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April 19, 2013

Phyllis Powell, Assistant Director
Medical Facilities
Division of Licensing and Regulatory Services
Department of Health and Human Services
State House Station #11
41 Anthony Avenue
Augusta, Maine 04333-0011

**Re: Integration of OA – Centers for Orthopaedics and Central Maine
Orthopaedics into Spectrum Medical Group**

Dear Phyllis:

On behalf of Spectrum Medical Group, P.A. (“Spectrum”), please accept this letter of intent requesting a ruling from the Department regarding the applicability of Certificate of Need review for the proposed integration of OA – Centers for Orthopaedics, P.A. (“OA”), and Central Maine Orthopaedics, P.A. (“CMO”), into Spectrum. As explained below, while we have concluded that elements of the proposed transaction are reviewable under the CON Act, we believe that CON review would be limited to the transfer of ownership of certain Ambulatory Surgery Centers (“ASC”) and note that the proposed merger will not otherwise materially affect the day-to-day operations of the practices and how the patients interact with them.

Background Regarding the Practices

Spectrum is a physician owned and directed multi-specialty medical group, with physicians practicing in the areas of anesthesiology, physical medicine, neurology, pain management, pathology, radiology, radiation oncology, and general surgery. Spectrum’s administrative offices are located in South Portland, Maine.

OA is an orthopaedic practice in southern Maine, with locations in Portland, Saco, Windham, and Brunswick. OA’s orthopaedic specialty centers include an on-site MRI center and an ASC, both located in Portland.

CMO is an orthopaedic practice located in Auburn, Maine. CMO’s orthopaedic specialty center includes an ASC located in Auburn. More information about Spectrum, OA and CMO

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can be found on their websites and in the enclosed press release announcing the exploration of the possible merger and integration of their practices.

Proposed Integration Transaction

Spectrum, OA, and CMO desire to combine their medical practices to improve patient care and respond to changes in the market for professional health care services. The groups recently executed a non-binding letter of intent describing the basic parameters of their proposed transaction. Under the proposed terms, Spectrum will establish two Maine professional limited liability companies, OA, LLC, and CMO, LLC, of which Spectrum will be the sole member. OA and CMO will merge into their respective LLCs, such that each LLC will be the survivor and shall hold all of the assets of the merging physician practice. As a result of these mergers, the proposed transaction will involve the transfer of ownership of the ASCs currently owned and operated by OA and CMO, respectively, as well as any MRI unit owned and operated by either OA or CMO.

To complete the integration transaction, the physicians and staff currently employed by CMO will be employed by Spectrum and assigned to a newly formed Orthopaedics Central Division, and the physicians and staff employed by OA will be employed in Spectrum's new Orthopaedics South Division. As noted above, the proposed transaction will not result in any change in the physical location or operations of the ASCs or of the OA MRI unit, nor will the transaction alter the current physician-patient relationships or affect how patients interact on a day-to-day basis with the practices.

With respect to the MRI, OA has owned an MRI unit since 2003. It has contracted to sell that fully depreciated unit to a third party effective June 2013 and to replace it with a new MRI unit. At the same time, OA plans to purchase a new MRI extremity scanner. Even if the cost of the replacement MRI unit were included, the total cost of the two anticipated purchases by OA, inclusive of all associated construction costs, architecture fees and sales taxes, falls below the threshold of \$3.29 MM for reviewability of major medical equipment purchases.

CMO does not presently own an MRI unit; however, it has been exploring purchase of a used MRI, and submitted a letter of intent dated October 15, 2012, to your office, in that regard. On October 18, 2012, CMO received back a "not subject to review" letter. CMO's planned purchase of the used MRI has not yet been consummated; although the transaction may still occur.

Application of CON Act

A physician group practice is not a "health care facility," as that term is defined in the CON Act and regulations. However, under current CON Act provisions and regulations an ASC and certain other related space within the physician group practice does meet the definition of a "health care facility." As noted above, this proposed transaction would involve the transfer of ownership of the two ASCs. As such, the ASC transfers likely require review, although Spectrum does not expect any material change in the services offered by the ASCs after the transfers of ownership. Also as previously noted, neither the current MRI unit owned by OA, nor the projected costs of the planned replacement and new MRI purchases, meet the definition

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of "major medical equipment" because they fall below the statutory dollar threshold for reviewability. We therefore do not believe the transfer of those MRI units as part of the merger would trigger review.

As discussed with Mr. Carbonneau in a brief telephone conference on March 29th introducing this proposed transaction, we have copied Mr. Michael Swan to coordinate the survey and licensing process for the ASCs. In addition, please note that James Kilbreth, of Drummond Woodsum, is working with Christina Moylan, AAG, on behalf of the parties with respect to any anti-trust issues that may arise.

Spectrum expects to submit its application for a Certificate of Need related to the transfer of ownership of the ASCs approximately thirty (30) days after submission of this letter of intent. Spectrum requests a technical assistance meeting with the Department to assist the Department in understanding the proposal and to receive guidance from the Department concerning the nature, extent, and format of the application, and any data required by the Department to evaluate the application.

We thank you in advance for your consideration of this proposal and look forward to working with you to bring this proposed transaction to fruition.

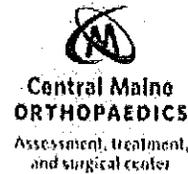
Respectfully submitted,



Brett D. Witham, Esq.

BDW/rdl
Enclosure

cc: Larry Carbonneau, Senior Health Care Financial Analyst
Michael Swan, Health Facility Survey Manager
David Landry, CEO of Spectrum
Michael H. Cox, Ph.D., CEO of CMO
John Wipfler, JD, MBA, CEO of OA
Jennifer Riggle, Esq.
John Gleason, Esq.
Eric Alholz, Esq.
Jamie Kilbreth, Esq.
Tina Moylan, AAG
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FOR IMMEDIATE RELEASE

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**THREE MAINE PHYSICIAN PRACTICES EXPLORE INTEGRATION OPPORTUNITY
TO HELP DELIVER LOWER COST HEALTHCARE SERVICES AND IMPROVED
PATIENT EXPERIENCE**

March 28, 2013 – Today OA- Centers for Orthopaedics (OA), Central Maine Orthopaedics (CMO) and Spectrum Medical Group (Spectrum) announced that they have signed a letter of intent to explore a possible merger and integration of their medical practices. This would mark the largest independent physician practice consolidation in recent Maine history.

“Innovative and proactive leadership is imperative in this uncertain and rapidly changing healthcare landscape,” stated John Wipfler, JD, MBA, chief executive officer of OA. “Our decision to integrate operations will provide opportunities to improve efficiency, ensure our ability to remain independent and maintain our focus on patient-centered care.”

Wipfler underscored the idea that remaining independent in today’s environment – which is heavily skewed toward hospital ownership of physician practices – is a top priority for all three organizations. “Independently owned physician practices provide benefits to the community, physicians, employers and patients alike,” stated Michael Cox, PhD, chief executive officer of CMO. “An independently owned practice can deliver certain healthcare services more efficiently and at a lower cost. We can also remain nimble and respond to market changes more quickly through an independent practice model.”

The integration would not affect patients’ relationships with their individual physicians or their day-to-day interactions with the practices. It also will provide patients with long-term benefits that result from the practices’ ability to remain independent.

“Ultimately, an independently owned practice provides both direct and indirect benefits to patients. Independent practices offer physicians a collaborative work environment and an increased ability to directly influence initiatives that affect patient care,” said Douglas W. Brown, MD, president of OA.

“In a health system-dominated market, independent practices preserve choice for both patients and physicians.”

The roots of this decision began with conversations between the Portland-based OA and Auburn-based CMO. The two organizations determined that a consolidation would be in the best interest of patients of both practices. They jointly approached Spectrum Medical Group about integrating into its organization. Spectrum is the largest independent medical practice in Northern New England and has expanded its specialty service offerings over the past few years.

“By leveraging Spectrum’s existing infrastructure, it would afford additional opportunities for increasing efficiency and improving patient care,” said Cox. “Both OA and CMO have a strong focus on delivering high-quality orthopaedic care that will improve patients’ quality of life. Under the Spectrum umbrella, we would be able to achieve our mission more effectively.”

Spectrum Medical Group, based in South Portland, consists of nine operating divisions and includes more than 170 physicians across Maine and New Hampshire in the specialties of anesthesiology, critical care medicine, diagnostic radiology, interventional radiology, neurology, pathology, physical medicine & rehabilitation, radiation oncology and surgery. The integration of OA and CMO will result in the development of an orthopaedics division at Spectrum and increase the total number of physicians in the group to nearly 200. In addition, representatives from both OA and CMO will be represented on Spectrum’s physician board of directors.

“We are thrilled about this opportunity with OA and CMO,” stated Daniel P. Landry, MD, president of Spectrum. “They are both vital and financially sound practices that share a consistent vision with Spectrum. Our collaboration would allow us all to more efficiently achieve our collective goal of providing high-quality, cost-effective, patient-centered care.”

Spectrum and OA already have a demonstrated track record of successful collaboration. In 2011, the two organizations combined efforts with two other independently owned physician practices to form Specialty Solutions, an association of independent physician practices focused on identifying innovative ways to become more efficient, improve quality and reduce healthcare costs. The association now includes ten member practices. Additionally, Spectrum, OA and CMO already collaborate in such areas as the outpatient surgical centers at the orthopaedic practices, imaging services and pain management.

More information about the practices can be found at www.orthoassociates.com, www.cmogroup.org and www.spectrummedicalgroup.com. It is anticipated that the integration will be completed by the end of 2013.

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About OA:

OA – Centers for Orthopaedics is Maine’s largest orthopaedic physician practice. OA provides integrated orthopaedic care and has more than 130,000 patient visits annually across four locations,

including a state-of-the-art ambulatory surgery center, physical therapy, sports performance center and MRI. OA has 16 board-certified physicians, 12 physician assistants and 30 physical therapists that treat and diagnose a broad range of conditions in the areas of hand, spine, joint replacement, foot & ankle, pain management and sports medicine. The physician-owned practice is focused on delivering affordable, high-quality, patient-centered care.

About CMO:

Central Maine Orthopaedics (CMO) is an independent, 12-physician practice in Auburn, Maine. CMO providers offer effective diagnostic, treatment, rehabilitation and prevention services for a broad range of orthopaedic conditions and sports injuries. CMO attracts patients from across Maine and Canada to its spine center of excellence, Maine Spinecare, which combines the expertise of multiple spine specialists in a single location. CMO offers the area's only licensed independent surgery center in the area and is accredited by AAAHC. CMO has nearly 40,000 patient visits annually, with an exclusive dedication to musculoskeletal injuries and illnesses.

About Spectrum Medical Group:

Spectrum Medical Group is a Maine-based, physician-led organization that combines strong physician leadership with expertise from a multidisciplinary management team. Spectrum is comprised of over 170 board-certified physicians in Anesthesiology, Critical Care Medicine, Diagnostic Radiology, Interventional Radiology, Neurology, Pathology, Physical Medicine & Rehabilitation, Radiation Oncology, and Surgery who serve patients and communities throughout Maine and northern New England. Spectrum is dedicated to excellence in the diagnosis, prevention and treatment of illness, lifelong learning and supporting the communities it serves.