

FILED IN CLERK'S OFFICE  
U.S.D.C. Atlanta

*DW*

AUG 29 2003

RECEIVED IN CLERK'S OFFICE  
U.S.D.C. Atlanta

UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

LUTHER D. THOMAS, Clerk

By: *(u)*

Deputy Clerk

MAY 27 2003

LUTHER D. THOMAS, Clerk  
By: *(u)*

UNITED STATES OF AMERICA ex rel.,  
ROBERT J. ALLEN,  
Plaintiff,

v.

CIVIL ACTION FILE  
NO. 1:01-CV-0854

PHYSICIAN SPECIALISTS IN  
ANESTHESIA, P.C., PHYSICIAN  
SPECIALISTS IN PAIN MANAGEMENT,  
INC., PHYSICIAN PAIN SPECIALISTS,  
P.C., THE RESURGENS CENTER, INC.,  
RESURGENS AND AFFILIATED  
ORTHOPAEDISTS, P.C., RESURGEN'S  
SURGERY CENTER, LLC, MEDAPHIS  
PHYSICIAN SERVICES, INC.,  
MEDAPHIS CORPORATION and PER-SE  
TECHNOLOGIES, INC.,  
Defendants.

**SECOND AMENDMENT OF COMPLAINT BY RESTATEMENT**

COMES NOW, **ROBERT J. ALLEN**, Plaintiff in the above-styled action, by and through his counsel of record, Harmon, Smith, Bridges & Wilbanks, LLP and files this his Second Amendment of Complaint by Restatement. This is an action brought on behalf of the United States of America by ROBERT J. ALLEN (hereinafter "Relator") against PHYSICIAN SPECIALISTS IN ANESTHESIA, P.C., PHYSICIAN SPECIALISTS IN PAIN MANAGEMENT, INC., PHYSICIAN PAIN

*(u)*

SPECIALISTS, P.C., THE RESURGENS CENTER, INC., RESURGENS AND AFFILIATED ORTHOPAEDISTS, P.C., RESURGENS SURGERY CENTER, LLC, MEDAPHIS PHYSICIAN SERVICES, INC., MEDAPHIS CORPORATION and PER-SE TECHNOLOGIES, INC. (hereinafter sometimes collectively referred to as “Defendants”) pursuant to the *Qui Tam* provisions of the Civil False Claims Act, 31 U.S.C. §§ 3729-33.

This Second Amendment is filed to restate and amend the allegations within Relator’s Complaint and First Amended Complaint previously filed. No answer, defenses or responsive pleadings are required from Defendant regarding either said Complaint or First Amended Complaint. Relator’s allegations are restated in their entirety hereafter in this Second Amendment.

### **JURISDICTION AND VENUE**

1.

This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1345 and 31 U.S.C. §§ 3732(a) and 3730. This Court has jurisdiction over this *qui tam* action. Relator is the “original source” of the information set forth herein and as such he is entitled to bring this action in the name of the United States as contemplated by the Civil False Claims Act, 31 U.S.C. §§ 3729-33.

2.

Venue is appropriate as to each Defendant, in that one or more Defendants can be found in, reside in, and/or transact business in this judicial district. Additionally, acts proscribed by 31 U.S.C. § 3729 have been committed by one or more of the Defendants in this judicial district. Therefore, within the meaning of 28 U.S.C. § 1391(c) and 31 U.S.C. § 3732(a), venue is proper.

3.

Relator has served a Disclosure Statement on the United States Government as required by 31 U.S.C. § 3730(b)(2).

### **THE PARTIES**

4.

Plaintiff Robert J. Allen is a citizen of the United States of America. He is a resident of Atlanta, Fulton County, Georgia, and resides at 1055 Balmoral Road, Atlanta, Georgia 30319. He brings this *qui tam* action based upon direct and unique information. He obtained such information during the period of his engagement as a consultant to and as Practice Administrator for Defendant Physicians Specialists in Anesthesia, P.C. and Defendant Physician Specialists in Pain Management, Inc.

5.

Defendant Physicians Specialists in Anesthesia, P.C. (hereinafter "Defendant PSA") is a medical practice specializing in anesthesia, critical care and pain management. Defendant PSA is a Georgia professional corporation which transacts business in the State of Georgia and within the Northern District of Georgia. Defendant PSA provided anesthesia medical services to numerous hospitals and ambulatory surgical centers ("ASCs"). Defendant PSA provided anesthesia services to the orthopedic ASC owned by Defendant The Resurgens Center, Inc. Defendant PSA's shareholders were licensed anesthesiologists. Defendant PSA may be served by serving its attorney of record, George A. Koenig, Esquire, at One Atlantic Center, 1201 West Peachtree Street, Atlanta, Georgia 30309. Even though Defendant PSA and Defendant Physician Specialists in Pain Management, Inc. (hereinafter "Defendant PSPM") are listed with the Secretary of State as being separate corporate entities with common owners, they have conducted themselves factually in a manner in which they should be characterized as being the same entity as a result of their conduct and commingled activities. Defendant PSA and Defendant PSPM will be sometimes referred to collectively hereafter as "Defendant Anesthesiologists".

6.

Defendant PSPM was a medical practice specializing in pain management that on occasion provided other anesthesia and critical care services. Defendant PSPM's shareholders were principally the same anesthesiologists that were the shareholders of Defendant PSA. Defendant PSA contracted to provide billing services, staff, equipment and administrative support to Defendant PSPM. Defendant PSPM was a Georgia for profit corporation which transacted business in the State of Georgia and within the Northern District of Georgia. Defendant PSPM is believed to have been dissolved in 1997. Service upon said Defendant may be made upon its attorney of record, George A. Koenig, Esquire, at One Atlantic Center, 1201 West Peachtree Street, Atlanta, Georgia 30309. As stated above, even though Defendant PSA and Defendant PSPM are, in a legal sense, separate corporate entities with common owners, they have conducted themselves factually in a manner in which they may be characterized as being the same entity as a result of their conduct and commingled activities.

7.

Defendant Physicians Pain Specialists, P.C. (hereinafter "Defendant PPS") is a medical practice specializing in pain management that also provides anesthesia and critical care services. Defendant PPS is a Georgia professional corporation formed in

1996 as the intended successor to Defendant PSPM. Defendant PPS's shareholders were principally the same anesthesiologists affiliated with Defendant PSA and Defendant PSPM. Defendant PPS has transacted business in the State of Georgia and within the Northern District of Georgia and is subject to the jurisdiction of this Court. Service may be made upon its attorney of record, George A. Koenig, Esquire, at One Atlantic Center, 1201 West Peachtree Street, Atlanta, Georgia 30309.

8.

Defendant PSA, Defendant PSPM and Defendant PPS will be collectively referred to hereafter as "Defendant Anesthesiologists" where appropriate.

9.

Defendant The Resurgens Center, Inc. owns and operates an ASC for orthopedic surgery and procedures. Defendant The Resurgens Center, Inc. contracted with Defendant PSA for ambulatory anesthesia services. In addition, by separate contract, Defendant The Resurgens Center, Inc. contracted for non-ambulatory pain management and anesthesia services with Defendant Anesthesiologists. Defendant The Resurgens Center, Inc. leased space from St. Joseph's Realty Corporation and subleased space to Defendant PSPM, as described hereafter. Defendant The Resurgens Center, Inc. is a Georgia for profit corporation which transacts business in the State of Georgia and within the Northern District of Georgia. Defendant The Resurgens

Center, Inc. may be served by serving its attorney of record, Charles C. Murphy, Jr., at 260 Peachtree Street, NW, Suite 1600, Atlanta, Georgia 30303-1202.

10.

Defendant Resurgens and Affiliated Orthopaedists, P.C. is a medical practice specializing in orthopedic medicine. Its shareholders are licensed orthopedic surgeons, whose principal base of patient operation is located at St. Joseph's Hospital of Atlanta. Its shareholders are believed to be the same shareholders who own Defendant The Resurgens Center, Inc. Defendant Resurgens and Affiliated Orthopaedists, P.C. is a Georgia professional corporation which transacts business in the State of Georgia and within the Northern District of Georgia. Defendant Resurgens and Affiliated Orthopaedists, P.C. may be served by serving its attorney of record, Charles C. Murphy, Jr., at 260 Peachtree Street, NW, Suite 1600, Atlanta, Georgia 30303-1202.

11.

Defendant Resurgens Surgery Center, LLC is a Georgia limited liability company formed on May 29, 1998 for the purpose of providing for the sale of 15% ownership in Defendant Resurgens Center, Inc. to Ortholink Physicians by and through an "asset sale" to Defendant Resurgens Surgery Center, LLC. Substantially all of the assets of Defendant Resurgens Center, Inc. were sold to Defendant Resurgens Surgery Center, LLC to include the continuing operation of the ASC at the same location

staffed with former Resurgens Center, Inc. employees. The purchase transaction occurred on or about October 1, 1998. Defendant Resurgens Surgery Center, LLC continued the business and medical operation of the ASC at the same location and premises of Defendant Resurgens Center, Inc. using the CON issued to Defendant Resurgens Center, Inc. The ownership of Defendant Resurgens Surgery Center, LLC remained substantially the same. Defendant Resurgens Center, Inc. retained 85% of the ownership of Defendant Resurgens Surgery Center, LLC. Defendant Resurgens Surgery Center, LLC's principals had knowledge and were aware of the prior misconduct alleged hereafter and the ongoing liability for such misconduct as to Defendant Resurgens Center, Inc. through its members, shareholders, officers, and directors. Under principles of "successor liability" and "alter-ego", said Defendant is subject to the liability of its predecessor, Defendant Resurgens Center, Inc. Defendant Resurgens Surgery Center, LLC may be served by service of process on its registered agent CT Corporation System, 1201 Peachtree Street, Atlanta, Georgia 30361.

12.

Defendant The Resurgens Center, Inc., Defendant Resurgens and Affiliated Orthopaedists, P.C. and Defendant Resurgens Surgery Center, LLC will be collectively referred to hereafter as "Defendant Resurgens" where appropriate.



13.

Defendant Medaphis Physicians Services, Inc. was the billing and data processing company engaged by Defendant Anesthesiologists in the Fall of 1995 to handle all billing activities with Medicare, Medicaid and third-party payors. In mid-1999, its parent company, Defendant Medaphis Corporation, merged with its subsidiaries, Per-Se Technologies, Inc. and Defendant Medaphis Physicians Services, Inc. The surviving corporation is Defendant Per-Se Technologies, Inc. (hereinafter "Defendant Per-Se"). Defendant Per-Se is a Delaware corporation. Defendant Per-Se has transacted business in the State of Georgia and within the Northern District of Georgia and is subject to the jurisdiction of this Court. Defendant Per-Se may be served by serving its attorney of record, Paul J. Quiner, at 2840 Wilkinson Parkway, Atlanta, Georgia 30339. These Defendants will be referred to collectively hereafter as "Defendant Medaphis" where appropriate.

14.

Upon the filing of this amendment, Relator intends to dismiss claims against Defendants The Physicians' Pain & Rehabilitation Specialists of Georgia, P.C., Ortholink Physicians Corporation, United Surgical Partners International, Inc. and St. Joseph's Hospital of Atlanta, and to add as an additional defendant, Resurgens Surgery Center, LLC.

**GENERAL BACKGROUND INFORMATION**

15.

The Medicare Program, Title XVIII of the Social Security Act, 42 U.S.C. § 1395 *et seq.* (hereinafter “Medicare”) is a Health Insurance Program administered by the Government of the United States and is funded by taxpayer revenue. It is overseen by the United States Health and Human Services Department. Medicare was designed to assist participating states in providing medical services and durable medical equipment to persons over sixty-five (65) years of age and others that qualify for Medicare.

16.

The Medicaid Program, Title XVIII of the Social Security Act, 42 U.S.C. § 1395 *et seq.* (hereinafter “Medicaid”) is a health insurance program administered by the Government of the United States and is funded by State and Federal taxpayer revenues. It is overseen by the United States Health and Human Services Department. Medicaid was designed to assist participating states in providing medical services, durable medical equipment and prescription drugs to individuals that qualify for Medicaid. Medicare and Medicaid will be referred to collectively hereafter as “Federal Health Care Programs” where appropriate.

17.

The False Claims Act (“FCA”), 31 U.S.C. § 3729(a)(1) makes knowingly presenting, causing to be presented, or conspiring to present to the United States any false or fraudulent claim for payment a violation of Federal Law punishable by three times the amount of the actual damages the government sustains AND a civil monetary penalty of between \$5,000 and \$10,000 per claim (\$5,500 and \$11,000 for claims made on or after September 29, 1999).

18.

The FCA, 31 U.S.C. § 3729(a)(2) makes knowingly presenting, causing to be presented, or conspiring to make or use a false record or statement to get a false or fraudulent claim paid or approved by the Government a violation of federal law punishable by three times the amount of the actual damages the Government sustains and a civil monetary penalty of between \$5,000 and \$10,000 per claim (\$5,500 and \$11,000 for claims made on or after September 29, 1999).

19.

The FCA defines a “claim” to include any request or demand, whether under contract or otherwise, for money or property which is made to a contractor, grantee, or other recipient if the United States Government provides any portion of the money or property which is requested or demanded, or if the Government will reimburse such

contractor, grantee, or other recipient for any portion of the money or property which is requested.

20.

The Anti-Kickback Act (“AKA”), 42 U.S.C. §1320a-7b (b), makes it illegal to offer, receive, or solicit any re-numeration, kickback, bribe, or rebate, whether directly or indirectly, overtly or covertly, in cash or in kind, to any person in order to induce such person to purchase, lease, or order, or to arrange for or recommend the purchasing, leasing, or ordering of any good, service, or item for which payment may be made in whole or in part under Federal Health Care Programs.

21.

The AKA seeks to prohibit such activities in order to secure proper medical treatment and referrals, and to limit the possibility of a patient having to undergo unnecessary treatments or having to accept specific items or services which are based not on the needs of the patient but on the incentives given to others, thereby limiting the patient’s right to choose proper medical care and services.

**AMBULATORY SURGICAL CENTER AND CERTIFICATE  
OF NEED STATUTORY AND REGULATORY REQUIREMENTS**

22.

§ 1832(a)(2)(F)(i) of the Social Security Act (“The Act”) provides that benefits

under the Medicare Supplementary Medical Insurance Program (“Part B”) include payment for facility services (said payment is referred to hereafter as a “facility fees”) furnished in connection with surgical procedures specified by the Secretary in accordance with § 1833(i)(1)(A) of The Act. The Secretary is to review and update the ASC list bi-annually.

23.

To participate in the Medicare Program as an ASC, a facility must meet the standards specified under § 1832(a)(2)(F)(i) of The Act and 42 CFR 416.25, which sets forth general conditions and requirements for ASCs. 42 C.F.R. 416.40 requires as an express condition for allowance of facility fees in an ASC that it be in compliance with State licensure laws. 42 C.F.R. 416.25 further requires that the basic requirements of participation as an ASC is limited to those facilities that meet the definition of § 416.2 and have in effect an agreement obtained in accordance with the subpart.

24.

42 C.F.R. 416.2 defines an ASC as any distinct entity “that operates exclusively for the purpose of providing surgical services to patients not requiring hospitalization, has an agreement with HCFA to participate in Medicare as an ASC, and meets the conditions set forth in Subpart B and C of this Part.” ASC services are defined by this

latter regulation to mean facility services that are furnished in an ASC. Covered surgical procedures means those surgical and other medical procedures that meet the criteria specified in § 416.65 and published by HCFA in the Federal Register. Facility services means services that are furnished in connection with covered surgical procedures performed at an ASC, or in a hospital on an outpatient basis. Facility fees are generated from those facility services as defined.

25.

Generally, there are two primary elements in the total cost of performing a surgical procedure. The first is the cost of the physician's professional services for performing the procedure, and the cost of services furnished by the facility where the procedure is furnished (for example, surgical supplies and equipment and nursing services). 42 C.F.R. § 1833(i)(2)(A) of The Act addresses what the ASC facility fees are intended to represent and how the amount of the Medicare payment for ASC facility fees is to be determined. HCFA reviews and updates ASC payment amounts annually.

26.

The ASC payment rate is to be a standard overhead amount established on the basis of HCFA's estimate of a fair fee that takes into account the costs incurred by ASCs generally in providing facility services in connection with performing a specific

procedure. Payment for ASC facility services is made under Medicare Part B which must be adjusted for deductibles and co-insurance requirements. Therefore, Medicare pays participating ASCs 80% of the determined rate adjusted for regional wage variations.

27.

The majority of states require state licensure for ASCs. These states specify the criteria that ASCs must meet for licensure. In Georgia, the State Division of Health Planning, a part of the Georgia Department of Community Health, is responsible for administering reviews of certain proposed health care projects under Georgia's Health Planning Statute, O.C.G.A. Title 31, Chapter 6. The regulations themselves provide explicit interpretations of the laws and thereby serve as a detailed procedure manual.

28.

Georgia requires a Certificate of Need ("CON") for all ASCs. O.C.G.A. § 31-6-1 et al. requires that a CON must be obtained prior to the commencement of providing services at an ASC.

29.

Defendant Resurgen's ASC made its application for a CON in 1992 (Application No. GA 098-92). According to the subsequently granted CON, the ASC operated by Defendant Resurgens was limited to a physician owned limited purpose

practice (orthopedics practice only). Defendant Resurgen's ASC's CON was granted under Rule 272-2-09(i)(b)(8)(i). See said CON attached as Exhibit 16.

30.

In order to be reimbursed under Medicare Part B, the place of service for such services performed in an ASC must be a "free standing facility, other than a physician's office, where surgical and diagnostic services are provided on an ambulatory basis." Such ASC facility fees must be billed to Medicare on an assigned basis. The ASC facility must also be on Medicare's list of approved ASC facilities in order to receive payment from Medicare. Such a list is published by HCFA each year in April in the Medicare Part B Annual Reference Newsletter.

31.

Medicare will only reimburse facility fees for approved surgical procedures performed in an ASC. Medicare will not reimburse facility fees for pain management service provided in an ASC. Similarly, Medicare will not reimburse facility fees for services rendered incident to unapproved surgical procedures. However, physicians and qualified non-physician practitioners may bill Medicare for procedures not on the Medicare approved ASC list but performed in an ASC. In that event, Medicare will pay at the non-facility rate according to the physician fee schedule (i.e., using the non-facility practice expense Relative Value Unit ("RVU")), for such procedures when



covered by Medicare). The Medicare physician fee schedule allows a limited payment for procedures not on the ASC list but performed in an ASC. Said physician fee includes reimbursement for practice expenses, but there is no separate payment of an ASC facility fee.

32.

Examples of services that are not to be included as a part of facility fees paid by Medicare are as follows:

1. Physician services;
2. The sale, lease or rental of durable medical equipment to ASC patients for use in their homes;
3. Ambulance services;
4. Braces;
5. Services furnished by an independent lab; and
6. Services furnished by an anesthesiologist. Note: Each physician service referenced hereafter which forms the basis of Relator's Complaint was provided in an orthopedic ASC by Defendant Anesthesiologists.

33.

Pursuant to 42 C.F.R. 416.61(b), the services of anesthesiologists are expressly excluded from reimbursement for facility fees. The Georgia CON program is a state

statute that expressly provides that no new institutional health services or health care facilities are allowed to operate in Georgia except pursuant to either an express exemption or upon the obtaining of a CON. O.C.G.A. § 31-6-40(a). In this case, Defendants received neither an express exemption nor a CON to provide or bill for pain anesthesia or pain management services in an ASC.

34.

Said statute expressly limits a CON to the defined scope, location, cost, service area and person named in an application. The Georgia statute further provides, pursuant to O.C.G.A. § 31-6-45(a)(b) and (c), that not obtaining a CON will result in the denial of a license to operate. This statute further provides for a \$5,000 per day violation for each day in which there has existed a knowing and willful violation.

**FACTS AND ALLEGATIONS REGARDING  
FRAUDULENT ACTS COMMITTED BY DEFENDANTS**

35.

Relator began to consult with Defendant Anesthesiologists while working for Paragon Consulting in December, 1995. Beginning in January 22, 1996, Relator was employed by Defendant Anesthesiologists as its Practice Administrator. His duties included the supervision and management of the medical practices regarding their daily operations, personnel and staff. He was also responsible for oversight of financial,

billing and accounting matters. Relator left his employment with Defendant Anesthesiologists in January 1997.

36.

In his capacity in 1995 as a consultant and thereafter beginning in January 1996 as an employee of Defendant Anesthesiologists, Relator became familiar with and knowledgeable of various aspects of their business practices. He regularly interacted with their financial, operational, billing and medical personnel. Relator makes these allegations based upon facts and information he obtained during the term of his engagement as a consultant and his subsequent employment with Defendant Anesthesiologists. As stated previously, Relator is the original source of the information to the United States Government set forth herein.

37.

Relator has gained a detailed knowledge of the policies and procedures required by Defendant Anesthesiologists of their personnel. Relator also gained a personal understanding of the policies and procedures utilized by Defendant Anesthesiologists and other Defendants in committing, ratifying and assisting with the fraudulent activities and billing practices revealed herein.

38.

Relator had direct and systematic communications with the shareholders, officers and directors of Defendant Anesthesiologists, Defendant Resurgens and Defendant Medaphis. He regularly collaborated with Defendant Anesthesiologists, physicians, employees, executive officers, board members and personnel. Much of the factual information contained within this Complaint was provided directly to Relator by the physicians and officers of Defendant Anesthesiologists at financial meetings and board meetings.

39.

Additionally, as a result of Relator's position of authority as Practice Administrator for Defendant Anesthesiologists, he had open and unfettered access to important relevant financial data relating to the Medicare and Medicaid fraud committed by Defendant Anesthesiologists. A substantial portion of Defendant Anesthesiologists gross charges were made to Medicare beneficiaries. Defendant Anesthesiologists' billing records reflect that approximately 29% of its charges are related to Medicare beneficiaries. Defendant Anesthesiologists also provided anesthesia and pain management services to Medicaid beneficiaries. The Medicaid mix is much smaller, comprising of approximately 2%-3% of charges during the years in question.

40.

Prior to Relator's employment, the shareholder anesthesiologists of Defendant PSA formed Defendant PSPM, a Georgia professional corporation, in February 1992. The shareholders of Defendant PSPM were also the shareholders of Defendant PSA (see Exhibits 1 and 2).

41.

Defendant PSPM was formed for the purpose of providing pain management, anesthesia and related services. Defendant PSPM entered into numerous contracts with Defendant Resurgens and Defendant PSA to provide other purported services (see Exhibits 3-7). These other purported services were a sham. The primary intent of Defendants was to generate additional Medicare and Medicaid dollars in the form of facility fee reimbursements.

42.

As stated above, a condition precedent to the operation of an ASC requires compliance with State of Georgia licensure requirements. One such requirement involves a CON. (See 42 CFR 416.40, 42 CFR 416.25.) Without a valid CON, facility fees can not be billed to or paid by Federal Health Care Programs for services rendered in an ASC.

43.

Defendant Anesthesiologists could not obtain a CON to perform pain management services. Early in 1996, Defendant Anesthesiologists asked Relator to attempt to obtain a CON for pain management. He informed Defendant Anesthesiologists that a CON could not be obtained for pain management services. At all times in question, CONs were not obtainable from the State of Georgia for pain management. Without a CON, Defendant Anesthesiologists could not legally file claims or bill the Government for facility fees relating to the delivery of anesthesia or pain management services. Neither Defendant PSA nor Defendant PSPM had a Medicare/Medicaid number that would allow them to bill a facility fee (see Exhibits 8-11).

44.

Conversely, Defendant Resurgens had a CON. Defendant Resurgens' CON was expressly limited to orthopedic surgical services. Medicare would pay a facility fee for orthopedic services provided in the ASC operated by Defendant Resurgens pursuant to the limited terms of its CON. Defendant Resurgens' CON did not allow Defendants to bill the Government for facility fees related to the delivery of anesthesia and pain management services by Defendant Anesthesiologists in the ASC (see Exhibit 16).

45.

Despite the existence of the above limitations, the Defendants conspired and created a fraudulent scheme whereby Defendant Anesthesiologists and Defendant Resurgens would receive facility fees from Federal Health Care Programs for anesthesia and pain management services (hereafter collectively referred to as “pain management services”) provided by Defendant Anesthesiologists to patients treated at Defendant Resurgens’ ASC. The scheme was blatantly illegal and fraudulent.

46.

The success of the fraudulent scheme depended upon the following cooperative actions between Defendants:

- (a) Defendant Anesthesiologists would illegally cause Federal Health Care Programs to be billed for the pain management services they provided in Defendant Resurgens’ ASC using Defendant Resurgen’s provider number (the provider number of the Defendant Anesthesiologists that actually provided said services were not used on claims submitted to the Government);
- (b) Because Defendant Resurgens had a limited use CON for orthopedic services only, Federal Health Care Programs would be deceived into paying facility fees for the ASC space utilized for the pain management

services provided by Defendant Anesthesiologists in the ASC. Defendants deceived Federal Health Care Programs by disguising the physician provider number and the true nature of the services rendered in Defendant Resurgens' ASC;

- (c) No orthopedic services were provided in the ASC by Defendant Anesthesiologists. Defendant Anesthesiologists were anesthesiologists (none were orthopaedists). Despite the absence of a CON authorizing pain management services, Defendants were able to provide pain management services in the ASC at issue and to obtain illegal facility fees by allowing Defendant Anesthesiologists to surreptitiously use Defendant Resurgen's provider number and CON to defraud Federal Health Care Programs. The bills and facility fee claims generated by Defendant Anesthesiologists were falsified in order to make it appear that anesthesia and pain management services were orthopedic services and/or provided incident to approved ASC procedures. These misrepresentations were false and Federal Health Care Programs would not have paid any facility fees to any of the Defendants if the true circumstances were known;
- (d) The illegal facility fees were paid by Federal Health Care Programs and sent by check made payable to Defendant Resurgens to a special lockbox



address designated by Defendants. A separate lockbox was established by Defendants to receive cash and checks from patients and third party managed care entities for facility fees. When the checks arrived, Defendant Anesthesiologists and Defendant Resurgens accepted and split the facility fees on a monthly basis;

- (e) As set forth in detail hereafter, the illegal arrangement was very profitable. Defendants received facility fees that they would not have received otherwise and they benefited from the referral of each patient involved in the fraudulent scheme. These actions violated the FCA and the AKA;
- (f) According to documents prepared by Defendants payor entities such as Blue Cross Blue Shield of Georgia, Aetna, State Merit, Bellsouth and Metlife also paid facility fees to Defendants relating to pain management services rendered by Defendant Anesthesiologists in the ASC;
- (g) Defendants further profited by retaining co-pays and deductibles from patients treated by Defendant Anesthesiologists in the ASC.

47.

While employed by Defendant Anesthesiologists, Relator learned that the conspiracy between Defendants pre-dated his employment. The documents executed

between Defendants which directly relate to the conspiracy complained of herein were dated as far back as 1993. On May 1, 1993, Defendant Anesthesiologists entered into a "Contract Labor Agreement" (Exhibit 5). Said agreement provided for the employment by Defendant PSPM of the clinical nurse employees and administrative staff of Defendant PSA. In reality, the terms of said contract were never factually implemented. Defendant PSA continued to directly employ all staff and bill to Medicare and Medicaid directly (rather than Defendant PSPM employing staff or billing Medicare/Medicaid for services).

48.

On April 5, 1993, Defendant Anesthesiologists and Defendant Resurgens entered into a contract entitled "Agreement for Services" (Exhibit 3) which provided for the providing of consulting, billing and administrative services by Defendant Anesthesiologists to Defendant Resurgens and for the exclusive rental by Defendant Anesthesiologists of certain surgical space located within the ASC operated by Defendant Resurgens (hereafter "Agreement"). The Agreement calls for a payment of a "facility fee" by Defendant Anesthesiologists. However, in reality, the "facility fee" was in fact being paid by Medicare/Medicaid on behalf of the patients treated by Defendant Anesthesiologists within the ASC operated by Defendant Resurgens. Other equipment lease arrangements and expense reimbursements were also provided by the

Agreement, its amendments and related written agreements (see Exhibits 3-7).

49.

On October 1, 1993, the Agreement was amended to provide for the rental and usage of a C-Arm X-Ray Unit to Defendant Resurgens owned either by Defendant PSA or Defendant PSPM (see Exhibit 7).

50.

These 1993 Agreements were a “sham” and constituted an intentional and unlawful scheme to defraud the United States Government and Federal Health Care Programs by illegally obtaining facility fee payments related to anesthesia and pain management services to be divided between Defendants.

51.

In 1995, Defendant Anesthesiologists approached Defendant Medaphis and asked said corporation to handle its billing functions. Defendant Medaphis is now merged into Defendant Per-Se Technologies, Inc. Defendant Medaphis is a collection and billing agency for medical practices. Defendants wanted Defendant Medaphis to assume responsibility for all of Defendant Anesthesiologists’ business.

52.

Defendant Anesthesiologists were advised by Defendant Medaphis in the Spring of 1995 that they would not handle the collection or billing of matters relating to the

PSA/PSPM/Resurgens arrangement because it was “illegal” and “fraudulent” under Medicare/Medicaid regulations. Relator was told that the attorney for Defendant Medaphis had reviewed the arrangement and advised Defendant Medaphis of its illegality. Notwithstanding said illegality, Defendant Medaphis thereafter took over the collection and billing of Defendant Anesthesiologists’ accounts, with the exception of Defendant PSPM’s facility fee billing. Defendant Medaphis continued to handle the billing of the professional fees generated by the anesthesiologists practicing within Defendant Resurgens’ ASC. Defendant Medaphis did not disclose such unlawful conduct to the Government. However, in exchange for the money obtained from its ongoing billing contract, Defendant Medaphis continued to provide accounting support which included reporting and calculating both the unlawful facility fees and professional fees received by Defendants on a monthly basis. Accordingly, Defendant Medaphis aided and abetted the other Defendants in the fraudulent reimbursement scheme describe herein.

53.

Relator also informed Defendants as to the illegality of these arrangements. Soon after being employed in January 1996, Relator expressly advised Defendant Anesthesiologists that their service and billing arrangements with regard to billing for pain management in an ASC was unlawful. He further advised that the billing and

sharing of unauthorized facility fees were unlawful.

54.

Even after being confronted with the illegality of the arrangements and practices set forth above by Defendant Medaphis and its own Practice Administrator, Defendants continued to illegally bill and collect facility fees into 1997 from Medicare, Medicaid and third party payors and patients (see Exhibit 9). To the extent that illegal facility and/or professional fees were billed after January 1, 1997, the penalties of 18 U.S.C. 1247 apply.

55.

Defendant PPS became the successor to the patient base, equipment and furnishings of Defendant PSPM upon the latter's ceasing business in January 1997 (see Exhibit 12). Defendant PPS continued these illegal billing practices.

56.

A large number of patients were treated by Defendant Anesthesiologists in Defendant Resurgens' ASC. Defendant's records indicate that 4,297 patients were treated in 1994. Another 4,399 patients were treated in 1995. Over 3,600 patients were treated in 1996. At the time of Relator's departure in early 1997, Defendant Anesthesiologists were still providing anesthesia and pain management services for a high volume of patients in the ASC. All facility fees billed by Defendants for the

services provided to patients in the ASC by Defendant Anesthesiologists were improper. Each submission of a facility fee claim to Federal Health Care Programs constituted improper false claims.

57.

In 1995, financial records show that \$1,264,834 of facility fees were billed by Defendant Anesthesiologists for work done in the ASC. These figures were computed by Defendant Medaphis as part of the monthly billing services provided to Defendants. These figures were openly discussed at the monthly board meetings attended by Relator, Defendant Anesthesiologists and Defendant Medaphis (see Exhibits 8-11, 13).

58.

The fraudulent scheme generated large revenues for Defendants in 1996 as well. By way of example, Defendant Anesthesiologists charged \$1,282,859 from January through September, 1996. Business records reflect receipts of \$891,306 for the same period. As noted above, the Medicare patient mix was approximately 29% during the relevant time frames. Defendants' financial records also showed Defendant Resurgens had charges of \$796,901 and receipts of \$591,785 for the same period (see Exhibit 15).

59.

The budget relating to pain services to be provided within the ASC prepared for Defendant Anesthesiologists for the first quarter of 1997 revealed a budget of \$65,950

in January, \$59,366 in February, \$95,510 in March and \$91,301 in April, 1997. This budget was based upon expected revenues to be billed and received from pain management services provided by Defendant Anesthesiologists in the ASC (see Exhibit 14).

60.

The attorneys for Defendant Anesthesiologists were aware of the facility fee scam. The unlawful collection of facility fees was expressly discussed at monthly board meetings of the Board of Directors of Defendant Anesthesiologists. At board meetings beginning in February 1996 and continuing through Relator's employment, Defendant Anesthesiologists and Attorney F. Edwin Hallman were present in addition to Relator. Representatives of Defendant Medaphis were also present. In fact, it was Hallman who proposed to the doctors that they "stop" the illegal billing after Drs. Rizer, Porter McNeil left the practices. It was discussed that the "blame and responsibility" for such illegal arrangements and billings would be placed on Drs. Rizer, Porter and McNeil after they left Defendant Anesthesiologists in the event the scheme was discovered by the Government. Dr. Rizer left his employment with Defendants PSPM and PSA in October 1995 and Drs. Porter and McNeil left their employment with Defendant PSPM in February 1996. During Relator's employment with Defendant PSA, Dr. Sween chaired each meeting of the Board. As stated above,

Defendant Anesthesiologists continued to illegally bill Medicare and Medicaid for facility fees and other ASC services through Defendants PSPM and PPS for a period of time even after Drs. Rizor, Porter and McNeil left PSPM. Based upon information and belief, Defendants continued to bill private payors and private insurance companies for ASC facility fees even after said Defendants ceased billing Federal Health Care Programs for the same services.

61.

As a result of these contractual arrangements between Defendant Anesthesiologists and Defendant Resurgens, Defendants were able to obtain additional patient referrals illegally. These improper referrals or “kickbacks” were based in part upon the financial incentives created by the illegal facility fee-splitting arrangement between Defendants. The express agreements between Defendant Anesthesiologists and Defendant Resurgens to collect and divide financial payments created an unlawful financial incentive for cross-referrals. (See 1128B(b) of the Social Security Act and 42 U.S.C. 1320a-7b(b)).

62.

These arrangements between Defendants enhanced their mutual “patient pool” and encouraged referrals between Defendants. The fraudulent scheme constituted an unlawful referral enticement involving kickbacks between Defendants.



63.

The contracts between Defendant Anesthesiologists and Defendant Resurgens violated the “anti-kickback” rules. For example, if the anesthesiologist providing pain management services (who has an indirect investment in the ASC and receives compensation therefrom) is in a position to refer patients to the ASC, he or she must satisfy several requirements to avoid “anti-kickback” rules. One of these requirements is that “all ancillary services must be directly and integrally related to primary procedures performed at the ASC and none may be separately billed to Medicare or Medicaid”. The pain management services were not integrally related to orthopedic surgeries done in the ASC. Additionally, the ASC space must be dedicated exclusively to the ASC and not used for the treatment of the hospital's inpatients or outpatients. See 64 Fed Reg 223 (November 19, 1999). These requirements were blatantly violated by Defendants. Patients were routinely transported between St. Joseph's Hospital and Defendant Resurgens' ASC. Frequently Defendant Anesthesiologists provided pain management services to St. Joseph's patients and then they were taken back to the hospital. Medicare/Medicaid was then billed by Defendant Resurgens for ancillary pain services provided in the ASC.

64.

The agreement and conduct of these Defendants prove that Defendants knowingly and willfully received payments and financial gain for influencing the referral of patients for ASC anesthesia and pain management services to Defendant Resurgen's ASC in violation of the FCA, Medicare/Medicaid and AKA laws and regulations.

65.

In summary, the contractual arrangements and billing practices between Defendants provided for and contemplated the wrongful billing for pain management and other anesthesia services, the payment of a "facility fee" and other financial payments arising out of pain management services provided by Defendant Anesthesiologists in the ASC.

66.

The Defendants in the case have violated the FCA and AKA by knowingly making, using or causing to be made or used false records or statements to conceal, avoid or decrease obligations to pay or transmit money or property to the Government, thereby causing damage to the Federal Health Care Programs that would not have occurred but for the violations of the law as set forth herein.

67.

Said Defendants obtained reimbursements from the Government for services and expenses which would not have been paid if not for the false claims, certifications and documents submitted to Federal Health Care Programs by Defendants.

68.

These billings by Defendants from 1995 through 1997 constituted false claims and false certifications, thereby entitling the Government to disallow all billings of these Defendants related to the anesthesia and pain management services complained of herein.

### **SUMMARY OF FRAUDULENT SCHEMES**

69.

Defendants' schemes included, but were not limited to, the following actions, all of which violate the FCA and AKA:

- (a) Conspiring to obtain and divide facility fees that were illegal and improper;
- (b) Allowing Defendant Anesthesiologists to utilize Defendant Resurgens' provider number in furtherance of the facility fee schemes;
- (c) Allowing Defendant Anesthesiologists to utilize Defendant Resurgens' CON in furtherance of the facility fee schemes;

- (d) Conspiring to disguise anesthesia and pain management services provided by Defendant Anesthesiologists as being services related to approved orthopedic services provided by physicians within Defendant Resurgens' ASC;
- (e) Conspiring to create a paper trail involving bogus rent and equipment payments ostensibly owed by Defendant Anesthesiologists to Defendant Resurgens in order to disguise the splitting of the facility fees between Defendants;
- (f) Conspiring to hide the existence of the facility fee scheme referenced above during the accreditation process by orchestrating the abandonment of the ASC premises by physicians and employees of Defendant Anesthesiologists during accreditation visits;
- (g) Conspiring to hide the fact that Defendant Anesthesiologists had no CON authorizing the billing of facility fees for pain management services provided during the relevant timeframe;
- (h) Conspiring to hide the fact that Defendant Anesthesiologists did not provide orthopedic services as required by the CON applicable to the ASC operated by Defendant Resurgens during the applicable timeframe;
- (i) Conspiring to create unlawful incentives which were provided in

exchange for patient referrals to the ASC and business between Defendants;

- (j) Conspiring with others to solicit and accept kickbacks (in the form of facility fee revenues and physician charges generated from patient referrals between Defendant Anesthesiologists and Defendant Resurgens);
- (k) Conspiring to make and use false records and statements to get false claims paid by the Government;
- (l) Knowingly making and using false records and statements in order to obtain facility fees and professional fees from the Government;
- (m) Conspiring to calculate and quantify the revenues generated from the schemes, including revenues paid by Federal Health Care Programs, and to maintain the secrecy of said calculations to avoid detection by the Government; and
- (n) Other unlawful activities described herein in this Complaint.

70.

The effect of the fraudulent schemes described in the following paragraphs has been to cause overpayments to be made for the benefit of Defendants and to the detriment of Medicare and Medicaid.

**COUNT I**

**VIOLATIONS OF THE FALSE CLAIM ACT**

71.

Relator restates and realleges the allegations contained in 1-70 above as if each were stated herein in their entirety and said allegations are incorporated herein by reference.

72.

Defendants knowingly presented or caused to be presented false or fraudulent claims to Federal Health Care Programs and knowingly made, used or caused to be made or used false statements to get said claims paid by Federal Health Care Programs.

As a result of the illegal schemes set forth herein, illegal facility fees and professional fees were paid by Federal Health Care Programs to Defendants. As a result of said illegal schemes, the claims presented or caused to be presented by Defendants were improper in whole. Defendants knowingly violated the Civil False Claims Act, 31 U.S.C. § 3729(a)(1)-(2).

73.

Defendants knowingly and intentionally received illegal payments for facility fees rendered in an ASC that was not licensed to provide the anesthesia or pain management services performed by Defendant Anesthesiologists. Defendants illegally

billed Federal Health Care Programs and received inflated payments for professional fees for anesthesia and pain management services rendered in the ASC.

74.

Defendants utilized false records to support their claims for facility fees and professional fees. Defendant Anesthesiologists disguised the anesthesia and pain management services provided by said Defendants through the use of Defendant Resurgen's provider number and CON status.

75.

Defendants used false records and made illegal and fraudulent representations to Federal Health Care Programs regarding the "place of service" for the professional and pain management services at issue.

76.

To mask the facilities fee split, revenue sharing and kickbacks described above, Defendant Resurgens filed cost reports which contained misleading and false information.

77.

Defendants knowingly concealed their actions and failed to alert the Government as to the illegality of said actions.

**COUNT II**

**CONSPIRACY TO DEFRAUD**

78.

Relator restates and realleges the allegations contained in 1-77 above as if each were stated herein in their entirety and said allegations are incorporated herein by reference.

79.

Defendants knowingly conspired to defraud the United States for the purpose of obtaining illegal facility fees and professional fees as set forth above.

80.

Additionally, Defendants knowingly conspired to violate the False Claims Act by acting together to cause false or fraudulent claims to be filed and to make or use false statements and documents which damaged Federal Health Care Programs.

81.

The Defendants conspired to obtain money, kickbacks and patient referrals to the detriment of Federal Health Care Programs and the taxpayers of the United States of America.



82.

Defendant Medaphis also actively aided and abetted the fraudulent scheme set forth above. They were aware of the illegal billing of facility fees and chose not to notify the Government of said illegal actions. Moreover, Defendant Medaphis continued to handle the professional billing and collection work for Defendant PSA throughout the times in question. Defendant Medaphis also provided monthly financial information to Defendant Anesthesiologists regarding the amount of the illegal facility fees paid by the Federal Health Care Programs. Defendant Medaphis made an accounting of these amounts and presented financial data incorporating the computations of the illegal facility fees to the Defendants at monthly board meetings from February 1996 through at least 1997.

**COUNT III**

**VIOLATIONS OF THE ANTI-KICKBACK ACT  
("AKA") AND STARK ACT ("STARK")**

83.

Relator restates and realleges the allegations contained in 1-82 above as if each were stated herein in their entirety and said allegations are incorporated herein by reference.

84.

Defendants have offered, received and solicited illegal patient referrals, kickbacks and remunerations in violations of the AKA and STARK. See 42 U.S. C. § 1396nn(g)(1). In order to induce Defendant Anesthesiologists to perform anesthesia and pain management services within its ASC, Defendant Resurgens paid approximately one-half of the facility fees generated from said services to Defendant Anesthesiologists.

85.

Defendant Resurgens also received compensation for the rental of the space utilized by Defendant Anesthesiologists in the ASC and equipment rental.

86.

Defendant Resurgens also benefited from the referrals obtained from the other conspirators and said Defendant benefited from having Defendant Anesthesiologists perform anesthesia and pain management service within the ASC operated by Defendant Resurgens. Similarly, Defendant Anesthesiologists benefited financially to the detriment of the taxpayers. Said Defendants received a facility fee that they were not otherwise entitled to and they would not have received but for the illegal conspiracy and kickbacks existing between Defendant conspirators.

87.

Defendant Anesthesiologists received space in which to perform anesthesia and pain management services, equipment and the illegal use of Defendant Resurgen's provider number and CON to utilize in the presenting of false claims to the Federal Health Care Programs.

WHEREFORE, Relator, ROBERT J. ALLEN, acting on behalf of and in the name of the United States of America and on his own behalf, demands and prays that judgment be entered as follows:

- (a) In favor of the United States against each Defendant, jointly and severally, and for treble the amount of damages to the Federal Health Care Programs from the false and fraudulent claims referenced above, plus maximum civil penalties of \$10,000.00 for each false claim;
- (b) In favor of the United States against Defendants, jointly and severally, for disgorgement of the profits earned by Defendants as a result of their illegal schemes;
- (c) In favor of the Relator for the maximum amount allowed pursuant to 31 U.S.C. § 3730(d), to include statutory reasonable expenses, attorneys' fees and costs incurred by Relator;
- (d) For all costs of this civil action;

- (e) In favor of the Relator and the United States for such other and further relief as this Court deems to be just and equitable; and
- (f) Relator demand a trial by jury be had as to the allegations against each Defendant as set forth herein.

This \_\_\_\_\_ day of \_\_\_\_\_, 2003.

Respectfully submitted,

HARMON, SMITH, BRIDGES & WILBANKS

By: \_\_\_\_\_  
MARLAN B. WILBANKS  
Georgia Bar No. 758223

By: \_\_\_\_\_  
TYRONE M. BRIDGES  
Georgia Bar No. 081500

Attorneys for Relator ROBERT J. ALLEN

1795 Peachtree Road, NE  
Suite 350  
Atlanta, Georgia 30309-2339  
(404) 881-1200

**PHYSICIAN SPECIALISTS IN ANESTHESIA**

Randy Rizor, MD  
John G. Porter, MD  
Charles A. MacNeil, MD  
John J. Byrne, MD  
James L. Carlson, MD  
Donn Chambers, MD  
Alice Lachenal Dijamco, MD  
Rex B. Foster, III, MD  
Thomas W. Lebert, II, MD  
Richard R. Little, MD  
Donald S. McLeod, MD  
Stanley R. Mogelnicki, MD  
Anthony Schinelli, MD  
John H. Stephenson, MD  
Steven L. Sween, MD  
William M. Taylor, MD  
Philip H. Wells, MD  
Frederick P. Yilling, MD

**EXHIBIT "1"**

**000001**

**PHYSICIAN SPECIALIST IN PAIN MANAGEMENT**

Randy Rizor, MD  
John G. Porter, MD  
Charles A. MacNeil, MD  
James L. Carlson, MD  
Donn Chambers, MD  
Alice Lachenal Dijamco, MD  
Rex B. Foster, III, MD  
Thomas W. Lebert, II, MD  
Richard R. Little, MD  
Donald S. McLeod, MD  
Stanley R. Mogeinicki, MD  
Anthony Schinelli, MD  
Steven L. Sween, MD  
Philip H. Wells, MD  
Frederick P. Yilling, MD

**EXHIBIT "2"**

**000002**

AGREEMENT FOR SERVICES  
(PHYSICIAN SPECIALISTS IN PAIN MANAGEMENT, INC.)

---

<u>SECTION</u>	<u>PAGE</u>
1. Engagement	1
2. Payment	2
3. Furnishings and Equipment	4
4. Duly Licensed	4
5. Term	4
6. Insurance	4
7. Relationship	5
8. No Surgery	5
9. Termination of Agreement	6
10. Indemnification	6
11. Guaranty	6
12. Survival	6
13. No Assignments; Successors	7
14. Headings	7
15. Notices	7
16. Governing Law	7
17. Severability	8
18. Amendment and Termination of Agreement	8

---

133/FLF

EXHIBIT "3"

000003

533/FLF

AGREEMENT FOR SERVICES  
(PHYSICIAN SPECIALISTS IN PAIN MANAGEMENT, INC.)

THIS AGREEMENT FOR SERVICES ("Agreement") is made and entered into this 5 day of April, 1993, effective the 1st day of May, 1993 (the "Effective Date"), by and between THE RESURGENS CENTER, INC., a Georgia corporation ("Corporation") and PHYSICIAN SPECIALISTS IN PAIN MANAGEMENT, INC., a Georgia corporation ("PSPM") and PHYSICIAN SPECIALISTS IN ANESTHESIOLOGY, P.C., a Georgia professional corporation ("PSA").

W I T N E S S E T H:

WHEREAS, PSA is a medical practice specializing in anesthesia, critical care and pain management (such services are hereinafter referred to as "Services"); and

WHEREAS, the Corporation leases certain medical office space ("Premises") pursuant to the terms of that certain Medical Office Lease dated March 27, 1991 by and between Saint Joseph's Physician Office Partnership, L.P. and the Corporation ("Lease"); and

WHEREAS, the Corporation desires to engage PSPM to provide Services on the Premises and PSPM desires to provide such Services to the Corporation;

NOW, THEREFORE, for and in consideration of the mutual covenants, promises and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Engagement. PSPM agrees to provide Services to the Corporation within the following parameters:

A. Surgical Suite. Except as hereinafter provided, PSPM will have the right to the exclusive use of one of the Corporation's surgical suites (without equipment) ("Surgical Suite") on a priority use basis for non-surgical procedures only performed in connection with the Services. The Corporation will permit PSPM to have the right to exclusive use of such Surgical Suite for non-surgical procedures until such time as the Corporation determines it needs ongoing and regular access to such space subject to PSPM's right to use such Surgical Suite in accordance with the following provisions. The Corporation agrees to give PSPM forty-five (45) days advance written notice of its need to

000004



access the Surgical Suite. After PSPM receives notice from the Corporation, PSPM will have first priority to schedule in any given week four (4) one-half (1/2) days and agrees to give notice to the Corporation of which days it selects in any particular week at least one-month in advance. PSPM's use of such Surgical Suite will not exceed at any time forty percent (40%) of available time during normal hours of operation, as determined on a weekly basis. The term "normal hours of operation" will mean the operating hours of 7:00 am to 4:00 pm, Monday through Friday, excluding holidays.

B. Exam/Procedure Room. PSPM will have the exclusive use of one exam/procedure room ("Exam Room") designated by the Corporation.

C. Common Areas. PSPM will have the right to use the common areas in connection with its use of the Surgical Suite and Exam Room as outlined in Paragraphs A and B above. The common areas for purposes hereof shall mean all areas used by the Corporation under the Lease other than the remaining two (2) surgical suites used exclusively by the Corporation. PSPM agrees that its use of such common area space will not unreasonably interfere with the Corporation's use of such space.

D. Billing. PSPM agrees to bill the patients for which they provide Services, both for their professional fees and for any facility fees due the Corporation for the use of the Surgical Suite and Exam Room ("facility fee"). PSPM as billing agent for the Corporation for the facility fee will cause such facility fee to be remitted directly to the Corporation. PSPM agrees that all facility fees billed its patients on behalf of the Corporation will be billed at the Corporation's standard facility fee rate.

## 2. Payment.

A. Calculation of Fees to PSPM. In consideration of PSPM's agreement to provide Services to the Corporation, the Corporation agrees to pay to PSPM the following amounts: (i) PSPM's cost of its non-physician staff to provide the Services, plus ten percent (10%) of such amount; (ii) fifteen percent (15%) of the total facility fees billed by PSPM for the Services to reimburse PSPM for the cost of collecting such fees; (iii) three percent (3%) per month for the cost of equipment provided by PSPM to provide the Services including, without limitation, business office computers, signage, and additional seating for patients if necessary; (iv) the cost to PSPM of office supplies, direct expenses and medical supplies used by PSPM in providing the Services; and (v) such consulting fees mutually agreed to by PSPM and the Corporation for services provided by PSPM to the Corporation. Examples of such expenses in (iv) above include medical records, arm bands, waste management disposal, costs of transcription services and other administrative services, sterile gloves, pharmaceuticals, instrument

000005

trays, linens, and other medical disposable supplies. The Corporation will promptly pay such amounts to PSPM monthly in arrears after receipt of an invoice from PSPM.

B. Notwithstanding Paragraph A above, the Corporation's payment to PSPM will never exceed the lesser of (i) the amount determined under Paragraph A above or (ii) for any particular month hereunder the difference between (a) the total facility fees collected by the Corporation for Services performed by PSPM for such month less (b) the sum of the amounts calculated in (A) through (E) below for such month.

(A) Base Amount. The following base amount will be effective for each month beginning on the Effective Date:

<u>Period</u>	<u>Amount</u>
5/01/93 - 9/30/93	\$12,022
10/1/93 - 9/30/94	12,420
10/1/94 - 9/30/95	12,818
10/1/95 - 9/30/96	13,614
10/1/96 - 9/30/97	14,012
10/1/97 - 2/28/98	14,410

(B) Leasehold Improvements and Equipment

Rental. Seven Hundred Dollars (\$750.00) per month will be effective on the first day of each month beginning on the Effective Date for PSPM's right to use the furniture, fixtures and equipment located in the space outlined in Section 1 above. The parties agree that PSPM's use of the Corporation's sterilizer and washer/disinfector surgical supply area will be insignificant. If PSPM's use of such equipment and area increases, then the parties agree to make the appropriate adjustments to the \$750 monthly rental amount set forth herein.

(C) Office and Medical Expenses. PSPM will be charged with a prorata share of the Corporation's cost for office supplies and direct expenses and medical supplies needed by PSPM for each case of PSPM's. A description of such expenses is set forth in Section 2.A above.

(D) Pass Through Expenses. PSPM will be charged with (i) all operating expenses assessed directly against the Corporation under its Lease which are directly attributable to PSPM's use of the space outlined in Section 1 above after the Corporation's normal working hours, plus (ii) thirty percent (30%) of all pass through expenses under the Lease which are not directly attributable to PSPM's use of such space but from which PSPM receives a material benefit.

(E) Repairs and Maintenance. PSPM will be charged with the cost to either repair or replace any of the Corporation's equipment which it damages as a result of its use of the space outlined in Section 1 above.

If the difference between (ii)(a) and (ii)(b) under this Section 2.B is negative for any particular month hereunder, then PSPM agrees to reimburse the Corporation such difference promptly after receipt from the Corporation of notice of the amount thereof.

3. Furnishings and Equipment. PSPM and PSA will be responsible for providing all equipment needed in the priority reserve Surgical Suite and dedicated Exam Room, plus any other special equipment desired for the common areas, including, without limitation, business office computers, signage, additional seating for patients or other necessary equipment. The Corporation will have the right to use PSPM's or PSA's C-Arm X-ray unit when it is not scheduled for use by PSPM or PSA. The Corporation agrees to pay to PSPM a mutually agreeable charge per use of such C-Arm. PSPM and PSA agree that all new improvements, furniture and signage will require the prior approval of the Corporation, which approval will not be unreasonably withheld.

4. Duly Licensed. PSPM and PSA represent to the Corporation that all of their physicians are properly licensed to practice medicine in the State of Georgia and that such physicians will remain members in good standing of the Medical Association of Georgia at all times during the term hereof. PSPM and PSA warrant that each of its physicians providing services hereunder shall comply with all applicable laws and regulations governing the licensing and conduct of physicians and with the ethical standards of the medical profession.

5. Term. The term of this Agreement will be for three (3) years beginning as of the Effective Date, and terminating on the third anniversary of the Effective Date, unless sooner terminated as provided herein. The parties may by an amendment hereto extend the term hereof.

6. Insurance. PSPM and PSA shall obtain and maintain throughout the term of this Agreement (i) general liability insurance of no less than \$2,000,000 in the aggregate pursuant to which the Corporation shall be named as an additional insured and (ii) professional liability (malpractice) insurance coverage for PSPM, PSA and each physician performing services hereunder of at least One Million (\$1,000,000.00) per occurrence and Three Million (\$3,000,000.00) annual aggregate. PSPM and PSA shall, prior to providing any professional services under this Agreement in the space, provide the Corporation with a Certificate of Insurance

000007

evidencing satisfaction of such insurance requirements.. PSPM and PSA will give the Corporation thirty (30) days prior written notice of any cancellation or termination of such insurance policies, or the removal from coverage of PSPM, PSA or any physician of PSPM or PSA.

7. Relationship. This Agreement relates solely to PSPM's agreement to provide Services to the Corporation as an independent contractor and in connection therewith, the parties acknowledge the following:

A. No Control. The parties agree that the operations of the Corporation and the medical practice of PSPM, PSA and their physicians are in no way related. The Corporation will have no control over the method or means in which Services are provided herein by PSPM.

B. No Holding Out. No physician of PSPM or PSA shall hold himself out to be or represent to anyone that he is an employee of or in any way affiliated with the Corporation. Likewise, no employee of the Corporation shall hold himself out or represent to anyone that he is an employee of or in any way affiliated with PSPM or PSA.

C. Separate Practice. PSA will maintain its own practice separate and independent from that of the Corporation. PSA will be responsible for hiring, compensating and providing benefits to its own employees including nurses, receptionist, practice manager, and any other related medical or office staff. PSA shall answer all their calls and schedule appointments and cases. PSA understands and agrees that it will be responsible for securing and paying for all of their own operating expenses, including without limitation, telephone lines and equipment, telephone answering services, business licenses, legal fees, consulting fees, insurance, stationery and other office supplies, transcription services, and storage fees. PSPM and PSA will be responsible for billing for their professional services.

D. Approval. PSPM and PSA represent and warrant to the Corporation (i) that Saint Joseph's Hospital of Atlanta has approved of PSPM's and PSA's providing the Services contemplated hereunder and (ii) that this Agreement will not cause either PSPM or PSA to be in default of any of their respective agreements, contracts, or other obligations.

8. No Surgery. PSPM and PSA acknowledge that neither corporation nor any of its physicians will have the right to perform ambulatory surgery in the Resurgens Surgery Center under this Agreement.

9. Termination of Agreement.

A. At anytime on or after the one year anniversary date of this Agreement, either PSPM or the Corporation shall have the right to terminate this Agreement upon ninety (90) days written notice to the other party.

B. The Corporation shall have the right to terminate this Agreement immediately and without notice: if any physician of PSPM or PSA (i) is suspended from the practice of medicine by the proper authority of the State of Georgia; (ii) shall commit a felony or other act involving moral turpitude; (iii) shall engage in drug or alcohol abuse; or (iv) shall engage in any other acts or omissions which are materially harmful to the Corporation. The failure of the Corporation to terminate this Agreement as a result of any of the foregoing at any one or more times shall not affect the Corporation's ability to terminate this Agreement as a result of the subsequent occurrence of any of the foregoing.

C. Either the Corporation or PSPM shall have the right to terminate this Agreement immediately and without notice: if the other party materially breaches or is in default under any provision of this Agreement, which breach or default is not cured within ten (10) days after written notice thereof is given to such breaching party, provided that such breach or default is reasonably curable within such ten (10) day period and the breaching party pursues the cure of such breach or default with reasonable diligence.

10. Indemnification. PSPM and PSA agree to jointly and severally indemnify and hold the Corporation harmless, both during and after the term of this Agreement, from any expense or liability incurred by the Corporation as a result of a judgment or settlement of a malpractice claim against and attributable to PSPM or PSA or any shareholder of either corporation. The Corporation shall give PSPM and PSA notice as soon as practical of any claim made against it and shall allow PSPM and PSA to participate in the defense and/or settlement of said claim provided that the Corporation retains control thereof.

The Corporation agrees to indemnify and hold PSPM and PSA harmless, both during and after the term of this Agreement, from any expense or liability incurred by PSPM or PSA as a result of a judgment or settlement of a malpractice claim against and attributable to the Corporation or any shareholder of the Corporation. PSPM and PSA shall give the Corporation notice as soon as practical of any claim made against it and shall allow the Corporation to participate in the defense and/or settlement of said claim provided that PSPM and PSA retain control thereof.

11. Guaranty. PSA is made a party to this Agreement to acknowledge its agreement with the provisions hereof and to guaranty

to the Corporation the full payment of PSPM's monetary obligations under this Agreement, including PSPM's obligations under Section 2 hereof. In such respect, PSA shall be treated as if it were an original party to this Agreement.

12. Survival. No termination of this Agreement shall affect (a) any rights or liabilities that arose or occurred prior to the date of termination or (b) any obligations that by their terms or nature must extend beyond the date of termination to be effective.

13. No Assignment; Successors. PSPM shall not assign this Agreement or any rights hereunder without the prior written consent of the Corporation. An aggregate change in ownership of either PSPM or PSA of fifty percent (50%) or more shall be treated as an assignment for purposes hereof. This Agreement shall be binding upon and shall enure to the benefit of the parties, and any permitted successors and assigns.

14. Headings. The headings of the various paragraphs of this Agreement are for purposes of reference only, and shall not expand, limit or otherwise affect any of the terms or provisions hereof.

15. Notices. Any notice required or permitted hereunder shall be effective on the day on which personally delivered to any party and, if sent by registered or certified mail, return receipt requested, such notice shall be deemed to have been delivered to the party to whom such notice was addressed on the third (3rd) business day after the day on which mailed to such party at the following address or other address given in a notice to the other party:

PSPM or PSA: 5667 Peachtree Dunwoody Road  
Suite 240  
Atlanta, Georgia 30342

Corporation: The Resurgens Center, Inc.  
Suite 800  
5671 Peachtree Dunwoody Road  
Atlanta, Georgia 30342

With a copy to: Frances L. Faddis, Esq.  
Altman, Kritzer & Levick, P.C.  
Suite 224  
6400 Powers Ferry Road, N.W.  
Atlanta, Georgia 30339

16. Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of Georgia.

17. Severability. If any part or portions hereof shall be determined to be invalid, illegal or unenforceable in whole or in part, neither the validity of the remaining part of such term nor the validity of any other term of this Agreement shall in any way be affected thereby.

18. Amendment and Termination of Agreement. This Agreement may be modified only by a writing signed by the Corporation, PSPM and PSA.

IN WITNESS WHEREOF, the parties have set their hands and seals on the day and year first above written.

THE RESURGENS CENTER, INC., a Georgia corporation

By [Signature]  
JOHN C. GARRETT, President

Attest: [Signature]  
KEITH OSBORN, Secretary

(CORPORATE SEAL)

PHYSICIAN SPECIALISTS IN PAIN MANAGEMENT, INC., a Georgia corporation

By [Signature]  
Name: Charles A. MacNeill Jr. MD  
Title: Vice President - Medical Director


Attest: [Signature]  
Name: JAMES E. FLETCHER II  
Title: SFC - SRETS


(CORPORATE SEAL)

(SIGNATURES CONTINUED ON NEXT PAGE)

(SIGNATURES CONTINUED FROM PREVIOUS PAGE)

PHYSICIAN SPECIALISTS IN  
ANESTHESIOLOGY, P.C., a Georgia  
professional corporation

By:   
Name: RANDY LIZOTTE  
Title: PRESIDENT

Attest:   
Name: RICK FOSTER  
Title: SEC. -TRES.

(CORPORATE SEAL)



BILLING AGENT AGREEMENT

THIS AGREEMENT is dated May 1, 1993 by and between Physician Specialists in Pain Management, Inc. ("PSPM"), and Physician Specialists in Anesthesia, P.C. ("PSA").

WHEREAS, the Resurgens Surgery Center is a licensed surgery center, has a Certificate of Need, has a license to transact business as a surgery center in the State of Georgia, and is therefore entitled and/or enabled to bill a charge for the use of its facility; and

WHEREAS, PSPM leases space from Resurgens Surgery Center; and

WHEREAS, PSPM bills Resurgens Surgery Center for acting as the billing agent for Resurgens Surgery Center; and

WHEREAS, PSPM is not able to collect the facility fee from Resurgens Surgery Center;

THEREFORE, the parties agree pursuant to this Agreement that PSA shall act as the billing agent for PSPM for said facility fees and PSA shall charge PSPM eight percent (8%) of all facility fee revenues which it collects for said service.

1. Term. The term of this Agreement shall begin on May 1, 1993 and shall be continuous. Either party may terminate for any reason with sixty (60) days written notice to the other party.

EXHIBIT "4"

000023

2. Choice of Law. Any controversy or claim arising out of or relating to this Agreement or its breach shall be governed in accordance with the laws of the State of Georgia.

3. Notices. Any notice required or desired to be given under this Agreement shall be deemed given if in writing sent by certified mail to PSA at 5665 Peachtree Dunwoody Road, N.E., Atlanta, Georgia 30342-1701 or to PSPM's principal office of 5667 Peachtree Dunwoody Road, Suite 240, Atlanta, Georgia 30342.

4. Assignment. The parties agree that the services outlined pursuant to this Agreement are unique. Accordingly, neither party may assign its rights or benefits or delegate its duties or obligations under this Agreement.

5. Entire Agreement. This Agreement contains the entire understanding of the parties. It may not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

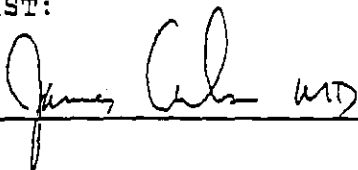
6. Headings. Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

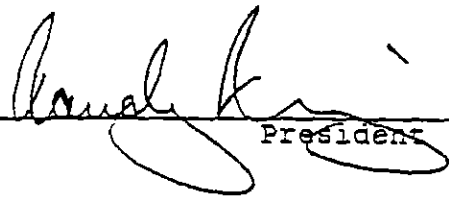
PHYSICIAN SPECIALISTS IN ANESTHESIA, P.C.

By:   
President

(CORPORATE SEAL)  
ATTEST:

 MD

PHYSICIAN SPECIALISTS IN PAIN MANAGEMENT, INC.

By:   
President

(CORPORATE SEAL)  
ATTEST:



pvh@doespain2.com

CONTRACT LABOR AGREEMENT

THIS AGREEMENT is dated May 1, 1993 by and between Physician Specialists in Pain Management, Inc. ("Employer"), and Physician Specialists in Anesthesia, P.C. ("PSA").

1. Employment. Employer shall employ the clinical employees, nurse employees, and/or administrative employees of PSA upon the terms and conditions of this Agreement.

2. Term. The term of this Agreement shall begin on May 1, 1993 and shall terminate on December 31, 1999.

3. Compensation. PSA employees will be paid by PSA. The sum paid to PSA by Employer shall be reimbursement to PSA for the cost of salaries, fringe benefits, and any other expenses shown by PSA's periodic presentation of an itemized account of such expenditures to Employer.

4. Duties. PSA employees shall perform the contract labor described herein at Employer's discretion in the capacity of administrative/office work, transcriptionists, part-time and full-time nursing, and in other capacities as so directed by Employer.

5. Extent of Services. PSA employees shall devote their entire time and attention to the Employer's business. PSA employees shall perform contract labor services at the total discretion and behest of Employer. PSA shall maintain all health and disability insurance, and workers' compensation benefits for the PSA contract labor employees who shall work on behalf of Employer pursuant to this Agreement.

EXHIBIT "5"

000016

6. Working Facilities. PSA employees working for Employer under this Agreement shall be located physically at the offices of Employer on a full-time basis.

7. Vacations. PSA employees shall be entitled each year to paid holidays and vacation periods similar to that received by PSA employees.

8. Illness or Incapacity. If any PSA employee working for Employer pursuant to this Agreement is unable to perform his or her services by reason of illness or incapacity for a period of more than two (2) consecutive weeks, it shall be within Employer's discretion to not reimburse PSA for payment to him/her during the continued period of such illness or incapacity and to have that employee replaced by PSA.

9. Termination Without Cause. Employer may without cause terminate this Agreement at any time by giving sixty (60) days written notice to PSA. In that event, the PSA employees, if requested by the Employer, shall continue to render their services and shall be paid their regular compensation up to the date of termination. PSA may without cause terminate this Agreement by giving sixty (60) days written notice to the Employer. In such event, PSA employees shall continue to render their services and shall be paid their regular compensation up to the date of termination. If either PSA or Employer terminates this Agreement, PSA employees shall not receive any severance payment.

10. Termination Upon Sale of Business. Notwithstanding anything to the contrary, Employer may terminate this Agreement by

giving sixty (60) days notice to PSA if any of the following events occur:

- a. The Employer sells substantially all of its assets to a single purchaser or to a group of associated purchasers;
- b. At least two-thirds ( $\frac{2}{3}$ ) of the outstanding corporate shares of the Employer are sold, exchanged, or otherwise disposed of in one transaction;
- c. The Employer elects to terminate its business or liquidate its assets; or
- d. There is a merger or consolidation of the Employer in a transaction which the Employer's shareholders receive less than fifty percent (50%) of the outstanding voting shares of the new or continuing corporation.

11. Choice of Law. Any controversy or claim arising out of or relating to this Agreement or its breach shall be governed in accordance with the laws of the State of Georgia.

12. Notices. Any notice required or desired to be given under this Agreement shall be deemed given if in writing sent by certified mail to PSA at 5665 Peachtree Dunwoody Road, N.E., Atlanta, Georgia 30342-1701 or to the Employer's principal office of 5667 Peachtree Dunwoody Road, Suite 240, Atlanta, Georgia 30342.

13. Assignment. Employer acknowledges that the contract labor services it is receiving from PSA pursuant to this Agreement

are unique. Accordingly, Employer may not assign its rights or benefits or delegate its duties or obligations under this Agreement.

14. Entire Agreement. This Agreement contains the entire understanding of the parties. It may not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

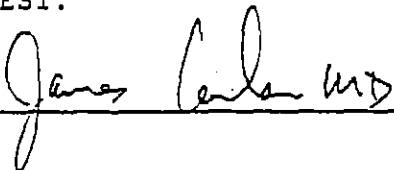
15. Headings. Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

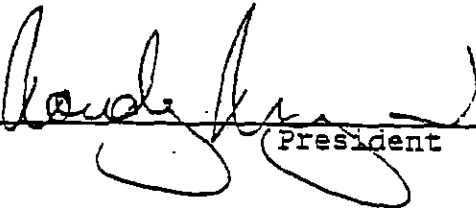
PHYSICIAN SPECIALISTS IN ANESTHESIA, P.C.

By:   
President

(CORPORATE SEAL)  
ATTEST:



PHYSICIAN SPECIALISTS IN PAIN MANAGEMENT, INC.

By:   
President

(CORPORATE SEAL)  
ATTEST:



**AGREEMENT**

**THIS AGREEMENT** is made this the twelfth day of July, 1993 by and between **RESURGENS SURGERY CENTER** ("Resurgens Surgery Center") and **PHYSICIAN SPECIALISTS IN ANESTHESIA, P.C.** ("PSA") and **PHYSICIAN SPECIALISTS IN PAIN MANAGEMENT** ("PSPM").

**FOR AND IN CONSIDERATION** of One Dollar (\$1.00) in hand paid by PSA and PSPM to Resurgens Surgery Center, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by each of the parties hereto, the parties agree as follows:

(1) Resurgens Surgery Center hereby agrees to indemnify and hold harmless PSA, its present, former and future directors, officers, employees, and agents, and their heirs, executors, successors, and assigns from any liability, expenses, costs, damages, attorneys fees, and losses of any kind arising out of injuries to any person or persons or damages to any property of any kind in connection with the use of the following medical equipment.

- (a) C-Arm 9400, Esp 9;
- (b) Printer, Thermal Imaging

(2) Resurgens Surgery Center hereby agrees to indemnify and hold harmless PSPM, its present, former and future directors, officers, employees, and agents, and their heirs, executors, successors, and assigns from any liability, expenses, costs, damages, attorneys fee, and losses of any kind arising out of injuries to any person or persons or damages to any property of any kind in connection with the use of the following medical equipment.

(Hereinafter the "Equipment")

(3) The Equipment is property of PSPM and shall be returned and/or turned over to PSPM upon demand.

**IN WITNESS WHEREOF** the parties have set their hands and affixed their seal the date first above written.

RESURGENS SURGERY CENTER

PHYSICIAN SPECIALISTS IN ANESTHESIA, P.C.

BY:  
ITS:

BY:  
ITS:

PHYSICIAN SPECIALISTS IN PAIN MANAGEMENT

**EXHIBIT "6"**

BY:  
S:

0000-0



SUPPLEMENT

TO

AGREEMENT FOR SERVICES

(PHYSICIAN SPECIALISTS IN PAIN MANAGEMENT, INC.)

THIS SUPPLEMENT TO AGREEMENT FOR SERVICES ("Supplement") is made and entered into this 1 day of October, 1993, by and between THE RESURGENS CENTER, INC., a Georgia corporation ("Corporation") and PHYSICIAN SPECIALISTS IN PAIN MANAGEMENT, INC., a Georgia corporation ("PSPM") and PHYSICIAN SPECIALISTS IN ANESTHESIOLOGY, P.C., a Georgia professional corporation ("PSA").

W I T N E S S E T H:

WHEREAS, the parties entered into that certain Agreement for Services ("Agreement") dated April 5, 1993, effective May 1, 1993; and

WHEREAS, the parties desire to supplement such Agreement in accordance with the terms hereof;

NOW THEREFORE, for and in consideration of the mutual covenants, promises and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. C-Arm X-ray Unit. The parties agree that in accordance with Section 3 of the Agreement, the Corporation will have the right to use PSPM's or PSA's C-Arm X-ray Unit for one-half (1/2) day per week in consideration for the Corporation's payment to PSPM or PSA of \$250.00 for each such one-half (1/2) day. The parties acknowledge that such one-half (1/2) day is currently scheduled to be Wednesday mornings from 7:00 a.m. through noon. Unless the parties mutually agree to any additional one-half (1/2) days, any additional use by the Corporation (including any use by the Corporation on an emergency basis) will cost \$190.00 per hour (prorated for any partial hour after the first hour) provided that such C-Arm X-ray Unit is available and not then being used by PSPM or PSA. Notwithstanding the foregoing, the Corporation will have the right for any particular one-half (1/2) day session to cancel its right to use such X-ray Unit and thereby avoid the cost thereof, provided that the Corporation gives PSA at least two (2) weeks advance written notice of such cancellation.

2. Binding Agreement. The Agreement, together with this supplement, is binding on the parties hereto.

EXHIBIT "7"

000021

IN WITNESS WHEREOF, the parties have set their hands and seals on the day and year first above written.

THE RESURGENS CENTER, INC., a Georgia corporation

By: *J. C. Garrett*  
JOHN C. GARRETT, President

Attest: *K. Osborn*  
KEITH OSBORN, Secretary

(CORPORATE SEAL)

PHYSICIAN SPECIALISTS IN PAIN MANAGEMENT, INC., a Georgia corporation

By: *Barry Pizon*  
Name: Barry Pizon  
Title: President

Attest: *R. J. Rizor*  
Name: Russell J Rizor  
Title: Administrative

(CORPORATE SEAL)

PHYSICIAN SPECIALISTS IN ANESTHESIOLOGY, P.C., a Georgia professional corporation

By: *Ray A. Foster III*  
Name: Ray A Foster III  
Title: PRESIDENT

Attest: *R. J. Rizor*  
Name: Russell J Rizor  
Title: Administrative

(CORPORATE SEAL)

*Shareholder's Quarterly Reports*

Physician Specialists In Anesthesia, P.C.

Third Quarter Report

January 1 - September 30, 1996

EXHIBIT "8"

000023

Physician Specialists In Anesthesia  
Practice Statistics - Third Quarter Report

020009

Physician Specialists In Anesthesia

Summary	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD Total	9 Mo Avg
Gross Charges	1,988,876	1,819,864	1,860,408	1,941,531	1,917,469	1,765,872	2,027,890	2,027,164	1,978,229	17,325,103	1,925,011
Gross Receipts	1,067,198	892,342	1,235,532	1,203,811	1,132,806	922,614	1,127,000	1,231,812	1,323,450	10,236,565	1,137,396

Gross Charges by Location

Location	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD Total	9 Mo Avg
Saint Joseph's	1,572,118	1,460,020	1,462,614	1,459,700	1,436,642	1,306,951	1,483,877	1,506,045	1,470,818	13,158,783	1,462,087
Parkway	171,827	163,867	160,626	175,857	166,302	161,412	209,741	203,588	196,329	1,809,548	178,839
Pain Center	115,664	89,850	111,874	165,265	158,005	164,078	169,654	164,780	143,689	1,282,859	142,540
Resurgens	84,131	68,577	86,194	89,649	93,657	73,229	102,219	93,201	107,043	797,901	88,656
Urology	42,936	37,550	39,100	51,060	62,864	60,202	62,400	58,550	60,350	476,012	52,880
Total	1,988,678	1,819,864	1,860,408	1,941,531	1,917,469	1,765,872	2,027,890	2,027,164	1,978,229	17,325,103	1,925,011

Gross Receipts by Location

Location	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD Total	9 Mo Avg
Saint Joseph's	804,763	763,103	904,234	892,159	794,977	663,762	814,516	911,274	945,018	7,493,807	832,645
Parkway	109,764	93,504	127,744	117,815	124,069	99,565	98,842	87,717	87,935	985,955	109,551
Pain Center	76,220	61,273	92,953	87,118	118,363	79,062	119,435	136,321	120,561	891,306	99,034
Resurgens	81,285	70,500	62,209	68,116	67,310	53,423	60,442	63,867	84,112	581,265	65,686
Urology	15,166	3,961	48,392	38,603	28,086	26,802	33,765	32,633	46,824	274,232	30,470
Total	1,067,198	892,342	1,235,532	1,203,811	1,132,806	922,614	1,127,000	1,231,812	1,323,450	10,236,565	1,137,396

Physician Specialists In Anesthesia  
Practice Statistics - Third Quarter Report

Quarterly Gross Charges by Location

Location	1st Qtr	2nd Qtr	3rd Qtr	YTD
Saint Joseph's	4,494,751	4,203,292	4,460,740	13,158,783
Parkway	496,319	503,578	609,657	1,609,554
Pain Center	317,388	487,348	478,123	1,282,859
Resurgens	238,903	256,535	302,463	797,901
Urology	119,586	174,126	182,300	476,012
Total	5,666,947	5,624,879	6,033,283	17,325,109

Location	1st Qtr	2nd Qtr	3rd Qtr	YTD
Saint Joseph's	79.3%	74.7%	73.9%	76.0%
Parkway	8.8%	9.0%	10.1%	8.3%
Pain Center	5.6%	8.7%	7.9%	7.4%
Resurgens	4.2%	4.6%	5.0%	4.6%
Urology	2.1%	3.1%	3.0%	2.7%
Total	100.0%	100.0%	100.0%	100.0%

Quarterly Gross Receipts by Location

Location	1st Qtr	2nd Qtr	3rd Qtr	YTD
Saint Joseph's	2,472,100	2,350,899	2,670,808	7,493,807
Parkway	328,991	341,835	313,414	984,239
Pain Center	230,446	284,543	376,317	891,306
Resurgens	193,994	188,849	208,421	591,265
Urology	87,519	93,491	113,222	274,232
Total	3,293,050	3,259,617	3,682,182	10,234,849

Location	1st Qtr	2nd Qtr	3rd Qtr	YTD
Saint Joseph's	43.6%	41.8%	44.3%	43.3%
Parkway	5.8%	6.1%	5.2%	5.7%
Pain Center	4.1%	5.1%	6.2%	5.1%
Resurgens	3.4%	3.4%	3.5%	3.4%
Urology	1.2%	1.7%	1.9%	1.6%
Total	58.1%	57.9%	61.0%	59.1%

Physician Specialists In Anesthesia  
Practice Statistics - Third Quarter Report

920000

Saint Joseph's Hospital

Summary	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD Total	9 Mo Avg
Gross Charges	1,572,118	1,460,020	1,462,614	1,459,700	1,436,642	1,306,951	1,483,877	1,506,045	1,470,818	13,158,783	1,462,08
Gross Receipts	804,763	763,103	904,234	892,159	794,977	663,762	814,516	911,274	945,018	7,483,806	832,64

Accounts Receivable (1)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD Total	9 Mo Avg
Current A/R	2,429,159	2,784,939	2,826,579	2,841,018	2,885,672	3,165,221	3,165,756	3,199,508	3,316,994	28,957,201	2,957,201
Days In A/R	46.5	54.0	54.5	56.0	56.9	64.7	64.2	63.9	63.5	58.1	58.1
Percent A/R Over 90 Days	0.6	4.1	12.5	17.6	23.4	26.0	25.8	26.5	25.2	25.2	25.2

Case Statistics	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD Total	9 Mo Avg
Number Cases	1,336	1,235	1,215	1,285	1,238	1,175	1,243	1,277	1,266	11,270	1,252
Avg Charge Per Case	1,177	1,182	1,204	1,136	1,160	1,112	1,194	1,179	1,162	1,167	1,167

(1) Includes A/R for Resurgens Surgical Center

Physician Specialists In Anesthesia  
Practice Statistics - Third Quarter Report

Urology - AOSS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD Total	9 Mo Avg
Gross Charges	42,936	37,550	39,100	51,060	62,864	60,202	62,400	59,550	60,350	476,012	52,890
Gross Receipts	15,166	3,961	48,392	38,603	28,086	26,802	33,765	32,633	46,824	274,232	30,470
Total Cases	101	91	87	111	130	127	131	140	130	1,048	116
Avg Charge Per Case	425	413	449	460	484	474	476	425	464		454
Avg Receipts Per Case	150	44	556	348	216	211	258	233	360		262

Resurgens Surgery Center

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD Total	9 Mo Avg
Gross Charges	84,131	88,577	86,194	89,649	93,657	73,229	102,219	83,201	107,043	797,901	88,656
Gross Receipts	61,285	70,500	62,209	68,116	67,310	53,423	60,442	63,867	84,112	591,265	65,696
Total Cases	108	125	147	116	146	124	134	156	156	1,212	135
Avg Charge Per Case	779	549	586	773	641	591	763	597	686		658
Avg Receipts Per Case	567	564	423	587	461	431	451	409	539		488

00000

Physician Specialists In Anesthesia  
Practice Statistics - Third Quarter Report

00000

Physician Pain Specialists

Summary	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD Total	9 Mo Avg
Gross Charges	115,664	89,850	111,874	165,265	158,005	164,078	169,654	164,780	143,689	1,282,859	142,540
Gross Receipts	76,220	61,273	92,953	87,118	118,363	79,062	119,435	136,321	120,561	891,306	99,034
<b>Utilization</b>											
Total Outpatients - New	46	70	64	83	63	57	66	74	62	585	65
Total Outpatients - Establi	213	245	267	219	260	212	218	246	234	2,114	235
Total Outpatients	259	315	331	302	323	269	284	320	296	2,699	300
Total Inpt. Consults	161	173	272	201	195	247	208	237	228	1,922	214



Physician Specialists In Anesthesia  
Practice Statistics - Third Quarter Report

9700000

Parkway Regional Medical Center

Summary	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD Total	9 Mo Av
Gross Charges	171,827	163,867	160,626	175,857	166,302	161,412	209,741	203,588	196,329	1,609,548	178,833
Gross Receipts	171,827	93,504	127,744	117,815	124,069	99,565	98,842	87,717	126,935	1,048,018	116,444
Accounts Receivable	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD Total	9 Mo Av
Current A/R	507,335	551,612	478,223	489,734	409,049	427,488	492,083	530,842	585,301	4,471,666	486,853
Days In A/R	82.8	97.9	87.9	89.3	74.2	77.4	83.5	84.2	87.5		85
Percent A/R Over 90 Days	29.7	32.0	36.3	39.3	35.9	34.3	29.3	31.5	32.9		33
Case Statistics	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD Total	9 Mo Av
Number Cases	254	244	254	282	249	249	300	285	278	2,393	267
Avg Charge Per Case	676	672	632	624	668	648	699	714	711		676

Physician Specialists In Anesthesia  
Practice Statistics - Third Quarter Report

Saint Joseph's - Gross Charges by Service Type

Service Type	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD Total	9 Mo Av
Inpatient	608,526	591,874	612,771	559,893	651,722	600,603	622,957	674,547	657,000	5,580,893	620,099
Outpatient	289,749	302,696	274,111	307,025	250,904	257,177	298,098	324,719	250,948	2,555,427	283,933
Cardiac	628,343	550,550	558,782	571,982	513,116	430,921	549,978	480,896	534,816	4,817,383	535,266
Acute	46,500	14,900	16,950	20,800	20,900	18,250	12,844	25,883	28,054	205,081	22,788
<b>Total</b>	<b>1,572,118</b>	<b>1,460,020</b>	<b>1,462,614</b>	<b>1,459,700</b>	<b>1,436,642</b>	<b>1,306,951</b>	<b>1,483,877</b>	<b>1,506,045</b>	<b>1,470,818</b>	<b>13,158,783</b>	<b>1,462,088</b>

Parkway Regional - Gross Charges by Service Type

Service Type	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD Total	9 Mo Av
Inpatient	54,906	49,150	26,434	37,323	49,134	58,462	74,265	63,191	52,751	465,616	51,733
Outpatient	66,478	66,317	88,142	85,754	68,249	62,401	87,459	90,158	83,713	708,670	78,744
Acute	750	2,200	2,800	750	1,300	1,850	3,172	4,836	1,716	19,374	2,155
Chronic O/P	11,842	12,550	12,450	12,240	16,350	10,550	12,727	9,852	6,548	105,109	11,677
Chronic I/P	0	1,500	800	0	350	950	0	0	0	3,600	400
OB	37,850	32,150	30,000	39,790	30,919	27,206	32,118	35,552	41,600	307,185	34,133
<b>Total</b>	<b>171,826</b>	<b>163,867</b>	<b>160,626</b>	<b>175,857</b>	<b>166,302</b>	<b>161,419</b>	<b>209,741</b>	<b>203,588</b>	<b>186,329</b>	<b>1,609,554</b>	<b>178,833</b>

230005

**PHYSICIAN SPECIALISTS IN ANESTHESIA, P.C.  
RECONCILIATION AND CODING OF CASH RECEIPTS  
FOR THE MONTH OF January 1996**

**I. CODING OF RECEIPTS**

A/C 1401	St. Joseph's (Monthly Audit Report attached)	<u>804,762.83</u>
A/C 2401	Pain Center (Monthly Audit Report attached)	<u>65,950.25</u>
A/C 4401	Resurgens (Monthly Audit Report attached)	<u>61,295.32</u>
	<del>Loans</del> <u>Urology</u>	<u>5,452.35</u>
	Other <u>Parkway</u>	<u>109,764.07</u>
	Total Receipts Coded	<u><u>1,549,155.22</u></u>

To be Completed by Brooks, Worsham & Company

**I. RECONCILIATION OF RECEIPTS TO THE BANK STATEMENT**

Total Receipts Coded	_____	_____
Adjustments	_____	_____
	_____	_____
Total deposits per bank statement		<u>_____</u>

**PHYSICIAN SPECIALISTS IN ANESTHESIA, P.C.  
RECONCILIATION AND CODING OF CASH RECEIPTS  
FOR THE MONTH OF February 1996**

**I. CODING OF RECEIPTS**

A/C 1401	St. Joseph's (Monthly Audit Report attached)	<u>763,103.26</u>
A/C 2401	Pain Center (Monthly Audit Report attached)	<u>59,365.78</u>
A/C 4401	Resurgens (Monthly Audit Report attached)	<u>70,499.86</u>
	<del>_____</del> <u>Parkway</u>	<u>93,504.38</u>
	<del>_____</del> <u>Urology</u>	<u>14,255.74</u>
	Total Receipts Coded	<u><u>1,000,729.02</u></u>

To be Completed by Brooks, Worsham & Company

**I. RECONCILIATION OF RECEIPTS TO THE BANK STATEMENT**

Total Receipts Coded	_____	_____
Adjustments	_____	_____
	_____	_____
Total deposits per bank statement		<u>_____</u>

*Handwritten signature*

**PHYSICIAN SPECIALISTS IN ANESTHESIA, P.C.  
RECONCILIATION AND CODING OF CASH RECEIPTS  
FOR THE MONTH OF March 1996**

**I. CODING OF RECEIPTS**

A/C 1401	St. Joseph's (Monthly Audit Report attached)	<u>904,253.90</u>
A/C 2401	Pain Center (Monthly Audit Report attached)	<u>74,514.73</u>
A/C 4401	Resurgens (Monthly Audit Report attached)	<u>62,209.13</u>
	<del>Boas</del> <u>By Kway</u>	<u>127,743.66</u>
	<del>Other</del> <u>Urology</u>	<u>3,961.16</u>
	Total Receipts Coded	<u><u>1,172,682.58</u></u>

To be Completed by Brooks, Worsham & Company

**I. RECONCILIATION OF RECEIPTS TO THE BANK STATEMENT**

Total Receipts Coded	_____
Adjustments	_____
	_____
Total deposits per bank statement	_____

**PHYSICIAN SPECIALISTS IN ANESTHESIA, P.C.  
RECONCILIATION AND CODING OF CASH RECEIPTS  
FOR THE MONTH OF April 1996**

**I. CODING OF RECEIPTS**

A/C 1401	St. Joseph's (Monthly Audit Report attached)	<u>892,159.01</u>
A/C 2401	Pain Center (Monthly Audit Report attached)	<u>73,549.48</u>
A/C 4401	Resurgens (Monthly Audit Report attached)	<u>68,115.82</u>
	<del>Loans</del> <u>Parkway</u>	<u>117,558.25</u>
	<del>Other</del> <u>See attached non-fee items</u>	<u>72,915.27</u>
	Total Receipts Coded	<u><u>1,224,197.83</u></u>

To be Completed by Brooks, Worsham & Company

**I. RECONCILIATION OF RECEIPTS TO THE BANK STATEMENT**

Total Receipts Coded	
Adjustments	
Total deposits per bank statement	

**PHYSICIAN SPECIALISTS IN ANESTHESIA, P.C.  
RECONCILIATION AND CODING OF CASH RECEIPTS  
FOR THE MONTH OF May 1996**

**I. CODING OF RECEIPTS**

A/C 1401	St. Joseph's (Monthly Audit Report attached)	<u>794,473.49</u>
A/C 2401	Pain Center (Monthly Audit Report attached)	<u>87,197.80</u>
A/C 4401	Resurgens (Monthly Audit Report attached)	<u>67,310.32</u>
	<del>Urology</del> <u>Urology</u>	<u>36,491.62</u>
	<del>Other</del> <u>Parkway</u>	<u>124,069.29</u>
	Total Receipts Coded	<u>1,109,846.52</u>

To be Completed by Brooks, Worsham & Company

**I. RECONCILIATION OF RECEIPTS TO THE BANK STATEMENT**

Total Receipts Coded	_____
Adjustments	_____
	_____
Total deposits per bank statement	_____

**PHYSICIAN SPECIALISTS IN ANESTHESIA, P.C.  
RECONCILIATION AND CODING OF CASH RECEIPTS  
FOR THE MONTH OF June 1996**

**I. CODING OF RECEIPTS**

A/C 1401	St. Joseph's (Monthly Audit Report attached)	<u>663,762.41</u>
A/C 2401	Pain Center (Monthly Audit Report attached)	<u>62,448.07</u>
A/C 4401	Resurgens (Monthly Audit Report attached)	<u>53,423.32</u>
	<del>Urology</del> <u>Urology</u>	<u>26,400.30</u>
	<del>Par Kway</del> <u>Par Kway</u>	<u>99,564.74</u>
	Total Receipts Coded	<u><u>905,598.92</u></u>

To be Completed by Brooks, Worsham & Company

**I. RECONCILIATION OF RECEIPTS TO THE BANK STATEMENT**

Total Receipts Coded	_____
Adjustments	_____
	_____
Total deposits per bank statement	_____



**PHYSICIAN SPECIALISTS IN ANESTHESIA, P.C.  
RECONCILIATION AND CODING OF CASH RECEIPTS  
FOR THE MONTH OF July 1996**

**I. CODING OF RECEIPTS**

A/C 1401	St. Joseph's (Monthly Audit Report attached)	<u>814,516.68</u>
A/C 2401	Pain Center (Monthly Audit Report attached)	<u>92,775.48</u>
A/C 4401	Resurgens (Monthly Audit Report attached)	<u>60,442.00</u>

Suntrust → Loans	Construction of Pain Center	120,000.00 *
	Purchase of C-ARM	117,904.86 *
Other	Parkway Income	98,842.25
	Urology Income	25,193.45 *
Total Receipts Coded		<u>1,329,674.72</u>
	Non-Fee List	+ 15,205.00 *
To be Completed by Brooks, Worsham & Company		<u><u>1,344,879.02</u></u>

Call are not posted  
to system

**I. RECONCILIATION OF RECEIPTS TO THE BANK STATEMENT**

Total Receipts Coded	_____	_____
Adjustments	_____	_____
	_____	_____
Total deposits per bank statement		_____

**PHYSICIAN SPECIALISTS IN ANESTHESIA, P.C.  
RECONCILIATION AND CODING OF CASH RECEIPTS  
FOR THE MONTH OF August 1996**

**I. CODING OF RECEIPTS**

A/C 1401	St. Joseph's (Monthly Audit Report attached)	<u>911,273.73</u>
A/C 2401	Pain Center (Monthly Audit Report attached)	<u>110,552.30</u>
A/C 4401	Resurgens (Monthly Audit Report attached)	<u>63,867.38</u>
	<del>Urology</del> <u>Urology</u>	<u>31,738.63</u>
	<del>Parkway</del> <u>Parkway</u>	<u>87,716.67</u>
	Total Receipts Coded	<u><u>1,205,148.71</u></u>

To be Completed by Brooks, Worsham & Company

**I. RECONCILIATION OF RECEIPTS TO THE BANK STATEMENT**

Total Receipts Coded	_____
Adjustments	_____
	_____
Total deposits per bank statement	<u>_____</u>

Jan 31, 1996

**FORMULA FOR DISTRIBUTING MANAGED CARE MONEY TO PROPER ACCOUNTS FOR A MONTHLY PERIOD (FAC AND PROF)**

1. DETERMINE BANKING FEES.  
CUT CHECK FROM PSPM TO MANAGED CARE. 72.37
  
2. DETERMINE TOTAL FACILITY MONEY COLLECTED FROM FIRST DATE OF MONTH THROUGH LAST DATE OF MONTH (FROM OPEN ITEM REPORTS, FAC AND PSA)  
12,150.16  
EQUALS: TOTAL AMOUNT DUE FACILITY FROM MANAGED CARE ACCOUNT
  
3. EXTRACT FUNDS REMAINING IN MANAGED CARE ACCOUNT AS OF THE LAST DAY OF THE MONTH INTO PSA TO OFFSET COLLECTIONS DUE PROFESSIONAL ACCOUNT. THIS AMOUNT SHOULD EQUAL TOTAL PROFESSIONAL \$ COLLECTED.

	13,487.17 Prof acct total collections
(A) Managed Care balance Bank Acct	$\frac{1}{31/96} = 30,299.48$
	< 7,879.28 > Dec 1995 Extraction
	22,420.20
	< 12,150.16 > Fac. due to PSPM
	< 10,270.04 > Prof. due to PSA
	0

February 1996

**FORMULA FOR DISTRIBUTING MANAGED CARE MONEY TO PROPER ACCOUNTS FOR A MONTHLY PERIOD (FAC AND PROF)**

- 1. DETERMINE BANKING FEES.  
CUT CHECK FROM PSPM TO MANAGED CARE.      -14 \$
- 2. DETERMINE TOTAL FACILITY MONEY COLLECTED FROM FIRST DATE OF MONTH THROUGH LAST DATE OF MONTH (FROM OPEN ITEM REPORTS, FAC AND PSA)      2,476.08

EQUALS: TOTAL AMOUNT DUE FACILITY FROM MANAGED CARE ACCOUNT

- 3. EXTRACT FUNDS REMAINING IN MANAGED CARE ACCOUNT AS OF THE LAST DAY OF THE MONTH INTO PSA TO OFFSET COLLECTIONS DUE PROFESSIONAL ACCOUNT. THIS AMOUNT SHOULD EQUAL TOTAL PROFESSIONAL \$ COLLECTED.

2/29 Balance 35,947.54  
 <30,299.48>  
 -----  
 5,648.06 End Balance for 2/96  
 <2,476.08> Due PSPM  
 <1906.88> Dele PSA  
 -----  
 1,265.10 Left in Managed Care acct

March 1996

**FORMULA FOR DISTRIBUTING MANAGED CARE MONEY TO PROPER ACCOUNTS FOR A MONTHLY PERIOD (FAC AND PROF)**

- 1. DETERMINE BANKING FEES.  
CUT CHECK FROM PSPM TO MANAGED CARE. 71.39
- 2. DETERMINE TOTAL FACILITY MONEY COLLECTED FROM FIRST DATE OF MONTH THROUGH LAST DATE OF MONTH (FROM OPEN ITEM REPORTS, FAC AND PSA) 12,934.34  
EQUALS: TOTAL AMOUNT DUE FACILITY FROM MANAGED CARE ACCOUNT
- 3. EXTRACT FUNDS REMAINING IN MANAGED CARE ACCOUNT AS OF THE LAST DAY OF THE MONTH INTO PSA TO OFFSET COLLECTIONS DUE PROFESSIONAL ACCOUNT. THIS AMOUNT SHOULD EQUAL TOTAL PROFESSIONAL \$ COLLECTED.

3/30 Balance 53,120.93  
 Less Acc-2dr <34,682.44>  
 Check memo  
 -----  
 18,438.49  
 ① <12,934.34># due PSPM  
 -----  
 5,504.15  
 ② <5,504.15># due PSA  
 -----  
 - 0 -

April 1996

**FORMULA FOR DISTRIBUTING MANAGED CARE MONEY TO PROPER ACCOUNTS FOR A MONTHLY PERIOD (FAC AND PROF)**

1. DETERMINE BANKING FEES.  
CUT CHEC FROM PSPM TO MANAGED CARE. \$106.88
  
2. DETERMINE TOTAL FACILITY MONEY COLLECTED FROM FIRST DATE OF MONTH THROUGH LAST DATE OF MONTH (OPEN ITEM REPORTS FAC AND PROF. PSA) \$13,568.67  
  
EQUALS: TOTAL AMOUNT DUE FACILITY FROM MANAGED CARE ACCOUNT.
  
3. EXTRACT FUNDS REMAINING IN MANAGED CARE ACCOUNT AS OF THE LAST DAY OF THE MONTH INTO PSA ACCOUNT TO OFFSET COLLECTIONS DUE TO PROFESSIONAL ACCOUNT. THIS AMOUNT SHOULD EQUAL TOTAL PROFESSIONAL MONEY \$ COLLECTED.

4/30/96 Ending Collected bank balance 31,319.96  
 Total facility \$ collected 13,568.67  
 Due to PSPM prior 3/1/96 facility <13,568.67>  
 Due to PSA prior to 3/1/96 Prof <17,751.29>

---

- 0 -

note: 4/1/96 53,120.93 balance  
 <53,120.93> Dec., Jan., Feb, March reconciliation.

---

0

May 1996

**FORMULA FOR DISTRIBUTING MANAGED CARE MONEY TO PROPER ACCOUNTS FOR A MONTHLY PERIOD (FAC AND PROF)**

1. DETERMINE BANKING FEES.  
CUT CHEC FROM PSPM TO MANAGED CARE. \$ 73.01
  
2. DETERMINE TOTAL FACILITY MONEY COLLECTED FROM FIRST DATE OF MONTH THROUGH LAST DATE OF MONTH (OPEN ITEM REPORTS FAC AND PROF. PSA)  
17,218.90  
EQUALS: TOTAL AMOUNT DUE FACILITY FROM MANAGED CARE ACCOUNT.
  
3. EXTRACT FUNDS REMAINING IN MANAGED CARE ACCOUNT AS OF THE LAST DAY OF THE MONTH INTO PSA ACCOUNT TO OFFSET COLLECTIONS DUE TO PROFESSIONAL ACCOUNT. THIS AMOUNT SHOULD EQUAL TOTAL PROFESSIONAL MONEY \$ COLLECTED.

5/31/96 Ending Collected bank balance 31,165.39  
 Due PSPM Total facility \$ collected < 17,218.90 >  
 Total profesional \$ collected < 13,946.49 >

---

0

June 1996

**FORMULA FOR DISTRIBUTING MANAGED CARE MONEY TO PROPER ACCOUNTS FOR A MONTHLY PERIOD (FAC AND PROF)**

1. DETERMINE BANKING FEES. \$ 75.49  
CUT CHEC FROM PSPM TO MANAGED CARE.
  
2. DETERMINE TOTAL FACILITY MONEY COLLECTED FROM FIRST DATE OF MONTH THROUGH LAST DATE OF MONTH (OPEN ITEM REPORTS FAC AND PROF. PSA)  
\$ 9,650.58  
EQUALS: TOTAL AMOUNT DUE FACILITY FROM MANAGED CARE ACCOUNT.
  
3. EXTRACT FUNDS REMAINING IN MANAGED CARE ACCOUNT AS OF THE LAST DAY OF THE MONTH INTO PSA ACCOUNT TO OFFSET COLLECTIONS DUE TO PROFESSIONAL ACCOUNT. THIS AMOUNT SHOULD EQUAL TOTAL PROFESSIONAL MONEY \$ COLLECTED.

6/30/96 Ending Collected Bank Balance	16,614.37
Due PSPM=Total facility \$ Collected	(9,650.58)
Due PSA Total Professional \$ Collected	(6,963.79)
	- 0 -



July 1996

**FORMULA FOR DISTRIBUTING MANAGED CARE MONEY TO PROPER ACCOUNTS FOR A MONTHLY PERIOD (FAC AND PROF)**

1. DETERMINE BANKING FEES.  
CUT CHEC FROM PSPM TO MANAGED CARE. \$90.34
2. DETERMINE TOTAL FACILITY MONEY COLLECTED FROM FIRST DATE OF MONTH THROUGH LAST DATE OF MONTH (OPEN ITEM REPORTS FAC AND PROF. PSA)  
12,324.76  
EQUALS: TOTAL AMOUNT DUE FACILITY FROM MANAGED CARE ACCOUNT.
3. EXTRACT FUNDS REMAINING IN MANAGED CARE ACCOUNT AS OF THE LAST DAY OF THE MONTH INTO PSA ACCOUNT TO OFFSET COLLECTIONS DUE TO PROFESSIONAL ACCOUNT. THIS AMOUNT SHOULD EQUAL TOTAL PROFESSIONAL MONEY \$ COLLECTED.

7/30/96 Ending Collected Bank Bal.	26,659.73
Due PSPM Total facility \$ collected	<12,324.76>
Due PSA Total Professional \$ Collected	<14,334.97>
	<hr/>
	- 0 -

August 1996

**FORMULA FOR DISTRIBUTING MANAGED CARE MONEY TO PROPER ACCOUNTS FOR A MONTHLY PERIOD (FAC AND PROF)**

- 1. DETERMINE BANKING FEES. \$ 75.85  
CUT CHEC FROM PSPM TO MANAGED CARE.
- 2. DETERMINE TOTAL FACILITY MONEY COLLECTED FROM FIRST DATE OF MONTH THROUGH LAST DATE OF MONTH (OPEN ITEM REPORTS FAC AND PROF. PSA) \$ 23,965.40

EQUALS: TOTAL AMOUNT DUE FACILITY FROM MANAGED CARE ACCOUNT.

- 3. EXTRACT FUNDS REMAINING IN MANAGED CARE ACCOUNT AS OF THE LAST DAY OF THE MONTH INTO PSA ACCOUNT TO OFFSET COLLECTIONS DUE TO PROFESSIONAL ACCOUNT. THIS AMOUNT SHOULD EQUAL TOTAL PROFESSIONAL MONEY \$ COLLECTED.

8/30/96 Ending Collected Balance	25,768.40
Due to PSPM facility \$ collected	(23,965.40)
Due to PSA professional \$ due	(1,803.00)
	-0-

September 1996

**FORMULA FOR DISTRIBUTING MANAGED CARE MONEY TO  
PROPER ACCOUNTS FOR A MONTHLY PERIOD (FAC AND PROF)**

1. DETERMINE BANKING FEES.  
CUT CHEC FROM PSPM TO MANAGED CARE. \$ 76.02
2. DETERMINE TOTAL FACILITY MONEY COLLECTED FROM FIRST DATE OF  
MONTH THROUGH LAST DATE OF MONTH (OPEN ITEM REPORTS FAC AND  
PROF. PSA)  
  
EQUALS: TOTAL AMOUNT DUE FACILITY FROM MANAGED CARE  
ACCOUNT.
3. EXTRACT FUNDS REMAINING IN MANAGED CARE ACCOUNT AS OF THE  
LAST DAY OF THE MONTH INTO PSA ACCOUNT TO OFFSET COLLECTIONS  
DUE TO PROFESSIONAL ACCOUNT. THIS AMOUNT SHOULD EQUAL TOTAL  
PROFESSIONAL MONEY \$ COLLECTED.

Total 28,783.80

**Physician Specialists In Anesthesia  
1996 Pain Center Budget**

	<u>1995</u> <u>Actual</u>	<u>1995</u> <u>Percent</u>	<u>1996</u> <u>Budget</u>	<u>1996</u> <u>Percent</u>
<b>Revenues</b>				
Professional Fees	1,097,041	47.4%	900,000	64.3%
Facility Fees	1,264,834	54.7%	400,000	28.6%
Supplies Fees	0	0.0%	150,000	10.7%
Less Refunds & Returned Checks	-49,656	-2.1%	-50,000	-3.6%
<b>Total Revenues</b>	<b>2,312,219</b>	<b>100.0%</b>	<b>1,400,000</b>	<b>100.0%</b>
<b>Operating Expenses</b>				
Amortization Expenses	3,049	0.1%	3,050	0.2%
Bank Charges	1,019	0.0%	1,050	0.1%
Billing & Mgmt Expense	104,640	4.5%	70,000	5.0%
Consultants	3,190	0.1%	20,000	1.4%
Continuing Education	5,185	0.2%	6,000	0.4%
Depreciation	35,922	1.6%	36,000	2.6%
Donation	1,100	0.0%	1,000	0.1%
Drugs & Medical Supplies	134,580	5.8%	140,000	10.0%
Professional Moving Expense	517	0.0%	0	0.0%
Taxes & Licenses	2,443	0.1%	2,500	0.2%
Insurance	2,046	0.1%	2,400	0.2%
Interest Expense	17,484	0.8%	0	0.0%
Legal & Accounting	11,202	0.5%	12,000	0.9%
Meetings & Promotion	414	0.0%	1,000	0.1%
Dues & Subscriptions	1,333	0.1%	1,500	0.1%
Employee Welfare	280	0.0%	300	0.0%
Lab Expense	392	0.0%	500	0.0%
Laundry & Uniforms	220	0.0%	300	0.0%
Marketing Expense	0	0.0%	25,000	1.8%
Printing & Forms	924	0.0%	6,000	0.4%
Office Supplies & Expense	16,981	0.7%	18,000	1.3%
Parking	5,453	0.2%	5,500	0.4%
Postage	1,894	0.1%	4,000	0.3%
Relocation Expense	0	0.0%	75,000	5.4%
Rent	165,651	7.2%	77,456	5.5%
Repairs & Maintenance	4,945	0.2%	6,000	0.4%
Telephone	11,851	0.5%	12,000	0.9%
Salaries - Administration	128,864	5.6%	56,640	4.0%
Salaries - Nurses - Full Time	135,043	5.8%	138,199	9.9%
Salaries - Nurses - Part Time	20,452	0.9%	26,000	1.9%
Salaries - Technician	28,743	1.2%	21,000	1.5%
Cafeteria Plan	0	0.0%	29,148	2.1%
Pension Contribution	14,194	0.6%	7,185	0.5%
401 - K Employee Match	6,173	0.3%	2,184	0.2%
Employer Payroll Taxes	24,051	1.0%	29,021	2.1%
<b>Total Operating Expenses</b>	<b>890,235</b>	<b>38.5%</b>	<b>835,913</b>	<b>59.7%</b>
<b>Net Income</b>	<b>1,421,984</b>	<b>61.5%</b>	<b>564,087</b>	<b>40.3%</b>

EXHIBIT "10"

000013

Physician Pain Specialists  
Analysis of Operating and Overhead Expenses

	ADMINISTRATIVE COSTS										CLINICAL COSTS			
	Patient Volume	Operating Expenses	Drugs & Supplies	Office Supplies	Admin Salaries	Clinical Salaries	Total Salaries	Fringe Benefits	Overhead	Bus. Dev.	Direct	Personnel	Direct	Personnel
<b>1994</b>														
Jan	290	55,023	5,830	2,090	7,487	15,203	22,690	4,660	16,982	-	4,250	9,025	6,441	18,325
Feb	273	97,407	14,212	2,227	7,535	18,552	26,087	3,916	22,461	50	27,875	8,666	17,018	21,337
Mar	280	64,436	14,929	221	7,423	15,071	22,494	2,934	16,591	18,881	(11,848)	8,391	15,384	17,037
Apr	328	75,299	18,624	997	5,073	14,875	19,948	2,750	22,881	1,024	7,643	5,772	21,053	16,926
May	385	58,405	9,489	254	2,671	15,424	18,095	2,280	20,364	-	6,829	3,058	10,787	17,367
Jun	396	70,052	13,081	423	7,607	17,577	25,184	2,704	19,817	276	8,370	8,474	13,651	19,464
Jul	334	70,318	11,641	2,004	7,511	15,510	23,021	2,641	20,048	-	10,058	8,373	14,550	17,289
Aug	464	57,968	4,685	900	7,511	15,062	22,573	2,607	21,466	-	6,448	8,378	4,874	16,802
Sep	409	67,397	14,223	719	8,187	14,506	22,693	2,718	19,807	-	5,491	9,168	16,888	16,243
Oct	380	63,066	3,747	1,918	10,099	15,072	25,171	2,899	20,948	99	9,290	11,262	4,859	16,808
Nov	383	70,572	5,185	1,962	11,755	14,227	25,982	2,849	21,255	58	13,980	13,060	6,434	15,787
Dec	375	88,699	11,721	1,470	18,046	28,654	46,700	5,133	20,184	245	2,922	20,450	13,095	31,803
<b>Total</b>	<b>4297</b>	<b>838642</b>	<b>127367</b>	<b>15185</b>	<b>100905</b>	<b>199733</b>	<b>300638</b>	<b>38091</b>	<b>242804</b>	<b>20631</b>	<b>91308</b>	<b>114076</b>	<b>144634</b>	<b>225189</b>
<b>Unit Costs</b>	<b>195</b>	<b>30</b>	<b>4</b>	<b>23</b>	<b>46</b>	<b>70</b>	<b>9</b>	<b>57</b>	<b>5</b>	<b>21</b>	<b>27</b>	<b>34</b>	<b>52</b>	
<b>1995</b>														
Jan	343	67,049	5,976	2,139	11,790	14,816	26,606	5,054	20,220	-	9,131	14,030	6,038	17,630
Feb	327	88,401	21,799	2,813	11,437	14,318	25,755	3,363	18,864	185	17,190	13,020	22,954	16,188
Mar	424	52,684	7,003	781	5,322	15,418	20,740	2,488	18,987	-	2,712	6,040	7,877	17,268
Apr	341	84,900	32,176	782	9,493	14,409	23,902	3,099	21,020	212	2,552	10,834	34,217	16,277
May	420	93,676	8,772	1,604	9,432	14,337	23,769	3,080	22,685	-	34,051	10,654	9,879	16,195
Jun	396	75,417	11,676	1,677	9,432	15,049	24,481	3,222	17,300	-	17,718	10,673	12,696	17,030
Jul	352	64,078	6,803	391	11,105	13,677	24,782	4,746	16,895	-	10,323	13,232	7,332	16,296
Aug	423	77,699	9,740	1,520	10,310	14,632	24,942	4,790	20,127	-	14,571	12,290	13,269	17,442
Sep	373	66,740	10,303	655	10,269	14,212	24,481	3,544	17,881	18	10,353	11,756	10,463	16,269
Oct	357	73,724	8,530	1,116	11,255	16,804	28,059	3,934	22,136	-	10,952	12,833	8,843	19,160
Nov	310	63,802	5,455	1,870	13,849	10,791	24,640	3,917	18,981	-	10,537	16,051	5,727	12,506
Dec	289	82,065	6,348	1,631	15,171	25,767	40,938	3,184	28,842	-	2,671	16,351	6,430	27,771
<b>Total</b>	<b>4355</b>	<b>890235</b>	<b>134581</b>	<b>16979</b>	<b>128865</b>	<b>184230</b>	<b>313095</b>	<b>44421</b>	<b>243938</b>	<b>415</b>	<b>142761</b>	<b>147763.6</b>	<b>145325</b>	<b>210032.4</b>
<b>Unit Costs</b>	<b>204</b>	<b>31</b>	<b>4</b>	<b>30</b>	<b>42</b>	<b>72</b>	<b>10</b>	<b>56</b>	<b>0</b>	<b>33</b>	<b>34</b>	<b>33</b>	<b>48</b>	
<b>1996</b>														
Jan	259	50,930	6,838	483	7,197	11,852	19,049	3,025	18,837	-	2,868	8,340	7,151	13,734
Feb	315	69,845	10,451	1,779	5,176	14,420	19,596	2,887	33,690	-	2,870	5,939	10,802	16,544
Mar	331	36,743	28	-	5,355	12,361	17,716	2,239	16,689	-	71	6,032	28	13,823
<b>Total</b>	<b>905</b>	<b>157518</b>	<b>17317</b>	<b>2262</b>	<b>17728</b>	<b>38633</b>	<b>56361</b>	<b>8151</b>	<b>69216</b>	<b>0</b>	<b>5809</b>	<b>20310.23</b>	<b>17981</b>	<b>44201.77</b>
<b>Unit Costs</b>	<b>174</b>	<b>19</b>	<b>2</b>	<b>20</b>	<b>43</b>	<b>62</b>	<b>9</b>	<b>76</b>	<b>-</b>	<b>6</b>	<b>22</b>	<b>20</b>	<b>49</b>	

510005

- 1) Resurgens Surgery Center, Inc.(Facility) bank account has been reconciled to September 30, 1996 period ending; the earned income due to PSPM equal \$49,593.92. A check has been cut to PSPM.
- 2) A meeting with Resurgens Surgery Center is scheduled for October 11, 1996 to complete the following tasks:
  - a) Obtain signature on check cut to distribute facility funds to PSPM
  - b) Plan for RSC to take over the reconciliation and distribution of funds going into the facility account as of January 1, 1997. PSA will continued to reconcile and distribute funds monthly until the cut off date of Janaury 1, 1997.
  - c) Possible closure of the facility lockbox; ultimately closure of the account.
- 3) The income earned and collected on behalf of the PSPM Managed Care account from March 1, 1996 through September 30, 1996 is \$178,252.55 and a check has been cut to PSA ; Ultimately to be transferred into the new PPS account.
- 4) The balance as of September 30, 1996 in the PSPM Operating Account is \$75,804.47; the funds were moved into the PSPM Money Market account today.

PSPM Operating account	\$ 75,804.47
PSPM Money Market account	\$ 47,010.11
Facility funds transfer to PSPM	\$ <u>49,593.92</u>
<b>Total PSPM funds available as of 9/30/96</b>	<b>\$ <u>172,408.50</u></b>

## **PSA Business Meeting**

### **Meeting Minutes - August 26, 1996**

The meeting was called to order by PSA President Steve Sween at 6:00 PM.

In attendance: Drs. Sween, Mogelnicki, Foster, Byrne, Chambers, Dijamco, Lebert, Little, McLeod, Rathmell, Schinelli, Stephenson, Taylor, Wells, Yilling, and Bob Allen

The standard business portion of the meeting was preceded by a brief presentation from Kelly Young, Jan Holland and Patricia Grossbaum of Saint Joseph's Hospital concerning the opening of Saint Joseph's 'Specialty Center for Wellness and Rehabilitative Care', located on Abernathy Road. Their discussion covered the many programs that will be offered at this CORF facility that focus on both fitness and rehabilitative care. The first patients will be seen at the facility on September 16, 1996, with an Open House scheduled for September 19th.

#### **I. Review of Minutes, PSA July Business Meeting**

The minutes from the last business meeting were distributed in advance and approved as distributed.

#### **II. Monthly Reports**

##### **A. Administrators Report**

**Mr. Allen**

Mr. Allen presented, via overheads, graphs and data representing both utilization and reimbursement information for the most recent past month (July) and for the year to date. He reported that in the past month, utilization and reimbursement figures had resumed their predicted budgetary levels after having fallen off slightly in the month of June. This was particularly noteworthy having occurred in the same month as the Olympic games in Atlanta. Parkway Regional, in particular, had a record number of surgical cases. Dr. Lebert noted that historically, the Summer months typically experience higher OR utilization, especially for outpatient procedures. Dr. Mogelnicki also noted that Resurgen's volume had remained steady, despite the fact that Dr. Woodfin and several other surgeons had been involved with the Olympic games. He also recommended that payor mix trends be shown on a quarterly basis, as their fluctuation on a month to month basis typically was not great.

##### **B. Medical Director's Report**

**Dr. Mogelnicki**

[Written Report Submitted] Dr. Mogelnicki discussed the details of the meeting he and Bob Allen had with Suzanne White and Art Kutner of Saint Joseph's Hospital concerning the HCFA Heart Project and the proposed expansion of this project to include valve procedures in 1997. Of significance, Dr. Mogelnicki noted that in the meeting, he had emphasized the contributions the anesthesia department had made in reducing costs for the hospital over the past year and a half, and his concern that the department's past and future efforts to contain costs would be diluted through inefficient surgical operating practices and negative outcomes that contribute to increased, rather than decreased, costs. He also reported that the department's reimbursement rate for CABGs had increased to \$1,076 in 1996, from \$1042

the prior year, and that a reimbursement check reflecting a pro-rata distribution based on the new rate for all HCFA hearts performed since the beginning of the year, would be received from the Hospital in the very near future. At this point, Bob Allen distributed and Dr. Mogelnicki reviewed, with all physicians present, a letter from the hospital detailing the computation of the variable costs that were considered in deriving the new rate.

C. Presidents Report

Dr. Sween

[Written Report Submitted] Dr. Sween noted that the recent decline in the per share price of Medaphis stock would not have any impact on the level of commitment PSA would receive from Medaphis in its billing and collections efforts. He also noted the change in long-term disability carriers from Northwestern to Paul Revere, which changed the maximum monthly benefit to \$5,000 per month following a 90 day waiting period. This change was made due to a dramatic increase that would have been incurred by the practice in its monthly premium had it stayed with Northwestern. In other business, Dr. Sween announced that Dr. Lebert had been approved as a full partner in the special Shareholder's meeting following the past business meeting. He also noted that the Summer Picnic had been a success, with over 100 people in attendance. From a legal perspective, he noted that incorporation papers had been received by Decker and Hallman pertaining to the formation of PPS (Physician Pain Specialists), which will be the new, wholly owned subsidiary of PSA for its pain management services. He also noted that in the near future, Bob Allen would be meeting with Ed Hallman and Nick Chaffin to discuss next steps in activating PPS and dissolving PSPM. Finally, Dr. Sween reported that no news had been reported from the attorneys for Drs. Rizor, Porter and MacNeill.

D. Secretary / Treasurer's Report

Dr. Foster

Report deferred to later in meeting.

E. Section Chiefs

1. Cardiac

Dr. Carlson

No report. Dr. Carlson on vacation. Written report received upon Dr. Carlson's return from vacation.

2. General

Dr. Wells

[Written Report Submitted]

3. Outpatient

Dr. Dijamco

[Written Report Submitted] Following Dr. Dijamco's presentation, Dr. Sween inquired about recent reports of missing narcotics at Resurgens, and noted the need for better control and accounting for narcotics in the future.

4. Pain Center

Dr. Rathmell

[Written Report Submitted] Dr. Rathmell reported that the number of new patients being seen in the pain center were approximately equal to the same mark achieved a year ago



when Drs. Rizor, Porter and MacNeill were primarily in control of the pain center. He also reported that Sharon Murray had been let go from the pain center, which was followed by a brief discussion of staffing alternatives and replacements, including possible consideration of hiring a PA. No decision was made. Dr. Rathmell further discussed plans to start a new pain support group, to be led by Cher Riddell. Discussion of reimbursement for this group and reimbursement alternatives resulted in a consensus that a flat rate of \$60 should be charged, and that if third party carriers will reimburse for a group therapy code that this would be used in lieu of the flat rate if a participant's carrier allowed this charge. Dr. Rathmell also noted that he had performed the center's first RF procedure at Stella Maris, and that he would work on developing a protocol for screening patients for this procedure. Dr. Yilling suggested that Dr. Max Stoyer be consulted when developing this protocol. Finally, Dr. Rathmell noted that work in attaining AAAHC accreditation would involve everyone's participation, and requested that anyone interested in assisting in this effort please see him. Dr. Yilling added, following Dr. Rathmell's presentation, that the twice monthly patient care conferences held on the first and third Tuesdays be changed to being held only once a month on the first Tuesday of the month.

5. CQI

Dr. Chambers

Verbal report presented. Dr. Chambers discussed details related to the paperwork to be filled out as part of the CQI process, and noted that input and feedback from all physicians is needed in order to implement improvements. Dr. Stephenson suggested that a CQI process and policy be developed as part of the accreditation process in the pain center.

6. Parkway

Dr. Lebert

[Written Report Submitted] Dr. Lebert noted that July's utilization, as previously noted by Bob Allen, had increased significantly in the past month. He also noted that PSA had just completed its first year of contracting with Parkway Regional, and reported that he and Dr. Mogelnicki had met with Debbie Guthrie, Administrator for Parkway Regional, to discuss details related to the renewal of PSA's contract with Columbia. Dr. Lebert further reported that the anesthesia staff was short one anesthesiologist due to the resignation of Alan Smith, and was in the process of recruiting a replacement. With regard to his own presence at Parkway, Dr. Lebert noted that his presence at Parkway would be scaled down to two days per week, on average, and that the days he would be at Parkway, Dr. Beatty would replace him on the Saint Joseph's schedule.

7. Education

Dr. Schinelli

[Written Report Submitted] Dr. Schinelli reminded everyone of ACLS training on the 14th of September, and noted that several drug reps were being contacted to solicit their assistance in providing meals and snacks for this event. With regard to the next Journal Club meeting, Dr. Schinelli suggested that the next meeting be held in a physician's home, and asked for any volunteer to contact him.

8. Pension

Dr. McLeod

Verbal report presented. Dr. McLeod reviewed an issue that had been successfully resolved related to the incorrect overpayment and disbursement of funds into the pension accounts of Drs. Rizor, Porter and MacNeill. Dr. McLeod reported that the misallocated

000497

funds had been recovered and redeposited into PSA's pension plan several days after this mistake had been identified.

9. AOSS - Urology

Dr. Sween

Dr. Sween reported that anesthesia was now being used in association with almost every lithotripter case at AOSS. No other news was reported.

III. Old Business

A. Manpower

PSA Board

Dr. Sween noted that one additional anesthetist may need to be recruited to fill the void made when Linda Brier changes her status to part-time. No other staffing issues were discussed.

B. Medaphis

Dr. Sween

Report given during President's report.

C. Physician Schedule

Dr. Foster, Mr. Allen

Dr. Foster noted that attempts would be made to have a new MD schedule for the first quarter of 1997 available in early November. To do so, a special meeting would be convened in mid-October to select and determine vacation choices and preferences in 1997. Dr. Foster reported that he would distribute a memo in the near future to announce plans for this meeting. Methods in how to distribute available time for vacations was also discussed. After much debate, it was decided to distribute vacation time based on whole weeks, rather than partial weeks. It was also decided, based on a motion made by Dr. Foster and seconded by Dr. Sween, to extend the number of vacation weeks to nine in 1997. Dr. Foster also discussed the subject of having a select group of physicians use the timeclock for a period of three to four months to study time usage trends. Pros and cons were discussed related to this subject. Dr. Foster noted that use of the timeclock would help validate hours worked in PSA's various locations, and would provide a method for attaining greater equity in preparing the M D schedule in the future. To the negative, it was pointed out that compliance would be difficult, that use of the timeclock is demeaning to professionals, and that a sample period of greater than six months would be necessary to attain quality data. Nevertheless, the group agreed that a portion of the practice's M Ds would participate in this study. Finally, Dr. Foster turned the final part of this portion of the meeting over to Dr. Yilling, who presented an informal study he conducted, which he named the "Misery Index", which addressed the negative impact physicians who are not routinely scheduled in the main OR (i.e. pain M Ds) have with regard to exposure to heart cases in the main OR.

IV. New Business

A. Anesthetist Issues

Dr. Sween

Dr. Sween reported on several items that had recently been discussed with the anesthetist staff, including a request made by Ed Solava to change his status as a 12-hour heart

anesthetist to that of a regular 8-hour anesthetist (request denied by the Board), and discussion of reinstating annual performance evaluations, which will be conducted in October.

**B. Group Disability Insurance**

**Dr. Sween**

Covered during President's report.

**C. Vacation Schedules**

**Dr. Sween**

Discussed during discussion on Physician schedules.

**D. Saint Joseph's Mercy Foundation 1996 Golf Classic**

Dr. Sween announced the Board's recommendation that the practice contribute and attend Saint Joseph's annual Golf Classic in support of the Mercy Foundation. After a brief discussion, all present agreed with the Board's recommendation to participate in this event.

**E. Atlanta Pain Network**

**Dr. Sween**

Dr. Sween updated those present with the efforts of Medaphis in conducting its feasibility study with regard to establishment of a pain network. In particular, Medaphis has begun conducting interviews with area employers and insurance/managed care companies. A final report of their findings will be presented in approximately six weeks.

**F. ASA/GSA Politics**

Dr. Sween reported on the recent GSA meeting that he attended in Hilton Head. He noted that Dr. John Neel of Northside was in line to become the next President of the ASA. With regard to issues discussed at the meeting, he noted that the biggest issue is with the AANA's position on scope of services. He reported that the AANA is seeking to replace anesthesiologists in many hospitals across the country or want equal status where they work together. Dr. Sween reported that the ASA and GSA PACs were actively trying to raise funds to support candidates that will listen to the ASA's views. He noted that only seven M Ds from the practice had contributed to the GSA this year, and requested that PSA consider giving to the GSA PAC as a whole on behalf of each of its physicians. Statewide, only 8% of all anesthesiologists had contributed to the GSA PAC. After a brief discussion, those present agreed to support the GSA PAC with a contribution equal to \$150 per M D.

**H. Cross Connection**

Dr. Sween reported that Dr. Wells will not be participating with the Cross Connection trip this year, but that Dr. Yilling has indicated that he will go to El Salvador instead in November. Dr. Carlson also is considering going. Pedro Casanova also has indicated that he will not be going, but Sandra Madriaga will most likely go in his place.

**V. Miscellaneous**

**A. Next Meeting Monday, September 23, 1996**

Dr. Sween announced the next PSA Business Meeting would be held on September 23, 1996, and that the Parkway physicians would be invited to attend this and future Business Meetings.

There being no further business, the meeting was adjourned at 9:40 PM.

# Pain Center Gross Collections

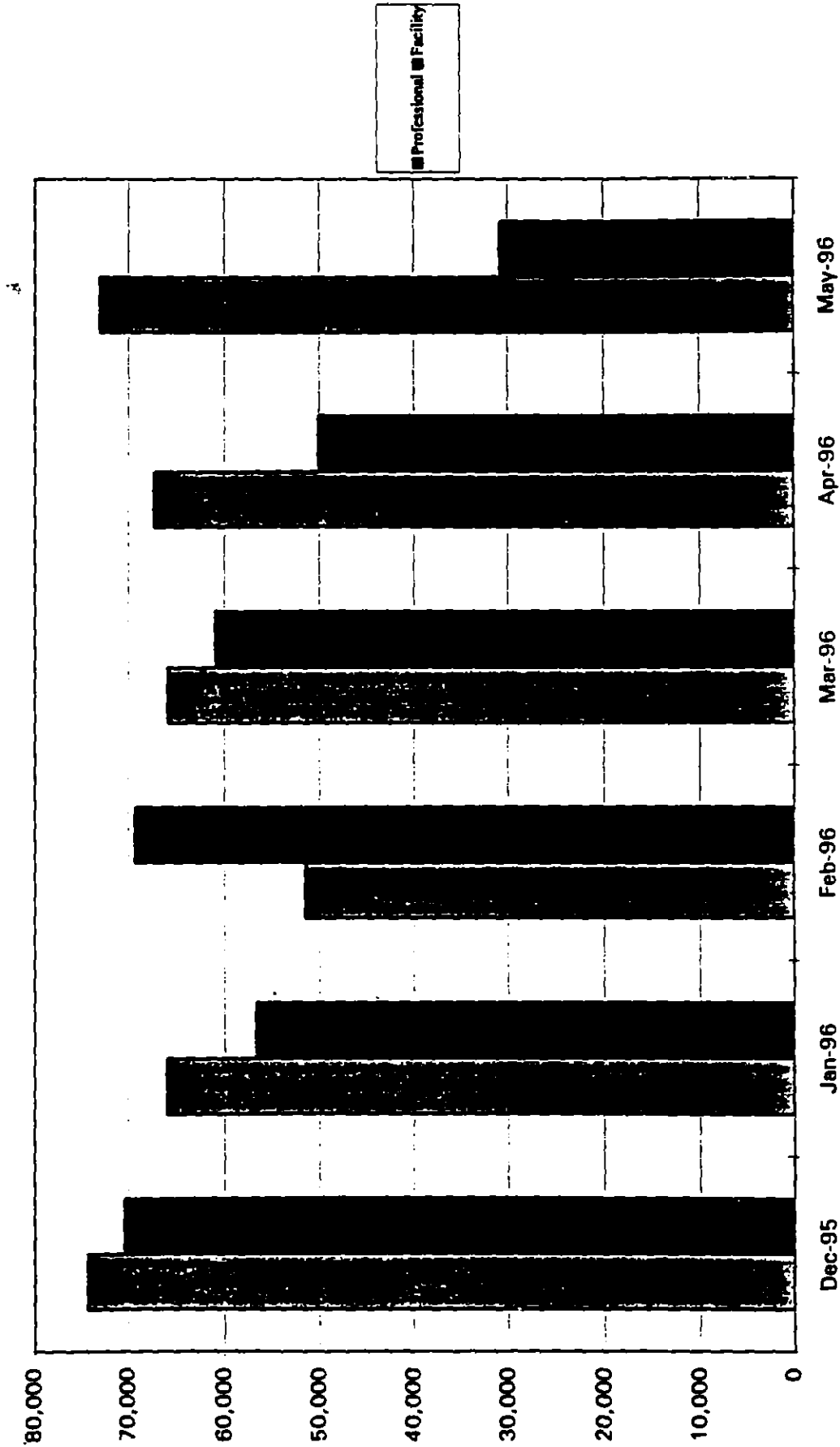


EXHIBIT "13"

000078

Physician Specialists in Anesthesia

Physician Specialists in Anesthesia  
197 Statistical Budget Assumptions

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	10 Mo Avg
Salut Joseph's	791,341	769,905	894,109	885,426	775,285	678,851	805,160	930,007	904,371	804,200			8,238,654	623,865
Parway	109,764	93,504	127,744	117,558	124,069	99,565	98,842	87,717	125,956	128,181			1,112,879	111,288
Pain Center	66,950	59,366	96,510	91,301	(148,064)	-	-	-	-	-			164,083	16,406
Resurgence	61,285	70,500	62,209	68,116	67,310	53,423	80,442	63,868	84,510	104,031			695,694	69,569
Unidry	7,423	14,256	3,961	45,489	36,287	26,400	34,868	33,765	32,633	46,824			281,906	28,191
Lease/Collection Expense	(5,738)	-	(18,595)	(3,431)	(6,075)	-	(237,579)	(5,307)	(102,687)	(64,724)			(444,137)	(44,414)
Lease Refunds & Ret Checks	3,960	(9,787)	(12,885)	(10,175)	(24,814)	(12,462)	(12,657)	(18,711)	(17,866)	(18,933)			(134,121)	(13,412)
Nr. Revenue	1,033,985	997,763	1,152,242	1,194,283	823,998	845,777	749,077	1,091,337	1,028,898	999,579	-	-	9,914,939	991,494
perages														
Professional														
Physicians	438,581	298,115	365,749	286,389	614,129	266,904	690,342	344,802	1,298,439	378,692			4,980,153	498,015
P.A.s	148,417	151,259	150,747	157,225	153,186	204,869	152,416	159,147	157,232	125,927			1,580,228	158,023
P.A.s P/T	9,468	13,311	10,528	10,178	5,652	10,048	7,397	7,178	10,288	8,078			92,104	9,210
CRNA	76,157	75,588	82,425	68,963	56,609	37,002	71,548	89,412	83,177	80,133			741,016	74,102
CRNA P/T	3,889	2,275	2,980	2,763	(1,560)	-	578	1,687	-	780			13,071	1,307
RN's	3,359	3,359	3,359	3,359	3,359	3,359	3,359	3,359	3,359	3,359			33,591	3,359
RN's P/T	2,047	2,858	2,486	2,714	1,938	3,157	2,335	3,042	3,025	2,674			28,283	2,828
Casual Labor	282	1,780	-	-	171	-	1,453	-	107	1,000			4,792	479
ADD Expense	1,181	80	1,079	466	130	218	757	729	442	657			5,719	572
Business Expense	25,780	6,712	20,320	4,888	11,845	6,131	3,230	10,707	7,971	5,974			103,688	10,367
Consultants	-	-	-	400	500	300	(300)	-	-	-			900	90
Contributions	-	-	500	-	-	-	-	-	8,000	-			6,500	650
Office Contributions	-	-	-	-	-	-	-	-	2,350	250			2,800	280
Office & Meetings	-	1,087	38	4,700	-	918	-	-	-	-			6,743	674
Continuing Education	4,083	523	3,213	3,674	1,843	1,612	2,470	450	633	3,103			21,604	2,160
Business Expense - RJA	-	-	3,041	268	1,467	-	70	36	-	-			4,883	488
Dues & Subscriptions	618	665	865	3,525	-	1,175	(201)	100	225	179			7,151	715
Employee Welfare	-	258	-	504	-	2,646	370	3,035	-	100			6,913	691
Meals	698	152	480	3,172	798	129	110	-	-	-			5,516	552
Entertainment	13,586	-	(4,190)	-	521	-	-	4,623	-	(1,200)			13,340	1,334
Equipment Rental	714	88	1,579	671	39	-	52	135	50	40			3,388	337
Gift Expense	3,459	-	100	-	-	-	-	-	-	-			3,559	356
Insurance - Malpractice	300	-	56,927	1,978	-	54,653	5,355	-	60,406	-			179,617	17,962
Insurance	45,273	(3,384)	4,701	10,581	12,657	5,413	2,664	(152)	4,724	5,263			87,749	8,775
Internal Expense	-	4,780	2,782	1,530	-	-	-	1,706	1,672	1,588			14,038	1,404
Laundry & Uniforms	-	323	-	-	250	76	300	-	365	(1,314)			-	-

000000

Inlan Specialists In Anesthesia (In and Outpatient)  
 Practice Analysis Assumptions  
 updates based on January - October 1996 Paper HIC Charge Volume & Collection Data

12/11/96

	4.8%	9.6%	24.9%	1.0%	29.3%	2.7%	19.2%	4.0%	100%
Projected Total Gross Charge	707,208	1,421,525	3,669,426	187,770	4,218,024	308,437	2,739,938	1,337,583	14,668,639
Total NTD Gross Charge	848,383	1,605,788	4,206,021	179,150	5,169,813	421,432	3,368,309	1,514,789	17,516,887
Projected Gross Charge	0	226,933	83,720	89,315	1,814,220	330,979	1,354,809	389,301	6,391,987
COA as % of Gross Charge	0.0%	13.9%	2.0%	30.0%	73.0%	69.0%	40.2%	25.7%	35.9%
COA Amount	0	226,933	83,720	89,315	1,814,220	330,979	1,354,809	389,301	6,391,987
Unbillable as % of Gross Charge	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%	1.87%
Unbillable Amount	13,828	31,451	79,062	3,342	96,278	8,831	62,840	28,260	326,794
Total Charge Adjustments	13,828	218,384	165,682	92,917	3,910,998	339,762	1,417,649	417,561	6,418,781
Adjustment as % of Gross Charge	1.87%	13.3%	3.87%	51.87%	75.99%	71.77%	43.09%	27.57%	37.79%
Projected Net Charge	812,335	1,427,403	4,120,319	86,233	1,249,613	131,671	1,930,660	1,097,218	16,897,208
Net Bad Debt as % of Gross Charge	3.18%	3.18%	3.18%	3.18%	3.18%	3.18%	3.18%	3.18%	3.18%
Net Bad Debt Amount	45,603	90,616	230,386	9,630	277,398	25,448	181,056	81,424	942,582
Projected Collectible Amount	766,932	1,336,789	3,889,933	76,603	972,215	106,222	1,749,604	1,015,804	9,954,626
Refunds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	54,274
Projected Net Collectible Amount	766,932	1,336,789	3,889,933	76,603	972,215	106,222	1,749,604	1,015,804	9,900,352
Gross Collection %	92.16%	79.30%	90.76%	42.76%	18.84%	22.86%	32.34%	92.59%	90.81%
Net Collection %	94.57%	93.63%	94.41%	88.83%	77.89%	80.96%	90.72%	92.59%	90.81%

**State Health Planning Agency**4 EXECUTIVE PARK DR.  
Suite 2100N.E. / ATLANTA, GEORGIA 30329  
(404) 320-4827  
GIST 238-4827

December 17, 1992

**CERTIFIED MAIL**  
**Return Receipt Requested**

The Resurgens Center, Inc.  
d/b/a Resurgens Surgical Center  
5761 Peachtree Dunwoody Road  
Atlanta, Georgia 30342

Attention: Steve Ember, Administrator

Gentlemen:

The State Health Planning Agency hereby approves your request (GA. 098-92) in accordance with the State Certificate of Need Law, for the purpose of establishing a physician-owned, limited-purpose ambulatory surgery center restricted to orthopedic procedures. The applicant has made a commitment to provide a minimum of 3% of the center's gross revenue, less bad debt, Medicare and Medicaid contractuals, for the provision of indigent and charity care. No capital costs are associated with this project.

Your certificate is valid for a period of twelve (12) months, unless extended for good cause. It is important that the administration of your project be consistent with the Certificate of Need rules. We are, therefore, enclosing "Performance Approval Period Requirements" which outlines the duration, progression and extension provisions (if needed) which apply to this approval.

Please be advised that a decision by this Agency is subject to appeal within thirty (30) days from the date of this letter. Should a bona fide request for an appeal be received, you will be promptly notified and the Certificate of Need will be suspended until the appeal is resolved. You are strongly advised not to make a substantial obligation of funds until the time period for requesting an appeal has expired.

000414

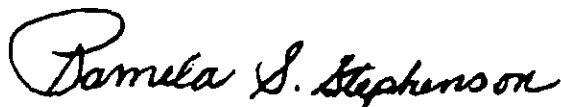


Project No. GA. 098-92  
December 17, 1992  
Page Two

The approval of a project by the State Health Planning Agency does not assure that any amount or rate of reimbursement will be paid by the Department of Medical Assistance, the Medicare intermediary, or any other payment source.

Should you need additional information pertaining to this communication, please contact this Agency.

Sincerely,



Pamela S. Stephenson  
Director, Regulatory Review

PS:jv

Enclosures: Evaluation  
Performance Approval Period Requirements  
Progress Report Form  
Project Implementation Schedule

xc: Russ Toal, Commissioner, DMA  
Health Care Section, DHR/ORS  
State Architect  
Howard E. Fagin, Ph.D.

000415

STATE HEALTH PLANNING AGENCY  
Evaluation for Certificate of Need

Project No. GA. 098-92

The Resurgens Surgical Center  
 Atlanta, Fulton County

The Resurgens Center, Inc., a Georgia corporation d/b/a Resurgens Surgical Center (RSC) has requested that the State Health Planning Agency issue a Certificate of Need (CON) to establish a physician-owned, limited purpose ambulatory surgery center restricted to orthopedic procedures. The ambulatory surgery center would be owned and operated exclusively by seven orthopedic surgeons: John C. Garrett, M.D.; Drew V. Miller, M.D.; George Cierny, M.D.; Michael Miller, M.D.; Blane A. Woofin, M.D.; Kenneth J. Kress, M.D.; and Keith Osborn, M.D. The ambulatory surgery center would consist of three operating rooms and two recovery rooms which are near the physician's offices and located, since November, 1991 at 5761 Peachtree Dunwoody Road, Suite 800. This site, serving primarily the metropolitan Atlanta area is on the eighth and ninth floors of the Center for Specialty Medicine adjacent to St. Joseph's Hospital. RSC is accredited by the Accreditation Association for Ambulatory Health Care, Inc. There are no capital costs associated with this project.

The rules for physician-owned, limited purpose ambulatory surgery centers allow a physician's office that has provided ambulatory surgery to become a physician-owned, limited purpose ambulatory surgery center. These types of facilities are exempt from the need method used to project need for ambulatory surgery centers and certain other criteria required under Rule 272-2-.09(1)(b)1-7.

The proposal was reviewed in terms of the following standards and considerations:

Rule 272-2-.08(1)(b)2: The population residing in the area served, or to be served, by the new institutional health service has a need for such services.

The Agency relied on the following service specific rules to quantify project need.

Rule 272-2-.09(1)(b)8(i): The proposed facility must indicate that it will meet the definition of an ambulatory surgical center in Rule 272-2-.09(1)(a)2.

Rule 272-2-.09(1)(a)2 defines an ambulatory surgery center as: Ambulatory Surgical Center (ASC) to comply with Federal guidelines, means any distinct entity that operates a program exclusively for the purpose of providing surgical services to patients not requiring hospitalization. ASCs may be operated by a hospital or an entirely separate entity. The ASC operated by a hospital must be a separately identifiable entity, physically, administratively and financially independent and distinct from other operations of the hospital. Such term does not include the offices of private physicians or dentists, whether for individual or group practice. An ambulatory surgery center owned/operated by physicians shall meet the definitions of "ambulatory surgical center," 272-2.09(1)(a)2, and "ambulatory surgery," 272-2.09(1)(a)1, and shall demonstrate a distinct financial and administrative structure from the physician's office.

000416

The applicant has provided information which documents that the physician-owners have established a separate distinct financial and administrative structure from the physician's office. Separate from the physician offices are three (3) operating rooms; two recovery rooms including patient toilet and storage rooms; staff scrub and changing areas with clean and soiled utility rooms and electrical room; and, a separate reception, bookkeeping and business/medical records area. The information provided indicates that the proposed physician-owned, limited propose ambulatory surgery center would meet the required definition.

This criterion is met.

Rule 272-2-.09(1)(b)8(ii): The proposed facility must be in proximity to the physician(s) office, i.e., no more than short walking distance, and must share a common waiting room with the physician(s) office.

The proposed ambulatory surgery center is located next to the offices of the physician-owners and shares a common waiting room.

This criterion is met.

Rule 272-2-.09(1)(b)8(iii): The proposed facility is owned, operated and utilized by a physician(s) who is (are) single specialty.

The seven physician-owners are orthopedic physicians and surgeons. This constitutes a single specialty, and these physicians exclusively will operate and utilize the RSC facility.

This criterion is met.

Rule 272-2-.09(1)(b)8(iv): The proposed facility provides substantiation that it has given written notification of the intent to establish the facility to any and all hospitals to which the physician owner(s) has (have) admitting privileges. Such notification must be no later than 30 days prior to the submission of the application.

The applicant has provided copies of the notification letters to Piedmont and St. Joseph's Hospital of Atlanta where the physician owners have full admitting privileges; and, in the case of St. Joseph's, a formal written patient transfer agreement assuring admission of RSC patients.

This criterion is met.

000417

Rule 272-2-.09(1)(b)8(v): The proposed facility has active accreditation at the time of the Certificate of Need application for performing ambulatory surgery by the national accrediting association for ambulatory surgery or by an appropriate national accrediting body for the specialty practice.

The facility was accredited by the Accreditation Association for Ambulatory Health Care, Inc. for three years beginning July 10, 1992.

This criterion is met.

Rule 272-2-.09(1)(b)8(vi): The proposed facility is to have no more than two operating rooms and a recovery area or room when there are three or fewer physicians in the entity that owns or operates the facility and no more than three operating rooms and two recovery rooms or areas when there are four or more physicians in the legal entity that owns or operates it.

The proposed project involves seven physicians, three operating rooms, and two recovery rooms; all consistent with the requirements specified in this rule.

This criterion is met.

Rule 272-2-.09(1)(b)8(vii): The proposed facility has in place a mechanism for peer review, medical audit and tissue review. The physician owner(s)/operator(s) does (do) not comprise a majority of membership in these review processes.

The applicant has in place a mechanism for peer review, medical audit and tissue review. The physician-owners do not comprise a majority of membership in these review processes.

This criterion is met.

Rule 272-2-.09(1)(b)8(viii): The proposed facility is already performing surgical procedures of sufficient level of complexity to justify an ambulatory surgical facility.

The applicant has and currently performs complex surgical procedures involving traditional orthopedic surgery including over 167: arthroscopy of the knee, shoulder, elbow, and ankle; carpal tunnel release and removal of hardware. These procedures are included by the Health Care Financing Administration for Medicare reimbursement.

This criterion is met.

000418

Rule 272-2-.09(1)(b)8(ix): The proposed facility has general anesthesia capabilities and has been performing procedures requiring general anesthesia. This criterion may be waived if the applicant submits sufficient documentation to prove that a significant number of procedures are being performed which are equal to or surpass in complexity those procedures which have traditionally required general anesthesia but which presently are performed with an alternative anesthesia.

The facility utilizes general and epidural anesthesia.

This criterion is met.

Rule 272-2-.09(1)(b)8(x): For the length of time a patient who has had general anesthesia is recovering, an anesthesiologist, a physician anesthetist, an oral surgeon or a certified R.N. anesthetist must be present and said personnel must have been trained in emergency resuscitation procedures and cardiac life-support systems.

An anesthesiologist from Physicians Specialists in Anesthesia, P.C. is present the entire time a patient is recovering. All physicians are trained and certified in emergency resuscitation and cardiac life support system procedures.

This criterion is met.

Rule 272-2-.09(1)(b)8(xi): The applicant must present evidence that uncompensated services for indigent or charity patients will be offered at standard which meets or exceeds 3 percent of the gross revenues of the total limited-purpose ambulatory surgery facility after provisions for bad debts and Medicare and Medicaid adjustments have been deducted. The proposed facility shall include an agreement to document on periodic agency surveys any such service provided.

The applicant has made a commitment to provide three percent (3%) of its gross revenue for indigent and charity patients after provisions for bad debts and Medicare and Medicaid adjustments have been deducted. The applicant has appropriated 3% of its adjusted gross revenue for the provision of indigent and charity care in its pro forma. This amounts to \$38,880 in Year 1 and \$61,560 in Year 2. Plans and policies for indigent care are provided and the applicant has agreed to report the amount of indigent care provided on periodic Agency surveys.

This criterion is met.

000419

Rule 272-2-.09(1)(b)8(xii): The proposed facility must document the agreement that all Agency surveys will be completed with the understanding that facilities established under Rule 272-2-.09(1)(b)8 will be tallied as a separate category of ambulatory surgery centers.

The applicant has documented its understanding that facilities established under the physician-owned, limited purpose ambulatory surgery centers will be tallied as a separate category of ambulatory surgery center. The applicant also agrees to participate in and complete all Agency surveys.

This criterion is met.

Rule 272-2-.09(1)(b)8(xiv): The physician's office which proposes to become a physician-owned, limited-purpose ambulatory surgery center has a history of charges that are lower than charges in ambulatory surgery facilities within the geographic area; and

Rule 272-2-.09(1)(b)7(xi): Documentation or expected charges for patients for a representative sampling of procedures to be performed. The State Agency will determine the list of these procedures and the information needed for documentation. These charges will be compared with like services for reasonableness and cost savings, as well as financial feasibility of the proposed project.

The applicant provided a list of the most common procedures performed at the center and its associated charges. In order to determine the reasonableness of the applicant's charges, the Agency compared the charges with existing hospital-based and freestanding ambulatory surgery programs within the applicant's geographic service area. The comparison of charges is illustrated in the following table which shows the applicant in compliance with these rules:

000420

**AMBULATORY SURGERY CENTERS' CHARGES**

Facility/Procedure	A. Knee*	A. Shoulder	A. Elbow	A. Ankle	Epidural**
Resurgens Surgical Center	\$1,800	\$2,000	\$1,800	\$1,800	\$200
Atlanta Ctr O'patient Surgery	2,300	2,300	2,000	1,400	300
All O'pat P'tree D'woody Ctr	2,100	3,015	2,246	2,478	170
Atlanta Surgicenter	NA	NA	NA	NA	NA
DeKalb Medical Center	2,534	3,200	-0-	2,338	517
Dunwoody O'patient S'center	-0-	-0-	-0-	-0-	-0-
Egleston Children's Hoep	3,821	-0-	0-0	-0-	920
Emory Clinic Amb Surg Ctr	1,170	765	-0-	2,000	-0-
HCA West Paces Ferry Hoep	4,339	5,468	4,115	3,885	NA
Kennesaw Hoep Windy Hill	2,876	4,182	3,336	3,535	615
Northlake Reg Med Ctr	4,139	4,531	-0-	4,464	519
Northlake-Tucker Amb Surg	-0-	-0-	-0-	2,150	-0-
Northside Hospital	2,033	2,375	2,375	2,375	NA
Northside Hoep O'pat Surg	2,033	2,375	2,375	2,375	NA
Medicus Diag Endoscopy	NA	NA	NA	NA	NA
Piedmont Hospital	1,940	2,790	2,826	2,021	535
Scottish Rite Children's	2,594	-0-	-0-	2,444	-0-
<b>TOTAL &amp; NUMBER</b>	<b>33,579/13</b>	<b>32,901/11</b>	<b>21,073/8</b>	<b>33,285/13</b>	<b>3,776/8</b>
<b>AVERAGE CHARGE</b>	<b>\$ 2,583</b>	<b>\$ 2,991</b>	<b>\$ 2,634</b>	<b>\$ 2,560</b>	<b>\$ 472</b>
<b>RANGE OF CHARGES</b>	<b>\$ 1,170-4,339</b>	<b>\$ 765-5,468</b>	<b>\$ 1,800-4,115</b>	<b>\$ 1,400-4,464</b>	<b>170-920</b>
<b>APPLICANT CHARGES</b>	<b>1,800</b>	<b>2,000</b>	<b>1,800</b>	<b>1,800</b>	<b>200</b>

Source: SHPA survey for six months ending August 31, 1992.

- \* = Arthroscopy
- \*\* = Epidural Steroid Injection

Project No. GA. 098-92 T. Resurgens Surgical Center

7

As indicated in the above table, the applicant's charges are lower than those charges reported by existing hospital-based and freestanding ambulatory surgery programs. The applicant's average charge per procedure is lower than the average charged by all other providers for the same procedure; the applicant is lowest or second lowest of up to sixteen other facilities in the range of charges for each surgery procedure surveyed. The Agency finds the applicant consistent and in compliance with both charge rules stated above.

This criterion is met.

Rule 272-2-.09(1)(b)3(i): When the applicant is proposing an ambulatory surgical center, each and all of the above criteria must be met plus the following:

(i) any and all privileges granted to a physician who practices within the center must be privileges granted to that physician at an accredited Georgia hospital and that physician must be an active member in good standing of the hospital medical staff.

All physician-owners are active members in good standing of the medical staff at St. Joseph's Hospital of Atlanta as a letter from that hospital attests.

This criterion is met.

Rule 272-2-.09(1)(b)5: The applicant shall present a written policy that assures that there will be no discrimination in provision of service based on race, sex, creed, age, religion, or source of payment.

The applicant's written admission policy included in the application states that it accepts patients regardless of race, sex, creed, national origin, age, religion, or source of payment.

This criterion is met.

Rule 272-2-.09(1)(b)7: To assure quality health care at a reasonable cost, the applicant must provide evidence that all of the following conditions will be met:

Rule 272-2-.09(1)(b)7(i): Written policies and procedures to assure that its services are or will be coordinated with other community health resources, hospitals, and other organizations. Those policies must provide for periodic evaluation of their effectiveness.

RSC has provided policies to assure patient services will be coordinated with

000422



Project No. GA 098-92     Resurgens Surgical Center

8

other community health resources, hospitals and other resources when appropriate. The applicant has a procedure to review these policies annually.

This criterion is met.

Rule 272-2-.09(1)(b)7(ii): Formal patient referral mechanisms for other appropriately needed services.

The applicant has in place referral mechanisms for appropriate needed patient services including home health.

This criterion is met.

Rule 272-2-.09(1)(b)7(iii): Written policies and procedures that insure discharge planning that is effective for appropriate follow-up, inclusion of appropriate family, guardian, significant others as well as the patient with periodic evaluation of the effectiveness of these policies.

A copy of the discharge planning and procedure policies were provided. Criteria for discharge and instructions for patient follow-up was included in the plan.

This criterion is met.

Rule 272-2-.09(1)(b)7(iv): All requirements and operational procedures required by the Office of Regulatory Services of the Department of Human Resources will be met.

The applicant has agreed in a written statement to meet all of the requirements and operational procedures required by the Office of Regulatory Services.

This criterion is met.

Rule 272-2-.09(1)(b)7(vi): Qualified personnel will be available to insure a quality service and to meet licensure, certification and/or accreditation requirements.

The applicant's staff are appropriately trained and certified/licensed. The facility is accredited by a national accrediting body and meets their staffing requirements. Staff includes a manager and a receptionist/data entry, a surgical technician and three registered nurses.

This criterion is met.

000423

Project No. GA 098-92 The Resurgens Surgical Center

9

Rule 272-2-.09(1)(b)7(vii): Capability and willingness to maintain a policy and plan for reviewing patient care including a stated set of criteria for identifying those patients to be reviewed and a mechanism for evaluating the patient review process.

The applicant has provided a copy of its procedure for quality assurance auditing of patients records.

This criterion is met.

Rule 272-2-.09(1)(b)7(viii): Written policies and procedures for utilization review consistent with State, Federal and accreditation standards. This review shall include review of the medical necessity for the service, quality of patient care, and rates of utilization.

The applicant has provided documentation in written policies and procedures to satisfy the requirements of this rule.

This criterion is met.

Rule 272-2-.09(1)(b)7(x): All ambulatory surgical services will be performed within five miles of at least one full service hospital with which it has a written formal patient transfer agreement, including a provision that assures that said patients will be admitted; or the medical director of the program or the physician performing the surgery will have full admitting privileges at said hospital; and that ambulance transportation is available within a 15-minute response time.

The proposed ambulatory surgery center is located next door (within five miles) to St. Joseph's Hospital of Atlanta, where RSC has a written transfer agreement and where all RSC physicians have full staff and admitting privileges. The applicant documented that ambulance response time is within 15-minutes.

This criterion is met.

Rule 272-2-.09(1)(b)7(xiv): Provide all information requested by the State Agency. In accordance with 272-2-.05, an application will be considered incomplete unless all periodically requested information such as the latest Joint Hospital Questionnaire or survey on ambulatory surgical services has been completed and returned to the State Agency. This includes any parent company and all of their facilities in the state when that is applicable. When the applicant or the parent company of the applicant has previously offered services in Georgia, the previous performance on all criteria and standards will be assessed.

000424

The applicant has agreed to provide all of the information requested by the Agency.

This criterion is met.

Rule 272-2-.08(1)(b)1: The proposed new institutional health services are reasonably consistent with the relevant general goals and objectives of the State Health Plan.

The proposed project is consistent with the Component Plan on Ambulatory Surgery Services which includes a section on physician-owned limited purpose ambulatory surgery centers. The Component Plan States that physician-owned limited-purpose ambulatory surgery centers are justified if they can assure improved access to less costly, high quality services. The guidelines contained in the Plan are similar to the specific standards, Rule 272-2-.09(1)(8), which were addressed previously. The applicant has met all of the requirements specified under those rules.

This criterion is met.

Rule 272-2-.08(1)(b)13: The proposed new institutional health service fosters improvements or innovations in the financing or delivery of health services; promotes health care quality assurance or cost effectiveness; or fosters competition that is shown to result in lower patient costs without a loss of the quality of care.

The rationale for the exemption for office-based ambulatory surgery centers contained in the State Health Component Plan states that they may be justified if improved access to less costly high quality services can be assured. If an office-based ambulatory surgery center is able to meet the specific standards, it is considered a cost-effective means of providing ambulatory surgery services. The applicant has met the requirements for developing a physician-owned, limited purpose ambulatory surgery center.

This criterion is met.

Rule 272-2-.08(1)(b)7: The new institutional health service proposed is reasonably financially and physically accessible to the residents of the proposed service area and the applicant assures there will be no discrimination by virtue of race, age, sex, handicap, color, creed or ethnic affiliation.

The proposed facility is physically accessible to residents of the service area. The applicant has assured that it will not discriminate in its admission practices and has made a commitment to serve indigent patients.

This criterion is met.

Project No. GA. 098-92 The Resurgens Surgical Center

11

Rule 272-2-.08(1)(b)3: Existing alternatives for providing services in the service area the same as the new institutional health service proposed are neither currently available, implemented, similarly utilized, nor capable of providing a less costly alternative, or no Certificate of Need to provide such alternative services has been issued by the Planning Agency and is currently valid.

There are no alternatives that would allow RCS to become designated as an ambulatory surgery center. This proposal represents a less costly alternative for providing ambulatory surgical services.

This criterion is met.

Rule 272-2-.08(1)(b)4: The project can be adequately financed and is, in the immediate and long term financially feasible.

The applicant has been performing orthopedic surgery procedures in its current location since 1991. The applicant estimates 720 and 1,080 procedures in the next two calendar years of operation (1993 and 1994) based on change-over (due to insurance availability) estimates of 24% and 36% of facility operating room capacity. This is stated as a conservative estimate based on the history of total procedures of seven surgeons, both in the facility and in other area hospitals. Charges are expected to average \$1,800 and \$1,900 for 1993 and 1994 respectively. As an ASC, this volume is estimated to produce revenue over expenses of \$14,234 in the second year of operation. As previously stated, the applicant's charges are lower than other charges at existing ASC programs in the service area of the applicant. As previously stated, the financial projections include a 3% (of AGR) indigent care commitment.

This criterion is met.

Rule 272-2-.08(1)(b)5: The effects of the new institutional health service on payors for health services including governmental payors, are not unreasonable.

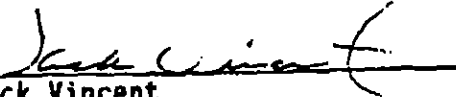
The proposed charges are reportedly lower than those indicated for the other ambulatory surgery centers/programs in the geographic service area. The proposed facility would provide some patients and payors with a less costly alternative for outpatient surgery.


This criterion is met.

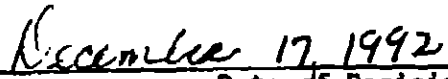
It is the decision of the State Health Planning Agency to ISSUE a Certificate of

000426

It is the decision of the State Health Planning Agency to ISSUE a Certificate of Need to The Resurgens Surgical Center in Atlanta, Fulton County for the establishment of a physician-owned, limited purpose ambulatory surgery center restricted to orthopedic surgery procedures.

  
Jack Vincent  
Review Analyst

  
Pamela S. Stephenson  
Director, Regulatory Review

  
Date of Decision

000427

