76
Cart, Supply, Metal	\$ 1,912.88	7	\$ 13,390.16
Cart, Supply, Metal	\$ 1,912.88	7	\$ 13,390.16
Cart, Supply, Wire 18x36	\$ 287.49	1	\$ 287.49
Cart, Supply, Wire 18x48x80	\$ 596.07	1	\$ 596.07
Cart, Supply, Wire 18x60x80	\$ 371.57	1	\$ 371.57
Cart, Supply, Wire 24x36	\$ 329.95	1	\$ 329.95
Cart, Supply, Wire 24x48x80	\$ 526.81	1	\$ 526.81
Cart, Utility 3 Shelf, CHROME 24" x 36" x 40	\$ 252.53	1	\$ 252.53
Cart, Wire, Scrubs 18x24 w/cover	\$ 490.00	2	\$ 980.00
Cart/Truck, Linen Bulk	\$ -	1	\$ -
Clock, Wall, Digital, Atomic	\$ 140.00	1	\$ 140.00
Clock, Wall, Digital, Atomic	\$ 140.00	1	\$ 140.00
Clock, Wall, Digital, Atomic	\$ 140.00	1	\$ 140.00
Clock, Wall, Digital, Atomic	\$ 140.00	4	\$ 560.00
Clock, Wall, Digital, Atomic	\$ 140.00	1	\$ 140.00
Clock, Wall, Digital, Atomic	\$ 140.00	1	\$ 140.00
Clock, Wall, Digital, Atomic	\$ 140.00	1	\$ 140.00

## MEC Spokane Equipment List

Description	Unit Cost	Qty	Total
Defibrillator, Monitor, w/Pacing, w/charger	\$ 14,000.00	1	\$ 14,000.00
Dolly, Handtruck, Convertible Hand Truck and Dolly, 400lb Capacity	\$ 65.99	1	\$ 65.99
Electrocardiogram (ECG or EKG), Portable w/stand	\$ 2,200.00	1	\$ 2,200.00
Electrosurgical Unit, Endoscopy, with Cart	\$ 9,815.00	4	\$ 39,260.00
Flowmeter, Oxygen, 0-15 lpm (Ohmeda connection)	\$ 49.60	7	\$ 347.20
Flowmeter, Oxygen, 0-15 lpm (Ohmeda connection)	\$ 49.60	7	\$ 347.20
Hamper, Linen	\$ 100.00	1	\$ 100.00
Hamper, Linen	\$ 100.00	1	\$ 100.00
Hamper, Linen	\$ 100.00	1	\$ 100.00
Hamper, Linen, With Lid, 18 inch	\$ 400.00	8	\$ 3,200.00
Hamper, Linen, With Lid, 18 inch	\$ 400.00	1	\$ 400.00
Ladder, Step, 6 ft. Fiberglass	\$ 276.57	1	\$ 276.57
Laryngoscope, Video, Portable	\$ 20,000.00	1	\$ 20,000.00
Lid, Garbage Can for 23 Gallon	\$ 32.00	1	\$ 32.00
Light Source, Video Endoscopy System	\$ 11,697.82	4	\$ 46,791.28
Meter, Glucose	\$ 45.00	1	\$ 45.00
Monitor, Bedside, PreOp w/Wall Mount and Arm	\$ 4,800.00	7	\$ 33,600.00
Monitor, Bedside, Recovery with CO2 and NIBP on Wall Mount and Arm	\$ 7,000.00	7	\$ 49,000.00
Monitor, Physiologic, Procedure, Portable w/CO2 on Roll Stand	\$ 8,000.00	4	\$ 32,000.00
Monitor, Video/Medical 32 Inch Flat Panel	\$ 8,400.00	4	\$ 33,600.00
Oven, Microwave, Countertop	\$ 210.00	1	\$ 210.00
Oven, Microwave, Countertop	\$ 210.00	1	\$ 210.00
Pump, Flushing, Endoscopy	\$ 1,731.43	4	\$ 6,925.72
Pump, Suction/Aspirator, Portable	\$ 735.51	1	\$ 735.51
Refrigerator, Top Freezer, 18 cu ft	\$ 1,335.00	1	\$ 1,335.00
Refrigerator, Top Freezer, 18 cu ft	\$ 1,335.00	1	\$ 1,335.00
Refrigerator, Undercounter (glass door)	\$ 1,200.00	1	\$ 1,200.00
Refrigerator, Undercounter, Medication	\$ 1,320.00	1	\$ 1,320.00
Refrigerator, Undercounter, Nourishment	\$ 700.00	1	\$ 700.00
Regulator, Oxygen	\$ 65.00	2	\$ 130.00
Regulator, Suction, Wall, Cont/Int (Ohmeda)	\$ 300.00	7	\$ 2,100.00
Regulator, Suction, Wall, Cont/Int (Ohmeda)	\$ 300.00	7	\$ 2,100.00

## MEC Spokane Equipment List

Description	Unit Cost	Qty	Total
Regulator, Suction, Wall, Cont/Int (Ohmeda)	\$ 300.00	8	\$ 2,400.00
Scale, Clinical, Adult, Digital, Floor	\$ 1,596.39	1	\$ 1,596.39
Services, Installation	\$ 4,000.00	1	\$ 4,000.00
Shelf, Wall, Wire, Chrome 18x108	\$ 172.33	1	\$ 172.33
Shelving, Corner Units, Stationary, Wire (2) 18x42 / (1) 24x48, (1) 24x42	\$ 6,000.00	1	\$ 6,000.00
Shelving, Park Over Unit, 18x36	\$ 275.00	1	\$ 275.00
Spill Kit, Universal, 5 gallon, Wall Mount on Hook	\$ 100.00	1	\$ 100.00
Spill Kit, Universal, 5 gallon, Wall Mount on Hook	\$ 100.00	1	\$ 100.00
Stand, IV, Caster Base, Stainless, 5-Leg, 4 hook	\$ 350.00	2	\$ 700.00
Stool, Exam, with Backrest	\$ 430.00	8	\$ 3,440.00
Stool, Step, Stackable	\$ 200.00	8	\$ 1,600.00
Stretcher, Procedure, Wide	\$ 4,315.00	7	\$ 30,205.00
Stretcher, Procedure, Wide	\$ 4,315.00	7	\$ 30,205.00
Table, Overbed	\$ 90.00	7	\$ 630.00
Table, Overbed	\$ 90.00	7	\$ 630.00
Tester, Leak, Endoscope	\$ 1,367.42	1	\$ 1,367.42
Thermometer Sensor, Dual, Digital, device monitoring	\$ 1,215.00	1	\$ 1,215.00
Thermometer Sensor, Dual, Digital, device monitoring	\$ 1,215.00	1	\$ 1,215.00
Thermometer Sensor, Single, Digital, device monitoring	\$ 958.00	1	\$ 958.00
Thermometer, Digital, No Touch	\$ 55.00	2	\$ 110.00
Thermometer, Digital, No Touch	\$ 55.00	2	\$ 110.00
Truck, Tilt, Waste Disposal	\$ 410.00	1	\$ 410.00
Video Processor, Endoscopic	\$ 23,030.58	4	\$ 92,122.32
Warming Cabinet, Dual, Freestanding w/casters	\$ 9,500.00	1	\$ 9,500.00
Warming Cabinet, Dual, Freestanding w/casters	\$ 9,500.00	1	\$ 9,500.00
Waste Can, 23 Gallon, Gray	\$ 50.00	1	\$ 50.00
Waste Can, 23 Gallon, Gray	\$ 50.00	4	\$ 200.00
Waste Can, 23 Gallon, Gray	\$ 50.00	1	\$ 50.00
Waste Can, 23 Gallon, Gray	\$ 50.00	1	\$ 50.00
Waste Can, 23 Gallon, Gray	\$ 50.00	1	\$ 50.00
Waste Can, 23 Gallon, Gray	\$ 50.00	1	\$ 50.00
Waste Can, 23 Gallon, Gray	\$ 50.00	1	\$ 50.00
Waste Can, 23 Gallon, Gray	\$ 50.00	1	\$ 50.00

## MEC Spokane Equipment List

Description	Unit Cost	Qty	Total
Waste Can, 23 Gallon, Gray	\$ 50.00	1	\$ 50.00
Waste Can, 32 Gallon	\$ 110.00	1	\$ 110.00
Waste Can, 32 Gallon	\$ 110.00	1	\$ 110.00
Waste Can, 32 Gallon	\$ 110.00	1	\$ 110.00
Waste Can, Open Top, 7-Gallon, Gray	\$ 10.00	2	\$ 20.00
Waste Can, Open Top, 7-Gallon, Gray	\$ 10.00	2	\$ 20.00
Waste Can, Open Top, 7-Gallon, Gray	\$ 10.00	7	\$ 70.00
Waste Can, Open Top, 7-Gallon, Gray	\$ 10.00	7	\$ 70.00
Waste Can, Open Top, 7-Gallon, Gray	\$ 10.00	1	\$ 10.00
Waste Can, Open Top, 7-Gallon, Gray	\$ 10.00	2	\$ 20.00
Waste Can, Open Top, 7-Gallon, Gray	\$ 10.00	1	\$ 10.00
Waste Can, Open Top, 7-Gallon, Gray	\$ 10.00	1	\$ 10.00
Waste Can, Open Top, 7-Gallon, Gray	\$ 10.00	2	\$ 20.00
Waste Can, Open Top, 7-Gallon, Gray	\$ 10.00	1	\$ 10.00
Waste Can, Open Top, 7-Gallon, Gray	\$ 10.00	1	\$ 10.00
Waste Can, Open Top, 7-Gallon, Gray	\$ 10.00	2	\$ 20.00
Waste Can, Open Top, 7-Gallon, Gray	\$ 10.00	2	\$ 20.00
Waste Can, Open Top, 7-Gallon, Gray	\$ 10.00	2	\$ 20.00
Wheelchair, Adult, 20 in Wide (300 lb capacity)	\$ 219.37	4	\$ 877.48
Wheelchair, Adult, 24 in Wide, Bariatric (500 lb capacity)	\$ 300.00	4	\$ 1,200.00
<b>Equipment, Fixed</b>			<b>\$ 133,887</b>
<b>Equipment, Moveable</b>			<b>\$ 1,558,893</b>
<b>LV Cabling and Access Control Systems</b>			<b>\$ 142,188</b>
<b>Furniture, Signage, and Artwork</b>			<b>\$ 90,393</b>
<b>IT Equipment</b>			<b>\$ 139,257</b>
<b>Equipment Subtotal</b>			<b>\$ 2,064,619</b>
Freight			\$ 76,946
<b>Equipment and Freight</b>			<b>\$ 2,141,565</b>
Sales Tax (8.9%)			\$ 183,751
<b>Equipment Total</b>			<b>\$ 2,325,316</b>



Exhibit 15

Medical Director Agreement  
Template

## MEDICAL DIRECTOR AGREEMENT

THIS MEDICAL DIRECTOR AGREEMENT (this “Agreement”) is made and entered into to be effective as of the latter of (1) [Enter specific Date], or (2) the last of the signature dates below (the “Effective Date”), by and between [ASC Entity, LLC] (collectively “ASC”), and [Physician Name], an individual physician (the “Medical Director”).

### RECITALS:

- A. ASC currently owns and operates an outpatient surgery facility (the “Facility”) located at [ADDRESS];
- B. Medical Director is duly licensed in the State of [ State ] to practice medicine, is board certified in the specialty of [ Specialty ], and is qualified to provide the services outlined in this Agreement; and
- C. ASC desires to contract with Medical Director to serve as the medical director of the Facility, and the Medical Director desires to be so serve as Medical Director;

NOW, THEREFORE, for and in consideration of the recitals above and the mutual covenants and conditions herein contained, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

### AGREEMENT:

- 1. **Recitals.** The parties acknowledge and agree that each of the foregoing recitals is true and correct, and that each such recital is incorporated herein by this reference.
- 2. **Engagement.** ASC hereby engages the Medical Director to serve as the medical director of the Facility during the term of this Agreement, and Medical Director accepts such engagement.
- 3. **Responsibilities of the Medical Director.**
  - 3.1. **Specific Medical Director Duties.** The Medical Director shall assume and discharge all responsibility for the medical direction and medical management of the Facility in keeping with the policies of the Facility, the Bylaws of the organized medical staff of the Facility (the “Medical Staff”), applicable laws and regulations, and the terms of this Agreement. The specific duties of the Medical Director shall include, but are not limited to, the duties set forth in Attachment “A” (the “Medical Director Services”).
  - 3.2. **Medical Records.** The Medical Director shall ensure that the reports of all services provided by physicians within the Facility are promptly prepared and filed with the Medical Records Department.
  - 3.3. **Coverage.** The Medical Director shall devote such time and attention as is necessary, but in no event more than an average of twenty (20) hours per month, as determined on an annual basis, to fulfilling the duties and responsibilities of the medical director of the Facility, as required by this Agreement.
  - 3.4. **Reporting and Evaluation.** The Medical Director shall report to the Chief of Staff of the Facility (the “COS”) or the COS’s designee. The performance of the Medical Director shall be evaluated annually by the COS, in accordance with the criteria identified in Attachment

“B”, and the Medical Director agrees to actively participate in the evaluation process.

- 3.5. Compliance with Laws, Rules, Regulations, Standards and Policies. The Medical Director shall comply with all laws, rules, regulations and standards applicable to the services described in this Agreement, including, but not limited to, the laws, rules, regulations and standards of (a) the Accreditation Association of Ambulatory Health Care (“AAAH”) and other applicable accreditation bodies, (b) any local, county, state, or federal governmental agency, corporate entity, or individual having authority to administer, regulate, accredit or otherwise set standards for the Facility, and (c) third party payors with whom the Facility contracts. Whenever providing services pursuant to this Agreement on the premises of the Facility, the Medical Director shall comply with and observe all rules and regulations of the Facility concerning conduct on the premises of the Facility. If any of the services provided under this Agreement are services for which ASC may, directly or indirectly, obtain compensation or reimbursement from any governmental health program (e.g., Medicare, Medicaid, or CHAMPUS), the Medical Director shall comply with all government reimbursement requirements as specified by ASC and shall assist ASC in completing necessary documents and records for reimbursement.
- 3.6. Quality Assurance. The Medical Director, in cooperation with ASC staff, shall ensure that the Facility maintains the program quality necessary to meet any applicable federal and state requirements and any applicable standards of the AAAHC and other applicable accreditation bodies. Upon request of the COS or the Executive Committee of the Medical Staff (the “MEC”), the Medical Director shall submit a quality plan to the COS and the MEC, and shall report periodically with respect to program quality as required by the COS or the MEC.
- 3.7. Notice of Acts or Omissions. The Medical Director shall immediately notify ASC of any act or omission by the Medical Director, alleged or actual, that could result in claims of legal liability, whether justified or unjustified. The Medical Director also shall promptly notify ASC of any disciplinary proceedings that may be filed involving the Medical Director.
- 3.8. Continuing Medical Education. The Medical Director shall attend, at the Medical Director’s sole cost and expense, programs of continuing medical education as reasonable and appropriate to maintain and enhance the Medical Director’s skills and qualifications as the medical director of the Facility and as otherwise required under applicable state laws.

#### 4. Conditions of Agreement.

- 4.1. Licensure. The Medical Director shall be duly licensed to practice medicine in the State of [STATE]. The Medical Director shall maintain such license in good standing throughout the Term, without any stipulations, letters of censure, probations, limitations or adverse actions of any kind by the relevant state board.
- 4.2. Participation. At all times during the Term, the Medical Director shall be authorized to participate in the Medicare and Medicaid (or state equivalent) programs.
- 4.3. Medical Staff Membership. The Medical Director shall be an active member of the Medical Staff, and shall maintain active, full and unrestricted membership and clinical privileges on the Medical Staff in good standing at all times during the Term of this Agreement.

- 4.4. **Insurance Coverage.** At all times during the Term, the Medical Director shall maintain the insurance coverage requirements under this Agreement and as required by appointment to the Medical Staff.

In the event the Medical Director fails to meet any of the foregoing conditions, in whole or in part, at any time during the Term, ASC may, at its option, immediately terminate this Agreement or require that the Medical Director take such remedial steps as deemed necessary by ASC.

5. **Space and Support.** ASC shall provide reasonable work space, support staff and equipment for the Medical Director to carry out the Medical Director's responsibilities under this Agreement.

6. **Financial Arrangements.**

- 6.1. **Compensation.** ASC shall compensate the Medical Director at a rate of Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00) per month for Medical Director Services actually provided by the Medical Director. On a monthly basis, the Medical Director shall submit detailed documentation in the form of the Medical Director Activity Log attached hereto as Attachment "C" and incorporated herein by this reference, which shows a description of Medical Director Services provided each month. The parties anticipate that the Medical Director will spend approximately two hundred and forty (240) hours per year performing the Medical Director Services. On an annual basis, ASC shall review compensation and may adjust compensation to ensure it remains fair market value. Any such adjustment shall be agreed to in a writing signed by the parties. In addition, ASC shall reimburse Group for reasonable and actual expenses incurred by Group in furtherance of this Agreement, provided all such expenses are approved in advance in writing by ASC.

- 6.2. **Arm's Length Negotiations.** ASC and the Medical Director expressly acknowledge that the compensation provided for in this Agreement has resulted from arm's length negotiations between the parties, has not been determined in a manner that takes into account the volume or value of any referrals or business otherwise generated between the Medical Director and the ASC, and is, to the best knowledge of each party, consistent with fair market value for the services to be rendered.

7. **Term and Termination.**

- 7.1. **Term.** Subject to each party's right of termination, as set forth below, this Agreement shall be in effect for an initial term of three (3) years, commencing as of the Effective Date and terminating on the first (1<sup>st</sup>) anniversary of the Effective Date (the "Initial Term"). Thereafter, this Agreement shall automatically renew for successive one (1) year terms (each a "Renewal Term") until it is terminated as provided herein. The Initial Term and any Renewal Term(s) shall be the "Term."

- 7.2. **Termination without Cause.** Either party may terminate this Agreement at any time, with or without cause, upon thirty (30) days' prior written notice to the other party.

- 7.3. **Termination for Cause.** Notwithstanding Paragraph 7.2 herein, ASC may terminate this Agreement immediately upon the occurrence of any of the following:

- (i) The failure of the Medical Director to meet any of the conditions set forth in Section 4 above;

- (ii) The recommendation by any professional review body of any medical staff or hospital facility that the Medical Director's membership on such medical staff or clinical privileges at such hospital facility be denied, restricted, suspended, revoked or terminated;
- (iii) The death of the Medical Director or the disability of the Medical Director such that the Medical Director is unable to perform the Medical Director's obligations under this Agreement for a period of more than one (1) month;
- (iv) The Medical Director being found to have committed unethical or unprofessional conduct by a court of competent jurisdiction or the [STATE] Board of Medical Examiners;
- (v) The investigation or indictment of the Medical Director for any act constituting a felony or for any crime involving the delivery of, or billing or payment for, health care items or services;
- (vi) A material breach by the Medical Director of any of the terms of this Agreement that is not cured to the reasonable satisfaction of ASC within thirty (30) days following ASC's written notice to the Medical Director of such material breach;
- (vii) The occurrence of three (3) suspensions of the Medical Director from the Medical Staff due to delinquent medical records;
- (viii) The Medical Director willfully neglects the Medical Director Services, demonstrates behavior substantially incompatible with the goals, objectives, or business interests of ASC, or commits such acts of dishonesty, fraud, misrepresentation, or any acts or moral turpitude, as would prevent the effective performance of the Medical Director Services, all as determined by ASC in its sole discretion; or
- (ix) The participation by the Medical Director in an activity that constitutes a conflict of interest, including, but not limited to, the Medical Director serving as an expert witness on behalf of any party in any proceeding in which ASC or any affiliate of ASC is or may reasonably be expected to be a party; however, notwithstanding the foregoing, Medical Director may testify in any such proceeding if involuntarily compelled to do so, or where the Medical Director has an adverse legal position to such entities.

7.4. Amendments and Early Termination. Both parties acknowledge and agree that this Agreement may not be amended during the Initial Term, or more than once during any twelve (12) month period thereafter, unless the terms of such amendment are permitted under 42 U.S.C. § 1395nn and regulations promulgated thereunder, as determined by legal counsel for ASC. If this Agreement is terminated during the Initial Term for any reason, the parties may not enter into a successor agreement for the same services provided hereunder prior to the first (1st) anniversary hereof unless the terms of such successor agreement are permitted under 42 U.S.C. § 1395nn and regulations promulgated thereunder, as determined by legal counsel for ASC.

7.5. Regulatory Termination. If, prior to the expiration of the Term of this Agreement, there is a change in any federal or state law, regulation or rule, or any change in the judicial or

administrative interpretation of any such law, regulation or rule, and either party reasonably believes in good faith that such change shall have a substantial adverse effect on such party and/or the ASC or a party's rights or obligations under this Agreement, then the affected party may, upon written notice, require the other party to enter into good faith negotiations to renegotiate the terms of this Agreement. If (a) the parties are unable to reach an agreement concerning the modification of this Agreement within the earlier of (i) forty-five (45) days after the date of the notice seeking renegotiation or (ii) the effective date of the change in law, regulation, or rule, or (b) the change is effective immediately, then either party may immediately terminate this Agreement upon written notice of such termination to the other party.

8. **Nature of Agreement.** The Parties acknowledge and agree that Medical Director is an independent contractor of ASC. Nothing in this Agreement will be construed to create the relationship of employer and employee, principal and agent, joint venture, partnership, or any relationship other than that of independent parties contracting with each other solely for the purposes of carrying out the terms of this Agreement. ASC has no responsibility for any federal, state, or local income tax withholdings or payments on behalf of Medical Director. Medical Director is not entitled to any ASC fringe benefits or pension benefits.
9. **Services Outside Scope of Agreement.** This Agreement provides for the Medical Director to provide medical director services that are administrative in nature. The performance or rendering of any clinical services by the Medical Director is expressly outside the scope of this Agreement.
10. **Insurance.** ASC agrees to secure and maintain in force during the Term of this Agreement an insurance policy or policies that covers the Medical Director for actions taken in connection with the performance of the Medical Director's responsibilities under this Agreement. Such insurance shall not cover the Medical Director's private medical practice or any other practice, act or omission not required by, or inconsistent with the terms of, this Agreement. The Medical Director shall secure and maintain in force during the Term of this Agreement professional liability coverage for the Medical Director's private medical practice and for any other practice, act or omission that is not required by, or that is not otherwise within the scope of, the Medical Director's duties under, this Agreement with the minimum limits required of members of the Medical Staff under the Medical Staff Bylaws or otherwise. The Medical Director shall provide ASC with a certificate of insurance acceptable to ASC that states that the above coverage is in full force and effect and that it shall continue in full force and effect throughout the Term of this Agreement. Such certificate of insurance shall be provided to ASC upon execution of this Agreement and from time to time thereafter upon request by ASC.
11. **Financial Obligation.** The Medical Director shall not incur, and shall not have the authority to incur, any financial obligation on behalf of ASC.
12. **Non-Referral.** This Agreement is limited solely and strictly to ASC's contractual arrangement with the Medical Director to provide Medical Director Services in accordance with the terms of this Agreement. The compensation paid to the Medical Director hereunder is remuneration for Medical Director Services rendered by the Medical Director. ASC unconditionally warrants that the consideration provided by ASC under this Agreement does not require, and is not contingent upon, the Medical Director or other physician affiliated with the Medical Director (hereinafter, an "Affiliated Physician") making any recommendation, or referral, of any patient, directly or indirectly, to the Facility or any other facility owned by or affiliated with ASC (each an "Affiliated Facility"). The Medical Director acknowledges and agrees that there is no agreement or understanding in which the Medical Director or any Affiliated Physician has any obligation to

admit or refer patients to the Facility or any Affiliated Facility and that there is no requirement on the part of the Medical Director or any Affiliated Physician to recommend Facility or any Affiliated Facility to their respective patients.

13. **Medicare Fraud and Abuse.** Notwithstanding any unanticipated effect of any of the provisions herein, neither party shall intentionally conduct itself under the terms of this Agreement in a manner to constitute a violation of the Medicare and Medicaid Fraud and Abuse Provisions (42 U.S.C. Sections 1395nn(b) and 1396h(b)), including the Medicare and Medicaid Anti-Fraud and Abuse Amendments of 1977 and the Medicare and Medicaid Patient and Program Protection Act of 1987 (42 U.S.C. Sections 1320a-7 et seq.) or any other applicable federal, state or local law, rule, or regulation.
14. **Use and Disclosure of Information.** The Medical Director recognizes and acknowledges that the Medical Director shall have access to certain confidential information of ASC, and that such information constitutes valuable, special and unique property of ASC. Such confidential information shall be used by Medical Director only for the purpose intended by this Agreement and no others. In addition, the Medical Director shall not disclose, during or after the term of this Agreement, without the prior written consent of ASC, any such confidential information to any person, firm, corporation, association, or other entity for any reason or purpose whatsoever, except to authorized representatives of ASC and except as may be ordered by a court or governmental agency. Confidential information includes, but is not limited to, the names of patients and the terms and conditions (including financial information) of agreements with or for the benefit of patients, all medical records and information, trade secrets, proprietary information, non-public information, clinical, marketing, personnel and administrative policies, procedures, manuals, protocols and reports, all written agreements and contracts, including this Agreement, and other assets of ASC.
15. **Work Product.** The Medical Director acknowledges and agrees that all creations of, revisions of, modifications to, and improvements on, documents, writings, computer software programs and other information implemented by or under the supervision and control of the Medical Director for purposes of providing the Medical Director Services and all other such works and writings created by or for the Medical Director for ASC or the Facility (each a “Work Product Owner”) pursuant to this Agreement and in connection with the Medical Director Services (hereinafter collectively “Work Product”) shall remain the exclusive property of the applicable Work Product Owner to be held by the Medical Director in trust and solely for the benefit of the Work Product Owner. Accordingly, except as required by law, the Medical Director shall not, at any time, either during or subsequent to the Term of this Agreement, use, reveal, report, publish, copy, transcribe, transfer or otherwise disclose to any person, corporation or other entity, any of the Work Product without the prior written consent of the Work Product Owner, except to responsible officers and employees of the Work Product Owner. The Medical Director shall require and ensure that each of the Medical Director’s agents shall be bound to and comply with this Section 15.
16. **Retention and Inspection of Records.** The Medical Director shall keep all records related to this Agreement for a period of four (4) years from the date the record is made. Upon reasonable notice, ASC, or its authorized representative, shall have the right to inspect, examine, audit and copy, during normal business hours, such of the Medical Director’s business records that are directly relevant to this Agreement, including, without limitation, the financial arrangement between the parties. The cost of such inspection, examination, and audit shall be at the sole expense of ASC, and such inspection, examination, and audit shall be conducted where such records are normally maintained. ASC may use a third-party vendor to copy records described in this Section 16.
17. **Access to Records for Government Inspection.** The Medical Director agrees, until the expiration

of four (4) years after the furnishing of services to be provided under this Agreement, to make available, upon request, to the Secretary of HHS, the Comptroller General of the United States of America, or any of their duly authorized representatives, the contracts, books, documents and records that are necessary to certify the nature and extent of reimbursable costs under the Medicare laws. If the Medical Director carries out any of the agreements under this Agreement through a subcontract with a value or cost of Ten Thousand and 00/100 Dollars (\$10,000.00) or more over a twelve (12) month period with a related organization, such subcontract shall contain a requirement identical to that set forth in the preceding sentence.

18. **Compliance with HIPAA.** Under the Health Insurance Portability and Accountability Act of 1996, ASC is a Covered Entity and Medical Director is a business associate of ASC, as defined in the Health Insurance Portability and Accountability Act of 1996. ASC is required to comply with the Standards for Privacy of Individually Identifiable Health Information contained in 45 CFR Parts 160 and 164 (the "HIPAA Privacy Standards"), as of the effective date of the HIPAA Privacy Standards on April 14, 2003, or as may be later determined. If this Agreement must be amended to secure such compliance, the parties shall meet in good faith to agree upon such amendments. If the parties cannot agree upon such amendments, then either party may terminate this Agreement upon thirty (30) days' prior written notice to the other party. Medical Director shall comply with the Business Associate Addendum attached hereto as Attachment "D".
19. **No Federal Exclusion.** The Medical Director hereby represents and warrants that the Medical Director is not, and at no time has been, excluded from participation in any federally funded health care program, including Medicare and Medicaid. The Medical Director hereby agrees to immediately notify ASC of any threatened, proposed, or actual sanction or exclusion from any federally funded health care program, including Medicare and Medicaid. Such notice shall contain reasonably sufficient information to allow ASC to determine the nature of any sanction. In the event that the Medical Director is excluded from participation in any federally funded health care program during the term of this Agreement, or if, at any time after the Effective Date, it is determined that the Medical Director is in breach of this Section 20, ASC shall terminate this Agreement, which termination shall be effective immediately upon notice to Medical Director of such termination.
20. **Conflict of Interest Disclosure.** The Medical Director represents and warrants that neither the Medical Director, nor any entity with which Medical Director is affiliated, nor or any officers, directors, employees, partners, members, owners or shareholders of an entity with which Medical Director is affiliated or related to (or otherwise has a compensation interest with) has any relationship with any officer, director or employee of ASC.
21. **Compliance.** The Medical Director acknowledges that if Medical Director (a) provides direct patient care items or services for which ASC bills, or (b) performs billing or coding functions for ASC, the Medical Director's applicable employees and agents shall complete ASC's mandatory compliance lessons (initially and annually thereafter). Upon execution of this Agreement, the Medical Director shall provide ASC with his/her e-mail address and phone number so as to assist ASC's Ethics & Compliance Department in ensuring that such required training occurs.
22. **Governing Law.** This Agreement shall be governed by the internal substantive laws of the State of [ **State** ], without regard for conflicts of laws.
23. **Enforcement.** In the event that either party to this Agreement takes legal action to enforce any of the terms of this Agreement, the court, the arbitrator or any other presiding body or individual shall have the power to, and the parties shall direct such court, arbitrator, or other presiding body or



individual to, award reimbursement for the prevailing party's reasonable expenses, including, but not limited to, reasonable attorneys' fees incurred in connection with such action.

24. **Force Majeure.** Neither party shall be liable for any delay or failure in performance hereunder caused, in whole or in part, by reason of force majeure, which shall be deemed to include the occurrence of any event beyond the control of the parties, war (whether an actual declaration thereof is made or not), sabotage, insurrection, riot and other acts of civil disobedience, action of a public enemy, laws, regulations or acts of any national, state or local government (or any agency, subdivision or instrumentality thereof), judicial action, labor dispute, accident, fire, explosion, flood, storm or other act of God.
25. **Notices.** Any notice required to be given pursuant to the terms and provisions of this Agreement shall be in writing and may be either personally delivered or sent by registered or certified mail in the United States Postal Service, return receipt requested, postage prepaid, addressed to each party at the addresses that follow or to such other addresses as the parties may hereinafter designate in writing:

If to ASC:

[ASC Entity, LLC]  
[street address]  
[city, state, zip]

with a copy to:

Atlas Healthcare Partners, LLC  
contracted manager of [ASC Entity, LLC] ("Atlas")  
2355 E Camelback Road, Suite 700  
Phoenix, AZ 85016  
Attn: Chief Executive Officer

If to Medical Director:

[Name, MD]  
[street address]  
[city, state, zip]

Any such notice shall be deemed to have been given when personally delivered or, if sent by registered or certified mail, three (3) days after the same is sent as provided herein.

26. **Integration and Amendment.** This Agreement, including any attachments and documents specifically incorporated herein by reference, contains the entire agreement between the parties. All prior negotiations between the parties are merged in this Agreement, and there are no understandings or agreements other than those incorporated into this Agreement, including any attachments and documents specifically incorporated herein by reference. This Agreement may not be modified except by written instrument signed by both parties.
27. **Waiver and Breach.** No waiver of the enforcement or breach of any agreement or provision herein contained, including any attachments or documents specifically incorporated herein by reference, shall be deemed a waiver of any preceding or succeeding breach thereof or of the enforcement of any other agreement or provision herein contained, including any attachments or documents specifically incorporated herein by reference. No extension of time for performance of any obligations or acts shall be deemed an extension of the time for performance of any other obligations or acts.
28. **Assignment/Subcontracting.** The Medical Director shall not have the right or power to assign or subcontract its rights or obligations under this Agreement. Any attempt to do so without the express

prior written consent of ASC shall be null and void and shall give ASC the right to cancel and terminate this Agreement. In the event consent is properly given, the provisions of this Agreement shall bind and benefit the respective successors and assigns of ASC and the Medical Director. ASC shall have the right to assign or otherwise transfer its interest under this Agreement to any “related entity.” For the purposes of this Section 28, a related entity shall be deemed to include a parent or subsidiary of ASC, any entity that acquires all or substantially all of ASC’s assets or operations relating to this Agreement, and the surviving entity of any merger or consolidation involving ASC. Any assignment to a related entity shall not require the consent or approval of the Medical Director in order to be effective.

29. **Survival.** Any covenant or provision herein that requires or might require performance after the termination or expiration of this Agreement, including, but not limited to, indemnities, confidentiality, settlement of accounts, and records retention and access, shall survive any termination or expiration of this Agreement.
30. **Non-Exclusive Agreement.** This Agreement is not exclusive. Accordingly, ASC shall have the right to enter into one or more agreements relating to the same or similar matters as are covered by this Agreement, and execution by ASC of such agreements shall not constitute a breach of this Agreement.
31. **Mutual Contribution.** The parties to this Agreement and their respective counsel have had the opportunity to review this Agreement and to contribute to its drafting. Consequently, no provision of this Agreement shall be construed against either party on the grounds that (a) such party drafted the provision or caused it to be drafted, or (b) the provision contains a covenant of such party.
32. **Further Assurances.** Both parties shall execute and deliver all documents, papers and instruments necessary or convenient to carry out the terms of this Agreement. The parties shall, upon request at any time after the Effective Date, execute, deliver and/or furnish all such documents and instruments, and do, or cause to be done, all such acts and things as may be reasonable to effectuate the purpose and intent of this Agreement.
33. **Captions.** The captions contained in this Agreement are for convenience or reference for ASC and the Medical Director and are not intended in any manner whatsoever to construe, define or limit the scope or intent of this Agreement or any provision hereof.
34. **Corporate Authority.** The individual(s) executing this Agreement on behalf of, or as a representative for, a corporation or other person, firm, partnership or entity, represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of such corporation, person, firm, partnership or other entity and that this Agreement is binding upon such entity in accordance with its terms.
35. **Counterparts; Electronic Signatures.** This Agreement may be executed in one or more copies or counterparts, each of which when signed shall be an original, but all of which together shall constitute one instrument. An executed Agreement delivered by facsimile or other electronic transmission shall be treated as if an original.
36. **Disclosure of Other Relationships.** Attachment “E” sets forth all agreements or other arrangements pursuant to which the Medical Director receives compensation for administrative or medical director services from any organization or facility that is not affiliated with ASC. Medical Director shall update Attachment “E” upon request made from time to time (but not more frequently than monthly) by ASC.

37. **Entire Agreement.** This Agreement contains the entire agreement of the parties with respect to the Services described in the Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement individually or by signature of their duly authorized representative as of the signature dates set forth below, to be effective as of the Effective Date.

[ASC Entity, LLC]:

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

MEDICAL DIRECTOR:

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**ATTACHMENT “A”**  
**MEDICAL DIRECTOR SERVICES**

**General Duties:** The Medical Director works with ASC CEO and the MultiCare Atlas Joint Venture Medical Director to promote the organizational culture and to ensure the provision of safe patient care, regulatory compliance, and operational efficiency. The Medical Director shall work to ensure that the highest standards of patient care are followed and to actively participate in the monitoring of that care. The Medical Director, along with the ASC CEO, shall be responsible for promoting patient safety, patient quality, patient experience, and physician experience.

**Reporting Relationship:** Reports to the ASC Governing Body

**Essential Responsibilities:**

- 1) On a bi-monthly basis, the Medical Director will meet for one (1) hour in person with the ASC CEO and the ASC Director of Nursing (“DON”) during non-clinical time to review, provide guidance on and monitor progress of the below items:
  - a. Patient Safety plan
  - b. ASC Quality metrics
  - c. Patient experience metrics and process
  - d. Physician experience metrics and process
  - e. Proposed changes to policies and procedures
  - f. Proposed changes to credentialing requirements
  - g. Physician-related issues
  - h. Significant clinical events
- 2) Per the MultiCare Atlas JV Operating Agreement, the Medical Director will coordinate with the Joint Venture Medical Director to determine whether a provider’s Temporary Privilege Application or Credentialing Application qualifies as either “Expedited” or “Routine”.
- 3) The Medical Director will uphold, administer and monitor compliance by all ASC staff with ASC documented policies and procedures. In addition, the Medical Director will support Facility compliance with ASC Medical Staff Bylaws, Rules and Regulations.
- 4) The Medical Director will be proficient in the ASC IT and operating systems as they pertain to the following clinical operations:
  - a. Patient Experience
  - b. Risk events
  - c. Quality Metrics
  - d. Credentialing
  - e. Patient safety
- 5) The Medical Director will work with the ASC CEO and ASC DON to ensure compliance with all applicable regulatory and accreditation standards.
- 6) The Medical Director will serve as non-voting member of the ASC Governing Board and will:
  - a. Work with ASC CEO and ASC DON to prepare the ASC Medical Executive Committee (“MEC”) quarterly report to the ASC Governing Board.
  - b. Attend quarterly ASC Governing Board meetings to deliver the quarterly MEC report.

- c. Advise the ASC Governing Board on all clinical activities, concerns, conclusions and recommendations made by Medical Staff.
  - d. Depart the ASC Governing Board meeting once MEC report has been delivered, if desired.
  - e. Deliver reports on an ad-hoc basis to the ASC Governing Board.
- 7) The Medical Director serves as chair of the ASC MEC, focused on patient care, safety, quality and performance improvement. Responsibilities include:
  - a. Review of MEC agenda and share with ASC CEO and ASC DON prior to ASC MEC quarterly meeting.
  - b. Attend quarterly ASC MEC meetings and serve as Chair.
- 8) The Medical Director is responsible for oversight of the patient selection criteria for ASC and ensuring appropriate processes are in place to implement the application of such criteria.
- 9) The Medical Director is responsible for addressing violations of ASC Bylaws by medical staff providers. The Medical Director will discuss any such violations with the ASC CEO and JV Medical Director pursuant to the ASC medical staff Bylaws before discussing with the provider.
- 10) The Medical Director Works with ASC DON to implement and provide guidance regarding the Quality Assurance Performance Improvement program.
- 11) The Medical Director will be the designated ASC representative to the DEA for schedule level-controlled substance via paper or electronic ordering.
- 12) The Medical Director works with the ASC MEC to ensure that the peer review process is completed, including physician feedback, in accordance with ASC policy and ASC Medical Staff Bylaws and Rules and Regulations.
- 13) The Medical Director will act as a resource to the ASC DON in the ASC accreditation preparation and survey process.
- 14) The Medical Director will work with the ASC DON to review and maintain clinical protocols appropriate for the Facility, working with appropriate physician specialists.
- 15) The Medical Director will consult as needed on decisions concerning necessary emergency equipment purchases in accordance with ASC policies and procedures.
- 16) The Medical Director will communicate with physicians and ASC CEO and ASC DON as needed regarding patient issues and unexpected patient outcomes. In this regard, the Medical Director will:
  - a. Join a leadership call set up by the ASC DON following an unexpected outcome.
  - b. Work with ASC DON to review Root Cause Analysis (RCA) addressing the unexpected outcome.
- 17) Responsible for ASC medical staff education when needed.

18) Responsible for ASC administrative/business office staff educational activities.

**ATTACHMENT “B”**  
**Annual Medical Director Contract Performance Review**

The below chart includes the subject areas of the Medical Director’s responsibilities that will be considered and rated at the time of the annual Medical Director Contract Performance Review.

<b>Scope of Work</b>	<b>Acceptable</b>	<b>Needs Improvement</b>	<b>Comments</b>
Overall provision of Medical Director Services per Agreement			
Works with ASC DON and/or clinical managers to manage patient selection			
Participates in and leads all quality and safety initiatives identified by Facility administration			
Conducts himself/herself in such a manner as to serve as a good role model for all Facility medical staff providers			
Participates in regular meetings with ASC DON to discuss quality and safety metrics, review policy and procedure changes and discuss any peer-review related issues			
Attends ASC MEC and other committees as requested			
Acts as a liaison between ASC leadership, staff, providers and Board of Governors.			
Completes monthly activity log in a timely manner in accordance with Agreement.			
Provides support to prepare for and respond to survey findings by CMS, AAAHC, State, and other relevant accreditation bodies			



Participates in peer review activities			
Provisional reviews show no complaints regarding Medical Director's performance of the medical director role or his/her activities as an ASC medical staff provider			
Oversees the ASC credentialing and privileging process			
Participates in Infection Control			

Performance review acknowledged by:

Medical Director Signature:

\_\_\_\_\_

Date:

\_\_\_\_\_

**ATTACHMENT "C"**  
**MEDICAL DIRECTOR ACTIVITY LOG**

Physician's Name: \_\_\_\_\_ Medical Director of: \_\_\_\_\_

Facility: \_\_\_\_\_ Month/Year: \_\_\_\_\_

[illegible]

The undersigned hereby certifies that the foregoing is a true and accurate statement of his/her activities as the Medical Director during the month specified.

Medical Director Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**ATTACHMENT “D”**  
**BUSINESS ASSOCIATE ADDENDUM**

This Business Associate Addendum ("Addendum") is entered into as of the last of the signature dates below, to be effective as of the latter of (1) [Enter specific Date], or (2) the last of the signature dates below (the “Effective Date”) between [Name of Individual Physician, MD] (“Business Associate”) and [ASC ENTITY, LLC] (the “Company”). This Addendum shall supersede and replace any existing business associate agreements to addendum(s) by and between the parties to this Addendum, relating to the subject matter of the Addendum.

The Company and Business Associate mutually agree to comply with the requirements of the implementing regulations at 45 Code of Federal Regulations (“C.F.R.”) Parts 160-64 for the Administrative Simplification provisions of Title II, Subtitle F of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”).

The parties further agree that Business Associate will function as a “business associate” of the Company and the Company will function as a “covered entity” as those terms are defined in 45 C.F.R. § 160.103.

1. **Definitions.** The terms “Electronic Protected Health Information” and “Protected Health Information” have the meanings set out in 45 C.F.R. § 160.103. The term “Unsecured Protected Health Information” has the meaning set forth at 45 C.F.R. § 164.402. The term “Required by Law” has the meaning set out in 45 C.F.R. § 164.103. The term “Treatment” has the meaning set out in 45 C.F.R. § 164.501. The term “Authorization” has the meaning set out in 45 C.F.R. § 164.508. Designated Record Set will have the meaning set out at 45 C.F.R. § 164.501. The term “Subcontractor” has the meaning set out in 45 C.F.R. § 160.103. The term “Breach” will have the meaning set out at 45 C.F.R. § 164.402.

2. **Privacy of Protected Health Information.**

a) **Permitted Uses and Disclosures.** Business Associate is only permitted to use and disclose Protected Health Information, whether in paper form or in electronic form, that it creates or receives on the Company’s behalf or receives from the Company (or another business associate of the Company) and to request Protected Health Information on the Company’s behalf (collectively, “the Company’s Protected Health Information”) as follows:

i. **Functions and Activities on the Company’s Behalf.** To perform functions, activities, services, and operations on behalf of the Company as specified in the Agreement.

ii. **Business Associate’s Operations.** For Business Associate’s proper management and administration or to carry out Business Associate’s legal responsibilities, provided that, with respect to disclosure of the Company’s Protected Health Information, either:

A) The disclosure is Required by Law; or

B) Business Associate obtains reasonable assurance, evidenced by written contract, from any third party person or entity to which Business Associate will disclose the Company’s Protected Health Information that the person or entity will:

- 1) Hold the Company's Protected Health Information in confidence and use or further disclose the Company's Protected Health Information only for the purpose for which Business Associate disclosed the Company's Protected Health Information to the person or entity or as Required by Law; and
- 2) Promptly notify Business Associate (who will in turn notify the Company in accordance with Sections 4(a) and 4(b) (Privacy/Security Breach Investigation and Reporting) of this Addendum) of any instance of which the person or entity becomes aware in which the confidentiality of the Company's Protected Health Information was breached.

iii. **Data Aggregation.** In accordance with 45 CFR 164.504(e)(2)(i)(B), Business Associate may use PHI to provide data aggregation services if and only to the extent such data aggregation is necessary for Business Associate to carry out the functions, activities, services, and operations on behalf of the Company as specified in the Agreement.

b) **Minimum Necessary.** Business Associate will, in its performance of the functions, activities, services, and operations specified in Section 2(a) (Permitted Uses and Disclosures) above, make reasonable efforts to use, to disclose, and to request of the Company only the minimum amount of the Company's Protected Health Information reasonably necessary to accomplish the intended purpose of the use, disclosure or request, except that Business Associate will not be obligated to comply with this minimum necessary limitation with respect to:

- i. Disclosure to or request by a health care provider for Treatment;
- ii. Use for or disclosure to an individual who is the subject of the Company's Protected Health Information, or that individual's personal representative;
- iii. Use or disclosure made pursuant to an Authorization that is signed by an individual who is the subject of the Company's Protected Health Information to be used or disclosed, or by that individual's personal representative;
- iv. Disclosure to the United States Department of Health and Human Services ("DHHS") in accordance with Section 7(a) (Inspection of Internal Books, Practices and Records) of this Addendum;
- v. Use or disclosure that is Required by Law; or
- vi. Any other use or disclosure that is excepted from the minimum necessary limitation as specified in the Privacy Rule (as hereinafter defined).

c) **Prohibition on Unauthorized Use or Disclosure.** Business Associate will neither use nor disclose the Company's Protected Health Information, except as permitted or required by this Addendum or in writing by the Company or as Required by Law. This Addendum does not authorize Business Associate to use or disclose the Company's Protected Health Information in a manner that would violate 45 C.F.R. Part 164, Subpart E "Privacy of

Individually Identifiable Health Information” (“Privacy Rule”) if done by the Company, except as set forth in Section 2(a)(ii) (Business Associates Operations) of this Addendum.

d) **Information Safeguards.**

- i. **Privacy of the Company’s Protected Health Information.** Business Associate will develop, implement, maintain, and use appropriate administrative, technical, and physical safeguards to protect the privacy of the Company’s Protected Health Information. The safeguards must reasonably protect the Company’s Protected Health Information from any intentional or unintentional use or disclosure in violation of the Privacy Rule and limit incidental uses or disclosures made pursuant to a use or disclosure otherwise permitted by this Addendum.
- ii. **Security of the Company’s Protected Health Information.** Business Associate will use reasonable and appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to the Company’s Electronic Health Information, to prevent use or disclosure of that Electronic Protected Health Information other than as provided for by the Agreement.

- e) **Subcontractors.** Business Associate will require any of its Subcontractors, to which Business Associate is permitted by this Addendum or in writing by the Company to disclose the Company’s Protected Health Information, to agree, as evidenced by written contract, that such Subcontractor will comply with the same privacy and security safeguard obligations with respect to the Company’s Protected Health Information that are applicable to Business Associate under this Addendum.

3. **Individual Rights.**

- a) **Access.** Business Associate will, within five (5) days following the Company’s request, make available to the Company or, at the Company’s direction, to an individual (or the individual’s personal representative) for inspection and obtaining copies, the Company’s Protected Health Information, in a Designated Record Set, about the individual that is in Business Associate’s custody or control.
- b) **Amendment.** Business Associate will, upon receipt of written notice from the Company, promptly amend, or permit the Company access to amend, any portion of the Company’s Protected Health Information.
- c) **Disclosure Accounting.** So that the Company may meet its disclosure accounting obligations under the Privacy Rule:
  - i. **Disclosures Subject to Accounting.** Business Associate will record the information specified in Section 3(c)(iii) (Disclosure Information) below (“Disclosure Information”) for each disclosure of the Company’s Protected Health Information, not excepted from disclosure accounting as specified in Section 3(c)(ii) (Disclosures Not Subject to Accounting) below, that Business Associate makes to the Company or to a third party.
  - ii. **Disclosures Not Subject to Accounting.** Business Associate will not be obligated to record Disclosure Information or otherwise account for disclosures of the

Company's Protected Health Information that are expressly excluded from such disclosure accounting requirement as set forth at 45 C.F.R. § 164.528(a)(1).

iii. **Disclosure Information.** With respect to any disclosure by Business Associate of the Company's Protected Health Information that is not excepted from disclosure accounting by Section 3(c)(ii) (Disclosures Not Subject to Accounting) above, Business Associate will record the following Disclosure Information as applicable to the type of accountable disclosure made:

A) **Disclosure Information Generally.** Except for repetitive disclosures of the Company's Protected Health Information as specified in Section 3(c)(iii)(B) (Disclosure Information for Repetitive Disclosures) below, the Disclosure Information that Business Associate must record for each accountable disclosure is (1) the disclosure date, (2) the name and (if known) address of the entity to which Business Associate made the disclosure, (3) a brief description of the Company's Protected Health Information disclosed, and (4) a brief statement of the purpose of the disclosure.

B) **Disclosure Information for Repetitive Disclosures.** For repetitive disclosures of the Company's Protected Health Information that Business Associate makes for a single purpose to the same person or entity (including the Company), the Disclosure Information that Business Associate must record is either (1) the Disclosure Information specified in Section 3(c)(iii)(A) (Disclosure Information Generally) above for each accountable disclosure; or (2) the Disclosure Information specified in Section 3(c)(iii)(A) (Disclosure Information Generally) above for the first of the repetitive accountable disclosures, the frequency, periodicity, or number of the repetitive accountable disclosures, and the date of the last of the repetitive accountable disclosures.

iv. **Availability of Disclosure Information.** Business Associate will maintain the Disclosure Information for at least six (6) years following the date of the accountable disclosure to which the Disclosure Information relates. Business Associate will make the Disclosure Information available to the Company within thirty (30) days following the Company's request for such Disclosure Information to comply with an individual's request for disclosure accounting.

d) **Restriction Agreements and Confidential Communications.** Business Associate will comply with any reasonable agreement that the Company makes that either (i) restricts use or disclosure of the Company's Protected Health Information, or (ii) requires confidential or alternate methods of communication about the Company's Protected Health Information, provided that the Company notifies Business Associate in writing of the restriction or confidential or alternate communication obligations that Business Associate must follow. The Company will promptly notify Business Associate in writing of the termination of any such restriction agreement or confidential or alternate communication requirement and, with respect to termination of any such restriction agreement, instruct Business Associate whether any of the Company's Protected Health Information will remain subject to the terms of the restriction agreement.

#### 4. **Privacy/Security Breach Investigations and Reporting.**

- a) Business Associate will promptly and thoroughly investigate any suspected Breach of the Company's Unsecured Protected Health Information not permitted by this Addendum, or applicable state and/or federal law.
- b) Business Associate will notify the Company's HIPAA Privacy Office at the address provided below regarding a Breach of the Company's Unsecured Protected Health Information (a "Privacy Event") without unreasonable delay, but in no event later than three (3) calendar days of discovering that a Breach occurred, regardless if such Privacy Event is discovered by Business Associate or by any Subcontractor of Business Associate. Additionally, Business Associate will use its best efforts to assist with the Company's breach investigation by making a timely written report to the Company's HIPAA Privacy Office on any substantiated investigation of a the Privacy Event. Business Associate will include as much of the information described in Sections 4(c)(i) through 4(c)(viii) (Privacy/Security Breach Investigations) below as is available at the time the report is written, and will supplement the report with additional information once that information is known. For purposes of this paragraph, a Breach shall be treated as discovered as of the first day on which the Breach is known or should reasonably have been known to Business Associate.
- c) Business Associate's initial written report concerning a Privacy Event will, at a minimum:
  - (i) a description of what happened, including the date of the Breach and the date of the discovery and who committed the Breach,
  - (ii) the types of unsecured PHI involved in the Breach,
  - (iii) any steps individuals should take to protect themselves from potential harm from the HIPAA Breach, and
  - (iv) what Business Associate is doing to investigate the Breach, to mitigate harm to individuals, and to protect against any further Breaches.
  - (v) Provide any other information to the Company as the Company may request to fulfill its reporting obligations to an affected individual as required under 45 C.F.R. § 164.410.

5. **Other Business Associate Obligation.** To the extent Business Associate is to carry out the Company's obligation under the Privacy Rule, Business Associate will comply with the requirements applicable to the obligation.

6. **Termination of Agreement.**

- a) **Right to Terminate for Breach.** The Company may terminate the Agreement if it determines, in its sole discretion that Business Associate has breached any provision of this Addendum and if, upon written notice to Business Associate of the breach, Business Associate fails to cure the breach within thirty (30) days after receipt of the notice. The Company may exercise this right to terminate the Agreement by providing Business Associate written notice of termination, stating the failure to cure the breach of this Addendum that provides the basis for the termination. Any such termination will be

effective immediately or at such other date specified in the Company's notice of termination.

- b) **Termination of Addendum on Conclusion of Agreement.** This Addendum will terminate upon termination or other conclusion of the Agreement.

i. **Obligations on Termination.**

- A) **Return or Destruction of the Company's Protected Health Information as Feasible.** Upon termination or other conclusion of the Agreement, Business Associate will, if feasible, return to the Company or destroy all of the Company's Protected Health Information in whatever form or medium, including all copies thereof and all data, compilations, and other works derived therefrom that allow identification of any individual who is a subject of the Company's Protected Health Information. Business Associate will require any Subcontractor, to which Business Associate has disclosed the Company's Protected Health Information as permitted by Section 2(e) (Subcontractors) of this Addendum, to, if feasible, return to Business Associate (so that Business Associate may return it to the Company) or destroy all of the Company's Protected Health Information in whatever form or medium received from Business Associate, including all copies thereof and all data, compilations, and other works derived therefrom that allow identification of any individual who is a subject of the Company's Protected Health Information, and certify on oath to Business Associate that all such information has been returned or destroyed. Business Associate will complete these obligations as promptly as reasonably possible, but not later than thirty (30) days following the effective date of the termination or other conclusion of the Agreement.
- B) **Procedure When Return or Destruction Is Not Feasible.** Business Associate will identify any of the Company's Protected Health Information, including any that Business Associate has disclosed to Subcontractors as permitted by Section 2(e) (Subcontractors) of this Addendum, that cannot feasibly be returned to the Company or destroyed and explain to the Company's satisfaction why return or destruction is infeasible. Business Associate will limit its further use or disclosure of such information to those purposes that make return or destruction of such information infeasible. Business Associate will, by its written contract with any Subcontractor to which Business Associate discloses the Company's Protected Health Information as permitted by Section 2(e) (Subcontractors) of this Addendum, require such Subcontractor to limit its further use or disclosure of the Company's Protected Health Information that such Subcontractor cannot feasibly return or destroy to those purposes that make the return or destruction of such information infeasible. Business Associate will complete these obligations as promptly as reasonably possible, but not later than thirty (30) days following the effective date of the termination or other conclusion of the Agreement.
- C) **Continuing Privacy and Security Obligation.** Business Associate's obligation to protect the privacy and safeguard the security of the Company's Protected Health Information as specified in this Addendum



will be continuous and survive termination, assignment of, or other conclusion of the Agreement and this Addendum.

7. **General Provisions.**

- a) **Inspection of Internal Practices, Books, and Records.** Business Associate will make its internal practices, books, and records relating to its use and disclosure of the Company's Protected Health Information available to the Company and to DHHS to determine the Company and Business Associate's compliance with the Privacy Rule.
- b) **Amendment.** The parties agree to take such action as is necessary to amend this Addendum from time to time as is necessary for compliance with the requirements of HIPAA and any other applicable law.
- c) **Conflicts.** The terms and conditions of this Addendum will override and control any conflicting term or condition of the Agreement. All non-conflicting terms and conditions of the Agreement remain in full force and effect.

**[Signature Page to Follow.]**

**IN WITNESS WHEREOF, as of the Effective Date,** Company and Business Associate have executed this Agreement individually or by signature of each party's duly authorized representative.

**Company:**

**[ASC ENTITY, LLC]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**Business Associate:**

**[Individual Physician, MD]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**Notice(s) :**

**If to ASC:**

**[ASC Entity, LLC]**  
**[street address]**  
**[city, state, zip]**

with a copy to:

Atlas Healthcare Partners, LLC  
contracted manager of **[ASC Entity, LLC]** ("Atlas")  
2355 E Camelback Road, Suite 700  
Phoenix, AZ 85016  
Attn: General Counsel

**If to Business Associate:**

**[Name, MD]**  
**[street address]**  
**[city, state, zip]**

**ATTACHMENT “E”**  
**MEDICAL DIRECTOR AGREEMENT DISCLOSURE OF AGREEMENTS AND  
ARRANGEMENTS WITH ENTITIES OTHER THAN [ASC ENTITY, LLC]**

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Medical Director Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Exhibit 16

Transfer Agreement Template

**MULTICARE HEALTH SYSTEM  
PATIENT TRANSFER AGREEMENT**

This Patient Transfer Agreement (“**Agreement**”) is made by and between **MultiCare Health System (“MHS”)**, a nonprofit corporation formed under the laws of the State of Washington and **MEC Spokane LLC (“Facility”)**, a Washington limited liability company, to establish a coordinated program for the use of the respective skills, resources and physical plant of each Party to provide improved and continuous patient care. MHS and Facility are sometimes referred to in this Agreement individually as a “Party” or, collectively, as the “Parties.”

**NOW, THEREFORE**, MHS and Facility agree as follows:

**1. Term of Agreement.** This Agreement shall be effective \_\_\_\_\_, 2025 and shall continue for a term of three (3) years unless terminated earlier as set forth below. Thereafter, unless terminated pursuant to paragraph 18 or 19 below, this Agreement shall automatically renew for additional terms of three (3) years.

**2. Purpose of Agreement.** In order to provide continuous patient care to meet the needs of patients, each Party agrees to accept appropriate transfers from one Party to the other Party of patients in need of the specialized services of the type provided by the receiving Party. In the event of a transfer, the transferred patient will qualify for admission to the receiving Party on an emergency basis. If a transferred patient does not have an attending provider able to continue care at the receiving Party, the receiving Party may refer the patient to an appropriate attending provider.

**3. Independent Contractor Status.** Each Party is an independent contractor with respect to the other Party. Neither Party is authorized or permitted to act or to claim to be acting as an agent or employee of the other Party. Nothing in this Agreement alters in any way control of the management, assets or affairs of either Party. Neither Party by virtue of this Agreement assumes any liability for any debts or obligations of any kind incurred by the other Party to this Agreement. Nothing in this Agreement shall be construed as limiting the rights of either Party to contract with any other facility on a limited or general basis.

**4. Coordination of Transfer of Patient.**

- a. The need to transfer a patient from one Party to the other shall be determined by the patient’s attending physician. When such a determination has been made, the transferring Party shall immediately notify MultiCare Mission Coordination Transfer Center and will be connected with the appropriate accepting physician within MHS. The transferring physician and the receiving physician shall confer and jointly determine the patient’s appropriateness for transfer. A patient with emergency medical condition within the meaning of the Emergency Medical Treatment and Active Labor Act (EMTALA) (codified at §1867 of the Social Security Act, (“Act”) the accompanying regulations in 42 CFR §489.24 and the related requirements at 42 CFR 489.20(l), may be transferred only if the receiving Party has agreed to accept the transfer and to provide appropriate medical treatment and has available space and qualified personnel to treat the patient. Prior to moving the patient, the transferring Party must receive confirmation from the receiving Party that it will accept the patient. To the extent applicable, the EMTALA guidelines and its implementing regulations shall supersede any contrary provision of this Agreement.

- b. Transfers to MHS from other facilities must be facilitated through MultiCare Mission Coordination Center (MC2) (through MultiCare MCO Services Line). MC2 (MCO Services Line) will coordinate with the Facility to ensure any additional information or documentation required to facilitate transfer(s) is completed. The MultiCare MC2 Medical Control Officer will review the case if there are any questions or discrepancies that need to be addressed in order to determine appropriateness for transfer or placement. In the event transfer(s) involve any of the specialties listed below, the corresponding Exhibit applies:

1. Patients transferred for cardiac surgery back-up must meet the requirements set forth on Exhibit A;
2. Patients transferred to neuro interventional radiology must meet the requirements set forth on Exhibit B;
3. Patients transferred for obstetrics must meet the requirements set forth on Exhibit C;
4. Neonate patient transfers must meet the requirements set forth on Exhibit D; and
5. Pediatric patients transferred to Mary Bridge Children's Hospital and Medical Center must meet the requirements set forth on Exhibit E.

**5. Patient Medical Records.** The transferring Party shall send with each transferred patient copies of pertinent medical and other information necessary to continue the patient's treatment without interruption including, without limitation, a discharge summary and essential identifying and administrative information. The information shall include, when appropriate, the following:

- a. Initial diagnostic impression.
- b. Patient's name, address, hospital number and age, and name, address and phone number of next of kin.
- c. History of injury or illness.
- d. Condition at admission.
- e. Vital signs (including Glasgow coma score).
- f. Pre-hospital condition and treatment.
- g. Condition and treatment during stay in emergency department and at time of transfer.
- h. Treatment rendered to patient including medications given and route of administration.
- i. Laboratory and x-ray findings, appropriate laboratory specimens (when appropriate or indicated) and all x-ray films.
- j. Fluids given by type and volume.
- k. Name, address and phone number of physician referring the patient.
- l. Name of physician at receiving Party who has been contacted about the patient.
- m. Name, address and phone number of patient's designee who is patient's attorney-in-fact under patient's healthcare power of attorney.
- n. The original or a copy of patient's healthcare power of attorney, living will and/or healthcare directives.

Additional information may be required as set forth on the applicable Exhibit.

**6. Transportation of Patient.** Unless otherwise agreed, the transferring Party shall arrange

transportation of the patient to the receiving Party including selection of the mode of transportation and providing qualified personnel and transportation equipment as required including the use of necessary and medically appropriate life support measures during the transfer. The receiving Party's responsibility for the patient's care shall begin when the patient is either admitted as an inpatient or accepted as an outpatient to the receiving Party's facility.

**7. Transfer of Patient's Personal Property.** The transferring Party is responsible for the transfer or the appropriate disposition of the patient's personal effects including money and valuables and information related to these items. The receiving Party's responsibility for the Patient's personal effects and belongings shall begin at such time as the receiving Party has inventoried and documented receipt of such items.

**8. Patient's Consent to Transfer.** The transferring Party is responsible for obtaining the patient's consent (or properly substituted or implied consent) for the transfer. The transferring Party must document such consent in the patient's medical record and send to the receiving Party.

**9. Patient Transfer Coordinators.** Each Party shall provide the other Party with the name and title of persons authorized to initiate, confirm and accept the transfer of a patient on behalf of such Party. Each receiving Party shall inform the transferring Party of the location to which to bring patients in the facility. The Parties agree to provide each other information about the patient care services offered by such Party. The Parties agree to cooperate and jointly review cases in which either Party has questions about appropriateness of transfer.

**10. Transfers Arising from Mass Casualties or Natural Disasters: Mutual Aid Pact.** In the event of any cause or circumstance arising from a natural disaster or mass casualty, the Parties shall communicate with one another as soon thereafter as is practicable, in order to ascertain the relative impacts of such disaster or casualty upon one another and their respective capabilities for sending and/or receiving patients under the Agreement. In such situations:

- a. Whenever circumstances allow, each Party, as the receiving Party, further agrees to accept "block transfers" of as many patients sent from the transferring Party as may be practical, in order to free up beds in the facility of the Party most directly impacted by the event, including patients with lower acuity levels or non-emergent needs.
- b. The Parties will, in addition to their obligations under the Agreement, establish communications protocols to be triggered in the event of a natural disaster or mass

casualty, including the appointment of designated patient transfer coordinators at MHS and Facility who shall act as the primary point(s) of contact during any such event or circumstance.

- c. At such time as the long-term needs of the transferring Party are better understood in the context of the event, the transferring Party will advise the receiving Party of its capacity to retrieve patients sent in contemplation of the need for bed space, at which time the Parties will evaluate the plan of care for each such patient and determine whether the patient's needs will best be met by returning to the transferring Party or remaining at the receiving Party.

**11. Nondiscrimination.** Neither Party may refuse to receive a patient by reason of such patient's race, religion, gender identity, age, national origin, sexual orientation, marital status, handicap, disability, veteran status or medical diagnosis in providing services under this Agreement.

**12. Patient Infectious Disease Status.** Transferring Party will share all known infectious diseases, to include whether the patient is a carrier of multidrug resistant organisms, to receiving Party at time of transfer discussion and within the patient's medical records.

**13. Confidentiality.** The Parties agree that the confidentiality of each patient's medical records must be maintained. To achieve that goal, the Parties agree to transport medical records in a manner designed to maintain the confidentiality of the medical record as required by applicable law, including applicable provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), as amended. The Parties agree to amend or modify this Agreement at such times as may be required by the terms of HIPAA with respect to the exchange of protected health information for purposes of each Party's treatment, payment or operations associated with any transfers conducted under this Agreement.

**14. Financial Arrangement.** Charges for services performed by either of the Parties for patients transferred pursuant to this Agreement shall be collected by the Party rendering such services and shall be collected directly from the patient, third-party payors or other sources of payment. Neither Party shall have any liability to the other for the billing, collection or payment of charges for services performed by such other Party, except as otherwise provided in this Agreement or to the extent that such liability would exist separate and apart from this Agreement.

In the event, the Parties agree that it is necessary for a different financial arrangement for single cases, the parties will enter into a separate single case agreement to detail the financial arrangement.

**15. Compliance with Laws and Regulations.** The Parties agree to perform the terms of this Agreement in compliance with all applicable federal, state, and local laws, rules and regulations, standards of accreditation agencies such as The Joint Commission. In addition, the Parties intend this Agreement to comply with all applicable laws, statutes, rules and regulations, including but not limited to the legislation commonly known as "Stark," the fraud and abuse law, Medicare and Medicaid provisions, and provisions of the Internal Revenue Code pertaining to tax exempt organizations and facilities.

**16. Contact.** Each Party shall appoint a representative to facilitate the Services contemplated by this Agreement ("Contact"). Each Party's Contact is authorized to receive notices regarding the Services rendered under this Agreement. Each Party's initial Contact is designated below their respective signatures below. Either Party may change its Contact by designating a new Contact and providing contact information in writing to the other Party.



**17. Termination.** This Agreement may be terminated in the following events:

- a. Mutual written agreement of Facility and MHS;
- b. Immediately, at MHS' option, upon: the refusal to perform the terms of this Agreement, or dissolution of Facility;
- c. On ten (10) days written notice in the event of any material breach of this Agreement, and the failure of the Party in breach to remedy such breach within five (5) days after receiving written notice of the existence of the breach;
- d. Upon thirty (30) days advance written notice, with or without cause;
- e. Immediately on written notice for cause, which shall include the institution of proceedings against Facility that could lead to conviction of any of its officers of a crime, the Facility's engaging in actions tending to impair the health and safety of patients, or the imposition of disciplinary sanctions against an officer of Facility by any governmental agency having jurisdiction over the Facility being sanctioned; or
- f. Immediately, by either Party, if the other Party files, or has filed against it, a petition for voluntary or involuntary bankruptcy or pursuant to any other insolvency law, makes or seeks to make a general assignment for the benefit of its creditors or applies for, or consents to, the appointment of a trustee, receiver or custodian for a substantial part of its property.

In the event there is a transfer in process at the time of termination, the Parties agree to complete the transfer under the same terms and conditions as stated herein.

**18. Use of Name.** Neither Party may use the name, logo or any identifying symbol of the other Party in connection with the services to be provided under this Agreement without the other Party's express prior permission, which may be given or withheld for any reason. Any permission granted under this Section shall be revoked automatically upon the expiration or termination of this Agreement.

**19. Liability/Indemnification.** Each Party shall be responsible for its own acts and omissions and shall not be responsible for the acts and omissions of the other Party.

**20. Assignment.** Neither Party may assign this Agreement in whole or in part without the other Party's prior written consent which shall not be unreasonably withheld; provided, however, that either Party may assign this Agreement and all Schedules and SOWs, as part of a corporate reorganization, consolidation, merger, or sale of substantially all of its assets, or change of control.

**21. Severability.** If any provision of this Agreement or its application to any person or circumstance is held unenforceable, the remainder of this Agreement, or the application of the provision to other persons or circumstances, shall not be affected, provided, that the essential purpose of this Agreement is not thereby adversely affected or prevented.

**22. Governing Law & Venue.** This Agreement shall be governed by and construed under the laws of the State of Washington. In the event of any court action which may be allowed by this Agreement, the venue of such shall be in the Superior Court of Pierce County, Washington, unless the Parties shall otherwise agree.

**23. Headings.** The heading to the various sections of this Agreement have been inserted for convenience only and shall not modify, define, limit or expand express provisions of this Agreement.

**24. Authorization for Agreement.** The execution and performance of this Agreement by each Party have been duly authorized by all necessary laws, resolutions or corporate actions and this Agreement constitutes the valid and enforceable obligation of each Party in accordance with its terms.

**25. Entire Agreement; Modifications.** This Agreement constitutes the entire agreement between the Parties regarding its subject matter and supersedes all prior contracts, agreements, understandings, and discussions, whether oral or written. Contractor acknowledges that it has relied solely on the covenants and representations set forth in this Agreement and no others. This Agreement may only be modified by a written document signed by both Parties. No waiver of any provision of this Agreement shall be valid unless in writing and signed by or on behalf of the person waiving such provision, and no such waiver when executed shall constitute a waiver of any further failure to comply fully with this Agreement.

**IN WITNESS WHEREOF,** the Parties have caused this Agreement to be executed to be effective the day and year set forth above.

MultiCare Health System:

Facility:

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

MultiCare's Contact Information:

Facility's Contact Information:

Designated  
Representative: \_\_\_\_\_

Designated  
Representative: \_\_\_\_\_

Designated  
Representative  
Title: \_\_\_\_\_

Designated  
Representative  
Title: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Telephone: \_\_\_\_\_

Copy to Email: \_\_\_\_\_

E-mail address: \_\_\_\_\_  
Contractor's EIN  
(or UBI) No.: \_\_\_\_\_

MHS Hospital Acknowledgement:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## Exhibit A

### Requirements for Elective PCI Patients

**Purpose:** This Exhibit A to the Patient Transfer Agreement (the “Agreement”) between **MultiCare Health System (“MHS”)** and **MEC Spokane LLC (“Facility”)**, applies to patients transferred to MHS’ Tacoma General Hospital in order to obtain cardiac surgery back-up and support due to undergoing elective percutaneous coronary interventions without on-site cardiac surgery (“PCI Patients”). MHS and Facility are sometimes referred to in this Exhibit A individually as “Party” or, collectively, as the “Parties.”

- 1. Consent.** In addition to the requirements set forth in the Agreement, the Party performing the intervention or PCI shall obtain consent from PCI Patients which explicitly communicates to such patients that the percutaneous coronary intervention (“PCI”) is being performed without on-site surgery back-up and addresses risks related to transfer, the risk of urgent surgery which would require a transfer to MHS’ Tacoma General Hospital for on-site surgery back-up, and refer to this Agreement.
- 2. Coordination.** The Parties shall coordinate, to the extent possible, the availability of surgical teams and operating rooms at MHS so that for all hours that elective PCIs are being performed at Facility, there is a reasonable likelihood that MHS has the capacity to immediately accept a referral. The Parties acknowledge and agree that nothing in this Agreement imposes an obligation on MHS to maintain an available cardiac surgical suite twenty-four hours a day, seven days a week and that the only MHS Hospital that has on-site surgery back-up is MHS’ Tacoma General Hospital.
- 3. Periods of High Occupancy.** During times of high census where MHS’ ability to accept a patient referral is impacted by lack of bed availability or a closed emergency department (“ED”), MHS will notify Facility and Facility’s elective procedures will be rescheduled subject to the attending physician’s assessment that such delay does not compromise the patient’s care and condition.
- 4. Transportation of PCI Patients.** In addition to the requirements set forth in Section 6 of the Agreement, Facility shall:
  - a. Maintain a signed transportation agreement with a qualified vendor that provides for expeditious transport for any patient experiencing complications during an elective PCI that requires transfer to MHS. A qualified vendor is one whose transport staff is ACLS certified, critical care transport is preferred;
  - b. Document and confirm that emergency transportation begins for each patient within twenty (20) minutes of the initial identification of a complication by the attending physician;
  - c. Document transportation times from the decision to transfer the patient with an elective PCI complication to arrival in the operating room of MHS and confirm transportation time is less than one hundred twenty minutes (120); and
  - d. Participate annually in two (2) timed emergency transportation drills with outcomes communicated to both Parties’ quality assurance programs. The staff and cost of internal resources used for such drills will be the responsibility of the Party employing such staff or owning that resource. The cost of any external resources required for such drills will be the responsibility of Facility.

MHS shall not have any financial obligation or liability whatsoever under this Section 4.

- 5. PCI Patient Medical Records.** In addition to the information required in Section 6 of the Agreement, Facility shall send to MHS all records (or copies thereof) related to the emergency condition which the patient has presented available at the time of the transfer, along with all diagnostic imaging and videos.
- 6. Physician Communication.** Facility will monitor all transfers to assure that the physician performing the elective PCI communicates immediately and directly with MHS' cardiac surgeon(s) about the clinical reasons for the urgent transfer and the PCI Patient's clinical condition.
- 7. Quality Assurance.** The Parties shall schedule cardiac patient care quality assurance conferences at least twice per year that involve case reviews of a significant number of pre-operative and post-operative PCI cases at Facility including a one hundred percent (100%) review of all transport cases.

## **Exhibit B**

### **Requirements for Stroke Patients**

**Purpose:** This Exhibit B to the Patient Transfer Agreement between **MultiCare Health System (“MHS”)** and **MEC Spokane LLC (“Facility”)**, applies to stroke patients transferred to a MHS neuro-interventional radiology program (“Stroke Program”). MHS and Facility are sometimes referred to in this Exhibit B individually as “Party” or, collectively, as the “Parties.”

- 1. Coordination.** The Parties shall coordinate, to the extent possible, transfer process and communication through the MultiCare Health System Transfer and Triage Center. There is a reasonable likelihood that MHS has the capacity to immediately accept a transfer.
- 2. Periods of High Occupancy.** During times of high census where MHS’ ability to accept a patient referral is impacted by lack of bed availability or a closed emergency department (“ED”), MHS will notify Facility and Facility’s elective procedures will be rescheduled subject to the attending physician’s assessment that such delay does not compromise the patient’s care and condition.
- 3. Transportation of Stroke Patients.** In addition to the requirements set forth in Section 6 of the Agreement, Facility shall:
  - a. Maintain a signed transportation agreement with a qualified vendor that provides for expeditious transport for any stroke patient that requires transfer to MHS. A qualified vendor is one whose transport staff is ACLS certified; critical care transport is preferred.
  - b. The patient’s medical condition and the ability of the transferring hospital to provide necessary stabilizing treatment and the clinical judgment of the transferring and receiving physicians is the determining factor as to when the patient should be transferred.
  - c. Provide the following patient care including:
    - i. IV access (Preference is RAC and left arm 18 gauge if possible)
    - ii. Use normal saline for all fluids
    - iii. NPO unless patient passed a document RN swallow screen (consider gastric tube for medications)
- 4. Stroke Patient Medical Records.** In addition to the information required in Section 6 of the Agreement, Facility shall send to MHS all records (or copies thereof) related to the emergency condition which the patient has presented available at the time of the transfer, along with all diagnostic imaging and videos.
- 5. Physician Communication.** Facility will monitor all transfers to assure that the receiving physician immediately is available to address the clinical reasons for the urgent transfer and patient’s clinical condition.
- 6. Quality Assurance.** The receiving facility shall provide hospital summary after discharge. This is handled by the MHS Transfer and Triage Center. The receiving facility reviews one hundred percent (100%) of transfers, coordinated by the Director of Stroke Quality Management. Summary reports are provided on a quarterly basis to the sending facilities.

## Exhibit C

### Requirements for Obstetric Patients

**Purpose:** This Exhibit C to the Patient Transfer Agreement between **MultiCare Health System ("MHS")** and **MEC Spokane LLC ("Facility")**, applies to obstetric patients transferred to a MHS location. MHS and Facility are sometimes referred to in this Exhibit C individually as "Party" or, collectively, as the "Parties."

**1. All OB Patient Transfer Needs Initial Contact:**

- a. Call MC2 Transfer Center - (253)792-6551
- b. OBHG will be contacted to assess and accept appropriate transfers. This will be obtained via a provider-to-provider call facilitated by the MC2 Transfer Center.
- c. Proceed to Section 2 below, All MHS Obstetrics Transfers.

**2. All MHS Accepted Obstetrics Transfers.** After acceptance for transfer, follow sending Party's policies for transferring a patient to another facility. For patients whose prenatal course is not documented in EPIC, include copy of the prenatal chart with transport documents.

- a. For patients with diagnosis of preterm labor or active term labor, reassess cervical dilatation prior to transporting the patient, if last exam has been greater than 1 hour (documentation of which shall be provided under Section 4(d) below), to assure that advanced labor has not increased the risk of in transit delivery.
- b. For patients with preterm labor or active labor with fetal concerns, where risk for delivery in transit is high, the MB Transfer Center will be notified and will coordinate attendance of the Neonatal Transport Team to stabilize and transport the neonate.
- c. Prior to the patient's departure from the transferring Party, a hand off report to the Birth Center Charge Nurse will occur.
- d. In addition to the requirements of this Agreement, provide the following, if such records are not directly available at the receiving Party through EPIC or other systems maintained by MHS at the receiving Party:
  - i. Copy of the patient's hospital chart including:
    1. Prenatal record
    2. Allergies
    3. Past medical history, home medications
    4. Medications and treatment at the transferring Party
    5. Summary of current complaint to include onset, signs and symptoms
    6. Demographic face sheet
    7. Documentation of the (1) labor assessment, (2) last exam, (3) fetal heart rate and (4) vital signs.

## **Exhibit D**

### **Requirements for Neonates**

**Purpose:** This Exhibit D to the Patient Transfer Agreement between **MultiCare Health System (“MHS”)** and **MEC Spokane LLC (“Facility”)**, applies to neonate patients transferred to a MHS location. MHS and Facility are sometimes referred to in this Exhibit D individually as “Party” or, collectively, as the “Parties.”

**1. For All Neonate Transfer Needs Contact:**

- a. Call Mary Bridge Transfer Center - (253)792-6550

**2. For All Accepted Neonate Transfers**

- a. After acceptance for transfer by the neonatologist, the MB NICU Transport Team will be dispatched to transport the infant.
- b. The Transport Team will provide the following documents and request they be completed (the transport team may assist in completing the forms or the physician at the referring hospital may do so):
  - i. Signed, dated and timed “Neonatal Transport Consent”
  - ii. Signed, dated and timed “Notice of Privacy Practices Acknowledgement Form”
  - iii. Signed, dated and timed “Authorization for MultiCare to use or disclose My Health Care Information”
- iv. Provide copies of the patient/maternal chart:
  - 1. All maternal documentation (i.e. Maternal History/physical; lab values; delivery notes; nurses/physician notes; etc.)
  - 2. All infant documentation: (i.e. Admission physical, lab values, radiology studies, nursing notes, physician notes, etc.)
  - 3. Copy of the patient’s hospital chart including:
    - a. Birth record
    - b. Medications and treatment at the transferring Party
    - c. Nursing notes
    - d. Summary of current complaint to include onset, signs and symptoms (H&P and progress notes)
    - e. Physician orders
    - f. Demographic face sheet

**Exhibit E**

**Reserved**