

PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION

1. FACILITY

Name of Facility: Green Spring Station Surgery Center

Address:

2330 West Joppa Road Lutherville 21093 Baltimore
County

| Street | City | Zip | County |
|--------|------|-----|--------|
|--------|------|-----|--------|

2. Name of Owner Johns Hopkins Surgery Centers Series

If Owner is a Corporation, Partnership, or Limited Liability Company, attach a description of the ownership structure identifying all individuals that have or will have at least a 5% ownership share in the applicant and any related parent entities. Attach a chart that completely delineates this ownership structure.

See Exhibit 2

3. APPLICANT. *If the application has a co-applicant, provide the following information in an attachment.*

Legal Name of Project Applicant (Licensee or Proposed Licensee):

Johns Hopkins Surgery Centers Series

Address:

| | | | | |
|------------------------------------|-------------|------------|--------------|---------------------|
| 2330 West Joppa Road, Suite 301 | Lutherville | 21093 | MD | Baltimore County |
| Street | City | Zip | State | County |
| Telephone: | | | | |

4. NAME OF LICENSEE OR PROPOSED LICENSEE, if different from the applicant:

Same as Applicant.

5. LEGAL STRUCTURE OF APPLICANT (and LICENSEE, if different from applicant).

Check or fill in applicable information below and attach an organizational chart showing the owners of applicant (and licensee, if different).

- A. Governmental
- B. Corporation
- (1) Non-profit
- (2) For-profit
- (3) Close State & Date of Incorporation
- C. Partnership
- General
- Limited
- Limited Liability Partnership
- Limited Liability Limited Partnership
- Other (Specify):
-
- D. Limited Liability Company
- E. Other (Specify): Johns Hopkins Surgery Centers Series is an independent series of JH Ventures, LLC which is a limited liability company organized under Delaware law. (See Note 2, Chart I of Exhibit 2)
-
- To be formed:
- Existing:

6. PERSON(S) TO WHOM QUESTIONS REGARDING THIS APPLICATION SHOULD BE DIRECTED

A. Lead or primary contact:

Name and Title: Anne Langley, Senior Director, Health Planning and Community Engagement

Company Name: Johns Hopkins Health System - Health Care Transformation and Strategic Planning

Mailing Address:

3910 Keswick Road, Suite N-2200
Street Baltimore **City** 21211 **Zip** MD **State**

Telephone: 443-997-0727

E-mail Address (required): alangle2@jhmi.edu

Fax: 443-997-0731

**If company name is different than applicant
briefly describe the relationship** N/A

B. Additional or alternate contact:

Name and Title: Spencer Wildonger, Senior Project Analyst

Company Name: Johns Hopkins Health System - Health Care Transformation and Strategic Planning

Mailing Address:

3910 Keswick Road, Suite N-2200
Street Baltimore **City** 21211 **Zip** MD **State**

Telephone: 610-428-3799

E-mail Address (required): swildon1@jhmi.edu

Fax: 443-997-0731

**If company name is different than applicant
briefly describe the relationship** N/A

C. Additional or alternate contact:

Name and Title: Gill Wylie, President

Company Name: Johns Hopkins Medical Management Corporation

Mailing Address:

2330 W Joppa Rd
Foxleigh Building Suite 320
Street Lutherville **City** 21093 **Zip** MD **State**

Telephone: 410-583-2460

E-mail Address (required): gwylie@jhmi.edu

Fax: 410-583-2581

If company name is different than applicant N/A
briefly describe the relationship

D. Additional or alternate contact:

Name and Title: Andrew Solberg - Consultant

Company Name: A.L.S. Healthcare Consultant Services

Mailing Address:

5612 Thicket Lane
Street Columbia **City** 21044 **Zip** MD **State**

Telephone: 410-730-2664

E-mail Address (required): asolberg@earthlink.net

Fax: 410-730-6775

If company name is different than Consultant
applicant briefly describe the
relationship

E. Additional or alternate contact:

Name and Title: Beth Plavner – Director of Development & Planning

Company Name: Johns Hopkins Medical Management Corporation

Mailing Address:

2330 W Joppa Rd
Foxleigh Building Suite 320
Street Lutherville **City** 21093 **Zip** MD **State**

Telephone: 410-583-2460

E-mail Address (required): bplavne1@jhmi.edu

Fax: 410-583-2581

If company name is different than N/A
applicant briefly describe the
relationship

7. TYPE OF PROJECT

The following list includes all project categories that require a CON pursuant to COMAR 10.24.01.02(A). Please mark all that apply in the list below.

If approved, this CON would result in (check as many as apply):

- (1) A new health care facility built, developed, or established
- (2) An existing health care facility moved to another site
- (3) A change in the bed capacity of a health care facility
- (4) A change in the type or scope of any health care service offered by a health care facility
- (5) A health care facility making a capital expenditure that exceeds the current threshold for capital expenditures found at:
http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_con/documents/con_capital_threshold_20140301.pdf

8. PROJECT DESCRIPTION

A. Executive Summary of the Project: The purpose of this BRIEF executive summary is to convey to the reader a holistic understanding of the proposed project: what it is, why you need to do it, and what it will cost. A one-page response will suffice. Please include:

- (1) Brief Description of the project – what the applicant proposes to do
- (2) Rationale for the project – the need and/or business case for the proposed project
- (3) Cost – the total cost of implementing the proposed project

| |
|--|
| Establishment of a freestanding ambulatory surgery center consisting of 5 operating rooms and 4 procedure rooms. |
|--|

B. Comprehensive Project Description: The description should include details regarding:

- (1) Construction, renovation, and demolition plans
- (2) Changes in square footage of departments and units
- (3) Physical plant or location changes
- (4) Changes to affected services following completion of the project
- (5) Outline the project schedule.

| |
|-----------------|
| (See next page) |
|-----------------|

B. Comprehensive Project Description:

I. Introduction: History and Description of Johns Hopkins at Green Spring Station:

Over 22 years ago, the concept of developing a comprehensive outpatient center at Green Spring Station with Johns Hopkins faculty was approved by the Johns Hopkins Board of Directors. The distinguishing feature of this new suburban practice would be its emphasis on delivering high quality care associated with Johns Hopkins Medicine (JHM). In developing an organization and a facility which supported primary and specialty care, the clinical departments were given an opportunity to establish their own suburban practices which complemented services on the downtown East Baltimore campus. The project was designed to accommodate future growth and to be a model which could be replicated in other locations. Today, the original goals of that project have been met and surpassed, and The Johns Hopkins Health Care and Surgery Center at Green Spring Station is the largest free-standing outpatient medical center in the Baltimore-Washington area. After experiencing explosive growth during the mid-1990's, the project continued to grow each year with most Johns Hopkins University departments developing services at Green Spring Station. The campus has grown into a 210,000 square foot complex spread over 5 separate buildings:



The Green Spring Station campus is located in Lutherville, Maryland and includes retail, medical and non-medical office space. Easily accessible off the Baltimore Beltway and I-83, the suburban campus environment offers free parking and easy access to a comprehensive array of medical services.

II. Current Programs/Services Available:

Since its establishment in 1994, Johns Hopkins at Green Spring Station has flourished as a center for ambulatory services. Over 400,000 patients visit the campus annually, about 1,600 per day, and are able to access the following primary and specialty care services:

- Internal Medicine and Primary Care
- Bariatric Clinic
- Reproductive Endocrinology and IVF
- Infectious Disease
- Pediatrics
- Pediatric Orthopaedics
- Pediatric Urology
- Pediatric Cardiology
- Obstetrics and Gynecology
- Gynecologic Oncology
- Cardiology, Preventive Cardiology and Cardiac Rehabilitation
- Dermatology
- Endocrinology
- Gastroenterology
- Neurology
- Neurosurgery
- Ophthalmology
- Orthopaedics
- Otolaryngology, Head and Neck Surgery
- Plastic Surgery
- Psychiatry
- Physical Medicine and Rehabilitation
- Rheumatology
- General Surgery
- Urology
- Vascular Medicine
- Vascular Surgery
- Women's Health
- Medical and Radiation Oncology

Other Ancillary and Medical Services:

- Radiology (MRI, CT, Ultrasound, Dexascan, Stereotactic, Mammography, General)
- Laboratory services
- Ambulatory Surgery Center(Ophthalmology Associates, LLC)
- Endoscopy Center
- Patient First: walk-in urgent care center open 365 days a year (This center is owned by Johns Hopkins Medicine.)
- Renal Dialysis
- Pharmacy
- Optical Shop

Current statistics for Green Spring show a substantial clinical enterprise. More than ever, this critical mass is important, as it gives Johns Hopkins Medicine a community based resource which exists and thrives in a completely free-standing environment that is uniquely competitive in the marketplace (combining price competitiveness, a powerful name brand, and Hopkins quality.)

Primary Care is provided by 65 physicians and over 200 specialists provide care making Green Spring a major portal for new patients coming to Johns Hopkins Medicine. The depth of the program as evidenced on the previous page indicates the substantial clinical enterprise that has evolved on the campus. In addition, patient origin studies for FY'14 confirm the large geographic draw for patients served on the campus. Only fourteen percent (14%) of the patient visits are from the 4 local zip codes near the campus. Forty four percent (44%) of Johns Hopkins Green Spring Station patients come from within a ten mile radius demonstrating the wide catchment area for patients willing to drive to Green Spring Station for care. Twenty three percent (23%) of the patients coming to Green Spring Station come from outside Central Maryland (outside of the area defined by Baltimore City and its surrounding Counties: Anne Arundel, Baltimore, Carroll, Harford and Howard).Thirteen percent (13%) of the patients coming to Green Spring Station come from outside the State of Maryland. Clearly, patients choose to come to the Green Spring campus because of the quality of care they receive and its convenient location. Patient preference is a strong element in planning the expansion of services but the ability to provide continuity of care by expanding the breadth of services is also an important goal of the project. The economic impact of Johns Hopkins in Baltimore County is significant and the patients served at Green Spring Station are a major part of this strong financial story (Exhibit 3).

III. The Case for Expansion at Johns Hopkins at Green Spring Station:

It is time to improve the array of services at Green Spring Station. While the growth and success has been remarkable, The Johns Hopkins Health Care and Surgery Center at Green Spring Station has been limited by the lack of available space for the past fifteen years. The clinical departments of Johns Hopkins Medicine have been constricted to spaces which become available as other tenants vacated their suites. This has hindered new program development and forced several departments to create multiple suites in different locations where one suite would be the best, most efficient

care delivery approach. Even with this large collection of physicians, about 40% of the specialty care is referred to non-JHM specialists in the community due primarily to the lack of physician and patient access to Hopkins specialists at Green Spring Station. A comprehensive physician survey was conducted in 2013 to determine the number of referrals at Green Spring Station that are leaving the campus and Johns Hopkins Medicine. The study also was done to assist in the planning for the Green Spring Station expansion in order to confirm the gaps in clinical services that would support expansion opportunities. The study also was done in order to identify the gaps in clinical services that would require expansion of space or services. The study confirmed that access issues for Green Spring patients are greatest for the Johns Hopkins surgical specialties and that some surgical specialties (general surgery, urology, and plastic surgery are examples) are “referred out” at much higher rates than others. Being able to retain these referrals within the Hopkins family provides value to the patient through continuity of care. As part of this application and the justification for increased surgical capacity, further explanation will be provided for the retained referrals captured in the discussion of need.

An opportunity to purchase land on the Green Spring Station campus has now allowed Hopkins to move forward with the proposed development of Pavilion III – a 110,000 square foot medical office building which will include a consolidated, comprehensive Radiology practice, and a new Musculoskeletal Center including Orthopedic surgeons and Physical Medicine & Rehabilitation services. In addition, the new Pavilion is proposed to have a state-of-the-art Ambulatory Surgery Center (“ASC”) including five operating rooms and four procedure rooms. The building will also include space for Surgical Specialties, such as Otolaryngology, Plastic Surgery, and Urology as well as Gastroenterology and Medical Oncology practices, which will benefit from being in the same building with Ambulatory Surgery and Radiology. This will also make it easier for patients, who will be able to access all of these services within the same building.

Finally, after the new Pavilion opens, a backfill plan will be developed for existing clinical practices on the Green Spring Station campus to provide opportunities for consolidation, expansion and establishment of better adjacencies for all of the medical services at Green Spring Station.

As the Johns Hopkins Health System responds to new challenges of population health and the new Medicare waiver, the case for expansion at Green Spring Station becomes even more compelling. The expansion at Green Spring continues a shift to settings where health care can be provided in the most cost effective manner. Providing the right care in the right place at the right cost allows patients the option to access services like radiology and ambulatory surgery without the additional cost of the hospital based services. It also allows the Johns Hopkins academic mission to continue with many educational and research efforts now underway in this lower cost environment. In addition, attention and focus on the quality of care provided and its safety will become drivers in the further development of this important satellite ambulatory center for Hopkins.

It is time now to develop a new facility to allow for this scale and depth of program development at Green Spring Station. The shift from inpatient to ambulatory settings, fueled in part by the Affordable Care Act and by the new Maryland Medicare waiver, will provide incentives for better outcomes at lower cost settings. Expansion of the campus at Green Spring Station will allow Johns Hopkins to respond to the increased pressure to provide convenient, efficient, and consolidated services. Co-location of all primary, specialty and ancillary services will allow Hopkins to increase the comprehensive integration of services and provide an opportunity to realize the following additional important goals:

- To provide space for surgical specialties and, in particular, ambulatory surgery.
- To provide a low cost alternative in North Baltimore to JH East Baltimore services.
- To maintain Green Spring's role as an important North Baltimore suburban complement to Johns Hopkins Hospital and Johns Hopkins Bayview Medical Center.
- To allow program consolidation and multi-disciplinary service line development.
- To advance comprehensive programmatic and functional integration of clinical services.
- To provide access and convenience to patients in a "one stop shopping" environment.
- To continue Green Spring's positive patient/family culture and environment.
- To provide Hopkins' quality clinical services in the local North Baltimore community.
- To provide state of the art equipment and technology.
- To continue to implement EPIC's electronic medical record improvements
- To create improved clinical outcomes and enhance the health of the community by promoting preventive medicine, including community education and wellness programs

The expansion at Johns Hopkins at Green Spring Station will enable it to continue the progress made toward becoming a model for an academically based, integrated outpatient health care delivery system that benefits all patients.

As will be demonstrated in this application, most of the patients to be seen at the proposed ASC are currently receiving surgery at Johns Hopkins Hospital, Johns Hopkins Outpatient Center, or other Hopkins affiliated sites. Backfill plans are being developed to assure that the affected resources within the Hopkins System continue to be utilized efficiently.

IV. Proposed New Green Spring Station Ambulatory Surgery Center

A key feature of the Green Spring expansion project is the creation of a new ambulatory surgery center. Johns Hopkins is committed to developing a safe, high quality, and cost effective alternative to its regulated inpatient and outpatient operating

rooms at Johns Hopkins Hospital in order to respond to the changes in clinical practice and reimbursement. As operating room cases continue to migrate from hospitals to ambulatory surgery centers, Hopkins must be positioned to respond to this shift in practice. Hopkins has done a comprehensive review of all of its operating capacity, has projected future utilization for its existing inpatient and outpatient regulated settings, and feels it is essential to develop freestanding rate-unregulated operating rooms and procedure rooms. This Certificate of Need application will reflect a request for 5 ORs and shell space for one additional OR. This shell space will be used as storage until volumes provide the justification to seek appropriate regulatory approval for the 6th OR.

The existing two operating rooms in the Ophthalmology Associates, LLC Surgery Center at Green Spring Station (the Johns Hopkins Wilmer Eye Institute ORs) will remain independent of the new ASC. While much thought was given to the possibility of rebuilding the ophthalmology ORs in the proposed Pavilion III, the decision to maintain these operating rooms for ophthalmology surgery is consistent with the practice and development of this service on the main Johns Hopkins East Baltimore campus.

In planning the new ASC, Hopkins acknowledges the trend already occurring nationally to provide 23 hour stay for many surgical procedures. Procedures such as spine or joint replacement traditionally performed in a hospital are now being done in some ambulatory surgery centers with the provision of extended recovery. While the Green Spring Station ASC will not open with the intent of performing case that require a 23 hour stay, the design of the facility will be flexible should this become a standard practice among ASCs and/or the insurance market dictates that cases be done in freestanding ASCs instead of in a hospital outpatient facility.

Facility Description:

The new Ambulatory Surgery Center has been designed as a state of the art facility and with great consideration given to patient comfort and convenience. The ability to deliver a quality surgical experience will drive the functional layout of the Center. Tenant improvement renovations to the third floor of the new Pavilion will be made to include these main components of the facility:

- **Waiting/Reception:** designed to promote efficient patient check in and comfortable family waiting
- **Operating Rooms:** all 5 rooms will be designed “same handed” to standardize the location of equipment and supplies in the operating rooms. This approach will improve patient safety by eliminating a possible source of confusion and will also increase staff efficiency during surgical procedures. Standardized equipment will include equipment booms, LED lights and in room documentation areas to incorporate the EPIC electronic medical record. Two operating rooms will be larger to accommodate orthopaedic cases which

require larger equipment as more complex cases such as total joints migrate from the inpatient to the outpatient setting.

- Procedure Rooms: 4 rooms will be located off the unrestricted corridor with adjacent space dedicated for scope cleaning and storage.
- Preoperative Area: 14 bays with three sided walls to provide patient privacy in preparation for surgery while also accommodating family and consultation with nursing staff, anesthesiologist and surgeon.
- Postoperative Area: 11 PACU bays with three sided walls, including 1 private room for pediatric patients and isolation. Bays are located with direct visualization from the nurses' station to assure safe recovery from anesthesia.
- Stage 2 Recovery: 13 bays with 3 sided walls for privacy and space for family involvement as the recovery from anesthesia concludes.
- Central Sterile Processing: specified process for flow of instruments from dirty to clean through decontamination area to sterilization to clean storage of instruments. The one way flow reduces the potential of cross-contamination of sterile instruments.
- Equipment Storage: adequate space to accommodate state of the art equipment that supports the variety of cases performed in the Center
- Staff Lounge/Lockers: private area for staff changing and breaks between cases.
- Administrative Support/Office: consult areas for private patient interview as well as business and management functions

VI. Project Schedule:

As noted in Section 11B to follow, the construction of Pavilion III will begin in June 2016 upon issuance of a grading permit by Baltimore County. The first phase of construction will involve demolition of the existing Tennis Barn structure, followed by site work and building foundations. Construction of the main building core and shell will then proceed, followed by tenant fit out/renovations including completion of the ambulatory surgery facility that is the subject of this application. The ambulatory surgery facility is expected to achieve pre-licensure/first use by January 2018. A more detailed construction schedule will be developed once a construction manager or general contractor is retained to manage the construction project.

9. Current Capacity and Proposed Changes:

| Service | Unit Description | Currently Licensed/ Certified | Units to be Added or Reduced | Total Units if Project is Approved |
|---------------------------|------------------|----------------------------------|------------------------------|------------------------------------|
| ICF-MR | Beds | ___/___ | | |
| ICF-C/D | Beds | ___/___ | | |
| Residential Treatment | Beds | ___/___ | | |
| Ambulatory Surgery | Operating Rooms | | | 5 |
| | Procedure Rooms | | | 4 |
| Home Health Agency | Counties | ___/___ | | |
| Hospice Program | Counties | ___/___ | | |
| Other (Specify) | | | | |
| TOTAL | | | | 9 |

10. Identify any community based services that are or will be offered at the facility and explain how each one will be affected by the project.
-

Applicant Response:

Inapplicable.

11. REQUIRED APPROVALS AND SITE CONTROL

- A. Site size: 5.5769 acres
- B. Have all necessary State and local land use and environmental approvals, including zoning and site plan, for the project as proposed been obtained? YES _____ NO X (If NO, describe below the current status and timetable for receiving each of the necessary approvals.)

The proposed project is subject to the full development review and approval process of the Baltimore County Code. This process includes two Phases: Phase 1-the Development Plan Process, which includes various zoning approvals followed by Phase 2, during which final Permit/Construction Documents are submitted. Phase I began in February of 2015 and is estimated to be completed by October of 2015. Phase 2 Permit/Construction documents will be submitted by December 2015 with anticipated approvals, including issuance of a grading permit by June 2016.

- C. Form of Site Control (Respond to the one that applies. If more than one, explain.):

- (1) Owned by: _____
- (2) Options to purchase held by: _____
Please provide a copy of the purchase option as an attachment.
- (3) Land Lease held by: _____
Please provide a copy of the land lease as an attachment.
- (4) Option to lease space in Pavilion III (defined below) is held by: Johns Hopkins Surgery Centers Series
Please provide a copy of the option to lease as an attachment.
- (5) Other: Right to purchase land on which Pavilion III (defined below) will be built (subject to contingencies) is held by The Johns Hopkins Health System Corporation ('JH Health System')
Explain and provide legal documents as an attachment. [See Charts I and II.]

If more than one, explain

- (5) Land Owned by: GSS Properties, LLC (unrelated entity) currently owns the proposed Tennis Barn property (the 'Property'). The JH Health System has reached a Land Purchase Sale Agreement with GSS Properties (the 'P/S Agreement') (Exhibit 4) to purchase the Property in order to develop a three story medical office building ('Pavilion III') that will include an ambulatory surgery

center. JH Health System intends to transfer ownership rights under the P/S Agreement to the Johns Hopkins Suburban Health Center LP (“JHSHC, LP”), which will own the Property and Pavilion III.

- (4) Option to lease space in Pavilion III held by: Johns Hopkins Surgery Centers Series, (the ‘Applicant’). The Applicant will have an option to lease space in Pavilion III for establishment of the proposed project. The Applicant’s option to lease is with JHSHC, LP, which will be the owner of Pavilion III, where the ambulatory surgery center will be located. See Chart II of Exhibit 2. See Exhibit 5 for Letter of Intent to Lease.

12. PROJECT SCHEDULE

(INSTRUCTION: IN COMPLETING THE APPLICABLE OF ITEMS 10, 11 or 12, PLEASE CONSULT THE PERFORMANCE REQUIREMENT TARGET DATES SET FORTH IN COMMISSION REGULATIONS, COMAR 10.24.01.12)

For new construction or renovation projects.

Project Implementation Target Dates

- A. Obligation of Capital Expenditure 15 months from approval date.
- B. Beginning Construction 1 months from capital obligation.
- C. Pre-Licensure/First Use 9 months from capital obligation.
- D. Full Utilization 24 months from first use.

For projects not involving construction or renovations.

Project Implementation Target Dates

- A. Obligation or expenditure of 51% of Capital Expenditure N/A months from CON approval date.
- B. Pre-Licensure/First Use N/A months from capital obligation.
- C. Full Utilization N/A months from first use.

For projects not involving capital expenditures.

Project Implementation Target Dates

- A. Obligation or expenditure of 51% Project Budget N/A months from CON approval date.
- B. Pre-Licensure/First Use N/A months from CON approval.
- C. Full Utilization N/A months from first use.

13. PROJECT DRAWINGS

Projects involving new construction and/or renovations should include scalable schematic drawings of the facility at least a 1/16" scale. Drawings should be completely legible and include dates.

These drawings should include the following before (existing) and after (proposed), as applicable:

- A. Floor plans for each floor affected with all rooms labeled by purpose or function, number of beds, location of bath rooms, nursing stations, and any proposed space for future expansion to be constructed, but not finished at the completion of the project, labeled as "shell space".
- B. For projects involving new construction and/or site work a Plot Plan, showing the "footprint" and location of the facility before and after the project.
- C. Specify dimensions and square footage of patient rooms.

Please see Exhibit 6.

14. FEATURES OF PROJECT CONSTRUCTION

- A. If the project involves new construction or renovation, complete **Tables C and D of the Hospital CON Application Package**
- B. Discuss the availability and adequacy of utilities (water, electricity, sewage, natural gas, etc.) for the proposed project and identify the provider of each utility. Specify the steps that will be necessary to obtain utilities.

All utilities are available on-site for the proposed project.

Please see Exhibit 1B for completed Table B of Hospital CON Application Package.

PART II - PROJECT BUDGET

Complete Table E of the Hospital CON Application Package

Note: Applicant should include a list of all assumptions and specify what is included in each budget line, as well as the source of cost estimates and the manner in which all cost estimates are derived. Explain how the budgeted amount for contingencies was determined and why the amount budgeted is adequate for the project given the nature of the project and the current stage of design (i.e., schematic, working drawings, etc.).

Applicant Response:

Please see Exhibit 1E for Table E

Green Spring Station Ambulatory Surgery Center Statement of Assumptions

- Project Budget
 - Renovation Building Costs are based on a Cost Estimator's formal estimate of renovation costs and experience of the Johns Hopkins Health System on other projects.
 - Architect and Engineering Fees are based on negotiations between the applicant and the Architect and Engineering companies it is utilizing.
 - Permit costs are based on calls to Baltimore County Government
 - Equipment costs are based on Equipment consultants, Johns Hopkins Health System input and current equipment costs.
 - Contingency costs are 5% of Renovation Subtotal+Equip+Other
 - JHHS Project Management costs are based on estimates provided by JHHS Project Management.
 - Inflation costs are based on the Building Cost Index in HIS Healthcare Cost Review and the methodology posted on the MHCC website.
 - However because the CMS 2006-based PPS Hospital Capital IPI, CAPB06 Line only is provided through 2017.1, we calculated its Compound Average Growth Rate (CAGR) between 2016.1 and 2017.1 and applied it to 2017.3, the mid-point of the renovation, as follows:

**CMS 2006-based
PPS Hospital Capital
IPI, CAPB06 Line CAGR**

| | | |
|--------|----------|----------|
| 2016.1 | 1.139 | |
| 2016.2 | 1.144 | |
| 2016.3 | 1.147 | |
| 2016.4 | 1.153 | |
| 2017.1 | 1.159 | 0.004361 |
| 2017.2 | 1.164055 | |
| 2017.3 | 1.169131 | |

- The inflation rate was calculated as follows:

| | | | | | |
|-------------------|------------------|-----------|-------|----------|----------|
| Filing Date | 6/1/2015 | | | | |
| Modification Date | 10/1/2017 | | | | |
| Step 1 | 2016.2 | %MOVAVG | 1.6 | 1.016 | <i>A</i> |
| Step 2 | 2017.2 | %MOVAVG | 1.7 | 1.017 | <i>B</i> |
| Step 3 | 2017.2 | CIS Proxy | 1.164 | | <i>C</i> |
| | 2017.3 | CIS Proxy | 1.169 | | <i>D</i> |
| | <i>D/C</i> | | | 1.004296 | <i>E</i> |
| | <i>A * B * E</i> | | | 1.03771 | |

- The inflation rate was applied to the Total Current Capital Costs.
- Consultant Fees were based on estimates provided by the consultants.

PART III - APPLICANT HISTORY, STATEMENT OF RESPONSIBILITY, AUTHORIZATION AND RELEASE OF INFORMATION, AND SIGNATURE

1. List names and addresses of all owners and individuals responsible for the proposed project and its implementation.

W. Gill Wylie, President
Johns Hopkins Surgery Center Series
2330 W. Joppa Road, Suite 301
Lutherville, MD 21093

2. Are the applicant, owners, or the responsible persons listed in response to Part 1, questions 2, 3, 4, 7, and 9 above now involved, or have they ever been involved, in the ownership, development, or management of another health care facility? If yes, provide a listing of these facilities, including facility name, address, and dates of involvement.

Johns Hopkins at Green Spring Station
10755 & 10753 Falls Road
Lutherville, MD 21093
1993-present

Johns Hopkins at White Marsh
4924 Campbell Boulevard
White Marsh, MD 21236
1998-present

Odenton Medical Pavilion
1106 Annapolis Road
Odenton, MD 21113
2003-present

Johns Hopkins Surgery Center Series DBA White Marsh Surgery Center
4924 Campbell Boulevard
White Marsh, MD 21236
2007-present

3. Has the Maryland license or certification of the applicant facility, or any of the facilities listed in response to Question 2, above, been suspended or revoked, or been subject to any disciplinary action (such as a ban on admissions) in the last 5 years? If yes, provide a written explanation of the circumstances, including the date(s) of the actions and the disposition. If the applicant, owners or individuals responsible for implementation of the Project were not involved with the facility at the time a suspension, revocation, or disciplinary action took place, indicate in the explanation.

No

4. Other than the licensure or certification actions described in the response to Question 3, above, has any facility with which any applicant is involved, or has any facility with which any applicant has in the past been involved (listed in response to Question 2, above) received inquiries in last from 10 years from any federal or state authority, the Joint

Commission, or other regulatory body regarding possible non-compliance with any state, federal, or Joint Commission requirements for the provision of, the quality of, or the payment for health care services that have resulted in actions leading to the possibility of penalties, admission bans, probationary status, or other sanctions at the applicant facility or at any facility listed in response to Question 2? If yes, provide for each such instance, copies of any settlement reached, proposed findings or final findings of non-compliance and related documentation including reports of non-compliance, responses of the facility, and any final disposition or conclusions reached by the applicable authority.

No

5. Have the applicant, owners or responsible individuals listed in response to Part 1, questions 2, 3, 4, 7, and 9, above, ever pled guilty to or been convicted of a criminal offense in any way connected with the ownership, development or management of the applicant facility or any of the health care facilities listed in response to Question 2, above? If yes, provide a written explanation of the circumstances, including as applicable the court, the date(s) of conviction(s), diversionary disposition(s) of any type, or guilty plea(s).

No

One or more persons shall be officially authorized in writing by the applicant to sign for and act for the applicant for the project which is the subject of this application. Copies of this authorization shall be attached to the application. The undersigned is the owner(s), or Board-designated official of the proposed or existing facility.

I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information and belief.

Aug. 6, 2015
Date

Walker G. Wylie
Signature of Owner or Board-designated Official
President, Johns Hopkins Surgery Center Series
Position/Title
WALKER G. WYLIE
Printed Name

**PART IV - CONSISTENCY WITH GENERAL REVIEW CRITERIA AT COMAR
10.24.01.08G(3):**

INSTRUCTION: Each applicant must respond to all criteria included in COMAR 0.24.01.08G(3), listed below.

An application for a Certificate of Need shall be evaluated according to all relevant State Health Plan standards and other review criteria.

If a particular standard or criteria is covered in the response to a previous standard or criteria, the applicant may cite the specific location of those discussions in order to avoid duplication. When doing so, the applicant should ensure that the previous material directly pertains to the requirement and to the directions included in this application form. Incomplete responses to any requirement will result in an information request from Commission Staff to ensure adequacy of the response, which will prolong the application's review period.

10.24.01.08G(3)(a). The State Health Plan.

Every applicant must address each applicable standard in the chapter of the State Health Plan for Facilities and Services¹. Commission staff can help guide applicants to the chapter(s) that applies to a particular proposal.

Please provide a direct, concise response explaining the project's consistency with each standard. Some standards require specific documentation (e.g., policies, certifications) which should be included within the application as an exhibit.

¹ [1] Copies of all applicable State Health Plan chapters are available from the Commission and are available on the Commission's web site here: http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_shp/hcfs_shp

COMAR 10.24.11. GENERAL SURGICAL SERVICES
.05A. GENERAL STANDARDS.

Standard .05(A)(1) – Information Regarding Charges.

Information regarding charges for surgical services shall be available to the public. A hospital or an ambulatory surgical facility shall provide to the public, upon inquiry or as required by applicable regulations or law, information concerning charges for the full range of surgical services provided.

Applicant Response:

The Green Spring Station Surgery Center (GSSSC) will make information regarding charges for the full range of surgical services provided readily available to the public, upon inquiry, or as required by applicable regulations or laws. In an ASF, the gross charge structure is not relevant to what patients (even private paying patients) pay. Medicare pays fixed amounts with its fees based on procedures and location of the ASF. Medicaid pays a fixed amount by procedure. Insurance companies pay slightly higher than Medicare. However, their charges are usually set either by their own policies or by contracts with ASFs. Copays and deductibles vary by payer and by insurance plan. GSSSC staff will assist patients in determining what their charges and copays will be.

Standard .05(A)(2) – Charity Care Policy.

- (a) Each hospital and ambulatory surgical facility shall have a written policy for the provision of charity care that ensures access to services regardless of an individual's ability to pay and shall provide ambulatory surgical services on a charitable basis to qualified indigent persons consistent with this policy. The policy shall have the following provisions:
- (i) **Determination of Eligibility for Charity Care.** Within two business days following a patient's request for charity care services, application for medical assistance, or both, the facility shall make a determination of probable eligibility.
 - (ii) **Notice of Charity Care Policy.** Public notice and information regarding the facility's charity care policy shall be disseminated, on an annual basis, through methods designed to best reach the facility's service area population and in a format understandable by the service area population. Notices regarding the surgical facility's charity care policy shall be posted in the registration area and business office of the facility. Prior to a patient's arrival for surgery, facilities should address any financial concerns of patients, and individual notice regarding the facility's charity care policy shall be provided.
 - (iii) **Criteria for Eligibility.** Hospitals shall comply with applicable State statutes and HSCRC regulations regarding financial assistance policies and charity care eligibility. ASFs, at a minimum, must include the following eligibility criteria in charity care policies. Persons with family income below 100 percent of the current federal poverty guideline who have no health insurance coverage and are not eligible for any public program providing coverage for medical expenses shall be eligible for services free of charge. At a minimum, persons with family income above 100 percent of the federal poverty guideline but below 200 percent of the federal poverty guideline shall be eligible for services at a discounted charge, based on a sliding scale of discounts for family income bands. A health maintenance organization, acting as both the insurer and provider of health care services for members, shall have a financial assistance policy for its members that is consistent with the minimum eligibility criteria for charity care required of ASFs described in these regulations.
- (b) A hospital with a level of charity care, defined as the percentage of total operating expenses that falls within the bottom quartile of all hospitals, as reported in the most recent Health Service Cost Review Commission Community Benefit Report, shall demonstrate that its level of charity care is appropriate to the needs of its service area population.

- (c) A proposal to establish or expand an ASF for which third party reimbursement is available, shall commit to provide charitable surgical services to indigent patients that are equivalent to at least the average amount of charity care provided by ASFs in the most recent year reported, measured as a percentage of total operating expenses. The applicant shall demonstrate that:
- (i) Its track record in the provision of charitable health care facility services supports the credibility of its commitment; and
 - (ii) It has a specific plan for achieving the level of charitable care provision to which it is committed.
 - (iii) If an existing ASF has not met the expected level of charity care for the two most recent years reported to MHCC, the applicant shall demonstrate that the historic level of charity care was appropriate to the needs of the service area population.
- (d) A health maintenance organization, acting as both the insurer and provider of health care services for members, if applying for a Certificate of Need for a surgical facility project, shall commit to provide charitable services to indigent patients. Charitable services may be surgical or nonsurgical and may include charitable programs that subsidize health plan coverage. At a minimum, the amount of charitable services provided as a percentage of total operating expenses for the health maintenance organization will be equivalent to the average amount of charity care provided statewide by ASFs, measured as a percentage of total ASF expenses, in the most recent year reported. The applicant shall demonstrate that:
- (i) Its track record in the provision of charitable health care facility services supports the credibility of its commitment; and
 - (ii) It has a specific plan for achieving the level of charitable care provision to which it is committed.
 - (iii) If the health maintenance organization's track record is not consistent with the expected level for the population in the proposed service area, the applicant shall demonstrate that the historic level of charity care was appropriate to the needs of the population in the proposed service area.

Applicant Response:

It is the policy of Johns Hopkins Medicine to provide financial assistance based on indigence or high medical expenses for patients who meet specified financial criteria and request such assistance. The GSSSC will provide medically necessary care, free of

charge or at a reduced rate, for patients who meet the Johns Hopkins Surgery Center Series (“JHSCS”) Financial Assistance Policy criteria (Exhibit 7).

The policy requires a determination of probable eligibility within two business days. Notice and information of the facility’s charity care policy will be provided through methods designed to reach the service area’s population. Notice will be posted at all patient registration sites and in the business office of the facility. Prior to a patient’s arrival for surgery, facilities will address any financial concerns of patients, and individual notice regarding the facility’s Financial Assistance policy will be provided to the patient.

The JHSCS policy is consistent with the current policy for The Johns Hopkins Hospital (JHH), Johns Hopkins Bayview Medical Center, Inc. Acute Care Hospital and Special Programs (JHBMC), and the Chronic Specialty Hospital of the Johns Hopkins Bayview Care Center (JHBCC), with respect to the determination of financial assistance allowances for individuals at or below 200% of the Federal Poverty Line (FPL). The policies grant an allowance of 100% for those with an annual family income below 200% of the FPL. The sliding scale is divided as follows:

| TABLE FOR DETERMINATION OF FINANCIAL ASSISTANCE ALLOWANCES | |
|---|-----------------|
| Effective 1/1/15 | |
| # of Persons in Family | 200% FPL |
| 1 | \$23,540 |
| 2 | \$31,860 |
| 3 | \$40,180 |
| 4 | \$48,500 |
| 5 | \$56,820 |
| 6 | \$65,140 |
| 7 | \$73,460 |
| 8* | \$81,780 |

*For family units with more than eight (8) members, add \$8,320 for each additional member.

- (b) A hospital with a level of charity care, defined as the percentage of total operating expenses that falls within the bottom quartile of all hospitals, as reported in the most recent Health Service Cost Review Commission Community Benefit Report, shall demonstrate that its level of charity care is appropriate to the needs of its service area population.
-

Applicant Response:

Inapplicable.

- (c) A proposal to establish or expand an ASF for which third party reimbursement is available, shall commit to provide charitable surgical services to indigent patients that are equivalent to at least the average amount of charity care provided by ASFs in the most recent year reported, measured as a percentage of total operating expenses. The applicant shall demonstrate that:
- (a) Its track record in the provision of charitable health care facility services supports the credibility of its commitment; and
 - (ii) It has a specific plan for achieving the level of charitable care provision to which it is committed.
 - (iii) If an existing ASF has not met the expected level of charity care for the two most recent years reported to MHCC, the applicant shall demonstrate that the historic level of charity care was appropriate to the needs of the service area population.

Applicant Response:

The most recent data available indicates that the average amount of charity care provided by ASFs in Maryland is approximately 1.00% of total operating expenses. (Exhibit 8) The GSSSC commits to provide charitable surgical services that meet or exceed this amount.

- (d) A health maintenance organization, acting as both the insurer and provider of health care services for members, if applying for a Certificate of Need for a surgical facility project, shall commit to provide charitable services to indigent patients. Charitable services may be surgical or nonsurgical and may include charitable programs that subsidize health plan coverage. At a minimum, the amount of charitable services provided as a percentage of total operating expenses for the health maintenance organization will be equivalent to the average amount of charity care provided statewide by ASFs, measured as a percentage of total ASF expenses, in the most recent year reported. The applicant shall demonstrate that:
- (i) Its track record in the provision of charitable health care facility services supports the credibility of its commitment; and
 - (ii) It has a specific plan for achieving the level of charitable care provision to which it is committed.
 - (iii) If the health maintenance organization's track record is not consistent with the expected level for the population in the proposed service area, the applicant shall demonstrate that the historic level of charity care was appropriate to the needs of the population in the proposed service area.

Applicant Response:

Inapplicable.

Standard .05(A)(3) – Quality of Care.

A facility providing surgical services shall provide high quality care.

- (a) An existing hospital or ambulatory surgical facility shall document that it is licensed, in good standing, by the Maryland Department of Health and Mental Hygiene.**
- (b) A hospital shall document that it is accredited by the Joint Commission.**
- (c) An existing ambulatory surgical facility shall document that it is:**
 - (i) In compliance with the conditions of participation of the Medicare and Medicaid programs; and**
 - (ii) Accredited by the Joint Commission, the Accreditation Association for Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgery Facilities, or another accreditation agency recognized by the Centers for Medicare and Medicaid as acceptable for obtaining Medicare certification.**
- (d) A person proposing the development of an ambulatory surgical facility shall demonstrate that the proposed facility will:**
 - (i) Meet or exceed the minimum requirements for licensure in Maryland in the areas of administration, personnel, surgical services provision, anesthesia services provision, emergency services, hospitalization, pharmaceutical services, laboratory and radiologic services, medical records, and physical environment.**
 - (ii) Obtain accreditation by the Joint Commission, the Accreditation Association for Ambulatory Health Care, or the American Association for Accreditation of Ambulatory Surgery Facilities within two years of initiating service at the facility or voluntarily suspend operation of the facility.**

Applicant Response:

Standard .05(A)(3)(a), Standard .05(A)(3)(b), and Standard .05(A)(3)(c) are inapplicable.

- (d) A person proposing the development of an ambulatory surgical facility shall demonstrate that the proposed facility will:
- (i) Meet or exceed the minimum requirements for licensure in Maryland in the areas of administration, personnel, surgical services provision, anesthesia services provision, emergency services, hospitalization, pharmaceutical services, laboratory and radiologic services, medical records, and physical environment.
 - (ii) Obtain accreditation by the Joint Commission, the Accreditation Association for Ambulatory Health Care, or the American Association for Accreditation of Ambulatory Surgery Facilities within two years of initiating service at the facility or voluntarily suspend operation of the facility.

Applicant Response:

Green Spring Station Surgery Center (GSSSC) will be staffed by licensed and credentialed health care professionals including anesthesiologists, surgeons, CRNAs, and RNs. The staff will follow evidence-based practice standards and those of their respective professional associations.

GSSSC will be licensed by the Office of Health Care Quality, part of the Maryland State Department of Health and Mental Hygiene and will be certified by the Department of Health and Human Services Centers for Medicare. GSSSC will comply with all mandated federal, state and local health and safety regulations.

GSSSC will obtain accreditation from The Joint Commission, consistent with other Johns Hopkins-affiliated entities.

Standard .05A(4) – Transfer Agreements.

- (a) Each ASF and hospital shall have written transfer and referral agreements with hospitals capable of managing cases that exceed the capabilities of the ASF or hospital.**
- (b) Written transfer agreements between hospitals shall comply with the Department of Health and Mental Hygiene regulations implementing the requirements of Health-General Article §19-308.2.**
- (c) Each ASF shall have procedures for emergency transfer to a hospital that meet or exceed the minimum requirements in COMAR 10.05.05.09.**

Applicant Response:

Since the proposed ASF does not yet exist, it does not yet have a transfer agreement established with a hospital. Johns Hopkins Surgery Centers Series (“JHSCS”) intends to establish a formal transfer agreement with the Greater Baltimore Medical Center (GBMC) that is comparable to the current “Patient Transfer Agreement” between Ophthalmology Associates, LLC and GBMC (Exhibit 9), established on February 1st, 2010. Ophthalmology Associates, LLC currently owns and operates an ambulatory surgery center located at Green Spring Station, 10755 Falls Rd., Pavilion 1, Suite 110, Lutherville, MD 21093; an adjacent property to the proposed ASF. Ambulance service will be provided by Emergency Medical Services by calling 911.

**COMAR 10.24.11. GENERAL SURGICAL SERVICES
.05B. Project Review Standards.**

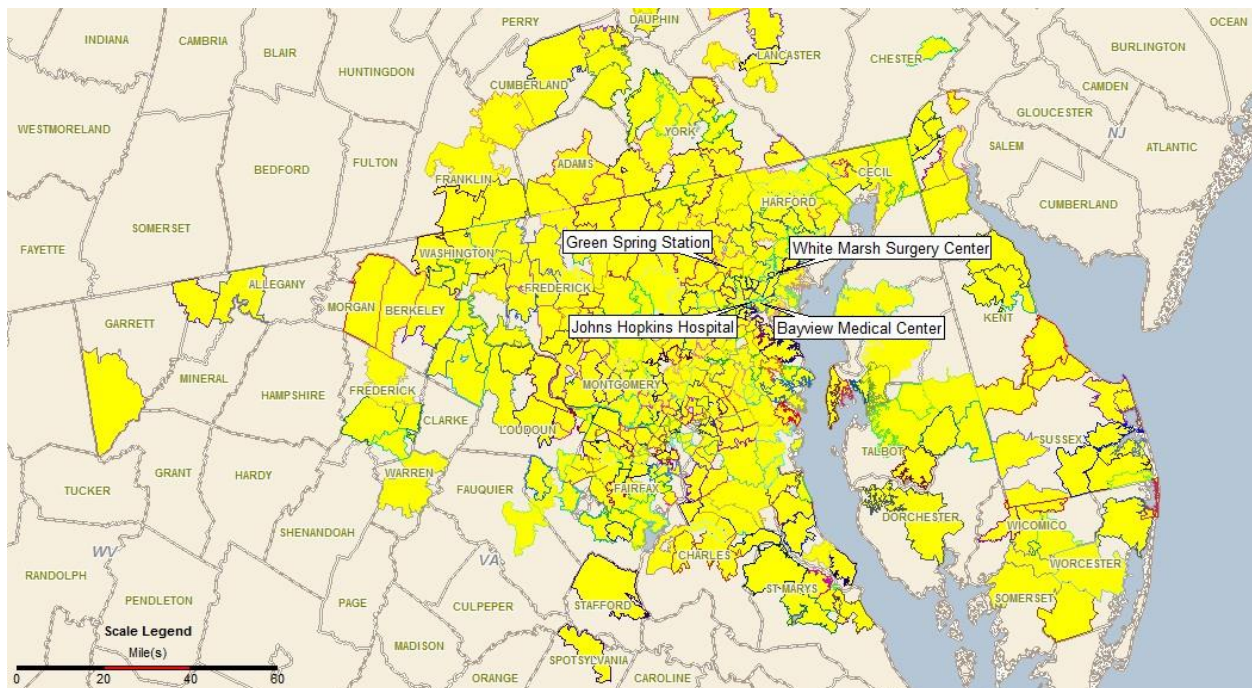
Standard .05B(1) – Service Area.

An applicant proposing to establish a new hospital providing surgical services or a new ambulatory surgical facility shall identify its projected service area. An applicant proposing to expand the number of operating rooms at an existing hospital or ambulatory surgical facility shall document its existing service area, based on the origin of patients served.

Applicant Response:

In developing its volume projections for the Green Spring Station Surgery Center (GSSSC), JHM began by determining how many OR cases, currently performed at a Johns Hopkins Medicine (JHM) entity, would shift to the GSSSC today, if the GSSSC were up and running. It was determined that for FY2015, 3,264 cases would shift from a JHM entity to the GSSSC if the site was available today. Of these 3,264 cases, 74.97% (2,447) of them would move from Johns Hopkins Hospital (JHH) to the GSSSC. In light of this, it was determined that the service area for outpatient surgery at JHH represented the most appropriate proxy for the service area of the proposed ASC.

The postal zip codes from which the first 85 percent of outpatient surgery cases at The Johns Hopkins Hospital for FY 2014 are depicted below (Exhibit 10).



The total number of outpatient surgery cases by zip code for the first 85 percent of cases at JHH for FY 2014 are depicted in Exhibit 11.

Future volume projections include a consideration for population growth in the proposed service area. For the following surgical specialties, the compound annual growth rate of the entire service area population was deemed to be the most appropriate growth rate to apply:

- Orthopaedics
- Otolaryngology
- Urology
- Vascular
- Plastic
- General Surgery
- Podiatry
- Neurosurgery

For the following surgical specialties, the compound annual growth rate for females age 15 and older within the service area population was deemed to be the most appropriate growth rate to apply:

- Breast
- Gynecology

Exhibit 12 reports the total population of the JHH outpatient surgery service area to be 10,259,895 in 2014 using Truven Health Analytics. The population is projected to increase by 4.9% from 2014 to 2019. It is assumed that population projections beyond 2019 will be reflective of the compound annual growth rate (CAGR) projected between 2014 and 2019. This equates to a CAGR of 0.964%.

Exhibit 12 considers the population of females age 15 and older in the JHH outpatient surgery service area. Truven Health Analytics calculates this population to be 4,327,653 in 2014 and to grow at a rate of 5.56% from 2014 to 2019. It is assumed that population projections beyond 2019 will be reflective of the compound annual growth rate (CAGR) projected between 2014 and 2019. This equates to a CAGR of 1.087%.

Please see Exhibit 12 for additional demographic information for the JHH outpatient surgery service area.

Standard .05B(2) – Need- Minimum Utilization for Establishment of a New or Replacement Facility.

An applicant proposing to establish or replace a hospital or ambulatory surgical facility shall demonstrate the need for the number of operating rooms proposed for the facility. This need demonstration shall utilize the operating room capacity assumptions and other guidance included in Regulation .06 of this Chapter. This needs assessment shall demonstrate that each proposed operating room is likely to be utilized at optimal capacity or higher levels within three years of the initiation of surgical services at the proposed facility.

- (a) An applicant proposing the establishment or replacement of a hospital shall submit a needs assessment that includes the following:
 - (i) Historic trends in the use of surgical facilities for inpatient and outpatient surgical procedures by the new or replacement hospital's likely service area population;
 - (ii) The operating room time required for surgical cases projected at the proposed new or replacement hospital by surgical specialty or operating room category; and
 - (iii) In the case of a replacement hospital project involving relocation to a new site, an analysis of how surgical case volume is likely to change as a result of changes in the surgical practitioners using the hospital.

- (b) An applicant proposing the establishment of a new ambulatory surgical facility shall submit a needs assessment that includes the following:
 - (i) Historic trends in the use of surgical facilities for outpatient surgical procedures by the proposed facility's likely service area population;
 - (ii) The operating room time required for surgical cases projected at the proposed facility by surgical specialty or, if approved by Commission staff, another set of categories; and
 - (iii) Documentation of the current surgical caseload of each physician likely to perform surgery at the proposed facility.

Applicant Response:

Standard .05(B)(2)(a) is inapplicable.

(b) An applicant proposing the establishment of a new ambulatory surgical facility shall submit a needs assessment that includes the following:

- (i) Historic trends in the use of surgical facilities for outpatient surgical procedures by the proposed facility's likely service area population;**
- (ii) The operating room time required for surgical cases projected at the proposed facility by surgical specialty or, if approved by Commission staff, another set of categories; and**
- (iii) Documentation of the current surgical caseload of each physician likely to perform surgery at the proposed facility.**

Applicant Response:

Johns Hopkins Medicine 2013 Green Spring Station Physician Survey

In April of 2013, Johns Hopkins Medical Management (the entity that manages Hopkins' presence at Green Spring Station) emailed an on-line physician survey to 227 physicians practicing at Green Spring Station. The survey was aimed at evaluating how well Johns Hopkins Medicine's presence at Green Spring Station was meeting the needs of its patient population. Further, the survey aimed to better understand what additional services or resources would be required to strengthen the ability of Green Spring Station's primary care physicians and specialists to serve its patient population across their continuum of care. Respondents were asked to categorize what percent of their referrals went to Johns Hopkins providers for over 40 specialties. Respondents categorized what percentage of their referrals went to Johns Hopkins providers by answering 0-19%, 20-39%, 40-59%, 60-79%, or 80-100%. Respondents were also asked the following in an open-ended format:

- What are the primary reasons keeping you from referring more of your patients to Johns Hopkins providers?
- Please list any medical, ancillary or non-medical services currently not available at the Green Spring Station campus.
- Please describe any teaching or educational activities you do at the Green Spring Station campus.
- Please list any research you perform at the Green Spring Station campus.

Eighty-one of the 227 physicians completed the survey for a 35.7% response rate. The results of the physician-provided responses can be viewed in (Exhibit 13).

When physicians were asked to provide the primary reasons that kept them from referring patients to Johns Hopkins providers (Exhibit 14), the vast majority of responses cited:

- Access/Availability/Wait for Appointment
- Patient Preference/Distance

Johns Hopkins Medicine 2015 Green Spring Station Referral Study

Introduction

In 2015, Johns Hopkins Medicine (JHM) revisited the topic of referral patterns originating from primary care physicians at Green Spring Station to evaluate the proportion of patients being referred to JHM specialists, the proportion of patient being referred to non-JHM specialists, and potential barriers preventing primary care physicians at Green Spring Station from referring to a JHM specialist. While the April 2013 survey used physician-provided estimates of referral retention rates, this study utilized a review of actual physician referral data from Johns Hopkins Community Physicians and Patient First, both at Green Spring Station. (The Patient First at Green Spring Station is owned by Johns Hopkins Medicine.)

JHM considered data from Hopkins referring physicians at GSS separately from Patient First because the practice patterns of the JHCP physicians were expected to be more similar to the other primary care physicians practicing at Green Spring Station, while the practice patterns of Patient First, an urgent care provider, might be less similar. Both data analyses are discussed below.

Johns Hopkins Medicine JHCP Referral Study

Johns Hopkins Community Physicians (JHCP) has primary care clinics across Maryland and in D.C. The JHCP site at Green Spring Station represents only a small proportion of the Hopkins services available at GSS, but it offered us the opportunity to analyze referral data through the EMR. Physician referral data were captured through EPIC (JHHS's electronic medical records system) from JHCP at Green Spring Station from 7/1/13-6/30/14. A JHM physician was defined as a physician employed by either the Johns Hopkins University or by the Johns Hopkins Health System (JHCP). Thirteen specialties were selected due to their involvement in the Green Spring expansion plan including all the surgical specialties. The review of JHCP referral data concluded that:

- A total of 3,860 referrals were made to the selected specialties by a JHCP provider
- 2,394 referrals (62%) were made to JHM physicians
- 1,466 referrals (38%) were made to non-JHM physicians
- This ratio of 62% JHM referrals to 38% non-JHM referrals was consistent with the referral patterns reported in the FY 2012 Physician Survey

With these data, referrals per FTE primary care physician were then calculated for each of the selected specialties and, based on the JHCP patterns, extrapolated to all adult primary care providers (35 FTEs in total) practicing at Green Spring Station. Extrapolation was used because the JHCP and Patient First data were the only data available. The extrapolated data results in a total of 32,554 referrals from the physicians at Green Spring Station – 20,190 to a JHM provider (62% to JHM physicians at Green Spring Station or at another JH location) and 12,364 were non-JHM referrals.

| FY14 Referral Analysis | | | | | | | | | | | | |
|---|----------------|--------------|--------------|------------|------------|-------------|-----------------------|--------------|--------------|---------------|--|---------------|
| <i>Patient First & JHCP at Green Spring Station</i> | | | | | | | | | | | | |
| Source: Tableau FY 2014 JHCP Referral Report | | | | | | | | | | | | |
| Total FY14YE Referrals to JHM vs Non-JHM by Specialty | | | | | | | | | | | | |
| Specialty | JHCP Referrals | | | | | | | | | | Estimated Total Green Spring Referrals | |
| | # | | | % | | | Referrals per IM FTE* | | | JHM | Non-JHM | Total |
| | JHM | Non-JHM | Total | JHM | Non-JHM | Total | JHM | Non-JHM | Total | JHM | Non-JHM | Total |
| Breast Surgery | 10 | 12 | 22 | 45% | 55% | 100% | 2.4 | 2.9 | 5.3 | 84 | 101 | 186 |
| Cardiology | 266 | 99 | 365 | 73% | 27% | 100% | 64.1 | 23.9 | 88.0 | 2,243 | 835 | 3,078 |
| Dermatology | 504 | 99 | 603 | 84% | 16% | 100% | 121.4 | 23.9 | 145.3 | 4,251 | 835 | 5,086 |
| Gastroenterology | 275 | 389 | 664 | 41% | 59% | 100% | 66.3 | 93.7 | 160.0 | 2,319 | 3,281 | 5,600 |
| General Surgery | 56 | 115 | 171 | 33% | 67% | 100% | 13.5 | 27.7 | 41.2 | 472 | 970 | 1,442 |
| Neurology | 112 | 148 | 260 | 43% | 57% | 100% | 27.0 | 35.7 | 62.7 | 945 | 1,248 | 2,193 |
| Neurosurgery | 33 | 7 | 40 | 83% | 18% | 100% | 8.0 | 1.7 | 9.6 | 278 | 59 | 337 |
| Obstetrics/Gynecology | 153 | 25 | 178 | 86% | 14% | 100% | 36.9 | 6.0 | 42.9 | 1,290 | 211 | 1,501 |
| Orthopaedics | 399 | 234 | 633 | 63% | 37% | 100% | 96.1 | 56.4 | 152.5 | 3,365 | 1,973 | 5,339 |
| Otolaryngology | 211 | 73 | 284 | 74% | 26% | 100% | 50.8 | 17.6 | 68.4 | 1,780 | 616 | 2,395 |
| Plastic Surgery | 6 | 13 | 19 | 32% | 68% | 100% | 1.4 | 3.1 | 4.6 | 51 | 110 | 160 |
| Podiatry | 250 | 34 | 284 | 88% | 12% | 100% | 60.2 | 8.2 | 68.4 | 2,108 | 287 | 2,395 |
| Urology | 78 | 200 | 278 | 28% | 72% | 100% | 18.8 | 48.2 | 67.0 | 658 | 1,687 | 2,345 |
| Vascular | 41 | 18 | 59 | 69% | 31% | 100% | 9.9 | 4.3 | 14.2 | 346 | 152 | 498 |
| Grand Total | 2,394 | 1,466 | 3,860 | 62% | 38% | 100% | 576.9 | 353.3 | 930.1 | 20,190 | 12,364 | 32,554 |

*Assumes factor of 4.15 FTE IM Physicians per Finance JHCP Full Time Equivalent Report, June 30, 2014
 **Assumes 35 total FTEs

Johns Hopkins Medicine Patient First Referral Study

The Patient First at Green Spring Station is owned by Johns Hopkins Medicine under a management agreement with Patient First. Physician referral data were captured through the Patient First at Green Spring Station electronic medical records system for the period of 7/1/13-6/30/14. Patient First at Green Spring Station had 6.00 physicians FTEs in FY2014. Thirteen specialties were selected due to their involvement in the Green Spring expansion plan. The review of Patient First referral data concluded that:

- 2,977 referrals were made to the selected specialties by Patient First
- 1,530 referrals were made to JHM physicians (51%)
- 1,447 referrals were made to non-JHM physicians (49%)

| FY14 Referral Analysis | | | | | | | | | |
|--|-------------------------|--------------|--------------|------------|------------|-------------|---------------------|--------------|--------------|
| <i>Patient First & JHCP at Green Spring Station</i> | | | | | | | | | |
| Source: Tableau FY 2014 JHCP Referral Report | | | | | | | | | |
| Total FY14YE Referrals to JHM vs Non-JHM by Specialty | | | | | | | | | |
| Specialty | Patient First Referrals | | | | | | | | |
| | # | | | % | | | Referrals per FTE** | | |
| | JHM | Non-JHM | Total | JHM | Non-JHM | Total | JHM | Non-JHM | Total |
| Breast Surgery | 0 | 0 | 0 | 0% | 0% | 0% | - | - | - |
| Cardiology | 57 | 45 | 102 | 56% | 44% | 100% | 9.5 | 7.5 | 17.0 |
| Dermatology | 26 | 188 | 214 | 12% | 88% | 100% | 4.3 | 31.3 | 35.7 |
| Gastroenterology | 50 | 57 | 107 | 47% | 53% | 100% | 8.3 | 9.5 | 17.8 |
| General Surgery | 21 | 107 | 128 | 16% | 84% | 100% | 3.5 | 17.8 | 21.3 |
| Neurology | 10 | 58 | 68 | 15% | 85% | 100% | 1.7 | 9.7 | 11.3 |
| Neurosurgery | 5 | 6 | 11 | 45% | 55% | 100% | 0.8 | 1.0 | 1.8 |
| Obstetrics/Gynecology | 38 | 47 | 85 | 45% | 55% | 100% | 6.3 | 7.8 | 14.2 |
| Orthopaedics | 957 | 624 | 1,581 | 61% | 39% | 100% | 159.5 | 104.0 | 263.5 |
| Otolaryngology | 232 | 92 | 324 | 72% | 28% | 100% | 38.7 | 15.3 | 54.0 |
| Plastic Surgery | 6 | 16 | 22 | 27% | 73% | 100% | 1.0 | 2.7 | 3.7 |
| Podiatry | 68 | 45 | 113 | 60% | 40% | 100% | 11.3 | 7.5 | 18.8 |
| Urology | 59 | 153 | 212 | 28% | 72% | 100% | 9.8 | 25.5 | 35.3 |
| Vascular | 1 | 9 | 10 | 10% | 90% | 100% | 0.2 | 1.5 | 1.7 |
| Grand Total | 1,530 | 1,447 | 2,977 | 51% | 49% | 100% | 255.0 | 241.2 | 496.2 |
| ** Assumes factor of 6.00 IM Physicians | | | | | | | | | |

Combined JHCP and Patient First Referral Analysis

Actual data were only available from the JHCP site and Patient First. The extrapolated JHCP data and the Patient First data were combined to estimate the proportion of referrals being made to JHM and non-JHM physicians by physicians at Green Spring Station. Combining these data sets resulted in the following findings for FY 2014:

- An estimated 35,531 referrals were made to selected specialties by a JHCP, Patient First or other adult primary care provider
- 21,720 referrals were made to JHM physicians
- 13,811 referrals were made to non-JHM physicians

| FY14 Referral Analysis | | | | | | | |
|--|---|----------------|---------------|--------------|------------------|-------------------------|--|
| <i>Patient First & JHCP at Green Spring Station</i> | | | | | | | |
| Source: Tableau FY 2014 JHCP Referral Report | | | | | | | |
| Total FY14YE Referrals to JHM vs Non-JHM by Specialty | | | | | | | |
| | <i>Estimated Green Spring Referrals Including Patient First</i> | | | | | | |
| | <i>JHCP + Patient First</i> | | | | | | |
| Specialty | JHM | Non-JHM | Total | % JHM | % Non-JHM | % of Grand Total | |
| Breast Surgery | 84 | 101 | 186 | 45% | 55% | 0.5% | |
| Cardiology | 2,300 | 880 | 3,180 | 72% | 28% | 9.0% | |
| Dermatology | 4,277 | 1,023 | 5,300 | 81% | 19% | 14.9% | |
| Gastroenterology | 2,369 | 3,338 | 5,707 | 42% | 58% | 16.1% | |
| General Surgery | 493 | 1,077 | 1,570 | 31% | 69% | 4.4% | |
| Neurology | 955 | 1,306 | 2,261 | 42% | 58% | 6.4% | |
| Neurosurgery | 283 | 65 | 348 | 81% | 19% | 1.0% | |
| Obstetrics/Gynecology | 1,328 | 258 | 1,586 | 84% | 16% | 4.5% | |
| Orthopaedics | 4,322 | 2,597 | 6,920 | 62% | 38% | 19.5% | |
| Otolaryngology | 2,012 | 708 | 2,719 | 74% | 26% | 7.7% | |
| Plastic Surgery | 57 | 126 | 182 | 31% | 69% | 0.5% | |
| Podiatry | 2,176 | 332 | 2,508 | 87% | 13% | 7.1% | |
| Urology | 717 | 1,840 | 2,557 | 28% | 72% | 7.2% | |
| Vascular | 347 | 161 | 508 | 68% | 32% | 1.4% | |
| Grand Total | 21,720 | 13,811 | 35,531 | 61% | 39% | 100.0% | |

These referral totals equate to a 61% JHM to 39% non-JHM referral pattern for Green Spring Station primary care physicians.

Johns Hopkins Medicine Referral Study – Referrals to Case Ratio

While the referral data described above estimates new patient visits to specialists, it was important to understand how many surgical cases could be expected to be performed. To ascertain this, JHM estimated the number of new patient visits that are expected to result in a surgical case. FY14 actual new patient visit data was extracted from EPIC for the physicians that will be performing cases in the GSS ASC. The number of new visits were then divided by the FY14 actual outpatient cases performed by each physician to obtain the ratio of cases to new patient visits. An average was then calculated for each specialty. An exception was made for Urology as the actual data indicated a ratio of 1.1 visits per case. JHM felt this was not representative of the patterns that will occur when Urology establishes a practice at Green Spring so an estimate of 4 new visits per case was used.

| Department | Ratio of New Visits/Case |
|-------------------|---------------------------------|
| Gynecology | 20.0 |
| Podiatry | 10.0 |
| Neurosurgery | 5.1 |
| Urology* | 4.0 |
| General Surgery | 3.7 |
| Vascular | 3.1 |
| Orthopedics | 3.0 |
| Plastic Surgery | 2.8 |
| Otolaryngology | 2.6 |
| Breast | 1.5 |

*Urology actual data reflects 1.1 ratio of new visits/case; assumed 4.0 to be more conservative

JHM FY 2014 Referral Retention Rate and Current Status of Presence at GSS

With the results of the JHM FY 2014 Green Spring Station Referral Study, JHM then compared the referral retention rate for specialties with an existing full-time presence at GSS to the rate for specialties that have no, or only a limited, presence. It was found that specialties without a current presence at GSS had a decidedly lower referral retention rate relative to specialties with a presence at GSS.

| FY2014 Referrals From GSS by Specialty | | | | |
|---|------------------|-------------------------------|------------------------|-----------------------|
| Current Presence At GSS | Specialty | Total FY2014 Referrals | Referred to JHM | Retention Rate |
| Full-Time Presence | Podiatry | 2,508 | 2,176 | 86.8% |
| | Gynecology | 1,586 | 1,328 | 83.7% |
| | Neurosurgery | 348 | 283 | 81.3% |
| | Otolaryngology | 2,719 | 2,012 | 74.0% |
| | Vascular* | 508 | 347 | 68.3% |
| | Orthopaedics | 6,920 | 4,322 | 62.5% |
| Limited Presence | Breast | 186 | 84 | 45.2% |
| | General | 1,570 | 493 | 31.4% |
| | Plastic | 182 | 57 | 31.3% |
| | Urology | 2,557 | 717 | 28.0% |
| Present Subtotal | | 14,589 | 10,468 | 71.8% |
| Not Present Subtotal | | 4,495 | 1,351 | 30.1% |
| Total | | 19,084 | 11,819 | 61.9% |
| *Vascular's full-time presence started 07/04/2014 | | | | |

Specialties with a presence at GSS experienced an average referral retention rate of 71.8%, with rates ranging from 62.5% - 86.8%. Specialties without a presence at GSS experienced an average referral retention rate of 30.1% with rates ranging from 28.0% - 45.2%.

JHM GSS Referral Retention Projections Model

To project the number of additional referrals JHM could expect to retain at GSS by increasing the number of specialties on site, as well as expanding the services offered by specialties already present at GSS, a referral retention model was developed. The purpose of this model was also to quantify the number of surgical cases expected to be performed given the additional number of referrals projected to be retained. The model is depicted below:

| FY20XX Referral Retention Projections | | | | | | | | |
|--|-------------------------|------------------|------------------------|---------------------------------|---------------------------------------|-----------------|-----------------------------------|---|
| Referral Retention Rate*: | | RR% | | | | | | |
| Population Growth Factor**: | | P% | | | | | | |
| Specialty | Total FY2014 Referrals* | Referred to JHM* | FY2014 Retention Rate* | Expected Referrals to JHM at X% | Potential Additional FY2014 Referrals | Referrals:Case* | Potential Additional FY2014 Cases | Projected FY20XX Cases with Pop. Growth |
| (Specialty) | [A] | [B] | [B] / [A] = [C] | [A] * [RR%] = [D] | [D] - [B] = [E] | [F] | [D] / [F] = [G] | [F] * [P%] = [H] |
| *Sourced to JHM FY 2014 Referral Study | | | | | | | | |
| **Sourced to Service Area Analysis | | | | | | | | |

Referral retention projections model fields include:

- **Total FY2014 Referrals** = sourced to JHM FY 2014 Referral Study
- **Referred to JHM** = sourced to JHM FY 2014 Referral Study
- **FY2014 Retention Rate** = sourced to JHM FY 2014 Referral Study
- **Expected Referrals to JHM at RR%** = projected number of referrals to JHM with increased referral retention rate
- **Potential Additional FY2014 Referrals** = differential in referrals currently made to JHM and those projected to be made to JHM
- **Referrals:Case** = sourced to JHM FY 2014 Referral Study
- **Potential Additional FY2014 Cases** = projected additional cases resulting from increased referral retention
- **Projected FY20XX Cases with Pop. Growth** = projected additional cases resulting from increased referral retention and consideration most applicable service area population adjustment

JHM GSS Referral Retention Projections

The Referral Retention Projections Model shown above was completed using data sourced to the JHM FY2014 Referral Study and to the JHH Outpatient Surgery Service Area Analysis to project the number of Retained Referrals, and respective Potential Additional Cases, for FY2018, FY2019, and FY2020 in the following manner:

- The FY2018 projected Referral Retention Rate is 71.8%. This was the referral retention rate of specialties with a presence at GSS in FY2014. It is projected that in FY2018, those specialties that do not currently have a presence at GSS will see their referral retention rates rise, such that the overall referral retention rate of specialties at GSS in FY2018 will be 71.8%.
- The FY2019 projected Referral Retention Rate is 79.0%. This value reflects the midpoint between the FY2018 projected referral retention rate and the projected FY2020 rate. This intermediate retention rate reflects an increase over time as referrals patterns adjust to the expanded capacity and availability of specialties at GSS.
- The FY2020 projected Referral Retention Rate is 85.0%. This value reflects the level of referral retention specialties have shown historically. The “Combined JHCP and Patient First Referral Analysis”, above, shows that Dermatology (81%), Neurosurgery (81%), Obstetrics/Gynecology (84%), and Podiatry (87%) have all developed high referral retention rates. The added presence of specialties at GSS, as well as the expansion of services for specialties currently present at GSS, will enable the overall referral retention rate to reach 85% for the surgical services planned for GSS.
- Population is another factor. The projections are based on the surgeons’ volumes in 2015. GSS has increased the 2015 by the change in the JHH Outpatient service area between 2015 and 2020.

FY14 Referral Analysis

Patient First & JHCP at Green Spring Station

Source: Tableau FY 2014 JHCP Referral Report

Total FY14YE Referrals to JHM vs Non-JHM by Specialty

| | Estimated Green Spring Referrals Including Patient First | | | | | |
|-----------------------|--|---------------|---------------|------------|------------|------------------|
| | JHCP + Patient First | | | | | |
| Specialty | JHM | Non-JHM | Total | % JHM | % Non-JHM | % of Grand Total |
| Breast Surgery | 84 | 101 | 186 | 45% | 55% | 0.5% |
| Cardiology | 2,300 | 880 | 3,180 | 72% | 28% | 9.0% |
| Dermatology | 4,277 | 1,023 | 5,300 | 81% | 19% | 14.9% |
| Gastroenterology | 2,369 | 3,338 | 5,707 | 42% | 58% | 16.1% |
| General Surgery | 493 | 1,077 | 1,570 | 31% | 69% | 4.4% |
| Neurology | 955 | 1,306 | 2,261 | 42% | 58% | 6.4% |
| Neurosurgery | 283 | 65 | 348 | 81% | 19% | 1.0% |
| Obstetrics/Gynecology | 1,328 | 258 | 1,586 | 84% | 16% | 4.5% |
| Orthopaedics | 4,322 | 2,597 | 6,920 | 62% | 38% | 19.5% |
| Otolaryngology | 2,012 | 708 | 2,719 | 74% | 26% | 7.7% |
| Plastic Surgery | 57 | 126 | 182 | 31% | 69% | 0.5% |
| Podiatry | 2,176 | 332 | 2,508 | 87% | 13% | 7.1% |
| Urology | 717 | 1,840 | 2,557 | 28% | 72% | 7.2% |
| Vascular | 347 | 161 | 508 | 68% | 32% | 1.4% |
| Grand Total | 21,720 | 13,811 | 35,531 | 61% | 39% | 100.0% |

FY20180 to FY2020 Retained Referral Projections by specialty are listed below:

| Used for 2018 (Referral Retention Rate = 71.8%): | | | | | | | | | |
|---|------------------------|-----------------|-----------------------|------------------------------------|---------------------------------------|----------------|-----------------------------------|-----------------------------|---------------------|
| | Total FY2014 Referrals | Referred to JHM | FY2014 Retention Rate | Expected Referrals to JHM at 71.8% | Potential Additional FY2014 Referrals | Referrals:Case | Potential Additional FY2014 Cases | Population Change 2015-2018 | 2018 Retained Cases |
| Podiatry | 2,508 | 2,176 | 86.8% | 1,800 | (376) | 10.0 | - | - | - |
| Gynecology | 1,586 | 1,328 | 83.7% | 1,138 | (190) | 20.0 | - | - | - |
| Neurosurgery | 348 | 283 | 81.3% | 250 | (33) | 5.1 | - | - | - |
| Otolaryngology | 2,719 | 2,012 | 74.0% | 1,951 | (61) | 2.6 | - | - | - |
| Vascular | 508 | 347 | 68.3% | 365 | 18 | 3.1 | 6 | 2.92% | 6 |
| Orthopedics | 6,920 | 4,322 | 62.5% | 4,965 | 643 | 3.0 | 214 | 2.92% | 220 |
| Breast | 186 | 84 | 45.2% | 133 | 49 | 1.5 | 33 | 3.30% | 34 |
| General | 1,570 | 493 | 31.4% | 1,127 | 634 | 3.7 | 171 | 2.92% | 176 |
| Plastic | 182 | 57 | 31.3% | 131 | 74 | 2.8 | 26 | 2.92% | 27 |
| Urology | 2,557 | 717 | 28.0% | 1,835 | 1,118 | 4.0 | 279 | 2.92% | 287 |
| Total | 19,084 | 11,819 | 61.9% | | | | 729 | | 750 |
| Used for 2019 (Referral Retention Rate = 79.0%): | | | | | | | | | |
| | Total FY2014 Referrals | Referred to JHM | FY2014 Retention Rate | Expected Referrals to JHM at 79% | Potential Additional FY2014 Referrals | Referrals:Case | Potential Additional FY2014 Cases | Population Change 2015-2019 | 2019 Retained Cases |
| Podiatry | 2,508 | 2,176 | 86.8% | 1,981 | (195) | 10.0 | - | - | - |
| Gynecology | 1,586 | 1,328 | 83.7% | 1,253 | (75) | 20.0 | - | - | - |
| Neurosurgery | 348 | 283 | 81.3% | 275 | (8) | 5.1 | - | - | - |
| Otolaryngology | 2,719 | 2,012 | 74.0% | 2,148 | 136 | 2.6 | 52 | 3.91% | 54 |
| Vascular | 508 | 347 | 68.3% | 401 | 54 | 3.1 | 18 | 3.91% | 19 |
| Orthopedics | 6,920 | 4,322 | 62.5% | 5,467 | 1,145 | 3.0 | 382 | 3.91% | 397 |
| Breast | 186 | 84 | 45.2% | 147 | 63 | 1.5 | 42 | 4.42% | 44 |
| General | 1,570 | 493 | 31.4% | 1,240 | 747 | 3.7 | 202 | 3.91% | 210 |
| Plastic | 182 | 57 | 31.3% | 144 | 87 | 2.8 | 31 | 3.91% | 32 |
| Urology | 2,557 | 717 | 28.0% | 2,020 | 1,303 | 4.0 | 326 | 3.91% | 339 |
| Total | 19,084 | 11,819 | 61.9% | | | | 1,053 | | 1,095 |
| Used for 2020 (Referral Retention Rate = 85.0%): | | | | | | | | | |
| | Total FY2014 Referrals | Referred to JHM | FY2014 Retention Rate | Expected Referrals to JHM at 85% | Potential Additional FY2014 Referrals | Referrals:Case | Potential Additional FY2014 Cases | Population Change 2015-2020 | 2020 Retained Cases |
| Podiatry | 2,508 | 2,176 | 86.8% | 2,132 | (44) | 10.0 | - | - | - |
| Gynecology | 1,586 | 1,328 | 83.7% | 1,348 | 20 | 20.0 | 1 | 5.56% | 1 |
| Neurosurgery | 348 | 283 | 81.3% | 296 | 13 | 5.1 | 3 | 4.92% | 3 |
| Otolaryngology | 2,719 | 2,012 | 74.0% | 2,311 | 299 | 2.6 | 115 | 4.92% | 121 |
| Vascular | 508 | 347 | 68.3% | 432 | 85 | 3.1 | 27 | 4.92% | 28 |
| Orthopedics | 6,920 | 4,322 | 62.5% | 5,882 | 1,560 | 3.0 | 520 | 4.92% | 546 |
| Breast | 186 | 84 | 45.2% | 158 | 74 | 1.5 | 49 | 5.56% | 52 |
| General | 1,570 | 493 | 31.4% | 1,335 | 842 | 3.7 | 227 | 4.92% | 238 |
| Plastic | 182 | 57 | 31.3% | 155 | 98 | 2.8 | 35 | 4.92% | 37 |
| Urology | 2,557 | 717 | 28.0% | 2,173 | 1,456 | 4.0 | 364 | 4.92% | 382 |
| Total | 19,084 | 11,819 | 61.9% | | | | 1,341 | | 1,408 |

GSS ASC Volume Projections Summary – Specialty-Level

A summary of the volume projections for each specialty planned to practice at the GSS ASC for FY2018-FY2020 is included below. In addition to volume projections, four years of historical total outpatient volume as well as an analysis of the percentage of FY2015 outpatient volume projected to be shifted to the GSS ASC.

| <i>Green Spring Station ASC</i> | | | | | | | | | |
|---|------------------------------------|--------------|--------------|--------------|---|--|---|--|--|
| <i>CON - Volume (Case) Projections by Physician and Specialty</i> | | | | | | | | | |
| Specialty | Historical Total Outpatient Volume | | | | Proportion of Volume Allocated to GSS | | GSS FY2018 Projection (Pop Adj. and 71.8% RR) | GSS FY2019 Projection (Pop. Adj. and 79% RR) | GSS FY2020 Projection (Pop. Adj. and 85% RR) |
| | FY2012 | FY2013 | FY2014 | FY2015* | % of FY2015 Total OP Volume To Be Assigned to GSS | FY2015 Volume Baseline Assigned to GSS | | | |
| Orthopaedics | 964 | 850 | 851 | 906 | 62.6% | 567 | 804 | 986 | 1,139 |
| Otolaryngology | 1,436 | 1,487 | 1,567 | 1,809 | 47.9% | 866 | 891 | 956 | 1,028 |
| Urology | 1,533 | 1,740 | 1,837 | 1,722 | 49.0% | 843 | 1,153 | 1,215 | 1,267 |
| Vascular | 248 | 255 | 225 | 235 | 100.0% | 235 | 247 | 263 | 274 |
| Breast | 608 | 795 | 878 | 854 | 34.7% | 296 | 339 | 352 | 365 |
| Plastic | 304 | 334 | 359 | 406 | 44.6% | 181 | 213 | 220 | 228 |
| General | 114 | 159 | 252 | 329 | 58.7% | 193 | 375 | 411 | 441 |
| Gynecology | 1339 | 1310 | 1751 | 2078 | 7.2% | 150 | 155 | 156 | 160 |
| Podiatry | 44 | 50 | 30 | 50 | 100.0% | 50 | 51 | 52 | 52 |
| Neurosurgery | 85 | 82 | 101 | 115 | 100.0% | 115 | 118 | 120 | 124 |
| TOTAL | 6,675 | 7,062 | 7,851 | 8,504 | 41.1% | 3,496 | 4,346 | 4,731 | 5,078 |

*FY2015 March Annualized

GSS ASC Volume Projections by Specialty – Methodology

Physician-level volume projections are based on historical total outpatient volumes, including FY2015 March annualized volumes. At a physician-level, volume projections for FY2018-FY2020 were multiplied by the appropriate population adjustment factor to project future growth.

The population adjustment for the entire service area population was applied to the following specialties:

- Orthopaedics
- Otolaryngology
- Urology
- Vascular
- Plastic
- General Surgery
- Podiatry
- Neurosurgery

| Total Population | | | | | | |
|-------------------------|-------------|-----------------------|-------------|-----------------------|-------------|-----------------------|
| 2015 | 2018 | 2018 Pop. Adj. | 2019 | 2019 Pop. Adj. | 2020 | 2020 Pop. Adj. |
| 10,358,833 | 10,661,407 | 2.921% | 10,764,216 | 3.913% | 10,868,017 | 4.915% |

The population adjustment factor for the service area population of females age 15 and older was applied to the following specialties:

- Breast
- Gynecology

| Female Population Age 15+ | | | | | | |
|----------------------------------|-------------|-----------------------|-------------|-----------------------|-------------|-----------------------|
| 2015 | 2018 | 2018 Pop. Adj. | 2019 | 2019 Pop. Adj. | 2020 | 2020 Pop. Adj. |
| 4,374,716 | 4,518,997 | 3.298% | 4,568,140 | 4.421% | 4,617,818 | 5.557% |

The volume projections discussed below, add physician-level projections to specialty-specific potential additional cases attributed to retained referrals by year to produce annual volume projections by specialty.

GSS ASC Volume Projections by Specialty – Orthopaedics

The Department of Orthopaedic Surgery is seeking to relocate existing ambulatory surgery volume out of the hospital-based setting, as well as to expand ambulatory surgical volume in future years. The current surgical volume within the Department is approximately 70% ambulatory and 30% inpatient. Standards within the orthopaedic community suggest that surgical cases will continue to shift to the ambulatory setting, including cases previously performed only in the inpatient setting. As the demand for outpatient orthopaedic surgery grows, it will be increasingly difficult for faculty to secure operating room block time within regulated hospitals, particularly as in the hospital-based settings priority is given to services requiring more intensive care such as spine, pediatrics, and oncology.

In the following table, only historical outpatient surgical volumes are shown. Conversion of cases from inpatient to outpatient will support the increased volumes attributed to retained referrals.

Orthopaedic Projections

| Orthopaedics | FY2012 | FY2013 | FY2014 | FY2015* | % of FY2015 Total OP Volume To Be Assigned to GSS | FY2015 Volume Baseline Assigned to GSS | GSS FY2018 Projection (Pop Adj. and 71.8% RR) | GSS FY2019 Projection (Pop. Adj. and 79% RR) | GSS FY2020 Projection (Pop. Adj. and 85% RR) |
|--------------------|--------|--------|--------|---------|---|--|---|--|--|
| Cosgarea | 253 | 230 | 211 | 210 | 100.0% | 210 | 216 | 218 | 220 |
| McFarland | 106 | 57 | 115 | 107 | 25.0% | 27 | 28 | 28 | 28 |
| Cohen | 189 | 187 | 147 | 170 | 25.0% | 43 | 44 | 45 | 45 |
| Deune | 290 | 252 | 226 | 240 | 45.0% | 108 | 111 | 112 | 113 |
| LaPorte | 126 | 124 | 127 | 132 | 100.0% | 132 | 136 | 137 | 138 |
| Khanuja | - | - | 19 | 21 | 100.0% | 21 | 22 | 22 | 22 |
| Sterling | - | - | 6 | 26 | 100.0% | 26 | 27 | 27 | 27 |
| Retained Referrals | - | - | - | - | - | - | 220 | 397 | 546 |
| SUBTOTAL | 964 | 850 | 851 | 906 | 62.6% | 567 | 804 | 986 | 1,139 |

Note that recently hired surgeons and planned new hires for certain sub-specialties are not listed in the table. In year FY2020, there are 546 projected incremental new cases that are the result of increases in retained referrals. The new hires presence at GSS will serve to support the ability to achieve the retained referrals.

Orthopaedic Referral Retention

| FY2014 Referrals From GSS by Specialty | | | | |
|---|---------------------|-------------------------------|------------------------|-----------------------|
| Current Presence At GSS | Specialty | Total FY2014 Referrals | Referred to JHM | Retention Rate |
| Full-Time Presence | Podiatry | 2,508 | 2,176 | 86.8% |
| | Gynecology | 1,586 | 1,328 | 83.7% |
| | Neurosurgery | 348 | 283 | 81.3% |
| | Otolaryngology | 2,719 | 2,012 | 74.0% |
| | Vascular* | 508 | 347 | 68.3% |
| | Orthopaedics | 6,920 | 4,322 | 62.5% |
| Limited Presence | Breast | 186 | 84 | 45.2% |
| | General | 1,570 | 493 | 31.4% |
| | Plastic | 182 | 57 | 31.3% |
| | Urology | 2,557 | 717 | 28.0% |
| Present Subtotal | | 14,589 | 10,468 | 71.8% |
| Not Present Subtotal | | 4,495 | 1,351 | 30.1% |
| Total | | 19,084 | 11,819 | 61.9% |
| *Vascular's full-time presence started 07/04/2014 | | | | |

The FY2014 Referral Retention Study indicates that in FY2014, the Department of Orthopaedic Surgery retained 62.5% of referrals originating from Green Spring Station and currently has a full-time presence on the campus. Consistent with the volume projection methodology, the Department projects an 85% referral retention rate in FY2020. This increase in referrals will result from a combination of factors, including: improved patient access, the availability of new sub-specialties, the expansion of current sub-specialties, and the ability to offer these services in the most appropriate environment – a non-hospital-setting.

The Department of Orthopaedics plans to expand in the following surgical areas:

- **New Generalist FY2016:** Dr. Richard Schaefer has been hired to address the need for improved access, allowing patients without definitive orthopaedic diagnoses to enter into the Hopkins system for evaluation and care. He will primarily see patients in the clinic, but will perform a minimal number of surgical cases. It is expected that 60% of his volume will be new patients. He will refer cases with specialized needs to other faculty members as appropriate.
- **New Sports Medicine FY2016:** Dr. Miho Tanaka recently joined the Department to develop and implement a Women's Sports Medicine Program. This will be the first program of its kind within the Department. Dr. Tanaka's case volume is anticipated to be 93% outpatient, and as such, an ASC will prove to be the most cost-effective and efficient environment for her practice.

- New Total Joints FY2017: Increasing demand for total joint replacement is directly related to the aging baby boomer population, but the need for care for younger patients is also increasing. This care has traditionally been provided in the inpatient setting, but the standard of care for primary joint replacement is moving to ambulatory surgical centers. The Total Joint Division within the Johns Hopkins Department of Orthopaedic Surgery is distinguished as a Center of Excellence as of October of 2013 by the National Employers Center of Excellence Network. The current wait time for a new patient appointment is 26 days. Additional total joint surgeons will be needed to meet demand.
- New Hand Surgeon FY2018: The Department currently has a 28 day wait until the next available new hand appointment. The expansion of the hand program will address this need and operating room space will be required to answer the demand of the expected volume growth in this specialty.
- New Foot & Ankle Surgeon FY2018: There is a high demand for this service. The Department currently has 1.2 FTE surgeons who provide routine service. It is imperative to hire an additional surgeon to meet demand.

The new ambulatory surgery center at Green Spring Station is an essential component of this Department's vision for the growth and development of a robust, high quality orthopaedic outpatient program for Johns Hopkins Medicine. The Department's vision is to ensure that each case is performed in the practice setting that is most cost-effective and medically appropriate, and that physicians in the Department have access to operating room time in an efficient ambulatory surgery facility. The proposed Green Spring Station Center is critical to meeting these goals and caring for our patients in the coming years.

Please see Exhibit 15 for Physician Letters of Support.

GSS ASC Volume Projections by Specialty – Otolaryngology

The Department of Otolaryngology has had a strong presence on the Green Spring Station for many years and serves a substantial number of adult and pediatric patients there annually.

Otolaryngology Referral Retention

| FY2014 Referrals From GSS by Specialty | | | | |
|---|-----------------------|-------------------------------|------------------------|-----------------------|
| Current Presence At GSS | Specialty | Total FY2014 Referrals | Referred to JHM | Retention Rate |
| Full-Time Presence | Podiatry | 2,508 | 2,176 | 86.8% |
| | Gynecology | 1,586 | 1,328 | 83.7% |
| | Neurosurgery | 348 | 283 | 81.3% |
| | Otolaryngology | 2,719 | 2,012 | 74.0% |
| | Vascular* | 508 | 347 | 68.3% |
| | Orthopaedics | 6,920 | 4,322 | 62.5% |
| Limited Presence | Breast | 186 | 84 | 45.2% |
| | General | 1,570 | 493 | 31.4% |
| | Plastic | 182 | 57 | 31.3% |
| | Urology | 2,557 | 717 | 28.0% |
| Present Subtotal | | 14,589 | 10,468 | 71.8% |
| Not Present Subtotal | | 4,495 | 1,351 | 30.1% |
| Total | | 19,084 | 11,819 | 61.9% |
| *Vascular's full-time presence started 07/04/2014 | | | | |

The FY2014 Referral Retention Study indicates that in FY2014, the Department of Otolaryngology retained 74.0% of referrals originating from Green Spring Station and currently has a full-time presence on the campus. Consistent with the volume projection methodology, the Department projects an 85% referral retention rate in FY2020. This increase in referrals will result from a combination of factors. First, the Department is increasingly finding that due to insurance changes and patient preference, there is an increasing demand for a freestanding unregulated ambulatory surgery center for faculty to use. Faculty are already experiencing insurance denials for cases performed at a higher cost in a hospital setting. Further, patients are increasingly asking for an alternative more convenient location in their community for their outpatient surgery. To that end, the Department has faculty members who are interested in having access to a surgical facility that is operated efficiently and allows them to be most productive. This free-standing Ambulatory Surgery Center at Green Spring Station will offer them that opportunity.

Otolaryngology Projections

| Otolaryngology | FY2012 | FY2013 | FY2014 | FY2015* | % of FY2015 Total OP Volume To Be Assigned to GSS | FY2015 Volume Baseline Assigned to GSS | GSS FY2018 Projection (Pop Adj. and 71.8% RR) | GSS FY2019 Projection (Pop. Adj. and 79% RR) | GSS FY2020 Projection (Pop. Adj. and 85% RR) |
|--------------------|--------------|--------------|--------------|--------------|---|--|---|--|--|
| Byrne | 234 | 235 | 242 | 243 | 90.0% | 219 | 225 | 228 | 230 |
| Ishii | 116 | 119 | 134 | 165 | 90.0% | 149 | 153 | 155 | 156 |
| Boahene | 220 | 221 | 217 | 269 | 45.0% | 121 | 125 | 126 | 127 |
| Tunkel | 330 | 321 | 319 | 332 | 33.0% | 110 | 113 | 114 | 115 |
| Boss | 235 | 248 | 152 | 199 | 33.0% | 66 | 68 | 69 | 69 |
| Reh | 84 | 75 | 63 | 76 | 55.0% | 42 | 43 | 44 | 44 |
| Askt | 61 | 69 | 75 | 49 | 50.0% | 25 | 26 | 26 | 26 |
| Best | - | 30 | 88 | 109 | 40.0% | 44 | 45 | 46 | 46 |
| Tufano | 27 | 46 | 148 | 236 | 10.0% | 24 | 25 | 25 | 25 |
| Francis | 129 | 123 | 129 | 131 | 50.0% | 66 | 68 | 69 | 69 |
| Retained Referrals | - | - | - | - | - | - | - | 54 | 121 |
| SUBTOTAL | 1,436 | 1,487 | 1,567 | 1,809 | 47.9% | 866 | 891 | 956 | 1,028 |

Planned new hires are not listed in the table. However, in FY2020, there are 121 projected incremental new cases resulting from increases in retained referrals. New hires, coupled with the surgeons currently listed, will support the ability to attain greater referral retention.

The faculty of the Department look forward to being able to improve the continuity of care provided to its patients by expanding the Otolaryngology office practice at Green Spring Station, having the ability to see patients pre- and post-operatively in a new suite located within the same building as the ambulatory surgery center. As part of its overall commitment to increasing access for patients in the community and within the Johns Hopkins family, the Department would like to be able to quickly evaluate and treat any patient that is referred to it for any reason within a 24-48 hour timeframe, and an increased presence at the Green Spring Station campus will make that possible. The Department has hired and will continue to hire new providers in Pediatrics, Otology, and Facial Plastics in order to support the retained referrals and planned growth in the region north of Baltimore city and south of Pennsylvania. If surgery is recommended and the cases are appropriate for an ambulatory center, the Department feels doing these cases in the new ambulatory center will be a safe, high quality, cost-effective alternative that it can offer its patients.

Please see Exhibit 15 for Physician Letters of Support.

GSS ASC Volume Projections by Specialty – Urology

Urology Retained Referrals

| FY2014 Referrals From GSS by Specialty | | | | |
|---|------------------|-------------------------------|------------------------|-----------------------|
| Current Presence At GSS | Specialty | Total FY2014 Referrals | Referred to JHM | Retention Rate |
| Full-Time Presence | Podiatry | 2,508 | 2,176 | 86.8% |
| | Gynecology | 1,586 | 1,328 | 83.7% |
| | Neurosurgery | 348 | 283 | 81.3% |
| | Otolaryngology | 2,719 | 2,012 | 74.0% |
| | Vascular* | 508 | 347 | 68.3% |
| | Orthopaedics | 6,920 | 4,322 | 62.5% |
| Limited Presence | Breast | 186 | 84 | 45.2% |
| | General | 1,570 | 493 | 31.4% |
| | Plastic | 182 | 57 | 31.3% |
| | Urology | 2,557 | 717 | 28.0% |
| Present Subtotal | | 14,589 | 10,468 | 71.8% |
| Not Present Subtotal | | 4,495 | 1,351 | 30.1% |
| Total | | 19,084 | 11,819 | 61.9% |
| *Vascular's full-time presence started 07/04/2014 | | | | |

The FY2014 Referral Retention Study indicates that in FY2014, the Department of Urology retained only 28.0% of referrals originating from Green Spring Station. This is due to the extremely limited presence of Urology faculty at GSS today. Currently, many of the large primary care groups at Green Spring Station do not refer to Hopkins Urology because their patients are not willing to come to the East Baltimore or Bayview campuses. Feedback received for many years from referring physicians is that patients would prefer to see urologists on the Green Spring Station campus and have outpatient procedures performed in an Ambulatory Surgery Center that is in close proximity to their home and easily accessible. The Department's goal is to establish a permanent presence at Green Spring Station in order to provide easier access for patients in the region.

Consistent with the volume projection methodology, the Department projects an 85% referral retention rate in FY2020. This increase in referrals will result from a combination of factors. First, it is projected that simply having a consistent presence at Green Spring Station will move the retained referral proportion close to that of the other specialties with a full-time presence there. Once the Department establishes an outpatient office and is able to respond to the referrals from the physicians on the campus, it is predicted that the number of surgical cases will quickly grow. Further, the Department anticipates increased pressure from payers to shift outpatient procedures from the Johns Hopkins Hospital to an outpatient unregulated setting, which will require the Department to have a location where it can perform outpatient urological cases.

Urology Projections

| Urology | FY2012 | FY2013 | FY2014 | FY2015* | % of FY2015 Total OP Volume To Be Assigned to GSS | FY2015 Volume Baseline Assigned to GSS | GSS FY2018 Projection (Pop Adj. and 71.8% RR) | GSS FY2019 Projection (Pop. Adj. and 79% RR) | GSS FY2020 Projection (Pop. Adj. and 85% RR) |
|--------------------|--------------|--------------|--------------|--------------|---|--|---|--|--|
| Gearhart | 452 | 487 | 453 | 427 | 60.0% | 256 | 263 | 266 | 269 |
| Wang | 486 | 600 | 621 | 504 | 50.0% | 252 | 259 | 262 | 264 |
| Bivalacqua | 162 | 219 | 296 | 360 | 33.0% | 119 | 122 | 124 | 125 |
| Matlaga | 433 | 434 | 467 | 431 | 50.0% | 216 | 222 | 224 | 227 |
| Retained Referrals | - | - | - | - | - | - | 287 | 339 | 382 |
| SUBTOTAL | 1,533 | 1,740 | 1,837 | 1,722 | 49.0% | 843 | 1,153 | 1,215 | 1,267 |

Note that planned new surgeon hires are not listed in the table. However, in year FY2020, there are 382 projected incremental new cases that are the result of increases in retained referrals. New hires, coupled with the surgeons listed, will support an increase in referral retention. The Department is evaluating the possibility of recruiting a general urologist who would be based primarily at Green Spring Station within the next year. This would give the Department an opportunity to begin building a base of referrals before the new facility opens. The establishment of this generalist practice and the opportunity to have a freestanding ambulatory surgical facility on-site will enable the Department to bring its high quality and expert faculty to the patient population at Green Spring Station.

Please see Exhibit 15 for Physician Letters of Support.

GSS ASC Volume Projections by Specialty – Plastic Surgery

The Department of Plastic and Reconstructive Surgery seeks to increase its presence at Green Spring Station in order to establish a robust cosmetic practice. Currently, faculty do not have sufficient access to unregulated space in which to perform cosmetic surgery.

Plastic Surgery Retained Referrals

| FY2014 Referrals From GSS by Specialty | | | | |
|---|------------------|-------------------------------|------------------------|-----------------------|
| Current Presence At GSS | Specialty | Total FY2014 Referrals | Referred to JHM | Retention Rate |
| Full-Time Presence | Podiatry | 2,508 | 2,176 | 86.8% |
| | Gynecology | 1,586 | 1,328 | 83.7% |
| | Neurosurgery | 348 | 283 | 81.3% |
| | Otolaryngology | 2,719 | 2,012 | 74.0% |
| | Vascular* | 508 | 347 | 68.3% |
| | Orthopaedics | 6,920 | 4,322 | 62.5% |
| Limited Presence | Breast | 186 | 84 | 45.2% |
| | General | 1,570 | 493 | 31.4% |
| | Plastic | 182 | 57 | 31.3% |
| | Urology | 2,557 | 717 | 28.0% |
| Present Subtotal | | 14,589 | 10,468 | 71.8% |
| Not Present Subtotal | | 4,495 | 1,351 | 30.1% |
| Total | | 19,084 | 11,819 | 61.9% |
| *Vascular's full-time presence started 07/04/2014 | | | | |

As indicated in the table above, in FY2014 the Department retained only 31.3% of referrals originating from Green Spring Station. By FY2020 the Department projects an 85% referral retention rate. This increase proportion of retained referrals will result from a combination of factors. First, it is believed that by developing a full-time presence at GSS, Plastics' retained referral percentage will increase to that of the other departments with such a presence, which average about 71.8%. Additionally, the majority of cosmetic cases are not covered by insurance and so are paid for out of pocket by patients. These types of cases are therefore uniquely sensitive to price. Performing them in a higher-cost regulated setting is not an option. Finally, establishing an unregulated ambulatory surgery center site at Green Spring Station is critical to the Department's education mission as well as its clinical mission. The Department must offer a dedicated place for Chief Residents to obtain training in cosmetic surgery. The Chief Resident Cosmetic Clinic, an integral component of resident education, will be based at the new Ambulatory Surgery Center at Green Spring Station.

Plastic Surgery Projections

| Plastic Surgery | FY2012 | FY2013 | FY2014 | FY2015* | % of FY2015 Total OP Volume To Be Assigned to GSS | FY2015 Volume Baseline Assigned to GSS | GSS FY2018 Projection (Pop Adj. and 71.8% RR) | GSS FY2019 Projection (Pop. Adj. and 79% RR) | GSS FY2020 Projection (Pop. Adj. and 85% RR) |
|--------------------|------------|------------|------------|------------|---|--|---|--|--|
| Gordon | 58 | 107 | 107 | 80 | 67.0% | 54 | 56 | 56 | 57 |
| Manahan | 195 | 177 | 171 | 170 | 20.0% | 34 | 35 | 35 | 36 |
| Kumar | - | - | 20 | 92 | 40.0% | 37 | 38 | 38 | 39 |
| Lee | 11 | 10 | 21 | 24 | 67.0% | 16 | 16 | 17 | 17 |
| Residents | 40 | 40 | 40 | 40 | 100.0% | 40 | 41 | 42 | 42 |
| Retained Referrals | - | - | - | - | - | - | 27 | 32 | 37 |
| SUBTOTAL | 304 | 334 | 359 | 406 | 44.6% | 181 | 213 | 220 | 228 |

In FY2020, the Department projects there will be 37 incremental new cases that are the result of increases in retained referrals. The Department is not planning to hire any new faculty who will be fully dedicated to Green Spring Station. Rather, faculty who wish to perform cosmetic surgery and who have the capacity to see more patients will relocate or consolidate their practices to offer cosmetic services at Green Spring Station. This is the first time the Department of Plastic and Reconstructive Surgery will have a full-time presence at Green Spring Station and it is a great opportunity to bring high quality services to the community.

Please see Exhibit 15 for Physician Letters of Support.

GSS ASC Volume Projections by Specialty – General Surgery, Vascular, Breast

The Divisions of Vascular Surgery, General Surgery, and Breast Surgery are all divisions contained within the Johns Hopkins Hospital's Department of Surgery. The Department of Surgery views the Green Spring Station Ambulatory Surgery Center as an important component which will allow the Department to bring surgical specialists to the community and perform surgery in a high quality, lower cost, more efficient setting.

Surgery Retained Referrals

| FY2014 Referrals From GSS by Specialty | | | | |
|---|------------------|-------------------------------|------------------------|-----------------------|
| Current Presence At GSS | Specialty | Total FY2014 Referrals | Referred to JHM | Retention Rate |
| Full-Time Presence | Podiatry | 2,508 | 2,176 | 86.8% |
| | Gynecology | 1,586 | 1,328 | 83.7% |
| | Neurosurgery | 348 | 283 | 81.3% |
| | Otolaryngology | 2,719 | 2,012 | 74.0% |
| | Vascular* | 508 | 347 | 68.3% |
| | Orthopaedics | 6,920 | 4,322 | 62.5% |
| Limited Presence | Breast | 186 | 84 | 45.2% |
| | General | 1,570 | 493 | 31.4% |
| | Plastic | 182 | 57 | 31.3% |
| | Urology | 2,557 | 717 | 28.0% |
| Present Subtotal | | 14,589 | 10,468 | 71.8% |
| Not Present Subtotal | | 4,495 | 1,351 | 30.1% |
| Total | | 19,084 | 11,819 | 61.9% |
| *Vascular's full-time presence started 07/04/2014 | | | | |

The FY2014 Referral Retention Study indicates that in FY2014:

- Vascular Surgery, with a full-time presence at Green Spring Station, retained 68.3% of referrals
- General Surgery, with a limited presence at Green Spring Station, retained 31.4% of referrals
- Breast Surgery, with a limited presence at Green Spring Station, retained 45.2% of referrals

The Department projects that each division will reach an 85% referral retention rate in FY2020. The increase in retained referrals will result from a combination of factors.

First, General Surgery and Breast Surgery will establish a full-time presence at Green Spring Station, and are then expected to retain referrals at the rate experienced by the other specialties with a full-time presence there, on average about 71.8%. The Division of General Surgery intends to create a stronger presence, as there has always

been demand for general surgery access among referring physicians. The establishment of an ambulatory surgery center will allow the Division to respond to these referrals and perform cases that are more appropriately done in a freestanding facility instead of on the main Baltimore campus. The Division of Breast Surgery has seen patients at Green Spring Station for twenty years but without the ability to do surgical cases. The establishment of an ambulatory surgery center will allow for growth of the program including certain minor breast surgeries on-site.

Further, The Division of Vascular Surgery began seeing patients at Green Spring Station in July 2014 in its Vein Center Clinic, and its volumes at GSS have grown very quickly. The clinic offers the latest minimally invasive and surgical treatments for varicose and spider veins and venous insufficiency. Dr. Jennifer Heller is a board certified vascular surgeon and her practice will continue to grow and benefit from the opportunity to expand her surgical practice in the new ambulatory surgery center.

Surgery Projections

| General Surgery | FY2012 | FY2013 | FY2014 | FY2015* | % of FY2015 Total OP Volume To Be Assigned to GSS | FY2015 Volume Baseline Assigned to GSS | GSS FY2018 Projection (Pop Adj. and 71.8% RR) | GSS FY2019 Projection (Pop. Adj. and 79% RR) | GSS FY2020 Projection (Pop. Adj. and 85% RR) |
|--------------------|------------|------------|------------|------------|---|--|---|--|--|
| Fange | - | 46 | 97 | 83 | 80.0% | 66 | 68 | 69 | 69 |
| Hirose | 59 | 57 | 57 | 63 | 50.0% | 32 | 33 | 33 | 34 |
| Marohn | 55 | 56 | 56 | 80 | 67.0% | 54 | 56 | 56 | 57 |
| Safar | - | - | 42 | 103 | 40.0% | 41 | 42 | 43 | 43 |
| Retained Referrals | - | - | - | - | - | - | 176 | 210 | 238 |
| SUBTOTAL | 114 | 159 | 252 | 329 | 58.7% | 193 | 375 | 411 | 441 |
| Vascular | FY2012 | FY2013 | FY2014 | FY2015* | % of FY2015 Total OP Volume To Be Assigned to GSS | FY2015 Volume Baseline Assigned to GSS | GSS FY2018 Projection (Pop Adj. and 71.8% RR) | GSS FY2019 Projection (Pop. Adj. and 79% RR) | GSS FY2020 Projection (Pop. Adj. and 85% RR) |
| Heller | 220 | 198 | 175 | 188 | 100.0% | 188 | 193 | 195 | 197 |
| Lum | 28 | 57 | 50 | 47 | 100.0% | 47 | 48 | 49 | 49 |
| Retained Referrals | - | - | - | - | - | - | 6 | 19 | 28 |
| SUBTOTAL | 248 | 255 | 225 | 235 | 100.0% | 235 | 247 | 263 | 274 |
| Breast | FY2012 | FY2013 | FY2014 | FY2015* | % of FY2015 Total OP Volume To Be Assigned to GSS | FY2015 Volume Baseline Assigned to GSS | GSS FY2018 Projection (Pop Adj. and 71.8% RR) | GSS FY2019 Projection (Pop. Adj. and 79% RR) | GSS FY2020 Projection (Pop. Adj. and 85% RR) |
| Camp | - | 110 | 137 | 135 | 33.0% | 45 | 46 | 47 | 48 |
| Euhus | - | - | 89 | 149 | 67.0% | 100 | 103 | 104 | 106 |
| Habibi | 211 | 208 | 214 | 187 | 30.0% | 56 | 58 | 58 | 59 |
| Jacobs | 211 | 263 | 231 | 175 | 30.0% | 53 | 55 | 55 | 56 |
| Lange | 186 | 214 | 207 | 208 | 20.0% | 42 | 43 | 44 | 44 |
| Retained Referrals | - | - | - | - | - | - | 34 | 44 | 52 |
| TOTAL | 608 | 795 | 878 | 854 | 34.7% | 296 | 339 | 352 | 365 |

In year FY2020, 238 incremental new cases are projected as a result of increases in retained referrals in General Surgery (238 new cases), 28 new cases in Vascular, and 52 new cases in Breast. The potential for new hires, coupled with the surgeons currently listed, will support the increase in projected referral retention. The new ambulatory surgery center at Green Spring Station is consistent with the Department's vision for expanding surgical services in the most appropriate setting and will allow it to bring high-quality surgeons to the local community.

Please see Exhibit 15 for Physician Letters of Support.

GSS ASC Volume Projections by Specialty – Podiatry

Podiatry Projections

| Podiatry | FY2012 | FY2013 | FY2014 | FY2015* | % of FY2015 Total OP Volume To Be Assigned to GSS | FY2015 Volume Baseline Assigned to GSS | GSS FY2018 Projection (Pop Adj. and 71.8% RR) | GSS FY2019 Projection (Pop. Adj. and 79% RR) | GSS FY2020 Projection (Pop. Adj. and 85% RR) |
|----------|--------|--------|--------|---------|---|--|---|--|--|
| Chattler | 44 | 50 | 30 | 50 | 100.0% | 50 | 51 | 52 | 52 |

Dr. Zachary L. Chattler, DPM is a private physician who practices at Green Spring Station and will be moving his outpatient surgery cases from Good Samaritan Hospital to the Green Spring Station ASC. Dr. Chattler believes that the proposed site will allow him an opportunity to provide greater continuity of care and will aid him in providing high-quality, high-value care.

Podiatry Retained Referrals

| FY2014 Referrals From GSS by Specialty | | | | |
|---|----------------|------------------------|-----------------|----------------|
| Current Presence At GSS | Specialty | Total FY2014 Referrals | Referred to JHM | Retention Rate |
| Full-Time Presence | Podiatry | 2,508 | 2,176 | 86.8% |
| | Gynecology | 1,586 | 1,328 | 83.7% |
| | Neurosurgery | 348 | 283 | 81.3% |
| | Otolaryngology | 2,719 | 2,012 | 74.0% |
| | Vascular* | 508 | 347 | 68.3% |
| | Orthopaedics | 6,920 | 4,322 | 62.5% |
| Limited Presence | Breast | 186 | 84 | 45.2% |
| | General | 1,570 | 493 | 31.4% |
| | Plastic | 182 | 57 | 31.3% |
| | Urology | 2,557 | 717 | 28.0% |
| Present Subtotal | | 14,589 | 10,468 | 71.8% |
| Not Present Subtotal | | 4,495 | 1,351 | 30.1% |
| Total | | 19,084 | 11,819 | 61.9% |
| *Vascular's full-time presence started 07/04/2014 | | | | |

Note that Dr. Chattler's volume projections do not contain any volume attributed to retained referrals. This is consistent with the volume projection methodology, projecting each Department's ability to reach an 85% referral retention rate in FY2020. Podiatry already retains 86.8% of referrals sourced to Green Spring Station. While Dr. Chattler's projections do not include any retained referrals, the data provides an example of the level of referral retention that is obtainable by a Department with a full-time presence at Green Spring Station.

Please see Exhibit 15 for Physician Letters of Support.

GSS ASC Volume Projections by Specialty – Neurosurgery

Neurosurgery Projections

| Neurosurgery | FY2012 | FY2013 | FY2014 | FY2015* | % of FY2015 Total OP Volume To Be Assigned to GSS | FY2015 Volume Baseline Assigned to GSS | GSS FY2018 Projection (Pop Adj. and 71.8% RR) | GSS FY2019 Projection (Pop. Adj. and 79% RR) | GSS FY2020 Projection (Pop. Adj. and 85% RR) |
|--------------------|-----------|-----------|------------|------------|---|--|---|--|--|
| Belzberg | 85 | 82 | 101 | 115 | 100.0% | 115 | 118 | 120 | 121 |
| Retained Referrals | - | - | - | - | - | - | - | - | 3 |
| SUBTOTAL | 85 | 82 | 101 | 115 | 100.0% | 115 | 118 | 120 | 124 |

Dr. Allan J. Belzberg, MD is a Johns Hopkins surgeon who will be moving his outpatient volume from Johns Hopkins Hospital to the Green Spring Station ASC. Dr. Belzberg believes the site will allow him to provide high quality care to his patients in the most appropriate setting.

Neurosurgery Retained Referrals

| FY2014 Referrals From GSS by Specialty | | | | |
|---|---------------------|------------------------|-----------------|----------------|
| Current Presence At GSS | Specialty | Total FY2014 Referrals | Referred to JHM | Retention Rate |
| Full-Time Presence | Podiatry | 2,508 | 2,176 | 86.8% |
| | Gynecology | 1,586 | 1,328 | 83.7% |
| | Neurosurgery | 348 | 283 | 81.3% |
| | Otolaryngology | 2,719 | 2,012 | 74.0% |
| | Vascular* | 508 | 347 | 68.3% |
| | Orthopaedics | 6,920 | 4,322 | 62.5% |
| Limited Presence | Breast | 186 | 84 | 45.2% |
| | General | 1,570 | 493 | 31.4% |
| | Plastic | 182 | 57 | 31.3% |
| | Urology | 2,557 | 717 | 28.0% |
| Present Subtotal | | 14,589 | 10,468 | 71.8% |
| Not Present Subtotal | | 4,495 | 1,351 | 30.1% |
| Total | | 19,084 | 11,819 | 61.9% |
| *Vascular's full-time presence started 07/04/2014 | | | | |

Note that Dr. Belzberg's volume projections contain 3 cases attributed to retained referrals in FY2020. This is consistent with the volume projection methodology, projecting each Department's ability to reach an 85% referral retention rate in FY2020. Neurosurgery already retains 81.3% of referrals sourced to Green Spring Station. Neurosurgery provides yet another example of the level of referral retention that is obtainable by a Department with a presence at Green Spring Station.

Please see Exhibit 15 for Physician Letters of Support.

GSS ASC Volume Projections by Specialty – Gynecology

Gynecology Projections

| Gynecology | FY2012 | FY2013 | FY2014 | FY2015* | % of FY2015 Total OP Volume To Be Assigned to GSS | FY2015 Volume Baseline Assigned to GSS | GSS FY2018 Projection (Pop Adj. and 71.8% RR) | GSS FY2019 Projection (Pop. Adj. and 79% RR) | GSS FY2020 Projection (Pop. Adj. and 85% RR) |
|--------------------|--------------|--------------|--------------|--------------|---|--|---|--|--|
| Hamod | 320 | 316 | 377 | 348 | 28.7% | 100 | 103 | 104 | 106 |
| Various (JHM) | 1,019 | 994 | 1,374 | 1,730 | 2.9% | 50 | 52 | 52 | 53 |
| Retained Referrals | - | - | - | - | - | - | - | - | 1 |
| SUBTOTAL | 1,339 | 1,310 | 1,751 | 2,078 | 7.2% | 150 | 155 | 156 | 160 |

The Johns Hopkins Department of Gynecology and Obstetrics, in conjunction with Dr. Kamal A. Hamod, MD, a private physician, fully support the efforts of the Johns Hopkins Surgery Center Series to establish an Ambulatory Surgery Center (ASC) on the Green Spring Station campus. The Johns Hopkins Department of Gynecology and Obstetrics will be moving cases from the Johns Hopkins Hospital to the Green Spring Station ASC, whereas Dr. Hamod will be moving cases currently performed at Greater Baltimore Medical Center.

Gynecology Retained Referrals

| FY2014 Referrals From GSS by Specialty | | | | |
|---|-------------------|-------------------------------|------------------------|-----------------------|
| Current Presence At GSS | Specialty | Total FY2014 Referrals | Referred to JHM | Retention Rate |
| Full-Time Presence | Podiatry | 2,508 | 2,176 | 86.8% |
| | Gynecology | 1,586 | 1,328 | 83.7% |
| | Neurosurgery | 348 | 283 | 81.3% |
| | Otolaryngology | 2,719 | 2,012 | 74.0% |
| | Vascular* | 508 | 347 | 68.3% |
| Limited Presence | Orthopaedics | 6,920 | 4,322 | 62.5% |
| | Breast | 186 | 84 | 45.2% |
| | General | 1,570 | 493 | 31.4% |
| | Plastic | 182 | 57 | 31.3% |
| | Urology | 2,557 | 717 | 28.0% |
| Present Subtotal | | 14,589 | 10,468 | 71.8% |
| Not Present Subtotal | | 4,495 | 1,351 | 30.1% |
| Total | | 19,084 | 11,819 | 61.9% |
| *Vascular's full-time presence started 07/04/2014 | | | | |

Note that the volume projections contain 1 case attributed to retained referrals in FY2020. This is consistent with the volume projection methodology, projecting each Department's ability to reach an 85% referral retention rate in FY2020. Gynecology already retains 83.7% of referrals sourced to Green Spring Station. Gynecology provides yet another example of the level of referral retention that is obtainable by a Department with a presence at Green Spring Station.

Please see Exhibit 15 for Physician Letters of Support.

ORs Projected (Year 1-3)

In order to determine the optimal numbers of operating rooms needed and supportable for this project, the following information was used:

- Total number of cases per year, projected as described above;
- The average number of minutes per case for ambulatory surgery centers in Maryland for the years FY2010-FY2013 (70.7 minutes per case);
- 25 minutes of turnaround time;
- The MHHC's 80% utilization standard.

In FY2020, Year 3 of implementation of the project, 4.963 ORs will be needed.

| | FY '18 | FY '19 | FY '20 |
|---------------------|--------------|--------------|--------------|
| Cases | 4,346 | 4,731 | 5,078 |
| Min/Case | 70.7 | 70.7 | 70.7 |
| Case Minutes | 307,262 | 334,482 | 359,015 |
| Turnaround Min/Case | 25.0 | 25.0 | 25.0 |
| Turnaround Minutes | 108,650 | 118,275 | 126,950 |
| Total Minutes | 415,912 | 452,757 | 485,965 |
| Capacity/OR | 97,920 | 97,920 | 97,920 |
| ORs | 4.247 | 4.624 | 4.963 |

Standard .05B(3) – Need - Minimum Utilization for Expansion of An Existing Facility.

An applicant proposing to expand the number of operating rooms at an existing hospital or ambulatory surgical facility shall:

- (a) Demonstrate the need for each proposed additional operating room, utilizing the operating room capacity assumptions and other guidance included at Regulation .06 of this Chapter;**
- (b) Demonstrate that its existing operating rooms were utilized at optimal capacity in the most recent 12-month period for which data has been reported to the Health Services Cost Review Commission or to the Maryland Health Care Commission; and**
- (c) Provide a needs assessment demonstrating that each proposed operating room is likely to be utilized at optimal capacity or higher levels within three years of the completion of the additional operating room capacity. The needs assessment shall include the following:**
 - (i) Historic trends in the use of surgical facilities at the existing facility;**
 - (ii) Operating room time required for surgical cases historically provided at the facility by surgical specialty or operating room category; and**
 - (iii) Projected cases to be performed in each proposed additional operating room.**

Applicant Response:

Inapplicable.

Standard .05B(4) – Design Requirements.

Floor plans submitted by an applicant must be consistent with the current FGI Guidelines.

- (a) A hospital shall meet the requirements in Section 2.2 of the FGI Guidelines.**
- (b) An ASF shall meet the requirements in Section 3.7 of the FGI Guidelines.**
- (c) Design features of a hospital or ASF that are at variance with the current FGI Guidelines shall be justified. The Commission may consider the opinion of staff at the Facility Guidelines Institute, which publishes the FGI Guidelines, to help determine whether the proposed variance is acceptable.**

Applicant Response:

Standard .05(B)(4)(a) and Standard .05(B)(4)(c) are inapplicable.

(b) An ASF shall meet the requirements in Section 3.7 of the FGI Guidelines.

Applicant Response:

The Ambulatory Surgery Center will be designed in compliance the 2014 FGI Guidelines Section 3.7. Please see Exhibit 16 for a letter from Wilmot Sanz, the architect for this project, confirming the proposed facility's compliance with Section 3.7 of the FGI Guidelines.

Standard .05B(5) – Support Services.

Each applicant shall agree to provide as needed, either directly or through contractual agreements, laboratory, radiology, and pathology services.

Applicant Response:

The Ambulatory Surgery Center will be located in a building where comprehensive radiology (imaging) services and laboratory phlebotomy will be available. Pathology services will be provided via courier to the main Hopkins campus.

Imaging will be owned by Johns Hopkins Imaging, a 50-50 venture of JHHS and JHU. Laboratory and pathology will be owned by The Johns Hopkins Hospital.

Standard .05B(6) – Patient Safety.

The design of surgical facilities or changes to existing surgical facilities shall include features that enhance and improve patient safety. An applicant shall:

- (a) Document the manner in which the planning of the project took patient safety into account; and**
- (b) Provide an analysis of patient safety features included in the design of proposed new, replacement, or renovated surgical facilities.**

Applicant Response:

Planning

Patient safety has been central to the GSSSC planning process. JHM has a robust existing patient safety and quality infrastructure for ambulatory surgery centers including the JHM Ambulatory Surgery Coordinating Council (ASCC). The mission of the JHM ASCC, with representation from each of Hopkins's seven ambulatory surgery centers, is to provide exceptional high quality patient-centered care at all Johns Hopkins Medicine Ambulatory Surgery Centers, and an experience consistent at all sites. The ASCC leadership team includes:

- Two physician co-leads
- The director of Johns Hopkins Medical Management Corporation
- A regulatory representative
- A quality representative

While each center coordinates its own regulatory and quality compliance independently at the site level, the ASCC allows the sites to draw on best practices from across the health system, learning from each other to provide the safest, highest quality patient-centered care. Further, the ASCC reports to the Johns Hopkins Armstrong Institute for Patient Safety and Quality. The Armstrong Institute provides core health system support for patient safety and quality improvement.

The JHM ASCC meets quarterly and occasionally will meet more than once per quarter. The ASCC's objectives are to:

- 1.) Oversee operations and standardization of Johns Hopkins ASC services.
- 2.) Monitor regulatory compliance.
- 3.) Monitor and report quality measures from all of the Johns Hopkins ASCs.

ASCC meetings include a project manager, a nurse, and physician representatives from each ASC, as well as regulatory representatives for risk management, infection control, and quality. The ASCC oversees regulatory measurement from oversight bodies that include: The Joint Commission, the Centers for Medicare and Medicaid, and Department of Health and Mental Hygiene CDS reporting.

The ASCC also oversees quality reporting of ASC quality indicators, infection control reporting (including cleaning, disinfection, sterilization, and hand washing), and patient safety and risk reporting through an online patient safety reporting network.

The ASCC utilizes a web-based dashboard for ongoing measurement reporting and monitoring. The dashboard, to which all members of the ASCC have access, is robust, and includes numerous items including surgical site infections (SSI), hand hygiene, burns, falls, unexpected transfers/admissions, wrong site/patient/procedure, prophylactic antibiotic timing, adverse drug reactions, grievances, complications other than SSI, and code/cardiac arrest. Each ASC is responsible for quarterly data entry into the dashboard, and the data are constantly monitored by the ASCC leadership. Targeted interventions, when needed, are designed by the ASCC leadership team.

The GSSSC will join the ASCC and have representation on the council through its medical director and nurse manager, while also having site-level accountability for patient safety measures, infection control surveillance, and quality indicators. Through this multi-pronged approach of site-level accountability, health system connectedness through the ASCC, and access to support services and oversight through the Armstrong Institute for Patient Safety and Quality, the GSSSC will provide the safest and highest quality patient-centered care.

Design Features

The proposed project has been designed to improve patient safety through the integration of features which include:

1. Reducing Communication Errors – communication failures have been identified as a cause of wrong-site surgeries. By maintaining visual connections among staff work areas the proposed design will promote communication.
2. Reducing Patient Transfers – the proposed PACU has been designed with 3 wall cubicles to allow patients to recover completely in one location. As patient transfers are a source of communication breakdown among caregivers, this design will promote patient safety as movement of patients through the recovery process will be limited.
3. FGI Guidelines – Implementing the current recommendations of the FGI Guidelines for Healthcare Construction and using inherently antimicrobial surfaces where appropriate will limit Ambulatory Surgery Center acquired infections and improve patient safety and quality.
4. Utilizing a Same Handed Operating Room Design – same handed operating rooms have been utilized in the project design to standardize the location of equipment and

supplies in the operating rooms. This approach will improve patient safety by eliminating a possible source of confusion and increasing staff efficiency during surgical procedures.

Standard .05B(7) – Construction Costs.

The cost of constructing surgical facilities shall be reasonable and consistent with current industry cost experience.

(a) Hospital projects.

- (i) The projected cost per square foot of a hospital construction or renovation project that includes surgical facilities shall be compared to the benchmark cost of good quality Class A hospital construction given in the Marshall Valuation Service® guide, updated using Marshall Valuation Service® update multipliers, and adjusted as shown in the Marshall Valuation Service® guide as necessary for site terrain, number of building levels, geographic locality, and other listed factors.**
- (ii) If the projected cost per square foot exceeds the Marshall Valuation Service® benchmark cost, any rate increase proposed by the hospital related to the capital cost of the project shall not include:**
 - 1. The amount of the projected construction cost and associated capitalized construction cost that exceeds the Marshall Valuation Service® benchmark; and**
 - 2. Those portions of the contingency allowance, inflation allowance, and capitalized construction interest expenditure that are based on the excess construction cost.**

(b) Ambulatory Surgical Facilities.

- (i) The projected cost per square foot of an ambulatory surgical facility construction or renovation project shall be compared to the benchmark cost of good quality Class A construction given in the Marshall Valuation Service® guide, updated using Marshall Valuation Service® update multipliers, and adjusted as shown in the Marshall Valuation Service® guide as necessary for site terrain, number of building levels, geographic locality, and other listed factors.**
- (ii) If the projected cost per square foot exceeds the Marshall Valuation Service® benchmark cost by 15% or more, then the applicant's project shall not be approved unless the applicant demonstrates the reasonableness of the construction costs. Additional independent construction cost estimates or information on the actual cost of recently constructed surgical facilities similar to the proposed facility may be provided to support an applicant's analysis of the reasonableness of the construction costs.**

Applicant Response:

Standard .05(B)(7)(a) is inapplicable.

(b) Ambulatory Surgical Facilities.

- (i) The projected cost per square foot of an ambulatory surgical facility construction or renovation project shall be compared to the benchmark cost of good quality Class A construction given in the Marshall Valuation Service® guide, updated using Marshall Valuation Service® update multipliers, and adjusted as shown in the Marshall Valuation Service® guide as necessary for site terrain, number of building levels, geographic locality, and other listed factors.**

- (ii) If the projected cost per square foot exceeds the Marshall Valuation Service® benchmark cost by 15% or more, then the applicant's project shall not be approved unless the applicant demonstrates the reasonableness of the construction costs. Additional independent construction cost estimates or information on the actual cost of recently constructed surgical facilities similar to the proposed facility may be provided to support an applicant's analysis of the reasonableness of the construction costs.**

Applicant Response:

The project costs/square foot are below the MVS benchmark for Outpatient Surgery Centers, as demonstrated below.

This project includes the renovation of space. As shown below, the cost per square foot of this project is lower than the MVS benchmark.

I. The Marshall Valuation Service Benchmark

| Type | Outpatient (Surgical) Centers |
|----------------------------|----------------------------------|
| Construction Quality/Class | A-B/Good |
| Stories | |
| Perimeter | 1,027 |
| Height of Ceiling | 15.33 |
| Square Feet | 27,238 |
| f.1 Average floor Area | 27,238 |

A. Base Costs

| | |
|--|--------|
| Basic Structure | 358.66 |
| Elimination of HVAC cost for adjustment | 0 |
| HVAC Add-on for Mild Climate | 0 |
| HVAC Add-on for Extreme Climate | 0 |

| | | |
|---|---------------------------|-----------------|
| Total Base Cost | | \$358.66 |
| B. Additions | | |
| | Elevator (If not in base) | \$0.00 |
| | Other | \$0.00 |
| Subtotal | | \$0.00 |
| Total | | \$358.66 |
| C. Multipliers | | |
| Perimeter Multiplier | | 0.943407684 |
| | Product | 338.3625999 |
| Height Multiplier (plus/minus from 12) | | 1.077 |
| | Product | \$364.28 |
| Multi-story Multiplier (0.5%/story above 3) | | 1 |
| | Product | \$364.28 |
| D. Sprinklers | | |
| | Sprinkler Amount | - |
| Subtotal | | \$364.28 |
| E. Update/Location Multipliers | | |
| Update Multiplier | | 1.05 |
| | Product | \$382.49 |
| Location Multiplier | | 1.01 |
| | Product | \$386.32 |
| Final Square Foot Cost Benchmark | | \$386.32 |

Cost of Renovation

II. The Project

| A. Base Calculations | Actual | Per Sq. Foot |
|-----------------------------------|---------------|---------------------|
| Building | \$7,009,541 | \$257.34 |
| Fixed Equipment | In Building | |
| Site Preparation | \$0 | \$0.00 |
| Architectural Fees | \$211,000 | \$7.75 |
| Capitalized Construction Interest | \$0 | \$0.00 |

| | | |
|-----------------|--------------------|-----------------|
| Permits | \$10,000 | \$0.37 |
| Subtotal | \$7,230,541 | \$265.46 |

III. Comparison

| | |
|--|----------|
| A. Project Cost/Sq. Ft. | \$265.46 |
| B. Marshall Valuation Service Benchmark | \$386.32 |

Standard .05B(8) – Financial Feasibility.

A surgical facility project shall be financially feasible. Financial projections filed as part of an application that includes the establishment or expansion of surgical facilities and services shall be accompanied by a statement containing each assumption used to develop the projections.

(a) An applicant shall document that:

- (i) Utilization projections are consistent with observed historic trends in use of the applicable service(s) by the likely service area population of the facility;**
- (ii) Revenue estimates are consistent with utilization projections and are based on current charge levels, rates of reimbursement, contractual adjustments and discounts, bad debt, and charity care provision, as experienced by the applicant facility or, if a new facility, the recent experience of similar facilities;**
- (iii) Staffing and overall expense projections are consistent with utilization projections and are based on current expenditure levels and reasonably anticipated future staffing levels as experienced by the applicant facility, or, if a new facility, the recent experience of similar facilities; and**
- (iv) The facility will generate excess revenues over total expenses (including debt service expenses and plant and equipment depreciation), if utilization forecasts are achieved for the specific services affected by the project within five years of initiating operations.**

- (b) A project that does not generate excess revenues over total expenses even if utilization forecasts are achieved for the services affected by the project may be approved upon demonstration that overall facility financial performance will be positive and that the services will benefit the facility's primary service area population.**

Applicant Response:

GSSSC will be financially viable, as shown on CON formset Table 4. The calculations are based on 2015 actual volumes by the surgeons who will be performing surgery at the center, population growth, and the achievement of an 85% retained referral rate from referring physicians, who are part of the Hopkins family and who currently practice at Green Spring Station.

Revenue estimates are based on the utilization projections and current charge levels, rates of reimbursement, contractual adjustments and discounts, bad debt, as experienced by White Marsh Surgery Center, another Hopkins owned ASF. The charity care percentage is based on the statewide average of charity care provided by ASFs (Exhibit 8).

Staffing and overall expense projections are consistent with utilization projections and are based on current expenditure levels at White Marsh Surgery Center and anticipated future staffing levels at GSSSC.

The facility will generate excess revenues over total expenses (including debt service expenses and plant and equipment depreciation), if utilization forecasts are achieved for the specific services affected by the project within two years of initiating operations.

See list of assumptions below that were used in the revenue and expense projections.

- Revenue
 - Volume has been covered elsewhere in the application.
 - Reimbursement by specialty is based on the standardized Medicare methodology and the experience at White Marsh Surgery Center (WMSC).
 - Gross Revenue is based on expected billing rates (2.5 times Net Reimbursement by specialty) Establishing billing rates at an inflated rate is a standard practice in the Ambulatory Surgery industry. Patients, either through their third party payer or as a self-pay patient do not generally pay these billing rates (reflected in Gross Revenue).
 - Allowance for Bad Debt is based on experience at WMSC and the Charity Care estimate is based on the State of MD average of charity care as identified by the Maryland Health Care Commission.
- Expenses
 - Salaries & Wages are based on experience at WMSC as to number of personnel needed for each staffing area (OR and PACU nursing, OR and Procedure Room Technicians and Front Office Staff). Rate of pay is based on market rates.
 - Benefit costs are 25.5% of Salaries and are comprised of payroll taxes, health insurance premiums, profit sharing and incentives. This is comparable to what is offered at WMSC.
 - Interest on Project Debt is based on terms of lease (equipment – 4.0% interest rate repayable over five years; renovation – 4.0% interest rate repayable over twenty five years).

- Project Depreciation – Major Movable Equipment is being depreciated over five years; Renovations are being depreciated over twenty five years (lease term).
- Medical Supplies are costs developed by specialty based on the experience of WMSC.
- Rent is based on terms of lease – 27,238 square feet at \$34 per square foot.
- Drugs are based on \$14 per case, which is WMSC's experience.
- Minor Equipment is an estimate of small equipment items which will be required based on experience at WMSC (Johns Hopkins capitalization policy requires an item to be a minimum of \$5,000 before it can be capitalized).
- Equipment Maintenance is an estimate based on the equipment being purchased and experience at WMSC.
- Office Expense is based on experience at WMSC.
- Laundry is based on market rates for the purchase of laundry services in the market place.
- Other expenses are based on regulatory requirements and experience at WMSC.

Standard .05B(9) – Preference in Comparative Reviews.

In the case of a comparative review of CON applications to establish an ambulatory surgical facility or provide surgical services, preference will be given to a project that commits to serve a larger proportion of charity care and Medicaid patients. Applicants' commitment to provide charity care will be evaluated based on their past record of providing such care and their proposed outreach strategies for meeting their projected levels of charity care.

Applicant Response:

Inapplicable.

10.24.01.08G(3)(b). Need.

The Commission shall consider the applicable need analysis in the State Health Plan. If no State Health Plan need analysis is applicable, the Commission shall consider whether the applicant has demonstrated unmet needs of the population to be served, and established that the proposed project meets those needs.

INSTRUCTIONS: Please discuss the need of the population served or to be served by the Project.

Responses should include a quantitative analysis that, at a minimum, describes the Project's expected service area, population size, characteristics, and projected growth. If the relevant chapter of the State Health Plan includes a need standard or need projection methodology, please reference/address it in your response. For applications proposing to address the need of special population groups, please specifically identify those populations that are underserved and describe how this Project will address their needs.

If the project involves modernization of an existing facility through renovation and/or expansion, provide a detailed explanation of why such modernization is needed by the service area population. Identify and discuss relevant building or life safety code issues, age of physical plant issues, or standard of care issues that support the need for the proposed modernization.

Please assure that all sources of information used in the need analysis are identified. List all assumptions made in the need analysis regarding demand for services, utilization rate(s), and the relevant population, and provide information supporting the validity of the assumptions.

Complete Tables 1 and/or 2 below, as applies.

Applicant Response:

Need for this project is discussed in detail in response to COMAR 10.24.11.05B(1) Service Area and 10.24.11.05B(2) Need- Minimum Utilization for Establishment of a New or Replacement Facility, above.

Table 1 is inapplicable, because this is a new facility

Table 2, Section 8 is completed below.

[(INSTRUCTION: Complete Table 1 for the Entire Facility, including the proposed project, and Table 2 for the proposed project only using the space provided on the following pages. Only existing facility applicants should complete Table 1. All Applicants should complete Table 2. Please indicate on the Table if the reporting period is Calendar Year (CY) or Fiscal Year (FY)]

TABLE 1: STATISTICAL PROJECTIONS - ENTIRE FACILITY

| | Two Most Actual Ended Recent Years | | Current Year Projected | Projected Years (ending with first full year at full utilization) | | | |
|----------------------------------|------------------------------------|------|------------------------|---|------|------|------|
| | 20__ | 20__ | | 20__ | 20__ | 20__ | 20__ |
| CY or FY (Circle) | 20__ | 20__ | 20__ | 20__ | 20__ | 20__ | 20__ |
| 1. Admissions | | | | | | | |
| a. ICF-MR | | | | | | | |
| b. RTC-Residents | | | | | | | |
| Day Students | | | | | | | |
| c. ICF-C/D | | | | | | | |
| d. Other (Specify) | | | | | | | |
| e. TOTAL | | | | | | | |
| 2. Patient Days | | | | | | | |
| a. ICF-MR | | | | | | | |
| b. RTC-Residents | | | | | | | |
| c. ICF-C/D | | | | | | | |
| d. Other (Specify) | | | | | | | |
| e. TOTAL | | | | | | | |
| 3. Average Length of Stay | | | | | | | |
| a. ICF-MR | | | | | | | |
| b. RTC-Residents | | | | | | | |
| c. ICF-C/D | | | | | | | |
| d. Other (Specify) | | | | | | | |
| e. TOTAL | | | | | | | |
| 4. Occupancy Percentage* | | | | | | | |
| a. ICF-MR | | | | | | | |
| b. RTC-Residents | | | | | | | |
| c. ICF-C/D | | | | | | | |

| | | | | | | | |
|------------------------------------|--|--|--|--|--|--|--|
| d. Other (Specify) | | | | | | | |
| e. TOTAL | | | | | | | |
| | | | | | | | |
| 5. Number of Licensed Beds* | | | | | | | |
| a. ICF-MR | | | | | | | |
| b. RTC-Residents | | | | | | | |
| c. ICF-C/D | | | | | | | |
| d. Other (Specify) | | | | | | | |
| e. TOTAL | | | | | | | |
| | | | | | | | |
| 6. Home Health Agencies | | | | | | | |
| a. SN Visits | | | | | | | |
| b. Home Health Aide | | | | | | | |
| c. Other Staff | | | | | | | |
| d. | | | | | | | |
| e. Total patients srvd. | | | | | | | |
| | | | | | | | |
| 7. Hospice Programs | | | | | | | |
| a. SN visits | | | | | | | |
| b. Social work visits | | | | | | | |
| c. Other staff visits | | | | | | | |
| d. | | | | | | | |
| e. Total patients srvd. | | | | | | | |
| | | | | | | | |
| 8. Ambulatory Surgical Facilities | | | | | | | |
| a. Number of operating rooms (ORs) | | | | | | | |
| • Total Procedures in ORs | | | | | | | |
| • Total Cases in ORs | | | | | | | |
| • Total Surgical Minutes in ORs** | | | | | | | |
| b. Number of Procedure Rooms | | | | | | | |

| | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|
| (PRs) | | | | | | | |
| ● Total Procedures in PRs | | | | | | | |
| ● Total Cases in PRs | | | | | | | |
| ● Total Minutes in PRs** | | | | | | | |

*Number of beds and occupancy percentage should be reported on the basis of licensed beds.

**TABLE 2: STATISTICAL PROJECTIONS - PROPOSED PROJECT
(INSTRUCTION: All applicants should complete this table.)**

| CY or FY (Circle) | Projected Years (Ending with first full year at full utilization) | | | |
|----------------------------------|--|------|------|------|
| | 2018 | 2019 | 2020 | 20__ |
| 1. Admissions | | | | |
| a. ICF-MR | | | | |
| b. RTC-Residents | | | | |
| Day Students | | | | |
| c. ICF-C/D | | | | |
| d. Other (Specify) | | | | |
| e. TOTAL | | | | |
| 2. Patient Days | | | | |
| a. ICF-MR | | | | |
| b. Residential Treatment Ctr | | | | |
| c. ICF-C/D | | | | |
| d. Other (Specify) | | | | |
| e. TOTAL | | | | |
| 3. Average Length of Stay | | | | |
| a. ICF-MR | | | | |
| b. Residential Treatment Ctr | | | | |
| c. ICF-C/D | | | | |
| d. Other (Specify) | | | | |
| e. TOTAL | | | | |
| 4. Occupancy Percentage* | | | | |
| a. ICF-MR | | | | |
| b. Residential Treatment Ctr | | | | |
| c. ICF-C/D | | | | |
| d. Other (Specify) | | | | |
| e. TOTAL | | | | |

| Table 2 Cont. | Projected Years (Ending with first full year at full utilization) | | | |
|--|--|---------|---------|------|
| CY or FY (Circle) | 2018 | 2019 | 2020 | 20__ |
| 5. Number of Licensed Beds | | | | |
| a. ICF-MR | | | | |
| b. Residential Treatment Ctr | | | | |
| c. ICF-C/D | | | | |
| d. Other (Specify) | | | | |
| e. TOTAL | | | | |
| 6. Home Health Agencies | | | | |
| a. SN Visits | | | | |
| b. Home Health Aide | | | | |
| c. | | | | |
| d. | | | | |
| e. Total patients served | | | | |
| 7. Hospice Programs | | | | |
| a. SN Visits | | | | |
| b. Social work visits | | | | |
| c. Other staff visits | | | | |
| d. Total patients served | | | | |
| 8. Ambulatory Surgical Facilities | | | | |
| a. Number of operating rooms (ORs) | 5 | 5 | 5 | |
| • Total Procedures in ORs | 10,865 | 11,828 | 12,695 | |
| • Total Cases in ORs | 4,346 | 4,731 | 5,078 | |
| • Total Surgical Minutes in ORs** | 413,305 | 449,918 | 482,918 | |
| b. Number of Procedure Rooms (PRs) | 4 | 4 | 4 | |
| • Total Procedures in PRs | 4,312 | 4,784 | 5,315 | |
| • Total Cases in PRs | 3,450 | 3,827 | 4,252 | |
| • Total Minutes in PRs** | 138,000 | 153,080 | 170,080 | |

**Do not include turnover time

10.24.01.08G(3)(c). Availability of More Cost-Effective Alternatives.

The Commission shall compare the cost effectiveness of the proposed project with the cost effectiveness of providing the service through alternative existing facilities, or through an alternative facility that has submitted a competitive application as part of a comparative review.

INSTRUCTIONS: Please describe the planning process that was used to develop the proposed project. This should include a full explanation of the primary goals or objectives of the project or the problem(s) being addressed by the project. It should also identify the alternative approaches to achieving those goals or objectives or solving those problem(s) that were considered during the project planning process, including the alternative of the services being provided by existing facilities.

For all alternative approaches, provide information on the level of effectiveness in goal or objective achievement or problem resolution that each alternative would be likely to achieve and the costs of each alternative. The cost analysis should go beyond development cost to consider life cycle costs of project alternatives. This narrative should clearly convey the analytical findings and reasoning that supported the project choices made. It should demonstrate why the proposed project provides the most effective goal and objective achievement or the most effective solution to the identified problem(s) for the level of cost required to implement the project, when compared to the effectiveness and cost of alternatives including the alternative of providing the service through alternative existing facilities, or through an alternative facility that has submitted a competitive application as part of a comparative review.

Applicant Response:

The Johns Hopkins Health System has anticipated the need for additional freestanding ambulatory surgery capacity for quite some time. Locating this additional capacity at Green Spring Station makes sense because of the number of physicians and variety of services already available there and the opportunity to take advantage of additional synergies and efficiencies. Additionally, Green Spring Station has proven popular with both patients and providers.

As described in the Project Description, a comprehensive physician survey was conducted in 2013 to determine the number of referrals at Green Spring Station that are leaving the campus and Johns Hopkins Medicine. The survey also provided additional insight into needs to consider when planning for the Green Spring Station expansion and identifying gaps in available clinical services. The survey confirmed that access issues for Green Spring Station patients are greatest for the Johns Hopkins surgical specialties, and some surgical specialties (such as general surgery, urology, and plastic surgery) are “referred out” at much higher rates (some as high as 60-70%). These results reinforced our belief that ambulatory surgery capacity was needed, and that Green Spring Station provides an optimal location.

Hence, the following goals were adopted for this project:

1. Increase access to Johns Hopkins Medicine's specialty physicians for Green Spring Station patients.
2. Increase the retention of patients within the Hopkins system.
3. Move care for patients who could be safely cared for in the community to a lower cost setting.
4. Improve convenience for Green Spring Station patients.
5. Provide adequate space to accommodate existing patient volume as well as future growth.

For many years, a variety of land development alternatives were explored which would have enabled Johns Hopkins to expand the scope of services available on the campus but the reality of not owning/controlling any of the possible land options precluded all development plans from going forward. Last year, the opportunity to purchase land on the campus finally provided the impetus for the project. The ability to construct a new 110,000 square foot medical office building with a new ambulatory surgical facility and related clinical programs is the solution for Johns Hopkins development and strategic goals. However, during the period of negotiation for the purchase of the land, several options were investigated in order to provide an alternative should the proposed acquisition deal fall through.

Project Alternatives:

1.) Do nothing

There are many reasons why doing nothing was deemed to be an unacceptable option. Even with a large number of specialty physicians at Green Spring, about 40% of the specialty care is referred to specialists in the community other than Hopkins due primarily to the lack of physician and patient access to Hopkins specialists at Green Spring Station. The Johns Hopkins Health System has been looking for a way to move the kinds of cases that can be safely performed in a freestanding center to a lower cost setting that would satisfy patient preferences for receiving care outside of the city and physician preferences to operate in a more efficient setting. "Doing nothing" would not meet any of the goals and was rejected.

2.) Consider real estate options on the I-83 Corridor: Several alternative sites were considered off I-83 within five minutes of Green Spring Station, but these alternatives all carried with them a significantly higher cost and more importantly, they would all result in a bifurcation of clinical services between the new site and the Green Spring Station campus, thereby reducing the potential success of increasing retention of Green Spring Station patients. Dividing clinical care between two geographic locations for those patients who use Green Spring Station would be a negative for patients and would compromise the overriding goal of providing convenient, efficient and consolidated services in one location.

3.) Build additional operating rooms at the White Marsh Surgery Center: Similar to building a new facility on the I-83 corridor, expanding at White Marsh would result in a bifurcation of clinical services between the new site and the Green Spring Station campus, thereby reducing the potential success of increasing retention of Green Spring patients. Further, there is room to add only one operating room at the White Marsh Surgery Center, and this would not enable Johns Hopkins to meet the need for ambulatory surgery capacity identified in this application.

Summary of Alternatives and Ranking on a 1-5 Scale

| Goals | Alternatives | | | |
|---|--------------|---------------|-------------|-----------------|
| | Do Nothing | I-83 Corridor | White Marsh | Current Project |
| 1. Increase access to Johns Hopkins Medicine's specialty physicians for Green Spring patients. | 0 | 3 | 3 | 5 |
| 2. Increase the retention of patients within the Hopkins system. | 0 | 3 | 2 | 5 |
| 3. Move care for patients who could be safely cared for in the community to a lower cost setting. | 0 | 5 | 5 | 5 |
| 4. Improve convenience for Green Spring patients. | 0 | 3 | 1 | 5 |
| 5. Provide adequate space for present and future volumes. | 0 | 5 | 1 | 5 |
| Total Scores | 0 | 19 | 12 | 25 |

Hence, the current project is the most cost effective alternative for meeting the goals.

10.24.01.08G(3)(d). Viability of the Proposal.

The Commission shall consider the availability of financial and nonfinancial resources, including community support, necessary to implement the project within the time frames set forth in the Commission's performance requirements, as well as the availability of resources necessary to sustain the project.

INSTRUCTIONS: Please provide a complete description of the funding plan for the project, documenting the availability of equity, grant(s), or philanthropic sources of funds and demonstrating, to the extent possible, the ability of the applicant to obtain the debt financing proposed. Describe the alternative financing mechanisms considered in project planning and provide an explanation of why the proposed mix of funding sources was chosen.

- Complete Tables 3 and/or 4 below, as applicable. Attach additional pages as necessary detailing assumptions with respect to each revenue and expense line item.
- Complete Table L (Workforce) from the Hospital CON Application Table Package.
- Audited financial statements for the past two years should be provided by all applicant entities and parent companies to demonstrate the financial condition of the entities involved and the availability of the equity contribution. If audited financial statements are not available for the entity or individuals that will provide the equity contribution, submit documentation of the financial condition of the entities and/or individuals providing the funds and the availability of such funds. Acceptable documentation is a letter signed by an independent Certified Public Accountant. Such letter shall detail the financial information considered by the CPA in reaching the conclusion that adequate funds are available.
- If debt financing is required and/or grants or fund raising is proposed, detail the experience of the entities and/or individuals involved in obtaining such financing and grants and in raising funds for similar projects. If grant funding is proposed, identify the grant that has been or will be pursued and document the eligibility of the proposed project for the grant.
- Describe and document relevant community support for the proposed project.
- Identify the performance requirements applicable to the proposed project (see question 12, "Project Schedule") and explain how the applicant will be able to implement the project in compliance with those performance requirements. Explain the process for completing the project design, obtaining State and local land use, environmental, and design approvals, contracting and obligating the funds within the prescribed time frame. Describe the construction process or refer to a description elsewhere in the application that demonstrates that the project can be completed within the applicable time frame(s).

Applicant Response:

Table 3 is inapplicable, because this is a new facility. Table 4 is completed below.

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

(INSTRUCTION: ALL EXISTING FACILITY APPLICANTS MUST SUBMIT AUDITED FINANCIAL STATEMENTS)

| CY or FY (Circle) | Two Most Actual Ended Recent Years | | Current Year Projected | Projected Years (ending with first full year at full utilization) | | | |
|--|------------------------------------|------|------------------------|---|------|------|------|
| | 20__ | 20__ | 20__ | 20__ | 20__ | 20__ | 20__ |
| 1. Revenue | | | | | | | |
| a. Inpatient services | | | | | | | |
| b. Outpatient services | | | | | | | |
| c. Gross Patient Service Revenue | | | | | | | |
| d. Allowance for Bad Debt | | | | | | | |
| e. Contractual Allowance | | | | | | | |
| f. Charity Care | | | | | | | |
| g. Net Patient Services Revenue | | | | | | | |
| h. Other Operating Revenues (Specify) | | | | | | | |
| i. Net Operating Revenue | | | | | | | |
| 2. Expenses | | | | | | | |
| a. Salaries, Wages, and Professional Fees, (including fringe benefits) | | | | | | | |
| b. Contractual Services | | | | | | | |
| c. Interest on Current Debt | | | | | | | |
| d. Interest on Project Debt | | | | | | | |
| e. Current Depreciation | | | | | | | |
| f. Project Depreciation | | | | | | | |
| g. Current Amortization | | | | | | | |
| h. Project Amortization | | | | | | | |
| i. Supplies | | | | | | | |
| j. Other Expenses | | | | | | | |

| | | | | | | | |
|--|------|------|------|------|------|------|------|
| (Specify) | | | | | | | |
| k. Total Operating Expenses | | | | | | | |
| | | | | | | | |
| 3. Income | | | | | | | |
| a. Income from Operation | | | | | | | |
| b. Non-Operating Income | | | | | | | |
| c. Subtotal | | | | | | | |
| d. Income Taxes | | | | | | | |
| e. Net Income (Loss) | | | | | | | |
| | | | | | | | |
| 4. Patient Mix: | | | | | | | |
| A. Percent of Total Revenue | | | | | | | |
| 1. Medicare | | | | | | | |
| 2. Medicaid | | | | | | | |
| 3. Blue Cross | | | | | | | |
| 4. Commercial Insurance | | | | | | | |
| 5. Self-Pay | | | | | | | |
| 6. Other (Specify) | | | | | | | |
| 7. TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| | | | | | | | |
| B. Percent of Patient Days/Visits/Procedures (as applicable) | | | | | | | |
| 1. Medicare | | | | | | | |
| 2. Medicaid | | | | | | | |
| 3. Blue Cross | | | | | | | |
| 4. Commercial Insurance | | | | | | | |
| 5. Self-Pay | | | | | | | |
| 6. Other (Specify) | | | | | | | |
| 7. TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

TABLE 4: REVENUES AND EXPENSES - PROPOSED PROJECT

(INSTRUCTION: Each applicant should complete this table for the proposed project only)

| CY | Projected Years (ending with first year at full utilization) | | |
|---------------------------------------|--|------------|------------|
| | 2018 | 2019 | 2020 |
| 1. Revenue | | | |
| a. Inpatient Services | | | |
| b. Outpatient Services | 17,850,750 | 19,602,750 | 21,280,025 |
| c. Gross Patient Services Revenues | 17,850,750 | 19,602,750 | 21,280,025 |
| d. Allowance for Bad debt | 200,000 | 220,000 | 242,000 |
| e. Contractual Allowance | 10,410,450 | 11,436,650 | 12,415,765 |
| f. Charity Care | 100,000 | 105,000 | 110,250 |
| g. Net Patient Services Revenue | 7,140,300 | 7,841,100 | 8,512,010 |
| h. Other Operating Revenues (Specify) | | | |
| i. Net Operating Revenues | 7,140,300 | 7,841,100 | 8,512,010 |

| Table 4 cont. | Projected Years (ending with first year at full utilization) | | |
|--|--|--------------|--------------|
| | 2018 | 2019 | 2020 |
| 2. Expenses | | | |
| a. Salaries, Wages. And Professional Fees, (including fringe benefits) | \$ 2,574,463 | \$ 2,724,994 | \$ 3,095,971 |
| b. Contractual Services | 364,209 | 389,733 | 414,495 |
| c. Interest on Current Debt | | | |
| d. Interest on Project Debt | 500,799 | 450,394 | 397,935 |
| e. Current Depreciation | | | |
| f. Project Depreciation | 1,448,558 | 1,468,558 | 1,508,558 |
| g. Current Amortization | | | |
| h. Project Amortization | | | |
| i. Supplies | 910,515 | 1,038,740 | 1,157,195 |
| j. Other Expenses (Specify) | 1,544,236 | 1,602,189 | 1,650,576 |
| k. Total Operating Expenses | 7,342,780 | 7,674,608 | 8,224,730 |
| 3. Income | | | |
| a. Income from Operation | (202,480) | 166,492 | 287,280 |
| b. Non-Operating Income | | | |
| c. Subtotal | (202,480) | 166,492 | 287,280 |
| d. Income Taxes | | | |
| e. Net Income (Loss) | \$ (202,480) | \$ 166,492 | \$ 287,280 |

| Table 4 cont. CY | Projected Years (ending with first year at full utilization) | | |
|---|--|--------|--------|
| | 2018 | 2019 | 2020 |
| 4. Patient Mix: | | | |
| A. Percent of Total Revenue | | | |
| 1) Medicare | 15.0% | 15.0% | 15.0% |
| 2) Medicaid | 2.0% | 2.0% | 2.0% |
| 3) Blue Cross | 30.0% | 30.0% | 30.0% |
| 4) Commercial Insurance | 48.0% | 48.0% | 48.0% |
| 5) Self Pay | 4.0% | 4.0% | 4.0% |
| 6) Other (Managed care) | 1.0% | 1.0% | 1.0% |
| 7) Total | 100.0% | 100.0% | 100.0% |
| B. Percent of Patient Days\Visits\Procedures (as applicable) | | | |
| 1) Medicare | 15.0% | 15.0% | 15.0% |
| 2) Medicaid | 2.0% | 2.0% | 2.0% |
| 3) Blue Cross | 30.0% | 30.0% | 30.0% |
| 4) Commercial Insurance | 48.0% | 48.0% | 48.0% |
| 5) Self Pay | 4.0% | 4.0% | 4.0% |
| 6) Other (Managed care) | 1.0% | 1.0% | 1.0% |
| 7) Total | 100.0% | 100.0% | 100.0% |

*Other Expenses, under “2.Expenses, j. Other Expenses”, include: Rent, Drugs, Minor Equipment, Equipment Maintenance, Office Expense, Laundry, Insurance, Telephone, Meals & Entertainment, Training, Information Systems, Licensure & Accreditation, Utilities, Miscellaneous, and Medical Director Fee.

Complete Table L (Workforce)

Please see Exhibit 1L for Table L of the Hospital CON Application Package.

Audited Financial Statements

Please see Exhibit 17 for audited financial statements.

Debt Financing

The Project Budget for the Johns Hopkins Surgery Center at Green Spring Station is \$16,347,560. A large portion of the project costs will be funded by a loan from the Johns Hopkins Health System in the amount of \$13,089,660. There are two components of this loan, financing for the equipment cost and financing for the renovations cost. The loan for the equipment will be amortized over five years at an interest rate of 4% payable in 60 equal monthly installments. The loan for the renovations will be amortized over twenty-five years at 4% payable in 300 equal monthly installments.

Community Support

Johns Hopkins Medical Management Corporation is the entity responsible for developing and operating the Green Spring Station campus over the past 20 years. Johns Hopkins has maintained a very close relationship with the adjacent community associations, practicing private physicians and Johns Hopkins faculty and local governmental leadership. In planning the development of the project and the establishment of the ambulatory surgery facility, all of these groups have been involved in the process and are fully supportive. The members of the medical community have advocated for the expansion of Green Spring Station and for the establishment of the ambulatory surgery facility as evidenced in the attached letters of support because they believe this will significantly improve the quality and continuity of care for their patients. The adjacent Community Associations are supportive of the project because they have been concerned for many years that other non-healthcare development would compromise the Green Spring Station campus. They feel confident that the expansion contemplated in this project will stabilize development on the campus and brings tangible benefits to the people who live in their communities. Finally, the local politicians are supportive that the vision that Johns Hopkins brings is the future of healthcare and establishes a comprehensive mix of needed services designed to improve the health of the community. The politicians are also appreciative of the resolution that this project brings to years of contentious debate about future

development on the Green Spring Station campus. The list below is representative of the level of support that has been garnered during planning of this project (Exhibit 18).

Medical/Healthcare

- Park Medical Associates, Dr. Mary Newman
- Green Spring Station Board of Governors, Dr. Ira Fine
- Johns Hopkins Community Physicians, Dr. Steven Kravet
- Sidney Kimmel Comprehensive Cancer Center, Dr. William Nelson
- Pavilion Pediatrics, Dr. Travis Ganunis
- White Marsh Surgery Center, Dr. Lisa Ishii

Community Associations

- The Meadows
- Greater Greenspring Association

District 2, Baltimore County Council

- Vicki Almond, County Council

Performance Requirements

The performance requirement that applies to the proposed project states that a new health care facility has up to 18 months from the date the CON is awarded to obligate 51 percent of the approved capital expenditure, and up to 18 months after the effective date of a binding construction contract to complete the project. A comprehensive project schedule has been developed that will allow the project to be implemented in compliance with these performance requirements. The architectural design process commenced in February 2015 and construction drawings will be submitted for building permit approval in March 2016 with an anticipated Demolition Permit to be issued in June 2016. The Baltimore County Development Plan Process has already been initiated and a grading permit is anticipated by June 2016 which will then allow the demolition and site work to begin. Site work and construction of the core and shell building is expected to begin in July of 2016 and will take 10 months. A construction contract for the renovation of the Ambulatory Surgery Center will be signed by April 1, 2017 and at least 51 percent of the approved capital expenditure will be obligated. Renovation will begin immediately after signing the contract, expected in May 2017, and is expected to be completed by January 1, 2018, 9 months following the effective date of the binding construction contract. A construction manager or a general contractor will be retained to manage the construction and complete the project within these performance requirements.

10.24.01.08G(3)(e). Compliance with Conditions of Previous Certificates of Need.

An applicant shall demonstrate compliance with all terms and conditions of each previous Certificate of Need granted to the applicant, and with all commitments made that earned preferences in obtaining each previous Certificate of Need, or provide the Commission with a written notice and explanation as to why the conditions or commitments were not met.

INSTRUCTIONS: List all of the Maryland Certificates of Need that have been issued to the project applicant, its parent, or its affiliates or subsidiaries over the prior 15 years, including their terms and conditions, and any changes to approved Certificates that needed to be obtained. Document that these projects were or are being implemented in compliance with all of their terms and conditions or explain why this was not the case.

Applicant Response:

This is the first time the Johns Hopkins Surgery Centers Series has applied for a Certificate of Need.

Certificates of Need awarded to its affiliate, The Johns Hopkins Hospital (JHH), within the last 15 years are listed in the compliance with previous CONs exhibit (Exhibit 19). All projects were completed in compliance with all terms and conditions. The New Clinical Buildings CON is the only active CON project at JHH. Appropriate modifications have been sought and received as needed throughout the project.

The Johns Hopkins Surgery Centers Series will diligently adhere to any terms or conditions that accompany approval of this project, in keeping with the longstanding practice of The Johns Hopkins Hospital.

10.24.01.08G(3)(f). Impact on Existing Providers and the Health Care Delivery System.

An applicant shall provide information and analysis with respect to the impact of the proposed project on existing health care providers in the health planning region, including the impact on geographic and demographic access to services, on occupancy, on costs and charges of other providers, and on costs to the health care delivery system.

INSTRUCTIONS: Please provide an analysis of the impact of the proposed project. Please assure that all sources of information used in the impact analysis are identified and identify all the assumptions made in the impact analysis with respect to demand for services, payer mix, access to service and cost to the health care delivery system including relevant populations considered in the analysis, and changes in market share, with information that supports the validity of these assumptions. Provide an analysis of the following impacts:

- a) On the volume of service provided by all other existing health care providers that are likely to experience some impact as a result of this project;
- b) On the payer mix of all other existing health care providers that are likely to experience some impact on payer mix as a result of this project. If an applicant for a new nursing home claims no impact on payer mix, the applicant must identify the likely source of any expected increase in patients by payer.
- c) On access to health care services for the service area population that will be served by the project. (State and support the assumptions used in this analysis of the impact on access);
- d) On costs to the health care delivery system.

If the applicant is an existing facility or program, provide a summary description of the impact of the proposed project on the applicant's costs and charges, consistent with the information provided in the Project Budget, the projections of revenues and expenses, and the work force information.

Applicant Response:

a. GSSSC Volume Projections and Impact Summary

A summary of the volume projections for each specialty planned to practice at the GSSSC can be viewed in Exhibit 20 for FY2018 to FY2020. The projections are separated at the specialty level, by physician, and totaled in the first table on page 1 of the Exhibit.

For each specialty, historical volumes are provided for each physician from FY2012 to FY2014, with FY2015 March Annualized volumes included as well. Also shown:

- The proportion of each physician's FY2015 total outpatient volume to be moved to the GSSSC

- FY2015 Baseline Volumes = the number of cases for each physician that would be moved from its current location to the GSSSC if it were available today
- Physician volume projections for FY2018 to FY2020
- Retained referral projections by specialty for FY2018 to FY2020

The last table on page 3 of Exhibit 20 includes volume projections, by year, showing Physician Volume projections and Retained Referral projections separately, as shown here:

| | FY2015 Baseline | FY2018 | FY2019 | FY2020 |
|---------------------------|-----------------|--------------|--------------|--------------|
| Physician-Specific | 3,496 | 3,596 | 3,636 | 3,670 |
| Retained Referrals | - | 750 | 1,095 | 1,408 |
| Total | 3,496 | 4,346 | 4,731 | 5,078 |

The methodology used to calculate Physician Volumes, as well as Retained Referrals, is explained above in the Need section. This section will assess the impact of the proposed GSSSC on all other health care facilities.

Volume Definitions

Physician-Specific volumes will be viewed in two ways:

- 1.) JHM Physician-Specific Volume – this is FY2015 cases, by a JHM Physician, performed at a JHM site, which will be moved to the GSSSC. By definition, opening GSSSC and moving these volumes there, as planned, will impact the JHM site from where they originate.
- 2.) Non-JHM Physician-Specific Volume – this is FY2015 volume, by a non-JHM Physician, performed at a non-JHM site, which will be moved to the GSSSC. Impact of this will be on the non-JHM site from where the volumes will be moved. Physician-Specific outpatient OR cases in FY2015 total 3,496.

The third type of volume is Retained Referrals.

- 3.) Retained Referral Specialty-Specific Volume - volumes referred to as “Retained Referrals” in the table above represent projected growth in the number of cases to be performed by a given specialty at the GSSSC that result from an increase in the rate of referrals going to JHM specialists at the GSSSC versus elsewhere. This is expected due to the increased capacity of many of the specialties to see patients, the co-location of the clinics and the ASC, and the synergies related to a greater JHM presence overall.

By definition, these new retained referrals are cases that are currently being done at a non-JHM site. Therefore, to assess the impact of these cases being done at GSSSC, instead of a non-JHM location, the 1,408 value for retained referrals in FY2020 was assessed.

Physician-Specific Volumes

Exhibit 21 shows JHM Physician-Specific Volume and Non-JHM Physician-Specific Volume for FY2015, a total of 3,496 OR cases. Volumes are listed as the total number of cases for each physician for FY2015 and the site where they are currently being performed. All cases listed would be moved to the GSSSC if it were available today.

The columns shaded in light blue denote the following JHM sites (3,264 cases are sourced to a JHM site):

- JHH = Johns Hopkins Hospital
- Bayview = Johns Hopkins Bayview Medical Center
- OA at GSS = Ophthalmology Associates at Green Spring Station
- WMSC = White Marsh Surgery Center

The columns shaded in light red denote the following Non-JHM sites (with a total of 232 cases sourced to them):

- Bellona = Bellona Surgery Center
- GBMC = Greater Baltimore Medical Center
- Good Sam = MedStar Good Samaritan Hospital

Impact on JHM Sites of Shifting Physician-Specific Cases to GSSSC

Exhibit 21 shows the sources of FY2015 Baseline Volumes, including 3,264 OR cases from JHM sites that are attributed to a specific physician, and can be summarized as follows:

- 75.0% (2,447) of the cases to be shifted to the GSSSC from a JHM site are sourced to The Johns Hopkins Hospital
- 3.8% (123) of the cases to be shifted to the GSSSC from a JHM site are sourced to the Johns Hopkins Bayview Medical Center
- 12.3% (403) of the cases to be shifted to the GSSSC from a JHM site are sourced to Ophthalmology Associates at Green Spring Station
- 8.9% (291) of the cases to be shifted to the GSSSC from a JHM site are sourced to the White Marsh Surgery Center

For further insight into the impact of the opening of GSSSC on JHM sites, we analyzed shifted cases by specialty (See Exhibit 21).

The Johns Hopkins Hospital will shift:

- 567 Orthopaedic cases
- 409 Otolaryngology cases
- 720 Urology cases
- 50 Plastic Surgery cases
- 193 General Surgery cases
- 47 Vascular cases
- 296 Breast Surgery cases
- 115 Neurosurgery cases
- 50 Gynecology cases

The Johns Hopkins Bayview Medical Center will shift:

- 123 Urology cases

Ophthalmology Associates at Green Spring Station will shift:

- 124 Otolaryngology cases
- 188 Vascular cases
- 91 Plastic Surgery cases

The White Marsh Surgery Center will shift:

- 251 Otolaryngology cases
- 40 Plastic Surgery cases

Impact of GSSSC on JHM Facilities

Impact on Existing JHM Ambulatory Surgery Centers

Table “FY2015 Annualized Volume by Site” below lists the number of ORs at the two JHM ambulatory surgery centers, as well as the number of outpatient OR cases (OP OR Cases) performed at each site in FY2015, based on annualized volumes.

FY2015 Annualized Volume by Site

| | OA at GSS | WMSC |
|-------------|------------------|-------------|
| ORs | 2 | 1 |
| OP OR Cases | 2,602 | 751 |

Table “Cases to Shift to GSSSC by Source” lists the number of outpatient OR cases (OP OR Cases) that will be shifted from the two JHM ambulatory surgery centers to the GSSSC. For each of the sites, the percentage of outpatient OR cases to be moved to the GSSSC equals:

- 15.5% of Ophthalmology Associates at Green Spring Station’s OR volume
- 38.7% of White Marsh Surgery Center’s OR volume

Cases to Shift to GSSSC by Source

| | OA at GSS | WMSC |
|---------------------------|------------------|-------------|
| OP OR Cases | 403 | 291 |
| % of Source’s OP OR Cases | 15.5% | 38.7% |

Impact on JHM Hospitals

Table “FY2015 Annualized Minutes (Inpatient and Outpatient)” reports the number of OR minutes to be shifted from JHH and Bayview as a percentage of the site’s total OR minutes. Cases were converted to minutes using the Maryland ASC average case length referenced above in the Need section. The result is that approximately 4.0% of JHH’s total OR minutes and 0.9% of Bayview’s total OR minutes would shift to the GSSSC.

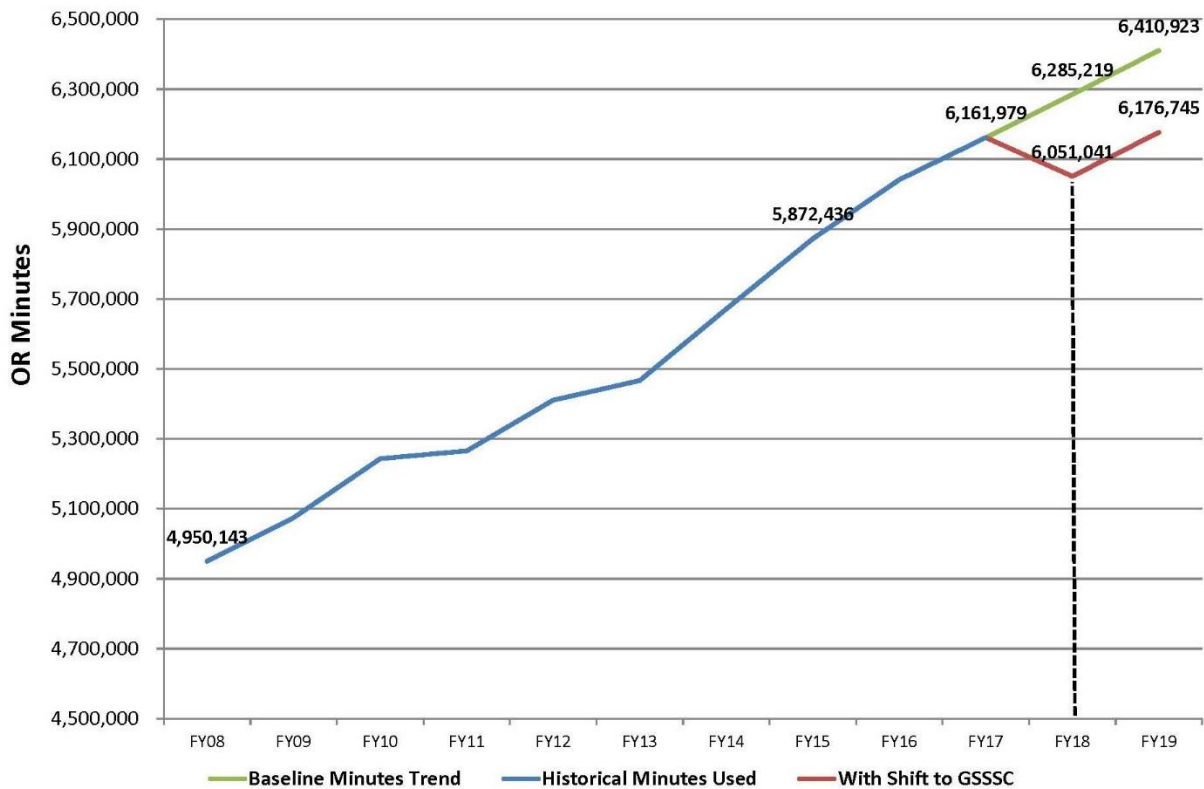
FY2015 Annualized Minutes (Inpatient and Outpatient)

| | JHH | Bayview |
|--------------------------------|------------|----------------|
| OP OR Cases Shifted to GSSSC | 2,447 | 123 |
| Average Minutes/Case | 95.7 | 95.7 |
| OP OR Minutes Shifted to GSSSC | 234,178 | 11,771 |
| Total OR Minutes (IP+OP) | 5,872,436 | 1,279,528 |
| % of Minutes Shifted to GSSSC | 4.0% | 0.9% |

JHM Backfill Strategy – The Johns Hopkins Hospital
& Johns Hopkins Bayview Medical Center

The section “JHM Site Impact Summary” above shows that only 4.0% of JHH’s OR minutes would shift to the GSSSC. The JHH projects its outpatient minutes to grow 2.0% per year for FY2017--2019. The JHH projects its inpatient minutes to grow 2.0% per year for FY2017--2019. Exhibit 22 (also shown below) displays historical and projected OR minutes for JHH back to FY2008. The Hospital’s growth projections for FY2017-FY2019 are supported by this precedent. The blue line marks historical OR minutes by fiscal year, from FY2008 to FY2017. The green line shows JHH’s 2.0% inpatient and 2.0% outpatient growth projection, without shifting any cases to GSSSC in FY2018. The red line shows the impact of removing the cases identified for GSSSC, which account for 4.0% of its total OR minutes (234,178 minutes).

JHH OR MINUTE PROJECTIONS



While the shift of outpatient OR minutes from JHH to GSSSC will exceed the annual growth rate projected by JHH in FY2018, the graph shows that JHH’s total OR minutes will regain FY2017 levels (6,161,979 minutes) as quickly as FY2019 (6,176,745 minutes). This represents a minimal impact on JHH, and in addition it is an impact that

is desired as it moves outpatient cases to a more appropriate setting and creates capacity at the hospital for additional tertiary and quaternary cases.

Johns Hopkins Bayview Medical Center was excluded from this analysis. As noted previously, less than 1% of Bayview’s total OR minutes would shift to the GSSSC if it were available today, making GSSSC’s impact on Bayview inconsequential.

JHM Backfill Strategy – Ophthalmology Associates at Green Spring Station

With the opening of GSSSC in FY2018, 403 cases are expected to shift out of the Ophthalmology Associates (“OA”) two-room ASC and into the new facility. (See table below.) All of the cases shifting out of OA are non-ophthalmology cases. This will create much-needed capacity in the OA ASC to accommodate ophthalmology cases shifting in turn from the Bendann Pavilion on the JHH campus. It will have the additional benefit of creating efficiencies of operation at OA by removing the other specialties.

Ophthalmology Associates at Green Spring Station

| | 2015 |
|-------------------------------|-------|
| ORs | 2 |
| OP OR Cases | 2,602 |
| OP OR Cases to Shift to GSSSC | 403 |
| % of Source's OP OR Cases | 15.5% |

Ophthalmology is one of the areas where insurance companies are already heavily incentivizing the use of unregulated freestanding ASCs. Cataract procedures in particular are under pressure to move. Cataract procedures are the number one procedure being done for Medicare patients in freestanding ASCs. Currently about 3,000 cataract procedures are done in Wilmer’s regulated facilities each year. JHM estimates that up to half of these cases would be appropriate to move to GSSSC. The other half, approximately, are high-risk or high acuity patients or patients undergoing multiple procedures, which are more appropriate for the hospital-based setting. In turn, Wilmer’s regulated operating rooms in the Bendann Pavilion will be backfilled by retina and other ocular cases that are appropriate for the hospital-based setting.

JHM Backfill Strategy – White Marsh Surgery Center

As indicated in the table below, the White Marsh Surgery Center (WMSC) is a one OR surgery center that completed 751 OR cases in FY2015. If the GSSSC were available today, JHM projects that it would move 291 OR cases from the WMSC to GSSSC. These 291 OR cases are the total of 251 Otolaryngology cases (Dr. Ishii and Dr. Boahene) and 40 Plastic Surgery cases (Chief Residents cosmetic surgery training program).

White Marsh Surgery Center

| | FY2015 |
|-------------------------------|--------|
| ORs | 1 |
| OP OR Cases | 751 |
| OP OR Cases to Shift to GSSSC | 291 |
| % of Source's OP OR Cases | 38.7% |

The White Marsh Surgery Center intends to backfill its cases shifting to GSSSC in FY2018 through growth strategies already underway through The Johns Hopkins Hospital Department of Orthopaedics' development of an expanded outpatient surgical practice. While the establishment of the proposed GSSSC is an integral part of the Department's plan, the White Marsh Surgery Center will also serve as a key source of outpatient OR capacity for the Department. The Department has already begun the recruitment and hiring of additional orthopaedic surgeons in order to meet existing demand in certain subspecialties. The White Marsh Surgery Center will be key in supporting the anticipated practice growth of new hires.

The FY2015 baseline volume sources indicate that if the GSSSC were open today, orthopaedic volumes shifting from a JHM source would shift entirely from JHH, not WMSC, reflecting the fact that the WMSC will remain an important site for JHM Orthopaedic Surgery.

Additionally, while the projected number of OR cases to be shifted out of the WMSC as a result of the GSSSC project is significant, the WMSC is projected to experience significant growth between FY2015 and FY2018, irrespective of the GSSSC project. In fact, the WMSC has projected OR volumes of 920 cases for FY2016, 169 more cases than FY2015, which will replace over half of the cases projected to be shifted to GSSSC. This projected growth will offset much of the cases projected to move to the GSSSC once opened.

Please see Exhibit 18 for a letter from Lisa Ishii, M.D., Medical Director, White Marsh Surgery Center, stating her support for the GSSSC project and describing the White Marsh Surgery Center's backfill strategy.

Estimated Impact of GSSSC on Non-JHM Facilities

Direct Volumes Shifting from Non-JHM Facilities

Exhibit 21 shows the sources of FY2015 Baseline Volumes, including 232 OR cases from non-JHM sites that can be summarized as follows:

- Bellona Surgery Center: 82 Otolaryngology cases to be shifted to the GSSSC
- Greater Baltimore Medical Center: 100 Gynecology cases to be shifted to the GSSSC
- MedStar Good Samaritan Hospital: 50 Podiatry cases to be shifted to the GSSSC

Estimated Impact of Additional Retained Referrals on Non-JHM Facilities

Data from the Johns Hopkins Medicine 2015 Green Spring Station Referral Study were utilized to assess the potential impact of increased referral retention on non-JHM health care facilities. Electronic Health Record data from JHCP and Patient First were utilized for this analysis with the following guidelines:

- Where possible, indicate the hospital or health care facility where each case likely took place
- If it is not possible to indicate a hospital or health care facility, indicate the physician group that likely performed the case
- If it is not possible to indicate a hospital, health care facility, or physician group, identify the health care facility as unknown

This analysis aimed to assess impact in the third and final year of the GSSSC FY2020 volume projections. In FY2020, the volume projections contain 1,408 cases that are the result of increased referral retention. Adding in the 232 cases listed in the “Physician-Specific Volume for Non-JHM Physicians” section above, as the movement of these will also impact non-JHM health care facilities, results in a total of 1,640 cases moving out of non-JHM facilities.

In order to determine which facilities would be impacted by shifting these 1,640 cases, JHM used data from the Referral Study to calculate the proportion of referrals in each specialty currently going to various hospitals, facilities, or physician groups from JHCP at GSS and Patient First at GSS. This methodology is outlined below:

- 1) Non-JHM referrals from JHCP at Green Spring Station and Patient First at Green Spring Station combined were known from the Referral Study.
- 2) This combined data set was separated into the following specialties:
 - a. Orthopaedics
 - b. Otolaryngology
 - c. Urology

- d. General Surgery
 - e. Plastic Surgery
 - f. Vascular Surgery
 - g. Breast Surgery
 - h. Neurosurgery
 - i. Gynecology
 - j. Podiatry
- 3) Neurosurgery, Gynecology, and Podiatry were excluded from this analysis, because the number of cases projected as the result of retained referrals in 2020 are 3, 1, and zero, respectively.
- 4) For each remaining specialty:
- a. Where possible, the hospital or health care facility where the referral was sent was identified from the data.
 - b. If “a” was not possible, the referral was assigned to a physician group based on the data.
 - c. If “a” and “b” were not possible, the referral was categorized as “unknown”.
- 5) For a given specialty, once all referrals were assigned to a “site” (hospital, health care facility, physician group, or unknown):
- a. A total was calculated for each site.
 - b. Each site’s total was then assigned a percentage of the total referrals for that specialty.
 - c. This percentage was then multiplied by the total number of specialty-specific referral cases GSSSC projections to retain in FY2020

An example, using St. Joseph Medical Center (SJMC), is provided below:

| Specialty | Site | % of Total GSS Referrals | Total FY2020 Retained Referral Cases Projected at GSSSC | FY2020 Cases Retained From SJMC |
|--------------------|------|--------------------------|---|---------------------------------|
| Breast | SJMC | 33.3% | 52 | 17 |
| General | SJMC | 28.1% | 238 | 67 |
| Urology | SJMC | 1.1% | 382 | 4 |
| Orthopedics | SJMC | 0.7% | 546 | 4 |
| TOTAL CASES | | | | 92 |

Thus, 33.3% of the referrals from the Referral Study for Breast went to SJMC. Total Breast referrals retained by GSSSC in FY2020 is projected to be 52. It is estimated the SJMC would have gotten 33.3% of those referrals, based on past experience. Thirty-three percent of 52 is 17, so 17 cases are counted for that specialty

as potential impact to SJMC. Total potential impact to SJMC is the sum of this calculation for all the relevant specialties, or in this case 92 cases.

The tables below show the percent of the total volume projected to be impacted by GSSSC, by hospital and health care facilities or physician group. To identify the most recent total volumes at hospitals and freestanding ASCs, JHM utilized two sources:

- 1) For hospitals, JHM utilized the “HSCRC FY 2014 Experience Report – Final” because it is the most recent full year of data reflecting the hospitals’ OR volumes. On the report, “Inpatient Volume” and “Outpatient Volume” are reflected in OR minutes because they are the “Unit of Rate” for the OR cost center. The number of OR cases are not provided. JHM included both inpatient and outpatient minutes. JHM utilized this database because it is the most reliable public database available. JHM does not have internal data on either the OR capacity or surgical volumes of non-JHHS hospitals, so it had to rely on publicly available data.
- 2) For freestanding ASCs, JHM used the MHCC’s most recent Public Use Database, which is for FY 2013, obtained from the MHCC website. This database provides the number of OR cases performed, so JHM utilized that measure to calculate impact.

| Hospitals | Retained Referral & Physician Specific Cases | Minutes at 70.7 Per Case | Total Minutes | Percent Impact |
|--|--|--------------------------|---------------|----------------|
| GBMC ¹ | 259 | 18,311 | 1,986,967 | 0.9% |
| Mercy | 131 | 9,262 | 2,141,081 | 0.4% |
| St. Joseph's | 92 | 6,504 | 1,336,224 | 0.5% |
| MedStar Good Samaritan Hospital ² | 78 | 5,515 | 795,970 | 0.7% |
| Northwest Hospital Center | 74 | 5,232 | 727,992 | 0.7% |
| MedStar Union Memorial Hospital | 52 | 3,676 | 1,553,426 | 0.2% |
| Total | 686 | | | |

1 - GBMC's 259 cases include 159 retained referrals cases and 100 physician-specific cases

2 - Medstar Good Samaritan Hospital's cases include 28 retained referral cases and 50 physician-specific cases

Source of OR Cases: OR Minutes in HSCRC FY 2014 Experience Report - Final

| Health Care Facilities | Retained Referral & Physician Specific Cases | Cases | Percent Impact |
|--|--|-------|----------------|
| Summit Ambulatory Surgical Center, LLC (9 Centers - Chesapeake Urology Associates) | 290 | 5,646 | 5.1% |
| OrthoMaryland | 120 | ? | ? |
| Towson Orthopaedic Associates | 114 | ? | ? |
| Bellona Surgery Center (Cosmetic Surgicenter of Maryland) ³ | 83 | 1,210 | 6.9% |
| Greater Chesapeake Hand Specialists | 73 | ? | ? |
| SurgiCenter of Baltimore, LLP | 35 | 2,668 | 1.3% |
| Ruxton SurgiCenter, LLC | 28 | 1,455 | 1.9% |
| Colon Rectal Surgical Associates | 26 | ? | ? |
| Surgical Specialty Suites, Inc. | 11 | 1,199 | 0.9% |
| York Green Surgery Center | 11 | 727 | 1.5% |
| (48 groups totaling 10 or fewer cases each) | 119 | ? | ? |
| Unknown ⁴ | 44 | ? | ? |
| Total | 954 | | |
| Grand Total⁵ | 1,640 | | |

3 - Bellona Surgery Centers' cases included 82 physician-specific cases and 1 retained referral case

4 - Unable to identify hospital, health care facility, or physician group

5 - Grand Total accounts for 1408 retained referrals and 232 Non-JHM Physician-Specific cases

Source of OR Cases: OR Cases in 2013 MHCC Public Use Database

These two tables show the potential impact of the cases other hospitals (first table) or ASCs (second table) might lose to GSSSC in the form of retained referrals and are expected to lose as they are shifted by physicians to GSSSC. Impact on all the hospitals is less than 1%. The largest impact on non-hospital facilities is about 7%, on Bellona Surgery Center. The next largest is about 5% on Summit Ambulatory Surgery Center, LLC (representing nine separate ASCs, all part of Chesapeake Urology Associates). All other identifiable impact on non-hospital facilities is less than 2%.

In summary, establishment of the GSSSC will not significantly impact any other health care facilities.

b. Impact on the Payer Mix at Other Existing Health Care Providers

As discussed in detail in response to (a), the establishment of the GSSSC will have a negligible impact on the volumes of other existing facilities, and therefore it will have negligible, if any, impact on the payer mix of all other existing facilities.

c. Impact on Access to Health Care Services for the Service Area Population

The GSSSC will provide more convenient access to needed and desired health care services for much of the service area population. This is due not only to the geographic location, at the intersection of I-695 and I-83, but to the ease of access and parking (which is free) at Green Spring Station. This is true when compared to JHH in particular. For patients whose insurance companies are restricting use of regulated hospital-based facilities for certain procedures, the GSSSC will improve access. Additionally, for patients paying out of pocket or who have high deductibles and/or copays, which is increasingly common, receiving care at GSSSC will be more accessible than at any hospital-based facility due to lower costs.

d. Impact on Costs to the Health Care Delivery System

Reducing costs to the health care system, and specifically to patients, is one of the fundamental goals of this project. Reimbursement is much lower for the same or similar cases performed in an ambulatory surgery center than in a hospital. JHM compared the reimbursement JHM actually received for outpatient procedures at JHH to what JHM received for procedures at the White Marsh Surgery Center and Ophthalmology Associates and found that the reimbursement at JHH is approximately four times greater than at the ambulatory centers.

The projections for cases that will be performed at the GSSSC at its opening are based largely on cases moving from other settings. The projected volume for FY2018 is 4,346 cases, 3,496 of which will move from other locations. Of those, 2,720 are cases moving from a hospital setting, and 2,447 are cases moving specifically from JHH. For

those 2,447 cases, JHM can state with certainty, as described in the preceding paragraph, that the costs to payers and patients will be one-fourth of what it otherwise would have been had these cases not moved to GSSSC. The remaining 273 cases (of the 2,720 total cases) moving from other hospital settings, JHM knows the costs will be significantly lower at GSSSC than they would be these hospital settings, though JHM does not know exactly how much lower. The remaining 850 cases projected for the opening year of GSSSC (of the 4,346 total cases) are based on population growth and increased retained referrals. JHM cannot predict how many of those cases would have gone to a hospital setting if GSSSC were not available, but it is likely that at least a portion would.

In summary, the FY2018 volume is projected to be 4,346 cases, 2,447 of which are being moved from JHH. This alone will reduce the costs of the cases performed at GSSSC in FY2018 by 42% overall, a significant savings to the health care system, and even more significant to the patients whose cases are moved from JHH or another hospital setting, and to the payers. Additional savings to the system are certain from the cases known to be moving from other hospital settings, and from at least a portion of the cases resulting from population growth and retained referrals that would have gone to a hospital setting.

Please see Exhibit 23 for Affirmations.