

A. Paige Miller
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Bradley

RECEIVED

February 14, 2017

FEB 14 2017

VIA EMAIL (shpda.online@shpda.alabama.gov)

STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

Mr. Alva M. Lambert
Executive Director
State Health Planning & Development Agency
100 North Union Street
Suite 870
Montgomery, Alabama 36104

Re: Notice of Proposed Transaction

Dear Mr. Lambert:

I write on behalf of our client, Surgical Care Affiliates, Inc. ("SCA"). The purpose of this letter is to provide notice of a proposed transaction involving SCA to the State Health Planning & Development Agency (the "Agency"). As described more fully below, the proposed transaction will not result in any change in the direct ownership of the health care facilities described herein, nor will it result in any change in the facilities' legal business names, federal tax identification numbers, Medicare provider numbers, or local governing bodies. Accordingly, we do not believe that the proposed transaction will constitute a change of ownership for state licensure purposes. However, pursuant to your request, we are sending this letter to provide the Agency with background information about the proposed transaction.

SCA is a publicly-traded corporation that, by and through its subsidiaries, operates one of the largest networks of surgical facilities in the United States, which as of December 31, 2016, included 198 ambulatory surgery centers and seven surgical hospitals. Seven of these facilities are located in Alabama, although SCA holds an ownership interest of 50 percent or more in only two of the facilities in Alabama. UnitedHealth Group Incorporated ("UHG") is a publicly-traded corporation that, by and through its subsidiaries, operates a diversified family of businesses dedicated to helping people live healthier lives. SCA and UHG are parties to an agreement that, subject to the satisfaction or waiver of certain conditions, will result in the merger of SCA with a wholly-owned subsidiary of UHG (the "Proposed Transaction"). As a result, following the closing of the Proposed Transaction, SCA will cease to be a publicly-traded corporation and will become a wholly-owned subsidiary of UHG. The Proposed Transaction is expected to be completed in the first half of 2017.

Enclosed for your reference as Exhibit A is a listing of the SCA-affiliated facilities located in Alabama in which SCA holds at least a 50 percent indirect ownership interest (each, a "Facility" and collectively, the "Facilities"). In addition, enclosed as Exhibit B are ownership charts showing the ownership structure of each of the Facilities before and after the closing of the Proposed Transaction.¹ As you can see, the Proposed Transaction will not result in any change in the direct

¹ Immediately following the closing of the merger transaction, UHG will complete an internal reorganization through which the former SCA system will be incorporated into UHG's OptumCare business line. The attached charts depict the ownership structure after the completion of both the merger transaction and this internal reorganization.

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ownership of the legal entities that own and operate the Facilities. Instead, the Proposed Transaction will result in a change in the ownership structure several levels up the ownership chain from the legal entities that own and operate the Facilities. In each case, the legal entity that owns and operates the Facility will retain its assets, and there will be no change in the direct ownership of its stock. The legal entities that own and operate the Facilities will also retain their respective legal business names and federal tax identification numbers. Accordingly, the Proposed Transaction will not result in a change of ownership of any of the Facilities for Medicare purposes. In addition, no change in the local governing bodies or day-to-day operations of the Facilities is anticipated as a result of the Proposed Transaction.

Based on our understanding of the Agency's regulations and in accordance with Ala. Admin. Code § 410-1-7-.04, please find enclosed as Exhibit C a Notice of Change of Ownership/Control form for each Facility and responses to the questions posed by the regulations in cases of changes in ownership or control. It is our understanding that the responses provided in Exhibit C, this notice letter, and the enclosed filing fee of \$5,000.00 (\$2,500.00 per Facility) fulfills SCA's obligation to notify the Agency of the Proposed Transaction. If that understanding is incorrect, or if you need any additional information, please do not hesitate to contact me at (615) 252-3886 or pmiller@bradley.com.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

By: 
A. Paige Miller

Enclosures

cc: Richard L. Sharff, Jr., Esq. (via email: rich.sharff@scasurgery.com)
Megan A. McGovern, Esq. (via email: megan.mcgovern@hoganlovells.com)

EXHIBIT A

SCA-AFFILIATED FACILITIES IN ALABAMA²

FACILITY NAME	LEGAL ENTITY	LICENSE NO.	LOCATION
Gadsden Surgery Center	Gadsden Surgery Center, Ltd.	17114	Gadsden, AL
Shoals Outpatient Surgery	Florence Surgery Center, L.P.	15718	Florence, AL

² SCA, through its various subsidiaries, has an indirect ownership interest of less than 50 percent in five additional ambulatory surgery centers in Alabama (Surgery Center of Cullman, LLC d/b/a The Surgery Center of Cullman; Mobile-SC, LTD. d/b/a Mobile Surgery Center; Surgicare of Mobile, Ltd. d/b/a Surgicare of Mobile; Tuscaloosa Surgical Center, L.P. d/b/a Tuscaloosa Surgical Center; and Birmingham Outpatient Surgery Center, Ltd. d/b/a Outpatient CareCenter). Because SCA holds an indirect minority interest in these facilities, it is our understanding that the Proposed Transaction will not constitute a change in ownership or control for these facilities.

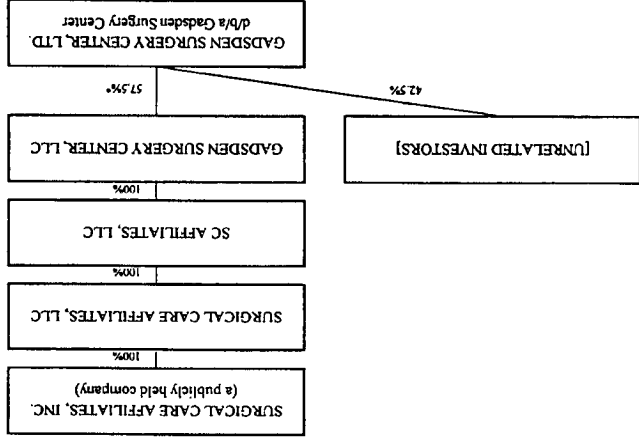
EXHIBIT B

OWNERSHIP STRUCTURE CHARTS

Please see attached.

GADSDEN SURGERY CENTER, LTD.
OWNERSHIP STRUCTURE CHART

BEFORE PROPOSED TRANSACTION

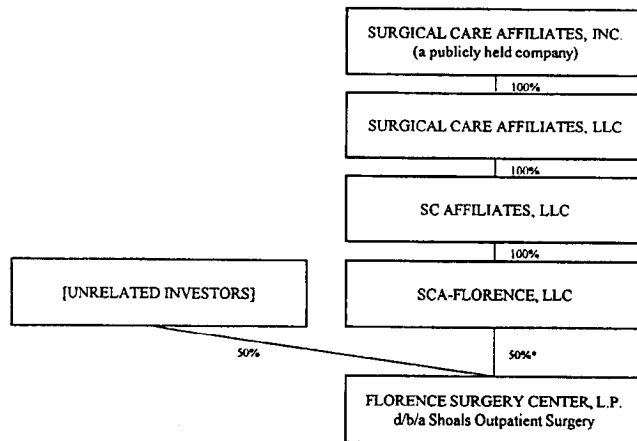


AFTER PROPOSED TRANSACTION



FLORENCE SURGERY CENTER, L.P. OWNERSHIP STRUCTURE CHART

BEFORE PROPOSED TRANSACTION



NOTE:
* SCA-Florence, LLC holds 50% general partner interest.

AFTER PROPOSED TRANSACTION

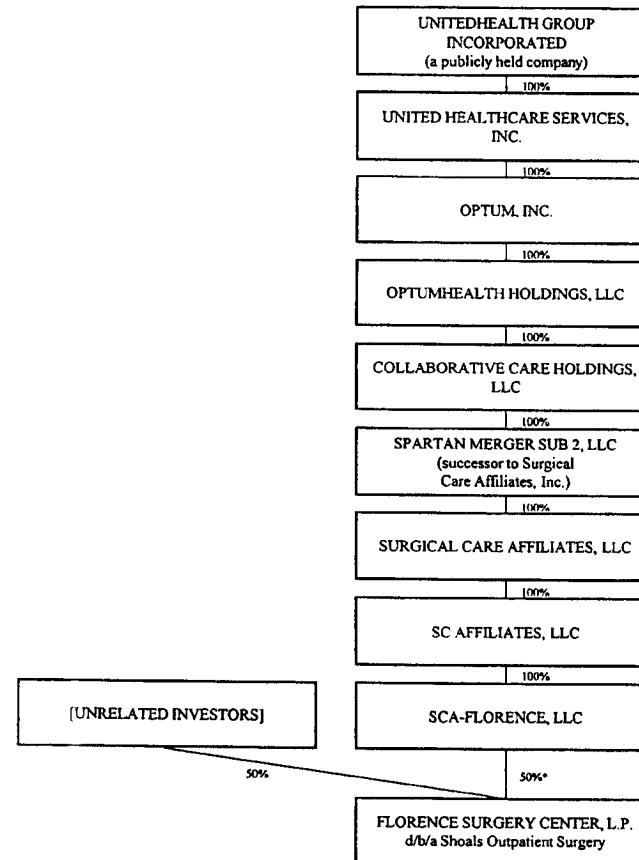


EXHIBIT C

NOTICE OF CHANGE OF OWNERSHIP/CONTROL FORMS

Please see attached.

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STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

State Health Planning and Development Agency

Alabama CON Rules & Regulations

NOTICE OF CHANGE OF OWNERSHIP/CONTROL

The following notification of intent is provided pursuant to all applicable provisions of ALA. CODE § 22-21-270 (1975 as amended) and ALA. ADMIN. CODE r. 410-1-7-.04. This notice must be filed at least twenty (20) days prior to the transaction.

- ☒ Change in Direct Ownership or Control (of a vested Facility; ALA. CODE §§ 22-20-271(d), (e))
- ☐ Change in Certificate of Need Holder (ALA. CODE § 22-20-271(f))
- ☐ Change in Facility Management (Facility Operator)

Any transaction other than those above-described requires an application for a Certificate of Need.

Part I: Facility Information

SHPDA ID Number: 055-U2802
(This can be found at www.shpda.alabama.gov, Health Care Data, ID Codes)

Name of Facility/Provider: Gadsden Surgery Center
(ADPH Licensure Name)

Physical Address: 418 S. 5th St.
Gadsden, AL 35901

County of Location: ETOWAH

Number of Beds/ESRD Stations: N/A

CON Authorized Service Area (Home Health and Hospice Providers Only). Attach additional pages if necessary. N/A

Part II: Current Authority (Note: If this transaction will result in a change in direct ownership or control, as defined under ALA. CODE § 22-20-271(e), please attach organizational charts outlining current and proposed structures.)

Owner (Entity Name) of Facility named in Part I: Gadsden Surgery Center, Ltd.

Mailing Address: 510 Lake Cook Road, Suite 400
Deerfield, IL 60015

Operator (Entity Name): Surgical Care Affiliates, LLC

Part III: Acquiring Entity Information

Name of Entity: Gadsden Surgery Center, Ltd.

Mailing Address: 510 Lake Cook Road, Suite 400
Deerfield, IL 60015

Operator (Entity Name): Surgical Care Affiliates, LLC

Proposed Date of Transaction is on or after: First half of 2017.

Part IV: Terms of Purchase

Monetary Value of Purchase: \$ Please see attached cover letter.

Type of Beds: N/A. Ambulatory Surgery Center.

Number of Beds/ESRD Stations: N/A.

Financial Scope: to Include Preliminary Estimate of the Cost Broken Down by Equipment, Construction, and Yearly Operating Cost:

Projected Equipment Cost: \$ 0.00

Projected Construction Cost: \$ 0.00

Projected Yearly Operating Cost: \$ 0.00

Projected Total Cost: \$ 0.00

On an Attached Sheet Please Address the Following:

- 1.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service, whether the service is an extension of a presently offered service, or whether the service is a new service).
- 2.) Whether the proposal will include the addition of any new beds.
- 3.) Whether the proposal will involve the conversion of beds.
- 4.) Whether the assets and stock (if any) will be acquired.

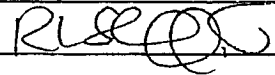
Part V: Certification of Information**Current Authority Signature(s):**

The information contained in this notification is true and correct to the best of my knowledge and belief.

Owner(s): 

Operator(s): _____

Title/Date: Richard L. Sharff, Jr., VP of
Gadsden Surgery Center, LLC



Richard L. Sharff, Jr., Executive
VP of Surgical Care Affiliates, LLC

SWORN to and subscribed before me, this 10th day of February, 2017.

(Seal)



Notary Public

My Commission Expires: 9/22/2018**Acquiring Authority Signature(s):**

I agree to be responsible for reporting of all services provided during the current annual reporting period, as specified in ALA. ADMIN. CODE r. 410-1-3-.12. The information contained in this notification is true and correct to the best of my knowledge and belief.

Purchaser(s): RLS [Signature]

Operator(s): _____

Title/Date: Richard L. Sharff, Jr., VP of
Gadsden Surgery Center, LLCRLS [Signature]Richard L. Sharff, Jr., Executive VP
of Surgical Care Affiliates, LLCSWORN to and subscribed before me, this 10th day of February, 2017.

(Seal)



Notary Public

My Commission Expires: 9/22/2018

Author: Alva M. Lambert

Statutory Authority: § 22-21-271(c), Code of Alabama, 1975

History: New Rule

Responses to Questions Posed by Ala. Admin. Code § 410-1-7-.04

Gadsden Surgery Center (the "Facility")

- a) The financial scope of the project to include the preliminary estimate of the costs broken down by equipment, construction, and yearly operating cost;

Response: Surgical Care Affiliates, Inc. ("SCA") and UnitedHealth Group Incorporated ("UHG") are parties to an agreement (the "Merger Agreement") that will, subject to the satisfaction or waiver of certain conditions, result in the merger of SCA with a wholly-owned subsidiary of UHG (the "Proposed Transaction"). As a result, following the closing of the transaction, SCA will cease to be a publicly-traded corporation and will become a wholly-owned subsidiary of UHG.

The Merger Agreement calls for the acquisition of SCA's outstanding common stock for a fixed price of \$57.00 per share, to be funded between 51 percent and 80 percent with UHG's common stock, with the final percentage to be determined at UHG's option and the remainder in cash. Due to the structure of the Proposed Transaction, no specific consideration is designated as being for the Facility. The Proposed Transaction is expected to close during the first half of 2017, subject to the tender of a majority of SCA's shares, regulatory approvals, and other customary closing conditions.

- b) The services to be offered by the proposal (the applicant will state whether he has previously offered the service and whether the service is the extension of a presently offered service, or whether the service is a new service);

Response: The Proposed Transaction will not result in the offering of, the provision of, or the creation of, a new institutional health service at the Facility.

- c) Whether the proposal will include the addition of any new beds;

Response: As an ambulatory surgery center, the Facility does not have any inpatient beds. Regardless, the Proposed Transaction will not result in the addition of any beds at the Facility.

- d) Whether the assets and stock (if any) will be acquired; and

Response: As described more fully in the body of the letter to which this Exhibit C is attached, the Proposed Transaction is merely a change in the upstream ownership structure of the Facility. The Merger Agreement calls for the acquisition of SCA's outstanding common stock for a fixed price per share, to be funded between 51 percent and 80 percent with UHG's common stock, with the final percentage to be determined at UHG's option and the remainder in cash.

- a) Any other information that the Executive Director shall deem necessary to insure a full understanding by the state agency.

Response: Should the Executive Director have any additional questions or requests for information, please contact Paige Miller at (615) 252-3886 or pmiller@bradley.com.

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☐ Change in Certificate of Need Holder (ALA. CODE § 22-20-271(f))
☐ Change in Facility Management (Facility Operator)

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Part I: Facility Information

SHPDA ID Number: 077-U3901
(This can be found at www.shpda.alabama.gov, Health Care Data, ID Codes)

Name of Facility/Provider: Shoals Outpatient Surgery
(ADPH Licensure Name)

Physical Address: 103 Helton Court
Florence, AL 35630

County of Location: LAUDERDALE

Number of Beds/ESRD Stations: N/A

CON Authorized Service Area (Home Health and Hospice Providers Only). Attach additional pages if necessary. N/A

Part II: Current Authority (Note: If this transaction will result in a change in direct ownership or control, as defined under ALA. CODE § 22-20-271(e), please attach organizational charts outlining current and proposed structures.)

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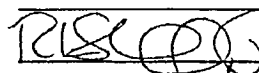
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