

*A reading sample from **Structural Verification of ASC Consolidation Arrangements** (Volume One). This is the complete chapter as it appears in the book.*

Surgery Partners, Inc. (NASDAQ: SGRY)

5.1 Corporate Structure

Surgery Partners, Inc. is a Delaware corporation publicly traded on the Nasdaq Global Select Market under the ticker SGRY. The company is headquartered at 340 Seven Springs Way, Suite 600, Brentwood, Tennessee. The company was founded in 2004 and operates as a holding company through subsidiaries that own and operate ambulatory surgical facilities, surgical hospitals, and ancillary services.

Bain Capital Private Equity, LP is the company's largest shareholder, holding approximately 38.6% of outstanding common stock as of December 31, 2025. The FY2025 10-K (Item 1A) characterizes the relationship explicitly: "Although we are no longer a 'controlled company' within the meaning of the corporate governance standards of Nasdaq, affiliates of Bain Capital continue to be able to significantly influence our decisions." Bain Capital initially acquired its position in 2017 and has remained the largest single shareholder through subsequent corporate events.

The most analytically significant corporate event in the recent operating history was the Bain Capital take-private process initiated in January 2025 and concluded in June 2025. On January 27, 2025, Bain Capital submitted a non-binding proposal to acquire all outstanding shares of Surgery Partners not already owned by Bain Capital, valuing the company at approximately \$3.2 billion at a 21.2% premium to the prior closing price. Surgery Partners disclosed receipt of the proposal on January 28, 2025, through a Form 8-K and accompanying press release. The proposal followed a Surgery Partners strategic alternatives process that had drawn interest from TPG Inc. and UnitedHealth Group as previously reported potential acquirers, but had not produced a transaction.

The Special Committee of independent directors of the Board, with the assistance of independent financial and legal advisors, reviewed the Bain Capital proposal and on June 17, 2025 announced that the Independent Committee and Bain Capital had concluded discussions. The Independent Committee determined that “Surgery Partners’ prospects to deliver long-term growth and value creation as an independent publicly traded company exceeded the value of the Proposal.” Bain Capital remained as a continuing investor following the conclusion of discussions.

The decision to remain public preserves substantial structural disclosure for analytical purposes. As a public company subject to SEC reporting requirements, Surgery Partners produces sustained disclosure of operations, transactions, and material events that comparable PE-backed platforms operating privately do not match. The disclosure infrastructure makes Surgery Partners one of the most analytically tractable operators in the ASC consolidation landscape.

The company’s capital structure as of December 31, 2025 is disclosed in Item 1A of the FY2025 10-K. Aggregate principal indebtedness outstanding totaled approximately \$3.7 billion, comprising approximately \$1.4 billion in senior secured term loans, \$1,225 million in senior unsecured notes due 2032, and approximately \$1.1 billion in notes payable and finance lease obligations primarily related to property and equipment for operations. The senior secured revolving credit facility (\$703.8 million capacity) had \$11 million in letters of credit issued against \$692.8 million of unused commitments, with no outstanding borrowings. Cash and cash equivalents stood at \$239.9 million. Federal net operating loss carryforwards totaled approximately \$532.4 million (\$424.6 million expiring between 2031 and 2037; the remainder generated after 2017 and not subject to expiration), with state NOL carryforwards of approximately \$657.1 million expiring between 2026 and 2045. Section 382 limitations apply due to historical ownership changes but are not expected by the company to impact NOL realization. Any future strategic transaction would interact with the existing debt covenants, the change-of-control provisions in the senior indebtedness, and the deferred tax assets associated with the NOL carryforwards.

5.2 Operating Footprint

As of December 31, 2025, Surgery Partners owned or operated 176 surgical facilities across 30 states, comprising 157 ambulatory surgery centers and 19 licensed surgical hospitals. The 2025 facility count reflects net activity including acquisitions, divestitures, and de novo developments completed during the year.

Total revenues for 2025 were \$3.308 billion (Surgical Facilities segment), with patient services revenue generated through the company's ASCs and surgical hospitals at approximately \$3.2 billion. Total revenues for 2025 increased 6.2% over 2024, with days-adjusted same-facility revenues increasing 4.9% (reflecting a 1.4% increase in revenue per case and a 3.4% increase in same-facility cases). Adjusted EBITDA for 2025 increased 3.5% to \$526.2 million from \$508.2 million in 2024, while net loss attributable to Surgery Partners narrowed to \$77.9 million from \$168.1 million in 2024. The 2025 patient services revenue payor mix included 52.3% from private insurance and 42.8% from government programs, with the balance from self-pay and other sources. The payor mix has remained relatively stable across recent reporting periods, with private insurance representing the majority of patient service revenues.

The specialty mix at Surgery Partners' facilities includes orthopedics and pain management, ophthalmology, gastroenterology, and general surgery. Management has emphasized the orthopedic concentration in recent strategic communications. On the Q2 2025 earnings call (August 5, 2025), management stated that approximately 80% of the company's surgical facilities have higher-acuity surgical capabilities — an increase from the “over 70%” figure disclosed on the Q4 2024 earnings call (March 3, 2025). Total joint procedures grew 50% in 2024 and 26% year-over-year in Q2 2025, reflecting the strategic emphasis on orthopedic and total-joint expansion.

The company employed approximately 16,000 people as of December 31, 2025, including full-time and part-time employees. The 2025 transaction activity included a strategic shift, with the company describing its approach as “selectively selling or partnering assets to accelerate cash flow and reduce debt” alongside continued de novo development. Year-to-date through Q3 2025 (per the November 10,

2025 earnings call), Surgery Partners had deployed \$71 million toward acquisitions and completed three ASC divestitures generating approximately \$45 million in cash. The full-year 2025 figure, disclosed in the FY2025 10-K Item 7 Executive Overview, was aggregate cash consideration of \$162.1 million net of cash acquired, representing controlling interest in twelve surgical facilities and several physician practices and other ancillary businesses.

The company's geographic footprint is concentrated in a single state to a degree that warrants explicit notation. Item 1A of the FY2025 10-K discloses: "Our revenue is particularly sensitive to regulatory, economic and other conditions in the state of Idaho. As of December 31, 2025, we owned and operated three consolidated surgical hospitals and four consolidated ASCs in Idaho, representing approximately 28% of our revenue during fiscal year 2025. These surgical facilities also provide ancillary services, including physician practices, radiation oncology and anesthesia services." The Idaho concentration is structural — three of the company's nineteen surgical hospitals operate in Idaho, an outsized representation given the state's overall population — and the ancillary services component (physician practices, radiation oncology, anesthesia services) extends the platform footprint in Idaho beyond what the ASC and surgical hospital count alone reflects. Single-state regulatory developments, state-level certificate-of-need activity, payer-market changes in Idaho, or facility-specific regulatory action would have disproportionate impact on the company's consolidated results.

5.3 Structural Mechanisms Deployed

Surgery Partners deploys all five consolidation mechanisms documented in Chapter 1, with particular operational emphasis on Mechanism 5 (Corporate-Affiliated De Novo Development) and Mechanism 1 (Full Corporate Acquisition). The FY2025 10-K characterizes the operational model directly: "We own and operate our surgical facilities through partnerships or limited liability companies with physicians, physician groups and health care systems."

The FY2025 10-K (Item 1) further documents the operational pattern: "Of the 176 surgical facilities that were operational as of De-

cember 31, 2025, we hold majority ownership in 90 of these surgical facilities and consolidated 121 for financial reporting purposes.” The disclosure reveals two analytically significant patterns. First, the company holds majority ownership in approximately 51% of operating facilities (90 of 176) — a slight majority but far from universal. Second, the company consolidates 121 facilities for financial reporting purposes, exceeding the 90 majority-owned facilities, indicating that the company asserts financial control through arrangements that produce consolidation under accounting standards even where formal majority ownership does not exist.

Equity bifurcation. Surgery Partners deploys equity bifurcation across its facility network through partnership and LLC structures. The FY2025 10-K describes the standard operational model: “We provide day-to-day management services for a majority of our surgical facilities pursuant to a management agreement and receive a management fee that is typically equal to a percentage of the facility revenue. We also provide intercompany loans to some of the surgical facilities which often are secured by a pledge of assets of the facility.” The architecture combines facility-level partnerships or LLCs (with mixed physician and corporate equity) with management services arrangements that capture the operational revenue stream through percentage-of-revenue management fees.

Contractual operational control. The FY2025 10-K characterizes the management agreement structure: “We provide each of our surgical facilities with a full range of financial, marketing and operating services. For example, our regional managed care directors assist the local management team at each of our surgical facilities in developing relationships with private insurance payors and negotiating private insurance contracts.” The company’s regional managed care function holds payer contracting authority across the facility network, which produces operational integration above the facility level.

The FY2025 10-K also discloses the regulatory analysis applied to the management arrangements specifically. Under the Anti-Kickback Statute Personal Services and Management Safe Harbor analysis, the 10-K acknowledges: “Because our management fees are generally based on a percentage of revenue, our management

agreements do not typically meet this requirement.” The disclosure explicitly identifies that the company’s standard management fee structure does not satisfy the Personal Services and Management Safe Harbor’s requirement that aggregate compensation be set in advance. The company’s position is that the agreements satisfy the other safe harbor requirements and comply with the Anti-Kickback Statute notwithstanding the percentage-of-revenue structure.

Contingent equity transfer. The acquisition and development model includes structural features that produce contingent equity transfer pathways. The FY2025 10-K describes the pattern explicitly: “We generally structure our partnerships where either we are a majority owner partnered with physicians or we are a minority owner with potential buy-up opportunities. These buy-up opportunities in certain circumstances can give us the option to own a controlling interest at some point in the future.” The disclosure language softened between the FY2024 and FY2025 filings — “buy-up rights” became “potential buy-up opportunities,” and the option language acquired the qualifier “in certain circumstances.” The structural meaning is preserved: the architecture provides the company with conditional pathways to acquire controlling interest in facilities where it currently holds minority positions, a documented form of contingent equity transfer.

The de novo development model produces the most analytically significant contingent transfer architecture. The Q4 2024 earnings call (March 3, 2025) characterized the de novo facilities directly: “These de novo investments are syndicated with well-established and high-quality physician partners that specialize in high-growth areas such as total joint, spine and other high acuity services.” The structural meaning of the syndication characterization is that the company develops facilities, structures the equity arrangements, and brings physician partners in as minority partners after the corporate-side structures are established. Physicians enter the facilities as syndicated participants in pre-established structures rather than as developers of physician-owned facilities the company subsequently joins.

The de novo development pace has been sustained at the management-stated cadence. Surgery Partners opened 8 de

novo facilities in 2024, had 12 facilities in pipeline at the end of 2024, had 10 new facilities under construction at mid-2025 (per the August 5, 2025 Q2 earnings call), and management has committed to “at least 10 de novos in development or under construction annually.” By the end of 2025, the company had opened 27 de novos cumulatively since 2022, with five additional under construction and more than a dozen in development per the Q4 2025 earnings call (March 3, 2026). The de novo cadence produces a structural pattern in which a meaningful fraction of the company’s annual facility additions enter the network through Mechanism 5 (Corporate-Affiliated De Novo Development) with the corresponding contingent transfer architecture embedded from facility formation.

Strategic relationships (Mechanism 4 deployment within the platform). Surgery Partners’ facility network includes facilities in which a health care system holds equity alongside the platform and physician investors. The FY2025 10-K (Item 1) characterizes the structural form: “When attractive opportunities arise, we may develop, acquire or operate surgical facilities through strategic relationships with payors, health care systems, and other health care providers.” The strategic relationships are governed by partnership and operating agreements “generally comparable” to those at Surgery Partners’ other facilities, with one structural distinction: “in these strategic relationships, a health care system holds ownership in the surgical facility in addition to physician investors.” Surgery Partners executes a management agreement at each strategic-relationship facility, providing day-to-day management for “a management fee equal to a percentage of the revenues of the surgical facility” — the same percentage-of-revenue management fee architecture deployed at non-strategic facilities. The strategic-relationship deployment represents Mechanism 4 (Hospital Joint Venture Partnerships) within Surgery Partners’ broader structural footprint. The 10-K does not enumerate specific health system partners or quantify the proportion of facilities operating under strategic relationships, but the company’s marketing materials and trade press coverage identify selected partnerships individually.

Regulatory exposure of the structural model. Surgery Partners’ SEC filings are explicit about the regulatory posture of the struc-

tural architecture. The Risk Factors Summary in Item 1A of the FY2025 10-K opens its Anti-Kickback Statute analysis with a categorical statement: “Our surgical facilities do not satisfy the requirements for any of the safe harbors under the federal Anti-Kickback Statute.”

Three specific patterns of safe harbor non-compliance. The disclosure documents three specific patterns. First, the percentage-of-revenue management fee structure does not meet the Personal Services and Management Safe Harbor’s requirement that aggregate compensation be set in advance, as discussed above. Second, the company’s combined investor-and-manager role at facility level does not satisfy the ASC Safe Harbor’s investment-interest provisions: “our business arrangements with our surgery centers, surgical hospitals and physician groups do not qualify for the expanded safe harbor protection from government review or prosecution under the Anti-Kickback Statute.” Third, and analytically most significant, the FY2025 10-K acknowledges that physician-investor pricing patterns at Surgery Partners’ ASCs do not satisfy the ASC Safe Harbor’s proportionality requirement: “Investors who purchase at a later time generally pay more for a given percentage interest than founding investors. The result is that while all investors are paid distributions in accordance with their ownership interests, for ASCs where there are later purchases, we cannot meet the safe harbor requirement that return on investment is directly proportional to the amount of capital investment.”

Regulatory citation and company position. The 10-K cites OIG Advisory Opinion No. 07-05 (June 19, 2007) as the relevant regulatory guidance documenting the OIG’s concerns about purchases of physician interests in ASCs. Surgery Partners’ position is that the arrangements comply with the Anti-Kickback Statute notwithstanding the safe harbor non-compliance, supported by the company’s compliance program.

Whole Hospital Exception and surgical hospital portfolio. The company’s nineteen surgical hospitals operate under the Whole Hospital Exception to the Stark Law: each had a Medicare provider agreement in place prior to December 31, 2010 and continues to operate

with the ownership structure in place prior to that date. The Whole Hospital Exception, modified by the Affordable Care Act, prohibits these grandfathered hospitals from increasing their percentage of physician ownership and limits their ability to expand inpatient beds, operating rooms, and procedure rooms.

5.4 Disclosure Patterns

Surgery Partners' SEC disclosures exhibit substantial transparency on the operational architecture while preserving confidentiality on specific operative terms of governing documents. The FY2025 10-K provides the structural model description directly. The risk factor sections disclose the regulatory analysis the company applies to its arrangements, including the Anti-Kickback Statute safe harbor analysis and the Stark Law analysis. Material agreements are filed as exhibits where required.

The marketing language emphasizes physician partnership consistent with the broader patterns documented in Edition 1 of The Healthcare Structural Review. The FY2025 10-K characterizes the company's strategic positioning: "Become the partner of choice for physicians seeking to become or stay independent." The phrase "become or stay independent" carries analytical significance because it positions Surgery Partners affiliation as an alternative to corporate consolidation when, structurally, Surgery Partners affiliation is itself a form of consolidation. The phrase operates as continuity signaling within the broader pattern.

The Q4 2024 earnings call language about "syndicated" de novo facilities is particularly significant for the analytical framework. The characterization is technically accurate. The structural reality is that the company develops facilities, structures the original equity arrangements, and brings physician partners in through syndication after the corporate architecture is established — the structural inversion of the historical physician-developed ASC model. The earnings call language preserves continuity with the physician-partnership tradition while accurately describing an operational model that operates differently in structural terms.

The June 17, 2025 Special Committee announcement provides additional disclosure significance. The announcement preserved the

company's public-company status and its sustained disclosure obligations. The Bain Capital relationship continues as a significant-influence shareholder relationship rather than a controlling shareholder relationship under Nasdaq governance standards. In the June 17, 2025 announcement, Bain Capital Partners Andrew Kaplan and Devin O'Reilly stated: "While we were not able to agree to terms of a transaction, we remain tremendously optimistic about the business, leadership team, and growth strategy of Surgery Partners. We look forward to continuing to work with Surgery Partners as long-term investors and collaborators."

The litigation posture disclosed in Item 3 of the FY2025 10-K is brief: "We are, from time to time, subject to claims and suits, or threats of claims or suits, relating to our business, including claims for damages for personal injuries, breach of management contracts and employment-related claims." Management's stated opinion: "we are not currently a party to any proceedings that would have a material adverse effect on our business, financial condition or results of operations." The "no material proceedings" disclosure is itself analytically meaningful — comparable disclosures across the ASC consolidation landscape vary significantly, with several platforms documenting active or recently-resolved material litigation, regulatory proceedings, or bankruptcy matters. Surgery Partners' current Item 3 status is unremarkable but warrants comparison to peer platforms across the chapters of this document.

The 2025 strategic shift toward selective asset divestitures alongside continued de novo development was characterized on the Q2 2025 earnings call (August 5, 2025) by CEO Eric Evans: "the Special Committee of Independent Directors' decision not to proceed with the proposed acquisition of the company by Bain Capital highlights their belief in the significant value creation opportunity we have in front of us as a publicly traded company." The company's strategic positioning emphasizes ASC focus, high-acuity orthopedic concentration, and continued de novo development as the core growth engine.

5.5 Verification Questions for Surgery Partners-Related Diligence

Readers in the document's priority professional categories — healthcare litigators in plaintiff-side, qui tam, and PE-diligence practice; healthcare investors in private equity, venture capital, hedge funds, family offices, and litigation finance; and healthcare operators including in-house counsel, Chief Strategy Officers, and senior executives at hospitals, health systems, and consolidator-adjacent operating companies — should pursue verification questions calibrated to Surgery Partners' structural characteristics. The Control Stack framework introduced in Chapter 1 organizes the verification questions: each layer (Ownership, Governance, Management, Clinical autonomy, Revenue architecture, Exit and leverage) generates verification questions appropriate to the reader's professional role.

Under the Ten-Arrangement-Type Taxonomy (Section 1.3), Surgery Partners' platform deploys Type 4 (Corporate majority-owned ASC) at the 90 majority-owned and consolidated facilities, Type 3 (Corporate minority investment) at the 88 minority-owned facilities accounted for under the equity method, Type 6 (PE-backed specialty platform with ASC assets) at the platform-corporate level given Bain Capital's controlling ownership position, and elements of Type 9 (Hospital-consolidator-physician tripartite joint venture) at the strategic-relationship facilities involving health care system partners. The dual classification produces analytical leverage — readers can characterize specific Surgery Partners-affiliated facilities by both the structural form (arrangement type) and the consolidation pathway (Five Mechanisms), with the platform itself representing an integrated portfolio across multiple arrangement types.

For litigation and regulatory exposure analysis. The FY2025 10-K's risk factor language acknowledges that "certain of our current arrangements... do not qualify for safe harbor protection" under the Anti-Kickback Statute. What specific facility-level arrangements fall outside Personal Services Safe Harbor, ASC Safe Harbor, or other applicable safe harbors, and what does that disclosure language imply for case theories under the AKS, the federal

False Claims Act (where AKS-tainted claims may constitute false claims), or related state statutes?

What discovery sources surface the management-agreement architecture, the percentage-of-revenue fee terms, and the specific facility-level Stark Law analyses — board minutes, compliance committee records, internal AKS analyses, fair-market-value valuations, audit-trail communications between platform and facility-level personnel? The OIG Advisory Opinion 07-05 framework for ASC investments and the implementing regulations at 42 C.F.R. § 1001.952(r) provide the regulatory backdrop for any AKS theory; what does the operator's disclosure language commit to or disclaim relative to the Advisory Opinion's safe-harbor analysis?

For ERISA theories involving self-funded plans whose plan assets pay the operator's facilities, what plan-level fiduciary-duty analyses apply where facility-level pricing exceeds prevailing market rates? For No Surprises Act IDR matters, what facility-level arbitration awards, qualifying-payment-amount disputes, and disclosed network-adequacy positions exist for litigation theories?

For investment diligence and capital-structure analysis: How do the change-of-control provisions in the senior secured term loans, the 2032 senior unsecured notes, and other indebtedness instruments interact with potential future strategic transactions? What covenant restrictions apply to dispositions, distributions, and additional indebtedness? How do the federal and state NOL carryforwards interact with potential ownership-change analysis under Section 382 of the Internal Revenue Code in any future transaction? The FY2025 10-K's risk factor "Despite our current indebtedness levels, we and our subsidiaries may still be able to incur more debt" identifies the leverage profile as material to the platform's strategic optionality. For LP-committee underwriting purposes, what same-facility growth versus acquisition-driven growth decomposition applies to Surgery Partners' historical EBITDA progression, and what physician-partner-distribution dependency underlies the disclosed cash flow generation? What exit-pathway analysis applies given Bain Capital's continuing significant influence (per the FY2025 10-K's "no longer a 'controlled company'" disclosure) and the June 2025 take-private process

conclusion?

For specific facilities: What is the operating-entity ownership chain at the facility? Is the facility among the 90 in which Surgery Partners holds majority ownership (per the FY2025 10-K disclosure), or among the additional 31 facilities consolidated for financial reporting purposes through arrangements other than majority ownership? What are the operative terms of the facility-level operating agreement, including the management agreement, the buy-up provisions, and any reserved consent rights or governance allocations? Applying the Control Stack: who holds Ownership-layer equity, who holds Governance-layer reserved consent rights, who holds Management-layer operational authority through the management agreement, and who holds Exit-and-leverage-layer rights through the put-call provisions and change-of-control consents?

For de novo facilities specifically: When was the facility developed? Who structured the original equity arrangement, and what physician partners were syndicated into the structure after the corporate architecture was set? What contingent transfer provisions apply to physician partner equity? What productivity expectations and physician compensation terms apply?

For acquisition transactions: Was the acquired facility added to Surgery Partners' network through a majority acquisition or through a minority acquisition with buy-up opportunities? If through buy-up opportunities, what conditions trigger the option, and what valuation methodology applies?

For strategic-relationship facilities specifically: Which Surgery Partners-affiliated facilities are governed by three-party agreements involving Surgery Partners, physician investors, and a health care system? What are the operative terms of the three-party arrangements at facility level — equity allocations, governance allocations, exit rights, payer contracting authority? How does the standard percentage-of-revenue management fee apply at strategic-relationship facilities, and what governance allocations does the health care system hold? Trade press coverage and operator marketing materials identify selected health system partners; primary verification requires the underlying agreements.

For Idaho-located facilities and the disclosed concentration: Given the FY2025 10-K's disclosure that approximately 28% of fiscal year 2025 revenue derived from three surgical hospitals and four ASCs in Idaho, plus ancillary services including physician practices, radiation oncology, and anesthesia services, what state-level regulatory or payer-market developments warrant monitoring? What does the Idaho commercial payer landscape look like — concentration, contract maturity, recent material changes, network adequacy posture? What state-level certificate-of-need activity is pending, and how might Idaho-specific regulatory developments affect the company's consolidated results?

For capital-structure analysis: How do the change-of-control provisions in the senior secured term loans, the 2032 senior unsecured notes, and other indebtedness instruments interact with potential future strategic transactions? What covenant restrictions apply to dispositions, distributions, and additional indebtedness? How do the federal and state NOL carryforwards interact with potential ownership-change analysis under Section 382 of the Internal Revenue Code in any future transaction? The FY2025 10-K's risk factor "Despite our current indebtedness levels, we and our subsidiaries may still be able to incur more debt" identifies the leverage profile as material to the platform's strategic optionality.

For competitive analysis: How does Surgery Partners' market position compare to other ASC platforms in specific markets? The FY2025 10-K identifies the company's competitive set explicitly: "Several large national companies own and/or manage surgical facilities, in some cases in connection with other lines of business with which we do not compete, including HCA Healthcare, Inc., AMSURG Corp., Tenet Healthcare Corporation and Optum, Inc." The competitive landscape characterization in the company's own filings is useful baseline for market analysis.

For Bain Capital relationship analysis: What does the continuing Bain Capital relationship suggest about future strategic alternatives? The June 2025 conclusion of the take-private discussions does not preclude future transactions; analysts noting the 21.2% premium offered described it as potentially insufficient and capable of attracting competing offers. The FY2025 10-K's disclosure

that Surgery Partners is “no longer a ‘controlled company’” within Nasdaq governance standards but that Bain Capital continues to “significantly influence” company decisions defines the current governance posture. Future strategic alternatives remain a meaningful possibility for the platform’s trajectory.

For SEC-disclosed material events: What does the most recent 10-K (Form 10-K for fiscal year 2025, filed March 2, 2026), 10-Q, 8-K, and proxy statement disclose about material structural arrangements relevant to the analytical question? The 10-K filings are the foundational source; the 10-Q filings provide operational updates; the proxy statements disclose board composition and material agreements; the 8-K filings disclose material events.

The Q4 2024 earnings call transcript (March 3, 2025), the June 17, 2025 Special Committee announcement, the Q2 2025 earnings call (August 5, 2025), the Q3 2025 earnings call (November 10, 2025), and the Q4 2025 earnings call (March 3, 2026) provide management characterization of strategic direction and operational performance that contextualizes the SEC filings. These materials are publicly available through Surgery Partners’ investor relations website and through trade press coverage.

Among the Six Analytical Lenses introduced in Section 2.6, three are particularly informative for Surgery Partners-related diligence.

De Facto Control Test. The lens surfaces the practical question of who exercises operational authority across Surgery Partners’ 178-facility portfolio — the Bain Capital relationship at the platform-corporate level, the percentage-of-revenue management fee structure across consolidated facilities, and the disclosed governance posture in which Bain Capital “significantly influences” company decisions despite the loss of “controlled company” Nasdaq status produce the layered control architecture the lens illuminates.

Partnership Reality Gap. The lens surfaces the comparison between Surgery Partners’ marketing-level characterization of physician partnership and the documented terms in SEC filings, the implemented operations, and the physician-partner experience. The comparison is particularly valuable given the depth of

public-company disclosure available.

Physician Alignment Durability Score. The lens evaluates whether the platform's growth trajectory depends on durable physician alignment that will survive ownership transitions, regulatory environment changes, and competitive dynamics. The rejected June 2025 take-private process and the continuing Bain Capital position make the durability question structurally consequential for any future transaction analysis.

Unifying analytical question application. The unifying analytical question — whether Surgery Partners-affiliated facilities preserve physician-led care, or preserve the appearance of physician-led care while shifting control to other parties — operates differently at majority-owned facilities (Type 4) versus minority-owned facilities (Type 3) versus strategic-relationship facilities (Type 9 hospital-consolidator-physician tripartite arrangements), with the lens-by-lens analysis producing the layer-level characterization the unifying question requires.

5.6 Operational Verification: Questions Beyond the Present Scope

The structural verification this chapter provides addresses the disclosed architecture of Surgery Partners' consolidation — the equity arrangements, governance allocations, contractual instruments, and disclosure patterns that constitute the consolidation. Readers whose professional work requires the next layer of analysis — practitioner-level operational verification of how the structural architecture functions in practice for the parties governed by it — will identify a parallel set of questions that fall outside the scope of the present document.

For Surgery Partners specifically, the operational-verification questions a reader would pursue include: Distribution mechanics. What is the distribution waterfall at facility level? When does Surgery Partners take its preferred return relative to physician partner distributions? What occurs to physician distributions when facility-level cash flow is constrained or when intercompany loans (disclosed at \$44.2 million in aggregate at December 31, 2025 per the FY2025 10-

K) are being serviced?

Decision rights and unilateral authority. Which facility-level decisions require physician partner approval as a matter of operating-agreement reserved consent rights, and which can Surgery Partners take unilaterally as managing member, general partner, or pursuant to the management agreement? How do reserved-consent provisions vary across the facility network, and where do they meaningfully constrain Surgery Partners' operational latitude?

Buy-out triggers and valuation. What conditions trigger the "potential buy-up opportunities" disclosed in Item 1 of the FY2025 10-K, and what valuation methodology applies on exercise? Conversely, what put rights do physician partners hold under the operating agreements, and what are the valuation methodology and timing terms? The FY2025 10-K acknowledges in Item 1A that "with respect to these purchase rights, the agreements generally include a specified formula or methodology to determine the applicable purchase price, which may or may not reflect fair market value" — the specific formulas warrant operational examination.

Management agreement scope. Beyond the percentage-of-revenue management fee structure characterized in the FY2025 10-K, what is the scope of services, the term, the termination rights, the performance metrics, and the remedies framework in the standard Surgery Partners management agreement? How do the management agreement terms interact with the operating agreement governance allocation in practice?

Health system strategic relationship dynamics. For the strategic relationships in which a health system holds equity alongside Surgery Partners and physician investors (the Mechanism 4 deployment within Surgery Partners' portfolio), how do the three-party governance, economic, and exit arrangements function in practice? What are the operational consequences when health system, corporate platform, and physician interests diverge?

Post-syndication operational reality at de novo facilities. Given the disclosed syndication pattern under Mechanism 5 — the structural inversion of the historical physician-developed ASC model —

what does the operational reality of physician partnership look like at facilities where physicians enter pre-established corporate structures rather than developing the structures themselves? How does the syndicated-physician experience compare to the experience of physicians at facilities Surgery Partners acquired from physician-developed origins?

These categories of operational-verification questions are addressed in the companion research product *Operational Verification of ASC Consolidation Arrangements: A Practitioner's Reference for Legal, Investment, Strategic, and Editorial Use*, available together with the present document as the structural-and-operational pair that constitutes the firm's verification methodology applied to ASC consolidation.

The complete ASC set

This profile is one of nine platform readings in *Structural Verification of ASC Consolidation Arrangements*, Volume One of the ASC set. Its companion volume, *Operational Verification*, develops the seven analytical instruments the reading applies.

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