

Department of Health and Human Services
Commissioner's Office
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November 26, 2013

David Landry, Chief Executive Officer
Spectrum Medical Group, P.A.
324 Gannet Drive, Suite 200
South Portland, ME 04106

RE: Acquisition of Control of Ambulatory Surgical Centers

Dear Mr. Landry:

This letter will serve as notification that, on this date, I have decided to **grant** a Certificate of Need (CON) that authorizes the merger of Centers for Orthopaedics (OA) and Central Maine Orthopaedics (CMO) into Spectrum Medical. The CON review encompasses CMO's Ambulatory Surgical Center located in Auburn, ME and OA's Ambulatory Surgical Center located in Portland, ME.

In order for this CON to remain valid, the project must be "commenced" within one year from the date of the original approval noted above. You must complete implementation reports on your activities as specified for this type of Project (CON Procedures Manual, Chapter 11, Sec. 3). Failure to commence the project within this 12-month period will result in expiration of the CON, unless an extension is obtained, as cited above.

I am granting this CON because I have determined that the project meets the criteria set forth in the CON Act Sec. 335 (1) and the Department's regulations. The specific details of the project for which I have granted this CON are contained in the record.

Please be aware that in accordance with Section 346 of the Maine Certificate of Need Act this Certificate, as modified herein, is valid only for the stated scope, premises and facility named in the above referenced application and is not transferable or assignable. Furthermore, it should be clearly understood that our analysis and findings regarding the need for the proposed project, as well as its financial and economic feasibility, are predicated on the application record as described in the Manual, Chapter 8, Subsection 5. Consequently, the proposal must be implemented consistent with the approval stated in this letter, as informed and clarified by the Department's analysis and findings as summarized in the following Department staff reports:

1. **FINAL REVIEW:** Briefing memo to Mary C. Mayhew, Commissioner, DHHS, dated November 14, 2013.

No significant changes to the project, no variations from the projected operating costs, no modifications of the terms of financing the project, and no increase in the capital expenditures to be made are permitted without the prior written approval of the Department. Any such variances

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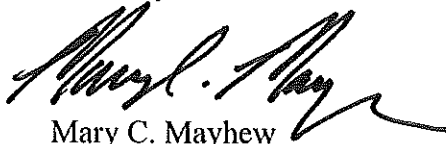
may result in either the disallowance of related expenses, financial penalties or the immediate revocation of the Certificate of Need.

Please work closely with my staff in HealthCare Oversight to assure this project is implemented in accordance with the provisions of this Certificate and applicable rules and regulations. Before beginning any construction please obtain the necessary approvals from the State Fire Marshal's office and the Division of Licensing and Certification. These agencies must approve all working drawings and construction specifications.

The Certificate of Need statute requires that a holder of a CON make a written report at the end of each six-month period following its issuance. Details regarding this and related requirements will be made the subject of a separate letter from HealthCare Oversight.

My staff will work with you as necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary C. Mayhew", with a stylized flourish at the end.

Mary C. Mayhew
Commissioner

MCM/klv

cc: Kenneth Albert, Director, Div. of Licensing and Regulatory Services, DHHS
Phyllis Powell, Assistant Director, Div. of Licensing and Regulatory Services, DHHS
Larry Carbonneau, Manager, Div. of Licensing and Regulatory Services, DHHS
Herb Downs, Audit, Division of Audit, DHHS
Janine Raquet, AAG