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Larry Carbonneau, CPA
Senior Health Care Financial Analyst
Division of Licensing and Regulatory Services
Department of Health and Human Services
State House Station #11
41 Anthony Avenue
Augusta, ME 04333-0011

Re: Coastal Eye Surgery Center, LLC

Dear Larry:

On behalf of Coastal Eye Surgery Center, LLC ("the Eye Center"), please accept this letter of intent requesting a ruling from the Department of Health and Human Services ("the Department") regarding the applicability of Certificate of Need review for the proposed sale of all or substantially all of the assets of the Eye Center to a newly-formed Maine limited liability company that will be owned 51% by Covenant Surgical Partners, Inc. ("Covenant"), and 49% by the Eye Center ("the Transaction"). The parties request a simplified review, to the extent review is required. As explained below, the CON review would be limited to the transfer of ownership, as no other categories of CON criteria apply. Note that the Transaction will not materially affect the day-to-day operations of the Eye Center, as the providers rendering the services, including the current owner of the Eye Center, would continue to provide services.

Background Regarding the Eye Center

The Eye Center is a Maine limited liability company with a principal place of business at 128 Bucksport Road, Ellsworth, Maine 04605. The Eye Center is wholly owned by Lawrence Piazza, M.D., a Maine resident who is licensed to practice medicine in the State of Maine. The Eye Center is an Ambulatory Surgical Facility as defined in 22 M.R.S.A. § 328 ("ASF"). The Eye Center performs a range of surgical eye procedures including but not limited to LASIK/Refractive vision correction, laser assisted and conventional small incision cataract surgery, oculoplastic surgery, YAG Capsulotomy laser treatments, YAG Laser Peripheral Iridotomy treatments, Selective Laser Trabeculoplasty treatments, and a variety of ophthalmic lid

procedures. The Eye Center serves approximately nine hundred (900) to one thousand (1000) patients annually who are primarily located in Hancock, Penobscot, and Washington counties.

Covenant is a Delaware corporation with a principal place of business at 401 Commerce Street, Suite 600, Nashville, Tennessee, 37219. Covenant is a privately-held successful owner and operator of single and limited specialty ambulatory surgery centers with physician partners around the country. Covenant has a variety of shareholders including several health care and financial executives. Covenant's mission includes the delivery of quality patient care in an efficient and cost effective manner.

Covenant is interested in acquiring an ownership interest in this ASC because it recognizes the existing value of this high quality, thriving facility, and sees an opportunity for further growth, commensurate with trends and practices throughout the United States. As a leader in maintaining and operating ambulatory surgery centers, Covenant is in a strong position to achieve cost efficiencies, maintain and promote national practices and standards, and ensure the ongoing provision of high-quality ophthalmology services to Maine residents.

Proposed Transaction

The parties contemplate the following steps to accomplish the Transaction, subject to the parties' assurance that the structure complies with applicable laws, regulations and other standards:

- All or substantially all of the assets of the Eye Center will be sold to a newly-formed Maine limited liability company.
- In exchange for such sale, the Eye Center will receive cash consideration and a 49% interest in the new LLC.
- Covenant will purchase 51% of the assets of the new LLC.
- The current, existing Eye Center, LLC will continue in existence until such time as dissolution is appropriate under Maine law.
- The new LLC will file an application for and obtain a license to operate as an Ambulatory Surgical Facility (22 M.R.S.A. § 328).
- The new LLC will assume the Provider Agreements of the selling entity, or enter into new Provider Agreements (such as with Medicare and MaineCare), as the parties may determine.

- The new LLC will submit an application with Medicare (855A) for a Change of Ownership, and/or other required submissions to allow for the smooth transition of care, billing and reimbursement, for Medicare beneficiaries.

The Transaction will not result in any change in the physical location or operations of the Eye Center, nor will the Transaction alter the current physician-patient relationships.

Application of CON Act

This Transaction will involve the transfer of ownership of a Health Care Facility (as defined in 22 M.R.S.A. § 328). Other than the change in ownership, in which the current owner would retain a 49% interest, no other provisions of the statute triggering review are relevant.

A "simplified review" pursuant to 22 M.R.S.A. § 336(3) and (6) is warranted here. Although technically the proposed acquisition consists of more than just a "management agreement or similar arrangement," the Transaction, as described above, will, in fact, involve the ongoing operation of the Health Care Facility in its current form. That is, the patients served by the Health Care Facility, the services which will be provided to them, and the individuals who will be rendering the services, shall remain essentially the same. Management, similar to the concept envisioned by section 336(3) of the CON statute, would be by Covenant, pursuant to a written management agreement. To elaborate, none of the CON provisions, other than a change in ownership, are pertinent to this Transaction:

1. Major Medical Equipment. There is no acquisition of major medical equipment. The Eye Center's equipment does not satisfy the definition of "major medical equipment" because its present value is approximately \$205,320.00 per VMG Valuation January 2015, which is well below the applicable \$3.2MM threshold.
2. Capital Expenditures. The parties do not anticipate capital expenditures of \$10,000,000.00 or more.
3. New Health Service. There will not be an offering or development of any new health service.
4. New Health Care Facility. There will not be any construction, development or other establishment of a new health care facility.
5. Changes in Bed Complement. There will not be an increase in the existing licensed bed complement or an increase in the licensed bed category of a health care facility.
6. Nursing Facilities. The Eye Center is not a Nursing Facility (as defined in 22 M.R.S.A. § 328).

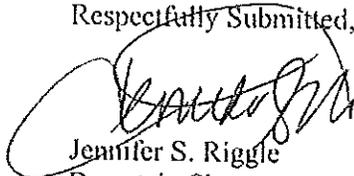
7. Hospital Use. There is no proposed use of major medical equipment to serve inpatients of a hospital.
8. Costs. The parties do not anticipate an increase in third year operating costs related to the Transaction.

The Eye Center received a Certificate of Need with conditions on August 31, 2007. The Eye Center has a license to operate and maintain an ASC. The license is valid until June 30, 2016.

The parties expect to submit the application for a Certificate of Need related to this Transaction as soon as possible, if the Department advises that it is indeed required. The parties waive the Technical Assistance Meeting (22 M.R.S.A. § 337) unless the Department requires such a meeting, for any reason.

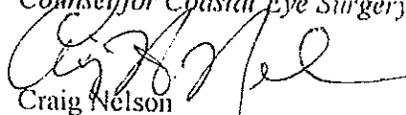
We thank you in advance for your consideration of this proposal and look forward to working with you to complete the Transaction.

Respectfully Submitted,



Jennifer S. Riggle
Bernstein Shur

Counsel for Coastal Eye Surgery Center, LLC



Craig Nelson
Doyle & Nelson

Counsel for Covenant Surgical Partners, Inc.