

# Verrill Dana LLP

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December 28, 2007

**VIA EMAIL AND FEDERAL EXPRESS**

Mr. Steven R. Keaten  
Department of Health and Human Services  
Division of Licensing and Regulatory Services  
Certificate of Need Unit  
State House Station #11  
41 Anthony Avenue  
Augusta Maine 04333

**Re: Letter of Intent to Purchase 16 Slice CT Scan to be placed Into Service In Marshwood Facility by InSight Premier**

Dear Mr. Keaten:

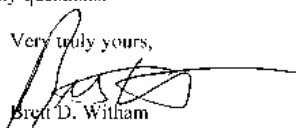
Please accept this Letter of Intent under the Maine Certificate of Need Law filed on behalf of InSight Premier Health, LLC ("InSight"). InSight respectfully requests a determination from the Department regarding the applicability of the Certificate of Need law to the proposed project described below.

InSight plans to purchase and place into service a 16 Slice CT scan unit at its Marshwood location. The equipment proposed to be placed into service will cost approximately \$625,000 with additional renovation costs and CON related costs of \$100,000 for a total of \$725,000 in capital costs. A pro forma which contains financial information that may assist in comparing the proposal to the scope of coverage of the CON law is attached. This pro forma identifies projected third year operating costs of the proposed project and anticipated utilization. The equipment will be placed into existing rented space so there will be no non-capital incremental costs attributable to the project.

The applicant would be available to meet with the Department within 30 days of filing the Letter of Intent. If determined necessary, the applicant intends to file the complete CON application 10 days prior to the beginning of the applicable review cycle. We understand the applicable review cycle to begin in April for small projects and would anticipate having a Certificate of Need application filed by mid-March if required.

Please feel free to call me if you have any questions.

Very truly yours,

  
Brett D. Witham

BDW/ign

cc: Stephen T. Randall, Director of Operations, InSight Premier Health, LLC  
Bryce Robinson, Esq., Assistant General Counsel, IHC

Enclosure

Portland, Augusta, Kennebunk, Maine • Boston • Hartford • Kansas City • Washington, D.C.

MARSHWOOD CT Purchase  
5 year projection

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Volumes	3,024	3,115	3,208	3,304	3,404
CT	\$740,880	\$755,475	\$770,358	\$785,534	\$801,009
<b>Collected Net Technical Revenue</b>	<b>\$740,880</b>	<b>\$755,475</b>	<b>\$770,358</b>	<b>\$785,534</b>	<b>\$801,009</b>
Expenses					
Salaries and Benefits	\$111,423	\$114,766	\$118,209	\$121,755	\$125,408
Recruiting & Relocation	\$1,200	\$1,236	\$1,273	\$1,311	\$1,351
Travel & Entertainment	\$1,500	\$1,545	\$1,591	\$1,639	\$1,688
Equipment Maintenance	\$0	\$0	\$0	\$0	\$0
Contractual Maintenance	\$0	\$75,000	\$75,000	\$75,000	\$75,000
Vehicle Operations	\$0	\$0	\$0	\$0	\$0
Occupancy	\$0	\$0	\$0	\$0	\$0
Office Supplies	\$1,200	\$1,236	\$1,273	\$1,311	\$1,351
Communications	\$600	\$618	\$637	\$655	\$675
Consulting	\$1,200	\$1,236	\$1,273	\$1,311	\$1,351
Radiology Supplies	\$68,949	\$73,148	\$77,603	\$82,329	\$87,343
Insurance	\$7,409	\$7,555	\$7,704	\$7,855	\$8,010
Taxes, Licenses & Fees	\$7,409	\$7,555	\$7,704	\$7,855	\$8,010
Marketing Expenses	\$15,000	\$10,000	\$7,500	\$5,000	\$5,000
Management Fee	\$33,340	\$33,996	\$34,666	\$35,349	\$36,045
Billing Fee	\$29,635	\$30,219	\$30,814	\$31,421	\$32,040
Bad Debt	\$0	\$0	\$0	\$0	\$0
Other	\$3,704	\$3,777	\$3,852	\$3,928	\$4,005
<b>Total Operating Costs</b>	<b>\$282,569</b>	<b>\$361,887</b>	<b>\$369,098</b>	<b>\$376,721</b>	<b>\$387,276</b>
Equipment Lease	\$0	\$0	\$0	\$0	\$0
EBITDA	\$458,311	\$393,588	\$401,260	\$408,813	\$413,733
Depreciation/Amortization	\$173,250	\$173,250	\$173,250	\$173,250	\$173,250
EBIT	\$285,061	\$220,338	\$228,010	\$235,563	\$240,483
Interest on Working Capital	\$4,192	\$0	\$0	\$0	\$0
Interest on Equipment	\$76,212	\$62,109	\$46,606	\$29,564	\$10,831
<b>Income/(t. loss) from Operations</b>	<b>\$204,658</b>	<b>\$158,229</b>	<b>\$181,404</b>	<b>\$205,999</b>	<b>\$229,651</b>
	28%	21%	23%	26%	29%