Original

CROSSROADS TREATMENT CENTER

CN1511-048

1. ***Name of Facility, Agency, or Institution***

Crossroads Treatment Centers
Name

At an address to be assigned on Princeton Road — Washington
Street or Route — County

Johnson City — TN — 37604
City — State — Zip Code

2. ***Contact Person Available for Responses to Questions***

Kim Harvey Looney — Attorney
Name — Title

Waller Lansden Dortch & Davis LLP — kim.looney@wallerlaw.com
Company Name — Email address

511 Union Street, Suite 2700 — Nashville — TN — 37219
Street or Route — City — State — Zip Code

Attorney — 615-850-8722 — 615-244-6804
Association with Owner — Phone Number — Fax Number

3. ***Owner of the Facility, Agency or Institution***

Crossroads Treatment Centers of Tri-Cities, PC — 864-527-3145
Name — Phone Number

At an address to be assigned on Princeton Road — Washington
Street or Route — County

Johnson City — TN — 37604
City — State — Zip Code

4. ***Type of Ownership of Control (Check One)***

A. Sole Proprietorship _____
B. Partnership _____
C. Limited Partnership _____
D. Corporation (For Profit) _____
E. Corporation (Not-for-Profit) _____
F. Government (State of TN or Political Subdivision) _____
G. Joint Venture _____
H. Limited Liability Company _____
I. Other (Specify) Professional Corporation X

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

Response: See Attachment A-4 for copy of corporate documents and organizational charts.

5. ***Name of Management/Operating Entity*** ***(If Applicable)***

Crossroads of Tri-Cities Management Company, LLC
Name

105 N Spring Street
Street or Route

Greenville
County

Greenville
City

SC
State

29601
Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

Response: See Attachment A-5 for a copy of a draft management contract.

6. ***Legal Interest in the Site of the Institution*** ***(Check One)***

A. Ownership _____
B. Option to Purchase X
C. Lease of __Years _____
D. Option to Lease _____
E. Other (Specify) _____ _____

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

Response: See Attachment A-6 for a copy of the purchase agreement. (Calhoun Real Estate is acting as the agent of the Applicant.)

7. ***Type of Institution*** ***(Check as appropriate--more than one response may apply)***

A. Hospital (Specify) _____ _____
B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____
C. ASTC, Single Specialty _____
D. Home Health Agency _____
E. Hospice _____
F. Mental Health Hospital _____
G. Mental Health Residential Treatment Facility _____
H. Mental Retardation Institutional Habilitation Facility (ICF/MR) _____
I. Nursing Home _____
J. Outpatient Diagnostic Center _____
K. Recuperation Center _____
L. Rehabilitation Facility _____
M. Residential Hospice _____
N. Non-Residential Opioid Treatment Program Facility
Facility X
O. Birthing Center _____
P. Other Outpatient Facility (Specify) _____ _____
Q. Other (Specify) _____ _____

8. ***Purpose of Review*** ***(Check) as appropriate--more than one response may apply)***

A. New Institution X
B. Replacement/Existing Facility _____
C. Modification/Existing Facility _____
D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) _____ _____
E. Discontinuance of OB Services _____
F. Acquisition of Equipment _____
G. Change in Bed Complement [*Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation*] _____
H. Change of Location _____
I. Other (Specify) _____ _____

4825-5982-2372.17

9. **Bed Complement Data** **Not applicable.**

Please indicate current and proposed distribution and certification of facility beds.

	Current Beds Licensed	Current Beds *CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical					
B. Surgical					
C. Long-Term Care Hospital					
D. Obstetrical_____					
E. ICU/CCU					
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolescent Psychiatric					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid Certified)					
M. Nursing Facility Level 1 (Medicaid only)					
N. Nursing Facility Level 2 (Medicare only)					
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child and Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL	0	0	0	0	0

*CON-Beds approved but not yet in service

10. **Medicare Provider Number** NA
Certification Type _____

11. **Medicaid Provider Number** NA
Certification Type _____

12. **If this is a new facility, will certification be sought for Medicare and/or Medicaid?** No.

13. ***Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area.*** **Will this project involve the treatment of TennCare participants?** No. **If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted *or plans to contract.***

Discuss any out-of-network relationships in place with MCOs/BHOs in the area. **N/A**

NOTE: ***Section B*** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. ***Section C*** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

Response: The Applicant, Crossroads Treatment Centers ("Crossroads" or "the Applicant"), proposes a new non-residential opioid treatment program (OTP) in Johnson City, Tennessee. The Applicant is financially stable and well capitalized to execute this project. The proposed service area for the Crossroads facility in Johnson City is comprised of the eight most northeastern counties in Tennessee: Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi County, and Washington Counties.

Crossroads is owned by Crossroads Treatment Center of Tri-Cities PC, which is owned 100% by Dr. Rupert J. McCormac, IV, MD. This entity will be responsible for all medical aspects of the proposed center in Johnson City and, if approved, hold the CON and facility license. Crossroads of Tri-Cities Management Co., LLC ("the LLC"), through a Management Agreement, will have management responsibility for the proposed center. The LLC is owned by Treatment Centers HoldCo, which is 100% owned by Crossroads Holding, LLC. Through its relationship with Crossroads Holding, the Applicant will be able to rely on the extensive experience of Crossroads Management Entities. Throughout this application, the Applicant refers to the expertise of the "Crossroads Management Entities" in several locations to illustrate the resources it will be able to rely on. Organizational charts for the Crossroads Treatment Center PCs and the Crossroads Management Company LLCs are included in Attachment A-4. If and when approved and Crossroads is operational, the PC and LLC for the Johnson City location will be added to their respective organizational charts.

Crossroads will provide medication-assisted treatment ("MAT") for the rehabilitation of persons dependent on opioids to include opium, morphine, heroine, or any derivative of the group. These derivatives commonly include pain medications such as Oxycontin.

Attachment B.I includes a detailed history of the prescription drug epidemic Tennessee is facing, a history of OTPs, and the need for the proposed project. Responses throughout this application will refer to this narrative in Attachment B.I for more information.

In its *Prescription for Success: Statewide Strategies to Prevent and Treat the Prescription Drug Abuse Epidemic in Tennessee* strategic plan, the Tennessee Department of Mental

Health and Substance Abuse Services (TDMHSAS) discusses the impact of the prescription drug epidemic in Tennessee. In the forward, it states,

Prescription drug abuse is a pervasive, multi-dimensional epidemic that is impacting Tennessee families and communities and requires a coordinated and collaborative response.

The proposed project is a direct response to this epidemic. The Applicant estimates that there are between 8,800 and 21,500 adults in the service area who are addicted to opioids (heroin and prescription pain pills). This estimate is derived using data from:[1] (1) SAMHSA (*Substance Abuse and Mental Health Services Administration- U.S. Department of Health and Human Services*) using this data yields 8,809 opioid abusers or opioid dependents from the proposed service area,[2] and (2) Tennessee's *Department of Mental Health and Substance Abuse Services* report, "Prescription Drug Abuse In Tennessee" by the *Safety Subcabinet Working Group*, reported that almost 250,000 Tennesseans older than 12 reported abusing prescription opioids in 2009. Applied to the service area adult population, this would yield approximately 21,500 opioid abusers or opioid dependents from the proposed service area.

Crossroads Management Entities specialize in the use of field-recognized and research-supported practices in the treatment and care of adults with opioid dependence. The Applicant only provides MAT services utilizing methadone to help patients stop abusing opioids, manage triggers and addictive behaviors and gain control of their lives. Methadone maintenance treatment ("MMT") is a MAT that uses methadone. When taken as prescribed, methadone is very safe and prevents patients from experiencing withdrawal symptoms while at the same time not producing drowsiness or disorientation.

Patients will receive daily oral doses of methadone that eliminate withdrawal symptoms and cravings from prior opioid abuse without producing a high. Methadone is a synthetic, non-harmful opioid producing stabilizing effects that last approximately 24-hours, but will not interfere with carrying out employment and family responsibilities. Dosage amounts are always set by the Medical Director after appropriate assessment. During the first 90 days of treatment, most doses will be administered only in the clinic and by a trained program nurse.

Crossroads' services are designed to support patient health and recovery, manage symptoms, promote personal growth, enhance patients' quality of life, and improve patients' relationships with their family and community. In addition to providing properly dosed methadone treatment to patients, Crossroads' treatment services will include:

- Physical and Psychosocial Assessments
- Laboratory Screening
- Drug Screening
- HEP C and HIV Screening
- TB Screening
- Coordination of Care with Prescribing Physicians

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[1] Applicant attempted to get Registry Data of NRMTF enrollment by county from the Tennessee Department of Mental Health and Substance Abuse Services, but the Department does not release this data publically. This is a policy change from prior NRMTF CONs where the data was provided

[2] http://store.samhsa.gov/shin/content//NSDUH14-0904/NSDUH14-0904.pdf

- Substance Abuse Counseling
- Referral Services for Mental Health, Medical, Vocational and Educational Needs

The Applicant will provide for personnel and staffing in accordance with the Rules of TDMHSAS, including a designated program director, a medical director, physician services, an on-site prescriber of services, nursing care, a registered nurse to supervise the nursing staff, and counselors available to provide individual and group counseling.

There are no other OTP programs in the service area. The closest are in Knoxville, or Weaverville or Asheville, North Carolina. Knoxville is 99 miles away from Johnson City and 113 miles from Bristol. These distances make it difficult for the population to receive necessary treatment. The Applicant anticipates project costs of $1,830,770, with funding provided by Ally Bank.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of $5 million) and other facility projects (construction cost in excess of $2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

Response: The proposed facility will be housed in a new building to be constructed at an address to be assigned on Princeton Road, in Johnson City (Washington County). The building is a single story with ample parking for patients and staff in the front and rear of the building. The closest cross streets are Wesley and Susannah. The site is on vacant land next to the Princeton Medical Center Building.

A schematic drawing of the facility is included in Attachment B, Project Description, .IV. The proposed project includes space for 13 rooms for patient counseling, a pharmacy with dosing areas, a group room, offices for the director, medical director, and nurses, as well as a patient waiting room, restrooms, a laboratory, staff break room, and payment window for patients. There is also ample storage area, a janitor's closet, and a chart room at the proposed facility. The following areas in the space will be American Disabilities Act (ADA) compliant: restroom, payment window, counselor's office and patient counseling.

The proposed OTP will have a full security system with motion detectors, door alarms and a panic button at the receptionist desk. The safes have alarm systems as well. The only individuals that have the code to the medicine safe are the nursing director and the Program Director. A full camera system will monitor the interior of the entire center, all parking areas, as well as multiple cameras watching the pharmacy, safes and dosing windows. The security system, with cell back up, is checked each month by the Program Director. Also, the Drug Enforcement Administration inspects the security system as a part of regular inspections to ensure fully functioning operations.

Patients are expected to leave the premises upon receiving treatment services. No loitering will be permitted under any circumstances. A security guard is employed from 30 minutes prior to opening to 30 minutes after closing to prevent loitering and any other issues that may arise. Attachment B, Project Description, II.A contains a copy of Program Rules which make the consequences for loitering and any other infractions clear for patients.

If the project involves none of the above, describe the development of the proposal.

Response: Not applicable.

B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

Response: Not applicable.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department Square Footage	Existing Location Proposed Final	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost / SF		
					Renovated	New	Total	Renovated	New	Total
Waiting Area						511	511		84.00	$42,924
Payment Room						98	98		84.00	$8,232
Counseling Rooms						1,093	1,093		84.00	$91,812
Chart Room						220	220		84.00	$18,480
Director Offices						419	419		84.00	$35,196
Restrooms						194	194		84.00	$16,296
Break Room						173	173		84.00	$14,532
Storage						96	96		84.00	$8,064
Lab Offices						100	100		84.00	$8,400
Pharmacy						288	288		84.00	$24,192
Group Counseling						258	258		84.00	$21,672
Nurse Offices						128	128		84.00	$10,752
B. Unit/Depart. GSF Sub-Total										
C. Mechanical/ Electrical GSF						35	35		84.00	$2,940
D. Circulation/ Structure GSF						2,387	2,387		84.00	$200,508
E. Total GSF						**6,000**	**6,000**		**84.00**	**$504,000**
Land Cost										$295,000
Geotech Testing										$3,600
Topographic Survey										$2,000
Eng. Design Fees										$46,400
Site Civil Eng. Fees										$4,000
Landscaping										$25,000
Paving/Sidewalks										$158,600
Site Utilities/ Water Quality										$40,000
Site Grading										$35,000
Building Shell						6,000	6,000		56.00	$336,000
Total Site/Building										**$945,600**
Project Grand Total										**$1,449,600**

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. ***Non-Residential Methadone Treatment Centers***
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

Response: There is a tremendous need for OTP services in the service area. The service area for the proposed Crossroads facility in Johnson City is comprised of the eight most northeastern counties in Tennessee: Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi County, and Washington Counties. **The service area's total population is over 600,000 and expected to grow by 13,910 residents between 2015 and 2019. The adult population age 20+ was 452,389 in 2015 and is expected to grow to 470,448 by 2019. In spite of its large population, there is not a single OTP offering services in the service area.**

The Applicant estimates that there are between 8,800 and 21,500 adults in the service area who are addicted to opioids (heroin and prescription pain pills), which estimate is conservative. This estimate is derived using the following methods:[3]

- **SAMHSA reports that nationally heroin use was 0.1% in adults (ages 18 and older) and non-medical prescription pain medication use was 1.7% for adults in 2013. Combined, using the service area's 2014 population age 18+, this metric estimates there are 8,809 opioid abusers or opioid dependents from the proposed service area.**[4]
- **Tennessee's Department of Mental Health and Substance Abuse Services report, "Prescription Drug Abuse In Tennessee" by the Safety Subcabinet Working Group, reported that almost 250,000 Tennesseans**

[3] Applicant attempted to get Registry Data of NRMTF enrollment by county from the Tennessee Department of Mental Health and Substance Abuse Services, but the Department does not release this data publically. This is a policy change from prior NRMTF CONs where the data was provided.

[4] SAMHSA. 2014. Substance Use and Mental Health Estimates from the 2013 National Survey on Drug Use and Health: Overview of Findings. http://store.samhsa.gov/shin/content//NSDUH14-0904/NSDUH14-0904.pdf. Note these percentages are the same as those for individuals 12 and over.

older than 12 reported abusing prescription opioids in 2009. This number was based on the National Survey of Drug Use and Health, which estimates 212,000 adults 18 and over in Tennessee (4.4%) misused prescription opioids in 2013. Applying this statistic to the service area's adult population estimates approximately 21,500 opioid abusers or opioid dependents in the proposed service area.

Crossroads proposes to treat these patients, in part, with MAT. MAT utilizing methadone[5] has been in use as a primary form of treatment for opioid addiction and dependence for over 40 years. MAT is recognized as the most effective treatment for opioid addiction by the CDC.[6] Numerous studies have shown that MAT reduces drug use, disease rates, and criminal activity among opioid addicted persons. MAT utilizes medication to stabilize brain chemistry, block the euphoric effects of opioids, relieve physiological cravings, and normalize body functions. When taken as prescribed, methadone is very safe and prevents patients from experiencing withdrawal symptoms while at the same time does not produce drowsiness or disorientation.

CMS published a news release on November 3, 2015, which released an interactive online mapping tool which shows geographic comparisons at the state, county and zip code levels of de-identified Medicare Part D opioid prescription claims - prescriptions written and submitted to be filled. Reviewing the information in this resource, provides a better understanding of how this critical issue impacts the proposed service area. The following table shows the counties in the Applicant's service area with the percentage of opioid use.

2015 CMS OPIOID DATA	
County	**Avg. Opioid Claim**
Carter	6.21%
Greene	5.25%
Hancock	7.47%
Hawkins	7.31%
Johnson	7.21%
Sullivan	7.09%
Unicoi	4.68%
Washington	7.62%

The percentage use for Tennessee is 6.91% and the national average is 5.32%. As can be seen is this table, opioid use for the Medicare population in the Applicant's service area is generally higher than both the national and state averages.

Information from HHS also supports the use of MAT. In a press release dated March 26, 2015, HHS Secretary Sylvia Burwell announced a targeted initiative aimed at reducing prescription opioid and heroin overdose, along with deaths and dependence. One of the three priority areas that she identified to assist in this crisis was "expanding the use of

[5] Methadone (trade name Dolophine)" means a synthetic opioid agonist which has been approved by the FDA for detoxification and maintenance treatment of opioid addiction. See Rules of The Tennessee Department Of Mental Health and Developmental Disabilities. Chapter 0940-05-42. Definitions.
[6] CDC. Methadone Maintenance Treatment. Available at: http://www.cdc.gov/idu/facts/methadonefin.pdf

MAT, a comprehensive way to address the needs of individuals that combines the use of medication with counseling and behavioral therapies to treat substance abuse disorders." The initiative includes launching a grant program to improve access to MAT, including through education, training, and purchase of MAT medications for treatment of prescription drug addiction to opioids and heroin addiction.

In addition to MAT, Crossroads Management Entities also provide counseling and other behavioral therapies, providing a whole-patient approach to the treatment of substance use disorders.

The CDC reports that the benefits of methadone maintenance therapy include:[7]

- Reduced or stopped use of injection drugs;
- Reduced risk of overdose and of acquiring or transmitting diseases such as HIV, hepatitis B or C, bacterial infections, endocarditis, soft tissue infections, thrombophlebitis, tuberculosis, and STDs;
- Reduced mortality – the median death rate of opioid-dependent individuals in MMT is 30 percent of the rate of those not in MMT;
- Possible reduction in sexual risk behaviors, although evidence on this point is conflicting;
- Reduced criminal activity;
- Improved family stability and employment potential; and
- Improved pregnancy outcomes.

MAT benefits also include decreases in narcotic use, drug dealing, and other criminal behavior as well as increases in employment and marriage.[8] In addition to the health and public safety value of MAT, there is an economic benefit. Illicit drug use leads to lost productivity at work, increased health care fees, and higher costs associated with the criminal justice system. Research shows an economic cost-benefit ratio for methadone maintenance therapy of nearly $38 saved for every $1 spent on MAT.[9]

Service area residents do not currently have reasonable access to an OTP that can provide MAT using methadone. Currently, the closest Tennessee OTP is located in Knoxville, which is over an hour and a half and approximately 100 miles away from Johnson City.[10] Travel distance is a recognized barrier to treatment with studies showing that treatment rates fall substantially as distances to commute increase beyond 25 miles.[11] Patients enrolled in these programs often must make this commute daily, accruing significant costs in gas, time and, often, adding to the patient's inability to maintain a steady job. Some persons seeking help simply forego treatment because of distance barriers. There is no data publicly available on the number of service area residents currently receiving treatment in Knoxville.

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[7] *Ibid.*

[8] Hubbard, Marsden, Rachal, et al.,1989. Powers and Anglin, 1993. Web Guide, Part B. National Institute on Drug Abuse, Ed. NIDA International Program, 2013

[9] TRI, Ed. "Cost & Utilization Outcomes of Opioid-Dependence Treatment."

[10] There is no data available on the number of service area residents currently receiving treatment in Knoxville.

[11] K. Beardsley, E. D. Wish, D. B. Fitzelle, K. O'Grady, and A M. Arria, "Distance traveled to outpatient drug treatment and client retention ," Journal of Substance Abuse Treatment, val. 25, no. 4, pp. 279-285, 2003, cited in "Distance Traveled and Cross-State Commuting to Opioid Treatment Programs in the United States," Journal of Environmental and Public Health, Volume 2011 , Article ID 948789.

Crossroads Management Entities operate the nearest out-of-state OTPs, Crossroads of Weaverville, North Carolina and Crossroads of Asheville, North Carolina. Approximately 300 patients currently travel from the service area to the Applicant's Weaverville and Asheville facilities, which are located 49 and 70 miles from the proposed location, respectively. If this application is approved, all 300 patients who make the commute, plus an unknown additional number of residents who would prefer to break the cycle of addiction but cannot make the commute, would be able to receive these important services locally, which increases the likelihood of success of the treatment.

The proposed service area is in the Johnson City-Kingsport-Bristol Combined Statistical Area (CSA). The chart below provides an overview of the population in all Metropolitan Statistical Areas (MSAs) and Micropolitan Statistical Areas in which there is a Tennessee OTP, as well as the population in the Johnson City-Kingsport-Bristol CSA. The map included in Attachment B, Project Description, II.C provides the locations of the existing OTPs in Tennessee. The service area CSA has a larger population than the populations where five of the existing providers provide services. The service area population far exceeds the population base needed to support an OTP, as shown in the table below.

Statistical Area	2014 Population Estimate	Number of Tennessee OTPs Serving Statistical Areas
Nashville-Davidson–Murfreesboro–Franklin, TN Metropolitan Statistical Area	1,792,649	2
Memphis, TN-MS-AR Metropolitan Statistical Area	1,343,230	3
Knoxville, TN Metropolitan Statistical Area	857,585	2
Chattanooga, TN-GA Metropolitan Statistical Area	544,559	1
Johnson City-Kingsport-Bristol, TN-VA Combined Statistical Area	**509,170**	**0**
Jackson, TN Metropolitan Statistical Area	130,225	1
Dyersburg, TN Micropolitan Statistical Area	37,935	1
Paris, TN Micropolitan Statistical Area	32,204	1
Hardin County, TN (not part of a Metropolitan or Micropolitan Statistical Area)	26,037*	1
Maury County, TN (not part of a Metropolitan or Micropolitan Statistical Area)	83,772*	1

* Data is for 2013.
Source: United States Census Bureau Population Estimates 2014 and Tennessee Department of Health, Division of Policy, Planning and Assessment, 2013 Census

D. Describe the need to change location or replace an existing facility.

Response: Not applicable.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of $1.5 million; and/or is a magnetic

resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):

   a. Describe the new equipment, including:

      1. Total cost ;(As defined by Agency Rule).
      2. Expected useful life;
      3. List of clinical applications to be provided; and
      4. Documentation of FDA approval.

   b. Provide current and proposed schedules of operations.

   Response: Not applicable

2. For mobile major medical equipment:

   a. List all sites that will be served;

   b. Provide current and/or proposed schedule of operations;

   c. Provide the lease or contract cost.

   d. Provide the fair market value of the equipment; and

   e. List the owner for the equipment.

   Response: Not applicable

3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

   Response: Not applicable. No major medical equipment is proposed as part of the project.

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must include**:

1. Size of site (***in acres***);
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

Response: See plot plan included as Attachment B, Project Description III.A.

(B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Response: The proposed facility will be at an address to be assigned on Princeton Road, in Johnson City (Washington County), close to major highways. There will be ample parking for patients and staff.

The office location provides convenient access to Interstate 26, a major interstate highway. Kingsport is a 20-minute drive from the site and Bristol, the other major city, is 22 miles away. Both of these distances represent a major improvement on the driving distances patients are forced to endure currently for treatment. The Applicant proposed site is located at an address to be assigned on Princeton Road, between Wesley and Susannah Streets, on land that is currently vacant next to the Princeton Medical Center Building. The closest cross street is Wesley. Blue Route drop offs and pickups occur every hour, starting at 6:25 in the morning. The location provides a major improvement for OTP accessibility, as current options for OTP treatment, whether out-of-state or over 100 miles away in Knoxville, have no available public transportation routes.

The proposed project is compatible with the surrounding land uses. The map in Attachment B, Project Description, III.(B)1 shows the location of the facility. Approximately 40% of the traffic expected at Crossroads will have cleared by 6:30 AM since the program will begin operations at 5:00 AM.

It is important to note that opening an OTP does not result in higher crime rates in the area. The National Institute on Drug Abuse has found that crime does not increase around methadone clinics. A study conducted by University of Maryland School of Medicine faculty revealed that crime rates in areas surrounding OTPs in Baltimore were not significantly different than the crime rates in the surrounding neighborhoods. Researchers found no increased likelihood of crimes due to proximity to an OTP, but rather an increase in crime due to proximity to convenience stores.[12]

A 2012 review of literature on crime patterns and substance abuse treatment programs also concluded that there "is not a correlation between crime and the presence of substance abuse treatment centers." The literature review went on to state: "The research results do not support the belief that substance abuse treatment centers are associated with higher crime rates or neighborhood risk. The major factor affecting crime rates is general socio-economic conditions."[13] Given the research that has emerged over the past several years, there is no reason to suspect that approving this project will increase the crime rates in the area surrounding the proposed location.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

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[12] National Institute on Drug Abuse. 2013. Crime Does Not Increase Around Methadone Clinics in Baltimore. Available at: http://www.drugabuse.gov/news-events/nida-notes/2012/12/crime-does-not-increase-around-methadone-clinics-in-baltimore

[13] Hendrickson Development. 2012. Review of Literature Discussing Crime Patterns and Substance Abuse Treatment Programs.

NOTE: ***DO NOT SUBMIT BLUEPRINTS***. Simple line drawings should be submitted and need not be drawn to scale.

Response: See floor plan included as Attachment B, Project Description - IV.

V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

Response: Not applicable.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tenn. Code Ann. § 68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper*. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.

   a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

Project-Specific Review Criteria:
Non-Residential Substitution-Based Treatment Center for Opiate Addiction

A non-residential narcotic treatment facility should provide adequate medical, counseling, vocational, educational, mental health assessment, and social services to patients enrolled in the opioid treatment program with the goal of the individual becoming free of opioid dependency.

Response: Crossroads Management Entities specialize in the use of field-recognized and research-supported practices in the treatment and care of adults with opioid dependence. The Applicant only provides MAT services utilizing methadone to help patients stop abusing opioids, manage triggers and addictive behaviors and gain control of their lives. When taken as prescribed, methadone is very safe and prevents patients from experiencing withdrawal symptoms while at the same time not producing drowsiness or disorientation. The treatment provided at Crossroads includes much more than simply prescribing and dispensing medication. Crossroads' treatment includes physician assessment, counseling, laboratory testing and other support services.

The Crossroads Management Entities' approach to MAT recognizes that opioid dependence is a complex medical disease. Therefore, it is imperative that Crossroads' counselors work with patients to address all of the underlying issues. Correspondingly, Crossroads' treats patients through a holistic, biopsychosocial model. This model provides each patient with a comprehensive, individualized treatment plan. addressing both medical factors and individual psychosocial factors. It is well established that when treating opioid dependence, the best success rates are derived from the combination of medication assistance and counseling.

Crossroads is dedicated to helping patients manage opioid addiction, in part by helping patients resolve underlying psychological and social issues. This approach greatly enhances the prospects for a successful recovery process.

Patients will receive daily oral doses of methadone that eliminate withdrawal symptoms and cravings from prior opioid abuse without producing a high. Methadone is a synthetic, non-harmful opioid producing stabilizing effects that last approximately 24-hours, but will not interfere with carrying out employment and family responsibilities. Dosage amounts are always set by the Medical Director after an appropriate assessment. During the first 90 days of treatment, most doses will be administered only in the clinic and by a trained program nurse.

Structure of MAT treatment services provided:

- Individualized Treatment Planning
- Supportive Individual and Group Counseling
- Physician-directed Medical Care
- Treatment Medication
- Coordination with Community Resource and Service Professionals for other necessary treatment services.

Treatment Services include:

- Physical and Psychosocial Assessments
- Laboratory Screening

- Drug Screening
- HEP C and HIV Screening
- TB Screening
- Coordination of Care with Prescribing Physicians
- Substance Abuse Counseling
- Referral Services for Mental Health, Medical, Vocational and Educational Needs

Treatment Services are designed to:
- Support patient health and recovery
- Reduce symptoms and manage triggers
- Promote personal growth and healthy life choices
- Enhance quality of life and improve/restore functioning
- Promote positive relationships with family, friends and community

The Applicant's *Policy & Procedures* describe the structure and processes of how treatment services are delivered:
- Screening and Access to Treatment Services
- Treatment Planning
- Medication Management
- Termination of Treatment Services

Crossroads' *Mission, Values and Commitments* are defined as follows:

Mission: We exist to help opioid dependent patients get their lives back.

Values: Crossroads focuses on 4 core values. The Crossroads experience is designed to instill a sense of:

Hope
Pride
Stability
Progress

Commitments: Crossroads is committed to helping patients adopt these 4 core values by making 4 specific commitments to each patient:

Hope:	We will help you see yourself as the person you can be.
Pride:	We will provide non-judgmental guidance to assist you in your recovery.
Stability:	We will deliver a professional and consistent treatment environment.
Progress:	We will partner with you to reach your treatment goals.

Crossroads' Facilities offer:
- A clean and well-maintained environment.
- An accessible location.
- Private offices for counseling.
- Security of patient records and confidentiality.
- An area sensitive to the needs of children of our patients.

Crossroads' friendly trained Staff is:
- Committed to a "Service First" philosophy.
- Qualified to provide knowledgeable support for treatment services.

- Consistent in communicating regularly with patients regarding treatment planning and services.
- Compliant with Federal and State standards for professional certification and licensing.

The proposed program hours are Monday – Friday from 5:00 am – 1:00 pm, and Saturday and Sunday from 6:00 am – 8:00 am. Based on its projected census and experience operating twelve other locations, the Applicant is highly confident that this operating schedule will provide effective patient care. Consideration of expanded operating hours will be based on patient needs as the proposed project expands.

Proposed Operations Schedule:

Monday – Friday	
5:00 am – 10 am	Dosing, Counseling, Admissions, Assessments and Physicals
10:00 am – 1:00 pm	Counseling and Administration
Saturday and Sunday	
6:00 am – 8:00 am	Dosing only

Proposed Staff Schedule

Tuesday & Friday	
6:00 am – 8:00 am	Physicians see Patients
Monday – Friday	
5:00 am – 11:00 am	Nurses Dose Patients, Secure & Track Medication Inventory
Saturday and Sunday	
6:00 am – 9:00 am	Nurses Dose Patients, Secure & Track Medication Inventory
Monday – Friday	
5:00 am – 11:00 pm	Counselors Coordinate Treatment Services

Each patient will receive an orientation session provided by the Applicant, as outlined in the Rules of TDMHSAS, to ensure that he or she is aware of the program's goals and all of the services Crossroads provides. Each patient will also receive an individualized program plan consistent with his or her medical and social needs. In order to ensure each patient has access to all of the resources he or she needs, the Applicant will ensure that a continuum of services are available to address each patient's unique situation, including his or her medical, employment, educational, financial, legal and housing needs, as addressed in TDMHSAS Rules.

Patient lengths of stay vary depending on the particular patient and their response to treatment. The National Institutes of Health states "12 months of treatment is the minimum and some opioid dependent individuals will continue to benefit from methadone maintenance treatment over a period of years." [14]

A recent review by the Applicant of its collective patient data demonstrated an average treatment duration of 14 months. In addition to the comprehensive addiction, medical and counseling treatment offerings and programs discussed above, Crossroads will also aid its patients in locating the proper resources for the following services:

- Support Groups
- Clothing Assistance
- Financial Assistance
- Employment Assistance
- Food Programs / Pantries
- Housing
- Health Care (Primary Care)
- Mental Health (Emergency)
- Developmental Delays / Disabilities
- Crisis Lines
- Education
- Counseling / Family Services

In addition to the treatment itself, Crossroads has certain procedure sit uses to follow-up with patients.

A. Upon initiating treatment the Applicant's patients either consent or do not consent to allow for follow up communication after cessation of treatment. For the consenting patients the Applicant utilizes their preferred (consented) method of communication to follow up with them and obtain information on their status and offer help as needed.

B. For patients that are actively engaged in treatment and miss a day of required attendance the Applicant executes one of a number of actions. These actions range from a daily phone call to having a qualified individual visit their home for a wellness check.

C. Many patients achieve an opioid free life but the Applicant's focus for its treatment programs goes beyond this criteria and focuses on comprehensive recovery which involves many aspects of life, including occupation, relationships, financial, mental health, and much more. If patients leave treatment before this type of comprehensive recovery is achieved then the Applicant follows up as referenced above.

D. For patients who leave before treatment is completed, the applicant attempts to follow up with them and identify why they left the program. If for example, the reason for discontinuing treatment was financial, the Applicant would try to work something out. There is a balance between trying to follow up with patients and unwanted communications.

[14] http://www.cdc.gov/idu/facts/MethadoneFin.pdf

Crossroads regularly evaluates its program structure and treatment services through surveys, self-assessments, evolving field-recognized research and external audits. Findings from these sources are utilized to prepare performance analysis and improvement plans to optimize the Program's structure and services and to ensure patients continue to receive the best possible outcomes. The Applicant will meet or exceed all minimum program requirements for Non-Residential Substitution Based Treatment Centers for Opioid Addiction, as put forth in the Rules of TDMHSAS.

While most medications can be diverted and many can be abused, when methadone or buprenorphine is utilized in the context of a MAT, safe guards against diversion and abuse are put in place. Other treatment environments do not have the same stringent controls that are present in MAT programs. These numerous safe guards are not only followed by licensed MAT programs but are mandated by and the MAT programs are inspected by, federal and state agencies including but not limited to SAMHSA, DEA, State Board of Pharmacies, State Licensing Agencies, Credentialing Agencies, and others, in order to ensure compliance.

For more specific information on the safe guards against abuse and diversion of buprenorphine and methadone specifically in MAT programs, please see Attachment C-Need-1(a). Please note that the existing buprenorphine providers in the service area are not MAT programs and not subject to these stringent requirements.

Need

The need for non-residential narcotic treatment facilities should be based on information prepared by the Applicant for a certificate of need which acknowledges the importance of considering the demand for services along with need and addressing and analyzing service problems as well.

The assessment should cover the proposed service area and include the utilization of existing service providers, scope of services provided, patient origin, and patient mix.

The assessment should consider that the users of opiate drugs are the clients at non-residential narcotic treatment facilities, and because of the illegal nature of opiate drug use, data will be based on estimates, actual counts, arrests for drug use, and hospital admittance for drug abuse.

Response: "The abuse of prescription drugs, **specifically opioids, is an epidemic in Tennessee** (emphasis added), with disastrous and severe consequences to Tennesseans of every age."[15] "Of the 4,850,000 adults in Tennessee, it is estimated that 221,000 (or 4.56%) have used pain relievers, also known as prescription opioids, in the past year for non-medical purposes. Of those adults, it is estimated that 69,100 are addicted to prescription opioids and require treatment for prescription opioid abuse. The other 151,900 are using prescription opioids in ways that could be harmful and may benefit from early intervention strategies. The remaining 4,629,000 adults in the population would benefit from broad-based prevention strategies that target the entire population."[16]

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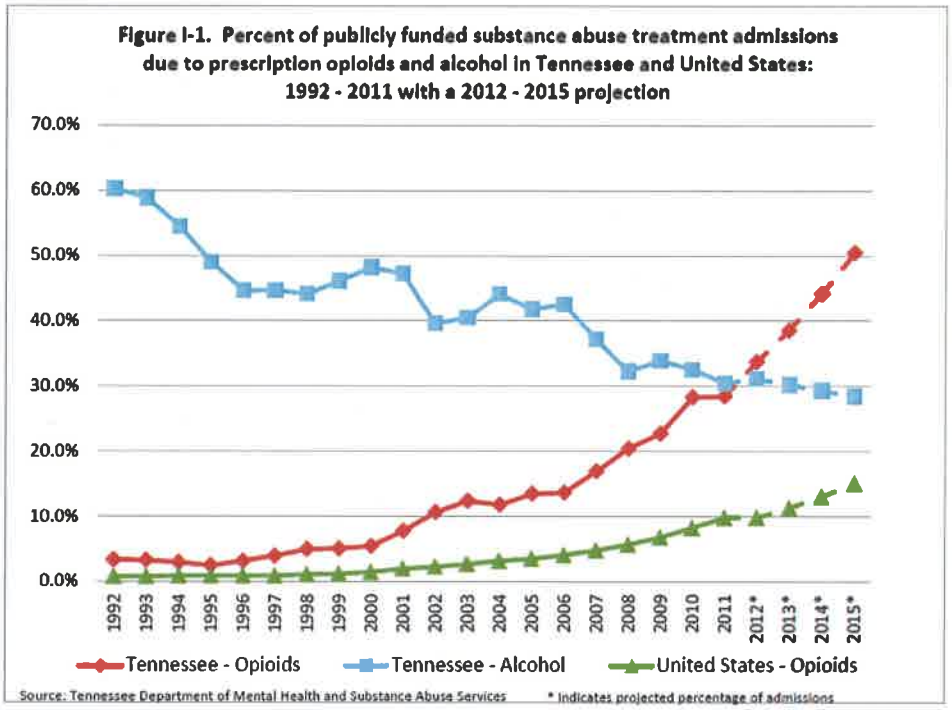
[15] Tennessee Department of Mental Health and Substance Abuse Services. 2014. *Prescription for Success: Statewide Strategies to Prevent and Treat the Prescription Drug Abuse Epidemic in Tennessee* at page 4. Available at: http://tn.gov/mental/prescriptionforsuccess/Prescription%20For%20Success.pdf.

[16] *Id.*

Similarly, in 2012, the CDC reported 259 million prescriptions for powerful painkillers were written nationally. Tennessee was ranked as the second highest prescribing state for narcotic painkillers.[17] To put this in perspective, nearly 22 times as many prescriptions per capita were written for opioids in Tennessee as were written in Minnesota.[18]

In addition, heroin use has skyrocketed in Tennessee. Statistics from 2013 show the number of heroin users has doubled compared to figures recorded between 2002 and 2008.[19] During this time period, the State increased its efforts to reduce the abuse of prescription pain medications. As access to prescription medication became both more expensive and limited, persons struggling with addiction turned to heroin use.

Opioid abuse has become so pervasive in Tennessee that, in 2012, opioids overtook alcohol as the "primary substance of abuse" for persons in treatment through the TDMHSAS. The graph below from *Prescription for Success: Statewide Strategies to Prevent and Treat the Prescription Drug Abuse Epidemic in Tennessee*[20] illustrates this dramatic shift and the need for **State prevention and treatment efforts to address the urgent needs of this growing segment of the population.**



On page 38 of the report, the following statement is provided by the Department on the treatment of opioid substance abuse:

> **"The Department of Mental Health and Substance Abuse Services uses the American Society of Addiction Medicine (ASAM) Patient Placement Criteria, an evidence-based assessment tool, to determine exactly which level of services an individual requires, at the beginning of their services and**

[17] http://www.cbsnews.com/news/the-states-with-the-worst-prescription-painkiller-problem/
[18] *Id.*
[19] http://www.knoxnews.com/news/heroin-deaths-double-after-painkiller-crackdown.
[20] Tennessee Department of Mental Health and Substance Abuse Services. 2014. *Prescription for Success: Statewide Strategies to Prevent and Treat the Prescription Drug Abuse Epidemic in Tennessee* at page 10.

periodically throughout so that they will be given the most appropriate levels of care."

ASAM is very clear on the use and effectiveness of Methadone Maintenance Treatment. As stated previously, MMT is MAT that is limited to the use of methadone for treatment. In one of the most comprehensive surveys of the effectiveness of MMT[21], ASAM's research conclusions include:

1. "Because of MMT's relative efficacy, efforts should be made to increase access to MMT for all individuals who struggle with opioid use disorders. Directors of state mental health and substance abuse agencies and community health organizations should look for methods to increase access to MMT, and purchasers of health care services should cover appropriately monitored MMT."
2. "Detoxification followed by abstinence has shown little success in reducing illicit opioid use."
3. "Evidence (of MMT treatment) suggests positive impacts on drug-related HIV risk behaviors, mortality, and criminality."
4. "MMT in pregnancy was associated with improved maternal and fetal outcomes."

Because the Department uses the ASAM Patient Placement Criteria for opioid dependence and ASAM advocates for increased access for all individuals to improve health, mortality and criminality, the applicant feels sure the Department would support the Applicant's desire to provide MMT access to this region which currently has no access to MMT.

This medical treatment decision is made by the treating physician with input from the patient care team on an individualized patient basis based on many factors. The goal is to stabilize and equip each patient with the skills and resources to remain opiate free after leaving Crossroads. The factors considered include a patient's physical, psychological, and financial condition. The National Institutes of Health states "12 months of treatment is the minimum and some opioid dependent individuals will continue to benefit from methadone maintenance treatment over a period of years."

A recent review of the Applicant's collective patient data demonstrated an average treatment duration of 14 months.

The criteria the Applicant uses to measure patient success is their entry into and maintenance of full recovery. Full recovery is defined by varied aspects, as mentioned in a previous response, including but not limited to addressing mental health issues, financial issues, occupational issues, medical issues, learning recovery / relapse prevention skills, creating a healthy support network, and cessation of illicit drug use. Cessation of illicit opioid use occurs rapidly and initially upon admission into methadone treatment. Once a patient has entered full recovery they are often able to tolerate a

[21] Medication-Assisted Treatment With Methadone: Assessing the Evidence, Catherine Anne Fullerton, M.D., M.P.H., Meelee Kim, M.A., Cindy Parks Thomas, Ph.D., D. Russell Lyman, Ph.D., Leslie B. Montejano, M.A., C.C.R.P., Richard H. Dougherty, Ph.D., Allen S. Daniels, Ed.D., Sushmita Shoma Ghose, Ph.D., Miriam E. Delphin-Rittmon, Ph.D.

tapering of their treatment medication such that they exit treatment entirely. It has been the Applicant's experience that the majority of patients are able to be weaned off of the treatment medication over time once they have achieved full recovery.

The Applicant's mission is to increase access to MAT to those so desperately in need. The Director of The White House Office of National Drug Control, Michael Botticelli said it best: "access to medication-assisted treatment can mean the difference between life and death." [22]

The assessment should also include:

1. A description of the geographic area to be served by the program;

Response: The Applicant has conducted an assessment of service area demographics, geographical features and other data in order to determine an appropriate service area.

The proposed service area for the Crossroads facility in Johnson City is comprised of the eight most northeastern counties in Tennessee consisting of Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi County, and Washington Counties.

2. Population of area to be served;

Response: As shown in the chart below, the service area's total population is just under 600,000 residents and expected to grow by 13,910 residents between 2015 and 2019. The current adult population (age 20+) is estimated at 452,389 in 2015 and is expected to grow to 470,448 in 2019, an increase of 18,059 persons.

Service Area Population
Total

	2015 Population	2019 Population	2015-2019- Growth	Percent Growth
Carter	57,359	57,828	469	0.8%
Greene	70,580	71,989	1,409	2.0%
Hamblen	64,438	65,952	1,514	2.3%
Hawkins	57,741	58,241	500	0.9%
Johnson	18,094	18,175	81	0.4%
Sullivan	159,494	161,707	2,213	1.4%
Unicoi	18,419	18,558	139	0.8%
Washington	132,599	140,184	7,585	5.7%
Service Area	**578,724**	**592,634**	**13,910**	**2.4%**
Tennessee	6,649,438	6,894,997	245,559	3.7%

Source: Tennessee Department of Health Population Projections, Tennessee Counties and the State 2010-2020 (2013 update).

[22] Confronting an Epidemic: The Case for Eliminating Barriers to Medication-Assisted Treatment of Heroin and Opioid Addiction, http://lac.org/wp-content/uploads/2014/07/LAC-The-Case-for-Eliminating-Barriers-to-Medication-Assisted-Treatment.pdf

Service Area Population
Age 20 and Older

	2015 Population	2019 Population	2015-2019- Growth	Percent Growth
Carter	44,854	45,305	451	1.0%
Greene	54,469	55,714	1,245	2.3%
Hamblen	48,194	49,696	1,502	3.1%
Hawkins	45,451	47,788	2,337	5.1%
Johnson	14,541	14,624	83	0.6%
Sullivan	127,377	134,395	7,018	5.5%
Unicoi	14,395	14,640	245	1.7%
Washington	103,108	108,286	5,178	5.0%
Service Area	**452,389**	**470,448**	**18,059**	**4.0%**
Tennessee	4,965,696	5,181,190	215,494	4.3%

Source: Tennessee Department of Health Population Projections, Tennessee Counties and the State 2010-2020 (2013 update).

3. The estimated number of persons, in the described area, addicted to heroin or other opioid drugs and an explanation of the basis of the estimate;

Response: The Applicant estimates that there are between 8,800 and 21,500 adults in the service area who are addicted to opioids (heroin and prescription pain pills). This estimate is derived using the following methods:[23]

2. SAMHSA reports that nationally adult heroin use was 0.1% in 2013 and non-medical prescription pain medication use was 1.7% for adults. Combined, this would yield 8,809 opioid abusers or opioid dependents from the proposed service area.[24]

3. Tennessee's *Department of Mental Health and Substance Abuse Services* report, "Prescription Drug Abuse In Tennessee" by the *Safety Subcabinet Working Group*, reported that almost 250,000 Tennesseans older than 12 reported abusing prescription opioids in 2009. This number was based on the National Survey of Drug Use and Health, which estimates 212,000 adults 18 and over in Tennessee (4.4%) misused prescription opioids in 2013. Applied to the service area adult population, this means there are approximately 21,500 opioid abusers or opioid dependents from the proposed service area.

4. The estimated number of persons, in the described area, addicted to heroin or other opioid drugs presently under treatment in OTP and other treatment programs;

Response: The Applicant attempted to get Registry Data of OTP (previously called NRMTF) enrollment by county from TDMHSAS, but the Department has changed its policy and does not now release this data publicly. However, the most recent Registry Data, released in 2008, (Attachment C, Need, 1a), showed that 8,889 Tennessee-domiciled patients were enrolled in Tennessee opiate treatment programs (not including Tennessee residents in out-of-state programs) while the State's total population was 6,156,719, producing a rate of 144.4 patients per 100,000 residents. Applying this rate to the total population in the Applicant's proposed

[23] Applicant attempted to get Registry Data of NRMTF enrollment by county from TDMHSAS, but the Department does not release this data publically. This is a policy change from prior NRMTF CONs where the data was provided
[24] http://store.samhsa.gov/shin/content//NSDUH14-0904/NSDUH14-0904.pdf

service area, means more than 700 patients are estimated to need treatment in 2014. Further, this estimate is likely low because of a) the epidemic growth of opiate abuse since 2008, and b) the number of residents going to out-of-state programs.

5. Projected rate of intake and factors controlling intake;

Response: The Applicant projects that the rate of intake will be approximately 50 patients per month. The factors controlling intake will include the mix of transfer patients versus new patients (new patients require more time to admit), the number of staffing hours the Applicant can secure from its medical doctors and the rate at which new patients will learn of our clinic.

6. Compare estimated need to existing capacity.

Also, consideration should be given to the reality that existing facilities can expand or reduce their capacity to maintain or treat patients without large changes in overhead.

Response: Currently there is not a single OTP in the service area. With an estimated need for OTP services in the proposed service area ranging from 8,800 to 21,500 persons, there is a clear need for this Project. The Applicant expects that the overwhelming percentage of patients who will use the proposed facility will live in the proposed service area.

Service Area

The geographic service area should be reasonable and based on an optimal balance between population density and service proximity.

Response: The proposed service area is the Johnson City-Kingsport-Bristol Combined Statistical Area (CSA). The chart below provides an overview of the population in all Metropolitan Statistical Areas (MSAs) and Micropolitan Statistical Areas in which there is a Tennessee OTP, as well as the population in the Johnson City-Kingsport-Bristol CSA. The service area CSA has a larger population than the populations where five existing providers provide services. The service area population far exceeds the population base needed to support an OTP, as shown in the table below. As such, it is a reasonable service area in terms of its ability to sustain an OTP provider.

Statistical Area	2014 population estimate	Number of Tennessee OTPs serving Statistical Area
Nashville-Davidson–Murfreesboro–Franklin, TN Metropolitan Statistical Area	1,792,649	2
Memphis, TN-MS-AR Metropolitan Statistical Area	1,343,230	3
Knoxville, TN Metropolitan Statistical Area	857,585	2
Chattanooga, TN-GA Metropolitan Statistical Area	544,559	1
Johnson City-Kingsport-Bristol, TN-VA Combined Statistical Area	**509,170**	**0**
Jackson, TN Metropolitan Statistical Area	130,225	1
Dyersburg, TN Micropolitan Statistical Area	37,935	1
Paris, TN Micropolitan Statistical Area	32,204	1
Hardin County, TN (not part of a Metropolitan or Micropolitan Statistical Area)	26,037*	1
Maury County, TN (not part of a Metropolitan or Micropolitan Statistical Area)	83,772*	1

*Data is for 2013.
Source: United States Census Bureau Population Estimates 2014 and Tennessee Department of Health, Division of Policy, Planning and Assessment, 2013 Census

Currently, the closest Tennessee OTP to the service area is located in Knoxville, with a driving distance of over 100 miles, or a drive time of approximately 1 hour and 40 minutes one-way, from the cities of Johnson City, Bristol and Kingsport in the proposed service area.

The closest out of state OTP is another Crossroads' facility, located in Weaverville, North Carolina with a driving distance of 53 miles, or an approximately 56 minute one-way drive for Johnson City residents. The following table provides driving distances and times for methadone services from larger cities in the proposed service area to the proposed clinic in Johnson City, and the nearest existing clinics located in Knoxville and Weaverville, North Carolina.

OTP	Johnson City, TN	Kingsport, TN	Bristol, TN
Proposed Crossroads location	0 minutes 0 miles	28 minutes 23 miles	36 minutes 25 miles
Crossroads of Weaverville, North Carolina	56 minutes 53 miles	76 minutes 74 miles	85 minutes 76 miles
Knoxville, TN (2 OTP locations)	98 minutes 107 miles	91 minutes 99 miles	103 minutes 113 miles

Source: Google maps

Approving the proposed Project will greatly reduce the distance patients must travel to receive OTP services, the time required to complete such daily travel, and the costs associated with gas and maintenance on a vehicle for such travel. Service area residents will finally have OTP services within a reasonable driving distance from their homes.

State and federal regulations require new patients to make these long commutes six to seven days per week for up to three months. For the next three months of treatment, patients must make this commute a minimum of 5 days per week, then 4 days per week for the next three months, then 1 day per week thereafter. In other words, for the first year in treatment, patients residing in the service area must travel to get treatment over 200 days per year and travel in excess of 20,000 miles, at a financial cost of thousands of dollars for gas and vehicle maintenance alone. Approving this project would significantly increase patients' ability to access needed treatment while improving their ability to maintain a steady job and to enter "financial recovery."

For residents of the service area that are seeking to break the cycle of addiction, this is especially difficult if they work in the morning, are parents of young children, have unreliable transportation or struggle with their finances. The benefits of MAT depend on geographic accessibility. Extensive travel interferes with employment and family responsibilities. The patients from Northeast Tennessee who travel significant distances to the nearest OTP face a tremendous hardship to maintain treatment. Of the barriers to treatment, geographic distance is at the top of the list, even higher than access to healthcare insurance. Approving this project will significantly increase access by area residents to the benefits of MAT and OTP treatment, and the likelihood of success of the treatment.

The relationship of the socio-demographics of the service area and the projected population to receive services should be considered. The proposal's sensitivity and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, and low-income groups.

Response: Crossroads will work closely with women, racial and ethnic minorities, and low-income groups. Crossroads will aid its patients in locating the proper resources for the following services:

- Support Groups
- Clothing
- Financial Assistance
- Employment Assistance
- Food Programs / Pantries
- Housing / Shelter
- Health Care (Primary Care)
- Mental Health (Emergency)
- Individuals with Developmental Delays / Disabilities
- Crisis Lines
- Education
- Counseling / Family Services

Crossroads offers free treatment (charity care) for all female patients who become pregnant and cannot afford treatment services. Crossroads Management Entities also offer reduced cost or free care to some patients who demonstrate continuous program compliance but who are unable to pay for treatment services.

Although 114 buprenorphine providers are available in the service area, their services are more expensive, as the Applicant discusses in detail in response to Question C-Economic Feasibility-11. The addition of Crossroads to the service area will provide service area residents with a less costly alternative for treatment, thus increasing access for those who currently cannot afford care.

In addition to daily charges that are in line with the industry average, and as described in Attachment B.I, Crossroads Management Entities offer treatment to all patients for a rate of $1 per day for the first thirty days of treatment, giving them a period of time to obtain stable employment and enter "financial recovery" and ultimately be in position to continue their treatment in the future.

Relationship to Existing Applicable Plans

The proposals' estimate of the number of patients to be treated, anticipated revenue from the proposed project, and the program funding source with description of the organizational structure of the program delineating the person(s) responsible for the program, should be considered.

Response: The proposed project is financially feasible in both the short and long terms. The Applicant will receive funding for its startup costs from a revolving line of credit agreement with Ally Bank. Once operational, the project is expected to begin generating a profit in the fifth month of operations. As shown in the Projected Data Chart, the project is expected to generate $59,755 in net income over the first 12 months of operation. Crossroads expects to serve 100 patients in the first month and be actively providing treatment services to 697 patients by the twelfth month of operations.

Total revenue for the project is calculated each month by multiplying the number of patients by the cost of 30 days of treatment services.

- The revenue formula has a built-in no-show factor, as the Applicant can only reasonably expect that approximately 84% of all scheduled patients will present to receive all of their dosage and treatment in a given month.
- The revenue formula also accounts for only half of all new patients in each month, as all patients will not start treatment at the beginning of the month, and some will begin treatment at the very end of the month. For example, if 100 *new* patients are expected to begin treatment in a given month, only 50 of those new patients will be accounted for in the revenue formula.

The cost of methadone is subtracted from the total revenue to arrive at gross profits for each month.

The proposed project is estimated to incur a total of $1,558,414 in operating expenses over the first twelve months of operations. Payroll expenses constitute the majority of the operating expenses, at a total of $961,255 for the first twelve months of operations. A detailed listing of the operating expenses can be found in the Projected Data Chart in response to Question C-Economic Feasibility-4. The proposed project will generate positive net income in the fifth month of operations. As shown in the Projected Data Chart, the project is expected to generate $59,755 in net income over the first 12 months of operation.

Crossroads Management Entities have managed the non-clinical operations of OTPs for 12 years. Currently, Crossroads Management Entities manage existing centers in twelve locations, including the Weaverville and Asheville, North Carolina centers. If Crossroads is approved, Crossroads Management Entities will provide non-clinical operational support to Crossroads under a management services agreement. By utilizing the centralized resources and existing infrastructure of Crossroads Management Entities, Crossroads is able to realize economies of scale in recruiting, training, billing and other administrative functions. In addition, quality measures already in place at the existing facilities managed by Crossroads Management Entities will be seamlessly integrated into the proposed Crossroads OTP.

The Applicant will provide for personnel and staffing in accordance with Tennessee regulations, including a designated program director, a medical director, physician services, an on-site prescriber of services, nursing care, a registered nurse to supervise the nursing staff, and counselors available to provide individual and group counseling.

Accordingly, the program director will be responsible for the operation of the facility, for overall compliance with federal, state and local laws and regulations regarding the operation of opioid treatment programs, and for all facility employees including practitioners, agents, or other persons providing services at the facility. The medical director will be responsible for the administration of all medical services, including compliance with all federal, state and local laws and regulations regarding the medical treatment of opioid addiction. The director of nursing will oversee the dosing nurse and any assistants. Counselors will work under the direction of a lead counselor. Administrative issues, such as lease management, billing, recruiting and training will be handled by the parent company of the management company.

The proposals' relationship to policy as formulated in local and national plans, including need methodologies, should be considered.

Response: The Applicant is not aware of a formal need methodology, either locally or nationally. Discussions with CON and TDMHSAS program staff have revealed that there are not any utilization data available that would demonstrate what utilization rates, patient origin, or market shares are at existing providers. As such, the Applicant has relied on internal utilization data from its history of prescribing at its other 12 OTP facilities.

The proposals' relationship to underserved geographic areas and underserved population groups, as identified in local plans and other documents, should be a significant consideration.

Response: The Applicant is not aware of any local plans that explicitly identify underserved geographic areas. Currently, there are no providers of equivalent services in the proposed service area. As this application demonstrates, the next closest treatment center is 53 miles away, which equates to approximately 56 minutes of driving time from the proposed facility. Patients residing in the most populated portions of the service area are 120 minutes away from services. As such, service area residents do not have reasonable access to the services the Applicant proposes to offer, and the proposed service area could be considered a geographically underserved area.

The impact of the proposal on similar services supported by state appropriations should be assessed and considered.

Response: There are no OTPs in the proposed service area, or anywhere in Tennessee, that are supported by state appropriations. As discussed in Section B.II.C, the projected statewide growth in demand for these services will ensure that no existing providers are adversely impacted by this project. Furthermore, this project will draw the overwhelming majority of its patients from the primary service area. There is currently no data available from the state that would allow the Applicant to determine what existing providers service patients in the service area. However, as discussed earlier, the next closest facility is 53 miles away from the proposed project's site, in North Carolina. As such, the Applicant believes it is reasonable to

assume that existing providers in Tennessee are not drawing a large proportion of their patients from service area residents.

Moreover, the Applicant anticipates that 75% of its patients in the first year will be drawn from patients previously seen at Crossroad's OTPs in North Carolina. The remainder are expected to be drawn from the patients that are not currently in treatment or who travel to programs outside the region such as Knoxville, Tennessee; Boone, North Carolina; or Cedar Bluff, Virginia.

The Applicant has no means of identifying the impact this project would have on residential opioid treatment programs that might be supported by state appropriations. However, these inpatient programs are significantly more expensive than the Applicant's proposed outpatient treatment services, and are not an equivalent substitute for non-residential substitution-based treatment programs.

The degree of projected financial participation in the Medicare and TennCare programs should be considered.

Response: The proposed project will not seek certification by Medicare because Medicare patients rarely seek OTP services. TennCare has a methadone benefit for enrollees younger than 21, and this facility will not serve patients younger than 18. The only eligible TennCare patients would be patients 18 – 20 years of age. Very few patients in this age range seek treatment. It is the Applicant's understanding that only four TennCare eligible persons in the 18 – 21 age range received methadone treatment in 2014 in the entire state of Tennessee. Thus, the project will not financially burden TennCare.

Crossroads Management Entities currently operate two OTPs in North Carolina that serve patients from Tennessee. Crossroads of Weaverville and Crossroads of Asheville currently treat over 1,100 patients at these facilities and only six patients are between the ages of 18 and 21 and none of these patients reside in Tennessee.

The process to become a TennCare provider and contract with MCOs involves a number of operational issues that place financial and administrative burdens on a provider. Because of the very limited number of eligible patients, the Applicant would spend more time negotiating contracts than treating patients. If a TennCare MCO sends Crossroads a qualified TennCare patient approved to receive methadone MAT, Crossroads will provide treatment services to the patient free of charge as a charity care patient. Until Crossroads begins operations in the Tri-Cities area, it is not possible to determine the number of patients who will receive charity care under this provision. However, as mentioned, it is the Applicant's understanding that only four TennCare-eligible patients were enrolled in OTPs in 2014. As such, the Applicant does not expect it to be a large number. No Medicaid/TennCare patients have presented for treatment at the Applicant's North Carolina facilities. Therefore, the Applicant does not feel it is necessary to seek any out-of-network relationships. If the situation changes, the Applicant will reevaluate at that time. Crossroads will be piloting Medicaid in early 2016 in locations where the state provides coverage to qualified adults for these services. Crossroads will start in North Carolina and Georgia. South Carolina, like Tennessee, does not cover MAT services for adults under its Medicaid program, so Crossroads will not be implementing it in South Carolina.

b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c).

Response: Not applicable.

STATE HEALTH PLAN

Tennessee Code Annotated Section 68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at http://www.tn.gov/finance/healthplanning/). The State Health Plan guides the state in the development of health care programs and policies and in the allocation of health care resources in the state, including the Certificate of Need program. The 5 Principles for Achieving Better Health form the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan. Each Principle is listed below with example questions to help the Applicant in its thinking. INSERT HERE

1. The purpose of the State Health Plan is to improve the health of Tennesseans.

   Response: Tennesseans who are in MMT are in much better health than those trapped in opioid addiction. According to the CDC:

   "It is estimated that at least 980,000 people in the United States are currently addicted to heroin and other opiates (such as oxycontin, dilaudid, and hydrocodone). They risk premature death and often suffer from HIV, hepatitis B or C, sexually transmitted disease (STDs), liver disease from alcohol abuse, and other physical and mental health problems. It is estimated that 5,000-10,000 IDUs die of drug over- doses every year . Many are involved with the criminal justice system."

   Further, according to the CDC:

   "Methadone Maintenance Treatment Is the Most Effective Treatment for Opiate Addiction" [25]

2. Every citizen should have reasonable access to health care.

   Response: The proposed service area has no access to MMT. Approving this CON will provide access to a much needed health care resource for service area residents.

3. The State's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the State's health care system.

   Response: Today, patients drive hundreds of unnecessary miles to many programs in at least three different states to get the treatment they and their doctors deem best. The proposed program would be significantly more efficient

[25] http://www.cdc.gov/idu/facts/MethadoneFin.pdf

and bring local access to many who need, desire, and deserve this form of treatment.

4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.

   Response: MMT in the United States is one of the most regulated healthcare delivery systems in the world to ensure safety and patient quality of care. It is highly regulated at the State and Federal level.

   Conversely, at the 114 buprenorphine providers that currently exist in the proposed service area, the Tennessee Department of Mental Health and Substance Abuse Services has this to say:

   "The Department of Mental Health and Substance Abuse Services recognizes that there is a place for buprenorphine (i.e. suboxone, subutex, etc .), an additional medication used in the treatment of prescription drug disorders, in the continuum of treatment modalities. However, the Department is concerned about the oversight and/ or regulations governing buprenorphine. The Department has noted problems with the efficacy in outcomes for buprenorphine treatment and the lack of a person - centered treatment plan that includes other essential treatment strategies including clinical therapy."

   Crossroads regularly evaluates its program structure and treatment services through surveys, self-assessments, evolving field-recognized research and external audits. Findings from these sources are utilized to prepare performance analysis and improvement plans to optimize the Program's structure and services and to ensure patients continue to receive the best possible outcomes. The Applicant will meet or exceed all minimum program requirements for Non-Residential Substitution Based Treatment Centers for Opioid Addiction, as put forth in the Rules of TDMHSAS.

5. The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.

   Response: Approving this CON would provide the first of this type of MMT quality health care workforce in the proposed service area. The proposed program would hire and train Tennessee nurses, counselors and doctors from the local community.

2. Describe the relationship of this project to the Applicant facility's long-range development plans, if any.

   Response: The Applicant's long-term plan is to evolve, maintain and practice a highly effective model of integrated treatment for those suffering physically, mentally, emotionally and spiritually from drug abuse and dependency. This project will enable the Applicant to provide a better treatment experience to patients in this region, as this treatment is currently unavailable.

3. Identify the proposed service area <u>and</u> justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the

service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

Response: Please see Attachment C, Need 3 for a map of the service area. The proposed service area for the Crossroads facility in Johnson City is comprised of the eight most northeastern counties in Tennessee: Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi County, and Washington Counties.

The proposed service area offers significantly improved access to patients trying to break the cycle of addiction. Currently, the closest Tennessee OTP to the service area is located in Knoxville, with a driving distance of over 100 miles, or an approximately 1 hour and 40 minute one-way drive time from the cities of Johnson City, Bristol and Kingsport in the proposed service area. As the chart below shows, the distance patients need to travel to receive OTP services will be greatly reduced by approving the Applicant's proposed project. Service area residents will finally have OTP services within a reasonable driving distance from their homes.

The closest out of state OTP is located in Weaverville, North Carolina with a driving distance of 53 miles, or an approximately 56 minute one-way drive for Johnson City residents. The following table provides driving distances and times for methadone services from larger cities in the proposed service area to the proposed clinic in Johnson City, and the nearest existing clinics located in Knoxville and Weaverville, North Carolina.

OTP	Johnson City, TN	Kingsport, TN	Bristol, TN
Proposed Crossroads location	0 minutes 0 miles	28 minutes 23 miles	36 minutes 25 miles
Crossroads of Weaverville, North Carolina	56 minutes 53 miles	76 minutes 74 miles	85 minutes 76 miles
Knoxville, TN (2 OTP locations)	98 minutes 107 miles	91 minutes 99 miles	103 minutes 113 miles

Source: Google Maps

The table below shows the distance from the proposed location to:

Program	Round-trip Distance (miles) from proposed site
Crossroads, Weaverville, NC	97
Stepping Stone, Boone, NC	115
McLeod Center, Boone, NC	118
Crossroads, Asheville, NC	140
Western TC, Asheville, NC	144
Clinch Valley TC, Cedar Bluff, VA	177
DRD clinics (2), Knoxville, TN	208
Life Center, Galax, VA	278

The proposed service area is in the Johnson City-Kingsport-Bristol Combined Statistical Area (CSA). The chart below provides an overview of the population in all Metropolitan Statistical Areas (MSAs) and Micropolitan Statistical Areas in which there is a Tennessee OTP, as well as the population in the Johnson City-Kingsport-Bristol CSA. The service area CSA has a larger population than the populations where five of the existing providers provide services. The service area population far exceeds the population base needed to support an OTP, as shown in the table below. As such, it is a reasonable service area in terms of its ability to sustain an OTP provider.

Statistical Area	2014 population estimate	Number of Tennessee OTPs serving Statistical Area
Nashville-Davidson–Murfreesboro–Franklin, TN Metropolitan Statistical Area	1,792,649	2
Memphis, TN-MS-AR Metropolitan Statistical Area	1,343,230	3
Knoxville, TN Metropolitan Statistical Area	857,585	2
Chattanooga, TN-GA Metropolitan Statistical Area	544,559	1
Johnson City-Kingsport-Bristol, TN-VA Combined Statistical Area	**509,170**	**0**
Jackson, TN Metropolitan Statistical Area	130,225	1
Dyersburg, TN Micropolitan Statistical Area	37,935	1
Paris, TN Micropolitan Statistical Area	32,204	1
Hardin County, TN (not part of a Metropolitan or Micropolitan Statistical Area)	26,037*	1
Maury County, TN (not part of a Metropolitan or Micropolitan Statistical Area)	83,772*	1

* Data is for 2013.
Source: United States Census Bureau Population Estimates 2014 and Tennessee Department of Health, Division of Policy, Planning and Assessment, 2013 Census

4. A. Describe the demographics of the population to be served by this proposal.

Response: As shown in the chart below, the service area's total population is over 600,000 residents and expected to grow by 13,910 residents between 2015 and 2019. The current adult population (age 20+) was 452,389 in 2015 and is expected to grow to 470,448 by 2019, or an increase of 18,059 persons.

Service Area Population
Total

	2015 Population	2019 Population	2015-2019- Growth	Percent Growth
Carter	57,359	57,828	469	0.8%
Greene	70,580	71,989	1,409	2.0%
Hamblen	64,438	65,952	1,514	2.3%
Hawkins	57,741	58,241	500	0.9%
Johnson	18,094	18,175	81	0.4%
Sullivan	159,494	161,707	2,213	1.4%
Unicoi	18,419	18,558	139	0.8%
Washington	132,599	140,184	7,585	5.7%
Service Area	**578,724**	**592,634**	**13,910**	**2.4%**
Tennessee	6,649,438	6,894,997	245,559	3.7%

Source: Tennessee Department of Health Population Projections, Tennessee Counties and the State 2010-2020 (2013 update).

Service Area Population
Twenty and Older

	2015 Population	2019 Population	2015-2019- Growth	Percent Growth
Carter	44,854	45,305	451	1.0%
Greene	54,469	55,714	1,245	2.3%
Hamblen	48,194	49,696	1,502	3.1%
Hawkins	45,451	47,788	2,337	5.1%
Johnson	14,541	14,624	83	0.6%
Sullivan	127,377	134,395	7,018	5.5%
Unicoi	14,395	14,640	245	1.7%
Washington	103,108	108,286	5,178	5.0%
Service Area	**452,389**	**470,448**	**18,059**	**4.0%**
Tennessee	4,965,696	5,181,190	215,494	4.3%

Source: Tennessee Department of Health Population Projections, Tennessee Counties and the State 2010-2020 (2013 update).

Additional information on the demographics of the proposed service area is included below.

Variable	Carter	Greene	Hamblen	Hawkins	Johnson	Sullivan	Unicoi	Washington	Svc Area	Tennessee
Current Year (CY), Age 65+	11,279	14,144	11,522	11,739	3,748	34,287	4,029	22,369	113,117	782,937
Projected Year (PY), Age 65+	12,208	15,120	12,198	13,425	4,014	38,477	4,318	17,707	117,467	1,134,565
Age 65+, % Change	8.2%	6.9%	5.9%	14.4%	7.1%	12.2%	7.2%	-20.8%	3.8%	44.9%
Age 65+, % Total (PY)	21.1%	21.0%	18.5%	23.1%	22.1%	23.8%	23.3%	12.6%	19.8%	16.5%
CY, Total Population	57,359	70,580	64,438	57,741	18,094	159,494	18,419	132,599	578,724	6,649,438
PY, Total Population	57,828	71,989	65,952	58,241	18,175	161,707	18,558	140,184	592,634	6,894,997
Total Pop. % Change	0.8%	2.0%	2.3%	0.9%	0.4%	1.4%	0.8%	5.7%	2.4%	3.7%
TennCare Enrollees	12,298	14,126	14,502	12,701	4,233	30,453	3,817	21,634	113,764	1,324,208
TennCare Enrollees as a % of Total Population	21.4%	20.0%	22.5%	22.0%	23.4%	19.1%	20.7%	16.3%	19.7%	19.9%
Median Age	42.8	43.2	39.3	42.7	43.7	44	44.9	39.6	42.525	38.2
Median Household Income	$31,842	$35,545	$ 39,596	$37,357	$29,609	$39,479	$32,292	$ 42,075	$35,974	$ 44,298
Population % Below Poverty Level	22.9%	22.0%	19.2%	16.2%	26.4%	18.3%	21.7%	18.3%	20.6%	17.6%

Sources: Population from Tennessee Department of Health. Population Projections, Tennessee Counties and the State 2010-2020 (2013 update)

Median Age and Household Income from the American Community Survey 5 year estimates, 2009-2013.
Percent persons below poverty line and median household income are for 2009-2013, as reported by the U.S. Census in its Quick Facts data
Please note the percent below poverty line, median income and median age for the service area is an average for the individual counties

TennCare Enrollees from TennCare Midmonth Report for November 2014.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans

of the facility will take into consideration the special needs of the service area population.

Response: Traveling 100 miles round-trip for doctor-prescribed treatment is difficult for any population, but it is especially difficult for low-income patients, pregnant women, and patients with small children. As discussed in detail in response to question C.3, the closest OTP in Tennessee is currently located in Knoxville, which is 99 miles away from Johnson City residents, and 113 miles away from Bristol residents so the commute is generally over 200 miles round trip. Making such a long commute twice a day is a great burden on patients, and is one that can be removed by approving the Applicant's proposed project. This program will ease the burden on all people trying to break free of addiction, but especially low-income patients, pregnant women, and patients with small children.

Crossroads will work closely with women, racial and ethnic minorities, and low-income groups. Crossroads will aid its patients in locating the proper resources for the following services:

- Support Groups
- Clothing
- Financial Assistance
- Employment Assistance
- Food Programs / Pantries
- Housing / Shelter
- Health Care (Primary Care)
- Mental Health (Emergency)
- Individuals with Developmental Delays / Disabilities
- Crisis Lines
- Education
- Counseling / Family Services

Female patients who become pregnant and cannot afford treatment services will receive free treatment as charity care patients. Crossroads will also offer reduced cost or free care to some patients that demonstrate continuous program compliance but who are unable to pay for treatment services. The number of charity care patients seen at Crossroads Management Entities OTPs varies by location. Until Crossroads begins operations in the Tri-Cities area, it is not possible to determine the number of patients who will receive charity care or services at a reduced cost.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

Response: There are no OTPs in the proposed service area, and the Applicant is unaware of any active or unimplemented CONs for such services. The Applicant attempted to get Registry Data of OTP (previously referred to as NRMTF) enrollment by county from TDMHSAS, but the Department does not release this data publically.

As such, there is no available data to provide information on admissions or discharges at existing facilities for the last three years. The most recent release of Registry Data was for CY 2008 and is included in Attachment C, Need, 1a.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

Response: This application is for a new OTP in Johnson City. As such, there is no historical utilization data available.

Crossroads expects to serve 100 patients in the first month and be actively providing treatment services to 697 patients by the twelfth month of operations. By the second year of operation, the Applicant expects it will provide services to 1,108 patients. Crossroads projects that a larger number of new patients will seek services during the first two months of operations. Many of these will be patients that are currently seeking treatment at existing OTPs further away from their homes. Crossroads will continue to treat these patients, and will also provide services to new patients each month. Many OTP patients are self-referrals. Patients may also come from inpatient or outpatient drug rehabilitation programs, primary physicians, hospitals, counselors, self-help programs, addiction support groups, and the criminal justice system.

The Applicant estimates that there are between 8,800 and 21,500 adults in the service area who are addicted to opioids (heroin and prescription pain pills). These numbers are based on reports from SAMHSA and the Tennessee *Department of Mental Health Substance Abuse Service Report.* The Applicant also attempted to get Registry Data of OTP (previously called NRMTF) enrollment by county from TDMHSAS, but the Department does not release this data publically. This is a policy change from prior CONs where the data was provided. However, the most recent release of Registry Data was for CY 2008 (Attachment C, Need, 1a), which showed that 8,889 Tennessee-domiciled patients were enrolled in Tennessee opiate treatment programs (not including Tennessee residents in out-of-state programs) and the State's population was 6,156,719, or a rate of 144.4 patients per 100,000 residents. Applying this rate to Applicant's proposed service area, means 707 patients are estimated to need treatment in 2014, which is likely a low estimate because of a) the epidemic growth of opiate abuse since 2008, and b) the number of residents going to out-of-state programs. In addition, between 2008 and 2019, the adult population in the service area is projected to increase from 420,846 adults to 470,448 adults, or an increase of 11.8 percent.

The Applicant anticipates that it will take approximately two months for the 300 Tennessee patients who are currently utilizing its treatment centers in North Carolina to be fully transferred to the Crossroads facility in Johnson City. It then projected that the number of patients would grow 50 a month for the remaining 10 months of the first year and approximately 40 patients a month for the second year, so that the number of patients at the end of the first year is 697 and 1,108 at the end of the second year.

These patients are anticipated to come from the service area residents who currently do not receive treatment now, those residents who choose not to travel the distances that are necessary to receive methadone treatment, and/or those residents who are currently receiving treatment at other facilities but who will choose to switch to Crossroads because it is a much closer alternative, which will provide the benefits of treatment along with the convenience of not having to travel significant distances. Comparing this to the estimates of the number of affected patients above, and considering that there are currently no methadone treatment centers in the service area, shows that this is a reasonable methodology to project utilization.

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

   - All projects should have a project cost of at least $3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)

   - The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

   - The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

   - For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

     Response: Please see Attachment C-Economic Feasibility-1 for a copy of a letter from the architect that supports the estimated costs for the construction costs.

     The building will meet all applicable local, state and federal requirements for the proposed location's use as a nonresidential substitution-based treatment center for opiate addiction. The architect's estimate includes the Land Purchase of $295,000 as well as the Building and Architect fees of $1,154,600 for a total of $1,449,600. The Applicant is currently working to ensure that its proposed location will meet local zoning ordinances.

PROJECT COSTS CHART

A.	Construction and equipment acquired by purchase:		
	1.	Architectural and Engineering Fees	$46,400
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	$80,000
	3.	Acquisition of Site	$295,000
	4.	Preparation of Site	$268,200
	5.	Construction Costs	$840,000
	6.	Contingency Fund	$166,060
	7.	Fixed Equipment (Not included in Construction Contract)	
	8.	Moveable Equipment (List all equipment over $50,000)	$20,000
	9.	Other (Specify) _____	$111,000
B.	Acquisition by gift, donation, or lease:		
	1.	Facility (inclusive of building and land)	
	2.	Building only	
	3.	Land only	
	4.	Equipment (Specify) _____	
	5.	Other (Specify) _____	
C.	Financing Costs and Fees:		
	1.	Interim Financing	
	2.	Underwriting Costs	
	3.	Reserve for One Year's Debt Service	
	4.	Other (Specify) _____	
D.	Estimated Project Cost (A+B+C)		$1,826,660
E.	CON Filing Fee		$4,110
F.	Total Estimated Project Cost (D+E)	**TOTAL**	**$1,830,770**

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. ***(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)***

☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

☐ C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.

☐ D. Grants--Notification of intent form for grant application or notice of grant award; or

☐ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.

X F. Other—Identify and document funding from all other sources.

Response: See Attachment C, Economic Feasibility-2 for a letter and materials documenting the funding.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

Response: The total project costs for this project are $1,826,660. This includes all capital costs, labor costs, professional fees, site acquisition, construction costs, and a contingency fee. The Applicant believes these costs are reasonable. Given that the costs for the proposed project are less than Recovery of Columbia's, despite the six years that have passed, the Applicant believes the proposed project costs are very reasonable.

The most recently approved CON for a similar project was Recovery of Columbia in Maury County, the application for which was filed in 2009. According to Recovery of Columbia's CON application, its total project costs were $776,251. Previous projects were all proposed over 6 years ago, so while their costs were likely reasonable at the time of application, the costs do not provide a useful comparison to what a project would reasonably cost in 2015. According to Paris Professional's CON application for an OTP in Henry County, the construction costs for the project were approximately $10.50 per square foot. Additional information on project costs was not immediately available from Paris Professional's application, so the Applicant is unable to make a comparison on total project costs. Mid-South MMT's CON application for a facility in Dyer County projected a total project cost of $108,400, and required no construction. Previously approved OTPs

appear to have projected costs between $31,850 (Solutions of Savannah), to $530,100 (Memphis Center for Research and Addiction).

4. Complete Historical and Projected Data Charts on the following two pages--***Do not modify the Charts provided or submit Chart substitutions!*** Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (*i.e.*, if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

Response: Please see the charts on the following pages. This is an application for a new project. Therefore, there is no historical data to report on the Historical Data Chart.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

Response: The Applicant will charge $14/daily dose of medication provided. Patients will receive one dose every day except for Saturday, when they will receive two doses-one of which will be taken home for use on Sunday. There are no other sources of revenue. There are no envisioned deductions from operating revenue and as a result our average net charge will be $14/dose. The $14/dose the patients pay will cover more than just their methadone dosage. The charge will also cover the patient intake, laboratory work, physician assessment and counseling. More detail on what the fees include is included in the chart in response to question 11, below.

HISTORICAL DATA CHART

Not applicable.

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in _____ (Month).

	Year____	Year___	*Year*_____
A. Utilization Data (Specify unit of measure)	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	$_____	$_____	$_____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify)_____	_____	_____	_____
Gross Operating Revenue	$_____	$_____	$_____
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	$_____	$_____	$_____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
Total Deductions	$_____	$_____	$_____
NET OPERATING REVENUE	$_____	$_____	$_____
D. Operating Expenses			
1. Salaries and Wages	$_____	$_____	$_____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Taxes	_____	_____	_____
5. Depreciation	_____	_____	_____
6. Rent	_____	_____	_____
7. Interest, other than Capital	_____	_____	_____
8. Management Fees:			
a. Fees to Affiliates	_____	_____	_____
b. Fees to Non-Affiliates	_____	_____	_____
9. Other Expenses – Specify on separate page 12	_____	_____	_____
Total Operating Expenses	$_____	$_____	$_____
E. Other Revenue (Expenses) – Net (Specify)_____	$_____	$_____	$_____
NET OPERATING INCOME (LOSS)	$_____	$_____	$_____
F. Capital Expenditures			
1. Retirement of Principal	$_____	$_____	$_____
2. Interest	_____	_____	_____
Total Capital Expenditures	$_____	$_____	$_____
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	$_____	$_____	$_____

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

		Year 2016	Year 2017
A.	Utilization Data (Census)	697	1,108
B.	Revenue from Services to Patients		
	1. Inpatient Services	$	$
	2. Outpatient Services	$1,668,215	$3,826,645
	3. Emergency Services		
	4. Other Operating Revenue (Specify)		
	Gross Operating Revenue	**$1,668,215**	**$3,826,645**
C.	Deductions from Gross Operating Revenue		
	1. Contractual Adjustments	$	$
	2. Provision for Charity Care	$50,046	$114,800
	3. Provisions for Bad Debt		
	Total Deductions	**$50,046**	**$114,800**
NET OPERATING REVENUE		**$1,618,169**	**$3,711,845**
D.	Operating Expenses		
	1. Salaries and Wages	$884,474	$1,768,447
	2. Physician's Salaries and Wages	$76,781	$136,500
	3. Supplies	$81,487	$146,777
	4. Taxes	$159,406	$310,397
	5. Depreciation	$30,000	$30,000
	6. Rent	$128,457	$132,311
	7. Interest, other than Capital	$33,024	$33,024
	8. Management Fees:*		
	a. Fees to Affiliates	*	*
	b. Fees to Non-Affiliates	*	*
	9. Other Expenses-Utilities, Licenses, Insurance, Lab Fees, Travel, Banking Fees, Marketing, Computer/Software Fees, Security	$164,785	$225,266
	Total Operating Expenses	**$1,558,414**	**$2,782,722**
E.	Other Revenue (Expenses)- Net (Specify)	$	$
NET OPERATING INCOME (LOSS)		**$59,755**	**$929,123**
F.	Capital Expenditures		
	1. Retirement of Principal	$	$
	2. Interest		
	Total Capital Expenditures	**$ -0-**	**$ -0-**
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		**$59,755**	**$929,123**

***There are no management fee expenses as the manage fee expense in the PC is offset by the management fee revenue for the LLC.**

HISTORICAL DATA CHART-OTHER EXPENSES - Not applicable.

OTHER EXPENSES CATEGORIES	Year____	Year___	Year_____
1.	$_____	$_____	$_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
Total Other Expenses	**$_____**	**$_____**	**$_____**

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year 2016	Year 2017
1. Utilities	$17,000	$17,300
2. Licenses	$20,000	$10,500
3. Insurance	$18,024	$19,826
4. Lab Fees	$19,550	$61,950
5. Travel	$10,225	$9,000
6. Banking Fees	$23,082	$50,686
7. Marketing	$8,020	$7,020
8. Computer/Software Fees	$15,500	$15,600
9. Security	$33,384	$33,384
Total Other Expenses	**$164,785**	**$225,266**

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

Response: As this is not an existing facility, there are currently no charges for revenues from existing charges. The full fee schedule for methadone maintenance treatment can be found in Attachment C-Economic Feasibility-6. The intake fee will be waived for all new and transfer patients. Patients will be charged $14.00 for their methadone dosage on a daily basis. Other services, which may be needed by some patients (pregnancy test, use of a lockbox, lab fees) incur additional fees, which can be found on the Fee Sheet in Attachment C-Economic Feasibility-6 at the back of this application. In addition to daily charges that are in line with the industry average, Crossroads Management Entities offer treatment to all patients for a rate of $1 per day for the first thirty days of treatment, giving patients a period of time to obtain viable employment and enter "financial recovery" in order to ultimately be in a position to continue their treatment in the future.

The costs associated with methadone MAT are much less than narcotics purchased on the street by these same persons prior to their enrollment. The proposed services are projected to cost $14.00 per day after the initial intake period. As shown in the Projected Data Chart above, revenues from services to patients are expected to be $1,668,215 in the first year of operations. The proposed project is a new OTP program located in an area with no existing providers. Therefore, there will be no impact on existing patient charges in the service area.

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Response: There are no existing OTP providers in the service area. The closest Tennessee OTP providers to the service area are in Knoxville. The current fees for the proposed program as well as those at several existing facilities, including those in Knoxville are shown below for comparison. The chart below calculates Crossroads' weekly fee by multiplying the daily fee by seven. The facility is open for dosing 7 days a week. The proposed fees for Crossroads for the initial month are lower than those at existing OTPs in Knoxville and other areas of the state. For subsequent weeks, the fees are lower than two of the other three facilities, and are only slightly higher than those at Recovery of Columbia. These proposed fees are the same as what is charged at the Weaverville and Asheville facilities. As such, the Applicant believes these fees are reasonable for an OTP in the Tri-Cities area, and will allow our services to be financially accessible to service area patients.

	Intake Fee	Daily Fee	Weekly Fee	First Week's Cost	Subsequent Weeks' Cost
Crossroads	waived	$14.00		$98.00	$98.00
DRD Knoxville Medical Clinic (both locations)	$60		$116	$176	$116
Recovery of Columbia	$30		$94.50	$125	$94.50
Middle Tennessee Treatment Center	$30		$111	$141	$111

Source: Phone Conversation with BHG Recovery Staff on April 10, 2015.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

Response: Crossroads expects to serve 100 patients in the first month and be actively providing treatment services to 697 patients by the twelfth month of operations. The full patient census model is included below, and accounts for patients transitioning to other modes of care starting in the sixth month of operations. Crossroads projects that a larger number of new patients will seek services during the first two months of operations. Many of these may be patients that are currently seeking treatment at existing facilities further away from their homes. Crossroads will continue to treat these patients, and will also provide services to new patients each month.

Furthermore, Crossroads Management Entities manage existing centers in eleven locations, including the Weaverville and Asheville, North Carolina centers. If the Applicant is approved for this project, Crossroads Management Entities will provide non-clinical operational support to Crossroads under a management services agreement. By utilizing the centralized resources and existing infrastructure of Crossroads Management Entities, Crossroads is able to realize economies of scale in recruiting, training, billing and other administrative functions.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

Response: The proposed project is financially feasible in both the short and long terms. The Applicant anticipates receiving funding for its startup costs from a revolving line of credit agreement with Ally Bank. Once operational, the project is expected to begin generating a profit in the fifth month of operations. The Applicant estimates that 300 patients will transfer from Crossroads Management Entities' OTP locations in other states to the proposed project in Johnson City within the first three months, ensuring the program financial viability within this time frame. The Applicant bases these estimates on a near identical program opening in Danville, Virginia.

The proposed project will generate positive net income in the fifth month of operations. As shown in the Projected Data Chart, the project is expected to generate $59,755 in net income over the first 12 months of operation, and a net income of $929,123 in the second year of operations.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Response: The proposed project will not seek certification by Medicare because Medicare patients rarely seek this type of service. TennCare has a methadone benefit for enrollees younger than 21, and this facility will not serve patients younger than 18. The only eligible TennCare patients would be patients 18 – 20 years of age. Very few patients in this age range seek treatment. It is the Applicant's understanding that only four TennCare eligible persons in the 18 – 20 age range received methadone treatment in 2014 in the entire state of Tennessee. As such, the Applicant does not expect to receive any revenues from TennCare, Medicare or other state or federal sources.

The Applicant currently operates two OTPs in North Carolina that serve patients from Tennessee. Crossroads of Weaverville and Crossroads of Asheville currently treat over 1,100 patients at these facilities and only six patients are between the ages of 18 and 21 and none of these patients reside in Tennessee. TennCare provides payment for the drug buprenorphine for treatment of opiate addiction.

However, the Applicant's business focuses on MMT for the treatment of opiate addiction. If an opioid-dependent, TennCare-eligible patient and his or her doctor felt that buprenorphine was the best treatment, that patient would be best-served to attend a buprenorphine-licensed program that participates in TennCare. Treatment options currently exist in the proposed service area for buprenorphine. There are 114 providers of buprenorphine treatment in the Applicant's proposed service area. If the patient and his or her doctor felt that MMT was the best treatment option, these services are not currently available in the Applicant's proposed service area, so there would be no choice. As previously stated, there were only 4 patients in the entire state who received methadone treatment services through TennCare.

Crossroads will be piloting Medicaid in early 2016 in locations where the state provides coverage to qualified adults for our services. Crossroads will start in North Carolina and Georgia. South Carolina, like Tennessee, does not cover MAT services for adults under its Medicaid program, so Crossroads will not be implementing it in South Carolina.

As an organization, if quality buprenorphine treatment is not readily available in a market in which Crossroads facilities operate, Crossroads will sometimes offer both types of treatment to ensure that patients have an option. In the Johnson City area, given that there are already 114 providers of buprenorphine treatment, it is not necessary for the Applicant to offer buprenorphine treatment.

In Johnson City, Magnolia Ridge is a 19-bed alcohol and drug Detoxification and Residential treatment center specializing in addiction and related problems including co-occurring mental illness diagnosis and lifestyle issues for adults 18 and older.

While methadone and buprenorphine medications are both FDA approved for the treatment of opioid dependence the medical treatment decision is made by the treating physician on an individualized patient basis based on many factors. The Applicant does not have specific numbers as to what treatment choices are made.

The Applicant firmly believes, based on medical information, that the most effective type of treatment for the most number of people is methadone and it seeks to provide access to this treatment, which is not currently available in the service area. It was said very well by

retired U.S. Army General and former Director of the Office of National Drug Control Policy, Barry McCaffrey, in his recent letter to Congress in support of the Comprehensive Addiction and Recovery Act, "By expanding access to addiction treatment, especially the use of MMT, policymakers can make a difference in the lives and well-being of all Americans. That is something we can all agree on." [26]

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

Response: Please see Consolidated Financial Statement included as Attachment C-Economic Feasibility-Item 10(24).

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

    a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the Applicant should justify why not; including reasons as to why they were rejected.

Response: The only alternative is to maintain the status quo. Maintaining status quo was considered and rejected as the proposed service area currently lacks an OTP. As explained in Attachment B.I, the cost of untreated persons significantly outweighs the cost of treatment, as measured by crime, broken families, loss or diminishment of employment, related health costs, and fatalities.

Buprenorphine is available in the service area with 114 providers. However, a methadone treatment program is a necessary alternative and the Applicant believes a superior treatment than buprenorphine. Persons seeking treatment for opioid addiction often find buprenorphine treatment to be cost prohibitive and each provider is only allowed to treat a very limited number of patients. The proposed Crossroads OTP will offer a less costly and highly effective treatment alternative to treatment currently available in the Tri-Cities area. The table below shows a comparison of cost estimates and service for 30 days of treatment at an OTP and with a physician prescribing buprenorphine:

[26] http://thehill.com/blogs/congressblog/healthcare/234504billwouldfunddrugaddictionfight

30-Day Treatment Cost: OTP vs. Buprenorphine in a Physician's Office

Service	Cost – OTP	Costs – buprenorphine in a physician's office
Monthly fee estimate	$390-420	$300-$450[27]
Medicine	Included onsite, same price regardless of dosage.	$204-$3,015[28] depending mostly on dosage and generic versus branded. Must be purchased at outside pharmacy, assuming they carry stock.
Counseling	Required and included, offered every weekday on an individual and/or group basis.	Not required. Often referred to outside counseling at $100-200 per month.
Testing	Required and included.	Not required. If offered, often billed separately.
Additional patient services such as assistance for housing, employment, food banks, probation/court coordination, etc.	Included from certified counselors.	Not required, frequently not offered.
Total	$390-$420	$604 - $3,665

In addition, private physicians rarely offer on-site counseling in conjunction with buprenorphine treatment. This type of treatment is often termed "dose and dash" because of the lack of behavioral counseling, drug testing, diversion monitoring and individual treatment planning. It is also important to note that MAT utilizing methadone is the safest form of treatment for pregnant women.[29]

b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

Response: The proposed project was not possible without new construction. In choosing this site, Crossroads has balanced cost control with providing patients quality care and a healing environment, as well as ensuring ready highway access to all points within the service area.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the Applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

Response: The Applicant intends to have transfer relationships with all emergency hospitals in the Tri-Cities and surrounding area, including the Johnson City Medical

[27] Based on a 4/13/15 survey of three Johnson City-based physicians licensed to provide buprenorphine treatment.
[28] Based on 4/13/15 survey of three pharmacies in Johnson City, 1-3 tablets per day. 2 of 3 pharmacies did not have inventory and the remaining pharmacy would only sell "if you are a regular customer".
[29] Addiction Treatment Forum. Research Study Results: Methadone Best for Babies Born with Drug Withdrawal.

Center and Wellmont Health System, Holston Valley Medical Center and Indian Path Medical Center, Bristol Regional Medical Center, Union County Memorial in Erwin; Laughlin Memorial in Greeneville and Hawkins County Memorial in Rogersville.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

Response: The proposed service area does not currently have an OTP, so there is no duplication of services or adverse effect on competitive facilities within the service area. The most affected providers outside the proposed service area are the Applicant's existing facilities in Weaverville, North Carolina and Asheville, North Carolina, which are the two closest OTP facilities to the proposed location. Both of these programs have sufficient patients that do not live in the proposed service area and will not transfer, so they will remain financially viable, even if all the patients from Tennessee transfer to the Johnson City facility when built.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

Response: The operations of the clinic will be overseen by the Program Director, whose oversight will encompass clinical matters, fiscal viability and physical plant issues. The Program Director oversees all staff and deals with any staffing issues that may arise. The Director of Nursing will oversee the dosing nurses and any assistants. The Director of Nursing will ensure clinical Administrative issues, such as billing, recruiting and training are handled appropriately. The table below shows the number of employees at each position, and their monthly compensation as it will be when the proposed project begins operations. As more patients begin receiving treatment, Crossroads will increase the hours and/or number of employees at many of these positions. The project's operating budget, discussed in more detail below, allows for increases in payroll expenses as the patient census increases, thereby ensuring that the appropriate staffing is available to provide quality care to all patients.

Proposed Staffing for Beginning of Operations

Number of Employees	Position	Employment Type	Salary/ Hourly Rate	Monthly Total
1	PD	Salary	$55,000	$4,583
1	Clinical Director	Hourly	$23	$3,998
1	Admin	Hourly	$12	$2,086
1	Lead RN	Hourly	$25	$4,345
1	Dosing LPN	Hourly	$18	$3,129
2	Counselor	Hourly	$17	$5,910
1	Physician Asst.	Salary	$30,368	$2,531
1	MD	Salary	$39,000	$3,250
1	Security	Hourly	$15	$2,607
10	Total			$32,439

The proposed project will staff highly qualified individuals who are properly trained, meet the required qualifications and have undergone an orientation on Crossroads' Policies & Procedures, as well as their assigned duties and reporting requirements. The responsibilities of each position are as follows.

- Program Director. This position is responsible for the operation of the Facility (including clinical matters, fiscal viability and physical plant issues), for overall compliance with federal, state and local laws and regulations regarding the operation of opioid treatment programs, and for all Facility employees including practitioners, agents, or other persons providing services at the Facility.

- Physician. This position is responsible for providing the medical treatment and oversight necessary to serve treatment recipient needs. Physician services include, but are not limited to, performing medical history and physical exams, determining a diagnosis under current DSM criteria, determination of opioid dependence, ordering take-home privileges, discussing cases with the treatment team and issuing any emergency orders. The physician for the proposed facility will be Dr. Paul Pyles, MD. Dr. Pyles is Board Certified in Adult Psychiatry by the American Board of Psychiatry & Neurology and Board Certified in Addiction Medicine by the American Board of Addiction Medicine. Dr. Pyles maintains active licensure in Ohio, Mississippi, Tennessee and Georgia. He has previously worked as a psychiatrist at residential treatment facilities providing treatment for adults with mental illness and addiction and as the Medical Director for the outpatient program providing treatment for adults with opioid dependence in Knoxville, DRD Methadone Clinic. A CV for Dr. Pyles can be found in Attachment C- Contribution to the Orderly Development of Health Care-3.

- Director of Nursing. This position is responsible for assisting in all areas of patient care, including physicals, necessary tests in compliance with state and federal laws and supervision of the nursing staff.

- Dosing Nurse. This position is responsible for assisting in all areas of patient care, and necessary tests in compliance with state and federal laws. The dosing nurse will also administer treatment medication, assist patients with the medical care required during their treatment as directed by Medical Director and assist in Pharmacy operations on an as needed basis. The dosing nurse must be able to discuss and/or counsel patients related to their medication regimen.

- Counselor. This position provides direct addiction treatment services to adult patients and family members. Counselor responsibilities include gathering data, documenting problems and developing and implementing the service recipient's plan of care in coordination with the medical staff.

- Administrative Assistant. This position involves providing excellent customer service, checking in patients, receiving payments, answering telephones, preparation of reports and data entry. This individual also assists the Program Director in programs, functions, services, and activities.

The clinical staff wages in the chart above are appropriate wages for the job responsibilities and the geographical area. According to the January 2015 Labor Market Report published by the Tennessee Department of Labor and Workforce Development, the average hourly earnings for Tennesseans working in the education and health services industries was $21.73 in January of 2015, or $38,983.88 per year.[30] The clinical director, lead RN, MD and Program Director all earn higher salaries than the statewide average for health services employees. The statewide statistics take larger metro areas which are typically home to individuals earning higher wages into account. The most recent Tennessee wage statistics at the county level are published in the 2013 Quarterly Census of Employment and Wages, which reports that the average annual wage in Washington County was $36,721 a year or $706 per week.[31] The Program Director, Clinical Director, Lead RN, Dosing RN, and Senior Counselor are all budgeted to make more than the average wage in Washington County. Based on the Crossroads Management Entities' experience hiring and retaining highly-qualified staff at existing OTPs, the Applicant is confident that the budgeted wages will attract and compensate the staff needed for this project.

The Applicant will rely upon the centralized resources and existing infrastructure of Crossroads Management Entities for lease management, recruiting, training, billing and other administrative functions. In addition, quality assurance measures already in place at the existing facilities managed by Crossroads Management Entities will be implemented at the proposed Crossroads OTP.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

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[30] Tennessee Department of Labor and Workforce Development. 2015. The Labor Market Report. January. Available at: http://www.state.tn.us/labor-wfd/lmr/pdf/2015/LMRJan2015.pdf

[31] Tennessee Department of Labor and Workforce Development Quarterly Census of Employment and Wages. Annual Average 2013. Total All Industries. Available at: http://www.state.tn.us/labor-wfd/lmi/pdf/QCEW2013.pdf

Response: The staffing requirements for the proposed program are enumerated by the TDMHSAS's Minimum Program Requirements for Non-Residential Opioid Treatment Program Facilities in the Tennessee regulations. Crossroads will comply with all staffing requirements, including verifying the qualifications of these staff members. Under these rules, the required staffing includes:[32]

- **Program Director**: 1 FTE throughout the whole first year of operation.
- **Clinical Director**: 1 FTE throughout the whole first year of operation.
- **Administrator**: 1 FTE throughout the whole first year of operation.
- **Lead RN**: 1 FTE, initially. The applicant anticipates adding an additional FTE for each additional 450 patients.
- **Dosing LPN**: 1 FTE, initially. The applicant anticipates increasing the number of FTEs by approximately 1 additional FTE every 2 months.
- **Counselor**: The applicant anticipates beginning with 2 FTEs at this position. An additional counselor will be hired with every additional 50 patients.
- **Physician (MD)**: This position will initially be less than 1 FTE, and will probably range between .1 FTE and .3 FTE at the beginning of operations. When the proposed project reaches 400 patients, the physician position will be 1 FTE.
- **Physician Assistant**: This position will initially be less than 1 FTE. There will be one FTE throughout the whole first year of operation
- **Security**: 1 FTE throughout the whole first year of operation.

As discussed in response to question 3 above, the Applicant has well-defined roles for each of these positions, and will ensure the positions are filled before operations begin.

5. Verify that the Applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education*.

   Response: The Applicant verifies that it has reviewed and understands all licensing requirements.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (*e.g.*, internships, residencies, etc.).

7. (a) Please verify, as applicable, that the Applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

   Response: The Applicant so verifies.

   (b) Provide the name of the entity from which the Applicant has received or will receive licensure, certification, and/or accreditation.

[32] Rule 0940-05-42.29 provides for exemptions for filling some of these positions in certain circumstances.

Licensure: The Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS) and the U.S. Department of Justice, Drug Enforcement Agency

Accreditation: Commission on Accreditation of Rehabilitation Facilities (CARF International)

(c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

Response: Not applicable.

(d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

Response: Not applicable. This is a new facility.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the Applicant or any entities or persons with more than a 5% ownership interest in the Applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

Response: There are no such final orders, judgments or pending matters.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

Response: There are no such civil or criminal judgments against any person or entity with an ownership stake in this project.

10. If the proposal is approved, please discuss whether the Applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

Response: If approved, Crossroads will comply with all reporting requirements outlined under Tennessee regulations. The Applicant is not aware of any other reporting requirements, but will comply with any requirements imposed by the TDMHSAS.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

Please see attached copy of the publication from the Johnson City Press showing publication occurred on November 6, 2015.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. **Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**

2. **If the response to the preceding question *indicates that the Applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph,* please state below any request for an extended schedule and document the "good cause" for such an extension.**

Form HF0004
Revised 02/01/06
Previous Forms are obsolete

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in TCA § 68-11-1609(c): February 2016.

Assuming the CON approval becomes the final agency action on that date; indicate the number of days **from the above agency decision date** to each phase of the completion forecast.

Phase		DAYS REQUIRED	Anticipated Date (MONTH/YEAR)
1.	Architectural and engineering contract signed	7	3/16
2.	Construction documents approved by the Tennessee Department of Health	37	4/16
3.	Construction contract signed	37	4/16
4.	Building permit secured	60	5/16
5.	Site preparation completed	60	5/16
6.	Building construction commenced	60	5/16
7.	Construction 40% complete	90	6/16
8.	Construction 80% complete	105	7/16
9.	Construction 100% complete (approved for occupancy	120	7/16
10.	*Issuance of license	180	916
11.	*Initiation of service	185	9/16
12.	Final Architectural Certification of Payment	185	9/16
13.	Final Project Report Form (HF0055)	190	10/16

* **For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.**

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

Attachment A-4

Ownership of Control Documentation
And
Organizational Charts

000791112

CHARTER
FOR-PROFIT CORPORATION (ss-4417)

Division of Business Services
Tre Hargett, Secretary of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: $100

For Office Use Only

Control # 000791112
FILED: Mar 5, 2015 4:30PM

Tre Hargett,
Secretary of State

The undersigned, acting as incorporator(s) of a for-profit corporation under the provisions of the Tennessee Business Corporation Act, adopt the following Articles of Incorporation.

1. The name of the corporation is: Crossroads Treatment Center of Tri-Cities, PC
(Note: Pursuant to the provisions of T.C.A. §48-14-101(a)(1), each corporation name must contain the words *corporation, incorporated,* or *company* or the abbreviation *corp., inc.,* or *co.*)

2. Name Consent: (Written Consent for Use of Indistinguishable Name)
☐ This entity name already exists in Tennessee and has received name consent from the existing entity.

3. This company has the additional designation of: Professional Corporation

4. The name and complete address of its initial registered agent and office located in the State of Tennessee is:
RUPERT MCCORMAC
STE 3
2412 SUSANNAH ST
JOHNSON CITY, TN 37601-1726
WASHINGTON COUNTY

5. Fiscal Year Close Month: December **Period of Duration:** Perpetual

6. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is:
(none) (Not to exceed 90 days)

7. The corporation is for profit.

8. The number of shares of stock the corporation is authorized to issue is: 100

9. The complete address of its principal executive office is:
KIM DEAL
STE 109
105 N SPRING ST
GREENVILLE, SC 29601-2859

(Note: Pursuant to T.C.A. §10-7-503 all information on this form is public record.)

B0061-9199 03/05/2015 4:30 PM Received by Tennessee Secretary of State Tre Hargett

CHARTER
FOR-PROFIT CORPORATION (ss-4417)

Division of Business Services
Tre Hargett, Secretary of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: $100

For Office Use Only

Control # 000791112
FILED: Mar 5, 2015 4:30PM

Tre Hargett,
Secretary of State

The name of the corporation is: Crossroads Treatment Center of Tri-Cities, PC

10. The complete mailing address of the entity (if different from the principal office) is:
KIM DEAL
STE 109
105 N SPRING ST
GREENVILLE, SC 29601-2859

11. List the name and complete address of each incorporator:

Title	Name	Business Address	City, State, Zip
	Rupert McCormac	105 N SPRING ST STE 109	GREENVILLE, SC 29601-2859

12. Professional Corporation: (required if the additional designation of "Professional Corporation" is entered in section 3.)
☑ I certify that this is a Professional Corporation.
Licensed Profession: Medical

13. Other Provisions:

(Note: Pursuant to T.C.A. §10-7-503 all information on this form is public record.)

Mar 5, 2015 4:30PM
Signature Date

Electronic
Incorporator's Signature

Rupert McCormac
Incorporator's Name (printed or typed)

B0061-9200 03/05/2015 4:30 PM Received by Tennessee Secretary of State Tre Hargett

STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

March 5, 2015

Crossroads Treatment Center of Tri-Cities, PC
KIM DEAL
STE 109
105 N SPRING ST
GREENVILLE, SC 29601-2859

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	**000791112**	Formation Locale:	TENNESSEE
Filing Type:	For-profit Corporation - Domestic	Date Formed:	03/05/2015
Filing Date:	03/05/2015 4:30 PM	Shares of Stock:	100
Status:	Active	Fiscal Year Close:	12
Duration Term:	Perpetual	Annual Report Due:	04/01/2016
Business Type:	Professional Corporation	Image # :	B0061-9199

Document Receipt

Receipt # : 001877827 — Filing Fee: $104.25

Payment-Credit Card - State Payment Center - CC #: 161045637 — $104.25

Registered Agent Address:
RUPERT MCCORMAC
STE 3
2412 SUSANNAH ST
JOHNSON CITY, TN 37601-1726

Principal Address:
KIM DEAL
STE 109
105 N SPRING ST
GREENVILLE, SC 29601-2859

Congratulations on the successful filing of your **Charter** for **Crossroads Treatment Center of Tri-Cities, PC** in the State of Tennessee which is effective on the date shown above. You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee. Please visit the Tennessee Department of Revenue website (apps.tn.gov/bizreg) to determine your online tax registration requirements. If you need to obtain a Certificate of Existence for this entity, you can request, pay for, and recieve it from our website.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

X

IRS DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
CINCINNATI OH 45999-0023

Date of this notice: 03-20-2015

Employer Identification Number:
35-2528169

Form: SS-4

Number of this notice: CP 575 H

For assistance you may call us at:
1-800-829-4933

IF YOU WRITE, ATTACH THE
STUB OF THIS NOTICE.

001141.543024.409396.18455 1 MB 0.435 530

CROSSROADS OF TRI-CITIES MANAGEMENT
% TREATMENT CENTERS HOLDCO L SOLE M
105 N SPRING ST STE 109
GREENVILLE SC 29601

001141

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER

Thank you for applying for an Employer Identification Number (EIN). We assigned you EIN 35-2528169. This EIN will identify you, your business accounts, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

When filing tax documents, payments, and related correspondence, it is very important that you use your EIN and complete name and address exactly as shown above. Any variation may cause a delay in processing, result in incorrect information in your account, or even cause you to be assigned more than one EIN. If the information is not correct as shown above, please make the correction using the attached tear-off stub and return it to us.

A limited liability company (LLC) may file Form 8832, Entity Classification Election, and elect to be classified as an association taxable as a corporation. If the LLC is eligible to be treated as a corporation that meets certain tests and it will be electing S corporation status, it must timely file Form 2553, Election by a Small Business Corporation. The LLC will be treated as a corporation as of the effective date of the S corporation election and does not need to file Form 8832.

To obtain tax forms and publications, including those referenced in this notice, visit our Web site at www.irs.gov. If you do not have access to the Internet, call 1-800-829-3676 (TTY/TDD 1-800-829-4059) or visit your local IRS office.

IMPORTANT REMINDERS:

* Keep a copy of this notice in your permanent records. This notice is issued only one time and IRS will not be able to generate a duplicate copy for you. You may give a copy of this document to anyone asking for proof of your EIN.
* Use this EIN and your name exactly as they appear at the top of this notice on all your federal tax forms.
* Refer to this EIN on your tax-related correspondence and documents.
* Provide future officers of your organization with a copy of this notice.

Your name control associated with this EIN is CROS. You will need to provide this information, along with your EIN, if you file your returns electronically.

If you have questions about your EIN, you can call us at the phone number or write to us at the address shown at the top of this notice. If you write, please tear off the stub at the bottom of this notice and send it along with your letter. If you do not need to write us, do not complete and return this stub. Thank you for your cooperation.

(IRS USE ONLY) 575H 03-20-2015 CROS 0 0243543110 SS-4

001141

Keep this part for your records. CP 575 H (Rev. 1-2013)

Return this part with any correspondence so we may identify your account. Please correct any errors in your name or address.

CP 575 H

0243543110

Your Telephone Number
( ) -

Best Time to Call

DATE OF THIS NOTICE: 03-20-2015
EMPLOYER IDENTIFICATION NUMBER: 35-2528169
FORM: SS-4 NOBOD

CROSSROADS OF TRI-CITIES MANAGEMENT
CO LLC
% TREATMENT CENTERS HOLDCO L SOLE M
105 N SPRING ST STE 109
GREENVILLE SC 29601

INTERNAL REVENUE SERVICE
CINCINNATI OH 45999-0023

Crossroads Treatment Centers of Tri-Cities, PC

Facility Listing

The Applicant, Crossroads Treatment Centers, is owned by Crossroads Treatment Centers of Tri-Cities, PC, which is owned 100% by Rupert McCormac, MD. Dr. McCormac is the owner of 12 additional operational clinics. All of them are in good standing with all licensure and certification agencies. The name and address of each of them is listed below. Any clinic not listed below that may be included on the following organizational charts is not yet operational.

1. **Crossroads Treatment Center of Asheville**
   6 Roberts Road
   Asheville, NC 28803

2. **Crossroads Treatment Center of Weaverville**
   901-3 Mars Hill Hwy
   Weaverville, NC 28787

3. **Crossroads Treatment Center of Greensboro**
   2706 North Church St.
   Greensboro, NC 27405

4. **Crossroads Treatment Center of Columbia**
   1421 Bluff Road
   Columbia, SC 29201

5. **Crossroads Treatment Center of Greenville**
   157 Brozzini Court, Suite E
   Greenville, SC 29615

6. **Crossroads Treatment Center at Sugarloaf**
   Horizon Village Shopping Center
   2855 Lawrenceville Suwanee Road, Suite 330
   Suwanee, GA 30024

7. **Crossroads Treatment Center of Northwest GA**
   4083 Cloud Springs Road
   Ringgold, GA 30736

8. **Crossroads Treatment Center of Seneca**
   209 Oconee Square Dr.
   Seneca, SC 29678

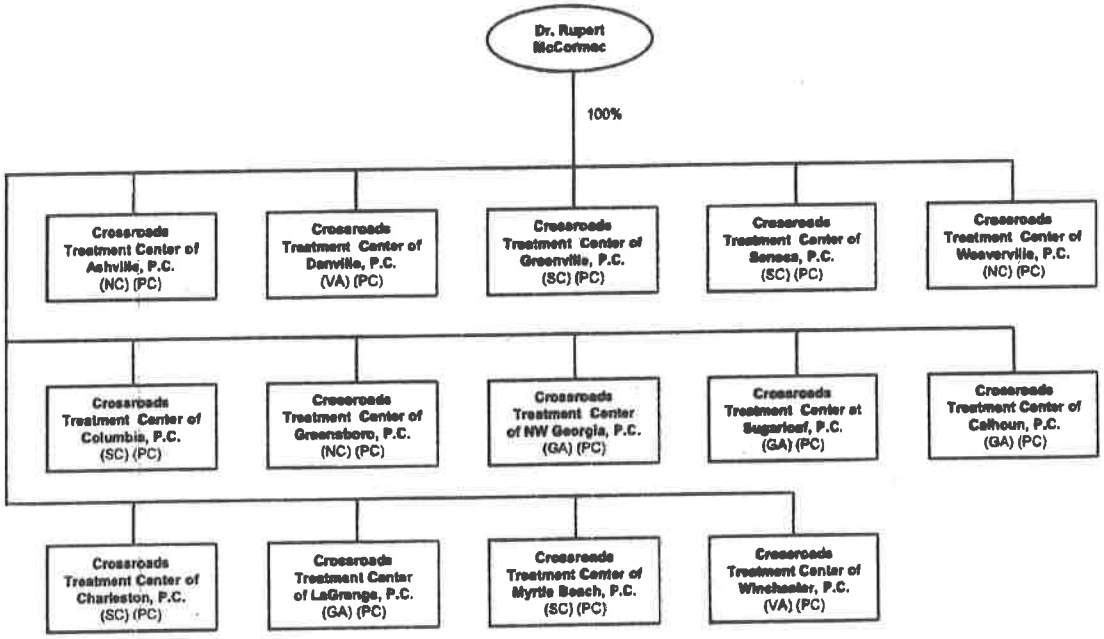
9. **Crossroads Treatment Center of Danville**
   1555 Meadowview Drive, Suite 5
   Danville, VA 24541

10. **Crossroads Treatment Center of Calhoun**
    367 Richardson Road
    Calhoun, GA 3070

11. **Crossroads Treatment Center of Lagrange**
    229 S. Davis Road
    Lagrange, GA 30241

12. **Crossroads Treatment Center of Charleston**
    2470 Mall Drive
    North Charleston, SC 29406

Treatment Centers[1]

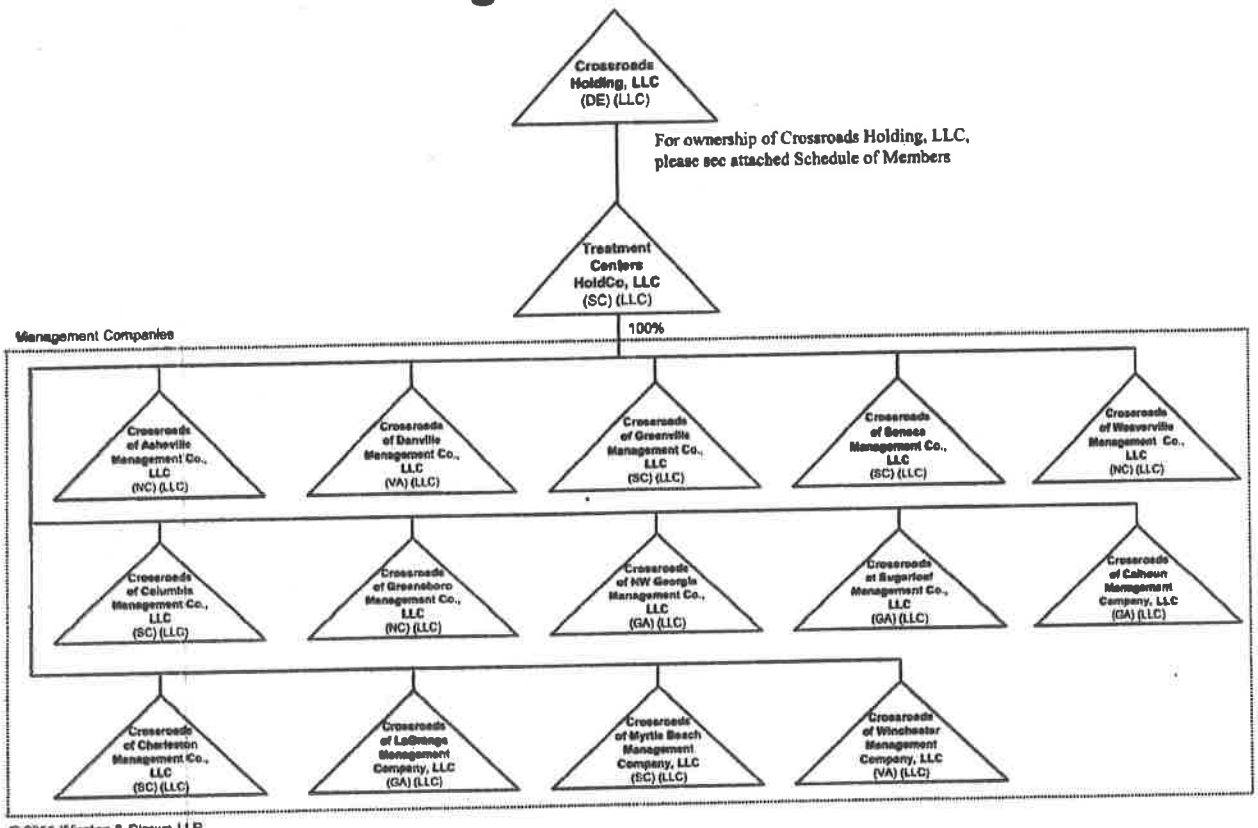


1 Each PC has a management agreement in place with its associated management company (LLC). Management companies are responsible for day to day operations (exclusive of medical aspects) and are paid a fee for such services.

Corp\Volana_Brad\Revebsite Crossroads Acquisition Structure.pptx

© 2014 Winston & Strawn LLP

Management Structure



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Corp\Valerie_Brad\Revelstoke Crossroads Acquisition Structure.pptx

Attachment A-5

Management Agreement

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (this "Agreement") is entered into as of January 13, 2011 ("Effective Date") by and between Crossroads Treatment Center of Tri-Cities, LLC, a Tennessee limited liability company with a mailing address of 105 North Spring Street, Suite 109, Greenville, SC 29601 (the "Company"), and Crossroads Treatment Center of Tri-Cities, P.C., a Tennessee professional corporation, with a principal business address of 2412 Susannah St., Units 3, 4 & 5, Johnson City, TN 37601 (the "P.C.").

WITNESSETH:

WHEREAS, the P.C. has been incorporated under the laws of the Tennessee Professional Corporation Act to render substance abuse treatment and rehabilitation services to clients of the P.C.;

WHEREAS, the P.C. desires to establish and operate a professional substance abuse treatment and rehabilitation center at 2412 Susannah St., Units 3, 4 & 5, Johnson City, TN 37601 and/or at other locations (the "Center") desires to obtain certain management services from the Company; and

WHEREAS, the Company is ready, willing, and able to provide to the P.C. management services specified in this Agreement.

NOW THEREFORE, in consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Representations and Warranties.

1.1 Representations and Warranties of the Company. The Company hereby represents and warrants to the P.C. that at all times during the term of this Agreement, the Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Tennessee.

1.2 Representations and Warranties of the P.C. The P.C. hereby represents and warrants to the Company that at all times during the term of this Agreement:

(a) The P.C. is a professional corporation duly organized, validly existing and in good standing under the laws of the State of Tennessee and is duly licensed and qualified under all applicable laws and regulations to engage in the practice of medicine in the State of Tennessee.

(b) Each of the physicians and other professionals engaged or employed by the P.C. to render services at the Center on behalf of the P.C. is duly licensed, certified, or registered, to render the professional services for which he or she has been engaged or employed by the P.C.

(c) The P.C. will establish and enforce procedures to ensure that proper and complete patient records are maintained regarding all patients and clients of the P.C. as required by Section 4.12 below, applicable law and by the rules and regulations of any third party payors with which the P.C. may contract or affiliate. To the extent permitted

by law, the P.C. shall provide access to the Company to such books and records of the P.C. as may be necessary to carry out the terms, conditions, and purposes of this Agreement.

2. License of the Furnishings, Equipment and Office Space.

2.1 Title and Maintenance. During the term of this Agreement, the Company grants to the P.C. the exclusive right to use the Equipment and Furnishings specified in **EXHIBIT A** hereto and to use and occupy the Office Space specified in **EXHIBIT B** hereto on the terms and conditions hereinafter set forth. The P.C. shall use, and shall cause its Providers to use the Equipment, Furnishings and Office Space only in connection with the Center. Title to the Equipment, Furnishings and Office Space, including any improvements thereto, shall be and remain in the Company at all times. The P.C. agrees to take no action that would adversely affect the Company's title to or interest in the Equipment, Furnishings and Office Space. During the term of this Agreement, the P.C. shall be responsible for maintaining the Equipment, Furnishings and Office Space in good condition and repair, reasonable wear and tear from normal use excepted. All maintenance, repair and replacement, if necessary, of the Equipment, Furnishings and Office Space shall be performed by the Company on behalf of the P.C., in accordance with paragraph 3.1 of this Agreement, including, where necessary, the replacement or substitution of parts. The P.C. agrees to make the Equipment, Furnishings and Office Space available for inspection by the Company at any reasonable lime.

2.2 Liens, Encumbrances, Etc. Except as contemplated by a Security Agreement, dated the date hereof, between the Company and the P.C., the P.C. shall not directly or indirectly create or suffer to exist any mortgage, security interest, attachment, writ or other lien or encumbrance on the Furnishings. Equipment or Office Space, and will promptly and at its own expense, discharge any such lien or encumbrance which shall arise, unless the same shall have been created or approved by the Company.

2.3 Return of Furnishings and Equipment. Upon the termination or expiration, as applicable, of this Agreement, the Company shall retain all Furnishings, Equipment and Office Space and the P.C. will relinquish control thereof free and clear of all liens, encumbrances, and right of others (save those created or approved by the Company).

2.4 Assignment. The P.C. shall not assign any of its rights hereunder to the use of the Furnishings, Equipment or Office Space to any third party, without the prior written consent of the Company.

2.5 Reporting. The P.C. shall advise the Company with respect to the selection of additional and replacement equipment or furnishings for the Center, and with respect to any proposed additions or improvements to the Equipment, Furnishings or Office Space. The P.C. will ensure that all Equipment and Furnishings are used in a safe and appropriate manner. The P.C. shall promptly notify the Company of any defective Equipment or Furnishings.

3. General Responsibilities of the Company. The Company shall have responsibility for general management and administration of the day-to-day business operations of the P.C., exclusive of the medical, professional and ethical aspects of the P.C.'s operations.

3.1 Furnishings, Equipment and Office Space. During the term of this Agreement, the Company agrees to perform, or subcontract for the performance of, all maintenance, repair, and servicing as may be necessary for the Equipment. Furnishings and Office Space to be maintained in good working condition, reasonable wear and tear excepted.

3.2 Management Services.

(a) The Company shall provide, or arrange for the provision of, those administrative services described below (the "Management Services"). The Company shall be the exclusive provider to the P.C. of such Management Services. The P.C. agrees that it shall not obtain any Management Services from any other source than the Company, except with the prior written consent of the Company, The Company is authorized to perform the Management Services in whatever manner it deems necessary to meet the day to day requirements of the P.C., including, without limitation, performance of some functions at locations other than the premises of the P.C. and by persons other than employees of the Company. The Company is authorized to contract with third parties, including one or more of its affiliates, for the provision of services, equipment and personnel needed to perform its obligations under this Agreement. Any contract with an affiliate of the Company shall be an arms' length agreement on terms reasonably available from reasonably efficient competing vendors.

(b) The Management Services to be provided by the Company for the P.C. shall be as follows:

(i) executive management services;

(ii) secretarial, reception, and clerical functions including coordinating client or patient visits and scheduling;

(iii) installation, deployment, service and support of such clerical, administrative and financial information systems, including hardware, software, connectivity and interfaces, as may be selected by and approved by the P.C.;

(iv) financial management, including causing annual financial statements to be prepared for the P.C. providing to the P.C. the data necessary for the P.C. to prepare and file its tax returns and make any other necessary governmental filings, paying on behalf of the P.C., the P.C.'s Monthly Obligations (as defined in Section 4.4(f) hereof) and investing, on behalf of the P.C., certain of the P.C.'s Monthly Net Profits (as defined in Section 4.4(0 hereof):

(v) bookkeeping, accounting, and data processing services;

(vi) billing to and collecting from all patients and third party payors, including accounts receivable processing;

(vii) accounts payable processing;

(viii) materials management, including purchase and stocking of office equipment and supplies, provided that the P.C. shall be solely responsible for selecting any medical equipment and supplies;

(ix) administering or causing to be administered any welfare, benefit or insurance plan or arrangement of the P.C.;

(x) human resources administration, including primary direction and control of recruitment, training, and management of all Administrative Staff (defined in Section 3.3 below);

(xi) assisting the P.C. in recruiting and contracting with Physicians;

(xii) subject to selection and approval by the P.C., evaluating, negotiating and administering, on behalf of the P.C., agreements with hospitals and vendors, and with third party payors ("payors");

(xiii) assist the P.C. to obtain and maintain malpractice and other agreed upon insurance coverages;

(xiv) assist the P.C. in developing and implementing advertising, marketing and promotional materials and activities approved by the P.C.;

(xv) arranging for necessary legal services except with respect to any legal dispute between the P.C. and the Company; and

(xvi) performing credentialing support services such as application processing and information verification.

(c) The Company shall not provide any of the following services to the P.C.:

(i) assignment of and scheduling of Providers to treat patients;

(ii) assumption of responsibility for the diagnosis, care and treatment of patients, treat any patient, or provide any clinically related service;

(iii) set the P.C's schedule of charges or fees;

(iv) determine how income will be allocated or distributed by the P.C.;

(v) serve as the party to whom bills and charges are made payable;

(vi) select or supervise physicians, Providers or other clinical personnel engaged or employed by the P.C.;

(vii) determine the nature or scope of services to be provided by the P.C.;

(viii) select any clinical or medical equipment, supplies or drugs for use by the P.C.;

(ix) any activity that involves the practice of medicine; or

(x) any other activity that would violate any applicable law, rule or regulation if performed by the Company.

3.3 Staff. Subject to the requirements of applicable law, the Company shall, on the terms and conditions specified in this Agreement, employ or engage and make available to the P.C., sufficient non-clinical personnel and administrative staff (herein referred to collectively as "Administrative Staff") to provide the Management Services and support the P.C. in performing its contractual obligations to patients, clients and others. The hiring, firing, disciplining and determination of compensation and benefits of the Administrative Staff shall be within the sole discretion of the Company; provided, however, that the Company shall, at the P.C.'s written request, remove from providing Management Services hereunder any Administrative Staff member who does not perform to the reasonable satisfaction of the P.C.

3.4 Negotiating Authority. The P.C. authorizes the Company, and the Company agrees, to serve as the P.C.'s exclusive agent (a) to communicate to and from payors, offers to enter into non-risk-sharing payor contracts, and (b) to negotiate or enter into risk-sharing contracts in the name of and on behalf of P.C. and its Providers that involve sufficient risk-sharing among the parties or is otherwise structured such that the Company's negotiation of the financial terms of such risk-sharing payor contracts will not violate federal or state antitrust or unfair competition laws or other applicable legal requirements. All such payor contracts shall be subject to prior approval of the P.C.

3.5 Patient Records. The P.C. and the Company shall use reasonable efforts to preserve the confidentiality of patient records created by the P.C. or its Providers, which shall be the sole property of the P.C., and shall use information contained in such records only for the purpose and to the extent permitted by applicable law. The Company acknowledges that it is a "business associate" of the P.C. for purposes of the Health Insurance Portability and Accountability Act (HIPAA), and will enter into the Business Associate Agreement attached hereto as **EXHIBIT C**.

3.6 Performance Standards. All Management Services provided hereunder shall be subject to commercially reasonable performance standards agreed to by the parties from time to lime.

4. Responsibilities of the P.C.

4.1 Professional Services. During the term of this Agreement, the P.C. shall be solely responsible for all aspects of diagnostic, therapeutic, medical, clinical and related professional services delivered by the P.C. and for the selection, training, professional direction, supervision and employment or engagement of all Providers. It shall be a material breach of this Agreement by the P.C. if any Provider materially disrupts or interferes with the performance of the Company's obligations under this Agreement.

4.2 Time Commitment. The P.C. shall engage or employ sufficient physicians and other clinical professionals ("Providers") to fulfill the P.C.'s to meet the needs of its clients and patients. The P.C. shall ensure that all Provider work, and coverage schedules meet the needs of its patients and clients in a competent, timely and responsive manner.

4.3 Quality of Service. The P.C. shall establish and enforce procedures to assure the appropriateness, necessity, consistency, quality, cost effectiveness and efficacy of all medical services provided to its patients and clients. The P.C. shall require each of its Providers who are licensed, registered or certified to perform professional services to participate in and cooperate with any utilization management, quality assurance, risk management, patient care assessment, continuous quality improvement, accreditation or other similar program or study to review the performance of such Providers as may be required by the P.C., governmental agencies, professional review organizations, accrediting bodies, third party payors or health care entities with which the P.C. may contract or affiliate.

4.4 Billing and Collection.

(a) As agent for the P.C., the Company shall bill and collect for all services rendered by the P.C. and its Providers hereunder. Claims for such services shall be prepared in the name and under the provider numbers of the P.C. The P.C. hereby irrevocably appoints the Company as its attorney-in-fact to bill and collect payments for such services. All of the payments with respect to such services shall be made by check, electronic funds transfer, or credit card payable to the P.C. and shall be deposited into a bank account of the P.C. (the "P.C. Account") with a bank designated by mutual agreement of the P.C. and the Company (the "Account Bank").

(b) The P.C. shall, and shall cause its Providers to, promptly endorse and deliver to the Company for deposit into the P.C. Account all payments, notes, checks, money orders, insurance proceeds, remittances and other evidences of indebtedness or payment received by the P.C. or its Providers, with respect to all accounts, contract rights, instruments, documents, or other rights to payment from time to time arising from the rendering of professional services by the P.C. and its Providers or otherwise relating to the business of the P.C., together with any guarantees thereof or securities therefor which are generated during the term of this Agreement.

(c) The P.C. and its Providers hereby authorize the Company to initiate legal proceedings in the name of the P.C. to collect any accounts and monies owed to the P.C. or its Providers to enforce the right of the P.C. and its Providers as creditors under any contract or in connection with the rendering of any service hereunder, and to contest adjustments and denials by governmental agencies (or their fiscal intermediaries) as third-party payors. All adjustments made for uncollectable or doubtful accounts, charity care, professional courtesies and other activities that do not generate a collectible fee shall be determined by the Company in its reasonable judgment for purposes of financial reporting.

(d) With respect to funds deposited in the P.C. Account (the "P.C.'s Net Revenue"), the Company shall direct the Account Bank to transfer all amounts in the P.C. Account, at the end of each business day of the Account Bank, to an operating account maintained by and in the name of the Company (the "Operating Account"). The Company shall hold the P.C.'s Net Revenue in the Operating Account as the P.C.'s agent, and shall administer such Net Revenues on the P.C.'s behalf.

(e) The Company may commingle in the Operating Account the P.C.'s Net Revenues with other funds, but the Company shall separately and accurately account for receipts, withdrawals, use. disposition and interest and investment income gained on P.C.'s Net Revenue.

(f) On at least a monthly basis the Company shall pay, from the P.C.'s Net Revenue in the Operating Account, all of the current month's P.C. Expenses, as defined in Section 4.16 hereof, and the current month's Management Fee, as defined in Section 5(a) hereof (the P.C. Expenses and monthly Management Fee being referred to collectively as the "P.C.'s Monthly Obligations"). In the event that the P.C.'s Net Revenue (including the current month's interest and investment income earned on the P.C.'s Net Revenue) is insufficient to pay fully the P.C.'s Monthly Obligations, the Company shall advance to the P.C. an amount equal to the deficit ("Deficit Advance") pursuant to that certain Deficit Funding Agreement entered into between the parties on even date herewith (the "Deficit Funding Agreement"). In the event that the P.C.'s Net Revenue (including the current month's interest and investment income earned on the P.C.'s Net Revenue) exceeds the P.C.'s Monthly Obligations, the Company shall apply such excess (the "Monthly Net Profit") up to the aggregate amount of any unpaid Deficit Advances, together with interest accrued thereon, as repayment of Deficit Advances under the Deficit Funding Agreement. In the event that there is a Monthly Net Profit exceeds the total of the P.C.'s Monthly Obligations and any repayment obligations under the Deficit Funding Agreement, then the Company shall manage and invest such funds in the name and on behalf of the P.C., as the P.C. may direct or approve, and shall credit the P.C. with any interest or investment income earned thereon, for the benefit of the P.C.

4.5 Use of Names. During the term of this Agreement, the Company may use the P.C.'s corporate and trade names to the extent reasonably necessary to perform its Management Services hereunder. Otherwise, at no time during the term of this Agreement may either party or any of its shareholders, members, managers, directors, officers, employees or agents, as applicable, use the corporate or trade name of the other party, without the prior written consent of the other party.

4.6 Licensure. The P.C. shall ensure that each Provider associated with the P.C. maintains, if applicable, an unrestricted license to practice medicine in the State of Tennessee and, to the extent that Providers provide professional services in other states, that such individuals maintain comparable unrestricted licensure in such other jurisdictions. The P.C. shall ensure that each Provider has the level of competence, experience and skill comparable to that prevailing in the community or communities where such Provider provides professional services.

4.7 Federal DEA Number. The P.C. shall ensure that each Provider, if applicable, maintains a Federal DEA registration and state controlled substances registration, which registrations shall not be suspended, revoked, suspended or restricted in any manner.

4.8 Continuing Education. The P.C. shall ensure that each Provider shall obtain the required continuing professional education for his or her specialty in each state where such Provider provides professional services and shall provide documentation of the same to the Company.

4.9 Disciplinary Actions. The P.C. shall, to the extent it has knowledge, and shall cause each of its Provider to, disclose to the Company during the term of this Agreement: (i) the existence of any proceeding against any Provider instituted by any plaintiff, governmental agency, health care facility, peer review organization or professional society which involves any allegation of substandard care or professional misconduct raised against any Provider, and (ii) any allegation of substandard care or professional misconduct raised against any Provider by any person or agency during the term of this Agreement.

4.10 Payment Programs. The P.C. represents and warrants, during the term of this Agreement, that it and each of its Providers will participate in the health benefit program of any payor with which the P.C. may contract or affiliate in the name of and on behalf of the P.C.

4.11 Outside Activities. The P.C. shall and shall ensure that the Providers who are employed physicians of the P.C. ("Employed Physicians") devote their best efforts to fulfill their obligations hereunder. The P.C. shall not, and shall ensure that each Employed Physician shall not, engage in any other professional activity, whether or not such business activity is pursued for gain, profit, or other pecuniary advantage, which would interfere with the performance of the P.C.'s duties hereunder, without the prior written consent of the Company, which consent shall not be unreasonably withheld. Except as otherwise approved in advance by the Company, and to the extent permitted by law, all amounts collected by the P.C. for medical or other professional services, regardless of the source of payment, shall be assigned and belong to the P.C.

4.12 Patient Records. The P.C. shall maintain, in a timely manner, complete, accurate and legible records for all patients and clients of the P.C. or the Center who are treated by Providers. The P.C. and its Providers shall comply with all applicable laws, regulations and ethical principles concerning confidentiality of patient records and protected health information. The Company shall have access to the information contained in the P.C.'s patient and client records to the extent access to such information is permuted by law and is required in connection with the Company's responsibilities hereunder. The parties shall enter into a Business Associate Agreement, to the extent required by applicable law. including without limitation, the Health Insurance Portability and Accountability Act of 19% and the privacy and security rules promulgated thereunder ("HIPAA") and the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009, and the regulations promulgated thereunder, all as amended from time to time (the "HITECH Act").

4.13 Credentialing. The P.C. agrees to participate and cooperate in and comply with any credentialing program established from time to lime by payors with which the P.C. may contract hereunder.

4.14 Fees for Professional Services. The P.C. shall be solely responsible for legal, accounting and other professional service fees it incurs, except as otherwise provided herein.

4.15 Standards of Care. The P.C. represents and warrants that it and its Providers shall render services to patients and clients hereunder in a competent and professional manner, in material compliance with generally accepted and prevailing standards of care, and the quality assurance standards of the payors with which the P.C. or the Company contracts hereunder, and in material compliance with applicable statutes, regulations, rules, policies and directives of federal, state and local governmental, regulatory and accrediting agencies with competent jurisdiction.

4.16 P.C. Expenses. The P.C. shall be responsible for all expenses relating to the Center ("P.C. Expenses"). The P.C. Expenses include, but are not limited to the following:

(a) Salaries, wages, benefits, (including health, life, and disability insurance coverage and all contributions under employee benefit plans), vacation and sick pay, employment and payroll taxes; and the cost of payroll administration and administration of benefits, for all Providers engaged or employed by the P.C.

(b) Cost of all medical equipment and supplies, and depreciation cost of all such capital equipment in accordance with applicable federal tax depreciation schedules;

(c) Cost of professional liability insurance for the P.C. and the Providers, comprehensive general liability insurance and property insurance coverage for the P.C.'s facilities and operations, and worker's compensation and unemployment insurance coverage for any P.C. employees;

(d) interest expense on indebtedness (including capitalized leases) incurred with respect to debt obligations to fund the operation of, or the acquisition of capital assets for, the P.C.;

(e) State and local business license taxes, professional licensure and board certification fees, sales and use taxes, income, franchise and excise taxes and other similar taxes, fees and charges assessed against the P.C. or its Providers;

(f) Expenses incurred in the course of recruiting Providers, and other personnel to join the P.C.;

(g) Any federal income taxes, including the cost of preparation of the annual income tax returns of the P.C. and its Providers;

(h) Expenses of continuing education as necessary to maintain required licensure of any Providers;

(i) Cost of licensure fees, membership in professional associations, hospital dues, continuing professional education, travel expenses, costs incurred for medical texts, journals or literature, and other professional or personal expenses of the P.C. or its Providers; and

(j) Expenses incurred by the P.C. in connection with any leases of real properly, other than the Office Space.

The P.C. shall promptly notify the Company of all P.C. Expenses incurred and shall provide the Company with all invoices, bills, statements and other documents evidencing such P.C. Expenses.

5. Financial Terms.

(a) In consideration of the Company (i) providing the Management Services hereunder, (ii) licensing to the P.C. the use of Equipment and Furnishings, (iii) licensing to the P.C. the use and occupation of the Office Space, and (iv) providing all other services set forth herein, the P.C. hereby agrees to pay to the Company the management fee as set forth in **EXHIBIT D** (the "Management Fee").

(b) The portion of the Management Fee (i) allocable to the P.C.'s use of the Equipment and Furnishings has been determined by the parties to equal the fair market value of the use of the Equipment and Furnishings, respectively, (ii) allocable to the P.C.'s use and occupation of the Office Space has been determined by the parties to equal the fair rental value of the Office Space, and (iii) allocable to the provision of the Management Services has been determined by the parties to equal the fair market value of the Management Services, without taking into account the proximity of the Company to any source of referrals, or the volume or value of any referrals of business from the Company (or its affiliates) to the P.C., or from the P.C. to the Company (or its affiliates), that is reimbursed under any governmental or private health care payment or insurance program.

(c) The Management Fee paid by the P.C. to the Company hereunder has been determined by the parties through good-faith and arm's length bargaining. No amount paid hereunder is intended to be, nor shall it be construed to be, an inducement or payment for referral of, or recommending referral of, patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C. or for the purchase, order, lease, or arranging for the purchase, order or lease of any item or service covered by any governmental or private health care payment or insurance program. In addition, the Management Fee charged hereunder does not include any discount, rebate, kickback, or other reduction in charge, and the Management Fee charged hereunder is not intended to be nor shall it be construed to be, an inducement or payment for referral, or recommendation of referral, of clients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C.

6. Regulatory Matters.

(a) The P.C. and its Providers shall at all times be free, in their sole discretion, to exercise their professional judgment on behalf of patients or clients of the P.C. No provision of this Agreement is intended, nor shall it be construed, to permit the Company to affect or influence the professional judgment of the P.C. or its Providers. To the extent that any act or service required or permitted of the Company by any provision of this Agreement may be construed or deemed to constitute the practice of medicine, the ownership or control of a medical practice, or the operation of a health care facility, said provision of this Agreement shall be void *ab initio* and the performance of said act or service by the Company shall be deemed waived by the P.C.

(b) The parties agree to cooperate with one another in the fulfillment of their respective obligations under this Agreement, and to comply with the requirements of law and with all ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority applicable hereto, and of any insurance company insuring P.C. or the parties against liability for accident or injury in or upon the premises of the parties.

7. Insurance.

7.1 General Comprehensive Liability Insurance. During the term of this Agreement, each party shall obtain and maintain, at its expense, a comprehensive general liability insurance policy, in such amounts, with such coverages and with such companies as may be commercially reasonable.

7.2 Equipment Insurance. The Company shall obtain and maintain, at its own expense, insurance against all risks of physical loss or damage any equipment furnished by the Company hereunder in an amount not less than the original purchase price or the replacement cost with like kind and quality at the time of loss, with such companies and as the Company shall reasonably determine.

7.3 Malpractice Insurance. During the term of this Agreement, the Company shall assist the P.C. in obtaining and maintaining, at the P.C.'s expense, professional liability insurance covering the P.C. and its Providers, with limits of $1 million per occurrence and $3 million in the aggregate. In the event the P.C. has a "claims made" form of insurance in effect at any time during the term of this Agreement, the P.C. shall obtain, at P.C.'s expense, full "tail" coverage to cover any event that may have occurred during the term of this Agreement. The P.C. shall provide to the Company any information with respect to the P.C. and the Providers necessary for the Company to secure such professional liability insurance on their behalf.

8. Indemnification by the P.C. The P.C. hereby agrees to indemnify, defend, and hold harmless the Company, and each of the Company's officers, members, managers, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the P.C. of this Agreement or any acts or omissions by the P.C. or its Providers in their performance of this Agreement, including, but not limited to, professional negligence of the P.C. or its Providers to the extent that such is not paid or covered by the proceeds of insurance. The P.C. shall immediately notify the Company of any lawsuits or actions, or any threat thereof, against P.C., any Provider, or the Company, that may become known to P.C.

9. Indemnification by the Company. The Company hereby agrees to indemnify, defend, and hold harmless the P.C., and each of its officers, directors, shareholders, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, reasonable attorneys' and consultancy lees), arising directly or indirectly, in whole or in part, out of any breach by the Company of this Agreement or any willful or grossly negligent act or omission by the Company in its performance of tins Agreement, to the extent that such is not paid or covered by the proceeds of insurance. The Company shall immediately notify the P.C. of any lawsuits or actions, or any threat thereof, against the Company, P.C. or any Provider that may become known to the Company.

10. Non-Solicitation.

(a) The P.C. shall not, during the term of this Agreement and for a period of one (1) year from the date of termination or expiration of this Agreement, and the Providers shall not. during the term of their engagement or employment by the P.C. and for a period of one (1) year thereafter, solicit for employment or engagement, verbally or in writing, employ, engage or offer employment or engagement to any employee or contractor or former employee or contractor of the Company or its affiliates, including, but not limited to any Administrative Staff provided by the Company to P.C. hereunder, without the prior written consent of the Company.

(b) During the term of any Employed Physician's engagement or employment by the P.C. and for a period of one (1) year after the termination or expiration of any such engagement or employment, such Employed Physician shall not, without the express written consent of the P.C., solicit verbally or in writing, any client, patient or former client, former patient, or Provider tinder contract with the P.C., or otherwise interfere with such relationships with the P.C.

11. Noncompetition. Except as otherwise provided by prior consent of the Company from to time, the P.C. shall not, during the term of this Agreement and for a period of one (1) year following the expiration or termination of this Agreement, engage in any business activity, whether as an owner, affiliate, partner, stockholder, independent contractor, manager, consultant or otherwise, that directly or indirectly competes with the Company in the State of Tennessee.

12. Proprietary Rights.

(a) The P.C. recognizes and acknowledges that all records, files, reports, protocols, policies, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the Company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information"). The P.C. shall not and shall assure that each of its Providers shall not during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to am other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates.

(b) All works, discoveries and developments, whether or not patentable or copyrightable, relating to the Company's present, past or prospective activities, services and products, including methods and processes to provide Management Services ("Inventions") or any modifications thereof which are at any time conceived or reduced to practice by P.C. and/or any of its Providers, acting alone or in conjunction with others, in connection with the Company's management of the P.C. or during the course of the P.C.'s employment or engagement of Providers (or, if based on or related to any Confidential Information, made by P.C. and/or any Provider during or after such management by the Company or employment or engagement by the P.C.) and all concepts and ideas known to P.C. at any time during the Company's management of the P.C. which relate to the Company's present, past or prospective activities, services and products ("Concepts and Ideas") or any modifications thereof held by or known to P.C. and/or any Provider on the date of this Agreement or acquired by P.C. and/or any Provider during the term of this Agreement shall be the property of the Company, free of any reserved or other rights of any kind on P.C. and/or any Provider part in respect thereof, and P.C. and/or am Provider hereby assigns all rights therein to the Company.

(c) P.C. and/or its Providers shall promptly make full disclosure of any such Inventions, Concepts and Ideas or modifications thereof to the Company. Further, P.C. and/or its Providers shall, at the Company's cost and expense, promptly execute formal applications for patents and copyrights and also do all other acts and things (including, among others, executing and delivering instruments of further assurance or confirmation) deemed by the Company to be necessary or desirable at any time or times in order to effect

the full assignment to the Company of P.C. and/or its Providers rights and title to such Inventions, Concepts and Ideas or modifications, without payment therefor and without further compensation. In order to confirm the Company's rights, P.C. and/or its Providers will also assign to the Company any and all patents, copyrights and reproduction rights to any written material prepared by P.C. and/or its Providers in connection with the Company's management of the P.C. or the Providers' employment or engagement by the P.C. P.C. and/or its Providers further understand that the absence of a request by the Company for information, or for the making of an oath, or for the execution of any document, shall in no way be construed to constitute a waiver of the rights of the Company under this Agreement. This Agreement shall not be construed to limit in any way any "shop rights" or other common law or contractual rights of the P.C. or the Company in or to any Inventions, Concepts and Ideas or modifications which the Company has or may have by virtue of the Company's management activities hereunder or the P.C.'s engagement of its Providers.

13. Enforcement. The P.C. agrees that the restrictive covenants set forth in Sections 10, 11 and 12 are reasonable in nature, duration and geographical scope. The P.C. further acknowledges that any violation of those restrictive covenants will cause the Company irreparable damage, which a monetary award would be inadequate to remedy, and that a court or arbitrator of competent jurisdiction may, in addition to monetary awards, enjoin any breach of, and enforce, such restrictive covenants by temporary restraining order, and preliminary and permanent injunctive relief without the need for the moving parts to post any bond or surety. If a court or arbitrator of competent jurisdiction determines that any of the restrictive covenants set forth in Sections 10, 11, and 12 are unreasonable in nature, duration or geographic scope, then the P.C. agrees that such court or arbitrator shall reform such restrictive covenant so that such restrictive covenant is enforceable to the maximum extent permitted by law for a restrictive covenant of that nature, and such court shall enforce the restrictive covenant to that extent. If any court or arbitrator finds that the P.C. and/or its Providers has breached the restrictive covenants set forth in Sections 10 or 11 above, then such restrictive covenants shall be extended for an additional period equal to the period of such breach.

14. Provider Agreements. The P.C. agrees that it shall impose by contract on each of its Providers the obligation to abide by the applicable terms and conditions of this Agreement, including the restrictive covenants specified above. The Company and its affiliates are intended to be third-party beneficiaries of such contracts and the Company may, in its sole discretion, be a signatory to such contracts for purposes of enforcing against Providers the terms and conditions of this Agreement. This requirement to impose the applicable terms and conditions of this Agreement on each of the P.C.'s providers may be waived by the Company either in relation to a specific Provider or class of Providers, so long as this waiver is notated in writing and executed by an appropriately authorized Member or Officer of the Company.

15. Term and Termination.

(a) The term of this Agreement shall be for ten (10) years commencing on the Effective Date, unless sooner terminated as set forth herein, and shall automatically renew for successive five (5) year terms unless either party gives the other at least ninety (90) days prior written notice of its intention not to renew prior to the expiration of then current term.

(b) Either party may terminate this Agreement immediately upon the occurrence of any of the following events with regard to the other party: (i) the making of a general assignment for the benefit of creditors; (ii) the filing of a voluntary petition or the commencement of any proceeding by either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension; (iii) the filing of any involuntary petition or the commencement of any proceeding by or against either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension, which such petition or proceeding is not dismissed within ninety (90) days of the date on which it is filed or commenced; or (iv) permanent suspension of the transaction of the usual business of either party.

(c) The parties may terminate this Agreement immediately upon written notice to the other in the event of termination for any reason of any written agreement between the parties of even date herewith.

(d) The Company may terminate this Agreement immediately upon written notice to the P.C. of any breach or termination of the Stock Transfer Restriction Agreement of even date herewith between the Company, the P.C. and the shareholder of the P.C.

(e) The Company may terminate this Agreement at any time, with or without cause, by giving the P.C. ninety (90) days' prior written notice.

(f) Either party may terminate this Agreement upon ninety (90) days' prior written notice to the other party in the event of a material breach by the other party of any material term or condition hereof, if such breach is not cured to the reasonable satisfaction of the non-breaching party within ninety (90) days after the non-breaching party has given notice thereof to the other party.

(g) Upon termination or expiration of this Agreement by either party, the P.C. shall pay the Company any amounts owed to the Company under Section 4 hereof as of the date of termination or expiration.

(h) Upon termination or expiration of this Agreement, the P.C. shall return to the Company any and all property of the Company which may be in the P.C's possession or under the P.C.'s control.

(i) receives notice (the "Notice") of an actual or threatened decision, finding or action by any governmental or private agency or court (collectively referred to herein as an "Action"), which Law or Action, if or when implemented, would have the effect of subjecting either party to civil or criminal prosecution under state and/or federal laws, or other material adverse proceeding on the basis of their participation herein, then the Company or the P.C. shall provide such Opinion or Notice to the other party. The parties shall attempt in good faith to amend this Agreement to the minimum extent necessary in order to comply with such Law or to avoid the Action, as applicable, and shall utilize mutually agreed upon joint legal counsel to the extent practicable. If, within 90 days of providing written notice of such Opinion or such Notice to the other party, the parties hereto acting in good faith are unable to mutually agree upon and make amendments or alterations to this Agreement to meet the requirements in question, or alternatively, the parties mutually determine in good faith that compliance with such requirements is impossible or unfeasible,

then this Agreement shall be terminated without penalty, charge or continuing liability upon the earlier of the following: the date 180 days subsequent to the date upon which any party gives written notice to the other party, or the effective dale upon which the Law or Action prohibits the relationship of the parties pursuant to this Agreement.

16. Obligations After Termination. Except as otherwise provided herein or in any amendment hereto, following the effective date of termination of this Agreement:

(a) The Company shall cooperate with the P.C. to assure the appropriate transfer of Management Services;

(b) The Company shall continue to permit the P.C. or its authorized representatives to conduct financial audits relating to the period this Agreement was in effect;

(c) Both the Company and the P.C. shall cooperate in connection with the termination or assignment of other contractual arrangements; and

(d) Both the Company and the P.C. shall cooperate in the preparation of final financial statements and the final reconciliation to fees paid hereunder, which shall be calculated by the Company six (6) months alter termination of this Agreement.

17. Return of Proprietary Property and Confidential Information. All documents, procedural manuals, guides, specifications, plans, drawings, designs, copyrights, service marks and trademark rights, computer programs, program descriptions and similar materials, lists of present, past or prospective customers, proposals, marketing and public relations materials, invitations to submit proposals, fee schedules and data relating to customers and the pricing of the Company's products and services, records, notebooks and similar repositories of or containing Confidential Information and Inventions (including all copies thereof) that come into P.C.'s and/or its Providers' possession or control, whether prepared by P.C., its Providers, or others; (a) are the property of the Company, (b) will not be used by P.C. or its Providers in any way adverse to the Company or to the benefit of P.C. and/or its Providers, (c) will not be removed from the Company's premises (except as P.C. and/or its Providers' duties hereunder require) and (d) at the termination of this Agreement or engagement of such Providers, will be left with or forthwith returned and/or restored to the Company, and P.C. and such Providers shall discontinue use of such materials.

18. Status of Parties. In the performance of the work, duties and obligations under this Agreement, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other and that no relationship of partnership, joint venture or employment is created by this Agreement.

19. Force Majeure. Neither party shall be deemed to be in default of this Agreement if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, Acts of God, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the parties hereunder, to the extent reasonably practicable. It is agreed that financial inability shall not be a matter beyond a party's reasonable control.

20. Notices. Any notices to be given hereunder by either party to the other shall be deemed to be received by the intended recipient (a) when delivered personally, (b) the day following delivery to a nationally recognized overnight courier service with proof of delivery, or (c) three (3) days alter mailing by certified mail, postage prepaid with return receipt requested, in each case addressed to the parties at the addresses set forth above or at any other address designated by the parties in writing.

21. Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter of this Agreement. This Agreement may not be changed orally, and may only be amended by an agreement in writing signed by both parties.

22. No Rights in Third Parties. This Agreement is not intended to, nor shall it be construed to, create any rights in any third parties, including, without limitation, in any Providers employed or engaged by the P.C.

23. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Stale of Tennessee.

24. Severability. If any provision of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible, and the remaining provisions of this Agreement will remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain.

25. Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to that term or any other term of this Agreement.

26. Rights Unaffected. No amendment, supplement or termination of this Agreement shall affect or impair any rights or obligations which shall have theretofore matured hereunder.

27. Interpretation of Syntax. All references made and pronouns used herein shall be construed in the singular or plural, and in such gender, as the sense and circumstances require.

28. Successors. This Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, executors, administrators and assigns.

29. Further Actions. Each of the parties agrees that it shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.

30. Non-Assignment. Neither party may assign this Agreement without the prior written approval of the other party, except the Company may assign this Agreement without the prior approval of the P.C. to any affiliate of the Company, or to any third party that purchases all or substantially all the assets of the Company.

31. Access of the Government to Records. To the extent that the provisions of Section 1861 (v)(1)(I) of the Social Security Act 42 U.S.C.§ 1395x(v)(1)(I) are applicable to

this Agreement, the parties agree to make available, upon the written request of the Secretary of the Department of Health and Human Services or upon the request of the Comptroller General, or any of their duly authorized representatives, this Agreement, and other books, records and documents that are necessary to certify the nature and extent of costs incurred by them for services furnished under this Agreement. The obligations hereunder shall extend for four (4) years after furnishing of such services. The parties shall notify each other of any such request for records.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, and intending to be legally bound, the parties have executed this Management Agreement under seal as of the day and year first above written.

CROSSROADS TREATMENT CENTER OF TRI-CITIES, LLC

By:_____
Print Name:
Title:

CROSSROADS TREATMENT CENTER OF TRI-CITIES, P.C.

By: _____
Print Name:
Title:

EXHIBIT A

EQUIPMENT AND FURNISHINGS

EXHIBIT B

OFFICE SPACE

EXHIBIT C

BUSINESS ASSOCIATE AGREEMENT

EXHIBIT D

MANAGEMENT FEE

Attachment A-6

Purchase Agreement

COMMERCIAL PURCHASE AND SALE AGREEMENT

1. **Purchase and Sale.** For and in consideration of the mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned buyer Calhoun Real Estate, LLC or as assigned ("Buyer") agrees to buy and the undersigned seller Mountain States Health Alliance ("Seller") agrees to sell all that tract or parcel of land, with such improvements as are located thereon, described as follows: All that tract of land known as: Princeton Road (Address) Johnson City (City), Tennessee, 37604 (Zip), as recorded in Washington County Register of Deeds Office, _____ deed book(s), _____ page(s), and/or _____ instrument no. and as further described as: Washington County, TN parcel #038G C 015.03 000 together with all fixtures, landscaping, improvements, and appurtenances, all being hereinafter collectively referred to as the "Property", as more particularly described in Exhibit "A" or if Exhibit A is not attached as is recorded with the Register of Deeds of the county in which the Property is located and is made a part of this Commercial Purchase and Sale Agreement ("Purchase and Sale Agreement" or "Agreement") by reference.

2. **Purchase Price.** The total purchase price for the Property shall be Two Hundred Ninety-Five Thousand U.S. Dollars, ($ 295,000.00) ("Purchase Price"), and is subject to all prorations and adjustments and shall be paid by Buyer at the Closing by cash, a Federal Reserve Bank wire transfer of immediately available funds, cashier's check or certified check.

3. **Earnest Money.** Buyer has paid or will pay within 15 business days after the Binding Agreement Date, the sum of $ 14,750.00 with TCI Group, Jerry Petzoldt Agency, LLC ("Holder") located at 2004 American Way, Suite 105, Kingsport, TN 37660 (Address of Holder). Additional Earnest Money, if any, to be tendered and applied as follows:

N/A

This sum ("Earnest Money") is to be applied as part of the Purchase Price at Closing.

A. Failure to Receive Earnest Money. In the event Earnest Money is not timely received by Holder or Earnest Money check or other instrument is not honored for any reason by the financial institution from which it is drawn, Holder shall promptly notify Buyer and Seller. Buyer shall have three (3) business days after notice to deliver good funds to Holder. In the event Buyer does not timely deliver good funds to Holder, this Agreement shall automatically terminate and Holder shall notify the parties of the same. Holder shall disburse Earnest Money only as follows:

(a) at Closing to be applied as a credit toward Buyer's Purchase Price;

(b) upon a subsequent written agreement signed by Buyer and Seller; or

(c) as set forth below in the event of a dispute regarding Earnest Money.

No party shall seek damages from Holder, nor shall Holder be liable for any such damages, and all parties agree to defend and hold harmless Holder for any matter arising out of or related to the performance of Holder's duties hereunder.

Disputes Regarding Earnest Money. In the event Buyer or Seller notifies Holder of a dispute regarding disposition of Earnest Money that Holder cannot resolve, Buyer and Seller agree to interplead Earnest Money into a court of competent jurisdiction. Holder shall be reimbursed for, and may deduct from, any funds interpleaded, its costs and expenses, including reasonable attorney's fees. The prevailing party in the interpleader action shall be entitled to collect from the other party the costs and expenses reimbursed to Holder, and upon payment of such funds into the court clerk's office, Holder shall be released from all further liability in connection with the funds delivered.

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4. **Inspection.** Prior to Closing, Buyer and Buyer's agents shall have the right to enter upon the Property at Buyer's expense and at reasonable times to inspect, survey, examine, and test the Property as Buyer may deem necessary as part of Buyer's acquisition of the Property. Buyer may, for a fee, obtain a septic system inspection letter from the Tennessee Department of Environment and Conservation, Division of Ground Water Protection. Buyer shall indemnify and hold Seller and all Brokers harmless from and against any and all claims, injuries, and damages to persons and/or property arising out of or related to the exercise of Buyer's rights hereunder. Buyer shall have 180 days after the Binding Agreement Date ("Due Diligence Period") to evaluate the Property, the feasibility of the transaction, the availability and cost of financing, and any other matter of concern to Buyer. During the Due Diligence Period, Buyer shall have the right to terminate this Agreement upon notice to Seller if Buyer determines, based on a reasonable and good faith evaluation of the above, that it is not desirable to proceed with the transaction, and Buyer will be entitled to a refund of the Earnest Money. Within 5 days after the Binding Agreement Date, Seller shall deliver to Buyer copies of the materials concerning the Property referenced in Exhibit "B" (collectively "Due Diligence Materials"), which materials shall be promptly returned by Buyer if Agreement does not Close for any reason. If Buyer fails to timely notify Seller that it is not proceeding with the transaction, Buyer shall waive its rights to terminate this Agreement pursuant to this paragraph.

5. **Title.**

A. **Warranties of Seller.** Seller warrants that at Closing Seller shall convey good and marketable, fee simple title to the Property to Buyer, subject only to the following exceptions ("Permitted Exceptions"):

(1) Liens for ad valorem taxes not yet due and payable.

(2) Those exceptions to which Buyer does not object or which Buyer waives in accordance with the Title Issues and Objections paragraph below. "Good and marketable, fee simple title" with respect to the Property shall be such title:

(a) as is classified as "marketable" under the laws of Tennessee; and

(b) as is acceptable to and insurable by a title company doing business in Tennessee ("Title Company"), at standard rates on an American Land Title Association Owner's Policy ("Title Policy").

B. **Title Issues and Objections.** Buyer shall have 180 days after the Binding Agreement Date to furnish Seller with a written statement of any title objections, UCC-1 or UCC-2 Financing Statements, and encroachments, and other facts affecting the marketability of the Property as revealed by a current title examination. Seller shall have 30 days after the receipt of such objections (the "Title Cure Period") to cure all valid title objections. Seller shall satisfy any existing liens or monetary encumbrances identified by Buyer as title objections which may be satisfied by the payment of a sum certain prior to or at Closing. Except for Seller's obligations in the preceding sentence, if Seller fails to cure any other valid title objections of Buyer within the Title Cure Period (and fails to provide Buyer with evidence of Seller's cure satisfactory to Buyer and to Title Company), then within five (5) days after the expiration of the Title Cure Period, Buyer may as Buyer's sole remedies: (1) rescind the transaction contemplated hereby, in which case Buyer shall be entitled to the return of Buyer's Earnest Money; (2) waive any such objections and elect to Close the transaction contemplated hereby irrespective of such title objections and without reduction of the Purchase Price; or (3) extend the Closing Date period for a period of up to fifteen (15) days to allow Seller further time to cure such valid title objections. Failure to act in a timely manner under this paragraph shall constitute a waiver of Buyer's rights hereunder. Buyer shall have the right to reexamine title prior to Closing and notify Seller at Closing of any title objections which appear of record after the date of Buyer's initial title examination and before Closing.

6. **Closing.**

A. **Closing Date.** This transaction shall be consummated at the office of Mountain States Title on March 1st, 2016 (the "Closing Date") or at such other time and place(s) the parties may agree upon in writing.

B. **Possession.** Seller shall deliver possession and occupancy of the Property to Buyer at Closing, subject only to the rights of tenants in possession and the Permitted Exceptions.

7. **Seller's Obligations at Closing.** At Closing, Seller shall deliver to Buyer:

(a) a Closing Statement;

(b) deed (mark the appropriate deed below)

☒ General Warranty Deed ☐ Special Warranty Deed

☐ Quit Claim Deed ☐ Other: _____

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(c) all documents which Seller must execute under the terms of this Agreement to cause the Title Company to deliver to Buyer the Title Policy including, without limitation, a title affidavit from Seller to Buyer and to the Title Company in the form customarily used in Tennessee commercial real estate transactions so as to enable the Title Company to issue Buyer the Title Policy with all standard exceptions deleted and subject only to Permitted Exceptions; and

(d) evidence reasonably satisfactory to Buyer at Closing of all documents/items indicated in Exhibit "C", if any (all documents to be delivered by Seller under this paragraph, including all documents/items indicated in Exhibit "C" are collectively "Seller's Closing Documents").

8. Conditions to Closing.

A.) All of Seller's representations and warranties are materially true and correct on the Closing Date, and

B.) Seller has complied with it's covenants contained within this Contract

9. Costs.

A. **Seller's Costs.** Seller shall pay all existing loans and/or liens affecting the Property; the cost of recording any title curative documents, including without limitation, satisfactions of deeds to secure debt, quitclaim deeds and financing statement termination; any accrued and/or outstanding association dues or fees; fee (if any) to obtain lien payoff/estoppel letters/statement of accounts from any and all associations, property management companies, mortgage holders or other liens affecting the Property; all deed recording fees; the fees of Seller's counsel and, if **checked,** ☐ **all transfer taxes,** otherwise Buyer is responsible for transfer taxes.

In the event Seller is subject to Tax Withholding as required by the Foreign Investment in Real Property Tax Act, (hereinafter "FIRPTA"), Seller additionally agrees that such Tax Withholding must be collected from Seller by Buyer's Closing Agent at the time of Closing. In the event Seller is not subject to FIRPTA, Seller shall be required as a condition of Closing to sign appropriate affidavits certifying that Seller is not subject to FIRPTA. ***It is Seller's responsibility to seek independent tax advice or counsel prior to the Closing Date regarding such tax matters.***

B. **Buyer's Costs.** Buyer shall pay the cost of Buyer's counsel and consultants; any costs in connection with Buyer's inspection of the Property and any costs associated with obtaining financing for the acquisition of the Property (including any intangibles tax, all deed recording fees and the cost of recording Buyer's loan documents.)

C. **Additional Costs.** In addition to the costs identified above, the following costs shall be paid by the parties hereto as indicated below:

Item to be Paid	Paid by Seller	Paid by Buyer
Survey	☐	☒
Title Examination	☐	☒
Premium for Standard Owner's Title Insurance Policy	☐	☒
Other: _____	☐	☐
Other: _____	☐	☐
Other: _____	☐	☐

10. Taxes and Prorations. Real estate taxes on the Property for the calendar year in which the Closing takes place shall be prorated as of 12:01 a.m. local time on the Closing Date. Seller shall be responsible (even after Closing) for paying all taxes (including previous reassessments) on the Property for the time period during which Seller owned the Property and shall indemnify the Buyer therefore. In addition, the following items shall also be prorated as of 12:01 a.m. local time on the Closing Date *[Select only those that apply to this transaction; the items not checked do not apply to this Agreement]:*

☐ Utilities ☐ Service Contracts ☐ Tenant Improvement Costs

☐ Rents ☐ Leasing Commissions ☐ Other: _____

☐ Other: _____ ☐ Other: _____

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11. **Representations and Warranties.**

A. **Seller's Representations and Warranties.** As of the Binding Agreement Date and the Closing Date, Seller represents and warrants to Buyer that Seller has the right, power, and authority to enter into this Agreement and to convey the Property in accordance with the terms and conditions of this Agreement. The persons executing this Agreement on behalf of Seller have been duly and validly authorized by Seller to execute and deliver this Agreement and shall have the right, power, and authority to enter into this Agreement and to bind Seller. Seller also makes the additional representations and warranties to Buyer, if any, as indicated on Exhibit "D".

B. **Buyer's Representations and Warranties.** As of the Binding Agreement Date and the Closing Date, Buyer represents and warrants to Seller that Buyer has the right, power, and authority to enter into this Agreement and to consummate the transaction contemplated by the terms and conditions of this Agreement. The persons executing this Agreement on behalf of Buyer have been duly and validly authorized by Buyer to execute and deliver this Agreement and shall have the right, power, and authority to enter into this Agreement and bind Buyer. Upon Seller's request, Buyer shall furnish such documentation evidencing signor's authority to bind Buyer.

12. **Agency and Brokerage.**

A. **Agency.**

(1) In this Agreement, the term "Broker" shall mean a licensed Tennessee real estate broker or brokerage firm and, where the context would indicate, the Broker's affiliated licensees. No Broker in this transaction shall owe any duty to Buyer or Seller greater that what is set forth in their brokerage engagements, the Tennessee Real Estate Broker License Act of 1973, as amended, and the Tennessee Real Estate Commission rules and regulations.

(2) A Designated Agent is one who has been assigned by his/her Managing Broker and is working as an agent for the Seller or Buyer in a prospective transaction, to the exclusion of all other licensees in his/her company.

(3) An Agent for the Seller or Buyer is a type of agency in which the licensee's company is working as an agent for the Seller or Buyer and owes primary loyalty to that Seller or Buyer.

(4) A Facilitator relationship occurs when the licensee is not working as an agent for either party in this consumer's prospective transaction. A Facilitator may advise either or both of the parties to a transaction but cannot be considered a representative or advocate for either party. "Transaction Broker" may be used synonymously with, or in lieu of, "Facilitator" as used in any disclosures, forms or agreements. [By law, any licensee or company who has not entered into a written agency agreement with either party in the transaction is considered a Facilitator or Transaction Broker until such time as an agency agreement is established.]

(5) A dual agency situation arises when an agent (in the case of designated agency) or a real estate firm (wherein the entire real estate firm represents the client) represents both the Buyer and Seller.

(6) If one of the parties is not represented by a Broker, that party is solely responsible for their own interests, and that Broker's role is limited to performing ministerial acts for the unrepresented party.

B. **Agency Disclosure.**

(1) The Broker, if any, working with the Seller is identified on the signature page as the "Listing Company"; and said Broker is (Select One. The items not selected are not part of this Agreement):

☐ the Designated Agent for the Seller,

☒ the agent for the Seller,

☐ a Facilitator for the Seller, OR

☐ a dual agent.

(2) The Broker, if any, working with the Buyer is identified on the signature page as the "Selling Company", and said Broker is (Select One. The items not selected are not part of this Agreement):

☐ the Designated Agent for the Buyer,

☒ the agent for the Buyer,

☐ a Facilitator for the Buyer, OR

☐ a dual agent.

(3) **Dual Agency Disclosure.** *[Applicable only if dual agency has been selected above]* Seller and Buyer are aware that Broker is acting as a dual agent in this transaction and consent to the same. Seller and Buyer have

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been advised that:

1. In serving as a dual agent the Broker is representing two clients whose interests are, or at times could be, different or even adverse.

2. The Broker will disclose all adverse, material facts relevant to the transaction, and actually known to the dual agent, to all parties in the transaction except for information made confidential by request or instructions from another client which is not otherwise required to be disclosed by law.

3. The Buyer and Seller do not have to consent to dual agency, and

4. The consent of the Buyer and Seller to dual agency has been given voluntarily and the parties have read and understand their brokerage engagement agreements.

5. Notwithstanding any provision to the contrary contained herein, Seller and Buyer each hereby direct Broker, if acting as a dual agent, to keep confidential and not reveal to the other party any information which could materially and adversely affect their negotiating position unless otherwise prohibited by law.

(4) **Material Relationship Disclosure.** [Required with dual Agency] The Broker and/or affiliated licensees have no material relationship with either client except as follows: _____ A material relationship means one of a personal, familial or business nature between the Broker and affiliate licensees and a client which would impair their ability to exercise fair judgment relative to another client.

Seller Initials _____ Buyer Initials _____

C. **Brokerage.** Seller agrees to pay Listing Broker at Closing the compensation specified by separate agreement. The Listing Broker will direct the closing agency/attorney to pay the Selling Broker, from the commission received, an amount, if any, in accordance with the terms and provisions specified by separate agreement. The parties agree and acknowledge that the Brokers involved in this transaction may receive compensation from more than one party. All parties to this Agreement agree and acknowledge that any real estate firm involved in this transaction shall be deemed a third party beneficiary only for the purposes of enforcing their commission rights, and as such, shall have the right to maintain an action on this Agreement for any and all compensations due and any reasonable attorney's fees and court costs.

13. **Disclaimer.** It is understood and agreed that the real estate firms and real estate licensee(s) representing or assisting Seller or Buyer and their brokers (collectively referred to as "Brokers") are not parties to this Agreement and do not have or assume liability for the performance or nonperformance of Seller or Buyer. Buyer and Seller agree that Brokers shall not be responsible for any of the following, including but not limited to, those matters which could have been revealed through a survey, title search or inspection of the Property; the insurability of the Property or cost to insure the Property; for the condition of the Property, any portion thereof, or any item therein; for any geological issues present on the Property; for any issues arising out of Buyer's failure to physically inspect the Property prior to entering into this Agreement and/or Closing; for building products and construction techniques; for the necessity or cost of any repairs to the Property; for hazardous or toxic materials; for the tax or legal consequences of this transaction; for the availability, capability, and/or cost of utility, sewer, septic, or community amenities; for proposed or pending condemnation actions involving the Property; for applicable boundaries of school districts or other school information; for the appraised or future value of the Property; for any condition(s) existing off the Property which may affect the Property; for the terms, conditions and availability of financing; and for the uses and zoning of the Property whether permitted or proposed. Buyer and Seller acknowledge that Brokers are not experts with respect to the above matters and that they have not relied upon any advice, representations or statements of Brokers (including their firms and affiliated licensees) and waive and shall not assert any claims against Brokers (including their firms and affiliated licensees) involving same. Buyer and Seller understand that it has been strongly recommended that if any of these or any other matters concerning the Property are of concern to them, that they secure the services of appropriately credentialed experts and professionals of Buyer's or Seller's choice for the independent expert advice and counsel relative thereto.

14. **Destruction of Property Prior to Closing.** If the Property is destroyed or substantially destroyed prior to Closing, Seller shall give Buyer prompt notice thereof, which notice shall include Seller's reasonable estimate of: (1) the cost to restore and repair the damage; (2) the amount of insurance proceeds, if any, available for the same; and (3) whether the damage will be repaired prior to Closing. Upon notice to Seller, Buyer may terminate this Agreement within seven (7) days after receiving such notice from Seller. If Buyer does not terminate this Agreement, Buyer shall be deemed to have accepted the Property with the damage and shall receive at Closing (1) any insurance proceeds which have been paid to Seller but not yet spent to repair the damage and (2) an assignment of all unpaid insurance proceeds on the claim. Buyer

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may request in writing, and Seller shall provide within five (5) business days, all documentation necessary to confirm insurance coverage and/or payment or assignment of insurance proceeds.

15. Other Provisions.

A. **Exhibits, Binding Effect, Entire Agreement, Modification, Assignment, and Binding Agreement Date.** This Agreement shall be for the benefit of, and be binding upon, the parties hereto, their heirs, successors, legal representatives and assigns. This Agreement constitutes the sole and entire agreement between the parties hereto and no modification of this Agreement shall be binding unless signed by all parties or assigns to this Agreement. No representation, promise, or inducement not included in this Agreement shall be binding upon any party hereto. Any assignee shall fulfill all the terms and conditions of this Agreement. It is hereby agreed by both Buyer and Seller that any real estate agent working with or representing either party shall not have the authority to bind the Buyer, Seller or any assignee to any contractual agreement unless specifically authorized in writing within this Agreement. The parties hereby authorize either licensee to insert the time and date of the receipt of notice of acceptance of the final offer and further agree to be bound by such as the Binding Agreement Date following the signatory section of this Agreement, or Counter Offer, if applicable.

B. **Survival Clause.** Any provision herein contained, which by its nature and effect, is required to be performed after Closing shall survive the Closing and delivery of the deed and shall remain binding upon the parties to this Agreement and shall be fully enforceable thereafter. Notwithstanding the above, the representations and warranties made in Exhibit "D" shall survive the Closing for a period of __180__ days after the date of Closing.

C. **Governing Law and Venue.** This Agreement is intended as a contract for the purchase and sale of real property and shall be interpreted in accordance with the laws and in the courts of the State of Tennessee.

D. **Time of Essence.** Time is of the essence in this Agreement.

E. **Terminology.** As the context may require in this Agreement: (1) the singular shall mean the plural and vice versa; (2) all pronouns shall mean and include the person, entity, firm, or corporation to which they relate; (3) the feminine shall mean the masculine and vice versa; and (4) the term day(s) used throughout this Agreement shall be deemed to be calendar day(s) ending at 11:59 p.m. local time unless otherwise specified in this Agreement. Local time is to be determined by the location of the Property. All references to time are deemed to be local time. **In the event a performance deadline**, other than the Closing Date (as defined in paragraph six (6) herein), Day of Possession (as defined in paragraph six (6) herein), and Offer Expiration date (as defined in paragraph nineteen (19) herein), occurs on a Saturday, Sunday or legal holiday, the performance deadline shall be extended to the next following business day. Holidays as used herein are those days deemed federal holidays pursuant to 5 U.S.C. § 6103. In calculating any time period under this Agreement, the commencement day shall be the day following the initial date (e.g. Binding Agreement Date).

F. **Responsibility to cooperate.** Buyer and Seller agree to timely take such actions and produce, execute, and/or deliver such information and documentation as is reasonably necessary to carry out the responsibilities and obligations of this Agreement. Except as to matters which are occasioned by clerical errors or omissions or erroneous information, the approval of the Closing documents by the parties shall constitute their approval of any differences between this Agreement and the Closing. The Buyer and Seller agree that if requested after Closing they will correct any documents and pay any amounts due where such corrections or payments are appropriate by reason of mistake, clerical errors or omissions, or the result of erroneous information.

G. **Notices.** Except as otherwise provided herein, all notices and demands required or permitted hereunder shall be in writing and delivered either (1) in person, (2) by a prepaid overnight delivery service, (3) by facsimile transmission (FAX), (4) by the United States Postal Service, postage prepaid, registered or certified return receipt requested or (5) Email. **NOTICE** shall be deemed to have been given as of the date and time it is actually received. Receipt of notice by the real estate licensee or their Broker assisting a party as a client or customer shall be deemed to be notice to that party for all purposes under this Agreement as may be amended, unless otherwise provided in writing.

H. **Remedies.** In the event of a breach of this Agreement, the non-breaching party may pursue all remedies available at law or in equity except where the parties have agreed to arbitrate. Notwithstanding the above, if Buyer breaches Buyer's obligations or warranties herein Seller shall have the option to request that Holder pay the Earnest Money to Seller, which if disbursed to Seller by Holder shall constitute liquidated damages in full settlement of all claims by Seller. Such liquidated damages are agreed to by the parties not to be a penalty and to be a good faith estimate of Seller's actual damages, which damages are difficult to ascertain. In the event that any party hereto shall file suit for breach or enforcement of this Agreement (including suits filed after Closing which are based on or related to the Agreement), the prevailing party shall be entitled to recover all costs of such enforcement, including reasonable attorney's fees. The parties hereby agree that all remedies are fair and equitable and neither party will assert the lack of mutuality of remedies as a defense in the event of a dispute.

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I. **Equal Opportunity.** This Property is being sold without regard to race, color, sex, religion, handicap, familial status, or national origin.

J. **Termination by Buyer.** In the event that Buyer legally and properly invokes his right to terminate this Agreement under any of the provisions contained herein, Buyer shall pay the sum of one hundred dollars ($100.00) to Seller as consideration for Buyer's said right to terminate, the sufficiency and adequacy of which is hereby acknowledged. Earnest Money shall be disbursed according to the terms stated herein.

K. **Severability.** If any portion or provision of this Agreement is held or adjudicated to be invalid or unenforceable for any reason, each such portion or provision shall be severed from the remaining portions or provisions of this Agreement, and the remaining portions or provisions shall be unaffected and remain in full force and effect.

L. **Construction.** This Agreement or any uncertainty or ambiguity herein shall not be construed against any party but shall be construed as if all parties to this Agreement jointly prepared this Agreement.

16. **Exhibited and Addenda.** All exhibits and/or addenda attached hereto, listed below, or referenced herein are made a part of this Agreement. If any such exhibit or addendum conflicts with any preceding paragraph, said exhibit or addendum shall control.

- ☒ Exhibit "A" Legal Description
- ☒ Exhibit "B" Due Diligence Documents
- ☐ Exhibit "C" Addition to Seller's Closing Documents
- ☒ Exhibit "D" Seller's Warranties and Representations

17. **Special Stipulations.** The following Special Stipulations, if conflicting with any preceding paragraph, shall control:

1. Section #4: In order to avoid any issue regarding "reasonable grounds to terminate contract" buyer shall have the right to terminate this contract for any or no reason.
2. Section 5(B): The word "valid" shall be stricken in each instance it is used in this section.
3. Section 6: The words "rights of tenants in possession" shall be stricken and replaced with the words "free and clear of all tenancies"
4. Section 14: The words "substantial destruction" shall be defined as "property damage costing in excess of 5% of the total purchase price shall be deemed 'substantial'".
5. Buyer shall also have the right to terminate this contract and retain its deposit if any or all permits required to conduct its business are not obtained.
6. Buyer shall also have the right to terminate this contract and retain its deposit if the property is not zoned MS-1 and/or does not remain zoned MS-1.
Exhibit "D": Seller shall attest to the following additional representations:
A.) That there are no service, maintenance or other contracts which affect the Property or which will be binding on Buyer or assignee after closing.
B. That there is no litigation pending with respect to the Property, and there is no action, suit, claim, investigation or proceeding, which is pending or to Seller's knowledge, threatened, at law or in equity, against Seller or affecting the Property before or by any court or federal, state, municipal or other government department, commission, board, bureau, agency or instrumentality which would (i)materially and adversely affect the Property, (ii)prevent Seller from performing its obligations pursuant to this Contract, or (iii)which would be binding on buyer following Closing.
C. No party other than Buyer has any conditional or unconditional right and/or option to purchase the Property or any portion thereof.
D. Seller has delivered to Buyer true and correct copies of any and all environmental reports and tests relating to the Property or any part thereof in Seller's possession or control.

☐ **(Mark box if additional pages are attached.)**

18. **Method of Execution.** The parties agree that signatures and initials transmitted by a facsimile, other photocopy transmittal, or by transmittal of digital signature as defined by the applicable State or Federal Law will be acceptable and may be treated as originals and that the final Commercial Purchase and Sale Agreement containing all signatures and initials may be executed partially by original signature and partially on facsimile, other photocopy documents, or by digital signature as defined by the applicable State or Federal Law.

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19. **Time Limit of Offer.** This Offer may be withdrawn at any time before acceptance with Notice. Offer terminates if not countered or accepted by 5:00 o'clock ☐ a.m. / ☒ p.m. local time on the 10th day of August 2015.

LEGAL DOCUMENTS: This is an important legal document creating valuable rights and obligations. If you have any questions about it, you should review it with your attorney. Neither the Broker nor any Agent or Facilitator is authorized or qualified to give you any advice about the advisability or legal effect of its provisions.

NOTE: Any provisions of this Agreement which are preceded by a box "☐" must be marked to be a part of this Agreement. By affixing your signature below, you also acknowledge that you have reviewed each page and have received a copy of this Agreement.

Buyer hereby makes this offer:

BUYER Calhoun Real Estate, LLC	**BUYER**
By: Corey Lesko	By:
Title: Authorized signatory	Title:
Entity:	Entity:
8/6/15 at 6:45 o'clock ☐ am / ☒ pm	at o'clock ☐ am / ☐ pm
Offer Date	Offer Date

Seller hereby:

☒ **ACCEPTS** – accepts this offer.

☐ **COUNTERS** – accepts this offer subject to the attached Counter Offer(s).

☐ **REJECTS** this offer and makes no counter offer.

SELLER Mountain States Health Alliance	**SELLER**
By: CEO	By:
Title:	Title:
Entity:	Entity:
10-7-15 at o'clock ☐ am / ☐ pm	at o'clock ☐ am / ☐ pm
Date	Date

Binding Agreement Date. This instrument shall become a "Binding Agreement" on the date ("Binding Agreement Date") the last offeror or licensee of offeror, receives notice of offeree's acceptance. Notice of acceptance of the final offer was received on the 7TH day of OCTOBER, 2015 at 1:55 PM o'clock by (Name).

For Information Purposes Only:

Corridor Properties	TCI Group, Jerry Potzoldt Agency, LLC
Listing Company	Selling Company
Hank Carr	Glenn Perkins
Independent Licensee	Independent Licensee
hcarr@corridorproperties.com	glenn@tcigroup.com
Licensee Email	Licensee Email

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EXHIBIT "A"
TO COMMERCIAL PURCHASE AND SALE AGREEMENT
LEGAL DESCRIPTION
[Insert legal description]

Washington County, TN parcel #038G C 015.03 000 located on Princeton Road, Johnson City, TN

The party(ies) below have signed and acknowledge receipt of a copy.

BUYER Calhoun Real Estate, LLC	BUYER
By: Corey Lesko	By:
Title: Authorized signatory	Title:
Entity:	Entity:
8/5/15 at 6:45 o'clock ☐ am/ ☒ pm	at o'clock ☐ am/ ☐ pm
Date	Date

The party(ies) below have signed and acknowledge receipt of a copy.

SELLER Mountain States Health Alliance	SELLER
By:	By:
Title: COO	Title:
Entity:	Entity:
10-7-15 at o'clock ☐ am/ ☐ pm	at o'clock ☐ am/ ☐ pm
Date	Date

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EXHIBIT "B"
TO COMMERCIAL PURCHASE AND SALE AGREEMENT
Due Diligence Documents

Property Address: Princeton Road Johnson City TN 37604
Buyer: Calhoun Real Estate, LLC or as assigned
Seller: Mountain States Health Alliance

This EXHIBIT (hereinafter "Exhibit"), between the undersigned Seller and Buyer is entered into and is effective as of the Binding Agreement Date provided in the Commercial Purchase and Sale Agreement for the purpose of changing, deleting, supplementing or adding terms to said Commercial Purchase and Sale Agreement. In consideration of the mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the following are the Due Diligence Documents:

[Select only those items that apply to this transaction; the items not selected shall not apply to this Agreement]:

- [x] 1. Most recent property tax assessments and tax bills.
- [x] 2. The most recent title insurance policy insuring the Property, including complete and legible copies of all documents (whether or not recorded) which are referenced therein as title exceptions.
- [x] 3. The most recent Survey, ALTA (American Land Title Association) of the Property or if such a survey is not available, the most recent survey of the Property prepared by a licensed Tennessee surveyor.
- [x] 4. All soil reports covering any of the Property.
- [ ] 5. All cruise reports of existing timber on the Property.
- [ ] 6. All plans and specifications for Property improvements, including without limitation, diagrams of any outdoor irrigation system.
- [ ] 7. All existing leases and subleases (including concession and license agreements for use of space within the Property) and any amendments and letter agreements relating thereto, together with all correspondence to and from tenants, and a written summary of any leases currently in negotiation, specifying the tenant, premises to be leased, rents, and term and outlining all other material deal points.
- [ ] 8. All current insurance policies, together with a written summary of insurance coverage and premiums by policy type.
- [ ] 9. All certificates of occupancy.
- [ ] 10. All contractor, vendor, manufacturer and other warranties with respect to all real property improvements, fixtures, equipment and personal property to be conveyed.
- [ ] 11. All equipment leases and services and vendor contracts (including all amendments and side-letter agreements relating thereto).
- [x] 12. All environmental (hazardous substances), engineering, physical inspection, marketing and feasibility studies, assessments and reports, including any wetlands reports.
- [ ] 13. A current rent roll for the Property together with monthly income and expense reports for the period of Seller's ownership of the Property (or for the previous 36 months if shorter).
- [x] 14. A written summary of all pending or threatened litigation, insurance claims and notices of legal violations, together with the pertinent notices, demands, pleadings and other documents.
- [ ] 15. All reports, assessments or studies regarding actions required to bring the Property into compliance with the Americans with Disabilities Act or any similar state statute or local ordinance or code.
- [x] 16. A schedule of special assessment districts and assessment amounts, if any.

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☒ 17. A schedule of impact fees paid or owing on the Property, if any.

☐ 18. A schedule of allowances or rebates due on tenant improvements, if any, and proof of insurance from individual tenants (including, as tenants, any space concessionaires of licensees).

☒ 19. All maintenance records for the Property.

☒ 20. All municipal, county, state or federal permits, licenses and authorizations affecting the use, operation and maintenance of the Property.

☐ 21. Other: _____

☐ 22. Other: _____

☐ 23. Other: _____

If the Seller does not provide any of the requested information selected above, the Seller is representing, to the best of his knowledge, that no such documentation exists for that particular item.

This Exhibit is made a part of the Commercial Purchase and Sale Agreement as if quoted therein verbatim. Should the terms of this Exhibit conflict with the terms of the Commercial Purchase and Sale Agreement or other documents executed prior to or simultaneous to the execution of this Exhibit, the terms of this Exhibit shall control, and the conflicting terms are hereby considered deleted and expressly waived by both Seller and Buyer. In all other respects, the Commercial Purchase and Sale Agreement shall remain in full force and effect.

The party(ies) below have signed and acknowledge receipt of a copy.

BUYER Calhoun Real Estate, LLC	BUYER
By: Corey Lesko	By:
Title: Authorized signatory	Title:
8/5/15 at 6:45 o'clock ☐ am/ ☒ pm	_____ at _____ o'clock ☐ am/ ☐ pm
Date	Date

The party(ies) below have signed and acknowledge receipt of a copy

SELLER Mountain States Health Alliance	SELLER
By:	By:
Title: COO	Title:
10-7-15 at _____ o'clock ☐ am/ ☐ pm	_____ at _____ o'clock ☐ am/ ☐ pm
Date	Date

For Information Purposes Only:

Corridor Properties, LLC	TCI Group, Jerry Petzoldt Agency, LLC
Listing Company	Selling Company
Hank Carr	Glenn A. Perkins
Independent Licensee	Independent Licensee

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EXHIBIT "D"
TO COMMERCIAL PURCHASE AND SALE AGREEMENT
Seller's Warranties and Representations

Property Address: Princeton Road Johnson City TN 37604
Buyer: Calhoun Real Estate, LLC or as assigned
Seller: Mountain States Health Alliance

This EXHIBIT (hereinafter "Exhibit"), between the undersigned Seller and Buyer is entered into and is effective as of the Binding Agreement Date provided in the Commercial Purchase and Sale Agreement for the purpose of changing, deleting, supplementing or adding terms to said Commercial Purchase and Sale Agreement. In consideration of the mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to as follows:

[Select only those items that apply to this transaction; the items not selected shall not be part of this Agreement. Each item selected shall be deemed material for purposes of Buyer's Remedies under the Seller's Representations and Warranties paragraph of the Commercial Purchase and Sale Agreement.]

X 1. **Accounts Payable.** There are no outstanding accounts payable relating to the Property that would be binding on the Buyer.

X 2. **Bankruptcy.** Seller represents and warrants that Seller is solvent and has not made a general assignment for the benefit of creditors or been adjudicated as bankrupt or insolvent, nor has a receiver, liquidator or trustee of Seller or any of its respective properties (including the Property) been appointed or a petition filed by or against Seller for bankruptcy, reorganization or arrangement pursuant to the Federal Bankruptcy Act or any similar federal or state statute, or any proceeding instituted for the dissolution or liquidation of Seller.

☐ 3. **Certificates.** To the best of Seller's knowledge, there are presently in effect permanent certificates of occupancy, licenses and permits as may be required for the Property and, to the best of Seller's knowledge, the present use and occupation of the Property is in compliance and conformity with the certificates of occupancy and all licenses and permits. There has been no notice or request of any municipal departments, insurance company or board of fire underwriters (or organization exercising functions similar thereto) directed to Seller and requesting the performance of any work or alteration in respect to the Property which has not been complied with.

X 4. **Condemnation.** Seller has not been notified that any condemnation or other taking by eminent domain of the Property or any portion thereof has been instituted and, to the best of Seller's knowledge, there are no pending or threatened condemnation or eminent domain proceedings (or proceedings in the nature or in lieu thereof) affecting the Property or any portion thereof or its use.

☐ 5. **Condition of Improvements.** Seller is not aware of any structural or other defects, latent or otherwise, in the Improvements.

X 6. **Declarations.** To the best of Seller's knowledge, there is no default, or any event which with the passage of time or notice, or both, would constitute a default or breach on the part of the Seller under any declaration of easements and/or restrictive covenants affecting the Property; and, to the best of Seller's knowledge, there is no default, or claim of default, or any event which with the passage of time or notice, or both, would constitute a default or breach thereunder on the part of any other party whose property is encumbered by or benefits from any declaration.

X 7. **Hazardous Substances.** To the best of Seller's knowledge (i) no "hazardous substances," or any other pollutants, toxic materials, or contaminants have been or shall prior to Closing be discharged, (ii) no underground storage tanks are located on the Property or were located on the Property and subsequently removed or filled, (iii) the Property has not previously been used as a gas station, cemetery, landfill, or as a dump for garbage or refuse, and (iv) the Property has not previously been and is not currently in violation of the Tennessee or Federal Environmental

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Protection Standards. Seller has not received any notice or demand from any governmental or regulatory agency or authority requiring Seller to remove any hazardous substances or contaminants or toxic materials from the Property.

☐ **8. Leases.** The rent roll which Seller has provided Buyer is the complete and accurate rent roll for the Property as of the date hereof setting forth the leases in effect relating to the Property and setting forth with respect to each of the leases (i) the name of the tenant thereunder; (ii) the commencement and termination dates of the term of each such lease and information relating to renewals or extensions thereof; (iii) the premises covered by each such lease; (iv) the amount of rent, percentage rent and other charges payable thereunder and the date to which rent and other charges payable thereunder have been paid; and (v) the amount of the security deposit required under each said lease and held by Seller.

X **9. No Assessments.** To the best knowledge of Seller, no assessments (other than ad valorem taxes) have been made against the Property that are unpaid, whether or not they have become liens.

X **10. No Liens.** All contractors, subcontractors and other persons or entities furnishing work, labor, materials or supplies by or at the instance of Seller for the Property have been paid in full and, other than routine ongoing charges pursuant to the Contracts, there are no claims against the Property or Seller in connection therewith.

☐ **11. No Liens upon Building Service Equipment.** All fixtures, equipment, apparatus, fittings, machinery, appliances, furniture, furnishings and articles of personal property, attached or appurtenant to, or used in connection with the occupation or operation of all or any part of the Property and which are owned by Seller are free of any and all liens, encumbrances, charges or adverse interests except security deeds from which the Property (including such personalty) and fixtures will be released at Closing.

X **12. No Litigation.** There are no actions, suits, or proceedings pending or, to the best of Seller's knowledge, threatened by any organization, person, individual, or governmental agency against Seller with respect to the Property or against the Property, or with respect thereto, nor does Seller know of any basis for such action. Seller also has no knowledge of any currently pending application for changes in the zoning applicable to the Property or any portion thereof.

X **13. No Other Agreements.** Except for the leases and contracts and the Permitted Exceptions, there are no leases, service contracts, management agreements, or other agreements or instruments in force and effect, oral or written, that grant to any person whomsoever or any entity whatsoever any right, title interest, or benefit in or to all or any part of the Property, which will survive the Closing or be binding upon Buyer.

X **14. Payment of all Outstanding Bills.** All accounts payable, bills for services, utilities, taxes, assessments, and payments due under any of the contracts for periods prior to the calendar month in which the Closing occurs have been paid in full or shall be paid in full at Closing.

X **15. Preexisting Right to Acquire.** No person or entity has any right or option to acquire the Property or any portion thereof which will have any force or effect after execution hereof, other than Buyer.

X **16. Proceedings Affecting Access.** Seller has not been notified that there are any pending proceedings that could have the effect of impairing or restricting access between the Property and adjacent public roads and, to the best of Seller's knowledge, no such proceedings are pending or threatened.

X **17. Service Contracts.** Seller has provided Buyer with copies of all existing equipment leases, service and vendor contracts that relate to the operation, management, or maintenance of the Property. All such contracts are in full force and effect in accordance with their respective provisions, and to Seller's knowledge, there is no default, or claim of default, or any event which with the passage of time or notice, or both, would constitute a default on the part of any party to any of such contracts. All such contracts are terminable without penalty or obligation to pay any severance or similar compensation on no more than thirty (30) days' notice.

X **18. Tax Returns.** All property tax returns required to be filed by Seller relating to the Property under any law, ordinance, rule, regulation, order or requirement of any governmental authority have been truthfully, correctly and timely filed.

X **19. Violations.** To the best of Seller's knowledge, there are no violations of law, municipal or county ordinances, building codes, or other legal requirements with respect to the Property; the Improvements comply with all applicable legal requirements (including applicable zoning ordinances) with respect to the use, occupancy, and construction thereof; and the conditions to the granting of the zoning of the Property have been satisfied.

X **20. Zoning.** The Property is currently zoned MS-1 under the applicable zoning ordinances of

Johnson City, Washingon County, Tennessee.

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This Exhibit is made a part of the Commercial Purchase and Sale Agreement as if quoted therein verbatim. Should the terms of this Exhibit conflict with the terms of the Commercial Purchase and Sale Agreement or other documents executed prior to or simultaneous to the execution of this Exhibit, the terms of this Exhibit shall control, and the conflicting terms are hereby considered deleted and expressly waived by both Seller and Buyer. In all other respects, the Commercial Purchase and Sale Agreement shall remain in full force and effect.

The party(ies) below have signed and acknowledge receipt of a copy.

BUYER Calhoun Real Estate, LLC	BUYER
By: Corey Lesko	By:
Authorized signatory	
Title	Title
8/5/15 at 6:00 o'clock ☐ am/ ☒ pm	at o'clock ☐ am/ ☐ pm
Date	Date

The party(ies) below have signed and acknowledge receipt of a copy.

SELLER Mountain States Health Alliance	SELLER
By:	By:
COO	
Title	Title
10-7-15 at o'clock ☐ am/ ☐ pm	at o'clock ☐ am/ ☐ pm
Date	Date

For Information Purposes Only:

Corridor Properties, LLC	TCI Group, Jerry Petzoldt Agency, LLC
Listing Company	Selling Company
Hank Carr	Glenn A. Perkins
Independent Licensee	Independent Licensee

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ADDENDUM TO THE
COMMERCIAL PURCHASE AND SALE AGREEMENT

ADDENDUM 1

Property Address: Princeton Rd Johnson City TN 37604
Buyer: Calhoun Real Estate, LLC or as assigned
Seller: Mountain States Health Alliance

This ADDENDUM TO THE COMMERCIAL PURCHASE AND SALE AGREEMENT (hereinafter "Addendum"), between the undersigned Seller and Buyer is entered into and is effective as of the Binding Agreement Date provided in the Commercial Purchase and Sale Agreement for the purpose of changing, deleting, supplementing or adding terms to said Commercial Purchase and Sale Agreement. In consideration of mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Buyer and Seller agree to change the closing date to May 4, 2016 to allow for the due diligence period.

2. Buyer and Seller agree to add the following use restrictions to the property described as TN parcel # 038G C 015 03 000.
No portion of the Property shall be owned, operated, or used in direct competition with any clinical service offered by Mountain States Health Alliance, unless such ownership, operation, or use is approved in writing by Mountain States Health Alliance. For descriptive purposes, a "clinical service" includes, but is not limited to, the following: a medical or clinical laboratory a purpose of which is the testing of specimens in order to diagnose, treat, or prevent disease; radiology/diagnostic imaging; nuclear medicine services; surgery centers; acute care hospital facilities; and long term care facilities. Approval by Mountain States Health Alliance is in the sole discretion of the chief executive office of Mountain States Health Alliance, which approval may be unreasonably withheld. Any use that is a permitted use under this section at the time of establishment of the use, including an otherwise-impermissible use that is approved by Mountain States Health Alliance, shall remain permitted notwithstanding that such use may later be in direct competition with a clinical service offered by Mountain States Health Alliance as a result of increases or changes in services offered by Mountain States Health Alliance. Nothing contained in this section shall be construed to prohibit the provision of any services by the owner, operator, or user to those with whom it has a provider-patient relationship, the primary purpose of which is not the provision of clinical services as described in this section. These restrictions will run with the land, will remain in effect in perpetuity, will be binding upon the Buyer and its successors and assigns, and will be enforceable by the Seller and its successors and assigns. Enforcement of these restrictions may be by proceeding at law or in equity to restrain violation, to direct restoration, to recover damages (but not punitive damages), or any combination thereof. Failure of the Seller or of its successors or assigns to insist upon observance of these restrictions shall not be deemed a waiver of the violation or of the right to seek enforcement of these restrictions. Seller and its successors and assigns will be entitled to recover all costs and expenses incurred in connection with any enforcement action, including, without limitation, court costs and attorneys' fees. Any award of damages received by Seller or its successors or assigns in connection with any enforcement action, and all costs and expenses incurred by Seller or its successors or assigns in connection therewith, shall constitute a lien upon the Property. These restrictions and the provisions of this paragraph will be set forth in the deed to Buyer or will be set forth in a document to be executed by the Seller and recorded before the deed. Successors and assigns' includes any parents or subsidiaries of Buyer or Seller, any transferees, tenants, or licensees of Buyer or Seller, any persons or entities whose business is operated under an operating agreement or lease with Buyer or Seller, and any persons or entities that operate the business of Buyer or Seller under an operating agreement or lease.

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This Commercial Addendum [illegible] the Commercial Agreement as if quoted therein verbatim. Should the terms of this Commercial Addendum [illegible] the terms of the Commercial Purchase and Sale Agreement or other documents executed prior to or simultaneous [illegible] tion of this Commercial Addendum the terms of this Commercial Addendum shall control, and the conflicting [illegible] considered deleted and expressly waived by both Seller and Buyer. In all other respects, the Commercial Purchase and Sale Agreement shall remain in full force and effect.

The party(ies) below have signed and [illegible] of a copy.

BUYER Cathoda Real Estate, [illegible] or assigned	BUYER
By: Cory Lesko	By:
Title: Authorized signator	Title:
Entity:	Entity:
10/1/2015 at 9:00 o'clock ☒ am ☐ pm	at o'clock ☐ am ☐ pm
Date	Date

The party(ies) below have signed and acknowledge receipt of a copy.

SELLER	SELLER
By: COO	By:
Title:	Title:
Entity:	Entity:
10-7-15 at o'clock ☐ am ☐ pm	at o'clock ☐ am ☐ pm
Date	Date

The party(ies) below have signed and acknowledge receipt of a copy.

BY: Broker or Licensee Authorized by Broker	The Group Henry Petzold Agency, LLC Selling Broker/Firm
10/1/2015 at 9:40 o'clock ☒ am ☐ pm	at o'clock ☐ am ☐ pm
Date	Date
GLENN A. PERKINS	
PRINT TYPE NAME	PRINT TYPE NAME

The party(ies) below have signed and [illegible]

BY: Broker or Licensee Authorized by Broker	Corridor Properties, LLC Listing Broker Firm
10/7/15 at 10:06	at o'clock ☐ am ☐ pm
Date	Date
Scott Sanderson	
PRINT TYPE NAME	PRINT TYPE NAME

NOTE: [illegible] forms created by TAR [illegible] available from [illegible]

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Attachment B.1

Prescription Drug Epidemic in Tennessee

Determination of Need: Opioid Addiction in Northeast Tennessee

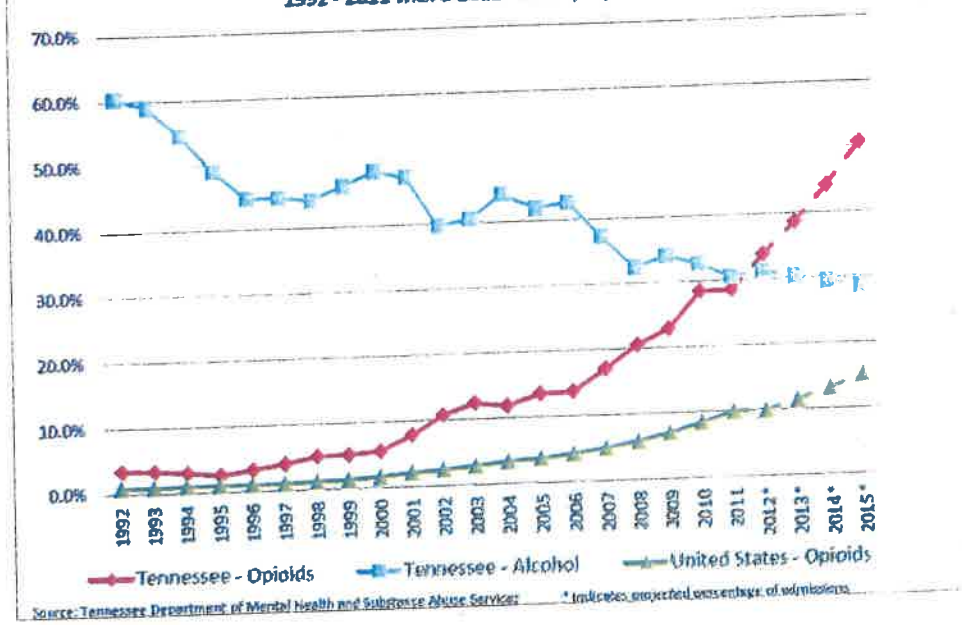
It has been estimated by the **Tennessee Department of Mental Health and Substance Abuse Services** that 4.4% of the adults in Tennessee used prescription pain medication for non-medical purposes in 2013.[1] This represents over 212,000 Tennessee residents of which 69,000 are addicted to prescription opioids and require treatment services.[2]

Similarly, in 2012, the **Centers for Disease Control (CDC)** reported 259 million prescriptions for powerful painkillers were written nationally. Tennessee was ranked as the second highest prescribing state for narcotic painkillers.[3] To put this in perspective, nearly 22 times as many prescriptions per capita were written for opioids in Tennessee as were written in Minnesota.[4]

In addition, heroin use has skyrocketed in Tennessee. Statistics from 2013 show the number of heroin users has doubled compared to figures recorded between 2002 and 2008[5]. During this time period, there were increased State efforts to reduce the abuse of prescription pain medications. As access to prescription medication became both more expensive and limited, persons struggling with addiction turned to heroin use.

This problem has become so pervasive, that in 2012, opioids overtook alcohol as the *"primary substance of abuse"* for persons in treatment through the **Tennessee Department of Mental Health and Substance Abuse Services**. The graph below from ***Prescription for Success***[6] illustrates this dramatic shift and the need for State prevention and treatment efforts to address the urgent needs of this growing segment of the population.

Figure I-1. Percent of publicly funded substance abuse treatment admissions due to prescription opioids and alcohol in Tennessee and United States: 1992 - 2011 with a 2012 - 2015 projection



[1] SAMHSA, Center for Behavioral Health Statistics and Quality, National Survey on Drug Use and Health, 2012 and 2013 http://www.samhsa.gov/data/sites/default/files/NSDUHsaeTotals2013/NSDUHsaeTotals2013.pdf

[2] http://tn.gov/mental/prescriptionforsuccess/Prescription%20For%20Success.pdf

[3] http://www.cbsnews.com/news/the-states-with-the-worst-prescription-painkiller-problem/

[4] http://www.cbsnews.com/news/the-states-with-the-worst-prescription-painkiller-problem/

[5] http://www.knoxnews.com/news/heroin-deaths-double-after-painkiller-crackdown

[6] http://tn.gov/mental/prescriptionforsuccess/Prescription%20For%20Success.pdf Page 10

What is Opioid Addiction and Who Is at Risk?

The **National Institute on Drug Abuse (NIDA)** defines addiction as, *"a chronic, relapsing brain disease that is characterized by compulsive drug seeking and use, despite harmful consequences."* The **Substance Abuse and Mental Health Services Administration (SAMHSA)** states concerning opioid addiction,

> *Opioid addiction is a chronic disease, like heart disease or diabetes. A chronic disease is a medical condition for life. It cannot be cured, but it can be managed.*

The **American Society of Addiction Medicine** characterizes addiction as an:[7]

1. Inability to consistently abstain;
2. Impairment in behavioral control;
3. Craving; or increased "hunger" for drugs or rewarding experiences;
4. Diminished recognition of significant problems with one's behaviors and interpersonal relationships; and
5. A dysfunctional emotional response.

According to the CDC, the following groups are at especially high risk for prescription drug abuse:[8]

1. Men ages 25 to 54 have the highest numbers of prescription drug overdoses and are around twice as likely to die from an overdose as are women.
2. Women have shown a percentage increase of 400% in deaths from prescription drug abuse since 1999, compared to 265% among men.
3. People in rural counties are around twice as likely to overdose on prescription drugs as are people in big cities.
4. Youth are at a higher risk for all forms of drug misuse. One in four teens has misused or abused a prescription drug at least once in their lifetime.
5. One in eight active duty military personnel are current users of illicit drugs or misusing prescription drugs. This is largely driven by prescription drug abuse, reported by one in nine service members — more than double the rate of the civilian population.

These facts are clearly evident in Tennessee:

1. Demographic trends for individuals receiving State-funded opioid treatment (when compared to others using illicit drugs) show that people addicted to opioids are more likely to be married, employed, and have greater than 12 years of education.[9]
2. Since 2001, there has been a steady rise in the number of women abusing prescription opioids who are receiving State-funded treatment services and a rise in the number of pregnant women receiving treatment services. From 2001 to 2010, the number of pregnant women receiving state-funded treatment services who reported prescription opioids as a substance of abuse increased by 1,000%.[10]
3. Young adults (18-25-year-olds) in Tennessee are using prescription opioids at a 30% higher rate than the national average.[11]

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[7] http://www.asam.org/for-the-public/definition-of-addiction
[8] http://healthyamericans.org/assets/files/TFAH2013RxDrugAbuseRptFINAL.pdf
[9] http://tn.gov/mental/prescriptionforsuccess/Prescription%20For%20Success.pdf
[10] http://tn.gov/mental/prescriptionforsuccess/Prescription%20For%20Success.pdf
[11] http://tn.gov/mental/prescriptionforsuccess/Prescription%20For%20Success.pdf

4. 51.8% of the drug overdose deaths in the United States in 2013 were related to pharmaceuticals.[12] Of the deaths relating to pharmaceutical overdose in 2013, 71.3% involved prescription pain medications.

Local, state, and federal agencies have implemented prescription drug monitoring programs (PDMP) to address this epidemic. PDMPs provide doctors with prescription profiles and help identify patients that may be diverting or abusing prescription medications. Tennessee's PDMP Law went into effect at the start of 2013 and tracks the prescribing and dispensing of controlled substances. Prescribers now must access the PDMP before prescribing opioids to a new patient. High utilizers, defined as a persons who used 5 prescribers and 5 pharmacies in a 90-day period, decreased 47 percent from 2011 to the fourth quarter of 2013.[13]

Enthusiasm for PDMPs as a tool to combat the prescription drug epidemic may cause policy makers to overlook their potential limitations and unintended consequences and prevent the development of more comprehensive and evidence-based strategies to address this public health crisis.[14] PDMPs have reduced the supply of legally prescribed opioids, but that has driven many who struggle with addiction to obtain painkillers illegally and/or switch to heroin. If current interventions such as PDMPs are able to decrease the supply of prescription opioids, the overdose epidemic may shift to black market opioids.[15] Approximately 4 out of 5 of heroin users ages 12-49 used prescription opioids before heroin initiation.[16] Heroin, which was once almost exclusively an urban problem, is now spreading to small towns and suburbs.

Additional steps are needed to combat the opioid epidemic including drug abuse treatment programs to address the existing population addicted to prescription pain pills. Because the abuse and misuse of opioids is a complex issue, it is not enough to simply limit access to prescription opioids. Effective management of opioid addiction in Tennessee means those needing addiction treatment must have access to it.

In 2013, *The Tennessean* began covering heroin's return to the state after a fifteen-year period of relatively few heroin-related police cases. The article stated heroin's resurgence followed the rise in prescription drug abuse. After some doctors were accused of overprescribing or operating as "pill mills" law enforcement agencies and the state legislature put more restrictions on prescription pain medications. As a result, the supply of prescription opioids diminished, making pills from illegal sources "prohibitively expensive" and causing addicts to turn towards heroin as a cheaper alternative.[17]

In 2015, there has been a spike in heroin overdoses in Davidson County, which has authorities speculating that there may be batches of heroin cut with fentanyl, a very powerful and sometimes deadly opioid. In response, Doug Varney, the Commissioner of the Department of Mental Health and Substance Abuse, reported that heroin has become a problem in many areas across the state. Mr. Varney states that officials are concerned that people who are not able to obtain prescription opioids might turn to heroin and that they "are very concerned" about the increase in heroin use across the state.[18]

This shift from prescription painkillers to heroin is an indication of the severity of opioid addiction and the intrinsic difficulties in addressing it through any single approach, such as enhanced prescription control. Opioid addiction involves genetic predisposition, corrupted brain chemistry,

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[12] http://www.cdc.gov/homeandrecreationalsafety/overdose/facts.html
[13] Tennessee Department of Health Controlled Substance Monitoring Database Committee. Controlled Substance Monitoring Database 2014 Report to the 108thTennessee General Assembly, February 1, 2014. Page 5. Available at http://health.tn.gov/statistics/Legislative_Reports_PDF/CSMD_AnnualReport_2014.pdf
[14] http://www.ncbi.nlm.nih.gov/pmc/articles/PMC4307729/
[15] http://www.ncbi.nlm.nih.gov/pmc/articles/PMC4307729/
[16] Muhuri, P.K. Gfroerer, J., Davies, C. (2013). Associations of Nonmedical Pain Reliever Use and Initiation of Heroin Use in the United States. SAMHSACBHSQ Data Review.
[17] Haas, Brian. 2013. Heroin returns with vengeance in Nashville area. *The Tennessean*. July 3.
[18] Wilemon, Tom. 2015. Nashville seeks answers for spike in overdose deaths. *The Tennessean*. March 26.

entrenched environmental factors and any number of potential mental-health disorders that make abstinence and rehabilitation difficult to achieve.

Opioid dependent persons need treatment options. Abuse of both opioid painkillers and heroin is medically harmful and potentially lethal. However, both can be treated with medication, coupled with counseling, through an Opioid Treatment Program (OTP) such as that proposed by Crossroads Treatment Centers (Crossroads).

Opioid Addiction is a Chronic Disease

In general, drug dependence has been treated as if it were an acute illness. However, research shows drug dependence,. particularly dependence on heroin and other opioids, produces significant and lasting changes in brain chemistry and function.[19]

Drug Dependence Similarities to Other Chronic Diseases

Characteristics	Opioid Dependence	Diabetes, Asthma, and Hypertension
Well studied	Yes	Yes
Chronic disorder	Yes	Yes
Predictable course	Yes	Yes
Effective treatments	Yes	Yes
Curable	NO	NO
Heritable	Yes	Yes
Requires continued care	Yes	Yes
Requires adherence to treatment	Yes	Yes
Requires ongoing monitoring	Yes	Yes
Influenced by behavior	Yes	Yes
Tends to worsen if untreated	Yes	Yes

Just like other chronic illnesses such as Type 2 diabetes mellitus, hypertension, and asthma, long-term care strategies of medication management and continued monitoring have been shown to produce the most long lasting benefits. Understanding that opioid addiction is a chronic, relapsing disease similar to other chronic diseases emphasizes the importance of accepting the chronic disease model as an integral part of providing quality patient care in Tennessee and both providing and protecting access to treatment options like medication-assisted treatment.

Opioid dependence results in high relapse rates and limited chances for complete recovery.[20] For most people, opioid addiction treated through withdrawal detoxification is not effective. According to an article by Dr. David Yellen, "this finding has been demonstrated in a wide spectrum of patients" including those who are highly motivated to recover. Withdrawal detoxification on its own leads to relapse rates approaching 90 percent after six months. Longer-term treatment options including medications usually result in increased abstinence rates and improved functioning.[21]

While efforts to curb opioid prescriptions are important to reduce future incidence of opioid addiction, those efforts will not help the thousands of people who are currently addicted to opioids. The current prevalence of this chronic disease must be addressed.

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[19] https://depts.washington.edu/uwmedres/pdf/places/thematic/addiction/Drug%20Dependence-a%20chronic%20mental%20illness.pdf, 1. McLellan AT et al. Addiction. 2005;100(4):447-458; 2. McLellan AT et al. JAMA. 2000;284(13):1689-1695; 3. McLellan AT. Addiction. 2002;97(3):249-252.

[20] http://www.encyclopedia.com/doc/1G2-3403100173.html

[21] Yellen, David A. 2006. Buprenorphine: Effective Treatment of Opioid Addiction Starts in the Office. Am Fam Physician. 2006 May 1;73(9):1513-1514

Economic and Social Costs of Opioid Addiction

Drug overdoses are now the leading cause of accidental death in America, surpassing traffic fatalities.[22] Opioid pain relievers pose an increasingly dangerous threat to public health, leading to more deaths than those from all illegal drugs combined.[23]

Opioid pain relievers are responsible for three-fourths of all prescription drug overdose deaths and caused more than 16,600 deaths in the United States in 2010. The severity of the epidemic varies widely across US states and regions. Tennessee's overdose death rate for 2010 (16.9 per 100,000 population) is well above the national rate (12.4 per 100,000 population).[24]

High-risk use of prescription opioids is frequent and increasing in Tennessee and is associated with increased overdose mortality. From 2003 to 2010, drug overdose deaths in Tennessee increased from 422 to 1,059 per year. Deaths involving prescription opioids accounted for more than heroin and cocaine combined.[25]

In addition to the aforementioned human costs, the epidemic of prescription drug overdose imposes a major cost on the healthcare system. In 2011, drug misuse and abuse in the US caused about 2.5 million emergency department (ED) visits. Of these, more than 1.4 million ED visits were related to pharmaceuticals.[26] The number of emergency department visits for prescription drug poisoning increased by approximately 40% from 2005 to 2010 in Tennessee.[27]

In *Prescription for Success*, it is explained that "the abuse of prescription drugs, specifically opioids, is an epidemic in Tennessee, with disastrous and severe consequences to Tennesseans of every age including: overdose deaths, emergency department visits, hospital costs, newborns with Neonatal Abstinence Syndrome, children in state custody, and people incarcerated for drug-related crimes."

The **Healthcare Cost and Utilization Project** shows that the total Tennessee hospital charges for prescription opioid poisonings has risen exponentially from $4,118,187 in 2001 to $29,308,823 in 2011.[28] Employers are impacted through diminished productivity, workplace accidents, and difficulty finding workers who are healthy and drug free.

One study estimated that people who abuse opioids generate over eight times the annual health care costs of people who do not abuse these drugs.[29] Furthermore, the abuse of certain opioids such as heroin, which is typically injected intravenously, is also linked to the transmission of HIV, hepatitis, and other blood-borne diseases. Many of these diseases are very costly to treat, especially if they are not diagnosed and treated quickly.

The **National Institutes of Health** estimates untreated heroin addiction costs society $20 billion a year. This includes illness, links to crime, and the cost of treating AIDS, hepatitis B and C, and other illnesses linked to dirty needles and heroin addiction. In the United States, prescription opioid abuse costs were about $55.7 billion in 2007.[7] Of this

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[22] The drug overdose death rate in the United States has more than doubled from 1999 through 2013 and is now the leading cause of injury death, exceeding that of motor vehicle accidents. http://www.cdc.gov/homeandrecreationalsafety/overdose/facts.html

[23] "DrugFacts: Prescription and Over-the-Counter Medications." National Institute on Drug Abuse (NIDA), Nov 2014.

[24] http://www.cdc.gov/psr/prescriptiondrug/2013/tn-pdo.pdf

[25] High-risk use by patients prescribed opioids for pain and its role in overdose deaths. JAMA Intern Med. 2014 May;174(5):796-801.

[26] http://www.cdc.gov/homeandrecreationalsafety/overdose/facts.html

[27] http://tn.gov/mental/prescriptionforsuccess/Prescription%20For%20Success.pdf p. 17

[28] http://tn.gov/mental/prescriptionforsuccess/Prescription%20For%20Success%20SECTION%201.pdf

[29] White AG, Birnbaum, HG, Mareva MN, et al. Direct Costs of Opioid Abuse in an Insured Population in the United States. J Manag Care Pharm. 11(6):469-479. 2005.

amount, 46% was attributable to workplace costs (e.g., lost productivity), 45% to healthcare costs (e.g., abuse treatment), and 9% to criminal justice costs.[30]

Proposed Service Area

The proposed service area for the Crossroads OTP facility in Johnson City is comprised of the eight most northeastern counties in Tennessee: Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi County, and Washington Counties.

As shown in the chart below, the service area's total population is over 600,000 and expected to grow by 15,866 residents between 2014 and 2018. The current adult population age 18+ was 489,407 in 2014 and is expected to grow to 507,961 by 2018.

Service Area Total Population

	2014 Population	2018 Population	2014-2018 Growth	Percent Growth
Carter	57,284	57,680	396	0.7%
Cocke	36,762	38,615	1,853	5.0%
Greene	70,187	71,594	1,407	2.0%
Hamblen	64,108	65,570	1,462	2.3%
Hawkins	57,509	58,164	655	1.1%
Johnson	18,094	18,127	33	0.2%
Sullivan	158,975	161,136	2,161	1.4%
Unicoi	18,376	18,511	135	0.7%
Washington	130,586	138,370	7,784	6.0%
Service Area	611,881	627,767	15,886	2.6%
Tennessee	6,588,698	6,833,509	244,811	3.7%

Source: Tennessee Department of Health. CON Age-Group Projections 2014-2018.

Service Area Adult Population, 18 +

	2014 Population	2018 Population	2014-2018 Growth	Percent Growth
Carter	46,062	46,531	469	1.0%
Cocke	28,237	28,570	333	1.2%
Greene	55,882	57,176	1,294	2.3%
Hamblen	49,432	51,054	1,622	3.3%
Hawkins	46,208	48,679	2,471	5.3%
Johnson	14,891	14,992	101	0.7%
Sullivan	129,556	136,255	6,699	5.2%
Unicoi	14,767	15,039	272	1.8%
Washington	104,372	109,665	5,293	5.1%
Service Area	489,407	507,961	18,554	3.8%
Tennessee	5,083,707	5,307,357	223,650	4.4%

Source: Tennessee Department of Health. CON Age-Group Projections 2014-2018.

The service area population far exceeds the population base needed to support an OTP, as shown in the table below. All figures are from the U.S. Census.

[30] http://www.cdc.gov/homeandrecreationalsafety/overdose/facts.html

Statistical Area	2014 population estimate	Number of Tennessee OTPs serving Statistical Area	Number of OTPs serving Statistical Area from Neighboring states
Nashville-Davidson–Murfreesboro–Franklin, TN Metropolitan Statistical Area	1,792,649	2	0
Memphis, TN-MS-AR Metropolitan Statistical Area	1,338,230	3	0
Knoxville, TN Metropolitan Statistical Area	857,585	2	0
Chattanooga, TN-GA Metropolitan Statistical Area	544,559	1	4
Johnson City-Kingsport-Bristol, TN-VA Combined Statistical Area	509,690	0	0
Jackson, TN Metropolitan Statistical Area	130,225	1	0
Dyersburg, TN Micropolitan Statistical Area (2010 population)	38,335	1	0
Paris, TN Micropolitan Statistical Area (2010 population)	32,330	1	0
Hardin County (not part of a Metropolitan or Micropolitan Statistical Area, 2013)	26,034	1	0

Estimates show that there are between 8,800 and 21,500 adults in the service area who are addicted to opioids (heroin and prescription pain pills). This estimate is derived using the following methods:[31]

- SAMHSA (Substance Abuse and Mental Health Services Administration- U.S. Department of Health and Human Services) reports that nationally adult heroin use was 0.1% in 2013 and non-medical prescription pain medication use was 1.7% for adults. Combined, this would yield 8,809 opioid abusers or opioid dependents from the proposed service area.[32]
- Tennessee's Department of Mental Health and Substance Abuse Services report, *"Prescription Drug Abuse In Tennessee"* by the Safety Subcabinet Working Group, reported that almost 250,000 Tennesseans older than 12 reported abusing prescription opioids in 2009. This number was based on the National Survey of Drug Use and Health, which estimates 212,000 adults 18 and over in Tennessee (4.4%) misused prescription opioids in 2013. Applied to the service area adult population, this would yield approximately 21,500 opioid abusers or opioid dependents from the proposed service area.

Treatment Options for Opioid Addiction in Northeast Tennessee

Behavioral counseling and drug replacement therapy are two accepted treatment modalities used to treat opioid addiction.

[31] Applicant attempted to get Registry Data of NRMTF enrollment by county from the Tennessee Department of Mental Health and Substance Abuse Services, but the Department does not release this data publically. This is a policy change from prior NRMTF CONs where the data was provided

[32] http://store.samhsa.gov/shin/content//NSDUH14-0904/NSDUH14-0904.pdf

- Behavioral Counseling: Individual and/or group counseling as well as other behavioral therapies are the most commonly used forms of treatment for drug abuse in general.
- Drug Replacement Therapy: The treatment of opioid addiction with medications, methadone or buprenorphine, has focused on reducing withdrawal symptoms and cravings. By replacing prescription opioids and heroin with legally obtained opioid agonists, many risk factors of the drug-abusing lifestyle can be managed and mitigated.

Studies have found that combining pharmacologic therapy with behavioral counseling is significantly more effective than either service alone.

Medication-Assisted Treatment

Medication-Assisted Treatment (MAT) utilizing methadone[33] has been in use as a primary form of treatment for opioid addiction and dependence for over 40 years. Methadone maintenance treatment was approved in 1964 as part of a broad, multicomponent treatment program that also emphasized re-socialization and vocational training.

MAT is recognized by the federal CDC as the most effective treatment for opioid addiction. MAT utilizes medication to stabilize brain chemistry, block the euphoric effects of opioids, relieve physiological cravings, and normalize body functions. When taken as prescribed, Methadone is very safe and prevents patients from experiencing withdrawal symptoms while at the same time not producing drowsiness or disorientation.

Like other Crossroads facilities the proposed Crossroads facility would use Methadone in combination with counseling and other behavioral therapies, providing a whole-patient approach to the treatment of substance use disorders. Numerous studies have shown that MAT reduces drug use, disease rates, and criminal activity among opioid addicted persons.

Methadone is used to treat addiction to opioids such as heroin and prescription painkillers (Oxycontin, Percocet, Vicodin). It is not used to treat non-opioid drug addictions to substances like alcohol, marijuana or cocaine. Methadone is a synthetic opioid that blocks the receptors in the brain that are affected by opioids, enabling users to experience a more gradual and medically supervised withdrawal process. Methadone reduces the drug cravings and harsh withdrawal symptoms that are often associated with a patient's relapse, without creating the sense of euphoria associated with the abuse of heroin and other opioids. This allows patients to work and to function as a contributing member of their families during treatment, which helps to make the entire treatment process much more effective.

Methadone is available in the form of an oral solution or wafer and has been available in the US for more than 65 years. Methadone's stabilizing effects last between 24 and 36 hours, and, therefore, most patients take a single daily dose.

MAT is used to treat all forms of opioid addiction. In fact, in Tennessee, only 4 percent of the patients treated at non-residential OTPs[34] are treated for heroin addiction. OTPs, like the one proposed for Johnson City, are treating mainstream America's addiction to opioid prescription painkillers.

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[33] Methadone (trade name Dolophine)" means a synthetic opioid agonist which has been approved by the FDA for detoxification and maintenance treatment of opioid addiction. Rules of The Tennessee Department Of Mental Health and Developmental Disabilities. Chapter 0940-05-42. Definitions.

[34] "Opioid Treatment Program (OTP)" or "Non-Residential Substitution-based Treatment Center for Opioid Addiction" includes, but is not limited to, standalone clinics offering methadone, products containing buprenorphine such as Subutex and Suboxone, or products containing any other formulation designed to treat opioid addiction by preventing symptoms of withdrawal, with the goal of the service recipient becoming free from any drug which is not medically indicated. Rules of The Tennessee Department Of Mental Health and Developmental Disabilities. Chapter 0940-05-42.

Many studies have found Methadone treatment to be highly cost-effective. One year of medication-assisted treatment with counseling at the proposed Crossroads facility will cost about $5,000 per patient.

MAT also provides many public health benefits. The CDC reports that the benefits of methadone maintenance therapy include:[35]

- Reduced or stopped use of injection drugs;
- Reduced risk of overdose and of acquiring or transmitting diseases such as HIV, hepatitis B or C, bacterial infections, endocarditis, soft tissue infections, thrombophlebitis, tuberculosis, and STDs;
- Reduced mortality – the median death rate of opioid-dependent individuals in MMT is 30 percent of the rate of those not in MMT;
- Possible reduction in sexual risk behaviors, although evidence on this point is conflicting;
- Reduced criminal activity;
- Improved family stability and employment potential; and
- Improved pregnancy outcomes.

MAT benefits also include decreases in narcotic use, drug dealing, and other criminal behavior as well as increases in employment and marriage.[36]

In addition to the health and public safety value of MAT, there is an economic benefit. Illicit drug use leads to lost productivity at work, health care fees, and costs associated with the criminal justice system. Research shows an economic cost-benefit ratio for methadone maintenance therapy of nearly $38 saved for every dollar spent on MAT.[37]

In October 2002, the **Food and Drug Administration (FDA)** approved buprenorphine, Subutex, and Suboxone for use in opioid addiction treatment. Like methadone, buprenorphine is a drug replacement therapy. There are currently 105 buprenorphine providers in the Tri-Cities area, including an office located in the same medical office complex as the proposed Crossroads facility[38].

A methadone treatment program is a necessary alternative to treatment with buprenorphine. Persons seeking treatment for opioid addiction often find buprenorphine treatment to be cost prohibitive and each provider is allowed to only treat a very limited number of patients. The proposed Crossroads facility will offer a less costly and highly effective treatment alternative to treatment currently available in the Tri-Cities area.

In addition, private physicians rarely offer on-site counseling in conjunction with buprenorphine treatment. This type of treatment is often termed "dose and dash" because of the lack of behavioral counseling, drug testing, diversion monitoring and individual treatment planning.

It is also important to note that medication-assisted treatment utilizing Methadone is the safest form of treatment for pregnant women.[39]

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[35] http://www.cdc.gov/idu/facts/methadonefin.pdf
[36] Hubbard, Marsden, Rachal, et al.,1989. Powers and Anglin, 1993. Web Guide, Part B. National Institute on Drug Abuse, Ed. NIDA International Program, 2013
[37] TRI, Ed. "Cost & Utilization Outcomes of Opioid-Dependence Treatment."
[38] http://buprenorphine.samhsa.gov/pls/bwns_locator/!provider_search.process_query
[39] Addiction Treatment Forum. Research Study Results: Methadone Best for Babies Born with Drug Withdrawal.

Geographic Accessibility of Treatment Services

Travel distance is a recognized barrier to treatment with studies showing that treatment rates fall substantially as commute distances increase beyond 25 miles.[40] Some persons seeking help simply forego treatment because of distance barriers. The **U.S. Department of Veteran Affairs** also did a study on how distance affects treatment, and their findings were sobering. Following in-patient treatment, those substance abuse patients who could travel 10 miles or less for outpatient treatment services were 2.6 times more likely to obtain outpatient treatment than those who had to travel more than 50 miles.[41]

Based on the current estimates of patients in the Tri-Cities area traveling out of state to OTPs for MAT, an additional 4,000 opioid addicts in the service area can be expected to seek treatment if it were available in the service area. The proposed OTP improves geographic access to treatment for persons who are not in treatment and makes it easier for those in treatment to stay in treatment.

Similarly, the 2001 *Tennessee Methadone Task Report* indicated the number of people seeking treatment for opioid addiction was directly proportional to the distance traveled to receive treatment. The Task Force report also noted the number of patients diminish greatly when the distance lived from the clinic exceeds 60 miles.

There are currently no licensed OTP facilities in the proposed service area. *Attachment B.II.C* contains a map of all licensed and proposed OTPs in Tennessee.

- The closest Tennessee OTP to the service area is located in Knoxville (Knox County), with a driving distance over 100 miles or approximately a 1 hour and 40 minute drive time from the cities of Johnson City, Bristol, and Kingsport in the proposed service area.
- The closest out of state OTP is located in Weaverville, North Carolina with a driving distance of 52 miles or a 56 minute drive time for residents of Johnson City. The following is a table of driving distances and times for methadone services from larger cities in the proposed service area to the proposed clinic in Johnson City, and the nearest existing clinics located in Knoxville and Weaverville, North Carolina.

OTP	Johnson City, TN	Kingsport, TN	Bristol, TN
Proposed Crossroads location	0 minutes 0 miles	28 minutes 23 miles	36 minutes 25 miles
Crossroads of Weaverville, NC	54 minutes 52 miles	76 minutes 74 miles	85 minutes 76 miles
Knoxville, TN (2 OTP Locations)	98 minutes 107 miles	91 minutes 99 miles	103 minutes 113 miles

Source: Google Maps

Data are not available to the applicant on the number of service area residents currently receiving treatment in Knoxville. Crossroads Management Entities operate the nearest out of state OTPs, Crossroads of Weaverville, North Carolina and Crossroads of Ashville, North Carolina.

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[40] K. Beardsley, E. D. Wish, D. B. Fitzelle, K. O'Grady, and A M. Arria, "Distance traveled to outpatient drug treatment and client retention ," Journal of Substance Abuse Treatment, val. 25, no. 4, pp. 279-285, 2003, cited in "Distance Traveled and Cross-State Commuting to Opioid Treatment Programs in the United States," Journal of Environmental and Public Health, Volume 2011 , Article ID 948789.

[41] Center for Health Care Evaluation and Health Economics Resource Center, Veterans Affairs, Palo Alto Health Care System, Palo Alto, CA, USA. "The influence of distance on utilization of outpatient mental health aftercare following inpatient substance abuse treatment."

Approximately 300 patients currently travel from the service area to the applicant's Weaverville and Asheville facilities located 49 and 70 miles from the proposed location respectively.

Patients treated at the Crossroads Weaverville and Crossroads Asheville facilities must travel over 100 miles round trip up to seven times per week. There are three other OTPs in Asheville (Western Carolina, CRC and Mountain Area Recovery Center) and two other OTPs in Boone, North Carolina (Stepping Stone and McLeod) that report between 20% and 40% of their patients are from northeast Tennessee.

State and federal regulations require new patients to make this commute six to seven days per week for up to three months. For the next three months of treatment, patients must make this commute a minimum of 5 days per week, then 4 days per week for the next three months, then 1 day per week thereafter. In other words, for the first year in treatment, patients residing in the service area must travel to get treatment over 200 days per year and travel in excess of 20,000 miles.

If a Johnson City patient travels 200 miles round trip to Knoxville, he or she will also consume approximately $18.28 in gas and over three hours of drive time each day[42]. This is a significant hardship for patients, especially new patients who must come seven days per week. Under current rules, new patients from the Northeast Tennessee area driving to Knoxville (the closest clinic in Tennessee) must drive up to 9,000 extra miles in the first 45 days of treatment. For residents of the service area that are seeking to break the cycle of addiction, this is especially difficult if they work in the morning, are parents of young children, have unreliable transportation, or struggle with their finances.

The benefits of MAT depend on geographic accessibility. Extensive travel interferes with employment and family responsibilities. The patients from Northeast Tennessee who travel significant distances to the nearest OTP face a tremendous hardship to maintain treatment. Of the barriers to treatment, geographic distance is at the top of the list, even higher than access to healthcare insurance.

[42] (200 miles/23.3 miles/gallon)* $2.13/gallon

Attachment B, Project Description, II.A.

Program Rules

crossroads treatment centers

PROGRAM RULES AND CONSEQUENCES

Treatment programs have rules and regulations to provide effective treatment services and a safe environment for all patients and staff. Many of these rules have specific consequences that can impact your treatment. It is important that you understand the following rules and possible consequences.

RULES

Program rules and expectations include (but are not limited to) the following:

1. No loitering will be permitted under any circumstance. Patients are expected to leave the premises upon receiving medication unless they have other business such as counseling or doctor appointments.
2. Patient(s) waiting to see staff must do so inside the building, in the waiting area.
3. Patients will be subject to medication/bottle recalls at any time.
4. Patients will be subject to call-in drug screens.
5. Patients must return all empty take-home medication bottles prior to receiving further take-home medication.
6. Patients are required to provide at least one drug screen per month. If a patient fails to provide a requested drug screen, it will be treated as a positive screen.
7. Patients are expected to discontinue illicit drug use.
8. Patients are not allowed to use tobacco products within the facility.
9. Patients are expected to attend the treatment center as scheduled.
10. Patients are expected to respect the confidentiality of other patients.
11. Patients are not allowed to bring Weapons on the premises. Violators will be asked to immediately leave the premises and may not be allowed back on the premises.
12. Patients are expected to treat staff and other patients with dignity and respect.
13. Patients must avoid all body language that may appear hot-tempered or threatening.
14. Patient must avoid all aggressive behaviors (e.g., raised voices, hollering, swearing, implied physical assault). Violators will be subject to a treatment intervention plan.
15. Patients must never commit acts of violence or threats of violence against Crossroads staff or other patients. Any act of violence or threat of violence will result in immediate discharge from treatment at this facility.
16. Patients are prohibited from using audio and video recording on the premises. This prohibition includes the use of video, film, digital and phone cameras, as well as tape recorders.
17. Making treatment a financial priority in your life is an important part of recovery. Patients must pay for treatment services and medication at the time received. Please don't expect to receive treatment or medicine if you do not have the necessary funds. We do not make exceptions. Asking to borrow money will not be tolerated.

CONSEQUENCES

The following consequences are the likely result of failure to comply with program rules and expectations:

Behaviors that may result in reduction of your medication dose

1. Missed Days
2. Testing positive for illicit use of Benzodiazepines, Alcohol or Barbiturates.

crossroads treatment centers

Behaviors that may result in reduction or suspension of take-home medication privileges *include* (but are not limited to)

1. Continued illicit drug use (*The consequences for continued use of illicit drugs including marijuana and alcohol are as follows, minimally: Two positive drug screens (including marijuana and alcohol) within a 90-day period will result in a reduction of take-home dosing privileges. Three positive drug screens (including marijuana and alcohol) within a 90-day period will result in suspension of all take-home privileges.)*
2. Missed counseling sessions
3. Missed Days
4. Failed Bottle Security Recall
5. Failure to return take-home medication bottles
6. Misuse of dose (taking more than prescribed, giving or selling dose, etc.)
7. Employment status (including time spent in active job search or enrollment in school or training program)
8. Failure to secure take-home doses (or doses falling into unauthorized hands due to negligence)
9. Disruptive or inappropriate behavior at facility
10. Missed payments or otherwise not fulfilling payment agreement
11. Involvement in criminal activity
12. Instability in home environment

Behaviors that may result in discharge from the treatment program

1. Failure to maintain required behavior contracts given by staff, treatment teams, or Medical Director
2. Disruptive or inappropriate behavior at facility
3. Physical violence or threats of physical violence (Results in immediate termination from treatment services)
4. Possession or sale of any illicit drugs on the Crossroads Treatment Center premises
5. Use (or the introduction) of any alcoholic beverage into the Treatment Center premises
6. Excessive use of alcohol or continued illicit drug use
7. Continued loitering on the facility premises
8. Failure to pay Treatment Center fees
9. Abusing medication (i.e. too much, losing medication, or failing to take as prescribed)
10. Behavior that reflects a general unwillingness to cooperate with the protocols of the program.
11. Violation of the confidentiality of other patients
12. Attempting to falsify a drug test
13. Diversion of medication (Selling, sharing, or giving away one's own medication)
14. Missed Days

I have read, understand and do consent by signature to the above expectations and rules. I understand that a copy of this document will be included in the Patient Handbook given to me.

_____ _____

Client Signature *Date*

_____ _____

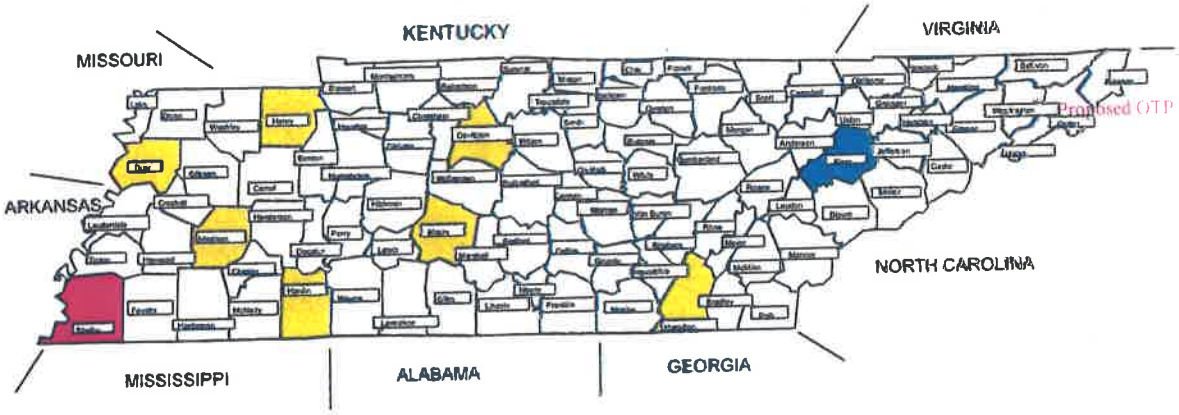
Counselor Signature *Date*

Attachment B, Project Description, II.C.

Map of Tennessee OTPs

March 2011

Tennessee Opioid Treatment Clinics



ONE LOCATION TWO LOCATIONS THREE LOCATIONS

Shelby (Memphis)

ADC Recovery & Counseling Center
3041 Getwell, Suite 101
Memphis, TN 38118
(901) 375-1050
Hours of Operation M-F 5a-1:30p; Sat 6a-9a
Dosing Hours M-F 5:30a-11a; Sat 6a-9a

Memphis Center for Research & Addiction
1270 Madison Ave
Memphis,TN 38104
(901) 722-9420
Hours of Operation M-F 5:45a-2p; Sat 6a-9a
Dosing Hours M-F 5:45a-1p; Sat 6a-9a

Raleigh Professional Associates
2960-B Austin Peay Hwy
Memphis, TN 38128
(901) 372-7878
Hours of Operation M-F 5a-1p; Sat 6a-2p
Dosing Hours M-F 5a-9a; Sat 6a-10a

Midsouth Treatment Center
640 Hwy 51 Bypass 3, Suite M
Dyersburg, TN 38024
(731) 285-6535
Hours of Operation M-Sat 5a-11a
Dosing Hours M-F 5a-11a; Sat 6a-10a

Jackson Professional Associates
1869 Hwy 45 Bypass, Suite 5
Jackson, TN 38305
(731) 660-0660
Hours of Operation M-F 5a-1p; Sat 6a-2p
Dosing Hours M-F 5a-1p; Sat 6a-2p

Paris Professional Associates
2555 East Wood Street
Paris, TN 38242
(731) 641-4545
Hours of Operation M-Sat 5a-1p
Dosing Hours M-Sat 5a-1p

Solutions of Savannah
85 Harrison Street
Savannah, TN 38372
(731) 925-2767
Hours of Operation M-Sat 5:30a-12p
Dosing Hours M-F 5:30a-11a; Sat 6a-9a

Recovery of Columbia
1202 South James Campbell Blvd.
Columbia, TN 38401
(931) 381-0020
Hours of Operation M-Sat 5:30a-11a
Dosing Hours M-F 5:30-11a; Sat 6a-9a

Middle Tennessee Treatment Center
2410 Charlotte Avenue
Nashville, TN 37203
(615) 321-2575
Hours of Operation M-Sat 6a-1p
Dosing Hours M-F 6a-1p; Sat 6a-9a

Volunteer Treatment Center, Inc.
2347 Rossville Blvd
Chattanooga, TN 37408
(423) 265-3122
Hours of Operation M-Sat 5:30a-2p
Dosing Hours M-F 5:30a-12:30p; Sat 5:30-11a

Knox (Knoxville)

DRD Knoxville Medical Clinic-Central
412 Cities Street
Knoxville, TN 37921
(865) 522-0661
Hours of Operation M-Sat 5:30a-2:30p
Dosing Hours 5:30a-11p; Sat 6a-9a

DRD Knoxville Medical Clinic-Bernard
626 Bernard Avenue
Knoxville, TN 37921
(865) 522-0161
Hours of Operation M-Sat 5:30a-2:30p
Dosing Hours M-F 5:30a-11a; Sat 6a-9a

Attachment B, Project Description, III.A.

Plot Plan

CRS PowerTool Commercial

Property Report

Monday, June 29, 2015

Princeton Rd, TN
Washington County, TN parcel# 038G C 015.03

Property Report

Location

Property Address	Princeton Rd TN
Subdivision	Lena Crumley Tucker Est
County	Washington County, TN

Current Owner

Name	Mountain States Health Alliance
Mailing Address	400 N State Of Franklin Rd Johnson City, TN 37604-6035

Property Summary

Property Type	Residential
Land Use	
Improvement Type	
Square Feet	

General Parcel Information

Parcel/Tax ID	038G C 015.03
Special Int	000
Alternate Parcel ID	
Land Map	038G
District/Ward	10
Census Tract/Block	
Assessor Roll Year	2014

Sales History through 06/09/2015

Date	Amount	Buyer/Owners	Buyer/Owners 2	Instrument	No. Parcels	Book/Page or Documen
01/05/2006	**$500,000**	Mountain States Health Alliance		Warranty Deed	**2**	R480/I1706
07/24/2003	$200,000	Cardiology Consultants Medical Properties Llc		Warranty Deed		R344/I172
12/01/1999		Pearson Carolyn Crumley				R189/I1507
12/15/1998		Crumley Lena C L/E Rem: Tucker Lena C Etal				R160/I316
05/23/1995		Crumley Lena C L/E Rem: Crumley John L Etal			**3**	R71/I1620
07/26/1976					**2**	502/460
03/13/1975					**2**	498/101
04/09/1974					**2**	478/333

Tax Assessment

Appraisals	Amount	Taxes	Amount	Jurisdiction	Rate
Assessment Year	2014	**Tax Year**	2014		
Appraised Land	$233,600	**City Taxes**	$946.08	Johnson City	1.62
Appraised Improvements	$0	**County Taxes**	$1,156.20	Washington	1.9798
Total Tax Appraisal	**$233,600**	**Total Taxes**	**$2,102.28**		
Total Assessment	**$58,400**	**Exempt Amount**			
		Exempt Reason			

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Information Deemed Reliable But Not Guaranteed.

Mortgage History

Date	Loan Amount	Borrower	Lender	Book/Page or Document#
10/19/2000	$21,392	Pearson Carolyn	First Tennessee Bank	211/1972
1/19/2000	$10,400	Pearson Carolyn C	First Tennessee Bank	191/563

Property Characteristics: Building

No Buildings were found for this parcel.

Property Characteristics: Extra Features

No extra features were found for this parcel.

Property Characteristics: Lot

Land Use		**Lot Dimensions**	
Block/Lot	/1	**Lot Square Feet**	65,340
Latitude/Longitude	36.352861°/-82.370712°	**Acreage**	1.50

Property Characteristics: Utilities/Area

Gas Source	Public - Manufactured Gas	**Road Type**	Curb/Gutter Paved
Electric Source	Public	**Topography**	Rolling
Water Source	Public	**District Trend**	Improving
Sewer Source	Public	**Special School District 1**	
Zoning Code		**Special School District 2**	
Owner Type			

Legal Description

Subdivision	Lena Crumley Tucker Est	**Plat Book/Page**	15/155
Block/Lot	/1	**Description**	
District/Ward	10		

Flood Zone Information

Zone Code	Flood Risk	Description	FIRM Panel ID	Firm Panel Eff. Date
X	Minimal	Area of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level.	47179C0176D	09/29/2006

Zone Source: FEMA DFIRM Data

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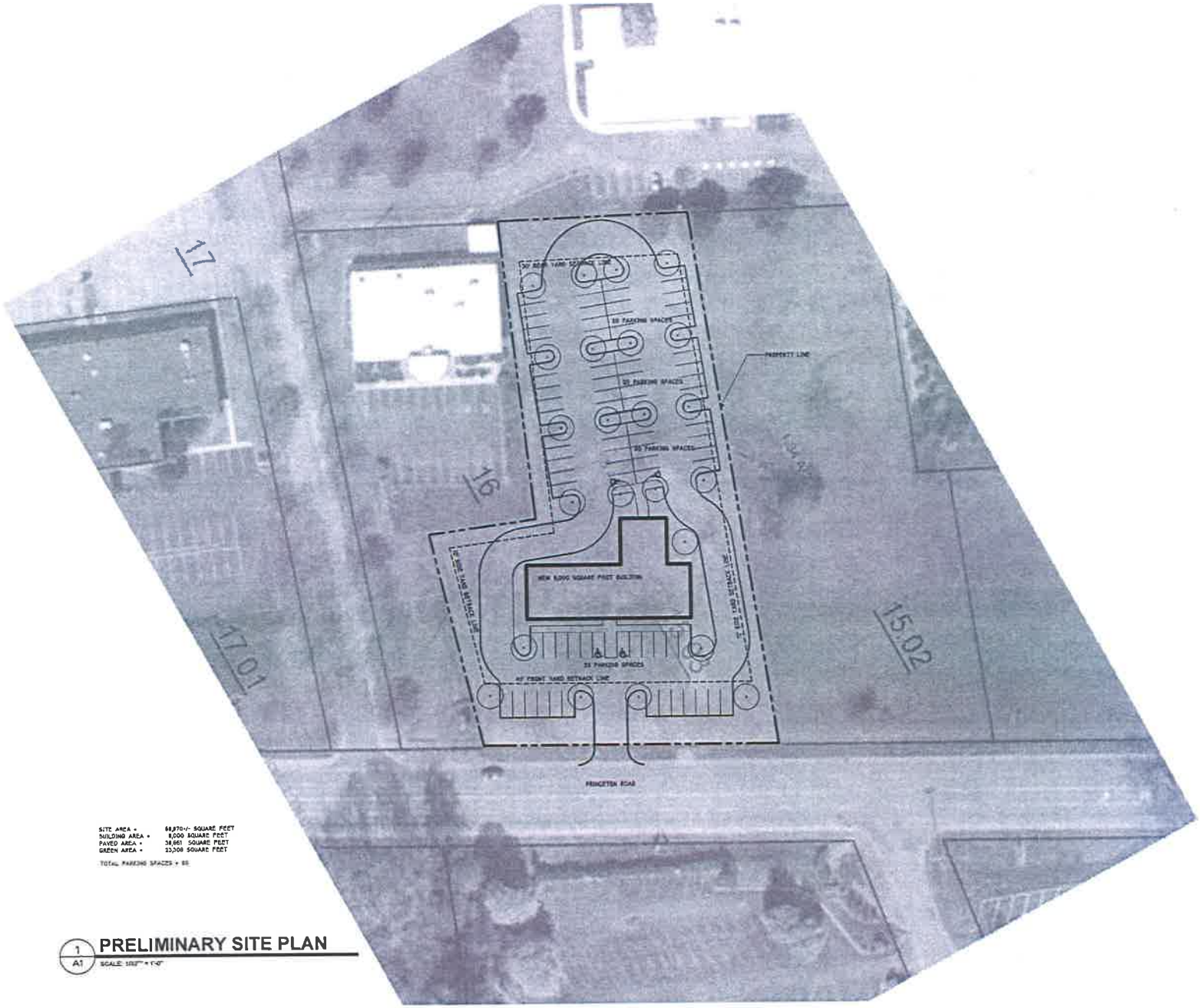
Information Deemed Reliable But Not Guaranteed.



SITE AREA = 69,870+/- SQUARE FEET
BUILDING AREA = 8,000 SQUARE FEET
PAVED AREA = 38,661 SQUARE FEET
GREEN AREA = 23,308 SQUARE FEET

TOTAL PARKING SPACES = 88

1 / A1 **PRELIMINARY SITE PLAN**

SCALE: 1/32" = 1'-0"

PRELIMINARY NOT FOR CONSTRUCTION

Steven K. HUTTON & Associates, pc

PRELIMINARY SITE PLAN

Crossroads Treatment Centers
Princeton Road
Johnson City, Tennessee

Revisions:

1	11-5-15

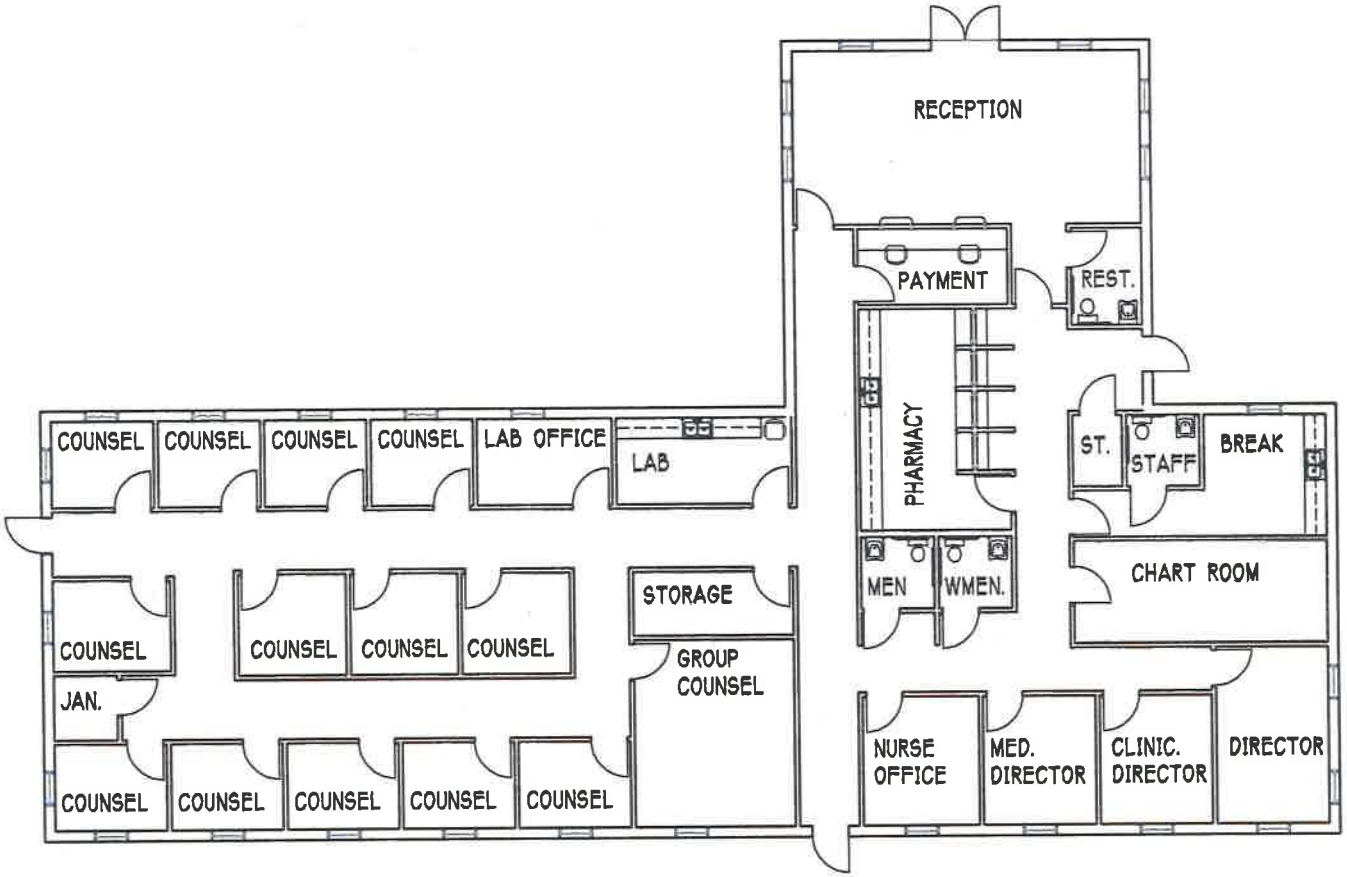
Date: 10/27/15

Project Number: 21504

Sheet Number: A1

Attachment B, Project Description, IV

Floor Plan



FLOOR PLAN

0 8' 16' 32'

SCALE: 1/16" = 1'-0"

Steven K. HUTTON & Associates, pc

Attachment C, Need 1(a)

1. **Safeguards Against Drug Abuse and Diversion in MAT Programs**

2. **2008 Tennessee Department of Mental Health NRMTF Data**

SAFEGUARDS AGAINST DRUG ABUSE AND DIVERSION IN MAT PROGRAMS

1. RESTRICTIONS ON TAKE-HOME MEDICATION

Upon initial admission to the program patients must attend the center daily for treatment. The patient does not receive any medication to take home (assuming the operator is open 7 days per week as opposed to 6, therefore limiting if not eliminating the possibility of abuse or diversion early on in treatment.

Receiving any take home medication at any stage of treatment is a privilege that is earned over time. This privilege can only be earned by meeting strict federally mandated criteria commonly referred to as the "8-point criteria" combined with mandatory time of continuous treatment compliance articulated in the Federal Opioid Treatment Regulations. To determine whether or not a particular patient may receive take home medication requires the medical director to make a decision based on many factors, including but not limited to:

"8-Point Criteria"

1. Absence of recent abuse of drugs
2. Regularity of clinic attendance
3. Absence of serious behavioral problems at the clinic
4. Absence of known recent criminal activity (e.g., drug dealing)
5. Stability of the home environment and social relationships of the patient
6. Length of time in comprehensive maintenance treatment with absence of illicit drug use.
7. Assurance that take-home medications can be safely stored at the home of the person served.
8. Weighing of the rehabilitative value of decreasing the frequency of clinic attendance against potential risks for diversion.

Schedule of Take-Home Eligibility per Federal Opioid Treatment Regulation 42 CFR 8.12

Eligibility Level	Length of Time in Continuous Treatment	Length of Time of Continuous Compliance with Program Requirements	Weekly Clinic Attendance	Take Home Doses
Level 1	1 – 90 days (3 months)	Less than 90 days	6 days/week	1
Level 2	91 – 180 days (3 – 6 months)	90 days minimum at Level 1	4 days/week	3
Level 3	181 – 270 days (6 – 9 months)	90 days minimum at Level 2	3 days/week	4
Level 4	271 – 365 days (9 months to 1 year)	90 days minimum at Level 3	2 days/week	5
Level 5	Greater than 1 year	180 days minimum	1 day/week	6
Level 6	Greater than 2 years	1 year minimum at Level 5	One visit every 14 days	13

2. DIVERSION CONTROL PLAN

An OTP must develop and maintain a diversion control plan (DCP). The goal of a DCP is to reduce the scope and significance of diversion and its impact on communities. Each program's DCP should make every effort to balance diversion control against the therapeutic needs of the individual patient. DCPs should address at least four general areas of concern: program environment, dosing and take-home medication (take-homes), prevention of multiple program enrollment, and prescription medication misuse.

A. Program Environment :

Diversion in the program environment can be deterred and detected by regular surveillance and the monitoring of areas in and around the program, where opportunities for diversion may exist. Some OTPs use video surveillance; however, few rely solely on this method. A system of rounds, where security personnel or other staff walk around the interior and exterior of the clinic on a regular and periodic basis to observe activities at the entrances and in the hallways, adjacent alleys, and parking areas, provides an opportunity to assess and intervene in suspicious behaviors such as loitering. A visible human presence at a program's location gives community members the opportunity to approach staff with concerns and communicates the program's commitment to assuring a safe environment and a positive impact on the surrounding community. It also is recommended that OTP staff consult periodically with law enforcement in the surrounding community and where patients live to discuss surveillance findings (assuming it will not impair any criminal investigation) and the perceived and actual problems encountered. Patient involvement in assuring a therapeutic and safe treatment environment is an essential part of a DCP. Patient committees can advise on program policies and procedures and how they are implemented. Patients can make important contributions to problem solving and help balance diversion control strategies with the needs of patients.

B. Dosing and Take-homes:

In the area of dosing and take-homes, diversion control encompasses careful control of inventory, attentive patient dosing, and close supervision of take-homes. Although observing a patient take his or her dose and having each of them drink and speak after dosing are fundamental components of diversion control, it is easy to lose sight of the importance of these repetitive nursing tasks. Take-home dosing should be provided with careful attention to regulatory compliance and the therapeutic benefit and safety these regulations are meant to promote. Random call backs to inventory a patient's take-home doses are an important element of any DCP. Patients must be clearly informed of the responsibility they have to keep take-home opioid medications in a child-proof medication container and store them in a secure location. It also is important to perform toxicology testing on patients with take-home doses without falling into a predictable routine and to have clear policies and procedures to prevent the falsification of toxicology specimens. A program's response to toxicology specimens that are negative for methadone or otherwise indicative of falsification needs to address the possibility of diversion of methadone. Simple strategies, such as requiring the return of all take-home dose bottles, can reduce the opportunity for passing off diverted methadone as legitimate. Always investigate the

alleged or actual source of diversion, and, if necessary, change the frequency of take-home reviews. Drug testing regimens also may have to be reevaluated. Special, intensified group or individual counseling sessions may be helpful for individuals or groups at risk for diversion problems. Programs currently closing for Sundays or holidays should have clearly spelled out policies and procedures for determining who may have a take-home dose for these days. Universally granting take-homes for days when the program is closed increases the program's risk for diversion and adverse outcomes. Consideration should be given to opening on these days for a short period to administer medications to those patients not yet able to dose safely without supervision. Monitoring patients receiving medication for unsupervised use requires the physician to have knowledge of physiological issues; a thorough understanding of the differences among laboratories; and the factors that affect absorption, metabolism, and elimination of opioids. Knowledge and understanding in these areas are essential, for example, to interpret a toxicology test that is negative for methadone or methadone metabolites. All staff members may contribute to the safety and therapeutic benefits of unsupervised medication use. Any observations or information relevant to the use of unsupervised medication use acquired in the course of interacting with patients is to be conveyed to the medical director for his or her consideration in making dosing and management decisions.

C. Prevention of Multiple Program Enrollment:

Reasonable measures should be taken to prevent patients from enrolling in treatment provided by more than one clinic or individual practitioner. These measures should be commensurate with the severity of the problem and the documented consequences. An OTP, after obtaining patient consent, may contact other OTPs within a reasonable geographic distance (100 miles) to verify that a patient is not enrolled in another OTP.

D. Misuse of Prescription Medication:

The misuse of prescription medication has become an area of great concern nationally and impacts diversion control planning at OTPs. Nearly all states have a prescription drug monitoring program (PDMP) of some sort. Up-to-date information about each state's PDMP can be found at Brandeis University's PDMP Training and Technical Assistance Center. In addition, the National Alliance of Model State Drug Laws is another source of information. While state programs may vary from one another, all OTP physicians and other healthcare providers, as permitted, should register to use their respective state's PDMP and query it for each newly admitted patient prior to initiating dosing. The PDMP should be checked periodically (for example, quarterly) through the course of each individual's treatment and, in particular, before ordering take-home doses as well as at other important clinical decision points. Querying the PDMP will result in a range of possible results. In some cases, no use of scheduled prescription medications will be identified. In others, the history of prescription use reported by the patient will be confirmed. If the patient has ongoing relationships with prescribers from whom they may still acquire prescriptions for controlled substances or other psychotropics, strategies to prevent or limit this activity should be established. Ideally, releases of information should be obtained from each prescriber in order to coordinate needed medical care while avoiding the use of medications that may interact with the pharmacotherapy for a substance use disorder. Lastly, the PDMP may reveal ongoing receipt of prescriptions not reported to the program for substances known to be misused by the patient. An assertive strategy of care coordination combined with

additional treatment strategies, such as medically supervised withdrawal from the misused prescription medications and intensive behavioral interventions, may need to be implemented. In some situations, the presence of active diversion may lead to discharge for reasons of patient safety or the safety of the community. Of particular concern is when a patient refuses to sign a release of information to allow care coordination with other prescribers. The program should develop detailed policies and procedures to govern the use of and response to PDMP information for diversion control. Every effort, including full psychiatric assessment, higher levels of substance use disorder treatment, detoxification services, and intensive counseling, should be made to address the addictive behaviors underlying the individual's polysubstance use. The responsibility to implement and monitor each aspect of the DCP should be clearly assigned to specific clinical, administrative, or medical staff members as appropriate. These staff members should have the opportunity to meet regularly to update one another on issues and communicate concerns. This may be accomplished during regular meetings of a specific diversion control committee. In smaller programs, the DCP may be a regular business item during meetings of all staff. Specific procedures for monitoring possible diversion in each of these areas and how to address it should be spelled out.

Lastly, it is worth noting that the National Institutes of Health states ""the safety and efficacy of MMT has been unequivocally established" adding that "methadone maintenance coupled with relevant social, medical and psychological services has the highest probability of being the most effective of all available treatments for opioid addiction

TDMHDD METHADONE REGISTRY

CONSUMERS BY COUNTY OF RESIDENCE AND CLINIC 2008

4/27/2009

Patients served 01/01/2008 through 12/31/2008

	Davidson Co. Middle Tennessee Treatment	Dyer Co. Midsouth Treatment Center	Hamilton Co. Volunteer Treatment Center, Inc.	Hardin Co. Solutions of Savannah	Knox Co. DRD Knoxville Medical Clinic	Knox Co. DRD Knoxville Medical Clinic - Central	Madison Co. Jackson Professional Associates	Shelby Co. ADC Recovery and Counseling	Shelby Co. Memphis Center for Research and	Shelby Co. Raleigh Professional Associates
Anderson			72		74	81	2		1	
Bedford	4	1	5				1			
Benton	1			1			31			
Bledsoe			6							
Blount			88		62	68				
Bradley	1		95			1	1			
Campbell			66		77	78				
Cannon	1									
Carroll	1			1			24			
Carter			4		2	1				
Cheatham	75								2	
Chester				4			42		2	
Claiborne			20		31	43				
Clay	3		2			2				
Cocke			1		10	12				
Coffee	13		13				1			
Crockett		2					9		1	

108B
11CB

Beginning April 2008 the Tennessee Department of Mental Health and Developmental Disabilities (TDMHDD) began collecting data regarding non-residential opioid treatment facilities (Facilities) in the State of Tennessee. This data is derived from information submitted by each Facility. TDMHDD can neither guarantee nor attest to the accuracy of any data submitted by or on behalf of the Facilities.

CONSUMERS BY COUNTY OF RESIDENCE AND CLINIC

4/27/2009

Patients served 01/01/2008 through 12/31/2008

	Davidson Co. Middle Tennessee Treatment	Dyer Co. Midsouth Treatment Center	Hamilton Co. Volunteer Treatment Center, Inc.	Hardin Co. Solutions of Savannah	Knox Co. DRD Knoxville Medical Clinic	Knox Co. DRD Knoxville Medical Clinic - Central	Madison Co. Jackson Professional Associates	Shelby Co. ADC Recovery and Counseling	Shelby Co. Memphis Center for Research and	Shelby Co. Raleigh Professional Associates
Cumberland	1		12			1				
Davidson	694		9			1	6			
Decatur	1			6			6			
DeKalb	19									
Dickson	31		1				2			
Dyer		87					62	3	3	1
Fayette	1	1	1				2	8	6	6
Fentress	6		6							
Franklin	1		2		2					
Gibson		2		1			25			
Giles	1									
Grainger			24		24	47				
Greene					2	8				
Grundy			2							
Hamblen			14		38	31				
Hamilton	6		382		1	4				
Hancock					17	2				
Hardeman			1	1			19	2	3	

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108C
2011

CONSUMERS BY COUNTY OF RESIDENCE AND CLINIC

Patients served 01/01/2008 through 12/31/2008

4/27/2009

	Davidson Co. Middle Tennessee Treatment	Dyer Co. Midsouth Treatment Center	Hamilton Co. Volunteer Treatment Center, Inc.	Hardin Co. Solutions of Savannah	Knox Co. DRD Knoxville Medical Clinic	Knox Co. DRD Knoxville Medical Clinic - Central	Madison Co. Jackson Professional Associates	Shelby Co. ADC Recovery and Counseling	Shelby Co. Memphis Center for Research and	Shelby Co. Raleigh Professional Associates
Hardin				254			29	1		2
Hawkins	1		2		5	15				
Haywood							3		1	2
Henderson				5			16			
Henry	2						42			
Hickman	51			1			4		2	
Houston	1						1			
Humphreys	11						6	1		
Jackson	10		1							
Jefferson			34		47	39		1	1	
Johnson	1				1					
Knox	6		246		433	383	1		2	
Lake	1	45					55		1	
Lauderdale		3					6			4
Lawrence	3			1						
Lewis	15			1						
Lincoln	1									
Loudon	1		86		15	21				

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CONSUMERS BY COUNTY OF RESIDENCE AND CLINIC

4/27/2009

Patients served 01/01/2008 through 12/31/2008

	Davidson Co. Middle Tennessee Treatment	Dyer Co. Midsouth Treatment Center	Hamilton Co. Volunteer Treatment Center, Inc.	Hardin Co. Solutions of Savannah	Knox Co. DRD Knoxville Medical Clinic	Knox Co. DRD Knoxville Medical Clinic - Central	Madison Co. Jackson Professional Associates	Shelby Co. ADC Recovery and Counseling	Shelby Co. Memphis Center for Research and	Shelby Co. Raleigh Professional Associates
Macon	7		1							
Madison	1	3		3	1		184	1	2	2
Marion			24							
Marshall	11		1					1		
Maury	42		1			1				
McMinn			69		3					
McNairy	1			116			57	1		
Meigs			22			1				
Monroe			32		2	2				
Montgomery	22		1			1				
Morgan			21		10	11				
Oblon	1	62					71			2
OUT OF ST.	164	9	236	125	28	29	44	175	287	66
Overton	18		24				1			
Perry			1	2			1			
Pickett	1		7							
Polk			11			1				
Putnam	23		24							

Beginning April 2008 the Tennessee Department of Mental Health and Developmental Disabilities (TDMHDD) began collecting data regarding non-residential opioid treatment facilities (Facilities) in the State of Tennessee. This data is derived from information submitted by each Facility. TDMHDD can neither guarantee nor attest to the accuracy of any data submitted by or on behalf of the Facilities.

TDMHDD METHADONE REGISTRY

CONSUMERS BY COUNTY OF RESIDENCE AND CLINIC

Patients served 01/01/2008 through 12/31/2008

4/27/2009

	Davidson Co. Middle Tennessee Treatment	Dyer Co. Midsouth Treatment Center	Hamilton Co. Volunteer Treatment Center, Inc.	Hardin Co. Solutions of Savannah	Knox Co. DRD Knoxville Medical Clinic	Knox Co. DRD Knoxville Medical Clinic - Central	Madison Co. Jackson Professional Associates	Shelby Co. ADC Recovery and Counseling	Shelby Co. Memphis Center for Research and	Shelby Co. Raleigh Professional Associates
Rhea			25							
Roane	2		121		20	10	2			
Robertson	23	1					1			
Rutherford	145			1		1	3			
Scott			7		3	7				
Sequatchie			8							
Sevier	2		50		101	83				
Shelby	4	2		2		1	6	202	388	220
Smith	28							1		
Stewart	2									
Sullivan			1		10	8				
Sumner	96		1							
Tipton		1		1			2	5	22	18
Trousdale	2									
Unicoi			1			1			1	
Union			15		27	22				
UNKNOWN	18	2	35	9	13	13	11	6	16	2
Van Buren			4							

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V:\Crystal Reports\Methadone Registry\Consumers Served by County of Residence.rpt

Page 5 of 6

108F
11 OF

CONSUMERS BY COUNTY OF RESIDENCE AND CLINIC

4/27/2009

Patients served 01/01/2008 through 12/31/2008

	Davidson Co. Middle Tennessee Treatment	Dyer Co. Midsouth Treatment Center	Hamilton Co. Volunteer Treatment Center, Inc.	Hardin Co. Solutions of Savannah	Knox Co. DRD Knoxville Medical Clinic	Knox Co. DRD Knoxville Medical Clinic - Central	Madison Co. Jackson Professional Associates	Shelby Co. ADC Recovery and Counseling	Shelby Co. Memphis Center for Research and	Shelby Co. Raleigh Professional Associates
Warren	4		11							
Washington					4	2				
Wayne	1			11						
Weakley		1				1	14			
White	5		13							
Williamson	100	2					2			
Wilson	102		1			2				1
Total	1,789	224	1,963	545	1,063	1,035	795	408	741	326

108G
110G

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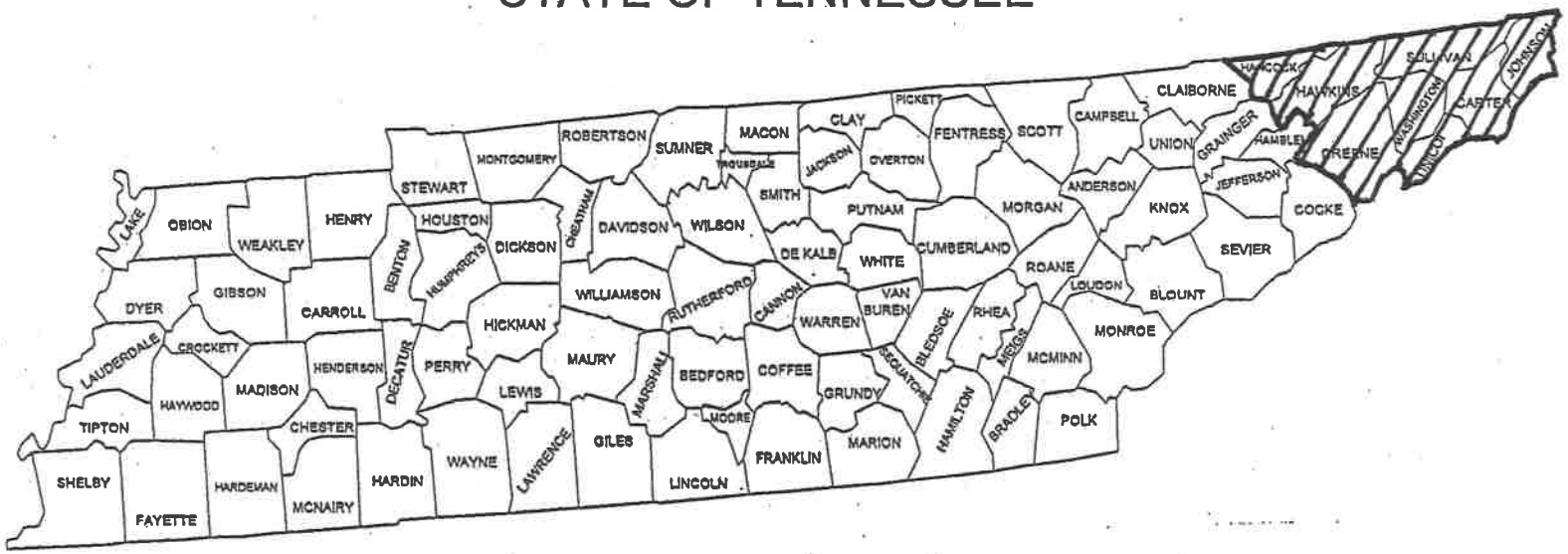
Attachment C, Need 3

Map of Service Area

STATE OF TENNESSEE



Attachment C - Economic Feasibility - 1

Architect Letter

Architecture • Planning • Design
245 East New Street, Suite 201 Kingsport, Tennessee 37660 423-378-5592

Steven K. HUTTON & Associates, pc

October 30, 2015

Phillip M. Earhart, Health Services Development Examiner
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building 9th Floor
Nashville, TN

Re: Crossroads Treatment Centers of Tricities

Dear Mr. Earhart:

The project consists of the construction of a new one story building on a previously undeveloped site. The construction will generally be comprised of

- Metal or wood exterior framed walls and masonry veneer
- Wood or metal truss roof structure with membrane or shingle roof system
- Metal stud interior partitions and trim finishes of paint and vinyl wall coverings
- Solid core wood doors and steel frames
- Floor coverings of carpet, ceramic tile, vinyl tile and related base
- Suspended acoustic ceilings
- Casework and countertops
- Heating, ventilating and air conditioning systems
- Electrical services and lighting
- Plumbing for restrooms, break area and miscellaneous building services
- Asphalt paved parking lots, concrete sidewalks and related site improvements

We estimate that the cost to construct the project to provide a physical environment, according to applicable federal, state and local construction codes, standards, specifications to be $1,449,600.

When constructed the physical environment will conform to applicable federal standards and licensing agency requirements.

Please call me if you have any questions.

Sincerely,

Steven K. Hutton

STEVEN K. HUTTON REGISTERED ARCHITECT COMMERCE No. 18465 STATE OF TENNESSEE

10-30-15

Architecture • Planning • Design
245 East New Street, Suite 201 Kingsport, Tennessee 37660 423-378-5592

Steven K. HUTTON & Associates, pc

1.5 Acre Site Princeton Road
Johnson City, TN
10/30/2015

Building Interior (60%) $84 /sf x 6,000 sf	$504,000.00
Building Shell (40%) $56 /sf x 6,000 sf	$336,000.00
Site Grading	$35,000.00
Site Utilities and Water Quality	$40,000.00
Paving, Sidewalks and Curbs $4 x 39,661 sf	$158,600.00
Landscaping, Grass Retaining Walls and Site Finishes	$25,000.00
Site Civil Engineering fees	$4,000.00
Architectural, Mechanical, Plumbing, Electrical Engineering Design fees	$46,400.00
Topographic Survey	$2,000.00
Geotechnical Testing and Report	$3,600.00
Land cost	$295,000.00
Preliminary Project Budget	$1,449,600.00

We will treat you with compassion and respect.

Crossroads Treatment Center of Tri-Cities, PC

Pre-Opening Expense for Staff	$35,000	
Office Supplies	$8,000	Staple/GOS
Medical Supplies	$15,000	Moore Medical
Furniture	$20,000	Staples/Amazon
Computers	$20,000	Mountain Communication Systems
Security (Cameras/Alarm)	$18,000	Mountain Communication Systems
Land Purchase	$295,000	
Building/Architect	$1,154,600	Steve Hutton & Associates, PC
Application Fees	$15,000	Tennessee Dept. of Health, **CARF**, SAMHSA, Business Lic

Zoning special exception	$10,000	Lewis Thomason PC
CON - Research and Planning Consultants	$35,000	Research & Planning Consultants,L.P
CON - Lawyers	$35,000	Waller Lasden Dortch & Davis LLP
Sub Total	**$1,660,600**	
10% contingency on Total	**$166,060**	
Total Costs	**$1,826,660**	

Attachment C, Economic Feasibility - 2

Funding Documentation

crossroads treatment centers

We help opioid-dependent people get their lives back.

October 5, 2015

Statement Regarding Funding Sources

Crossroads has secured a $5 million Revolving Note funded by Ally Bank. In part, the purpose of this note is to cover the development and start-up costs of projects such as the Crossroads Treatment Center of Tri-Cities, PC project.

A copy of this note appears on the following 4 pages. On the last page hereafter is a copy of a statement prepared by Ally Bank on October 5th, 2015 showing "total available to draw" balance of $4,799,977.80.

If I can provide additional detail or answer any questions, please do not hesitate to reach out to me. I can be reached via email at jevans@crossroadstreatmentcenters.com or by phone at 404-444-1238.

Thank you,

James H. Evans
Chief Financial Officer
Treatment Centers HoldCo, LLC

REVOLVING NOTE

$5,000,000.00
New York, New York

December 23, 2014

The undersigned, **TREATMENT CENTERS HOLDCO, LLC**, a South Carolina limited liability company ("HoldCo"), **CROSSROADS OF ASHEVILLE MANAGEMENT CO., LLC**, a North Carolina limited liability company ("Asheville"), **CROSSROADS OF COLUMBIA MANAGEMENT CO., LLC**, a South Carolina limited liability company ("Columbia"), **CROSSROADS OF DANVILLE MANAGEMENT CO., LLC**, a Virginia limited liability company ("Danville"), **CROSSROADS OF GREENSBORO MANAGEMENT CO., LLC**, a North Carolina limited liability company ("Greensboro"), **CROSSROADS OF GREENVILLE MANAGEMENT CO., LLC**, a South Carolina limited liability company ("Greenville"), **CROSSROADS OF NORTHWEST GEORGIA MANAGEMENT CO., LLC**, a Georgia limited liability company ("Northwest Georgia"), **CROSSROADS OF SENECA MANAGEMENT CO., LLC**, a South Carolina limited liability company ("Seneca"), **CROSSROADS AT SUGARLOAF MANAGEMENT CO., LLC**, a Georgia limited liability company ("Sugarloaf"), **CROSSROADS OF WEAVERVILLE MANAGEMENT CO., LLC**, a North Carolina limited liability company ("Weaverville"), **CROSSROADS OF CALHOUN MANAGEMENT COMPANY, LLC**, a Georgia limited liability company ("Calhoun"), **CROSSROADS OF CHARLESTON MANAGEMENT COMPANY, LLC**, a South Carolina limited liability company ("Charleston"), **CROSSROADS OF LAGRANGE MANAGEMENT COMPANY, LLC**, a Georgia limited liability company ("LaGrange"), **CROSSROADS OF MYRTLE BEACH MANAGEMENT COMPANY, LLC**, a South Carolina limited liability company ("Myrtle Beach"), **CROSSROADS MERGER SUB, LLC**, a Delaware limited liability company ("Merger Sub") (individually and collectively, jointly and severally, "Borrower"), for value received, promises to pay **ALLY BANK**, at its principal office, as agent for Lenders (in such capacity, the "Agent") in New York, New York, in lawful money of the United States of America and in immediately available funds, the principal amount of Five Million Dollars ($5,000,000.00, together with accrued and unpaid interest from and after the date hereof on the unpaid principal balance of this Revolving Note (this "Revolving Note") outstanding from time to time.

This Revolving Note is issued pursuant to that certain Loan and Security Agreement of even date herewith among Borrower, **CROSSROADS HOLDING, LLC**, a Delaware limited liability company ("Holdings"), and any other Guarantor from time to time a party thereto (together with Holdings, individually and collectively, "Guarantor"), the financial institution(s) listed on the signature pages thereof and their respective successors and Eligible Assignees (each individually a "Lender" and collectively "Lenders") and Agent (as may be amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), and is entitled to the benefit and security of the Loan Documents provided for therein, to which reference is hereby made for a statement of all of the terms and conditions under which the loan evidenced hereby is made including those pursuant to which this Revolving Note may or must be paid prior to its due date or the due date if accelerated. All capitalized terms herein, unless otherwise defined, shall have the meanings ascribed to them in the Loan Agreement.

The principal amount of the indebtedness evidenced hereby shall be payable in the amounts and on the dates specified in the Loan Agreement and, if not sooner paid in full, all unpaid principal and accrued interest shall be due and payable on the Termination Date. Interest thereon shall be paid until such principal amount is paid in full at such interest rates and at such times as are specified in the Loan Agreement.

Upon and after the occurrence and during the continuance of an Event of Default, this Revolving Note shall or may, as provided in the Loan Agreement, and without demand, notice or legal process of any kind, become or be declared immediately due and payable.

To the extent permitted by applicable law, demand, presentment, protest and notice of nonpayment and protest are hereby waived by Borrower.

This Revolving Note shall be interpreted, governed by, and construed in accordance with, the laws of the State of New York applicable to contracts made and to be performed entirely within such State.

(*Signature page follows*)

(Signature Page to Revolving Note)

IN WITNESS WHEREOF, the undersigned has executed and delivered this Revolving Note as of the date first above written.

BORROWER:

TREATMENT CENTERS HOLDCO, LLC, a South Carolina limited liability company
CROSSROADS OF ASHEVILLE MANAGEMENT CO., LLC, a North Carolina limited liability company
CROSSROADS OF COLUMBIA MANAGEMENT CO., LLC, a South Carolina limited liability company
CROSSROADS OF DANVILLE MANAGEMENT CO., LLC, a Virginia limited liability company
CROSSROADS OF GREENSBORO MANAGEMENT CO., LLC, a North Carolina limited liability company
CROSSROADS OF GREENVILLE MANAGEMENT CO., LLC, a South Carolina limited liability company
CROSSROADS OF NORTHWEST GEORGIA MANAGEMENT CO., LLC, a Georgia limited liability company
CROSSROADS OF SENECA MANAGEMENT CO., LLC, a South Carolina limited liability company
CROSSROADS AT SUGARLOAF MANAGEMENT CO., LLC, a Georgia limited liability company
CROSSROADS OF WEAVERVILLE MANAGEMENT CO., LLC, a North Carolina limited liability company
CROSSROADS OF CALHOUN MANAGEMENT COMPANY, LLC, a Georgia limited liability company
CROSSROADS OF CHARLESTON MANAGEMENT COMPANY, LLC, a South Carolina limited liability company
CROSSROADS OF LAGRANGE MANAGEMENT COMPANY, LLC, a Georgia limited liability company
CROSSROADS OF MYRTLE BEACH MANAGEMENT COMPANY, LLC, a South Carolina limited liability company

By:_____
Rupert J. McCormac IV, M.D.
Chief Executive Officer

(Signature Page to Revolving Note)

MERGER SUB:

CROSSROADS MERGER SUB, LLC, a Delaware limited liability company

By: _____
Arion Robbins
Secretary

ally | TREATMENT CENTERS HOLDCO,LLC

Deal Name: TREATMENT CENTERS HOLDCO,LLC **Branch Name: Ally Bank** **Risk Book: HCAR**

Revolver Facility: Global Share

Collateral Type	Collateral Value	Ineligibles	Lendable Value	Advance Rate	Reserves	Borrowing Base Value	Commitment	Cap Flat Amount	Total BB Available	Outstanding	Available to Draw
Total Available to Draw							**5,000,000.00**	**5,000,000.00**		**200,022.20**	**4,799,977.80**

Revolver Facility: Ally Share

Collateral Type	Collateral Value	Ineligibles	Lendable Value	Advance Rate	Reserves	Borrowing Base Value	Commitment	Cap Flat Amount	Total BB Available	Outstanding	Available to Draw
						0					
Total Available to Draw						**0**	**5,000,000.00**	**5,000,000.00**	**0**	**200,022.20**	**4,799,977.80**

Outstanding:

FAC_NME_FACILITY	OST_CDE_PRICE_OPT	CUS_NME_FULL_NAME	ost_cde_currency	Net_os	Share%
REVOLVER	BASE	Ally Bank	USD	200,022.20	100.000000000000%
	BASE			**200,022.20**	**100.000000000000%**
	DEPFI	Ally Bank	USD	0.00	
	DEPFI			**0.00**	
Total REVOLVER Facility:				**200,022.20**	
Ally REVOLVER Total:				**200,022.20**	**100.000000000000%**
TERM LOAN A	BASE	Ally Bank	USD	0.00	
	BASE			**0.00**	
	LIBOR	Ally Bank	USD	9,812,500.00	100.000000000000%
	LIBOR			**9,812,500.00**	**100.000000000000%**
Total TERM LOAN A Facility:				**9,812,500.00**	
Ally TERM LOAN A Total:				**9,812,500.00**	**100.000000000000%**
Overall - Total				**10,012,522.20**	
Ally Deal Total				**10,012,522.20**	**100.000000000000%**

October 22, 2015

Tennessee Health Services and Development Agency
Melanie M. Hill
502 Deaderick Street, Andrew Jackson Bldg., 9th Floor
Nashville, TN 37243

RE: Crossroads Treatment Center of Tri-Cities, PC - CON application

Ms. Hill:

This letter confirms that Crossroads Treatment Center of Tri-Cities, PC is able and willing to fund the total project for the treatment center at Princeton Road. Crossroads has a confirmed option to purchase the property. The current financial resources of the company are more than enough to cover the land acquisition, development of the building, interior finish, furnishings and initial operating loss for the project.

As of today, all necessary funds are available and being held until the start of the project. I have submitted an additional letter that may be referenced showing the current funds available.

If I can provide additional assistance, please do not hesitate to reach out to me. I can be reached via email at rmccormac@crossroadstreatmentcenters.com or by phone at 864-270-6860.

Sincerely,

Rupert V. McCormac IV, M.D
Chief Executive Officer
Treatment Centers HoldCo, LLC

Attachment C, Economic Feasibility - 6

Fee Schedules

crossroads treatment centers

PATIENT FEE AGREEMENT

Before you will be enrolled in the Methadone Therapy Program for OTP patients at Crossroads, you will undergo an intake screening and assessment process including:

- A Physician's Admission Assessment
- Laboratory Tests conducted by a program Nurse
- Completion of all required consents, releases and other program documentation
- An orientation and introduction to our methadone program, program rules and requirements as well as the risks and benefits of methadone-assisted treatment for opioid addiction

The fee associated with this intake process is currently waived for all new or transfer patients.

The dosing fee for the Crossroads Methadone Program is $14.00 per dose.

Guest dosing fees are as follows: Set-up: **$25.00** Per dose: **$14.00**

All fees must be paid prior to dosing[1]. All lab work and drug screens that are part of the intake process are included as part of your intake and will be paid for by Crossroads. Crossroads also covers the cost of your first urine drug screen each month. If you request a confirmation of your drug screen results, you must pay the $20.00 confirmation test fee up front. This $20.00 will be credited to your account if the confirmation overturns the original results.

Additional fees, if applicable, include:

- Urine Drug Screen (*other than the first screen of the month*) ..... $10.00 each
- Other Specialty Urine Screens:
  - Buprenorphine ..... $2.00 each
  - Ethyglucuronide (EtG) or Fentanyl ..... $10.00 each
- Oral Swab (*if unable to use urine screen*) ..... $15.00 each
- Confirmation Test (*cost to be reimbursed if original test results overturned*) ..... $20.00 each
- On-Site Testing Fee:
  - Pregnancy or Alcohol or Benzo or DIP or 2-Panel (OPS/OXY) ..... $15.00 each
  - 4-Panel DIP (OPS/OXY/BZP/MTH) ..... $5.00 each
- Blood Lab Fees:
  - Annual Labs (*annually after the first year's intake lab*) ..... $50.00 each
  - Methadone Peak OR Trough ..... $45.00 each
  - CBC or CMP or Hepatic Function or RPR ..... $10.00 each
  - TSH or Hepatitis A or Hepatitis B or Hepatitis C or HIV ..... $30.00 each
- TB Test redo fee (*if test must be re-run due to patient's failure to have first test read in timely fashion*) ..... $25.00 each
- Other:
  - VITADONE $25.00
  - Lock-box bag with lock $15.00

Acceptable forms of payment include cash, debit cards and/or all major credit cards (other than American Express or Discover). Before you elect to prepay for multiple doses, understand that we do not provide refunds. If you prepay and leave treatment, we will hold your balance for use when/if you return to treatment. If you anticipate leaving treatment, do not prepay for multiple doses. **We reserve the right to change our pricing at any time for any reason.**

I have read, understand and do hereby consent by signature to the above provisions. I understand that a copy of this Patient Fee Agreement document will be included in the Patient Information Pack given to me.

_____ _____

Client Signature *Date*

_____ _____

Counselor Signature *Date*

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[1] In order to help you cope with an unforeseen emergency, Crossroads will permit you to charge an amount not to exceed the value of two doses, inclusive of any unpaid "additional fees" as described above. You will not be permitted to carry a deficit balance, inclusive of any unpaid "additional fees" as described above, in an amount greater than the value of two doses.

Attachment C, Economic Feasibility - 10(24)

Financial Statements

Crossroads Holding, LLC, Subsidiaries and Associated PCs

Report on Combined Financial Statements

For the periods from December 23, 2014 through December 31, 2014 (Successor) and January 1, 2014 through December 22, 2014 (Predecessor)

Crossroads Holding, LLC, Subsidiaries and Associated PCs

Contents

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Combined Statements of Changes in Members' Equity	5
Combined Statements of Cash Flows	6
Notes to Combined Financial Statements	7-15

elliott davis decosimo

Independent Auditor's Report

The Members
Crossroads Holding, LLC, Subsidiaries and Associated PCs
Greenville, South Carolina

Report on the Combined Financial Statements

We have audited the accompanying combined balance sheet of Crossroads Holding, LLC, Subsidiaries and Associated PCs ("Successor") as of December 31, 2014 and the related combined statements of operations, changes in members' equity and cash flows for the periods from December 23, 2014 through December 31, 2014 ("Successor period") and from January 1, 2014 through December 22, 2014 ("Predecessor period") and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Crossroads Holding, LLC, Subsidiaries and Associated PCs as of December 31, 2014 and the results of its operations and cash flows for the periods from December 23, 2014 through December 31, 2014 and January 1, 2014 through December 22, 2014 in accordance with accounting principles generally accepted in the United States of America.

Elliott Davis Decosimo, LLC

Greenville, South Carolina
March 27, 2015

Crossroads Holding, LLC, Subsidiaries and Associated PCs

Combined Balance Sheet

As of December 31, 2014

Assets	
Current assets	
Cash and cash equivalents	$ 474,702
Prepaid expenses	113,168
Inventories	24,941
Other current assets	56,934
Total current assets	669,745
Property and equipment, net	851,937
Other assets	
Capitalized loan fees, net	507,690
Intangible assets, net	11,329,389
Goodwill, net	30,411,520
Total other assets	42,248,599
Total assets	$ 43,770,281
Liabilities and Members' Equity	
Current liabilities	
Accounts payable	$ 228,238
Line of credit	100,000
Accrued expenses and other current liabilities	390,624
Senior debt - current portion	250,000
Total current liabilities	968,862
Other liabilities	
Senior debt - net of current portion	9,750,000
Subordinated debt	6,502,438
Total other liabilities	16,252,438
Members' equity	26,548,981
Total liabilities and members' equity	$ 43,770,281

See Notes to Combined Financial Statements

Crossroads Holding, LLC, Subsidiaries and Associated PCs

Combined Statements of Operations

	December 23, 2014 through December 31, 2014 (Successor)	*January 1, 2014 through December 22, 2014 (Predecessor)*
Revenues	$ 461,719	$ 15,772,123
Cost of revenues	251,474	9,377,715
Gross profit	210,245	6,394,408
Selling, general and administrative expenses	344,750	3,436,618
Operating (loss) income	(134,505)	2,957,790
Other (income) expenses		
Interest expense	42,300	8,542
Miscellaneous income	-	(1,749)
Transaction expenses	2,135,268	448,865
Total other expenses	2,177,568	455,658
Net (loss) income	$ (2,312,073)	$ 2,502,132

See Notes to Combined Financial Statements

Crossroads Holding, LLC, Subsidiaries and Associated PCs

Combined Statements of Changes in Members' Equity

For the periods from December 23, 2014 through December 31, 2014

and January 1, 2014 through December 22, 2014

Balance at January 1, 2014	$ 1,139,318
Member distributions	(2,819,635)
Net income	2,502,132
Balance at December 22, 2014	$ 821,815
Balance at December 23, 2014	$ -
Issuance of Class A units	14,552,998
Issuance of Class B-1 units	10,357,002
Issuance of Class C units	54
Issuance of contingent Class B-2 units	3,951,000
Net loss	(2,312,073)
Balance at December 31, 2014	$ 26,548,981

See Notes to Combined Financial Statements

Crossroads Holding, LLC, Subsidiaries and Associated PCs

Combined Statements of Cash Flows

	Deceber 23, 2014 through December 31, 2014 (Successor)	*January 1, 2014 through December 22, 2014 (Predecessor)*
Operating activities		
Net (loss) income	$ (2,312,073)	$ 2,502,132
Adjustments to reconcile net (loss) income to net cash (used for) provided by operating activities:		
Interest paid-in-kind	2,438	-
Depreciation and amortization	165,013	215,681
Changes in operating assets and liabilities:		
Prepaid expenses	(12,967)	(45,425)
Inventories	2,721	(1,663)
Other current assets	-	(8,704)
Accounts payable	121,383	29,762
Deferred rent	-	(23,478)
Accrued expenses and other current liabilities	228,321	278,869
Net cash (used for) provided by operating activities	(1,805,164)	2,947,174
Investing activities		
Purchases of property and equipment	-	(301,443)
Cash paid for net assets acquired	(38,764,786)	-
Cash used for investing activities	(38,764,786)	(301,443)
Financing activities		
Borrowings (payments) on line of credit	100,000	(134,518)
Member distributions	-	(2,819,635)
Capitalized loan fees	(510,000)	-
Proceeds from senior debt	10,000,000	-
Proceeds from sub debt	6,500,000	-
Issuance of Class A units	14,552,998	-
Issuance of Class B-1 units	10,357,002	-
Issuance of Class C units	54	
Net cash provided by (used for) financing activities	41,000,054	(2,954,153)
Net increase (decrease) in cash	430,104	(308,422)
Cash and cash equivalents, beginning of period	44,598	1,059,116
Cash and cash equivalents, end of period	$ 474,702	$ 750,694
Supplemental cash flow information		
Cash paid for interest	$ -	$ 8,542
Non cash financing activity		
Issuance of contingent Class B-2 units	$ 3,951,000	$ -

See Notes to Combined Financial Statements

Note 1. Organization and Basis of Presentation

Organization:

Treatment Centers HoldCo, LLC ("HoldCo"), a South Carolina limited liability company, was formed on October 1, 2007. As of December 31, 2014, HoldCo has thirteen wholly-owned separate limited liability companies (the "LLCs"). Each LLC is organized with an associated professional corporation ("PC") for purposes of conducting operations. Each PC is owned solely by one of the members of HoldCo, who is a licensed medical doctor. The LLC for each center is associated with the PC for each center by virtue of a Services Agreement whereby the LLC contracts to provide various management services for the benefit of the PC. The PC for each center owns all licenses for that center. The PC for each center is solely responsible for conducting all medical and clinical practices at that center. HoldCo and its wholly-owned LLCs and Associated PCs are collectively referred to as the "Company". The Company is engaged in the operation and management of medical treatment centers for opioid addiction. As of December 31, 2014 the Company had nine treatment center locations in operation across four states (South Carolina, North Carolina, Georgia and Virginia) and is headquartered in Greenville, South Carolina.

On December 23, 2014 the Company entered into an Agreement and Plan of Merger (the "Agreement") with Crossroads Holding, LLC (the "Parent"), a Delaware limited liability company, and Crossroads Merger Sub, LLC ("Merger Sub"), a Delaware limited liability company. The Parent, Merger Sub and the Company effectuated a merger of Merger Sub with and into the Company in accordance with the Agreement. Members of Merger Sub agreed to a purchase price of approximately $45,438,000 in order to acquire an interest in the Company. Merger Sub ceased to exist as a result of the merger. Pursuant to the Agreement, the merger acquisition did not include the associated PCs, which remained solely owned by one of the members of HoldCo, who is a licensed medical doctor. This merger qualified as a business combination with respect to ASC 805. This transaction is further discussed in Note 3.

Basis of presentation:

The financial information for the period from December 23, 2014 through December 31, 2014 (Successor period) is not comparable to the financial information for the period from January 1, 2014 through December 22, 2014 (Predecessor period) because of the new basis of accounting resulting from the Agreement on December 23, 2014. These combined financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Unless otherwise noted, the accounting policies described were applied by both the Predecessor for the Predecessor period and by the Successor for the Successor period, for all periods presented. The combined financial statements reflect all adjustments that are necessary for presentation of the results of operations for the periods presented.

Note 2. Summary of Significant Accounting Policies and Activities

Principles of presentation:

The combined financial statements include the accounts of the Company and its wholly-owned LLCs of (i) Crossroads of Asheville Management Co., LLC, (ii) Crossroads of Calhoun Management Co., LLC, (iii) Crossroads of Charleston Management Co., LLC, (iv) Crossroads of Columbia Management Co., LLC, (v) Crossroads of Danville Management Co., LLC, (vi) Crossroads of Greensboro Management Co., LLC, (vii) Crossroads of Greenville Management Co., LLC, (viii) Crossroads of LaGrange Management Co., LLC, (ix) Crossroads of Myrtle

Note 2. Summary of Significant Accounting Policies and Activities, Continued

Beach Management Co., LLC, (x) Crossroads of Northwest Georgia Management Co., LLC, (xi) Crossroads of Seneca Management Co., LLC, (xii) Crossroads at Sugarloaf Management Co., LLC and (xiii) Crossroads of Weaverville Management Co., LLC and the associated PCs of (i) Crossroads Treatment Center of Asheville, P.C., (ii) Crossroads Treatment Center of Calhoun, P.C., (iii) Crossroads Treatment Center of Charleston, P.C., (iv) Crossroads Treatment Center of Columbia, P.C., (v) Crossroads Treatment Center of Danville, P.C., (vi) Crossroads Treatment Center of Greensboro, P.C., (vii) Crossroads Treatment Center of Greenville, P.C., (viii) Crossroads Treatment Center of LaGrange, P.C., (ix) Crossroads Treatment Center of Myrtle Beach, P.C., (x) Crossroads Treatment Center of Northwest Georgia, P.C., (xi) Crossroads Treatment Center of Seneca, P.C., (xii) Crossroads Treatment Center at Sugarloaf, P.C. and (xiii) Crossroads Treatment Center of Weaverville, P.C. All significant intercompany balances and transactions have been eliminated in the accompanying combined financial statements.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition:

The Company recognizes revenue on a per patient basis as daily treatments are provided. The Company charges a fixed fee to each patient to receive their daily dosage amount for treatment. The fixed fee varies by treatment center and is based on market conditions. Each center only accepts cash or credit card payments at the time of service.

Cash and cash equivalents:

The Company places its cash deposits with high quality financial institutions. At times, the Company's cash deposits may be in excess of the Federal Deposit Insurance Corporation insurance limits. Cash and cash equivalents include credit card receivables which are accounted for as deposits in transit.

Property and equipment:

Property and equipment are stated at cost. Expenditures for repairs and maintenance which do not improve or extend the useful lives of assets are charged to expense. Depreciation of property and equipment is calculated using the straight-line method for financial reporting purposes. Leasehold improvements are amortized over the shorter of the estimated useful lives or the period of the respective lease, including applicable lease extensions available to the Company.

Note 2. Summary of Significant Accounting Policies and Activities, Continued

The estimated useful lives are as follows:

Computers and software	5-7 years
Medical and other equipment	5-7 years
Leasehold improvements	Lesser of useful life or term of lease (including available extensions)

Impairment of long-lived assets:

The Company analyzes the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Goodwill:

Goodwill arising from business combinations represents the excess of the purchase price over the fair value of the assets acquired. Beginning in 2013, accounting principles generally accepted in the United States of America allow nonpublic entities the alternative of amortizing goodwill on a straight-line basis for a period of up to 10 years. The Company's goodwill is now being amortized over a period of 10 years. The carrying value of goodwill is reviewed when circumstances and events indicate that the asset (assessed at the total-entity level) might be impaired and the undiscounted cash flows estimated to be generated by the Company are less than the carrying value of these assets. If the estimated fair value is less than book value, then impairment is deemed to have occurred. In the opinion of management, there was no impairment for the year ended December 31, 2014. Amortization expense was approximately $74,000 for the Successor period. Future amortization is expected to be approximately $3,048,000 for each of the years 2015 through 2019 and approximately $15,168,000 thereafter.

Intangibles:

Intangible assets consist of trade names, licenses and accreditation, know-how and trade secrets and non-compete assets and are being amortized on a straight-line basis over estimated lives of one and a half to eight years. The Company assesses intangible assets for possible impairment whenever events or circumstances indicate that the carrying value may not be recoverable.

Fair value of assets and liabilities:

Under accounting principles generally accepted in the United States of America, the carrying values of all of the Company's financial instruments approximate their fair values. The Company applies the provisions of guidance related to fair value for certain non-financial assets and liabilities. The non-financial assets and liabilities include items such as long-lived assets and goodwill.

Note 2. Summary of Significant Accounting Policies and Activities, Continued

Income taxes:

As a limited liability company, federal and state income taxes are levied on the individual members rather than the Company. Therefore, no provision for income taxes is reflected in these financial statements. The Financial Accounting Standards Board ("FASB") has a standard clarifying accounting for uncertainty in income taxes and prescribed a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. The Company has adopted this standard in its financial statements. The adoption did not have a material impact on the Company's financial position or results of its operations. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. When incurred, interest and penalties associated with unresolved income tax positions are included in other income and expense. The closed years for the Company include all years prior to 2011.

Capitalized loan fees:

Debt issuance costs are amortized ratably over the life of the respective debt using a method that approximates the interest method. Amortization expense was approximately $2,000 for the Successor period.

As of December 31, 2014 estimated future amortization expense of capitalized loan fees is as follows:

2015	$ 95,500
2016	95,500
2017	95,500
2018	95,500
2019	93,976
Thereafter	31,714
Total	$ 507,690

Advertising:

Advertising costs are charged to operations when incurred. Advertising and marketing expenses totaled approximately $6,000 for the Successor period and approximately $166,000 for the Predecessor period.

Recently issued accounting pronouncements:

In December 2013, the FASB issued Accounting Standards Update No. 2014-02, Accounting for Goodwill, which amends Accounting Standards Codification 350, Intangibles - Goodwill and Other. Under the amended guidance, a nonpublic entity is able to amortize goodwill on a straight-line basis over a period of ten years or over a shorter period if the company demonstrates that another useful life is more appropriate. The standard is effective for annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015, with early adoption permitted. The Company early adopted this standard effective January 1, 2014.

Note 2. Summary of Significant Accounting Policies and Activities, Continued

Subsequent events:

The Company has evaluated subsequent events through March 27, 2015, the date on which these combined financial statements were available for issuance.

Note 3. Merger Acquisition

The following is a summary of the final allocation of the purchase price of the merger acquisition:

Purchase price	$ 45,361,054
Less acquisition costs paid	2,135,268
Less capitalized loan fees paid	510,000
	42,715,786
Less fair value of contingent B-2 earnout units	3,951,000
Cash paid for net assets acquired	$ 38,764,786
Assets acquired:	
Cash	$ 44,598
Prepaid rent expenses	100,201
Inventories	27,662
Other current assets	56,934
Property and equipment	857,574
Intangible assets	11,412,700
Goodwill	30,485,275
Total assets acquired	$ 42,984,944
Liabilities assumed:	
Accounts payable	$ 106,856
Accrued expenses and other liabilities	162,302
Total liabilities assumed	269,158
	$ 42,715,786

Note 4. Property and Equipment

Property and equipment at December 31, 2014 consists of the following:

Computers and software	$ 74,878
Medical and other equipment	62,381
Leasehold improvements	720,315
	857,574
Less: accumulated depreciation	5,637
	$ 851,937

Depreciation expense on property and equipment charged to operations was approximately $6,000 for the Successor period and approximately $216,000 for the Predecessor period.

Note 5. Intangibles

	Gross	Accumulated Amortization	Net
Trade name	$ 5,052,400	$ 15,279	$ 5,037,121
Licenses and accreditation	3,690,900	59,531	3,631,369
Know-how and trade secrets	2,433,200	7,358	2,425,842
Non-compete agreements	236,200	1,143	235,057
	$ 11,412,700	$ 83,311	$ 11,329,389

Intangible asset amortization expense for the Successor period totaled approximately $83,000. Future amortization is as follows:

2015	$ 4,614,309
2016	982,940
2017	982,940
2018	982,940
2019	981,797
Thereafter	2,784,463
	$ 11,329,389

Note 6. Line of Credit and Senior Note Payable

In connection with the acquisition, the Company entered into a Loan and Security Agreement ("Loan Agreement") dated December 23, 2014. The Loan Agreement includes a Line of Credit (or Revolving Loan) and Senior Debt (or Term Loan). The Loan Agreement limits the amount that the Company may borrow with respect to the Line of Credit based on certain EBITDA metrics multiplied by a Total Leverage Ratio, as defined. The maximum amount that may be borrowed under the Line of Credit arrangement is $5,000,000. Interest is calculated using a Base Rate or LIBOR plus an Applicable Margin, as defined (all-in rate of 7.25% as of December 31, 2014).

The Loan Agreement also includes Senior Debt in the amount of $10,000,000. Interest is calculated using a Base Rate or LIBOR plus an Applicable Margin, as defined (all-in rate of 6.00% as of December 31, 2014). As of December 31, 2014, $10,000,000 was outstanding on the Senior Debt. Beginning on March 31, 2015 the Senior Debt requires quarterly principal and interest payments. Future principal payments, which are payable quarterly, as of December 31, 2014 were as follows:

2015	$ 250,000
2016	250,000
2017	500,000
2018	500,000
2019	8,500,000
	$ 10,000,000

Note 6. Line of Credit and Senior Note Payable, Continued

The Company incurred interest expense of approximately $15,000 during the Successor period related to the Line of Credit (including the unused revolver fee) and Senior Debt. The Loan Agreement includes certain covenants for which the Company must be in compliance, as defined. Substantially all of the Company's assets are pledged as collateral with respect to the Loan Agreement.

Prior to the acquisition on December 23, 2014, the Company had a Line of Credit from a financial institution with a borrowing capacity of $200,000 and an annual interest rate of 6.00%. The Company incurred interest expense of approximately $8,000 during the Predecessor period. This Line of Credit was terminated as a result of the acquisition and all outstanding amounts were repaid prior to the acquisition.

Note 7. Subordinated Debt

In connection with the acquisition, the Company entered into a Subordinated Note Purchase Agreement ("Sub Debt Agreement") with a related party on December 23, 2014. The Subordinated Debt bears interest at a fixed rate of 17.19%, of which 1.5% is treated as paid-in-kind, from December 23, 2014 through January 22, 2015. From January 23, 2015 through the maturity date the Subordinated Debt bears interest at a fixed rate of 13.5%, of which 1.5% is treated as paid-in-kind. The outstanding amount of the Subordinated Debt as of December 31, 2014 was $6,502,438, which includes $2,438 of paid-in-kind interest. The Subordinated Debt is due to mature on December 23, 2020, at which point the entire outstanding principal amount, including all accrued interest, will become due.

The Company incurred interest expense of approximately $28,000, of which $2,438 has been added to the outstanding subordinated note payable principal balance and the remaining amount has been included in accrued expense and other current liabilities at December 31, 2014, during the Successor period related to the Sub Debt. The Sub Debt Agreement includes certain covenants for which the Company must be in compliance, as defined. Substantially all of the Company's assets are pledged as collateral with respect to the Sub Debt Agreement. In the event of a termination, liquidation or other similar event of the Company, the holders of the Senior Debt have priority over the holders of Sub Debt, as described in the Sub Debt Agreement.

Note 8. Operating Leases

The Company leases premises under operating lease agreements. Many of the leases contain extension or renewals options that can be exercised in accordance with each respective lease agreement. Rent expense under operating leases is recognized on a straight-line basis over the lease term, after consideration of lease incentives and scheduled rent escalations, which totaled approximately $773,000 during the Predecessor period. Rent expense during the Successor period was not significant. Differences between rental expense and actual rental payments are recorded as a deferred rent liability, which was not material as of December 31, 2014. As of December 31, 2014, for operating leases with an initial or remaining non-cancelable term in excess of one year, the future minimum lease payments under such leases are as follows:

2015	$ 767,655
2016	686,271
2017	657,543
2018	433,114
2019	321,611
Thereafter	356,188
Total minimum lease payments	$ 3,222,382

The Company leases certain office equipment under operating leases. The Company incurred office equipment rent expense of approximately $18,000 during the Predecessor period. Rent expense during the Successor period was not significant. As of December 31, 2014, for operating leases with an initial or remaining non-cancelable term in excess of one year, the future minimum lease payments under such leases are as follows:

2015	$ 18,738
2016	18,738
2017	18,738
2018	5,986
Total minimum lease payments	$ 62,200

Note 9. Members' Equity

Member's equity consists of Class A Units, Class B-1 Units, Class B-2 Units and Class C Units as of December 31, 2014, all of which were issued in connection with the merger acquisition discussed in Note 1. The Company issued 1,455,300 Class A Units, which have a par value of $10 and earn a preferred return of 8% per annum, compounded annually. Class A Units also have preferential treatment to all other classes of units upon liquidation of the Company. The Company issued 1,035,700 Class B-1 Units, which have a par value of $10 and earn a preferred return of 8% per annum, compounded annually. The Company issued 424,000 Class B-2 Units which have a par value of $10. The Company used a probability weighted expected value method to determine the fair value of the contingent units which amounted to $3,951,000. The Company has included this value as a component of the merger acquisition purchase price in Note 3. These units are contingent and can only be earned upon the Company achieving cumulative center-level EBITDA during the combined years of 2015 and 2016, as defined. The Class B-2 Units shall not be redeemed prior to the Company's senior note payable and subordinated note payable being paid in full. The Company issued 2,491,000 Class C Units. Class C Units are subordinate in preference to the Class A Units, Class B-1 Units and Class B-2 Units.

Note 9. Members' Equity, Continued

As of December 31, 2014 the Class A, Class B-1, Class B-2 and Class C units consisted of the following:

Class A Units – 1,455,300 units authorized, issued and outstanding
Class B-1 Units – 1,035,700 units authorized, issued and outstanding
Class B-2 Units – 424,000 units authorized, issued and outstanding
Class C Units – 2,491,000 units authorized, issued and outstanding

In connection with the merger acquisition discussed in Note 1, on December 23, 2014 the Company granted three members both Class P-1 units and Class P-2 units that both have participation threshold of $.01 per unit. The Company granted 129,273 P-1 units that shall vest ratably over five years on a quarterly basis, with vesting to occur on the last day of each calendar quarter. The initial vesting date shall be March 31, 2015. The P-1 units are service-based awards and compensation expense should be recognized ratably over the vesting period based on the fair value of the awards on the grant date. The Company did not recognize any compensation expense during the Successor period for the P-1 units as they do not begin to vest until 2015. The Company granted 198,882 P-2 units that shall vest only in the event of a sale of the Company and certain internal performance metrics are achieved, as defined in the agreement. Due to the uncertainty of these market and performance conditions, the Company will not recognize any compensation expense related to these awards until such an event occurs. No P-1 units or P-2 units were forfeited during the Successor period. The unpaid preferred return related to the Class A and Class B-1 Units was approximately $49,000.

Note 10. Employee Benefits

Employees of the Company may participate in the Treatment Centers HoldCo 401(k) Plan ("the Plan") whereby the employee may elect to make contributions pursuant to a salary agreement. An employee must be 21 years of age and have completed at least one year of service in order to participate in the Plan. The Company may make a discretionary matching contribution equal to a uniform percentage or dollar amount of the participants' elective deferrals. The Company determines the formula for the discretionary matching contributions. Matching contributions to the Plan were approximately $22,000 for the Predecessor period. There were no matching contributions made during the Successor period. Participants vest 100% in the Company's matching contributions after three years of service, as defined.

Note 11. Commitments and Contingencies

The Company is involved in various legal actions arising in the normal course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's combined financial position or results of operations.

Attachment C, Contribution to the Orderly Development Of Health Care - 3

Dr. Paul Pyles' Curriculum Vitae

F P FIND GREAT PEOPLE™ TO BUILD GREAT COMPANIES

Confidential Resume
This information was furnished by the candidate and is submitted for consideration on a company fee paid basis only. Please contact:

David Townsend, Healthcare
dtownsend@fgp.com | 864.553.7224

Paul Pyles, M.D.
741 Orleans Circle
Ridgeland, Mississippi
(601) 365-9055
paulpyles@aol.com

Professional Experience

Staff Psychiatrist, Central Mississippi Medical Center, Jackson, MS
February 2014 to Present

Staff Psychiatrist, River Region Health System, Vicksburg, MS
Medical Director of Geriatric Psychiatry Unit
Psychiatric Consultant to Marian Hill Chemical Dependency Unit
July 2012 to January 2014

Staff Psychiatrist, Peninsula Hospital (a Division of Parkwest Medical Center), Knoxville, TN
June 2010 to May 2012

Medical Director, DRD Methadone Clinic (Behavioral Health Group), Knoxville, TN
An outpatient program providing treatment for adults with opiate dependence
October 2011 to July 2012

Staff Psychiatrist, Smoky Mountain Lodge (Pasadena Villa), Sevierville, TN
A residential treatment facility providing treatment for adults with mental illness and addiction
December 2011 to June 2012

Medical Director, Camelot Schools, Kingston, TN
A residential treatment program for children and adolescents
March 2010 to December 2010

Staff Psychiatrist, Wesley Medical Center, Hattiesburg, MS
January 2009 to March 2010

Staff Psychiatrist, Pensacola Naval Hospital (Gulfport, MS Clinic)
December 2007 to December 2008

Staff Psychiatrist, Chief of Psychiatry Service, Gulf Coast Medical Center/ Gulf Oaks Hospital Biloxi, MS
April 1999 to December 2007 (closed after Hurricane Katrina)

Staff Psychiatrist, Chief of Medical Staff, South Mississippi State Hospital, Purvis, MS December 2005 to November 2006

David Townsend, Healthcare
dtownsend@fgp.com | 864.553.7224

Staff Psychiatrist, Chief of Psychiatry Service, Biloxi VA Medical Center, Biloxi, MS
September 1995 to April 1999

Faculty Appointments

Clinical Assistant Professor of Medicine at Tulane University, 1998
Clinical Assistant Professor of Medicine at the University of South Alabama, 1997

Military Experience

1990-1995	Served on Active Duty in the Medical Corps of the United States Air Force
1994-1995	Psychiatric Consultant to Joint Task Force Command during Operation Safe Haven in The Republic of Panama, a Humanitarian Mission
1993-1995	Chief of Mental Health Services at the 5th Medical Group Regional Hospital at Minot AFB, North Dakota
1992-1993	Chief of Mental Health Services at the 45th Medical Group Hospital at Patrick AFB, Florida Awarded the Defense Meritorious Service Medal and the Air Force Achievement Medal

Education

Psychiatry Residency, Harding-OSU Hospital, Columbus, OH
July 1989 to June 1992

Internal Medicine Internship, Riverside Methodist Hospital, Columbus, OH
July 1988 to June 1989

The Ohio State University College of Medicine, Columbus, OH
September 1984 to June 1988, MD Degree
Recipient of the Department of Family Medicine Award for Honors in Family Medicine

Xavier University, Cincinnati, OH
September 1981 to June 1988, Bachelor's Degree

Certification/Licensure

Board Certified in Adult Psychiatry by the American Board of Psychiatry & Neurology
January 1994

Board Certified in Addiction Medicine by the American Board of Addiction Medicine
December 2012

Active Licensure in Ohio, Mississippi, Tennessee & Georgia

Attachment C, Contribution to the Orderly Development Of Health Care

Proof of Publication

900 Import Automobiles

A 2012 Toyota CAMRY SE, 48k miles, new tires, loaded. $15,000. CALL 276-452-4097 or 423-306-2235 (cell)

910 Trucks & Vans

1995 Dodge Ram 2500 V10 pickup truck, needs some work. $3,500/OBO. Call 423-926-2979

910 Trucks & Vans

A 2005 DODGE Grand Caravan, $2500 CALL 423-429-5351

920 Recreational Vehicles

2004 Smokey Camper 30', Queen sz bed, couch makes bed, 2 bunk beds, large slide on back, new awning, plenty of cabinet space & lots of room. $13,500/OBO 423-926-2979

920 Recreational Vehicles

2011 Forest River Coachmen Freelander(21) 3500 Chevy, 6.0L, 4.0 Onan Gen, BU cam, appls, Pwr awing, sleeps 6, 5,800 mi, NADA Value $45,179 make offer 423-283-4945

925 Heavy Machinery & Trailer

KENMORE sewing machine in a maple floor model cabinet. Call after 6 pm. 423-765-1632

TANDEM Axle Dump Truck (runs good) Call after 6 pm. 423-765-1632

930 Motorcycles & ATV's

➡ A 2012 ARCTIC CAT ⬅ PROWLER XTX 700! Great side by side with power steering, 4 wheel drive, hitch, and dump bed. Recently serviced with new front and rear brakes as well as new fuel pump. Great condition other than normal wear & tear from 4 wheeling. 18" Mudzilla tires are on it now, but have original (like new) tires as well. 1,012 miles. $7000. Pictures available, serious inquiries only. CALL 423-307-0496

A MOVE into a new home or apartment is a very real possibility-if you shop for it in today's classifieds.

930 Motorcycles & ATV's

A HONDA SILVER WING Scooter. 2002 650 Honda silver wing, new rear tire, tune up, clutch, brakes. Over $1000.00 just spent on it at Kenz cycle. Ready for summer. $3000.00 runs and rides great.

TWO LIKE NEW WHIZZER MOTOR BIKES one blue with only 25 miles one black with only 5 miles, have titles for both, these cost over $3000.00 each new. I will sell for $2000.00 each, they both have lights and turn signals. phone# 477-4168 or 483-5906 Gray,TN

960 Parts & Accessories

A 2001 Dodge long-bed truck cover, ex cond, nice for $300. CALL 423-817-0862

Chevy HEI distributer for small block V8. $45. Can be seen in Lynn Valley. Call 423-542-3940

DASH or instrument panel for 1972 to 1983 chevy truck $25.00

FOR PARTS only - 1995 Toyota Corolla, been wrecked on passenger side rear door, non drivable, 4 dr. automatic, 129,000 miles. CALL 423-239-3671 or 423-335-2017

FRONT Fenders for 71' Super Beetle (2) 423-360-0516

960 Parts & Accessories

K&N Air filter for a late model Chevrolet or GMC pick up truck with a 8.3 V8 engine. Filter is new paid $47.00 take $25.00 call 423-612-1012

970 Antique Automobiles

1983 Datsun 280ZX, 60,000 miles in line 6 cylinder fuel injected with 5 speed and Michelin radials. Excellent condition. $9500.00 OBO. 423-477-8860

A 1951 Plymouth, 4 door, motor runs, $3200 423-323-5394

A 73 VW Bug, conv, $6000 Dodge Van, 91, under 100k, $1000 423-246-3945

JAGUAR E-TYPE - 1961 - 1975 I would like to buy a 1970 or 1971 Mercedes 280SL, or a 1961 - 1975 Jaguar XKE, or a Porsche 911 , 912, or a 1970's or 1980's Ferrari. I am willing to buy running or not running. Any Condition. I'm a local guy living in Grainger county. If you have one or know of one please call Jason (865)621-4012

MAKING YOUR Advertising Dollars go further is natural with a Classified Ad. List your business services here daily.

Legals

SUBSTITUTE TRUSTEE'S SALE

Sale at public auction will be on **November 16, 2015 at 11:00AM local time**, at the front door on Main St, Carter County Courthouse, 801 East Elk Avenue, Elizabethton, Tennessee, pursuant to Deed of Trust executed by Chase A Clark, to Douglas K Shults, Trustee, on June 19, 2012 at Book 126, Page 329, all of record in the Carter County Register's Office. Party entitled to enforce security interest: JPMorgan Chase Bank, National Association, its successors and assigns.
The following real estate located in Carter County, Tennessee, will be sold to the highest cash bidder subject to all unpaid taxes, prior liens and encumbrances of record:
Located, lying and being situated in the 6TH Civil District of Carter County, Tennessee, and more particularly described as follows:

"BEING all of Lot No. 1 in Block M, and all improvements thereon, in the Sycamore Shoals Addition to the City of Elizabethton, Tennessee, as shown on map or plat of said Addition of record in the Registry for Carter County, at Elizabethton, Tennessee, in Plat Book I, page 99, to which reference is here made."

REFERENCE: Being the same property which Lisa R. Jones and husband, William E. Jones, III, conveyed to Chase A. Clark by deed dated June 19, 2012, recorded in Book 126, page 327 of the Carter County, Tennessee, Registry.

PROPERTY ADDRESS: 1318 Garden Road, Elizabethton, TN 37643
Parcel Number: 040L E 031.00
Current Owner(s) of Property: Chase A. Clark and wife, Sarah Marie Clark
Other Interested parties: Elizabethton Electric
Street Address: 1318 Garden Rd, Elizabethton, Tennessee 37643

Any property address provided is not part of the legal description of the property sold herein and in the event of any discrepancy, the legal description referenced herein shall control.
SALE IS SUBJECT TO TENANT(S) RIGHTS IN POSSESSION.
All right of equity of redemption, statutory and otherwise, and homestead are expressly waived in said Deed of Trust, and the title is believed to be good, but the undersigned will sell and convey only as Substitute Trustee.

If you purchase a property at the foreclosure sale, the entire purchase price is due and payable at the conclusion of the auction in the form of a certified/bank check made payable to or endorsed to Shapiro & Ingle, LLP. No personal checks will be accepted. To this end, you must bring sufficient funds to outbid the lender and any other bidders. Insufficient funds will not be accepted. Amounts received in excess of the winning bid will be refunded to the successful purchaser at the time the foreclosure deed is delivered.

This property is being sold with the express reservation that the sale is subject to confirmation by the lender or trustee. This sale may be rescinded at any time.

Shapiro & Ingle, LLP, a Tennessee limited liability partnership
Substitute Trustee
10130 Perimeter Parkway, Suite 400
Charlotte, NC 28216
Phone: (704) 333-8107
Fax: (704) 333-8156
www.shapiro-ingle.com

File No. 15-103380

Legals

TRUSTEE'S NOTICE OF SALE OF REAL ESTATE AND AFFIXED MANUFACTURED HOME

ANTHONY R. STEELE, Trustee of a Deed of Trust executed on October 5, 2010, by JAMES A. LINVILLE and STEPHANIE R. LINVILLE, husband and wife, which appears of record in the Register's Office of Washington County, Tennessee, at Roll 699, Image 474 ("Deed of Trust") will sell for cash at a foreclosure sale requested by the current holder of the Deed of Trust and underlying indebtedness, **Vanderbilt Mortgage and Finance, Inc.**, the property described below. Pursuant to T.C.A. §47-9-604 this sale shall also include the affixed manufactured home (referenced in Affidavit of Affixation at Roll 701, Image 2033) described as one (1) 2011 Giles Classic Manufactured Home bearing Serial Number GG10104184B.

Sale Date and Location: November 17, 2015, at 12:00 p.m. at the front door of the Courthouse in Jonesborough, Washington County, Tennessee.

Property Description: Abbreviated description per TCA 35-5-104(a)(2) is the property referenced and described fully at Roll 699, Image 471, and commonly known as 236 Bill Mauk Road, Chuckey, Washington County, Tennessee 37641.
Property Address: 236 Bill Mauk Road, Chuckey, Washington County, Tennessee 37641.
Tax Map Identification No.: 100EB-012.00 (However, the property description shall control in the event of any inconsistencies between the description and address or tax identification number).

Parties Interested: None known.

All sales of Property, both real and personal, are "AS IS" and "WHERE IS" without representation or warranty as to merchantability or fitness for a particular purpose or of any kind, except as to title and authority to convey.
The sale of the described property is subject to all matters shown on any recorded plan, any unpaid taxes, any restrictive covenants, easements, set-back lines, prior liens, encumbrances, if any, and any other priority as may appear in the public records. Title to the manufactured home may be transferred by Bill of Sale or Certificate of Title, as the case may require.
The right is reserved to adjourn the day of the sale to another day, time and place certain without further publication, upon announcement at the time and place for the sale set forth above.

THE PURPOSE OF THIS COMMUNICATION IS TO COLLECT THE DEBT AND ANY INFORMATION OBTAINED AS A RESULT WILL BE USED FOR THAT EXPRESS PURPOSE ONLY. THIS COMMUNICATION IS FROM A DEBT COLLECTOR.

This the 19th day of October, 2015

Anthony R. Steele, Trustee

Winchester, Sellers, Foster & Steele, P.C
P. O. Box 2428
Knoxville, TN 37901
(865) 637-1980

Publication Dates: October 23, 30, and November 6, 2015

Legals

NOTIFICATION OF INTENT TO APPLY FOR CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1607 et seq. and the Rules of the Health Services and Development Agency, that: Crossroads Treatment Centers, a new facility owned by: Crossroads Treatment Centers of Tri-Cities, PC with an ownership type of Professional Corporation and to be managed by Crossroads of Tri-Cities Management Co., LLC intends to file an application for a Certificate of Need for the establishment of a non-residential substitution-based (methadone) treatment center for opioid addiction, and the initiation of adult opioid treatment program services. The center will be developed and located on Princeton Road, where a street address has not yet been assigned, between Suwannee Street and Wesley Street, on land that is currently vacant next to the Princeton Medical Center Building, Johnson City (Washington County), Tennessee 37604. The cost of the project is expected to be less than $1.0 million.

The anticipated date of filing the application is on or before November 11, 2015

The contact person for this project is Kim H. Looney, Esq. Attorney who may be reached at: Waller Lansden Dortch & Davis, LLP 511 Union Street, Suite 2700 Nashville TN 37219, 615 / 850-8722

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
500 Deaderick street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C. A. § 68-11-1607 (c) (1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled, and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

PUB11T: 11/6/2015

Notice Letters to Government Officials

waller

Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
P.O. Box 198966
Nashville, TN 37219-8966

615.244.6380 main
615.244.6804 fax
wallerlaw.com

Kim Harvey Looney
615.850.8722 direct
kim.looney@wallerlaw.com

November 6, 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Johnson City Mayor's Office
Attn: Mayor Clayton Stout
1301 Iris Avenue
Johnson City, TN 37601

Re: Crossroads Treatment Centers CN1504-015
Certificate of Need

Dear Mayor Stout:

This letter will serve as notice (pursuant to Tennessee Code Annotated 68-11-1607(c)(3)) that our client, Crossroads Treatment Centers filed a Certificate of Need with the Tennessee Health Services and Development Agency ("HSDA") on November 6, 2015 for the establishment of a non-residential substitution based treatment center for opiate addiction to be located on Princeton Road, where a street address has not yet been assigned, between Susannah Street and Wesley Street, on land that is currently vacant next to the Princeton Medical Center building, Johnson City (Washington County), Tennessee 37604. Attached is a copy of the Letter of Intent as filed with the HSDA.

If you have any questions, please contact me at 615-850-8722 or by email at kim.looney@wallerlaw.com.

Sincerely,

Kim Harvey Looney

KHL:lg
Enclosure

waller

Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
P.O. Box 198966
Nashville, TN 37219-8966

615.244.6380 main
615.244.6804 fax
wallerlaw.com

Kim Harvey Looney
615.850.8722 direct
kim.looney@wallerlaw.com

November 6, 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Dan Eldridge
Mayor Washington County
100 East Main Street
Jonesborough, TN 37659

Re: Crossroads Treatment Centers CN1504-015
Certificate of Need

Dear Mayor Eldridge:

This letter will serve as notice (pursuant to Tennessee Code Annotated 68-11-1607(c)(3)) that our client, Crossroads Treatment Centers filed a Certificate of Need with the Tennessee Health Services and Development Agency ("HSDA") on November 6, 2015 for the establishment of a non-residential substitution based treatment center for opiate addiction to be located on Princeton Road, where a street address has not yet been assigned, between Susannah Street and Wesley Street, on land that is currently vacant next to the Princeton Medical Center building, Johnson City (Washington County), Tennessee 37604. Attached is a copy of the Letter of Intent as filed with the HSDA.

If you have any questions, please contact me at 615-850-8722 or by email at kim.looney@wallerlaw.com.

Sincerely,

Kim H. Looney

Kim Harvey Looney

KHL:lg
Enclosure

waller

Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
P.O. Box 198966
Nashville, TN 37219-8966

615.244.6380 main
615.244.6804 fax
wallerlaw.com

Kim Harvey Looney
615.850.8722 direct
kim.looney@wallerlaw.com

November 6, 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Representative James "Micha" Van Huss
Tennessee General Assembly
District 6
301 6th Avenue North
Suite 23 Legislative Plaza
Nashville, TN 37243

Re: Crossroads Treatment Centers CN1504-015
Certificate of Need

Dear Representative Van Huss:

This letter will serve as notice (pursuant to Tennessee Code Annotated 68-11-1607(c)(3)) that our client, Crossroads Treatment Centers filed a Certificate of Need with the Tennessee Health Services and Development Agency ("HSDA") on November 6, 2015 for the establishment of a non-residential substitution based treatment center for opiate addiction to be located on Princeton Road, where a street address has not yet been assigned, between Susannah Street and Wesley Street, on land that is currently vacant next to the Princeton Medical Center building, Johnson City (Washington County), Tennessee 37604. Attached is a copy of the Letter of Intent as filed with the HSDA.

If you have any questions, please contact me at 615-850-8722 or by email at kim.looney@wallerlaw.com.

Sincerely,

Kim Harvey Looney

KHL:lg
Enclosure

waller

Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
P.O. Box 198966
Nashville, TN 37219-8966

615.244.6380 main
615.244.6804 fax
wallerlaw.com

Kim Harvey Looney
615.850.8722 direct
kim.looney@wallerlaw.com

November 6, 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Senator Rusty Crowe
Tennessee General Assembly
District 3
301 6th Avenue North
Suite 8 Legislative Plaza
Nashville, TN 37243

808 East 8th Avenue
Johnson City, TN 37601

Re: Crossroads Treatment Centers CN1504-015
Certificate of Need

Dear Senator Crowe:

This letter will serve as notice (pursuant to Tennessee Code Annotated 68-11-1607(c)(3)) that our client, Crossroads Treatment Centers filed a Certificate of Need with the Tennessee Health Services and Development Agency ("HSDA") on November 6, 2015 for the establishment of a non-residential substitution based treatment center for opiate addiction to be located on Princeton Road, where a street address has not yet been assigned, between Susannah Street and Wesley Street, on land that is currently vacant next to the Princeton Medical Center building, Johnson City (Washington County), Tennessee 37604. Attached is a copy of the Letter of Intent as filed with the HSDA.

If you have any questions, please contact me at 615-850-8722 or by email at kim.looney@wallerlaw.com.

Sincerely,

Kim Harvey Looney

KHL:lg
Enclosure

4830-4308-0995.3

waller

Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
P.O. Box 198966
Nashville, TN 37219-8966

615.244.6380 main
615.244.6804 fax
wallerlaw.com

Kim Harvey Looney
615.850.8722 direct
kim.looney@wallerlaw.com

November 6, 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Congressman Phil Roe
U.S. Representative
Tennessee District 1
Higher Education Building
205 Revere Street
Kingsport, TN 37660

1609 Walters State CC Drive
Suite 4
Morristown, TN 37813

Re: Crossroads Treatment Centers CN1504-015
Certificate of Need

Dear Congressman Phil Roe:

This letter will serve as notice (pursuant to Tennessee Code Annotated 68-11-1607(c)(3)) that our client, Crossroads Treatment Centers filed a Certificate of Need with the Tennessee Health Services and Development Agency ("HSDA") on November 6, 2015 for the establishment of a non-residential substitution based treatment center for opiate addiction to be located on Princeton Road, where a street address has not yet been assigned, between Susannah Street and Wesley Street, on land that is currently vacant next to the Princeton Medical Center building, Johnson City (Washington County), Tennessee 37604. Attached is a copy of the Letter of Intent as filed with the HSDA.

If you have any questions, please contact me at 615-850-8722 or by email at kim.looney@wallerlaw.com.

Sincerely,

Kim Harvey Looney

KHL:lg
Enclosure

4826-5598-1866.1

THIS CHECK IS VOID WITHOUT A BLUE & RED BACKGROUND AND A WATERMARK - HOLD UP TO THE LIGHT TO VERIFY

Treatment Centers Holdco, LLC
105 North Spring Street, Suite 109
Greenville, SC 29601

Bank of America
67-448/539 SC

513(

DATE: 11/2/2015

PAY ONLY 4,110 00 cents

$ 4,110.00

PAY Four Thousand One Hundred Ten and 00/100 Dollars

TO THE ORDER OF HSDA

MEMO: Crossroads Treatment Center of Tri-Cities

PRINTED ON SECURITY PAPER WHICH INCLUDES A MICROPRINT BORDER & FLUORESCENT FIBERS

⑈5130⑈ ⑆111000012⑆ 4451051303⑈

Treatment Centers Holdco, LLC 513(

NAME: HSDA CHECK DATE: 11/2/2015

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
11/2/2015	Bill		4,110.00	4,110.00		4,110.00
					Check Amount	4,110.00

HoldCo LLC Dis #130 Crossroads Treatment Center of Tri-Cities 4,110.00

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

Kim H. Looney, being first duly sworn, says that he/she is the Applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

SIGNATURE/TITLE

Sworn to and subscribed before me this 6th day of November, 2015 a Notary Public in and for the County/State of Tennessee.

NOTARY PUBLIC

My commission expires, January 8, 2019.

LAURIE A. GLASS
STATE OF TENNESSEE NOTARY PUBLIC
COUNTY OF DAVIDSON

MY COMMISSION EXPIRES:
JANUARY 8, 2019

4825-5982-2372.16

State of Tennessee
Health Services and Development Agency
Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

December 1, 2015

Kim Looney, Esq.
Waller Lansden Dortch & Davis LLP
511 Union Street, Suite 2700
Nashville, TN 37219

RE: Certificate of Need Application -- Crossroads Treatment Centers - CN1511-048
The establishment of a non-residential substitution based treatment center for opiate addiction to be located at an address to be assigned on Princeton Road, Johnson City (Washington County), TN 37601. The estimated project cost is $1,830,770.

Dear Ms. Looney:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Marthagem Whitlock at the Tennessee Department of Mental Health and Substance Abuse for Certificate of Need review by the Division of Planning, Research, & Forensics. You may be contacted by Ms. Whitlock or someone from her office for additional clarification while the application is under review by the Department. Ms. Whitlock's contact information is Marthagem.Whitlock@tn.gov or 615-532-6717.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on December 1, 2015. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on February 24, 2016.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

(1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

(2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

Melanie M. Hill
Executive Director

cc: Marthagem Whitlock, TDMHSAS, PRF

State of Tennessee
Health Services and Development Agency
Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

MEMORANDUM

TO: Marthagem Whitlock, Assistant Commissioner
of Planning Research & Forensics
TN Department of Mental Health and Substance Abuse Services
Division of Planning, Research & Forensics
Andrew Jackson Building, 5th Floor
500 Deaderick Street
Nashville, Tennessee 37243

FROM: Melanie M. Hill MMH/MF
Executive Director

DATE: December 1, 2015

RE: Certificate of Need Application
Crossroads Treatment Centers - CN1511-048

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on December 1, 2015 and end on February 1, 2016.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Kim Looney, Esq.

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

NOV 6 '15 PM 10:47

LETTER OF INTENT

The Publication of Intent is to be published in the The Johnson City Press (Name of Newspaper) which is a newspaper of general circulation in the county of: Washington (County) Tennessee, on or before November 6 (Month/Day), 20 15 (Year) for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Crossroads Treatment Centers (Name of Applicant) N/A (Facility Type-Existing)

owned by: Crossroads Treatment Centers of Tri-Cities, PC with an ownership type of Professional Corporation

and to be managed by: Crossroads of Tri-Cities Management Co., LLC intends to file an application for a Certificate of Need

for: the establishment of a non-residential substitution-based (methadone) treatment center for opiate addiction, and the initiation of adult opioid treatment program services. The center will be developed and located on Princeton Road, where a street address has not yet been assigned, between Susannah Street and Wesley Street, on land that is currently vacant next to the Princeton Medical Center building, Johnson City (Washington County), Tennessee 37604. The cost of the project is expected to be less than $1.9 million.

The anticipated date of filing the application is: On or before November 11, 20 15

The contact person for this project is Kim H. Looney, Esq. (Contact Name) Attorney (Title)

who may be reached at: Waller Lansden Dortch & Davis LLP (Company Name) 511 Union Street, Suite 2700 (Address)

Nashville (City) TN (State) 37219 (Zip Code) 615 (Area Code) / 850-8722 (Phone Number)

Kim H. Looney (Signature) November 6, 2015 (Date) Kim.Looney@wallerlaw.com (Email-Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Supplemental #1
-Original-

Crossroads Treatment Centers

CN1511-048

waller

Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
Nashville, TN 37219-8966

615.244.6380 main
615.244.6380 fax
wallerlaw.com

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

Kim Harvey Looney
615.850.8722 direct
kim.looney@wallerlaw.com

November 20, 2015

VIA HAND DELIVERY

Phillip M. Earhart
Health Services Development Examiner
Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street
9th Floor
Nashville, TN 37243

Re: Crossroads Treatment Centers CN1511-048
Supplemental Responses

Dear Phillip:

This letter is submitted as the supplemental response to your letter dated November 16, 2015, wherein additional information or clarification was requested regarding the above-referenced CON application.

---

1. **Section A, Applicant Profile, Item 1**

   The applicant's address with a Zip code of 37604 is noted. However, it appears the correct Zip code is 37601. Please clarify, revise, and resubmit replacement pages.

   Response: An address was not available at the time of filing; the zip code was provided by the seller of the property. When the Applicant applied for a zoning permit, the Johnson City Planning Division provided an address. The correct address is 413 Princeton Road, Johnson City, TN 37601. Please see replacement page 1 included as Attachment A-Applicant Profile, Item 1, which also corrects the zip code.

2. **Section A, Applicant Profile, Item 3**

   It is noted Crossroads Treatment Centers of Tri-Cities, PC's address is an unaddressed location on Princeton Road, Johnson City, TN. However, the Tennessee Secretary of State lists the principal office and mailing address of Crossroads Treatment Center of Tri-Cities, PC as 105 N. Spring Street, STE 109, Greeneville, SC 29601-2859. In addition, the management agreement also lists the above Greeneville address. Please clarify.

Response: The correct address is the Greenville, SC address. This information has also been corrected on page one of the application, included in Attachment A, Applicant Profile, Item 1, referenced above.

The Owner of the applicant is noted as Crossroads Treatment Centers (plural) of Tri-Cities, PC. However, the entity is registered with the Tennessee Secretary of State as Crossroads Treatment Center (singular) of Tri-Cities, PC. Please clarify.

Response: The correct name is Crossroads Treatment Center of Tri- Cities, PC, as stated in the Secretary of State filing.

3. **Section A, Applicant Profile, Item 4**

The management structure chart is noted. However, please provide the referenced schedule of members who own Crossroads Holdings, LLC.

Response: The members of Crossroads Holdings, LLC who own more than 5% are included in Attachment A, Applicant Profile, Item 4.

4. **Section A, Applicant Profile, Item 5**

Please identify the members of the management entity and each member's ownership percentage for those members with 5% or more ownership interest.

Response: The management entity is 100% owned by Treatment Centers HoldCo, LLC, which in turn is 100% owned by Crossroads Holding, LLC.

The management agreement's effective date is January 13, 2011 is this correct? Please clarify.

Response: See corrected DRAFT Management Agreement in included in Attachment A-Applicant Profile, Item 5. This agreement cannot be finalized until the project nears its completion date. A draft of the agreement is provided to show projected content, scope, structure, and other terms associated with the management of the facility.

It appears the management agreement in the application has the incorrect proposed location and the incorrect parties listed on the signature page. Please provide the correct management agreement to match the current application submitted and also provide the referenced exhibits A-D. The draft management agreement should at least contain the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule.

Response: See corrected DRAFT Management Agreement as Attachment A-Applicant Profile, Item 5. This agreement cannot be finalized until the project nears its completion date. A draft of

the agreement is provided to show projected content, scope, structure, and other terms associated with the management of the facility.

In the management agreement Crossroads Treatment Center of Tri-Cities, P.C. is listed with a principal business address of 2412 Susannah Street, Units 3, 4 and 5 Johnson City, TN. Please clarify if this is correct.

Response: See corrected DRAFT Management Agreement included as Attachment A-Applicant Profile, Item 5.

5. **Section A, Applicant Profile, Item 6**

The Commercial Purchase and Sale Agreement with Calhoun Real Estate, LLC listed as the buyer and Mountain States Health Alliance listed as the seller are noted. However, please provide documentation that Crossroads Treatment Centers of Tri-Cities, PC has legal interest in the property.

Response: Calhoun Real Estate is acting as the purchaser for the Applicant. Please see an Assignment and Assumption Agreement included in Attachment A, Applicant Profile, Item 6.

Please revise the Commercial Purchase and Sale Agreement to reflect the correct Zip Code of the property and submit a clearer copy of page 2 of the "Addendum to the Commercial Purchase and Sale Agreement".

Response: The Applicant's agent has requested that the seller initial the change for the correct zip code, but may not receive the correction. The seller and the purchaser are clear on what property is being purchased, and the document is legally binding, regardless of the incorrect zip code. A corrected copy of the Commercial Purchase and Sale Agreement with a more legible copy of the Addendum is included as Attachment A, Applicant Profile, Item 6.

6. **Section B, Project Description, Item 1**

The executive summary is noted. However, please list each of the following topics and provide a brief description underneath each:

- Brief description of proposed services and equipment
- Ownership structure
- Service area
- Need
- Existing Resources
- Project Cost
- Funding Financial Feasibility, and

- Staffing

Response: Please see attached copy of the Executive Summary included as Attachment B, Project Description, Item 1.

It appears the applicant will only provide methadone treatment services. If approved, please clarify if the applicant will limit services to methadone treatment only.

Response: While the Applicant intends to provide methadone treatment only, it is not requesting a limitation. Only methadone treatment centers are subject to CON approval.

The applicant has quoted several statistics from the Tennessee Department of Mental Health and Substance Abuse Services publication titled *Prescription for Success: Statewide Strategies to Prevent and Treat the Prescription Drug Abuse Epidemic in Tennessee".* However, please identify the role identified in the publication of non-residential opioid treatment programs in combatting prescription drug abuse.

Response: On page 38 of the report, the following statement is provided by the Department on the treatment of opioid substance abuse:

"The Department of Mental Health and Substance Abuse Services uses the American Society of Addiction Medicine (ASAM) Patient Placement Criteria, an evidence-based assessment tool, to determine exactly which level of services an individual requires, at the beginning of their services and periodically throughout so that they will be given the most appropriate levels of care."

ASAM is very clear on the use and effectiveness of Methadone Maintenance Treatment (MMT, the Applicant's proposed treatment service). In one of the most comprehensive surveys of the effectiveness of MMT[1], ASAM's research conclusions include:

1. "Because of MMT's relative efficacy, efforts should be made to increase access to MMT for all individuals who struggle with opioid use disorders. Directors of state mental health and substance abuse agencies and community health organizations should look for methods to increase access to MMT, and purchasers of health care services should cover appropriately monitored MMT."

2. "Detoxification followed by abstinence has shown little success in reducing illicit opioid use."

3. "Evidence (of MMT treatment) suggests positive impacts on drug-related HIV risk behaviors, mortality, and criminality."

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[1] Medication-Assisted Treatment With Methadone: Assessing the Evidence, Catherine Anne Fullerton, M.D., M.P.H., Meelee Kim, M.A., Cindy Parks Thomas, Ph.D., D. Russell Lyman, Ph.D., Leslie B. Montejano, M.A., C.C.R.P., Richard H. Dougherty, Ph.D., Allen S. Daniels, Ed.D., Sushmita Shoma Ghose, Ph.D., Miriam E. Delphin-Rittmon, Ph.D.

4. "MMT in pregnancy was associated with improved maternal and fetal outcomes. The Department uses the ASAM Patient Placement Criteria for opioid dependence and ASAM advocates for increased access for all individuals to improve health, mortality and criminality.

Please discuss treatment options already available in the community for opioid addiction.

Response: The treatment MMT, which is what is proposed by the Applicant is not available, although other treatment options are available in the service area. The CDC deems MMT the most effective[2] treatment for opioid dependency. There are over 100 physicians who prescribe buprenorphine in private practices in the proposed service area. Along with the dispensing of methadone, the services and scope provided by the Applicant also include licensed counseling, care plans, regular testing for drugs and disease, laboratory work, independent certification (CARF) and frequent outside inspections, none of which are required and are often not performed in a private physician's office.

Detoxification and abstinence programs are also available, but are shown to have significantly higher relapse rates.[3]

In a comprehensive review of therapies for the management of opioid dependence, the World Health Organization first conclusion is stated as follows:

"Opioid dependence is a complex condition that often requires long-term treatment and care. No single treatment modality is effective for all people with opioid dependence. Adequate access to a wide range of treatment options should be offered to respond to the varying needs of people with opioid dependence."[4]

The Applicant reviewed that report and would like to provide the following information and clarification. On page 6 of that report, under the headline "SUMMARY OF CURRENT EFFORTS TO COMBAT THE PRESCRIPTION DRUG EPIDEMIC IN TENNESSEE", the report calls for:

1) A full continuum of treatment services, and
2) Medication Assisted Therapies. (MMT is included in Medication Assisted Therapies)

Further, the publication highlights the benefits of the State's Opioid Treatment Programs (MMT) on page 39 AND warns of the lack of oversight and regulations governing buprenorphine treatment.

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2 www.CDC.gov/IDU, "METHADONE MAINTENANCE TREATMENT", February 2002
3 "Methadone Maintenance vs 180-Day Psychosocially Enriched Detoxification for Treatment of Opioid Dependence", JAMA, March 8, 2000.
4 WHO/UNODC/UNAIDS position paper Substitution maintenance therapy in the management of opioid dependence and HIV/AIDS prevention, 2004

What type of activities/meetings has your organization conducted to prepare and educate the public in the service area regarding this proposed application?

Response: The Applicant has contacted the national or local chapters of several advocacy groups to educate them on our efforts to bring this treatment to the proposed service area, including the American Society of Addiction Medicine (ASAM), the American Foundation for Suicide Prevention, and the National Crime Prevention Council.

While these organizations generally do not endorse a particular provider, their position of availability of MMT (FDA-approved medication for opioid dependence) is often clear, as evidenced by ASAM's pointing us to its position paper dated April, 2013, which is summarized by ASAM's President as follows:

"State governments and insurers should not be involved in setting limits on types or duration of treatment for addiction," said Stuart Gitlow, MD, ASAM President. "Governments and insurers would never interfere with physicians prescribing FDA-approved medications for any other chronic disease, such as diabetes or hypertension. Interfering with the treatment of addiction threatens the life and health of patients and disrupts families, workplaces and communities."

In addition, the Applicant has been contacted by patients from the proposed service area who are currently traveling great distances to programs in neighboring states (Virginia, North Carolina), and who are interested in a closer treatment option. The Applicant has informed these interested people of its plans and provided them with information about the project.

In addition the Applicant has contacted officials from Johnson City to apply for the necessary zoning for the location of its program.

It is noted the applicant references the Tennessee Department of Mental Health and Substances Reports, "Prescription Drug Abuse in Tennessee" by the Safety Subcabinet Working Group. Please clarify if this report mentions non-residential substitution based treatment center, and methadone, specifically, as a treatment option for opiate addiction.

Response: On page 19 of the original report, the headline reads "People abusing prescription drugs need treatment", and then mentions opioid treatment programs, specifically including methadone. No other treatment option is discussed. On page 22, the publication lists recommendations and under treatment, the recommendation is to increase options, which the Applicant's proposal does. MMT is currently not a treatment option in the proposed service area.

In the updated report (July 2014), included as Attachment B, Project Description, Item 1, the report does an excellent job showing the rise, extent and costs of prescription drug abuse in pages 5-33, and especially opioids (page 3). It is interesting to note that on page 6, which lists "Weekend Reading", four of the five articles specifically mention concerns regarding the problems in the proposed service area.

The updated publication calls for increasing access to treatment (page 67), although no specific treatments are mentioned. Since methadone treatment is not presently provided in the proposed service area, the ability to provide this treatment certainly provides increased access to treatment options.

Please identify the typical patient length of stay in a methadone treatment program. What type of follow-up does the applicant conduct in tracking patients who leave the program before achieving an opiate-free life?

Response: Patient lengths of stay vary depending on the particular patient and their response to treatment. As stated on page 22 of the application, a recent review of collective patient data demonstrated an average treatment duration of 14 months for Crossroads facilities. The National Institutes of Health states "12 months of treatment is the minimum and some opioid dependent individuals will continue to benefit from methadone maintenance treatment over a period of years."[5]

The procedures the Applicant uses to follow-up with its patients are listed on page 19 of the application.

Of the estimated opiate addicted individuals in the service area in the application, how many need methadone instead of buprenorphine, and why?

Response: Both medications are FDA approved for the treatment of opioid dependence. This medical treatment decision is made by the treating physician on an individualized patient basis based on many factors. No pubic data is available as to specific numbers as to what treatment choices are made; therefore the Applicant is unable to report the requested data.

The Applicant firmly believes, based on medical information, that the most effective type of treatment for the most number of people is methadone and it seeks to provide access to this treatment, which is not currently available in the service area. It was said very well by retired U.S. Army General and former Director of the Office of National Drug Control Policy, Barry McCaffrey, in his recent letter to Congress in support of the Comprehensive Addiction and Recovery Act, "By expanding access to addiction treatment, especially the use of MMT, policymakers can make a difference in the lives and well-being of all Americans. That is something we can all agree on."[6]

Please explain the possibility of diversion and abuse of buprenorphine vs. methadone.

Response: It is important to recognize that most medications can be diverted and many can be abused. Safe-guardings against diversion and abuse of buprenorphine vs. methadone is a very

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5 http://www.cdc.gov/idu/facts/MethadoneFin.pdf

6 http://thehill.com/blogs/congressblog/healthcare/234504billwouldfunddrugaddictionfight

helpful topic to discuss as it highlights one of the many virtues of licensed medication-assisted treatment programs. When methadone or buprenorphine is utilized in the context of a medication-assisted program, safe guards against diversion and abuse are put in place. Other treatment environments do not have the same stringent controls that are present in MMT programs. These numerous safe guards are not only followed by licensed MMT programs but are mandated by and the MMT programs are inspected by, federal and state agencies including but not limited to the Substance Abuse and Mental Health Administration (*"SAMHSA")*, DEA, State Board of Pharmacies, State Licensing Agencies, Credentialing Agencies, and others, in order to ensure compliance.

This issue is discussed in detail on page 20 of the application, with additional information included in Attachment C-Need-1(a) to that application.

7. **Section B. Project Description Item II. C**

The applicant references a CMS news release dated November 3, 2015 which released an interactive online mapping tool of Medicare Part D opioid prescription claims. The application provides a 2015 CMS Opioid Medicare part D chart by county. However, it appears the average Opioid Claims for Washington, Unicoi, Carter, Greene, Hancock, and Washington Counties are incorrect. Please verify and resubmit as needed.

Response: The Applicant was using zip code data to determine the county data; the zip codes do not match exactly the county borders.

What percentage of the applicant's projected patients to be served in Year One are 65 and over?

Response: Currently, approximately 1% of the patients who travel to the Asheville and Weaverville Crossroads facilities from the proposed service area are 65 years old and older. Given the distance and the resulting difficulty of this drive, the Applicant believes the hardship of the drive contributes to this age population not seeking care at the Crossroads facilities in North Carolina. Closer treatment would reduce the burden for this vulnerable patient population, so the percentage seeking treatment is expected to more closely match or exceed the 65 and older population at other Crossroads facilities, which is closer to 2%. The information has been included to illustrate that the issue of opioid addiction is not limited to particular age groups but spans all ages, even the Medicare population.

Please label the chart on page 10 to reflect Medicare Part D claims only and resubmit.

Response: See chart below revised to include Medicare Part D Claims.

2015 CMS MEDICARE PART D OPIOID CLAIMS DATA	
County	**Avg. Opioid Claim**
Carter	7.52%
Greene	5.51%
Hancock	10.24%
Hawkins	6.57%
Johnson	7.21%
Sullivan	7.08%
Unicoi	7.26%
Washington	7.19%

What is the population included in the part D Prescriber Public Use File (PUF)? Refer to https://questions.cms.gov/faq.php?id=5005&faqId=12210

Response: The Part D Prescriber PUF includes data for providers that had a valid NPI and were identified on Medicare Part D prescription drug events submitted by plans for the benefit year. The data reflect prescribing to beneficiaries enrolled in Medicare Part D, who comprise approximately 68% of the total Medicare population.

Are methadone claims included in the Part D Opioid Drug data? Refer to https://questions.cms.gov/faq.php?id=5005&faqId=13269

Response: The data for this tool was derived from the now public 2013 Part D Prescriber public use file. The analysis is based on the products included in the Overutilization Monitoring System, and it does include methadone.

What do the Part D Opioid Drug data say about opioid prescribing pattern? Refer to https://questions.cms.gov/faq.php?id=5005&faqId=13273

Response: The percent of claims for opioids was 5.3% nationally in 2013 and it ranged from 2.6% in NY to 7.4% in AL and NV. As seen from the chart above, all counties in the Applicant's service area had higher rates of opioid use than the national rate. Specialists associated with pain management had high rates of opioid prescribing (>50% of claims) compared to general practitioners such as internal medicine (4%) and family practice (5%). Some individual prescribers were found to have over 80% of their claims for opioids.

Please discuss what Crossroads will do to identify patients who may be candidates for eventually being opiate free. In addition, what steps will Crossroads take with those patients to assist them in becoming opiate free?

Response: Decisions concerning a patient's length of time in treatment are made jointly by program physicians, treatment team staff and patients. ***SAMHSA*** counsels that "maintaining abstinence from illicit opioids and other substances of abuse, even if that requires ongoing medication-assisted treatment, should be the primary objective."

As recommended by leading addiction professionals and researchers, and as recommended by ***SAMHSA***, the Applicant offers a phased approach to treatment, beginning with "*induction* and *stabilization* (withdrawal management, assessment, medication induction, and psychosocial counseling), and moving to a middle phase that emphasizes medication maintenance and deeper work in counseling. The third phase is ongoing rehabilitation, when the patient and provider can choose to taper off medication or pursue longer term maintenance, depending on the patient's needs." For some patients, medication-assisted treatment should and will be indefinite. The ***National Institute on Drug Abuse ("NIDA")*** describes addiction medications as an "essential component of an ongoing treatment plan" to enable individuals to "take control of their health and their lives." For methadone maintenance, NIDA states that, "12 months of treatment is the minimum."

Patients are never pressured to taper from treatment medication. Again, the addiction treatment organizations and professionals listed above agree that patients stabilized in MAT are experiencing "true recovery." These patients "do not use illicit drugs; do not experience euphoria, sedation, or other functional impairments; and no longer meet the diagnostic criteria for addiction, such as loss of volitional control over drug use."

However, every patient receives regular Treatment Plan reviews including options to taper off treatment medication, based on their individual needs, in consultation with their physician, and with the guidance of a specific Transition Plan.

What is the applicant's history in existing programs of % of patients who become opiate and methadone free?

Response: The ***Centers for Disease Control*** recognizes MAT utilizing methadone as "the most effective means of treating opioid dependence." The primary objective of MAT is to maintain abstinence from illicit opioids and other substances of abuse as well as restoring family relationships, employment, education and good health. Patients stabilized in MAT experience this recovery and truly get their lives back. Patients pressured by family, friends, employers or civil authorities to taper off their treatment medication face relapse rates of up to 80%. Based on the consistent counsel of organizations like SAMSHA, NIDA and the CDC, the Applicant plans to encourage patients to make the decision to taper off their treatment medication in consultation with their counselor, physician and significant others. Approximately 20% of Crossroads patients make the decision to conclude their treatment by tapering off their medication.

Section B, Project Description Item III.A.(Plot Plan)

What is the size and capacity of the parking lot?

Response: The paved area is 39,661 square feet, with 85 parking spaces.

What is the structure that borders the rear of the plot?

Response: The structure to the rear of the site is Quillen Rehabilitation Hospital.

The applicant references the map in Attachment B, Project Description, III. (B) 1. However, the attachment could not be located in the application. Please clarify.

Response: The reference to a map should have been deleted.

8. **Section B, Project Description Item IV. (Floor Plan)**

What is the seating capacity of the waiting room?

Response: The waiting room will seat approximately 55 people.

9. **Section C, Need, Item 1. (NRMTF, Need, #1) and Need item 5**

Have you contacted the Tennessee Department of Mental Health and Substance Abuse Services and officially requested the aggregate number by county of persons addicted to heroin or other opioid drugs presently under treatment in methadone and other substitution-based treatment programs?

Response: The applicant has contacted the TDMHSAS and has not been able to obtain the information requested above. Please see table below for information that may be helpful.

TDMHSAS
FUNDED ADMISSIONS FOR OPIOID ABUSE BY COUNTY IN 2014

County	Percentage of Admissions	Number of Admissions
Carter	41.7%	55
Greene	58.6%	150
Hancock	*	17
Hawkins	73.9%	116
Johnson	*	19
Sullivan	45.7%	328
Unicoi	*	18
Washington	44.9%	289

*Rates not reported for events <20.
Source: Tennessee Department of Mental Health and Substance Abuse Services, November 2014 Tennessee Behavioral Health County Data Book

Please provide a chart of the driving distances from the counties listed as the counties in the applicant's proposed service area to the nearest existing methadone treatment facilities.

Response: Please see the driving distances chart below.

Driving Distances from Service Area Counties to Proposed Clinic Location vs. Existing Clinics

Service Area/Existing NSTCOA	Stepping Stone Wellness Center, Boone ,NC.	McLeod Center Boone, NC	BHG XXXVI, Ashville, NC	Western Carolina Treatment Center Asheville, NC	Crossroads Treatment Center of Asheville, PC	ATS of North Carolina, Inc. Mountain Health Solutions - Asheville	Crossroads Treatment Center of Weaverville, PC	DRD Knoxville Medical Clinic, Knoxville, TN	DRD Knoxville Medical Clinic Central, Knoxville, TN	Galax Treatment Center, Inc, Cedar Bluff, VA	Galax Treatment Center, Inc., Galax, VA	Crossroads of Tri-Cities, PC.
Carter	46.2mi /1h 6min	47.3 mi/ 1h 11min	72.2 mi/ 1h 19min	66.0 mi/1h 12min	73.5 mi/1h 20min	67.6 mi/1h 15min	52.3 mi/56 min	115.2 mi/1h 51min	115.0 mi/1h 53min	76.0 mi/1h 36min	131.4 mi/2h 12min	11.2 mi/22 min
Greene	87.2 mi/2h 2min	88.5 mi/ 2h 11min	60.9 mi/1h 21min	54.7 mi/1h 15min	62.2 mi/1h 22min	56.3 mi/1h 18min	47.5 mi/1h 10min	70.7 mi/1h 8min	70.5 mi/1h 10 min	109.3 mi/1h 55min	158.4 mi/2h 33min	31.4 mi/51 min
Hancock	128.7 mi/ 2h 55min	129.9 mi/ 2h 59min	123.6 mi/2h 15min	127.8 mi/2h 22min	127.5 mi/2h 17min	127.9 mi/2h 20min	118.1 mi/2h 15min	69.8 mi/1h 27min	69.6 mi/1h 29min	101.8 mi/2h 13min	171.0 mi/3h 10min	71.6 mi/1h 34min
Hawkins	105.0 mi/ 2h 17min	107.0 mi/2h 23min	89.4 mi/1h 58min	83.2 mi/ 1h 51min	90.7 mi/1h 58min	84.8 mi/1h 54min	95.2 mi/1h 37min	65.8 mi/1h 18min	65.6 mi/1h 20min	92.5 mi/1h 55min	160.6 mi/2h 39min	48.7 mi/56 min
Johnson	25.6 mi/36 min	26.8 mi/ 40min	98.8 mi/1h 55min	92.6 mi/1h 48min	100.1 mi/1h 55min	94.2 mi/1h 51min	78.9 mi/1h 33min	154.8 mi/ 2h 30min	154.7 mi/2h 32min	69.2 mi/1h 32min	73.6 mi/1h 44min	44.6 mi/1h 6 min
Sullivan	79.2 mi/1h 46min	81.2 mi/ 1h 51min	89.2 mi/1h 31min	83.1 mi/1h 24min	90.6 mi/1h 31min	84.7 mi/1h 27min	69.4 mi/1h 7min	101.6 mi/1h 32min	101.5 mi/1h 34min	66.2 mi /1h 26min	126.0 mi/2h 8min	22.9 mi/26 min.
Unicoi	56.1 mi/1h 25min	59.0 mi/1h 30min	51.1 mi/54 min	45.0 mi/47 min	52.5 mi/54 min	46.6 mi/54 min	31.3mi /32min	100.8 mi/1h 49min	100.7 mi/1h 51min	105.5 mi/1h 49min	154.6 mi/2h 27min	18.5 mi/21 min
Washington	55.2 mi/1h 23min	57.3 mi/ 1h 28min	65.5 mi/1h 8min	59.3 mi/1h 1min	66.9 mi/1h 8min	61.0 mi/1h 4min	51.8 mi/53 min	106.2 mi/1h 36min	106.1 mi/1h 38min	91.2 mi/1h 35min	140.3 mi/2h 13min	4.1 mi/7m in

Note: County point from which the distance/time was measured is as follows: Carter–Elizabethton, Greene–Greeneville, Hancock–Sneedville, Hawkins-Rogersville, Johnson–Mountain City, Sullivan–Kingsport, Unicoi–Erwin, and Washington–Johnson City

10. Section C, Need, Item 1. (NRMTF, Need, #5)

The applicant projects the rate of intake will be 50 patients per month. Please clarify the timeframe of this intake rate of 50 patients per month.

Response: The Applicant anticipates that it will take approximately two months for the first 200 Tennessee patients who are currently utilizing the Crossroads treatment centers in North Carolina to be fully transferred to the Crossroads facility in Johnson City, then the remaining 100 in the next two months. The Applicant then projects that the number of new patients would grow 50 a month (plus or minus transitioning patients) for the remaining 10 months of the first year and approximately 40 patients a month (plus or minus transitioning patients) for the second year, so that the number of patients at the end of the first year is 697 and 1,108 at the end of the second year.

Year 1	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
New Patients Served Each Month	100	100	50	50	50	50	55	50	50	50	50	50
Less Transitioning Patients	0	0	0	0	0	5	3	0	0	0	0	0
Gross Census	100	200	250	300	350	395	447	497	547	597	647	697
Year 2	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
New Patients Served Each Month	40	40	40	40	40	40	40	40	40	40	40	40
Less Transitioning Patients	3	6	6	6	6	6	6	6	6	6	6	6
Gross Census	734	768	802	836	870	904	938	972	1,006	1,040	1,074	1,108

11. Section C, Need, Item 1. (NRMTF, Service Area) and Need Item #4

The applicant states free treatment (charity care) will be offered to all female patients who become pregnant and cannot afford treatment services. In addition, the applicant will offer reduced cost or free care to some patients who demonstrate continuous program compliance but who are unable to pay for treatment services. However, #17 of the applicant's program rules and consequences agreement located in Attachment B, Project Description, II.A. (which is signed by the patient) states "patients must pay for treatment services and medication at the time received, please don't expect to receive treatment or medicine if you do not have the necessary funds". Please clarify.

Response: Patients are generally required to pay for their care to ensure patients are committed to their recovery, which is consistent with Federal guidelines. That is why the policy is worded the way it is. However, an exception may be made if a patient who has demonstrated continuous program compliance becomes unable to pay for their care. In that situation, the patient's care team, including the patient's physician, taper down the patient's treatment over a period of time, and during that time period the treatment is provided free of charge. This process often lasts weeks, in contrast to most other forms of medical care where service is immediately terminated if a patient cannot pay.

12. Section C, Need Item 1 (5 Principles for Achieving Better Health found in the State Health Plan)

The applicant references a quote from the Department of Mental Health and Substance Abuse Services regarding the reported 114 buprenorphine providers that currently exist in the proposed service area. Please provide the source of the information.

Response: The source of the buprenorphine doctor data is SAMHSA Buprenorphine Treatment Physician Locator at: http://www.samhsa.gov/medication-assisted-treatment/physician-program-data/treatment-physician-locator.

13. Section C. Need, Item 5 (Existing Clinics' Utilization)

Please complete the following chart from data from the Tennessee Department of Mental Health and Substance Abuse Services and external sources for the previous three years of utilization at the following clinics. Please also provide the source(s) of utilization information.

Facility	2012 Patients	2013 Patients	2014 Patients	2012 Visits	2013 Visits	2014 Visits	2012 Patients 8 County Proposed Service Area	2013 Patients 8 County Proposed Service Area	2014 Patients 8 County Proposed Service Area	Waiting List as of (Date)
Knoxville DRD, Citgo Street Location*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Knoxville DRD, Rossville Blvd. Location*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Volunteer TX Center, Chattanooga, TN*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Galax Treatment Center, Galax VA*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
McLeod Center of Weaverville, NC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Crossroads TX Center of Weaverville, NC	441	463	495	2,073	2,037	2,103	227	241	260	0
Crossroads TX Center of Asheville, NC*	635	645	657	2,858	2,806	2,834	33	34	35	0
Western Carolina TX Center Asheville, NC (2)*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
New Beginnings Sober Living, Asheville, NC*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*No publicly available utilization data.

RESPONSE: The table above includes information for the Crossroads locations. There is no publicly available utilization data source for the other OTP providers. As such, there is **no** data for the other requested facilities, none of which are in the Applicant's proposed service area; there are no methadone treatment centers in the Applicant's proposed service area. The Applicant believes there are at least eight programs that patients from the proposed service area attend, ranging in distance from 48 miles (Weaverville, NC Crossroads facility) to 140 miles(Galax, VA) from the proposed site. This information is based on calls the Applicant has received from Tennessee patients who travel to those programs and who are seeking closer treatment alternatives.

Please complete the following table indicating the current number of patients from the proposed 8 county service area, by County, that are served by out of state bordering methadone providers. The applicant will either need to contact the providers listed below directly, or the North Carolina and Virginia State Opioid Authorities to obtain the data.

Response: Please see table below for the patients from the proposed 8 county service area that were served by Crossroads of Weaverville and Crossroads of Asheville, NC. The total number is 313. There was no publicly available utilization data source for the other OTP providers.

	Carter	Greene	Hancock	Hawkins	Johnson	Sullivan	Unicoi	Washington	Total
Crossroads of Weaverville, NC	64	14	7	19	1	74	9	89	277
Crossroads of Asheville, NC	3	5	1	11	0	9	0	7	36
BHG Asheville Treatment Center, Asheville, NC*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mountain Are Recovery Center, Inc., Asheville, NC*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mountain Health Solutions, Asheville, NC*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Western Carolina Treatment Center, Asheville, NC*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
New River Comprehensive Treatment Center, Galax, VA*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*No publicly available utilization data.

14. Section C. Need, Item 6 (Projected Annual Utilization)

Please complete the following chart indicating the patient origin by county in Year One and Year Two of the proposed project.

	Carter	Greene	Hancock	Hawkins	Johnson	Sullivan	Unicoi	Washington	Total
Patients Year 1	149	42	18	67	2	185	20	214	697
Patients Year 2	237	67	28	106	4	294	32	340	1,108

Please clarify whether existing buprenorphine providers in the service area were considered when the applicant assessed the need for this proposed project. In addition, please detail how the existence of buprenorphine providers affected the assessment of need.

Response: The Applicant considered the existing buprenorphine providers in the service area and determined that there were sufficient buprenorphine providers in the service area. Because there are no MAT providers offering methadone, and there are sufficient providers offering buprenorphine, the Applicant determined that it was not necessary for it to offer buprenorphine at this time. The American Society of Addiction Medicine's (ASAM) position on the availability of MMT (FDA-approved medication for opioid dependence) is summarized by ASAM's President as follows:

"State governments and insurers should not be involved in setting limits on types or duration of treatment for addiction," said Stuart Gitlow, MD, ASAM President. "Governments and insurers would never interfere with physicians prescribing FDA-approved medications for any other chronic disease, such as diabetes or hypertension. Interfering with the treatment of addiction threatens the life and health of patients and disrupts families, workplaces and communities."

The Applicant's proposed service is also supported by The World Health Organization, which states:

"Opioid dependence is a complex condition that often requires long-term treatment and care. No single treatment modality is effective for all people with opioid dependence. Adequate access to a wide range of treatment options should be offered to respond to the varying needs of people with opioid dependence."[7]

Please indicate if the proposed facility will adequately handle 1,000+ patients by Year 2 of the proposed project.

Response: Yes, the Applicant's center can accommodate more than 1,000 patients, and will expand the hours of operation to accommodate additional patients as needed.

How many patients can be processed in an hour?

Response: This depends on how "processed" is defined. If process means a patient intake, the answer is none, as this process typically takes 2-4 hours of assessment and testing by a multi-

7 WHO/UNODC/UNAIDS position paper Substitution maintenance therapy in the management of opioid dependence and HIV/AIDS prevention, 2004

disciplined care team of nurses, counselors and the physician. Counseling sessions generally take 20-40 minutes, but can last longer. The Applicant generally tries to provide dosing services in less than 15 minutes so that patients can go to work, school or back to the care of their families. The Applicant will provide multiple dosing stations in order to make dosing as efficient and convenient for patients as possible.

Please clarify if funding for the proposed project will be available from cash reserves or from a revolving line of credit. If from both, what is the percentage of financing from each source? If any funding is from cash reserves, please check the box in the application to indicate cash reserves is the partial/full funding source.

Response: Currently, the $4.7M line of credit is the readily available and authorized source of funding for this project. In addition, an additional $3M of equity financing will be available prior to the Applicant's CON hearing.

The funding documentation from Ally Bank is noted. Please submit a letter from Ally Bank that identifies the expected interest rate, term of the loan, and any anticipated restrictions or conditions. If needed, please check commercial loan as the source of partial/full funding.

Response: The funding documentation included in Attachment C, Economic Feasibility 2, is from the Loan and Security Agreement from Ally Bank and provides the exact details associated with the funding. As such, Ally will not provide another document that may supersede or contradict that funding document.

15. Section C, Economic Feasibility, Item 4 (Historical and Projected Data Chart)

The applicant indicates ownership in Crossroads Treatment Centers in Asheville, NC. Please provide a Historical Data Chart for the year 2014 for the Crossroads Treatment Center located in Asheville, NC and Weaverville, NC.

Response: The Applicant does not own any of the other Crossroads Treatment Centers; each has its own separate ownership at the facility level, although they are all owned by the same physician. Attached please find Historical Data Charts for 2014 for the Crossroads facilities in Weaverville and Asheville, North Carolina included as Attachment C-Economic Feasibility, Item 4. These charts show the combined PC and LLC financial information in order to provide the most accurate picture of the operation of those treatment centers. Please see response to question 4 above for a more detailed explanation of the financial information included on the Projected Data Chart; the same is true for the Historical Data Charts.

The applicant intends to seek CARF accreditation. What is the cost to achieve accreditation? Is this cost reflected in the projected data chart?

Response: The cost to achieve CARF accreditation is $3,000. This amount was included in the Project Cost Chart provided in the application.

There is a management agreement included in the application. However, the applicant provides a footnote in the Projected Data Chart that notes "there are no management fee expenses as the management fee expense in the PC is offset by the management fee revenue for the LLC". Please clarify.

Response: The management fee is included as a PC expense on the LLC financials.

The Projected Data Chart reflects Charity Care in the amount of $50,046 in Year One of the proposed project. Of the $50,046 what is the percentage that will be assigned to female patients who become pregnant and cannot afford treatment services and patients that demonstrate continuous program compliance but who are unable to pay for treatment services?

Response: The Applicant is not sure how much charity care will be provided in this market. Generally about 2% of revenues are provided in charity care to pregnant women and another 1% to others at other Crossroads facilities. Provided there is no issue with State law, the Applicant will also provide this level of charity care. There is no issue with Federal law.

Please explain the reason there will be no capital expenditures while the applicant will be receiving revolving credit from Ally Bank.

Response: The revolving credit line is with the various management company entities, who in turn equip the space and lease it to the PC operators of the treatment centers. Thus, the capital expenditures are borne by the management entity and passed through to the Applicant in the form of lease costs.

16. Section C, Economic Feasibility, Item 6.A.

It is noted Crossroads Management Entities will offer treatment to all patients for a rate of $1 per day for the first thirty days of treatment. Please clarify if this arrangement is consistent with State and federal rules and regulations.

Response: The Applicant is not aware of any inconsistency with State and Federal rules and regulations.

17. Section C, Economic Feasibility, Item 11a. and 11b.

Please clarify if the applicant will be providing buprenorphine (suboxone, etc.) medication to patients in the future. If not, why will Crossroads not offer a choice of buprenorphine (suboxone) to patients?

Response: The Applicant may offer buprenorphine in the future. This medication is offered at other Crossroads treatment centers when there is sufficient patient demand. Currently, there are over 100 physicians offering buprenorphine treatment in the proposed service area. If a patient and his or her doctor decide this treatment option is best the Applicant will make a referral, which is consistent with the practice at Crossroads treatment centers where buprenorphine is not offered.

18. Section C, Economic Feasibility, Item 10

The latest audited Balance Sheet and Income Statement for Crossroad Holding, LLC, Subsidiaries and Associated PCs is noted. The financial documents reflect current assets of $669,745 and total current liabilities of $968,862 equaling a current ratio of .69:1. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities. Please clarify the applicant's ability to cover current liabilities with its existing current assets.

Response: The current ratio is less than 1:1 as a result of the fact that no accounts receivable are carried. All patients are private pay, with payment made in advance of the provision of services. In this instance, the current ratio of less than 1:1 is not a result of "excess" payables or being short on cash, it results from the nature of the business being such that payment is made in advance of the provision of services.

As of September 30, 2015, there was $3,795,346 of revolver availability that the Applicant could utilize towards this project.

19. Section C, Orderly Development, Item 3

It appears the applicant plans to dose patients 7 days per week. How is this accomplished with one dosing nurse?

Response: When the center opens initially there will be 1 FTE Lead RN and 1 FTE Dosing LPN. As more patients seek services, these FTEs will be adjusted as necessary. As stated in the application on page 52, the staffing included is the proposed staffing for the beginning of operations at the facility.

Please describe the expected interaction between a typical patient and physician at the proposed facility, to include the amount of time at the initial visits and all subsequent visits, as well as the scope of care provided.

Response: The initial assessment by the program physician includes all of the following:

- Review of current medication(s) for medical or mental health issues: (prescription and non-prescription).
- A medical history and status, including active medical complications.
- A mental health history and status, including current medical issues or treatment.

- A physical exam.
- Assessment of current drug use including the last use, quantity, frequency and duration.
- HIV and HEP C status.
- Documentation of problems related to drug use, including relational, employment and legal.
- Documentation of prior or current treatment for substance abuse.
- Assessment of signs and symptoms of opiate withdrawal.
- Review of patient's initial urine drug screen results.
- Review of results of patient's prescription drug monitoring program results.
- Documentation that patient meets Federal and State criteria for treatment eligibility.
- Documentation of physician's impression, initial treatment and recommendations, plan and referrals.
- The initial assessment will usually require 20-30 minutes.

Subsequent visits depend on the individual needs of the patient and can include assessment of dose, take-home schedule, co-occurring disorders, other prescription medications or treatment interventions.

The scope of patient care includes physician supervised treatment, an individual treatment plan with psychosocial assessments and reviews, individual and group counseling, treatment medication and referral to outside providers for services not offered within the program.

The curriculum vitae (CV) for Dr. Paul Pyles in Attachment C indicate he resides in Mississippi and is on staff at two Mississippi health facilities. How will this arrangement be possible for this proposed project?

Response: Dr. Pyles intends to move back to Tennessee regardless of the outcome of this application. Dr. Pyles is a licensed physician in Tennessee and has previous experience working at an OTP in Knoxville, Tennessee, as stated on page 52 in the application.

It is noted $30,368 is assigned to a Physician Assistant position. What is the FTE assigned to the $30,368 salary?

Response: This position will initially be less than one FTE. There will be one FTE throughout the whole first year of operation.

20. Section C, Orderly Development, Item 8

Please clarify if there have been any regulatory action (and result), civil or criminal lawsuit in any state involving any non-residential substitution based opiate treatment facilities owned by the Applicant's parent company Crossroad Holding, LLC, or its subsidiaries.

Response: The following are the pending proceedings of Crossroads Holding, LLC:

1. Crossroads Treatment Center of Asheville, P.C., Stacey Marie Garrett, by and through her legal guardian, Randall Garrett v. Crossroads of Asheville Management Co., LLC, formerly known as Crossroads Treatment Center of Asheville, LLC, formerly known as Crossroads Treatment Center, LLC, Dr. Gerald R. Martin, Rupert J. McCormac, IV, M.D., Treatment Center HoldCo, LLC, Crossroads Treatment Center of Asheville, P.C., John Doe, John Doe Entity and Karen Denise Wheeler (N.C. Super. Court File No. 13CVS1612).

2. Treatment Centers HoldCo, LLC failed to file a Form 5500 for 2010 and 2011. The Company is working with the IRS to resolve the issue.

3. Settlement and Release Agreement regarding EEOC Charge No. 430-2012-01995 dated December 20, 2012 by and between Stephanie D. Hunt-Wood and Crossroads Treatment Center of Greenville.

Please provide a copy of the latest regulatory licensure survey of all OTP's owned by Crossroad Holding, LLC.

Response: A copy of the latest regulatory licensure surveys are included as Attachment C, Orderly Development, Item 8. Some of them are from 2014, and some are from 2015.

All of the most recent inspection reports indicate and document that the plans of correction were completed and accepted and all the issues identified were corrected.

21. Proof of Publication

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

Response: The original newspaper or publication affidavit was not available at the time of filing. The original Affidavit of Publication from the Johnson City Press is included as Attachment 21, Proof of Publication.

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22. Notification Requirements

The notice to the county executive of the county in which the facility is proposed to be located, the member of the House of Representatives and the Senator of the General Assembly representing the district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential methadone treatment facility has been filed with the agency by the applicant is noted. However, the applicant references a previous submitted application filed on April 15, 2015 (CN1504-015) and appears to reference the incorrect Zip Code for the location of the proposed project. Please resend the notification letters within 10 days of filing the application to the required officials with the correct project referenced and Zip Code noted and provide documentation that these notification requirements have been met.

Response: Revised notice letters to government officials correcting the zip code and the CON number from previous filing were sent by certified mail, return receipt requested on November 9, 2015, and are included as Attachment 22, Notification Requirements.

If you have any questions please contact me at 615-850-8722 or by email at Kim.Looney@wallerlaw.com.

Sincerely,

Kim Harvey Looney

KHL:lag

Encl.

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Attachment A, Applicant Profile, Item 1

Replacement Page 1

SUPPLEMENTAL #1

November 20, 2015

12:24 pm

1. ***Name of Facility, Agency, or Institution***

Crossroads Treatment Centers
Name

413 Princeton Road — Washington
Street or Route — County

Johnson City — TN — 37601
City — State — Zip Code

2. ***Contact Person Available for Responses to Questions***

Kim Harvey Looney — Attorney
Name — Title

Waller Lansden Dortch & Davis LLP — kim.looney@wallerlaw.com
Company Name — Email address

511 Union Street, Suite 2700 — Nashville — TN — 37219
Street or Route — City — State — Zip Code

Attorney — 615-850-8722 — 615-244-6804
Association with Owner — Phone Number — Fax Number

3. ***Owner of the Facility, Agency or Institution***

Crossroads Treatment Center of Tri-Cities, PC — 864-527-3145
Name — Phone Number

105 North Spring Street, Suite 109 — Washington
Street or Route — County

Greenville — SC — 29601-2859
City — State — Zip Code

4. ***Type of Ownership of Control (Check One)***

A. Sole Proprietorship _____
B. Partnership _____
C. Limited Partnership _____
D. Corporation (For Profit) _____
E. Corporation (Not-for-Profit) _____
F. Government (State of TN or Political Subdivision) _____
G. Joint Venture _____
H. Limited Liability Company _____
I. Other (Specify) Professional Corporation X

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

Response: See Attachment A-4 for copy of corporate documents and organizational charts.

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

Attachment A, Applicant Profile, Item 4

Ownership Interest of 5% or Greater Chart

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

CROSSROADS TREATMENT CENTERS
OWNERSHIP INTEREST OF 5% OR GREATER

Unit Holders	Percentage Held
RCP Crossroads Fund I Blocker, Inc.	28%
Rupert J. McCormac IV, M.D.	23%
Steven W. Kester	17%
CT Centers Holdings, Inc.	9%
RCP Crossroads Co-Invest Fund Blocker, Inc.	7%
James Hamilton Evans	6%

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

Attachment A, Applicant Profile, Item 5

Management Agreement

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (this "Agreement") is entered into as of TBD ("Effective Date") by and between **CROSSROADS OF TRI-CITIES MANAGEMENT COMPANY, LLC**, a Tennessee limited liability company (the "Company"), and **CROSSROADS TREATMENT CENTER OF TRI-CITIES, P.C.**, a Tennessee professional corporation (the "P.C.").

W I T N E S S E T H:

WHEREAS, the P.C. has been incorporated under Section 3 of the Tennessee Professional Corporation Act, to render substance abuse treatment and rehabilitation services to clients of the P.C.;

WHEREAS, the P.C. desires to establish and operate a professional substance abuse treatment and rehabilitation center at 413 Princeton Rd, Johnson City, TN 37601 and/or at other locations (the "Center") desires to obtain certain management services from the Company; and

WHEREAS, the Company is ready and able to provide to the P C. management services specified in this Agreement.

NOW THEREFORE, in consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Representations and Warranties.

1.1 Representations and Warranties of the Company. The Company hereby represents and warrants to the P.C. that at all times during the term of this Agreement, the Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Tennessee.

1.2 Representations and Warranties of the P.C. The P.C. hereby represents and warrants to the Company that at all times during the term of this Agreement.

(a) The P.C. is a professional corporation duly organized, validly existing and in good standing under the laws of the State of Tennessee and is duly licensed and qualified under all applicable laws and regulations to engage in the practice of medicine in the State of Tennessee.

(b) Each of the physicians and other professionals engaged or employed by the P.C. to render services at the Center on behalf of the P.C. is duly licensed, certified, or registered, to render the professional services for which he or she has been engaged or employed by the P.C.

(c) The P.C. will establish and enforce procedures to ensure that proper and complete patient records arc maintained regarding all patients and clients of the P.C. as required by Section 4.12 below, applicable law and by the rules and regulations of any third party payors

with which the P.C. may contract or affiliate. To the extent permitted by law, the P.C. shall provide access to the Company to such books and records of the P.C. as may be necessary to carry out the terms, conditions, and purposes of this Agreement.

2. License of the Furnishings Equipment and Office Space.

2.1 Title and Maintenance. During the term of this Agreement, the Company grants to the P.C. the exclusive right to use the Equipment and Furnishings specified in **EXHIBIT A** hereto and to use and occupy the Office Space specified in **EXHIBIT B** hereto on the terms and conditions hereinafter set forth. The P.C. shall use, and shall cause its Providers to use, the Equipment, Furnishings and Office Space only in connection with the Center. Title to the Equipment, Furnishings and Office Space, including any improvements thereto, shall be and remain in the Company at all times. The P.C. agrees to take no action that would adversely affect the Company's title to or interest in the Equipment, Furnishings and Office Space. During the term of this Agreement. The P.C. shall be responsible for maintaining the Equipment, Furnishings and Office Space in good condition and repair, reasonable wear and tear from normal use excepted. All maintenance, repair and replacement, if necessary, of the Equipment, Furnishings and Office Space shall be performed by the Company on behalf of the P.C., in accordance with paragraph 3.1 of this Agreement, including where necessary, the replacement or substitution of parts. The P.C. agrees to make the Equipment, Furnishings and Office Space available for inspection by the Company at any reasonable time.

2.2 Liens, Encumbrances, Etc. Except as contemplated by a Security Agreement, dated the date hereof, between the Company and the P.C., the P.C. shall not directly or indirectly create or suffer to exist any mortgage, security interest, attachment, writ or other lien or encumbrance on the Furnishings, Equipment or Office Space, and will promptly and at its own expense, discharge any such lien or encumbrance which shall arise, unless the same shall have been created or approved by the Company.

2.3 Return of Furnishings and Equipment. Upon the termination or expiration, as applicable, of this Agreement, the Company shall retain all Furnishings, Equipment and Office Space and the P.C. will relinquish control thereof free and clear of all liens, encumbrances, and right of others (save those created or approved by the Company).

2.4 Assignment. The P.C. shall not assign any of its rights hereunder to the use of the Furnishings, Equipment or Office Space to any third party, without the prior written consent of the Company.

2.5 Reporting. The P.C. shall advise the Company with respect to the selection of additional and replacement equipment or furnishings for the Center, and with respect to any proposed additions or improvements to the Equipment, Furnishings or Office Space. The P.C. will ensure that all Equipment and Furnishings are used in a safe and appropriate manner. The P.C. shall promptly notify the Company of any defective Equipment or Furnishings.

3. General Responsibilities of the Company. The Company shall have responsibility for general management and administration of the day-to-day business operations of the P.C., exclusive of the medical, professional and ethical aspects of the P.C.'s operations.

3.1 Furnishings, Equipment and Office Space. During the term of this Agreement, and the Company agrees to perform, or subcontract for the performance of, all maintenance, repair, and servicing as may be necessary for the Equipment, Furnishings and Office Space to be maintained in good working condition, reasonable wear and tear excepted.

3.2 Management Services.

(a) The Company shall provide, or arrange for the provision of those administrative services described below (the "Management Services"). The Company shall be the exclusive provider to the P.C. or such Management Services, the P.C. agrees that it shall not obtain any Management Services from any other source than the Company, except with the prior written consent of the Company. The Company is authorized to perform the Management Services in whatever manner it deems necessary to meet the day to day requirements of the P.C. including, without limitation, performance of some functions at locations other than the premises of the P.C. and by persons other than employees of the Company. The Company is authorized to contract with third parties, including one or more of its affiliates, for the provision of services, equipment and personnel needed to perform its obligations under this Agreement. Any contract with an affiliate of the Company shall be an arms' length agreement on terms reasonably available from reasonably efficient competing Vendors.

(b) The Management Services to be provided by the Company for the P.C. shall be as follows:

(i) executive management services;

(ii) secretarial, reception, and clerical functions including coordinating client or patient visits and scheduling;

(iii) installation, deployment, service and support of such clerical, administrative and financial information systems, including hardware, software, connectivity and interfaces, as may be selected by and approved by the P.C.;

(iv) financial management, including causing annual financial statements to be prepared for the P.C., providing to the P.C. the data necessary tier the P.C. to prepare and file its tax returns and make any other necessary governmental filings, paying on behalf of the P.C., the P.C.'s Monthly Obligations (as defined in Section 4.41(1) hereof) and investing, on behalf of the P.C., certain of the P.C.'s Monthly Net Profits (as defined in Section 4.4(f) hereof);

(v) bookkeeping, accounting, and data processing services;

(vi) billing to and collecting from all patients and third party payors, including accounts receivable processing;

(vii) accounts payable processing;

(viii) materials management, including purchase and stocking of office equipment and supplies, provided that the P.C. shall be solely responsible for selecting any medical equipment and supplies;

(ix) administering or causing to be administered any welfare benefit or insurance plan or arrangement of the P.C.;

(x) human resources administration, including primary direction and control of recruitment, training, and management of all Administrative Staff (defined in Section 3.3 below);

(xi) assisting the P C. in recruiting and contracting with Physicians;

(xii) subject to selection and approval by the P.C. evaluating, negotiating and administering, on behalf of the P.C. agreements with hospitals and vendors, and with third party payors ("payors");

(xiii) assist the P.C. to obtain and maintain malpractice and other agreed upon insurance coverages;

(xiv) assist the P.C. in developing and implementing advertising, marketing and promotional materials and activities approved by the P.C.;

(xv) arranging for necessary legal services except with respect to any legal dispute between the P.C. and the Company; and

(xvi) performing credentialing support services such as application processing and information verification.

(c) The Company shall not provide any of the following services to the P.C.:

(i) assignment of and scheduling of Providers to treat patients;

(ii) assumption of responsibility for the diagnosis, care and treatment of patients, treat any patient, or provide any clinically related service;

(iii) set the P.C.'s schedule of charges or fees;

(iv) determine how income will be allocated or distributed by the P.C.;

(v) serve as the party to whom bills and charges are made payable;

(vi) select or supervise physicians, Providers or other clinical personnel engaged or employed by the P.C.;

(vii) determine the nature or scope of services to be provided by the P.C.;

(viii) select any clinical or medical equipment, supplies or drugs for use by the P.C.;

(ix) any activity that involves the practice of medicine; or

(x) any other activity that would violate any applicable law, rule or regulation if performed by the Company.

3.3 Staff. Subject to the requirements of applicable law, the Company shall, on the terms and conditions specified in this Agreement, employ or engage and make available to the P.C., sufficient non-clinical personnel and administrative staff (herein referred to collectively as "Administrative Staff") to provide the Management Services and support the P.C. in performing its contractual obligations to patients, clients and others. The hiring, firing, disciplining and determination of compensation and benefits of the Administrative Staff shall be within the sole discretion of the Company; provided, however, that the Company shall, at the P.C.'s written request, remove from providing Management Services hereunder any Administrative Staff member who does not perform to the reasonable satisfaction of the P.C.

3.4 Negotiating Authority. The P.C. authorizes the Company, and the Company agrees, to serve as the P.C.'s exclusive agent (a) to communicate to and from payors, offers to enter into non-risk-sharing payor contracts, and (h) to negotiate or enter into risk-sharing contracts in the name of and on behalf of P.C. and its Providers that involve sufficient risk-sharing among the parties or is otherwise structured such that the Company's negotiation of the financial terms of such risk-sharing payor contracts will not violate federal or state antitrust or unfair competition laws or other applicable legal requirements. All such payor contracts shall be subject to prior approval of the P.C.

3.5 Patient Records. The P.C. and the Company shall use reasonable efforts to preserve the confidentiality of patient records created by the P.C. or its Providers, which shall be the sole property of the P.C. and shall use information contained in such records only for the purpose and to the extent permitted by applicable law. The Company acknowledges that it is a "business associate" of the P.C. for purposes of the Health Insurance Portability and Accountability Act (HIPAA), and will enter into the Business Associate Agreement in the form attached hereto as **EXHIBIT C**.

3.6 Performance Standards. All Management Services provided hereunder shall be subject to commercially reasonable performance standards agreed to by the parties from time to time.

4. Responsibilities of the P.C.

4.1 Professional Services. During the term of this Agreement, the P.C. shall be solely responsible for all aspects of diagnostic, therapeutic, medical, clinical and related professional services delivered by the P.C. and/or the selection, training, professional direction, supervision and employment or engagement of all Providers. It shall be a material breach of this Agreement by the P.C. if any Provider materially disrupts or interferes with the performance of the Company's obligations under this Agreement.

4.2 Time Commitment. The P.C. shall engage or employ sufficient physicians and other clinical professionals ("Providers") to fulfill the P.C.'s to meet the needs of its clients and patients in a competent, timely and responsive manner.

4.3 Quality of Service. The P.C. shall establish and enforce procedures to assure the appropriateness, necessity, consistency, quality, cost effectiveness and efficacy of all medical services provided to its patients and clients. The P.C. shall require each of its Providers who are licensed, registered or certified to perform professional services to participate in and cooperate with any utilization management, quality assurance, risk management, patient care assessment, continuous quality improvement, accreditation or other similar program or study to review the performance of such Providers as may be required by the P.C. governmental agencies, professional review organizations, accrediting bodies third party payors or health care entities with which the P.C. may contract or affiliate.

4.4 Billing and Collection.

(a) As agent for the P.C. the Company shall bill and collect for all services rendered by the P.C., and its Providers hereunder. Claims for such services shall be prepared in the name and under the provider numbers of the P.C. the P.C. hereby irrevocably appoints the Company as its attorney-in-fact to bill and collect payments for such services. All of the payments with respect to such services shall be made by check, electronic funds transfer, or credit card payable to the P.C. and shall be deposited into a bank account of the P.C. (the "P.C. Account") with a bank designated by mutual agreement of the P.C. and the Company (the Account Bank").

(b) The P.C. shall, and shall cause its Providers to promptly endorse and deliver to the Company for deposit into the P.C. Account all payments, notes. checks, money orders, insurance proceeds, remittances and other evidences of indebtedness or payment received by the P.C. or its Providers, with respect to all accounts, contract rights, instruments, documents, or other rights to payment from time to time arising from the rendering of professional services by the P.C. and its Providers or otherwise relating to the business of the P.C., together with any guarantees thereof or securities therefor which arc generated during the term of this Agreement.

(c) The P.C. and its Providers hereby authorize the Company to initiate legal proceedings in the name of the P.C. to collect any accounts and monies owed to the P.C. or its Providers to enforce the right of the P.C. and its Providers as creditors under any contract or in connection with the rendering of any service hereunder, and to contest adjustments and denials by governmental agencies (or their fiscal intermediaries) as shirt-party payors All adjustments made for uncollectable or doubtful accounts, charity care, professional courtesies and other activities that do not generate a collectible fee shall be determined by the Company in its reasonable judgment for purposes of financial reporting.

(d) With respect to funds deposited in the P.C. Account (the "P.C.'s Net Revenue"), the Company shall direct the Account Bank to transfer all amounts in the P.C. Account, at the end of each business day of the Account Bank, to an operating account maintained by and in the name of the Company (the "Operating Account"). The Company shall

hold the P.C.'s Net Revenue in the Operating Account as the P.C.'s agent, and shall administer such Net Revenues on the P.C.'s behalf.

(e) The Company may commingle in the Operating Account the P.C.'s Net Revenues with other funds, but the Company shall separately and accurately account for receipts, withdrawals, use, disposition and interest and investment income gained on P.C.'s Net Revenue.

(f) On at least a monthly basis the Company shall pay, from the P.C.'s Net Revenue in the Operating Account, all of the current month's expenses, as defined in Section 4.16 hereof, and the current month's Management Fee, as defined in Section 5(a) hereof (the P.C. Expenses and monthly Management Fee being referred to collectively as the "P.C.'s Monthly Obligations"). In the event that the P.C.'s Net Revenue (including the current month's interest and investment income earned on the P.C.'s Net Revenue) is insufficient to pay fully the P.C.'s Monthly Obligations, the Company shall advance to the P.C. an amount equal to the deficit ("Deficit Advance") pursuant to that certain Deficit Funding Agreement entered into between the parties on even date herewith (the "Deficit Funding Agreement") in the event that the P.C.'s Net Revenue (including the current month's interest and investment income earned in the P.C.'s Net Revenue) exceeds the P.C.'s Monthly Obligations, the Company shall apply such excess (the "Monthly Net Profit") up to the aggregate amount of any unpaid Deficit Advances, together with interest accrued thereon, as repayment of Deficit Advances under the Deficit Funding Agreement. In the event that the Monthly Net Profit exceeds the total of the P.C.'s Monthly Obligations and any repayment obligations under the Deficit Funding Agreement, then the Company shall manage and invest such funds in the name and on behalf of the P.C., as the P.C. may direct or approve, and shall credit the P.C. with any interest or investment income earned thereon, for the benefit of the P.C.

4.5 Use of Names. During the term of this Agreement, the Company may use the P.C.'s corporate and trade names to the extent reasonably necessary to perform its Management Services hereunder. Otherwise, at no time during the term of this Agreement may either party or any of its shareholders, members, managers, directors, officers, employees or agents, as applicable, use the corporate or trade name of the other party without the prior written consent of the other party.

4.6 Licensure. The P.C. shall ensure that each Provider associated with the P.C. maintains, if applicable, an unrestricted license to practice medicine in the State of Tennessee and, to the extern that Providers provide professional services in other states, that such individuals maintain comparable unrestricted licensure in such other jurisdictions. The P.C. shall ensure that each Provider has the level of competence, experience and skill comparable to that prevailing in the community or communities where such Provider provides professional services.

4.7 Federal DEA Number. The P.C. shall ensure that each Provider, if applicable, maintains a Federal DEA registration and state controlled substances registration, which registrations shall not be suspended, revoked, suspended or restricted in any manner.

4.8 Continuing Education. The P.C. shall ensure that each Provider shall obtain the required continuing, professional education for his or her specialty in each state where such

Provider provides professional services and shall provide documentation of the same to the Company.

4.9 Disciplinary Actions. The P.C. shall, to the extent it has knowledge, and shall cause each of its Provider to, disclose to the Company during the term or this Agreement:

(i) the existence (of any proceeding against any Provider instituted by any plaintiff, governmental agency, health care facility, peer review organization or professional society which involves any allegation of substandard care or professional misconduct raised against an Provider, and (ii) any allegation of substandard care or professional misconduct raised against any Provider by any person or agency during the term of this Agreement.

4.10 Payment Programs. The P.C. represents and warrants, during the term of this Agreement, that it and each of its Providers will participate in the health benefit program of any payor with which the P.C. may contract or affiliate in the name of and on behalf of the P.C.

4.11 Outside Activities. The P.C. shall and shall ensure that the Providers who are employed physicians of the P.C. ("Employed Physicians") devote their best efforts to fulfill their obligations hereunder. The P.C. shall not, and shall assure that each Employed Physician shall not, engage in any other professional activity, whether or not such business activity is pursued for gain, profit, or other pecuniary advantage, which would interfere with the performance of the P.C.'s duties hereunder, without the prior written consent of the Company, which consent shall not be unreasonably withheld. Except as otherwise approved in advance by the Company, and to the extent permitted by law, all amounts collected by the P.C. for medical or other professional services, regardless of the source of payment, shall be assigned and belong to the P.C.

4.12 Patient Records. The P.C. shall maintain, in a timely manner, complete, accurate and legible records for all patients and clients of the P.C. or the Center who are treated by Providers. The P.C. and its Providers shall comply with all applicable laws, regulations and ethical principles concerning confidentiality of patient records and protected health information. The Company shall have access to the information contained in the P.C.'s patient and client records to the extent access to such information is permitted by law and is required in connection with the Company's responsibilities hereunder. The parties shall enter into a Business Associate Agreement, to the extent required by applicable law, including without limitation, the Health Insurance Portability and Accountability Act of 1996 and the privacy and security rules promulgated thereunder ("*HIPPA*") and the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009, and the regulations promulgated thereunder, all as amended from time to time (the "*HITECH Act*").

4.13 Credentialing. P.C. agrees to participate and cooperate in and comply with any credentialing program established from time to time by payors with which the P.C. may contract hereunder.

4.14 Fees for Professional Services. The P.C. shall be solely responsible for legal, accounting and other professional service lees it incurs, except as otherwise provided herein.

4.15 Standards of Care. The P.C. represents and warrants that it and its Providers shall render services to patients and clients hereunder in a competent and professional manner, in material compliance with generally accepted and prevailing standards or care, and the quality assurance standards of the payors with which the P.C. or the Company contracts hereunder, and in material compliance with applicable statutes, regulations, rules, policies and directives of federal, state and local governmental, regulatory and accrediting agencies with competent jurisdiction.

4.16 P.C. Expenses. The P.C. shall be responsible for all expenses relating to the Center ("P.C. Expenses"). The P.C. Expenses include, but are not limited to, the following:

(a) Salaries, wages, benefits (including health, life, and disability insurance coverage and all contributions under employee benefit plans), vacation and sick pay, employment and payroll taxes: and the cost of payroll administration and administration of benefits, for all Providers engaged or employed by the P.C.;

(b) Cost of all medical equipment and supplies, and depreciation cost of all such capital equipment in accordance with applicable federal tax depreciation schedules;

(c) Cost of professional liability insurance for the P.C. and the Providers, comprehensive general liability insurance and property insurance coverage for the P.C.'s facilities and operations, and worker-s compensation and unemployment insurance coverage for any P.C. employees;

(d) Interest expense on indebtedness (including capitalized leases) incurred with respect to debt obligations to fund the operation of, or the acquisition of capital assets for, the P.C.;

(e) State and local business license taxes, professional licensure and board certification fees, sales and use taxes income, franchise and excise taxes and other similar taxes, fees and charges assessed against the P.C. or its Providers;

(f) Expenses incurred in the course of recruiting Providers, and other personnel to join the P.C.;

(g) Any federal income taxes, including the cost of preparation of the annual income tax returns of the P.C. and its Providers;

(h) Expenses of continuing education as necessary to maintain required licensure of any Providers;

(i) Cost of licensure fees, membership in professional associations, hospital dues, continuing professional education travel expenses, costs incurred for medical texts, journals or literature, and other professional or personal expenses of the P.C. or its Providers; and

(j) Expenses incurred by the P.C. in connection with any leases of real property, other than the Office Space.

The P.C. shall promptly notify the Company of all P.C. Expenses incurred and shall provide the Company with all invoices, bills, statements and other documents evidencing such Expenses.

5. Financial Terms.

(a) In consideration of the Company (i) providing the Management Services hereunder, (ii) licensing to the P.C. the use of Equipment and Furnishings, (iii) licensing to the P.C. the use and occupation of the Office Space, and (iv) providing all other services set forth herein, the P.C. hereby agrees to pay to the Company the management fee as set forth in **EXHIBIT D** (the "Management Fee").

(b) The portion of the Management Fee (i) allocable to the P.C.'s use of the Equipment and Furnishings has been determined by the parties to equal the fair market value of the use of the Equipment and Furnishings, respectively, (ii) allocable to the P.C's use and occupation or the Office Space has been determined by the parties to equal the fair rental value of the Office Space, and (iii) allocable to the' provision of the Management Services has been determined by the parties to equal the fair market value of the Management Services, without taking into account the proximity of the Company to any source of referrals, or the volume or value of any referrals of business from the Company (or its affiliates) to the P.C., or from the P.C. to the Company (or its affiliates), that is reimbursed under any governmental or private health care payment or insurance program.

(c) The Management Fee paid by the P.C. to the Company hereunder has been determined by the parties through good-faith and arm's length bargaining. No amount paid hereunder is intended to be, nor shall it be construed to be, an inducement or payment for referral of, or recommending referral of, patients by the P.C. to the Company, (or its affiliates) or by the Company (or its affiliates) to the P.C. or for the purchase, order, lease, or arranging for the purchase, order or lease of any item or service covered by any governmental or private health care payment or insurance program. In addition, the Management Fee charged hereunder does not include any discount, rebate, kickback, or other reduction in charge, and the Management Fee charged hereunder is not intended to be, nor shall it be construed to be, an inducement or payment for referral, or recommendation of referral, of clients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C.

6. Regulatory Matters.

(a) The P.C. and its Providers shall at all times be free, in their sole discretion, to exercise their professional judgment on behalf of patients or clients of the P.C. No provision of this Agreement is intended, nor shall it be construed, to permit the Company to affect or influence the professional judgment of the PC or its Providers. To the extent that any act or service required or permitted of the Company by any provision of this Agreement may be construed or deemed to constitute the practice of medicine, the ownership or control of a medical practice, or the operation of a health care facility, said provision of this Agreement shall be void *ab initio* and the performance of said act or service by the Company shall be deemed waived by the P.C.

(b) The parties agree to cooperate with one another in the fulfillment of their respective obligations under this Agreement, and to comply with the requirements of law and with all ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority applicable hereto, and of any insurance company insuring P.C. or the parties against liability for accident or injury in or upon the premises of the parties.

7. Insurance.

7.1 General Comprehensive Liability Insurance. During the term of this Agreement, each party shall obtain and maintain, at its expense, a comprehensive general liability insurance policy, in such amounts, with such coverages and with such companies as may be commercially reasonable.

7.2 Equipment Insurance. The Company shall obtain and maintain, at its own expense, insurance against all risks of physical loss or damage any equipment furnished by the Company hereunder in an amount not less than the original purchase price or the replacement cost with like kind and quality at the time of loss, with such companies and as the Company shall reasonably determine.

7.3 Malpractice Insurance. During the term of this Agreement, the Company shall assist the P.C. in obtaining and maintaining, at the P.C.'s expense, professional liability insurance covering the P.C. and its Providers, with limits of $1 million per occurrence and $3 million in the aggregate. In the event the P.C. has a "claims made" form of insurance in effect at any time during the term of this Agreement, the P.C. shall obtain, at P.C.'s expense, full "tail" coverage to cover any event that may have occurred during the term of this Agreement. The P.C. shall provide to the Company any information with respect to the P.C. and the Providers necessary for the Company to secure such professional liability insurance on their behalf.

8. Indemnification by the P.C. The P.C. hereby agrees to indemnify, defend, and hold harmless the Company, and each of the Company's officers, members, managers, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the P.C. of this Agreement or any acts or omissions by the P.C. or its Providers in their performance of this Agreement, including, but not limited to, professional negligence of the P.C. or its Providers to the extent that such is not paid or covered by the proceeds of insurance. The P.C. shall immediately notify the Company of any lawsuits or actions, or any threat thereof, against P.C., any Provider, or the Company, that may become known to P.C.

9. Indemnification by the Company. The Company hereby agrees to indemnify, defend, and hold harmless the P.C. and each of its officers, directors, shareholders, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the Company of this Agreement or any willful or grossly negligent act or omission by the Company in its performance of this Agreement, to the extent that such is not

paid or covered by the proceeds of insurance. The Company shall immediately notify the P.C. of any lawsuits or actions, or any threat thereof against the Company, P.C. or any Provider that may become known to the Company.

10. Non-Solicitation.

(a) The P C. shall not, during the term of this Agreement and for a period of one (1) year from the date of termination or expiration of this Agreement, and Providers shall not, during the term of their engagement or employment by the P.C. and for a period of one (1) year thereafter, solicit for employment or engagement, verbally or in writing, employ, engage or offer employment or engagement to any employee or contractor or former employee or contractor of the Company or its affiliates, including, but not limited to any Administrative Staff provided by the Company to P.C. hereunder, without the prior written consent of the Company.

(b) During the term of any Employed Physician's engagement or employment by the P.C. and for a period of one (1) year after the termination or expiration of any such engagement or employment, such Employed Physician shall not, without the express written consent of the P.C., solicit verbally or in writing, any client patient or former client, former patient, or Provider under contract with the P.C., or otherwise interfere with such relationships with the P.C.

11. Noncompetition. Except as otherwise provided by prior consent of the Company from to time, the P.C. shall not, during the term of this Agreement and for a period of one (1) year following the expiration or termination of this Agreement, engage in any business activity, whether as an owner, affiliate, partner stockholder, independent contractor, manager, consultant or otherwise, that directly or indirectly competes with the Company in the State of Tennessee.

12. Proprietary Rights.

(a) The P.C. recognizes and acknowledges that all records files, reports, protocols, policies, manuals, data bases, processes, procedures, computer systems materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the Company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information"). The P.C. shall not and shall assure that each of its Providers shall not during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever without the written consent of the Company or its respective affiliates.

(b) All works, discoveries and developments, whether or not patentable or copyrightable, relating to the Company's present, past or prospective activities, services and products, including methods and processes to provide Management Services ("Inventions") or any modifications thereof which are at any time conceived or reduced to practice by P.C. and/or any of its Providers, acting alone or in conjunction with others, in connection with the Company's management of the P.C. or during the course of the P.C.'s employment or

engagement of Providers (or, if based on or related to any Confidential Information, made by P.C. and/or any Provider during or after such management by the Company or employment or engagement by the P.C.) and all concepts and ideas known to P.C. at any time during the Company's management of the P.C. which relate to the Company's present, past or prospective activities, services and products ("Concepts and Ideas") or any modifications thereof held by or known to P.C. and/or any Provider on the date of this Agreement or acquired by P.C. and/or any Provider during the term of this Agreement shall be the property of the Company, free of any reserved or other rights of any kind on P.C. and/or any Provider part in respect thereof, and P.C. and/or any Provider hereby assigns all rights therein to the Company.

(c) P.C. and/or its Providers shall promptly make full disclosure of any such Inventions, Concepts and Ideas or modifications thereof to the Company. Further, P.C. and/or its Providers shall, at the Company's cost and expense, promptly execute formal applications for patents and copyrights and also do all other acts and things (including, among others, executing and delivering instruments of further assurance or confirmation) deemed by the Company to be necessary or desirable at any time or times in order to effect the full assignment to the Company of P.C. and/or its Providers' rights and title to such Inventions, Concepts and Ideas or modifications, without payment therefor and without further compensation. In order to confirm the Company's rights, P.C. and/or its Providers will also assign to the Company any and all patents, copyrights and reproduction rights to any written material prepared by P.C. and/or its Providers in connection with the Company's management of the P.C. or the Providers' employment or engagement by the P.C. P.C. and/or its Providers further understand that the absence of a request by the Company for information, or for the making of an oath, or for the execution of any document, shall in no way be construed to constitute a waiver of the rights of the Company under this Agreement. This Agreement shall not be construed to limit in any way any "shop rights" or other common law or contractual rights of the P.C. or the Company in or to any Inventions, Concepts and Ideas or modifications which the Company has or may have by virtue of the Company's management activities hereunder or the P.C.'s engagement of its Providers.

13. Enforcement. The P.C. agrees that the restrictive covenants set forth in Sections 10, 11 and 12 are reasonable in nature, duration and geographical scope. The P.C. further acknowledges that any violation of those restrictive covenants will cause the Company irreparable damage, which a monetary award would be inadequate to remedy, and that a court or arbitrator of competent jurisdiction may, in addition to monetary awards, enjoin any breach of, and enforce, such restrictive covenants by temporary restraining order, and preliminary and permanent injunctive relief without the need for the moving party to post any bond or surety. If a court or arbitrator of competent jurisdiction determines that any of the restrictive covenants set forth in Sections 10, 11, and 12 are unreasonable in nature, duration or geographic scope, then the P.C. agrees that such court or arbitrator shall reform such restrictive covenant so that such restrictive covenant is enforceable to the maximum extent permitted by law for a restrictive covenant of that nature, and such court shall enforce the restrictive covenant to that extent. If any court or arbitrator finds that the P.C. and/or its Providers has breached the restrictive covenants set forth in Sections 10 or 11 above, then such restrictive covenants shall be extended for an additional period equal to the period of such breach.

14. Provider Agreements. The P.C. agrees that it shall impose, by contract on each of its Providers, the obligation to abide by the applicable terms and conditions of this Agreement, including the restrictive covenants specified above. The Company and its affiliates are intended to be third-party beneficiaries of such contracts and the Company may, in its sole discretion, be a signatory to such contracts for purposes of enforcing against Providers the terms and conditions of this Agreement. This requirement to impose the applicable terms and conditions of this Agreement on each of the P.C.'s providers may be waived by the Company either in relation to a specific Provider or class of Providers, so long as this waiver is notated in writing and executed by an appropriately authorized Member or Officer of the Company.

15. Term and Termination.

(a) The term of this Agreement shall be for ten (10) years commencing on the Effective Date, unless sooner terminated as set forth herein, and shall automatically renew for successive five (5) year terms unless either party gives the other at least ninety (90) days prior written notice of its intention not to renew prior to the expiration of then current term.

(b) Either party may terminate this Agreement immediately upon the occurrence of any of the following events with regard to the other party: (i) the making of a general assignment for the benefit of creditors; (ii) the filing of a voluntary petition or the commencement of any proceeding by either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension; (iii) the filing, of any involuntary petition or the commencement of any proceeding by or against either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension, which such petition or proceeding is not dismissed within ninety (90) days of the date on which it is filed or commenced; or (iv) permanent suspension of the transaction of the usual business of either party.

(c) The parties may terminate this Agreement immediately upon written notice to the other in the event of termination for any reason of any written agreement between the parties of even date herewith.

(d) The Company may terminate this Agreement immediately upon written notice to the P.C. of any breach or termination of the Stock Transfer Restriction Agreement of even date herewith between the Company, the P.C. and the shareholder of the P.C.

(e) The Company may terminate this Agreement at any time, with or without cause, by giving the P.C. ninety (90) days' prior written notice.

(f) Either party may terminate this Agreement upon ninety (90) days' prior written notice to the other party in the event of a material breach by the other party of any material term or condition hereof, if such breach is not cured to the reasonable satisfaction of the non-breaching party within ninety (90) days after the non-breaching party has given notice thereof to the other party.

(g) Upon termination or expiration of this Agreement by either party, the P.C. shall pay the Company any amounts owed to the Company under Section 4 hereof as of the date of termination or expiration.

(h) Upon termination or expiration of this Agreement, the P.C. shall return to the Company any and all property of the Company which may be in the P.C.'s possession or under the P.C.'s control.

(i) If, in the opinion (the "Opinion") of nationally recognized health care counsel selected by of the Company, it is determined that it is more likely than not that applicable legislation, regulations, rules or procedures (collectively referred to herein as a "Law") in effect or to become effective as of a date certain, or if the Company or the P.C. receives notice (the "Notice") of an actual or threatened decision, finding or action by any governmental or private agency or court (collectively referred to herein as an "Action"), which Law or Action, if or when implemented, would have the effect of subjecting either party to civil or criminal prosecution under state and/or federal laws, or other material adverse proceeding on the basis of their participation herein, then the Company or the P.C. shall provide such Opinion or Notice to the other party. The parties shall attempt in good faith to amend this Agreement to the minimum extent necessary in order to comply with such Law or to avoid the Action, as applicable, and shall utilize mutually agreed upon joint legal counsel to the extent practicable. If, within 90 days of providing written notice of such Opinion or such Notice to the other party, the parties hereto acting in good faith are unable to mutually agree upon and make amendments or alterations to this Agreement to meet the requirements in question, or alternatively, the parties mutually determine in good faith that compliance with such requirements is impossible or unfeasible, then this Agreement shall be terminated without penalty, charge or continuing liability upon the earlier of the following: the date 180 days subsequent to the date upon which any party gives written notice to the other party, or the effective date upon which the Law or Action prohibits the relationship of the parties pursuant to this Agreement.

16. Obligations After Termination. Except as otherwise provided herein or in any amendment hereto, following the effective date of termination of this Agreement:

(a) The Company shall cooperate with the P.C. to assure the appropriate transfer of Management Services;

(b) The Company shall continue to permit the P.C. or its authorized representatives to conduct financial audits relating to the period this Agreement was in effect;

(c) Both the Company and the P.C. shall cooperate in connection with the termination or assignment of other contractual arrangements; and

(d) Both the Company and the P.C. shall cooperate in the preparation of final financial statements and the final reconciliation to fees paid hereunder, which shall be calculated by the Company six (6) months after termination of this Agreement.

17. Return of Proprietary Information. All documents, procedural manuals, guides, specifications, plans, drawings, designs, copyrights, service marks and trademark rights, computer programs, program descriptions and similar materials, lists of present, past or

prospective customers, proposals, marketing and public relations materials, invitations to submit proposals, fee schedules and data relating to customers and the pricing of the Company's products and services, records, notebooks and similar repositories of or containing Confidential Information and Inventions (including all copies thereof) that come into P.C.'s and/or its Providers' possession or control, whether prepared by P.C., its Providers, or others: (a) are the property of the Company, (b) will not be used by P.C. or its Providers in any way adverse to the Company or to the benefit of P.C. and/or its Providers, (c) will not be removed from the Company's premises (except as P.C. and/or its Providers' duties hereunder require) and (d) at the termination of this Agreement or engagement of such Providers, will be left with, or forthwith returned and/or restored to the Company, and P.C. and such Providers shall discontinue use of such materials.

18. Status of Parties. In the performance of the work, duties and obligations under this Agreement, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other and that no relationship of partnership, joint venture or employment is created by this Agreement.

19. Force Majeure. Neither party shall be deemed to be in default of this Agreement if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, Acts of God, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the parties hereunder, to the extent reasonably practicable. It is agreed that financial inability shall not be a matter beyond a party's reasonable control.

20. Notices. Any notices to be given hereunder by either party to the other shall be deemed to be received by the intended recipient (a) when delivered personally, (b) the day following delivery to a nationally recognized overnight courier service with proof of delivery, or (c) three (3) days after mailing by certified mail, postage prepaid with return receipt requested, in each case addressed to the parties at the addresses set forth above or at any other address designated by the parties in writing.

21. Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter of this Agreement. This Agreement may not be changed orally, and may only be amended by an agreement in writing signed by both parties.

22. No Rights in Third Parties. This Agreement is not intended to, nor shall it be construed to, create any rights in any third parties, including, without limitation, in any Providers employed or engaged by the P.C.

23. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

24. Severability. If any provision of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum

extent permissible, and the remaining provisions of this Agreement will remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain.

25. Waiver. The failure of a party to insist upon strict adherence to any terms of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to that term or any other term of this Agreement.

26. Rights Unaffected. No amendment, supplement or termination of this Agreement shall affect or impair any rights or obligations which shall have theretofore matured hereunder.

27. Interpretation of Syntax. All references made and pronouns used herein shall be construed in the singular or plural, and in such gender, as the sense and circumstances require.

28. Successors. This Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, executors, administrators and assigns.

29. Further Actions. Each of the parties agrees that it shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.

30. Non-Assignment. Neither party may assign this Agreement without the prior written approval of the other party, except the Company may assign this Agreement without the prior approval of the P.C. to any affiliate of the Company, or to any third party that purchases all or substantially all the assets of the Company.

31. Access of the Government to Records. To the extent that the provisions of Section 1861(v)(1)(l) of the Social Security Act 42 U.S.C. §1395x(v)(1)(l) are applicable to this agreement, the parties agree to make available, upon the written request of the Secretary of the Department of Health and Human Services or upon the request of the Comptroller General, or any of their duly authorized representatives, this Agreement, and other books, records and documents that are necessary to certify the nature and extent of costs incurred by them for services furnished under this Agreement. The obligations hereunder shall extend for tour (4) years after furnishing of such services. The parties shall notify each other of any such request for records.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, and intending to be legally bound, the parties have executed this Management Agreement under seal as of the day and year first above written.

CROSSROADS OF TRI-CITIES MANAGEMENT COMPANY, LLC

By:_____
Print Name
Title

CROSSROADS TREATMENT CENTER OF TRI-CITIES, P.C.

By:_____
Print Name
Title

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

EXHIBIT A

EQUIPMENT/FURNISHINGS

All Equipment and Furnishings.

EXHIBIT B

OFFICE SPACE

The mailing and principal business address for the P.C. is 413 Princeton Rd, Johnson City, TN 37601.

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

EXHIBIT C

BUSINESS ASSOCIATE AGREEMENT

See attached.

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

BUSINESS ASSOCIATE AGREEMENT

This BUSINESS ASSOCIATE AGREEMENT (the *"Agreement"*) is made and entered into effective on TBD (the *"Effective Date"*) by and between **CROSSROADS TREATMENT CENTER OF TRI-CITIES, P.C.,** a professional corporation organized and existing under the laws of the State of Tennessee (*"Covered Entity"*) and **CROSSROADS OF TRI-CITIES MANAGEMENT COMPANY, LLC,** a limited liability company organized and existing under the laws of the State of Tennessee (*"Business Associate"*, and together with Covered Entity, the *"parties"*), under which Business Associate may regularly use and/or disclose information concerning patients (*"Protected Health Information"* or *"PHI"*) in connection with that certain Management Agreement of even date herewith, entered into by and between the parties hereto (the *"Service Agreement"*). Both Business Associate and Covered Entity are committed to complying with the Health Insurance Portability and Accountability Act of 1996 and the regulations promulgated thereunder, all as amended from time to time (*"HIPAA"*), and the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009, and the regulations promulgated thereunder, all as amended from time to time (the *"HITECH Act"*). Capitalized terms not otherwise defined herein shall have the meaning ascribed to them under HIPAA, and the HITECH Act, as applicable.

Article One

1.1 Business Associate Provisions.

(a) Without limiting the foregoing, Business Associate agrees that it may be a *"business associate"* (*as defined in HIPAA and the HITECH Act*) of Covered Entity for certain purposes in connection with the Service Agreement. To the extent that Business Associate has access to or receives PHI from or on behalf of Covered Entity, in Business Associate's capacity as a business associate of Covered Entity, Business Associate agrees to comply with all of the business associate obligations under HIPAA, the HITECH Act and this Agreement. The Business Associate shall provide reasonable assurances that any PHI it receives from or on behalf of Covered Entity shall be held confidential and only disclosed as required or permitted by law.

(b) Business Associate shall comply with HIPAA and HITECH Act privacy and security requirements as if Business Associate were a Covered Entity, to the extent required by law.

1.2 Permitted Uses and Disclosures.

(a) Business Associate shall only use and/or disclose PHI received from or on behalf of Covered Entity in compliance with applicable law and as necessary to perform the tasks and activities described in this Agreement and the Service Agreement.

(b) All uses and disclosures of PHI shall be limited to the minimum amount of information necessary to carry out a purpose permitted by this Agreement. Effective on the effective date, if any, of any guidance issued by the Secretary of the United States Department of Health and Human Services (the *"Secretary")* further defining *"minimum necessary,"* Business Associate shall limit its use, disclosure or request of PHI to only the minimum necessary as set forth in such guidance.

(c) To the extent required by law, Business Associate shall limit its use, disclosure or request of PHI to (i) de-identified information, (ii) a Limited Data Set, or (iii) PHI permitted by applicable law to be accessed, used and/or disclosed by Business Associate.

(d) Business Associate shall not use or further disclose PHI received from or on behalf of Covered Entity in any manner except as permitted or required by this Agreement and by applicable law.

(e) Business Associate may use and disclose PHI received from or on behalf of Covered Entity (i) for the proper management and administration of Business Associate, (ii) to carry out Business Associate's legal responsibilities, or (iii) provide Data Aggregation services relating to Covered Entity's Healthcare Operations as requested by Covered Entity.

(f) Upon written notice from Covered Entity that Covered Entity shall comply with a restriction on the disclosure of PHI, Business Associate shall abide by such restriction and, if prevented by such restriction, shall not disclose the PHI identified by Covered Entity to any Health Plan for the purposes of carrying out Payment or Health Care Operations, except as otherwise required by law.

(g) Business Associate shall not use or disclose PHI for the purpose of communicating about a product or service that encourages recipients of the communication to purchase or use the product or service, to the extent prohibited by HIPAA and the HITECH Act.

(h) With respect to exchanges of PHI occurring six (6) months after the effective date of final regulations implementing Section 13405(d) of the HITECH Act, Business Associate shall not, directly or indirectly, receive remuneration in exchange for any PHI, except as otherwise permitted by applicable law.

1.3 Appropriate Safeguards. Business Associate agrees that it shall implement reasonable and appropriate safeguards to prevent its use or disclosure of PHI received from or on behalf of Covered Entity other than as set forth in this Agreement. Business Associate further agrees that it shall appropriately safeguard electronic PHI in accordance with applicable HIPAA and HITECH Act standards. In particular, Business Associate shall implement administrative, physical and technical safeguards that reasonably protect the confidentiality, integrity and availability of electronic PHI that it creates, receives, maintains or transmits on behalf, of Covered Entity.

1.4 Reporting of Disclosures of PHI.

(a) Business Associate shall report to Covered Entity any suspected or actual breach of security, intrusion, unauthorized use or disclosure of PHI, any breach of confidentiality of such PHI, any Security Breach, any Breach of Unsecured PHI, and/or any actual or suspected use or disclosure of PHI in violation of any applicable federal or state laws or regulations, as soon as possible after becoming aware of it and within such time periods and to the extent required by applicable law.

(b) Business Associate shall, in the event of any Breach of Unsecured PHI in the control of Business Associate, its agents or subcontractors, notify Covered Entity of such Breach in writing within thirty (30) days of the date that Business Associate Discovers such Breach. To the extent the information is available to Business Associate, Business Associate's notice of such Breach shall include the information required by 45 CFR §164.410.

(c) Business Associate shall report in writing to Covered Entity any Security Incident relating to PHI or electronic PHI, as soon as possible after Business Associate becomes aware of such an incident. Business Associate shall take (i) prompt corrective action to cure any deficiencies that caused the Security Incident or unauthorized use or disclosure, and (ii) any corrective action required by applicable federal and state law.

(d) Business Associate shall, to the extent practicable, mitigate any harmful effect that is known to Business Associate arising from a Breach by Business Associate or a use or disclosure of PHI by Business Associate in violation of this Agreement.

1.5 Agents and Contractors. Business Associate shall ensure that any agent or contractor of Business Associate that has access to PHI obtained from Covered Entity agrees to be bound by the same restrictions, terms and conditions that apply to Business Associate under this Agreement. To the extent that Business Associate discloses PHI to an agent or contractor, Business Associate (i) shall obtain, prior to making any such disclosure, reasonable assurances from such third party that such PHI shall be maintained, accessed, used and disclosed pursuant to the same restrictions, terms and conditions that apply to Business Associate under this Agreement, (ii) shall obtain reasonable assurance from such third party that the PHI shall be disclosed by such third party only as required or permitted by law and this Agreement, and (iii) obtain an agreement from such third party to immediately notify Business Associate of any breach of HIPAA and/or HITECH Act standards applicable to such PHI, to the extent it has obtained knowledge of such breach. Business Associate shall implement appropriate sanctions against agents and contractors that violate such restrictions and conditions of this Agreement, including termination of any applicable agreement with the agent or contractor, if feasible, and shall mitigate the effects of any such violations.

1.6 Retention of PHI. Business Associate and its contractors and agents shall maintain and retain PHI for so long as the Service Agreement is in effect and make such PHI available to Covered Entity as set forth in this Agreement. Business Associate and its contractors and agents shall retain all records required to be maintained by HIPAA and the HITECH Act for so long as the Service Agreement is in effect and for a period of six (6) years after termination or expiration of the Service Agreement.

1.7 Access to and Availability of PHI. Within seven (7) days of a request by Covered Entity:

(a) Business Associate shall make available to Covered Entity PHI as needed to permit Covered Entity to respond to a request for access to PHI by the individual whose PHI is at issue (the "*Subject*"). If Business Associate receives a request directly from the Subject, Business Associate shall within seven (7) days forward the request to Covered Entity along with the requested PHI. Covered Entity shall be responsible for responding to all individual requests for access to PHI.

(b) If Business Associate uses or maintains, or is deemed to use or maintain, an Electronic Health Record on behalf of Covered Entity with respect to PHI, then, to the extent the Subject makes a permitted request to Business Associate therefor, Business Associate shall provide the Subject with a copy of the requested information contained in such Electronic Health Record in an electronic format and, if the Subject so chooses, Business Associate shall transmit such copy directly to an entity or person designated by the Subject. At Covered Entity's request, Business Associate shall provide Covered Entity with a copy of the Subject's PHI, maintained on behalf of Covered Entity in an Electronic Health Record, in an electronic format and in a time and manner reasonably designated by Covered Entity in order for Covered Entity to comply with its HIPAA obligations.

(c) Business Associate shall provide to Covered Entity PHI as needed to respond to a Subject's request for amendment of PHI maintained in the Designated Record Set within seven (7) days of Covered Entity's request. At the direction of Covered Entity, Business Associate shall amend the PHI held by Business Associate for Covered Entity in the manner requested by the Subject.

(d) Business Associate shall make available to Covered Entity the information required to permit Covered Entity to respond to a Subject's request for an accounting of disclosures of PHI to the extent required by HIPAA, or, at the request of Covered Entity, provide to Covered Entity an accounting of disclosures of PHI in accordance with HIPAA. If Business Associate receives a request for an accounting directly from the Subject, Business Associate shall within seven (7) days forward the request to Covered Entity along with the information needed to respond to the request for accounting.

(e) Upon the effective date specified in the HITECH Act, if Business Associate is deemed to use or maintain an Electronic Health Record on behalf of Covered Entity, then in addition to maintaining an accounting of disclosures as set forth herein, Business Associate shall maintain an accounting of any disclosures made through an Electronic health Record for Treatment, Payment and Health Care Operations, as applicable. Such accounting shall comply with the requirements of HIPAA and the HITECH Act. Upon request by Covered Entity, Business Associate shall provide such accounting to Covered Entity in the time and manner specified by HIPAA and the HITECH Act. Alternatively, if Covered Entity responds to a Subject's request for an accounting of disclosures made through an Electronic Health Record by providing the requesting Subject with a list of all Business Associates acting on behalf of Covered Entity, then Business Associate shall provide such accounting directly to the requesting Subject in the time and manner specified by HIPAA and the HITECH Act.

(f) Business Associate agrees to implement an appropriate record keeping process to enable it to comply with the requirements of this Section 1.7.

1.8 Availability of Business Associate's Internal Practices, Books and Records. Business Associate agrees to make its internal practices, books and records relating to the use and disclosure of PHI available to the Secretary and to Covered Entity for the purposes of determining Covered Entity's and Business Associate's compliance with this Agreement and HIPAA.

1.9 Conforming Amendments. Business Associate agrees that this Agreement shall be amended, or deemed amended, from time to time as necessary to comply with amendments to HIPAA, the HITECH Act, and other applicable law.

Article Two

2.1 Termination of Business Relationship.

(a) Notwithstanding any inconsistent provision of the Service Agreement or any other agreement between Covered Entity and Business Associate, a breach by either party of any material provision of this Agreement shall constitute a material breach of the Service Agreement. Either party may terminate the Service Agreement (the "*Terminating Party*") upon thirty (30) days' prior written notice to the other party if any such material breach is not cured to the reasonable satisfaction of the Terminating Party within such thirty (30) day period. If either party knows of a pattern of activity or practice of the other party (the *"Breaching Party")* that constitutes a material breach or violation of the Breaching Party's obligations under this Agreement, then such party shall notify the Breaching Party and the Breaching Party shall take reasonable steps to cure such breach or end such violation, if possible. If the Breaching Party's efforts to cure such breach or end such violation are unsuccessful, the other party shall either (i) terminate this Agreement and the Service Agreement, if feasible, or (ii) if termination of this Agreement and the Service Agreement is not feasible, the other party shall report the breach or violation to the Secretary.

(b) Covered Entity may terminate this Agreement and the Service Agreement upon ninety (90) days' prior written notice if Business Associate refuses to amend this Agreement as necessary to comply with federal or state laws or regulations relating to privacy or security provisions of PHI.

(c) In the event of any termination or expiration of this Agreement, Business Associate shall return or destroy all PHI obtained from or on behalf of Covered Entity that Business Associate still maintains in any form and shall retain no copies. If return or destruction is not feasible, Business Associate may retain such PHI, but shall continue to protect the confidentiality of PHI as required by this Agreement and limit any use or disclosure of PHI to those purposes that make the return of destruction of PHI infeasible.

2.2 Term and Termination of Agreement. Unless sooner terminated in accordance with Section 2.1 hereof, this Agreement shall remain in effect for so long as the Service Agreement remains in effect. The parties agree that the sections of this Agreement relating to privacy and security, as well as Sections 2.2 and 2.3 hereof, shall survive termination or expiration of this Agreement.

2.3 Applicable Law; Disputes. The provisions of this Agreement shall be construed under the laws of the State of Tennessee. All disputes arising under this Agreement shall be resolved under the dispute resolution procedures specified in the Service Agreement.

2.4 Notices. Any notice or other communication by one party to the other shall be in writing and shall be given, and be deemed to have been given, if either hand delivered, or three (3) days after mailed postage prepaid, certified mail (*return receipts requested*), addressed as follows:

If to Covered Entity:

Principal place of business:

CROSSROADS TREATMENT CENTER OF TRI-CITIES, P.C.
367 Richardson Road SE
Tri-Cities, GA 30701

If to Business Associate:

Mailing address:

CROSSROADS OF TRI-CITIES MANAGEMENT COMPANY, LLC
367 Richardson Road SE
Tri-Cities, GA 30701

Any party may change the address for notice for such party by notifying the other party, in writing, of the new address.

2.5 Entire Agreement. The provisions of this Agreement constitute the complete agreement of the parties relating to the matters specified herein and supersede all prior representations or agreements, whether oral or written, with respect to such matters. No oral modification or waiver of any of the provisions of this Agreement shall be binding on either party. Only a written instrument signed by both parties may amend this Agreement. This Agreement shall benefit, and shall be binding upon, only the parties hereto and their respective successors and assigns. In the event of a conflict between a specific term of this Agreement and a specific term of the Service Agreement, the term of this Agreement shall control. The captions of the several sections of this Agreement have been inserted for convenience only and do not constitute a part of this Agreement.

2.6 Waiver. The failure by a party at any time to require performance of any provision of this Agreement shall not constitute a waiver of such provision and shall not affect the right of such party to require performance at a later time. Any waiver of the breach of any term or condition of this Agreement by either party shall not be a continuing waiver and shall not operate to bar the waiving party from claiming a breach of this Agreement for any subsequent breach hereunder.

2.7 Severability. Should any provision of this Agreement or application thereof be held invalid or unenforceable, the remainder of this Agreement shall not be affected and shall continue to be valid and enforceable to the fullest extent permitted by law unless its continued

validity and enforcement would defeat the purpose of this Agreement.

2.8 Assignment. This Agreement shall be binding upon and inure to the benefit of the parties' heirs, successors, assigns and representatives. This Agreement may not be assigned, nor the duties hereunder delegated, by either party without the other party's written consent.

2.9 Counterparts. This Agreement may be executed in counterparts, with each counterpart being treated as an executed original and both counterparts together constituting one and the same instrument.

[signature page follows]

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

IN WITNESS WHEREOF, the undersigned have set their hands and seals effective as of the Effective Date.

COVERED ENTITY

CROSSROADS TREATMENT CENTER OF TRI-CITIES, P.C.

By:_____
Print Name: Rupert J. McCormac IV, M.D.
Title: President

BUSINESS ASSOCIATE

CROSSROADS OF TRI-CITIES MANAGEMENT COMPANY, LLC

By_____
Print Name: James H. Evans
Title: Member

EXHIBIT D

MANAGEMENT FEE

During the first year of this Agreement, the Management Fee payable to the Company, based on the Approved Budget, for (i) licensing to the P.C. the Equipment, (ii) licensing to the P.C. the Office Space, and (iii) providing all Management Services hereunder, shall be Six Hundred Thousand Dollars ($600,000.00) (the "Management Fee"). By no later than the end of the first contract year, and prior to the end of each contract year thereafter, the Company and the P.C. shall negotiate and agree upon the Approved Budget and Management Fee for the subsequent contract year.

Budgets. As part of the Company's Management Services under this Agreement, the Company shall prepare annual capital and operating budgets for the Company's Management Services hereunder and for the P.C.'s clinical services at the Practice for each budget period, with the reasonable input and assistance of the P.C. As used herein, a budget period means a contract year unless otherwise provided.

With respect to each budget period following the initial budget period, the Company shall prepare and deliver a preliminary draft of each annual budget to the P.C. prior to the commencement of the budget period to which such budget relates. The budget for the P.C. shall be subject to the approval of the P.C. A P.C. budget approved in accordance with the foregoing procedures is referred to as the "Approved Budget" for the applicable budget period. The Approved Budget includes any revisions to the Approved Budget approved by the P.C. during the fiscal year.

The Approved Budget is based on the parties' shared expectations of the volume of Management Services that will be required during the applicable budget period. The Approved Budget shall set forth the methodology for calculating any adjustments that may be reasonably required or appropriate to respond to any unforeseen increased demand for Management Services hereunder during the budget period ("Increased Services"). The P.C. acknowledges and agrees that upon notice to the P.C., the Company shall have the right to increase P.C. Expenses in accordance with the methodology and pricing set forth in the Approved Budget in order to respond appropriately to any Increased Services, and any such adjustment to the budget shall become the new Approved Budget for purposes of this Agreement. The Company shall review the Approved Budget on a quarterly basis and recommend any amendments to such Approved Budget that may be reasonably necessary to adapt to any changed circumstance that is reasonably likely to impact the balance of the budget period, including any anticipated Increased Services. The parties agree to negotiate in good faith any such amendments, approval of which shall not be unreasonably withheld or delayed by either party. The Approved Budget shall include any revisions to the Approved Budget approved by the parties during the budget period.

If prior to the commencement of any budget period, the P.C. has not yet approved the budget or provided comments or suggested changes to the proposed budget, then the Company and the P.C. will work diligently in good faith to obtain such approvals, and until such approvals are obtained, with respect to the budget: (A) as to any disputed line items, the immediately preceding budget period's Approved Budget shall be controlling until such time, if any, as

agreement is reached on the amounts to be allocated to such disputed line items, subject to the following: (1) non-recurring or extraordinary items shall not be continued from the budget for the immediately preceding budget period; (2) if the previous budget was for a budget period of less than twelve (12) months, it shall be annualized; and (3) all items subject to an automatic increase, such as rent and taxes, shall be budgeted at the increased rate, and (B) as to line items which are not in dispute, the revised budgets submitted by the Company shall control. In such event, the budget determined in accordance with the foregoing rules will be deemed to be the "Approved Budget" for the applicable budget period until a budget for such period is approved by the P.C. Once the successor budget is approved by the P.C., that successor budget shall become the "Approved Budget" for such period. The P.C. and the Company agree that the budget attached hereto as **EXHIBIT E** shall be the "Approved Budget" for the first year of this Agreement.

Payment Terms. The Management Fee shall be paid as follows. The P.C. shall pay the Company, on or before the tenth (10th) day of each month during the term of this Agreement, sixty-five percent (65%) of the P.C.'s Net Revenue collected during the preceding calendar month and arising from services rendered by the P.C. ("Collections"). At the end of the contract year, the parties shall reconcile Collections so paid to the Company with the full amount of the Services Fee owed hereunder. If the amount paid to the Company on a Collections basis during the contract year is less than the Services Fee for the contract year ("Deficit"), then the P.C. shall at the P.C.'s option (i) pay the Company the Deficit within thirty (30) days after the end of the contract year, (ii) defer payment of the Deficit for up to twelve months, with interest accruing on the unpaid Deficit balance at a rate of Prime (as published in the Wall Street Journal on the date of determination of the Deficit) plus 1%. If the amount paid to the Company on a monthly Collections basis is greater than the Services Fee for the contract year ("Surplus"), then the Company shall, at its option, either refund the Surplus to the P.C. within thirty (30) days after the end of the contract year or offset the Surplus against Services Fees otherwise owed to the Company during the ensuing year.

If either party reasonably believes that the Management Fee does not reflect the fair market value of the items and services to be rendered hereunder during the upcoming year, then such party may make a written request to renegotiate the Management Fee. If a party requests such renegotiation, the parties agree to conduct such renegotiation in good faith and to use best efforts to reach agreement on the Management Fee for the subsequent contract year. In the event the parties are unable to so agree on the Management Fee for a subsequent year after sixty (60) days of good faith negotiation or such longer period of negotiation as the parties may mutually agree), then either party may request, in writing, mediation of the disagreement. If a written request for mediation is made, the parties shall promptly engage a mediator through the American Health Lawyers Association Mediation Service, and the parties shall engage in good faith mediation of the matter. During the pendency of the renegotiations and/or mediation hereunder, the prior year's Management Fee shall remain in effect until the parties resolve their dispute, at which time the renegotiated or arbitrated Management Fee shall be implemented retroactive to commencement of the contract year to which it pertains, unless otherwise mutually agreed by the parties.

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

EXHIBIT E

INITIAL BUDGET

On file with the Company.

SUPPLEMENTAL #1

TRI-CITES LLC OPERATING & CAPITAL BUDGET
FIRST 3 MONTHS TBD

November 20, 2015
12:24 pm

OPERATING BUDGET

Revenue	
Management Fees	$57,494
Patient Fees	0
Other	0
Total Revenue	57,494
Expense	
Accreditation, Licenses	0
Advertising and Promotion	0
Automatic Deposits	964
Bank Service Charges	42
Computer Expense	828
Copier Lease	1,163
Credit Card Fees	43
Depreciation/Amort	6,695
Dues and Subscriptions	0
Education and Training	0
Employment/Hiring costs	0
EMR System	0
Furniture & Equipment Exp	28
Insurance Expense	
Prof Liability Insurance	0
Employee Health Benefit	0
401K Match	0
Total Insurance Expense	0
Interest Expense	0
Janitorial Expense	0
Laboratory Fees	0
Landscaping	0
Legal Fees	0
Medical Supplies	0
Medical Waste	0
Medicine Costs	0
Miscellaneous	0
Monitoring Fee	0
Office Supplies	1,500
Payroll Expenses	
Contract Labor	0
Payroll Processing Fees	0
Payroll Taxes	0
Payroll Expenses - Other	27,500
Total Payroll Expenses	27,500
Postage	149
Professional Fees	1,788
Refunds	0
Rent Expense	7,300
Repairs and Maintenance	1,120
Security	1,164
Shredding	0
Startup/Expansion Expense	0
Taxes	0
Telephone Expense	450
Travel Expense	4,557
Utilities	
Cable	104
Gas	0
Internet	742
Pest Control	0

CENTER-LEVEL LLC OPERATING BUDGET
CROSSROADS OF TRI-CITIES MANAGEMENT CO., LLC
FIRST THREE MONTHS TBD

Approved:

CROSSROADS TREATMENT CENTER OF TRI-CITIES, PC
Rupert J. McCormac, IV MD
President
Date: TBD

CROSSROADS OF LAGRANGE MANAGEMENT CO, LLC
James H. Evans
Member

CENTER-LEVEL LLC CAPITAL BUDGET
CROSSROADS OF TRI-CITIES MANAGEMENT CO., LLC
FIRST THREE MONTHS TBD

Amount: $0

Approved:

CROSSROADS TREATMENT CENTER OF TRI-CITIES, PC
Rupert J. McCormac, IV MD
President
Date: TBD

CROSSROADS OF TRI-CITIESMANAGEMENT CO, LLC
James H. Evans
Member

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

TRI-CITES LLC OPERATING & CAPITAL BUDGET
FIRST 3 MONTHS TBD

	OPERATING BUDGET
Power	1,150
Water / Sewer / Trash	87
Total Utilities	2,083
Vending Commission	0
Vitamins	0
Webhosting	120
Total Expense	57,494
Net Income	0
EBITDA	6,696

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Attachment A, Applicant Profile, Item 6

1. Assignment and Assumption Agreement
2. Corrected Commercial Purchase and Sale Agreement
3. Legible Copy of Page 2 of Addendum to Commercial Purchase and Sale Agreement

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT, dated as of November 1, 2015 (this "Agreement"), is entered into by and among Calhoun Real Estate, LLC (the "Assignor"), and Crossroads of Tri-Cities Management Co., LLC (the "Assignee").

Reference is made to that certain Commercial Purchase and Sale Agreement, dated as of October 7, 2015 (the "Signing Date"), by and among the Assignor and Mountain States Health Alliance (the "Purchase Agreement"). Capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Purchase Agreement.

WITNESSETH:

WHEREAS, Section 4 of the Purchase Agreement grants to the Assignor a Due Diligence Period within which the Assignor may evaluate the Property, the feasibility of consummating the transactions contemplated by the Purchase Agreement, the availability and cost of financing and any other matter of concern to the Assignor;

WHEREAS, in the event the Assignor elects to consummate the transactions contemplated by the Purchase Agreement on the Closing Date, the Assignor agrees that, pursuant to Section 15(A) of the Purchase Agreement, it will assign, and the Assignee agrees that it will assume, the obligations of the Assignor under the Purchase Agreement as of the Closing Date.[1]

NOW, THEREFORE, in consideration of the above premises and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Section 1. Assignment of Purchase Agreement. The Assignor hereby irrevocably agrees that on the Closing Date, it will assign all of its right, title and interest in, and the Assignee hereby irrevocably accepts and assumes, the Purchase Agreement and the obligations contained therein, in accordance with the terms of the Purchase Agreement.

Section 2. Further Assurances. The Assignor and the Assignee hereby agree to, and agree to cause their respective affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such commercially reasonable actions as may be reasonably required to carry out the provisions hereof and give effect to the obligations set forth in the Purchase Agreement.

Section 3. Amendment and Modification; Waiver. Subject to applicable law, this Agreement may only be amended, modified and supplemented by written instrument authorized and executed by the Assignor and the Assignee with respect to any of the terms contained herein. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and executed by the party so waiving. The waiver by any

---

[1] Discuss. For purposes of obtaining title insurance and other matters, the Purchase Agreement may have to be assigned prior to the Closing Date.

party hereto of a breach of any provisions of this Agreement shall not operate or be construed as a waiver of any other or subsequent breach.

Section 4. No Third Party Beneficiaries. Nothing expressed or implied in this Agreement is intended, or will be construed, to confer upon or give any person other than the parties hereto, and their respective successors or permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, or result in such person being deemed a third party beneficiary of this Agreement.

Section 5. GOVERNING LAW. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TENNESSEE WITHOUT REFERENCE TO ITS CHOICE OF LAW RULES.

Section 6. Headings. The headings of this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 7. Counterparts. This Agreement may be executed in multiple counterparts (delivery of which may be by facsimile or via email as a portable document format (.pdf)), each of which will be deemed an original, and it will not be necessary in making proof of this Agreement or the terms of this Agreement to produce or account for more than one (1) fully executed counterpart.

Section 8. Purchase Agreement. This Agreement is subject in all respects to the terms and conditions of the Purchase Agreement. To the extent of any conflict between the terms of the Purchase Agreement and this Agreement, the Purchase Agreement shall control. Nothing contained in this Agreement shall be deemed to supersede, enlarge, modify or otherwise affect any of the covenants, agreements, representations or warranties of the applicable parties contained in the Purchase Agreement.

Section 9. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by law, the parties waive any provision of law which renders any such provision prohibited or unenforceable in any respect.

[the remainder of this page has intentionally been left blank]

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

IN WITNESS WHEREOF, the parties hereto have executed this Assignment and Assumption Agreement as of the date first above written.

ASSIGNOR

CALHOUN REAL ESTATE, LLC

By: _____
Name: Steven W. Kester
Title: Authorized Signatory

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

ASSIGNEE

CROSSROADS OF TRI-CITIES MANAGEMENT CO., LLC

By: _____
Name: Rupert J. McCormac IV, M.D.
Title: Authorized Signatory

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

COMMERCIAL PURCHASE AND SALE AGREEMENT

1. **Purchase and Sale.** For and in consideration of the mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned buyer Calhoun Real Estate, LLC or as assigned ("Buyer") agrees to buy and the undersigned seller Mountain States Health Alliance ("Seller") agrees to sell all that tract or parcel of land, with such improvements as are located thereon, described as follows: All that tract of land known as: Princeton Road (Address) Johnson City (City), Tennessee, 37604 (Zip), as recorded in Washington County Register of Deeds Office, _____ deed book(s), _____ page(s), and/or _____ instrument no. and as further described as: Washington County, TN parcel #038G C 015.03 000 together with all fixtures, landscaping, improvements, and appurtenances, all being hereinafter collectively referred to as the "Property", as more particularly described in Exhibit "A" or if Exhibit A is not attached as is recorded with the Register of Deeds of the county in which the Property is located and is made a part of this Commercial Purchase and Sale Agreement ("Purchase and Sale Agreement" or "Agreement") by reference.

mailing Address is assigned is 413 Princeton Rd Johnson City, TN 37601 CL

2. **Purchase Price.** The total purchase price for the Property shall be Two Hundred Ninety-Five Thousand U.S. Dollars, ($ 295,000.00) ("Purchase Price"), and is subject to all prorations and adjustments and shall be paid by Buyer at the Closing by cash, a Federal Reserve Bank wire transfer of immediately available funds, cashier's check or certified check.

3. **Earnest Money.** Buyer has paid or will pay within 15 business days after the Binding Agreement Date, the sum of $ 14,750.00 with TCI Group, Jerry Petzoldt Agency, LLC ("Holder") located at 2004 American Way, Suite 105, Kingsport, TN 37660 (Address of Holder). Additional Earnest Money, if any, to be tendered and applied as follows:
N/A

This sum ("Earnest Money") is to be applied as part of the Purchase Price at Closing.

A. **Failure to Receive Earnest Money.** In the event Earnest Money is not timely received by Holder or Earnest Money check or other instrument is not honored for any reason by the financial institution from which it is drawn, Holder shall promptly notify Buyer and Seller. Buyer shall have three (3) business days after notice to deliver good funds to Holder. In the event Buyer does not timely deliver good funds to Holder, this Agreement shall automatically terminate and Holder shall notify the parties of the same. Holder shall disburse Earnest Money only as follows:

(a) at Closing to be applied as a credit toward Buyer's Purchase Price;

(b) upon a subsequent written agreement signed by Buyer and Seller; or

(c) as set forth below in the event of a dispute regarding Earnest Money.

No party shall seek damages from Holder, nor shall Holder be liable for any such damages, and all parties agree to defend and hold harmless Holder for any matter arising out of or related to the performance of Holder's duties hereunder.

Disputes Regarding Earnest Money. In the event Buyer or Seller notifies Holder of a dispute regarding disposition of Earnest Money that Holder cannot resolve, Buyer and Seller agree to interplead Earnest Money into a court of competent jurisdiction. Holder shall be reimbursed for, and may deduct from any funds interpleaded, its costs and expenses, including reasonable attorney's fees. The prevailing party in the interpleader action shall be entitled to collect from the other party the costs and expenses reimbursed to Holder, and upon payment of such funds into the court clerk's office, Holder shall be released from all further liability in connection with the funds delivered.

This form is copyrighted and may only be used in real estate transactions in which Glenn Perkins is involved as a TAR authorized user. Unauthorized use of the form may result in legal sanctions being brought against the user and should be reported to the Tennessee Association of Realtors® at (615) 321-1477.

Instant Forms

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

This Commercial Addendum is made a part of the Commercial Agreement as if quoted therein verbatim. Should the terms of this Commercial Addendum conflict with the terms of the Commercial Purchase and Sale Agreement or other documents executed prior to or simultaneous to the execution of this Commercial Addendum, the terms of this Commercial Addendum shall control, and the conflicting terms are hereby considered deleted and expressly waived by both Seller and Buyer. In all other respects, the Commercial Purchase and Sale Agreement shall remain in full force and effect.

The party(ies) below have signed and acknowledge receipt of a copy.

BUYER Calhoun Real Estate, LLC or assigned	BUYER
By: Cory Lesko	By:
Title: Authorized signator	Title:
Entity:	Entity:
10/1/2015 at 9:00 o'clock ☐ am ☐ pm	at o'clock ☐ am ☐ pm
Date	Date

The party(ies) below have signed and acknowledge receipt of a copy.

SELLER	SELLER
By: COO	By:
Title:	Title:
Entity:	Entity:
10-7-15 at o'clock ☐ am ☐ pm	at o'clock ☐ am ☐ pm
Date	Date

The party(ies) below have signed and acknowledge receipt of a copy.

BY: Broker or Licensee Authorized by Broker	The Group Kelly Petzold Agency, LLC Selling Broker/Firm
10/1/2015 at 9:40 o'clock ☒ am ☐ pm	at o'clock ☐ am ☐ pm
Date	Date
GLENN A. PERKINS	
PRINT/TYPE NAME	PRINT/TYPE NAME

The party(ies) below have signed and acknowledge receipt of a copy.

BY: Broker or Licensee Authorized by Broker	Corridor Properties, LLC Listing Broker Firm
10/7/15 at 10:06	at o'clock ☐ am ☐ pm
Date	Date
Scott Sanderson	
PRINT/TYPE NAME	PRINT/TYPE NAME

NOTE: This form is provided [illegible] the agent and consumer [illegible] any such alteration [illegible] forms created by TAR [illegible] available from [illegible] This form is subject to [illegible] and it is the responsibility of the member to use the most recent [illegible]

This form is copyrighted and may [illegible] real estate transaction in which Scott Sanderson is involved as a TAR authorized user. Unauthorized use of the form may [illegible] state laws and shall be reported to the Tennessee Association of Realtors® at (615) 321-1477.

Instant Forms

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

Attachment B, Project Description, Item 1

Executive Summary

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

EXECUTIVE SUMMARY

Crossroads Treatment Center CN1511-048

1. Brief description of proposed services and equipment

The Applicant, Crossroads Treatment Centers ("Crossroads or the Applicant") proposes to establish a non-residential opioid treatment program ("OTP") in a building to be constructed at 413 Princeton Road, in Johnson City, Tennessee. Crossroads will provide medication-assisted treatment ("MAT") for the rehabilitation of persons dependent on opioids to include opium, morphine, heroin, or any derivative of the group. These derivatives commonly include pain medications such as Oxycontin.

2. Ownership structure

Crossroads is owned by Crossroads Treatment Center of Tri-Cities, PC, which is owned 100% by Rupert J. McCormac, IV, M.D. This entity will be responsible for all medical aspects of the proposed facility, and will hold the CON and the facility license. Crossroads of Tri-Cities Management Co., LLC (the "LLC"), through a Management Agreement, will have management responsibility for the proposed facility. The LLC is owned by Treatment Centers HoldCo, which is 100% owned by Crossroads Holding, LLC.

3. Service area

The service area includes the eight most northeastern counties in Tennessee: Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi and Washington Counties.

4. Need

The Applicant estimates there are between 8,800 and 21,500 adults in the service area who are addicted to opioids (heroin and prescription pain pills). Tennessee has been ranked as the second highest prescribing state for narcotic painkillers. In addition, heroin use has skyrocketed. Opioid abuse has become so pervasive in Tennessee that, in 2012, opioids overtook alcohol as the primary substance of abuse for persons in treatment through the Tennessee Department of Mental Health and Substance Abuse Services ("TDMHSAS"). According to a 2014 report from the TDMHSAS, of the 4,850,000 adults in Tennessee, it is estimated that 221,000 (4.56%) have used pain relievers, also known as prescription opioids, in the past year for non-medical purposes. Of those adults, it is estimated that 69,100 are addicted to prescription opioids and require treatment for prescription opioid abuse. The other 151,900 are using prescription opioids in ways that could be harmful and may benefit from early intervention strategies. The remaining 4,629,000 adults in the population would benefit from broad-based prevention strategies that target the entire population.

In a comprehensive review of therapies for the management of opioid dependence, the World Health Organization's first conclusion is stated as follows:

> *"Opioid dependence is a complex condition that often requires long-term treatment and care. No single treatment modality is effective for all people with opioid dependence. Adequate access to a wide range of treatment options should be offered to respond to the varying needs of people with opioid dependence."*

The Applicant intends to provide MAT services utilizing methadone to help patients stop abusing opioids, manage triggers and addictive behaviors and gain control of their lives. When taken as prescribed, methadone is very safe and prevents patients from experiencing withdrawal symptoms, while at the same time not producing drowsiness or disorientation. The treatment provided at Crossroads includes much more than simply prescribing and dispensing medication. Crossroads' treatment includes physician assessment, counseling, laboratory testing and other support services.

Given the number of persons in this service area who are in need of treatment for opioid addiction, this service is clearly necessary to meet the health care needs of the service area population.

5. Existing Resources

While there are over 100 physicians providing treatment using buprenorphine, there are no providers of MAT services utilizing methadone in the entire 8 county service area. Numerous sources state that options for treatment should be available. In addition, many state that MAT using methadone is the most effective treatment for opioid addiction.

The closest Tennessee OTP to the service area is located in Knoxville, with a driving distance of over 100 miles. The closest out of state OTP is a Crossroads facility located in Weaverville, North Carolina, with a driving distance of 53 miles. State and federal regulations require new patients to make these commutes daily (6 to 7 days per week) for up to three months of treatment. For residents of the service area that are seeking to break the cycle of addiction, this is especially difficult if they work in the morning, are parents of young children, have unreliable transportation or struggle with their finances. The benefits of MAT depend on geographic accessibility; extensive travel interferes with employment and family responsibilities. Approval of this proposed project will significantly improve patient's access to needed treatment while improving their ability to maintain a steady job and to enter "financial recovery," and will increase the likelihood of success of the treatment.

6. Project Cost

The project cost is $1,826,660, excluding the CON filing fee. This cost includes $295,000 for the acquisition of the site, $268,200 for the preparation of the site, $840,000 for the construction costs, and $166,060 for a contingency fund, among other items.

7. Funding/Financial Feasibility

The proposed project is financially feasible in both the short and long terms. The Applicant will receive funding for its startup costs from a revolving line of credit agreement with Ally Bank. Once operational, the project is projected to begin generating a profit in the fifth month of operations. The project is expected to generate $59,755 in net income over the first 12 months of operation. Crossroads expects to serve 100 patients in the first month and be actively providing treatment services to 697 patients by the twelfth month of operations.

8. Staffing

The proposed staffing for the beginning of the operations of the facility includes 2 Counselors and one each of the following: Program Director, Physician, Director of Nursing, Dosing LPN, Physician Assistant, Clinical Director, Administrator and Physician Assistant. As the number of patients treated increases, the Applicant anticipates that additional staffing will be necessary.

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

Attachment B, Project Description, Item 1

TDMHSA Updated Report July 2014

November 20, 2015
12:24 pm

THA | TENNESSEE Center for Patient Safety

Today's webinar will begin in a few minutes.

Please press ***6 to mute your line** or use the "mute" button on your phone

If you have questions for the presenter or need to contact TCPS staff, type your comments into the chat box

Lines will be opened during the call, so attendees may ask questions.

Please do not put the conference on hold

Thank you for your patience

THA | TENNESSEE Center for Patient Safety

Monthly Medication Safety Webinar:
Update on Prescription Drug Abuse in Tennessee

All lines will be muted during the presentation and unmuted during questions. If you do not have a question to ask, please mute your phone. If you do not have a mute button on your phone you can press ***6 to mute your line**. Please do not put the conference on hold. If you would like to ask a question during the webinar please enter the question into the question box.

Medication Safety: Update on Prescription Drug Abuse in Tennessee

"The abuse of prescription opioids has been identified as one of the most serious and costly issues facing Tennesseans and other Americans today."- Prescription for Success

Disclosure Information
Tennessee Center for Patient Safety
Jason Carter, Pharm.D.

- I have no financial relationships to disclose
- I will not discuss off-label use and/or investigational use during my presentation

Prescription Drug Abuse: A New Problem?

- "The passage of the Harrison Narcotic Act in 1914 removed a blot from the pages of Pharmacy, as the unlimited sale of narcotic drugs without being in conflict with any law had become appalling. This act placed the responsibility jointly up to physicians and druggists, and it is safe to say the consumption of narcotic drugs had diminished by 75%."

From the History of the Tennessee Pharmacists Association

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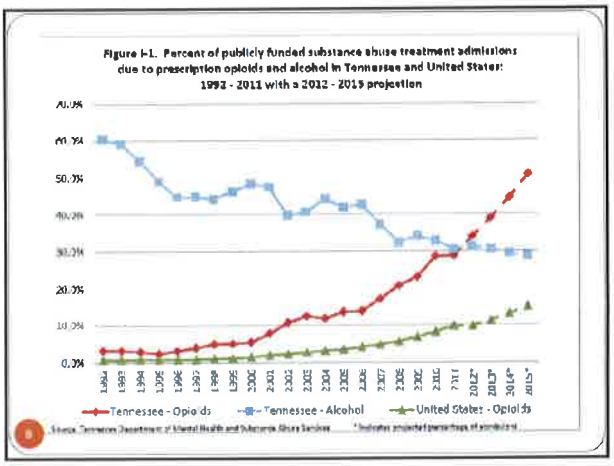
Weekend Articles on Prescription Drug Abuse

- The dark reality of prescription drug abuse in Tennessee (Bristol Herald-Courier)
- Health leaders gather in Johnson City to discuss prescription drug epidemic (T-N)
- Bitter pills: State, local health pros talk reducing prescription abuse (JCP)
- Growing problem of drug-addicted babies gets officials' attention (Herald-Courier)
- Prescription drug drop boxes part of Prescription For Success campaign (Cookeville Herald Citizen)

6

Epidemiology

7



8

Background

- Prescription drug abuse is the *Intentional* use of a medication:
  - without a prescription;
  - in a way other than as prescribed; OR
  - for the experience or feeling it causes.
- Approximately 7.0 million persons were current users of psychotherapeutic drugs taken non-medically in the US in 2010 (2.7% of US population)
  - Pain relievers - 5.1 million
  - Tranquilizers - 2.2 million
  - Stimulants - 1.1 million
  - Sedatives - 0.4 million

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National Statistics

- Prescription painkiller overdoses killed nearly 15,000 people in the US in 2008. This is more than 3 times the 4,000 people killed by these drugs in 1999.
- In 2010, about 12 million Americans (age 12 or older) reported nonmedical use of prescription painkillers in the past year.
- Nearly half a million emergency department visits in 2009 were due to people misusing or abusing prescription painkillers.
- It is estimated that 20 percent of people in the United States have used prescription drugs for nonmedical reasons
- Nonmedical use of prescription painkillers costs health insurers up to $72.5 billion annually in direct health care costs.

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Tennessee Statistics

- Three times more likely to identify prescription opioids as their primary substance of abuse than the national average
- The use rate of prescription opioids among young adults (18-25-year- olds) was 30% higher than the national average in 2011
- Almost 7% of the 12-17-year-old population have used prescription drugs for non-medical reasons

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Tennessee Statistics Cont.

- 10-fold increase in NAS infants from 2001-2011
- Tied Nevada for second only to Florida in 2010 in morphine equivalents per 10,000 people (11.8 kilograms)

12

Patients Receiving Treatment by TDMHSAS for Opioids are More Likely to be:

- A. Single, Employed, 10th grade education
- B. Married, Employed, > 12 years of education
- C. Married, Unemployed, 8th grade education
- D. Single, Unemployed, 10th grade education

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TDMHSAS Funded Treatment

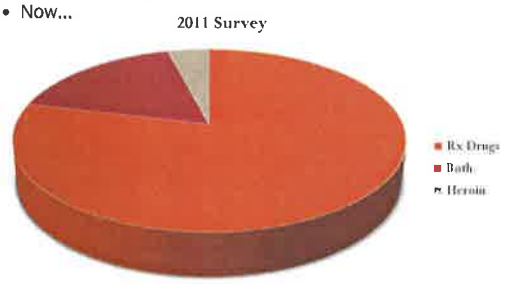
- People addicted to opioids are more likely to be
  - Married
  - Employed
  - >12 years of education

Individuals receiving treatment at state funded treatment programs

14

Treatment Programs

- Originally designed to treat people with *heroin* addiction
- Now...



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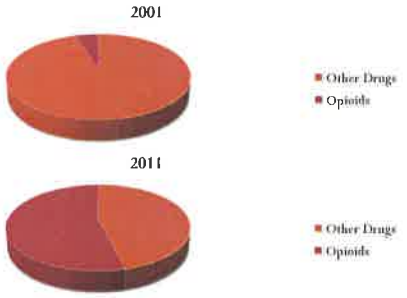
TDMHSAS "Prescription for Success" Executive Summary Report. Summer 2014.

Pregnant Women Receiving Treatment



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TDMHSAS "Prescription for Success" Executive Summary Report. Summer 2014.

How are these statistics possible?

- Doctor shopping
- Shift in prescribing practices
- Different ways to access

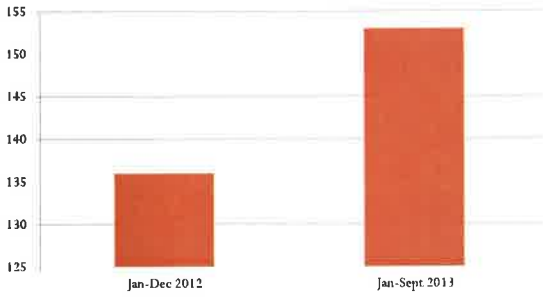
17

Doctor Shopping

- "The practice of a patient requesting care from multiple physicians simultaneously."
- Stems from a patient's addiction to, or reliance on, certain prescription drugs or other medical treatment.
- Most start as legitimate treatment

18

Doctor Shopping Convictions



19 TDMHSAS "Prescription for Success" Executive Summary Report Summer 2014

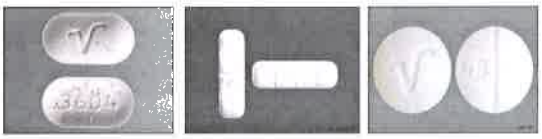
Prescribing Practices

- Shift in view of how to treat chronic pain.
- Tennessee Intractable Pain Treatment Act enacted in 2001
- Under-prescribing → Over-prescribing

20

Extent of the Problem

- In 2010, evidence showed that in Tennessee, there were enough prescriptions dispensed to represent:
  - 51 hydrocodone for EVERY Tennessean>12yo
  - 22 alprazolam for EVERY Tennessean>12yo
  - 21 oxycodone for EVERY Tennessean>12yo



Controlled Substance Prescriptions by Class

*Table 2. Number of Controlled Substances Prescriptions (by class) Reported to CSMD, 2010 - 2013**

Year	Opioids	% Change	Benzodiazepines	% Change	Other	% Change
2010	8,150,946	-	3,951,144	-	4,423,662	-
2011	9,018,139	10.6	4,152,587	5.1	5,001,445	13.1
2012	9,265,450	2.7	4,061,418	-2.2	5,125,142	2.5
2013	9,227,456	-0.4	3,913,356	-3.6	5,433,347	6

* Classes of controlled substances were defined based on CDC guidance document.

Information provided by Andrew Holt , Director TN CSMD

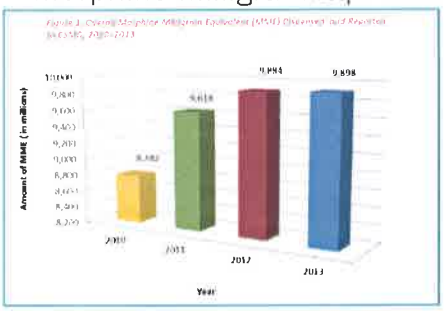
Top 10 Controlled Substance Rxs

Table 3. Comparison of the 10 most frequently prescribed products in 2012 and 2013 in CSMD

Rank	2013	2012
1	Hydrocodone products	Hydrocodone products
2	Alprazolam	Alprazolam
3	Oxycodone products	Oxycodone products
4	Zolpidem	Zolpidem
5	Tramadol	Tramadol
6	Clonazepam	Clonazepam
7	Lorazepam	Lorazepam
8	Diazepam	Diazepam
9	Morphine products	Buprenorphine products
10	Buprenorphine products	Morphine products

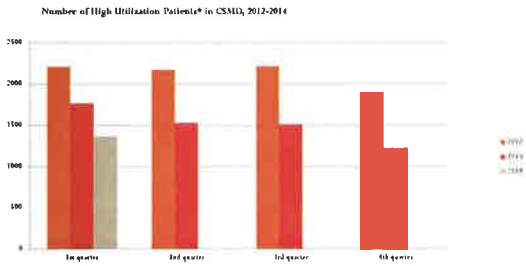
Information provided by Andrew Holt , Director TN CSMD

Morphine Milligram Equivalents



Controlled Substance Monitoring Database 2014 Report to the 108th Tennessee General Assembly

Number of High Utilization Patients



* Individual who obtained prescriptions from five or more prescribers and utilized five or more pharmacies within the quarter

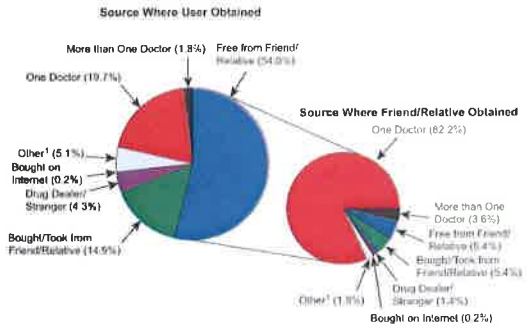
Information provided by Andrew Holt Director TN CSMD

The number one way patients access medications for non-medical use is:

- A. Doctor shopping
- B. Bought on internet
- C. Drug dealer
- D. Free from friend or relative

26

Ways to Access



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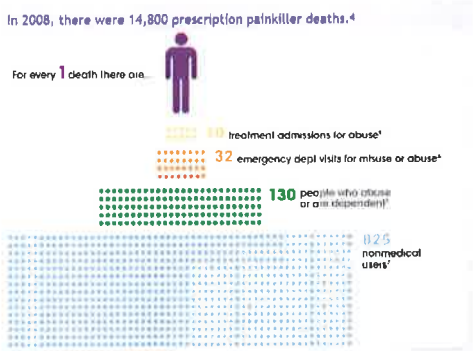
Abuse Trends



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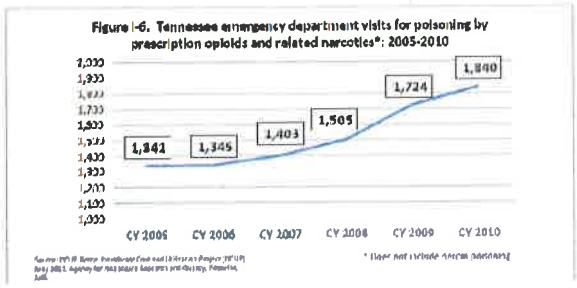
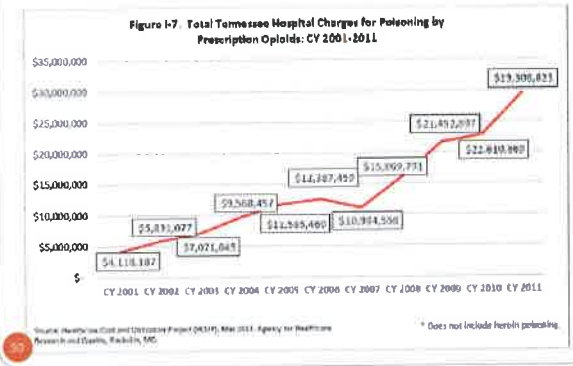
Increase in Opioid-Related ED Visits



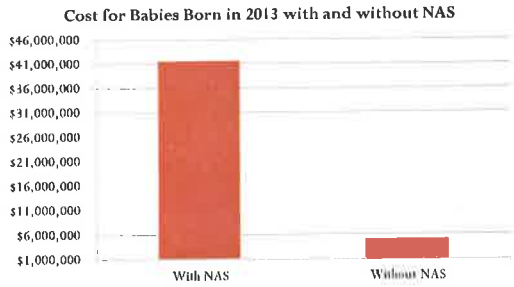
Increase in ED Overdose Dollars Spent



Overdose Deaths

- Number of drug-related deaths due to overdoses increased at a greater rate in Tennessee than in the United States.
- Increase in overdose deaths of 250% from 2001-2011

Neonatal Abstinence Syndrome in TN



TDMHSAS "Prescription for Success" Executive Summary Report Summer 2014

Treatment Costs in 2013

- 5,854 people addicted to opioids were served by the Department of Mental Health and Substance Abuse Services at a cost of $16,280,429.

Tennessee Prescription Safety Act

Public Chapter No. 880
Signed by Governor Haslam on May 9th, 2012
Effective April 1, 2013

Tennessee Prescription Safety Act

- Definitions
  - "Dispenser" means a pharmacist, a pharmacy, or any healthcare practitioner who is licensed and has current authority to dispense controlled substances
  - "Healthcare practitioner extender" means any registered or licensed healthcare professional, and up to two (2) unlicensed persons designated by the prescriber or dispenser, who act as agents of that prescriber or dispenser. The prescriber or dispenser shall be responsible for all actions taken by their agents pursuant to this act.

Tennessee Prescription Safety Act

- Who MUST to be registered for the database?
  - All prescribers with DEA numbers who prescribe controlled substances and dispensers in practice providing direct care to patients in Tennessee for more than fifteen (15) calendar days per year shall be registered in the controlled substance database.

Tennessee Prescription Safety Act

- When are you allowed to check the database?
  - A dispenser or pharmacist not authorized to dispense controlled substances conducting drug utilization or medication history reviews who is actively involved in the care of the patient
  - A dispenser having authority to dispense controlled substances to the extent the information relates specifically to a current or a bona fide prospective patient to whom that dispenser has dispensed, is dispensing, or considering dispensing any controlled substance

37

Tennessee Prescription Safety Act

- When MUST you check the database?
  - All prescribers or their extenders must check the database prior to prescribing any opioid or benzodiazepine to a human patient at the beginning of a new episode of treatment and at least annually thereafter as long as that drug remains part of their treatment
  - Before dispensing, a dispenser shall have the professional responsibility to check the database or have a health care practitioner extender check the database if the dispenser is aware or reasonably certain that a person is attempting to obtain a Schedule II-V controlled substance, identified by the committee as demonstrating a potential for abuse for fraudulent, illegal, or medically inappropriate purposes

38

Tennessee Prescription Safety Act

- How often do you have to report?
  - At least once every seven (7) days for all the controlled substances dispensed during the preceding seven (7) day period
- When do you NOT have to report to the CSMD?
  - Drugs administered directly to the patient
  - Drug samples
  - Drugs dispensed for a non-human by a veterinarian for a quantity of less than 48 hours supply
  - Registered narcotic treatment programs (21 CFR 1304.24)
  - Drugs dispensed by a licensed healthcare facility for a quantity of less than a 48 hour supply

39

Senate Bill No. 676

Addison Sharp Prescription Regulatory Act of 2013

Public Chapter No. 430

Signed by Governor Haslam on May 16, 2013

Became effective October 1, 2013

40

Addison Sharp Act

- Required the commissioner of health to develop recommended treatment guidelines for prescribing of opioids, benzodiazepines, barbiturates, and carisoprodol
  - must be reviewed and updated annually
- Guidelines submitted to/reviewed by
  - prescribing boards that license health professionals who can legally prescribe controlled substances
  - board of pharmacy

41

Addison Sharp Act

- All prescribers who
  - hold a current DEA license (AND)
  - who prescribe controlled substances

MUST

(complete at least 2 (two) hours of continuing education (CE) related to controlled substance prescribing biennially to count toward the licensees' mandatory CE)

42

Addison Sharp Act

- The bill was amended to specify that no prescription for a schedule II-IV controlled substance may be dispensed in quantities greater than a 30 day supply.
- No opioids, benzodiazepines, barbiturates, or carisoprodol may be dispensed directly by a registered pain management clinic.

43

Addison Sharp Act

- If a prescriber dispenses any opioids, benzodiazepines, barbiturates, or carisoprodol, then the prescriber must submit the transaction to the controlled substances monitoring database.
- Generally, any prescriber of opioids, benzodiazepines, barbiturates or carisoprodol to patients who are chronic, long-term drug therapy for 90 days or longer must consider mandatory urine drug testing.

44

Chronic Pain Guidelines

Tennessee Clinical Practice Guidelines for Outpatient Management of Chronic Pain

45

Morphine Equivalent Dose (MED)

- "Equipotent dose of any opioid in terms of morphine"
- As MED increases, the likelihood of any side effects increases, therefore identifying at-risk patients is a crucial first step towards improving patient safety.

MED Conversion Formula: MED= (Drug Strength)(Drug Quantity)(Morphine Equivalent Multiplier)/(Day Supply)

46

Chronic Pain Guidelines

- Treatment with Opioids: Key Principles
  1. All chronic opioid therapy should be handled by a single provider or practice and all prescriptions should be filled in a single pharmacy, unless the provider is informed and agrees that the patient can go to another pharmacy for a specific reason.
  2. Opioids should be used at the lowest effective dose
  3. A provider should not use more than one short-acting opiate concurrently. If a provider deems it necessary to do so then the medical reason shall be clearly documented

47

Chronic Pain Guidelines

- Pain Medicine Specialist:
  - "Medical specialty dedicated to the prevention, evaluation and treatment of people with chronic pain."
  - Have fellowship training from American Board of Medical Specialists (ABMS) or additional training in pain medicine sufficient to obtain American Board of Pain Medicine (ABPM) diplomat status.

48

Chronic Pain Guidelines

- Tiers for the treatment of pain management
  - Tier 1: Non-Pain Medicine Specialists
  - Tier 2: Pain Medicine Specialists

49

Chronic Pain Guidelines

- Tier 1: Non-Pain Medicine Specialists
  - All providers who wish to treat patients requiring less than 120 milligram morphine equivalent daily dose (MEDD) shall
    - Hold a valid Tennessee license issued by their respective board through the Department of Health and a current DEA certification.
    - Attend Continuing Education pertinent to pain management as directed by their governing board.
    - Recommends, but does not require, that providers have completed three years of residency training and be ABMS board eligible of board certified.

50

Chronic Pain Guidelines

- Tier 1: Non-Pain Medicine Specialists (cont.)
  - All providers wishing to treat patients requiring 120 MEDD or more shall consult with a Pain Medicine Specialist.
  - Providers treating patients with ongoing opioid therapy (prescribing of 120MEDD for more than six months in any calendar year) shall obtain at least one annual consultation with a Pain Medicine Specialist. Patients with more complicated cases may require more frequent consultation.

51

Chronic Pain Guidelines

- Tier 2: Pain Medicine Specialists shall hold

1. ABMS subspecialty certification in Pain Medicine under the boards of, Anesthesia, Neurology, Psychiatry and Physical Medicine & Rehabilitation and:
   - An unencumbered Tennessee license and,
   - The minimum number of CME hours in pain management to satisfy retention of ABMS certification.
   - Any exceptions to this must be approved by the respective regulatory board; OR

52

Chronic Pain Guidelines

- Tier 2: Pain Medicine Specialists shall hold (cont.)

2. ABPM diplomat status by 7/1/2016 and:
   a) Unencumbered Tennessee license and,
   b) The minimum number of CME hours in pain management to satisfy retention of ABPM diplomat status.
   c) Any exceptions to this must be approved by the respective health related licensing and regulatory board.
   d) Current pain medicine specialists who are qualified to take the ABPM exam may continue to practice as a pain medicine specialist until 7/1/16, when diplomat status will be required.

53

SENATE BILL NO. 1391

Public Chapter No. 820
Signed by Governor Haslam on April 29th, 2014
Effective June 1, 2014

54

SENATE BILL NO. 1391

- women shall be criminally charged with "...an assaultive offense for the illegal use of a narcotic drug while pregnant, if her child is born addicted to or harmed by the narcotic drug... or for criminal homicide if her child dies as a result of her illegal use of a narcotic drug taken while pregnant."
- "...a woman actively enrolled in an addiction recovery program before the child is born, [shall] remain in the program after delivery, and successfully complete the program, regardless of whether the child is born addicted to or harmed by the narcotic drug."

55

SENATE BILL NO. 1631

Public Chapter No. 623
Signed by Governor Haslam on, April 4, 2014
Effective July 1,2014

56

Naloxone Bill

- This bill authorizes a health care practitioner to prescribe an opioid antagonist in the following circumstances:
  (1) The practitioner is licensed to do so;
  (2) The practitioner is acting in good faith; and
  (3) The prescription is for a person at risk of experiencing an opiate-related overdose, or for a family member, friend, or a person who is in a position to assist a person at risk of experiencing an opiate-related overdose.
- This bill defines "opioid antagonist" as naloxone hydrochloride, which is FDA-approved for the treatment of a drug overdose.

Naloxone Bill

- This bill authorizes an individual who receives an opioid antagonist that was prescribed under this bill, to administer it to another person if individual has a good faith belief that the other person is experiencing an opioid related overdose, and the individual exercises reasonable care in administering the drug.
- This authorization is granted ONLY after the person administering the medication exhibits competency by completion of an online overdose education program.

Naloxone Bill

- Under this bill the practitioner and the person administering the drug will be immune from civil liability for actions authorized by this bill, unless there is a showing of gross negligence or willful misconduct. Also, the practitioner will be immune from disciplinary or adverse administrative actions.

SENATE BILL NO. 1832

Public Chapter No. 872
Signed by Governor Haslam on May 1st, 2014
Effective July 1, 2014

SENATE BILL NO. 1832

- Pharmacies must "[...]require the person taking possession of the dispensed prescription to present a **valid government issued identification or public or private insurance card**, unless the person is personally known to[...]" the pharmacy "[...]for any schedule II-IV opioid, benzodiazepine, zolpidem, barbiturate, or carisoprodol medication for **greater than a seven (7) day supply**[...]"
- Professional judgment may be used when dispensing prescriptions to **minors or homeless people without these forms of documentation.**
- Prescriptions dispensed by veterinarians, to hospital patients, nursing home and assisted living patients, mental health residential patients, incarcerated patients, and inpatients of drug treatment facilities are exempt.

61

SENATE BILL NO. 2547

Public Chapter No. 1011
Transmitted to Governor Haslam on April 22nd, 2014
Effective January 1, 2016

62

SENATE BILL NO. 2547

- Dispensers will be required to submit reports to the CSMD at least every business day.
- Data must be reported by no later than close of business on the following business day.
- Requirements for reporting by veterinarians will remain at once every seven (7) days.

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Prescription for Success

TDMHSAS
Summer 2014

64

Prescription for Success

"The Tennessee Department of Mental Health and Substance Abuse Services is designated as the Single State Authority for issuess regarding mental health and substance abuse services, and has responsibility for setting a direction and leading coordinated efforts to address the prescription drug epidemic in Tennessee."

65

Prescription for Success Goals

Decrease the number of Tennesseans who

- abuse controlled substances
- overdose on controlled substances

Decrease

- the amount of controlled substances dispensed in Tennessee

66

Prescription for Success Goals

Increase

- access to drug disposal outlets in Tennessee
- access and quality of early intervention, treatment and recovery services.

Expand collaborations and coordination

- among state agencies
- with other states

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Prescription for Success

Organizations currently involved

- Tennessee Department of Mental Health and Substance Abuse
- Tennessee Department of Health
- Tennessee Department of Safety and Homeland Security
- Tennessee Bureau of Investigation
- United States Drug Enforcement Administration
- Tennessee Department of Correction
- Tennessee Department of Children's Services
- TennCare
- Legislation

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Supplemental Resources

National Council on Patient Information and Education *(www.talkaboutrx.org)*

National Institute on Drug Abuse *(www.nida.nih.gov)*

Office of National Drug Control Policy *(www.whitehousedrugpolicy.gov)*

Parents.The Anti-Drug *(www.theantidrug.com)*

Partnership for a Drug-Free America *(www.drugfree.org)*

Stop Medicine Abuse *(www.stopmedicineabuse.org/)*

Substance Abuse and Mental Health Services Administration*(www.samhsa.gov)*

Conclusion

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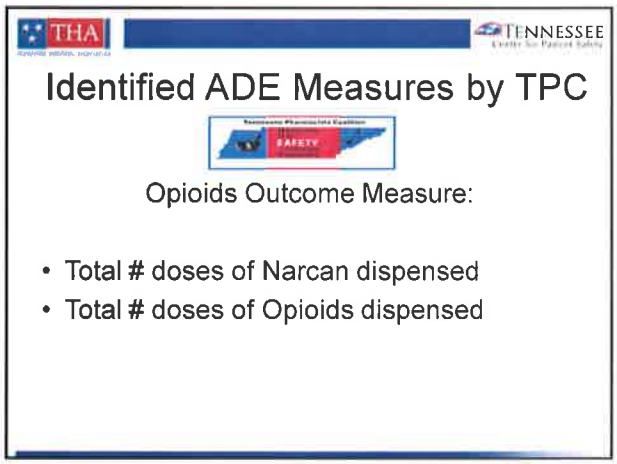
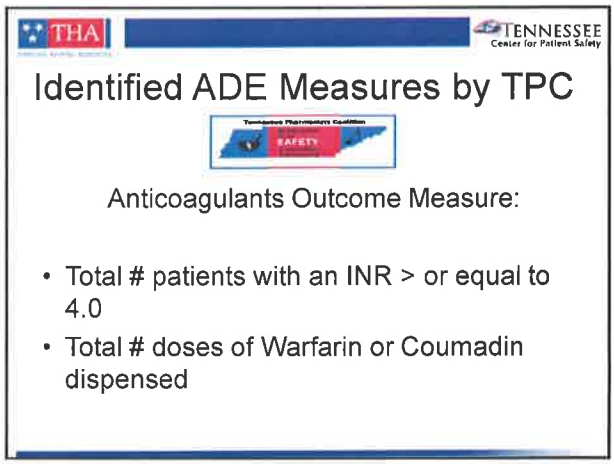
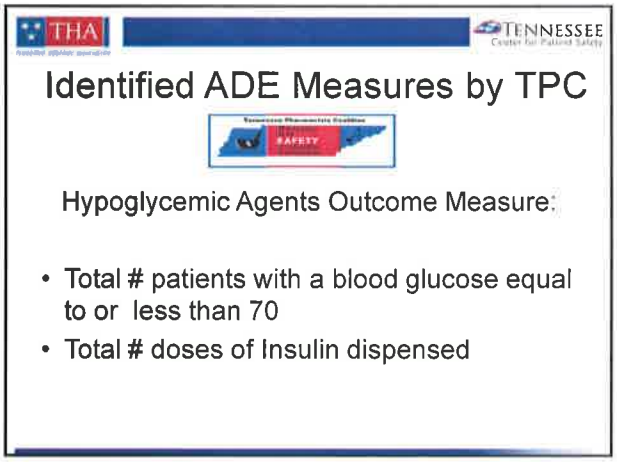
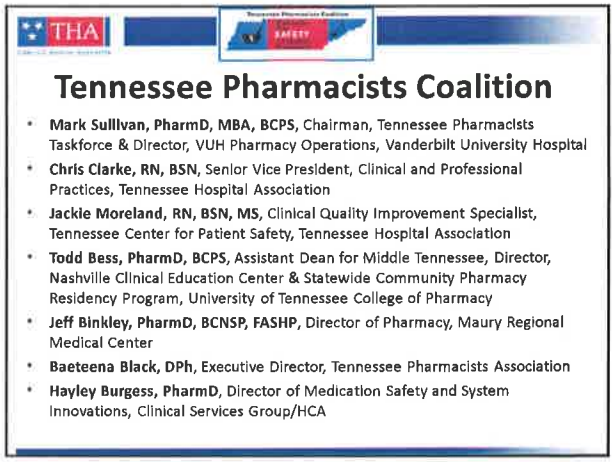
Next Steps

- Monitor and update best practices
- Identify new projects for next cycle
  - Decision support
  - Smart Pumps
- Adopt ASHP strategy for volunteer groups
  - Spring call for volunteers via TPA/THA
  - Seat membership for next cycle
- Begin next cycle in August
- Submit your name and contact information to Jackie Moreland @ jmoreland@tha.com


THA
TENNESSEE
Identified ADE Measures by TPC
Opioids Outcome Measure:
• Total # doses of Narcan dispensed
• Total # doses of Opioids dispensed


THA
TENNESSEE
Center for Patient Safety
Identified ADE Measures by TPC
Anticoagulants Outcome Measure:
• Total # patients with an INR > or equal to 4.0
• Total # doses of Warfarin or Coumadin dispensed


THA
TENNESSEE
Identified ADE Measures by TPC
Hypoglycemic Agents Outcome Measure:
• Total # patients with a blood glucose equal to or less than 70
• Total # doses of Insulin dispensed


THA
Tennessee Pharmacists Coalition
• Mark Sullivan, PharmD, MBA, BCPS, Chairman, Tennessee Pharmacists Taskforce & Director, VUH Pharmacy Operations, Vanderbilt University Hospital
• Chris Clarke, RN, BSN, Senior Vice President, Clinical and Professional Practices, Tennessee Hospital Association
• Jackie Moreland, RN, BSN, MS, Clinical Quality Improvement Specialist, Tennessee Center for Patient Safety, Tennessee Hospital Association
• Todd Bess, PharmD, BCPS, Assistant Dean for Middle Tennessee, Director, Nashville Clinical Education Center & Statewide Community Pharmacy Residency Program, University of Tennessee College of Pharmacy
• Jeff Binkley, PharmD, BCNSP, FASHP, Director of Pharmacy, Maury Regional Medical Center
• Baeteena Black, DPh, Executive Director, Tennessee Pharmacists Association
• Hayley Burgess, PharmD, Director of Medication Safety and System Innovations, Clinical Services Group/HCA

Tennessee Pharmacists Coalition

- **Jason Carter, PharmD**, Chief Pharmacist TN Department of Mental Health and Substance Abuse Services, Tennessee State Opioid Treatment Authority, Associate Professor, University of Tennessee College of Pharmacy
- **Micah Cost, PharmD**, Director of Professional Affairs, Tennessee Pharmacist Association
- **Brian Esters, PharmD, CPPS**, Assistant Professor of Pharmacy Practice, South College School of Pharmacy
- **Carly Feldott, PharmD**, Medication Safety Program Director, LifePoint Healthcare
- **Brandy Greene, PharmD**, Clinical Pharmacy Manager, Saint Thomas at Midtown
- **Leah Ingram, PharmD**, Director of Pharmacy, Cookeville Regional Medical Center
- **Keith Kuboske, PharmD**, Director of Pharmacy, NorthCrest Medical Center

Tennessee Pharmacists Coalition

- **Carmen Leffler, D.Ph., MS**, Director of Pharmacy, Saint Thomas West Hospital
- **Andrew Martin, Pharm.D**, Associate Professor of Pharmacy Practice, Union University School of Pharmacy
- **Susan Morley, PharmD**, Assistant Professor, Lipscomb University College of Pharmacy
- **David Mulherin, PharmD, BCPS**, Informatics Pharmacist, Vanderbilt University Hospital
- **Sherry Osborne, DPh**, Executive Director of Pharmacy, Jackson-Madison County General Hospital; Faculty Union University School of Pharmacy
- **Calita Richards, PharmD, MPH**, Director of Pharmacy, Tennessee Department of Health
- **Kay Ryan, DPh, MS, MBA**, Certified L/S Green Belt, Pharmacy Director, Regional Medical Center at Memphis

Upcoming Events

- **TCPS August Regional Meetings:**
  - Knoxville – Tuesday August 19th
  - Nashville – Thursday August 21st
  - Memphis – Tuesday August 26th
- **2014 THA Leadership Summit**
  - Wednesday November 5th at the Gaylord Opryland Hotel and Convention Center in conjunction with THA's Annual Meeting. Make plans to showcase your improvement work by submitting a poster for presentation. Contact Chris Clarke at cclarke@tha.com for details

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Other Reminders

- **Webinar Evaluation:** Earn contact hours for webinar participation after completing
- **TCPS Newsletter:** Sent every Tuesday afternoon
- **IHI Open School:** THA is providing **free** access to the IHI Open School curriculum for 2014 to employees and trustees of our safety partner hospitals.
- AHRQ Hospital Survey on Patient Safety (HSOPS): The Tennessee Center for Patient Safety offers the survey to all safety partners at ***NO COST***. Go to www.tnpatientsafety.com→Tools and Resources→ AHRQ Culture Survey for more information.

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IHI Open School 2014

- THA is providing **free** access to the IHI Open School curriculum to employees and trustees of our safety partner hospitals.
- 21 online, self-paced courses including 72 lessons and corresponding resources—videos, case studies, podcasts, featured articles, exercises, networking
- Free app for the iPhone and iPad by logging onto iTunes
- Over 25 contact hours available for CME, CNE, CPHQ and ACPE credit
- Certificate of completion

1. Register using instructions. **Type "Tennessee Hospital Association" as your facility to receive free membership.**
2. Once registered, go to the course page: www.ihi.org/lms
3. Click the ***online learning*** **tab** and choose a lesson
4. Click ***Begin Lesson***

THA

Questions

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Attachment C, Economic Feasibility, 2

Loan and Security Agreement

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

LOAN AND SECURITY AGREEMENT

DATED AS OF DECEMBER 23, 2014

between

CROSSROADS MERGER SUB, LLC
TREATMENT CENTERS HOLDCO, LLC,
CROSSROADS OF ASHEVILLE MANAGEMENT CO., LLC,
CROSSROADS OF COLUMBIA MANAGEMENT CO., LLC,
CROSSROADS OF DANVILLE MANAGEMENT CO., LLC,
CROSSROADS OF GREENSBORO MANAGEMENT CO., LLC,
CROSSROADS OF GREENVILLE MANAGEMENT CO., LLC,
CROSSROADS OF NORTHWEST GEORGIA MANAGEMENT CO., LLC,
CROSSROADS OF SENECA MANAGEMENT CO., LLC,
CROSSROADS AT SUGARLOAF MANAGEMENT CO., LLC,
CROSSROADS OF WEAVERVILLE MANAGEMENT CO., LLC,
CROSSROADS OF CALHOUN MANAGEMENT COMPANY, LLC,
CROSSROADS OF CHARLESTON MANAGEMENT COMPANY, LLC,
CROSSROADS OF LAGRANGE MANAGEMENT COMPANY, LLC,
CROSSROADS OF MYRTLE BEACH MANAGEMENT COMPANY, LLC,
(INDIVIDUALLY AND COLLECTIVELY, JOINTLY AND SEVERALLY,
"BORROWER")

CROSSROADS HOLDING, LLC
as Guarantor,

ALLY BANK,
as Agent and as Lender, and

The Financial Institution(s) Listed
on the Signature Pages Hereof,

as Lenders

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

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LOAN AND SECURITY AGREEMENT

This **LOAN AND SECURITY AGREEMENT** is dated as of December 23, 2014, and entered into among **CROSSROADS MERGER SUB, LLC**, a Delaware limited liability company ("Merger Sub" and "Holdco" prior to the Merger), **TREATMENT CENTERS HOLDCO, LLC**, a South Carolina limited liability company ("HoldCo"), **CROSSROADS OF ASHEVILLE MANAGEMENT CO., LLC**, a North Carolina limited liability company ("Asheville"), **CROSSROADS OF COLUMBIA MANAGEMENT CO., LLC**, a South Carolina limited liability company ("Columbia"), **CROSSROADS OF DANVILLE MANAGEMENT CO., LLC**, a Virginia limited liability company ("Danville"), **CROSSROADS OF GREENSBORO MANAGEMENT CO., LLC**, a North Carolina limited liability company ("Greensboro"), **CROSSROADS OF GREENVILLE MANAGEMENT CO., LLC**, a South Carolina limited liability company ("Greenville"), **CROSSROADS OF NORTHWEST GEORGIA MANAGEMENT CO., LLC**, a Georgia limited liability company ("Northwest Georgia"), **CROSSROADS OF SENECA MANAGEMENT CO., LLC**, a South Carolina limited liability company ("Seneca"), **CROSSROADS AT SUGARLOAF MANAGEMENT CO., LLC**, a Georgia limited liability company ("Sugarloaf"), **CROSSROADS OF WEAVERVILLE MANAGEMENT CO., LLC**, a North Carolina limited liability company ("Weaverville"), **CROSSROADS OF CALHOUN MANAGEMENT COMPANY, LLC**, a Georgia limited liability company ("Calhoun"), **CROSSROADS OF CHARLESTON MANAGEMENT CO., LLC**, a South Carolina limited liability company ("Charleston"), **CROSSROADS OF LAGRANGE MANAGEMENT COMPANY, LLC**, a Georgia limited liability company ("LaGrange"), **CROSSROADS OF MYRTLE BEACH MANAGEMENT COMPANY, LLC**, a South Carolina limited liability company ("Myrtle Beach") (individually and collectively, jointly and severally, "Borrower"), and **CROSSROADS HOLDING, LLC**, a Delaware limited liability company ("Holdings" and together with all parties from time to time a guarantor hereunder "Guarantor"), the financial institution(s) listed on the signature pages hereof and their respective successors and Eligible Assignees (each individually a "Lender" and collectively "Lenders") and **ALLY BANK** (in its individual capacity, "Ally"), for itself as a Lender and as Agent.

WHEREAS, Borrower has requested, and Lenders have agreed to make available to Borrower, a revolving credit facility (including a letter of credit subfacility and a swingline subfacility) and a term loan upon and subject to the terms and conditions set forth in this Agreement;

WHEREAS, to secure Borrower's obligations under the Loan Documents, Borrower is granting to Agent, for the benefit of Agent and Lenders, a security interest in and lien upon all of Borrower's personal property, including all equity interests of HoldCo and each of its Subsidiaries (other than certain equity interests in any CFC Subsidiary or Foreign Holding Company); and

WHEREAS, Holdings is willing to guaranty all of the obligations of Borrower to Agent and Lenders under the Loan Documents and to grant to Agent, for the benefit of Agent and Lenders, a security interest in all personal property of Holdings (including all equity interests of all Borrowers) to secure such guaranty.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, Borrower, Guarantor, Agent and Lenders agree as follows:

SECTION 1

DEFINITIONS AND ACCOUNTING TERMS

1.1 Certain Defined Terms. The capitalized terms used in this Agreement shall have the meanings set forth below:

"Accounting Changes" has the meaning assigned to that term in Section 1.3.

"Accrediting Organization" means any Person from which Borrower has received an accreditation as of the Closing Date or thereafter.

"Advance" shall mean an advance under the Revolving Loan or Swingline Loan.

"Affected Lender" has the meaning assigned to that term in Section 2.12.

"Affiliate" means any Person (other than Agent or any Lender): (a) directly or indirectly controlling, controlled by, or under common control with, any Loan Party or any of their Subsidiaries; (b) directly or indirectly owning or holding ten percent (10%) or more of any equity interest in any Loan Party or any of their Subsidiaries; (c) ten percent (10%) or more of whose stock or other equity interest having ordinary voting power for the election of directors or the power to direct or cause the direction of management, is directly or indirectly owned or held by any Loan Party or any of their Subsidiaries; or (d) which has a senior officer who is also a senior officer of any Loan Party or any of their Subsidiaries; provided that GMB shall not be deemed to be an Affiliate of Holdings, Borrower or their respective Subsidiaries for purposes of this definition. For purposes of this definition, "control" (including with correlative meanings, the terms "controlling", "controlled by" and "under common control with") means the possession directly or indirectly of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or other equity interest, or by contract or otherwise. A Person will not be deemed to be an Affiliate of another Person solely because such Persons are both portfolio companies of Sponsor or GMB, respectively.

"Agent" means Ally in its capacity as agent for Lenders under the Loan Documents and any successor in such capacity appointed pursuant to subsection 9.1(G).

"Agent's Account" means the following Deposit Account of Agent:

JPMorgan Chase Bank, N.A.
New York, New York
ABA No.: 021-000-021
Account Name: Ally Bank
Structured Finance Division
Account No.: 3613249-84
Reference: Treatment Centers HoldCo, LLC

"Agreement" means this Loan and Security Agreement as it may be amended, restated, supplemented or otherwise modified from time to time.

"Allocable Amount" has the meaning assigned to that term in subsection 10.10(F).

"Ally" has the meaning assigned to that term in the introductory paragraph of this Agreement.

"Applicable Margin" means (a) if a Base Rate Loan, four percent (4%) per annum and (ii) if a LIBOR Loan, five percent (5%) per annum. Notwithstanding anything herein to the contrary, Swingline Loans may not be LIBOR Loans.

"Asset Disposition" means the disposition, whether by sale, lease, transfer, loss, damage, destruction, condemnation or otherwise, of any or all of the assets of Borrower or any of its Subsidiaries other than sales of Inventory in the ordinary course of business.

"Assigning Lender" has the meaning set forth in subsection 9.5(A).

"Assignment and Acceptance Agreement" shall mean an Assignment and Acceptance Agreement substantially in the form of Exhibit A.

"Bank Letter of Credit" means each Letter of Credit issued by a bank acceptable to and approved by Agent for the account of Borrower and supported by a guaranty or risk participation agreement issued by Ally or Agent.

"Base Rate" means a variable rate of interest per annum equal to the highest of (a) the per annum rate of interest which is identified as the Prime Rate and normally published in the Money Rates section of The Wall Street Journal (or, if such rate ceases to be so published, as quoted from such other generally available and recognizable source as Agent may reasonably select), (b) the sum of the Federal Funds Rate plus one-half of one percent (0.50%), and (c) the greater of (i) the applicable LIBOR Rate for such day, provided that for the purposes of this clause, the Interest Period referenced in the definition of LIBOR Rate shall be assumed to be one (1) month and the rate for each day in any month shall be the applicable rate as of the first Business Day of such month, and (ii) two percent (2%).

"Base Rate Loans" means Loans bearing interest at rates determined by reference to the Base Rate.

"Borrower" has the meaning assigned to that term in the introductory paragraph of this Agreement.

"Borrower's Accountants" means the independent certified public accountants selected by Borrower and its Subsidiaries.

"Borrower Representative" means HoldCo.

"Business Day" means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of New York or is a day on which banking institutions

located in any such state are closed, or for the purposes of LIBOR Loans only, a London Banking Day.

"Capital Expenditures" means, with respect to any Person, all expenditures for, or contracts for expenditures with respect to any property, plant and equipment or improvements, or for replacements, substitutions or additions thereto, that, in accordance with GAAP, would be required to be capitalized on the balance sheet of such Person.

"Capital Lease" means any lease of any property (whether real, personal or mixed) that, in conformity with GAAP, should be accounted for as a capital lease.

"Cash Collateralize" means to pledge and deposit with or deliver to Agent (or with and to a bank designated by Agent to be held in a Deposit Account subject to a control agreement), for the benefit of Agent (on behalf of itself and Lenders), as collateral for the total Letter of Credit Reserve, cash or Deposit Account balances pursuant to documentation in form and substance reasonably satisfactory to Agent and issuer of Lender Letters of Credit, if the issuer of Lender Letters of Credit is a Lender (which documents are hereby consented to by Lenders). Derivatives of the term Cash Collateralize have corresponding meanings. Cash Collateral shall be maintained in a blocked, non-interest bearing Deposit Account at a bank designated by Agent.

"Cash Equivalents" means: (a) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within six (6) months from the date of acquisition thereof; (b) commercial paper maturing no more than six (6) months from the date issued and, at the time of acquisition, having a rating of at least A-1 from Standard & Poor's Corporation or at least P-1 from Moody's Investors Service, Inc.; and (c) certificates of deposit or bankers' acceptances maturing within six (6) months from the date of issuance thereof issued by, or overnight reverse repurchase agreements from, any commercial bank organized under the laws of the United States, or any state thereof or the District of Columbia, having combined capital and surplus of not less than Two Hundred Fifty Million and 00/100 Dollars ($250,000,000.00) and not subject to setoff rights in favor of such bank.

"Cash Interest Expense" means, without duplication, for any period: interest expenses deducted in the determination of net income (excluding (a) the amortization of fees and costs with respect to the transactions contemplated by this Agreement which have been capitalized as transaction costs in accordance with the provisions of Section 1.3; and (b) interest paid in kind).

"CCP" has the meaning assigned to that term in subsection 5.3(D).

"Center Commercial Account" shall have the meaning set forth in Section 5.12.

"Center Government Account" shall have the meaning set forth in Section 5.12.

"Centers", collectively, or "Center", individually, means the Clinical Providers (other than a natural Person) that are/is managed by a Borrower pursuant to Practice Management Documents between such Borrower and Center, whether now in effect or subsequently entered into after the Closing Date as permitted by and pursuant to the terms of the Loan Documents. As of the Closing Date, the Centers are: (i) Crossroads Treatment Center of Asheville, P.C., a North

Carolina professional corporation, (ii) Crossroads Treatment Center of Calhoun, P.C., a South Carolina professional corporation, (iii) Crossroads Treatment Center of Charleston, P.C., a South Carolina professional corporation, (iv) Crossroads Treatment Center of Columbia, P.C., a South Carolina professional corporation, (v) Crossroads Treatment Center of Danville, P.C., a Virginia professional corporation, (vi) Crossroads Treatment Center of Greensboro, P.C., a North Carolina professional corporation, (vii) Crossroads Treatment Center of Greenville, P.C., a South Carolina professional corporation, (viii) Crossroads Treatment Center of LaGrange, P.C., a Georgia professional corporation, (ix) Crossroads Treatment Center of Myrtle Beach, P.C., a South Carolina professional corporation, (x) Crossroads Treatment Center of NW Georgia, P.C., a Georgia professional corporation, (xi) Crossroads Treatment Center of Seneca, P.C., a South Carolina professional corporation, (xii) Crossroads Treatment Center at Sugarloaf, P.C., a Georgia professional corporation, and (xiii) Crossroads Treatment Center of Weaverville, P.C., a North Carolina professional corporation.

"Certificate of Merger" means those certain Articles of Merger dated as of even date herewith made by Merger Sub and HoldCo which will be filed with the Secretary of State of the State of Delaware and the Secretary of State of South Carolina to effectuate the Merger.

"Certificate of Need" or "CON" means any certificate of need or similar license which determines that there is a need for a healthcare service line at a particular location or within a certain geographic region.

"CFC Subsidiary" means any Foreign Subsidiary that is a controlled foreign corporation within the meaning of Section 957(a) of the IRC but only for so long as such Foreign Subsidiary is such a controlled foreign corporation.

"CLIA" means the Clinical Laboratory Improvement Act and any rules or regulations promulgated thereunder, as each may be amended from time-to-time, and any successor statute or regulation.

"Clinical Providers", collectively, or "Clinical Provider", individually, means any Person or any employee, agent or subcontractor of such Person that provides medical, psychological, or other professional health care services in connection with outpatient substance abuse, including without limitation opiate dependency, treatment programs

"Closing Date" means December 23, 2014.

"Closing Date Equity Issuance" shall mean the contribution, directly or indirectly, by Sponsor, GMB, certain members of management of Sponsor, and other equity investors designated by Sponsor (specifically excluding any and all rollover equity of prior equity holders of Borrower or its predecessors) and acceptable to Agent, in an aggregate amount of not less than the greater of (a) forty two percent (42%) of the New Money Capital, and (b) Eleven Million Nine Hundred Fifty Thousand Dollars ($11,950,000), in exchange for no less than forty seven and ninety hundredths percent (47.90%) of the common voting equity interests of Holdings on terms and conditions satisfactory to Agent.

"CMS" means the Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services and any successor thereof and any predecessor thereof, including the United States Health Care Financing Administration.

"Collateral" has the meaning assigned to that term in subsection 2.8(A).

"Collateral Assignment of Agreement" means any agreement executed by each of the applicable Loan Parties in favor of Agent under and pursuant to which such Loan Party collaterally assigns to Agent all of their rights and remedies to the Practice Management Documents, in each case as amended, supplemented, modified, replaced, substituted for or restated from time to time and all exhibits and schedules attached thereto.

"Collecting Bank" has the meaning assigned to that term in Section 2.8(C)(1).

"Commitment" or "Commitments" means the commitment or commitments of Lenders to make Loans as set forth in subsections 2.1(A), (B), (C), and (D) and to provide Lender Letters of Credit as set forth in subsection 2.1(H).

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.).

"Competitor" means any Person in the business of operating and managing centers providing substance abuse services and/or medication, in each case, that competes, directly competes with Borrower.

"Compliance Certificate" means a certificate duly executed by the chief executive officer, president, chief financial officer, controller or other officer of Borrower acceptable to Agent appropriately completed and in substantially the form of Exhibit B.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated Working Capital" shall mean, as of any date of determination, the excess of (a) current assets (excluding cash and Cash Equivalents) of Loan Parties and their Subsidiaries on a consolidated basis as of such date of determination less (b) current liabilities (excluding the current portion of long term Indebtedness) of Loan Parties and their Subsidiaries on a consolidated basis as of such date of determination, all as determined in accordance with GAAP.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Copyright Security Agreement" means any Copyright Security Agreement executed and delivered by a Loan Party to Agent, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Copyrights" means, collectively, all of the following: (a) all copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations and copyright applications, including those registrations and applications listed in the schedules to any Copyright Security Agreement; (b) all renewals of any of the foregoing; (c) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing, including damages or payments for past, present or future infringements of any of the foregoing; (d) the right to sue for past, present and future infringements of any of the foregoing; and (e) all rights corresponding to any of the foregoing throughout the world.

"Daily Interest Amount" has the meaning assigned to that term in subsection 9.8(A)(3)(c).

"Daily Interest Rate" has the meaning assigned to that term in subsection 9.8(A)(3)(b).

"Daily Loan Balance" has the meaning assigned to that term in subsection 9.8(A)(3)(a).

"Default" means a condition, act or event that, after notice or lapse of time or both, would constitute an Event of Default if that condition, act or event were not cured or removed within any applicable grace or cure period.

"Defaulted Amount" means, with respect to any Lender at any time, any amount required to be paid hereunder or under any other Loan Document by such Lender to Agent or any other Lender which has not been so paid.

"Defaulting Lender" means, at any time, any Lender that owes a Defaulted Amount.

"Deficit Funding Agreement" collectively, "Deficient Funding Agreement", individually, means (i) those certain Deficit Funding Agreements by and between the applicable Borrower and Center in effect as of the Closing Date and delivered to Agent and (ii) any other deficit funding agreement (including by execution of a joinder to an existing deficient funding agreement) similar to the Deficit Funding Agreements described in clause (i) following the Closing Date, entered into by and between or among a Loan Party and one or more Centers, as the same may be amended, restated or otherwise modified from time to time as permitted by the terms hereof.

"Deposit Account" means a "deposit account" (as defined in Article 9 of the UCC), an investment account, or other account in which funds are held or invested for credit to or for the benefit of Borrower and/or Guarantor.

"Deposit Account Control Agreement" means an agreement, in form and substance reasonably satisfactory to Agent, among Agent, Borrower and/or Guarantor and each financial institution in which Borrower and/or Guarantor maintains a Deposit Account (other than Excluded Accounts), which agreement provides that (a) such financial institution shall comply with instructions originated by Agent directing disposition of the funds in such Deposit Account without further consent by Borrower and/or Guarantor, and (b) such financial institution shall agree that it shall have no Lien on, or right of setoff or recoupment against, such Deposit Account or the contents thereof, other than in respect of usual and customary service fees, settlement amounts and returned items for which Agent has been given value, and containing

such other terms and conditions as Agent may reasonably require, including as to any such agreement pertaining to any lockbox account, providing that such financial institution shall wire, or otherwise transfer, in immediately available funds, on a daily basis to Agent's Account, all funds received or deposited into such lockbox or lockbox account; it being understood that so long as no Event of Default exists, Loan Parties shall have the unrestricted right to use all amounts from time to time deposited in the applicable Deposit Account for any purpose not otherwise prohibited by this Agreement.

"Dollars" or "$" means lawful currency of the United States of America.

"Domestic Subsidiary" means any Subsidiary that is organized under the laws of any political subdivision of the United States.

"Earn-Out Obligations" means any earn-out consideration paid in cash to a seller in respect of the Merger or any Permitted Acquisition as partial consideration in connection with the Merger or such Permitted Acquisition.

"EBITDA" means, for any period, without duplication, the total of the following for Holdings, Borrower and their Subsidiaries on a consolidated basis, each calculated for such period: (a) net income determined in accordance with GAAP; plus, to the extent included in the calculation of net income; (b) the sum of: (i) income and franchise taxes paid or accrued; (ii) interest expenses, net of interest income, paid or accrued; (iii) amortization and depreciation; (iv) one-time non-recurring customary and documented costs and expenses incurred in connection with the Merger (including the payment of sale bonuses and fees to Sponsor under the Monitoring Agreement) and the negotiation, execution and delivery of the Loan Documents and the Subordinated Debt Documentation in an aggregate amount not to exceed Three Million and 00/100 Dollars ($3,000,000.00); (v) payments of any sponsor management fees, acquisition fees, reimbursable expenses and indemnification payments paid to Sponsor to the extent permitted to be paid pursuant to Section 7.6 hereof; (vi) the amount of board of manager fees and reimbursements for expenses incurred in connection with attending board meetings that are paid to board members to the extent permitted under subsection 7.10(g) hereof; (vii) fees and reimbursements of out-of-pocket expenses paid after the Closing Date to Agent or any Lender in connection with the Loan Documents or to GMB or any note purchaser in connection with the Subordinated Debt Documentation; (viii) to the extent permitted under this Agreement, customary and documented fees and expenses (other than those paid to any Loan Party or any Affiliate or a Subsidiary of a Loan Party) incurred in connection with any investment, Asset Disposition pursuant to Section 7.3, equity issuance or debt issuance, including debt issuance costs, commissions, fees and expenses (in each case, whether or not consummated), in an aggregate amount not to exceed Five Hundred Thousand and 00/100 Dollars ($500,000.00) per annum; (ix) losses from sales or other dispositions of assets (other than Inventory in the normal course of business); (x) extraordinary or non-recurring cash losses; (xi) the amount of any cash charges incurred during such period in respect of restructurings, facility closings, headcount reductions or other similar actions, including severance charges in respect of employee terminations in an aggregate amount not to exceed Two Hundred Fifty Thousand and 00/100 Dollars ($250,000.00) per annum; (xii) Pro Forma Cost Savings in connection with any Permitted Acquisition; (xiii) notwithstanding that such amounts were not deducted in the calculation of net income, the amount of any Specified Equity Contribution made pursuant to

Section 6.2; (xiii) reserved; and (xiv) other non-cash charges (excluding accruals for cash expenses made in the ordinary course of business); less, to the extent included in the calculation of net income; (c) the sum of: (i) the income of any Person (other than wholly-owned Subsidiaries of Borrower) in which Holdings, Borrower or a wholly owned Subsidiary of Holdings or Borrower has an ownership interest except to the extent such income is received by Holdings, Borrower or such wholly-owned Subsidiary in a cash distribution during such period; (ii) gains from sales or other Asset Disposition (other than Inventory in the normal course of business); (iii) extraordinary or non-recurring gains; and (iv) the aggregate amount of cash payments made during such period in respect of any non-cash accrual, reserve or other non-cash charge or expense accounted for in a prior period which were added to net income to determine EBITDA for such prior period and which do not otherwise reduce net income for the current period. Except for purposes of the definition of Excess Cash Flow, EBITDA shall be calculated on a pro forma basis to give effect to any Permitted Acquisition and Asset Disposition consummated during the fiscal period of Borrower ended on the testing period thereof as if each such Permitted Acquisition had been effected on the first day of such testing period and as if each such Asset Disposition had been consummated on the day prior to the first day of such testing period. Notwithstanding the foregoing, EBITDA for Holdings, Borrower and their Subsidiaries for the applicable period end as set forth in the table below shall be deemed to be as follows:

Period	EBITDA
4/30/2014	$350,070
5/31/2014	$453,226
6/30/2014	$349,058
7/31/2014	$416,343
8/31/2014	$403,474
9/30/2014	$386,237
10/31/2014	$427,998

"Eligible Assignee" shall mean any affiliate of Ally.

"Employee Benefit Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA which (a) is maintained for employees of any Loan Party or any ERISA Affiliate or (b) has at any time within the preceding six (6) years been maintained for the employees of any Loan Party or any current or former ERISA Affiliate.

"Employee Lease Agreements", collectively, "Employee Lease Agreement", individually, means (i) those certain Employee Lease Agreements by and between the applicable Borrower and Center in effect as of the Closing Date and delivered to Agent and (ii) any other employee lease agreement (including by execution of a joinder to an existing employee lease agreement) similar to the Employee Lease Agreements described in clause (i) following the Closing Date, entered into by and between or among a Loan Party and one or more Centers, as the same may be amended, restated or otherwise modified from time to time as permitted by the terms hereof.

"Environmental Claims" means claims, liabilities, investigations, litigation, administrative proceedings, judgments or orders relating to Hazardous Materials.

"Environmental Laws" means any federal, state or local law, rule, regulation or final and non-appealable order relating to pollution, waste, disposal or the protection of the environment.

"EO 13224" has the meaning assigned to that term in subsection 4.24(A).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute and all rules and regulations promulgated thereunder.

"ERISA Affiliate", as applied to any Loan Party or any Subsidiary thereof, means any Person who is a member of a group which is under common control with any Loan Party or Subsidiary thereof, who together with any Loan Party or Subsidiary thereof is treated as a single employer within the meaning of Section 414(b) and (c) of the IRC.

"ERISA Event" means the occurrence of any of the following: (a) a reportable event described in Section 4043(b) of ERISA (or, unless the 30-day notice requirement has been duly waived under the applicable regulations, Section 4043(c) of ERISA) with respect to an Employee Benefit Plan; (b) the withdrawal of any ERISA Affiliate from an Employee Benefit Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (c) the complete or partial withdrawal of any ERISA Affiliate from any Multiemployer Plan; (d) with respect to any Multiemployer Plan, the filing of a notice of reorganization, insolvency or termination (or treatment of a plan amendment as termination) under Section 4041A of ERISA; (e) the filing of a notice of intent to terminate an Employee Benefit Plan (or treatment of a plan amendment as termination) under Section 4041 of ERISA; (f) the institution of proceedings to terminate an Employee Benefit Plan or Multiemployer Plan by the PBGC; (g) the failure to make any required contribution to any Employee Benefit Plan or Multiemployer Plan when due; (h) the imposition of a Lien under Section 412 or 430(k) of the IRC or Section 303 or 4068 of ERISA on any property (or rights to property, whether real or personal) of any ERISA Affiliate; (i) an Employee Benefit Plan is in "at risk" status within the meaning of IRC Section 430(i); (j) a Multiemployer Plan is in "endangered status" or "critical status" within the meaning of Section 432(b) of the IRC; and (k) any other event or condition that might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Employee Benefit Plan or Multiemployer Plan or for the imposition of any material liability upon any ERISA Affiliate under Title IV of ERISA other than for PBGC premiums due but not delinquent.

"Event of Default" has the meaning assigned to that term in Section 8.1.

"Excess Cash Flow" means, for any period, the greater of (a) zero (0); or (b) without duplication, the total of the following for Holdings, Borrower and their Subsidiaries on a consolidated basis, each calculated for such period: (i) EBITDA; less (ii) Capital Expenditures (to the extent actually made in cash and/or due to be made in cash within such period, to the extent permitted hereunder); less (iii) income and franchise taxes paid or accrued excluding any provision for deferred taxes included in the determination of net income; less (iv) decreases in deferred income taxes resulting from payments of deferred taxes accrued in prior periods; less (v) Cash Interest Expense; less (vi) scheduled amortization of Indebtedness actually paid in cash and/or due to be paid in cash within such period; less (vii) mandatory prepayments from

proceeds of asset dispositions made under subsection 2.4(B)(2), but only to the extent that the transaction that precipitated the mandatory prepayment increased net income of Borrower, as determined in accordance with GAAP; less (viii) mandatory prepayments made under subsection 2.4(B)(4); less (ix) Tax Distributions; less (x) payments of any cash purchase price and deferred purchase price (including Earn-Out Obligations and Seller Notes) made with respect to any Permitted Acquisition during such period; less (xi) payments or distributions made under subsection 7.6(H) and subsection 7.6(I); less (xii) all cash expenses added back to net income in the determination of EBITDA for such period pursuant to clauses (iv) through (ix) and (xii), as applicable, of the definition thereof; less (xiii) increases in Consolidated Working Capital during such period; plus (xiv) decreases in Consolidated Working Capital during such period.

"Excess Interest" has the meaning assigned to that term in subsection 2.2(C).

"Excluded Accounts" shall mean, collectively, (a) any Deposit Account that is used solely for payroll, payroll taxes and other employee wage and benefit payments provided that the amount in any such account shall not exceed One Hundred Five percent (105%) of the next pay period ending, (b) any Deposit Account that is used solely for escrow transactions on behalf of customers of Loan Parties, and (c) any Deposit Account that is a local depository account for the deposit of funds by Borrower in the ordinary course of business, provided that the aggregate average daily balance on deposit at any time in all Excluded Accounts under this clause (c) shall not exceed One Hundred Thousand and 00/100 Dollars ($100,000.00).

"Excluded Asset" means each of the following assets (provided, the term Excluded Asset shall not at any time include the Proceeds of any such asset): (a) any Excluded Account described in section (b) of such definition; (b) any lease, license, contract, property right or agreement to which any Loan Party is a party or any of its rights or interests thereunder if and for so long as the grant of the security interest of Agent with respect thereto shall constitute or result in (i) the abandonment, invalidation or unenforceability of any right, title or interest of any Loan Party therein or (ii) a breach, default or termination pursuant to the terms thereof, other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable Law or principles of equity; provided, such asset shall no longer be an Excluded Asset immediately at such time as the condition causing such abandonment, invalidation, unenforceability, breach, default or termination shall be remedied and to the extent severable, shall attach immediately to any portion of such asset that does not result in any of the consequences specified herein; (c) any lease, license, contract, property right or agreement to which any Loan Party is a party or any of its rights or interests thereunder if and for so long as the grant of the security interest of Agent with respect thereto is prohibited by applicable Law; provided, such asset shall no longer be an Excluded Asset immediately at such time the grant of a security interest therein shall no longer be prohibited by applicable Law; (d) any "intent-to-use" trademark application, filed pursuant to Section 1(b) of the Lanham Act, 17 USC. § 1051(b), prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto (as each is defined in such act), to the extent, if any, that, and solely during the period, if any, in which, the grant of the security interest of Agent with respect thereto would impair the validity or enforceability of such intent-to-use trademark application or any registration that issues from such intent-to-use application under applicable federal law;

(e) assets owned by any Loan Party on the date hereof or hereafter acquired that are subject to a Lien securing purchase money Indebtedness permitted to be incurred pursuant to clause (o) of the definition of Permitted Encumbrances to the extent and for so long as the documentation providing for such purchase money Indebtedness prohibits the creation of a Lien pursuant to this Agreement on such assets; provided, such assets shall no longer be an Excluded Asset immediately at such time as the contractual prohibition shall no longer be applicable and to the extent severable, shall attach immediately to any portion of such assets that is not subject to such prohibition; (f) more than 66 and 2/3 percent (66.66%) of the total of the issued and outstanding equity interests entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) in each CFC Subsidiary or Foreign Holding Company directly owned by any Loan Party or any Domestic Subsidiary or any assets of any Foreign Subsidiary of the Loan Parties, if in any such case Agent's Lien on such property would create a significant risk of a material adverse tax consequence to the Loan Parties; and (g) other than as specifically provided herein, any asset with respect to which Agent shall have determined in its sole discretion that the burden or cost of obtaining a security interest in such asset is excessive in relation to the value of the security to be afforded thereby.

"Excluded Swap Obligation" means any guarantee of any Swap Obligations under an Interest Rate Agreement if, and only to the extent that and for so long as, all or a portion of the guarantee of such guarantor of, or the grant by such guarantor of a security interest to secure, such Swap Obligations under an Interest Rate Agreement (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such guarantor's failure for any reason to constitute an eligible contract participant as defined in the Commodity Exchange Act at the time the guarantee of such guarantor or the grant of such security interest becomes effective with respect to such Swap Obligations under an Interest Rate Agreement; provided, however, that if any guarantor that was not an eligible contract participant at the time any such guarantee of a Swap Obligation under an Interest Rate Agreement was entered into thereafter becomes an eligible contract participant, such guarantor shall, by virtue of any such guarantee, or joinder thereto, and without any further action by any Person, be deemed to have guaranteed the Swap Obligations under an Interest Rate Agreement and granted a security interest to secure such Swap Obligations under an Interest Rate Agreement, and such Swap Obligations under an Interest Rate Agreement shall no longer constitute Excluded Swap Obligations with respect to such guarantor. If any Swap Obligations under an Interest Rate Agreement arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligations under such Interest Rate Agreement that are attributable to swaps for which such guarantee or security interest is or becomes illegal.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a recipient or required to be withheld or deducted from a payment to Agent or a Lender: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Agent or a Lender being organized under the Laws of, or having its principal office, or in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes; (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with

respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by Borrower under Section 2.12) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.10, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office; (c) Taxes attributable to such Agent's or Lender's failure to comply with subsection 2.10(D); and (d) any Taxes under FATCA imposed on Agent or a Lender.

"FATCA" means Sections 1471 through 1474 of the IRC, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, or any agreements entered into pursuant to Section 1471(b)(1) of the IRC and any intergovernmental agreements with respect thereof and any legislation implementing such intergovernmental agreements.

"Federal Funds Rate" means, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the immediately following Business Day by the Board of Governors of the Federal Reserve System as the Federal Funds Rate or Federal Reserve Statistical Release H.15(519) entitled Selected Interest Rates or any successor publication of the Federal Reserve System reporting the Federal Funds Rate or its equivalent or, if such rate is not published for any Business Day, the average of the quotations for the day of the requested Loan received by Agent from three Federal funds brokers of recognized standing selected by Agent.

"Financial Covenants Rider" means Rider A attached to this Agreement and made a part hereof.

"Fiscal Year" means each twelve (12) month period ending on December 31 in each year.

"Fixed Charge Coverage Ratio" means, for any period, the ratio of Operating Cash Flow to Fixed Charges.

"Fixed Charges" means, for any period, and each calculated for Holdings, Borrower and their Subsidiaries on a consolidated basis for such period (without duplication): (a) Cash Interest Expense; plus (b) scheduled payments of principal with respect to all Funded Indebtedness; plus (c) any provision for (to the extent it is greater than zero) income or franchise taxes included in the determination of net income paid in cash, excluding any provision for deferred taxes; plus (d) payment of deferred taxes accrued in any prior period; plus (e) Tax Distributions; plus (f) Restricted Junior Payments made in cash to the extent not included in the calculation of EBITDA; plus (g) Earn-Out Obligations to the extent paid in cash; plus (h) fees paid to Sponsor under the Monitoring Agreement to the extent paid in cash and included in the calculation of EBITDA. For any computation period that ends prior to December 31, 2015, Fixed Charges shall be calculated as follows: (x) for the fiscal quarter ending March 31, 2015, Fixed Charges during the period from January 5, 2015, through March 31, 2015, multiplied by 4; (y) for the fiscal quarter ending June 30, 2015, Fixed Charges during the period from January 1, 2015 through June 30, 2015, multiplied by 2; and (z) for the fiscal quarter ending September 30, 2015,

Fixed Charges during the period from January 1, 2015, through September 30, 2015, multiplied by 4/3.

"Foreign Holding Company" means any Domestic Subsidiary that (a) owns directly (or indirectly through one or more entities that are disregarded under Treas. Reg. Section 301.7701-3) 66 and 2/3 percent (66.66%) or more of the voting equity (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) of one or more CFC Subsidiaries, (b) has no purpose other than serving solely as a direct or indirect holding company for the ownership of such CFC Subsidiaries and (c) holds no assets other than non-material assets that are incidental or necessary to the purpose specified in the immediately preceding clause (b); provided whether a Domestic Subsidiary constitutes a Foreign Holding Company shall be determined by Agent and Borrower and the Loan Parties shall provide Agent with any information and documentation reasonably requested by Agent in connection with such determination.

"Foreign Lender" means each Lender organized under the laws of a jurisdiction outside the United States.

"Foreign Subsidiary" means any Subsidiary that is not a Domestic Subsidiary.

"Funded Indebtedness" means, as of any date of measurement, all Indebtedness of Borrower and its Subsidiaries as of the date of measurement (other than Indebtedness of the type described in clauses (b), (e) (to the extent such Indebtedness is not indebtedness of a Loan Party), (f) (to the extent undrawn), (g), (h) (to the extent not due or payable) and (i) of the definition of Indebtedness).

"Funding Date" means the date of each funding of a Loan or issuance of a Lender Letter of Credit.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board that are applicable to the circumstances as of the date of determination.

"GMB" means GMB Mezzanine Capital, L.P.

"Governmental Account Debtor" means any Account Debtor that is a Governmental Authority, including, without limitation, Medicare and Medicaid.

"Governmental Authority" means any federal, state or municipal court or other governmental department, commission, board, bureau, agency or instrumentality, governmental or quasi-governmental, domestic or foreign.

"Guarantor" has the meaning assigned to that term in the introductory paragraph of this Agreement, provided that a Foreign Holding Company shall not be required to be a Guarantor to the extent that such Guarantor is not guarantying obligations of one or more Foreign Subsidiaries.

"Guaranty" means that certain Guaranty, dated as of the date hereof, executed by Borrower, Holdings and Agent, for the benefit of Lenders, as the same may be reaffirmed, amended, restated, supplemented and/or modified from time to time.

"Hazardous Material" means all or any of the following: (a) substances that are defined or listed in, or otherwise classified pursuant to, any Environmental Laws or regulations as hazardous substances, hazardous materials, hazardous wastes, toxic substances or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, or toxicity; (b) oil, petroleum or petroleum derived substances, natural gas, natural gas liquids or synthetic gas and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal resources; (c) any flammable substances or explosives or any radioactive materials; and (d) asbestos in any form or electrical equipment which contains any oil or dielectric fluid containing polychlorinated biphenyls.

"Health Care Laws" means all applicable Laws relating to the operation and management of substance abuse treatment centers, patient healthcare, patient healthcare information, patient abuse, the quality and adequacy of medical care, rate setting, equipment, personnel, operating policies, fee splitting, including, without limitation, (a) all federal and state fraud and abuse laws, including, without limitation, 42 U.S.C. § 1320a-7b(b), the other provisions of 42 U.S.C. § 1320a-7b, 42 U.S.C. § 1395nn, 31 U.S.C. § 3729 et seq., 42 U.S.C. § 1320a-7, 42 U.S.C. § 1320a-7a, 18 U.S.C. § 1347 and the regulations promulgated pursuant to such statutes (except for the regulations at 42 C.F.R. § 1001.952), (b) HIPAA and other federal and state privacy laws and regulations; (c) all state laws relating to fee splitting or kickbacks with respect to healthcare items, services or providers and suppliers, self-referral by healthcare providers and suppliers, corporate practice of medicine, and licensure and registration of healthcare providers, (d) all federal and state laws regulating disposal of Medical Waste and radioactive waste, (e) all applicable CON laws, (f) quality, safety and accreditation standards and requirements of all applicable state laws or regulatory bodies, (g) all laws and regulations pursuant to which Healthcare Permits are issued, (h) all Pharmaceutical Laws, including without limitation all statutes and regulations of the federal Drug Enforcement Administration and the federal Food and Drug Administration, and (i) any other federal or state laws and regulations pertaining to the delivery or payment for healthcare services applicable to the Loan Parties and/or the Centers, each of (a) through (i) as any of the foregoing as may be amended from time to time.

"Healthcare Permit" means, with respect to any Person, including without limitation a Center, a Permit (a) issued or required under Health Care Laws to the extent applicable to the business of any Loan Party or Center or necessary in the possession, ownership, warehousing, marketing, promoting, sale, labeling, furnishing, distribution or delivery of goods or services under Health Care Laws applicable to the business of any Loan Party or Center and/or (b) issued or required under Health Care Laws applicable to the ownership or operation of Borrower.

"HIPAA" means the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996, as the same may be amended from time to time, the privacy and security provisions of the Health Information Technology for Economic and Clinical Health Act provisions of the American Recovery and Reinvestment Act of 2009, and all regulations promulgated from time to time under each of these statutes, including, without

limitation, 45 C.F.R. Parts 160, 162, and 164, as all such statutes and regulations may be amended from time-to-time.

"HIPAA Compliant" shall mean that the applicable Person is in compliance with each of the applicable requirements of HIPAA, and is not and would not reasonably be expected to become the subject of any civil or criminal penalty, process, claim, action or proceeding, or any administrative or other regulatory review, survey, process or proceeding (other than routine surveys or reviews conducted by any government health plan or other accreditation entity) that would result in any of the foregoing or that would reasonably be expected to adversely affect such Person's business, operations, assets, properties or condition (financial or otherwise), in connection with any actual or potential violation of HIPAA.

"Holdings" has the meaning assigned to that term in the introductory paragraph of this Agreement.

"Indebtedness", as applied to any Person, means without duplication: (a) all indebtedness for borrowed money; (b) obligations under leases which in accordance with GAAP constitute Capital Leases; (c) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money; (d) any obligation owed for all or any part of the deferred purchase price of property or services if the purchase price is due more than six (6) months from the date the obligation is incurred or is evidenced by a note or similar written instrument; (e) all indebtedness secured by any Lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is non-recourse to the credit of that Person; (f) obligations in respect of Lender Letters of Credit or similar instruments (other than Lender Letters of Credit or similar instruments that are Cash Collateralized); (g) all obligations of such Person under any foreign exchange contract, currency swap agreement, interest rate swap, cap or collar agreement or other similar agreement or arrangement designed to alter the risks of that Person arising from fluctuations in currency values or interest rates; (h) earnouts and similar payment obligations; and (i) all guarantees by such Person of Indebtedness of others. For the avoidance of doubt, accounts payable and customer deposits in the ordinary course of business shall not be deemed to be Indebtedness.

"Indemnified Liabilities" has the meaning assigned to that term in subsection 10.2.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Indemnitees" has the meaning assigned to that term in subsection 10.2.

"Intellectual Property" means, collectively, all Copyrights, Patents and Trademarks.

"Interest Period" means, in connection with each LIBOR Loan, an interest period which Borrower shall elect to be applicable to such Loan, which Interest Period shall be either a one (1), two (2), three (3), or six (6) month period; provided that:

(a) the initial Interest Period for any LIBOR Loan shall commence on the Funding Date of such Loan;

(b) in the case of successive Interest Periods, each successive Interest Period shall commence on the day on which the immediately preceding Interest Period expires;

(c) if an Interest Period expiration date is not a Business Day, such Interest Period shall, subject to part (e) below, expire on the next succeeding Business Day; provided that if any Interest Period expiration date is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the immediately preceding Business Day;

(d) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to part (e) below, end on the last Business Day of a calendar month;

(e) no Interest Period shall extend beyond the Termination Date;

(f) no Interest Period for any portion of the Term Loan shall extend beyond the date of the final Scheduled Installment thereof;

(g) no Interest Period may extend beyond a scheduled principal payment date of any Loan, unless the aggregate principal amount of such Loan that is a Base Rate Loan or that has Interest Periods expiring on or before such scheduled principal payment date equals or exceeds the principal amount required to be paid on such Loan on such scheduled principal payment date; and

(h) there shall be no more than six (6) Interest Periods relating to LIBOR Loans in effect at any time.

"Interest Rate" has the meaning assigned to that term in subsection 2.2(A).

"Interest Rate Agreement" means any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or similar agreement or arrangement designed to protect Borrower against fluctuations in interest rates.

"Interest Ratio" has the meaning assigned to that term in subsection 9.8(A)(3).

"Interest Settlement Date" has the meaning assigned to that term in subsection 9.8(A)(4).

"IRC" means the Internal Revenue Code of 1986, as amended from time to time.

"IRS" means the United States Internal Revenue Service.

"Issuing Lender" has the meaning assigned to that term in subsection 2.1(I)(2)

"Investor Side Letter" means that certain side letter, dated as of the date hereof, among Sponsor, Revelstoke Capital Investments LLC, Ally Commercial Finance LLC, GMB and certain other parties thereto, as the same may be amended, restated or otherwise modified from time to time.

"Joint Liability Payment" has the meaning assigned to that term in subsection 10.10(F).

"Laws" means, collectively, all applicable international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directives, licenses, authorizations and permits of any Governmental Authority.

"Lender" or "Lenders" has the meaning assigned to that term in the introductory paragraph of this Agreement.

"Lender Letter of Credit" has the meaning assigned to that term in subsection 2.1(H).

"Lenders' Pro Rata Acquisition Contribution" means the ratio of (a) the outstanding funded balance of all Loans on the Closing Date, including outstanding Lender Letters of Credit, to (b) New Money Capital.

"Letter of Credit Liability" means, all reimbursement and other liabilities of Borrower or any of its Subsidiaries with respect to each Lender Letter of Credit, whether contingent or otherwise, including: (a) the amount available to be drawn or which may become available to be drawn; (b) all amounts which have been paid or made available by any Lender issuing a Lender Letter of Credit or any bank issuing a Bank Letter of Credit to the extent not reimbursed; and (c) all unpaid interest, fees and expenses related thereto.

"Letter of Credit Reserve" means, at any time, an amount equal to (a) the aggregate amount of Letter of Credit Liability with respect to all Lender Letters of Credit outstanding at such time plus, without duplication, (b) the aggregate amount theretofore paid by Agent or any Lender under Lender Letters of Credit and not debited to the Revolving Loan pursuant to subsection 2.1(H)(2) or otherwise reimbursed by Borrower.

"Liabilities" shall have the meaning given that term in accordance with GAAP and shall include, without limitation, Indebtedness.

"LIBOR" means, for each Interest Period, a rate per annum equal to the greater of (a) one percent (1%) and (b):

(i) the rate of interest which is identified and normally published by Reuters as the offered rate for loans in Dollars for the applicable Interest Period and for the amount of the applicable LIBOR Loan under the caption ICE Benchmark Limited LIBOR Rate as of 11:45 a.m. (London time) on the second (2nd) Business Day immediately preceding the first (1st) day of such Interest Period; provided, however, that if such a rate ceases to be available to Agent on that or any other source from the ICE Benchmark Limited LIBOR Rate, LIBOR shall be equal to the

rate of interest which is identified and normally published in the Money Rates section of The Wall Street Journal or another national publication selected by Agent as the offered rate for loans in Dollars for the applicable Interest Period and for the amount of the applicable LIBOR Loan (rounded upwards, if necessary, to the nearest one-hundredth of one percent (0.01%)); divided by

(ii) a number equal to one (1) minus the maximum reserve percentages (expressed as a decimal fraction) (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board of Governors of the Federal Reserve System or other Governmental Authority having jurisdiction with respect thereto, as now and from time to time in effect) for Eurocurrency funding (currently referred to as Eurocurrency Liabilities in Regulation D of such Board) which are required to be maintained by any Lender by the Board of Governors of the Federal Reserve System; such rate to be rounded upward to the next whole multiple of one-sixteenth of one percent (0.0625%). LIBOR shall be adjusted automatically on and as of the effective date of any change in any such reserve percentage.

"LIBOR Loans" means at any time that portion of the Loans bearing interest at rates determined by reference to LIBOR.

"Licensed Locations" collectively, or "Licensed Location", individually, means any location from which a Center provides or furnishes goods or services governed by Health Care Laws and, includes, without limitation, any business location of a Loan Party or Center that is subject to any Healthcare Permit, whether operational on the Closing Date or subsequently opened thereafter.

"Lien" means any lien (statutory or otherwise), mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind, whether voluntary or involuntary (including any conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any security interest).

"Loan" or "Loans" means an advance or advances under the Revolving Loan Commitment, Swingline Loan, or Term Loan Commitment.

"Loan Documents" means this Agreement, the Notes (if any), the Guaranty, the Collateral Assignment of Agreement, the Subordination Agreement and all other documents, instruments and agreements executed by or on behalf of any Loan Party and delivered concurrently herewith or at any time hereafter to or for Agent or any Lender in connection with the Loans, any Lender Letter of Credit, and any other transaction contemplated by this Agreement, all as amended, restated, supplemented or modified from time to time.

"Loan Party" means each of Holdings, Borrower, and each Domestic Subsidiary of Holdings and/or Borrower that is not a Foreign Holding Company which is or becomes an obligor hereunder, and any other Person which is or becomes a party to any Loan Document other than Agent or any Lender.

"London Banking Day" means any day on which dealings in deposits in Dollars are transacted in the London Interbank market.

"Management Redemption Notes" means unsecured promissory notes issued by Holdings as all or part of the consideration for the purchase or redemption by Holdings of its equity interests or equity interests issued to current or former officers, directors, managers, employees or consultants of Holdings and its Subsidiaries, which notes shall be subordinated to the Obligations on terms acceptable to Agent, including, without limitation, unlimited payment blockage and standstill terms, and provided that no cash payment of principal, interest or otherwise shall be required or permitted thereon other than payments thereof permitted under Section 7.6 hereof prior to the Payment in Full of the Obligations.

"Material Adverse Effect" means a material adverse effect upon (a) the business, operations, properties, assets or condition (financial or otherwise) of Loan Parties taken as a whole, (b) the ability of Loan Parties, taken as a whole, to perform their respective obligations under any Loan Document to which it is a party, (c) the ability of Agent or any Lender to enforce or collect any of the Obligations, or (d) the enforceability or priority of Agent's Liens with respect to the Collateral.

"Maximum Rate" has the meaning assigned to that term in subsection 2.2(C).

"Maximum Revolving Loan Amount" means, as of any date of determination, the aggregate of the Revolving Loan Commitments of all Lenders (as may be reduced from time to time pursuant to subsection 2.1(A) herein) less the sum of the Letter of Credit Reserve, the outstanding Swingline Loans.

"Maximum Swingline Loan Amount" means at any time the lesser of (a) One Million and 00/100 Dollars ($1,000,000.00) and (b) the amount that would cause the Revolving Loan to exceed the Maximum Revolving Loan Amount.

"Medicaid" means the medical assistance programs administered by state agencies and approved by CMS pursuant to the provisions of Title XIX of the Social Security Act, codified at 42 U.S.C. § 1396 et seq., including without limitation any Federally-approved Medicaid waiver program.

"Medicaid Regulations" means, collectively, (i) all federal statutes (whether set forth in Title XIX of the Social Security Act or elsewhere) affecting the medical assistance program established by Title XIX of the Social Security Act and any statutes succeeding thereto; (ii) all applicable provisions of all federal rules, regulations, manuals and orders of all Governmental Authorities promulgated pursuant to or in connection with the statutes described in clause (i) above and all federal administrative, reimbursement and other guidelines of all Governmental Authorities having the force of law promulgated pursuant to or in connection with the statutes described in clause (i) above; (iii) all state statutes and plans for medical assistance enacted in connection with the statutes and provisions described in clauses (i) and (ii) above; and (iv) all applicable provisions of all rules, regulations, manuals and orders of all Governmental Authorities promulgated pursuant to or in connection with the statutes described in clause (iii) above and all state administrative, reimbursement and other guidelines of all Governmental Authorities having the force of law promulgated pursuant to or in connection with the statutes described in clause (ii) above, in each case as may be amended, supplemented or otherwise modified from time to time.

"Medicare" means the program of health benefits for the aged and certain disabled individuals and certain individuals with end-stage renal disease administered by CMS pursuant to the provisions of Title XVIII of the Social Security Act, codified at 42 U.S.C. § 1395 et seq.

"Medicare Regulations" means, collectively, all federal statutes (whether set forth in Title XVIII of the Social Security Act or elsewhere) affecting the health insurance program for the aged and disabled established by Title XVIII of the Social Security Act and any statutes succeeding thereto; together with all applicable provisions of all rules, regulations, manuals and orders and administrative, reimbursement and other guidelines having the force of law of all Governmental Authorities (including the Centers for Medicare & Medicaid Services, the U.S. Department of Health and Human Services, the Office of Inspector General of HHS and any successor thereof, or any person succeeding to the functions of any of the foregoing) promulgated pursuant to or in connection with any of the foregoing having the force of law, as each may be amended, supplemented or otherwise modified from time to time.

"Merger" means the merger of Merger Sub with and into HoldCo pursuant to the Merger Documents on the Closing Date, with HoldCo surviving such merger as a wholly owned subsidiary of Holdings.

"Merger Agreement" has the meaning assigned to that term in the definition of Merger Documents.

"Merger Documents" means that certain Agreement and Plan of Merger dated as of December 23, 2014 by and among Holdings, Merger Sub, HoldCo, Rupert J. McCormac IV, M.D., and the sellers identified therein, and all exhibits and schedules thereto (the "Merger Agreement"), the Certificate of Merger and all documents executed in connection therewith.

"Monitoring Agreement" means that certain Monitoring Agreement, dated as of the date hereof, between Borrower and RCM.

"Monitoring Agreement Subordination Agreement" means that certain Monitoring Agreement Subordination Agreement dated as of the date hereof among Borrower, RCM and Agent.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which Holdings or any of its Subsidiaries or any ERISA Affiliate may have any liability.

"Net Tax Benefit" has the meaning assigned to that term in Section 7.6.

"New Money Capital" means, as of the Closing Date after giving effect to the Merger and the outstanding Loans funded on such date, the sum of the cash equity investments made in Holdings directly or indirectly by Sponsor, certain members of management of Sponsor and other equity investors designated by Sponsor (but for the avoidance of doubt, specifically excluding any and all rollover equity of prior equity holders of Borrower or its predecessor) plus the principal balance of the Subordinated Debt funded by GMB on the Closing Date plus the outstanding funded balance of all Loans on the Closing Date, including outstanding Lender Letters of Credit.

"Note" or "Notes" means the Revolving Notes, the Term Note, and the Swingline Notes (in each case, if any).

"Notice of Borrowing" means a notice duly executed by an authorized representative of Borrower appropriately completed and in the form of Exhibit D.

"Obligations" means all obligations, liabilities and indebtedness of every nature of each Loan Party from time to time owed to Agent or to any Lender under the Loan Documents (whether incurred before or after the Termination Date) including, without limitation, the principal amount of all debts, claims and indebtedness, accrued and unpaid interest and all fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now and/or from time to time hereafter owing, due or payable including, without limitation, all interest, fees, cost and expenses accrued or incurred after the filing of any petition under any bankruptcy or insolvency law (regardless of whether allowed or allowable in whole or in part as a claim therein); provided, however, that notwithstanding anything to the contrary, the Obligations shall exclude any Excluded Swap Obligations.

"OECD" has the meaning provided in the definition of Eligible Assignee.

"Operating Cash Flow" means, for any period: (a) EBITDA; less (b) Unfinanced Capital Expenditures net of amounts financed by third parties, including Capital Leases.

"Other Connection Taxes" means, with respect to Agent or any Lender, Taxes imposed as a result of a present or former connection between such Agent or Lender and the jurisdiction imposing such Tax (other than connections arising from such Agent or Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document.

"Over Formula Advance" has the meaning assigned to that term in subsection 2.4(B)(1).

"Participant Register" has the meaning assigned to that term in subsection 9.5(B).

"Patents" means collectively all of the following: (a) all patents and patent applications including, without limitation, those listed on any schedule to any Patent Security Agreement and the inventions and improvements described and claimed therein, and patentable inventions; (b) the reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing; (c) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing; (d) the right to sue for past, present and future infringements of any of the foregoing; and (e) all rights corresponding to any of the foregoing throughout the world.

"Patent Security Agreement" means any patent security agreement executed and delivered by any of Holdings, Borrower and any of their Subsidiaries to Agent, on behalf of Lenders, as the same may be amended and in effect from time to time.

"Patriot Act" has the meaning assigned to that term in subsection 10.20.

"Payment in Full of the Obligations" means, as of any date of determination, that both (a) the Obligations (other than contingent indemnification and reimbursement obligations in respect of which no claim for payment has yet been asserted by the Person entitled thereto) are fully paid and satisfied, all Lender Letters of Credit have been cancelled and returned to Issuing Lender or either (i) replaced by an irrevocable letter of credit, on terms reasonably acceptable to Agent and the Issuing Lender, issued by a financial institution reasonably satisfactory to Agent and Issuing Lender or (ii) cash collateralized, in each case, in an amount at least equal to one hundred three percent (103%) of the then Letter of Credit Liability and on terms satisfactory to Agent and Issuing Lender, and (b) no Commitment of any Lender then exists.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Permit" means all governmental licenses, authorizations, registrations, permits, consents and approvals required under all applicable Laws, including without limitation Health Care Laws, and required in order for each Loan Party to carry on its business as now conducted.

"Permitted Acquisition" means any acquisition by any Loan Party, or any Subsidiary of any Loan Party, of all or a substantial part of the business or assets of any Person or all of the equity interests of any Person, to the extent approved by Agent and Requisite Lenders.

"Permitted Encumbrances" means the following types of Liens: (a) Liens in favor of or for the benefit of Lenders granted pursuant to any Loan Document; (b) Liens (other than Liens relating to Environmental Claims or ERISA) for taxes, assessments or other governmental charges not yet due and payable or as to which the period of grace, if any, related thereto has not expired and Liens for taxes which are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, which proceedings (or orders entered in connection with such proceedings) have the effect of staying the forfeiture or sale of the property or assets subject to any such Lien; (c) statutory Liens of landlords, carriers, warehousemen, mechanics, materialmen and other similar liens (other than, in each case, for taxes) imposed by law and which (i) do not, individually or in the aggregate, materially detract from the value of the property or assets which are the subject of such Lien or materially impair the use thereof in the operation of the business of Holdings, Borrower or any of their Subsidiaries or (ii) which are not for sums overdue or are otherwise being contested in good faith by appropriate proceedings diligently pursued for which adequate reserves (in the good faith judgment of the management of Holdings, Borrower or any of their Subsidiaries) have been established in accordance with GAAP, which proceedings have the effect of preventing the forfeiture or sale of the property or assets subject to such Lien; (d) Liens (other than any Lien imposed by ERISA) incurred on deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, statutory obligations, surety and appeal bonds, bids, leases, government contracts, trade contracts, performance and return-of-money bonds and other similar obligations (exclusive of

obligations for the payment of borrowed money); (e) customary rights of set off, bankers' liens, refunds or charge backs, under deposit agreements, the UCC or common law, of banks or other financial institutions where any Loan Party maintains deposits (other than deposits intended as cash collateral) in the ordinary course of business; (f) possessory Liens in favor of brokers and dealers arising in connection with the acquisition or disposition of investments; provided, such Liens (i) attach only to such investments and (ii) secure only obligations incurred in the ordinary course and arising in connection with the acquisition or disposition of such investments and not any obligation in connection with margin financing or otherwise; (g) purported Liens evidenced by the filing of precautionary UCC financing statements relating solely to operating leases of personal property entered into in the ordinary course of business (other than for taxes); (h) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods and incurred in the ordinary course of business; (i) any zoning or similar Law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property; (j) licenses of Intellectual Property granted in the ordinary course of business and not interfering in any respect with the ordinary conduct of, or materially detracting from, the value of the business of the grantor thereof; (k) Liens solely on any cash earnest money deposits made in connection with any letter of intent or purchase agreement permitted hereunder; (l) Liens (other than for taxes) arising out of judgments or awards not resulting in an Event of Default and in respect of which Loan Parties shall in good faith be prosecuting an appeal or proceedings for review in respect of which there shall be secured a subsisting stay of execution pending such appeal or proceedings; (m) Liens on property of a Person existing at the time such Person is acquired or merged with or into or consolidated with Borrower or any of its Subsidiaries (and not created in anticipation or contemplation thereof); provided that such Liens do not extend to property not subject to such Liens at the time of acquisition (other than improvements thereon) and are no more favorable to the lienholders than the existing Lien; (n) easements, rights-of-way, restrictions, and other similar charges or encumbrances not interfering in any material respect with the ordinary conduct of the business of any Loan Party or any of its Subsidiaries; (o) Liens for purchase money obligations and obligations under Capital Leases, provided that (i) the Indebtedness secured by any such Lien is permitted under Section 7.1, and (ii) such Lien encumbers only the asset so purchased or leased, as applicable; (p) Liens in favor of Agent, on behalf of itself and Lenders; (q) Liens set forth on Schedule 7.3(B); (r) Liens securing Swap Obligations (provided such Liens secure such Swap Obligations on a pari passu or junior basis); (s) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in this definition; provided that such extension, renewal or replacement Lien shall be limited to all or a part of the property which secured the Lien so extended, renewed or replaced (plus improvements on such property) and the principal amount of the Indebtedness secured thereby does not increase; and (t) additional Liens so long as the principal amount of Indebtedness and other obligations secured thereby does not exceed Five Hundred Thousand and 00/100 Dollars ($500,000.00) in the aggregate.

"Person" means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and governments and agencies and political subdivisions thereof.

"Pharmaceutical Laws" means all applicable Laws relating to drug distributions, and the possession, control, warehousing, marketing, sale and distribution of pharmaceuticals, including, without limitation, all federal and state laws governing the sale and distribution of drugs, biologicals and supplements, including (a) the Controlled Substances Act (21 U.S.C. §§ 801 et seq.), (b) the Food, Drug and Cosmetic Act of 1938 (21 U.S.C. §§ 801 et seq.), (c) the Dietary Supplement Health and Education Act (P.L. 103-417 (1994), (d) the Omnibus Budget and Reconciliation Act of 1990 (P. L. 101-508 (1990)); and (e) the Generic Drug Enforcement Act of 1992.

"Practice Lien" shall have the meaning set forth in Section 5.12.

"Practice Management Agreements", collectively, "Practice Management Agreement", individually, means, (a) those certain management agreements or services agreements by and between the applicable Borrower and Center in effect as of the Closing Date and delivered to Agent and (b) any other management agreement (including by execution of a joinder to an existing management agreement) similar to the management agreements or services agreements described in clause (a) following the Closing Date, entered into by and between or among a Loan Party and one or more Centers, as the same may be amended, restated or otherwise modified from time to time as permitted by the terms hereof.

"Practice Management Documents" , collectively, "Practice Management Document" individually, means the Practice Management Agreement(s), the Practice Security Agreement(s), the Deficient Funding Agreement(s), the Stock Transfer Restriction Agreement(s), the Employee Lease Agreement(s) and all other agreements, documents and instruments executed and delivered pursuant thereto or in connection therewith and to which a Loan Party is a party or which was executed for the benefit of a Loan Party.

"Practice Operating Account" has the meaning set forth in Section 5.12.

"Practice Security Agreements" collectively, "Practice Security Agreement", individually, means, (a) those certain Security Agreements by and between the applicable Borrower and Center in effect as of the Closing Date and delivered to Agent, and (b) any other security agreement similar to the Security Agreement described in clause (a) entered into by and between a Loan Party and a Center following the Closing Date, as the same may be amended, restated or otherwise modified from time to time as permitted by the terms hereof.

"Pro Forma" means the unaudited consolidated balance sheet of Holdings, Borrower and their Subsidiaries as of the Closing Date after giving effect to the Merger and the other transactions contemplated by this Agreement. The Pro Forma is attached hereto as Schedule 4.4.

"Pro Forma Cost Savings" means operating expense or cost reductions with respect to any Permitted Acquisition that have been realized or for which the steps necessary for realization have been taken or will be taken within six (6) months after such Permitted Acquisition is consummated and in each case are identified to Agent in writing in reasonable detail (including line items demonstrating the sources of such Pro Forma Cost Savings), including, but not limited to, the execution or termination of any contracts, reduction of costs related to administrative functions, the termination of any personnel or the closing (or approval by Borrower of any

closing) for any facility, as applicable; provided, (i) all Pro Forma Cost Savings shall be approved by Agent in its reasonable discretion, and shall be net of the costs and expenses incurred by Loan Parties in the realization thereof, (ii) in any case such adjustments are set forth in a certificate signed by an officer of Borrower and delivered to Agent that states (a) the amount of such adjustment(s) and (b) that such adjustment(s) are based on the reasonable good faith belief of such officer executing such certificate at the time of such execution, and (iii) if Borrower shall have obtained any consultant's or advisor's report or analysis with respect to Pro Forma Cost Savings, such report shall have been shared with Agent promptly after the issuance thereof; provided, however, in no event shall the sum of the aggregate Pro Forma Cost Savings, as to any Permitted Acquisition exceed fifteen percent (15%) of the pro forma EBITDA after giving effect to such Permitted Acquisition.

"Pro Rata Share" means (a) with respect to matters relating to a particular Commitment of a Lender, the percentage obtained by dividing (i) such Commitment of that Lender by (ii) all such Commitments of all Lenders, and (b) with respect to all other matters, the percentage obtained by dividing (i) the Total Loan Commitment of a Lender by (ii) the Total Loan Commitments of all Lenders, in either (a) or (b), as such percentage may be adjusted by assignments permitted pursuant to Section 9.5; provided, however, if any Commitment is terminated pursuant to the terms hereof, then "Pro Rata Share" means the percentage obtained by dividing (x) the aggregate amount of such Lender's outstanding Loans related to such Commitment by (y) the aggregate amount of all outstanding Loans related to such Commitment.

"Prohibited Person" has the meaning assigned to that term in subsection 4.24(A).

"Projections" means Borrower's forecasted consolidated (a) balance sheets, (b) profit and loss statements, (c) cash flow statements, (d) capitalization statements and (e) Revolving Loan availability, all prepared on a division by division and Subsidiary by Subsidiary basis consistent with Borrower's historical financial statements and based upon good faith estimates and assumptions by Borrower believed to be reasonable at the time made, together with appropriate supporting details and a statement of underlying assumptions.

"Property" means any interest of any kind in any property or asset, whether real, personal or mixed, or tangible or intangible.

"Qualified Equity" shall mean any equity interests of Holdings so long as the terms of any such equity interests (i) do not contain any mandatory put, redemption, repayment, sinking fund or other similar provisions, (ii) do not permit such equity interests to be converted into Indebtedness and (iii) do not require the cash payment of dividends, distributions or other Restricted Junior Payments, in each case prior to the date which is three hundred sixty-six (366) days after the Termination Date.

"Quality of Earnings Report" means, with respect to each applicable Person, a financial due diligence report or businessman's review from (a) a "Big Four", (b) other nationally recognized accounting firm or (c) a regional accounting firm reasonably acceptable to Agent.

"RCM" means Revelstoke Capital Management LLC, a Delaware limited liability company.

"Register" has the meaning assigned to that term in subsection 9.5(E).

"Related Fund" has the meaning assigned to that term in subsection 9.5(D).

"Related Party" means, with respect to any Person, such Person's officers, directors, employees, agents, consultants, auditors, affiliates, attorneys, and persons engaged by such Person to evaluate or monitor the Collateral.

"Replacement Lender" has the meaning assigned to that term in subsection 2.12(A).

"Reporting Rider" means Rider B attached to this Agreement and made a part hereof.

"Requisite Lenders" means Lenders, (other than a Defaulting Lender), holding or being responsible for greater than fifty percent (50%) of the sum of the (a) outstanding Loans, (b) Letter of Credit Reserve and (c) unutilized Commitments of all Lenders which are not Defaulting Lenders.

"Restricted Junior Payment" means: (a) any dividend or other distribution, direct or indirect, on account of any equity interests of Borrower or any of its Subsidiaries now or hereafter outstanding, except a dividend or distribution payable solely with equity interests; (b) any payment or prepayment of principal of, premium, if any, or interest or dividend on, or any redemption, conversion, exchange, retirement, defeasance, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Subordinated Debt or any equity interests of Borrower or any of its Subsidiaries now or hereafter outstanding; (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire equity interests of Borrower or any of its Subsidiaries now or hereafter outstanding; and (d) any payment by Borrower or any of its Subsidiaries of any management, consulting or similar fees to Sponsor or any of its Affiliates (other than Borrower of any of its Subsidiaries), whether pursuant to a management agreement or otherwise.

"Restricted Lender" means, at any time, Sponsor or an Affiliate of Sponsor (other than Holdings, Borrower, any of their respective Subsidiaries or any natural Person) at such time.

"Revolving Advance" means each advance made by Lender(s) under the Revolving Loan Commitment pursuant to subsection 2.1(A).

"Revolving Loan" means the outstanding balance of all Revolving Advances and any amounts added to the principal balance of the Revolving Loan pursuant to this Agreement.

"Revolving Loan Commitment" means (a) as to any Lender, the commitment of such Lender to make Revolving Advances pursuant to subsection 2.1(A), and to purchase participations in Lender Letters of Credit pursuant to subsection 2.1(H) and without duplication to purchase a participation in the Swingline Loan pursuant to subsection 2.1(B) in the aggregate amount set forth on the signature page of this Agreement opposite such Lender's signature or in the most recent Assignment and Acceptance Agreement, if any, executed by such Lender and (b) as to all Lenders, the aggregate commitment of all Lenders to make Revolving Advances and to purchase participations in Lender Letters of Credit and without duplication to purchase participations in the Swingline Loan pursuant to subsection 2.1(B).

"Revolving Note" means each promissory note of Borrower in substantially the form of Exhibit E, issued to evidence the Revolving Loan Commitments (if any).

"Scheduled Installment" has the meaning assigned to that term in subsection 2.1(C) and 2.1(D).

"Seller Notes" shall mean any promissory note or notes issued by Holdings or any of its Subsidiaries to the seller in respect of any Permitted Acquisition as partial consideration in connection with such Permitted Acquisition which are subject to a subordination agreement in form and substance acceptable to Agent.

"Senior Debt" means all Funded Indebtedness of Borrower other than (a) Subordinated Debt and (b) any other unsecured Indebtedness of Borrower.

"Senior Leverage Ratio" means the ratio of (a) Borrower's Senior Debt, to (b) Borrower's EBITDA for the trailing twelve months, calculated as of the last day of the month immediately preceding the determination date thereof.

"Settlement Date" has the meaning assigned to that term in subsection 9.8(A)(2).

"Specified Equity Contribution" has the meaning assigned to that term in Section 6.2.

"Sponsor" means Revelstoke Capital Partners, LLC.

"SPV" has the meaning assigned to that term in subsection 9.5(A).

"Stock Transfer Restriction Agreements" collectively, "Stock Transfer Restriction Agreement", individually, means (i) those certain Stock Transfer Restriction Agreements by and between the applicable Borrower, Center and Clinical Provider, together with each stock transfer power thereto, in effect as of the Closing Date and delivered to Agent and (ii) any other stock transfer restriction agreement (including by execution of a joinder to an existing stock transfer restriction agreement) similar to the Stock Transfer Restriction Agreements and stock transfer powers described in clause (i) entered into by and between or among a Loan Party and one or more Centers and/or Clinical Providers following the Closing Date, as the same may be amended, restated or otherwise modified from time to time as permitted by the terms hereof.

"Subordinated Debt" means (i) all Funded Indebtedness owing by Borrower to GMB pursuant to the Subordinated Debt Documentation; (ii) the Seller Notes; and (iii) any other subordinated debt subject to a subordination agreement in form and substance acceptable to Agent.

"Subordinated Debt Documentation" means collectively, the Subordination Agreement and all other agreements, indentures and instruments pursuant to which any Subordinated Debt is issued, in each case as amended to the extent permitted under the Loan Documents.

"Subordination Agreement" means that certain Subordination Agreement of even date herewith executed by GMB in favor of Agent, as amended, modified or restated from time to time.

"Subsidiary" means, with respect to any Person, any corporation, association or other business entity of which more than fifty percent (50%) of the total voting power of shares of stock (or equivalent ownership or controlling interest) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other subsidiaries of that Person or a combination thereof other than any such business entity that is a joint venture which qualifies as an investment permitted by subsection 7.5(o) hereof.

"Swap Obligation" means, with respect to any Loan Party, any obligation to pay or perform under any Interest Rate Agreement.

"Swingline Advance" means each Revolving Advance converted by Agent into an Advance under the Swingline Loan pursuant to subsection 2.1(B).

"Swingline Lender" means Ally, or if Ally shall resign as Swingline Lender, another Lender selected by Agent and reasonably acceptable to Borrower.

"Swingline Loan" means the outstanding balance of all Swingline Advances and any amounts added to the principal balance of the Swingline Loan pursuant to this Agreement.

"Swingline Note" means the promissory note of Borrower in substantially the form of Exhibit F, issued to evidence the Swingline Loan (if any).

"Target EBITDA" means, for any period, without duplication, the total of the following for any target of a Permitted Acquisition, each calculated for such period: (a) net income determined in accordance with GAAP; plus, to the extent included in the calculation of net income; (b) the sum of: (i) income and franchise taxes paid or accrued; (ii) interest expenses, net of interest income, paid or accrued; (iii) amortization and depreciation; and (iv) other non-cash charges (excluding accruals for cash expenses made in the ordinary course of business); less, to the extent included in the calculation of net income, (c) the sum of: (i) the income of any Person in which such target has an ownership interest except to the extent such income is received by such target in a cash distribution during such period; (ii) gains or losses from sales or other dispositions of assets (other than Inventory in the normal course of business); and (iii) extraordinary or non-recurring gains, net of extraordinary or non-recurring "cash" losses, provided however, that all add-backs included in determining Target EBITDA must be approved by Agent in its sole and absolute discretion.

"Tax Distributions" means, for a taxable year and for so long as both Holdings and Borrower are classified for federal income tax purposes as a "partnership" (or in the case of Borrower a "disregarded" entity) for such taxable year, (a) distributions paid by Holdings to its members in an amount equal to the product of (i) the aggregate net taxable income for such taxable year of Holdings directly attributable to the taxable income of Borrower and its Subsidiaries reported on the income Tax returns of Holdings for such year and allocated to its members (as reduced for prior losses for all years of Holdings allocated to such members to the extent such losses were not previously taken into account in computing Tax Distributions) multiplied by (ii) the highest effective combined federal (under Section 1 of the IRC), state and local Tax rate that applies to an individual who resides in New York, New York (after taking into

account (x) the relevant character of the relevant item(s) of income so allocated and (y) (for the avoidance of doubt) any reductions in such income or items thereof arising from any adjustments attributable to an adjustment under Section 734 of the IRC (but not Section 743 of the IRC) (and any similar state or local Tax election)); (b) distributions by Holdings to all Investor Member Blockers (as such term is defined in the Amended and Restated Limited Liability Company Agreement of Holdings, as in effect on the date hereof) that have no material assets other than debt or equity in Holdings in an aggregate amount not exceeding $20,000 per taxable year solely for the purpose of allowing such Investor Member Blockers to pay franchise or other similar Taxes required to be paid by applicable Law to maintain their respective corporate existences (provided that with respect to distributions under this clause (b) to an Investor Member Blocker, such distributions shall not exceed the actual amount of such Taxes due and owing for the relevant taxable year by such Investor Member Blocker); (c) dividends or distributions by Borrower to the extent to be used to fund distributions by Holdings referred to in clause (a) or (b); and (d) dividends or distributions by Borrower to Holdings to allow Holdings to pay any franchise or other similar Taxes required to be paid by applicable Law to maintain Holdings' corporate existence.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term Loan" mean(s) the unpaid balance of the term loan made pursuant to subsection 2.1(C).

"Term Loan Commitment" means (a) as to any Lender, the commitment of such Lender to make its Pro Rata Share of the Term Loan in the maximum aggregate amount set forth on the signature page of this Agreement opposite such Lender's signature or in the most recent Assignment and Acceptance Agreements, if any, executed by such Lender and (b) as to all Lenders, the aggregate commitment of all Lenders to make the Term Loan.

"Term Note" means the promissory note of Borrower in substantially the form of Exhibit G, issued to evidence the Term Loan Commitment (if any).

"Termination Date" has the meaning assigned to that term in Section 2.6.

"Third Party Payor" means Medicare, Medicaid, TRICARE, and other state or federal health care program, Blue Cross and/or Blue Shield plans, private insurers, managed care plans and any other Person or entity which presently or in the future maintains Third Party Payor Programs.

"Third Party Payor Programs" means all health care payment and reimbursement programs, sponsored by a Third Party Payor.

"TRICARE" means the program to provide medical and dental care for members and certain retired members of the uniformed services and their dependents administered by the United States Department of Defense, pursuant to 10 U.S.C. Section 1071 et seq.), and the regulations promulgated pursuant to such statutes.

"Total Leverage Ratio" has the meaning assigned to that term in Section 2 of the Financial Covenants Rider.

"Total Loan Commitment" means as to any Lender the aggregate commitments of such Lender with respect to all Commitments.

"Trademark Security Agreement" means any trademark security agreement executed and delivered by any Loan Party to Agent, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Trademarks" means collectively all of the following: (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof, and all applications in connection therewith including, without limitation, those listed on any schedule to any Trademark Security Agreement; (b) all renewals thereof; (c) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing including damages and payments for past, present and future infringements of any of the foregoing; (d) the right to sue for past, present and future infringements of any of the foregoing; (e) all rights corresponding to any of the foregoing throughout the world; and (f) all goodwill associated with and symbolized by any of the foregoing.

"TTM EBITDA" has the meaning assigned to that term in subsection 3.1(N)(1).

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, to the extent the law of any other state or other jurisdiction applies to the attachment, perfection, priority or enforcement of any Lien granted to Agent in any of the Collateral, "UCC" means the Uniform Commercial Code as in effect in such other state or jurisdiction for purposes of the provisions hereof relating to such attachment, perfection, priority or enforcement of a Lien in such Collateral.

"Undrawn Availability" means an amount equal to the Maximum Revolving Loan Amount less the Revolving Loan.

"Unfinanced Capital Expenditures" means, for any period, Capital Expenditures other than (a) expenditures made in connection with the acquisition, replacement, substitution, restoration or reinvestment of assets to the extent financed (i) from insurance proceeds (or other similar recoveries) paid on account of the loss of or damage to the assets being replaced or restored, (ii) with awards of compensation arising from the taking by eminent domain or condemnation of the assets being replaced, (iii) with proceeds of dispositions permitted hereby or (iv) with proceeds from capital contributions made by Holdings funded by the issuance of equity by Holdings; (b) Permitted Acquisitions and (c) Capital Expenditures financed under Capital Leases or other Indebtedness (excluding drawings under the Revolving Loan Commitments).

"U.S. Tax Compliance Certificate" has the meaning assigned to that term in subsection 2.10(D)(3)(iii).

"Withholding Agent" means Borrower or other Loan Party and Agent.

1.2 UCC Defined Terms. The following terms used in this Agreement shall have the respective meanings provided for in the UCC: "Accounts", "Account Debtor", "Buyer in Ordinary Course of Business", "Chattel Paper", "Commercial Tort Claim", "Documents", "Electronic Chattel Paper", "Equipment", "Farm Products", "Fixtures", "General Intangibles", "Goods", "Inventory", "Investment Property", "Letter of Credit", "Letter-of-Credit Rights", "Licensee in Ordinary Course of Business", "Payment Intangibles", "Proceeds", "Record", "Software", "Supporting Obligations" and "Tangible Chattel Paper". The term "Instrument" used in this Agreement shall have the meaning provided for such term in Article 9 of the UCC.

1.3 Accounting Terms. For purposes of this Agreement, all accounting terms not otherwise defined herein shall have the meanings assigned to such terms in conformity with GAAP. Financial statements and other information furnished to Agent or any Lender pursuant hereto shall be prepared in accordance with GAAP (as in effect at the time of such preparation) on a consistent basis. In the event any Accounting Changes (as defined below) shall occur and such changes affect financial covenants, standards or terms in this Agreement, then Borrower and Lenders agree to enter into negotiations in order to amend such provisions of this Agreement so as to equitably reflect such Accounting Changes with the desired result that the criteria for evaluating the financial condition of Borrower shall be the same after such Accounting Changes as if such Accounting Changes had not been made, and until such time as such an amendment shall have been executed and delivered by Borrower and Requisite Lenders, (A) all financial covenants, standards and terms in this Agreement shall be calculated and/or construed as if such Accounting Changes had not been made, and (B) Borrower shall prepare footnotes to each Compliance Certificate and the financial statements required to be delivered hereunder that show the differences between the financial statements delivered (which reflect such Accounting Changes) and the basis for calculating financial covenant compliance (without reflecting such Accounting Changes). "Accounting Changes" means: changes in accounting principles required by GAAP and implemented by Borrower; changes in accounting principles recommended by Borrower's Accountants; and changes in carrying value of Borrower's or any of its Subsidiaries' assets, liabilities or equity accounts resulting from (i) the application of purchase accounting principles (A.P.B. 16 and/or 17 and EITF 88 16 and FASB 109) to the Merger or (ii) any other adjustments that, in each case, were applicable to, but not included in, the Pro Forma. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made without giving effect to any change to GAAP occurring after the date hereof as a result of the adoption of any proposals set forth in the Proposed Accounting Standards Update, Leases (Topic 840), issued by the Financial Accounting Standards Board on August 17, 2010, or any other proposals issued by the Financial Accounting Standards Board in connection therewith, in each case if such change would require treating any lease (or similar arrangement conveying the right to use) as a capital lease where such lease (or similar arrangement) was not required to be so treated under GAAP as in effect on the date hereof.

1.4 Other Definitional Provisions. References to "Sections", "subsections", "Riders", "Exhibits", "Schedules" and "Addenda" shall be to Sections, subsections, Riders, Exhibits, Schedules and Addenda, respectively, of this Agreement unless otherwise specifically provided. Any of the terms defined in subsection 1.1 or otherwise in this Agreement may, unless the context otherwise requires, be used in the singular or the plural depending on the reference. In this Agreement, words importing any gender include the other genders; the words "including,"

"includes" and "include" shall be deemed to be followed by the words "without limitation"; the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or"; references to agreements and other contractual instruments shall be deemed to include subsequent amendments, assignments, and other modifications thereto, but only to the extent such amendments, assignments and other modifications are not prohibited by the terms of this Agreement or any other Loan Document; references to Persons include their respective permitted successors and assigns or, in the case of governmental Persons, Persons succeeding to the relevant functions of such Persons; and all references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations.

SECTION 2

LOANS AND COLLATERAL

2.1 Loans.

(A) Revolving Loan. Each Lender, severally, agrees from time to time to make advances to Borrower in its Pro Rata Share of up to an aggregate amount not to exceed at any time the lesser of (i) (x) EBITDA for the most recently completed four (4) quarter period for which a compliance certificate has been delivered to Agent (or, prior to the delivery of the first compliance certificate after the Closing Date, EBITDA for the four (4) quarter period ended immediately prior to the Closing Date calculated in accordance with the definition contained herein) multiplied by the Total Leverage Ratio as set forth on such compliance certificate (or, prior to the delivery of the first compliance certificate after the Closing Date, the Total Leverage Ratio as of the Closing Date) less (y) all Funded Indebtedness of Borrower and less, at Agent's election, the amount of any item described in Section 8.1(J), which remains undischarged, unvacated, unbonded or unstaged for a period of more than ten (10) days, and (ii) Five Million and 00/100 Dollars ($5,000,000.00). Amounts borrowed under this subsection 2.1(A) may be repaid and reborrowed at any time prior to the earlier of the termination of the Revolving Loan Commitment pursuant to subsection 8.3 and the Termination Date. Except as otherwise provided herein, no Lender shall have any obligation to make a Revolving Advance to the extent such Revolving Advance would cause the Revolving Loan (after giving effect to any immediate application of the proceeds thereof) to exceed the Maximum Revolving Loan Amount.

(B) Swingline Loan. Agent may convert any request by Borrower for a Revolving Advance bearing interest at the Base Rate into a request for an Advance under the Swingline Loan. The Swingline Loan shall be a Base Rate Loan and shall not exceed in the aggregate at any time outstanding the Maximum Swingline Loan Amount. In the event that on any Business Day Swingline Lender desires that all or any portion of the Swingline Loan should be reduced in whole or in part, Swingline Lender shall promptly notify Agent to that effect and indicate the portion of the Swingline Loan to be reduced. Swingline Lender hereby agrees that it shall notify Agent to reduce the Swingline Loan to zero (0) at least once every month. Agent agrees to transmit to Lenders the information contained in each notice received by Agent from Swingline Lender and shall concurrently notify Lenders of each Lender's Pro Rata Share of the obligation to make a Revolving Advance to repay the Swingline Loan (or portion thereof).

Each of Lenders hereby unconditionally and irrevocably agrees to fund to Agent for the benefit of Swingline Lender, in lawful money of the United States and in same day funds, not later than 1:00 p.m. New York time on the Business Day immediately following the Business Day of such Lender's receipt of such notice from Agent (provided that if any Lender shall receive such notice at or prior to 11:00 a.m. New York time on a Business Day, such funding shall be made by such Lender on such Business Day), such Lender's Pro Rata Share of a Revolving Advance (which Revolving Advance shall be a Base Rate Loan and shall be deemed to be requested by Borrower) in the principal amount of such portion of the Swingline Loan which is required to be paid to Swingline Lender under this subsection 2.1(B) (regardless of whether the conditions precedent thereto set forth in Section 3 are then satisfied and whether or not Borrower has provided a Notice of Borrowing under subsection 2.1(F) and whether or not any Default or Event of Default exists or all or any of the Loans have been accelerated, but subject to the other provisions of this subsection 2.1(B)). The proceeds of any such Revolving Advance shall be immediately paid over to Agent for the benefit of Swingline Lender for application to the Swingline Loan.

In the event that an Event of Default shall occur and either (1) such Event of Default is of the type described in subsection 8.1(G) or (H) hereof or (2) no further Revolving Advances are being made under this Agreement, so long as any such Event of Default is continuing, then, each of Lenders (other than Swingline Lender) shall be deemed to have irrevocably, unconditionally and immediately purchased a participation in the Swingline Loan from Swingline Lender in an amount equal to such Lender's Pro Rata Share of the Revolving Loan Commitment multiplied by the total amount of the Swingline Loan outstanding. Each Lender shall effect such purchase by making available the amount of such Lender's participation in the Swingline Loan in immediately available funds to Agent's Account for the benefit of Swingline Lender. In the event any Lender fails to make available to Swingline Lender when due the amount of such Lender's participation in the Swingline Loan, Swingline Lender shall be entitled to recover such amount on demand from such Lender together with interest at the Federal Funds Rate. Each such purchase by a Lender shall be made without recourse to Swingline Lender, without representation or warranty of any kind, and shall be effected and evidenced pursuant to documents reasonably acceptable to Swingline Lender. The obligations of Lenders under this subsection 2.1(B) shall be absolute, irrevocable and unconditional, shall be made under all circumstances and shall not be affected, reduced or impaired for any reason whatsoever.

(C) Term Loan. Each Lender, severally, agrees to lend to Borrower, on the Closing Date, its Pro Rata Share of the Term Loan Commitment which is in the aggregate amount of Ten Million and 00/100 Dollars ($10,000,000.00). The Term Loan shall be funded in one drawing. Amounts borrowed under this subsection 2.1(C) and repaid may not be reborrowed. Borrower shall make principal payments in the amount of the applicable Scheduled Installment of the Term Loan (or such lesser principal amount as shall then be outstanding) on the dates set forth below.

"Scheduled Installment" with respect to the Term Loan means, for each date set forth below, the amount set forth opposite such date.

Date	Scheduled Installment
March 31, 2015	$62,500
June 30, 2015	$62,500
September 30, 2015	$62,500
December 31, 2015	$62,500
March 31, 2016	$62,500
June 30, 2016	$62,500
September 30, 2016	$62,500
December 31, 2016	$62,500
March 31, 2017	$125,000
June 30, 2017	$125,000
September 30, 2017	$125,000
December 31, 2017	$125,000
March 31, 2018	$125,000
June 30, 2018	$125,000
September 30, 2018	$125,000
December 31, 2018	$125,000
March 31, 2019	$125,000
June 30, 2019	$125,000
September 30, 2019	$125,000
Termination Date	Any remaining balance of the Term Loan

(D) Reserved.

(E) Reserved.

(F) Borrowing Mechanics. LIBOR Loans made on any Funding Date shall be in an aggregate minimum amount of Five Hundred Thousand and 00/100 Dollars ($500,000.00) and integral multiples of One Hundred Thousand and 00/100 Dollars ($100,000.00) in excess of such amount. On any day when Borrower desires a Revolving Advance under this Section 2.1, Borrower shall give Agent written or telephonic notice of the proposed borrowing by 1:00 p.m. New York City time on the Funding Date of a Base Rate Loan and three (3) Business Days in advance of the Funding Date of a LIBOR Loan. Any Notice of Borrowing required to be delivered hereunder shall specify the proposed Funding Date (which shall be a Business Day), the requested amount and type of each Loan, whether such Loans shall consist of Base Rate Loans or LIBOR Loans, and, for LIBOR Loans, the Interest Period applicable thereto. Any such telephonic notice shall be confirmed with a Notice of Borrowing on the same day as such request. Neither Agent nor Lender shall incur any liability to Borrower for acting upon any telephonic notice or a Notice of Borrowing which Agent believes in good faith to have been given by a duly authorized officer or other person authorized to borrow on behalf of Borrower or for otherwise acting in good faith under this subsection 2.1(F). Neither Agent nor Lender will be required to make any advance pursuant to any telephonic or written notice or a Notice of Borrowing, unless all of the terms and conditions set forth in Section 3.2 have been satisfied by

1:00 p.m. New York time on the date of such funding request. Each Advance shall be deposited by wire transfer in immediately available funds in such account as Borrower may from time to time designate to Agent in writing. The becoming due of any amount required to be paid under this Agreement or any of the other Loan Documents as principal, Lender Letter of Credit reimbursement obligation, accrued interest, fees, compensation or any other amounts past any cure period, shall be deemed irrevocably to be an automatic request by Borrower for a Revolving Advance (which automatic request shall not require that the conditions precedent of Section 3.2 hereof be met), which shall be a Base Rate Loan on the due date of, and in the amount required to pay (as set forth on Agent's books and records), such principal, Lender Letter of Credit reimbursement obligation, accrued interest, fees, compensation or any other amounts.

(G) Notes. If so requested by any Lender by written notice to Borrower (with a copy to Agent) at least two (2) Business Days prior to the Closing Date, or at any time thereafter, Borrower shall execute and deliver to such Lender (and/or, if applicable and if so specified in such notice, to any Person who is an assignee of such Lender pursuant to Section 9.5) on the Closing Date (or, if such notice is delivered after the Closing Date, promptly after Borrower's receipt of such notice) a Note or Notes to evidence such Lender's Term Loan, Swingline Loan or Revolving Loan, as the case may be.

(H) Letters of Credit. The Revolving Loan Commitments may, in addition to Revolving Advances, be utilized, upon the request of Borrower, for (1) the issuance of letters of credit by Agent; or with Agent's consent any Lender, or (2) the issuance by Agent of guaranties or risk participations to banks to induce such banks to issue Bank Letters of Credit for the account of Borrower (each of (1) and (2) above a "Lender Letter of Credit"). Each Lender shall be deemed to have purchased a participation in each Lender Letter of Credit issued on behalf of Borrower in an amount equal to its Pro Rata Share thereof. In no event shall any Lender Letter of Credit be issued to the extent that the issuance of such Lender Letter of Credit would cause the sum of the Letter of Credit Reserve (after giving effect to such issuance and without duplication), plus the Revolving Loan, plus the Swingline Loan, to exceed the Revolving Loan Commitments.

(1) Maximum Amount. The aggregate amount of Letter of Credit Liability with respect to all Lender Letters of Credit outstanding at any time shall not exceed One Million and 00/100 Dollars ($1,000,000.00).

(2) Reimbursement. Borrower shall be irrevocably and unconditionally obligated forthwith without presentment, demand, protest or other formalities of any kind, to reimburse Agent or the issuer for any amounts paid with respect to a Lender Letter of Credit including all fees, costs and expenses paid to any bank that issues a Bank Letter of Credit. Borrower hereby authorizes and directs Agent, at Agent's option, to debit Borrower's account (by increasing the Revolving Loan) in the amount of any payment made with respect to any Lender Letter of Credit. In the event that Agent elects not to debit Borrower's account and Borrower fails to reimburse Agent in full on the date of any payment under a Lender Letter of Credit, Agent shall promptly notify each Lender of the unreimbursed amount of such payment together with accrued interest thereon and each Lender, on the next Business Day, shall deliver to Agent an amount equal to its respective participation in same day funds. The obligation of each Lender to deliver to Agent an amount equal to its respective participation pursuant to the

foregoing sentence shall be absolute and unconditional and such remittance shall be made notwithstanding the occurrence or continuation of an Event of Default or Default or the failure to satisfy any condition set forth in Section 3. In the event any Lender fails to make available to Agent the amount of such Lender's participation in such Lender Letter of Credit, Agent shall be entitled to recover such amount on demand from such Lender together with interest on such amount calculated at the Federal Funds Rate.

(3) Request for Letters of Credit. Borrower shall give Agent no less than three (3) Business Days prior notice specifying the date a Lender Letter of Credit is to be issued, specifying the amount, beneficiary and describing the nature of the transactions proposed to be supported thereby. The notice shall be accompanied by the form of the Lender Letter of Credit being requested. Any Lender Letter of Credit which Borrower requests must be in such form, be for such amount, contain such terms and support such transactions as are reasonably satisfactory to Agent. The expiration date of each Lender Letter of Credit shall be on a date which is at least thirty (30) days prior to the Termination Date, unless otherwise agreed to by Agent.

(I) Other Letter of Credit Provisions.

(1) Obligations Absolute. The obligation of Borrower to reimburse Agent or any Lender for payments made under, and other amounts payable in connection with, any Lender Letter of Credit shall be, absent any gross negligence or willful misconduct by Agent or Issuing Lender, unconditional and irrevocable and shall be paid under all circumstances strictly in accordance with the terms of this Agreement including, without limitation, the following circumstances:

(a) any lack of validity or enforceability of any Lender Letter of Credit, or any other agreement;

(b) the existence of any claim, set-off, defense or other right which Borrower, any of its Subsidiaries or Affiliates or any other Person may at any time have against any beneficiary or transferee of any Lender Letter of Credit (or any Persons for whom any such transferee may be acting), Agent, any Lender, any bank issuing a Bank Letter of Credit, or any other Person, whether in connection with this Agreement, any other Loan Document, or any other related or unrelated agreements or transactions;

(c) any draft, demand, certificate or any other document presented under any Lender Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(d) any adverse change in the business, operations, properties, assets, condition (financial or otherwise) of Loan Parties or any of their Subsidiaries;

(e) any breach of this Agreement or any other Loan Document by any party thereto;

(f) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing;

(g) the fact that a Default or an Event of Default shall have occurred and be continuing; or

(h) payment under any Lender Letter of Credit against presentation of a demand, draft or certificate or other document which does not comply with the terms of such Lender Letter of Credit; provided that, in the case of any payment by Agent or a Lender under any Lender Letter of Credit, Agent or such Lender has not acted with gross negligence or willful misconduct (as determined by a final non-appealable order by a court of competent jurisdiction) in determining that the demand for payment under such Lender Letter of Credit complies on its face with any applicable requirements for a demand for payment under such Lender Letter of Credit.

(2) Nature of Lender's Duties. As between any Lender that issues a Lender Letter of Credit (an "Issuing Lender"), on the one hand, and all Lenders on the other hand, all Lenders assume all risks of the acts and omissions of, or misuse of any Lender Letter of Credit by the beneficiary thereof. In furtherance and not in limitation of the foregoing, neither Agent nor any Issuing Lender shall be responsible: (a) for the form, validity, sufficiency, accuracy, genuineness or legal effect of any document by any party in connection with the application for and issuance of any Lender Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (b) for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any Lender Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (c) for failure of the beneficiary of any Lender Letter of Credit to comply fully with conditions required in order to demand payment thereunder; provided that, in the case of any payment under any such Lender Letter of Credit, any Issuing Lender has not acted with gross negligence or willful misconduct (as determined by a final non-appealable order by a court of competent jurisdiction) in determining that the demand for payment under any such Lender Letter of Credit complies on its face with any applicable requirements for a demand for payment thereunder; (d) for errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (e) for errors in interpretation of technical terms; (f) for any loss or delay in the transmission or otherwise of any document required in order to make a payment under any such Lender Letter of Credit; (g) for the credit of the proceeds of any drawing under any such Lender Letter of Credit; and (h) for any consequences arising from causes beyond the control of Agent or any Lender as the case may be.

(3) Liability. In furtherance and extension of and not in limitation of, the specific provisions herein above set forth, any action taken or omitted by Agent or any Lender under or in connection with any Lender Letter of Credit, if taken or omitted without any gross negligence or willful misconduct by Agent or such Lender, shall not put Agent or any Lender under any resulting liability to Borrower or any other Lender.

(4) Obligations of Borrower on Prepayment or Repayment. In the event any Lender Letters of Credit are outstanding at the time that Borrower prepays or is required to repay the Obligations in full and the Commitments hereunder are terminated, Borrower shall either (i) Cash Collateralize one hundred three percent (103%) of the aggregate outstanding Letter of Credit Reserves and such cash collateral shall be available to Agent, for its benefit and the benefit of all Lenders with a Revolving Loan Commitment (based on their respective Pro Rata Share), to reimburse payments of drafts drawn under such Lender Letters of Credit and pay any fees and expenses related thereto, (ii) prepay the fees payable under subsection 2.3(C) with respect to such Lender Letters of Credit for the full remaining terms of such Letters of Credit or (iii) provide a backstop irrevocable letter of credit, on terms reasonably acceptable to Agent and the Issuing Lender, issued by a financial institution reasonably satisfactory to Agent and Issuing Lender.

(J) Availability of a Lender's Pro Rata Share.

(1) Lender's Amounts Available on a Funding Date. Unless Agent receives written notice from a Lender on or prior to any Funding Date that such Lender will not make available to Agent as and when required such Lender's Pro Rata Share of any requested Loan or Advance, Agent may assume that each Lender will make such amount available to Agent in immediately available funds on the Funding Date and Agent may (but shall not be so required), in reliance upon such assumption, make available to Borrower on such date a corresponding amount.

(2) Lender's Failure to Fund. A Defaulting Lender shall pay interest to Agent at the Federal Funds Rate on the Defaulted Amount from the Business Day following the applicable Funding Date of such Defaulted Amount until the date such Defaulted Amount is paid to Agent. A notice of Agent submitted to any Lender with respect to amounts owing under this subsection shall be conclusive, absent manifest error. If such amount is not paid when due to Agent, Agent, at its option, may notify Borrower of such failure to fund and, upon demand by Agent, Borrower shall pay the unpaid amount to Agent for Agent's account, together with interest thereon for each day elapsed since the date of such borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loan made by the other Lenders on such Funding Date. The failure of any Lender to make available any portion of its Commitment on any Funding Date or to fund its participation in a Lender Letter of Credit or Swingline Loan shall not relieve any other Lender of any obligation hereunder to fund such Lender's Commitment on such Funding Date or to fund any such participation, but no Lender shall be responsible for the failure of any other Lender to honor its Commitment on any Funding Date or to fund any participation to be funded by any other Lender.

(3) Payments to a Defaulting Lender. Notwithstanding any provision to the contrary contained in this Agreement or the other Loan Documents, Agent shall not be obligated to transfer to a Defaulting Lender any payment made by Borrower to Agent or any amount otherwise received by Agent for application to the Obligations nor shall a Defaulting Lender be entitled to the sharing of any interest, fees or payments hereunder.

(4) Defaulting Lender's Right to Vote. Notwithstanding any provision to the contrary contained in this Agreement or the other Loan Documents for purposes of voting or consenting to matters with respect to (a) the Loan Documents or (b) any other matter concerning the Loans, a Defaulting Lender shall be deemed not to be a "Lender" and such Lender's Commitments and outstanding Loans and Advances shall be deemed to be zero (0).

2.2 Interest.

(A) Rate of Interest. The Loans and all other Obligations shall bear interest from the date such Loans are made or such other Obligations become due to the date paid at a rate per annum equal to (1) in the case of Base Rate Loans and Obligations for which no interest rate basis is specified, the Base Rate plus the Applicable Margin and (2) in the case of LIBOR Loans, LIBOR plus the Applicable Margin (collectively the "Interest Rate"). Such designation by Borrower may be changed from time to time pursuant to subsection 2.2(D). If on any day a Loan or a portion of any Loan is outstanding with respect to which notice has not been delivered to Agent in accordance with the terms of this Agreement specifying the basis for determining the rate of interest or if LIBOR has been specified and no LIBOR quote is available, then for that day that Loan or portion thereof shall bear interest determined by reference to the Base Rate.

After the occurrence and during the continuance of an Event of Default (1) the Loans and all other Obligations shall, automatically upon the occurrence of any Event of Default set forth in subsections 8.1(A), 8.1(G) or 8.1(H), or at the election of the Requisite Lenders upon the occurrence of any other Event of Default, bear interest at a rate per annum equal to two percent (2.00%) plus the applicable Interest Rate, (2) each LIBOR Loan shall automatically convert to a Base Rate Loan at the end of any applicable Interest Period and (3) no Loans may be converted to LIBOR Loans. All such interest shall be payable on Agent's demand.

(B) Computation and Payment of Interest. Interest on the Loans and all other Obligations shall be computed on the daily principal balance on the basis of a three hundred sixty (360) day year for the actual number of days elapsed. In computing interest on any Loan, the date of funding of the Loan or the first day of an Interest Period applicable to such Loan or, with respect to a Base Rate Loan being converted from a LIBOR Loan, the date of conversion of such LIBOR Loan to such Base Rate Loan, shall be included; and the date of payment of such Loan or the expiration date of an Interest Period applicable to such Loan, or with respect to a Base Rate Loan being converted to a LIBOR Loan, the date of conversion of such Base Rate Loan to such LIBOR Loan, shall be excluded; provided that if a Loan is repaid on the same day on which it is made, one (1) day's interest shall be paid on that Loan. Interest on Base Rate Loans and all other Obligations other than LIBOR Loans shall be payable to Agent for the benefit of Lenders monthly in arrears on the first day of each month, on the date of any prepayment of Loans, and at maturity, whether by acceleration or otherwise. Interest on LIBOR Loans shall be payable to Agent for the benefit of Lenders on the last day of the applicable Interest Period for such Loan, on the date of any prepayment of the Loans, and at maturity, whether by acceleration or otherwise. In addition, for each LIBOR Loan having an Interest Period longer than three (3) months, interest accrued on such Loan shall also be payable on the last day of each three (3) month interval during such Interest Period.

(C) Interest Laws. Notwithstanding any provision to the contrary contained in this Agreement or any other Loan Document, Borrower shall not be required to pay, and neither Agent nor any Lender shall be permitted to collect, any amount of interest in excess of the maximum amount of interest permitted by applicable Law ("Excess Interest"). If any Excess Interest is provided for or determined by a court of competent jurisdiction to have been provided for in this Agreement or in any other Loan Document, then in such event: (1) the provisions of this subsection shall govern and control; (2) neither Borrower nor any other Loan Party shall be obligated to pay any Excess Interest; (3) any Excess Interest that Agent or any Lender may have received hereunder shall be, at such Lender's option, (a) applied as a credit against the outstanding principal balance of the Obligations or accrued and unpaid interest (not to exceed the maximum amount permitted by law), (b) refunded to the payor thereof, or (c) any combination of the foregoing; (4) the interest rate(s) provided for herein shall be automatically reduced to the maximum lawful rate allowed from time to time under applicable law (the "Maximum Rate"), and this Agreement and the other Loan Documents shall be deemed to have been and shall be, reformed and modified to reflect such reduction; and (5) neither Borrower nor any Loan Party shall have any action against Agent or any Lender for any damages arising out of the payment or collection of any Excess Interest. Notwithstanding the foregoing, if for any period of time interest on any Obligations is calculated at the Maximum Rate rather than the applicable rate under this Agreement, and thereafter such applicable rate becomes less than the Maximum Rate, the rate of interest payable on such Obligations shall remain at the Maximum Rate until each Lender shall have received the amount of interest which such Lender would have received during such period on such Obligations had the rate of interest not been limited to the Maximum Rate during such period.

(D) Conversion or Continuation. Subject to the other provisions of this Agreement, Borrower shall have the option to (1) convert at any time all or any part of outstanding Loans equal to Five Hundred Thousand and 00/100 Dollars ($500,000.00) and integral multiples of One Hundred Thousand and 00/100 Dollars ($100,000.00) in excess of that amount from Base Rate Loans to LIBOR Loans or (2) upon the expiration of any Interest Period applicable to a LIBOR Loan, to (a) continue all or any portion of such LIBOR Loan equal to Five Hundred Thousand and 00/100 Dollars ($500,000.00) and integral multiples of One Hundred Thousand and 00/100 Dollars ($100,000.00) in excess of that amount as a LIBOR Loan or (b) convert all or any portion of such LIBOR Loan to a Base Rate Loan. The succeeding Interest Period(s) of such continued or converted Loan commence on the last day of the Interest Period of the Loan to be continued or converted; provided that no outstanding Loan may be continued as, or be converted into, a LIBOR Loan, when any Event of Default has occurred and is continuing.

Borrower shall deliver a Notice of Borrowing with respect to any such conversion/continuation to Agent no later than 1:00 p.m. (New York City time) at least three (3) Business Days in advance of the proposed conversion/continuation date. The Notice of Borrowing with respect to such conversion/continuation shall certify: (1) the proposed conversion/continuation date (which shall be a Business Day); (2) the amount of the Loan to be converted/continued; (3) the nature of the proposed conversion/continuation; (4) in the case of conversion to, or a continuation of, a LIBOR Loan, the requested Interest Period; and (5) that, in the case of conversion to, or a continuation of, a LIBOR Loan, no Event of Default has occurred and is continuing or would result from the proposed conversion/continuation.

In lieu of delivering a Notice of Borrowing with respect to any such conversion/continuation, Borrower may give Agent telephonic notice by the required time of any proposed conversion/continuation under this subsection 2.2(D) (in such telephonic notice Borrower shall certify to the items set forth above with respect to the Notice of Borrowing); provided that such telephonic notice shall be promptly confirmed in writing by delivery of a Notice of Borrowing (in form and substance described herein) with respect to such conversion/continuation to Agent on or before the proposed conversion/continuation date. Once given, Borrower shall be bound by such telephonic notice. Upon the expiration of an Interest Period for a LIBOR Loan, in the absence of a new Notice of Borrowing or a telephonic notice submitted to Agent not less than three (3) Business Days prior to the end of such Interest Period, the LIBOR Loan then maturing shall be automatically converted to a Base Rate Loan.

Neither Agent nor any Lender shall incur any liability to Borrower or any Loan Party in acting upon any telephonic notice or a Notice of Borrowing referred to above that Agent believes in good faith to have been given by an officer or other person authorized to act on behalf of Borrower, unless such liability is caused by Agent's gross negligence or willful misconduct.

2.3 Fees.

(A) Unused Revolving Loan Fee. Borrower shall pay to Agent, for the benefit of Lenders, a fee in an amount equal to the Revolving Loan Commitment less the sum of (1) the average daily balance of each of the Revolving Loan and the Swingline Loan, plus, (2) the average daily face amount of the Letter of Credit Reserve during the preceding month, multiplied by one-half of one percent (0.50%) per annum. Such fee shall be calculated on the basis of a three hundred sixty (360) day year for the actual number of days elapsed and be payable monthly in arrears on the first day of each month following the Closing Date.

(B) Reserved.

(C) Letter of Credit Fees. Borrower shall pay to Agent a fee with respect to the Lender Letters of Credit for the benefit of all Lenders with a Revolving Loan Commitment (based on their respective Pro Rata Share) in an amount equal to the product of the average daily undrawn face amount of all Lender Letters of Credit multiplied by a per annum rate equal to the Applicable Margin with respect to LIBOR Loans; provided, however, at the Requisite Lenders' option, while an Event of Default exists (or automatically while an Event of Default under subsections 8.1(A), 8.1(G) or 8.1(H) exists), such rate shall be increased by two percent (2.00%) per annum until such increase is rescinded. Such fees will be calculated on the basis of a three hundred sixty (360) day year for the actual number of days elapsed and will be payable monthly in arrears on the first day of each month. Borrower shall also reimburse Agent for any and all reasonable and documented fees and expenses, if any, paid by Agent or any Lender to the issuer of any Bank Letter of Credit.

(D) Audit Fees. Borrower agrees to pay all fees and expenses of the firm or individual(s) engaged by Agent to perform audits of Borrower's assets and/or operations. Notwithstanding the foregoing, if Agent uses its internal auditors to perform any such audit, Borrower agrees to pay to Agent, for its own account, an audit fee with respect to each such audit equal to One Thousand and 00/100 Dollars ($1,000.00) per internal auditor per day or any

portion thereof together with all reasonable out of pocket expenses. Provided, however, to the extent no Default or Event of Default has occurred and is continuing, Borrower will not have to pay for more than one (1) audit per year; it being understood and agreed that the foregoing limitation shall not apply after the occurrence and during the continuation of an Event of Default.

(E) Other Fees and Expenses. Borrower shall pay to Agent, for its own account, all customary charges for returned items and all other customary bank charges incurred by Agent, as well as Agent's standard wire transfer charges for each wire transfer made under this Agreement.

(F) Fee Letter. Borrower shall pay to Ally, individually, the fees specified in that certain letter agreement dated as of the date hereof, between Borrower and Ally.

2.4 Payments and Prepayments.

(A) Manner and Time of Payment. In its sole discretion, Agent may elect to honor the automatic requests by Borrower for Revolving Advances, for all principal, Lender Letter of Credit reimbursement obligations, interest, fees, compensation and any other amounts due hereunder or under any of the other Loan Documents on their applicable due dates pursuant to subsection 2.1(F), and the proceeds of each such Revolving Advance, if made, shall be applied as a direct payment of the relevant Obligation. To the extent such amounts exceed the Revolving Loan Commitment of all Revolving Loan Lenders, or if Agent elects to bill Borrower for any amount due hereunder or under any of the other Loan Documents, such amount shall be immediately due and payable with interest thereon accruing from the applicable due date. All payments made by Borrower with respect to the Obligations shall be made without deduction, defense, setoff or counterclaim. All payments to Agent hereunder shall, unless otherwise directed by Agent, be made to Agent's Account or in accordance with Section 4.24. All payments remitted to Agent's Account shall be credited to the Obligations on the same Business Day as such payments are received by Agent in immediately available funds; provided, however, payments received by Agent after 4:00 p.m. (New York City time) shall be deemed received on the next Business Day. Borrower shall notify Agent by 1:00 p.m. (New York City time) if it intends to make any voluntary payment or repayment of the Obligations to Agent's Account.

(B) Mandatory Prepayments.

(1) Over Formula Advance. At any time that the outstanding amount of Revolving Loans exceeds the Maximum Revolving Loan Amount (an "Over Formula Advance"), Borrower shall, immediately repay the Revolving Loan and/or Swingline Loan to the extent necessary to eliminate the Over Formula Advance.

(2) Prepayments from Proceeds of Asset Dispositions. Promptly upon (but not later than five (5) Business Days following) receipt by Borrower or any of its Subsidiaries of proceeds in excess of Two Hundred Thousand and 00/100 Dollars ($200,000.00) in the aggregate in any fiscal year from any Asset Disposition (other than Asset Dispositions permitted by subsection 7.3(A), except for dispositions permitted under clause (3), (5) or (8) thereof) (in one or a series of related transactions), (including, without limitation, insurance proceeds, condemnation awards and business interruption

insurance), Borrower shall prepay the Obligations in an amount equal to such proceeds, net of all taxes or other reasonable and customary costs applicable to such Asset Disposition. Notwithstanding the foregoing, the Borrower may use such proceeds to purchase replacement assets or to reinvest in other productive assets of a kind then used or useful in the business of Borrower and its Subsidiaries to the extent Borrower provides notice of such intent to Agent within five (5) Business Days of receipt of such proceeds and so long as such proceeds are committed to such purchase or reinvestment within 180 days of receipt and actually expended for such purchase or reinvestment within 365 days of receipt. All such prepayments shall be applied to the Loans in accordance with subsection 2.4(E).

(3) Prepayments from Excess Cash Flow. Within ten (10) Business Days after the date that Borrower's annual financial statement is required to be delivered to Agent, beginning with the fiscal year ending December 31, 2015, Borrower shall prepay the Obligations in an amount equal to fifty percent (50%) of Excess Cash Flow for such prior Fiscal Year calculated on the basis of the audited financial statements for such Fiscal Year delivered to Agent pursuant to the Reporting Rider, less all voluntary prepayments made during such Fiscal Year on any Term Loan and all repayments of Revolving Loans. All such prepayments from Excess Cash Flow shall be applied to the Loans in accordance with subsection 2.4(E). Concurrently with the making of any such payment, Borrower shall deliver to Agent and Lenders a certificate of Borrower's chief executive officer, president, chief financial officer, controller or other acceptable officer of Borrower demonstrating its calculation of the amount required to be paid.

(4) Prepayments from Issuance of Securities or other Indebtedness. Promptly upon (but not later than five (5) Business Days following) the receipt by Holdings, Borrower or any of their Subsidiaries of the proceeds of the issuance of debt securities or any other Funded Indebtedness not permitted hereunder, Borrower shall prepay the Loans in an amount equal to such proceeds, net of underwriting discounts and commissions and other reasonable costs associated therewith. All such prepayments shall be applied to the Loans in accordance with subsection 2.4(E).

(5) Prepayments from Acquisition Payments. Within five (5) days of receipt by Holdings, Borrower or any of their Subsidiaries of any indemnification or similar payment, recovery or award received in connection with or related to the Merger Documents other than (a) payments which Holdings, Borrower or any of their Subsidiaries pay to a third party in connection with Third Party Claims (as such term is defined in the Merger Documents), (b) any payments, recoveries or awards in an aggregate amount less than One Million and 00/100 Dollars ($1,000,000.00), or (c) any payment, recovery or award which is applied to remedy the condition giving rise to such payment, recovery or award within one hundred eighty (180) days of receipt thereof, provided that Borrower provides written notice to Agent of its intent to so use the payment, recovery or award within five (5) Business Days of receipt thereof, Borrower shall prepay the Loans in an amount equal to Lenders' Pro Rata Acquisition Contribution multiplied by the aggregate amount of any payment recovery or award. All such prepayments shall be applied to the Loans in accordance with subsection 2.4(E).

(C) Voluntary Prepayments and Repayments. Borrower may, at any time, prepay any Loan or reduce or terminate the Revolving Loan Commitment. Any prepayment of the Obligations permitted in this subsection 2.4(C) shall be subject to the payment of any amounts owing pursuant to Section 2.9 resulting from such prepayment and satisfaction of the provisions regarding Letters of Credit in subsection 2.1(I)(4). All such prepayments should be applied to the Loans in accordance with subsection 2.4(E).

(D) Payments on Business Days. Whenever any payment to be made hereunder or under any other Loan Document shall be stated to be due on a day that is not a Business Day, the payment may be made on the next succeeding Business Day and such extension of time shall be included in the computation of the amount of interest or fees due hereunder.

(E) Application of Prepayment Proceeds. Prepayments made pursuant to subsection 2.4(B) shall be applied (i) *first*, to the immediately succeeding four scheduled amortization payments of the Term Loan in the direct order of maturity (with such amounts being pro rata among such outstanding Loans then in existence), (ii) *second*, to all remaining scheduled amortization payments of the Term Loan (with such amounts being applied pro rata among such outstanding Loans then in existence) on a ratable basis (for the avoidance of doubt, including the payment of such Loans scheduled to be made on the latest maturity date of such Loans, as applicable), (iii) *third*, to the outstanding Swingline Loans (without a permanent reduction of the Swingline Commitment), (iv) *fourth*, the outstanding Revolving Loans (without a permanent reduction of the aggregate Revolving Loan Commitment) and (v) *fifth* to Cash Collateralize Lender Letters of Credit. To the extent permitted by the foregoing sentence, amounts prepaid shall be applied first to any Base Rate Loans then outstanding and then to outstanding LIBOR Loans with the shortest Interest Periods remaining. Prepayments made pursuant to subsection 2.4(C) shall be applied as directed by Borrower. Together with each prepayment under this Section 2.4, Borrower shall pay any amounts required pursuant to Section 2.9 hereof.

2.5 Reserved.

2.6 Term of this Agreement. This Agreement shall be effective until the earlier of (a) the fifth (5th) anniversary of the Closing Date, and (b) the acceleration of all Obligations pursuant to Section 8.3 (the "Termination Date"). The Commitments shall terminate (unless earlier terminated pursuant to the terms hereunder) upon the Termination Date and all Obligations (other than Obligations under Lender Letters of Credit, which shall be satisfied as provided in subsection 2.1(I)(4)) shall become immediately due and payable without notice or demand. Notwithstanding any termination, until Payment in Full of the Obligations, Agent, on behalf of itself and Lenders, shall be entitled to retain security interests in and liens upon all Collateral, and even after payment of all Obligations hereunder, Borrower's obligation to indemnify Agent and each Lender in accordance with the terms hereof shall continue.

2.7 Statements. Agent shall render a monthly statement of account to Borrower within twenty (20) days after the end of each month. Agent shall record in its books and records, including computer records, (a) all Loans, interest charges and payments thereof, (b) all Letter of Credit Liability, (c) the charging and payment of all fees, costs and expenses and (d) all other

debits and credits pursuant to this Agreement. The balance in the loan accounts shall constitute presumptive evidence, absent manifest error, of the accuracy of the information contained therein; provided, however, that any failure by Agent to so record shall not limit or affect Borrower's obligation to pay.

2.8 Grant of Security Interest.

(A) Grant of Liens in the Collateral. To secure the payment and performance of the Obligations, including all renewals, extensions, restructurings and refinancings of any or all of the Obligations, Borrower and Holdings each hereby grants to Agent, for the benefit of Agent and Lenders, a continuing security interest in, lien and mortgage in and to, right of setoff against and collateral assignment of all of Borrower's and Holdings' respective personal and real property and all rights to such personal and real property, in each case, whether now owned or existing or hereafter acquired or arising and regardless of where located (all being collectively referred to as the "Collateral") including, without limitation, all: (1) Accounts; (2) Chattel Paper; (3) Commercial Tort Claims, including those specified on Schedule 2.8(A); (4) Deposit Accounts and cash and other monies and property of Borrower and/or Holdings in the possession or under the control of Agent, any Lender or any participant of any Lender in the Loans; (5) Documents; (6) Equipment; (7) Fixtures; (8) General Intangibles (including Intellectual Property); (9) Goods; (10) Instruments; (11) Inventory; (12) Investment Property; (13) Letter-of-Credit Rights and Supporting Obligations; and (14) other personal property whether or not subject to the UCC; together with all books, records, ledger cards, files, correspondence, computer programs, tapes, disks and related data processing software that at any time evidence or contain information relating to any of the property described above or are otherwise necessary or helpful in the collection thereof or realization thereon; and Proceeds and products of all or any of the property described above. Notwithstanding anything to the contrary contained herein, the security interest created by this Agreement shall not extend to, and the term Collateral shall not include, any Excluded Assets.

(B) Borrower and Holdings Remain Liable. Anything herein to the contrary notwithstanding: (a) Borrower and Holdings, respectively, shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement or the other Loan Documents had not been executed; (b) the exercise by Agent of any of the rights under this Agreement or the other Loan Documents shall not release Borrower and/or Holdings, respectively, from any of their duties or obligations to the parties under the contracts and agreements included in the Collateral; (c) neither Agent nor any Lender shall have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement or the other Loan Documents, nor shall Agent nor any Lender be obligated to perform any of the obligations or duties of Borrower and/or Holdings, respectively, thereunder or to take any action to collect or enforce any claim for payment assigned under this Agreement or the other Loan Documents; and (d) neither Agent nor any Lender shall have any liability in contract or tort for Borrower's and/or Holdings' respective acts or omissions.

(C) Collections and Deposit Account.

(1) Borrower shall execute with each bank (individually and collectively, "Collecting Bank") holding Deposit Accounts in Borrower's name a Deposit Account Control Agreement related to such Deposit Account(s) (other than Excluded Accounts) as Agent may require, into which Deposit Account(s) Borrower will promptly deposit all payments made for Accounts, Inventory, Services or other payments constituting proceeds of Collateral received by Borrower in the identical form in which such payment was made, whether by cash or check; provided that, with respect to the Deposit Accounts existing on the Closing Date, no Deposit Account Control Agreements shall be required until thirty (30) days after the Closing Date (or such other later date as agreed by Agent in its sole discretion). Borrower shall ensure that all collections of Accounts due from all Account Debtors are paid directly from such Account Debtors into the applicable lockbox and/or Deposit Account established or maintained pursuant to this subsection.

(2) Reserved.

(3) Reserved.

(4) Notwithstanding anything in any Deposit Account Control Agreement to the contrary, Borrower agrees that they shall be liable for any fees and charges in effect from time to time and charged by the Collecting Bank in connection with the Deposit Account, and that Agent shall have no liability therefor. Borrower hereby indemnifies and agrees to hold Agent harmless from any and all liabilities, claims, losses and demands whatsoever, including reasonable documented out-of-pocket attorneys' fees and expenses, arising from or relating to actions of Agent or the Collecting Bank pursuant to this Section or any Deposit Account Control Agreement or similar agreement, except to the extent of such losses arising solely from Agent's gross negligence or willful misconduct.

(5) To the extent that any collections of Accounts or proceeds of other Collateral are not sent directly to the Deposit Account but are received by any Borrower, such collections shall be held in trust for the benefit of Agent pursuant to an express trust created hereby and immediately remitted, in the form received, to the applicable Deposit Account.

(6) Borrower acknowledges and agrees that compliance with the terms of this Section is essential, and that Agent and Lenders will suffer immediate and irreparable injury and have no adequate remedy at law, if any Borrower, through acts or omissions, causes or permits Account Debtors to send payments other than to the lockbox or Deposit Accounts or if any Borrower fails to promptly deposit collections of Accounts or proceeds of other Collateral in the Deposit Account as herein required. Accordingly, in addition to all other rights and remedies of Agent and Lenders hereunder, Agent shall have the right to seek specific performance of Borrower's obligations under this Section, and any other equitable relief as Agent may deem necessary or appropriate, and Borrower waives any requirement for the posting of a bond in connection with such equitable relief.

(7) Borrower shall not (i) change the procedures or sweep instructions under the agreements implemented for the benefit of Agent and/or Lenders governing any Deposit Accounts without the written consent of Agent, or (ii) send to or deposit in any Deposit Account without the written consent of Agent (other than Excluded Accounts) any funds other than payments made with respect to and proceeds of Accounts or other Collateral.

(8) If Borrower breaches its obligation to direct payments of the proceeds of the Accounts or other Collateral to any Deposit Account, Agent, as the irrevocably made, constituted and appointed true and lawful attorney for Borrower, may, by the signature or other act of any of Agent's officers (without requiring any of them to do so), direct any Account Debtor to pay proceeds of the Collateral to Borrower by directing payment to any Deposit Account.

2.9 Yield Protection.

(A) Capital Adequacy and Other Adjustments. In the event any Lender shall have determined that the adoption after the date hereof of any law, treaty, governmental (or quasi-governmental) rule, regulation, guideline or order regarding capital adequacy, reserve requirements or similar requirements or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy, reserve requirements or similar requirements (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) from any central bank or governmental agency or body having jurisdiction does or shall have the effect of increasing the amount of capital, reserves or other funds required to be maintained by such Lender or any corporation controlling such Lender and thereby reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder, then Borrower shall within fifteen (15) days after notice and demand from such Lender (together with the certificate referred to in the next sentence and with a copy to Agent) pay to Agent, for the account of such Lender, additional amounts sufficient to compensate such Lender for such reduction. A certificate as to the amount of such cost and showing the basis of the computation of such cost submitted by such Lender to Borrower shall, absent manifest error, be final, conclusive and binding for all purposes. Notwithstanding anything in this Agreement to the contrary, for all purposes under this Agreement, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall, in either case, be deemed to have gone into effect after the Closing Date, regardless of the date enacted, adopted or issued.

(B) Increased LIBOR Funding Costs. If, after the date hereof, the introduction of, change in or interpretation of any law, rule, regulation, treaty or directive would impose or increase reserve requirements (other than as taken into account in the definition of LIBOR) or otherwise increase the cost to any Lender of making or maintaining a LIBOR Loan, then Borrower shall from time to time within fifteen (15) days after notice and demand from such affected Lenders (together with the certificate referred to in the next sentence and with a copy to

Agent) pay to Agent, for the account of such affected Lenders, additional amounts sufficient to compensate such Lenders for such increased cost. A certificate as to the amount of such cost and showing the basis of the computation of such cost submitted by such affected Lenders to Borrower and Agent shall, absent manifest error, be final, conclusive and binding for all purposes.

(C) Certain Other Increased Costs. In the event that, subsequent to the Closing Date, (1) any changes in any existing law, regulation, treaty or directive or in the interpretation or application thereof, (2) any new law, regulation, treaty or directive enacted or any interpretation or application thereof, or (3) compliance by Lender with any request or directive (whether or not having the force of law) from any Governmental Authority, does or shall impose on Agent or any Lender any condition or increased cost in connection with the transactions contemplated hereby or participations herein; and the result of any of the foregoing is to increase the cost to Agent or such Lender of issuing any Lender Letter of Credit or making or continuing any Loan hereunder, as the case may be, or to reduce any amount receivable hereunder, then, in any such case, Borrower shall promptly pay to Agent or such Lender, upon its notice and demand from Agent or such Lender (together with the certificate referred to in the last sentence of this subsection (C) and with a copy to Agent, if applicable), any additional amounts necessary to compensate Agent or such Lender, on an after-tax basis, for such additional cost or reduced amount receivable, as determined by Agent or such Lender with respect to this Agreement or the other Loan Documents. A certificate as to any additional amounts payable pursuant to the foregoing sentence showing the basis of the computation of such cost submitted by Agent or any Lender to Borrower shall, absent manifest error, be final, conclusive and binding for all purposes.

(D) Notwithstanding the foregoing, Borrower shall not be required to compensate any Lender pursuant to this Section 2.9 for any increased costs incurred more than one hundred eighty (180) days prior to the date that such Lender notifies the Borrower, in writing of the increased costs and of such Lender's intention to claim compensation thereof; provided, that if the circumstance giving rise to such increased costs is retroactive, then the one hundred eighty (180-)day period referred to above shall be extended to include the period of retroactive effect thereof.

2.10 Taxes.

(A) No Deductions. Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.10) the applicable Lender or recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(B) Indemnification by Loan Parties. Loan Parties shall jointly and severally indemnify each Lender, Agent and other recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 2.10) payable or paid by such Lender, Agent and other recipient or required to be withheld or deducted from a payment to such Lender, Agent and other recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by a Lender (with a copy to Agent), or by Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(C) Changes in Tax Laws. In the event that, subsequent to the Closing Date, (1) any changes in any existing law, regulation, treaty or directive or in the interpretation or application thereof, (2) any new law, regulation, treaty or directive enacted or any interpretation or application thereof, or (3) compliance by Lender with any request or directive (whether or not having the force of law) from any Governmental Authority:

(1) does or shall subject Agent or any Lender to any Tax of any kind whatsoever with respect to this Agreement, the other Loan Documents or any Loans made or Lender Letters of Credit issued hereunder, or change the basis of taxation of payments to Agent or such Lender of principal, fees, interest or any other amount payable hereunder (except for (i) Indemnified Taxes for which Borrower is required to pay additional amounts under subsection 2.10(A), (ii) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (iii) Connection Income Taxes); or

(2) does or shall impose on Agent or any Lender any other condition or increased cost in connection with the transactions contemplated hereby or participations herein; and the result of any of the foregoing is to increase the cost to Agent or such Lender of issuing any Lender Letter of Credit or making or continuing any Loan hereunder, as the case may be, or to reduce any amount receivable hereunder;

then, in any such case, Borrower shall promptly pay to Agent or such Lender, upon its notice and demand, any additional amounts necessary to compensate Agent or such Lender, on an after-tax basis, for such additional cost or reduced amount receivable, as determined by Agent or such Lender with respect to this Agreement or the other Loan Documents. If Agent or any Lender becomes entitled to claim any additional amounts pursuant to this subsection, it shall promptly notify Borrower of the event by reason of which Agent or such Lender has become so entitled (with any such Lender concurrently notifying Agent). A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by Agent or any Lender to Borrower shall, absent manifest error, be final, conclusive and binding for all purposes.

Notwithstanding the forgoing, the Borrower shall not be required to compensate any the Agent or Lender pursuant to this Section 2.10(C) for any additional costs or reduced amount receivable incurred more than one hundred eighty (180) days prior to the date that Agent or such Lender notifies Borrower, in writing of additional costs or reduced amount receivable and of Agent's or such Lender's intention to claim compensation thereof; provided, that if the circumstance giving rise to such additional costs or reduced amount receivable costs is retroactive, then the one

hundred eighty (180-) day period referred to above shall be extended to include the period of retroactive effect thereof.

(D) Other Taxes. Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of Agent timely reimburse it for the payment of, any Other Taxes.

(E) Evidence of Payments. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 2.10, such Loan Party shall deliver to Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Agent.

(F) Status of Lenders.

(1) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to Borrower and Agent, at the time or times reasonably requested by Borrower or Agent, such properly completed and executed documentation reasonably requested by Borrower or Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by Borrower or Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by Borrower or Agent as will enable Borrower or Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in subsection 2.10(F)(2), (3), or (5) below) shall not be required if in Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

Without limiting the foregoing:

(2) Any Lender that is a U.S. Person shall deliver to Borrower and Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax.

(3) Any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower and Agent (in such number of copies as shall be requested by Agent) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or Agent), whichever of the following is applicable:

i. in the case of a Foreign Lender claiming the benefits of an income Tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document,

executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such Tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such Tax treaty;

ii. executed originals of IRS Form W-8ECI;

iii. in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the IRC, (x) a certificate to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the IRC, a "10 percent shareholder" of Borrower within the meaning of Section 881(c)(3)(B) of the IRC, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the IRC (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E; or

iv. to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner.

(4) Any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower and Agent (in such number of copies as shall be requested by Agent) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Borrower or Agent to determine the withholding or deduction required to be made.

(5) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the IRC, as applicable), such Lender shall deliver to Borrower and Agent at the time or times prescribed by law and at such time or times reasonably requested by Borrower or Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the IRC) and such

additional documentation reasonably requested by Borrower or Agent as may be necessary for Borrower and Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (5), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower and the Administrative Agent in writing of its legal inability to do so.

(G) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.10 (including by the payment of additional amounts pursuant to this Section 2.10), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this subsection 2.10(b) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection 2.10(b), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this subsection 2.10(b) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(H) Indemnification by Lenders. Each Lender shall severally indemnify Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified Agent for such Indemnified Taxes and without limiting the obligation of Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.5 relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by Agent shall be conclusive absent manifest error. Each Lender hereby authorizes Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by Agent to Lender from any other source against any amount due to Agent under this subsection 2.10 (H).

(I) Survival. Each Loan Party's obligations under this Section 2.10 and each Lender's obligations under subsection 2.10(H) shall survive the resignation or replacement of Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

2.11 Required Termination and Prepayment. If on any date any Lender shall have reasonably determined (which determination shall be final and conclusive and binding upon all parties) that the making or continuation of its LIBOR Loans has become unlawful or impossible by compliance by such Lender in good faith with any law, governmental rule, regulation or order (whether or not having the force of law and whether or not failure to comply therewith would be unlawful), then, and in any such event, that Lender shall promptly give notice (by telephone confirmed in writing) to Borrower and Agent of that determination. Subject to prior withdrawal of a Notice of Borrowing or prepayment of LIBOR Loans as contemplated by subsection 2.12, the obligation of such Lender to make or maintain its LIBOR Loans during any such period shall be terminated at the earlier of the termination of the Interest Period then in effect or when required by law and Borrower shall no later than the termination of the Interest Period in effect at the time any such determination pursuant to this subsection 2.11 is made or, earlier when required by law, repay or prepay LIBOR Loans together with all interest accrued thereon or convert LIBOR Loans to Base Rate Loans.

2.12 Optional Prepayment/Replacement of Lenders. Within fifteen (15) days after receipt by Borrower of: (a) written notice and demand from any Lender for payment of additional costs or compensation as provided in Section 2.9, Section 2.10, or Section 2.13 or (b) written notice of any Lender's inability to make LIBOR Loans as provided in Section 2.11, (any such Lender demanding such payment or having such inability being referred to herein as an "Affected Lender"), Borrower may, at its option notify Agent and such Affected Lender of its intention to take one of the actions set forth herein in subparagraphs (A) or (B) below.

(A) Replacement of an Affected Lender. Borrower may obtain, at Borrower's expense, a replacement Lender ("Replacement Lender") for an Affected Lender, which Replacement Lender shall be reasonably satisfactory to Agent. In the event Borrower obtains a Replacement Lender that will purchase all outstanding Obligations owed to such Affected Lender and assume its Commitments hereunder within ninety (90) days following notice of Borrower's intention to do so, the Affected Lender shall sell and assign its Loans and Commitments to such Replacement Lender in accordance with the provisions of Section 9.5; provided, however, Borrower has (1) reimbursed such Affected Lender for any administrative fee payable by such Affected Lender to Agent pursuant to Section 9.5 and, (2) in any case where such replacement occurs as the result of a demand for payment of certain costs pursuant to Section 2.9 or Section 2.10, paid all increased costs for which such Affected Lender is entitled to under Section 2.9 or Section 2.10 through the date of such sale and assignment; or

(B) Prepayment of an Affected Lender. Borrower may prepay in full all outstanding Obligations owed to an Affected Lender and terminate such Affected Lender's Commitments. Borrower shall, within ninety (90) days following notice of its intention to do so, prepay in full all outstanding Obligations owed to such Affected Lender, including such Affected

Lender's increased costs for which it is entitled to reimbursement under this Agreement through the date of such prepayment, and terminate such Affected Lender's Commitments.

2.13 Compensation. Borrower shall promptly compensate Agent for the benefit of Lenders (Agent's calculation of such amounts shall, absent manifest error, be conclusive and binding upon all parties hereto), for any losses (but not for any lost profits), expenses and liabilities including, without limitation, any loss (including interest paid) sustained by such Lender in connection with the re-employment of funds: (a) if for any reason (other than a default by Agent or any Lender) a borrowing of any LIBOR Loan does not occur on a date specified therefor in a Notice of Borrowing or a telephonic request of borrowing by Borrower; (b) if any prepayment of any of its LIBOR Loans occurs on a date that is not the last day of an Interest Period applicable to that Loan (regardless of the source of such prepayment and whether voluntary, by acceleration or otherwise); (c) if any prepayment of any of its LIBOR Loans is not made on any date specified in a notice of prepayment given by Borrower; or (d) as a consequence of any other default by Borrower to repay its LIBOR Loans when required by the terms of this Agreement; provided, however, during the period while any such amounts have not been paid, Agent may, in its sole discretion, (i) in accordance with subsection 2.4(A), elect to honor the automatic request by Borrower for a Revolving Advance for such amount pursuant to subsection 2.1(F) or (ii) reserve an equal amount from amounts otherwise available to be borrowed under the Revolving Loan.

2.14 Booking of LIBOR Loans. Each Lender may make, carry or transfer LIBOR Loans at, to, or for the account of, any of its branch offices or the office of an affiliate of such Lender.

2.15 Assumptions Concerning Funding of LIBOR Loans. Calculation of all amounts payable to each Lender under Section 2.12 shall be made as though each Lender had actually funded its relevant LIBOR Loan through the purchase of a LIBOR deposit bearing interest at LIBOR in an amount equal to the amount of that LIBOR Loan and having maturity comparable to the relevant Interest Period and through the transfer of such LIBOR deposit from an offshore office to a domestic office in the United States; provided, however, each Lender may fund each of its LIBOR Loans in any manner it sees fit and the foregoing assumption shall be utilized only for the calculation of amounts payable under Section 2.12.

2.16 Endorsement; Insurance Claims. Borrower and Holdings each hereby constitute and appoint Agent, and all Persons designated by Agent for that purpose, as Borrower's and Holdings, respective true and lawful attorney-in-fact, with power in the place and stead of Borrower and/or Holdings and in the name of Borrower and or Holdings (a) to endorse Borrower's and/or Holdings' name to any of the items of payment or proceeds described in Section 4.23 below and all proceeds of Collateral that come into Agent's possession or under Agent's control, including without limitation, with respect to any drafts, Instruments, Documents and Chattel Paper, and (b) to obtain, adjust and settle insurance claims, which are required to be paid to Agent. Borrower and Holdings hereby ratify and approve all acts of Agent made or taken pursuant to this Section 2.16. Both the appointment of Agent as Borrower's and Holdings' attorney and Agent's rights and powers are coupled with an interest and are irrevocable, so long as any of the Commitments hereunder shall be in effect and until indefeasible payment in full, in cash, of all Obligations and termination of all Lender Letters of Credit.

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Attachment C, Economic Feasibility, Item 4

Historical Data Chart

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	Asheville Year 2014	Weaverville Year 2014
A. Utilization Data (Specify unit of measure)-Patients	657	495
B. Revenue from Services to Patients		
1. Inpatient Services	_____	
2. Outpatient Services	$2,482,122	$1,931,172
3. Emergency Services	_____	_____
4. Other Operating Revenue (Specify)_____	_____	_____
Gross Operating Revenue	**$2,482,122**	**$1,931,172**
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$_____	$_____
2. Provision for Charity Care	_____	_____
3. Provisions for Bad Debt	_____	_____
Total Deductions	**$_____**	**$_____**
NET OPERATING REVENUE	**$2,482,122**	**$1,931,172**
D. Operating Expenses		
1. Salaries and Wages	$787,555	$584,835
2. Physician's Salaries and Wages	$194,769	$76,481
3. Supplies	$200,879	$150,738
4. Taxes	$221,000	$125,000
5. Depreciation	$20,595	$60,134
6. Rent	$112,757	$31,600
7. Interest, other than Capital	_____	_____
8. Management Fees:*		
a. Fees to Affiliates	*	*
b. Fees to Non-Affiliates	*	*
9. Other Expenses – Specify on separate page 12	$291,050	$236,498
Total Operating Expenses	**$1,607,826**	**$1,095,411**
E. Other Revenue (Expenses) – Net (Specify)_____	$_____	$_____
NET OPERATING INCOME (LOSS)	**$874,296**	**$835,761**
F. Capital Expenditures		
1. Retirement of Principal	$_____	$_____
2. Interest	_____	_____
Total Capital Expenditures	**$_____**	**$_____**
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	**$874,296**	**$835,761**

*There are no management fee expenses as the management fee expense in the PC is offset by the management fee revenue for the LLC.

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

Attachment C, Orderly Development, Item 8

Regulatory Licensure Surveys

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

SUMMARY OF STATE LICENSURE SURVEYS

1. Crossroads Treatment Center of Asheville (3/13/2015-3/15/2015). A site visit was conducted from 3/13/2015 to 3/15/2015. Based on this site visit, the only citation was for the water temperature which is a Type A violation. The surveyors/auditors stated that the charts look good and are very well organized. They also stated that the patients were very complimentary of the staff.

2. Crossroads of Northwest GA (Complaint survey 8/25/2015 and Survey 6/26/2015). A complaint investigation was completed on 8/25/15 and no deficiencies were cited. A survey was conducted on 6/26/15 and no deficiencies were cited.

3. Crossroads of Weaverville (7/9/2015). An annual, complaint and follow-up survey was completed on 7/09/15. All previous deficiencies were found to be in compliance. The survey report cited a new standard level deficiency. The facility was found not to be following its Governing Body Policies in relation to documentation (physician not consistently dating his signature). Additional inspection on 11/12/2015 for investigation of complaint. Complaint was unsubstantiated and all areas in compliance. One additional deficiency cited related to reporting incident to local regulatory group for patients that reside in TN. This is done automatically when incident is filed on line, but facility had faxed its report. CARF_Survey 10/15/2015: Federal Accreditation Survey resulting in highest accreditation (3 year) (accreditation extends through October 2018).

4. Crossroads Treatment Center of Greensboro (5/21/2015). Annual Survey with no cited deficiencies.

5. Crossroads of Columbia (4/10/2014 through 4/14/2014). A routine inspection was completed from 4/10/2014 to 4/14/2014. Deficiencies were cited for failure to document appropriate services for nutritional counseling and parent training for one pregnant client. In addition, there was a deficiency cited for failure to test on a weekly basis after a patient failed a urinalysis on 11/22/2013 and the next lab results were not received until 12/16/13. A plan of correction was submitted and accepted.

6. Crossroads of Greenville (6/10/2014). A complaint investigation was conducted on 6/10/2014. The resulting report cited the facility for late notification to some providers in the area of individuals who requested admission or inability to verify that all intended recipients had been notified. In addition, there was no documentation of notification for the week of 6/2/2014 to 6/6/2014. The facility was also cited for failing to notify the Health Facilities Licensing Bureau of a change in the administrator of record which occurred approximately one month prior to the inspection. A plan of correction was required, and the facility submitted the plan on 6/25/2014.

7. Crossroads Treatment Center at Sugarloaf (1/30/2015). The Georgia Drugs and Narcotics Agency conducted a pharmacy inspection report on 1/30/2015. The only finding was a not acceptable for the emergency kits because three of the Narcan kits were expired. The inspection report indicated that the regional director performs monthly inspections and that the Narcan would be checked at the next inspection. CARF Survey (10/16/2015): Federal Accreditation Survey resulting in highest accreditation.

8. Crossroads of Danville 09/10/2015). Annual Licensing Survey – two minor deficiencies. The CSAC Credential for the employee #2 had expired as of 6/30/15. Second deficiency related to lack of documentation for one patient between provider and referral agency.

9. Crossroads of Seneca — Facility has not been operational long enough to undergo state inspection.

The following facilities received licensure in 2015. No surveys have been conducted.

1. Crossroads Treatment Center of Calhoun PC.

2. Crossroads Treatment Center of LaGrange PC.

3. Crossroads Treatment Center of Charleston PC.

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Crossroads Treatment Center of Asheville

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

North Carolina Department of Health and Human Services
Division of Health Service Regulation

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

June 22, 2015

Anna Gaddy, Regional Operations Director
Crossroads Treatment Center of Asheville, PC
105 N Spring Street #109
Greenville, SC 29601

Re: Follow-up Survey Completed 6/16/15
Crossroads Treatment Center of Asheville, PC, 6 Roberts Road, Suite 103, Asheville, NC 28803
MHL# 011-298
E-mail Address: agaddy@crossroadstreatmentcenters.com

Dear Ms. Gaddy:

Thank you for the cooperation and courtesy extended during our follow up survey completed 6/16/15. This survey was conducted as a result of the deficiencies cited during the 4/15/15 survey.

As a result of the follow up survey, it was determined that all of the deficiencies are now in compliance, which is reflected on the enclosed Revisit Report. No additional deficiencies were cited during the follow up survey.

Although all deficiencies are now in compliance, you remain responsible for payment of penalties levied against Crossroads Treatment Center of Asheville, PC during the annual survey completed 4/15/15.

If we can be of further assistance, please call Lisa Niemas-Holmes at 828-665-8705 ext. 129.

Sincerely,

Sherry Waters

Sherry Waters
Facility Survey Consultant I
Mental Health Licensure & Certification Section

Cc: DHSRreports@dhhs.nc.gov, DMH/DD/SAS
Brian Ingraham, Director, Smoky Mountain Center, LME/MCO
Julia Sinclair, Quality Management Director, Smoky Mountain Center, LME/MCO
Amanda Stone, Director, Buncombe County DSS
Karen Payne, NC Council of Community Programs
Laurel Callis, Administrative Assistant
File

crossroads treatment centers

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

Crossroads Treatment Center of Asheville

NC Department of Health and Human Services
Division of Health Service Regulation
PLAN OF CORRECTION

Violation(s) Cited

V752
27G.0304 (b)(4) Hot Water Temperatures

10A NCAC 27.G.0304 Facility Design and Equipment
(b) Safety: Each facility shall be designed, constructed and equipped in a manner that ensures the physical safety of clients, staff and visitors.
(4) In areas of the facility where clients are exposed to hot water, the temperatures of the water shall be maintained between 100-116 degrees Fahrenheit.

This rule was not met as evidenced by: Based on observation and interview the facility failed to maintain hot water temperatures from 100-116 degrees.

Measures put in place to correct the deficient area of practice:

1. The Landlord was contacted on Monday, April 13, 2015 and informed of the situation.

2. A Facility Repair guy adjusted the temperature of the hot water heater

3. Issue was resolved and water temperature is within range and meets state standards

Measures put in place to prevent the problem from occurring again:

1. Inspection of facility is conducted semi-annually by the landlord. The Program Director will ensure that checking of water temperature is included as part of the inspection.

2. Program Director will check water temperature biweekly to ensure that water temperature is between 100-116 degrees.

3. Regional Director will check water temperatures on a quarterly basis.

4. Any temperatures found to be out of acceptable range, PD will contact landlord to address the issue immediately.

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Who will monitor the situation to ensure it will not occur again:

1. Program Director will check water temperatures biweekly and record in health and Safety binder.

2. The Regional Director will review the log and check the water temperature on a quarterly basis to ensure compliance.

3. This deficiency will be monitored semi-annually by a member of the Compliance and Quality Assurance Team.

How often the monitoring will take place:

1. Program Director will monitor compliance and adherence to the policy biweekly and report deficiencies to the Regional Director.

2. The Program Director will address any deficiencies and ensure that the water temperature is between 100-116 degrees and meet the State Standards.

3. Regional Director will monitor adherence to the water temperature policy quarterly during RD site visit.

4. Compliance and Quality Assurance team will monitor adherence semi-annually during scheduled regulatory compliance visits.

_____ _____

Crossroads Treatment Center Date

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

AH Form Approved
6/19/2015

State Form: Revisit Report

(Y1) Provider / Supplier / CLIA / Identification Number	(Y2) Multiple Construction	(Y3) Date of Revisit
MHL011-298	A. Building B. Wing	6/16/2015

Name of Facility	Street Address, City, State, Zip Code
CROSSROADS TREATMENT CENTER OF ASHEVILLE, PC	6 ROBERTS ROAD, SUITE 103 ASHEVILLE, NC 28803

This report is completed by a State surveyor to show those deficiencies previously reported that have been corrected and the date such corrective action was accomplished. Each deficiency should be fully identified using either the regulation or LSC provision number and the identification prefix code previously shown on the State Survey Report (prefix codes shown to the left of each requirement on the survey report form).

(Y4) Item	(Y5) Date	(Y4) Item	(Y5) Date	(Y4) Item	(Y5) Date
ID Prefix V0752 Reg. # 27G .0304(b)(4) LSC	Correction Completed 06/16/2015	ID Prefix Reg. # LSC	Correction Completed	ID Prefix Reg. # LSC	Correction Completed
ID Prefix Reg. # LSC	Correction Completed	ID Prefix Reg. # LSC	Correction Completed	ID Prefix Reg. # LSC	Correction Completed
ID Prefix Reg. # LSC	Correction Completed	ID Prefix Reg. # LSC	Correction Completed	ID Prefix Reg. # LSC	Correction Completed
ID Prefix Reg. # LSC	Correction Completed	ID Prefix Reg. # LSC	Correction Completed	ID Prefix Reg. # LSC	Correction Completed
ID Prefix Reg. # LSC	Correction Completed	ID Prefix Reg. # LSC	Correction Completed	ID Prefix Reg. # LSC	Correction Completed

Reviewed By State Agency	Reviewed By	Date:	Signature of Surveyor: Sherry Waters	Date: 6/19/15
Reviewed By CMS RO	Reviewed By	Date:	Signature of Surveyor:	Date:

Followup to Survey Completed on: 4/15/2015		Check for any Uncorrected Deficiencies. Was a Summary of Uncorrected Deficiencies (CMS-2567) Sent to the Facility? YES NO

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Regional Director: Anna M. Gaddy

Center: Crossroads Treatment Center of Asheville

Type of Notice: DHHS Annual Review/Inspection

Date of Original Inspection: April 15, 2015

Inspecting Authority: NC DHHS

Inspector: Kem Roberts

Type of Inspection: Annual Review

Complaint Summary: DHHS Visit – April 13-15, 2015 to complete annual review of facility. No complaints were reported.

Preliminary Findings of Inspection: The only citation was for the water temperature which is a Type A violation. I recommend that we challenge it due to the regulation cited being for residential programs and not outpatient treatment programs. The auditor also was not sure if it will remain a Type A violation for this reason.

There were no other citations from this visit. The surveyors/auditors stated our charts look good and are very organized. They also stated that the patients were very complimentary of the staff (from check in, to nurses, to counselors, to the MD) and felt like we cared. That is INSPIRE at its highest level.

Next steps, if any: A Plan of Protection was completed. Please see attached.

Written Notice Received: Yes (see attached)

Plan of Correction Sent: Plan of Protection completed. Have not received the final report.

1st UPDATE Date: Will complete once the final report is received.

SUPPLEMENTAL #1

PRINTED: 06/25/2015
FORM APPROVED

November 20, 2015
12:24 pm

Division of Health Service Regulation

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING: B. WING	(X3) DATE SURVEY COMPLETED
	MHL011-298		R 06/16/2015

NAME OF PROVIDER OR SUPPLIER

CROSSROADS TREATMENT CENTER OF ASHEVILLE

STREET ADDRESS, CITY, STATE, ZIP CODE

6 ROBERTS ROAD, SUITE 103
ASHEVILLE, NC 28803

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
V 000	INITIAL COMMENTS A follow up survey was completed on 6/16/15. No deficiencies were cited. This facility is licensed for the following service category: 10A NCAC 27G .3600 Outpatient Opioid Treatment.	V 000		

Division of Health Service Regulation

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE | TITLE | (X6) DATE

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

crossroads centers

Crossroads of Asheville | 6 Roberts Road | Asheville, NC 28803 | call 828-505-3086 | fax 828-274-6377

HOPE - PRIDE - STABILITY – PROGRESS

PLAN OF PROTECTION – COMPLETED BY FACILITY STAFF

What immediate action will the facility take to ensure the safety of the consumers in your care?

The landlord was contacted on Monday, April 13, 2015 and informed of the situation. A facility repair guy came over and adjusted the temperature of the hot water heater that resolved the issue.

Describe your plans to make sure the above happens.

Issue has been corrected

Describe the preventative measures in place prior to the violation.

Inspection of facility is conducted 2x per year by landlord. We will ensure that checking of water temperature is included as part of the inspection.

Describe how and when the violation was corrected.

Corrected on the date of the incident by the landlord and repair company.

Describe the corrective measures the facility implemented to achieve and maintain compliance.

Biweekly the water temperature will be checked by Program Director or designee to ensure that it is in compliance.

Describe the facility's system to ensure compliance is maintained and how the system will continue to be implemented.

Program Director will check water temperature biweekly and it will be reviewed by Regional Director on a quarterly basis. Any temperatures found to be out of acceptable range, PD will contact landlord to address the issue immediately.

Facility Staff completing this form:

[signature], Regional Director 4-14-15

Name/Title **Date**

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Division of Health Service Regulation
Mental Health Licensure and Certification Section
(Top portion completed by DHSR staff)

Facility Name: Crossroads Treatment Center of Asheville MHL Number: 011-298

Rule Violation Cited: 10ANCAC 27G.0304 Facility Design and Equipment (V752)

Plan of Protection – Completed by Facility Staff
(Attach additional pages if needed)

What immediate action will the facility take to ensure the safety of the consumers in your care?

Per Attach

Describe your plans to make sure the above happens.

Per Attach

In accordance with General Statute 122C-24.1; if you believe this to be a Past Corrected Violation, please answer the questions below.

Describe the preventative measures in place prior to the violation.

Per Attach

Describe how and when the violation was corrected.

Per Attach

Describe the corrective measures the facility implemented to achieve and maintain compliance.

Per Attach

Describe the facility's system to ensure compliance is maintained and how the system will continue to be implemented.

Per Attach

Facility staff completing this form:

[signature], Regional Director 4-14-15
Name/ Title Date

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Crossroads Treatment Center of Northwest GA

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

GEORGIA DEPARTMENT
OF COMMUNITY HEALTH

Nathan Deal, Governor

Clyde L. Reese III, Esq., Commissioner

2 Peachtree Street, NW | Atlanta, GA 30303-3159 | 404-656-4507 | www.dch.georgia.gov

September 1, 2015

Ms. Crystal Vaugn, Administrator
Crossroads Treatment Center Of NW Georgia, PC
4083 Cloud Springs Road
Ringgold, Georgia 30736

RE: Complaint # GA 00154484

Dear Ms. Vaugn:

Enclosed are the reports pertaining to a complaint investigation completed at your facility on August 29, 2015, by surveyors from this office. The report indicated that **no deficiencies** were cited pertaining to the complaint at this facility.

We appreciate the courtesy extended to our representatives during the visit. If we may be of assistance at any time, please call our office at (404) 657-5411.

Sincerely,

Jean Barbee-Wilson, Director
Specialized Care Unit
Healthcare Facility Regulation Division
Department of Community Health

JBW:mls

Enclosure

State of GA, Healthcare Facility Regulation Division

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING: B. WING	(X3) DATE SURVEY COMPLETED
	NTP001064		C 08/29/2015

NAME OF PROVIDER OR SUPPLIER: CROSSROADS TREATMENT CENTER OF NW (

STREET ADDRESS, CITY, STATE, ZIP CODE: 4083 CLOUD SPRINGS ROAD RINGGOLD, GA 30736

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
Z 000	INITIAL COMMENTS. At the time of the survey, Crossroad Treatment Center of NW Georgia, was in compliance with Chapter 111-8-53, Rules and Regulations for Narcotic Treatment Programs, as a result of complaint investigation # GA 00154484. The allegation was unsubstantiated. No deficiencies were cited.	Z 000		

State of GA Inspection Report

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE | TITLE | (X6) DATE

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

GEORGIA DEPARTMENT
OF COMMUNITY HEALTH

Nathan Deal, Governor

Clyde L. Reese III, Esq., Commissioner

2 Peachtree Street, NW | Atlanta, GA 30303-3159 | 404-656-4507 | www.dch.georgia.gov

July 10, 2015

Ms. Crystal Vaughn, Administrator
Crossroads Treatment Center Of NW Georgia, PC
4083 Cloud Springs Road
Ringgold, GA 30736

Dear Ms. Vaughn:

Enclosed is a copy of the report pertaining to the licensure Inspection completed at your facility on June 26, 2015 by this office. The report indicates that no deficiencies were cited during the inspection of your facility.

We appreciate the courtesy extended to our representative during the visit. If we may be of assistance at any time, please call our office at (404) 657-5411.

Sincerely,

Jean Barbee-Wilson, Director
Specialized Care Unit
Healthcare Facility Regulation Division
Department of Community Health

JBW:mls

State of GA, Healthcare Facility Regulation Division

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING: B. WING	(X3) DATE SURVEY COMPLETED
	NTP001064		06/26/2015

NAME OF PROVIDER OR SUPPLIER: CROSSROADS TREATMENT CENTER OF NW (

STREET ADDRESS, CITY, STATE, ZIP CODE: 4083 CLOUD SPRINGS ROAD, RINGGOLD, GA 30736

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
Z 000	INITIAL COMMENTS. At the time of the survey, Crossroads Treatment Center of NW Georgia, was in compliance with Chapter 111-8-53, Rules and Regulations for Drug Abuse Treatment and Education Programs, as a result of a re-licensure survey, no deficiencies were cited.	Z 000		

State of GA Inspection Report

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE | TITLE | (X6) DATE

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Crossroads Treatment Center of Weaverville

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

North Carolina Department of Health and Human Services

Pat McCrory
Governor

Richard O. Brajer
Secretary

Drexdal Pratt, Director
Division of Health Service Regulation

November 13, 2015

Anna Gaddy, Chief Quality Officer
Crossroads Treatment Center of Weaverville, P.C.
105 N. Spring Street, Suite 109
Greenville, S.C. 29601

Re: Complaint and Follow up Survey completed November 12, 2015
Crossroads Treatment Center of Weaverville, P.C., 901 Old Mars Hill Hwy., Ste.3, Weaverville, NC 28787
MHL # 011-330
E-mail Address: agaddy@crossroadstreatmentcenters.com
(Intake #NC00110486)

Dear Ms. Gaddy:

Thank you for the cooperation and courtesy extended during the complaint and follow up survey completed November 12, 2015. The complaint was unsubstantiated.

As a result of the follow up survey, it was determined that all of the deficiencies are now in compliance, which is reflected on the enclosed Revisit Report. An additional deficiency was cited during the survey.

Enclosed you will find all deficiencies cited listed on the Statement of Deficiencies Form. The purpose of the Statement of Deficiencies is to provide you with specific details of the practice that does not comply with state regulations. You must develop one Plan of Correction that addresses each deficiency listed on the State Form, and return it to our office within ten days of receipt of this letter. Below you will find details of the type of deficiencies found, the time frames for compliance plus what to include in the Plan of Correction.

Type of Deficiencies Found

- The tag cited is a standard level deficiency.

Time Frames for Compliance

- Standard level deficiencies must be ***corrected*** within 60 days from the exit of the survey, which is January 11, 2016.

What to include in the Plan of Correction

- Indicate what measures will be put in place to ***correct*** the deficient area of practice (i.e. changes in policy and procedure, staff training, changes in staffing patterns, etc.).
- Indicate what measures will be put in place to ***prevent*** the problem from occurring again.
- Indicate ***who will monitor*** the situation to ensure it will not occur again.
- Indicate ***how often*** the monitoring will take place.
- Sign and date the bottom of the first page of the State Form.

Make a copy of the Statement of Deficiencies with the Plan of Correction to retain for your records.

Send the original completed form to our office at the following address within 10 days of receipt of this letter.

Mental Health Licensure and Certification Section
www.ncdhhs.gov
Tel 919-855-3795 • Fax 919-715-8078
Location: Broughton Building, 805 Biggs Drive • Raleigh, NC 27603
Mailing Address: 2718 Mail Service Center • Raleigh, NC 27699-2718
An Equal Opportunity / Affirmative Action Employer

Crossroads Treatment Center of Weaverville, P.C.

Mental Health Licensure and Certification Section
NC Division of Health Service Regulation
2718 Mail Service Center
Raleigh, NC 27699-2718

A follow up visit will be conducted to verify all violations have been corrected. If we can be of further assistance, please call Lisa Niemas-Holmes at 828-686-0750.

Sincerely,

Kem Roberts

Kem Roberts
Facility Survey Consultant I
Mental Health Licensure & Certification Section

Cc: Brian Ingraham, Director, Smoky Mountain Center LME/MCO
Julia Sinclair, Quality Management Director, Smoky Mountain Center LME/MCO
File

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

carf INTERNATIONAL

October 15, 2015

Anna M. Gaddy, M.A., LCAS, CCS
Crossroads Treatment Center of Weaverville, PC
901-3 Mars Hill Highway
Weaverville, NC 28787

Dear Ms. Gaddy:

It is my pleasure to inform you that Crossroads Treatment Center of Weaverville, PC has been accredited by CARF International for a period of three years for the following program:

Outpatient Treatment: Opioid Treatment Program (Adults)

This accreditation will extend through October 2018. This achievement is an indication of your organization's dedication and commitment to improving the quality of the lives of the persons served. Services, personnel, and documentation clearly indicate an established pattern of practice excellence.

Your organization should take pride in achieving this high level of accreditation. CARF will recognize this accomplishment in its listing of organizations with accreditation, and we encourage you to make this accomplishment known throughout your community. Communication of the accreditation to your referral and funding sources, the media, and local and federal government officials can promote and distinguish your organization. Enclosed are some materials that will help you publicize this achievement.

The survey report is intended to support a continuation of the quality improvement of your program. It contains comments on your organization's strengths as well as consultation (if any) and recommendations. A quality improvement plan (QIP) demonstrating your efforts to implement the survey recommendations must be submitted within the next 90 days to retain accreditation. Guidelines and the form for completing the QIP have been posted on Customer Connect *(customerconnect.carf.org)*, our secure, dedicated website for accredited organizations and organizations seeking accreditation. Please submit the QIP to the attention of the customer service unit identified in the QIP instructions.

Your organization's complimentary accreditation certificate will be sent separately. You may use the enclosed form to order additional certificates.

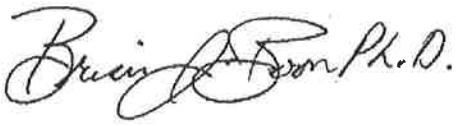
If you have any questions regarding your organization's accreditation, you are encouraged to seek support from the resource specialist, Jani Greenwald, by email at jgreenwald@carf.org or telephone at (888) 281-6531 (toll free), extension 7180.

CARF International Headquarters
6951 E. Southpoint Road
Tucson, AZ 85756-9407, USA

www.carf.org

We encourage your organization to continue fully and productively using the CARF standards as part of your ongoing commitment to accreditation. We commend your commitment and consistent efforts to improve the quality of your program. We look forward to working with your organization in the future.

Sincerely,



Brian J. Boon, Ph.D.
President/CEO

aw
Enclosures

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

North Carolina Department of Health and Human Services
Division of Health Service Regulation

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

July 17, 2015

Anna Gaddy, Regional Director
Crossroads Treatment Center of Weaverville, P.C.
105 N. Spring Street Suite 109
Greenville, SC 29601

Re: Annual, Complaint and Follow up Survey completed July 9, 2015
Crossroads Treatment Center of Weaverville, P.C., 901 Old Mars Hill Hwy., Ste. 3, Weaverville, NC 28787
MHL # 011-330
E-mail Address: agaddy@crossroadstreatmentcenters.com
(Intake #NC00107304)

Dear Ms. Gaddy:

Thank you for the cooperation and courtesy extended during the annual, complaint and follow up survey completed July 9, 2015. The complaint was unsubstantiated.

As a result of the follow up survey, it was determined that all of the deficiencies are now in compliance, which is reflected on the enclosed Revisit Report. Although all deficiencies are now in compliance, you remain responsible for payment of penalties levied against Crossroads Treatment Center of Weaverville, P.C. during the complaint and follow up survey completed May 7, 2015. An additional deficiency was cited during the survey.

Enclosed you will find all deficiencies cited listed on the Statement of Deficiencies Form. The purpose of the Statement of Deficiencies is to provide you with specific details of the practice that does not comply with state regulations. You must develop one Plan of Correction that addresses each deficiency listed on the State Form, and return it to our office within ten days of receipt of this letter. Below you will find details of the type of deficiencies found, the time frames for compliance plus what to include in the Plan of Correction.

Type of Deficiencies Found

- The tag cited is a standard level deficiency.

Time Frames for Compliance

- Standard level deficiencies must be ***corrected*** within 60 days from the exit of the survey, which is September 7, 2015.

What to include in the Plan of Correction

- Indicate what measures will be put in place to ***correct*** the deficient area of practice (i.e. changes in policy and procedure, staff training, changes in staffing patterns, etc.).
- Indicate what measures will be put in place to ***prevent*** the problem from occurring again.
- Indicate ***who will monitor*** the situation to ensure it will not occur again.
- Indicate ***how often*** the monitoring will take place.
- Sign and date the bottom of the first page of the State Form.

Make a copy of the Statement of Deficiencies with the Plan of Correction to retain for your records.

Crossroads Treatment Center of Weaverville, P.C.

Send the original completed form to our office at the following address within 10 days of receipt of this letter.

Mental Health Licensure and Certification Section
NC Division of Health Service Regulation
12 Barbetta Drive
Asheville, NC 28806

A follow up visit will be conducted to verify all violations have been corrected. If we can be of further assistance, please call Lisa Niemas-Holmes at 828-665-8705.

Sincerely,

Kem Roberts

Kem Roberts
Facility Survey Consultant I
Mental Health Licensure & Certification Section

Cc: DHSRreports@dhhs.nc.gov, DMH/DD/SAS
Brian Ingraham, Director, Smoky Mountain Center LME/MCO
Julia Sinclair, Quality Management Director, Smoky Mountain Center LME/MCO
Amanda Stone, Director, Buncombe County DSS
Karen Payne, NC Council of Community Programs
Laurel Callis, Administrative Assistant
File

Division of Health Service Regulation

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING: ____ B. WING ____	(X3) DATE SURVEY COMPLETED
	MHL011-330		R 07/09/2015

NAME OF PROVIDER OR SUPPLIER: CROSSROADS TREATMENT CENTER OF WEA

STREET ADDRESS, CITY, STATE, ZIP CODE: 901 OLD MARS HILL HIGHWAY, SUITE 3 WEAVERVILLE, NC 28787

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
V 000	INITIAL COMMENTS An annual, complaint and follow up survey was completed on July 9, 2015. The complaint was unsubstantiated (#NC00107304). A deficiency was cited. This facility is licensed for the following service category: 10A NCAC 27G .3600 Outpatient Opioid Treatment.	V 000		
V 105	27G .0201 (A) (1-7) Governing Body Policies 10A NCAC 27G .0201 GOVERNING BODY POLICIES (a) The governing body responsible for each facility or service shall develop and implement written policies for the following: (1) delegation of management authority for the operation of the facility and services; (2) criteria for admission; (3) criteria for discharge; (4) admission assessments, including: (A) who will perform the assessment; and (B) time frames for completing assessment. (5) client record management, including: (A) persons authorized to document; (B) transporting records; (C) safeguard of records against loss, tampering, defacement or use by unauthorized persons; (D) assurance of record accessibility to authorized users at all times; and (E) assurance of confidentiality of records. (6) screenings, which shall include: (A) an assessment of the individual's presenting problem or need; (B) an assessment of whether or not the facility can provide services to address the individual's needs; and (C) the disposition, including referrals and recommendations;	V 105		

Division of Health Service Regulation
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE | TITLE | (X6) DATE

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING: B. WING	(X3) DATE SURVEY COMPLETED
	MHL011-330		R 07/09/2015

NAME OF PROVIDER OR SUPPLIER: CROSSROADS TREATMENT CENTER OF WEA

STREET ADDRESS, CITY, STATE, ZIP CODE: 901 OLD MARS HILL HIGHWAY, SUITE 3, WEAVERVILLE, NC 28787

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
V 105	Continued From page 1 (7) quality assurance and quality improvement activities, including: (A) composition and activities of a quality assurance and quality improvement committee; (B) written quality assurance and quality improvement plan; (C) methods for monitoring and evaluating the quality and appropriateness of client care, including delineation of client outcomes and utilization of services; (D) professional or clinical supervision, including a requirement that staff who are not qualified professionals and provide direct client services shall be supervised by a qualified professional in that area of service; (E) strategies for improving client care; (F) review of staff qualifications and a determination made to grant treatment/habilitation privileges: (G) review of all fatalities of active clients who were being served in area-operated or contracted residential programs at the time of death; (H) adoption of standards that assure operational and programmatic performance meeting applicable standards of practice. For this purpose, "applicable standards of practice" means a level of competence established with reference to the prevailing and accepted methods, and the degree of knowledge, skill and care exercised by other practitioners in the field; This Rule is not met as evidenced by: Based on record review and interviews the facility failed to develop and implement policies for the adoption of standards that ensure operational and programmatic performance meeting applicable	V 105		

Division of Health Service Regulation

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING: B. WING	(X3) DATE SURVEY COMPLETED
	MHL011-330		R 07/09/2015

NAME OF PROVIDER OR SUPPLIER
CROSSROADS TREATMENT CENTER OF WEA

STREET ADDRESS, CITY, STATE, ZIP CODE
901 OLD MARS HILL HIGHWAY, SUITE 3
WEAVERVILLE, NC 28787

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
V 105	Continued From page 2 standards of practice effecting 20 of 23 sampled clients (#2, #4, #5, #6, #7, #8, #9, #11, #12, #13, #14, #15, #16, #17, #18, #19, #20, #21, #22, and Former Client #23). The findings are: Review on 7/6/15 of Section .0300-Prescriptions 10A NCAC 26E .0306 Supplying of Methadone in Treatment Programs by RN (registered nurse) Amended Effective August 1, 2002, revealed: · " ...(c) The program ' s medical director shall countersign or sign in the medical record of the program all orders for methadone or other medications approved for use in narcotic addiction treatment by the Food and Drug Administration and under the North Carolina Controlled Substances Act within 72 hours of the initiation of the order ... " Review of client records on 7/7/15 and 7/8/15 revealed the following clients received Methadone dose and take home level changes without dated physician ' s orders: · Client #2 admitted on 4/5/15 with diagnosis of Opiate Addiction received 6 dose changes between 4/1/15 and 7/5/15. · Client #4 admitted on 11/5/14 with diagnosis of Opiate Addiction received 4 dose changes between 4/1/15 and 7/5/15. · Client #5 admitted on 5/21/15 with diagnosis of Opioid Dependence received 4 dose changes between 4/1/15 and 7/5/15. · Client #6 admitted on 11/11/14 with diagnosis of Opioid Dependence received 11 dose changes between 4/1/15 and 7/5/15. · Client #7 admitted on 4/6/15 with diagnosis of Opiate Addiction received 5 dose changes between 4/1/15 and 7/5/15. · Client #8 admitted on 2/12/15 with diagnosis of Opiate Addiction received 8 dose changes between 4/1/15 and 7/5/15.	V 105		

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING: B. WING	(X3) DATE SURVEY COMPLETED
	MHL011-330		R 07/09/2015

NAME OF PROVIDER OR SUPPLIER: CROSSROADS TREATMENT CENTER OF WEA

STREET ADDRESS, CITY, STATE, ZIP CODE: 901 OLD MARS HILL HIGHWAY, SUITE 3, WEAVERVILLE, NC 28787

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
V 105	Continued From page 3 · Client #9 admitted on 12/20/12 with diagnosis of Opioid Dependence received 22 dose changes between 4/1/15 and 7/5/15. · Client #11 admitted on 2/10/15 with diagnosis of Opiate Addiction received 10 dose changes and 1 take home level change between 4/1/15 and 7/5/15. · Client #12 admitted on 10/20/11 with diagnosis of Opiate Addiction received 2 take home level changes between 4/1/15 and 7/5/15. · Client #13 admitted on 11/4/14 with diagnosis of Opiate Addiction received 2 dose changes between 4/1/15 and 7/5/15. · Client #14 admitted on 4/30/15 with diagnosis of Opioid Dependence received 4 dose changes between 4/1/15 and 7/5/15. · Client #15 admitted on 8/14/14 with diagnosis of Opioid Dependence received 7 dose changes between 4/1/15 and 7/5/15. · Client #16 admitted on 8/13/12 with diagnosis of Opioid Dependence received 2 dose changes between 4/1/15 and 7/5/15. · Client #17 admitted on 5/5/15 with diagnosis of Opiate Addiction received 6 dose changes between 4/1/15 and 7/5/15. · Client #18 admitted on 11/11/14 with diagnosis of Opioid Dependence received 7 dose changes and 1 take home level change between 4/1/15 and 7/5/15. · Client #19 admitted on 4/28/15 with diagnosis of Opiate Addiction received 2 dose changes between 4/1/15 and 7/5/15. · Client #20 admitted on 4/14/15 with diagnosis of Opiate Addiction received 10 dose changes and 1 take home level change between 4/1/15 and 7/5/15. · Client #21 admitted on 11/18/14 with diagnosis of Opioid Dependence received 4 dose changes and 2 take home level changes between 4/1/15 and 7/5/15.	V 105		

Division of Health Service Regulation

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING B. WING	(X3) DATE SURVEY COMPLETED
	MHL011-330		R 07/09/2015

NAME OF PROVIDER OR SUPPLIER: CROSSROADS TREATMENT CENTER OF WEA

STREET ADDRESS, CITY, STATE, ZIP CODE: 901 OLD MARS HILL HIGHWAY, SUITE 3, WEAVERVILLE, NC 28787

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
V 105	Continued From page 4 · Client #22 admitted on 9/30/14 with diagnosis of Opioid Dependence received 9 dose changes between 4/1/15 and 7/5/15. · Former Client #23 admitted on 8/30/12 with diagnosis of Opioid Dependence received 7 dose changes and 2 take home level changes between 4/1/15 and 7/5/15. Interview on 7/9/15 with the Program Director revealed: · She confirmed that their Medical Director was not consistently dating his orders when signing them (with the exception of the induction orders). · She would work with the Medical Director to ensure that he dated his signature when signing the Methadone orders.	V 105		

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

AH Form Approved
7/10/2015

State Form: Revisit Report

(Y1) Provider / Supplier / CLIA / Identification Number	(Y2) Multiple Construction	(Y3) Date of Revisit
MHL011-330	A. Building B. Wing	7/9/2015

Name of Facility	Street Address, City, State, Zip Code
CROSSROADS TREATMENT CENTER OF WEAVERVILLE, PC	901 OLD MARS HILL HIGHWAY, SUITE 3 WEAVERVILLE, NC 28787

This report is completed by a State surveyor to show those deficiencies previously reported that have been corrected and the date such corrective action was accomplished. Each deficiency should be fully identified using either the regulation or LSC provision number and the identification prefix code previously shown on the State Survey Report (prefix codes shown to the left of each requirement on the survey report form).

(Y4) Item	(Y5) Date	(Y4) Item	(Y5) Date	(Y4) Item	(Y5) Date
ID Prefix V0512 Reg. # 27D .0304 LSC	Correction Completed 07/09/2015	ID Prefix Reg. # LSC	Correction Completed	ID Prefix Reg. # LSC	Correction Completed
ID Prefix Reg. # LSC	Correction Completed	ID Prefix Reg. # LSC	Correction Completed	ID Prefix Reg. # LSC	Correction Completed
ID Prefix Reg. # LSC	Correction Completed	ID Prefix Reg. # LSC	Correction Completed	ID Prefix Reg. # LSC	Correction Completed
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ID Prefix Reg. # LSC	Correction Completed	ID Prefix Reg. # LSC	Correction Completed	ID Prefix Reg. # LSC	Correction Completed

Reviewed By State Agency	Reviewed By	Date:	Signature of Surveyor: Ken Roberts	Date: 7-10-15
Reviewed By CMS RO	Reviewed By	Date:	Signature of Surveyor:	Date:

Followup to Survey Completed on: 5/7/2015	Check for any Uncorrected Deficiencies. Was a Summary of Uncorrected Deficiencies (CMS-2567) Sent to the Facility?	YES NO

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Crossroads Treatment Center of Greensboro

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

North Carolina Department of Health and Human Services
Division of Health Service Regulation

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

May 26, 2015

Ms. Anna Gaddy, Regional Director
Crossroads Treatment Center of Greensboro, P.C.
2706 North Church Street
Greensboro, North Carolina 27405

Re: Annual Survey completed May 21, 2015
Crossroads Treatment Center of Greensboro, P.C. 2706 N. Church St. Greensboro, NC. 27405
MHL # 041-879
E-mail Address: aheaviland@crossroadstreatmentcenters.com
agaddy@crossroadstreatmentcenters.com

Dear Ms. Gaddy:

Thank you for the cooperation and courtesy extended during the Annual Survey completed May 21, 2015.

The Annual Survey did not result in any cited deficiencies. Enclosed for your review is the State Form, which reflects no cited deficiencies.

Mental Health Licensure and Certification Section
www.ncdhhs.gov/dhsr
Tel 910-592-7266 • Fax 910-590-2516
109 West Main Street • Clinton, North Carolina 28328
An Equal Opportunity / Affirmative Action Employer

If we can be of further assistance, please call Barbara Perdue-Evans at (336) 861-6283.

Sincerely,

Scott M. Walton, LCSW, CI/I
Facility Survey Consultant I

Kathy Young, QMHP, CI/I
Facility Survey Consultant I

Regina Kujawa, LCSW
Facility Survey Consultant I

Laura Rodriquez, QMHP, CI/I
Facility Survey Consultant I

Enclosures

Cc: Victoria Whitt, Director, Sandhills Center LME/MCO
Carol Robertson, Quality Management Director, Sandhills Center LME/MCO
File

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

PRINTED: 05/22/2015
FORM APPROVED

Division of Health Service Regulation

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING: B. WING	(X3) DATE SURVEY COMPLETED
	MHL041-879		05/21/2015

NAME OF PROVIDER OR SUPPLIER
CROSSROADS TREATMENT CENTER OF GRE

STREET ADDRESS, CITY, STATE, ZIP CODE
2706 NORTH CHURCH STREET
GREENSBORO, NC 27405

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
V 000	INITIAL COMMENTS An Annual Survey was completed on May 21, 2015. No deficiencies were cited. This facility is licensed for the following service category: 10A NCAC 27G .3600, Outpatient Opioid Treatment.	V 000		

Division of Health Service Regulation
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE | TITLE | (X6) DATE

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Crossroads Treatment Center of Columbia

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Crossroads Treatment Center of Columbia

SUPPLEMENTAL #1

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INSPECTION RESULTS

Facility Information		Audit Information	
Permit Number:	OTPN-0109	Audit Name:	PSAD Outpatient ROV 20140401
Facility Name:	CROSSROADS TREATMENT CENTER OF COLUMBIA	Type:	L01 Routine
Address:	1421 BLUFF RD	Start Date:	10 Apr 2014
City/State/Zip:	COLUMBIA, SC 29201-4809 Richland	End Date:	14 Apr 2014
Phone 1:	803-733-5855	Inspector:	Edward Jashinsky
Email:	KDEAL@CROSSROADSTREATMENTCENTERS.COM		
Contact Name:	DON KORSON		
Contact Email:	KDEAL@CROSSROADSTREATMENTCENTERS.COM		
Contact Phone:	864-733-5855		

Overall Score
0.0%

Audit Level Notes:

Correct facility email should be:

dkorson@crossroadstreatmentcenters.com

Report Notice

Question	Answer
Bureau of Health Facilities Licensing 2600 Bull St Columbia SC 29201-1708 REPORT NOTICE: If applicable, this Report of Visit includes a detailed description of the conditions, conduct or practices that were found to be in violation of requirements. This inspection or investigation is not to be construed as a check of every condition that may exist, nor does it relieve the licensee (owner) from the need to meet all applicable standards, regulations and laws. The South Carolina Code of Laws requires this Department to establish and enforce basic standards for the licensure (permitting), maintenance, and operation of health facilities and services to ensure the safe and adequate treatment of persons served in this State. It also empowers the Department to require reports and make inspections and investigations as considered necessary. Furthermore, the Code authorizes the Department to deny, suspend, or revoke licenses (permits) or to assess a monetary penalty against a person or facility for (among other reasons), violating a provision of law or departmental regulations or conduct or practices detrimental to the health or safety of patients, residents, clients, or employees of a facility or service. If applicable to the type of report being made, the signature of the activity representative indicates that all of the items cited were reviewed during the exit discussion. If this Report of Visit is required by regulation to be made available in a conspicuous place in a public area within the facility, redaction of the names of those individuals in the report is required as provided by Sections 44-7-310 and 44-7-315 of the S.C. Code of Laws, 1976, as amended.	Report Notice

Administrator's Signature - Plan of Correction

Question	Answer
PLAN OF CORRECTION - Administrators Certification: I certify that the attached plan of correction describes: (1) the actions taken to correct each cited deficiency, (2) the actions taken to prevent similar recurrences, and (3) the actual or expected completion dates of those actions.	POC REQUIRED

PRINT NAME:_____

TITLE:_____

SUPPLEMENTAL #1

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12:24 pm

SIGNATURE _____

DATE: _____

Any violations cited in this report of visit were observed at the time of the inspection.

Administrator returns a copy of this report (original signature required) with description of corrective actions to:

SCDHEC, Bureau of Health Facilities Licensing, 2600 Bull St, Columbia, SC, 29201

Your response to this report must be received in our office by close of business (5:00 p.m.) no later than the date listed below.

Comments

- *due date: to be determined*

Inspection Information

Question	Answer
Is this an On-Site Visit?	YES
Select the Type of Inspection to be Performed:	PSAD OTP General Inspection
Is the Current Facility/Activity Administrator the same as the Administrator of Record?	YES
Are there any other individuals accompanying the auditor for this visit?	NO

PSAD Regulation Section 3200

Question	Answer
3204.B. The NTP shall provide, through in-house or referral and documented in the ITP, appropriate services/interventions for the pregnant client to include: 1. Physician consultation at least monthly; 2. Nutrition counseling; 3. Parenting training to include newborn care, health and safety, mother/infant interaction, and bonding. (Class II Violation) **Comments** • *The record of one pregnant client (A) was reviewed. Numbers 2 & 3 above, were not documented to have been addressed with the client.*	OUT
3209.F. Clients on a monthly schedule for whom urine drug testing reports indicate positive results for any illicit drugs, non-prescription drugs, or a negative result for NTP medication, shall be placed on a weekly urine drug test schedule for a period of time as clinically indicated by the NTP physician. (Class II Violation) **Comments** • *Three client charts were reviewed. Client A tested positive for an illicit substance on 11/22/13. The results from her next urinalysis were not received until 12/16/13 (she tested positive for the same drug in this test).*	OUT

Record Retention

Question	Answer
DHEC 0282 (05/2010) AUDIT - [Records Retention Schedule #SBH-F&S-17]	Retention

SUPPLEMENTAL #1

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Crossroads Treatment Center of Greenville

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Location Information		Audit Information	
License Number:	OTPN-0077	Audit Form:	PSAD Outpatient ROV 20140401
Mail Stop:	HL- PSAD Outpatient	Audit Type:	L07 Investigation
Location Name:	CROSSROADS TREATMENT CENTER OF GREENVILLE	Start Date:	Tuesday, June 10, 2014
Address 1:	157 BROZZINI CT	Stop Date:	Tuesday, June 10, 2014
City/State/Postal Code:	GREENVILLE , SC , 29615-5340 , Greenville	Auditor:	Edward Jashinsky
Phone 1:	864-288-7636	Contact Name:	KRYSTLE M COTHRAN
Email:	KCOTHRAN@CROSSROADSREATMENTCENTERSCOM		

Bureau of Health Facilities Licensing
2600 Bull St
Columbia SC 29201-1708

REPORT NOTICE: If applicable, this Report of Visit includes a detailed description of the conditions, conduct or practices that were found to be in violation of requirements. This inspection or investigation is not to be construed as a check of every condition that may exist, nor does it relieve the licensee (owner) from the need to meet all applicable standards, regulations and laws. The South Carolina Code of Laws requires this Department to establish and enforce basic standards for the licensure (permitting), maintenance, and operation of health facilities and services to ensure the safe and adequate treatment of persons served in this State. It also empowers the Department to require reports and make inspections and investigations as considered necessary. Furthermore, the Code authorizes the Department to deny, suspend, or revoke licenses (permits) or to assess a monetary penalty against a person or facility for (among other reasons), violating a provision of law or departmental regulations or conduct or practices detrimental to the health or safety of patients, residents, clients, or employees of a facility or service. If applicable to the type of report being made, the signature of the activity representative indicates that all of the items cited were reviewed during the exit discussion. If this Report of Visit is required by regulation to be made available in a conspicuous place in a public area within the facility, redaction of the names of those individuals in the report is required as provided by Sections 44-7-310 and 44-7-315 of the S.C. Code of Laws, 1976, as amended.

Report Notice

ADMINISTRATOR'S SIGNATURE - PLAN OF CORRECTION

PLAN OF CORRECTION - Administrators Certification: I certify that the attached plan of correction describes:
(1) the actions taken to correct each cited deficiency,
(2) the actions taken to prevent similar recurrences, and
(3) the actual or expected completion dates of those actions.

PRINT NAME: Dr. Scott Ray
TITLE: V.P. Quality Assurance / Interim Administrator
SIGNATURE:
DATE: 6/25/14

Any violations cited in this report of visit were observed at the time of the inspection.

Administrator returns a copy of this report (original signature required) with description of corrective actions to:

SCDHEC, Bureau of Health Facilities Licensing, 2600 Bull St, Columbia, SC, 29201

Your response to this report must be received in our office by close of business (5:00 p.m.) no later than the date listed below:

POC REQUIRED

due date: 6/25/14

INSPECTION INFORMATION

Comments

At this time, the only current email is as follows:
sray@crossroadstreatmentcenters.com

Is this an On-Site Visit?	YES
Select the Type of Inspection to be Performed:	PSAD OTP Complaint Investigation
Section Team Log Number: *F05010-14*	Section Team Log Number
Complaint Allegation(s): *The facility failed to send any enrollment information to other programs.* *Please see attached documentation.*	Complaint Allegation(s)
What is the Source of the Complaint: *Consumer complaint*	Consumer Complaint
Date Agency (DHEC) Notified of Complaint:	11 May 2014
Detailed Results of this Investigation: *Facility patient documentation, and policies and procedures were reviewed, and discussed with management.* *Violations of the Regulation were cited.*	Detailed Results
Is this an Unlicensed Facility/Activity Complaint?	NO
Has the Initial QI Review Been Completed?	NO
What Date Did the Auditor Arrive at the Activity?	10 Jun 2014
What Time Did the Auditor Arrive at the Activity?	8:00:19 AM
Activity Administrator:	Scott Ray, VP Quality Assurance
Enter the name and title of the Facility/Activity Representative for this Report of Visit. *Scott Ray, Interim Adm*	Scott Ray
Is the Current Facility/Activity Administrator the same as the Administrator of Record? *The administrator of record left the employ of the facility on May 9, 2014. Scott Ray, VP of Quality Assurance, began his tenure as interim administrator on May 12, 2014.*	NO
Are there any other individuals accompanying the auditor for this visit?	NO

PSAD REGULATION SECTIONS 100-1100

401.A. Policies and procedures addressing each section of this regulation regarding client treatment, care, services, and rights, and the operation of the facility shall be developed and implemented, and revised as required in order to accurately reflect actual facility operation. Facilities shall establish a time-period for review of all policies and procedures. These policies and procedures shall be accessible at all times. A hard copy of the client care policies and procedures shall be available or be accessible electronically at each facility. (Class II Violation) *The VP of Quality Assurance and the Interim Administrator of the facility, stated that it is facility policy to notify other providers in the area of individuals who have requested admission. This notification is designed to avoid providing duplicate services to a patient.* *Many notifications in May, 2014 were documented to be late, and it could not be verified that all of*	OUT

the intended recipients had been notified. Facility policy in this area appears to be very positive. Execution of this policy has not been fully implemented.	
604. DHL shall be notified in writing by the licensee within 10 days of any change in administrator. The notice shall include at a minimum the name of the newly-appointed individual and effective date of the appointment. (Class III Violation) *The administrator of record's last day at the facility was 5/9/14. The interim administrator, who is also the VP of Quality Assurance, began his tenure on 5/12/14.* *A letter notifying the Bureau of this change was not written until today, 6/10/14.*	OUT
PSAD REGULATION SECTION 3200	
3207.B.4. Applicants shall be screened in order to determine admission eligibility. The screening process shall include: Reasonable attempts to confirm that the applicant is not enrolled in one or more other NTPs; (Class II Violation) *Documentation related to notification of other providers regarding the admission of applicants for the week of June 2–6, 2014 was unavailble for review.*	OUT
DHEC 0282 (05/2010) AUDIT - [Records Retention Schedule SSBH-PRS-17]	Retention
PROTECTED INFORMATION	
Is this information CONFIDENTIAL? This section names or identifies certain individuals related to cited violations. If you identify by name any patient, client, resident, or participant, you must check 'YES' by CONFIDENTIAL. Otherwise, check 'NO.' (The names of facility/activity staff members are NOT considered CONFIDENTIAL. If required for the audit, list the names of staff members in the citation.)	NO

Auditor Signature: Edward Jashinsky

Representative Signature: Dr Scott Ray

SUPPLEMENTAL #1

November 20, 2015
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Crossroads Treatment Center at Sugarloaf

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Georgia Drugs and Narcotics Agency
40 Pryor Street, SW, Suite 2000
Atlanta, GA 30303
404-656-5100
404-651-8210 (fax)

Opioid Treatment Program Clinic Pharmacy Inspection Report

Initial Inspection ( ) Approve ( ) Disapprove ( )
Change of Location/Ownership ( ) Approve ( ) Disapprove ( )
Routine Inspection ( )

Name Crossroads Treatment Center at Sugarloaf Date 1-30-15

Address 2855 Lawrenceville-Suwanee Rd City Suwanee County Gwinnett

Phone 678-316-5379 Fax 770-904-3954 Administrator Jenna Jones

Permit: PHOP0000 63 Exp 6/2015 DEA Number ~~ZC0421014~~ RC0421014 Exp 8/2015

Director of Pharmacy J. Charles Herndon RPH ~~[illegible]~~ 14565 Exp 12/16 Full ___ Part Time ✓

PIC email: jcherndon2007@yahoo.com PIC Cell: 678-316-5379 PIC Alternate Phone: 770-904-3955

Hour/Days of Operations M-Sat Fri Sat 5:30a-10a 6:30a-9a Last Inspection Date spring 2011 Conducted by: MAB

Pharmacists, Interns, Techs, Medical Director, Nurses License Numbers and Expiration, Email addresses

John David Lentz, MD
Kimberly James LPN 073586
Brandi Leichmann LPN 087495

Suppliers Mallinkrodt

Policies and Procedures Manual ___ Date of Last Revision ___

Inspection Regulation Code **Mark Findings as follows: Acceptable ☑ Not Acceptable ☒ Not Applicable [N/A]**
(Make notations/comments in space provided)

480-18-.03 Personnel
Dir of Pharmacy Svcs (a); Supportive Personnel (b); Supervision (d): ☑

480-18-.04 Absence of Pharmacist
Medication Storage Enclosure. Auth licensed personnel, security (1): ☑
Proper labels (a), only prepackaged (b), proof of use (c), weekly inventory (d): ☑
Policies and Procedures (2): ☑
Emergency Kits (3): only Narcan; 3 were expired ☒
Access to Pharmacy (4): ☑

480-18-.05 Physical Requirements and Equipment
Area (1) [secure, >=150 sq. ft.]: ☑
Minimum Equipment (2) ☑
Variance posted (3) ☑

SUPPLEMENTAL #1

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480-18-.06 Drug Distribution and Control

PIC responsibility, pol/proc, inv attchd to DEA 222 (2)(a) ☑

DEA Biennial Inventory Date: 6-25-14 BOB / COB (circle one): ☑

Labeling, inside clinic (3)(a): ☑

Labeling, take-home meds (3)(b): ☑

Child proof for take home meds (3)(c): ☑

Discontinued Drugs (4): ☑

Accountability of Controlled Drugs, proof of use (5): ☑

Controlled Substance destruction (6): Reverse Distributors ☐

CII perpetual inventory (7): ☑

Recall (8): ☑

Suspected Adverse Drug Reactions (9): ☑

Security of Controlled Substances (10): ☑

Reports and Records (11): ☑

Opiates prepared by RPh within on-site pharmacy (12): ☑

480-18-.07 Delivery of Drugs

By authorized licensed personnel, only upon orders of medical staff, adjusted iaw protocol: ☑

480-18-.08 Drugs from Outside Sources

Policy and procedure: ☑

480-18-.09 Inspections

Board Inspection, copy, aware Corrective Action Plan to GDNA within 30 days (1): ok ☐

Director Inspections, monthly (2(a-f)): Reg'l Dir does monthly inspections; rph will document monthly check of Narcan ☑

480-18-.10 Notification Required by the Georgia Department of Human Resources

Notification of fraudulent activity by patients: n/a ☐

Any discrepancies or deficiencies noted shall be corrected within a reasonable time. Written notice of such corrections shall be filed with the Board of Pharmacy within thirty (30) days after receipt of the inspection report. Use the mailing address at the top of page one of this report.

Additional Comments:

Pharmacy Representative	1-30-15 **Date**	**Inspecting Agent**	1-30-15 **Date**

This Inspection Report is not intended to be all inclusive, and there may be deficiencies, non-compliance, or violations of the laws and rules not detected and noted in this report.

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

carf INTERNATIONAL

October 16, 2015

Michael Duke, CADC-II
Crossroads Treatment Center at Sugarloaf, PC
2855 Lawrenceville Suwanee Road, Suite 330-310
Suwanee, GA 30024

Dear Mr. Duke:

It is my pleasure to inform you that Crossroads Treatment Center at Sugarloaf, PC has been issued CARF accreditation based on its recent survey. The Three-Year Accreditation applies to the following program(s):

Outpatient Treatment: Opioid Treatment Program (Adults)

This accreditation will extend through October 31, 2018. This achievement is an indication of your organization's dedication and commitment to improving the quality of the lives of the persons served. Services, personnel, and documentation clearly indicate an established pattern of conformance to standards.

The survey report is intended to support a continuation of the quality improvement of your organization's program(s). It contains comments on your organization's strengths as well as any consultation and recommendations. A quality improvement plan (QIP) demonstrating your organization's efforts to implement the survey recommendation(s) must be submitted within the next 90 days to retain accreditation. The QIP form is posted on Customer Connect (*customerconnect.carf.org*), CARF's secure, dedicated website for accredited organizations and organizations seeking accreditation. Please log on to Customer Connect and follow the guidelines contained in the QIP form.

Your organization should take pride in achieving this high level of accreditation. CARF will recognize this accomplishment in its listing of organizations with accreditation and encourages your organization to make its accreditation known throughout the community. Communication of the accreditation to your referral and funding sources, the media, and local and federal government officials can promote and distinguish your organization. Enclosed are some materials that will help you publicize this achievement.

Your organization's complimentary accreditation certificate will be sent separately. You may use the enclosed form to order additional certificates.

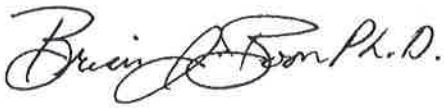
If you have any questions regarding your organization's accreditation or the QIP, you are encouraged to seek support from Jani Greenwald by email at jgreenwald@carf.org or telephone at (888) 281-6531, extension 7180.

CARF International Headquarters
6951 E. Southpoint Road
Tucson, AZ 85756-9407, USA

www.carf.org

CARF encourages your organization to continue fully and productively using the CARF standards as part of its ongoing commitment to accreditation. CARF commends your organization's commitment and consistent efforts to improve the quality of its program(s) and looks forward to working with your organization in its ongoing pursuit of excellence.

Sincerely,



Brian J. Boon, Ph.D.
President/CEO

Enclosures

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Crossroads Treatment Center of Danville

DEPARTMENT OF BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES
CORRECTIVE ACTION PLAN

Investigation ID:
License #: **1795-06-001**
Organization Name: **Crossroads Treatment Center of Danville, LLC**

Date of Inspection: **09-10-2015**
Program Type/Facility Name: **Medication Assisted Tx-Opioid**

Standard(s) Cited	Comp	Description of Noncompliance	Actions to be Taken	Planned Comp. Date
420.B - Provider shall verify professional credentials; individuals comply with DOHP	N	The CSAC credential for employee #2 had expired as of 6/30/2015.	PROVIDER'S 11/2/15 RESPONSE: Employee #2 has renewed license and it has been placed in the employee file OL RESPONSE: ACCEPTED	7/5/15 (completion date)
693.F.4 – Procedures/activities/referrals to assist individual to maintain/improve function	N	There was a release of information on file to the provider for which a referral was to be made at discharge, in the record of Consumer #3, however, there was no indication in documentation that contact between provider and referral agency took place.	PROVIDER'S 11/2/15 RESPONSE: • Referral checklist implemented to assist with process of completing/documenting referrals. • F/U notes regarding the outcome of the referral • Continued staff education regarding the process of referrals as well as the required documentation that is to accompany it. • Include referral completion on basic chart audits as well as comprehensive chart audits • Ensure release of information and referral are completed same day when applicable. OL RESPONSE: ACCEPTED	12/31/15

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

DEPARTMENT OF BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES
CORRECTIVE ACTION PLAN

Investigation ID:
License #: **1795-06-001**
Organization Name: **Crossroads Treatment Center of Danville, LLC**

Date of Inspection: **09-10-2015**
Program Type/Facility Name: **Medication Assisted Tx-Opioid**

Standard(s) Cited	Comp	Description of Noncompliance	Actions to be Taken	Planned Comp. Date

General Comments / Recommendations:
Please review and return to me, on or before the due date indicated below, a written plan of corrective action and completion date for each of the deficiencies noted. Please return your responses to me via email in a Word document and I will need a signed copy mailed to my office as well. Attachments and supporting documentation (labeled with corresponding regulations number) may be submitted through USPS but must be received by the due date. My email address is: tom.carter@dbhds.virginia.gov and my mailing address is listed below. Should you have any questions regarding my findings, please contact me at 804-355-8587.
Thanks,
Tom

I understand it is my right to request a conference with the reviewer and the reviewer's supervisor should I desire further discussion of these findings. By my signature on the Corrective Action Plan, I pledge that the actions to be taken will be completed as identified by the date indicated.

Tom Carter
Tom Carter, Specialist

(Signature of Organization Representative)

Date

Mail to: PO Box 1797
Richmond. VA 23219

Due Date: 11-17-2015

C = Substantial Compliance, N = Non Compliance, NS = Non Compliance Systemic, ND = Non Determined

SUPPLEMENTAL #1
November 20, 2015
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SUPPLEMENTAL #1

November 20, 2015
12:24 pm

New Centers

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Crossroads Treatment Center of LaGrange

DEA REGISTRATION NUMBER	THIS REGISTRATION EXPIRES	FEE PAID
RC0487745 ZC0487745	08-31-2016	$244

SCHEDULES	BUSINESS ACTIVITY	DATE ISSUED
2,3	MAINTENANCE	10-27-2015

CROSSROADS TREATMENT CENTER OF
LAGRANGE, PC
229 SOUTH DAVIS ROAD
SUITE 900
LAGRANGE, GA 30241

CONTROLLED SUBSTANCE REGISTRATION CERTIFICATE
UNITED STATES DEPARTMENT OF JUSTICE
DRUG ENFORCEMENT ADMINISTRATION
WASHINGTON, D.C, 20537

Sections 304 and 1008 (21 U.S.C. 824 and 958) of the Controlled Substances Act of 1970, as amended, provide that the Attorney General may revoke or suspend a registration to manufacture, distribute, dispense, import or export a controlled substance.

THIS CERTIFICATE IS NOT TRANSFERABLE ON CHANGE OF OWNERSHIP, CONTROL, LOCATION, OR BUSINESS ACTIVITY, AND IS NOT VALID AFTER THE EXPIRATION DATE.

CONTROLLED SUBSTANCE REGISTRATION CERTIFICATE
UNITED STATES DEPARTMENT OF JUSTICE
DRUG ENFORCEMENT ADMINISTRATION
WASHINGTON, D.C, 20537

DEA REGISTRATION NUMBER	THIS REGISTRATION EXPIRES	FEE PAID
RC0487745 ZC0487745	08-31-2016	$244

SCHEDULES	BUSINESS ACTIVITY	DATE ISSUED
2,3	MAINTENANCE	10-27-2015

CROSSROADS TREATMENT CENTER OF
LAGRANGE, PC
229 SOUTH DAVIS ROAD
SUITE 900
LAGRANGE, GA 30241

Sections 304 and 1008 (21 U.S.C. 824 and 958) of the Controlled Substances Act of 1970, as amended, provide that the Attorney General may revoke or suspend a registration to manufacture, distribute, dispense, import or export a controlled substance.

THIS CERTIFICATE IS NOT TRANSFERABLE ON CHANGE OF OWNERSHIP, CONTROL, LOCATION, BUSINESS ACTIVITY, OR VALID AFTER THE EXPIRATION DATE.

Form DEA-223 (05/04)

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

CENTERS FOR MEDICARE & MEDICAID SERVICES

CLINICAL LABORATORY IMPROVEMENT AMENDMENTS

CERTIFICATE OF WAIVER

LABORATORY NAME AND ADDRESS
CROSSROADS TREATMENT CENTER OF LAGRANG
229 S DAVIS DR SUITE 900
LAGRANGE, GA 30240

CLIA ID NUMBER
11D2090543

EFFECTIVE DATE
01/26/2015

LABORATORY DIRECTOR
RUPERT IV MCCORMAC M.D.

EXPIRATION DATE
01/25/2017

Pursuant to Section 353 of the Public Health Services Act (42 U.S.C. 263a) as revised by the Clinical Laboratory Improvement Amendments (CLIA), the above named laboratory located at the address shown hereon (and other approved locations) may accept human specimens for the purposes of performing laboratory examinations or procedures.

This certificate shall be valid until the expiration date above, but is subject to revocation, suspension, limitation, or other sanctions for violation of the Act or the regulations promulgated thereunder.

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

Karen W. Dyer, Acting Director
Division of Laboratory Services
Survey and Certification Group
Center for Clinical Standards and Quality

565 Certs1_071415

- If this is a Certificate of Registration, it represents only the enrollment of the laboratory in the CLIA program and does not indicate a Federal certification of compliance with other CLIA requirements. The laboratory is permitted to begin testing upon receipt of this certificate, but is not determined to be in compliance until a survey is successfully completed.
- If this is a Certificate for Provider-Performed Microscopy Procedures, it certifies the laboratory to perform only those laboratory procedures that have been specified as provider-performed microscopy procedures and, if applicable, examinations or procedures that have been approved as waived tests by the Department of Health and Human Services.
- If this is a Certificate of Waiver, it certifies the laboratory to perform only examinations or procedures that have been approved as waived tests by the Department of Health and Human Services.

FOR MORE INFORMATION ABOUT CLIA, VISIT OUR WEBSITE AT WWW.CMS.GOV/CLIA
OR CONTACT YOUR LOCAL STATE AGENCY. PLEASE SEE THE REVERSE FOR
YOUR STATE AGENCY'S ADDRESS AND PHONE NUMBER.
PLEASE CONTACT YOUR STATE AGENCY FOR ANY CHANGES TO YOUR CURRENT CERTIFICATE.

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

STATE OF GEORGIA
Department of Community Health
Georgia State Board of Pharmacy
Opioid Treatment Clinic Pharmacy

License No. PHOP000079 Status: Active

Crossroads Treatment Center of LaGrange PC
229 S Davis Road Ste 900
Lagrange GA 30241

Expires: 6/30/2017
Issued: 7/16/2015

Pharmacist in Charge PHOP000079
Lewis O Powell, III

Real-time license verification is available at gadch.mylicense.com/verification

Above is your wall license to practice your profession. A pocket-sized license card is below.

Please make note of the expiration date on your license. It is your responsibility to renew your license before it expires.

Please notify the Board if you have a change of address or otherwise need to update your records.

STATE OF GEORGIA
Department of Community Health
Georgia State Board of Pharmacy
Opioid Treatment Clinic Pharmacy
License No. PHOP000079 - Active

Crossroads Treatment Center of LaGrange PC
229 S Davis Road Ste 900
Lagrange GA 30241

Issued: 7/16/2015
Expires 6/30/2017

Pharmacist in Charge PHOP000079
Lewis O Powell, III

Real-time license verification is available at gadch.mylicense.com/verification

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

1340

TROUP COUNTY, GEORGIA

2015 BUSINESS AND OCCUPATIONAL LICENSE

NON-TRANSFERABLE

The Building Inspection & Zoning Department of Troup County hereby authorizes by the Issuance of this License Tax Certificate

Business:	CROSSROAD TREATMENT CENTER OF LAGRANGE, PC
Owner:	DR. RUPERT MCCORMAC, IV
Applicant:	PIERCE WYLIE
Address:	229 SOUTH DAVIS RD. SUITE 900
City:	LAGRANGE, GA 30240

To Transact Business of MEDICAL TREATMENT FACILITY

Date Issued March 23, 2015 Virginia Barnes
License Official

Date Expires: December 31, 2015

DISCLAIMER

The issuance of this certificate by Troup County under the term and conditions of the Troup County Ordinance shall not be construed as approval by Troup County of the qualification of any application(s) to do business within Troup County or to supersede any regulating authority governing business in which applicants may be engaged.

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Crossroads Treatment Center of Calhoun

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

STATE OF GEORGIA
Department of Community Health
Georgia State Board of Pharmacy
Opioid Treatment Clinic Pharmacy

License No. PHOP000081 Status: Active

Crossroads Treatment Center of Calhoun PC
367 Richardson Road SE
Calhoun GA 30701

Expires: 6/30/2017
Issued: 9/2/2015

Pharmacist in Charge PHOP000081
Kofi Julian Roberts

Real-time license verification is available at gadch.mylicense.com/verification

Above is your wall license to practice your profession. A pocket-sized license card is below.

Please make note of the expiration date on your license. It is your responsibility to renew your license before it expires.

Please notify the Board if you have a change of address or otherwise need to update your records.

STATE OF GEORGIA
Department of Community Health
Georgia State Board of Pharmacy
Opioid Treatment Clinic Pharmacy
License No. PHOP000081 - Active

Crossroads Treatment Center of Calhoun PC
367 Richardson Road SE
Calhoun GA 30701

Issued: 9/2/2015
Expires 6/30/2017

Pharmacist in Charge PHOP000081
Kofi Julian Roberts

Real-time license verification is available at gadch.mylicense.com/verification

DO NOT ACCEPT UNLESS THIS DOCUMENT IS PRINTED WITH A COLOR BACKGROUND, CONTAINS A VOID PANTOGRAPH AND A MICROPRINT BORDER

SUPPLEMENTAL #1

POST IN A CONSPICUOUS PLACE

City of Calhoun

226 South Wall Street
PO Box 248
Calhoun, Georgia 30703
Phone: 706-629-0151

November 20, 2015
12:24 pm

License Number
4241

Account Number
12977

This is to certify that the business named herein has paid the necessary occupational tax/regulatory fees required by the City of Calhoun.

Business Name: CROSSROADS OF CALHOUN MANAGEMENT CO. LLC
Address: 367 RICHARDSON RD SE
CALHOUN, GA 30701

Owner Name: RUPERT MCCORMAC IV, M.D.
Address: CROSSROADS OF CALHOUN MANAGEMENT CO. LLC
105 N. SPRING STREET
SUITE 109
GREENVILLE, SC 29601

Type: 56SU
Description: ALL OTHER SUPPORT SERVICES
Date Issued: 07/14/2015
Expiration Date: THIS LICENSE EXPIRES 12/31/2015

CITY OF CALHOUN LAND OF THE CHEROKEE

Brooke Land
Clerk

FORM LLICV tylerbusinessforms.com 877.749.2090 **This License is NOT Transferable**

Office Copy Only

OFFICE COPY

City of Calhoun

226 South Wall Street
PO Box 248
Calhoun, Georgia 30703
Phone: 706-629-0151

License Number
4241

Account Number
12977

Business Name & Address:
CROSSROADS OF CALHOUN MANAGEMENT CO. LLC
367 RICHARDSON RD SE
CALHOUN, GA 30701

Owner Name & Address:
RUPERT MCCORMAC IV, M.D.
CROSSROADS OF CALHOUN MANAGEMENT CO. LLC
105 N. SPRING STREET
SUITE 109
GREENVILLE, SC 29601

This is to certify that the business named herein has paid the necessary occupational tax/regulatory fees required by the City of Calhoun.

Type: 56SU
Description: ALL OTHER SUPPORT SERVICES
Date Issued: 07/14/2015
Expiration Date: THIS LICENSE EXPIRES 12/31/2015

Brooke Land
Clerk

2015 Business License

CITY OF CALHOUN LAND OF THE CHEROKEE

Total Received: 37.50

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

City of Calhoun Building Inspection
New Business Inspection

Name of Business: Crossroads Treatment Centers of Calhoun, LLC.

Address: 367 Richmond Rd SE Calhoun, GA

Business Owner: Rupert McCommis III, MD

Phone Number: 864-561-4191

Building Owner: Steve Koster

Phone Number: 404-664-2616

Type of Business: Treatment Center

Comments:

Zoning: C-2

- [ ] Needs Reinspection
- [x] Number of fire extinguisher needed (4)
- [ ] Service fire extinguisher
- [ ] Repair electrical
- [ ] Repair plumbing
- [ ] Exit/Emergency lights
- [ ] Remove drop cords
- [ ] Clear exit pathways
- [ ] Remove locks on emergency exits
- [ ] Address on door
- [ ] Water heater pop off valve
- [ ] Approved for Utilities only
- [ ] Approved for Business license only
- [x] Approved for Utilities and Business License

Permits Required:

- [ ] Signage
- [ ] Plumbing
- [ ] Electrical
- [ ] Structural
- [ ] HVAC

Inspector Approved/Denied: Curtis Craig Date: 7-15-15

Curtis Craig 706-263-2299 Joey Moore 770-548-2114

Fire Inspector Approved/Denied _____ Date: _____

Tim Duvall 770-878-0185 Burton Fox 770-878-0198

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

State of Georgia
Drugs and Narcotics Agency

254 Washington Street, SW – Suite G2000
Atlanta, Georgia 30334
404-656-5100 fax 404-651-8210 800-656-6568

C. Richard "Rick" Allen, RPH
Director

September 2, 2015

Georgia State Board of Pharmacy
Attn: Annie Ruth Parks
2 Peachtree Street, SW – 6th Floor
Atlanta, Georgia 30303

RE: NEW OPIOID TREATMENT

Dear Ms. Parks:

We are in receipt of an application under the Board's letter dated 8/6/15 regarding issuance of a new Opioid Treatment Pharmacy permit from:

Crossroads Treament Center of Calhoun PC
367 Richardson Road SE
Calhoun, Gordon County, Georgia 30701

Ownership is Individual; Rupert McCormac IV - Owner. Pharmacist in charge is **Kofi Julian Roberts RPH014362.**

It is recommended that a new opioid treatment pharmacy permit be issued, and via copy of this approval, **applicant should allow at least 20 business days** for the Board to up-date their website, www.gbp.ga.gov (Online Services – License Verification), to reflect issuance of this permit.

Additional concerns regarding issuance/receipt of permit should be directed Ms. Parks, at aparks@dch.ga.gov.

Sincerely,

C. Richard Allen, RPH
Director
Georgia Drugs and Narcotics Agency

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

CENTERS FOR MEDICARE & MEDICAID SERVICES

CLINICAL LABORATORY IMPROVEMENT AMENDMENTS

CERTIFICATE OF WAIVER

LABORATORY NAME AND ADDRESS
CROSSROADS TREATMENT CENTER OF CALHOUN
367 RICHARDSON RD, SE
CALHOUN, GA 30701

CLIA ID NUMBER
11D2102724

EFFECTIVE DATE
09/28/2015

LABORATORY DIRECTOR
PAUL PYLES M.D.

EXPIRATION DATE
09/27/2017

Pursuant to Section 353 of the Public Health Services Act (42 U.S.C. 263a) as revised by the Clinical Laboratory Improvement Amendments (CLIA), the above named laboratory located at the address shown hereon (and other approved locations) may accept human specimens for the purposes of performing laboratory examinations or procedures.

This certificate shall be valid until the expiration date above, but is subject to revocation, suspension, limitation, or other sanctions for violation of the Act or the regulations promulgated thereunder.

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

Karen W. Dyer, Acting Director
Division of Laboratory Services
Survey and Certification Group
Center for Clinical Standards and Quality

447 Certs1_101315

- If this is a Certificate of Registration, it represents only the enrollment of the laboratory in the CLIA program and does not indicate a Federal certification of compliance with other CLIA requirements. The laboratory is permitted to begin testing upon receipt of this certificate, but is not determined to be in compliance until a survey is successfully completed.
- If this is a Certificate for Provider-Performed Microscopy Procedures, it certifies the laboratory to perform only those laboratory procedures that have been specified as provider-performed microscopy procedures and, if applicable, examinations or procedures that have been approved as waived tests by the Department of Health and Human Services.
- If this is a Certificate of Waiver, it certifies the laboratory to perform only examinations or procedures that have been approved as waived tests by the Department of Health and Human Services.

FOR MORE INFORMATION ABOUT CLIA, VISIT OUR WEBSITE AT WWW.CMS.GOV/CLIA
OR CONTACT YOUR LOCAL STATE AGENCY. PLEASE SEE THE REVERSE FOR
YOUR STATE AGENCY'S ADDRESS AND PHONE NUMBER.
PLEASE CONTACT YOUR STATE AGENCY FOR ANY CHANGES TO YOUR CURRENT CERTIFICATE.

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

Crossroads Treatment Center of Charleston

North Charleston, South Carolina

Business License - North Charleston

License #: LIC-7-14-117975

07/23/2014
Date Issued

Company Name **CROSSROADS TREATMENT CENTER**

Business Name **CROSSROADS OF CHARLESTON MANAGEMENT CO LLC**

Type of Occupation **ALL OTHER OUTPATIENT CARE CENTERS**

2470 MALL DR Suite C & D
North Charleston, SC 29406
Location

2470 MALL DR Suite C & D
North Charleston, SC 29406
Mailing Address

Expires: December 31, 2014

Account #: 30087

Must be posted in a visible location in the business establishment

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

CERTIFICATE OF REGISTRATION
ISSUED PURSUANT TO THE

SOUTH CAROLINA CONTROLLED SUBSTANCES ACT

THIS CERTIFICATE MUST BE MAINTAINED IN A READILY RETRIEVABLE MANNER AT ALL TIMES.

DATE OF ISSUE	REGISTRATION FEE	CODE	EXPIRATION DATE
10/19/2015	325.00		04/01/2016

SCHEDULES OF CONTROLLED SUBSTANCES AUTHORIZED*	DEA REGISTRATION NUMBER	STATE REGISTRATION NUMBER
2,3		79-16141

CROSSROADS TREATMENT CTR OF CHAS
2470 MALL DRIVE
SUITES C & D

N CHARLESTON SC 29406

*2-II-NARCOTIC; 2N-II-NON-NARCOTIC; 3-III-NARCOTIC; 3N-III-NON-NARCOTIC; 4-SCHEDULE IV-ALL; 5-SCHEDULE V-ALL
THIS CERTIFICATE IS NOT TRANSFERABLE UPON CHANGE OF OWNERSHIP OR ADDRESS
S.C. DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL
BUREAU OF DRUG CONTROL
2600 BULL STREET
COLUMBIA, SOUTH CAROLINA 29201

DHEC 1176 (04/2000)

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

OPIOID TREATMENT PROGRAM CERTIFICATION

Substance Abuse and Mental Health Services Administration
Center for Substance Abuse Treatment
Rockville, MD 20850

OTP NUMBER

SC-10034-M

EXPIRATION DATE

October 23, 2016

Crossroads Treatment Center of Charleston, PC
2470 Mall Drive,
Suites C & D
North Charleston, SC 29406

This certificate is issued under authority of 42 CFR § 8.11 (21 U.S.C. 823(g)(1))

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Substance Abuse and Mental Health Services Administration
Center for Substance Abuse Treatment
www.samhsa.gov

Daryl W. Kade

Daryl W. Kade
Acting Director,
Center for Substance Abuse Treatment

THIS CERTIFICATE IS NOT TRANSFERABLE ON CHANGE OF OWNERSHIP, CONTROL, LOCATION, BUSINESS ACTIVITY OR VALID AFTER EXPIRATION DATE

November 20, 2015
12:24 pm
SUPPLEMENTAL #1

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

North Charleston, South Carolina

Business License - North Charleston

License #: LIC-7-15-137527

07/30/2015
Date Issued

Company Name	**CROSSROADS TREATMENT CENTER**
Business Name	**CROSSROADS OF CHARLESTON MANAGEMENT CO LLC**
Type of Occupation	**ALL OTHER OUTPATIENT CARE CENTERS**

2470 MALL DR Suite C & D
North Charleston, SC 29406
Location

105 NORTH SPRING ST Suite 109
GREENVILLE, SC 29601
Mailing Address

Expires: December 31, 2015

Account #: 30087

Must be posted in a visible location in the business establishment

CHARLESTON COUNTY
SOUTH CAROLINA

Department of Revenue Collections
4045 Bridge View Drive
North Charleston, SC 29405-7464

RECEIPT
RETAIN FOR YOUR RECORDS

Business License - North Charleston

DATE ISSUED: 07/30/2015

Jurisdiction	Deductions	Actual Gross Receipts	Total Due	Total Payment	Balance Due
In Municipal Limits	**$0.00**	**$0.00**			**$0.00**

MAILING ADDRESS:
CROSSROADS TREATMENT CENTER
CROSSROADS OF CHARLESTON MANAGEMENT CO LLC
105 NORTH SPRING ST Suite 109
GREENVILLE, SC 29601

INVOICE NO: **INV-7-15-976996**

LICENSE NO: **LIC-7-15-137527**

CLASS: **Tax Class 6**

EXPIRES ON December 31, 2015

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

THERE IS AN OPEN INVOICE ON THIS ACCOUNT AND A BALANCE IS DUE. THE BALANCE MUST BE PAID BEFORE A LICENSE CAN BE GENERATED.

Department of Revenue Collections
4045 Bridge View Drive
North Charleston, SC 29405-7464

RECEIPT
RETAIN FOR YOUR RECORDS

Business License - North Charleston

DATE ISSUED: 07/30/2015

Jurisdiction	Deductions	Actual Gross Receipts	Total Due	Total Payment	Balance Due
In Municipal Limits	**$0.00**	**$0.00**			**$0.00**

MAILING ADDRESS:
CROSSROADS TREATMENT CENTER
CROSSROADS OF CHARLESTON MANAGEMENT CO LLC
105 NORTH SPRING ST Suite 109
GREENVILLE, SC 29601

INVOICE NO: **INV-7-15-976996**

LICENSE NO: **LIC-7-15-137527**

CLASS: **Tax Class 6**

EXPIRES ON December 31, 2015

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

DEA REGISTRATION NUMBER	THIS REGISTRATION EXPIRES	FEE PAID
RC0487290 ZC0487290	08-31-2016	$244

SCHEDULES	BUSINESS ACTIVITY	DATE ISSUED
2,3	MAINT & DETOX	10-19-2015

CROSSROADS TREATMENT CENTER OF CHARLESTON, PC
2470 MALL DRIVE
SUITES C & D
N CHARLESTON, SC 29406

CONTROLLED SUBSTANCE REGISTRATION CERTIFICATE
UNITED STATES DEPARTMENT OF JUSTICE
DRUG ENFORCEMENT ADMINISTRATION
WASHINGTON, D.C. 20537

Sections 304 and 1008 (21 U.S.C. 824 and 958) of the Controlled Substances Act of 1970, as amended, provide that the Attorney General may revoke or suspend a registration to manufacture, distribute, dispense, import or export a controlled substance.

THIS CERTIFICATE IS NOT TRANSFERABLE ON CHANGE OF OWNERSHIP, CONTROL, LOCATION, OR BUSINESS ACTIVITY, AND IS NOT VALID AFTER THE EXPIRATION DATE.

CONTROLLED SUBSTANCE REGISTRATION CERTIFICATE
UNITED STATES DEPARTMENT OF JUSTICE
DRUG ENFORCEMENT ADMINISTRATION
WASHINGTON, D.C. 20537

DEA REGISTRATION NUMBER	THIS REGISTRATION EXPIRES	FEE PAID
RC0487290 ZC0487290	08-31-2016	$244

SCHEDULES	BUSINESS ACTIVITY	DATE ISSUED
2,3	MAINT & DETOX	10-19-2015

CROSSROADS TREATMENT CENTER OF CHARLESTON, PC
2470 MALL DRIVE
SUITES C & D
N CHARLESTON, SC 29406

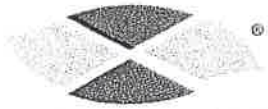
Sections 304 and 1008 (21 U.S.C. 824 and 958) of the Controlled Substances Act of 1970, as amended, provide that the Attorney General may revoke or suspend a registration to manufacture, distribute, dispense, import or export a controlled substance.

THIS CERTIFICATE IS NOT TRANSFERABLE ON CHANGE OF OWNERSHIP, CONTROL, LOCATION, BUSINESS ACTIVITY, OR VALID AFTER THE EXPIRATION DATE.

Form DEA-223 (05/04)

SUPPLEMENTAL #1

November 20, 2015
12:24 pm



crossroads centers

We help opioid dependent patients get their lives back.

SCDHEC
Bureau of Health Facilities Licensing
2600 Bull Street
Columbia, SC 29201

September 2, 2015

To whom it may concern:

Crossroads Treatment Centers will not operate our facility at 2470 Mall Drive, Suite C &D, North Charleston, SC 29406 within 500 feet of a church, public or private elementary or secondary school, boundary of any residential district, public park adjacent to any residential district, or property line of a lot devoted to residential use, as defined and measured by South Carolina Department of Health and Environmental Control (DHEC), Section 26180 of Regulation 61-93.

Sincerely,

Rupert J. McCormac IV, M.D

Chief Executive Officer

Crossroads Treatment Centers

Notarized: Kim Deal - 9/2/15

Kim Deal

My Commission Expires 7/28/2018

SUPPLEMENTAL #1

November 20, 2015

12:24 pm

DEPARTMENT OF HEALTH & HUMAN SERVICES

Substance Abuse and Mental Health Services Administration

One Choke Cherry Road
Rockville, MD 20857

October 23, 2015

Rupert McCormac IV (Sponsor)
105 N. Spring Street Suite 109
Greenville, SC 29601

Crossroads Treatment Center of Charleston, PC
2470 Mall Drive, Suites C & D
North Charleston, SC 29406

Re: OTP No. SC10034M, DEA No. RC0487290

Dear Rupert McCormac IV:

This is in reference to your Application for Certification to Use Opioid Drugs in a Treatment Program Under 42 CFR § 8.11 (SMA-162) dated **July 01, 2014.** Also, please refer to your submission regarding your application to CARF, a Substance Abuse and Mental Health Services Administration (SAMHSA)-approved accreditation body. SAMHSA has completed processing your application for provisional certification. Pursuant to 42 CFR § 8.11(e), you are hereby granted provisional certification.

Under the terms of provisional certification, you are authorized to use opioid drugs for maintenance and/or detoxification treatment of narcotic addiction at the above referenced location. Please note that methadone, Subutex®, Suboxone®, and FDA-approved generic buprenorphine addiction products are the only narcotic drugs approved for the treatment of narcotic addiction in opioid treatment programs (OTPs). The relocation of your primary dispensing location (listed above) requires the submission of an amendment to your program application, and advance approval from SAMHSA for the relocation. Please note that your provisional certification **will expire October 23, 2016**.

The Federal opioid treatment standards set forth under 42 CFR § 8.12 reflect the requirements necessary to determine the Federal qualifications for professional practice in the medical treatment of opiate addiction with opioid treatment medications. Since your State Authority and the Drug Enforcement Administration (DEA) standards and regulations may vary, this approval does not abrogate any restrictions imposed by your State Authority or DEA.

Please include the above OTP number in any correspondence concerning your application.

Sincerely,

Daryl W. Kade
Acting Director,
Center for Substance Abuse Treatment
Substance Abuse and Mental Health Services Administration

cc: DEA
State Opioid Treatment Authority
CARF
Ivette Ruiz, CSAT
Attachment: Certification Certificate

SUPPLEMENTAL #1

South Carolina Department of Labor, Licensing and Regulation
P.O. Box 11927
Columbia, SC 29211
803-896-4700 FAX: 803-896-4596

November 20, 2015
12:24 pm

S.C. Board of Pharmacy Permit Inspection Report

Permit Name CROSSROADS TREATMENT CENTER OF CHARLESTON, PC

Permit # 16141 Date 2015-08-25

DBA

Address 2470 MALL DRIVE SUITES C&D City NORTH CHARLESTON

State SC ZIP 29406 County Charleston

Pharmacist Thomas O'Donnell Pharmacist License # PH.35549

Consultant Consultant License #

Permit Holder RUPERT McCORMAC IV, M.D Phone (864)270-6860

Inspection Type: ☒ New ☐ Follow up ☐ Routine ☐ Relocation ☐ Consultation
☐ Change of Ownership ☐ Change of Name ☐ Change of Location

Type of Permit:

☐ Institutional Pharmacy
☐ Sterile Compounding
☐ Wholesale Distributor Drug Outlet
☐ Federally Qualified Health Clinic
☐ Non Sterile Compounding
☐ Non Dispensing Drug Outlet
☐ Nuclear Pharmacy
☐ Consultation
☐ Medical Gas/DME
☒ Retail Pharmacy
☐ Detention Centers

Comments

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Type	Violation	Comment

This inspection report describes alleged violations of the Pharmacy Practice Act. All Violations and matters needing improvement must be corrected.

You must notify the Board in writing or e-mail of those corrections within days.

Failure to comply with these terms may result in Board action.
This inspection report has been reviewed with me and I have been advised as to my responsibilities under the Pharmacy Practice Act.

Kerry Lauria
Contact Name

Operations Specialist
Contact Title

Inspector Signature

Bonnie Wilgus
Inspector's Name

Tom O'donnell Rph35549
Contact License

Licensed Pharmacist / Designee Signature

Bonnie.Wilgus@llr.sc.gov
Inspector's e-mail

beverly.gould@llr.sc.gov;klauria@crossroadstreatmentcenters.com
Contact Email(s)

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

POC 1005867

PERMIT NO. 16141
DATE ISSUED: 08/25/2015

South Carolina Department of Labor, Licensing and Regulation

Board of Pharmacy

Pharmacy Permit

2015-2016

Expires 06/30/2016

CROSSROADS TREATMENT CENTER OF CHARLESTON, PC

Permit Holder: RUPERT MCCORMAC IV, M.D.
2470 MALL DRIVE SUITES C&D
NORTH CHARLESTON SC 29406

J. Addison Livingston, Chairman

Robert Hubbard, Vice-Chairman

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

Attachment 21

Affidavit of Publication

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

JOHNSON CITY PRESS
204 W. Main Street
Johnson City, TN 37604
AFFIDAVIT OF PUBLICATION

AD# 1268753

DATES: 11-6-2015

NOTIFICATION OF INTENT TO APPLY FOR CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C. A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that: Crossroads Treatment Centers, a new facility owned by: Crossroads Treatment Centers of Tri-Cities, PC with an ownership type of Professional Corporation and to be managed by Crossroads of Tri-Cities Management Co., LLC intends to file an application for a Certificate of Need for the establishment of a non-residential substitution-based (methadone) treatment center for opiate addiction, and the initiation of adult opioid treatment program services. The center will be developed and located on Princeton Road, where a street address has not yet been assigned, between Susannah Street and Wesley Street, on land that is currently vacant next to the Princeton Medical Center Building, Johnson City (Washington County), Tennessee 37604. The cost of the project is expected to be less than $1.9 million.

The anticipated date of filing the application is on or before November 11, 2015

The contact person for this project is Kim H. Looney, Esq. Attorney who may be reached at: Waller Lansden Dortch & Davis, LLP 511 Union Street, Suite 2700 Nashville TN 37219, 615 / 850-8722

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant toT.C. A. § 68-11-1607 (c) (1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

PUB1T: 11/6/2015

State of Tennessee)
Carter County)
Washington County)

Teresa Hicks makes the oath that she is a

daily newspaper published in Johnson Cit

advertisement was published in said pap

11-6-2015 and ending on

Sworn to and Subscribed before me this 11 6 2015

Month Day Year

CONNIE N. GUINN
STATE OF TENNESSEE NOTARY PUBLIC
WASHINGTON COUNTY

Connie N. Guinn
Notary Public

My commission expires on 03/28/2017

This legal notice was published online at www.johnsoncitypress.com and www.publicnoticeads.com during the duration of the run dates listed. This publication fully complies with Tennessee Code Annotated 1-3-20

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

Attachment 22

Revised Notification Letters to Government Officials

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

waller

Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
P.O. Box 198966
Nashville, TN 37219-8966

615.244.6804 fax
www.wallerlaw.com

Kim Harvey Looney
615.850.8722 direct
kim.looney@wallerlaw.com

November 9, 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Johnson City Mayor's Office
Attn: Mayor Clayton Stout
1301 Iris Avenue
Johnson City, TN 37601

Re: *Crossroads Treatment Centers CN1511-048*

Dear Mayor Stout:

This letter will serve as notice that our letter to you dated November 6, 2015, a copy of which is attached, incorrectly stated the wrong zip code and CON number for the attached-referenced CON project. The correct zip code is 37601 and the CON number is CN1511-048.

If you have any questions, please contact me at 615-850-8722 or by email at Kim.Looney@wallerlaw.com.

Sincerely,

Kim Harvey Looney

KHL:lag
Enclosures

4813-9094-3274.1

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

waller

Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
P.O. Box 198966
Nashville, TN 37219-8966

615.244.6380 main
615.244.6804 fax
wallerlaw.com

Kim Harvey Looney
615.850.8722 direct
kim.looney@wallerlaw.com

November 6, 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Johnson City Mayor's Office
Attn: Mayor Clayton Stout
1301 Iris Avenue
Johnson City, TN 37601

Re: Crossroads Treatment Centers CN1504-015
Certificate of Need

Dear Mayor Stout:

This letter will serve as notice (pursuant to Tennessee Code Annotated 68-11-1607(c)(3)) that our client, Crossroads Treatment Centers filed a Certificate of Need with the Tennessee Health Services and Development Agency ("HSDA") on November 6, 2015 for the establishment of a non-residential substitution based treatment center for opiate addiction to be located on Princeton Road, where a street address has not yet been assigned, between Susannah Street and Wesley Street, on land that is currently vacant next to the Princeton Medical Center building, Johnson City (Washington County), Tennessee 37604. Attached is a copy of the Letter of Intent as filed with the HSDA.

If you have any questions, please contact me at 615-850-8722 or by email at kim.looney@wallerlaw.com.

Sincerely,

Kim H. Looney

Kim Harvey Looney

KHL:lg
Enclosure

4844-8357-8922.3

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the The Johnson City Press (Name of Newspaper)

which is a newspaper of general circulation in the county of: Washington (County)

Tennessee, on or before November 6 (Month/Day), 20 15 (Year) for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Crossroads Treatment Centers (Name of Applicant) N/A (Facility Type-Existing)

owned by: Crossroads Treatment Centers of Tri-Cities, PC with an ownership type of Professional Corporation

and to be managed by: Crossroads of Tri-Cities Management Co., LLC intends to file an application for a Certificate of Need

for: the establishment of a non-residential substitution-based (methadone) treatment center for opiate addiction, and the initiation of adult opioid treatment program services. The center will be developed and located on Princeton Road, where a street address has not yet been assigned, between Susannah Street and Wesley Street, on land that is currently vacant next to the Princeton Medical Center building, Johnson City (Washington County), Tennessee 37604. The cost of the project is expected to be less than $1.9 million.

The anticipated date of filing the application is: On or before November 11, 20 15

The contact person for this project is Kim H. Looney, Esq. (Contact Name) Attorney (Title)

who may be reached at: Waller Lansden Dortch & Davis LLP (Company Name) 511 Union Street, Suite 2700 (Address)

Nashville (City) TN (State) 37219 (Zip Code) 615 (Area Code) / 850-8722 (Phone Number)

Kim H. Looney (Signature) November 6, 2015 (Date) Kim.Looney@wallerlaw.com (Email-Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

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SUPPLEMENTAL #1

November 20, 2015
12:24 pm

waller

Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
P.O. Box 198966
Nashville, TN 37219-8966

615.244.6804 fax
www.wallerlaw.com

Kim Harvey Looney
615.850.8722 direct
kim.looney@wallerlaw.com

November 9, 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Dan Eldridge
Mayor Washington County
100 East Main Street
Jonesborough, TN 37659

Re: *Crossroads Treatment Centers CN1511-048*

Dear Mayor Eldridge:

This letter will serve as notice that our letter to you dated November 6, 2015, a copy of which is attached, incorrectly stated the wrong zip code and CON number for the attached-referenced CON project. The correct zip code is 37601 and the CON number is CN1511-048.

If you have any questions, please contact me at 615-850-8722 or by email at Kim.Looney@wallerlaw.com.

Sincerely,

Kim Harvey Looney

KHL:lag
Enclosures

SUPPLEMENTAL #1

November 20, 2015

12:24 pm

waller

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Nashville, TN 37219-8966

615.244.6380 main
615.244.6804 fax
wallerlaw.com

Kim Harvey Looney
615.850.8722 direct
kim.looney@wallerlaw.com

November 6, 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Dan Eldridge
Mayor Washington County
100 East Main Street
Jonesborough, TN 37659

Re: Crossroads Treatment Centers CN1504-015
Certificate of Need

Dear Mayor Eldridge:

This letter will serve as notice (pursuant to Tennessee Code Annotated 68-11-1607(c)(3)) that our client, Crossroads Treatment Centers filed a Certificate of Need with the Tennessee Health Services and Development Agency ("HSDA") on November 6, 2015 for the establishment of a non-residential substitution based treatment center for opiate addiction to be located on Princeton Road, where a street address has not yet been assigned, between Susannah Street and Wesley Street, on land that is currently vacant next to the Princeton Medical Center building, Johnson City (Washington County), Tennessee 37604. Attached is a copy of the Letter of Intent as filed with the HSDA.

If you have any questions, please contact me at 615-850-8722 or by email at kim.looney@wallerlaw.com.

Sincerely,

Kim Harvey Looney

KHL:lg
Enclosure

SUPPLEMENTAL #1

November 20, 2015
12:24 pm

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the The Johnson City Press (Name of Newspaper)

which is a newspaper of general circulation in the county of: Washington (County)

Tennessee, on or before November 6 (Month/Day), 20 15 (Year) for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Crossroads Treatment Centers (Name of Applicant) N/A (Facility Type-Existing)

owned by: Crossroads Treatment Centers of Tri-Cities, PC with an ownership type of Professional Corporation

and to be managed by: Crossroads of Tri-Cities Management Co., LLC intends to file an application for a Certificate of Need

for: the establishment of a non-residential substitution-based (methadone) treatment center for opiate addiction, and the initiation of adult opioid treatment program services. The center will be developed and located on Princeton Road, where a street address has not yet been assigned, between Susannah Street and Wesley Street, on land that is currently vacant next to the Princeton Medical Center building, Johnson City (Washington County), Tennessee 37604. The cost of the project is expected to be less than $1.9 million.

The anticipated date of filing the application is: On or before November 11, 20 15

The contact person for this project is Kim H. Looney, Esq. (Contact Name) Attorney (Title)

who may be reached at: Waller Lansden Dortch & Davis LLP (Company Name) 511 Union Street, Suite 2700 (Address)

Nashville (City) TN (State) 37219 (Zip Code) 615 (Area Code) / 850-8722 (Phone Number)

Kim H. Looney (Signature) November 6, 2015 (Date) Kim.Looney@wallerlaw.com (Email-Address)

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Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

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SUPPLEMENTAL #1

November 20, 2015
12:24 pm

waller

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P.O. Box 198966
Nashville, TN 37219-8966

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Kim Harvey Looney
615.850.8722 direct
kim.looney@wallerlaw.com

November 9, 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Representative James "Micha" Van Huss
Tennessee General Assembly
District 6
301 6th Avenue North
Suite 23 Legislative Plaza
Nashville, TN 37243

Re: *Crossroads Treatment Centers CN1511-048*

Dear Representative Van Huss:

This letter will serve as notice that our letter to you dated November 6, 2015, a copy of which is attached, incorrectly stated the wrong zip code and CON number for the attached-referenced CON project. The correct zip code is 37601 and the CON number is CN1511-048.

If you have any questions, please contact me at 615-850-8722 or by email at Kim.Looney@wallerlaw.com.

Sincerely,

Kim H. Looney

Kim Harvey Looney

KHL:lag
Enclosures

SUPPLEMENTAL #1

November 20, 2015

12:24 pm

waller

Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
P O Box 198966
Nashville, TN 37219-8966

615 244 6380 main
615 244 6804 fax
wallerlaw.com

Kim Harvey Looney
615 850 8722 direct
kim.looney@wallerlaw.com

November 6, 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Representative James "Micha" Van Huss
Tennessee General Assembly
District 6
301 6th Avenue North
Suite 23 Legislative Plaza
Nashville, TN 37243

Re: Crossroads Treatment Centers CN1504-015
Certificate of Need

Dear Representative Van Huss:

This letter will serve as notice (pursuant to Tennessee Code Annotated 68-11-1607(c)(3)) that our client, Crossroads Treatment Centers filed a Certificate of Need with the Tennessee Health Services and Development Agency ("HSDA") on November 6, 2015 for the establishment of a non-residential substitution based treatment center for opiate addiction to be located on Princeton Road, where a street address has not yet been assigned, between Susannah Street and Wesley Street, on land that is currently vacant next to the Princeton Medical Center building, Johnson City (Washington County), Tennessee 37604. Attached is a copy of the Letter of Intent as filed with the HSDA.

If you have any questions, please contact me at 615-850-8722 or by email at kim.looney@wallerlaw.com.

Sincerely,

Kim H. Looney

Kim Harvey Looney

KHL:lg
Enclosure

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the The Johnson City Press (Name of Newspaper)

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Tennessee, on or before November 6 (Month/Day), 20 15 (Year) for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Crossroads Treatment Centers (Name of Applicant) N/A (Facility Type-Existing)

owned by: Crossroads Treatment Centers of Tri-Cities, PC with an ownership type of Professional Corporation

and to be managed by: Crossroads of Tri-Cities Management Co., LLC intends to file an application for a Certificate of Need

for: the establishment of a non-residential substitution-based (methadone) treatment center for opiate addiction, and the initiation of adult opioid treatment program services. The center will be developed and located on Princeton Road, where a street address has not yet been assigned, between Susannah Street and Wesley Street, on land that is currently vacant next to the Princeton Medical Center building, Johnson City (Washington County), Tennessee 37604. The cost of the project is expected to be less than $1.9 million.

The anticipated date of filing the application is: On or before November 11, 20 15

The contact person for this project is Kim H. Looney, Esq. (Contact Name) Attorney (Title)

who may be reached at: Waller Lansden Dortch & Davis LLP (Company Name) 511 Union Street, Suite 2700 (Address)

Nashville (City) TN (State) 37219 (Zip Code) 615 (Area Code) / 850-8722 (Phone Number)

Kim H. Looney (Signature) November 6, 2015 (Date) Kim.Looney@wallerlaw.com (Email-Address)

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Nashville, Tennessee 37243

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SUPPLEMENTAL #1

November 20, 2015
12:24 pm

waller

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Nashville, TN 37219 8966

615 244 6380 main
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Kim Harvey Looney
615 850 8722 direct
kim.looney@wallerlaw.com

November 9, 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Senator Rusty Crowe
Tennessee General Assembly
District 3
301 6th Avenue North
Suite 8 Legislative Plaza
Nashville, TN 37243

808 East 8th Avenue
Johnson City, TN 37601

Re: *Crossroads Treatment Centers CN1511-048*

Dear Senator Crowe:

This letter will serve as notice that our letter to you dated November 6, 2015, a copy of which is attached, incorrectly stated the wrong zip code and CON number for the attached-referenced CON project. The correct zip code is 37601 and the CON number is CN1511-048.

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Kim Harvey Looney

KHL:lag
Enclosures

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Kim Harvey Looney

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November 20, 2015
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Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

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615.244.6804 fax
wallerlaw.com

Kim Harvey Looney
615.850.8722 direct
kim.looney@wallerlaw.com

November 9, 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Congressman Phil Roe
U.S. Representative
Tennessee District 1
Higher Education Building
205 Revere Street
Kingsport, TN 37660

1609 Walters State CC Drive
Suite 4
Morristown, TN 37813

Re: *Crossroads Treatment Centers CN1511-048*

Dear Congressman Phil Roe:

This letter will serve as notice that our letter to you dated November 6, 2015, a copy of which is attached, incorrectly stated the wrong zip code and CON number for the attached-referenced CON project. The correct zip code is 37601 and the CON number is CN1511-048.

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Kim H. Looney

Kim Harvey Looney

KHL:lag
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Tennessee District 1
Higher Education Building
205 Revere Street
Kingsport, TN 37660

1609 Walters State CC Drive
Suite 4
Morristown, TN 37813

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Kim H. Looney

Kim Harvey Looney

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November 20, 2015
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Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

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Nashville (City) TN (State) 37219 (Zip Code) 615 (Area Code) / 850-8722 (Phone Number)

Kim H. Looney (Signature) November 6, 2015 (Date) Kim.Looney@wallerlaw.com (Email-Address)

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SUPPLEMENTAL #1
November 20, 2015
12:24 pm

7002 3150 0000 1525 0416

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NOV 09 2015
NASHVILLE TN ARCADE STA. USPS - 37219
Postmark Here
Sent To: Dan Eldridge
Mayor Washington County
Street, Apt. No. or PO Box No.: 100 East Main Street
City, State, ZIP: Jonesborough, TN 37659
PS Form 3800, June 2002 — See Reverse for Instructions

7002 3150 0000 1525 0409

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Total Postage
NOV 09 2015
NASHVILLE TN ARCADE STA. USPS - 37219
Postmark Here
Sent To: Johnson City Mayor's Office
Attn: Mayor Clayton Stout
Street, Apt. No. or PO Box No.: 1301 Iris Avenue
City, State, ZIP: Johnson City, TN 37601
PS Form 3800, June 2002 — See Reverse for Instructions

7002 3150 0000 1525 0447

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Total Po
NOV 09 2015
NASHVILLE TN ARCADE STA. USPS - 37219
Postmark Here
Sent To: Senator Rusty Crowe
Tennessee General Assembly
Street, Apt. No. or PO Box No.: District 3
808 East 8th Avenue
City, State, ZIP: Johnson City, TN 37601
PS Form 3800, June 2002 — See Reverse for Instructions

7002 3150 0000 1525 0430

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Total
NOV 09 2015
NASHVILLE TN ARCADE STA. USPS - 37219
Postmark Here
Sent To: Senator Rusty Crowe
Tennessee General Assembly
District 3
Street, Apt. No. or PO Box No.: 301 6th Avenue North
City, State, ZIP: Suite 8 Legislative Plaza
Nashville, TN 37243
PS Form 3800, June 2002 — See Reverse for Instructions

7002 3150 0000 1525 9068

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Restricted Delivery Fee (Endorsement Required)
Total F
NOV 09 2015
NASHVILLE TN ARCADE STA. USPS - 37219
Postmark Here
Sent To: Congressman Phil Roe
U.S. Representative
Street, Apt. No. or PO Box No.: District 1
1609 Walters State CC Drive
City, State, ZIP: Suite 4
Morristown, TN 37813
PS Form 3800, June 2002 — See Reverse for Instructions

7002 3150 0000 1525 0454

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For delivery information visit our website at www.usps.com®
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Return Reciept Fee (Endorsement Required)
Restricted Delivery Fee (Endorsement Required)
Total
NOV 09 2015
NASHVILLE TN ARCADE STA. USPS - 37219
Postmark Here
Sent To: Congressman Phil Roe
U.S. Representative
Tennessee District
Higher Education Building
Street, Apt. No. or PO Box No.: 205 Revere Street
City, State, ZIP: Kingsport, TN 37660
PS Form 3800, June 2002 — See Reverse for Instructions

7002 3150 0000 1525 0423

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

For delivery information visit our website at www.usps.com

OFFICIAL USE

NASHVILLE, TN 37203 STA.
NOV 09 2015

Postage	$
Certified Fee	
Return Reciept Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Pos	

Postmark Here

Sent To: Representative James "Micha" Van Huss
Tennessee General Assembly
District 6
Street, Apt. or PO Box: 301 6th Avenue North
Suite 23 Legislative Plaza
City, State, Nashville, TN 37243

PS Form 3800, June 2002 — See Reverse for Instructions

SUPPLEMENTAL #1
November 20, 2015
12:24 pm

NOV 20 '15 PM 12:25

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: CROSSROADS TREATMENT CENTERS CN1511-048

I, KIM H. LOONEY, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Kim H. Looney

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 20th day of November, 2015, witness my hand at office in the County of Davidson, State of Tennessee.

Laurie A. Glass

NOTARY PUBLIC

My commission expires: January 8, 2019

LAURIE A. GLASS
STATE OF TENNESSEE NOTARY PUBLIC
COUNTY OF DAVIDSON

MY COMMISSION EXPIRES:
JANUARY 8, 2019

HF-0043

Revised 7/02

4850-2880-5163.1

Supplemental #2
-ORIGINAL-

CROSSROADS TREATMENT CENTER

CN1511-048

SUPPLEMENTAL #2

November 25, 2015
12:11 pm

waller

Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
Nashville, TN 37219-8966

615.244.6380 main
615.244.6804 fax
wallerlaw.com

Kim Harvey Looney
615.850.8722 direct
kim.looney@wallerlaw.com

November 25, 2015

VIA HAND DELIVERY

Phillip M. Earhart
Health Services Development Examiner
Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street
9th Floor
Nashville, TN 37243

Re: Crossroads Treatment Centers CN1511-048 - Supplemental Responses
Additional Information

Dear Phillip:

This letter is submitted as the supplemental response to your letter dated November 24, 2015, wherein additional information or clarification was requested regarding the above-referenced CON application.

---

1. Section A, Applicant Profile, Item 6

The assignment and assumption agreement between Calhoun Real Estate, LLC and Crossroads of Tri-Cities Management Company, LLC is not fully executed. Please clarify who will have possession of the property. However, the applicant (Crossroad Treatment Centers of Tri-Cities, PC) must have legal interest in the property, not the management company. Please provide documentation (with all parties' signatures) that the applicant has legal interest in the property.

Response: Crossroads of Tri-Cities Management Company, LLC will have possession of the property, and develop the building that will be included on the property. Included in Attachment A, Applicant Profile, Item 6 is an executed updated copy of the Assignment and Assumption Agreement. Thus, Calhoun will assign its rights to the Management Company through the Assignment and Assumption Agreement and the Management Company has executed an Option to Lease which gives the Applicant control of the property.

Please clarify if the applicant will be leasing the property from Crossroads of Tri-Cities Management Company, LLC. If so, please provide a lease agreement and application replacement pages to reflect the lease agreement.

Response: The Applicant will lease from the Management Company. Included as Attachment A, Applicant Profile, Item 6 is a copy of an Option to Lease between the Management Company and the Applicant. Revised application pages are included as Attachment A, Applicant Profile, Item 6.

The Applicant would like to point out that in Tennessee, as in many of the other states in which it operates, corporations are prohibited from practicing medicine, with limited exceptions ("Corporate

Practice"). As such, the clinical aspects of the operation of the OTP must be performed through a physician entity, such as the professional corporation that has been set up in this situation. It is common for the professional corporation to perform the clinical functions and the management functions to be performed by a separate management entity.

The funding documentation from Ally Bank is noted. However, the submitted documentation is for Crossroads Holding LLC, the owner of the management company. Please submit a letter from Ally Bank that identifies the expected interest rate, term of the loan, and any anticipated restrictions or conditions for the applicant Crossroads Treatment Centers of Tri-Cities, P.C.

Response: A letter from Ally Bank that identifies the expected rates, term and conditions is included as Attachment A, Applicant Profile, Item 6. The funding will be provided to the Management Company. The Management Companies are the borrowers under the Loan and Security Agreement and Crossroads Holding, LLC is the guarantor. At the time the loan is made, the document will be executed by Crossroads of Tri-Cities Management Company, LLC.

The Loan and Security Agreement from Ally Bank is noted. However, please provide the signature page.

Response: The signature page from Ally Bank is included as Attachment A, Applicant Profile, Item 6.

It is noted the following 2 funding letters from the management entity are in the application: 1) A letter from the Chief Financial Officer of Treatment Centers HoldCo, LLC (owner of the management company Crossroads of Tri-Cities Management, LLC) verifying a $5,000,000 Revolving Note, and 2) an additional letter from Treatment Centers HoldCo CEO verifying funding for the proposed project. Please clarify the reason there are two funding letters in the application from the management company, but not the applicant. If needed, please provide an agreement between Treatment Centers HoldCo, LLC and the applicant, Crossroads Treatment Centers of Tri-Cities, P.C. that the management company will provide funding.

Response: As stated above, funding will be provided to the Management Company. The letters were provided to show that the Management Company would provide the funding. No additional documentation is necessary to show that the Management Company is providing the funding. An Option to Lease has been executed between the Management Company and the PC.

2. Section C, Economic Feasibility, Item 4 (Historical and Projected Data Chart)

The applicant notes in the supplemental response that management fees are included as a PC expense on the LLC (Management Company) financials, and in the Projected Data Chart that the management fee is revenue for the LLC. Please clarify.

Response: The items offset each other so the Applicant does not generally split out the management fee to the PC. As stated below, a Revised Projected Data Chart is included as an attachment to these supplemental questions.

It appears the applicant is 100% owned by Dr. Robert McCormac, while a separate owner (Crossroads Holdings, LLC) is the owner of the Management Company Crossroads of Tri-Cities Management Company, LLC. In addition, the management contract states the applicant will pay the management company 65% of the PC's Net Revenue collected during the preceding month. In Exhibit D of the management agreement it is noted the management fee will be $600,000 during the first contract year. Since the applicant (Crossroad Treatment Centers of Tri-Cities, PC) is the entity applying for the Certificate of Need, please account for the management fee in the Projected Data Chart and resubmit.

Response: Please see Revised Projected Data Chart included as Attachment C, Economic Feasibility, Item 4, which reflects the management fee of $600,000. As stated previously, Crossroads generally looks at financials that include both the PC and the Management Company, so that it can get a more accurate picture of the OTP as a whole.

The Historical Data Chart for the Asheville and Weaverville locations are noted. Please provide page 12 for line D.9.

Response: Please see page 12 for the Historical Data Chart for the Asheville and Weaverville locations included as Attachment C, Economic Feasibility, Item 4.

3. Proof of Publication

The publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent is noted. However, the copy of the publication covers the Affidavit of Publication. Please provide a copy of the affidavit of publication in its entirety.

Response: The original Affidavit of Publication was included with the previous supplementals. The placement of the copy of the publication by the newspaper covers up part of the affidavit. Please see a copy of the Affidavit with the publication notice lifted up so that the Affidavit is visible. It is not possible to copy where both are visible, given the placement of the publication by the newspaper.

Sincerely,

Kim Harvey Looney

KHL:lag
Encl.

SUPPLEMENTAL #2
November 25, 2015
12:11 pm

Attachment A, Applicant Profile, Item 6

1. Assignment and Assumption Agreement
2. Option to Lease Agreement
3. Revised Application Pages
4. Ally Bank Funding Letter
5. Ally Bank Signature Page to Loan and Security Agreement

SUPPLEMENTAL #2
November 25, 2015
12:11 pm

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT, dated as of November 22, 2015 (this "Agreement"), is entered into by and among Calhoun Real Estate, LLC (the "Assignor"), and Crossroads of Tri-Cities Management Co., LLC (the "Assignee").

Reference is made to that certain Commercial Purchase and Sale Agreement, dated as of October 7, 2015, by and among the Assignor and Mountain States Health Alliance (the "Purchase Agreement"). Capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Purchase Agreement.

W I T N E S S E T H:

WHEREAS, Section 4 of the Purchase Agreement grants to the Assignor a Due Diligence Period within which the Assignor may evaluate the Property, the feasibility of consummating the transactions contemplated by the Purchase Agreement, the availability and cost of financing and any other matter of concern to the Assignor;

WHEREAS, in the event the Assignor elects to consummate the transactions contemplated by the Purchase Agreement on the Closing Date, the Assignor agrees that, pursuant to Section 15(A) of the Purchase Agreement, it will assign, and the Assignee agrees that it will assume, the obligations of the Assignor under the Purchase Agreement as of the Closing Date; and[1]

WHEREAS, in the event the Assignee assumes the obligations of the Assignor under the Purchase Agreement pursuant to the terms hereto, Crossroads Treatment Center of Tri-Cities, P.C. (the "Lessee") agrees that it will enter into a mutually satisfactory lease agreement with the Assignee.

NOW, THEREFORE, in consideration of the above premises and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Section 1. Assignment of Purchase Agreement. The Assignor hereby irrevocably agrees that on the Closing Date, it will assign all of its right, title and interest in, and the Assignee hereby irrevocably accepts and assumes, the Purchase Agreement and the obligations contained therein, in accordance with the terms of the Purchase Agreement.

Section 2. Lease Agreement. The Lessee hereby agrees that on or following the Closing Date, it will enter into a mutually satisfactory lease agreement with the Assignee pursuant to which the Lessee will lease the Property from the Assignee.

Section 3. Further Assurances. The Assignor and the Assignee hereby agree to, and agree to cause their respective affiliates to, execute and deliver such additional

---

[1] For purposes of obtaining title insurance and other matters, the Purchase Agreement may have to be assigned prior to the Closing Date.

documents, instruments, conveyances and assurances and take such commercially reasonable actions as may be reasonably required to carry out the provisions hereof and give effect to the obligations set forth in the Purchase Agreement.

Section 3. Amendment and Modification; Waiver. Subject to applicable law, this Agreement may only be amended, modified and supplemented by written instrument authorized and executed by the Assignor and the Assignee with respect to any of the terms contained herein. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and executed by the party so waiving. The waiver by any party hereto of a breach of any provisions of this Agreement shall not operate or be construed as a waiver of any other or subsequent breach.

Section 4. No Third Party Beneficiaries. Nothing expressed or implied in this Agreement is intended, or will be construed, to confer upon or give any person other than the parties hereto and the Lessee, and their respective successors or permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, or result in such person being deemed a third party beneficiary of this Agreement.

Section 5. GOVERNING LAW. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TENNESSEE WITHOUT REFERENCE TO ITS CHOICE OF LAW RULES.

Section 6. Headings. The headings of this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 7. Counterparts. This Agreement may be executed in multiple counterparts (delivery of which may be by facsimile or via email as a portable document format (.pdf)), each of which will be deemed an original, and it will not be necessary in making proof of this Agreement or the terms of this Agreement to produce or account for more than one (1) fully executed counterpart.

Section 8. Purchase Agreement. This Agreement is subject in all respects to the terms and conditions of the Purchase Agreement. To the extent of any conflict between the terms of the Purchase Agreement and this Agreement, the Purchase Agreement shall control. Nothing contained in this Agreement shall be deemed to supersede, enlarge, modify or otherwise affect any of the covenants, agreements, representations or warranties of the applicable parties contained in the Purchase Agreement.

Section 9. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by law, the parties waive any provision of law which renders any such provision prohibited or unenforceable in any respect.

[the remainder of this page has intentionally been left blank]

SUPPLEMENTAL #2
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IN WITNESS WHEREOF, the parties hereto have executed this Assignment and Assumption Agreement as of the date first above written.

ASSIGNOR

CALHOUN REAL ESTATE, LLC

By: _____
Name: Steven W. Kester
Title: Authorized Signatory

SUPPLEMENTAL #2
November 25, 2015
12:11 pm

ASSIGNEE

CROSSROADS OF TRI-CITIES MANAGEMENT CO., LLC

By: _____
Name: Rupert J. McCormac IV, M.D
Title: Authorized Signatory

SUPPLEMENTAL #2
November 25, 2015
12:11 pm

OPTION TO LEASE AGREEMENT

THIS OPTION TO LEASE AGREEMENT (the "Agreement") is made and entered into as of this 23rd day of November, 2015, by and between Crossroads of Tri-Cities Management Company, LLC, ("Management Company") and Crossroads Treatment Center of Tri-Cities, P.C. , a Tennessee profit corporation ("PC").

WITNESSETH

WHEREAS, Management Company has plans to construct a building located at 413 Princeton Road, Johnson City, Washington County, Tennessee (the "Property"); and

WHEREAS, Management Company desires to enter into an option with PC whereby Management Company grants to PC the option to lease the entire Property, which option must be exercised as set forth below.

NOW, THEREFORE, for and in consideration of the mutual promises set forth herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1
GRANT OF OPTION

1.1 Management Company hereby grants to PC an exclusive option to lease the Property, upon the terms and conditions set forth herein.

1.2 The term of PC's option to lease the Leased Premises shall commence on the date hereof and shall continue for a period of twelve (12) months from the date hereof (the "Option Period"). The Option Period may be extended at any time prior to its expiration upon the mutual consent of the parties.

1.3 PC shall exercise its option to lease the Property by delivering written notice to Management Company within the Option Period by Registered or Certified Mail, or in person.

1.4 The parties agree hereto that this Option to Lease is contingent upon the PC obtaining a Certificate of Need to establish a methadone treatment center from the State of Tennessee Health Services and Development Agency which is not subject to a contested case hearing.

SECTION 2
TERMS AND CONDITIONS OF THE LEASE

2.1 The parties agree to execute a formal lease agreement, subject to any terms and conditions contained in this Agreement and as mutually agreed upon by the parties. The parties expect that rent shall reflect the fair market value of the property and shall be $128,457 the first year.

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2.2 The term of PC's lease of the Leased Premises shall be for a period of five (5) years (the "Term").

SECTION 3
MISCELLANEOUS PROVISIONS

3.1 Any notices required or permitted herein shall be addressed as follows and delivered to the other party by either registered or certified mail, facsimile, or in person:

If to Management Company:

Crossroads of Tri-Cities Management Company, LLC
105 N. Spring Street
Greenville, SC 29601

If to PC:

Crossroads Treatment Center of Tri-Cities, PC
413 Princeton Road
Johnson City, TN 37604

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by such party, as of the date first above written.

MANAGEMENT COMPANY:
Crossroads of Tri-Cities Management Company, LLC

By: Steven W. Kessler
Title: Member

PC:
Crossroads Treatment Center of Tri-Cities, P.C.

By: [signature]
Title: Chief Executive Officer

4844-0274-4107.1

SUPPLEMENTAL #2

November 25, 2015
12:11 pm

REVISED
EXECUTIVE SUMMARY

Crossroads Treatment Center CN1511-048

1. Brief description of proposed services and equipment

The Applicant, Crossroads Treatment Centers ("Crossroads or the Applicant") proposes to establish a non-residential opioid treatment program ("OTP") in a building to be constructed at 413 Princeton Road, in Johnson City, Tennessee. Crossroads will provide medication-assisted treatment ("MAT") for the rehabilitation of persons dependent on opioids to include opium, morphine, heroin, or any derivative of the group. These derivatives commonly include pain medications such as Oxycontin.

2. Ownership structure

Crossroads is owned by Crossroads Treatment Center of Tri-Cities, PC, which is owned 100% by Rupert J. McCormac, IV, M.D. This entity will be responsible for all medical aspects of the proposed facility, and will hold the CON and the facility license. Crossroads of Tri-Cities Management Co., LLC (the "LLC"), through a Management Agreement, will have management responsibility for the proposed facility. The LLC is owned by Treatment Centers HoldCo, which is 100% owned by Crossroads Holding, LLC.

3. Service area

The service area includes the eight most northeastern counties in Tennessee: Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi and Washington Counties.

4. Need

The Applicant estimates there are between 8,800 and 21,500 adults in the service area who are addicted to opioids (heroin and prescription pain pills). Tennessee has been ranked as the second highest prescribing state for narcotic painkillers. In addition, heroin use has skyrocketed. Opioid abuse has become so pervasive in Tennessee that, in 2012, opioids overtook alcohol as the primary substance of abuse for persons in treatment through the Tennessee Department of Mental Health and Substance Abuse Services ("TDMHSAS"). According to a 2014 report from the TDMHSAS, of the 4,850,000 adults in Tennessee, it is estimated that 221,000 (4.56%) have used pain relievers, also known as prescription opioids, in the past year for non-medical purposes. Of those adults, it is estimated that 69,100 are addicted to prescription opioids and require treatment for prescription opioid abuse. The other 151,900 are using prescription opioids in ways that could be harmful and may benefit from early intervention strategies. The remaining 4,629,000 adults in the population would benefit from broad-based prevention strategies that target the entire population.

In a comprehensive review of therapies for the management of opioid dependence, the World Health Organization's first conclusion is stated as follows:

> *"Opioid dependence is a complex condition that often requires long-term treatment and care. No single treatment modality is effective for all people with opioid dependence. Adequate access to a wide range of treatment options should be offered to respond to the varying needs of people with opioid dependence."*

The Applicant intends to provide MAT services utilizing methadone to help patients stop abusing opioids, manage triggers and addictive behaviors and gain control of their lives. When taken as prescribed, methadone is very safe and prevents patients from experiencing withdrawal symptoms, while at the same time not producing drowsiness or disorientation. The treatment

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provided at Crossroads includes much more than simply prescribing and dispensing medication. Crossroads' treatment includes physician assessment, counseling, laboratory testing and other support services.

Given the number of persons in this service area who are in need of treatment for opioid addiction, this service is clearly necessary to meet the health care needs of the service area population.

5. Existing Resources

While there are over 100 physicians providing treatment using buprenorphine, there are no providers of MAT services utilizing methadone in the entire 8 county service area. Numerous sources state that options for treatment should be available. In addition, many state that MAT using methadone is the most effective treatment for opioid addiction.

The closest Tennessee OTP to the service area is located in Knoxville, with a driving distance of over 100 miles. The closest out of state OTP is a Crossroads facility located in Weaverville, North Carolina, with a driving distance of 53 miles. State and federal regulations require new patients to make these commutes daily (6 to 7 days per week) for up to three months of treatment. For residents of the service area that are seeking to break the cycle of addiction, this is especially difficult if they work in the morning, are parents of young children, have unreliable transportation or struggle with their finances. The benefits of MAT depend on geographic accessibility; extensive travel interferes with employment and family responsibilities. Approval of this proposed project will significantly improve patient's access to needed treatment while improving their ability to maintain a steady job and to enter "financial recovery," and will increase the likelihood of success of the treatment.

6. Project Cost

The project cost is $1,826,660, excluding the CON filing fee. This cost includes $295,000 for the acquisition of the site, $268,200 for the preparation of the site, $840,000 for the construction costs, and $166,060 for a contingency fund, among other items.

7. Funding/Financial Feasibility

The proposed project is financially feasible in both the short and long terms. The Management Company will receive funding for the project's startup costs from a revolving line of credit agreement with Ally Bank. The Applicant will lease the premises from the Management Company and has executed an Option to Lease. Once operational, the project is projected to generate a profit in the second year of operations. The project is expected to generate ($540,245) in net income over the first 12 months of operation and $329,123 in the second year of operation. Any shortfall is expected to be covered by the Ally Bank line of credit agreement. Crossroads expects to serve 100 patients in the first month and be actively providing treatment services to 697 patients by the twelfth month of operations.

8. Staffing

The proposed staffing for the beginning of the operations of the facility includes 2 Counselors and one each of the following: Program Director, Physician, Director of Nursing, Dosing LPN, Physician Assistant, Clinical Director, Administrator and Physician Assistant. As the number of patients treated increases, the Applicant anticipates that additional staffing will be necessary.

5. ***Name of Management/Operating Entity*** ***(If Applicable)***

Crossroads of Tri-Cities Management Company, LLC
Name
105 N Spring Street — Greenville
Street or Route — County
Greenville — SC — 29601
City — State — Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

Response: See Attachment A-5 for a copy of a draft management contract.

6. ***Legal Interest in the Site of the Institution*** ***(Check One)***

A. Ownership _____
B. Option to Purchase _____
C. Lease of __Years _____
D. Option to Lease X
E. Other (Specify) _____ _____

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

Response: See Attachment A-6 for a copy of the Option to Lease.

7. ***Type of Institution*** ***(Check as appropriate--more than one response may apply)***

A. Hospital (Specify) _____ _____
B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____
C. ASTC, Single Specialty _____
D. Home Health Agency _____
E. Hospice _____
F. Mental Health Hospital _____
G. Mental Health Residential Treatment Facility _____
H. Mental Retardation Institutional Habilitation Facility (ICF/MR) _____
I. Nursing Home _____
J. Outpatient Diagnostic Center _____
K. Recuperation Center _____
L. Rehabilitation Facility _____
M. Residential Hospice _____
N. Non-Residential Opioid Treatment Program Facility Facility X
O. Birthing Center _____
P. Other Outpatient Facility (Specify) _____ _____
Q. Other (Specify) _____

8. ***Purpose of Review*** ***(Check) as appropriate--more than one response may apply)***

A. New Institution X
B. Replacement/Existing Facility _____
C. Modification/Existing Facility _____
D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) _____ _____
E. Discontinuance of OB Services _____
F. Acquisition of Equipment _____
G. Change in Bed Complement [*Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation*] _____
H. Change of Location _____
I. Other (Specify) _____ _____

In addition to daily charges that are in line with the industry average, and as described in Attachment B.I, Crossroads Management Entities offer treatment to all patients for a rate of $11 per day for the first thirty days of treatment, giving them a period of time to obtain stable employment and enter "financial recovery" and ultimately be in position to continue their treatment in the future.

Relationship to Existing Applicable Plans

The proposals' estimate of the number of patients to be treated, anticipated revenue from the proposed project, and the program funding source with description of the organizational structure of the program delineating the person(s) responsible for the program, should be considered.

Response: The proposed project is financially feasible in both the short and long terms. The Management Company will receive funding for its startup costs from a revolving line of credit agreement with Ally Bank. Once operational, the project is expected to begin generating a profit in the second year of operations. As shown in the Revised Projected Data Chart, the project is expected to generate ($540,245) in net income over the first 12 months of operation, and $329,123 in the second year of operations. Crossroads expects to serve 100 patients in the first month and be actively providing treatment services to 697 patients by the twelfth month of operations.

Total revenue for the project is calculated each month by multiplying the number of patients by the cost of 30 days of treatment services.

- The revenue formula has a built-in no-show factor, as the Applicant can only reasonably expect that approximately 84% of all scheduled patients will present to receive all of their dosage and treatment in a given month.
- The revenue formula also accounts for only half of all new patients in each month, as all patients will not start treatment at the beginning of the month, and some will begin treatment at the very end of the month. For example, if 100 *new* patients are expected to begin treatment in a given month, only 50 of those new patients will be accounted for in the revenue formula.

The cost of methadone is subtracted from the total revenue to arrive at gross profits for each month.

The proposed project is estimated to incur a total of $2,158,414 in operating expenses over the first twelve months of operations. Payroll expenses constitute the majority of the operating expenses, at a total of $961,255 for the first twelve months of operations. A detailed listing of the operating expenses can be found in the Projected Data Chart in response to Question C-Economic Feasibility-4. The proposed project will generate positive net income in the second year of operations. As shown in the Revised Projected Data Chart, the project is expected to generate ($540,245) in net income over the first 12 months of operation, and $329,123 in the second year of operations. Any shortfall is expected to be met through the use of the revolving line of credit.

Crossroads Management Entities have managed the non-clinical operations of OTPs for 12 years. Currently, Crossroads Management Entities manage existing centers in twelve locations, including the Weaverville and Asheville, North Carolina centers. If Crossroads is approved, Crossroads Management Entities will provide non-clinical operational support to Crossroads under a management services agreement. By utilizing the centralized resources and existing infrastructure of Crossroads Management Entities, Crossroads is able to realize economies of scale in recruiting, training, billing and other administrative functions. In addition, quality measures already in place at the existing facilities managed by Crossroads Management Entities will be seamlessly integrated into the proposed Crossroads OTP.

	Intake Fee	Daily Fee	Weekly Fee	First Week's Cost	Subsequent Weeks' Cost
Crossroads	waived	$14.00		$98.00	$98.00
DRD Knoxville Medical Clinic (both locations)	$60		$116	$176	$116
Recovery of Columbia	$30		$94.50	$125	$94.50
Middle Tennessee Treatment Center	$30		$111	$141	$111

Source: Phone Conversation with BHG Recovery Staff on April 10, 2015.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

Response: Crossroads expects to serve 100 patients in the first month and be actively providing treatment services to 697 patients by the twelfth month of operations. The full patient census model is included below, and accounts for patients transitioning to other modes of care starting in the sixth month of operations. Crossroads projects that a larger number of new patients will seek services during the first two months of operations. Many of these may be patients that are currently seeking treatment at existing facilities further away from their homes. Crossroads will continue to treat these patients, and will also provide services to new patients each month.

Furthermore, Crossroads Management Entities manage existing centers in eleven locations, including the Weaverville and Asheville, North Carolina centers. If the Applicant is approved for this project, Crossroads Management Entities will provide non-clinical operational support to Crossroads under a management services agreement. By utilizing the centralized resources and existing infrastructure of Crossroads Management Entities, Crossroads is able to realize economies of scale in recruiting, training, billing and other administrative functions.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

Response: The proposed project is financially feasible in both the short and long terms. The Management Company anticipates receiving funding for its startup costs from a revolving line of credit agreement with Ally Bank. Once operational, the project is expected to begin generating a profit in the second year of operations. The Applicant estimates that 300 patients will transfer from Crossroads Management Entities' OTP locations in other states to the proposed project in Johnson City within the first three months. The Applicant bases these estimates on a near identical program opening in Danville, Virginia.

The proposed project will generate positive net income in the second year of operations. As shown in the Revised Projected Data Chart, the project is expected to generate ($540,245) in net income over the first 12 months of operation, and a net income of $329,123 in the second year of operations. Any shortfall is expected to be met through the use of the revolving line of credit.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

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ally

Steve Kester
Member
Crossroads of Tri-Cities Management Company, LLC
105 North Spring Street
Suite 109
Greenville, SC 29601

November 23, 2015

This letter is to estimate the expected interest rate, term of the loan, and any anticipated restrictions or conditions of the Johnson City project if it were being funded today.

We understand that management estimates the total funds that would be needed are approximately $1.9M, which is within the revolver note's limits subject to compliance with the usual and customary financial covenants and no events of default among other documented conditions as fully outlined in the credit agreement.

As per the agreement, the interest rate is floating and set at LIBOR plus 5.00% where LIBOR is a minimum of 1.00%. If the project were funded today, that interest rate would be 6.00%.

As per the credit agreement, the loan matures on December 23, 2019, unless otherwise terminated in accordance with its terms.

If I can answer any questions, please call me on 312-775-7082.

Sincerely,

Mitchell Gruesen
Vice President, Ally Bank

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12:11 pm

(Signature Page to Loan and Security Agreement)

Witness the due execution hereof by the respective duly authorized officers of the undersigned as of the date first written above.

BORROWER:

TREATMENT CENTERS HOLDCO, LLC, a South Carolina limited liability company
CROSSROADS OF ASHEVILLE MANAGEMENT CO., LLC, a North Carolina limited liability company
CROSSROADS OF COLUMBIA MANAGEMENT CO., LLC, a South Carolina limited liability company
CROSSROADS OF DANVILLE MANAGEMENT CO., LLC, a Virginia limited liability company
CROSSROADS OF GREENSBORO MANAGEMENT CO., LLC, a North Carolina limited liability company
CROSSROADS OF GREENVILLE MANAGEMENT CO., LLC, a South Carolina limited liability company
CROSSROADS OF NORTHWEST GEORGIA MANAGEMENT CO., LLC, a Georgia limited liability company
CROSSROADS OF SENECA MANAGEMENT CO., LLC, a South Carolina limited liability company
CROSSROADS AT SUGARLOAF MANAGEMENT CO., LLC, a Georgia limited liability company
CROSSROADS OF WEAVERVILLE MANAGEMENT CO., LLC, a North Carolina limited liability company
CROSSROADS OF CALHOUN MANAGEMENT COMPANY, LLC, a Georgia limited liability company
CROSSROADS OF CHARLESTON MANAGEMENT COMPANY, LLC, LLC, a South Carolina limited liability company
CROSSROADS OF LAGRANGE MANAGEMENT COMPANY, LLC, a Georgia limited liability company
CROSSROADS OF MYRTLE BEACH MANAGEMENT COMPANY, LLC, a South Carolina limited liability company

By:_____
Rupert J. McCormac IV, M.D.
Chief Executive Officer

SUPPLEMENTAL #2

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(Signature Page to Loan and Security Agreement)

GUARANTOR:

CROSSROADS HOLDING, LLC, a Delaware limited liability company

By: _____
Arion Robbins
Secretary

SUPPLEMENTAL #2

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(Signature Page to Loan and Security Agreement)

MERGER SUB:

CROSSROADS MERGER SUB, LLC, a Delaware limited liability company

By: _____
Arion Robbins
Secretary

SUPPLEMENTAL #2

November 25, 2015
12:11 pm

(Signature Page to Loan and Security Agreement)

AGENT and LENDER: **ALLY BANK**

By: _____
Christopher Lee
Director – Corporate Finance

Revolving Loan Commitment: $5,000,000.00
Term Loan Commitment: $10,000,000.00

SUPPLEMENTAL #2
November 25, 2015
12:11 pm

Attachment C, Economic Feasibility, Item 4

1. **Revised Projected Data Chart**

2. **Historical Data Chart (Asheville and Weaverville)**
   Page 12, Line D.9

SUPPLEMENTAL #2

November 25, 2015

12:11 pm

REVISED

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year 2016	Year 2017
A. Utilization Data (Census)	697	1,108
B. Revenue from Services to Patients		
1. Inpatient Services	$	$
2. Outpatient Services	$1,668,215	$3,826,645
3. Emergency Services		
4. Other Operating Revenue (Specify)		
Gross Operating Revenue	**$1,668,215**	**$3,826,645**
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$	$
2. Provision for Charity Care	$50,046	$114,800
3. Provisions for Bad Debt		
Total Deductions	**$50,046**	**$114,800**
NET OPERATING REVENUE	**$1,618,169**	**$3,711,845**
D. Operating Expenses		
1. Salaries and Wages	$884,474	$1,768,447
2. Physician's Salaries and Wages	$76,781	$136,500
3. Supplies	$81,487	$146,777
4. Taxes	$159,406	$310,397
5. Depreciation	$30,000	$30,000
6. Rent	$128,457	$132,311
7. Interest, other than Capital	$33,024	$33,024
8. Management Fees:*		
a. Fees to Affiliates		
b. Fees to Non-Affiliates	$600,000	$600,000
9. Other Expenses-Utilities, Licenses, Insurance, Lab Fees, Travel, Banking Fees, Marketing, Computer/Software Fees, Security	$164,785	$225,266
Total Operating Expenses	**$2,158,414**	**$3,382,722**
E. Other Revenue (Expenses)- Net (Specify)	$	$
NET OPERATING INCOME (LOSS)	**$-540,245**	**$329,123**
F. Capital Expenditures		
1. Retirement of Principal	$	$
2. Interest		
Total Capital Expenditures	**$ -0-**	**$ -0-**
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	**$-540,245**	**$329,123**

4828-8650-5003.1

PROJECTED DATA CHART-OTHER EXPENSES

	OTHER EXPENSES CATEGORIES		Year 2016	Year 2017
	1.	Utilities	$17,000	$17,300
	2.	Licenses	$20,000	$10,500
	3.	Insurance	$18,024	$19,826
	4.	Lab Fees	$19,550	$61,950
	5.	Travel	$10,225	$9,000
	6.	Banking Fees	$23,082	$50,686
	7.	Marketing	$8,020	$7,020
	8.	Computer/Software Fees	$15,500	$15,600
	9.	Security	$33,384	$33,384
		Total Other Expenses	**$164,785**	**$225,266**

SUPPLEMENTAL #2

November 25, 2015
12:11 pm

HISTORICAL DATA CHART-OTHER EXPENSES

	OTHER EXPENSES CATEGORIES		Asheville Year 2014	Weaverville Year 2014
	1.	Utilities	$40,394	$34,842
	2.	Licenses	$35,400	$32,650
	3.	Insurance	$36,902	$33,850
	4.	Lab Fees	$39,604	$36,961
	5.	Travel	$18,098	$15,283
	6.	Banking Fees	$40,855	$32,117
	7.	Marketing	$14,195	$9,655
	8.	Computer/Software Fees	$27,435	$9,875
	9.	Security	$38,167	$31,265
		Total Other Expenses	**$291,050**	**$236,498**

SUPPLEMENTAL #2
November 25, 2015
12:11 pm

Proof of Publication

Copy of Affidavit

SUPPLEMENTAL #2
November 25, 2015
12:11 pm

JOHNSON CITY PRESS
204 W. Main Street
Johnson City, TN 37604
AFFIDAVIT OF PUBLICATION

AD# 1268753

DATES: 11-6-2015

NOTIFICATION OF INTENT TO APPLY FOR CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C. A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that: Crossroads Treatment Centers, a new facility owned by: Crossroads Treatment Centers of Tri-Cities, PC with an ownership type of Professional Corporation and to be managed by Crossroads of Tri-Cities Management Co., LLC intends to file an application for a Certificate of Need for the establishment of a non-residential substitution-based (methadone) treatment center for opiate addiction, and the initiation of adult opioid treatment program services. The center will be developed and located on Princeton Road, where a street address has not yet been assigned, between Susannah Street and Wesley Street, on land that is currently vacant next to the Princeton Medical Center Building, Johnson City (Washington County), Tennessee 37604. The cost of the project is expected to be less than $1.9 million.

[illegible] on or before November 11, 2015

State of Tennessee)
Carter County)
Washington County)

Teresa Hicks makes the oath that she is a Representative of The Johnson City Press, a daily newspaper published in Johnson City, in said County and State, and that the advertisement was published in said paper for 1 insertion (s) commencing on 11-6-2015 and ending on 11-6-2015.

Teresa Hicks

Sworn to and Subscribed before me this 11 6 2015
Month Day Year

CONNIE N. GUINN
STATE OF TENNESSEE NOTARY PUBLIC
WASHINGTON COUNTY

Connie N. Guinn
Notary Public

My commission expires on 03/28/2017

This legal notice was published online at www.johnsoncitypress.com and www.publicnoticeads.com during the duration of the run dates listed. This publication fully complies with Tennessee Code Annotated 1-3-20

SUPPLEMENTAL #2

November 25, 2015
12:11 pm

JOHNSON CITY PRESS
204 W. Main Street
Johnson City, TN 37604
AFFIDAVIT OF PUBLICATION

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DATES: 11-6-2015

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The anticipated date of filing the application is on or before November 11, 2015

The contact person for this project is Kim H. Looney, Esq. Attorney who may be reached at: Waller Lansden Dortch & Davis, LLP 511 Union Street, Suite 2700 Nashville TN 37219, 615 / 850-8722

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant toT.C. A. § 68-11-1607 (c) (1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

PUB1T: 11/6/2015

Sworn to and Subscribed before me this 11 6 2015
Month Day Year

CONNIE N. GUINN
STATE OF TENNESSEE NOTARY PUBLIC
WASHINGTON COUNTY

Connie N. Guinn
Notary Public

My commission expires on 03/28/2017

This legal notice was published online at www.johnsoncitypress.com and www.publicnoticeads.com during the duration of the run dates listed. This publication fully complies with Tennessee Code Annotated 1-3-20

SUPPLEMENTAL #2
November 25, 2015
12:11 pm

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: CROSSROADS TREATMENT CENTERS CN1511-048

I, KIM H. LOONEY, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 25th day of November, 2015, witness my hand at office in the County of Davidson, State of Tennessee.

NOTARY PUBLIC

My commission expires: January 8, 2019

LAURIE A. GLASS
STATE OF TENNESSEE NOTARY PUBLIC
COUNTY OF DAVIDSON
MY COMMISSION EXPIRES:
JANUARY 8, 2019

HF-0043

Revised 7/02

4850-2880-5163.1

Supplemental #3
-ORIGINAL-

Crossroads Treatment Centers

CN1511-048

waller

Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 270
Nashville, TN 37219-8966

615.244.6380 main
615.244.6804 fax
wallerlaw.com

SUPPLEMENTAL #3
November 30, 2015
11:22 am

Kim Harvey Looney
615.850.8722 direct
kim.looney@wallerlaw.com

November 30, 2015

VIA HAND DELIVERY

Phillip M. Earhart
Health Services Development Examiner
Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street
9th Floor
Nashville, TN 37243

Re: Crossroads Treatment Centers CN1511-048 - Third Supplemental Response Additional Information

Dear Phillip:

This letter is submitted as the supplemental response to your email request November 24, 2015. You have requested additional information on the Corporate Practice of Medicine doctrine in Tennessee, in particular the statutory references. The state's prohibitions against the corporate practice of medicine are established in Tennessee statutory law, case law and Attorney General opinions. The Tennessee Practice of Medicine Act, Tenn. Code Ann. Section 63-6-201 et. seq., and the Tennessee Prohibition Against the Corporate Practice of Medicine Act, Tenn. Code Ann. Section 68-11-205 et. seq., are the statutory references you have requested.

Please let me know if you have any questions.

Sincerely,

Kim Harvey Looney

KHL:lag
Enclosure

4821-7360-8747.1

SUPPLEMENTAL #3
November 30, 2015
11:22 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: CROSSROADS TREATMENT CENTERS CN1511-048

I, KIM H. LOONEY, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Kim H. Looney
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 30th day of November, 2015, witness my hand at office in the County of Davidson, State of Tennessee.

Laurie A. Glass
NOTARY PUBLIC

My commission expires: January 8, 2019

LAURIE A. GLASS
STATE OF TENNESSEE NOTARY PUBLIC
COUNTY OF DAVIDSON
MY COMMISSION EXPIRES:
JANUARY 8, 2019

HF-0043

Revised 7/02

4850-2880-5163.2