



STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

February 10, 2006

Jennifer L. Groves, Esquire
Updike, Kelly and Spellacy
Once Centaury Tower
265 Church Street
New Haven, CT 06510

Re: Certificate of Need Determination; Report Number 05-30611-DTR
HEALTHSOUTH Surgery Center of Danbury, L.P.
Change of Ownership

Dear Attorney Groves:

The Office of Health Care Access ("OHCA") is in receipt of your request for a CON Determination Report for the change in ownership of HEALTHSOUTH Surgery Center of Danbury, L.P., a freestanding multi-specialty ambulatory surgery facility in Danbury, Connecticut.

Upon review of the information contained in the request, OHCA finds the following:

1. HEALTHSOUTH Surgery Center of Danbury, Inc. ("Corporation") is a wholly owned subsidiary of HEALTHSOUTH Corporation.
2. HEALTHSOUTH Surgery Center of Danbury, L.P. ("Partnership") is a freestanding multi-specialty ambulatory surgery facility located at 73 Sandpit Road in Danbury, Connecticut.
3. The Partnership operates under the name HEALTHSOUTH Surgery Center of Danbury ("Center").
4. The Center was established pursuant to Certificate of Need ("CON"), Docket Number 82-506, authorized on June 8, 1982.

5. The Partnership is organized under the State of Georgia, Revised Uniform Limited Partnership Act, O.C.G.A. 14-9-100 et seq.
6. On November 2, 2000, under CON Determination, Report Number 00-B4, the Office of Health Care Access (“OHCA”) authorized HEALTHSOUTH Surgery Center of Danbury, Inc. (“Corporation”) to transfer ownership of the Center to the Partnership without requiring a CON. OHCA, further authorized the sale of up to 49% of the Partnership in the form of limited partnership interest to physicians.
7. Currently, 49% of the interest in the Partnership is owned by the 25 physician limited partners and 51% of the interest is owned by the Corporation.
8. In order to accommodate the needs of area physicians, foster growth and maintain viability of the Center, the Corporation intends to transfer additional 11% of its interest in the Partnership, in the form of limited partnership interests, to individual physicians. A change of ownership is being proposed as follows:
 - The Corporation will at all times maintain at least 40% interest in the Partnership; and
 - The physician-owned interest in the Partnership after this proposal will increase to 60%.
9. Pursuant to Georgia Statute Section 14-9-702:

“(4) Until the assignee of a partnership interest becomes a partner, the assignor partner continues to be a partner and to have the power to exercise any rights or powers of a partner, except to the extent those rights or powers are assigned; provided that on the assignment by a general partner, the general partner’s status as a general partner may be terminated by the affirmative vote of a majority in interest of the limited partners;”
10. The Center currently provides comprehensive facilities for elective surgical procedures not requiring hospitalization. The services include, but are not limited to, outpatient surgical procedures in the following specialties: orthopedics, gynecology, ophthalmology, ENT, plastics, podiatry, gastroenterology, and pain management. The services are not projected to change after the proposed change in ownership.
11. There is no capital expenditure/cost associated with the proposed change in ownership.

Based on these findings, OHCA has determined that this proposal will result in a change of control of the Partnership because the Limited Partners will own greater than 50% of the Partnership. Therefore, pursuant to Connecticut General Statutes, Section 19a-638, this represents a change of ownership and change of control and a Certificate of Need is required.

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

Sincerely,

Signed by Cristine A. Vogel
Commissioner

c: Rose McLellan, Licensing Examination Assistant, DPH, DCBR