

EXHIBIT 16

New Site in Easton

TABLE 3: REVENUES AND EXPENSES - ENTIRE FACILITY (including proposed project)

Fiscal Year	Two Most Recent Actual Years		Current Year Projected	Projected Years (ending with first year at full utilization)				
	2010	2011	2012	2013	2014	2015	2016	2017
1. Revenue	SEE NOTE		SEE NOTE	SEE NOTE	SEE NOTE	SEE NOTE	SEE NOTE	SEE NOTE
a. Inpatient Services	\$ 95,278,600							
b. Outpatient Services	65,490,600							
c. Gross Patient Services Revenues	160,769,200	173,497,318	184,253,259	186,220,528	188,470,949	190,748,565	203,063,697	215,545,093
d. Allowance for Bad debt	4,236,594	5,391,828	7,101,833	8,021,144	8,118,785	8,217,096	8,736,098	9,262,101
e. Contractual Allowance	16,378,961	18,633,681	21,768,847	22,001,273	22,267,152	22,536,244	23,991,231	25,465,863
f. Charity Care	2,739,281	3,674,124	2,924,725	3,348,098	3,390,605	3,432,152	3,620,473	3,811,320
g. Net Patient Services Revenue	137,414,364	145,797,685	152,457,854	152,850,013	154,694,407	156,563,073	166,715,895	177,005,809
h. Other Operating Revenues (Specify)	1,806,811	4,140,354	1,973,877	2,750,365	2,750,365	2,750,365	2,750,365	2,750,365
i. Net Operating Revenues	139,221,175	149,938,039	154,431,731	155,600,378	157,444,772	159,313,438	169,466,260	179,756,174

Table 3 cont.								
Fiscal Year	Two Most Recent Actual Years		Current Year Projected	Projected Years (ending with first year at full utilization)				
	2010	2011	2012	2013	2014	2015	2016	2017
2. Expenses								
a. Salaries, Wages, And Professional Fees, (including fringe benefits)	\$ 71,411,890	\$ 74,253,305	\$ 74,204,911	\$ 80,557,061	\$ 81,088,310	\$ 81,628,524	\$ 82,642,978	\$ 83,299,031
b. Contractual Services	24,456,064	24,608,309	26,679,222	28,588,038	29,284,784	29,486,272	30,856,985	29,867,232
c. Interest on Current Debt	2,186,211	2,778,462	3,616,202	4,114,645	3,537,700	3,432,358	3,325,967	3,208,819
d. Interest on Project Debt	-						4,898,996	9,816,856
e. Current Depreciation	11,944,011	10,750,217	10,246,329	11,296,978	10,954,180	4,846,890	10,564,326	16,587,969
f. Project Depreciation								
g. Current Amortization								
h. Project Amortization								
i. Supplies	23,190,072	26,490,957	27,988,639	29,270,553	28,854,957	28,277,541	27,664,979	27,896,846
j. Other Expenses (Impairment Loss)					46,669,784			
k. Total Operating Expenses	133,188,248	138,881,250	142,735,303	153,827,275	200,389,715	147,671,585	159,954,231	170,676,753
3. Income								
a. Income from Operation	6,032,927	11,056,789	11,696,428	1,773,103	(42,944,943)	11,641,853	9,512,029	9,079,421
b. Non-Operating Income	8,472,033	7,960,026	(836,760)	7,215,807	6,429,269	6,956,961	7,027,694	7,081,204
c. Subtotal	14,504,960	19,016,814	10,859,668	8,988,910	(36,515,674)	18,598,814	16,539,723	16,160,625
d. Income Taxes								
e. Net Income (Loss)	\$ 14,504,960	\$ 19,016,814	\$ 10,859,668	\$ 8,988,910	\$ (36,515,674)	\$ 18,598,814	\$ 16,539,723	\$ 16,160,625

Table 3 cont.	Two Most Recent Actual Years		Current Year Projected	Projected Years (ending with first year at full utilization)				
Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017
4. Patient Mix:								
A. Percent of Total Revenue								
1) Medicare	48.8%	51.3%	51.3%	51.3%	51.3%	51.3%	51.3%	51.3%
2) Medicaid	15.9%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%
3) Blue Cross	14.9%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%
4) Commercial Insurance	16.6%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%
5) Self Pay	3.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
6) Other (Managed care)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7) Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
B. Percent of Patient Days/Visits/Procedures (as applicable)								
1) Medicare	48.8%	51.3%	51.3%	51.3%	51.3%	51.3%	51.3%	51.3%
2) Medicaid	15.9%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%
3) Blue Cross	14.9%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%
4) Commercial Insurance	16.6%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%
5) Self Pay	3.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
6) Other (Managed care)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7) Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

NOTE: Memorial Hospital Easton is a TPR hospital. TPR does not distinguish between Inpatient and Outpatient

Assumptions For New Site in Easton

Volume and Revenue Assumptions

	Actual	Actual	Budget	Projected			
	2011	2012	2013	2014	2015	2016	2017
VOLUMES							
Inpatient Admissions							
Existing Services	9,919	8,872	8,628	8,680	8,732	8,784	8,872
Rehab	<u>599</u>	<u>445</u>	<u>459</u>	<u>459</u>	<u>459</u>	<u>459</u>	<u>459</u>
UMMS Add'l Cases	-	-	-	-	-	-	-
Other Cases	<u>-</u>						
Subtotal: Inpatient Admissions	10,518	9,317	9,087	9,139	9,191	9,243	9,331
% Growth	-2.9%	-11.4%	-2.5%	0.6%	0.6%	0.6%	1.0%
Emergency room Visits							
	35,104	36,737	37,264	37,799	38,341	38,891	39,449
% Growth	14.9%	4.7%	1.4%	1.4%	1.4%	1.4%	1.4%
Other Regulated Outpatient % Growth							
	0.0%	16.5%	1.0%	1.8%	1.8%	1.9%	1.9%
Unregulated Outpatient % Growth							
	5.8%	10.7%	9.3%	1.6%	1.3%	1.1%	1.1%
EIPAs							
	21,621	21,713	19,490	19,664	19,877	20,087	20,336
% Growth	-1.0%	0.4%	-10.2%	0.9%	1.1%	1.1%	1.2%

CASEMIX

Increase in existing cases	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Increase for all cases - Rehab & UMMS Cases	8.74%	6.47%	14.14%	0.37%	-0.09%	-0.09%	-0.09%

RATES

Inpatient:

Expense Inflation				0.00%	0.00%	0.00%	0.00%
HSCRC Shortfall				<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Update				-	-	-	-
Scaling				<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in CPC for OP and ER				<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Increase in Case Mix (Existing Cases)				0.00%	0.00%	0.00%	0.00%
CMI Governor				<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Increase in CPC for CMI				0.00%	0.00%	0.00%	0.00%

Increase in CPC		<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Partial Capital Amount in Rates	\$ -	\$ -	\$ 9,610,135	\$ 19,220,271	
<u>Emergency Department:</u>					
Update		0.00%	0.00%	0.00%	0.00%
Scaling		<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Increase in rates		0.00%	0.00%	0.00%	0.00%
<u>Other Regulated Outpatient:</u>					
Update		0.00%	0.00%	0.00%	0.00%
Scaling		<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Increase in rates		0.00%	0.00%	0.00%	0.00%
Unregulated Services		0.00%	0.00%	0.00%	0.00%
TPR Rev Adj for Age-Adjusted Population Growth		1.21%	1.21%	1.35%	1.35%

CONTR. ALLOWS. (% OF GROSS REV)
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Regulated	10.74%	11.81%	11.81%	11.81%	11.81%	11.81%	11.81%
Unregulated	57.85%	58.11%	47.60%	47.60%	47.60%	47.60%	47.60%
Charity Care	2.05%	1.52%	1.70%	1.70%	1.70%	1.70%	1.70%

OTHER OPER. REVENUE GROWTH (%)

	0.0%	0.0%	0.0%	0.0%
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Note 1 : Partial Rate Application

Expense Assumptions

	Actual	Actual	Budget	Projected			
	2011	2012	2013	2014	2015	2016	2017

OPERATING EXPENSES

Expense Inflation Assumptions

Salaries & Benefits	0.00%	0.00%	0.00%	0.00%
Professional Fees	0.00%	0.00%	0.00%	0.00%
Hospital-Based Physicians	0.00%	0.00%	0.00%	0.00%
Purchased Services	0.00%	0.00%	0.00%	0.00%
Insurance	0.00%	0.00%	0.00%	0.00%
Supplies	0.00%	0.00%	0.00%	0.00%
Drugs	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Weighted Average	0.00%	0.00%	0.00%	0.00%

Expense Variability with Volume

Salaries (FTEs per AOB)	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Professional Fees (Fixed)	-	-	-	-	-	-	-
Hospital-Based Physicians (EIPAs)	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Purchased Services (EIPAs)	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Supplies (% variable with EIPAs)	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Drugs (% variable with EIPAs)	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%

Fringe Benefits as % of Salaries	29.0%	29.2%	31.7%	31.7%	31.7%	31.7%	31.7%
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Expense Variability with CMI

Salaries & Benefits	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Professional Fees	-	-	-	-	-	-	-
Hospital-Based Physicians	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Purchased Services	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Supplies	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Drugs	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%

Additional IP Rehab Expense (\$K)

Professional Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased Services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Drugs	-	-	-	-	-	-	-
	<u>\$ -</u>						

Additional Expense (\$K)

Salaries & Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 360,243	\$ 360,243
Physician Acquisition Costs	-	-	-	-	-	-	-
Purchased Services	-	-	-	-	-	(152,721)	(152,721)
Supplies	-	-	-	-	-	-	-
Drugs	-	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 207,522</u>	<u>\$ 207,522</u>				
Actual->	6.43%	6.57%	3.30%	-20.54%	8.54%	7.04%	6.48%
Cap->	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

Efficiency Factor ⁽¹⁾

Salaries & Benefits	-	-	-	-	-	-	-
Professional Fees	-	-	-	-	-	-	-
Hospital-Based Physicians	-	-	-	-	-	-	-
Purchased Services	-	-	-	-	-	-	-

Supplies	-	-	-	-	-	-	-
Drugs	-	-	-	-	-	-	-

Note 1: Efficiency Factor has cumulative effect in future years

Bad Debt as a % of Gross Revenue	3.09%	3.81%	4.20%	4.20%	4.20%	4.20%	4.20%
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Other Assumptions

	2011	2012	2013	2014	2015	2016	2017
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NON-OPERATING REVENUE

Return on Board Designated Assets	66.44%	-3.31%	9.91%	2.00%	2.00%	2.00%	2.00%
Return on Cash & Cash Equiv	34.17%	-0.74%	-2.56%	2.00%	2.00%	2.00%	2.00%

ROUTINE CAPITAL

\$ 19,844,656	\$ 24,072,402	\$ 5,027,551	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,300,000
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FUNDRAISING (\$K)

\$ -	\$ -	\$ -	\$ 8,500,000	\$ 11,000,000	\$ 11,000,000	\$ -
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UMMS CONTRIBUTION (\$K)

\$ -	\$ -	\$ -	\$ (10,000,000)	\$ -	\$ -	\$ -
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Volume Reduction Factor	100%	100%	15%
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New Site in Northern Talbot County

TABLE 3: REVENUES AND EXPENSES - ENTIRE FACILITY (including proposed project)

Fiscal Year	Two Most Recent Actual Years		Current Year Projected	Projected Years (ending with first year at full utilization)				
	2010	2011	2012	2013	2014	2015	2016	2017
1. Revenue	SEE NOTE		SEE NOTE	SEE NOTE	SEE NOTE	SEE NOTE	SEE NOTE	SEE NOTE
a. Inpatient Services	\$ 95,278,600							
b. Outpatient Services	65,490,600							
c. Gross Patient Services Revenues	160,769,200	173,497,318	184,253,259	186,220,528	188,470,949	190,748,565	203,669,231	216,764,335
d. Allowance for Bad debt	4,236,594	5,391,828	7,101,833	8,021,144	8,118,785	8,217,096	8,761,507	9,313,261
e. Contractual Allowance	16,378,961	18,633,681	21,768,847	22,001,273	22,267,152	22,536,244	24,062,773	25,609,912
f. Charity Care	2,739,281	3,674,124	2,924,725	3,348,098	3,390,605	3,432,152	3,629,414	3,829,323
g. Net Patient Services Revenue	137,414,364	145,797,685	152,457,854	152,850,013	154,694,407	156,563,073	167,215,537	178,011,839
h. Other Operating Revenues (Specify)	1,806,811	4,140,354	1,973,877	2,750,365	2,750,365	2,750,365	2,750,365	2,750,365
i. Net Operating Revenues	139,221,175	149,938,039	154,431,731	155,600,378	157,444,772	159,313,438	169,965,902	180,762,204

Fiscal Year	Two Most Recent Actual Years		Current Year Projected	Projected Years (ending with first year at full utilization)				
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2. Expenses								
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c. Interest on Current Debt	2,186,211	2,778,462	3,616,202	4,114,645	3,537,700	3,432,358	3,325,967	3,208,819
d. Interest on Project Debt							5,609,805	10,629,344
e. Current Depreciation	11,944,011	10,750,217	10,246,329	11,296,978	10,589,961	4,483,242	10,419,665	16,662,294
f. Project Depreciation								
g. Current Amortization								
h. Project Amortization								
i. Supplies	23,190,072	26,490,957	27,988,639	29,270,553	28,854,957	28,277,541	27,664,974	27,896,834
j. Other Expenses (Impairment Loss)					46,669,784			
k. Total Operating Expenses	133,188,248	138,881,250	142,735,303	153,827,275	200,025,496	147,307,937	160,527,652	171,578,193
3. Income								
a. Income from Operation	6,032,927	11,056,789	11,696,428	1,773,103	(42,580,724)	12,005,501	9,438,250	9,184,011
b. Non-Operating Income	8,472,033	7,960,026	(836,760)	7,215,807	6,034,374	6,481,722	6,786,664	7,146,148
c. Subtotal	14,504,960	19,016,814	10,859,668	8,988,910	(36,546,350)	18,487,223	16,224,914	16,330,159
d. Income Taxes								
e. Net Income (Loss)	\$ 14,504,960	\$ 19,016,814	\$ 10,859,668	\$ 8,988,910	\$ (36,546,350)	\$ 18,487,223	\$ 16,224,914	\$ 16,330,159

Table 3 cont.								
	Two Most Recent Actual Years		Current Year Projected	Projected Years (ending with first year at full utilization)				
Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017
4. Patient Mix:								
A. Percent of Total Revenue								
1) Medicare	48.8%	51.3%	51.3%	51.3%	51.3%	51.3%	51.3%	51.3%
2) Medicaid	15.9%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%
3) Blue Cross	14.9%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%
4) Commercial Insurance	16.6%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%
5) Self Pay	3.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
6) Other (Managed care)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7) Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
B. Percent of Patient Days/Visits/Procedures (as applicable)								
1) Medicare	48.8%	51.3%	51.3%	51.3%	51.3%	51.3%	51.3%	51.3%
2) Medicaid	15.9%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%
3) Blue Cross	14.9%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%
4) Commercial Insurance	16.6%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%
5) Self Pay	3.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
6) Other (Managed care)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7) Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

NOTE: Memorial Hospital Easton is a TPR hospital. TPR does not distinguish between Inpatient and Outpatient

Assumptions for New Site in Northern Talbot County

Volume and Revenue Assumptions

Fiscal Years 2011 - 2020

	Actual	Actual	Budget	Projected			
	2011	2012	2013	2014	2015	2016	2017
VOLUMES							
Inpatient Admissions							
Existing Services	9,919	8,872	8,628	8,680	8,732	8,784	8,872
Rehab	<u>599</u>	<u>445</u>	<u>459</u>	<u>459</u>	<u>459</u>	<u>459</u>	<u>459</u>
UMMS Add'l Cases	-	-	-	-	-	-	-
Other Cases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal: Inpatient Admissions	10,518	9,317	9,087	9,139	9,191	9,243	9,331
% Growth	-2.9%	-11.4%	-2.5%	0.6%	0.6%	0.6%	1.0%
Emergency room Visits							
	35,104	36,737	37,264	37,799	38,341	38,891	39,449
% Growth	14.9%	4.7%	1.4%	1.4%	1.4%	1.4%	1.4%
Other Regulated Outpatient % Growth							
	0.0%	16.5%	1.0%	1.8%	1.8%	1.9%	1.9%
Unregulated Outpatient % Growth							
	5.8%	10.7%	9.3%	1.6%	1.3%	1.1%	1.1%
EIPAs							
	21,621	21,713	19,490	19,664	19,877	20,087	20,336
% Growth	-1.0%	0.4%	-10.2%	0.9%	1.1%	1.1%	1.2%
CASEMIX							
Increase in existing cases	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Increase for all cases - Rehab & UMMS Cases	8.74%	6.47%	14.14%	0.37%	-0.09%	-0.09%	-0.09%
RATES							
Inpatient:							
Expense Inflation				0.00%	0.00%	0.00%	0.00%
HSCRC Shortfall				<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Update				-	-	-	-
Scaling				<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in CPC for OP and ER				<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Increase in Case Mix (Existing Cases)				0.00%	0.00%	0.00%	0.00%

CMI Governor	0.00%	0.00%	0.00%	0.00%
Increase in CPC for CMI	0.00%	0.00%	0.00%	0.00%
Increase in CPC	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Partial Capital Amount in Rates	\$ -	\$ -	\$ 10,207,603	\$ 20,415,205

Emergency Department:

Update	0.00%	0.00%	0.00%	0.00%
Scaling	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Increase in rates	0.00%	0.00%	0.00%	0.00%

Other Regulated Outpatient:

Update	0.00%	0.00%	0.00%	0.00%
Scaling	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Increase in rates	0.00%	0.00%	0.00%	0.00%

Unregulated Services	0.00%	0.00%	0.00%	0.00%
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TPR Rev Adj for Age-Adjusted Population Growth	1.21%	1.21%	1.35%	1.35%
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CONTR. ALLOWS. (% OF GROSS REV)

Regulated	10.74%	11.81%	11.81%	11.81%	11.81%	11.81%	11.81%
Unregulated	57.85%	58.11%	47.60%	47.60%	47.60%	47.60%	47.60%
Charity Care	2.05%	1.52%	1.70%	1.70%	1.70%	1.70%	1.70%

OTHER OPER. REVENUE GROWTH (%)

0.0%	0.0%	0.0%	0.0%
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Note 1 : Partial Rate Application

Expense Assumptions

Actual	Actual	Budget	Projected			
2011	2012	2013	2014	2015	2016	2017

OPERATING EXPENSES

Expense Inflation Assumptions

Salaries & Benefits	0.00%	0.00%	0.00%	0.00%
Professional Fees	0.00%	0.00%	0.00%	0.00%
Hospital-Based Physicians	0.00%	0.00%	0.00%	0.00%
Purchased Services	0.00%	0.00%	0.00%	0.00%
Insurance	0.00%	0.00%	0.00%	0.00%

Supplies				0.00%	0.00%	0.00%	0.00%
Drugs				<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Weighted Average				0.00%	0.00%	0.00%	0.00%

Expense Variability with Volume

Salaries (FTEs per AOB)				70.0%	70.0%	70.0%	70.0%
Professional Fees (Fixed)				-	-	-	-
Hospital-Based Physicians (EIPAs)				70.0%	70.0%	70.0%	70.0%
Purchased Services (EIPAs)				70.0%	70.0%	70.0%	70.0%
Supplies (% variable with EIPAs)				70.0%	70.0%	70.0%	70.0%
Drugs (% variable with EIPAs)				70.0%	70.0%	70.0%	70.0%

Fringe Benefits as % of Salaries	29.0%	29.2%	31.7%	31.7%	31.7%	31.7%	31.7%
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Expense Variability with CMI

Salaries & Benefits				70.0%	70.0%	70.0%	70.0%
Professional Fees				-	-	-	-
Hospital-Based Physicians				70.0%	70.0%	70.0%	70.0%
Purchased Services				70.0%	70.0%	70.0%	70.0%
Supplies				70.0%	70.0%	70.0%	70.0%
Drugs				70.0%	70.0%	70.0%	70.0%

Additional IP Rehab Expense (\$K)

Professional Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased Services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Drugs	-	-	-	-	-	-	-
	<u>\$ -</u>						

Additional Expense (\$K)

Salaries & Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 360,243	\$ 360,243
Physician Acquisition Costs	-	-	-	-	-	-	-
Purchased Services	-	-	-	-	-	(152,721)	(152,721)
Supplies	-	-	-	-	-	-	-
Drugs	-	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 207,522</u>	<u>\$ 207,522</u>				
Actual->	6.43%	6.57%	3.30%	-20.33%	8.74%	7.00%	6.51%
Cap->	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

Efficiency Factor ⁽¹⁾

Salaries & Benefits	-	-	-	-	-	-	-
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Professional Fees	-	-	-	-	-	-	-
Hospital-Based Physicians	-	-	-	-	-	-	-
Purchased Services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Drugs	-	-	-	-	-	-	-

Note 1: Efficiency Factor has cumulative effect in future years

Bad Debt as a % of Gross Revenue	3.09%	3.81%	4.20%	4.20%	4.20%	4.20%	4.20%
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Other Assumptions

	2011	2012	2013	2014	2015	2016	2017
NON-OPERATING REVENUE							
Return on Board Designated Assets	66.44%	-3.31%	9.91%	2.00%	2.00%	2.00%	2.00%
Return on Cash & Cash Equiv	49.26%	-1.08%	-3.38%	2.00%	2.00%	2.00%	2.00%
ROUTINE CAPITAL	\$ 19,844,656	\$ 24,072,402	\$ (2,122,449)	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,300,000
FUNDRAISING (\$K)	\$ -	\$ -	\$ -	\$ 8,500,000	\$ 11,000,000	\$ 11,000,000	\$ -
UMMS CONTRIBUTION (\$K)	\$ -	\$ -	\$ -	\$ (10,000,000)	\$ -	\$ -	\$ -
Volume Reduction Factor		100%	100%				
		15%					