



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
Office of Health Care Access

November 14, 2012

VIA FACSIMILE ONLY

Glen Elia
Chief Executive Officer
Connecticut Orthopaedic Specialists, P.C.
2408 Whitney Avenue
Hamden, Connecticut 06518

RE: Certificate of Need Determination; Report Number: 12-31801-DTR
Connecticut Orthopaedic Specialist of Hamden, CT d/b/a Connecticut Orthopaedic Specialists, P.C.
Transfer of Ownership of the Connecticut Orthopaedic Specialists, P.C.'s Surgical Center

Dear Mr. Elia:

On October 25, 2012, the Office of Health Care Access ("OHCA") received your completed Certificate of Need ("CON") determination request on behalf of Connecticut Orthopaedic Specialist of Hamden, CT, d/b/a Connecticut Orthopaedic Specialists, P.C. ("COS") with respect to whether a CON is required for the proposed transfer of ownership of the COS's Surgical Center.

COS is a Connecticut professional corporation presently owned by thirteen duly licensed physician shareholders ("COS shareholders"). COS shareholders presently own and operate a duly licensed outpatient surgical center located at 84 North Main Street, Building #2, in Branford, Connecticut (the "Surgical Facility"). The Surgical Facility operates under a duly issued CON that was rendered by OHCA under Docket Number: 09-31440-CON. COS wishes to change the form of ownership of the Surgical Facility for the practical business and investment purposes of its shareholders in the following way. Ownership of the Surgical Facility would be transferred to a new Connecticut limited liability company ("the New LLC"). The new LLC is being formed under Connecticut law and would be named "Connecticut Orthopaedic Specialists Outpatient Surgical Center, LLC." The members of the New LLC would be (i) COS, which would own approximately 66.67% of the New LLC; (ii) thirteen COS shareholders in their individual capacity, each of whom would own approximately 2.48% of the New LLC; and (iii) Mr. Glen Elia, the Chief Executive Officer of COS, who would own an interest of approximately 1% of the New LLC.

After the transfer of ownership, approximately 99% of the interest in the Surgical Facility will be owned by COS physicians through their status as shareholders of COS and COS's two-thirds ownership of the New LLC, and through their additional individual ownership interests of approximately 2.48% in the New LLC. The remaining interest in the New LLC of approximately 1% would be owned by Mr. Elia. Thus, except for the Mr. Elia's interest, the Surgical Facility under this transaction would continue to be owned by the same COS physicians who presently own the Surgical Facility, only under a different corporate structure.

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The proposed transaction does not involve the addition of any new services, nor will it result in any change in the operations of the Surgical Facility. The Surgical Facility will continue to serve the population and communities that it currently serves, it will continue to be controlled exclusively by its physician owners, and Mr. Elia will continue to serve in a business role under the direction and control of the physician owners. Further, the transaction will include restrictions on any further transfers of ownership to ensure that physician ownership of the Surgical Facility under this structure could not be less than 66.66% and COS physicians would continue to maintain exclusive control over the operations of the Surgical Facility, as is now the case.

Based upon the foregoing, OHCA concludes that a CON is not required for COS to reorganize as greater than sixty percent (60%) of the ownership interest will be held by persons licensed pursuant to Section 20-13, as required pursuant to Connecticut General Statutes § 19a-493b (c).

Thank you for informing OHCA of your plans and if you have any questions regarding this letter, please contact Jack A. Huber, Health Care Analyst at (860) 418-7069.

Sincerely,



Kimberly R. Martone
Director of Operations, OHCA

C: Rose McLellan, License and Applications Supervisor, DPH, DHSR