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September 5, 2014

VIA EMAIL & FEDEX

Mr. Kevin McDonald  
Chief, Certificate of Need  
Health Facilities Coordination Office  
Maryland Health Care Commission  
4160 Patterson Avenue  
Baltimore, Maryland 21215

RECEIVED

SEP 05 2014 AP

MARYLAND HEALTH

Re: Talbot Hospice Foundation Certificate of Need  
Application – Response to 9.4.14 Inquiry

Dear Mr. McDonald:

Enclosed, please find six (6) copies of a revised financial projection (Exhibit E to the August 28 submission) for Talbot Hospice Foundation's hospice project. The revised version is in response to the request set forth in your email of September 4, 2014.

Please note that the projection allocates equally (50/50) to the assisted living facility and the hospice project the expense associated with philanthropic development personnel. With respect to philanthropic income, the projection first allocates income to the non-hospice programs (such as the assisted living facility) in an amount sufficient to cover any shortfalls for those programs. The remainder (less than 50%) is then allocated to the hospice project.

Please let me know if this response is satisfactory, or if instead you have additional questions or concerns. Your attention is appreciated.

Respectfully Submitted,



Jonathan Montgomery

Enclosures

cc: Suellen Wideman, Esq. (w/o enclosures)  
Kathleen H. Foster, R.N., M.S. – Health Officer, Talbot County Health  
Department (w/enclosures)  
Dr. Michael Tooke (w/enclosures)

REVISED EXHIBIT E: REVENUES AND EXPENSES - PROPOSED PROJECT (9-5-14)						
	Projected Years					
CY	2015	2016	2017	2018	2019	2020
<b>1. Revenue</b>						
a. Inpatient services	\$58,962	\$66,346	\$73,730	\$81,115	\$89,226	\$98,149
b. Outpatient services	\$1,369,101	\$1,542,652	\$1,716,202	\$1,889,753	\$2,078,728	\$2,286,601
c. Gross Patient Service Revenue	\$1,428,063	\$1,608,998	\$1,789,932	\$1,970,868	\$2,167,954	\$2,384,750
d. Allowance for Bad Debt	(\$3,385)	(\$3,747)	(\$4,109)	(\$4,471)	(\$4,918)	(\$5,410)
e. Contractual Allowance	(\$11,392)	(\$13,556)	(\$15,720)	(\$17,884)	(\$19,672)	(\$21,639)
f. Charity Care	(\$14,240)	(\$13,332)	(\$12,424)	(\$11,515)	(\$12,666)	(\$13,933)
g. Net Patient Services Revenue [1]	\$1,399,046	\$1,578,363	\$1,757,679	\$1,936,998	\$2,130,698	\$2,343,768
h. Other Operating Revenues (Specify)[2]	\$300,000	\$306,900	\$313,959	\$321,180	\$327,604	\$334,156
i. Net Operating Revenue	\$1,699,046	\$1,885,263	\$2,071,638	\$2,258,178	\$2,458,302	\$2,677,924
<b>2. Expenses</b>						
a. Salaries, Wages, and Professional Fees, (including fringe benefits) [3]	\$1,198,996	\$1,226,573	\$1,254,784	\$1,283,644	\$ 1,313,168	\$ 1,343,371
b. Contractual Services	\$142,024	\$159,309	\$176,594	\$193,880	\$ 211,778	\$ 230,522
c. Interest on Current Debt	\$	\$	\$	\$	\$	\$
d. Interest on Project Debt	\$	\$	\$	\$	\$	\$
e. Current Depreciation	\$	\$	\$	\$	\$	\$
f. Project Depreciation	\$	\$	\$	\$	\$	\$
g. Current Amortization	\$	\$	\$	\$	\$	\$
h. Project Amortization	\$	\$	\$	\$	\$	\$
i. Supplies	\$302,303	\$334,384	\$366,465	\$398,546	\$ 433,008	\$ 469,439
j. Other Expenses (Specify)	\$228,139	\$233,462	\$238,785	\$244,109	\$ 248,991	\$ 253,971
k. Total Operating Expenses	\$1,871,462	\$1,953,728	\$2,036,628	\$2,120,179	\$ 2,206,945	\$ 2,297,303
<b>3. Income</b>						
a. Income from Operation	(\$172,416)	(\$68,465)	\$35,010	\$137,999	\$251,357	\$380,621
b. Non-Operating Income	\$	\$	\$	\$		
c. Subtotal	(\$172,416)	(\$68,465)	\$35,010	\$137,999	\$251,357	\$380,621
d. Income Taxes	0	0	0	0		
e. Net Income (Loss)	(\$172,416)	(\$68,465)	\$35,010	\$137,999	\$251,357	\$380,621
[1] Yellow highlighting indicates project profitability excluding donation income and development personnel expense.						
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