

State of Nevada
Department of Health and Human Services
Letter of Approval Application Form

Section I. APPLICANT IDENTIFICATION AND CERTIFICATION

- 1.1.1 *Identification of Legal Applicant:* Identify the applicant as defined in NAC 439A.240: *a natural person, trust, estate, partnership, corporation (including an association, joint stock company and insurance company), state, political subdivision or instrumentality or a legal entity recognized by the State.*

Applicant Name: Pahrump Community Health Center, LLC (the “***Applicant***”)
Address: Southwest corner of Lola Lane and W. Basin Avenue, Pahrump, Nevada, 89048
(street address not yet assigned to the parcel).

1.1.2 *Project Information*

Project Title: Pahrump Community Health Center (the “***Project***”)

1.1.3 *Description of Legal Applicant*

a. Type of Organization

- | | |
|---|--|
| ☐ Private for Profit Corporation | ☐ Limited Partnership |
| ☐ Public for Profit Corporation | ☐ State Organization |
| ☐ Private Non-Profit Corporation | ☐ County Organization |
| ☐ General Partnership | ☒ Other (Specify): Limited liability company |

b. If a corporation, indicate where and when incorporated:

The Applicant is a Nevada limited liability company that was formed on March 23, 2020.

c. Identify principals having 25% or more ownership:

Name of Individual	Percentage Owned
MW Building, LLC	49.0%
J. Crawley LLC	27.0%

d. If a corporation, attach an appendix labeled Appendix A with a list of the chairman, directors and officers. If a partnership, attach an appendix labeled Appendix B with a list of general and limited partners, if any.

Please see attached **Appendix B.**

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1.4 Contact Person: Identify the individual designated as the contact person who will receive all notices and communications pertaining to this application.

Name: David Kilper
Title: Managing Director
Organization: Community Health Development Partners, LLC
Address: 222 Meramec Ave., Suite 202-1002, St. Louis, MO 63105
Office Phone: 314-356-2309
Cell Phone: 314-477-3432
Email Address: David.Kilper@communityhdp.com

Certification and Signature: This section should be completed and signed by the person who is authorized to commit the applicant to the project and to the expenditure of funds.

In accordance with NRS 439A.100 and the accompanying regulations, I hereby certify that this application is complete and correct to the best of my knowledge and belief. I understand that the applicant for a letter of approval has the burden of proof to satisfy all applicable criteria for review. I also understand that this application and all information submitted is public information and will be made available for public review and inspection.

Printed Name: David Kilper

Title: Managing Director

Signature:  Date: 7/12/2021

Submit the original and four (4) copies along with a check for \$9,500 payable to the Department of Health and Human Services for the application fee to:

**Primary Care and Health Workforce Development Office
4150 Technology Way, Suite 300
Carson City, NV 89706**

Note: NAC 439A.595 states that the applicant for a letter of approval has the burden of proof to satisfy all applicable criteria for review contained in NAC 439A.637, inclusive.

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Section II. PROJECT DESCRIPTION

2.1 Project Summary:

The Applicant is developing a 17,200 square foot, state-of-the-art, multi-disciplinary surgery and health center (the “**Project**”) in Pahrump, Nevada. The Project will provide a wealth of services tailored to the community’s needs. Given its smaller size, the Project is able to provide much more cost-efficient care that focuses on improved patient outcomes and is able to adapt to meet their community’s changing needs. This 22-bed facility in Pahrump will have the capacity to serve up to 4,900 patients per year. Partnering with local doctors and healthcare professionals, the Applicant will develop the Project which will contribute to revitalizing the area through job creation and improved community health. The Project will directly address the immense health disparities suffered by the Pahrump community in comparison to communities with more choices in healthcare.

The Project has been designed to meet the most pressing needs of the Pahrump community and will offer a broad range of medical services, including orthopedic, general surgery, neurology, spine, pain management, ear nose and throat specialties, ophthalmology, and cardiology. Surgical care has become an essential treatment modality and is an integral component of primary care. While this reliance on specialty care has brought improved outcomes, it has done little to improve healthcare equity. Because of the expense and complications of initiating a surgical center like the Project, many communities lack access to high-quality surgical care throughout large portions of our country. The Project has the chance to change this pattern in the Pahrump community.

The need for the Project is made clear throughout this application and is repeatedly demonstrated in the public record, including in the Nevada Department of Health and Human Services (“**DHHS**”) 2019 Nevada State Health Needs Assessment (“**Needs Assessment**”), and through the report of national healthcare consulting group, Advis Healthcare Consultants. In the Needs Assessment, key informants cited lack of specialty care as the primary barrier to quality healthcare in the area, while also citing increasing specialty care infrastructure and providers as the solution to the problem. The report revealed that, over a three-year period, 15,099 Nye County residents left the county to receive care, the vast majority of whom went to Clark County. This translates to at least 77 percent of Nye County patients leaving the county to receive care due to a lack of high-quality, affordable care in their community. This trend forces individuals from their rural communities to receive care at urban health centers instead of cultivating healthcare and related jobs in their own communities. Left unchanged, this pattern will only further widen the disparity in health care access between rural and urban communities. In the Needs Assessment, over 50 percent of Nye County respondents identified access to healthcare as their priority health issue. They also cited lack of transportation as a primary obstacle to that goal, showing that traveling long distances to receive care is an unfeasible solution.

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2.2 Project Capital Expenditure Estimates:

Total dollar amount	\$16,410,927
For new square footage only	\$16,410,927

2.3 Project Location:

Project Location	Pahrump, Nevada
Address	Southwest corner of Lola Lane and W. Basin Avenue, Pahrump, NV 89048 (street address not yet assigned to the parcel)

- a. Attach an appendix labeled Appendix C with documentation of ownership, lease or option to purchase.**

Please see attached **Appendix C**. The Applicant has acquired the property.

- b. Attach an appendix labeled Appendix D with a location map which includes street names and a facility plot plan and/or schematic.**

Please see attached **Appendix D**.

2.4 Project Schedule: Complete the following schedule for the proposed project.

Step	Target Date
Use permit	N/A
Building permit	1/15/2022
Groundbreaking/construction begins	2/1/2022
Construction ends	1/15/2023
Entire project completed	2/15/2023
Licensing & certification	2/15/2023
Services begin	3/15/2023

2.5 Project Organization and Planning:

- a. Attach an appendix labeled Appendix E with an organization chart(s) showing lines of managerial and fiscal responsibility for all individuals and entities involved in this project. Show the proposed project's place in its parent organization, if appropriate.**

Please see attached **Appendix E**.

- b. Describe the process by which this project was developed.**

Community Health Development Partners, LLC ("**CHDP**") develops healthcare infrastructure in rural, low-income, and other underserved communities. CHDP is currently developing a

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similar project in Elko County, Nevada, which is another area in need of additional high-quality medical care. A group of physicians from Pahrump, NV heard about this project from physicians in Elko and contacted CHDP to highlight the need for a similar project in Pahrump. The physicians cited a lack of specialty services and the current practice of having patients travel significant distances to receive surgical and specialty care. Based on this need, CHDP contracted with the national healthcare consulting company, Advis Healthcare Consultants, to further explore the needs of the Pahrump community. Advis' research indicated a substantial need for, and financial feasibility of, providing such services in Pahrump. As a result, CHDP began its exploration of developing a surgery center in Pahrump.

Section III. NEED FOR THE PROJECT TO BE UNDERTAKEN

Pursuant to NAC 439A.605, the applicant must demonstrate that the population to be served has a need for the project to be undertaken based upon:

3.1 Project Service Area and Population

a. Identify the proposed service area.

Nye County, Nevada.

b. Identify the total population for the proposed service area and estimate the number of persons who will have a need for the proposed project. Use a population projection for the year which is five years from the year that the application is filed. Population projections are available from the State Demographer. If other estimates are used, cite the source of such information and show the method used to derive the estimates.

Based on the five-year population projections issued by the Office of the State Demographer for Nevada, the population for Nye County in 2019 was 65,750. The population is expected to increase by over 10% over the next decade, which will further exacerbate the shortage of medical care in the area. Nye County has significant unmet surgical demand, as evidenced by expert analysis conducted by DHHS in the Needs Assessment and Advis Healthcare Consultants. Based on these projections, the Project expects to serve up to 4,900 Pahrump residents per year to fill this unmet need by providing surgical care, non-surgical procedures and other patient visits. Additionally, CHDP's partner nonprofit, Community Health Development Foundation ("**CHDF**"), will serve a projected 3,100 additional residents by providing patient navigation services and hosting health and wellness programming that is tailored to the local community.

3.2 Existing Providers of Similar Services:

Provide information regarding existing providers of services similar to those proposed in this application. Explain the assumption that existing providers will not be able to meet the projected needs of the target population.

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The only existing provider of surgical care in the area is Desert View Hospital (“*DVH*”) which does not meet the needs of the Pahrump community. DVH performs approximately 700 surgeries annually.

The Department of Health and Human Services Recent Assessment of Need in Nye County

DHHS recently completed the Needs Assessment to “identify needs and priorities for Nevadans, recognizing that health behaviors and health outcomes are influenced by a dynamic, interrelated, and complex relationship of social, cultural, and systemic factors that cannot be evaluated or addressed in isolation.”

In the Needs Assessment, DHHS identified the most pressing needs of communities throughout Nevada and established priorities to address local concerns and improve health care outcomes, including Access to Health Care; Income, Employment; Housing and Poverty; and Chronic Diseases. In Nye County, key informants cited lack of specialty care as the primary barrier to quality healthcare in the area. They also cited increasing specialty care infrastructure and providers as the most promising solution to the problem. Similarly, a Community Survey conducted as part of the Needs Assessment reported that over 50 percent of Nye County respondents identified improved access to healthcare as a priority health issue. These responses are echoed by another statistic in the Needs Assessment: more than 15,000 Nye County residents (77 percent of total patients in the area) traveled two or more hours roundtrip to receive inpatient care between 2016 and 2018. This trend clearly demonstrates that Nye County residents must travel to other communities to obtain necessary care, and that neither the current nor future needs of Nye County residents can be met by existing providers.

Because the burdens of traveling for healthcare are significantly higher for low-income residents, this outmigration of patients increases both the cost of healthcare and the likelihood that residents will forego necessary care altogether. The Project will directly address these identified needs by creating a convenient, local option at which Nye County residents can obtain specialty without driving long distances.

General Review of Unmet Surgical Demand

CHDP engaged the national healthcare advisory and consulting firm, Advis Healthcare Consultants, to evaluate the need for the proposed facility in Pahrump. Advis issued a report detailing their findings, including the following relevant conclusions:

1. DVH is the only provider of outpatient surgeries in the area. Over 77 percent of Nye County residents travel outside of the area for outpatient surgeries. As shown in Table 1, there is a significant disparity in the proportional number of surgeries that are performed in Nye County when compared to the surgeries performed in the average Nevada County.

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Table 1 Percentage of Insured Population by Payer who Require Surgeries			
	Medicare	Medicaid	Other
<i>Nye County</i>	6.7%	0.7%	0.3%
<i>State County Average</i>	31.2%	9.9%	11.6%

2. Based on the number of surgeries actually performed in Nye County and the percentage of the insured population who require surgeries, Advis determined that Nye County has an unmet need for surgeries of approximately 6,100 surgeries per year, as shown in Table 2.

Table 2 Volume of Unmet Surgical Need by Payer Class				
	Medicare	Medicaid	Other	Total
<i>Nye County, NV</i>	2,000	1,300	2,800	6,100

3. Of the 6,100 unmet surgeries in Nye County per year, Advis determined the top five surgical categories with unmet demand, as shown in Table 3.

Table 3 Nye County - Number of Surgeries Needed in Top 5 Surgical Categories		
	Number	Percentage
Musculoskeletal (orthopedic, spine and podiatry)	1,521	24.9%
Integumentary (skin and plastics)	1,200	19.7%
Urinary	983	16.1%
Digestive	878	14.4%
Cardiovascular	316	5.2%

Note: The Project is not planning on offering Integumentary surgical procedures and, as such, are expecting to fill an unmet need of up to 4,900 surgeries annually.

Proximity of Other Providers

Other than DVH, the next closest facility offering some similar services to the Project is located approximately 48 miles from Pahrump. The largest facility to provide similar services is approximately 60 miles from Pahrump. More than 77% of patients from Pahrump travel to Las Vegas, NV to receive outpatient surgical care, representing an approximate 100 mile round trip in an area where many patients report a lack of access to transportation.

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Table 4 Approximate Distance of Similar Providers	
	<i>Approximate Distance</i>
Spring Valley Medical Center	52 miles
Summerlin Hospital	59 miles
Southern Hills Hospital	48 miles
UMC of Southern Nevada	60 miles

Section IV. FINANCIAL FEASIBILITY

4.1 Capital Expenditures:

Cost	Total Project	Portion @ New Square Footage
Architectural & engineering cost	\$400,000	\$400,000
Site development	\$2,223,375	\$2,223,375
Construction expense	\$6,309,722	\$6,309,722
Fixed equipment (not included in construction expense)	\$2,730,000	\$2,730,000
Major medical equipment	\$3,000,000	\$3,000,000
Other equipment and furnishings	\$950,000	\$950,000
10% Contingency	\$1,747,830	\$1,747,830
TOTAL PROJECT COST	\$16,410,927	\$16,410,927

4.2 Proposed Funding of Project:

Funds available as of application filing date: \$16,410,927

Attach in an appendix labeled Appendix F with evidence that funds are available

- The Applicant has secured financing from several “community development entities” or “CDEs” approved by the United States Department of the Treasury and the State of Nevada’s Department of Business and Industry to provide an investment for the project pursuant to the Nevada New Markets Jobs Act and the Federal New Markets Tax Credit (“NMTC”) Program. The Applicant will receive an estimated net equity benefit from the NMTC investment in the amount of \$2,424,457. These funds have been advanced by the CDEs and will be made available to the Project contingent on DHHS’ approval of this application, issuance of the Certificate of Need, and Project evaluation and approval.
- The Applicant will partner with Stryker Corporation, a leading global medical device and technology company, to finance required equipment purchases in the approximate amount of \$2,730,000.

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- The Applicant will borrow \$7,000,000 from Banc Central National Association.
- The Applicant will raise equity capital from participating physicians and non-physician investors in the approximate amount of \$2,500,127.

Please see evidence of availability for the Project financing attached as **Appendix F**.

4.3 Long-Term Financing:

a. Identify the anticipated source(s) of long-term financing.

The Applicant has secured term sheets for the balance of the financing for the Project, including \$2,730,000 for equipment financing provided by Stryker Corporation, and \$7,000,000 from Banc Central National Association.

b. Check anticipated debt instrument.

☒ Mortgage ☐ Bonds ☐ Other (Specify):

c. Will the proposed long-term loan refinance the construction loan?

☐ Yes ☒ No

4.4 Project Financing

a. Provide information regarding the construction financing. Note that “financing” includes all project capital expenditures regardless of funding source.

Construction Financing:

Funding	Amount	Percent of Total
From applicant's funds	\$6,680,927	40.7%
Amount to be financed	\$9,730,000	59.3%
Total capital expenditures	\$16,410,927	100%

b. Construction loan information

The term of the financing will be seven years spanning construction, stabilization, and operations.

c. Provide information about existing short and long-term loans not related to the proposed project that are held by the applicant.

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The Applicant does not have nor will have debt that is not related to the proposed Project.

4.5 Financial Sustainability: NAC 439A.625 requires the applicant demonstrate that it will be able to operate in a manner which is financially feasible as a result of the proposed project without unnecessarily increasing the cost to the user or payer for health service provided by the applicant.

Explain how the proposed facility is expected to become financially self-supporting within 3 years after completion or, if the new construction is an addition to an existing facility, that the financial viability of the existing facility will not be adversely affected by the proposed project.

Given the demonstrated unmet surgical need in Nye County and the expected referrals from participating physicians, the Applicant expects the Project to be financially self-supporting within the first year of operations.

As described above, the Applicant estimates an unmet surgical demand in Nye County of approximately 4,900 surgeries per year. This figure does not include referrals from surrounding counties that would otherwise be performed by surgery centers in Las Vegas. Conservatively, if the Project performs 4,000 surgeries per year, the Applicant will have monthly net profit by the fourth month of operations and an aggregate net profit by the fifth month of operations.

The Applicant will maintain a significant operating reserve of approximately \$3 million. This reserve will allow the Project to successfully manage any delays or unevenness in cash flows during the first six months of operations. For example, this level of operating reserve would allow a fully staffed and supplied Project to operate with zero revenue for approximately three months.

Given the identified unmet surgical need, and the fact that as many as 77% of Nye County residents leave the county to obtain surgeries, the financial viability of the existing facility in the area will not be impacted; the Project intends to fill a need that is not currently met by, or generating revenue for, the local hospital.

4.6 Financial Feasibility: Provide a response to each of the following criteria related to financial feasibility.

a. The ability of the applicant to obtain any required financing for the proposed project;

The Applicant has secured all required sources of funding for the Project on favorable terms, which will allow the Applicant to maintain a financially viable Project. The NMTC financing has closed, and all remaining amounts will be funded in connection with the financial closing, which is planned to occur upon receipt of approval of this Application.

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b. The extent to which the proposed financing may adversely affect the financial viability of the applicant's facility because of its effect on the long-term and short-term debt of the applicant;

The Applicant projects that it will be able to cover the debt financing required to construct and fit out the proposed Project with net income from operations.

c. The availability and degree of commitment to the applicant of the financial resources required to operate the proposed project until the project or the applicant's facility becomes financially self-supporting;

The Applicant will maintain a significant operating reserve in the approximate amount of \$3 million, which will provide the necessary financial resources for the Project to hire and train staff and to operate and pay all expenses for three months, even if the Project produces limited revenue.

d. The relationship between the applicant's estimated costs of operation, proposed charges and estimated revenues;

See attached **Appendix J** for an as-stabilized proforma and procedure detail.

e. The level at which the affected health services of the applicant must be used for the applicant to break even financially and the likelihood that those levels will be achieved;

Table 5 below demonstrates the anticipated financial break-even point for the Project, conservatively assuming a slow increase in the number of procedures over the first 12 months for a total of 2,200 annual surgeries (as compared to the current estimated demand of 4,900 unmet surgeries).

Table 5					
Pahrump Community Health Center, LLC - Break Even Analysis					
	<i>3/15/23</i>	<i>4/15/23</i>	<i>05/15/23</i>	<i>06/15/23</i>	<i>07/15/23</i>
Cases per Month	0	20	40	60	80
Average Revenue Per Case	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Revenue Per Month	\$ -	\$ 120,000	\$ 240,000	\$ 360,000	\$ 480,000
Fixed Expenses Per Month	\$ 135,250	\$ 189,350	\$ 243,450	\$ 270,500	\$ 324,600
Monthly Profit/Loss	\$ (135,250)	\$ (69,350)	\$ (3,450)	\$ 89,500	\$ 155,400
Total Profit/Loss	\$ (135,250)	\$ (204,600)	\$ 208,050)	\$ (118,550)	\$ 36,850

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As Table 5 demonstrates, even with the conservative assumptions noted above, the Applicant should break-even on a monthly basis by the fourth month of operations and should break-even on a cumulative basis by the fifth month of operations.

f. Whether the applicant's projected costs of operation and charges are reasonable in relationship to each other and to the health services provided by the applicant.

As discussed throughout this application, surgery centers such as the Project charge substantially less than hospitals for surgeries and other procedures. Using common orthopedic procedures as an example, the chart below illustrates these cost savings:

HCPCS Code	HCPCS Descriptions	ASC	HOSPITAL	Difference
26145	Synovectomy, Tendon Sheath, (Tenosynovectomy), Flex or Tendon	\$705.07	\$1,313.34	186%
64721	Carpal Tunnel Release	\$781.71	\$1,631.48	209%
26445	Tenolysis Extensor Tendon, Hand or Finger	\$1,256.79	\$2,623.34	209%
25295	Release Wrist/Forearm Tendon	\$1,256.79	\$2,623.34	209%
20680	Removal Hardware, Deep	\$1,078.70	\$2,378.29	220%
14040	Adjacent Tissue Transfer (Forehead, Cheeks, Chin, Mouth, Neck, Axillae, Genitalia, Hands/Feet)	\$797.93	\$1,548.96	194%
26055	Trigger Finger Release	\$705.07	\$1,313.34	186%
25118	Synovectomy, Extensor Tendon Sheath, Wrist	\$705.07	\$1,313.34	186%
26011	Drainage Of Finger Abscess	\$547.17	\$1,375.50	251%
26593	Release Muscles Of Hand	\$1,256.79	\$2,623.34	209%
26113	Excision Mass Hand/Finger, Sub fascial 1.5 cm or Greater	\$547.17	\$1,375.50	251%

g. Whether the projected revenues to be received by the applicant are likely to be from governmental programs if the applicant will be eligible for reimbursement from those programs.

The Applicant expects a mix of payors for the patients of the Project. The Applicant anticipates contracts with major insurance carriers for private insurance plans and will accept government sponsored insurance programs such as Medicare and Medicaid.

Source	Percentage
Medicare	31%
Medicaid	17%
Commercial	42%
Worker's Compensation	4%
Self-Pay/Other	6%

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4.7 Ability to Support Operations:

a. Identify the source and amount of funds committed to the applicant which may be required to operate the proposed project or the applicant's facility until such time as the project becomes financially self-supporting.

The Applicant will maintain a working capital reserve in the approximate amount of \$3 million. The amount of this reserve will allow the Applicant to pay pre-operating and operating expenses for at least three months even if the Applicant generates limited revenue during that period. As discussed in detail below, based on expected physician participation and case information, the Applicant expects to quickly generate significant revenue, which should make the Project self-supporting within four months of operations.

b. If an existing facility, attach an appendix labeled Appendix G with copies of financial statements for the three preceding fiscal years including statements of revenues/expenses and balance sheets.

N/A – the Project will be newly constructed.

c. For a new facility, attach an appendix labeled Appendix H with a pro-forma revenue/expense statement for each of the first three full years of operation of the proposed project.

Please see attached **Appendix H**

4.8 Bed Information:

Existing number of licensed beds	0
Number added by new construction	4 operating room beds 2 procedure room beds 16 recovery room beds
Conversion from other use	0
Number to be removed	0
Projected number of licensed beds	22

4.9 Line Drawings: Attach an appendix labeled Appendix I with scale drawings of all new construction and/or remodeling.

Please see attached **Appendix I**.

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Section V. EFFECT ON COSTS TO CONSUMER OR PAYOR

5.1 *Effect on Cost of Healthcare:* NAC 439A.635 requires the applicant demonstrate that the proposed project will not have an unnecessarily adverse effect on the cost of health services to users or payers.

Explain how the proposed project will result in a significant savings in costs to users or payers without an adverse effect on the quality of care.....

Payers

The Project will result in significant cost savings to users and payers and improve quality of care. Surgery centers such as the Project provide quality care at a fraction of the cost of hospital outpatient departments (“*HOPDs*”) by operating with lower overhead costs and focusing solely on the efficient treatment of patients with specialized staff. As the nation continues to focus on driving down the costs of health care, health centers such as the Project are a proven vehicle to achieve cost savings for patients and payers. Current research demonstrates that outpatient surgery procedures provided in a smaller setting outside of a hospital is less costly, more efficient, and more convenient for patients.

Research has shown that surgery centers provide better care at lower costs than hospitals for appropriate patients.¹ Indeed, the study found procedures performed in surgery centers take an average of 31.8 fewer minutes than those performed in hospitals—a 25 percent difference relative to the mean procedure time. Higher-risk patients were found to have 2.5 percent fewer readmissions when treated in a surgery center versus a hospital, and patients were less likely to visit an emergency department or be admitted to a hospital following an outpatient surgery when treated in a surgery center rather than a hospital. These findings demonstrate the high level of quality care in the ASC (surgery center) setting. The chart in 4.69(f) shows the difference in reimbursement rates of the surgery center and hospitals.

Users

Surgery centers also reduce out-of-pocket expenses for patients by generally charging lower rates than hospitals for surgical procedures. As stated by the Ambulatory Surgery Center Association (“*ASCA*”):

“On average, the Medicare program and its beneficiaries share in more than \$2.6 billion in savings each year because the program pays significantly less for procedures performed in ASCs when compared to the rates paid to hospitals for the same procedures. Accordingly, patient co-pays are also significantly lower when care is received in an ASC. If just half of the eligible surgical procedures moved from hospital outpatient departments to ASCs, Medicare would save an additional \$2.4 billion a year or \$24 billion over the next 10 years.

¹ **Munnich E., Parente, S.** Procedures Take Less Time At Ambulatory Surgery Centers, Keeping Costs Down And Ability To Meet Demand Up **Health Affairs Vol. 33, Issue 5, May 2014**

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Likewise, Medicaid and other insurers benefit from lower prices for services performed in the ASC setting.”

The Medicare Payment Advisory Council (“**MedPac**”) also stated in report to Congress that:

“ASCs can offer greater convenience to patients and providers. In addition, program spending and beneficiary cost sharing are lower in ASCs than in HOPDs on a per service basis. Therefore, a migration of surgical services from HOPDs to ASCs could reduce aggregate program spending and beneficiary cost sharing.” (MEDPAC: Report to Congress: Medicare Payment Policy, Section 2C: Ambulatory surgical centers March 2010).”

Research has confirmed these MedPac projections. Drs. Brent Fulton and Sue Kim concluded that ASCs saved the Medicare program and its beneficiaries \$7.5 billion from 2008 to 2011. They also noted that \$1.5 billion of these savings went directly to Medicare beneficiaries due to lower cost sharing requirements in the ASC. Although the researchers focused on the Medicare program, they also noted that because ASCs generally “charge private payers less than their hospital outpatient department counterparts, similar savings also exist in the commercial health market.” (Medicare Savings Tied to Ambulatory Surgery Centers, University of California-Berkley School of Public Health, September 2013).

Further, because the burdens of traveling for healthcare are significantly higher for low-income residents, this outmigration of patients increases both the cost of healthcare and the likelihood that residents will forego necessary care altogether. The Project will directly address these identified needs by creating a convenient, local option at which Nye County residents can obtain specialty without driving long distances.

.....or, if the proposed project will not result in a significant savings in costs to the user or payer for health services, the extent to which costs of the service are justified by:

Although the Project will result in significant savings in costs to the user and payer for health services, responses to the additional questions below demonstrate the significant additional benefits the Project provides to the service area.

a. A clinical or operational need.

As discussed throughout this application, Nye County has an unmet surgical need of approximately 4,900 surgeries per year. The Applicant anticipates serving a significant majority of those patients in Pahrump each year.

b. A corresponding increase in the quality of care.

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Surgery centers such as the one proposed here result in high patient satisfaction and outcomes. As required by Nevada law and to ensure the highest quality of care, the Applicant will maintain the following surgery center governance. Prior to opening, the Applicant will establish the following:

1. A Quality Assurance and Performance Improvement (“**QAPI**”) committee ensures services are meeting quality standards. This committee follows an established process that uses data on surgery center activity to evaluate quality and make recommendations to improve the quality of services provided. These recommendations are evaluated by the Medical Executive Committee. Committee members include surgery center staff that provide day-to-day care.
2. A Medical Executive Committee (“**MEC**”) reviews recommendations from the QAPI committee and decides on which recommendations to advance to the Governing Body for decision. The MEC also reviews doctor credential applications and advances recommendations to the Governing Body for decision. The MEC is comprised of a representative from each specialty that the surgery center provides.
3. A Governing body, which is comprised of an odd number of people and includes the Medical Director and representatives from ownership, accounting, and legal, decides on recommendations from the MEC.

c. A significant reduction in risks to the health of the patients to be served by the applicant.

Surgery centers such as the Project provide a smaller, more efficient surgical environment which enables reduced health risks and control of infections. For example, The Centers for Disease Control and Prevention found that, in 2010, approximately 8.95 in 1,000 patients developed a surgical site infection in the hospital setting, as compared to only 4.84 per 1,000 patients in the surgery center setting. A significant reason for this difference is that patients in a surgery center remain at the facility only for surgery and, as a result, run a much lower risk of getting an infection from other patients within the facility. Hospitals need to contend with and control much more disease and infection, which inevitably makes the infection rates higher in the hospital setting.

Surgery centers can operate in a more efficient manner with specialized staff, which allows each patient to be under anesthesia for a shorter period of time. Removed from the hospital setting, ASCs allow surgeons to be more efficient due to faster room turnover, specialized focuses, and designated surgical times that are not impacted by emergent and trauma cases – many of which create longer wait times for patients. ASC services also result in higher patient satisfaction: a 2008 Press Ganey survey found an average patient satisfaction of 92 percent for care and service in ASCs. (Press Ganey Associates, “Outpatient Pulse Report,” 2008.)

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Certain high-risk patients will still need to go to a hospital to obtain a procedure, even if the Project offers the required surgery or procedure. All patients will need to receive a strict and thorough medical screening to ensure that the patient's health supports receiving surgery at the Project. Although DVH is located in close proximity to the Project and a short transfer on an emergency basis is certainly feasible, the Project will not operate on high-risk patients that have an increased risk of complications that may require emergency care.

5.2 *Effect on cost*: Provide a response to the following criteria related to the effect on costs.

a. The added costs to the applicant resulting from any proposed financing for the project.

The Applicant is able to limit the debt required to finance the project with equity generated from New Markets Tax Credit financing, physician and investor equity, and financing related to major medical equipment.

b. The relationship between project costs of construction, remodeling or renovation and the prevailing cost for similar activity in the area.

The new facility will develop approximately 17,200 square feet surgical center on what is now a vacant lot. Aside from the substantial price increases caused by labor and materials shortages in the wake of the COVID-19 pandemic, construction costs are consistent with other healthcare facilities in similar markets.

c. The health or other benefits to be received by users compared to the cost to users or payers resulting from the proposed project.

Improved Access to Healthcare

Currently, Pahrump residents have only one choice for surgery and related specialty healthcare – DVH. In the absence of meaningful competition, facilities like DVH can profit heavily from high reimbursement rates and prosper regardless of patient outcomes.

One of the most effective ways to reduce healthcare disparities and lower mortality rates in areas like Pahrump is to develop additional infrastructure. As a new entrant into the Pahrump healthcare market, the Project will fulfill critical needs for specialty care, make quality, affordable care more accessible, and give patients a choice of providers.

In contrast to large hospitals like DVH, multi-specialty health centers like the Project are smaller outpatient facilities that tailor services to their communities' needs. Their smaller size empowers them to provide quality care at a fraction of the cost, offer more convenient healthcare options, and focus on improving patient outcomes. The more intimate setting also helps patients feel more connected to their care, which often leads to greater engagement in both preventative and early-detection measures.

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Currently, a significant and disproportionate number of Nye County patients (77 percent) are leaving the area and traveling long distances to obtain non-emergency care. While this is common in rural counties that lack convenient access to high-quality care, the sheer number of Nye County patients forced to travel for surgical care is alarming. The Project can fill this critical need and provide a local option for residents who choose not to go to DVH for medical procedures.

The healthcare industry has changed considerably as a result of COVID-19. Healthcare facilities such as the Project are vital to the health and safety of patients and allow patients to avoid receiving medical care in a hospital environment, where infection and contagious diseases pose a much greater risk. Surgery centers such as the Project provide a safer, smaller, and more controlled environment. This allows patients to receive care without the fear of contracting an infectious disease.

The COVID-19 pandemic also illustrated the critical need of developing healthcare infrastructure that is accessible and diverse, a cause that has become a primary focus of state and federal funding. Stretching hospital capacities during the COVID-19 crisis caused many hospitals to delay all “elective” procedures. Given the backlog of procedures that have resulted from the delay, critical medical procedures may be delayed for a year or more. Even if these procedures are classified as “elective,” such a delay is very significant for the mental and physical health of patients. Surgery centers provide communities with options for obtaining critical care even when the capacities of larger hospitals are constrained.

Job Creation

The Project anticipates creating 26 direct, quality full-time equivalent (“*FTE*”) jobs within the first two years, including nurses, technicians, and support staff. Those positions will have an estimated average annual wage of \$57,000, and approximately 31% of those positions will be entry-level positions that are accessible to residents of the surrounding low-income community. 100% of the permanent jobs created will be quality jobs that include benefits such as retirement savings plus employer match, health, dental, and vision insurance, life insurance, short-term and long-term disability, paid time off, tuition reimbursement and job training.

In addition to permanent FTEs, the Project will create an estimated 89 temporary construction jobs, as well as 145 indirect jobs (estimate = 17 part-time physicians multiplied by 17.07 indirect jobs per physician)² at ancillary business that support it.

All job estimates are based on consultations with our healthcare consultants and management company.

² <https://www.ama-assn.org/sites/ama-assn.org/files/corp/media-browser/public/2018-ama-economic-impact-study.pdf>, page 5.

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Community Engagement

Each year, the Applicant will donate a portion of the Project's annual profits to CHDP's partner nonprofit corporation, the Community Health Development Foundation ("**CHDF**"). CHDF works to improve the healthcare of rural and underserved communities. Recognizing that the communities we live in significantly affect all aspects of our health, CHDF was created to apply the best of evidence-based practices and technology to meet communities unmet social and preventive needs. CHDF will provide several health-related services to the community, including creating a patient referral network; offering patient navigation services; and hosting free health and wellness programs and health screenings for the entire community.

Leading with Community: CHDF and the Project will form a Patient Advisory Board in Pahrump to help ensure that the services provided meet the needs and values of the community. Patients will provide their unique and invaluable perspective to improve healthcare in their community. They also will help inform medical practices based on what they find meaningful and important when they seek medical care. While the Project's services will initially be focused on the community's reported needs, the Patient Advisory Board will help direct future programming and the methods in which it is delivered.

Community Partnership: The Applicant will partner with local community groups to participate in a referral network that features an easy-to-use technological tool for multiple points of referral (provider, community group, and self-referral). The Applicant has engaged NowPow, an industry leader in developing online Social Determinants of Health tools, to build an online platform for Pahrump community. It will allow medical providers and community groups to refer patients to existing community services while also allowing community members to self-refer based on their needs. It also will allow providers to administer the National Association of Community Health Centers' Protocol for Responding to and Assessing Patients' Assets, Risks, and Experiences (PRAPARE) at the point of care.

CHDF will also employ a Patient Navigator in Pahrump who will help residents complete referrals, provide case management services, and provide in-person guidance.

Education: CHDF will partner with local businesses and providers to offer an ever-changing list of classes to community members from the Project site in Pahrump. These evidenced-based classes will cover topics such as heart-healthy eating, becoming an informed patient, seeking alternatives to opioids, and making lifestyle changes to reduce diabetes risk.

Improving Prevention: The Foundation will also offer several cancer-related programs and prevention activities, including caregiver groups and free screening clinics. Through the Foundation, the Project also plans to deploy 1,000 free Fecal Immunochemical Tests ("**FITs**") to the community. FITs help with early identification of Colorectal Cancer, which contributes to elevated mortality rates in Nye County. Based on existing models, the Foundation estimates that for every 1,000 FIT kits completed, 70-100 patients will learn that they require a colonoscopy. Of these, an estimated 25-35 patients will identify polyps before they progress to cancer, and 21 of these patients will identify cancer at an advanced stage. Importantly, for

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every 1,000 patients screened, the Project will be able to identify 10 people with previously undetected cancers whose life may be preserved by this program.

The Project anticipates that the Foundation will advance the wellness of the community and serve approximately 3,100 community members each year.

The CDHF board is comprised of experts in evidence-based medicine as well as behavioral interventions in diverse communities. This expertise will prove especially useful as they attempt to ameliorate the burden of chronic diseases such as heart disease and diabetes – both of which are prime areas for intervention in Pahrump.

The Foundation is led by a diverse group of Directors.

Evelyn P. Whitlock, MD, MPH was the Chief Science Officer at the Patient-Centered Outcomes Research Institute (PCORI), a \$3 billion nonprofit organization authorized by Congress to fund comparative clinical effectiveness research. Prior to joining PCORI, Dr. Whitlock spent almost 25 years as a self-funded, public domain researcher and leader at the Kaiser Permanente Center for Health Research where she was the founding director of the Kaiser Permanente Evidence-based Practice Center. Dr. Whitlock has been a major contributor to the work of the US Preventive Services Task Force (USPSTF) and has guided its methodology and recommendations for almost two decades.

Gloria D. Coronado, PhD is a national leader in research on affordable, long-term solutions to health disparity issues. She leads a well-funded research portfolio that inspires health system leaders to make sensible, evidence-informed choices to engage hard-to-reach populations in life-saving preventive behaviors. Dr. Coronado has developed several innovative, cost-effective interventions to improve rates of participation in cancer screening among patients served by community health centers. Over the course of her career, Dr. Coronado has led over 35 federally funded grants and has published over 180 peer-reviewed manuscripts. She currently serves as a Committee member of the National Academies of Sciences, Engineering, and Medicine on Improving the Representation of Women and Underrepresented Minorities in Clinical Trials and Research.

Matthew “Mateo” Banegas, PhD, MPH is an Associate Professor at the University of California San Diego. Dr. Banegas' research is focused on: (1) understanding the delivery, costs, and value of health care and (2) improving health equity among underserved populations. Currently, he is leading a study to test whether financial navigation can reduce financial hardship among people who have been diagnosed with cancer. Dr. Banegas has conducted numerous studies on the social, economic, and behavioral needs of individuals and their families, and how these needs can affect their overall health. He received his PhD in health services from the University of Washington and completed his postdoctoral fellowship at the National Cancer Institute.

Neva White, DNP, CRNP- BC, CDCES is a nurse practitioner and Executive Director for the Thomas Jefferson University Hospital’s Frazier Family Coalition for Stroke Education

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and Prevention. She has established extensive online diabetes prevention and management programs. Dr. White serves as a certified diabetes care and education specialist on National Institute of Health funded initiatives to address health disparities in underserved areas of Philadelphia. She is the board president for Sugga Mamas Diabetes Prevention and Management, a nonprofit organization that addresses diabetes education and support. She is also a member of Theta Chapter of Chi Eta Phi Nursing Sorority.

Whether alternative methods of providing the proposed service are available which provide a greater benefit for the cost without adversely affecting quality of care.

As discussed throughout this application, the only other setting to receive similar services in the area is at DVH. As also discussed throughout this Applicant, the Project will result in decreased costs and increased quality of care.

5.3 Demonstrate that the proposed project will not have an unnecessary adverse effect on the costs of health services to the user or payer.

As discussed throughout this application, the Project will significantly reduce healthcare costs for both the user and the payer.

Section VI. APPROPRIATENESS

6.1 Location:

a. Describe the location of the proposed project including the time for travel and distance to other facilities for required transfers of patients or transfers in the event of an emergency.

The Project is located at the southwest corner of Lola Lane and W. Basin Avenue in Pahrump, Nevada. In the event of an emergency, the nearest critical access hospital is Desert View Hospital, which is located approximately less than one mile from the Project and would require approximately three minutes of travel time.

b. Describe the distance and the time for travel required for the population to be served to reach the applicant's facility and other facilities providing similar services.

The Project is centrally located in Pahrump at the southwest corner of Lola Lane and W. Basin Avenue, which will allow easy access to both local patients and those who are traveling to the facility from greater distances.

Other than DVH, the closest facility offering similar services to the Project is in Las Vegas, NV, about 48 miles from Pahrump. The Needs Assessment demonstrates that a significant portion of Pahrump patients drive to Las Vegas to receive outpatient surgical care – and that many cite transportation issues as one of the primary obstacles to receiving care, leaving appropriate care out of reach for many.

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c. Describe the nature of and requirements for zoning for the area surrounding the proposed location of the project.

The Project is located in an area that is zoned “general commercial”. The Project is a permitted use within the general commercial zoning designation.

6.2 Effect on existing costs and quality of care: Explain the extent to which:

a. The proposed project is likely to stimulate competition which will result in a reduction in costs for the user or payer.

Establishing additional healthcare providers within the Pahrump region will enhance access to healthcare and increase the quality of surgical services. Currently, Nye County has no similar provider of surgical services outside of a hospital setting. Many members of the healthcare community have expressed significant dissatisfaction with the cost and quality of care provided by the local hospital, which is why they sought out CHDP to explore the idea of opening a surgery center in Pahrump. Accordingly, the proposed Project should decrease the cost of care by offering a more affordable alternative to the hospital while also decreasing both the personal burdens and financial costs associated traveling to Las Vegas to receive care.

b. The proposed project is likely to increase costs to the user or payer through reductions in market shares for services if those reductions would increase costs per unit of service.

The Project will decrease cost per unit of service by (i) providing services not currently available within the service area; (ii) reducing the number of residents that feel compelled to leave Pahrump and travel to receive medical care; and (iii) charging substantially less for the same services and procedures that are currently performed in the Pahrump area.

c. The proposed project contains innovations or improvements in the delivery or financing of health services which will significantly reduce the cost of health care to the user or payer or enhance the quality of care.

As discussed in to the response to Question 5.1, surgery and health centers such as the Project reduce costs and lead to more positive healthcare outcomes. The innovations represented by delivering quality health care in a smaller, less costly setting is at the heart of what makes the Project so incredibly beneficial to the community and to health care payers.

The Applicant will equip the project with the most advanced equipment available, which will allow the Project to operate in an extremely efficient and safe manner.

The Project will also be informed by community preferences and needs. To this end, CHDF will engage community members and patients to serve on a Patient Advisory Board. This

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work will help increase patient engagement and, in turn, lead to improved patient outcomes. CHDF's community engagement will further inform the community's needs and will guide health and wellness programming to this community.

The Applicant will also finance the Project through the Nevada and Federal New Markets Tax Credit program, which is designed to provide impactful investment to distressed communities. Utilizing these innovative programs allows the Project to finance costs and expenses in a manner that provides a significant subsidy to the Project, allowing it to thrive from the first day of operations and positively impact the community immediately.

6.3 Reduction, Elimination or Relocation of Health Services or Facility:

If the proposed project involves the reduction, elimination or relocation of an existing health facility or service, how will the needs of the population currently being served continue to be met?

Not applicable – the Project is related to the development of a new facility.

6.4 Consistency with Existing System: Explain whether the proposed project is consistent with the existing system of health care, based upon:

a. The effect of the proposed project on the availability and the cost of existing health services in the area of required personnel.

Surgery centers such as the Project only require a small specialized medical staff to achieve much greater operational efficiencies than hospitals.

b. The extent to which the applicant will have adequate arrangements for referrals to and from other health facilities in the area which provide for avoidance of unnecessary duplication of effort, comprehensive and continuous care of patients, and communication and cooperation between related facilities or services.

The Applicant is establishing partnerships with pharmacies, blood labs, and imaging labs to provide the full continuum of care to the patients that visit the Project. The Applicant will also execute a transfer agreement with DVH to allow the Project to transfer patients that may require emergency care to DVH.

6.5 Applicant History: Describe the quality of care provided by the applicant for any existing health facility or service owned or operated by the applicant based upon:

a. Whether the applicant has had any adverse action taken against it with regard to a license or certificate held by the applicant and the results of that action.

The Applicant has no history of adverse action with respect to a license or certificate.

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b. The extent to which the applicant has previously provided similar health services.

Community Health Development Partners, LLC (“**CHDP**”), which has a 24 percent ownership stake in the Project, is currently developing two other surgical centers, and its members have deep experience developing similar facilities. Anthony Burns MBA, CASA, CSFA, is a member of the CHDP team and President of Invoegen Surgical Services, LLC, and will manage the day-to-day operations of the Project. Mr. Burns and Invoegen Surgical Services, LLC have developed over 150 surgery centers throughout the United States. Mr. Burns is a Certified ASC Administrator and a Certified Surgical First Assist. He has worked nationally as an administrator/consultant developing and managing Office Based and Freestanding Multi-specialty Ambulatory Surgery Centers. As a consultant and administrator, he has completed over 100 CMS, AAAHC, AAAASF, and JCAHO surveys.

c. Any additional evidence in the record regarding the applicant’s quality of care.

N/A

6.6 Accessibility: Explain the extent to which equal access by all persons in the area to the applicant’s facility or service will be provided, based upon:

a. Whether any segment of the population in the area will be denied access to health services similar to those proposed by the applicant as a result of the proposed project.

No segment of the population in the Pahrump area will be denied access to similar health services because of the Project. The Project is founded on the notions of community involvement and community need and is intended to offer an additional choice for healthcare services in the Pahrump area while also satisfying the demonstrated unmet surgical need. Once the Project is complete, Nye County residents will now have the choice to receive care at the hospital, the Project, or travel to other locations outside of the area.

b. The extent to which the applicant will provide uncompensated care, exclusive to bad debt, and the effect of the proposed project on the cost to local and state governments and other facilities for providing care to indigents.

The Project will provide limited uncompensated care, the rate of which will vary by physician practice. All procedures at the Project will be scheduled. At the time of scheduling, insurance will be verified. If the patient does not have insurance, Project staff will refer the patient to CHDF which will (1) work with the patient to enroll in Medicaid or another appropriate insurance plan and (2) if needed, work with a physician to begin accepting Medicare, Medicaid or another insurance program. If the patient cannot obtain insurance, the Project will follow its established Charity Care Policy to evaluate the appropriate course of action. Patients will not be denied treatment for lack of insurance. Any costs to provide care at the Project would be borne first by third party payers or, if not available, the physicians and Project.

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c. The extent to which financial barriers to access by persons of low income, including any financial preconditions to providing service, will prevent those persons from obtaining needed health services.

The Project will accept a variety of forms of payment and insurance plans, including Medicare and Medicaid. Additionally, the Applicant's partner, Community Health Development Foundation, will employ a patient navigator to connect low-income and other underserved persons with educational and financial assistance for needed care.

6.7 Referrals: Provide the following information for each health facility/program with which the applicant will have an arrangement for referrals.

Facility: TBD Pharmacy
Agreement for: Medicine and related supplies

Facility: TBD Blood Lab
Agreement for: Blood testing and supplies

Facility: TBD Imaging Lab
Agreement for: Radiology

Section VII. HEALTH CARE ACCESS

7.0 Healthcare Distribution, Access and Outcomes:

Describe the extent to which the project is consistent with the purposes set forth in NRS 439A.020 and the priorities set forth in NRS 439A.081. Including without limitation:

a. The impact of the project on other health care facilities;

The primary justification for certificate of need laws is based on the premise that hospitals provide important services to the community, some of which have a low-profit margin. Accordingly, the ability of a rural hospital to remain financially viable depends on its ability to also provide high-margin services to offset the low profitability of certain services and procedures. Put simply, the State must constrain competition in order to allow hospitals to cross-subsidize low-margin and high-margin procedures and remain profitable.

In this case, the affected facility would be DVH, which is owned by United Universal Health Services ("**UUHS**"). UUHS posted over \$8 billion in patient revenue last year, putting it in the top two percent of revenue earners for health systems in the US. UUHS is an international Fortune 500 company that Forbes magazine reports "has grown revenue by 8% compounded

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annually and core earnings by 12% compounded annually”³. DVH is one of UUHS’ 178 hospitals and accounts for over \$36 million dollars in annual profit. This profit is largely gained in an environment free of local competition: Pahrump has a Market Concentration Index of 1, indicating the lowest level of competition. Additionally, the Needs Assessment reported that over 77 percent of Nye County patients leave the County for inpatient hospitalizations; since the Project hopes to capture a portion of these out-of-town surgeries, the local hospital would not be affected. The Project also will also not offer emergency services and thus will not compete with or affect DVH’s ability to provide emergency services to the community.

b. The need for any equipment that the project proposes to add, the manner in which such equipment will improve the quality of health care and any protocols provided in the project for avoiding repetitive testing;

The Project will acquire state-of-the art equipment to offer the most advanced and high-quality care possible with modern technology. The Applicant is partnering with Stryker Corporation, a leading medical device and equipment manufacturer, to design and equip the facility to meet the highest standards of efficiency and quality. Stryker Corporation also is partnering with Community Health Development Partners to provide equipment at its under-construction facility in Elko, NV.

Stryker will equip the Project with Mako SmartRobotics – a state-of-the-art joint replacement tool that allows surgeons to fully plan and map a joint replacement surgery before the patient even arrives on the day of surgery. This robotic surgical equipment results in less and more precise cutting, which reduces pain, recovery time and cost. This technology will allow the Project to perform total knee replacement surgeries on an outpatient basis in a non-hospital setting, which will save healthcare payers thousands of dollars on every surgery.

c. The impact of the project on disparate health outcomes for different populations in the area that will be served by the project;

³ Trainer, David. *Universal Health Services Will Meet Tomorrow’s Healthcare Needs*. Forbes. August 3, 2020

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Much of an individual's health is influenced by the community around them. Communities affect not only health behaviors, but also the care people receive and the cost they pay for it. In communities without access to high-quality care, health outcomes suffer, and mortality is much higher for treatable conditions. Infrastructure for new care facilities is one of the most important barriers to disrupting this cycle.

The healthcare landscape in Pahrump is emblematic of the critical state of rural healthcare in the US. This community has limited access to high-quality care and suffer from, and die of, health conditions at a much higher rate than their counterparts in other communities, including cancers for which there are established and effective screening programs. In this environment free from competition and outcomes reporting, healthcare systems no longer target improving patient health, but rather incentivizes eliminating competition from the market, regardless of patient preferences or outcomes.

NYE COUNTY KEY HEALTH INDICATORS

Behavioral Risk Factors

- Higher rates of smoking than surrounding counties
- Higher rates of obesity than surrounding counties
- Rates of opioid overdose over 25% higher than surrounding communities (33.5 vs 24.2 per 100,000)
- Suicide mortality more than twice the national average (33.5 vs. 14.5 per 100,000)

Social Risk Factors

- Household income more than 25% lower than the national average
- High school graduation rates lower than national average and surrounding communities
- College degree attainment rates nearly 70% lower than national rates.
- Double the national rates for individuals with disabilities
- More individuals with food insecurity than surrounding communities

Clinical Risk Factors

- Cancer Incidence (all Types) is over 13% higher in Nye County when compared to rates in other Nevada counties.
- Cervical and Colorectal Mortality Rates are much higher than national averages.

The Project is about more than simply building a surgery center. The Project is about engaging with all members of the Pahrump community to provide high-quality health care and restore the community's faith in local options for specialty health care. Not everyone is healthy enough or can afford to travel long distances for health care. By offering a world-class facility close to home, the Project will allow all members of the community to receive convenient quality specialty care. The Project will also focus on Pahrump and Nye County's unique medical needs. It will offer cardiology services to address the disproportionate rates of cardiovascular-related disease and death suffered by Pahrump residents. It will offer gastroenterology services to help curb the community's excess rates of colorectal cancer mortality. Perhaps most importantly, the Needs Assessment found that over half of community members felt their most pressing healthcare need was access to quality medical care, which the proposed project will provide.

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d. The manner in which the project will expand, promote or enhance the capacity to provide primary health care in the area that will be served by the project;

Surgical care has become an essential treatment modality. Since 2008, the World Health Organization has considered it an essential service in the network of primary care services that are critical to ensuring individual health. The role of the primary care doctor has been rapidly shifting from that of a generalist who delivers the compendium of medical services into the role of a hub for specialty referrals, and with this shift the need for specialty and surgical providers grown exponentially. From 1999 to 2009, for example, the number of visits in the US resulting in a referral rose from just over 40 million to over 105 million, an increase of 159%, and this trend has continued. But while this reliance on specialty care has brought improved outcomes, it has done little to improve healthcare equity. Indeed, we know that given the expense and complications of initiating a surgical center, many lack access to high-quality surgical care, and for those who have access, it is very often unaffordable and leads to catastrophic financial and health outcomes. The Project has a chance to change this pattern in Pahrump by bringing choice to this monopolized community and empowering patients to become active partners in their own care, rather than be treated as commodities.

e. Any plan by the applicant to collect and analyze data concerning the effect of the project on health care quality and patient outcomes in the area served by the project;

The Applicant's governance structure includes a QAPI committee to ensure that services are meeting quality standards. This committee will follow an established process that uses data from surgery center activity to evaluate quality and make recommendations to improve the quality of services provided.

This need for evaluation and to provide high-quality care will also inform the Project's selection of an Electronic Health Records (EHR) system and the employment of data analysts who will help capture and contextualize this data. The Project intends to deploy an EHR developed by EPIC systems that offers a widely customizable system for which the Project could develop an end-user database function to continually monitor its quality of care.

f. Any plan by the applicant for controlling the spread of infectious diseases;

Surgery centers have an extremely positive track record for implementing evidence-based measures and extensive workflows to minimize infection control during all phases of care. Given its smaller size, specialization and the limited length of patient stays, the Project will not admit a significant number of patients in the facility at any one time. In addition, the Project will not treat infectious disease, so no patients in the facility will be knowingly infected with any virus or disease that could cross-infect other patients.

COVID-19 has demonstrated the need for smaller, more specialized facilities such as the Project. During the early days of the pandemic, the Surgeon General of the United States called for the cancellation of elective procedures due to the concerns that (i) coronavirus would spread within the facilities at which the procedures were performed and (ii) the

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elective surgeries would consume medical resources that must be saved for the treatment of coronavirus cases.

An “elective” procedure does not mean that the procedure is not medically necessary; it simply means that it is not immediately required in response to a life-threatening emergency. However, elective surgeries are often required to address very significant medical conditions. Research has suggested that more than 50 percent of all surgeries classified as “elective” have a potential to cause significant harm to patients if the procedure is delayed.⁴

Accordingly, the Project will have the two-fold impact of (i) preventing the spread of infectious disease by providing an environment where the patient population is significantly smaller than a hospital setting, and where patients are not being treated for infectious diseases; and (ii) providing a safe environment for patients to receive required specialty medical care (even if classified as “elective”) when other facilities face capacity constraints or are not performing elective surgeries due to concerns regarding the potential spread of infectious diseases.

g. The manner in which the applicant will coordinate with and support existing health facilities and practitioners, including, without limitation, mental health facilities, programs for the treatment and prevention of substance abuse and providers of nursing services.

As described above, the Applicant will partner with CHDF to engage with the local community on all aspects of an individual’s health, including substance use disorders, mental health, and overall health education. The mission of the Project is not only to perform surgeries and other procedures, but also to fully engage with the local community and positively impact all health indicators.

The Project will partner with the Nevada State Office of Rural Health (“**SORH**”). SORH seeks to improve access to quality health care for rural Nevada by providing collaborative leadership and resources to health care and community organizations. The Applicant has engaged with SORH to collaborate on strategies to successfully reach more low-income and underserved patients in the area.

⁴ Stahel, Philip. How to risk-stratify elective surgery during the COVID-19 pandemic?. Patient Safety in Surgery (14) 2020/12/01.

Pahrump Community Health Center – Certificate of Need Application

Appendix B – List of General and Limited Partners

The Applicant is a Nevada limited liability company with two current members:

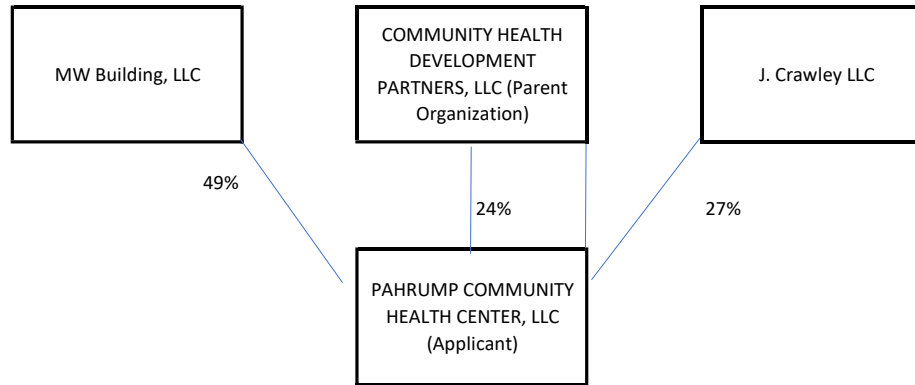
MW Building, LLC. owns 49.0%

J. Crawley, LLC owns 27.0%

Community Health Development Partners, LLC, a Missouri LLC owns 24.0% and is the managing member.

COMMUNITY HEALTH DEVELOPMENT PARTNERS, LLC

Pahrump Community Health Center, LLC - Applicant in Relation to Parent Organization



Note: CHDP has sole development authority pursuant development services agreement

Pahrump Community Health Center – Certificate of Need Application

Appendix C – Purchase Agreement

PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS

THIS PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS ("***Agreement***"), dated June [2], 2021, is made by and between Harris Medical #3 LLC, a Nevada limited liability company ("***Seller***"); Pahrump Community Health Center], LLC, a Nevada limited liability company ("***Buyer***"); and Cow County Title Co., a Nevada corporation located in Pahrump, Nevada (the "***Escrow Holder***," and together with Seller and Buyer, the "***Parties***"). In consideration of the mutual covenants set forth below, the Parties agree as follows:

1. PROPERTY.

Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, that 5-acre portion of land known as APN #035-331-89, located on Lola Lane and Basin Avenue, Pahrump, Nevada, 89048, Nevada ("***Real Property***"), described as Nye County Assessor Parcel Number (APN #035-331-89), upon the terms and set forth herein. The Real Property consists of approximately 5 acres. A complete legal description of the Real Property shall be provided by Escrow Holder prior to escrow closing and shall be subject to the written approval of Buyer and the Title Insurer (as defined in Section). "***Property***" means all Real Property, together with (a) all improvements; (b) all easements and appurtenances belonging to the land or improvements; (c) all leases; and (d) any personal property owned by Seller including, but not limited to, naming rights, licenses, permits, and any other intangible property that is located on and used in connection with the Real Property.

2. PURCHASE PRICE.

Purchase Price ("***Purchase Price***") for the Property in U.S. Dollars shall be paid as follows:

\$ 25,000.00	Earnest Money (See Section 3)
\$ 600,000.00	Balance of Purchase Price.
\$ 625,000.00	Total Purchase Price (excluding closing costs)

Failure to make any of the above scheduled payments within the time frames established herein shall constitute a default.

3. EARNEST MONEY.

Buyer shall deposit with Escrow (defined in Section 5.1) an initial earnest-money deposit (such deposit, "***Earnest Money***") in the sum of TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00) within three (3) business days of the Opening of Escrow (as encapsulated in Section 5.1), or as otherwise agreed to by the Parties, in cash or other immediately available funds, by way of wire-transfer or other mutually agreed-upon form of payment. Buyer shall pay (from sources other than Earnest Money or any interest accruing thereon) any and all escrow or other fees charged by Escrow Holder or related to Escrow. Any accrued interest related to the Earnest Money or Escrow, in any event, shall be included in the Earnest Money. Earnest Money shall be credited towards the Purchase Price at the Close of Escrow (encapsulated in Section 5.2) or shall be returned to Buyer upon termination of this Agreement prior to the expiration of the Due Diligence Period (defined in Section 7.1), and as may be extended pursuant to Section 7.3. Upon the expiration of

the Due Diligence Period, the Earnest Money shall be nonrefundable, and Escrow Holder shall immediately release and pay to Seller the Earnest Money.

3.1 Interest on Earnest Money. Buyer hereby waives the right to place the Earnest Money in an interest-bearing account. Buyer understands that any interest accrued on any of the Purchase Price deposited with Escrow Holder (including, but not limited to, the Earnest Money) shall belong to Escrow Holder.

4. EXAMINATION OF TITLE.

4.1 Preliminary Title Report. Within five (5) days of the Opening of Escrow, Seller shall cause Escrow Holder to prepare a preliminary title report (a "**PTR**") on the Real Property, and, upon preparation, Escrow Holder shall provide a copy of the PTR to the Parties.

4.2 Title. Seller agrees to convey to Buyer the Real Property, with warranties vesting marketable title to Buyer, free and clear of all liens and encumbrances, except easements, covenants, conditions, reservations, or restrictions record as of the date hereof.

4.3 Title Objections. Permitted Exceptions. Cure of Title Objections.

4.3.1. Buyer shall have three (3) days after receipt of the PTR to send written notice to Seller and Escrow Holder of any objections.

4.3.2. Permitted Exceptions. Any item contained in the PTR to which Buyer does not so timely object within the timeframe provided by Section 4.3.1 shall be deemed a "**Permitted Exception.**"

4.3.4. Cure of Title Objection. In the event Buyer timely notifies Seller of Buyer's title objections to any item contained in the PTR, Seller shall have the right, but not the obligation, to cure such objections. Seller shall inform Buyer in writing not later than five (5) business days after receipt of such objections whether Seller intends to cure such objections using commercially reasonable efforts. Unless otherwise expressly stated, Seller's failure to deliver notice of intent to cure any such objection shall be deemed Seller's election not to cure such objection.

5. ESCROW.

5.1 Opening of Escrow. Within three (3) business days after Seller's execution and delivery of this Agreement to Buyer, escrow (an "**Escrow**") shall be opened with Escrow Holder. This Agreement shall serve as escrow instructions, and the Parties agree to execute such additional instructions as Escrow Holder may reasonably require; the Parties noting that, in the event of conflict between any such external escrow instructions and this Agreement, this Agreement shall prevail. "**Opening of Escrow**" means the date on which the Escrow Holder has received both (a) a fully executed copy of this Agreement and (b) the Earnest Money. Escrow Holder shall notify the Parties in writing of such date. The Parties hereby authorize Escrow Holder to complete and date documents as necessary for a Close of Escrow.

5.2 Close of Escrow. The close of escrow (the “*Close of Escrow*”) shall be fourteen (14) days following the expiration of the Due Diligence Period.

5.2.1 Items to be Delivered by Seller at Close of Escrow. On or before the Close of Escrow, Seller shall deliver to Escrow Holder the following:

- (a) A duly executed and acknowledged Grant, Bargain and Sale Deed as defined and set forth in Section 5.8);
- (b) The originals of all Due Diligence Documents (as defined in Section 7.1.1) in Seller’s actual possession or control, as well as all keys, locks, and combinations located on the Property;
- (c) An executed certification regarding exemption from application of Code Sections 1445 and 6039C; and
- (d) All other closing documents required by Escrow Holder to be either signed or notarized by Seller (including, but not limited to, a final settlement statement.

All documents referenced in (a)-(d) above shall be in form satisfactory to the Parties and their respective counsel.

5.2.2 Items to be Delivered by Buyer at Close of Escrow. On or before the Close of Escrow, Buyer shall deliver to Escrow Holder the following:

- (a) Funds in an amount equal to the Purchase Price.
- (b) Affidavits and other documents as might be reasonably requested by Escrow Holder to issue a title policy.
- (c) Such other documents and funds as may reasonably be required to a Close of Escrow (including, but not limited to a final settlement statement).

5.2.3 Directions to Escrow Holder. Escrow Holder shall record, at the Close of Escrow, a Grant, Bargain and Sale Deed in favor of Buyer. Escrow Holder shall also record all other relevant documentation necessary for title to the Property to be conveyed to Buyer free and clear of all liens and encumbrances and other matters of record except the permitted exceptions.

5.2.4 Prorations. Escrow Holder shall prorate, adjust, charge, or credit the following items between Buyer and Seller as of 11:59 p.m. on the day preceding the Close of Escrow:

- (a) All current, non-delinquent real-estate taxes attributed to the Property. If a current-period’s tax bill or invoice is not available, the current period’s taxes shall be deemed, for purposes of calculation and proration at the Close of Escrow, to be the amount of the previous-year’s tax bill. Notwithstanding the foregoing, if the actual tax bill (when received by the Buyer for the current period) is in excess of the amount of the previous-year’s tax bill (or in the event any taxes or assessments are at any time imposed with respect to the Property or any part thereof which relate in whole or in part

to any period prior to the Close of Escrow), then Seller shall immediately pay to Buyer the balance remaining for Seller's share of such taxes or assessments. Seller shall pay at the Close of Escrow any delinquent taxes related to the Property.

- (b) All costs and expenses under all service and maintenance contracts affecting the Property which Buyer and Seller agree shall continue in effect following the Close of Escrow. All utility service charges, taxes (other than the taxes referred to in Section 5.2.4(a)), and all other ordinary operating expenses of the Property shall be prorated as of the Close of Escrow.
- (c) As soon as reasonably possible following the Close of Escrow, any operating expenses of the Property which cannot be accurately prorated by Escrow Holder on the Close of Escrow.
- (c) Any and all lease payments, credits, deposits, or any other funds related to any and all tenants on the Real Property.

All prorations and adjustments called for in this Section shall be made on an accrual basis based on the actual number of days elapsed. Any proration, adjustment, charge, or credit apportionment which is not expressly provided for in this Section shall be made in accordance with customary practice in Nevada.

5.2.5 Payoff Demands. Seller agrees to obtain, prior to the Close of Escrow, payoff demands from the holders of all existing deeds of trust recorded against the Property, setting forth: (a) the current unpaid principal balances of such obligations; (b) all accrued but unpaid interest thereon; (c) the amounts of any tax or insurance impounds, or other impounds, if any, maintained by the holder or holders; (d) and specifying the amount of any prepayment penalty or penalties. The amount of all such payoff demands shall be paid by Seller at or prior to the Close of Escrow in such manner as shall be sufficient to permit Escrow Holder to issue a title policy to Buyer.

5.3 Possession. Possession of the Property shall be transferred from Seller to Buyer upon the Close of Escrow.

5.4 Seller's Closing Costs. Seller shall pay (a) 50% of the real-property transfer tax in connection with the conveyance of the Real Property to Buyer, (b) 100% of the premium for a Standard Owner's Policy of Title Insurance (a "**Standard Title Policy**"), (c) the cost of any tax certificates required, (d) fees for obtaining pay off demand statements from lenders, (e) 50% of Escrow Holder's escrow fee, and (f) its own attorneys' fees in connection with this Agreement and the transactions contemplated hereby.

5.5 Buyer's Closing Costs. Buyer shall pay (a) 50% of Escrow Holder's escrow fee; (b) if Buyer requests that the Escrow Holder issue an ALTA Extended Coverage Owner's Policy of Title Insurance (an "**ALTA Policy**"), the difference between the cost of a Standard Title Policy

and such ALTA Policy, together with the cost of any endorsements Buyer may require; (c) Buyer's attorneys' fees to be paid by Escrow Holder in connection with this Agreement and the transactions contemplated hereby, and (d) recording costs.

5.6 Termination of Agreement. If Buyer terminates this Agreement prior to the expiration of the Due Diligence Period, Escrow Holder is hereby instructed to return to Buyer all things of value deposited by Buyer into, and held in, escrow.

5.7 Title Insurance. Escrow Holder shall obtain and furnish, at Seller's expense, a Standard Title Policy in an amount equal to the Purchase Price, showing marketable fee-simple title to the Property vested in Buyer, or nominee, and subject only to (a) such exceptions to title as are approved in writing by Buyer pursuant to Section 4 and (b) non-delinquent real property taxes and assessments. If requested by Buyer, Escrow Holder shall obtain and furnish at Buyer's sole additional cost. Buyer shall have the right to approve any such ALTA Policy. The title-insurance policy shall contain, at Buyer's option and expense, such endorsements as Buyer may reasonably require.

5.8 Grant, Bargain and Sale Deed. Upon Close of Escrow, Buyer shall be provided with a Grant, Bargain and Sale Deed conveying to Buyer marketable fee simple title to the Real Property. The form and content of the Grant, Bargain and Sale Deed shall be subject to the reasonable approval of Buyer. Escrow Holder shall not indicate the documentary tax on the Grant, Bargain and Sale Deed. The Grant, Bargain and Sale Deed shall contain the following recital after the legal description:

"Together with Grantor's proportional share of all of the right, title, and interest in, to, and under adjoining streets, rights of way, and easements."

6. FINANCING CONTINGENCIES.

Buyer has elected to waive any and all financial contingencies for the purchase of the Property, and Buyer shall proceed with the purchase of the Property on an all-cash basis. Buyer has provided to Seller reasonable assurances of Buyer's ability to purchase the Property on an all-cash basis without unreasonable delay.

7. ADDITIONAL CONTINGENCIES AND TERMS OF SALE.

7.1 Contingency Items. Each of Buyer's obligations for a Close of Escrow is subject to the completion with fifteen (15) business days of Opening of Escrow (such period, the "***Due Diligence Period***") of each of the contingency items set forth in this Section. If this Agreement is terminated by Buyer prior to the last day of the Due Diligence Period, no Party shall have any further liability to the other under this Agreement, except for the obligations and indemnities set forth in this Agreement which survive termination.¹ If Buyer does not terminate this Agreement by delivering the required written notice of termination to Seller and Escrow Holder prior to 5:00 p.m. Pacific Daylight Savings Time on the last day of the Due Diligence Period, then Buyer shall

¹ Such exceptions to include specifically by reference, the instructions set forth under Section 5.6.

be deemed to have waived its right to terminate this Agreement in accordance with this Section, or except in the event of a default by Seller.

7.1.1 Seller Information. Seller agrees to deliver to Buyer the information set forth in Schedule A to the extent such documents are in the actual possession or control of Seller (such documents, the “*Due Diligence Documents*”), within seven (7) days of Opening of Escrow. The Due Diligence Documents are provided for reference purposes only. Buyer acknowledges that it is responsible for conducting its own investigation and does not rely exclusively on the Due Diligence Documents.

7.1.2 Physical Inspection. Seller hereby grants Buyer and Buyer’s agents or representatives the right to enter the Real Property for the purpose of Buyer’s inspection (an “*Inspection*”); provided that Buyer does not unreasonably disturb the business operation of any tenants upon the Property. Buyer shall provide Seller with no less than twenty-four (24) hours’ notice to gain access to the Property and the common elements, and Seller shall have the right to have a representative present during any Inspection. Buyer agrees to and shall defend, indemnify, and hold harmless Seller, its officers, directors, employees, agents, successors and assigns, from and against all claims and costs, including, without limitation, reasonable attorneys’ fees and proceeding costs, arising out of or in connection with the activities of Buyer, its employees, consultants, agents, contractors, or invitees on or about the Property, including, without limitation, mechanic’s liens; provided, however, that Buyer shall have no responsibility for any pre-existing condition or aspect of the Property discovered or revealed, but not exacerbated, by any Inspection. Buyer shall pay for all Inspections, and all Inspections shall be completed prior to the expiration of the Due Diligence Period.

7.2 Approval/Disapproval. Buyer shall conduct its own due diligence investigation into the suitability of the Property for Buyer’s intended usage. The items in Paragraph 7.1 are for the Buyer’s benefit only and may be waived, in whole or in part, solely by Buyer in. Buyer agrees that, if not waived, in the event any contingency item is not approved in writing by Buyer before the termination of the Due Diligence Period, as such date may be extended, or upon Buyer’s earlier, written disapproval of any of the above contingency items, this Agreement and the escrow instructions hereunder shall be terminated, and no party shall have further obligation hereunder.

7.3 Due Diligence Extension. If the contingency items in Paragraph 7.1 are not satisfied or waived in writing by Buyer on or before the termination of the Due Diligence Period, Buyer shall have the unilateral right to extend the Due Diligence Period for an additional fifteen (15) business days. If Buyer elects to extend the Due Diligence Period, Buyer hereby agrees to be responsible for any of Seller’s costs or expenses directly related to such extension (such expenses, “*Additional Due Diligence Expenses*”).

7.4 Possession of the Property. Right to possession of the Property shall transfer to Buyer at the Close of Escrow free of all tenancies except pursuant to leases approved and assumed by Buyer. From the date of this Agreement, Seller shall not permit or consent to (a) any new leases with respect to the Property or (b) any termination, modification, or amendment of any existing lease or contract related to the property, without first obtaining Buyer’s written consent.

9. REPRESENTATIONS AND WARRANTIES.

9.1 General Representations and Warranties. Each Party represents and warrants, as applicable to such Party, to the other Parties, as applicable, which representations and warranties shall survive the Close of Escrow, as follows:

9.1.1 It is duly organized, validly existing and in good standing under the laws of the state of its incorporation or organization, and it is qualified to conduct business in the State of Nevada, and is in good standing in the State of Nevada.

9.1.2 It is in compliance with all laws, rules, and regulations that govern the operation of a business in which it is involved.

9.1.3 It has the requisite authority to carry on its business as now conducted.

9.1.4 It has been duly authorized by all necessary actions and possesses all the requisite power and authority to execute, deliver, and perform this Agreement and to hereby consummate the transactions contemplated herein.

9.1.5 It knows of no reason why it cannot consummate the transactions contemplated herein.

9.2 Seller Representations and Warranties. Seller makes the following warranties and representations to the Parties, for the benefit of Buyer, which representations and warranties are now and shall be at Close of Escrow true and correct and which shall survive the Close of Escrow:

9.2.1 Seller has not received notice and has no actual knowledge of any contemplated, threatened or pending action or proceeding for damages because of injury to or death of any person or damage to property occurring on the Real Property, for eminent domain, or affecting, postponing, restricting or restraining in any manner the ownership, possession, use or occupancy of the Real Property or any portion thereof;

9.2.2 there is no prescriptive, implied or other off-record easement, license, claim of lien, lien or other right burdening the Property;

9.2.3 this Agreement and all other documents delivered by Seller to Buyer or Escrow Holder, now or at the Close of Escrow, have been or will be executed and delivered by Seller, and are legal, valid, and binding obligations of Seller sufficient to convey marketable fee simple title, and are enforceable in accordance with their respective terms, and do not violate any provisions of any agreement, law, order, rule, or regulation to which Seller is subject;

9.2.5 no options to purchase, rights of first offer or first refusal, leases, rental agreements, occupancy rights, or service contracts are in effect with respect to the Property other than those delivered by Seller to Buyer;

9.2.6 the copies of all documents delivered by Seller to Buyer or Escrow Holder are true and correct reproductions of the original documents; and

9.2.7 there is no action, suit, proceeding, or claim affecting the Property or any portion thereof, or affecting Seller and relating to or arising out of ownership or use of the Property pending or being prosecuted in any court or by or before any federal, state, county, or municipal department, commission, board, bureau, or agency or other governmental instrumentality for which service on Seller or Seller's agent or representative has been made nor, to the best of Seller's actual knowledge, is any such action, suit, proceeding or claim threatened or being asserted.

If, during escrow, Seller obtains actual knowledge of a material change in any material fact warranted herein, Seller agrees to notify Buyer. Buyer shall have the right to cancel escrow based on such material change, unless Seller provide Buyer adequate assurance (determined solely by Buyer) that the value of the Property has not been, nor will not be, materially diminished by such change.

10. RISK OF LOSS.

Risk of loss shall be governed by NRS 113.040, which provides generally that, if all or any material part of the Property is destroyed before transfer of legal title or possession, Seller cannot enforce the Agreement and Buyer is entitled to recover any portion of the sale price held by Escrow Holder. If legal title or possession has transferred to Buyer, the risk of loss shall shift to Buyer.

12. INDEMNIFICATION BY BUYER.

Buyer shall indemnify, defend, and hold Seller harmless from and against all liability, penalties, damages, claims, expenses, litigation, and judgments by reason of property damage and any injury to or death of persons arising out of any Inspection, including, but not limited to, those resulting from any work, acts, or omissions of Buyer, Buyer's employees, officers, directors, agents, invitees or guests, or arising in any way from the performance of Buyer under this Agreement, and including any and all costs, expenses, and reasonable attorney's fees incurred by Buyer relating thereto or in enforcing this indemnity, but excepting therefrom any such loss or liability for which Seller shall be solely responsible. In the event of liability for which any party is a contributing cause, each such party shall be proportionately liable.

13. HAZARDOUS MATERIALS.

13.1 Hazardous Materials and Toxic Substances Disclosure: Buyer is aware that federal and state laws place strict liability on property owners for dangers caused by hazardous waste management and may require that such owner pay for the cost of the cleanup of hazardous and other toxic substances. Buyer is aware that Buyer should make appropriate inquiries into the past use of the Property and should seek an environmental assessment to ascertain the possible existence of such hazardous or toxic materials on or under the Property.

13.2 Buyer may perform a Phase I Environmental Assessment of the Real Property at its sole cost and expense. If Buyer requests such, Seller agrees to complete an environmental questionnaire required by the person/entity performing the Phase I Environmental Assessment.

14. IRS CODE SECTION 1031 EXCHANGE.

Either Seller or Buyer may assign all of its right, title, and interest in this Purchase Agreement with respect to all or any portion of the Property to an affiliated entity and/or qualified intermediary in order to facilitate a like-kind exchange transaction, which includes the Property, pursuant to Code Section 1031. Seller and Buyer will remain liable under this Agreement, subject to the limits set forth herein, following any such assignment and shall indemnify, defend, and hold the other party harmless from any additional cost, liability, or expense suffered or incurred by reason of such assignment or cooperation with the exchange. Seller and Buyer further agree to cooperate with the other in effecting such transaction, including, but not limited to, consenting in writing to the assignment of the Purchase Agreement to any such qualified intermediary and/or affiliated entity; provided that any such exchange transaction, and the related documentation shall: (a) not require the other party to execute any contract (other than as set forth above), make any commitment, or incur any obligations, contingent or otherwise, to third parties which would expand the obligations beyond this Purchase Agreement or incur any additional costs; (b) not delay the closing or the transaction contemplated by this Purchase Agreement; or (c) not include acquiring title to any other property. The obligations of Buyer and Seller under this Section shall survive the consummation of this Agreement.

15. DEFAULT.

15.1 Buyer's Default. In the event of default by Buyer in the performance of this Agreement, and Buyer's failure to cure such default within seven (7) days of receiving Seller's written notice thereof, which notice shall also be sent to Escrow Holder, Seller shall, as Seller's sole remedy, have the right to retain the Earnest Money, together with any Additional Due Diligence Expenses and Pre-Closing Expenses.² The Parties agree that the Earnest Money, any Additional Due Diligence Expenses, and Pre-Closing Expenses, if applicable, is a reasonable sum considering all of the circumstances existing on the date of this Agreement, including the relationship of said sum to the range of harm that reasonably could be anticipated and the anticipation that proof of actual damages would be costly or inconvenient. Escrow Holder, after receiving written notice from Seller of Buyer's failure to cure Buyer's default within seven (7) days, shall immediately pay to Seller the Earnest Money deposit, Additional Due Diligence Expenses, and Pre-Closing Expenses, if applicable, and Escrow Holder shall cancel any escrow instructions. In placing their initials at the places provided below, the Parties hereto confirm the accuracy of the statements made above and their intent to so liquidate damages.

Seller's Initials: DK

Buyer's Initials: DK

15.2 Seller's Default. In the event of default by Seller in the performance of this Agreement, upon Buyer's written demand for performance and Seller's failure to comply within seven (7) days from the receipt of such notice, Buyer's sole remedy against Seller shall be a refund of the Earnest Money..

15.3 Effect of Default and Termination. Upon a default and termination of the Agreement as provided in Sections 15.1 or 15.2, the Parties shall be discharged from all further obligations or liabilities as provided in this Agreement.

² "Pre-Closing Expenses" means all pre-closing costs or expenses incurred by Seller and approved by Buyer, to include third-party inspections and reports, together with any interest which has accrued thereon.

16. GOVERNMENT RESTRICTION DISCLOSURE.

Buyer is aware that the Property is subject to all applicable federal, state, county, and local laws, statutes, codes, regulations, rules, ordinances, procedures, restrictions, and requirements, including but not limited to, those concerning land use, building permits, zoning, allowable uses, and other requirements.

17. MISCELLANEOUS/GENERAL PROVISIONS.

17.1 Oral and Written Agreements. This Agreement represents the entire agreement between the Parties hereto and supersedes all prior and contemporaneous negotiations, representations, agreements, brochures, and understandings, if any, whether written or oral, between the Parties, with respect to the subject matter hereof, and none shall be used to interpret or construe this Agreement. Any changes to this Agreement shall be in writing and shall be executed by all Parties. Amendments and supplements to this Agreement and escrow instructions may be executed in counterparts with the same effect as if all Parties had executed one document.

17.2 Binding Effect. This Agreement shall be binding upon and inure to the benefit of each Party and such Party's successors and assigns.

17.3 Notices. Whenever a provision is made in this Agreement for notifying a party or for notice of any kind, the notice shall be in writing and signed by or on behalf of the party giving the notice. Notice may be personally served or served by registered or certified United States mail ("USPS"), return receipt requested, or overnight courier (such as FedEx Express or UPS Overnight Delivery), addressed as set forth below. If served by registered or certified United States mail, delivery shall be conclusively deemed made on the date indicated on the return receipt; and, if delivery is not made, then 72 hours after the deposit thereof in the USPS, postage prepaid. If served by overnight courier, delivery shall be conclusively deemed made at the time of delivery to the addressee, as confirmed by the or overnight courier service making delivery.

If to Seller: Harris Medical #3 LLC
4990 North Blagg Rd
Pahrump, Nevada 89060
Attn: Dan Harris
Dharris1955@hotmail.com

| If to Buyer: Pahrump Community Health Center LLC
222 S. Meramec Avenue, Suite 202-1002
St. Louis, MO 63105
David.Kilper@communityhdp.com

17.5 Attorney's Fees in Case of Default or Litigation. In any enforcement action, proceeding, or litigation between Buyer and Seller arising out of this Agreement, the prevailing

party in such action shall be entitled to reasonable attorney's fees and costs from the non-prevailing party.

17.6 Applicable Law. This Agreement is to be construed according to the laws of the State of Nevada. Should any Party institute legal action to enforce an obligation contained herein, it is agreed that the proper venue of such suit or action shall be Nye County, Nevada. All Parties hereby waive the right to a jury trial in any legal proceeding arising out of or related in any manner to this Agreement.

17.7 Construction. Headings at the beginning of each section, paragraph, and subparagraph are solely for the convenience of the Parties. Unless otherwise indicated, all references herein to sections, paragraphs or subparagraphs are to those in this Agreement. This Agreement shall not be construed as if it had been prepared by only Buyer or Seller, but rather as if both Buyer and Seller had prepared the same. In the event any portion of this Agreement shall be declared by any court of competent jurisdiction to be invalid, illegal, or unenforceable, such portion shall be deemed severed from this Agreement, and the remaining parts thereof shall remain in full force and effect, as fully as though such invalid, illegal or unenforceable portion had never been part of this Agreement.

17.8 Survival of Representations and Obligations. The representations, covenants, warranties, and agreements made herein shall survive the Close of Escrow and shall not merge into the Grant, Bargain and Sale Deed. Without limitation on the foregoing, all obligations which require performance after the Close of Escrow shall survive the Close of Escrow.

17.9 Transaction Confidential. Each party hereto shall keep all aspects of this transaction in strict confidence until such time as Buyer and Seller shall otherwise mutually agree in writing. Upon any cancellation or termination of this Agreement, Buyer shall return to Seller all information and documents which Seller provided to Buyer or Buyer's agents.

17.10 Assignment of This Agreement. Unless otherwise stated herein, this Agreement is non-assignable unless agreed upon in writing by all Parties.

17.11 Time. Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Purchase Agreement.

17.12 Real Estate Brokers. Buyer and Seller hereby warrant to the other that they have had no dealings with any other broker or agent in connection with this Purchase Agreement, other than Buyer's Broker and Seller's Broker (as applicable). Buyer and Seller hereby hold each other harmless and indemnify each other from and against any and all cost, expense or liability including legal fees and costs in defense thereof for any compensation, commissions and charges claimed by any broker or agent, other than Buyer's Broker and Seller's Broker, with respect to this Agreement or the negotiation thereof based on any such broker's or agent's representation of Buyer or Seller.

17.14 Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, governmental actions, civil commotion, fire or other casualty, and other non-financial causes

beyond the reasonable control of the party obligated to perform, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage.

17.15 Counterparts and Facsimile Signatures. In order to effectuate the timely Close of Escrow, the Parties agree that this Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and in making proof hereof, it shall not be necessary to produce or account for more than one such counterpart. If signed in counterparts, enough will be signed so that each party has one counterpart signed by each party. The effective date will be the last date a counterpart is signed. A genuine facsimile signature shall have the same effect as an original signature.

[Signatures contained on the following counterpart signature pages]

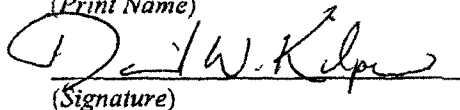
IN WITNESS, the Parties have executed this Agreement as of the date set forth in the introductory paragraph to this Agreement.

BUYER:

PAHRUMP COMMUNITY HEALTH CENTER LLC,
a Nevada limited liability company

By: DAVID W. KILPER

(Print Name)



(Signature)

MANAGING DIRECTOR,

Title: COMMUNITY HEALTH DEVELOPMENT PARTNERS, LLC

Date: 06/02/2021

IN WITNESS, the Parties have executed this Agreement as of the date set forth in the introductory paragraph to this Agreement.

SELLER:

HARRIS MEDICAL#3 LLC,
a Nevada limited liability company

By: DANIEL E HARRIS
(Print Name)

D. E. Harris
(Signature)

Title: MANAGER

Date: JUNE 2, 2021

IN WITNESS, the Parties have executed this Agreement as of the date set forth in the introductory paragraph to this Agreement.

ESCROW HOLDER:

COW COUNTY TITLE CO.,
a Nevada corporation

By: Nancy L Steib
(Print Name)

Nancy L Steib
(Signature)

Title: Title Officer

Date: 6/3/2021

SCHEDULE A

DUE DILIGENCE DOCUMENTS

I. PHYSICAL REVIEWS:

A. Architectural, Structural, Mechanical, Electrical

1. All Construction Documents: (as-built; two full set of drawings, specs)
2. ALTA Property Survey
3. Legal Description of Property and Parcels of Land
4. Construction Soil Tests/Boring Reports
5. Foundations (logs of pilings or poured in place caissons)
6. Prior Physical Evaluation Reports: Engineering/Seismic
7. Consultant Construction Logs/Monitoring Reports
8. Construction Shop Drawings (curtain wall/roof, steel/concrete)

II. ENVIRONMENTAL REVIEW:

1. Prior Reports: Geotech, Asbestos, IAQ, Ph. I/II Studies, UST tests/closure reports
2. Construction Documents: (TI drawings/specifications)
3. Regulatory Documents: Citations (OSHA, EPA, State), and Environ. Permits
4. Wetlands Assessment (mitigation plans, COE approvals, permit requests, cost estimates)

III. ECONOMIC REVIEWS:

A. Operating Expense Review

1. Tax Bills/Notices (for the last 3 years)
2. Capital Improvement Plan

C. Financing/Title Review

1. Copy of Mortgage
2. Copy of Promissory Note

3. Title Report
4. Zoning Studies

D. Open Items List/Misc Questions

1. Property Disclosures
2. Estoppel Certificates

Pahrump Community Health Center – Certificate of Need Application

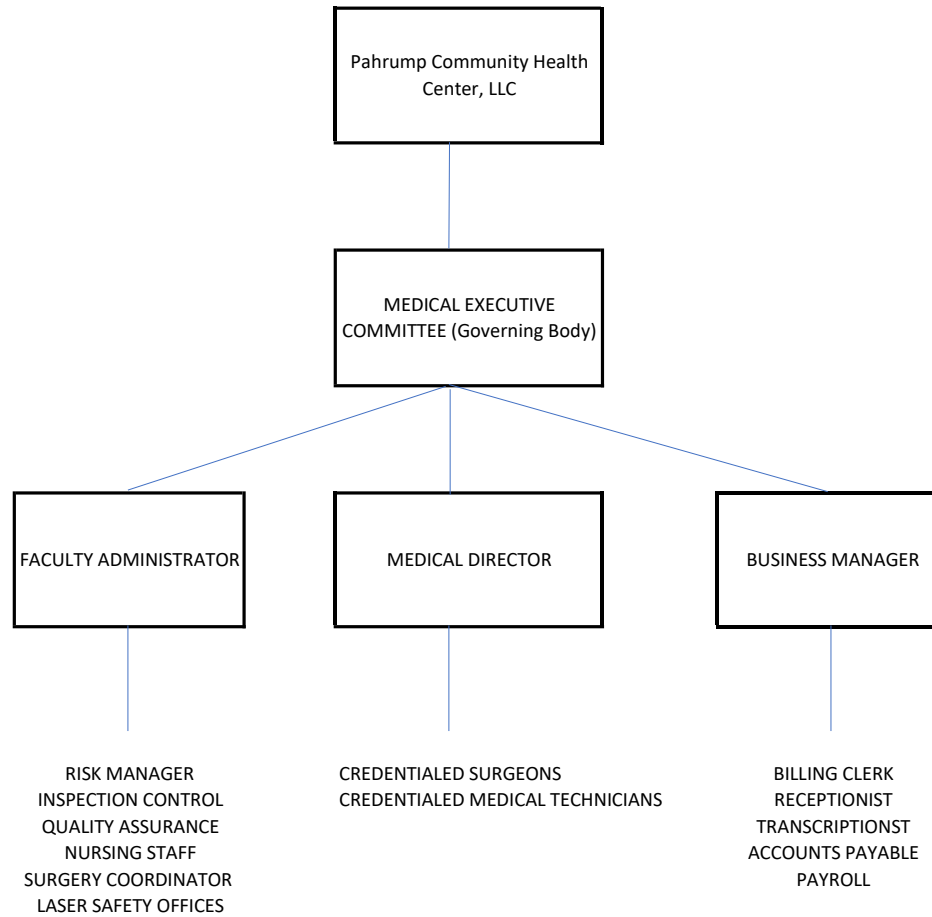
Appendix D – Location Map

Pahrump Community Health Center – Certificate of Need Application

Appendix E – Organization Chart

COMMUNITY HEALTH DEVELOPMENT PARTNERS, LLC

Pahrump Community Health Center, LLC - Organizational Chart



Appendix F – Availability of Funds

Section Marked as Confidential/
Proprietary

Pahrump Community Health Center – Certificate of Need Application

Appendix G – Existing Facility - N/A

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Appendix H – Pro Forma Revenue/Expenses Statement

Pahrump Community Health Center, LLC
Projected Operating Income/Cash Flow

CHDP COMMUNITY HEALTH DEVELOPMENT PARTN

Income:	2023	2024	2025
Surgical Services Revenue	\$ 12,154,000.00	\$ 15,635,013.75	\$ 16,585,547.00
Expenses:			
Surgical Supplies and Implants	\$ 161,961.23	\$ 166,820.07	\$ 171,824.67
Advertising and Marketing	\$ 51,500.00	\$ 53,045.00	\$ 54,636.35
Website, SCO, Patient Portal	\$ 61,800.00	\$ 63,654.00	\$ 65,563.62
Management Fee 4.5%	\$ 38,625.00	\$ 39,783.75	\$ 40,977.26
Cleaning Services	\$ 37,080.00	\$ 38,192.40	\$ 39,338.17
Dues and Subscriptions	\$ 30,900.00	\$ 31,827.00	\$ 32,781.81
Insurance GL,Prof, WC, D&O	\$ 41,200.00	\$ 42,436.00	\$ 43,709.08
Legal & Professional Fees	\$ 61,800.00	\$ 63,654.00	\$ 65,563.62
Licenses & Fees	\$ 24,720.00	\$ 25,461.60	\$ 26,225.45
Maintenance and Repairs	\$ 14,832.00	\$ 15,276.96	\$ 15,735.27
Linen Services	\$ 22,248.00	\$ 22,915.44	\$ 23,602.90
Office and Admin Supplies / Computers	\$ 18,540.00	\$ 19,096.20	\$ 19,669.09
Payroll	\$ 2,825,290.00	\$ 2,910,048.70	\$ 2,997,350.16
Payroll Benefits & Taxes	\$ 621,563.80	\$ 640,210.71	\$ 659,417.04
Bonuses	\$ 141,264.50	\$ 145,502.44	\$ 149,867.51
Equipment Lease Financing	\$ 885,977.16	\$ 912,556.47	\$ 939,933.17
Cable/T1/Telephone/Ans. Serv.	\$ 12,360.00	\$ 12,730.80	\$ 13,112.72
FF&E Costs	\$ 18,540.00	\$ 19,096.20	\$ 19,669.09
Utilities	\$ 123,600.00	\$ 127,308.00	\$ 131,127.24
Total Expenses	\$ 1,318,565.57	\$ 1,358,122.54	\$ 1,398,866.21

Cash Available for Distribution:			
Net Income	\$ 10,835,434.43	\$ 14,276,891.21	\$ 15,186,680.79
Debt Service	\$ 1,050,000.00	\$ 1,050,000.00	\$ 1,050,000.00
Total Distributable Cash	\$ 9,785,434.43	\$ 13,226,891.21	\$ 14,136,680.79

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Appendix I – Scale Drawings of New Construction and/or Remodeling

Section Marked as Confidential/
Proprietary

Pahrump Community Health Center – Certificate of Need Application

Appendix J – Pro Forma and Charges

Revenue by Department	2022 (1 Month)	2023	2024	2025
Cardiology (PCI) Cases/EP				
Codes/Year	4.17	62.50	78.13	80.47
Average Gross Revenue Collect/Case	\$ 15,500.00	\$ 15,965.00	\$ 16,443.95	\$ 16,937.27
Subtotal Revenue	\$ 64,583.33	\$ 997,812.50	\$ 1,284,683.59	\$ 1,362,920.82
Ortho Knee/Other				
Codes/Year	41.67	625.00	781.25	804.69
Average Gross Revenue Collect/Case	\$ 5,500.00	\$ 5,665.00	\$ 5,834.95	\$ 6,010.00
Subtotal Revenue	\$ 229,166.67	\$ 3,540,625.00	\$ 4,558,554.69	\$ 4,836,170.67
PAD Cases				
Codes/Year	25.00	375.00	468.75	482.81
Average Gross Revenue Collect/Case	\$ 7,000.00	\$ 7,210.00	\$ 7,426.30	\$ 7,649.09
Subtotal Revenue	\$ 175,000.00	\$ 2,703,750.00	\$ 3,481,078.13	\$ 3,693,075.78
Spine				
Codes/Year	8.33	125.00	156.25	160.94
Average Gross Revenue Collect/Case	\$ 7,500.00	\$ 7,725.00	\$ 7,956.75	\$ 8,195.45
Subtotal Revenue	\$ 62,500.00	\$ 965,625.00	\$ 1,243,242.19	\$ 1,318,955.64
General Surgery				
Codes/Year	29.17	437.50	546.88	563.28
Average Gross Revenue Collect/Case	\$ 4,000.00	\$ 4,120.00	\$ 4,243.60	\$ 4,370.91
Subtotal Revenue	\$ 116,666.67	\$ 1,802,500.00	\$ 2,320,718.75	\$ 2,462,050.52
Pain Management				
Codes/Year	50.00	750.00	937.50	965.63
Average Gross Revenue Collect/Case	\$ 1,000.00	\$ 1,030.00	\$ 1,060.90	\$ 1,092.73
Subtotal Revenue	\$ 50,000.00	\$ 51,500.00	\$ 53,045.00	\$ 54,636.35
ENT				
Codes/Year	20.83	312.50	390.63	402.34
Average Gross Revenue Collect/Case	\$ 5,500.00	\$ 5,665.00	\$ 5,834.95	\$ 6,010.00
Subtotal Revenue	\$ 114,583.33	\$ 1,770,312.50	\$ 2,279,277.34	\$ 2,418,085.33
Ophth/Podiatry/Wound/Misc.				
Codes/Year	8.33	125.00	156.25	160.94
Average Gross Revenue Collect/Case	\$ 2,500.00	\$ 2,575.00	\$ 2,652.25	\$ 2,731.82
Subtotal Revenue	\$ 20,833.33	\$ 321,875.00	\$ 414,414.06	\$ 439,651.88
TOTAL REVENUE	\$ 833,333.33	\$ 12,154,000.00	\$ 15,635,013.75	\$ 16,585,547.00