

October 9, 2018

VIA EMAIL & HAND DELIVERY

Ms. Mariama Gondo
Mariama.gondo1@maryland.gov
Program Manager, Certificate of Need
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: Shore Health System
Request for Certificate of Exemption from CON Review
Merger and Consolidation of UM SMC at Dorchester and UM SMC at Easton

Dear Ms. Gondo:

On behalf of Shore Health System, Inc. *d/b/a* University of Maryland Shore Medical Center at Easton and University of Maryland Shore Medical Center at Dorchester, we are submitting four copies of its response to the additional information questions dated September 25, 2018. WORD and EXCEL versions will be provided to Commission Staff under separate cover.

I hereby certify that a copy of this submission has also been forwarded to the appropriate local health planning agency noted below.

Sincerely,



Thomas C. Dame



Mallory Regenbogen

TCD/MMR:blr
Enclosures

#641850
012516-0006

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cc: Kevin McDonald, Chief, Certificate of Need
Paul Parker, Director, Center for Health Care Facilities Planning & Development
Suellen Wideman, Esq., Assistant Attorney General
Ruby Potter, Health Facilities Coordination Officer
Roger L. Harrell, MHA, Health Officer, Dorchester County Health Department
Scott LeRoy, MPH, MS, Health Officer, Caroline County Health Department
Fredia Wadley, MD, Health Officer, Talbot County Health Department
Pat Gainer, Acting Co-Executive Director, Maryland Emergency Medical Services
Systems
Kenneth D. Kozel, President & CEO, UM Shore Regional Health
Robert Frank, Sr. Regional V.P., Operations, UM Shore Regional Health
William Huffner, M.D., Sr. V.P., Medical Affairs & Chief Medical Officer, UM Shore
Regional Health
Ruth Ann Jones, Sr. V.P., Patient care Services & Chief Nursing Officer, UM Shore
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Patti Willis, Sr. V.P., Strategy & Communications, UM Shore Regional Health
JoAnne Hahey, Chief Financial officer, UM Shore Regional Health
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Megan Arthur, Senior Vice-President & General Counsel, UMMS
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Josh Repac, Berkeley Research Group, LLC
Craig Wheelless, Director, Health Care Advisory Services, KPMG, LLP
David Klahn, Vice President, HKS, Inc.
Andrew L. Solberg, A.L.S. Healthcare Consultant Services

**UM Shore Regional Health
Merger and Consolidation of University of Maryland
Shore Medical Center at Dorchester to University of Maryland at Easton**

**UM Shore Regional Health’s Responses to
Additional Information Questions Dated September 25, 2018**

- 1. The exemption request states that the UM SMC at Dorchester’s inpatient admissions have declined by 15.7% over a four year period. To what cause(s) does Shore attribute this decline in inpatient admissions? Please explain thoroughly.**

Applicant Response

The most significant reduction in UM SMC at Dorchester’s inpatient admissions occurred in FY2018 driven by a 12% reduction in inpatient medical surgical utilization rates (see Request for Exemption for Merger/Consolidation Application “Merger/Consolidation Application,” Table 6, p. 21) and a 4% reduction in inpatient psychiatric utilization rates (Merger/Consolidation Application, Table 24, p. 69). This reduction in service area utilization rates and resulting admissions to UM SMC at Dorchester was largely influenced by population health initiatives implemented by UM SMC at Dorchester, some of which are described on pages 23-26 of the Request for Exemption for Conversion to an FMF Application (“FMF Application”). In addition, this reduction may be due in part to the 23.5% increase in the use of observation cases at UM SMC at Dorchester in FY2017 (see FMF Application, Table 11, p.35). Finally, UM SMC at Dorchester’s provision of palliative care services through UM SRH’s inpatient, outpatient, and telemedicine services may have also contributed to declining admissions. Palliative care services are now available at discharge and in the community reducing unnecessary hospital utilization particularly for patients who wish to experience end of life care in alternate settings such as their homes.

- 2. In addressing the requirement that an exemption be in the public interest, one of the themes Shore advanced was that “SMC at Dorchester’s Financial Performance Over the Past Five Years” was apparently considered suboptimal “in the Context of the Statewide Financial Performance of Maryland Hospitals.” You went on to show SMC’s operating margins compared to the statewide average hospital operating margin. The data you presented is shown immediately below.**

	FY13	FY14	FY15	FY16	FY17	Cumulative Mathematical Average
UM SMC- Dorchester	12.9%	14.0%	14.3%	11.1%	1.7%	10.8%
State average	1.3%	3.1%	3.7%	3.3%	2.8%	2.84%

Despite SMC-Dorchester’s cumulative five year profit margin being almost four times the state average, you cited the FY17 results as being “below the statewide

average of 2.8%” and characterized this series of (very) profitable years as a “continued decline in operating margin at UM SMC Dorchester {that} is not in the public interest.”

There may be many good reasons why continued operation of the facility is not in the public interest, or that relocating its services is in the public interest, but lack of profitability does not appear to be one of those reasons. If you feel staff has misinterpreted the data or your point, please elaborate on how one year’s steep decline in profit margins – in the context of four prior years of very profitable operations – indicates that it is the public’s interest to relocate services.

Applicant Response

The historical financial performance presented in the Merger/Consolidation Application does not represent the true financial performance of UM SMC Dorchester as certain shared services and other expenses were not fully allocated to UM SMC Dorchester and remained on the financial statements of either UM SMC Easton and/or its parent, Shore Health System. These expenses include, but are not limited to, physician expenses, various purchased services, back office support functions, and corporate allocations. If these expenses had been fully allocated, UM SMC at Dorchester would have had slimmer profit margins. However, as MHCC Staff notes and the Merger/Consolidation Application explains more fully, there are other reasons why the conversion is in the public interest.

As stated previously on pages 74-92 of the Merger/Consolidation Application, the following reasons demonstrate that the conversion to an FMF is in the public interest:

- The hospital's 15.7% decline in inpatient admissions over the past five years, which is nearly double the 8.2% decline experienced statewide;
- The hospital's physical plant is aging and much larger than needed to accommodate the level of services currently provided to the community. The current average age of the hospital's physical plant is 14.4 years (though parts of the existing core date to 1974) as compared to the statewide average of 10.2 years. In order to modernize the facility to achieve the statewide average it would require approximately \$32M;
- The transfer of 17 medical/surgical beds and 12 inpatient behavioral health beds from UM SMC at Dorchester to UM SMC at Easton (which is only approximately 15 miles away) will ensure the continued access to adequate inpatient services for residents of UM SMC at Dorchester's service area once the proposed conversion to an FMF occurs.
- Shore Health System has developed a comprehensive transition plan to ensure a smooth transition of inpatient services from UM SMC at Dorchester to UM SMC at Easton; and
- The conversion of UM SMC at Dorchester to an FMF and consolidation of its inpatient services with UM SMC at Easton will have a positive financial impact on the operating margins of the Shore Health System, which will improve the health system's overall financial stability in the future.

3. Your response to standard AP 8 appears to incorporate slightly inaccurate data in Table 20 regarding uncompensated care. The Health Services Cost Review Commission (HSCRC) shows UM SMC at Easton to have 3.15% (not 3.43%) of uncompensated care while UM SMC at Dorchester at 5.12% (not 5.11%) for 2017. Please correct and restate your response to that standard.

Applicant Response

With the shift of cases from UM SMC at Dorchester, UM SMC at Easton intends to provide a level of uncompensated care that approximates the average uncompensated care for acute psychiatric patients in the health service area.

In FY2017, UM SMC at Dorchester and UM SMC at Easton’s uncompensated care as percentages of gross revenue equaled 5.12% and 3.15%, respectively. This level of uncompensated care was published in the fiscal year 2017 HSCRC Disclosure of Hospital Financial and Statistical Data, dated April 11, 2018. Combined with patients from UM SMC at Dorchester, the percent of uncompensated care at UM SMC at Easton will average 4.14%. As shown in Table 36 below, the average percentage of uncompensated care approximates the average 4.51% of uncompensated care provided by UM SMC at Easton, UM SMC at Dorchester, Peninsula Regional Medical Center, and Atlantic General, the four acute general hospitals providing psychiatric services in the health service area.

**Table 36
Health Service Area Uncompensated Care Percent of Revenue**

<u>Hospital</u>	<u>FY2017 UCC %</u>
UM SMC at Dorchester	5.12%
UM SMC at Easton	3.15%
SHS Average	4.14%
Peninsular Regional Medical Center	4.17%
Atlantic General Hospital	5.61%
Health Service Area Average	4.51%

Source: HSCRC Disclosure of Hospital Financial and Statistical Data, Fiscal Year 2017 dated April 11, 2018

4. On page 73, the second bullet speaks to how staffing ratios will be made more efficient by combining units into larger sizes (making better use of personnel required by minimum staffing patterns). An example therein, however, leaves uncertainty as to the number of beds that are proposed for a given unit. That passage states:

The neuro 10 bed unit will be combined with the joint center 10 bed unit and the beds from UM SMC at Dorchester to create a 26-bed unit. This will increase efficiency of the combined unit and eliminate the need for

minimum staffing patterns on the small, separate 10 bed units that currently exist.”

Please clarify if the bed count for this unit is expected to be 26 or 20, and explicitly explain how that number is arrived at and where the beds are coming from.

Applicant Response

The bed count for this unit is expected to be 26, including: 11 Joint center beds (already existing), 10 neuro beds (already existing), and five new medical/surgical beds that will be transferred from UM SMC at Dorchester. Please see Exhibit 2, page 3 of the Merger/Consolidation Application for a floor plan showing Level 4 where the 5 new medical/surgical beds will be added. The Applicant identified several errors in Exhibit 1, Table A in preparing this response (including the stated location of the joint and neuro beds). Attached as Exhibit 18 is a new MHCC Table set with a revised Table A with all changes shown in red text.

5. **Table B (Departmental Gross Square Feet Affected by the Proposed Project) in Exhibit 1 shows that the current square footage is 77,912; that there is no new construction, but will be renovations; and that the “after project” square footage will be 79,129, a gain of 1,217 SF. Please explain how the facility gains 1200 SF than it began with without adding more space (e.g. new construction). Please either submit a corrected table, or explain the apparent inconsistency.**

Applicant Response

The Applicant neglected to include in Table B the square footage of the departmental space that will be vacated as part of the renovation to accommodate the beds from UM SMC at Dorchester. **Exhibit 18** includes a revised Table B which shows 79,129 DGSF before and after the project.

TABLE OF EXHIBITS

Exhibit	Description
18	REVISED MHCC Tables

TABLE OF TABLES

Table	Description
36	Health Service Area Uncompensated Care Percent of Revenue

EXHIBIT 18

Name of Applicant:

Shore Health System, Inc. d/b/a University of Maryland Shore Medical Center at Easton and
University of Maryland Shore Medical Center at Dorchester

Date of Submission:

10/09/18--**REVISED**

Applicants should follow additional instructions included at the top of each of the following worksheets. Please ensure all green fields (see above) are filled.

<u>Table Number</u>	<u>Table Title</u>	<u>Instructions</u>
Table A	Physical Bed Capacity Before and After Project	All applicants whose project impacts any nursing unit, regardless of project type or scope, must complete Table A.
Table B	Departmental Gross Square Feet	All applicants, regardless of project type or scope, must complete Table B for all departments and functional areas affected by the proposed project.
Table C	Construction Characteristics	All applicants proposing new construction or renovation must complete Table C.
Table D	Site and Offsite Costs Included and Excluded in Marshall Valuation Costs	All applicants proposing new construction or renovation must complete Table D.
Table E	Project Budget	All applicants, regardless of project type or scope, must complete Table E.
Table F	Statistical Projections - Entire Facility	Existing facility applicants must complete Table F. All applicants who complete this table must also complete Tables G and H.
Table G	Revenues & Expenses, Uninflated - Entire Facility	Existing facility applicants must complete Table G. The projected revenues and expenses in Table G should be consistent with the volume projections in Table F.
Table H	Revenues & Expenses, Inflated - Entire Facility	Existing facility applicants must complete Table H. The projected revenues and expenses in H should be consistent with the projections in Tables F and G.
Table I	Statistical Projections - New Facility or Service	Applicants who propose to establish a new facility, existing facility applicants who propose a new service, and applicants who are directed by MHCC staff must complete Table I. All applicants who complete this table must also complete Tables J and K.
Table J	Revenues & Expenses, Uninflated - New Facility or Service	Applicants who propose to establish a new facility and existing facility applicants who propose a new service and any other applicant who completes a Table I must complete Table J. The projected revenues and expenses in Table J should be consistent with the volume projections in Table I.
Table K	Revenues & Expenses, Inflated - New Facility or Service	Applicants who propose to establish a new facility and existing facility applicants who propose a new service and any other applicant that completes a Table I must complete Table K. The projected revenues and expenses in Table K should be consistent with the projections in Tables I and J.
Table L	Work Force Information	All applicants, regardless of project type or scope, must complete Table L.

TABLE A. PHYSICAL BED CAPACITY BEFORE AND AFTER PROJECT

INSTRUCTIONS: Identify the location of each nursing unit (add or delete rows if necessary) and specify the room and bed count before and after the project in accordance with the definition of physical capacity noted below. Applicants should add columns and recalculate formulas to address rooms with 3 and 4 bed capacity. NOTE: Physical capacity is the total number of beds that could be physically set up in space without significant renovations. This should be the maximum operating capacity under normal, non-emergency circumstances and is a physical count of bed capacity, rather than a measure of staffing capacity. A room with two headwalls and two sets of gasses should be counted as having capacity for two beds, even if it is typically set up and operated with only one bed. A room with one headwall and one set of gasses is counted as a private room, even if it is large enough from a square footage perspective to be used as a semi-private room, since renovation/construction would be required to convert it to semi-private use. If the hospital operates patient rooms that contain no headwalls or a single headwall, but are normally used to accommodate one or more than one patient (e.g., for psychiatric patients), the physical capacity of such rooms should be counted as they are currently used.

Before the Project							After Project Completion							
Hospital Service	Location (Floor/Wing)*	Licensed Beds: 7/1/2017	Based on Physical Capacity				Hospital Service	Location (Floor/Wing)*	Based on Physical Capacity					
			Room Count		Total Rooms	Physical Capacity			Room Count		Total Rooms	Physical Capacity		
			Private	Semi-Private					Private	Semi-Private				
ACUTE CARE							ACUTE CARE							
General Medical/ Surgical*		77					General Medical/ Surgical*							
MedSurg	2 East		19	6	25	31	MedSurg	2 East	24	6	30	36		
Surgical/Medical	3 East		10	10	20	30	Surgical/Medical	3 East	17	10	27	37		
Neuro	4 East		6	2	8	10	Neuro	4 East	6	2	8	10		
							Med Surg	4 East	5	0	5	5		
Joint	4 East/South		5	3	8	11	Joint	4 East/South	5	3	8	11		
Telemetry	4 South		20	4	24	28	Telemetry	4 South	20	4	24	28		
Resp/Cardio	3 Center		3	4	7	11	Resp/Cardio	3 Center	3	4	7	11		
							Pediatrics	5 South	3	0	3	3		
Renal	2 South		5	0	5	5	Renal	2 South	5	0	5	5		
SUBTOTAL Gen. Med/Surg*		77	68	29	97	126	SUBTOTAL Gen. Med/Surg*		88	29	117	146		
ICU/CCU		10	10	0	10	10	ICU/CCU		10	0	10	10		
<i>Other (Specify/add rows as needed)</i>					0	0					0	0		
TOTAL MSGA		87	78	29	107	136	TOTAL MSGA		98	29	127	156		
Obstetrics		17			0	0	Obstetrics				0	0		
5 East (LDRP)	Birthing Center 5E		10	0	10	10	5 East (LDRP)	Birthing Center 5E	10	0	10	10		
Antepartum	Birthing Center 5E		3	0	3	3	Antepartum	Birthing Center 5E	3	0	3	3		
OR 5 East	Birthing Center 5E		1	0	1	1	OR 5 East	Birthing Center 5E	1	0	1	1		
PACU 5 East	Birthing Center 5E		1	0	1	1	PACU 5 East	Birthing Center 5E	1	0	1	1		
Triage 5 East	Birthing Center 5E		3	0	3	3	Triage 5 East	Birthing Center 5E	3	0	3	3		
Pediatrics	3rd Floor South	8	4	5	9	14	Pediatrics	3rd Floor South	0	0	0	0		
Psychiatric					0	0	Psychiatric	3rd Floor South	4	4	8	12		
TOTAL ACUTE		112	100	34	134	168	TOTAL ACUTE		120	33	153	186		
NON-ACUTE CARE							NON-ACUTE CARE							
Dedicated Observation**					0	0	Dedicated Observation**			0	0	0		
Rehabilitation	5 South	20	4	8	12	20	Rehabilitation	5 South	3	6	9	15		
Comprehensive Care					0	0	Comprehensive Care				0	0		
<i>Other (Specify/add rows as needed)</i>					0	0	<i>Other (Specify/add rows as needed)</i>			0	0	0		
Sleep Lab	3 South		4	0	4	4	Sleep Lab		0	0	0	0		
									0	0	0	0		
TOTAL NON-ACUTE		20	8	8	16	24	TOTAL NON-ACUTE		3	6	9	15		
HOSPITAL TOTAL		132	108	42	150	192	HOSPITAL TOTAL		123	39	162	201		

* Include beds dedicated to gynecology and addictions, if unit(s) is separate for acute psychiatric unit

** Include services included in the reporting of the "Observation Center". Service furnished by the hospital on the hospital's promise, including use of a bed and periodic monitoring by the hospital's nursing or other staff, which are reasonable and necessary to determine the need for a possible admission to the hospital as an inpatient; Must be ordered and documented in writing, given by a medical practitioner.

TABLE B. DEPARTMENTAL GROSS SQUARE FEET AFFECTED BY PROPOSED PROJECT

INSTRUCTION: Add or delete rows if necessary. See additional instruction in the column to the right of the table.

DEPARTMENT/FUNCTIONAL AREA	DEPARTMENTAL GROSS SQUARE FEET				
	Current	To be Added Thru New Construction	To Be Renovated	To Remain As Is	Total After Project Completion
Med/Surg (Medical Oncology)	15,184	0	1,041	14,814	15,855
Med/Surg (General)	15,300	0	2,048	15,046	17,094
Behavioral Health Unit	0	0	8,310	0	8,310
Med/Surg (Joint & Neuro)	12,160	0	1,309	12,160	13,469
LDRP / Peds	13,015	0	728	13,015	13,743
Med/Surg (Rehab Unit)	11,438	0	989	9,669	10,658
Vacated Pediatric Unit	9,485	0	0	0	0
Vacated Support /Admin Space	2,547	0	0	0	0
Total	79,129	0	14,425	64,704	79,129

TABLE C. CONSTRUCTION CHARACTERISTICS

INSTRUCTION : If project includes non-hospital space structures (e.g., parking garges, medical office buildings, or energy plants), complete an additional Table C for each structure.

	NEW CONSTRUCTION	RENOVATION
BASE BUILDING CHARACTERISTICS	Check if applicable	
Class of Construction (for renovations the class of the building being renovated)*		
Class A	<input type="checkbox"/>	<input type="checkbox"/>
Class B	<input type="checkbox"/>	<input type="checkbox"/>
Class C	<input type="checkbox"/>	<input type="checkbox"/>
Class D	<input type="checkbox"/>	<input type="checkbox"/>
Type of Construction/Renovation*		
Low	<input type="checkbox"/>	<input type="checkbox"/>
Average	<input type="checkbox"/>	<input type="checkbox"/>
Good	<input type="checkbox"/>	<input type="checkbox"/>
Excellent	<input type="checkbox"/>	<input type="checkbox"/>
Number of Stories		
*As defined by Marshall Valuation Service		
PROJECT SPACE	List Number of Feet, if applicable	
Total Square Footage	Total Square Feet	
Basement		0
First Floor		0
Second Floor		1,041
Third Floor		10,358
Fourth Floor		1,309
Fifth Floor		1,717
Total Area		14,425
Average Square Feet		3,606
Perimeter in Linear Feet	Linear Feet	
Basement		0
First Floor		0
Second Floor		208
Third Floor		621
Fourth Floor		261
Fifth Floor		343
Total Linear Feet		1,433
Average Linear Feet		358
Wall Height (floor to eaves)	Feet	
Basement		N/A
First Floor		N/A
Second Floor		12
Third Floor		12
Fourth Floor		12
Fifth Floor		12
Average Wall Height		
OTHER COMPONENTS		
Elevators	List Number	
Passenger		Existing
Freight		Existing
Sprinklers	Square Feet Covered	
Wet System		Existing
Dry System		Existing
Other	Describe Type	
Type of HVAC System for proposed project	Existing	
Type of Exterior Walls for proposed project	Existing	

TABLE D. ONSITE AND OFFSITE COSTS INCLUDED AND EXCLUDED IN MARSHALL VALUATION COSTS

INSTRUCTION: If project includes non-hospital space structures (e.g., parking garges, medical office buildings, or energy plants), complete an additional Table D for each structure.

	NEW CONSTRUCTION COSTS	RENOVATION COSTS
SITE PREPARATION COSTS		
Normal Site Preparation		
Utilities from Structure to Lot Line		
Subtotal included in Marshall Valuation Costs		
Site Demolition Costs		
Storm Drains		
Rough Grading		
Hillside Foundation		
Paving		
Exterior Signs		
Landscaping		
Walls		
Yard Lighting		
Other <i>(Specify/add rows if needed)</i>		
Sediment Control & Stabilization		
Helipad		
Water		
Sewer		
Premium for Minority Business Enterprise Requirement		
Outside the Loop		
Subtotal On-Site excluded from Marshall Valuation Costs	\$0	\$0
OFFSITE COSTS		
Roads		
Utilities		

TABLE E. PROJECT BUDGET

INSTRUCTION: Estimates for Capital Costs (1.a-e), Financing Costs and Other Cash Requirements (2.a-g), and Working Capital Startup Costs (3) must reflect current costs as of the date of application and include all costs for construction and renovation. Explain the basis for construction cost estimates, renovation cost estimates, contingencies, interest during construction period, and inflation in an attachment to the application. See additional instruction in the column to the right of the table.

NOTE: Inflation should only be included in the Inflation allowance line A.1.e. The value of donated land for the project should be included on Line A.1.a as a use of funds and on line B.8 as a source of funds

	Hospital Building	Other Structure	Total
A. USE OF FUNDS			
1. CAPITAL COSTS			
a. Land Purchase			\$0
b. New Construction			
(1) Building			\$0
(2) Fixed Equipment			\$0
(3) Site and Infrastructure			\$0
(4) Architect/Engineering Fees			\$0
(5) Permits (Building, Utilities, Etc.)			\$0
SUBTOTAL	\$0	\$0	\$0
c. Renovations			
(1) Building	\$5,058,140		\$5,058,140
(2) Fixed Equipment (not included in construction)			\$0
(3) Architect/Engineering Fees	\$546,949		\$546,949
(4) Permits (Building, Utilities, Etc.)	\$10,000		\$10,000
SUBTOTAL	\$5,615,089	\$0	\$5,615,089
d. Other Capital Costs			
(1) Movable Equipment	\$563,590		\$563,590
(2) Contingency Allowance	\$557,996		\$557,996
(3) Gross interest during construction period	\$841,931		\$841,931
(4) Other (Specify/add rows if needed)			\$0
SUBTOTAL	\$1,963,517	\$0	\$1,963,517
TOTAL CURRENT CAPITAL COSTS	\$7,578,606	\$0	\$7,578,606
e. Inflation Allowance	\$198,325		\$198,325
TOTAL CAPITAL COSTS	\$7,776,931	\$0	\$7,776,931
2. Financing Cost and Other Cash Requirements			
a. Loan Placement Fees	\$113,388		\$113,388
b. Bond Discount			\$0
c. Legal Fees	\$45,000		\$45,000
d. Non-Legal Consultant Fees	\$20,000		\$20,000
e. Liquidation of Existing Debt			\$0
f. Debt Service Reserve Fund	\$561,946		\$561,946
g. Other (Specify/add rows if needed)			\$0
SUBTOTAL	\$740,334	\$0	\$740,334
3. Working Capital Startup Costs			\$0
TOTAL USES OF FUNDS	\$8,517,265	\$0	\$8,517,265
B. Sources of Funds			
1. Cash			\$0
2. Philanthropy (to date and expected)			\$0
3. Authorized Bonds	\$8,419,317		\$8,419,317
4. Interest Income from bond proceeds listed in #3	\$97,948		\$97,948
5. Mortgage			\$0
6. Working Capital Loans			\$0
7. Grants or Appropriations			
a. Federal			\$0
b. State			\$0
c. Local			\$0
8. Other (Specify/add rows if needed)			\$0
TOTAL SOURCES OF FUNDS	\$8,517,265	\$0	\$8,517,265
Annual Lease Costs (if applicable)			
1. Land			\$0
2. Building			\$0
3. Major Movable Equipment			\$0
4. Minor Movable Equipment			\$0
5. Other (Specify/add rows if needed)			\$0
Describe the terms of the lease(s) below, including information on the fair market value of the item(s), and the number of years, annual cost, and the interest rate for the lease.			

TABLE F. STATISTICAL PROJECTIONS - ENTIRE FACILITY - SHORE HEALTH SYSTEM

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. See additional instruction in the column to the right of the table.

	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H.					
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Indicate CY or FY									
1. DISCHARGES									
a. General Medical/Surgical*	8,011	8,234	7,266	7,294	7,339	7,385	7,110	7,157	7,206
b. ICU/CCU	236	254	224	225	227	228	220	221	223
Total MSGA	8,247	8,488	7,490	7,520	7,565	7,613	7,330	7,379	7,429
c. Pediatric	125	106	62	62	61	61	60	60	60
d. Obstetric	1,050	1,057	1,174	1,202	1,230	1,259	1,289	1,319	1,350
e. Acute Psychiatric	648	544	556	556	557	557	558	558	559
Total Acute	10,070	10,195	9,282	9,339	9,413	9,490	9,237	9,316	9,398
f. Rehabilitation	344	357	346	350	355	360	364	369	374
g. Comprehensive Care									
h. Other (Specify/add rows of needed)									
TOTAL DISCHARGES	10,414	10,552	9,628	9,690	9,768	9,849	9,602	9,686	9,772
2. PATIENT DAYS									
a. General Medical/Surgical*	35,447	37,297	31,378	30,689	30,085	29,503	27,538	26,989	26,394
b. ICU/CCU	2,107	2,047	1,753	1,710	1,671	1,632	1,558	1,522	1,483
Total MSGA	37,554	39,344	33,132	32,400	31,756	31,135	29,097	28,511	27,878
c. Pediatric	292	245	152	151	150	149	148	147	146
d. Obstetric	2,513	2,570	2,888	2,956	3,026	3,097	3,170	3,245	3,322
e. Acute Psychiatric	4,417	3,917	3,790	3,793	3,796	3,799	3,803	3,807	3,811
Total Acute	44,776	46,076	39,961	39,300	38,728	38,180	36,218	35,710	35,156
f. Rehabilitation	3,567	3,394	3,632	3,679	3,727	3,776	3,827	3,878	3,930
g. Comprehensive Care									
h. Other (Specify/add rows of needed)									
TOTAL PATIENT DAYS	48,343	49,470	43,593	42,979	42,455	41,956	40,045	39,588	39,086
3. AVERAGE LENGTH OF STAY (patient days divided by discharges)									
a. General Medical/Surgical*	4.4	4.5	4.3	4.2	4.1	4.0	3.9	3.8	3.7
b. ICU/CCU	8.9	8.1	7.8	7.6	7.4	7.2	7.1	6.9	6.7
Total MSGA	4.6	4.6	4.4	4.3	4.2	4.1	4.0	3.9	3.8
c. Pediatric	2.3	2.3	2.5	2.5	2.5	2.5	2.5	2.5	2.5
d. Obstetric	2.4	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5
e. Acute Psychiatric	6.8	7.2	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Total Acute	4.4	4.5	4.3	4.2	4.1	4.0	3.9	3.8	3.7
f. Rehabilitation	10.4	9.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
g. Comprehensive Care	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
h. Other (Specify/add rows of needed)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL AVERAGE LENGTH OF STAY	4.6	4.7	4.5	4.4	4.3	4.3	4.2	4.1	4.0

TABLE F. STATISTICAL PROJECTIONS - ENTIRE FACILITY - SHORE HEALTH SYSTEM

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. See additional instruction in the column to the right of the table.

	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H.					
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Indicate CY or FY									
4. NUMBER OF LICENSED BEDS									
a. General Medical/Surgical*	94	94	94	98	96	94	88	86	84
b. ICU/CCU	16	16	16	16	16	16	11	11	11
Total MSGA	110	110	110	114	112	110	99	97	95
c. Pediatric	8	8	8	1	1	1	1	1	1
d. Obstetric	17	17	17	12	12	12	12	13	13
e. Acute Psychiatric	24	24	24	12	12	12	12	12	12
Total Acute	159	159	159	139	137	135	125	123	121
f. Rehabilitation	20	20	20	13	14	14	14	14	14
g. Comprehensive Care									
h. Other (Specify/add rows of needed)									
TOTAL LICENSED BEDS	179	179	179	152	150	148	139	137	135
5. OCCUPANCY PERCENTAGE *IMPORTANT NOTE: Leap year formulas should be changed by applicant to reflect 366 days per year.									
a. General Medical/Surgical*	103.3%	108.7%	91.5%	85.6%	85.9%	86.3%	85.3%	85.7%	86.1%
b. ICU/CCU	36.1%	35.0%	30.0%	29.3%	28.6%	28.0%	38.8%	37.9%	36.9%
Total MSGA	93.5%	98.0%	82.5%	77.7%	77.7%	77.8%	80.2%	80.3%	80.4%
c. Pediatric	10.0%	8.4%	5.2%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
d. Obstetric	40.5%	41.4%	46.5%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
e. Acute Psychiatric	50.4%	44.7%	43.3%	86.6%	86.7%	86.7%	86.8%	86.9%	87.0%
Total Acute	77.2%	79.4%	68.9%	77.6%	77.7%	77.7%	79.6%	79.7%	79.7%
f. Rehabilitation	48.9%	46.5%	49.8%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
g. Comprehensive Care	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
h. Other (Specify/add rows of needed)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL OCCUPANCY %	74.0%	75.7%	66.7%	77.4%	77.4%	77.5%	79.1%	79.2%	79.2%
6. OUTPATIENT VISITS									
a. Emergency Department (IP and OP)	72,661	67,955	68,071	68,186	68,309	68,440	68,579	68,726	68,881
b. Same-day Surgery OP Visits	3,329	3,333	3,338	3,343	3,349	3,355	2,886	2,892	2,900
c. Laboratory OP RVUs	4,401,015	4,271,265	4,276,814	4,282,371	4,288,548	4,295,359	4,271,304	4,279,408	4,288,193
d. Imaging OP RVUs	776,132	768,199	769,179	770,160	771,252	772,458	767,808	769,245	770,805
e. MRI OP RVUs	29,250	26,290	26,316	26,342	26,372	26,406	12,697	12,727	12,759
TOTAL OUTPATIENT VISITS	5,282,387	5,137,042	5,143,717	5,150,403	5,157,830	5,166,018	5,123,273	5,132,998	5,143,537
7. OBSERVATIONS**									
a. Number of Patients	2,071	2,476	2,480	2,484	2,489	2,494	2,499	2,504	2,510
b. Hours	81,332	110,662	107,830	108,013	108,208	108,414	108,634	108,866	109,111

* Include beds dedicated to gynecology and addictions, if separate for acute psychiatric unit.

** Services included in the reporting of the "Observation Center", direct expenses incurred in providing bedside care to observation patients; furnished by the hospital on the hospital's premises, including use of a bed and periodic monitoring by the hospital's nursing or other staff, in order to determine the need for a possible admission to the hospitals as an inpatient. Such services must be ordered and documented in writing, given by a medical practitioner; may or may not be provided in a distinct area of the hospital.

TABLE G. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY - SHORE HEALTH SYSTEM

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Table G should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table F and with the costs of Manpower listed in Table L. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.

	Most Recent Years (Actual)	Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Indicate CY or FY								
1. REVENUE								
a. Inpatient Services	\$ 131,796	\$ 129,172	130,886	130,886	130,886	133,362	133,362	133,362
b. Outpatient Services	177,167	185,931	181,525	181,525	181,525	176,830	176,830	176,830
Gross Patient Service Revenues	308,963	315,103	312,411	312,411	312,411	310,192	310,192	310,192
c. Allowance For Bad Debt	-	7,126	7,772	7,646	7,523	7,115	6,997	6,883
d. Contractual Allowance	67,802	58,378	56,169	58,943	60,382	62,129	63,645	65,198
e. Charity Care	-	2,770	2,789	2,736	2,685	2,583	2,534	2,486
Net Patient Services Revenue	241,161	246,829	245,680	243,085	241,821	238,365	237,015	235,625
f. Other Operating Revenues (Specify/add rows if needed)	4,576	4,305	4,367	4,367	4,367	4,032	4,032	4,032
NET OPERATING REVENUE	\$ 245,737	\$ 251,134	\$ 250,047	\$ 247,452	\$ 246,188	\$ 242,397	\$ 241,047	\$ 239,657
2. EXPENSES								
a. Salaries & Wages (including benefits)	\$ 120,913	\$ 112,640	\$ 113,646	\$ 113,526	\$ 113,417	\$ 107,520	\$ 108,240	\$ 108,980
b. Professional Fees	11,137	11,707	11,707	11,707	11,707	11,605	11,595	11,585
c. Interest on Current Debt	2,983	3,602	4,004	3,955	3,907	3,859	3,812	3,765
d1. Interest on Project Debt - FMF	-	-	-	-	-	2,090	2,054	2,016
d2. Interest on Project Debt - Easton	-	-	-	-	-	424	417	409
e. Current Depreciation	17,976	18,269	19,215	18,711	17,292	13,889	12,800	11,735
f1. Project Depreciation - FMF	-	-	-	-	-	1,780	1,816	1,852
f2. Project Depreciation - Easton	-	-	-	-	-	330	330	330
g. Current Amortization	-	-	-	-	-	-	-	-
h. Project Amortization	-	-	-	-	-	-	-	-
i. Supplies	38,148	38,533	38,475	38,739	39,012	37,962	38,231	38,509
j. Other Expenses (Purchased Services, Other Expense and Overhead & Shared Services)	42,398	44,163	43,711	43,887	44,068	53,042	53,264	53,490
k. Fixed Cost Additions	-	-	5,438	1,629	1,808	3,509	3,509	3,509
TOTAL OPERATING EXPENSES	\$ 233,555	\$ 228,914	\$ 236,195	\$ 232,155	\$ 231,211	\$ 236,011	\$ 236,067	\$ 236,180
3. INCOME								
a. Income From Operation	\$ 12,182	\$ 22,220	\$ 13,852	\$ 15,297	\$ 14,977	\$ 6,386	\$ 4,980	\$ 3,477
b. Non-Operating Income								
SUBTOTAL	\$ 12,182	\$ 22,220	\$ 13,852	\$ 15,297	\$ 14,977	\$ 6,386	\$ 4,980	\$ 3,477
c. Income Taxes								
NET INCOME (LOSS)	\$ 12,182	\$ 22,220	\$ 13,852	\$ 15,297	\$ 14,977	\$ 6,386	\$ 4,980	\$ 3,477

TABLE G. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY - SHORE HEALTH SYSTEM

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Table G should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table F and with the costs of Manpower listed in Table L. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.

	Most Recent Years (Actual)	Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Indicate CY or FY	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
4. PATIENT MIX								
a. Percent of Total Revenue								
1) Medicare	53.7%	53.7%	53.7%	53.7%	53.7%	53.7%	53.7%	53.7%
2) Medicaid	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%
3) Blue Cross	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
4) Commercial Insurance	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%
5) Self-pay	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
6) Other	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
b. Percent of Patient Days								
1) Medicare	62.0%	62.0%	62.0%	62.0%	62.0%	62.0%	62.0%	62.0%
2) Medicaid	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%
3) Blue Cross	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%
4) Commercial Insurance	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
5) Self-pay	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
6) Other	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Table G –
Key Financial Projection Assumptions for UM Shore Health System
(Does not include HSCRC Annual Update Factors & Expense Inflation)**

<p>Projection is based on the UM Shore Health System (SHS) FY2017 actual financial performance with assumptions identified below. SHS includes Memorial Hospital at Easton, Dorchester General Hospital and Queen Anne’s Emergency Center.</p>	
<p>Projection period reflects FY2018 – FY2024</p>	
<p>Volumes</p>	<p>- Refer to historical and projected utilization in Table F</p>
<p>Patient Revenue</p> <ul style="list-style-type: none"> • Gross Charges <ul style="list-style-type: none"> ○ Update Factor ○ Demographic Adjustment ○ Other Rate Adjustments ○ Variable Cost Factor ○ Redistribution of Dorchester General Hospital Revenue • Revenue Deductions 	<ul style="list-style-type: none"> - 0.00% annual increase in FY2019 – FY2024 - 0.00% annual increase in FY2019 – FY2024 - 0.00% annual increase in FY2019 – FY2024 based on historical experience - 100% variable cost factor associated with outpatient services shifted to the FMF and inpatient services shifted to Easton in FY2022 - 50% variable cost factor associated with the loss of volumes to other providers - Shore Health System (SHS) will retain 50% of revenue related to volumes that will be lost to other providers in FY2022 (Retained Revenue) - \$4.3M of SHS’s Retained Revenue will be apportioned to the FMF to cover its depreciation and interest expense - Remainder of SHS’s Retained Revenue will be apportioned to Memorial Hospital of Easton to cover its depreciation and interest expense associated with renovations and to fund ambulatory and physician network development and population health initiatives - Continuation of 2017 deductions from revenue (contractual allowances, denials, charity, bad debts, assessments, UCC pool receipts) as percentages of gross revenue
<p>Other Operating Revenue</p>	<p>- Remains constant from FY2018 with the exception of a loss of other operating revenue at FMF in FY2022</p>
<p>Expenses</p> <ul style="list-style-type: none"> • Inflation <ul style="list-style-type: none"> ○ Salaries and Benefits ○ Professional Fees ○ Supplies ○ Purchased Services ○ Other Operating Expenses • Expense Variability with Volume Changes <ul style="list-style-type: none"> ○ Salaries and Benefits ○ Professional Fees ○ Supplies & Drugs ○ Purchased Services ○ Other Operating Expenses 	<ul style="list-style-type: none"> - 0.0% weighted average annual increase that reflects the following: <ul style="list-style-type: none"> - 0.0% - 0.0% - 0.0% - 0.0% - 0.0% - 80% - 0% - 80% - 50% - 0%

- Building Related Operating Expense

- Interest Expense

- Existing Debt

- Project Debt

- Depreciation and Amortization

- Additional Incremental Expenses

- Incremental building operating costs (utilities, housekeeping, maintenance, security) calculated for the FMF's new square feet

- Continued amortization of existing debt and related interest expense

- Amortization of the following debt issuance over 30 years at 5.0%

- \$42.0M for construction of the new FMF

- \$8.4M for renovations at Easton

- \$33.1M for construction of a new MOB

- 30 year useful life for new construction and renovations

- 7 year useful life for new equipment

- 7 year useful life for routine capital expenditures

- New expenses related to EPIC implementation (\$5 million in fiscal year 2019), physician contracting and other strategic initiatives as follows:

- \$5.4M in FY2019

- \$1.6M in FY2020

- \$1.8M in FY2021

- \$3.5M in FY2022-FY2024

- The retention of 50% of revenue associated with patients that will seek care at other providers following the transformation of Dorchester to an FMF, will enable SHS to fund \$8.2M of initiatives related to ambulatory and physician network development and population health initiatives.

TABLE H. REVENUES & EXPENSES, INFLATED - ENTIRE FACILITY - SHORE HEALTH SYSTEM

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Table H should reflect inflation. Projected revenues and expenses should be consistent with the projections in Table F. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable.

Indicate CY or FY	Most Recent Year (Actual)	Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1. REVENUE								
a. Inpatient Services	\$ 131,796	\$ 129,172	\$ 134,080	\$ 137,351	\$ 140,703	\$ 146,863	\$ 150,446	\$ 154,117
b. Outpatient Services	177,167	185,931	185,954	190,491	195,139	194,731	199,482	204,349
Gross Patient Service Revenues	308,963	315,103	320,034	327,843	335,842	341,593	349,928	358,466
c. Allowance For Bad Debt	-	7,126	7,962	8,024	8,088	7,835	7,894	7,954
d. Contractual Allowance	67,802	58,378	57,540	58,943	60,382	62,129	63,645	65,198
e. Charity Care	-	2,770	2,858	2,872	2,886	2,845	2,859	2,873
Net Patient Services Revenue	241,161	246,829	251,675	258,003	264,487	268,784	275,530	282,441
f. Other Operating Revenues (Specify/add rows if needed)	4,576	4,305	4,367	4,367	4,367	4,032	4,032	4,032
NET OPERATING REVENUE	\$ 245,737	\$ 251,134	\$ 256,042	\$ 262,370	\$ 268,854	\$ 272,816	\$ 279,562	\$ 286,473
2. EXPENSES								
a. Salaries & Wages (including benefits)	\$ 120,913	\$ 112,640	\$ 116,260	\$ 118,809	\$ 121,424	\$ 117,759	\$ 121,273	\$ 124,911
b. Professional Fees	11,137	11,707	12,011	12,324	12,644	12,860	13,183	13,514
c. Interest on Current Debt	2,983	3,602	4,004	3,955	3,907	3,859	3,812	3,765
d1. Interest on Project Debt - FMF	-	-	-	-	-	2,090	2,054	2,016
d2. Interest on Project Debt - Easton	-	-	-	-	-	424	417	409
e. Current Depreciation	17,976	18,269	19,215	18,711	17,292	13,889	12,800	11,735
f1. Project Depreciation - FMF	-	-	-	-	-	1,780	1,816	1,852
f2. Project Depreciation - Easton	-	-	-	-	-	330	330	330
g. Current Amortization	-	-	-	-	-	-	-	-
h. Project Amortization	-	-	-	-	-	-	-	-
i. Supplies	38,148	38,533	39,629	41,099	42,629	42,726	44,321	45,982
j. Other Expenses (Purchased Services, Other Expense and Overhead & Shared Services)	42,398	44,163	44,585	45,660	46,765	57,414	58,807	60,238
k. Fixed Cost Additions	-	-	5,438	1,629	1,808	3,509	3,509	3,509
TOTAL OPERATING EXPENSES	\$ 233,555	\$ 228,914	\$ 241,142	\$ 242,186	\$ 246,470	\$ 256,641	\$ 262,321	\$ 268,261
3. INCOME								
a. Income From Operation	\$ 12,182	\$ 22,220	\$ 14,900	\$ 20,184	\$ 22,384	\$ 16,175	\$ 17,241	\$ 18,212
b. Non-Operating Income								
SUBTOTAL	\$ 12,182	\$ 22,220	\$ 14,900	\$ 20,184	\$ 22,384	\$ 16,175	\$ 17,241	\$ 18,212
c. Income Taxes								
NET INCOME (LOSS)	\$ 12,182	\$ 22,220	\$ 14,900	\$ 20,184	\$ 22,384	\$ 16,175	\$ 17,241	\$ 18,212

TABLE H. REVENUES & EXPENSES, INFLATED - ENTIRE FACILITY - SHORE HEALTH SYSTEM

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Table H should reflect inflation. Projected revenues and expenses should be consistent with the projections in Table F. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable.

	Most Recent Year (Actual)	Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Indicate CY or FY	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
4. PATIENT MIX								
a. Percent of Total Revenue								
1) Medicare	53.7%	53.7%	53.7%	53.7%	53.7%	53.7%	53.7%	53.7%
2) Medicaid	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%
3) Blue Cross	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
4) Commercial Insurance	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%
5) Self-pay	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
6) Other	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
b. Percent of Patient Days								
Total MSGA								
1) Medicare	62.0%	62.0%	62.0%	62.0%	62.0%	62.0%	62.0%	62.0%
2) Medicaid	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%
3) Blue Cross	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%
4) Commercial Insurance	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
5) Self-pay	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
6) Other	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**Table H –
Key Financial Projection Assumptions for UM Shore Health System
(Includes HSCRC Annual Update Factors & Expense Inflation)**

<p>Projection is based on the UM Shore Health System (SHS) FY2017 actual financial performance with assumptions identified below. SHS includes Memorial Hospital at Easton, Dorchester General Hospital and Queen Anne’s Emergency Center.</p>	
<p>Projection period reflects FY2018 – FY2024</p>	
Volumes	<ul style="list-style-type: none"> - Refer to historical and projected utilization in Table F
<p>Patient Revenue</p> <ul style="list-style-type: none"> • Gross Charges <ul style="list-style-type: none"> ○ Update Factor ○ Demographic Adjustment ○ Other Rate Adjustments ○ Variable Cost Factor ○ Redistribution of Dorchester General Hospital Revenue • Revenue Deductions 	<ul style="list-style-type: none"> - 2.0% annual increase in FY2019 – FY2024 - 0.29% annual increase in FY2019 – FY2024 - 0.15% annual increase in FY2019 – FY2024 based on historical experience - 100% variable cost factor associated with outpatient services shifted to the FMF and inpatient services shifted to Easton in FY2022 - 50% variable cost factor associated with the loss of volumes to other providers - Shore Health System (SHS) will retain 50% of revenue related to volumes that will be lost to other providers in FY2022 (Retained Revenue) - \$4.3M of SHS’s Retained Revenue will be apportioned to the FMF to cover its depreciation and interest expense - Remainder of SHS’s Retained Revenue will be apportioned to Memorial Hospital of Easton to cover its depreciation and interest expense associated with renovations and to fund ambulatory and physician network development and population health initiatives - Continuation of 2017 deductions from revenue (contractual allowances, denials, charity, bad debts, assessments, UCC pool receipts) as percentages of gross revenue
Other Operating Revenue	<ul style="list-style-type: none"> - Remains constant from FY2018 with the exception of a loss of other operating revenue at FMF in FY2022
Expenses	<ul style="list-style-type: none"> • Inflation <ul style="list-style-type: none"> ○ Salaries and Benefits ○ Professional Fees ○ Supplies ○ Purchased Services ○ Other Operating Expenses <ul style="list-style-type: none"> - 2.5% weighted average annual increase that reflects the following: <ul style="list-style-type: none"> - 2.25% - 2.75% - 3.0% - 2.8% - 2.0%

<ul style="list-style-type: none"> • Expense Variability with Volume Changes <ul style="list-style-type: none"> ○ Salaries and Benefits ○ Professional Fees ○ Supplies & Drugs ○ Purchased Services ○ Other Operating Expenses 	<ul style="list-style-type: none"> - 80% - 0% - 80% - 50% - 0%
<ul style="list-style-type: none"> • Building Related Operating Expense 	<ul style="list-style-type: none"> - Incremental building operating costs (utilities, housekeeping, maintenance, security) calculated for the FMF's new square feet
<ul style="list-style-type: none"> • Interest Expense 	<ul style="list-style-type: none"> - Continued amortization of existing debt and related interest expense
<ul style="list-style-type: none"> ○ Existing Debt ○ Project Debt 	<ul style="list-style-type: none"> - Amortization of the following debt issuance over 30 years at 5.0% <ul style="list-style-type: none"> • \$42.0M for construction of the new FMF • \$8.4M for renovations at Easton • \$33.1M for construction of a new MOB
<ul style="list-style-type: none"> • Depreciation and Amortization 	<ul style="list-style-type: none"> - 30 year useful life for new construction and renovations - 7 year useful life for new equipment - 7 year useful life for routine capital expenditures
<ul style="list-style-type: none"> • Additional Incremental Expenses 	<ul style="list-style-type: none"> - New expenses related to EPIC implementation (\$5 million in fiscal year 2019), physician contracting and other strategic initiatives as follows: <ul style="list-style-type: none"> • \$5.4M in FY2019 • \$1.6M in FY2020 • \$1.8M in FY2021 • \$3.5M in FY2022-FY2024 - The retention of 50% of revenue associated with patients that will seek care at other providers following the transformation of Dorchester to an FMF, will enable SHS to fund \$8.2M of initiatives related to ambulatory and physician network development and population health initiatives.

TABLE I. STATISTICAL PROJECTIONS - SHIFT OF MSGA AND PSYCHIATRIC BEDS FROM UM SMC AT DORCHESTER TO UM SMC AT EASTON

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. See additional instruction in the column to the right of the table.

	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H.					
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Indicate CY or FY									
1. DISCHARGES									
a. General Medical/Surgical*							1,121	1,130	1,138
b. ICU/CCU							33	34	34
Total MSGA	0	0	0	0	0	0	1,155	1,163	1,172
c. Pediatric									
d. Obstetric									
e. Acute Psychiatric							558	558	559
Total Acute	0	0	0	0	0	0	1,712	1,722	1,731
f. Rehabilitation									
g. Comprehensive Care									
h. Other (Specify/add rows of needed)									
TOTAL DISCHARGES	0	0	0	0	0	0	1,712	1,722	1,731
2. PATIENT DAYS									
a. General Medical/Surgical*							4,897	4,933	4,971
b. ICU/CCU							129	130	131
Total MSGA	0	0	0	0	0	0	5,026	5,063	5,102
c. Pediatric									
d. Obstetric									
e. Acute Psychiatric							3,803	3,807	3,811
Total Acute	0	0	0	0	0	0	8,829	8,870	8,913
f. Rehabilitation									
g. Comprehensive Care									
h. Other (Specify/add rows of needed)									
TOTAL PATIENT DAYS	0	0	0	0	0	0	8,829	8,870	8,913
3. AVERAGE LENGTH OF STAY (patient days divided by discharges)									
a. General Medical/Surgical*	0.0	0.0	0.0	0.0	0.0	0.0	4.4	4.4	4.4
b. ICU/CCU	0.0	0.0	0.0	0.0	0.0	0.0	3.9	3.9	3.9
Total MSGA	0.0	0.0	0.0	0.0	0.0	0.0	4.4	4.4	4.4
c. Pediatric	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d. Obstetric	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e. Acute Psychiatric	0.0	0.0	0.0	0.0	0.0	0.0	6.8	6.8	6.8
Total Acute	0.0	0.0	0.0	0.0	0.0	0.0	5.2	5.2	5.1

TABLE I. STATISTICAL PROJECTIONS - SHIFT OF MSGA AND PSYCHIATRIC BEDS FROM UM SMC AT DORCHESTER TO UM SMC AT EASTON

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. See additional instruction in the column to the right of the table.

Indicate CY or FY	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H.					
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
f. Rehabilitation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
g. Comprehensive Care	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
h. Other (Specify/add rows of needed)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL AVERAGE LENGTH OF STAY	0.0	0.0	0.0	0.0	0.0	0.0	5.2	5.2	5.1
4. NUMBER OF LICENSED BEDS									
a. General Medical/Surgical*							16	16	16
b. ICU/CCU							1	1	1
Total MSGA	0	0	0	0	0	0	17	17	17
c. Pediatric									
d. Obstetric									
e. Acute Psychiatric							12	12	12
Total Acute	0	0	0	0	0	0	29	29	29
f. Rehabilitation									
g. Comprehensive Care									
h. Other (Specify/add rows of needed)									
TOTAL LICENSED BEDS	0	0	0	0	0	0	29	29	29
5. OCCUPANCY PERCENTAGE *IMPORTANT NOTE: Leap year formulas should be changed by applicant to reflect 366 days per year.									
a. General Medical/Surgical*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	83.9%	84.5%	85.1%
b. ICU/CCU	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	35.3%	35.6%	35.9%
Total MSGA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	81.0%	81.6%	82.2%
c. Pediatric	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
d. Obstetric	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
e. Acute Psychiatric	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	86.8%	86.9%	87.0%
Total Acute	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	83.4%	83.8%	84.2%
f. Rehabilitation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g. Comprehensive Care	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
h. Other (Specify/add rows of needed)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL OCCUPANCY %	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	83.4%	83.8%	84.2%

TABLE I. STATISTICAL PROJECTIONS - SHIFT OF MSGA AND PSYCHIATRIC BEDS FROM UM SMC AT DORCHESTER TO UM SMC AT EASTON

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. See additional instruction in the column to the right of the table.

	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H.					
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
<i>Indicate CY or FY</i>									
6. OUTPATIENT VISITS									
a. Emergency Department (IP and OP)									
b. Same-day Surgery									
c. Laboratory									
d. Imaging									
e. Other (Specify/add rows of needed)									
TOTAL OUTPATIENT VISITS	0	0	0	0	0	0	0	0	0
7. OBSERVATIONS**									
a. Number of Patients									
b. Hours									

* Include beds dedicated to gynecology and addictions, if separate for acute psychiatric unit.

** Services included in the reporting of the "Observation Center", direct expenses incurred in providing bedside care to observation patients; furnished by the hospital on the hospital's premises, including use of a bed and periodic monitoring by the hospital's nursing or other staff, in order to determine the need for a possible admission to the hospitals as an inpatient. Such services must be ordered and documented in writing, given by a medical practitioner; may or may not be provided in a distinct area of the hospital.

TABLE J. REVENUES & EXPENSES, UNINFLATED - NEW FACILITY OR SERVICE - SHIFT OF MSGA AND PSYCHIATRIC BEDS FROM UM SMC AT DORCHESTER TO UM SMC AT EASTON

INSTRUCTION: After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). Table J should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table I and with the costs of Manpower listed in Table L. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.

Indicate CY or FY	Projected Years (ending at least two years after project completion and full occupancy) Add years, if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.						
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1. REVENUE							
a. Inpatient Services					\$ 28,757	\$ 28,757	\$ 28,757
b. Outpatient Services					-	-	-
Gross Patient Service Revenues	\$ -	\$ -	\$ -	\$ -	28,757	28,757	28,757
c. Allowance For Bad Debt					1,127	1,127	1,127
d. Contractual Allowance					3,048	3,048	3,048
e. Charity Care					352	352	352
Net Patient Services Revenue	\$ -	\$ -	\$ -	\$ -	24,230	24,230	24,230
f. Other Operating Revenues (Specify)							
NET OPERATING REVENUE	\$ -	\$ -	\$ -	\$ -	\$ 24,230	\$ 24,230	\$ 24,230
2. EXPENSES							
a. Salaries & Wages (including benefits)					\$ 7,505	\$ 7,505	\$ 7,505
b. Professional Fees					1,167	1,167	1,167
c. Interest on Current Debt					-	-	-
d. Interest on Project Debt					424	417	409
e. Current Depreciation					-	-	-
f. Project Depreciation					323	323	323
g. Current Amortization					-	-	-
h. Project Amortization					-	-	-
i. Supplies					989	994	1,000
j. Other Expenses (Purchased Services, Other Expense and Overhead & Shared Services)					13,980	14,036	14,094
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ 24,388	\$ 24,442	\$ 24,498
3. INCOME							
a. Income From Operation	\$ -	\$ -	\$ -	\$ -	\$ (158)	\$ (212)	\$ (267)
b. Non-Operating Income							
SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ (158)	\$ (212)	\$ (267)
c. Income Taxes							
NET INCOME (LOSS)	\$ -	\$ -	\$ -	\$ -	\$ (158)	\$ (212)	\$ (267)

TABLE J. REVENUES & EXPENSES, UNINFLATED - NEW FACILITY OR SERVICE - SHIFT OF MSGA AND PSYCHIATRIC BEDS FROM UM SMC AT DORCHESTER TO UM SMC AT EASTON

INSTRUCTION: After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). Table J should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table I and with the costs of Manpower listed in Table L. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.

	Projected Years (ending at least two years after project completion and full occupancy) Add years, if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.						
Indicate CY or FY	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
4. PATIENT MIX							
a. Percent of Total Revenue							
1) Medicare					61.8%	61.8%	61.8%
2) Medicaid					24.7%	24.7%	24.7%
3) Blue Cross					3.9%	3.9%	3.9%
4) Commercial Insurance					6.6%	6.6%	6.6%
5) Self-pay					0.9%	0.9%	0.9%
6) Other					2.2%	2.2%	2.2%
TOTAL	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
b. Percent of Patient Days							
Total MSGA							
1) Medicare					58.4%	58.4%	58.4%
2) Medicaid					28.0%	28.0%	28.0%
3) Blue Cross					4.0%	4.0%	4.0%
4) Commercial Insurance					6.8%	6.8%	6.8%
5) Self-pay					0.9%	0.9%	0.9%
6) Other					1.9%	1.9%	1.9%
TOTAL	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%

Table J – Key Financial Projection Assumptions for Shift of MSGA and Psychiatric beds from UM SMC at Dorchester to UM SMC at Easton (Does not include HSCRC Annual Update Factors & Expense Inflation)

<p>Projection is based on UM Shore Medical Center at Dorchester FY2017 actual financial performance of its inpatient services with assumptions identified below.</p>	
<p>Projection period reflects FY2018 – FY2024</p>	
<p>Volumes</p>	<ul style="list-style-type: none"> - Refer to historical and projected utilization in Table I and Sections H and I related to the methodology, assumptions and projections of MSGA and Psychiatric Volumes
<p>Patient Revenue</p> <ul style="list-style-type: none"> • Gross Charges <ul style="list-style-type: none"> ○ Update Factor ○ Demographic Adjustment ○ Other Rate Adjustments ○ Variable Cost Factor ○ Redistribution of Dorchester General Hospital Revenue • Revenue Deductions 	<ul style="list-style-type: none"> - 0.00% annual increase in FY2019 – FY2024 - 0.00% annual increase in FY2019 – FY2024 - 0.00% annual increase in FY2019 – FY2024 based on historical experience - 100% variable cost factor associated with regulated inpatient services shifted from Dorchester General Hospital to the SMC at Easton in FY2022 - Shore Health System (SHS) will retain 50% of revenue related to volumes that will be lost to other providers in FY2022 (Retained Revenue) <ul style="list-style-type: none"> - \$0.83M of SHS's Retained Revenue will be apportioned to the SMC at Easton to cover its depreciation and interest expense related to the transfer of IP beds. - An additional \$8.4M of SHS's Retained Revenue will be apportioned to UM SMC at Easton to fund ambulatory and physician network development and population health initiatives - Continuation of 2017 deductions from revenue (contractual allowances, denials, charity, bad debts, assessments) as percentages of gross revenue - Historical UCC pool receipts for inpatient services at Dorchester General Hospital are carried forward when the inpatient beds transfer to UM SMC at Easton.
<p>Other Operating Revenue</p>	<ul style="list-style-type: none"> - Historical other operating revenue at Dorchester General Hospital is eliminated beginning in FY2022
<p>Expenses</p> <ul style="list-style-type: none"> • Inflation <ul style="list-style-type: none"> ○ Salaries and Benefits ○ Professional Fees ○ Supplies ○ Purchased Services ○ Other Operating Expenses • Expense Variability with Volume Changes <ul style="list-style-type: none"> ○ Salaries and Benefits ○ Professional Fees ○ Supplies & Drugs ○ Purchased Services ○ Other Operating Expenses 	<ul style="list-style-type: none"> - 0.0% weighted average annual increase that reflects the following: <ul style="list-style-type: none"> - 0.0% - 0.0% - 0.0% - 0.0% - 0.0% - 80% - 0% - 80% - 50% - 0%

<ul style="list-style-type: none"> • Building Related Operating Expense • Interest Expense • Depreciation and Amortization • Additional Incremental Expenses 	<ul style="list-style-type: none"> - As UM SMC at Easton is an existing facility and this project will not add square feet to the facility, no incremental building operating costs (utilities, housekeeping, maintenance, security) are included - Amortization of \$8.5M for renovations to accommodate the IP beds over 30 years at 5.0% - 30 year useful life for new construction and renovations - 7 year useful life for new equipment - The retention of 50% of revenue associated with patients that will seek care at other providers following the merger and consolidation of Dorchester, will enable SHS to fund \$8.2M of initiatives related to ambulatory and physician network development and population health initiatives.
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TABLE K. REVENUES & EXPENSES, INFLATED - NEW FACILITY OR SERVICE - SHIFT OF MSGA AND PSYCHIATRIC BEDS FROM UM SMC AT DORCHESTER TO UM SMC AT EASTON

INSTRUCTION : After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). Table K should reflect inflation. Projected revenues and expenses should be consistent with the projections in Table I. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable.

	Projected Years (ending at least two years after project completion and full occupancy) Add years, if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.						
Indicate CY or FY	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1. REVENUE							
a. Inpatient Services	\$ -	\$ -	\$ -	\$ -	\$ 32,102	\$ 32,885	\$ 33,688
b. Outpatient Services	-	-	-	-	-	-	-
Gross Patient Service Revenues	-	-	-	-	32,102	32,885	33,688
c. Allowance For Bad Debt	-	-	-	-	1,258	1,289	1,320
d. Contractual Allowance	-	-	-	-	3,408	3,491	3,576
e. Charity Care	-	-	-	-	393	402	412
Net Patient Services Revenue	-	-	-	-	27,044	27,704	28,380
f. Other Operating Revenues (Specify/add rows of needed)	-	-	-	-	-	-	-
NET OPERATING REVENUE	\$ -	\$ -	\$ -	\$ -	\$ 27,044	\$ 27,704	\$ 28,380
2. EXPENSES							
a. Salaries & Wages (including benefits)	-	-	-	-	\$ 8,449	\$ 8,639	\$ 8,833
b. Professional Fees	-	-	-	-	1,311	1,341	1,371
c. Interest on Current Debt	-	-	-	-	-	-	-
d. Interest on Project Debt	-	-	-	-	424	417	409
e. Current Depreciation	-	-	-	-	-	-	-
f. Project Depreciation	-	-	-	-	323	323	323
g. Current Amortization	-	-	-	-	-	-	-
h. Project Amortization	-	-	-	-	-	-	-
i. Supplies	-	-	-	-	1,121	1,155	1,189
j. Other Expenses (Purchased Services, Other Expense and Overhead & Shared Services)	-	-	-	-	15,224	15,583	15,950
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ 26,853	\$ 27,457	\$ 28,076
3. INCOME							
a. Income From Operation	\$ -	\$ -	\$ -	\$ -	\$ 191	\$ 247	\$ 304
b. Non-Operating Income	-	-	-	-	-	-	-
SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ 191	\$ 247	\$ 304
c. Income Taxes	-	-	-	-	-	-	-
NET INCOME (LOSS)	\$ -	\$ -	\$ -	\$ -	\$ 191	\$ 247	\$ 304
4. PATIENT MIX							
a. Percent of Total Revenue							
1) Medicare					61.8%	61.8%	61.8%
2) Medicaid					24.7%	24.7%	24.7%
3) Blue Cross					3.9%	3.9%	3.9%
4) Commercial Insurance					6.6%	6.6%	6.6%
5) Self-pay					0.9%	0.9%	0.9%
6) Other					2.2%	2.2%	2.2%
TOTAL	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
b. Percent of Patient Days							
1) Medicare					58.4%	58.4%	58.4%
2) Medicaid					28.0%	28.0%	28.0%
3) Blue Cross					4.0%	4.0%	4.0%
4) Commercial Insurance					6.8%	6.8%	6.8%
5) Self-pay					0.9%	0.9%	0.9%
6) Other					1.9%	1.9%	1.9%
TOTAL	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%

Table K – Key Financial Projection Assumptions for Shift of MSGA and Psychiatric beds from UM SMC at Dorchester to UM SMC at Easton (Includes HSCRC Annual Update Factors & Expense Inflation)

<p>Projection is based on UM Shore Medical Center at Dorchester FY2017 actual financial performance of its inpatient services with assumptions identified below.</p>	
<p>Projection period reflects FY2018 – FY2024</p>	
<p>Volumes</p>	<ul style="list-style-type: none"> - Refer to historical and projected utilization in Table I and Sections H and I related to the methodology, assumptions and projections of MSGA and Psychiatric Volumes
<p>Patient Revenue</p> <ul style="list-style-type: none"> • Gross Charges <ul style="list-style-type: none"> ○ Update Factor ○ Demographic Adjustment ○ Other Rate Adjustments ○ Variable Cost Factor ○ Redistribution of Dorchester General Hospital Revenue • Revenue Deductions 	<ul style="list-style-type: none"> - 2.0% annual increase in FY2019 – FY2024 - 0.29% annual increase in FY2019 – FY2024 - 0.15% annual increase in FY2019 – FY2024 based on historical experience - 100% variable cost factor associated with regulated inpatient services shifted from Dorchester General Hospital to the SMC at Easton in FY2022 - Shore Health System (SHS) will retain 50% of revenue related to volumes that will be lost to other providers in FY2022 (Retained Revenue) - \$0.83M of SHS's Retained Revenue will be apportioned to the SMC at Easton to cover its depreciation and interest expense related to the transfer of IP beds. - An additional \$9.7M of SHS's Retained Revenue will be apportioned to UM SMC at Easton to fund ambulatory and physician network development and population health initiatives - Continuation of 2017 deductions from revenue (contractual allowances, denials, charity, bad debts, assessments) as percentages of gross revenue - Historical UCC pool receipts for inpatient services at Dorchester General Hospital are carried forward when the inpatient beds transfer to UM SMC at Easton.
<p>Other Operating Revenue</p>	<ul style="list-style-type: none"> - Historical other operating revenue at Dorchester General Hospital is eliminated beginning in FY2022
<p>Expenses</p> <ul style="list-style-type: none"> • Inflation <ul style="list-style-type: none"> ○ Salaries and Benefits ○ Professional Fees ○ Supplies ○ Purchased Services ○ Other Operating Expenses 	<ul style="list-style-type: none"> - 2.5% weighted average annual increase that reflects the following: <ul style="list-style-type: none"> - 2.25% - 2.75% - 3.0% - 2.8% - 2.0%

<ul style="list-style-type: none"> • Expense Variability with Volume Changes <ul style="list-style-type: none"> ○ Salaries and Benefits ○ Professional Fees ○ Supplies & Drugs ○ Purchased Services ○ Other Operating Expenses 	<ul style="list-style-type: none"> - 80% - 0% - 80% - 50% - 0%
<ul style="list-style-type: none"> • Building Related Operating Expense 	<ul style="list-style-type: none"> - As UM SMC at Easton is an existing facility and this project will not add square feet to the facility, no incremental building operating costs (utilities, housekeeping, maintenance, security) are included
<ul style="list-style-type: none"> • Interest Expense 	<ul style="list-style-type: none"> - Amortization of \$8.5M for renovations to accommodate the IP beds over 30 years at 5.0%
<ul style="list-style-type: none"> • Depreciation and Amortization 	<ul style="list-style-type: none"> - 30 year useful life for new construction and renovations - 7 year useful life for new equipment
<ul style="list-style-type: none"> • Additional Incremental Expenses 	<ul style="list-style-type: none"> - The retention of 50% of revenue associated with patients that will seek care at other providers following the merger and consolidation of Dorchester, will enable SHS to fund \$8.2M of initiatives related to ambulatory and physician network development and population health initiatives.

TABLE L. WORKFORCE INFORMATION - SHIFT OF MSGA AND PSYCHIATRIC BEDS FROM UM SMC AT DORCHESTER TO UM SMC AT EASTON

INSTRUCTION: List the facility's existing staffing and changes required by this project. Include all major job categories under each heading provided in the table. The number of Full Time Equivalents (FTEs) should be calculated on the basis of 2,080 paid hours per year equals one FTE. In an attachment to the application, explain any factor used in converting paid hours to worked hours. Please ensure that the projections in this table are consistent with expenses provided in uninflated projections in Tables F and G.

Job Category	CURRENT ENTIRE FACILITY			PROJECTED CHANGES AS A RESULT OF THE PROPOSED PROJECT THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			OTHER EXPECTED CHANGES IN OPERATIONS THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			PROJECTED ENTIRE FACILITY THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS) *	
	Current Year FTEs	Average Salary per FTE	Current Year Total Cost	FTEs	Average Salary per FTE	Total Cost (should be consistent with projections in Table G, if submitted).	FTEs	Average Salary per FTE	Total Cost	FTEs	Total Cost (should be consistent with projections in Table G)
1. Regular Employees											
Administration (List general categories, add rows if needed)											
Total Administration			\$ -			\$ -			\$ -	-	\$ -
Direct Care Staff (List general categories, add rows if needed)											
2 Multi Spec Care			\$ -			\$ -			\$ -	12.20	\$ 804,979
Intensive Care			-			-			-	25.29	1,761,073
Behavioral Health Care			-			-			-	28.90	1,800,464
Laboratory Svcs			-			-			-	4.19	277,342
Respiratory Svcs			-			-			-	2.24	187,991
Emergency			-			-			-	0.80	54,074
Rehab Svcs Phys Ther			-			-			-	3.27	208,415
Clinic Pert Team			-			-			-	0.01	853
Rehab Svcs Occup Ther			-			-			-	0.80	53,488
Ss Endoscopy Svcs			-			-			-	0.03	2,468
Ambulatory Care Sdc			-			-			-	0.00	21
Sbh Partial Hosp Program			-			-			-	2.10	145,285
Clinic Pert Team			-			-			-	2.49	179,626
MRI			-			-			-	1.62	100,903
Employee Health			-			-			-	2.96	207,264
Reg Sleep Disorder Ctr			-			-			-	0.97	78,752
Total Direct Care			\$ -			\$ -			\$ -	87.9	\$ 5,862,998
Support Staff (List general categories, add rows if needed)											
Total Support			\$ -			\$ -			\$ -	-	\$ -
REGULAR EMPLOYEES TOTAL			\$ -			\$ -			\$ -	87.9	\$ 5,862,998

TABLE L. WORKFORCE INFORMATION - SHIFT OF MSGA AND PSYCHIATRIC BEDS FROM UM SMC AT DORCHESTER TO UM SMC AT EASTON

<i>INSTRUCTION: List the facility's existing staffing and changes required by this project. Include all major job categories under each heading provided in the table. The number of Full Time Equivalents (FTEs) should be calculated on the basis of 2,080 paid hours per year equals one FTE. In an attachment to the application, explain any factor used in converting paid hours to worked hours. Please ensure that the projections in this table are consistent with expenses provided in uninflated projections in Tables F and G.</i>											
Job Category	CURRENT ENTIRE FACILITY			PROJECTED CHANGES AS A RESULT OF THE PROPOSED PROJECT THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			OTHER EXPECTED CHANGES IN OPERATIONS THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			PROJECTED ENTIRE FACILITY THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS) *	
	Current Year FTEs	Average Salary per FTE	Current Year Total Cost	FTEs	Average Salary per FTE	Total Cost (should be consistent with projections in Table G, if submitted).	FTEs	Average Salary per FTE	Total Cost	FTEs	Total Cost (should be consistent with projections in Table G)
2. Contractual Employees											
Administration (List general categories, add rows if needed)											
Total Administration			\$ -			\$ -			\$ -	-	\$ -
Direct Care Staff (List general categories, add rows if needed)											
Total Direct Care Staff			\$ -			\$ -			\$ -	-	\$ -
Support Staff (List general categories, add rows if needed)											
Total Support Staff			\$ -			\$ -			\$ -	-	\$ -
CONTRACTUAL EMPLOYEES TOTAL			\$ -			\$ -			\$ -	-	\$ -
Benefits (State method of calculating benefits below):											\$ 1,641,639
28% of Salaries											
TOTAL COST			\$ -	-		\$ -	-		\$ -		\$ 7,504,637