	<b>Ethics &amp; Compliance Department</b>	
	<b>Policy No.: 9</b>	<b>Created:</b> 08/2022
		<b>Reviewed:</b> 05/2023
	<b>Revised:</b>	

## **PHYSICIAN PARTNER INVESTMENT SHARE PRICING**

### **SCOPE:**

Applies to all AMSURG Corp. and its subsidiary or joint venture entities, including affiliated ambulatory surgery center teammates. For purposes of this policy, all references to “teammate” or “teammates” include temporary, part-time and covered persons, full-time employees, independent contractors, clinicians, officers and directors.


### **PURPOSE:**

Envision Healthcare and its subsidiaries and affiliates (“Envision” or “the Company”) has adopted this Physician Partner Investment Share Pricing policy to establish a protocol for calculating:

- 1) the purchase price of an investment share sold by AMSURG to a physician partner in an ambulatory surgery center (“ASC”) in which AMSURG has a controlling interest or otherwise manages, or
- 2) the purchase price of an investment share purchased by AMSURG from an existing physician partner at an ASC in which AMSURG has a controlling interest or otherwise manages, where the purchase price is not defined in the ASC’s operating agreement.

### **POLICY:**

AMSURG calculates the price of an investment share in an ASC based on objective economic factors and without reference to a physician’s actual or expected referrals. In general, AMSURG pays no more than fair market value (“FMV”) when buying ownership interests in ASCs and charges no less than FMV when selling such ownership interests. In accordance with IRS Revenue Ruling 59-60, the Anti-Kickback Statute, and judicial interpretation thereof, FMV is defined as follows: the value in arm’s-length transactions, consistent with general market value, without taking into account any ability between parties to refer business to each other. Also, the price at which a particular asset or service would change hands based on bona fide, arm’s-length bargaining between well-informed, willing buyers and sellers, who are not otherwise in a position to generate business for the other party, on the date of the acquisition of the asset or at the time of the service agreement.

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AMSURG is committed to ensuring that its relationships with physicians are compliant with applicable laws, including but not limited to the Anti-Kickback Statute. AMSURG does not offer, pay, provide, or accept any remuneration, including any payment of any type, or any investment opportunity, in exchange for referrals of patients. *See* AMSURG Anti-Kickback Statute policy.


**PROCEDURE:**

1. The operator responsible for the ASC (the “DOO”) follows this Procedure to obtain the price at which AMSURG will buy an investment share from, or sell an investment share to, a potential referral source, where such purchase price is not defined in an existing operating agreement. If AMSURG will be selling an investment share in an ASC to a physician partner, DOO completes the procedure set forth in the Partner Selection Policy & Procedure before seeking the calculation of an investment share price pursuant to this Policy & Procedure.
  
2. **LARGE TRANSACTIONS:** If AMSURG is acquiring an investment share from, or selling an investment share to, a potential referral source and AMSURG reasonably anticipates (1) the investment to be an ownership share of 15% or more of the ASC or the purchase price to be greater than \$250,000.00, or (2) the transaction to result in AMSURG gaining or losing a controlling interest in the ASC (a “Large Transaction”), then the DOO and/or AMSURG’s Business Development department (“Business Development”), with the assistance of the Legal department, will obtain an FMV transaction range from an external FMV expert selected by the Legal Department or the Ethics & Compliance Department.
  - a. The independent FMV appraisal must support the investment share price selected by the DOO and Business Development. The investment share price must be equal to or higher than the bottom of the FMV range where AMSURG sells an investment share to a potential referral source. The investment share price must be equal to or lower than the top of the FMV range where AMSURG buys an investment share from a potential referral source.
  
3. **SMALL TRANSACTIONS:** If AMSURG is acquiring an investment share from, or selling an investment share to, a potential referral source and AMSURG reasonably anticipates the purchase price to be less than \$250,000.00 (a “Small Transaction”), then the DOO shall use an internal pricing methodology to calculate an investment share price.
  - a. DOO submits a valuation request to Financial Planning & Analysis (“FP&A”) to calculate a valuation based on trailing twelve months (T-12) EBITDA (the “Valuation

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Report”) for the ASC in which an investment share will be bought or sold by a potential referral source.

- i. FP&A shall apply the following Starting Points to inform the selection of a multiple to apply to the Valuation Report:
    1. Multiple identified in the ASC Operating Agreement for triggering events (“OA Multiple”)
    2. Any market or Center factors affecting the earnings. Any such factors must be identified and set out in writing
    3. FP&A shall summarize in writing how the Starting Points were applied to generate the multiple
    4. Valuation Reports prepared by FP&A are valid for 120 days
  - ii. FP&A shall supply a transaction range and the Vice President and/or Senior Vice President with responsibility over the ASC shall select a multiple so that the total transaction price falls within the range supplied by FP&A.
- b. Not less than once every three years, FP&A shall obtain a report of FMV transaction ranges for majority and minority purchases or sales of investment shares in ASCs from an external FMV expert. Ranges supplied by FP&A must fall within the ranges within the external FMV expert report.
- c. Deviations
- i. If the multiple is above 5 or below 2 for an investment share purchase or sale by AMSURG, the Vice President with responsibility over the ASC must submit the report to the Ethics & Compliance Department and obtain approval of the multiple.
  - ii. If the multiple is at or below 3 for an investment share purchase by AMSURG or above 4 for an investment share purchase or sale by AMSURG, the multiple is presumptively approved, and the Vice President with responsibility over the ASC must submit a notification to the Ethics & Compliance Department.

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d. FP&A must maintain the following information in a database: the investment share price (separately identifying the valuation and multiple), along with relevant transaction details including the ASC name, the physician partner name, date of transaction, and type of transaction (purchase or sale). The Ethics & Compliance Department shall conduct periodic monitoring to ensure consistent and complete storage of this information.

4. Where AMSURG purchases an investment share, it shall not sell any portion of that investment share using a different multiple than the one used to generate the purchase price until the Legal Department concludes that changes in market conditions justify use of a different multiple. The Legal Department shall document the basis for its conclusion in writing.

**POLICY REVIEW:**

The Ethics & Compliance Department will review and update this Policy, when necessary, in the normal course of its review of the Company’s Ethics & Compliance Program.