Exhibits

EXHIBIT #	TITLE
1B	Table B
1C	Table C
1E	Table E
1L	Table L
2	Ownership/Control of Organizations Related to the Proposed Project
3	The Impact of Johns Hopkins in Baltimore County
4	Contract Of Sale and Purchase
5	Proposal for Johns Hopkins Surgery Center Series at Green Spring Station
6	Green Spring Station Surgery Center Drawing
7	Charity Care Policy
8	Charity Care Standard For ASCs
9	Patient Transfer Agreement
10	GSSSC Service Area Map
11	Projected Service Area for Green Spring Station Surgery Center
12	2014 Demographic Snapshot
13	2013 Physician Survey – Referral Percentage
14	2013 Physician Survey – Primary Reasons
15	Physician Support Letters
16	Wilmot Sanz Certification
17	JHHS Audited Financial Statements
18	Community Support Letters
19	Compliance with Conditions of Previous Certificates of Need
20	GSSSC Volume Projections
21	FY2015 Baseline Volume Sources
22	JHH OR Minute Projections
23	Affirmations

TABLE B. DEPARTMENTAL GROSS SQUARE FEET AFFECTED BY PROPOSED PROJECT

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

DEPARTMENT/FUNCTIONAL AREA	DEPARTMENTAL GROSS SQUARE FEET				
	Current	To be Added Thru New Construction	To Be Renovated	To Remain As Is	Total After Project Completion
					0
Ambulatory Surgery Center	0	0	27,238		27,238
					0
					0
					0
					0
					0
					0
					0
					0
					0
					0
					0
					0
					0
					0
Total					27,238

TABLE C. CONSTRUCTION CHARACTERISTICS

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

	NEW CONSTRUCTION	RENOVATION
BASE BUILDING CHARACTERISTICS	**Check if applicable**	
Class of Construction (for renovations the class of the building being renovated)*		
Class A	☐	☑
Class B	☐	☐
Class C	☐	☐
Class D	☐	☐
Type of Construction/Renovation*		
Low	☐	☐
Average	☐	☐
Good	☐	☑
Excellent	☐	☐
Number of Stories		

*As defined by Marshall Valuation Service

PROJECT SPACE	**List Number of Feet, if applicable**	
Total Square Footage	**Total Square Feet**	
Basement		
First Floor		
Second Floor		
Third Floor		27,238
Fourth Floor		
Average Square Feet		
Perimeter in Linear Feet	**Linear Feet**	
Basement		
First Floor		
Second Floor		
Third Floor		1,027
Fourth Floor		
Total Linear Feet		
Average Linear Feet		
Wall Height (floor to eaves)	**Feet**	
Basement		
First Floor		
Second Floor		
Third Floor		15.33
Fourth Floor		
Average Wall Height		
OTHER COMPONENTS		
Elevators	**List Number**	
Passenger		
Freight		
Sprinklers	**Square Feet Covered**	
Wet System		
Dry System		
Other	**Describe Type**	
Type of HVAC System for proposed project		
Type of Exterior Walls for proposed project		

TABLE E. PROJECT BUDGET

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

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

	Hospital Building	Other Structure	Total
A. USE OF FUNDS			
1. CAPITAL COSTS			
a. Land Purchase			**$0**
b. New Construction			
(1) Building			$0
(2) Fixed Equipment			$0
(3) Site and Infrastructure			$0
(4) Architect/Engineering Fees			$0
(5) Permits (Building, Utilities, Etc.)			$0
SUBTOTAL	**$0**	**$0**	**$0**
c. Renovations			
(1) Building		$7,009,541	$7,009,541
(2) Fixed Equipment (not included in construction)			$0
(3) Architect/Engineering Fees		$211,000	$211,000
(4) Permits (Building, Utilities, Etc.)		$10,000	$10,000
SUBTOTAL	**$0**	**$7,230,541**	**$7,230,541**
d. Other Capital Costs			
(1) Movable Equipment		$6,019,000	$6,019,000
(2) Contingency Allowance		$662,853	$662,853
(3) Gross interest during construction period			$0
(4) Other *(JHHS Project Management)*		$7,520	$7,520
SUBTOTAL		***$6,689,373***	**$6,689,373**
TOTAL CURRENT CAPITAL COSTS	**$0**	**$13,919,914**	**$13,919,914**
e. Inflation Allowance		$524,926	$524,926
TOTAL CAPITAL COSTS	**$0**	**$14,444,840**	**$14,444,840**
2. Financing Cost and Other Cash Requirements			
a. Loan Placement Fees			$0
b. Bond Discount			$0
c. Legal Fees			$0
d. Non-Legal Consultant Fees		**$146,000**	$146,000
e. Liquidation of Existing Debt			$0
f. Debt Service Reserve Fund			$0
g. Other *(Specify/add rows if needed)*			$0
SUBTOTAL		***$146,000***	**$146,000**
3. Working Capital Startup Costs		$1,750,000	$1,750,000
TOTAL USES OF FUNDS	***$0***	***$16,340,840***	***$16,340,840***
B. Sources of Funds			
1. Cash		$1,896,000	$1,896,000
2. Philanthropy (to date and expected)			$0
3. Authorized Bonds			$0
4. Interest Income from bond proceeds listed in #3			$0
5. Mortgage			$0
6. Working Capital Loans			$0
7. Grants or Appropriations			
a. Federal			$0
b. State			$0
c. Local			$0
8. Other *(Loan from the Johns Hopkins Health System)*		**$13,082,940**	$13,082,940
Other *(Landlord for Tennant Allowance)*		$1,361,900	$1,361,900
TOTAL SOURCES OF FUNDS		***$16,340,840***	**$16,340,840**
Annual Lease Costs (if applicable)			
1. Land			$0
2. Building		**$926,092**	$926,092
3. Major Movable Equipment			$0
4. Minor Movable Equipment			$0
5. Other *(Specify/add rows if needed)*			$0

Describe the terms of the lease(s) below, including information on the fair market value of the item(s), and the number of years, annual cost, and the interest rate for the lease.

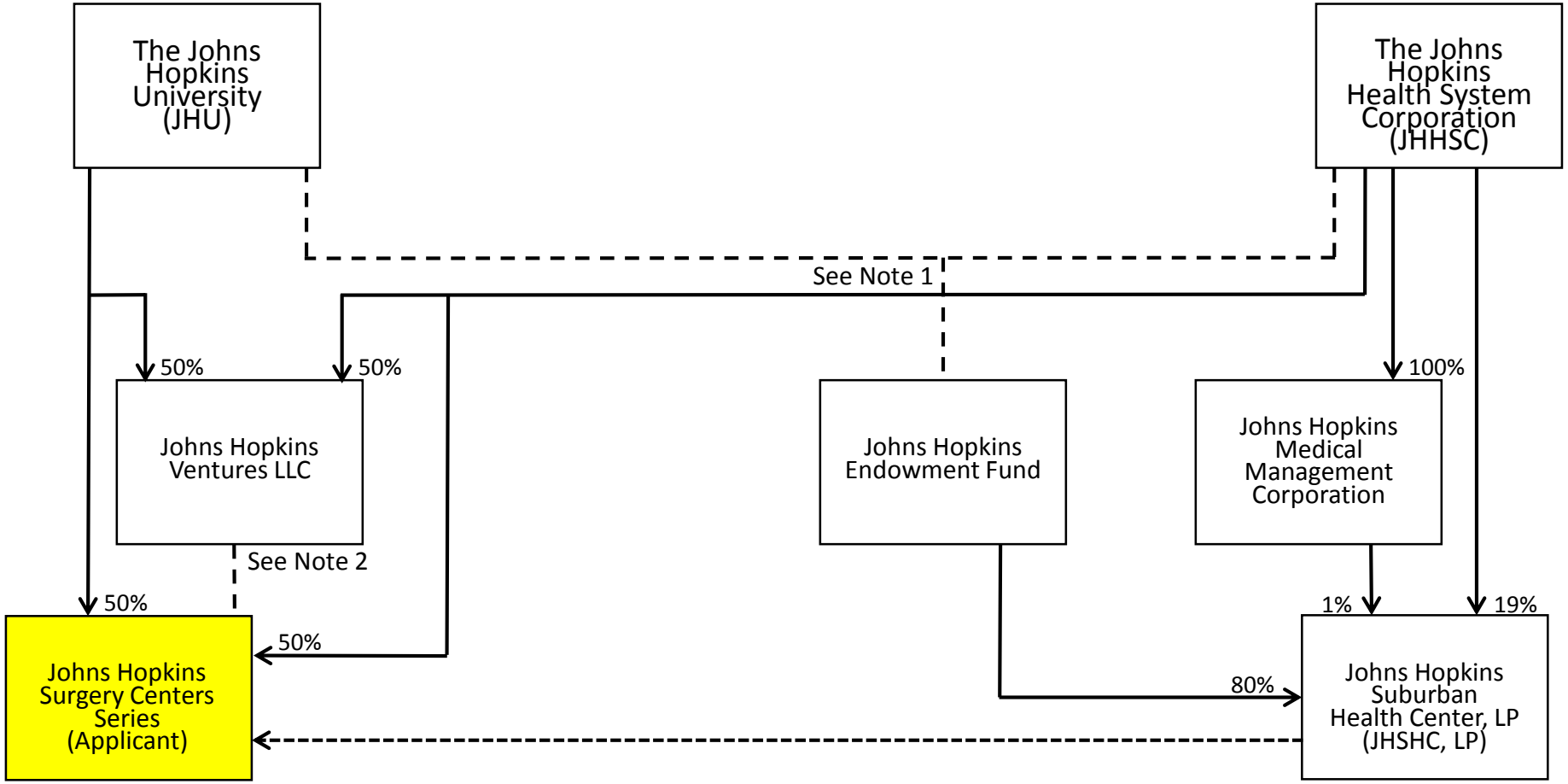
TABLE L. WORK fORCE INFORMATION

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

	CURRENT ENTIRE FACILITY			***PROJECTED CHANGES AS A RESULT OF THE PROPOSED PROJECT THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)***			***OTHER EXPECTED CHANGES IN OPERATIONS THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)***			***PROJECTED ENTIRE FACILITY THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS) ****	
Job Category	**Current Year FTEs**	**Average Salary per FTE**	**Current Year Total Cost**	**FTEs**	**Average Salary per FTE**	**Total Cost** *(should be consistent with projections in Table J)*	**FTEs**	**Average Salary per FTE**	**Total Cost**	**FTEs**	**Total Cost** *(should be consistent with projections in Table G)*
1. Regular Employees											
Administration *(List general categories, add rows if needed)*											
Nurse Manager			$0	1.0	$135,720	$135,720			$0	1.0	$135,720
Assistant Nurse Manager			$0	1.0	$100,224	$100,224			$0	1.0	$100,224
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
Total Administration			$0			$235,944			$0	0.0	$235,944
Direct Care Staff *(List general categories, add rows if needed)*											
OR Nurses			$0	6.0	$89,784	$538,704			$0	6.0	$538,704
PACU Nurses			$0	11.0	$78,300	$861,300			$0	11.0	$861,300
Technicians			$0	13.0	$53,646	$697,392			$0	13.0	$697,392
			$0			$0			$0	0.0	$0
Total Direct Care			$0			$2,097,396			$0	0.0	$2,097,396
Support Staff *(List general categories, add rows if needed)*											
Front Desk			$0	4.0	$33,408	$133,632			$0	4.0	$133,632
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
Total Support			$0			$133,632			$0	0.0	$133,632
REGULAR EMPLOYEES TOTAL			$0			$2,466,972			$0	0.0	$2,466,972
2. Contractual Employees											
Administration *(List general categories, add rows if needed)*											
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
Total Administration			$0			$0			$0	0.0	$0
Direct Care Staff *(List general categories, add rows if needed)*											
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
Total Direct Care Staff			$0			$0			$0	0.0	$0
Support Staff *(List general categories, add rows if needed)*											
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
Total Support Staff			$0			$0			$0	0.0	$0
CONTRACTUAL EMPLOYEES TOTAL			$0			$0			$0	0.0	$0
Benefits *(State method of calculating benefits below)* **:**						**628,999.0**					$628,999
25.5% of Payroll											
TOTAL COST	***0.0***		***$0***	***0.0***		***$3,095,971***	***0.0***		***$0***		***$3,095,971***

Ownership/Control of Organizations Related to the Proposed Project

Chart I



Note 1 – The Trustees of the JHH Endowment Fund must be elected, ex officio or emeritus trustees of JHHSC, trustees of one of JHHSC's wholly owned subsidiaries or the President of JHHSC.

Note 2 – JHU and JHHSC are the Managing Members of the LLC. The Managing Members retain certain reserved powers with respect to any Series it creates, including JH Surgery Center Series. In this case, JHU Ventures will approve the Series' lease for the Surgery Center.

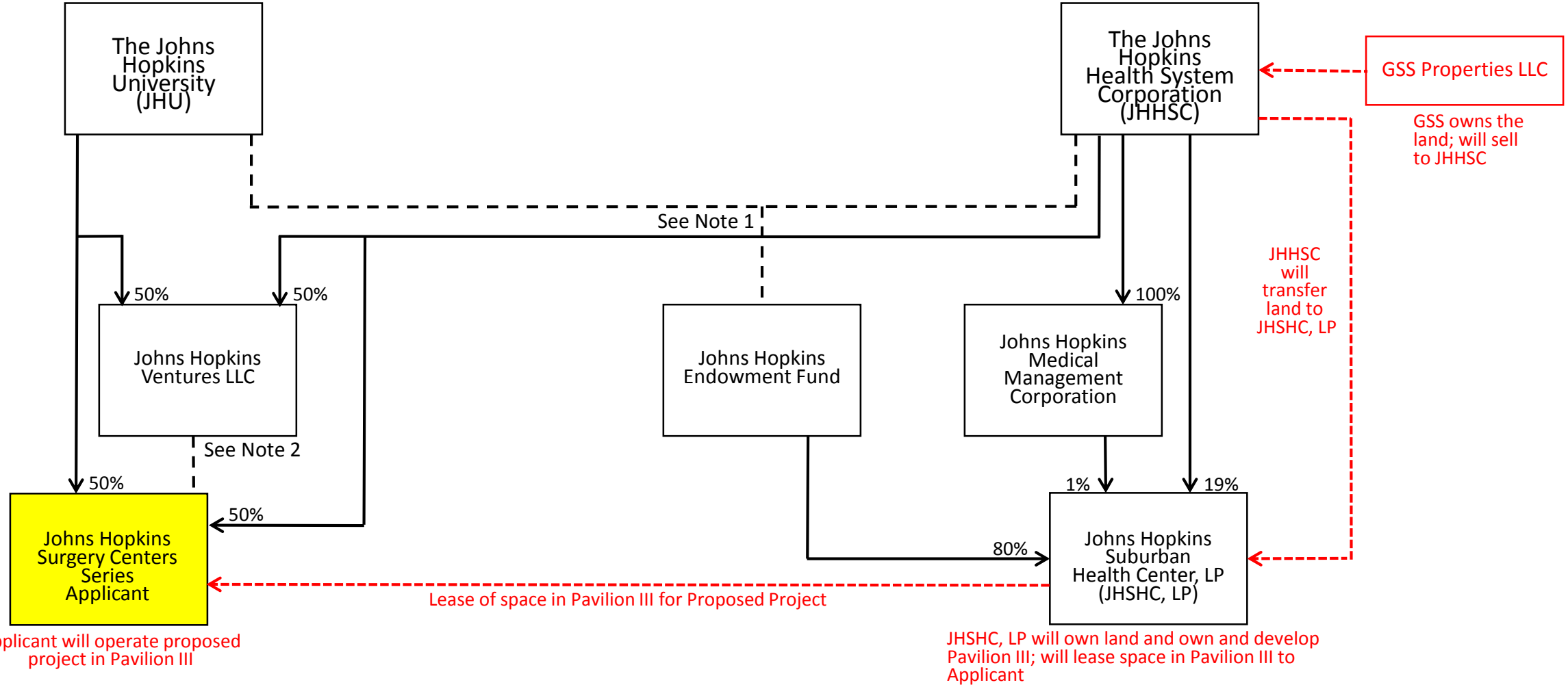
Solid Line represents ownership

Broken Line represents arrangement other than ownership

Actions related to the proposed project

Ownership/Control of Organizations Related to the Proposed Project and Actions Related to the Proposed Project

Chart II



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Note 2 – JHU and JHHSC are the Managing Members of the LLC. The Managing Members retain certain reserved powers with respect to any Series it creates, including JH Surgery Center Series. In this case, JHU Ventures will approve the Series' lease for the Surgery Center.

Solid Line represents ownership

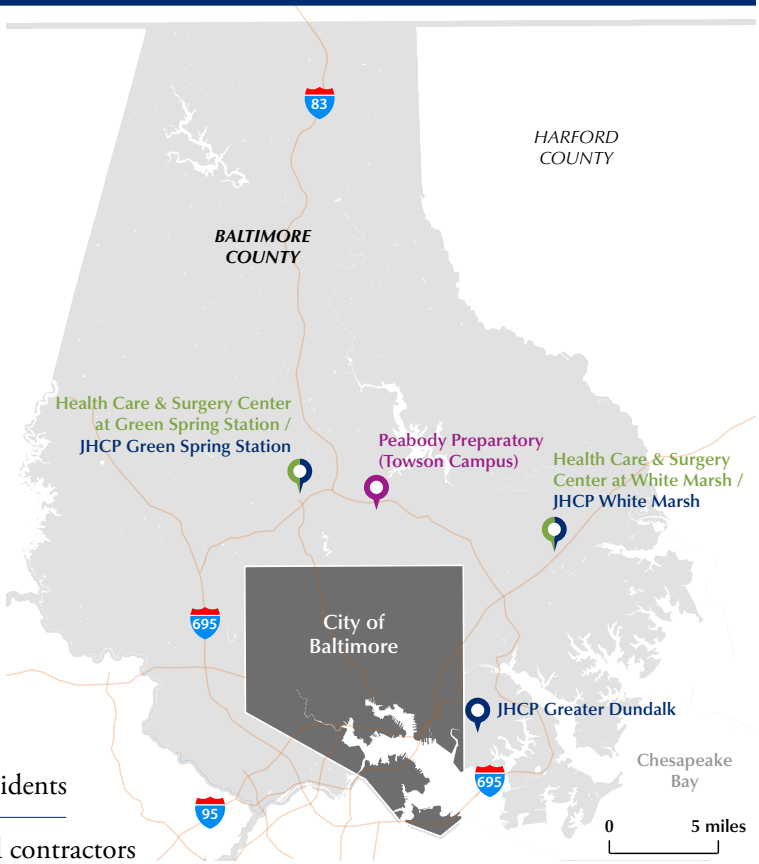
Broken Line represents arrangement other than ownership

Actions related to the proposed project

The Impact of
Johns Hopkins in Baltimore County

Johns Hopkins Green Spring Station

Johns Hopkins Facilities & Operations in Baltimore County



Johns Hopkins in Baltimore County

777	JH employees working in the County
13,098	County residents employed by JH
$899M	In wages and salaries paid by JH to County residents
$266M	Paid to Baltimore County-based suppliers and contractors
$720k	Taxes and fees paid to local governments in the County
813	County residents enrolled at JH
$7.7M	Financial aid to students residing in the County
578,002	Patient visits by County residents to JH health care providers

Bringing Johns Hopkins Medicine to Baltimore County

The Johns Hopkins Health Care and Surgery Center at Green Spring Station, located in Lutherville, provides outpatient medical services to residents of Baltimore County and other nearby communities. The complex includes a primary care center staffed by Johns Hopkins Community Physicians. It also offers a wide range of specialty services, including (among others) internal medicine, pediatrics, cardiology, orthopaedics, gastroenterology, dermatology, neurology, obstetrics and gynecology, oncology, ophthalmology, psychiatry, radiology, rehabilitation and several types of ambulatory surgery. Other service available on-site include a walk-in urgent care center open 365 days a year, a pharmacy, medical labs, a diabetes management center and an optical shop.

Educating County Residents

Number of County residents enrolled at JH, spring 2014	**813**
JHU undergraduate	**152**
JHU graduate/professional	**661**
Number of JH alumni living in Baltimore County	**14,317**
Financial aid to students residing in Baltimore County from University sources, FY 2014	**$7,702,331**

Delivering Health Care

Number of JH patient encounters involving County residents, FY 2014	**578,002**
Number of inpatient discharges of County residents from JHHS hospitals, FY 2014	**16,260**
Number of outpatient visits by County residents to JHHS facilities, FY 2014	**285,660**
Number of County residents served by JH Clinical Practice Association, FY 2014	**177,791**
Number of patient visits to JHCP primary care centers located in Baltimore County, FY 2014	**98,291**
Number of County residents served by JH Home Care Group, FY 2014	**11,502**
Number of participants in JHHC health plans living in Baltimore County, FY 2014	**47,892**

Johns Hopkins in the Community

Payments to local government in Baltimore County, FY 2014	**$720,199**
Number of JH students serving internships at schools/institutions in the County, 2013-14	**22**

Examples of Innovative County Companies with Ties to Johns Hopkins

- **Cureveda, LLC** (*Halethorpe*), founded by two JH faculty members, is developing new treatments for inflammatory and autoimmune diseases, based on research conducted at JH
- **MycoMed Technologies, LLC** (*Catonsville)*, founded by a JH faculty member, is developing technology first developed at JH for diagnosis, treatment and prevention of fungal infections in immunosuppressed patients
- **Quantum Medical Metrics** (*Halethorpe*) develops imaging systems used in diagnosis and monitoring of musculoskeletal problems, using technology first developed at JH

Other examples include:

Beck Radiological Innovators, *Halethorpe*

Cellunova, LLC, *Owings Mills*

DayStar Research, *Stevenson*

JPLC Associates, LLC, *Towson*

CONTRACT OF SALE AND PURCHASE

THIS CONTRACT OF SALE AND PURCHASE (the "**Agreement**") is made and entered into by and between **GSS PROPERTIES LLC**, a Maryland limited liability company (the "**Seller**"), and **THE JOHNS HOPKINS HEALTH SYSTEM CORPORATION**, a Maryland not-for-profit corporation (the "**Buyer**"), as of this 3rd day of ~~May~~ JUNE 2014 ("**Effective Date**"). Each of Seller and Buyer are a "**Party**" and are collectively the "**Parties.**"

WITNESSETH:

WHEREAS, the Seller and Buyer desire to enter into this Agreement to incorporate all prior negotiations and dealings of the Parties with respect to the purchase and sale of certain property hereinafter described.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the payment of earnest money, and other good and valuable consideration, receipt of which is hereby acknowledged, the Parties hereto agree as follows:

1. **AGREEMENT OF SALE AND PURCHASE**. Subject to the terms and conditions of this Agreement, Seller agrees to sell and convey, and Buyer agrees to purchase all that property defined and described in Section 2 hereof.

2. **DESCRIPTION OF SUBJECT PROPERTY**. The property which shall be conveyed to the Buyer at the Closing (as hereinafter defined) and which is the subject of this Agreement, consists of:

(a) 5.5769 acres of land, (the "**Land**") as described on Exhibit "A" attached hereto;

(b) (i) All improvements on the Land;

(ii) All easements, rights-of-way and intangible rights appurtenant to the Land;

(iii) All of Seller's (and its affiliates' and subsidiaries') research, plans and studies (e.g. traffic, economic, engineering, power, water, environmental and sewer) previously delivered to Buyer which pertain, in any way, to the Land, the improvements on the Land or any easements, rights-of-way and intangible rights appurtenant to the Land (collectively the "**Site**");

(iv) All of Seller's (and its affiliates' and subsidiaries') construction and architectural drawings which pertain, in any way, to the Site;

(v) All of Seller's rights and benefits under all governmental approvals which pertain, in any way, to the Site;

(vi) All Property Material (as hereinafter defined); and

(vii) Intentionally Deleted.

(the items described in Section 2(b) collectively with the Land are hereinafter referred to as the "**Property**" and the items described in Section 2(b)(iii)-(v) are collectively the "**Seller's Research**").

(c) In the event that this Agreement is terminated, or the transactions contemplated herein do not close, Buyer will return Seller's Research to Seller; provided, however, Buyer may retain one copy of all of Seller's Research to be used for the sole purpose of establishing what was in fact received in the event of any dispute or controversy under this Agreement. Notwithstanding anything else contained herein to the contrary, Seller and Buyer agree that Seller has delivered to Buyer all of Seller's Research and copies of all Property Material and Seller shall deliver, within five (5) days after a specific request by Buyer for items not previously provided, all other reasonable items which Seller and Buyer agree fall within the description of Seller's Research or Property Material. Upon request, and subject to any contractual obligations to the contrary, Buyer agrees to promptly deliver to Seller copies of Buyer's traffic studies of the Property along with other due diligence materials obtained by Buyer and reasonably requested by Seller.

3. PURCHASE PRICE; DEPOSIT; ESCROW ACCOUNT.

(a) For purposes of this Agreement, the "**Purchase Price**" shall be an amount equal to Thirteen Million Five Hundred Thousand and No/100 Dollars ($13,500,000.00) as adjusted in accordance with the terms and conditions of this Agreement. The Purchase Price, as so adjusted, is to be paid by Buyer as follows:

(i) Within five (5) days after the Effective Date, One Million and No/100 Dollars ($1,000,000.00) as an earnest money deposit and partial down payment of the Purchase Price (the "**Deposit**"), by wire transfer of immediately available funds to Stewart Title Guaranty Company (the "**Escrow Agent**"); and

(ii) At Closing, the Purchase Price, less the Deposit, to Seller in immediately available wired funds.

(b) Upon receipt by Escrow Agent of the Deposit (the "**Escrow Funds**"), Escrow Agent shall cause the same to be deposited into a segregated interest-bearing money market account ("**Escrow Account**") maintained at a federally insured bank approved by Buyer. All interest earned on the Escrow Funds shall be reported to the Internal Revenue Service as the income of Buyer. Escrow Agent shall deliver any interest earned on the Escrow Funds to Buyer or as directed by the Buyer. From time to time on and after the date hereof, Seller and

Buyer shall deliver or cause to be delivered to Escrow Agent such further documents and instruments and shall do and cause to be done such further acts as Escrow Agent shall reasonably request (it being understood that Escrow Agent shall have no obligation to make any such request) to carry out more effectively the provisions and purposes of this Agreement, to evidence compliance herewith or to assure itself that it is protected in acting hereunder.

(d) Escrow Agent's duties hereunder shall be limited to holding and disbursing the Escrow Funds and Escrow Agent shall have no additional duties or responsibilities hereunder (in its role as Escrow Agent) in connection with the Closing.

(e) If Escrow Agent shall be unable to determine at any time to whom the Escrow Funds shall be paid or if a dispute should develop between Seller and Buyer concerning the disposition of the Escrow Funds, then in any such event, Escrow Agent shall pay the Escrow Funds held in escrow in accordance with the joint (or consistent) written instructions of Seller and Buyer. If such joint (or consistent) written instructions shall not be received by Escrow Agent within ten (10) days after Escrow Agent shall have served written requests for such joint (or consistent) written instructions upon Seller and Buyer, Escrow Agent may pay all of the Escrow Funds into a state court situated in Baltimore County, Maryland having jurisdiction relative to such manner and interplead Seller and Buyer in respect thereof; and, thereafter, Escrow Agent shall be discharged of any further or continuing obligations in connection with the Escrow Funds.

(f) If costs and expenses (including attorneys' fees) are incurred by Escrow Agent because of litigation of any dispute between Seller and Buyer arising out of the holding of the Escrow Funds, the non-prevailing party (i.e., either Seller or Buyer) shall reimburse Escrow Agent for such reasonable costs and expenses incurred. Seller and Buyer hereby agree and acknowledge that Escrow Agent assumes no liability in connection with the holding of the Escrow Funds pursuant hereto, except for the gross negligence or willful misconduct of Escrow Agent and its employees and agents. Escrow Agent shall not be responsible for the validity, correctness or genuineness of any document or notice referred to herein; and, in the event of any dispute under this Agreement relating to the disposition of the Escrow Funds, Escrow Agent may seek advice from its own counsel and shall be fully protected in any action taken in good faith in accordance with the opinion of Escrow Agent's counsel.

(g) Provisions with respect to notices set forth herein shall apply with respect to notices given by or to Escrow Agent hereunder.

(h) Unless this Agreement has been terminated by Buyer in accordance with the terms hereof, Escrow Agent shall release the Deposit as follows:

(i) $100,000.00 (the "**Initial Deposit**") to the Seller within seven (7) days following full execution of this Agreement;

(ii) $400,000.00 (the "**Second Deposit**") on the Second Deposit Release Date.

(iii) $500.000.00 to the Seller on October 15, 2015.

(i) Intentionally Deleted.

4. **RIGHT OF ENTRY; BOARD APPROVAL.**

(a) Intentionally Deleted.

(b) Intentionally Deleted.

(c) From the Effective Date until the Closing Date (or earlier termination of this Agreement) Seller hereby authorizes and approves Buyer and its authorized agents or representatives ("**Buyer's Representatives**") to enter onto the Property at reasonable times during normal business hours, upon advance notice to Seller (or such other times as Seller may agree to in writing) to make physical inspections thereof and to conduct such other inspections and all tests, as Buyer deems appropriate in accordance with this Section. Buyer's and Buyer's Representatives investigations and tests shall: (i) not unreasonably interfere with the operation and maintenance of the Property; (ii) not damage any part of the Property; (iii) not injure or otherwise cause bodily harm to Seller, its agents, contractors and employees or any tenant, its agents, contractors and employees; and (iv) not unreasonably interfere with any activities conducted on the Property. Buyer shall maintain general liability insurance of at least $2,000,000.00 covering any liability or damage arising in connection with the Buyer's or Buyer's Representatives negligent acts on the Property, naming Seller as an additional insured. Buyer shall not perform any physical or structural tests without the consent of Seller after Buyer provides an explanation as to why such tests are necessary, which consent shall not be unreasonably withheld or delayed. Seller reserves the right for itself and its representatives to be present for any inspection or test. Buyer shall not permit any liens to attach to the Property by reason of the exercise of its rights hereunder. If any soil or other tests conducted by Buyer materially affect the surface of the Land, Buyer shall restore the surface of the Land to substantially the same condition in which the same was found before any tests were undertaken.

(d) Seller shall afford Buyer and Buyer's Representatives reasonable access to the officers, attorneys, accountants or other authorized representatives of Seller during normal business hours and to all Books and Records related to the Property and the consummation of the transactions contemplated by this Agreement in order to afford Buyer such opportunity of inspection, review, examination, and investigation as Buyer shall reasonably desire to make of the affairs related to the Property. "**Books and Records**" shall mean all books and records of the Seller related and relevant to the ownership, leasing or operation of the Property, including, but not limited to, all leasing records, property tax bills and records, capital budgets, current and historical accounting records, inventory and depreciation schedules and correspondence relating to the Property and the tenants. Buyer shall be permitted to make extracts from, and make copies of, the Books and Records, the Property Materials or

other documentation as may be reasonably necessary for each purpose. In lieu of original documents, Seller may provide true copies of any Books and Records. "**Property Materials**" shall mean all equipment manuals and specifications to be transferred with the Property to Buyer at Closing.

(e) Seller acknowledges and agrees that Buyer, at any time prior to Closing, has the right to interview the Seller's tenants. Seller will have the right to be present for any interviews and will make itself reasonably available for such interviews at which Seller requests to be present.

(f) Seller authorizes Buyer to make all inquiries of: (i) all appropriate Governmental Authorities and (ii) appropriate providers of utility and other services with respect to the Property, as Buyer deems necessary to confirm: (a) the compliance of the Property with all Legal Requirements applicable to the Property; (b) the compliance of the Property with the requirements of such Governmental Authorities for the ownership and operation of the Property; (c) the present and future availability of all utility services reasonably required by Buyer for the ownership and operation of the Property; and (d) the compliance of the Property with all requirements, rules and regulations of such utility providers to the Property. "**Governmental Authorities**" shall mean the United States, the state, county, parish, city and local political subdivisions, board, bureau or instrumentality in which the Property is located or any other quasi-governmental entity (including any board of fire underwriters) which exercise jurisdiction over the Property.

(g) (i) Unless otherwise mutually agreed by the Parties, this Agreement shall terminate on the earlier of: (A) Friday October 31, 2014 ("**Board Termination Date**") if the Board of Trustees of each of the Buyer and The Johns Hopkins Hospital Endowment Fund (collectively the "**Boards**") fail to approve the transactions contemplated by this Agreement on or before the Board Termination Date; or (B) Buyer's notice to each of Seller and Escrow Agent that the Boards failed to approve the transactions contemplated herein. If this Agreement is terminated pursuant to this section, Escrow Agent shall return the entirety of the remaining Deposit (i.e. $900,000.00) (with accrued interest) to Buyer within five (5) days after the date of termination.

(ii) If the Boards approve the transactions contemplated by this Agreement ("**Board Approval**"), Buyer shall notify each of Seller and Escrow Agent of the same within three (3) business days of said approvals ("**Board Approval Notice**") and Escrow Agent shall release the Second Deposit within five (5) days thereafter (the "**Second Deposit Release Date**").

4.5 SPECIAL STUDY PERIOD.

(a) Additional Right to Terminate. It has come to the Parties' attention that the Land may be encumbered by a naturally occurring environmental event (the "**Environmental Event**") in the area shown on the north side of the Property, highlighted in yellow on Exhibit B and labeled "Area of Concern." The Parties agree that Buyer shall have an

additional right to terminate this Agreement as set forth in Section 8.5(b) to allow Buyer the time to satisfy itself that Environmental Event, if any, will not negatively impact the Hopkins Project.

(b) Buyer and Seller shall share information about the Area of Concern in order to assist Buyer in fully understanding the impact, if any, the Environmental Event would have on the Hopkins Project. If Buyer is not satisfied with the results of its examination of the Area of Concern, on or before September 1, 2014, then Buyer shall have the right to terminate this Agreement as set forth in Section 8.5(b).

(c) All information gathering by Buyer and Seller with regard to the Area of Concern shall be considered to be Confidential as defined herein.

5. REPRESENTATIONS AND WARRANTIES OF SELLER. Seller hereby represents and warrants to Buyer as follows:

(a) Formation. Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Maryland.

(b) Binding and Enforceable. The execution and delivery of this Agreement and the documents required hereunder to be executed by Seller have been duly authorized by all necessary action on the part of Seller. This Agreement has been duly executed and delivered by Seller, and the execution, delivery and performance by Seller of its obligations under this Agreement and the documents required hereunder to be executed by it do not and will not (i) require any approval of the owners of Seller or any approval or consent of any trustee, director or holder of any indebtedness or obligations of Seller or any other person other than such consents and approvals as have been obtained, (ii) require any action by or in respect of, or filing with, any governmental body, agency or official, or (iii) constitute a violation under any provision of applicable law or regulation, or a default under any agreement, judgment, injunction, order, decree or other instrument binding upon Seller. This Agreement does and will, and the documents required to be executed by Seller will, constitute its valid and binding obligations, enforceable in accordance with their respective terms, subject to bankruptcy and similar laws affecting the remedies or rights of creditors generally.

(c) Power and Authority. Seller has the full power and authority to enter into this Agreement and to assume and perform all of its obligations hereunder.

(d) Proceedings and Open Matters. There are no actions, suits or proceedings against Seller or the Property pending or, to the best of Seller's knowledge threatened, which, if determined adversely, would in any way be binding upon Buyer or its successors and assigns or affect or limit Buyer's or its successors' or assigns' full use and enjoyment of the Property or which would limit or restrict in any way Seller's right or ability to enter into this Agreement and consummate the transactions contemplated hereby. Seller represents that as of the Effective Date, **Exhibit F** hereto sets out a complete and fully accurate summary of the on-going proceedings to enforce Seller's right to its existing building permits

for the Property and the Seller Related Parties' (as defined on **Exhibit F**) efforts to obtain a Special Variance from the County's Basic Service Map Standards for Transportation regarding the Falls/Joppa Concourse (the "**Seller Litigation**"), which proceedings and efforts do not and would not, to the best of Seller's Knowledge, in any way be binding upon Buyer or its successors and assigns or affect or limit Buyer's or its successors' or assigns' full use and enjoyment of the Property or which would limit or restrict in any way Seller's right or ability to enter into this Agreement and consummate the transactions contemplated hereby.

(e) No Foreign Person. Seller is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended.

(f) Purchase Rights. Seller has not granted to any person or entity (other than Buyer) any options, warrants, rights of first offer, rights of first refusal or other agreements of any kind, pursuant to which such person or entity will have acquired or will have any right to acquire title to all or any portion of the Property.

(g) Environmental Matters. (i) To the best of Seller's Knowledge and to Seller's actual Knowledge based on the Phase 1 Environmental Report by Connor dated March 7, 2006 and attached hereto as Exhibit G, no prior owners of the Property have used, generated, stored, spilled, disposed of or released any Hazardous Materials on the Property, or transported Hazardous Materials to or from the Property; (ii) Seller has not used, generated, stored, spilled, disposed of or released any Hazardous Materials on the Property, or transported Hazardous Materials to or from the Property; (iii) to the best of Seller's Knowledge, the Property is in compliance with all Environmental Laws; (iv) to the best of Seller's Knowledge, the Property is not subject to any private or governmental lien or judicial or administrative notice, action, proceeding or inquiry, investigation or claim relating to Hazardous Materials; and (v) to the best of Seller's Knowledge, no underground storage tanks existed on the Property or exist currently on the Property. As used herein, the term "**Hazardous Materials**" means any product, substance, chemical, material or waste whose presence, nature, quantity and/or intensity of existence, use, manufacture, processing, treatment, storage, disposal, transportation, spill, release or effect, either by itself or in combination with other materials on or expected to be on the Property, that is either (1) regulated, monitored, or subject to reporting by any Governmental Authority; or (2) a basis for potential liability to any Governmental Authority or a third party under any applicable statute or common law theory. Without limiting the foregoing, the term "Hazardous Materials" includes, but is not limited to, hydrocarbons, petroleum, gasoline, crude oil or any products or byproducts thereof. As used herein, the term "**Environmental Laws**" means any federal, state or local statute, law, ordinance, code, rule, order, regulation, decree, permit, license or judgment pertaining to or imposing liability or standards of conduct concerning environmental regulation, contamination or clean-up.

(h) Compliance with Laws. To the best of Seller's Knowledge: (i) the Property complies with all applicable statutes, laws, ordinances, codes, rules, orders, regulations, decrees, permits, licenses, and other governmental approvals ("**Legal Requirements**"), (ii) Seller has not received notice from any Governmental Authority of any violations of any Legal Requirements affecting the Property; and (iii) Seller has no outstanding

current or future performance or payment obligations or commitments to any Government Authorities pursuant to any Legal Requirements and the Property Agreements (as hereinafter defined).

(i) Condemnation. To the best of Seller's Knowledge, no condemnation or eminent domain proceeding is pending or threatened against the Property.

(j) Liens. All bills and claims for labor performed and materials furnished to or for the benefit of the Property currently due and contracted for by Seller under any construction or other contracts have been paid in full or will be paid in full on or before the date of Closing.

(k) Leases and Other Agreements. There are no leases, occupancy agreements, licenses or other agreements, contract rights or other arrangements with third parties affecting or pertaining to the Property or any part thereof (collectively, "**Property Agreements**") except for: matters disclosed in the Title Binder and leases to Brick Bodies Fitness Services, Inc. and to Green Spring Racquet Club, LLC ("**Leases**"). Except as reflected in the Property Agreements, Seller has not made, and will not make, any commitments to applicable Governmental Authorities, any adjoining or surrounding land owners, any civic or neighborhood association, any utility supplier or any other third party that would be applicable to the Property after the Closing. Other than those agreements Buyer might affirmatively elect to continue after Closing, there are no management, employment, service, equipment, supply, maintenance, water, sewer, or other utility or concession agreements with respect to or affecting the Property which will burden the Property or Buyer after Closing in any manner whatsoever.

(l) Status of Property Agreements. The copies of the Property Agreements delivered to Buyer are true, correct and complete in all respects and contain all amendments thereto. There are no defaults under any of the Property Agreements and there are no facts or occurrences which with the passage of time or the giving of notice would constitute a default under any of the Property Agreements. At Buyer's direction, Seller shall terminate, at its sole cost, expense and liability, the Property Agreement identified by Buyer to be terminated.

(m) Liens. No assessments or charges for any public improvements have been made against the Property which remain unpaid, no improvements to the Property or any roads or facilities abutting the Property have been made or ordered for which a lien, assessment or charge can be filed or made, and Seller has no Knowledge of any plans for improvements by any Governmental Authority which might result in a special assessment against the Property. Seller has incurred no obligations relating to the installation of or connection to any sanitary sewers or storm sewers or other facilities which shall be enforceable against the Property, and all public improvements ordered, advertised, commenced or completed prior to the Effective Date shall be paid for in full by Seller prior to Closing.

(n) No Insolvency. Seller has not voluntarily filed any bankruptcy or insolvency proceeding or received notice that any person has made such a filing against Seller

or its members involuntarily, nor has any receivership (including any regulatory receivership or seizure) been commenced or threatened against Seller.

(o) OFAC. Seller, and all beneficial owners of Seller, are in compliance with all laws, statutes, rules and regulations of any federal, state or local Governmental Authority in the United States of America concerning anti-terrorism and applicable to such persons or entities, including without limitation, the requirements of Executive Order No. 13224, 66 Fed Reg. 49079 (Sept. 25, 2001) (the "**Order**") and other similar requirements contained in the rules and regulations of the Office of Foreign Asset Control, Department of the Treasury ("**OFAC**") and in any enabling legislation or other Executive Orders in respect thereof (the Order and such other rules, regulations, legislation or orders are collectively called the "**Orders**").

(p) Blocked Persons List. Neither Seller, nor any beneficial owner of Seller: (i) is listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Order and/or on any other list of terrorist or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the "**Lists**"); (ii) is a person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Orders; or (iii) is owned or controlled by, or acts for or on behalf of, any person or entity on the Lists or any other person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Orders.

(q) Survival. The foregoing Seller's representations and warranties shall survive the Closing of this transaction for the period eighteen (18) months from the Closing Date (and only as to the status of facts as they exist as of the Closing, it being understood that Seller makes no representations or warranties which would apply to changes or other matters occurring after the Closing) and no action on such representations and warranties may be commenced after such expiration.

(r) Intentionally Deleted.

(s) Bank Drive Through. Upon Buyer's request, and provided Buyer pays all reasonable costs and expenses of the Seller (or affiliate thereof that is the landlord (such party is the "**AGSSP**"), the AGSSP shall use commercially reasonable efforts to cause the Bank Drive Through (identified on Exhibit D) to be enhanced and improved in place, or to be relocated to a location reasonably acceptable to Buyer, the Bank and the AGSSP.

(t) Seller's Knowledge. As used herein the term "**Seller's Knowledge**" or words of similar import means the actual knowledge after reasonable investigation of Thomas L. Peddy and Herbert A. Fredeking who are the representatives of Seller. Thomas L. Peddy and Herbert A. Fredeking are the representatives of Seller most likely to have knowledge of material facts concerning the Property and the transaction. The actual knowledge of such individual is used solely for purposes of defining the scope of Seller's Knowledge and shall not impose any liability on such individual.

6. **REPRESENTATIONS AND WARRANTIES OF BUYER.** Buyer hereby represents and warrants to Seller as follows:

(a) Formation. Buyer is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State of Maryland.

(b) Binding and Enforceable. Subject to approval of the Boards, the execution and delivery of this Agreement, and the carrying out of the transactions contemplated by this Agreement, and the performance and observance of the terms, agreements and provisions herein, have been duly authorized by all necessary action of the Buyer. Upon approval of the Boards, as described in Section 4, the execution, delivery and performance by Buyer of its obligations under this Agreement and the documents required hereunder to be executed by it do not and will not (i) require any approval or consent of any trustee or holder of any indebtedness or obligation of Buyer or any other person other than such consents and approvals as have been obtained, and (ii) none of the foregoing requires any action by or in respect of, or filing with, any governmental body, agency or official or contravenes or constitutes a default under any provision of applicable law or regulation, or any agreement, judgment, injunction, order, decree or other instrument binding upon Buyer.

(c) Power and Authority. Subject to approval of the Boards, Buyer has full power and authority to enter into this Agreement and to assume and perform all of its obligations hereunder.

(d) Commercially Reasonable Efforts. Buyer shall use commercially reasonable efforts, which for the avoidance of doubt does not include any obligation to appeal adverse decisions, to satisfy the Conditions Precedent to Closing set out in Sections 8(a)(vii) and 8(a)(viii) below.

(e) Survival. The foregoing Buyer's representations and warranties shall survive the Closing of this transaction for the period of eighteen (18) months from the Closing Date.

(f) Adequate Parking on Site to be Provided in Hopkins Plans. In satisfying the Condition Precedent to Closing set out in Section 8(a)(vii), Buyer agrees that its development plans, building plans and applications for approval shall provide for parking at a ratio of 4.275 spaces to 1,000 square feet of building space on the Property for the Hopkins Project and shall not rely upon parking on Seller's or Seller Related Entities' properties to satisfy County parking requirements.

(g) As Is Condition. Subject to the representations and warranties of Seller in Section 5 of this Agreement and the provisions of Sections 7 and 8 below, Buyer is purchasing the Property in its "AS IS" condition. Buyer represents and warrants that (i) it is a sophisticated purchaser of real property, (ii) it has been given ample and adequate opportunity

to investigate the Property and such matters related thereto as are usual and customary and/or which Buyer deems necessary or appropriate, (iii) it is being permitted adequate opportunity to conduct all such investigations which are usual and customary and/or which Buyer deems necessary or appropriate, and (iv) it is agreeing to purchase the Property solely in reliance upon its own investigations and, except for the express representations and warranties of Seller in Section 5 hereof and the provisions of Sections 7 and 8 below, not in reliance upon any representation or warranty of Seller.

7. **CONDITION OF THE PROPERTY BEFORE CLOSING.**

(a) Maintenance of the Property. Between the Effective Date and the Closing Date, Seller shall maintain the Property in a reasonable condition which shall be no less than the condition required pursuant to that certain Amended, Restated and Consolidated Indemnity Deed of Trust, Assignment and Security Agreement dated August 25, 2010 and recorded amongst the Land Records of Baltimore County, Maryland in Liber RDA, Jr. No. 29832, folio 167. Seller also shall perform and observe all of the obligations on Seller's part to perform and observe under the Property Agreements and shall comply with all Legal Requirements and Environmental Laws.

(b) New Agreements. From and after the Effective Date, Seller shall not lease any portion of the Property or enter into any new Property Agreements without Buyer's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned. It shall not be unreasonable for Buyer to withhold its consent for any such lease or new Property Agreement if the term thereof extends beyond the Closing Date.

(c) Condemnation. If a condemnation occurs before the Closing Date, and such condemnation has a materially adverse impact on the Property, the Hopkins Project and/or the development thereof, as determined in Buyer's reasonable discretion, the Buyer, in its sole discretion, may elect by written notice to Seller to either: (i) proceed with Closing and take an assignment of Seller's rights to any condemnation award, or (ii) cancel this Agreement, in which event, the Deposit (including any portion thereof released to Seller) shall be returned to Buyer and this Agreement shall terminate and neither party shall have any rights or obligations hereunder except for those that may survive termination.

(d) Casualty. Seller shall bear the risk of all loss or damage to the Property from all causes until Closing. Seller represents that it has, and will maintain pending Closing, a policy of fire and extended coverage insurance in amounts to be reviewed and reasonably approved by Buyer prior to approval of this Agreement by the Boards. Such policy shall be endorsed as of the Effective Date to add Buyer as an additional insured. Seller will deliver to Buyer within five (5) days after the Effective Date a certificate issued by such insurer evidencing that such policy is in effect, that it will not be canceled without at least thirty (30) days' prior written notice to Buyer. If at any time prior to Closing any portion of the Property is destroyed or damaged as a result of fire or any other casualty whatsoever, Seller shall promptly give written notice thereof to Buyer. If the cost of repair exceeds $100,000.00, Buyer may elect

to terminate this Agreement. Otherwise, Buyer shall proceed with Closing notwithstanding such casualty. All insurance proceeds shall belong to Buyer if Buyer proceeds with Closing.

8. CONDITIONS PRECEDENT TO CLOSING.

(a) Buyer's Conditions. The obligation of Buyer to purchase the Property from Seller is subject to the satisfaction of the following conditions on or before the Closing Date, any of which may be waived in whole or in part by Buyer, but only in writing at or prior to Closing:

(i) At the Closing, the Seller shall be the sole legal and beneficial owner of, and will have good and marketable title to, the Property free and clear of all liens, mortgages, pledges, encumbrances, agreements, specifically including the Leases, easements, security interests and charges of whatever kind and character excepting only the Special Exceptions [but excluding Special Exceptions 5, 6, 7, 8 and 10 thereof] set forth in the title binder dated January 6, 2014 (the "**Title Binder**"), issued by Stewart Title Guaranty Company (the "**Permitted Exceptions**"), a copy of which has been delivered to Seller.

(ii) There shall be no material adverse change in the physical condition or title to the Property between the Effective Date and the Closing Date.

(iii) Seller shall not have received any written notice of any litigation, claim, action or proceeding, actual or threatened, by an organization, person, individual or governmental agency which would materially and adversely affect the use, occupancy or value of the Property or any part thereof. Buyer and Seller agree and acknowledge that Seller Litigation is not intended to be a part of the prohibition of the preceding sentence.

(iv) Seller shall not have received any written notice of violations with respect to the Property by any Governmental Authority, which would materially and adversely affect the use, occupancy, or value of the Property or any part thereof.

(v) There shall not be any material error, misstatement or omission in Seller's representations or warranties contained in this Agreement. The representations or warranties of Seller contained herein shall be true and correct in all material respects as of the Closing Date, with the same force and effect as though made on and as of the Closing Date. All covenants and agreements made by Seller, which are to be completed on, or before the Closing Date shall have been performed in all material respects and all documents to be delivered by Seller at the Closing Date shall have been delivered.

(vi) The matters set out in Sections 8(a)(i)-8(a)(v) are the "**Required Conditions.**"

(vii) Buyer shall have received all final and non-appealable governmental approvals necessary to allow it to develop a medical office building of not less

than 110,000 square feet; provided, however, if Buyer determines that it is unable to receive all final and non-appealable governmental approvals necessary to allow it to develop a medical office building of not less than 110,000 square feet, Buyer will use commercially reasonable efforts (without any obligation to appeal adverse determinations) to obtain all final and non-appealable governmental approvals necessary to allow it to develop a medical office building of not less than 85,000 square feet (the "**Smaller Building**") and if Buyer obtains all final and non-appealable governmental approvals necessary to allow it to develop the Smaller Building, this condition shall be deemed to be satisfied. The foregoing is the "**Hopkins Project**."

(viii) Buyer shall have received all final and non-appealable governmental approvals necessary to allow it to own and operate not less than four (4) multi-specialty operating rooms within the Hopkins Project.

(ix) Seller shall have removed all of its personal property from the Land (and improvements thereon). If Seller fails to do so, Buyer will hold back Twenty Five Thousand Dollars ($25,000) of the Purchase Price (the "**Hold Back**") and will use the Hold Back to offset Buyer's costs in removing all such personal property. If such personal property is not removed by Seller within sixty days of the Closing Date, it shall be deemed to have been abandoned, in which case Buyer may store or dispose of the same at Seller's expense, appropriate the same for itself, and/or sell the same in its discretion. Hold Back monies that remain, less 5% overhead charges to be retained by Buyer shall be paid by Buyer to Seller within one hundred twenty (120) days after Closing.

(b) Failure of Buyer's Conditions. If any of the foregoing conditions in this Section 8 for the benefit of Buyer (including the Required Conditions) shall fail to be satisfied on or before the Closing Date, Buyer may, at its election: (i) terminate its obligations to purchase the Property; or (ii) waive such condition and complete the purchase of the Property without any reduction in the Purchase Price. Additionally if any Required Conditions are not satisfied, Buyer may declare a default hereunder.

8.5 BUYER TERMINATION RIGHT.

(a) Termination Right. Upon prior written notice to each of Seller and Escrow Agent, Buyer shall have the right to terminate this Agreement:

(i) in the event Buyer is denied (at the initial or any subsequent level) any governmental approval necessary to allow it to:

(A) own and operate not less than four (4) multi-specialty operating rooms at the Hopkins Project; or

(B) to develop the Smaller Building; or

(ii) if Board Approval is not received; or

(iii) in accordance with Section 4.5 above; or

(iv) in accordance with Section 7(c) – 7(d) above; or

(iv) in accordance with any other provision of this Agreement which allows Buyer to terminate this Agreement.

In the event of such termination, no future payments of the Deposit shall be made, all monies not theretofore released by Escrow Agent to Seller shall be returned to Buyer and Seller shall keep, as its sole and exclusive remedy, all monies previously paid to it pursuant to this Agreement. For the avoidance of doubt, Buyer is not obligated to appeal adverse decisions.

9. **CLOSING.**

(a) Date. (i) Closing shall take place between May 1, 2016 and July 31, 2016 (the "**Closing Date**") on a date, time and place to be agreed upon; provided, however the Closing Date shall occur not later than 5:00 p.m. (prevailing Baltimore, Maryland time) July 31, 2016 at Seller's corporate offices in Lutherville, Maryland.

(ii) Buyer may elect to extend the Closing Date until July 31, 2017 (the "**Extension**") by:

(A) notifying each of Seller and Escrow Agent of the Extension not later than February 15, 2016; and

(B) paying Seller $35,833.00 per month (such amount is the "**Closing Delay Payment**") on the last day of each month commencing on July 31, 2016 and terminating on the first to occur of:

(I) June 30, 2017;

(II) the date of Closing; or

(III) on the date Buyer sends notice of termination of this Agreement pursuant to Section 8.5 above.

The Closing Delay Payment shall not be credited against the Purchase Price and Seller shall be responsible for all taxes in connection therewith. The Closing Delay Payment is Seller's exclusive remedy for the extension of the Closing Date. The term "**Closure Notice**" means a notice sent from Buyer to Seller stating that Buyer is prepared to proceed to Closing, subject to Seller's satisfaction of the Required Conditions, or Buyer's waiver thereof, in ten (10) days ("**Closure Notice Date**"). In the event of the Extension, Seller and Buyer shall use reasonable efforts to cause Closing to occur on the Closure Notice Date, provided, however, the Closing shall not occur prior to May 1 nor after July 31 in any year, unless otherwise agreed to by the Parties.

(b) Seller's Deliveries. At the Closing, Seller shall satisfy the following conditions:

(i) Seller shall execute and deliver to Buyer a duly executed and acknowledged special warranty deed with covenants of further assurance and without encumbrance, in form reasonably acceptable to Buyer, free of all liens and encumbrances, in proper form for recording, conveying Seller's interest in the Property to Buyer, subject only to Permitted Exceptions (the "**Special Warranty Deed**");

(ii) Seller shall execute and deliver to Buyer any and all customary affidavits, certificates and lien waivers in form and substance mutually acceptable to Stewart Title Company and Seller to enable Stewart Title Company to insure Buyer's title to the Property at standard rates free from any "standard" or pre-printed exception in the Title Binder and free from any liens and encumbrances, other than the Permitted Exceptions;

(iii) Seller shall execute and deliver to Buyer a certificate of Seller as to the warranties and representations referred to in Section 5 hereof being true and correct as of the Closing Date;

(iv) Seller shall execute and deliver to Buyer an affidavit as to "foreign persons" referred to in Section 5 hereof;

(v) Seller shall execute and deliver to Buyer a settlement statement with respect to the Closing acceptable to Buyer;

(vi) Seller shall execute and deliver to Buyer any transfer tax forms required by the applicable jurisdiction;

(vii) Seller shall deliver to Buyer evidence of Seller's authority to consummate the transactions contemplated by this Agreement as reasonably required by Buyer or Stewart Title Company;

(viii) Seller shall deliver to Buyer an assignment of its rights under such Property Agreements as Buyer shall designate;

(ix) Seller shall deliver to Buyer the Post Closing Agreement attached hereto as **Exhibit E** fully signed by Seller and Seller Related Parties (except for Buyer), expressly including the easements described in Section 6 and a Memorandum, to be recorded in the land records, to give notice of the purchase rights described in Section 5 thereof; and

(x) Seller shall deliver to Buyer such other instruments as Buyer shall reasonably require or shall be anticipated by the terms hereof.

(c) Buyer's Deliveries. At Closing, the Buyer shall satisfy the following conditions:

(i) Buyer shall deliver to Seller evidence of Buyer's authority to consummate the transaction contemplated by this Agreement;

(ii) Buyer shall execute and deliver to Seller a settlement statement with respect to the Closing acceptable to Seller;

(iii) Buyer shall make the payments set forth in Section 3(a)(ii) of this Agreement, along with any other apportionments or payments due hereunder; and

(iv) Buyer shall deliver to Seller such other instruments as Seller shall reasonably require or shall be anticipated by the terms hereof.

(d) Closing Costs and Adjustments. Buyer shall pay the costs of all state and local transfer and recordation taxes, deed stamps and similar taxes with respect to the conveyance of the Property. Buyer shall be responsible for paying the cost of the title insurance premium charged by Stewart Title Company in connection with the issuance of a title policy, its attorneys' fees, all engineering, surveys or other reports procured by Buyer in connection with its due diligence and any cost associated with Buyer's financing of the Property, if any. Ad valorem property taxes, personal property, real estate taxes, and all other public or governmental charges or assessments against the Property, which are or may be payable on an annual basis (excluding delinquent charges or interest, all of which shall be paid by Seller) due, previously paid, or to be levied against the Property (the "**Taxes**") for the tax year in which Closing shall occur shall be prorated with Seller being responsible for all such Taxes through the last day prior to the day of Closing. Buyer shall be responsible for paying the balance of all such Taxes for the tax year in which Closing shall occur. Seller shall be responsible for paying any unpaid Taxes for any tax year prior to Closing. All utilities, if any, shall be apportioned and adjusted between Seller and Buyer as of the last day prior to the day of Closing and are to be assumed and paid thereafter by Buyer.

10. DEFAULT AND REMEDIES.

(a) Seller Default. If Seller defaults or fails to perform any of the conditions or obligations of Seller under this Agreement, then Buyer may (i) proceed by an action for specific performance; (ii) elect to terminate this Agreement by giving written notice to Seller, in which event Escrow Agent shall release the Deposit to Buyer; or (iii) instruct Escrow Agent to release the Deposit to Buyer and initiate a suit for actual damages against Seller which damages expressly include: all monies expended by Buyer in good faith in connection with the consummation of this Agreement (including, but not limited to, the Deposit) and the Hopkins Project (collectively "**Actual Damages**"). Seller's liability for Actual Damages shall be capped at ten percent (10%) of the Purchase Price plus the any part of the Closing Delay Payment, if any, paid to the Seller.

(b) Buyer Default. If Buyer defaults or fails to perform any of the covenants or conditions of Buyer under this Agreement, then Seller may terminate this

Agreement, retain and/or receive the Deposit (including the remaining Deposit, if any in the Escrow Account, which Escrow Agent shall thereby be authorized to disperse to Seller) and seek damages in an amount not to exceed 10 percent (10%) of the Purchase Price (the "**Liability Cap**"). Seller expressly waives all other rights and remedies as the result of Buyer's default. Any portion of the Deposit and the Closing Delay Payment paid to Seller shall act as a credit against, and therefore shall reduce, the Liability Cap.

(c) Survival. This section 10 shall survive termination of this Agreement.

11. OTHER PROVISIONS.

(a) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument.

(b) Entire Agreement. This Agreement contains the entire agreement between the Parties, and supersedes all prior and contemporaneous understandings and agreements, whether oral or in writing, between the Parties respecting the subject matter hereof. There are no representations, agreements, arrangements or understandings, oral or in writing, between or among the Parties to this Agreement relating to the subject matter of this Agreement which are not fully expressed in this Agreement.

(c) Construction. The provisions of this Agreement shall be construed as to their fair meaning, and not for or against any party based upon any attribution to such party as the source of the language in question. Headings used in this Agreement are for convenience of reference only and shall not be used in construing this Agreement.

(d) Applicable Law. This Agreement shall be governed by the laws of the State of Maryland.

(e) Severability. If any term, covenant, condition or provision of this Agreement, or the application thereof to any person or circumstance, shall to any extent be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions or provisions of this Agreement, or the application thereof to any person or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

(f) Waiver of Covenants, Conditions and Remedies. The waiver by one party of the performance of any covenant, condition or promise under this Agreement shall not invalidate this Agreement nor shall it be considered a waiver by it of any other covenant, condition or promise under this Agreement. The waiver by either or both Parties of the time for performing any act under this Agreement shall not constitute a waiver of the time for performing any other act or an identical act required to be performed at a later time.

(g) Exhibits. All exhibits to which reference is made in this Agreement are deemed incorporated into this Agreement and made a part hereof, whether or not actually attached.

(h) Amendment. This Agreement may be amended at any time by the written agreement of Buyer and Seller. All amendments, changes, revisions and discharges of this Agreement, in whole or in part, and from time to time, shall be binding upon the Parties despite any lack of legal consideration, so long as the same shall be in writing and executed by the Parties hereto.

(i) Relationship of Parties. The Parties agree that their relationship is that of seller and buyer, and that nothing contained herein shall constitute either party the agent or legal representative of the other for any purpose whatsoever, nor shall this Agreement be deemed to create any form of business organization between the Parties hereto, nor is either party granted any right or authority to assume or create any obligation or responsibility on behalf of the other party, nor shall either party be in any way liable for any debt of the other.

(j) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties to this Agreement; provided; however that the Parties to this Agreement shall remain liable hereunder notwithstanding any such assignment.

(k) Further Acts. Each party agrees to perform any further acts and to execute, acknowledge and deliver any documents which may be reasonably necessary to carry out the provisions of this Agreement.

(l) No Recording. Neither Seller nor Buyer may record this Agreement or a memorandum of this Agreement. If a party fails to comply with the terms hereof by recording or attempting to record this Agreement or a notice thereof, such act shall not operate to bind or cloud the title to the Property, but the other party shall, nevertheless, have the right forthwith to institute appropriate legal proceedings to have the same removed from record. However, the filing of this Agreement in any lawsuit or other proceedings in which such document is relevant or material shall not be deemed to be a violation of this Section 11(l).

(m) Attorneys' Fees. In the event of any litigation involving the Parties to this Agreement to (i) enforce any provision of this Agreement, (ii) enforce any remedy available upon default under this Agreement, or (iii) seek a declaration of the rights of either party under this Agreement, subject to section 10 above, the prevailing party shall be entitled to recover from the other such attorneys' fees and costs as may be reasonably incurred, including the costs of reasonable investigation, preparation and professional or expert consultation incurred by reason of such litigation. All other attorneys' fees and costs relating to this Agreement and the transactions contemplated hereby shall be borne by the party incurring the same.

(n) Confidentiality. Notwithstanding anything to the contrary contained elsewhere herein, Buyer and Seller each hereby acknowledge that this transaction shall be treated as confidential. In connection therewith, Buyer and Seller further acknowledge that neither will disclose any of the contents or information contained in or obtained as a result of any investigation, reports or studies, financial or otherwise, undertaken or done pursuant to this Agreement, to the public or any third party not having a bona fide interest in any transaction contemplated by this Agreement, unless such disclosure is mandated by law. Buyer and Seller will advise any of their respective employees, agents or such third parties of the confidential nature of such material or information.

(o) Broker Commissions. Each party warrants to the other that no person, firm or individual is entitled to or has a claim for a commission or fee arising out of the purchase and sale of the Property. Each party shall and does hereby indemnify and hold harmless the other such party from and against any claim for any broker's fees, consulting fee, finder's fee, commission, or like compensation, including reasonable attorney's fees in defense thereof, payable in connection with any transaction contemplated hereby and asserted by any third party arising out of any act or agreement by the indemnifying party.

(p) Notices. All notices and demands which either party is required or desires to give to the other shall be given in writing by personal delivery, express courier service, or certified mail, return receipt requested. All notices and demands so given shall be effective upon the delivery, mailing or sending of the same to the party to whom notice or a demand is given, if personally delivered, and within two (2) days or upon receipt, whichever is earlier, if sent by express courier service or certified mail, return receipt requested.

SELLER: GSS Properties LLC
c/o Foxleigh Enterprises, Inc.
10749 Falls Road
The Gate House
Suite 200
Lutherville, Maryland 21093
Attn: Herbert A. Fredeking

with a copy to:

Priscilla K. Carroll, Esq.
Bowie & Jensen, LLC
29 Susquehanna Avenue, Suite 600
Towson, Maryland 21204

BUYER: The Johns Hopkins Health System Corporation
c/o Johns Hopkins Medical Management Corporation
2330 W. Joppa Road, Suite 320
Lutherville, Maryland 21093
Attn: W. Gill Wylie

with a copy to:

Samuel H. Clark, Jr.
Senior Counsel
The Johns Hopkins Health System Corporation
5801 Smith Avenue
McAuley Hall, Suite 310
Baltimore, Maryland 21209

ESCROW AGENT:

Stewart Title Company
Attn: Jack Kieley
401 E. Pratt Street, Suite 611
Baltimore, MD 21202

(q) Press Releases. Seller and Buyer agree that they will not make any public statement, including without limitation, any press release, with respect to this Agreement and the transactions contemplated hereby without first allowing the other party an opportunity to review such statement and render an approval thereof, which approval shall not be unreasonably withheld or delayed by either party. It is the intention of this subparagraph that Seller and Buyer must agree as to the timing and content of any information contained in any public statement or press release regarding the transaction contemplated hereby. The Parties agree to exercise reasonableness when asked to consent to the content of any such press release or other public statement regarding this transaction.

(r) Sophistication of Parties. Each party hereto hereby acknowledges and agrees that it has consulted legal counsel in connection with the negotiation of this Agreement and that it has bargaining power equal to that of the other Parties hereto in connection with the negotiation and execution of this Agreement. Accordingly, the Parties hereto agree the rule of contract construction to the effect that an agreement shall be construed against the draftsman shall have no application in the construction or interpretation of this Agreement.

(s) Assignment. Buyer shall have the right to assign any or all of its rights under the provisions of this Agreement to any subsidiary or affiliate of Buyer, and Buyer may designate any subsidiary or affiliate of Buyer to take title to the Property but in the event of any such assignment Buyer shall remain responsible for the performance of all the Buyer's covenants under this Agreement.

(t) Section 1031 Exchange. Upon the request of the Seller, to be made not later than three (3) days prior to the Closing Date, Buyer agrees to reasonably

cooperate with the Seller in structuring the sale of the Property as contemplated by this Agreement as part of a like-kind exchange pursuant to Section 1031 of the Internal Revenue Code ("Code"). Buyer agrees to take such reasonable steps and execute such reasonable documents as may be reasonably required by Seller in order to substitute a qualified intermediary (within the meaning of the Code) to act in the place of Seller. Buyer shall not be required to incur any expense, to assume any liability, or to be in the chain of title of any exchange property. The like-kind exchange shall not reduce, diminish or adversely affect Buyer's rights or remedies under this Agreement in any respect, nor shall the consummation of the exchange cause any delay in the Closing Date. Additionally, in the event of an exchange, Seller shall remain responsible for the performance of all the Seller's covenants under this Agreement. Buyer will have no responsibility or obligation for any tax incidents or consequences in connection with the exchange. Seller hereby indemnifies, and agrees to defend and hold Buyer harmless from and against any third party claim, demand, expense, cost or other liability arising out of or in connection with any act or omission by Seller in relation to the like-kind exchanges that causes such third party claim.

(u) Secondary Sale Contracts. During the term of this Agreement, Seller agrees that it shall not market the Property for sale, continue to negotiate with other Parties for the sale of the Property, or enter into secondary letters of intent or secondary contracts for the sale of the Property.

Signature Page Follows

IN WITNESS WHEREOF, the Parties have duly executed this Agreement by their hands as of the day and year first above written.

WITNESS:

Priscilla Carroll

GSS PROPERTIES LLC

By: Thomas L Peddy
Authorized Member: TLPEDDY

Date: 5-23-14

WITNESS:

Gary S. Day

THE JOHNS HOPKINS HEALTH SYSTEM CORPORATION

By:
Ronald R. Peterson, President

Date: 6/3/14

JOINDER BY THOMAS L. PEDDY AND HERBERT A. FREDEKING

Thomas L. Peddy and Herbert A. Fredeking join herein solely for the purpose of acknowledging and agreeing to the representations of the Seller in Section 5 hereof.

WITNESS:

Priscilla Carroll

By: Thomas L Peddy
Thomas L. Peddy Date: 5-23-14

WITNESS:

Priscilla Carroll

By:
Herbert A. Fredeking Date: 5-23-14

JOINDER BY ESCROW AGENT

The Escrow Agent joins herein solely to acknowledge its rights and responsibilities under this Agreement.

WITNESS:

STEWART TITLE GUARANTY COMPANY

By: _____
JOHN T. KELLEY
SR VP / Stewart Title

Exhibit A Legal Description of the Property

Exhibit B Plat Showing Area of Concern

Exhibit C Intentionally Deleted.

Exhibit D Map of Bank Drive through Location

Exhibit E Post Closing Agreement

Exhibit F Outline of Seller Litigation

Exhibit G Phase 1 Environmental Report by Connor dated March 7, 2006

July 31, 2015

Mr. Gill Wylie
Johns Hopkins Surgery Center Series
c/o Johns Hopkins Medical Management Corporation
2330 W. Joppa Road
Suite 301
Lutherville, MD 21093

email: gwylie@jhmi.edu

Re: Proposal for Johns Hopkins Surgery Center Series at Green Spring Station

Dear Gill:

As a follow-up to our conversations, we are pleased to outline herein the following terms and conditions for the lease of medical office space to *Johns Hopkins Surgery Center Series* at Green Spring Station:

Tenant:	Johns Hopkins Surgery Center Series
Landlord:	Johns Hopkins Suburban Health Center, LP
Use:	Medical Office/Surgery Center Use and any other use permitted under applicable law
Location:	Within a to be constructed building to be known as Pavilion III at Green Spring Station ("Pavilion III")
Premises:	A suite containing approximately 27,804 rentable square feet located on the third floor of Pavilion III.
Lease Commencement Date:	To be determined.
Rent Commencement Date:	Rent will commence upon substantial completion of Tenant's Improvements.
Lease Term and Rental Rate:	Twenty-Five (25) years from the Rent Commencement Date. Base Rent is $22.88 per square foot, net of utilities and janitorial services. The Base Rent will escalate by 2% on each anniversary of the Lease Commencement Date.
Operating Expenses and Real Estate Taxes	Tenant shall be responsible for its proportionate share of operating expenses and real estate taxes. Estimated Operating Expenses are $12.02 per rentable square foot.
Tenant Improvements:	Landlord will complete, at Tenant's expense, agreed upon improvements to the Premises. The Landlord will provide Tenant with an allowance of $50.00 per rentable square foot of the Premises. In the event the costs of the Tenant Improvements exceed $50.00 per rentable square foot, the excess shall be amortized at a rate of four percent (4%) per annum over the Term of the Lease and paid as part of the Rent.

Security Deposit:	Not Required
Parking:	Free unassigned parking shall be made available to Tenant on a first come, first serve bases.

It is understood that the Landlord's and Tenant's obligation under this proposal is contingent upon negotiation, review and execution by both parties of a lease document that is satisfactory in form and substance to the Landlord and Tenant. Furthermore, although it is contemplated that Johns Hopkins Suburban Health Center, LP will ultimately own Pavilion III, as of the date hereof Pavilion III does not exist and the land on which Pavilion III is to be constructed (the "Land") is not owned by Johns Hopkins Suburban Health Center, LP. The Johns Hopkins Health System Corporation ("JHHS"), the contract purchaser of the Land, joins herein to evidence its consent to the terms of this proposal and its agreement to recognize this proposal should JHHS not assign its right to purchase the Land to Johns Hopkins Suburban Health Center, LP. To the extent that neither Johns Hopkins Suburban Health Center, LP nor JHHS takes title to the Land, or to the extent that Pavilion III is not constructed, than this proposal shall be void.

Sincerely,

Johns Hopkins Suburban Health Center, LP

By: Johns Hopkins Medical Management Corporation
Its: General Partner

By: _____
W. Gill Wylie
Its: President

The Johns Hopkins Health System Corporation

By: _____
Ronald R. Peterson
Its: President

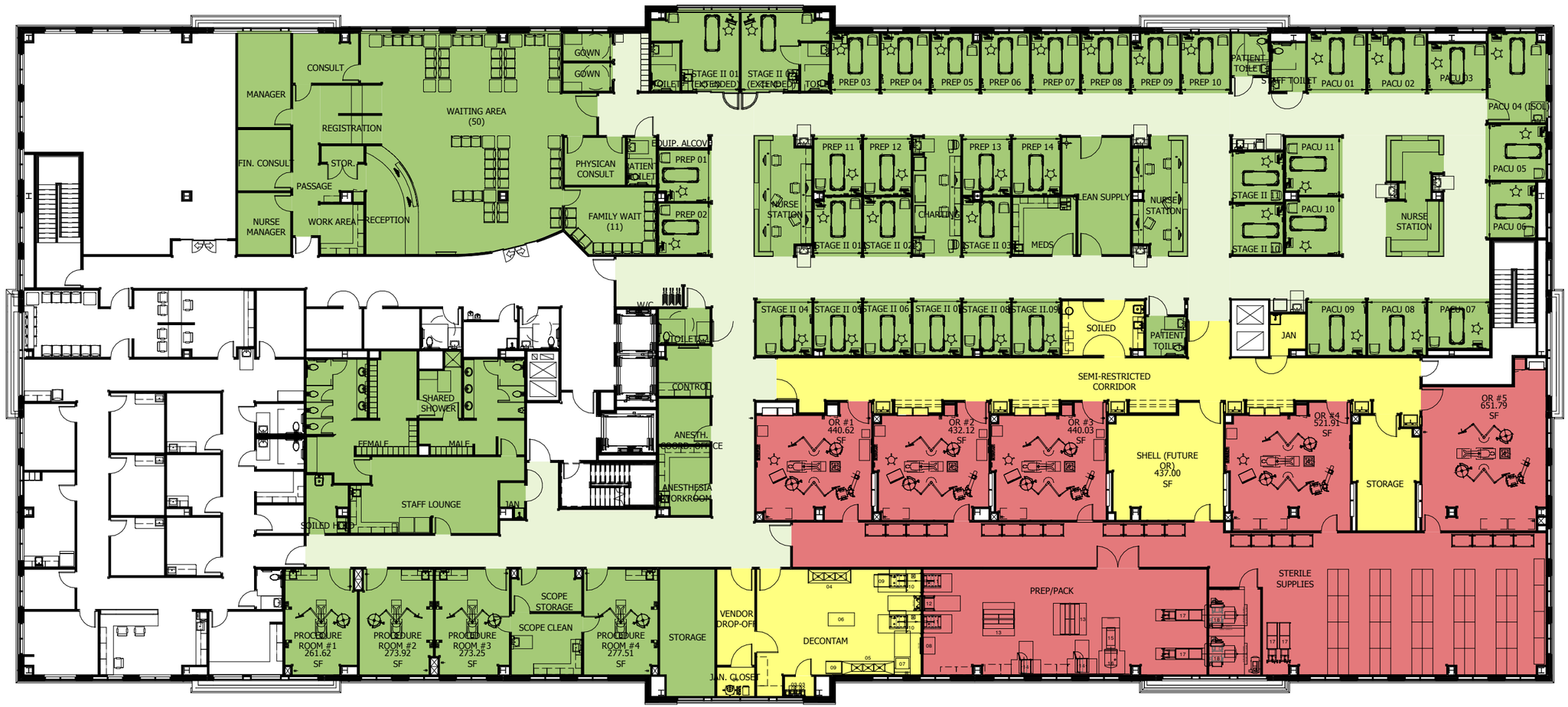
Accepted:
Johns Hopkins Surgery Center Series

By: _____

Name: WALKER G. WYLIE

Title: President

Date: August 5, 2015



Green Spring Station Surgery Center

CON Submission
August 7, 2015

WILMOT SANZ
ARCHITECTURE
PLANNING

This policy applies to The Johns Hopkins Health System Corporation (JHHS) and the following affiliated entity: The Johns Hopkins Surgery Centers Series (JHSCS).

Purpose

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 purpose of the following policy is to describe how applications for Financial Assistance can be made, the criteria for eligibility, and the steps for processing each application.

Ambulatory Surgery Centers that are part of the JHSCS will provide notice and information of the facility's charity care policy 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 shall address any financial concerns of patients, and individual notice regarding the facility's Financial Assistance policy shall be provided to the patient.

Financial Assistance may be extended when a review of a patient's individual financial circumstances has been conducted and documented. Review for Medical Financial Hardship shall include a review of the patient's existing medical expenses and obligations (including any accounts placed in bad debt) and any projected medical expenses. Financial Assistance and Medical Financial Hardship Assistance may be offered to patients whose accounts are with a collection agency and will apply only to those accounts on which a judgment has not been granted, so long as other requirements are met.

A determination of Financial Assistance will be re-evaluated every six (6) months as necessary.

Definitions

Family Income	Patient's and/or responsible party's wages, salaries, earnings, tips, interest, dividends, corporate distributions, rental income, retirement/pension income, Social Security benefits and other income as defined by the Internal Revenue Service, for all members of Immediate Family residing in the household.
Supporting Documentation	Pay stubs; W-2s; 1099s; workers' compensation, Social Security or disability award letters; bank or brokerage statements; tax returns; life insurance policies; real estate assessments and credit bureau reports, Explanation of Benefits to support Medical Debt.

PROCEDURES

1. An evaluation for Financial Assistance can begin in a number of ways. For example:
   - A patient with a self-pay balance due notifies the self-pay collector or collection agency that he/she cannot afford to pay the bill and requests assistance.
   - A patient presents at a clinical area and states that he/she cannot afford to pay the medical expenses associated with his/her current or previous medical services.
   - A physician or other clinician refers a patient seeking care for a Financial Assistance evaluation.

2. JHSCS facilities will designate a person or persons who will be responsible for taking Financial Assistance applications. These staff can be Financial Counselors, Self-Pay Collection Specialists, Administrative staff, Customer Service, etc.

3. Designated staff will meet with patients who request Financial Assistance to determine if they meet preliminary criteria for assistance.

   a. All Financial Assistance applications will be processed within two business days and a determination will be made as to probable eligibility. To facilitate this process, each applicant must provide information about family size and income, (as defined by Medicaid regulations). To help applicants complete the process, the facility will provide a statement of conditional approval that will let them know what paperwork is required for a final determination of eligibility.

4. If the patient is a candidate for assistance, the Financial Representative/Counselor will provide the patient with the following instructions and documents:
   a. Financial Assistance Application (Exhibit A). (Assistance will be provided to patients unable to complete the worksheet.)
   b. Inform the patient that he/she must provide:
      - Evidence that all insurance benefits have been exhausted;
      - A copy of his/her most recent Federal Income Tax Return (if married and filing separately, then also a copy of spouse's tax return and a copy of any other person's tax return whose income is considered part of the family income as defined by Medicaid regulations).
      - A copy of the three (3) most recent pay stubs (if employed) or other evidence of income of any other person whose income is considered part of the family income as defined by Medicaid regulations.
      - A Medical Assistance Notice of Determination (if applicable).
      - Proof of disability income (if applicable).
   c. If unemployed, reasonable proof of unemployment such as statement from the Office of Unemployment Insurance, a statement from current source of financial support, etc.

5. A patient can qualify for Financial Assistance either through lack of sufficient insurance or excessive Medical Debt. Medical Debt is defined as out of pocket expenses excluding copayments, coinsurance and deductibles, for medical costs billed by a Hopkins affiliate. Once a patient has submitted all the required information, the Financial Counselor will review and analyze the application for final determination of eligibility.

6. Facilities have the option to designate certain elective procedures for which no Financial Assistance options will be given.

7. Once a patient is approved for Financial Assistance, Financial Assistance coverage shall be effective for the month of determination and the following six (6) calendar months. If the patient is approved for a percentage allowance due to financial hardship it is recommended that the patient make a good-faith payment at the beginning of the Financial Assistance period. Upon a request from a patient who is uninsured and whose income level falls within the Medical Financial Hardship Income Grid set forth in Appendix B, the facility shall make a payment plan available to the patient. Any payment schedule developed through this policy will ordinarily not last longer than two years. In extraordinary circumstances and with the approval of the designated manager a payment schedule may be extended.

8. Patients who have health coverage and are at or below 200% of Federal Poverty Guidelines can ask for help with out of pocket expenses (co-payments and deductibles) for medical costs resulting from medically necessary care and shall be required to submit a Financial Assistance Application.

9. The JHSCS Financial Assistance 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. If a patient is determined eligible for financial assistance at JHH, JHBMC, or JHBCC and is at or below 200% of the Federal Poverty Line, he or she is deemed eligible for JHSCS Financial Assistance.

REFERENCE[1]

JHHS Finance Policies and Procedures Manual
Policy No. FIN017 - Signature Authority: Patient Financial Services
Policy No. FIN033 - Installment Payments

Charity Care and Bad Debts, AICPA Health Care Audit Guide
Federal Poverty Guidelines (Updated annually) in Federal Register

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Standardized applications for Financial Assistance and Medical Financial Hardship have been developed. Copies are attached to this policy as Exhibits A and B.

RESPONSIBILITIES – Ambulatory Surgery Centers

Financial Counselor (Pre-Admission/Admission/In-House/ Outpatient), Customer Service, Collector, Admissions Coordinator, any Finance representative designated to accept applications for Financial Assistance	Understand current criteria for Assistance qualifications. Identify prospective patients; initiate application process when required. As necessary assist patient in completing application or program specific form. Deliver completed application to Patient Accounting, Financial Representative
Patient Accounting/Financial Representative	Review and ensure completion of final application. Deliver completed final application to appropriate management. Document all transactions in all applicable patient accounts comments. Identify retroactive candidates; initiate application process. Review completed applications; determine patient eligibility; communicate final written determination to patient within 30 business days of receiving completed application. If patient is eligible for reduced cost care, apply the most favorable reduction in charges for which patient qualifies. Advise ineligible patients of other alternatives available to them including installment payments, bank loans, or consideration under the Medical Financial Hardship program if they have not submitted the supplemental application, Exhibit B. [Refer to Appendix B - Medical Financial Hardship Assistance Guidelines.]

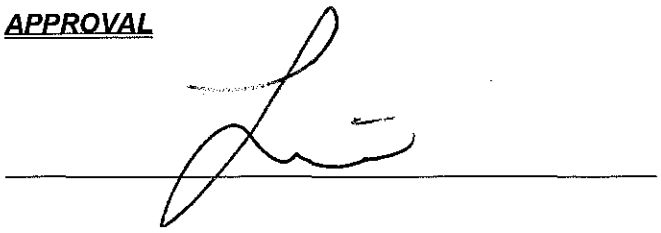
SPONSOR

Finance for Ambulatory Surgery Centers

REVIEW CYCLE

Three (3) years

APPROVAL



7/6/15
Date

APPENDIX A
FINANCIAL ASSISTANCE PROGRAM ELIGIBILITY GUIDELINES

1. Each patient requesting Financial Assistance must complete a Financial Assistance Application (Exhibit A). If a patient wishes to be considered for Medical Financial Hardship, s/he must submit the Medical Financial Hardship Application (Exhibit B).

2. A preliminary application stating family size and family income (as defined by Medicaid regulations) will be accepted and a determination of probable eligibility will be made within two business days of receipt.

3. Proof of income must be provided with the final application. Acceptable proofs include:
   (a) Prior-year tax return;
   (b) Current pay stubs;
   (c) Letter from employer, or if unemployed documentation verifying unemployed status; and
   (d) A credit bureau report obtained by the JHM affiliates and/or Patient Financial Services Department.

4. Patients will be eligible for Financial Assistance if their maximum family (husband and wife, same-sex married couples) income (as defined by Medicaid regulations) level does not exceed 200% of the Federal poverty guidelines that are currently in effect.

5. All financial resources must be used before Financial Assistance can be applied. This includes insurance, Medical Assistance, and all other entitlement programs for which the patient may qualify.

6. Financial Assistance is only applicable to Medically Necessary Care.

7. Each affiliate will determine final eligibility for Financial Assistance within two (2) business days of the day when the application was satisfactorily completed and submitted.

8. Documentation of the final eligibility determination will be made on all (open-balance) patient accounts. A determination notice will be sent to the patient.

9. A determination of eligibility for Financial Assistance based on the submission of a Financial Assistance Application will remain valid for a period of six (6) months based on the date of the determination letter.

10. A patient who is currently receiving Financial Assistance at a Johns Hopkins hospital and is at or below 200% of the Federal Poverty Level will not be required to reapply for Financial Assistance from the Johns Hopkins Surgery Centers Series and will be deemed eligible.

11. All determinations of eligibility for Financial Assistance shall be solely at the discretion of the Johns Hopkins Surgery Centers Series.

12. The Director of Patient Financial Services (or affiliate equivalent) may make exceptions according to individual circumstances.

FINANCIAL ASSISTANCE GRID

Family income at or below the amount indicated means the individual qualifies for Financial Assistance. This chart is intended as a guide; the Federal Poverty Guidelines published most recently in the Federal Register will be used to determine eligibility.

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.

APPENDIX B
MEDICAL FINANCIAL HARDSHIP ASSISTANCE GUIDELINES

Purpose

These guidelines are to provide a separate, supplemental determination of Financial Assistance due to Medical Hardship. This determination will be offered to all patients who apply for Financial Assistance.

Medical Financial Hardship Assistance is also available for patients who are not eligible for Financial Assistance under the primary section of this policy, but for whom:

1.) Medical Debt incurred over a twelve (12) month period exceeds 25% of the Family Income creating Medical Financial Hardship; and
2.) The patient meets the income standards for this level of Assistance.

For those patients who are eligible for reduced cost care under the Financial Assistance criteria and also qualify under the Medical Financial Hardship Assistance Guidelines, JHSCS shall apply the reduction in charges that is most favorable to the patient.

Medical Financial Hardship is defined as Medical Debt for medically necessary treatment incurred by a family over a twelve (12) month period that exceeds 25% of that family's income.

Medical Debt is defined as out of pocket expenses for medical costs for Medically Necessary Care billed by the Hopkins hospital to which the application is made, the out of pocket expenses mentioned above do not include co-payments, co-insurance and deductibles unless the patient is below 200% of Federal Poverty Guidelines.

The patient/guarantor can request that such a determination be made by submitting a Medical Financial Hardship Assistance Application (Exhibit B). The patient/guarantor must also submit financial documentation of family income for the twelve (12) calendar months preceding the application date and documentation evidencing Medical Debt of at least 25% of family income.

Once a patient is approved for Medical Hardship Financial Assistance, Medical Hardship Financial Assistance coverage shall be effective starting the month of the first qualifying service and the following twelve (12) calendar months. It shall cover those members of the patient's Immediate Family residing in the same household. The patient and the Immediate Family members shall remain eligible for reduced cost Medically Necessary Care when seeking subsequent care at the same facility for twelve (12) calendar months beginning on the date on which the reduced cost Medically Necessary Care was initially received. Coverage shall not apply to elective admissions or elective or cosmetic procedures. The patient or the patient's immediate family member residing in the same household must notify the facility of their eligibility for the reduced cost medically necessary care at registration or admission.

General Conditions for Medical Financial Hardship Assistance Application:

1. Patient's income is under 500% of the Federal Poverty Level.
2. Patient has exhausted all insurance coverage.
3. Patient account balances for patients who chose to register as voluntary self-pay shall not be counted toward Medical Debt for Medical Financial Hardship Assistance.
4. Patient/guarantor does not own Liquid Assets in excess of $10,000 which would be available to satisfy their facility bills.
5. Patient is not eligible for any of the following:
   - Medical Assistance
   - Other forms of assistance available through JHM affiliates
6. Patient is not eligible for Financial Assistance or is eligible but the Medical Financial Hardship Program may be more favorable to the patient.
7. The facility has the right to request that the patient file updated supporting documentation.
8. The maximum time period allowed for paying the amount not covered by Financial Assistance is three (3) years.
9. If a federally qualified Medicaid patient required a treatment that is not approved by Medicaid but may be eligible for coverage by the Medical Financial Hardship Assistance program, the patient is still required to file a JHSCS Medical Financial Hardship Assistance Application but not to submit duplicate supporting documentation.

Factors for Consideration

The following factors will be considered in evaluating a Medical Financial Hardship Assistance Application:

- Medical Debt incurred over the twelve (12) months preceding the date of the Financial Hardship Assistance Application at the Hopkins treating facility where the application was made.
- Liquid Assets (leaving a residual of $10,000).
- Family Income for the twelve (12) calendar months preceding the date of the Financial Hardship Assistance Application.
- Supporting Documentation.

Exception

The Director or designee of Patient Financial Services (or facility equivalent) may make exceptions according to individual circumstances.

Evaluation Method and Process

1. The Financial Counselor will review the Medical Financial Hardship Assistance Application and collateral documentation submitted by the patient/responsible party.

2. The Financial Counselor will then complete a Medical Financial Hardship Assistance Worksheet (found on the bottom of the application) to determine eligibility for special consideration under this program. The notification and approval process will use the same procedures described in the Financial Assistance Program section of this policy.

MEDICAL FINANCIAL HARDSHIP GRID

Upper Limits of Family Income for Allowance Range

TABLE FOR DETERMINATION OF FINANCIAL ASSISTANCE ALLOWANCES Effective 1/1/15			
# of Persons in Family	300% of FPL	400% of FPL	500% of FPL
1	**$35,310**	**$47,080**	**$58,850**
2	**$47,790**	**$63,720**	**$79,650**
3	**$60,270**	**$80,360**	**$100,450**
4	**$72,750**	**$97,000**	**$121,250**
5	**$85,230**	**$113,640**	**$142,050**
6	**$97,710**	**$130,280**	**$162,850**
7	**$110,190**	**$146,920**	**$183,650**
8*	**$122,670**	**$163,560**	**$204,450**

*For family units with more than 8 members, add $12,480 for each additional person at 300% of FPL, $16,640 at 400% at FPL; and $20,300 at 500% of FPL.

This chart is intended as a guide; the Federal Poverty Guidelines published most recently in the Federal Register will be used to determine eligibility.

Spencer Wildonger

From: Kevin R. McDonald -DHMH- <kevin.mcdonald@maryland.gov>
Sent: Wednesday, June 24, 2015 10:32 AM
To: Spencer Wildonger
Cc: Anne Langley
Subject: charity care standard for ASC

The latest available data shows the standard to require 1%. (Data from 47 facilities.)

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.

Total charity care : $1,759,105 = 1.00%

Total operating expenses: $176,571,507

--
Kevin McDonald
Chief - Certificate of Need Division
Center for Health Care Facilities Planning & Development
Maryland Health Care Commission
4160 Patterson Ave.
Baltimore, MD 21215

410-764-5982

kevin.mcdonald@maryland.gov

PATIENT TRANSFER AGREEMENT
BETWEEN
OPHTHALMOLOGY ASSOCIATES, LLC
AND
GREATER BALTIMORE MEDICAL CENTER

THIS AGREEMENT, made as of this 1ST day of Feb, 2010 by and between GREATER BALTIMORE MEDICAL CENTER and OPHTHALMOLOGY ASSOCIATES, LLC.

WHEREAS, Ophthalmology Associates, LLC owns and operates an ambulatory surgery center located at Suite 110, 10755 Falls Road, Lutherville, Maryland 21093 (hereinafter, the "Facility"); and

WHEREAS, Greater Baltimore Medical Center owns and operates an acute care hospital located at 6701 N. Charles Street, Baltimore, Maryland 21204 ("Hospital"); and

WHEREAS, Hospital and Facility desire, by means of this Agreement, to insure continuity of care and treatment appropriate to the needs of the patients, (hereinafter referred to as "patients") in the Hospital and the Facility, utilizing the knowledge and other resources of both facilities in a coordinated and cooperative manner to improve the health and care of patients and in accordance with the Emergency Medical Treatment and Active Labor Act and regulations issued thereunder.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH: That in consideration of the mutual advantages accruing to the parties hereto, Hospital and Facility hereby covenant and agree with each other as follows:

I. HOSPITAL AND FACILITY AGREE:

A. To the timely transfer of patients between Facility and Hospital, as hereinafter provided, which such transfer is made upon the recommendation of patient's physician, is medically appropriate and subject to bed availability at the Hospital; and further agree that such patient shall be admitted to Hospital as promptly as possible under the circumstances.

B That Facility shall send with each patient to Hospital at the time of transfer an abstract of pertinent medical and other information necessary to continue the patient's treatment without interruption and provide essential identifying information. Facility agrees to supplement the information as necessary for the maintenance of the patient at Hospital. Both parties agree to maintain the confidentiality of the medical information so as to comply with all state and federal laws, rules and regulations regarding the confidentiality of patient records, including the Health Insurance Portability and Accountability Act ("HIPAA").

C. That Facility shall have responsibility for obtaining the patient's consent to the transfer to Hospital prior to the transfer, if the patient is competent. If the patient is not competent, Facility shall attempt to obtain consent from any reasonably available legally responsible person acting on the behalf of the patient. Nothing contained herein shall restrict a patient's freedom to choose a different Hospital to which patient is transferred.

D. That Facility shall arrange for appropriate and safe handling of patients' valuables.

E. That Facility shall have the responsibility for arranging transportation of the patient to Hospital. Hospital's responsibility for the patient's care shall begin when the patient arrives at Hospital. Facility shall cause the patients records (as specified in Paragraph IB) and valuables (as described in Paragraph ID) to be placed in the custody of the person in charge of the transportation carrier who shall sign a form evidencing receipt thereof, and who shall in turn require signature by an authorized Hospital representative on said form when the patient's records and valuables are received by Hospital.

F. That clinical records of a patient transferred shall contain evidence that the patient was transferred.

G. That the transfer procedure is made known to the patient care personnel of each of the parties.

H. That neither party shall use the name of the other in any promotional or advertising material without the prior written approval of the other party.

I. That governing bodies of each institution shall have exclusive control of their policies, management, assets and affairs of their respective institutions.

J. That neither party assumes liability for any debts or other obligations for the other party's action.

II. EACH PARTY REPRESENTS AND WARRANTS UPON EXECUTION AND THROUGHOUT THE TERM OF THIS AGREEMENT THAT:

A. It is appropriately licensed by the state in which it is located for the types of services it provides and, if applicable, is accredited by the Joint Commission;

B. All medical professionals providing services to patients at its facility are licensed in their profession by the state in which it is located and credentialed by Hospital or Facility, as applicable, and that services provided to patients shall be within the scope of said medical professional's privileges;

C. It shall perform the services required hereunder in accordance with: (i) all applicable federal, state, and local laws, rules and regulations; and all applicable standards of the Joint Commission on Accreditation of Healthcare Organizations and any other relevant accrediting organizations;

D. It has, and shall maintain throughout the term of this Agreement, all appropriate federal and state licenses and certifications which are required in order to perform the services required hereunder; and

E. Neither it nor any of its staff is sanctioned or excluded from any federally funded health care programs as provided in Sections 1128 and 1128A of the Social Security Act (42 U.S.C. 1320a-7a).

III. BILLING:

Bills incurred with respect to services performed by Hospital or Facility for patient care shall be collected by the institution rendering such services directly from the patient, third party insurance coverage, or other sources normally billed by the institution. No clause of this Agreement shall be interpreted to require Hospital or Facility to compensate the other for services rendered to a patient transferred under this Agreement.

IV. TERM:

A. This Agreement shall be effective from _____, 20__ and shall continue in effect indefinitely, except that either party may withdraw by giving sixty (60) days notice period. However, if either party shall breach any of the representations and warranties set forth in Section IV hereof, this Agreement shall terminate as of the date of such breach.

V. GENERAL:

A. This Agreement may be modified or amended from time to time by mutual written agreement of the parties, and any such modification or amendment shall be attached to and become part of this Agreement.

B. An executed copy of this Agreement with all amendments, if any, shall be kept in the administrative file of each of the parties for reference.

C. Nothing in this Agreement shall be construed as limiting the rights of either party to affiliate or contract with any other hospital or facility, while this Agreement is in effect.

D. This Agreement is subject to all requirements of Maryland law and any regulations issued pursuant hereto and that where the Agreement is in conflict with the provision of the law or the regulations, the same shall be deemed to conform with the law and the regulations.

E. All notices hereunder by either party to the other shall be in writing, delivered personally, by certified or registered mail, return receipt requested, or by Federal Express or Express Mail, and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, postage prepaid, addressed as follows:

If to Hospital:

Greater Baltimore Medical Center
Attention: Laurence Merlis, President and CEO
6701 N. Charles Street
Baltimore, Maryland 21204

If to Facility:

Ophthalmology Associates, LLC
Attention: Lynne Young
Suite 110
10755 Falls Road
Lutherville, Maryland 21093

With a copy to:

The Johns Hopkins Health System Corporation
Attention: General Counsel
733 N. Broadway
Suite 102
Baltimore, Maryland 21205

Or to such other persons as either party may from time to time designate by written notice to the other.

IN WITNESS WHEREOF, Greater Baltimore Medical Center and Ophthalmology Associates, LLC have executed this Agreement by their duly authorized representatives.

WITNESS:

GREATER BALTIMORE MEDICAL CENTER

By: _____
Name: Rodney Williams MD JR
Title: EVP. CMO
Date: 2-16-10

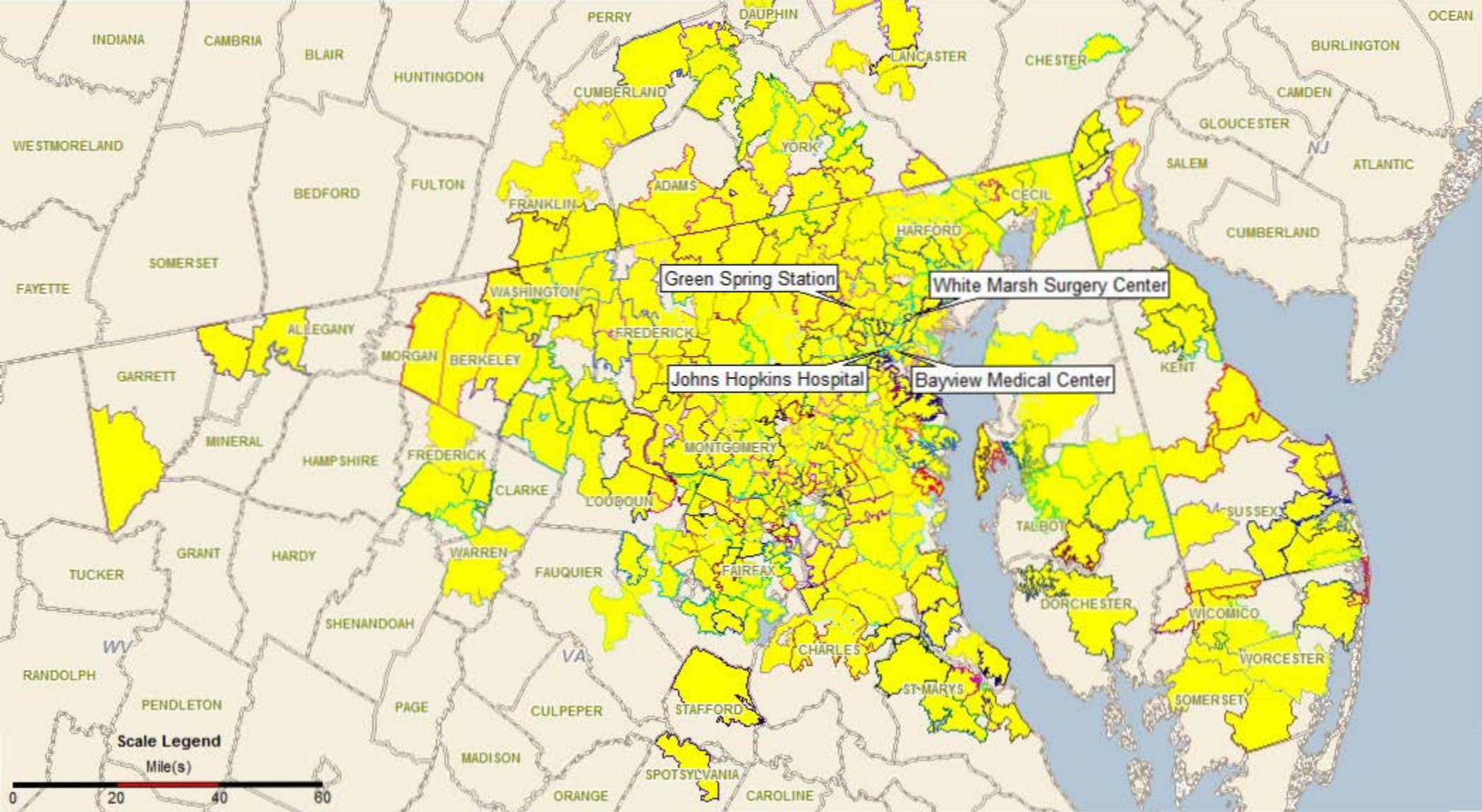
This Agreement has been reviewed for legal sufficiency by The Johns Hopkins Health System Corporation Legal Department.

_____

WITNESS:

OPHTHALMOLOGY ASSOCIATES, LLC

By: _____
Name: Ronald T. Degelman
Title: VP of Finance
Date: 1/15/10


Green Spring Station
White Marsh Surgery Center
Johns Hopkins Hospital
Bayview Medical Center
Scale Legend
Mile(s)
0
20
40
60
INDIANA
CAMBRIA
BLAIR
HUNTINGDON
PERRY
DAUPHIN
LANCASTER
CHESTER
BURLINGTON
OCEAN
CAMDEN
GLOUCESTER
NJ
ATLANTIC
SALEM
CUMBERLAND
CECIL
HARFORD
YORK
ADAMS
FRANKLIN
CUMBERLAND
WESTMORELAND
BEDFORD
FULTON
SOMERSET
FAYETTE
WASHINGTON
ALLEGANY
FREDERICK
MORGAN
BERKELEY
GARRETT
KENT
MINERAL
HAMPSHIRE
FREDERICK
MONTGOMERY
CLARKE
LOUDOUN
SUSSEX
TALBOT
GRANT
HARDY
WARREN
FAUQUIER
FAIRFAX
TUCKER
DORCHESTER
WICOMICO
SHENANDOAH
WV
VA
CHARLES
WORCESTER
RANDOLPH
ST MARYS
SOMERSET
PENDLETON
PAGE
CULPEPER
STAFFORD
MADISON
SPOTSYLVANIA
ORANGE
CAROLINE

Projected Service Area for Green Spring Station Surgery Center

<u>Reflects Current Service Area For:</u>
The Johns Hopkins Hospital
Outpatient Surgery

Service Area	Zip Code	FY 2014	Percent of Total	Cumulative Percent
Primary	21213	788	2.0%	2.0%
Primary	21224	712	1.8%	3.9%
Primary	21218	684	1.8%	5.6%
Primary	21222	614	1.6%	7.2%
Primary	21206	587	1.5%	8.8%
Primary	21215	485	1.3%	10.0%
Primary	21234	447	1.2%	11.2%
Primary	21042	427	1.1%	12.3%
Primary	21205	425	1.1%	13.4%
Primary	21202	409	1.1%	14.4%
Primary	21044	399	1.0%	15.5%
Primary	21043	378	1.0%	16.4%
Primary	21117	378	1.0%	17.4%
Primary	21231	371	1.0%	18.4%
Primary	21093	369	1.0%	19.3%
Primary	21220	356	0.9%	20.2%
Primary	21221	352	0.9%	21.1%
Primary	21207	349	0.9%	22.1%
Primary	21228	348	0.9%	23.0%
Primary	21212	346	0.9%	23.8%
Primary	21208	335	0.9%	24.7%
Primary	21045	322	0.8%	25.5%
Primary	21229	312	0.8%	26.4%
Primary	21236	304	0.8%	27.1%
Primary	21122	294	0.8%	27.9%
Primary	21217	287	0.7%	28.6%
Primary	21239	277	0.7%	29.4%
Primary	21209	275	0.7%	30.1%
Primary	21237	256	0.7%	30.7%
Primary	21113	253	0.7%	31.4%
Primary	21136	245	0.6%	32.0%
Primary	21230	245	0.6%	32.6%
Primary	21287	232	0.6%	33.2%
Primary	21244	231	0.6%	33.8%
Primary	21216	230	0.6%	34.4%
Primary	21014	222	0.6%	35.0%
Primary	21214	219	0.6%	35.6%
Primary	21784	216	0.6%	36.1%
Primary	21144	210	0.5%	36.7%

Projected Service Area for Green Spring Station Surgery Center

Reflects Current Service Area For:
The Johns Hopkins Hospital
Outpatient Surgery

Service Area	Zip Code	FY 2014	Percent of Total	Cumulative Percent
Primary	20723	205	0.5%	37.2%
Primary	21210	203	0.5%	37.7%
Primary	21133	199	0.5%	38.3%
Primary	21146	196	0.5%	38.8%
Primary	21075	194	0.5%	39.3%
Primary	20854	193	0.5%	39.8%
Primary	21061	193	0.5%	40.3%
Primary	21030	191	0.5%	40.8%
Primary	21401	187	0.5%	41.2%
Primary	21201	177	0.5%	41.7%
Primary	21157	176	0.5%	42.1%
Primary	21015	173	0.4%	42.6%
Primary	21223	173	0.4%	43.0%
Primary	21009	170	0.4%	43.5%
Primary	21211	170	0.4%	43.9%
Primary	21204	166	0.4%	44.3%
Primary	21740	165	0.4%	44.8%
Primary	21225	157	0.4%	45.2%
Primary	21701	156	0.4%	45.6%
Primary	21286	154	0.4%	46.0%
Primary	21227	152	0.4%	46.4%
Primary	21403	148	0.4%	46.8%
Primary	20878	147	0.4%	47.1%
Primary	20904	145	0.4%	47.5%
Primary	21771	145	0.4%	47.9%
Primary	21040	144	0.4%	48.3%
Primary	21060	137	0.4%	48.6%
Primary	20707	135	0.3%	49.0%
Primary	21702	133	0.3%	49.3%
Primary	21001	132	0.3%	49.6%
Primary	21114	131	0.3%	50.0%
Primary	21029	125	0.3%	50.3%
Primary	21046	125	0.3%	50.6%
Primary	21085	122	0.3%	51.0%
Primary	21502	120	0.3%	51.3%
Primary	20906	118	0.3%	51.6%
Primary	20874	116	0.3%	51.9%
Primary	21219	114	0.3%	52.2%
Primary	20850	113	0.3%	52.5%

Projected Service Area for Green Spring Station Surgery Center

<u>Reflects Current Service Area For:</u>
The Johns Hopkins Hospital
Outpatient Surgery

Service Area	Zip Code	FY 2014	Percent of Total	Cumulative Percent
Primary	21108	112	0.3%	52.7%
Primary	21804	112	0.3%	53.0%
Primary	21128	109	0.3%	53.3%
Primary	21076	108	0.3%	53.6%
Primary	21742	107	0.3%	53.9%
Primary	21801	106	0.3%	54.1%
Primary	21601	104	0.3%	54.4%
Primary	20715	103	0.3%	54.7%
Primary	20772	103	0.3%	54.9%
Primary	21811	103	0.3%	55.2%
Primary	21037	101	0.3%	55.5%
Primary	20817	100	0.3%	55.7%
Primary	21158	100	0.3%	56.0%
Primary	21012	98	0.3%	56.2%
Primary	20721	96	0.2%	56.5%
Primary	20794	96	0.2%	56.7%
Primary	20815	96	0.2%	57.0%
Primary	21047	96	0.2%	57.2%
Primary	21703	93	0.2%	57.5%
Primary	20774	88	0.2%	57.7%
Primary	21409	86	0.2%	57.9%
Primary	17331	85	0.2%	58.1%
Primary	21131	83	0.2%	58.4%
Primary	20832	82	0.2%	58.6%
Primary	20852	82	0.2%	58.8%
Primary	20901	81	0.2%	59.0%
Primary	20814	79	0.2%	59.2%
Primary	21050	79	0.2%	59.4%
Primary	21078	77	0.2%	59.6%
Primary	21163	77	0.2%	59.8%
Primary	21102	76	0.2%	60.0%
Secondary	22101	76	0.2%	60.2%
Secondary	20910	73	0.2%	60.4%
Secondary	21704	73	0.2%	60.6%
Secondary	20706	71	0.2%	60.8%
Secondary	20744	71	0.2%	60.9%
Secondary	20016	70	0.2%	61.1%
Secondary	20601	70	0.2%	61.3%
Secondary	20905	70	0.2%	61.5%

Projected Service Area for Green Spring Station Surgery Center

<u>Reflects Current Service Area For:</u>
The Johns Hopkins Hospital
Outpatient Surgery

Service Area	Zip Code	FY 2014	Percent of Total	Cumulative Percent
Secondary	21901	70	0.2%	61.7%
Secondary	20708	69	0.2%	61.8%
Secondary	17403	68	0.2%	62.0%
Secondary	20853	68	0.2%	62.2%
Secondary	20755	67	0.2%	62.4%
Secondary	21048	67	0.2%	62.5%
Secondary	21921	66	0.2%	62.7%
Secondary	21666	65	0.2%	62.9%
Secondary	20724	64	0.2%	63.0%
Secondary	20653	63	0.2%	63.2%
Secondary	21787	63	0.2%	63.4%
Secondary	20008	62	0.2%	63.5%
Secondary	21054	62	0.2%	63.7%
Secondary	20176	61	0.2%	63.8%
Secondary	20902	61	0.2%	64.0%
Secondary	17268	60	0.2%	64.2%
Secondary	20720	60	0.2%	64.3%
Secondary	21074	60	0.2%	64.5%
Secondary	21090	60	0.2%	64.6%
Secondary	21613	60	0.2%	64.8%
Secondary	20716	59	0.2%	64.9%
Secondary	20657	58	0.1%	65.1%
Secondary	21084	57	0.1%	65.2%
Secondary	20705	55	0.1%	65.4%
Secondary	21120	55	0.1%	65.5%
Secondary	17050	54	0.1%	65.7%
Secondary	20785	54	0.1%	65.8%
Secondary	20882	54	0.1%	65.9%
Secondary	20639	53	0.1%	66.1%
Secondary	21797	53	0.1%	66.2%
Secondary	22015	53	0.1%	66.3%
Secondary	20735	52	0.1%	66.5%
Secondary	20886	52	0.1%	66.6%
Secondary	21111	52	0.1%	66.7%
Secondary	21620	52	0.1%	66.9%
Secondary	20646	51	0.1%	67.0%
Secondary	21087	51	0.1%	67.1%
Secondary	21152	51	0.1%	67.3%
Secondary	21774	51	0.1%	67.4%

Projected Service Area for Green Spring Station Surgery Center

<u>Reflects Current Service Area For:</u>
The Johns Hopkins Hospital
Outpatient Surgery

Service Area	Zip Code	FY 2014	Percent of Total	Cumulative Percent
Secondary	19711	50	0.1%	67.5%
Secondary	20740	49	0.1%	67.7%
Secondary	20879	49	0.1%	67.8%
Secondary	19958	48	0.1%	67.9%
Secondary	20009	48	0.1%	68.0%
Secondary	20866	48	0.1%	68.2%
Secondary	20659	47	0.1%	68.3%
Secondary	21032	47	0.1%	68.4%
Secondary	21793	47	0.1%	68.5%
Secondary	21842	47	0.1%	68.6%
Secondary	17402	46	0.1%	68.8%
Secondary	20759	46	0.1%	68.9%
Secondary	17325	45	0.1%	69.0%
Secondary	19966	45	0.1%	69.1%
Secondary	20015	45	0.1%	69.2%
Secondary	20877	45	0.1%	69.4%
Secondary	22207	45	0.1%	69.5%
Secondary	22201	44	0.1%	69.6%
Secondary	17601	43	0.1%	69.7%
Secondary	20650	43	0.1%	69.8%
Secondary	21617	43	0.1%	69.9%
Secondary	20171	42	0.1%	70.0%
Secondary	20603	42	0.1%	70.1%
Secondary	21738	42	0.1%	70.2%
Secondary	22030	42	0.1%	70.3%
Secondary	17349	41	0.1%	70.5%
Secondary	19904	41	0.1%	70.6%
Secondary	20007	41	0.1%	70.7%
Secondary	20011	41	0.1%	70.8%
Secondary	20147	41	0.1%	70.9%
Secondary	21035	41	0.1%	71.0%
Secondary	17363	40	0.1%	71.1%
Secondary	20816	40	0.1%	71.2%
Secondary	20876	40	0.1%	71.3%
Secondary	20895	40	0.1%	71.4%
Secondary	21013	40	0.1%	71.5%
Secondary	21104	40	0.1%	71.6%
Secondary	20165	39	0.1%	71.7%
Secondary	20613	39	0.1%	71.8%

Projected Service Area for Green Spring Station Surgery Center

<u>Reflects Current Service Area For:</u>
The Johns Hopkins Hospital
Outpatient Surgery

Service Area	Zip Code	FY 2014	Percent of Total	Cumulative Percent
Secondary	20833	39	0.1%	71.9%
Secondary	20903	39	0.1%	72.0%
Secondary	21017	39	0.1%	72.1%
Secondary	21057	39	0.1%	72.2%
Secondary	21795	39	0.1%	72.3%
Secondary	22066	39	0.1%	72.4%
Secondary	22192	39	0.1%	72.5%
Secondary	20736	38	0.1%	72.6%
Secondary	20747	38	0.1%	72.7%
Secondary	20770	38	0.1%	72.8%
Secondary	21904	38	0.1%	72.9%
Secondary	25414	38	0.1%	73.0%
Secondary	19973	37	0.1%	73.1%
Secondary	21532	37	0.1%	73.2%
Secondary	20783	36	0.1%	73.3%
Secondary	20855	36	0.1%	73.4%
Secondary	21162	36	0.1%	73.5%
Secondary	22003	36	0.1%	73.6%
Secondary	20678	35	0.1%	73.7%
Secondary	20748	35	0.1%	73.7%
Secondary	20871	35	0.1%	73.8%
Secondary	21851	35	0.1%	73.9%
Secondary	22182	35	0.1%	74.0%
Secondary	21226	34	0.1%	74.1%
Secondary	21619	34	0.1%	74.2%
Secondary	21754	34	0.1%	74.3%
Secondary	22032	34	0.1%	74.4%
Secondary	22039	34	0.1%	74.5%
Secondary	22102	34	0.1%	74.5%
Secondary	22309	34	0.1%	74.6%
Secondary	17406	33	0.1%	74.7%
Secondary	20003	33	0.1%	74.8%
Secondary	20602	33	0.1%	74.9%
Secondary	20619	33	0.1%	75.0%
Secondary	20636	33	0.1%	75.1%
Secondary	21722	33	0.1%	75.1%
Secondary	21853	33	0.1%	75.2%
Secondary	22031	33	0.1%	75.3%
Secondary	20784	32	0.1%	75.4%

Projected Service Area for Green Spring Station Surgery Center

<u>Reflects Current Service Area For:</u>
The Johns Hopkins Hospital
Outpatient Surgery

Service Area	Zip Code	FY 2014	Percent of Total	Cumulative Percent
Secondary	20872	32	0.1%	75.5%
Secondary	22124	32	0.1%	75.6%
Secondary	17404	31	0.1%	75.6%
Secondary	20777	31	0.1%	75.7%
Secondary	22033	31	0.1%	75.8%
Secondary	22304	31	0.1%	75.9%
Secondary	22630	31	0.1%	76.0%
Secondary	25404	31	0.1%	76.0%
Secondary	20002	30	0.1%	76.1%
Secondary	21053	30	0.1%	76.2%
Secondary	21154	30	0.1%	76.3%
Secondary	21161	30	0.1%	76.4%
Secondary	21788	30	0.1%	76.4%
Secondary	21791	30	0.1%	76.5%
Secondary	22314	30	0.1%	76.6%
Secondary	25427	30	0.1%	76.7%
Secondary	17408	29	0.1%	76.7%
Secondary	19901	29	0.1%	76.8%
Secondary	19940	29	0.1%	76.9%
Secondary	20732	29	0.1%	77.0%
Secondary	20782	29	0.1%	77.0%
Secondary	21770	29	0.1%	77.1%
Secondary	22310	29	0.1%	77.2%
Secondary	20169	28	0.1%	77.3%
Secondary	20737	28	0.1%	77.3%
Secondary	21769	28	0.1%	77.4%
Secondary	21776	28	0.1%	77.5%
Secondary	21783	28	0.1%	77.6%
Secondary	22204	28	0.1%	77.6%
Secondary	25403	28	0.1%	77.7%
Secondary	25419	28	0.1%	77.8%
Secondary	17202	27	0.1%	77.8%
Secondary	17603	27	0.1%	77.9%
Secondary	20001	27	0.1%	78.0%
Secondary	20170	27	0.1%	78.1%
Secondary	21713	27	0.1%	78.1%
Secondary	21716	27	0.1%	78.2%
Secondary	21863	27	0.1%	78.3%
Secondary	22079	27	0.1%	78.3%

Projected Service Area for Green Spring Station Surgery Center

<u>Reflects Current Service Area For:</u>
The Johns Hopkins Hospital
Outpatient Surgery

Service Area	Zip Code	FY 2014	Percent of Total	Cumulative Percent
Secondary	17225	26	0.1%	78.4%
Secondary	19701	26	0.1%	78.5%
Secondary	20120	26	0.1%	78.5%
Secondary	20148	26	0.1%	78.6%
Secondary	20191	26	0.1%	78.7%
Secondary	22046	26	0.1%	78.7%
Secondary	22152	26	0.1%	78.8%
Secondary	17111	25	0.1%	78.9%
Secondary	19709	25	0.1%	78.9%
Secondary	19803	25	0.1%	79.0%
Secondary	20637	25	0.1%	79.1%
Secondary	21826	25	0.1%	79.1%
Secondary	22193	25	0.1%	79.2%
Secondary	23322	25	0.1%	79.3%
Secondary	25405	25	0.1%	79.3%
Secondary	20194	24	0.1%	79.4%
Secondary	20711	24	0.1%	79.4%
Secondary	20912	24	0.1%	79.5%
Secondary	21028	24	0.1%	79.6%
Secondary	21794	24	0.1%	79.6%
Secondary	22042	24	0.1%	79.7%
Secondary	23188	24	0.1%	79.8%
Secondary	25425	24	0.1%	79.8%
Secondary	17011	23	0.1%	79.9%
Secondary	19975	23	0.1%	79.9%
Secondary	20012	23	0.1%	80.0%
Secondary	20175	23	0.1%	80.1%
Secondary	20743	23	0.1%	80.1%
Secondary	20769	23	0.1%	80.2%
Secondary	21036	23	0.1%	80.2%
Secondary	21629	23	0.1%	80.3%
Secondary	21638	23	0.1%	80.3%
Secondary	21658	23	0.1%	80.4%
Secondary	21911	23	0.1%	80.5%
Secondary	21917	23	0.1%	80.5%
Secondary	22181	23	0.1%	80.6%
Secondary	22602	23	0.1%	80.6%
Secondary	17042	22	0.1%	80.7%
Secondary	17055	22	0.1%	80.8%

Projected Service Area for Green Spring Station Surgery Center

<u>Reflects Current Service Area For:</u>
The Johns Hopkins Hospital
Outpatient Surgery

Service Area	Zip Code	FY 2014	Percent of Total	Cumulative Percent
Secondary	21758	22	0.1%	80.8%
Secondary	22302	22	0.1%	80.9%
Secondary	22315	22	0.1%	80.9%
Secondary	22601	22	0.1%	81.0%
Secondary	23185	22	0.1%	81.0%
Secondary	17543	21	0.1%	81.1%
Secondary	20124	21	0.1%	81.2%
Secondary	21203	21	0.1%	81.2%
Secondary	22407	21	0.1%	81.3%
Secondary	17019	20	0.1%	81.3%
Secondary	17314	20	0.1%	81.4%
Secondary	17322	20	0.1%	81.4%
Secondary	17340	20	0.1%	81.5%
Secondary	17356	20	0.1%	81.5%
Secondary	20155	20	0.1%	81.6%
Secondary	20746	20	0.1%	81.6%
Secondary	20841	20	0.1%	81.7%
Secondary	21550	20	0.1%	81.7%
Secondary	21918	20	0.1%	81.8%
Secondary	22180	20	0.1%	81.8%
Secondary	22202	20	0.1%	81.9%
Secondary	17112	19	0.0%	81.9%
Secondary	17257	19	0.0%	82.0%
Secondary	17361	19	0.0%	82.0%
Secondary	19945	19	0.0%	82.1%
Secondary	19970	19	0.0%	82.1%
Secondary	20164	19	0.0%	82.2%
Secondary	20180	19	0.0%	82.2%
Secondary	21034	19	0.0%	82.3%
Secondary	21625	19	0.0%	82.3%
Secondary	21632	19	0.0%	82.4%
Secondary	22603	19	0.0%	82.4%
Secondary	25443	19	0.0%	82.5%
Secondary	17362	18	0.0%	82.5%
Secondary	19808	18	0.0%	82.6%
Secondary	19939	18	0.0%	82.6%
Secondary	19971	18	0.0%	82.7%
Secondary	20132	18	0.0%	82.7%
Secondary	20685	18	0.0%	82.8%

Projected Service Area for Green Spring Station Surgery Center

Reflects Current Service Area For:
The Johns Hopkins Hospital
Outpatient Surgery

Service Area	Zip Code	FY 2014	Percent of Total	Cumulative Percent
Secondary	20842	18	0.0%	82.8%
Secondary	21757	18	0.0%	82.8%
Secondary	21822	18	0.0%	82.9%
Secondary	22191	18	0.0%	82.9%
Secondary	08701	17	0.0%	83.0%
Secondary	20037	17	0.0%	83.0%
Secondary	20634	17	0.0%	83.1%
Secondary	20695	17	0.0%	83.1%
Secondary	20733	17	0.0%	83.2%
Secondary	20851	17	0.0%	83.2%
Secondary	21875	17	0.0%	83.2%
Secondary	22025	17	0.0%	83.3%
Secondary	22312	17	0.0%	83.3%
Secondary	25401	17	0.0%	83.4%
Secondary	17013	16	0.0%	83.4%
Secondary	17201	16	0.0%	83.5%
Secondary	17552	16	0.0%	83.5%
Secondary	19380	16	0.0%	83.5%
Secondary	19963	16	0.0%	83.6%
Secondary	20112	16	0.0%	83.6%
Secondary	20151	16	0.0%	83.7%
Secondary	20754	16	0.0%	83.7%
Secondary	20837	16	0.0%	83.7%
Secondary	21773	16	0.0%	83.8%
Secondary	21830	16	0.0%	83.8%
Secondary	22206	16	0.0%	83.9%
Secondary	22554	16	0.0%	83.9%
Secondary	25411	16	0.0%	84.0%
Secondary	16801	15	0.0%	84.0%
Secondary	17327	15	0.0%	84.0%
Secondary	19707	15	0.0%	84.1%
Secondary	19713	15	0.0%	84.1%
Secondary	19960	15	0.0%	84.1%
Secondary	19977	15	0.0%	84.2%
Secondary	20020	15	0.0%	84.2%
Secondary	20152	15	0.0%	84.3%
Secondary	20187	15	0.0%	84.3%
Secondary	20640	15	0.0%	84.3%
Secondary	20776	15	0.0%	84.4%

Projected Service Area for Green Spring Station Surgery Center

<u>Reflects Current Service Area For:</u>
The Johns Hopkins Hospital
Outpatient Surgery

Service Area	Zip Code	FY 2014	Percent of Total	Cumulative Percent
Secondary	20781	15	0.0%	84.4%
Secondary	21655	15	0.0%	84.5%
Secondary	21710	15	0.0%	84.5%
Secondary	22153	15	0.0%	84.5%
Secondary	22655	15	0.0%	84.6%
Secondary	25430	15	0.0%	84.6%
Secondary	17315	14	0.0%	84.7%
Secondary	17320	14	0.0%	84.7%
Secondary	19720	14	0.0%	84.7%
Secondary	19950	14	0.0%	84.8%
Secondary	20010	14	0.0%	84.8%
Secondary	20109	14	0.0%	84.8%
Secondary	20607	14	0.0%	84.9%
Secondary	21132	14	0.0%	84.9%
Secondary	21153	14	0.0%	84.9%
Secondary	21155	14	0.0%	85.0%
Secondary	21673	14	0.0%	85.0%
Secondary	21727	14	0.0%	85.0%
Secondary	22043	14	0.0%	85.1%
Secondary	22203	14	0.0%	85.1%
Secondary	24018	14	0.0%	85.2%
	Total	**38,681**		

Demographics Expert 2.7
2014 Demographic Snapshot
Area: JHH OP Surg Service Area
Level of Geography: ZIP Code

DEMOGRAPHIC CHARACTERISTICS

	Selected Area	USA
2010 Total Population	9,847,476	308,745,538
2014 Total Population	10,259,895	317,199,353
2019 Total Population	10,764,216	328,309,464
% Change 2014 - 2019	4.9%	3.5%
Average Household Income	$103,207	$71,320

	2014	2019	% Change
Total Male Population	4,986,883	5,236,764	5.0%
Total Female Population	5,273,012	5,527,452	4.8%
Females, Child Bearing Age (15-44)	2,087,688	2,106,737	0.9%

POPULATION DISTRIBUTION

	Age Distribution				
Age Group	**2014**	**% of Total**	**2019**	**% of Total**	**USA 2014 % of Total**
0-14	1,928,967	18.8%	1,958,955	18.2%	19.3%
15-17	399,491	3.9%	417,589	3.9%	4.1%
18-24	981,642	9.6%	1,021,957	9.5%	10.0%
25-34	1,408,230	13.7%	1,400,145	13.0%	13.2%
35-54	2,861,085	27.9%	2,829,058	26.3%	26.6%
55-64	1,305,647	12.7%	1,448,137	13.5%	12.6%
65+	1,374,833	13.4%	1,688,375	15.7%	14.2%
Total	**10,259,895**	**100.0%**	**10,764,216**	**100.0%**	**100.0%**

HOUSEHOLD INCOME DISTRIBUTION

	Income Distribution		
2014 Household Income	**HH Count**	**% of Total**	**USA % of Total**
<$15K	316,313	8.2%	13.3%
$15-25K	263,873	6.8%	11.2%
$25-50K	683,580	17.6%	24.4%
$50-75K	653,179	16.9%	17.9%
$75-100K	512,571	13.2%	11.9%
Over $100K	1,445,149	37.3%	21.3%
Total	**3,874,665**	**100.0%**	**100.0%**

EDUCATION LEVEL

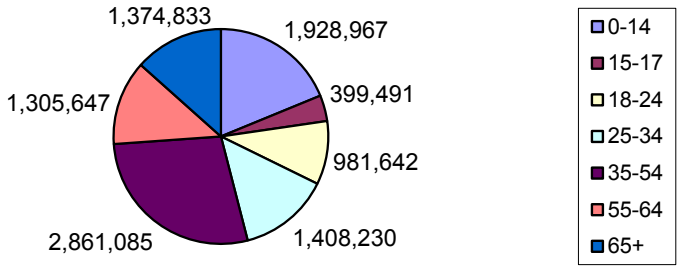
	Education Level Distribution		
2014 Adult Education Level	**Pop Age 25+**	**% of Total**	**USA % of Total**
Less than High School	287,795	4.1%	6.0%
Some High School	440,744	6.3%	8.2%
High School Degree	1,715,063	24.7%	28.4%
Some College/Assoc. Degree	1,707,892	24.6%	29.0%
Bachelor's Degree or Greater	2,798,301	40.3%	28.4%
Total	**6,949,795**	**100.0%**	**100.0%**

RACE/ETHNICITY

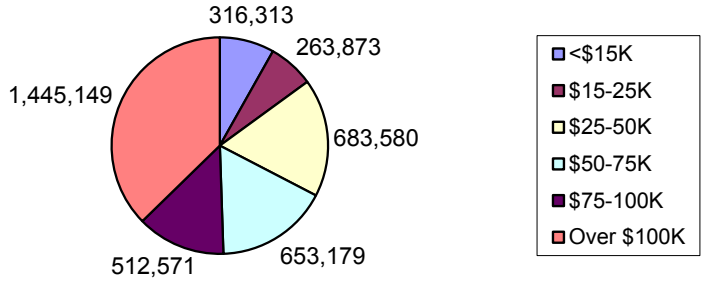
	Race/Ethnicity Distribution		
Race/Ethnicity	**2014 Pop**	**% of Total**	**USA % of Total**
White Non-Hispanic	5,934,257	57.8%	62.1%
Black Non-Hispanic	2,273,263	22.2%	12.3%
Hispanic	1,052,700	10.3%	17.6%
Asian & Pacific Is. Non-Hispanic	703,808	6.9%	5.1%
All Others	295,867	2.9%	3.0%
Total	**10,259,895**	**100.0%**	**100.0%**

2014 Demographic Snapshot Charts

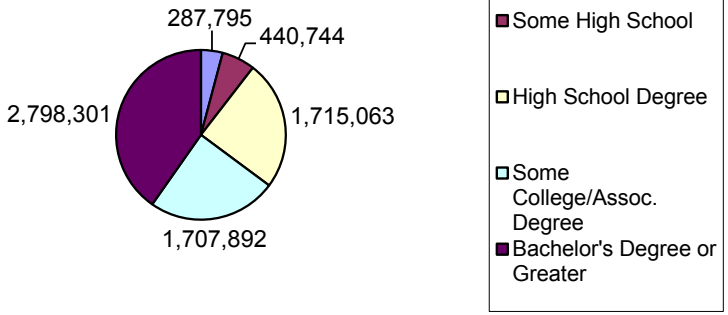
Population Distribution by Age Group



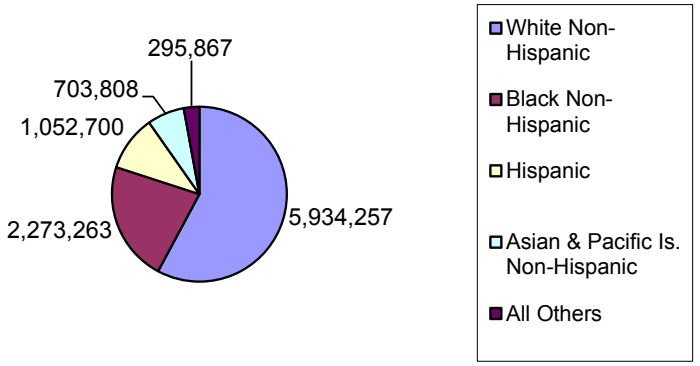
Current Households by Income Group



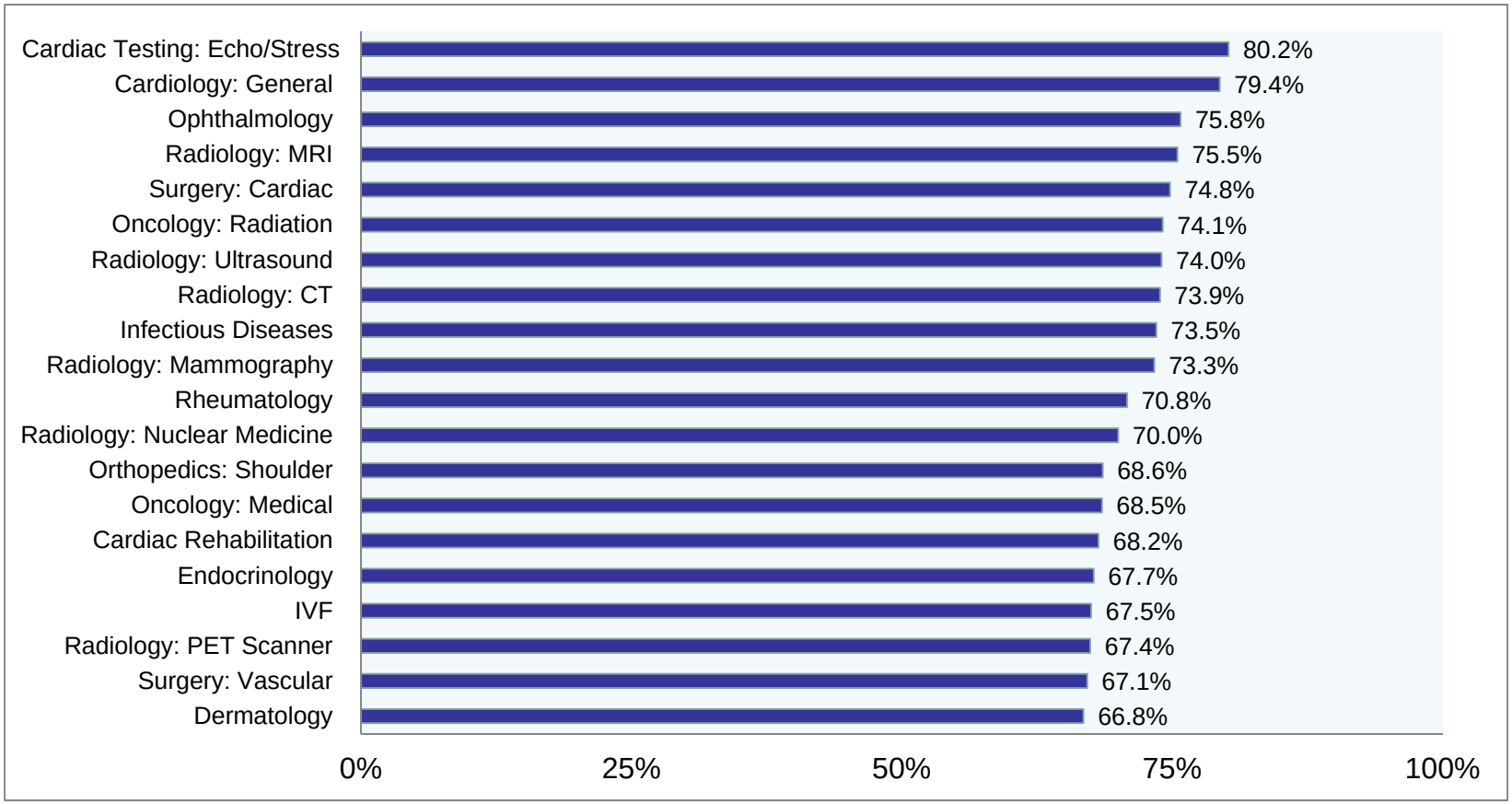
Population Age 25+ by Education Level



Population Distribution by Race/Ethnicity

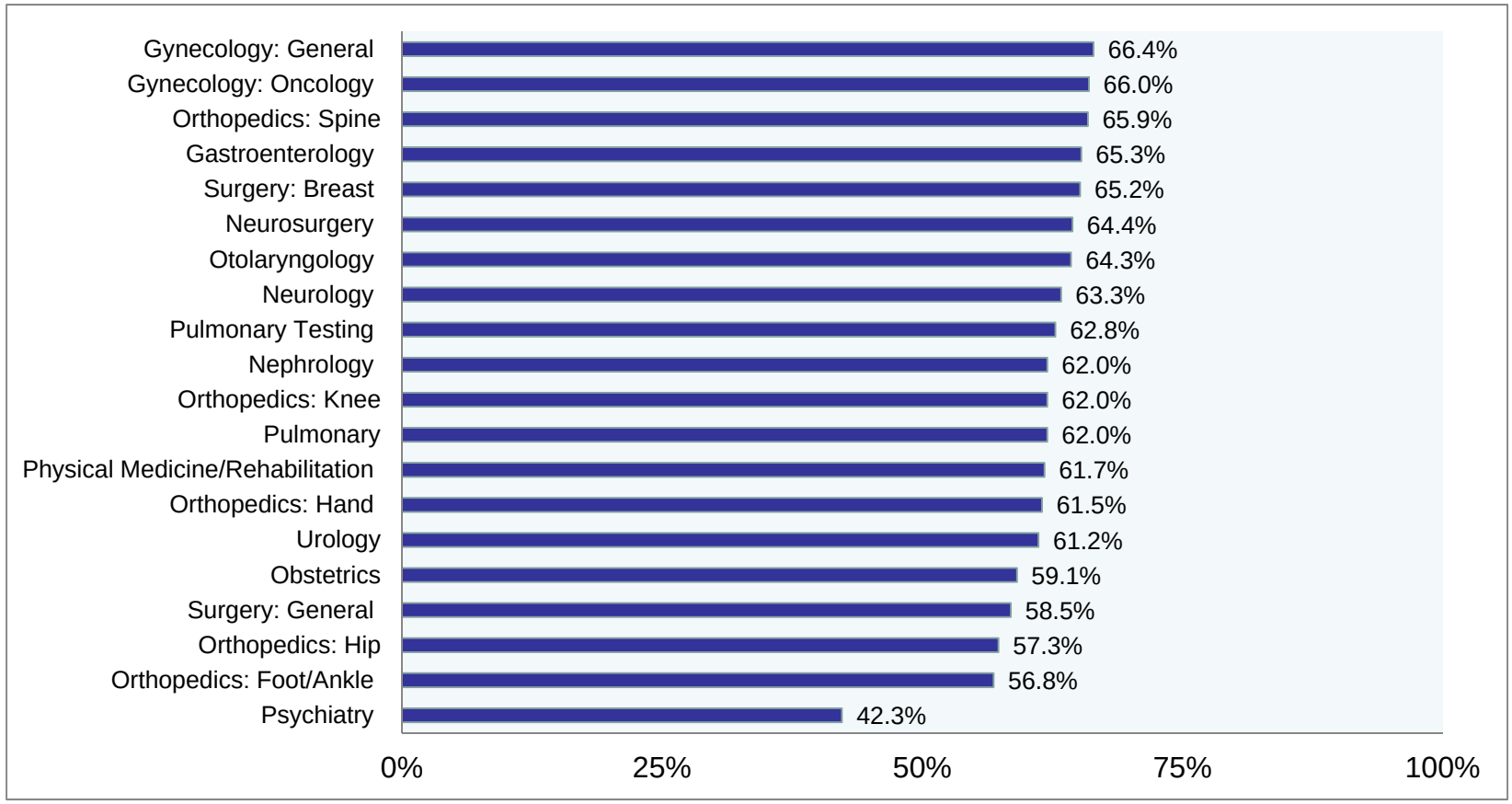


During the past 12 months, approximately what percent* of your referrals to each of the following specialties have gone to Johns Hopkins providers?



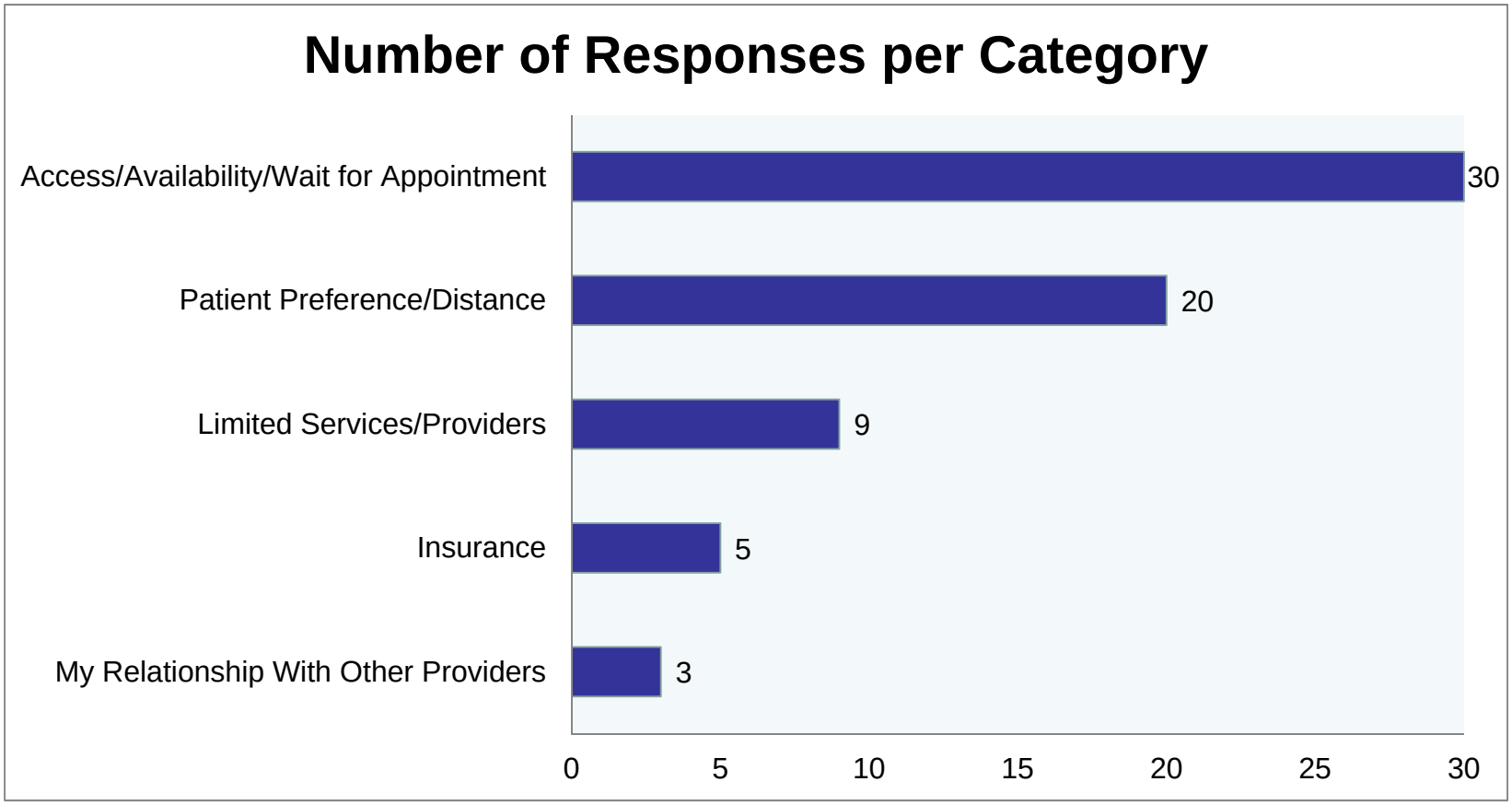
* Weighted average of category midpoints for GSS physicians referring to each specialty.

During the past 12 months, approximately what percent* of your referrals to each of the following specialties have gone to Johns Hopkins providers? (Continued)



* Weighted average of category midpoints for GSS physicians referring to each specialty.

What are the primary reasons keeping you from referring more of your patients to Johns Hopkins providers?



Note: Multiple responses allowed.

Physician Support Letters

Orthopaedics

- Director, Department of Orthopaedic Surgery, James Ficke, M.D.

Otolaryngology

- Director, Department of Otolaryngology, David W. Eisele, M.D., F.A.C.S.

Urology

- Chairman, Department of Urology, Alan W. Partin, M.D., Ph.D.

Plastic Surgery

- Director, Department of Plastic and Reconstructive Surgery, W. P. Andrew Lee, M.D.

General Surgery, Vascular Surgery, and Breast Surgery

- Director, Department of Surgery, Robert S.D. Higgins, M.D.

Podiatry

- Chief, Division of Podiatry, Good Samaritan Hospital, Zachary L. Chattler, D.P.M.

Neurosurgery

- George J. Heuer Neurosurgery Professorship, Dr. Allan J. Belzberg, M.D.

Gynecology

- Obstetrician/Gynecologist-in-Chief, Andrew J. Satin, M.D.
- Assistant Professor Gynecologist/ Obstetrician, Kamal A. Hamod, M.D., M.P.H., P.A.

James R. Ficke, M.D., FACS
Robert A. Robinson Professor
Director of Orthopaedic Surgery

Department of Orthopaedic Surgery
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5215

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Jficke1@jhmi.edu

JOHNS HOPKINS
MEDICINE

Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215-2299

Dear Mr. Steffen:

The Johns Hopkins Department of Orthopaedic Surgery fully supports the efforts of the Johns Hopkins Surgery Center Series to establish an Ambulatory Surgery Center on the Green Spring Station campus. As Director of the Department, I commit that the surgery volumes included in Table 1 would occur in the proposed Green Spring Station Ambulatory Surgery Center if it were open today.

Table 1:

Physician	FY2015 Annualized Outpatient Cases	Total OP Cases To Be Shifted To GSS	Current Volume Source
			JHH Cases
Cosgarea	210	210	210
McFarland	107	27	27
Cohen	170	43	43
Deune	240	108	108
LaPorte	132	132	132
Khanuja	21	21	21
Sterling	26	26	26
TOTAL	**906**	**567**	**567**

Table 2 indicates the total surgical volume projected for the Department of Orthopaedic Surgery for the first three years of the Ambulatory Surgery Center's establishment and ramp-up period. The projections include annual physician-specific projections shifting from other facilities, as well as projections for increased retained referrals. The Department of Orthopaedic Surgery believes the retained referral projections accurately reflect the number of incremental new cases that will be performed as a result of increased access to Johns Hopkins specialists at the Green Spring Station site. I fully support the projected volumes anticipated for my Department at the Green Spring Station Ambulatory Surgery Center.

Table 2:

Subspecialty	Physician	FY 2018 Projection	FY 2019 Projection	FY 2020 Projection
Sports	Cosgarea	216	218	220
Shoulders	McFarland	28	28	28
Spine	Cohen	44	45	45
Hand	Deune	111	112	113
Hand	LaPorte	136	137	138
Total Joints	Khanuja	22	22	22
Total Joints	Sterling	27	27	27
	Retained Referrals	220	397	546
	TOTAL	**804**	**986**	**1,139**

As indicated in the tables above, the Department of Orthopaedic Surgery is seeking to relocate existing ambulatory surgeries, as well as 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 demonstrate the outpatient surgery shift will continue to increase as additional traditional inpatient care will be performed in an ambulatory setting. As the demand for outpatient orthopaedic surgery continues, it is difficult for faculty to secure operating room block time within regulated hospitals, as priority is given to services requiring more intensive care such as spine, pediatrics, and oncology.

I joined the Department of Orthopaedics in September of 2013 and developed a vision for the department, which includes expansion in the following surgical areas:

- New Hand Surgeon FY18: The Department currently has a 28 day wait until the next available new hand appointment. The expansion of our 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 FY18: There is a high demand for this service. The Department currently has 1.2 FTE surgeons who provide routine service. It is imperative that we hire an additional surgeon to meet demand.

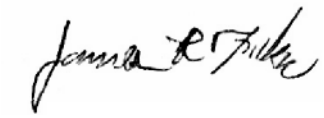
- New Generalist FY16: Dr. Richard Schaefer has been hired to address our need for improved access, allowing patients without definitive orthopaedic diagnoses to enter into our system for evaluation and care. He will primarily see patients in the clinic, but will perform a minimal amount of surgical cases. It is expected that 60% of his volume will be new patients. He will refer cases with specialized needs to our other faculty members as appropriate.

- New Total Joints FY17: Part of the growth plan to complement the increase of the need for this service is directly related to the aging baby boomer population, but the need for care for younger patients is also increasing. The standard of care for primary joint replacement is moving to ambulatory surgical centers. This care was traditionally provided in an inpatient environment. 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 Sports Medicine FY16: Dr. Miho Tanaka has 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 appropriate environment for her practice.

The new ambulatory surgery center at Green Spring Station is an essential component of our Department's vision for the growth and development of a robust, high quality orthopaedic outpatient program for Johns Hopkins Medicine. My 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 my 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.

Sincerely,



James Ficke, M.D.
Director, Department of Orthopaedic Surgery
Robert A. Robinson Professor of Orthopaedic Surgery

Department of Otolaryngology-
Head and Neck Surgery

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JOHNS HOPKINS
MEDICINE

July 20, 2015

Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215-2299

Dear Mr. Steffen:

The Johns Hopkins Department of Otolaryngology fully supports the efforts of the Johns Hopkins Surgery Center Series to establish an Ambulatory Surgery Center on the Green Spring Station campus. As Director of the Department, I commit that the surgery volumes included in Table 1 would occur in the proposed Green Spring Station Ambulatory Surgery Center if it were open today.

Table 1:

Physician	FY2015 Annualized Outpatient Cases	Total OP Cases To Be Shifted To GSS	Current Volume Source			
			JHH Cases	OA Cases	WMSC Cases	Bellona Cases
Byrne	243	219	13	124	-	82
Ishii	165	149	-	-	149	
Boahene	269	121	19	-	102	-
Tunkel	332	110	110	-	-	-
Boss	199	66	66	-	-	-
Reh	76	42	42	-	-	-
Askt	49	25	25	-	-	-
Best	109	44	44	-	-	-
Tufano	236	24	24	-	-	-
Francis	131	66	66	-	-	-
TOTAL	**1,809**	**866**	**409**	**124**	**251**	**82**

Table 2 indicates the total surgical volume projected for the Johns Hopkins Department of Otolaryngology for the first three years of the Ambulatory Surgery Center's establishment and ramp-up period. The projections include annual physician-specific projections shifting from other facilities, as well as projections for increased retained referrals. The Department of Otolaryngology believes the retained referral projections accurately reflect the number of incremental new cases that will be performed as a result of increased access to Johns Hopkins specialists at the Green Spring Station site. I fully support the projected volumes anticipated for my Department at the Green Spring Station Ambulatory Surgery Center.

Table 2:

Subspecialty	Physician	FY 2018 Projection	FY 2019 Projection	FY 2020 Projection
Facial Plastic	Byrne	225	228	230
Facial Plastic	Ishii	153	155	156
Facial Plastic	Boahene	125	126	127
Peds Oto	Tunkel	113	114	115
Peds Oto	Boss	68	69	69
Sinus	Reh	43	44	44
Laryngology	Askt	26	26	26
Laryngology	Best	45	46	46
Head & Neck	Tufano	25	25	25
Otology	Francis	68	69	69
	Retained Referrals	-	54	121
	TOTAL	**891**	**956**	**1,028**

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. Increasingly, the Department is finding that due to insurance changes and to patient preference, there is a need for a freestanding unregulated ambulatory surgery center for faculty to use. Our faculty are already experiencing insurance denials for cases performed at higher rates in a hospital setting. Further, increasingly, our patients are asking for an alternative more convenient location in their community for their outpatient surgery. Additionally, we have 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.

The faculty in my Department look forward to being able to improve the continuity of care provided to our patients by expanding our Otolaryngology office practice at Green Spring Station, having the ability to see our 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 us for any reason within a 24-48 hour timeframe, and our increased presence at the Green Spring Station campus will allow us to do that. 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/south of Pennsylvania. If surgery becomes a recommendation and they are appropriate cases for ambulatory surgery, we feel doing these cases in the new ambulatory center will be a safe, high quality, cost effective alternative that we can offer to our patients.

As Chief of the Department of Otolaryngology, I strongly support the Certificate of Need application for the establishment of a freestanding ambulatory surgery center at Green Spring Station.

Sincerely,

David W. Eisele, M.D., F.A.C.S.
Andelot Professor and Director
Department of Otolaryngology
--Head and Neck Surgery

Alan W. Partin, M.D., Ph.D.
The Jakurski Family Director
Urologist-in-Chief
Professor of Urology

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Phone: 410-614-4876 / Fax: 410-955-0833

JOHNS HOPKINS
MEDICINE

July 21, 2015

Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215-2299

Dear Mr. Steffen:

The Johns Hopkins Department of Urology fully supports the efforts of the Johns Hopkins Surgery Center Series to establish an Ambulatory Surgery Center on the Green Spring Station campus. As Director of the Department, I commit that the surgery volumes included in Table 1 would occur in the proposed Green Spring Station Ambulatory Surgery Center if it were open today.

Table 1:

Physician	FY2015 Annualized Outpatient Cases	Total OP Cases To Be Shifted To GSS	Current Volume Source	
			JHH Cases	Bayview Cases
Gearhart	427	256	256	-
Wang	504	252	252	-
Bivalacqua	360	119	119	-
Matlaga	431	216	93	123
TOTAL	1,722	843	720	123

Table 2 indicates the total surgical volume projected for the Johns Hopkins Department of Urology for the first three years of the Ambulatory Surgery Center's establishment and ramp-up period. The projections include annual physician-specific projections shifting from other facilities, as well as projections for increased retained referrals. The Department of Urology believes the retained referral projections accurately reflect the number of incremental new cases that will be performed as a result of increased access to Johns Hopkins specialists at the Green Spring Station site. I fully support the projected volumes anticipated for my Department at the Green Spring Station Ambulatory Surgery Center.

Table 2:

Subspecialty	Physician	FY 2018 Projection	FY 2019 Projection	FY 2020 Projection
Pediatric	Gearhart	263	266	269
Pediatric	Wang	259	262	264
Adult	Bivalacqua	122	124	125
Adult	Matlaga	222	224	227
	Retained Referrals	287	339	382
	TOTAL	1,153	1,215	1,267

The Department of Urology does not currently have a permanent presence on the Green Spring Station Campus. Feedback received for many years from referring physicians is that patients would prefer to see urologists on the campus and have outpatient procedures performed in an Ambulatory Surgery Center that is in close proximity to their home and easily accessible. 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 grow. The Department also anticipates increased pressure from payers to shift our outpatient procedures from the Johns Hopkins Hospital to an outpatient unregulated setting, which will require that we have a location where we can perform outpatient urological cases.

The Department's goal is to establish a permanent presence at Green Spring Station in order to provider easier access for patients in the region. Currently we retain a small percentage of the Hopkins referrals, because many of the large primary care groups at Green Spring Station do not refer to us because their patients are often not willing to come to the East Baltimore or Bayview campuses. These patients want a convenient location that is close to where they live.

In preparation for the expansion and establishment of the ambulatory surgery facility, 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 will enable the Department to bring its high quality and expert faculty to the community at Green Spring Station.

Sincerely,

Alan W. Partin, M.D., Ph.D.
Chairman, Department of Urology

W. P. Andrew Lee, M.D.
The Milton T. Edgerton, MD,
Professor and Director

Department of Plastic and Reconstructive Surgery
601 N. Caroline Street, Suite 8152F
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JOHNS HOPKINS
MEDICINE
DEPARTMENT OF PLASTIC AND RECONSTRUCTIVE SURGERY

July 19, 2015

Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215-2299

Dear Mr. Steffen:

The Johns Hopkins Department of Plastic and Reconstructive Surgery fully supports the efforts of the Johns Hopkins Surgery Center Series to establish an Ambulatory Surgery Center on the Green Spring Station campus. As Director of the Department, I commit that the surgery volumes included in Table 1 would occur in the proposed Green Spring Station Ambulatory Surgery Center if it were open today.

Table 1:

Physician	FY2015 Annualized Outpatient Cases	Total OP Cases To Be Shifted To GSS	Current Volume Source		
			JHH Cases	OA Cases	WMSC Cases
Gordon	80	54	-	54	-
Manahan	170	34	34	-	-
Kumar	92	37	-	37	-
Lee	24	16	16	-	-
Residents	40	40	-	-	40
TOTAL	406	181	50	91	40

Table 2 indicates the total surgical volume projected for the Johns Hopkins Department of Plastic and Reconstructive Surgery for the first three years of the Ambulatory Surgery Center's establishment and ramp-up period. The projections include annual physician-specific projections shifting from other facilities, as well as projections for increased retained referrals. The Department of Plastic and Reconstructive Surgery believes the retained referral projections accurately reflect the number of incremental new cases that will be performed as a result of increased access to Johns Hopkins specialists at the Green Spring Station site. I fully support the projected volumes anticipated for my Department at the Green Spring Station Ambulatory Surgery Center.

Table 2:

Physician	FY 2018 Projection	FY 2019 Projection	FY 2020 Projection
Gordon	56	56	57
Manahan	35	35	36
Kumar	38	38	39
Lee	16	17	17
Residents	41	42	42
Retained Referrals	27	32	37
TOTAL	213	220	228

The Department of Plastic and Reconstructive Surgery seeks to develop an increased presence at Green Spring Station in order to establish a significant cosmetic surgery practice. Currently, faculty do not have access to unregulated space in which to perform cosmetic surgery. 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. 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 our 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.

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 fulltime presence at Green Spring Station and this is a great opportunity to bring high quality services to the community.

Yours truly,

W. P. Andrew Lee, M.D.
Director, Department of Plastic and Reconstructive Surgery
The Milton T. Edgerton, M.D., Director and Professor

Robert S. D. Higgins, MD, MSHA
The William Stewart Halsted Professor
Chair and Surgeon-in-Chief

Department of Surgery
720 Rutland Avenue,
Room 759
Baltimore, MD 21205-3500
443-287-3497 T
443-287-3500 F

JOHNS HOPKINS
MEDICINE

July 20, 2015

Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215-2299

Dear Mr. Steffen:

The Johns Hopkins Department of Surgery fully supports the efforts of the Johns Hopkins Surgery Center Series to establish an Ambulatory Surgery Center on the Green Spring Station campus. As Director of the Department, I would like to express my full support for the entire project, and also to address the specific specialties of vascular, breast, and general for which I have oversight responsibility. I commit that the surgery volumes included in Table 1 would occur in the proposed Green Spring Station Ambulatory Surgery Center if it were open today.

Table 1:

Specialty	Physician	FY2015 Annualized Outpatient Cases	Total OP Cases To Be Shifted To GSS	Current Volume	
				JHH Cases	OA Cases
Vascular	Heller	188	188	-	188
Vascular	Lum	47	47	47	-
SUBTOTAL		235	235	47	188
Breast	Camp	135	45	45	-
Breast	Euhus	149	100	100	-
Breast	Habibi	187	56	56	-
Breast	Jacobs	175	53	53	-
Breast	Lange	208	42	42	-
SUBTOTAL		854	296	296	-
General	Fang	83	66	66	-
General	Hirose	63	32	32	-
General	Marohn	80	54	54	-
General	Safar	103	41	41	-
SUBTOTAL		329	193	193	-
TOTAL		**1,418**	**724**	**536**	**188**

Table 2 indicates the total surgical volume projected for the Johns Hopkins Department of Surgery for the first three years of the Green Spring Station Ambulatory Surgery Center's

establishment and ramp-up period. The projections include annual physician-specific projections shifting from other facilities, as well as projections for increased retained referrals. I believe the retained referral projections accurately reflect the number of incremental new cases that will be performed as a result of increased access to Johns Hopkins specialists at the Green Spring Station site. I fully support the projected volumes anticipated for my Department at the Green Spring Station Ambulatory Surgery Center.

Table 2:

Specialty	Physician	FY 2018 Projection	FY 2019 Projection	FY 2020 Projection
Vascular	Heller	193	195	197
Vascular	Lum	48	49	49
Vascular	Retained Referrals	6	19	28
SUBTOTAL		247	263	274
Breast	Camp	46	47	48
Breast	Euhus	103	104	106
Breast	Habibi	58	58	59
Breast	Jacobs	55	55	56
Breast	Lange	43	44	44
Breast	Retained Referrals	34	44	52
SUBTOTAL		339	352	365
General	Fang	68	69	69
General	Hirose	33	33	34
General	Marohn	56	56	57
General	Safar	42	43	43
General	Retained Referrals	176	210	238
SUBTOTAL		375	411	441
TOTAL		**961**	**1,026**	**1,080**

As the new Director of Surgery, I see 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 and lower cost setting.

- The Division of Vascular Surgery and Endovascular Therapy began seeing patients at Green Spring Station in July 2014 in its Vein Center Clinic. The clinic offers the latest minimally invasive and surgical treatments for the 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.

- Our general surgery practices are reviewing how to create a stronger presence since that always been a demand for general surgery amongst referring physicians. The establishment of an ambulatory surgery center will allow the us to respond to these

referrals to perform cases that are more appropriately done in a freestanding facility instead of on the main Baltimore campus.

- The Section of Breast Surgery has seen patients at Green Spring Station over the last twenty years but without the ability to do surgical cases. The establishment of an ambulatory surgery center will allow growth of the program including certain minor breast surgeries.

The new ambulatory surgery center at Green Spring Station is consistent with our department's vision for expanding surgical services in the most appropriate setting and will allow us to bring high quality surgeons to the local community.

Sincerely,

Robert S.D. Higgins, M.D.,
Director, Department of Surgery
William Stewart Halsted Professor of Surgery

ZACHARY L. CHATTLER, D.P.M.
Medical & Surgical Care of the Foot & Ankle
Diplomate, American Board of Podiatric Surgery
Johns Hopkins at Greenspring Station
10753 Falls Road, Suite 265
Lutherville, MD 21093
Phone 410-583-2877
Fax 410-583-7166

July 31, 2015

Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215-2299

Dear Mr. Steffen,

I fully support the efforts of the Johns Hopkins Surgery Center Series to establish an Ambulatory Surgery Center (ASC) on the Green Spring Station campus. I commit that if the Green Spring Station ASC were available today, I would perform the surgical cases indicated below in Table 1.

Table 1:

FY2015 Ann. Total Outpatient Cases	Total OP Cases Shifted To GSS	Current Volume Source Good Samaritan Cases
50	50	50

Table 2 indicates the total surgical volumes I project to do in the first three years of the ASC's establishment and ramp-up period. I believe the ASC's new, state-of-the-art facilities, as well as the site's ability to facilitate continuity of care opportunities will aid me in continuing to provide high-quality, high-value care to my patients.

Table 2:

FY 2018 Projection	FY 2019 Projection	FY 2020 Projection
51	52	52

Sincerely,

Zachary L. Chattler, DPM
Chief Division of Podiatry Good Samaritan Hospital
Instructor Department of Orthopedic Surgery Johns Hopkins

Allan J. Belzberg, M.D., FRCSC
Associate Professor, Neurosurgery
Director, Peripheral Nerve Surgery

Department of Neurosurgery
600 North Wolfe Street / Meyer 5-181
Baltimore, MD 21287-0005
410-955-9196
410-614-9830 Fax
belzberg@jhu.edu

JOHNS HOPKINS
MEDICINE

August 2, 2015

Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215-2299

Dear Mr. Steffen,

I fully support the efforts of the Johns Hopkins Surgery Center Series to establish an Ambulatory Surgery Center (ASC) on the Green Spring Station campus. I commit that if the Green Spring Station ASC were available today, I would perform the surgical cases indicated below in Table 1.

Table 1:

FY2015 Ann. Total Outpatient	Total OP Cases Shifted To GSS	Current Volume Source JHH Cases
115	115	115

Table 2 indicates the total surgical volumes I project to do in the first three years of the ASC's establishment and ramp-up period. I believe the retained referral projection, 3 additional cases in FY2020, accurately reflects the number of incremental new cases that will be performed as a result of increased access to Johns Hopkins specialists at the Green Spring Station site. The ASC's new, state-of-the-art facilities, as well as the site's ability to facilitate continuity of care opportunities will aid me in continuing to provide high-quality, high-value care to my patients.

Table 2:

Physician	FY 2018 Projection	FY 2019 Projection	FY 2020 Projection
Belzberg	118	120	121
Retained Referrals	-	-	3
TOTAL	**118**	**120**	**124**

Sincerely,

Dr. Allan J. Belzberg, MD
George J Heuer Neurosurgery Professorship

Andrew J. Satin, MD, FACOG
Dr. Dorothy Edwards Professor and
Director of Gynecology and Obstetrics
Obstetrician/Gynecologist-in-Chief

Department of Gynecology and Obstetrics
600 N. Wolfe Street / Phipps 264
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443-287-5674 Telephone
410-614-0178 Fax
asatin2@jhmi.edu

JOHNS HOPKINS
MEDICINE

August 5, 2015

Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215-2299

Dear Mr. Steffen,

The Johns Hopkins Department of Gynecology and Obstetrics fully supports the efforts of the Johns Hopkins Surgery Center Series to establish an Ambulatory Surgery Center on the Green Spring Station campus. As Director of the Department, I commit that the surgery volumes included in Table 1 would occur in the proposed Green Spring Station Ambulatory Surgery Center if it were open today.

Table 1:

Physician	FY2015 Ann. Total Outpatient Cases	Total OP Cases Shifted To GSS	Current Volume Source JHH Cases
Various (JHM)	1,730	50	50

Table 2 indicates the total surgical volume projected for the Johns Hopkins Department of Gynecology and Obstetrics for the first three years of the Ambulatory Surgery Center's establishment and ramp-up period. The Johns Hopkins Department of Gynecology and Obstetrics believes the retained referral projection (of only 1 additional case in three years) accurately reflects the number of incremental new cases that will be performed as a result of increased access to Johns Hopkins specialists at the Green Spring Station site. I fully support the projected volumes anticipated for my Department at the Green Spring Station Ambulatory Surgery Center.

Table 2:

Physician	FY 2018 Projection	FY 2019 Projection	FY 2020 Projection
Various (JHM)	52	52	53
Retained Referrals	-	-	1
TOTAL	52	52	54

Sincerely,

Andrew J Satin MD

Dr. Andrew J. Satin, MD
Dr. Dorothy Edwards Professor and Director

JOHNS HOPKINS
AT GREEN SPRING STATION

KAMAL ALEXANDER HAMOD, M.D., M.P.H., P.A.
OBSTETRICS/GYNECOLOGY & INFERTILITY

8/5/2015
Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215-2299

Dear Mr. Steffen,

I fully support the efforts of the Johns Hopkins Surgery Center Series to establish an Ambulatory Surgery Center (ASC) on the Green Spring Station campus. I commit that if the Green Spring Station ASC were available today, I would perform the surgical cases indicated below in Table 1 there.

Table 1:

FY2015 Ann. Total Outpatient Cases	Total OP Cases Shifted To GSS	Current Volume Source GBMC Cases
348	100	100

Table 2 indicates the total surgical volumes I project to do in the first three years of the ASC's establishment and ramp-up period, accounting for population growth in addition to my existing patient volume. I believe the ASC's new, state-of-the-art facilities, as well as the site's ability to facilitate continuity of care will aid me in continuing to provide high-quality, high-value care to my patients.

Table 2:

FY 2018 Projection	FY 2019 Projection	FY 2020 Projection
103	104	106

Sincerely,

Kamal A Hamod, MD, MPH.
Asst. Prof. Gyn/OB

WILMOT SANZ
ARCHITECTURE
PLANNING

June 24, 2015

Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: Green Spring Station Surgery Center
CON Application for a new Ambulatory Surgery Center

To whom it may concern:

Wilmot Sanz is the architectural healthcare planning and design firm that is designing the proposed Green Spring Station Surgery Center facility in Lutherville, Maryland. I am confirming that the architectural design of the operating rooms suite at the proposed facility complies with Section 3.7 of the FGI Guidelines.

Regards,

Craig M. Moskowitz, AIA
Principal

c:\users\cmm\desktop\ws con certification letter 06242015.doc

18310 MONTGOMERY VILLAGE AVENUE ▪ SUITE 300 ▪ GAITHERSBURG, MD 20879
301.590.2900 ▪ FAX 301.590.8150 ▪ WWW.WILMOTSANZ.COM

THE JOHNS HOPKINS HEALTH SYSTEM CORPORATION AND AFFILIATES

Combined Financial Statements
June 30, 2014 and 2013

The Johns Hopkins Health System Corporation and Affiliates
Index
June 30, 2014 and 2013

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Johns Hopkins Health System Corporation and Affiliates:

We have audited the accompanying combined financial statements of The Johns Hopkins Health System Corporation and Affiliates ("JHHS"), which comprise the combined balance sheets as of June 30, 2014 and 2013, and the related combined statements of operations and changes in net assets, and cash flows for the years then ended.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the JHHS' preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the JHHS' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of JHHS at June 30, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

September 25, 2014

The Johns Hopkins Health System Corporation and Affiliates
Combined Balance Sheets
June 30, 2014 and 2013
(in thousands)

ASSETS	2014	2013
Current assets:		
Cash and cash equivalents	$ 569,702	$ 510,493
Short-term investments	117,905	77,962
Assets whose use is limited - used for current liabilities	16,282	18,876
Patient accounts receivables, net of estimated uncollectibles of $158,664 and $162,384 as of June 30, 2014 and 2013, respectively	522,942	518,792
Due from others, current portion	35,964	41,046
Due from affiliates, current portion	20,764	26,861
Inventories of supplies	87,868	87,958
Estimated malpractice recoveries, current portion	224,902	28,590
Prepaid expenses and other current assets	53,978	59,811
Total current assets	1,650,307	1,370,389
Assets whose use is limited		
By long-term debt agreement for:		
Debt service reserve funds	4,955	4,955
Construction fund	150,811	-
By donors or grantors for:		
Future campus development	1,113	984
Pledges receivable	28,077	28,540
Other	95,910	87,554
By Board of Trustees	841,216	746,170
Interest in net assets of Howard Hospital Foundation	13,644	13,903
Other	20,896	18,243
Total assets whose use is limited	1,156,622	900,349
Investments	1,576,615	1,318,855
Property, plant and equipment	4,386,047	4,188,895
Less: allowance for depreciation and amortization	(1,621,180)	(1,422,685)
Total property, plant and equipment, net	2,764,867	2,766,210
Due from affiliates, net of current portion	90,888	63,606
Due from others, net of current portion	2,796	3,796
Estimated malpractice recoveries, net of current portion	42,260	56,177
Swap counterparty deposit	80,330	72,840
Other assets	49,376	44,938
Total assets	$7,414,061	$6,597,160

The accompanying notes are an integral part of these financial statements.

The Johns Hopkins Health System Corporation and Affiliates
Combined Balance Sheets, continued
June 30, 2014 and 2013
(in thousands)

LIABILITIES AND NET ASSETS	2014	2013
Current liabilities:		
Current portion of long-term debt and obligations under capital leases	$ 98,705	$ 43,496
Accounts payable and accrued liabilities	511,398	463,864
Medical claims reserve	74,627	76,987
Deferred revenue	88,561	67,942
Due to affiliates, current portion	10,110	7,220
Accrued vacation	65,385	65,225
Advances from third-party payors	140,112	128,360
Current portion of estimated malpractice costs	234,885	41,218
Total current liabilities	1,223,783	894,312
Long-term debt and obligations under capital leases, net of current portion	1,633,116	1,488,320
Estimated malpractice costs, net of current portion	126,747	129,841
Net pension liability	448,835	408,124
Interest rate swap liabilities	190,621	184,417
Other long-term liabilities	63,433	62,539
Total liabilities	3,686,535	3,167,553
Net assets:		
Unrestricted	3,501,484	3,215,011
Temporarily restricted	167,451	157,874
Permanently restricted	58,591	56,722
Total net assets	3,727,526	3,429,607
Total liabilities and net assets	$7,414,061	$6,597,160

The accompanying notes are an integral part of these financial statements.

The Johns Hopkins Health System Corporation and Affiliates
Combined Statements of Operations and Changes in Net Assets
for the years ended June 30, 2014 and 2013
(in thousands)

	2014	2013
Operating revenues:		
Net patient service revenue before provision for bad debts	$ 4,726,648	$ 4,577,945
Provision for bad debts	141,364	144,051
Net patient service revenue	4,585,284	4,433,894
Other revenue	479,225	470,674
Investment income	53,210	48,609
Net assets released from restrictions used for operations	7,806	6,615
Total operating revenues	5,125,525	4,959,792
Operating expenses:		
Salaries, wages and benefits	2,035,990	2,017,016
Purchased services	1,813,942	1,748,391
Supplies and other	783,493	715,538
Interest	39,038	40,037
Depreciation and amortization	266,226	263,011
Total operating expenses	4,938,689	4,783,993
Income from operations	186,836	175,799
Non-operating revenues and expenses:		
Interest expense on swap agreements	(27,832)	(27,811)
Change in fair value of swap agreements	(6,201)	95,103
Change in realized and unrealized gains on investments	218,948	129,701
Other non-operating expenses	(14,480)	(22,494)
Excess of revenues over expenses before noncontrolling interests	357,271	350,298
Noncontrolling interests	(18,965)	(11,270)
Excess of revenues over expenses	338,306	339,028
Contributions to affiliates	(8,268)	(4,314)
Change in funded status of defined benefit plans	(68,722)	185,360
Net assets released from restrictions used for purchases of property, plant, and equipment	6,295	16,064
Noncontrolling interests	18,965	11,270
Other	(103)	(320)
Increase in unrestricted net assets	286,473	547,088
Changes in temporarily restricted net assets:		
Gifts, grants and bequests	26,500	29,207
Net change in Howard Hospital Foundation	(417)	675
Net assets released from restrictions used for purchases of property, plant, and equipment	(6,295)	(16,064)
Net assets released from restrictions used for operations	(7,806)	(6,615)
Other	(2,405)	(1,021)
Increase in temporarily restricted net assets	9,577	6,182
Changes in permanently restricted net assets:		
Gifts, grants and bequests	1,711	4,385
Net change in Howard Hospital Foundation	158	-
Increase in permanently restricted net assets	1,869	4,385
Increase in net assets	297,919	557,655
Net assets at beginning of year	3,429,607	2,871,952
Net assets at end of year	$ 3,727,526	$ 3,429,607

The accompanying notes are an integral part of these financial statements.

The Johns Hopkins Health System Corporation and Affiliates
Combined Statements of Cash Flows
for the years ended June 30, 2014 and 2013
(in thousands)

	2014	2013
Operating activities:		
Change in net assets	$ 297,919	$ 557,655
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	267,158	263,779
Provision for bad debts	141,364	144,051
Net realized and changes in unrealized gains on investments	(219,182)	(130,348)
Change in fair value of swap agreements	6,201	(95,103)
Change in funded status of defined benefit plans	68,722	(185,360)
Restricted contributions and investment income received	(23,394)	(25,340)
Gains on and returns on equity investments	(14,354)	(10,363)
Other operating activities	(1,702)	5,702
Change in assets and liabilities:		
Patient accounts receivables	(141,879)	(222,036)
Inventories of supplies, prepaid expenses and other current assets	(139,660)	(10,872)
Due from affiliates, net	(17,681)	15,803
Pledges receivable	466	(1,810)
Swap counterparty deposit and other assets	(11,628)	53,104
Accounts payable, accrued liabilities and accrued vacation	40,499	23,522
Medical claims reserve	(3,294)	5,777
Deferred revenue	25,164	(2,533)
Advances from third-party payors	11,324	(554)
Accrued pension benefit costs	(28,011)	47,431
Estimated malpractice costs	158,901	15,562
Other long-term liabilities	(217)	(1,439)
Net cash and cash equivalents provided by operating activities	416,716	446,628
Investing activities:		
Purchases of property, plant and equipment	(260,082)	(195,702)
Return of equity investments	2,054	151
Purchases of investment securities	(3,986,405)	(2,479,155)
Sales of investment securities	3,670,349	2,316,412
Payments received on Affiliate notes	36,058	-
Advances on Affiliate notes	(33,930)	(62,401)
Other investing activities	(752)	1,153
Net cash and cash equivalents used in investing activities	(572,708)	(419,542)
Financing activities:		
Proceeds from restricted contributions and investment income received	23,394	25,340
Proceeds from long-term borrowings	247,000	567,935
Repayment of long-term debt and obligations under capital lease	(46,737)	(490,162)
Distributions attributable to noncontrolling interests	(6,692)	(3,035)
Other financing activities	(1,764)	(3,710)
Net cash and cash equivalents provided by financing activities	215,201	96,368
Change in cash and cash equivalents	59,209	123,454
Cash and cash equivalents at beginning of year	510,493	387,039
Cash and cash equivalents at end of year	$ 569,702	$ 510,493

The accompanying notes are an integral part of these financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization. The Johns Hopkins Health System Corporation ("JHHSC") is incorporated in the State of Maryland to, among other things, formulate policy among and provide centralized management for JHHSC and Affiliates ("JHHS"). In addition, it provides certain shared services including finance, human resources, payroll, accounts payable, purchasing, patient financial services, legal, and other functions. JHHS is organized and operated for the purpose of promoting health by functioning as a parent holding company of affiliates whose combined mission is to provide patient care in the treatment and prevention of human illness which compares favorably with that rendered by any other institution in this country or abroad.

JHHSC is the sole member of The Johns Hopkins Hospital ("JHH"), an academic medical center, Johns Hopkins Bayview Medical Center, Inc. ("JHBMC"), a community based teaching hospital, Howard County General Hospital, Inc. ("HCGH"), a community based hospital, Suburban Hospital, Inc. ("SHI"), a community based hospital, Sibley Memorial Hospital ("SMH"), a community based hospital, All Children's' Hospital, Inc. ("ACH"), an academic children's hospital, Suburban Hospital Healthcare System, Inc. ("SHHS"), a diverse healthcare system, All Children's Health System ("ACHS"), a diverse healthcare system, Johns Hopkins Community Physicians ("JHCP"), a community based physician practice group, The Johns Hopkins Medical Services Corporation ("JHMSC"), the contracting entity for the Uniformed Services Family Health Plan contract, and the HCGH OB/GYN Associates Series, LLC ("HCOB"), a taxable community based obstetrics and gynecology practice. JHHSC is also the sole shareholder of Howard County Health Services, Inc. ("HCSI"), a taxable entity organized to hold interests in various health care enterprises, Johns Hopkins Medical Management Corp. ("JHMMC"), a taxable entity organized to provide temporary nursing and clerical staffing and to promote ambulatory care arrangements in support of JHHS, and Johns Hopkins Employer Health Programs, Inc. ("EHP"), a taxable third-party administrator for employee health benefit plans self-funded by the constituent employee sponsors. JHHSC owns a 99.7% interest in Ophthalmology Associates, LLC ("OA"), a taxable professional services organization which operates an ophthalmology center at Green Spring Station. JHHSC and the Johns Hopkins University (the "University") each own a 50% membership interest in Johns Hopkins HealthCare LLC ("JHHC"), a taxable managed care entity supporting JHHS and the University in cooperative strategies by which patient care, education, and research may be advanced. JHHSC consolidates JHHC. These entities are all consolidated operating entities and are collectively known as the "Affiliates".

Use of estimates. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of presentation. The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Principles of combination. The combined financial statements include the accounts of JHHSC and all Affiliates after elimination of all significant intercompany accounts and transactions.

Cash and cash equivalents. Cash and cash equivalents include amounts invested in accounts with depository institutions which are readily convertible to cash, with original maturities of three months or less. Total deposits maintained at these institutions at times exceed the amount insured by federal agencies and therefore, bear a risk of loss. JHHS has not experienced such losses on these funds.

Through arrangements with banks, excess operating cash is invested daily. This investment is considered a cash equivalent in the accompanying Combined Balance Sheets. JHHS earns interest on these funds at a rate that is based upon the bank's Federal Funds rate. The interest is recorded in the Combined Statements of Operations and Changes in Net Assets as investment income.

Inventories of supplies. Inventories of supplies are composed of medical supplies, drugs, linen, and parts inventory for repairs. Inventories of supplies are recorded at lower of cost or market using a first in, first out method.

Assets whose use is limited. Assets whose use is limited or restricted by the donor are recorded at fair value at the date of donation. Investment income or losses on investments of temporarily or permanently restricted assets is recorded as an increase or decrease in temporarily or permanently restricted net assets to the extent restricted by the donor or law. The cost of securities sold is based on the specific identification method.

Assets whose use is limited include assets held by trustees under debt agreements, assets restricted by the board of trustees, pledges receivable, beneficial interest remainder trusts, interest in the net asset of Howard Hospital Foundation, and net asset set aside pursuant to their temporarily and permanently restricted nature. These assets consist primarily of cash and short term investments, accrued interest and pledges receivable. The carrying amounts reported in the Combined Balance Sheets represent fair value.

Investments and investment income. Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value in the Combined Balance Sheets. Debt and equity securities traded on a national securities and international exchange are valued as of the last reported sales price on the last business day of the fiscal year; investments traded on the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and ask prices.

Investments include equity method investments in managed funds, which include hedge funds, private partnerships and other investments which do not have readily ascertainable fair values and may be subject to withdrawal restrictions. Investments in hedge funds, private partnerships, and other investments in managed funds (collectively "alternative investments"), are accounted for under the equity method. The equity method income or loss from these alternative investments is included in the Combined Statements of Operations and Changes in Net Assets as an unrealized gain or loss above excess of revenues over expenses.

Alternative investments are less liquid than other types of investments held by JHHS. These instruments may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments, and nondisclosure of portfolio composition.

Investment income earned on cash and investment balances (interest and dividends) is reported in the operating income section of the Combined Statements of Operations and Changes in Net Assets under 'Investment income'. Realized gains or losses related to the sale of investments, and unrealized gains or losses on alternative investments are included in the non-operating section of the Combined Statements of Operations and Changes in Net Assets included in excess of revenues over expenses unless the income or loss is restricted by donor or law.

Investments in companies in which JHHS does not have control, but has the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method of accounting, and operating results flow through investment income on the Combined Statements of Operations and Changes in Net Assets. Dividends received are recorded as a reduction of the carrying amount of the investment.

Investments in companies in which JHHS does not have control, nor has the ability to exercise significant influence over operating and financial policies, are accounted for using the cost method of accounting. Investments are originally recorded at cost, with dividends received being recorded as investment income.

Property, plant and equipment. Property, plant and equipment acquisitions are recorded at cost. Equipment is recorded as an asset if the individual cost is at least $5 thousand and the useful life is at least two years. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of lease term or estimated useful life of the equipment. Estimated useful lives assigned by JHHS range from 5 to 25 years for land improvements, 3 to 40 years for buildings and improvements, 2 to 25 years for fixed and movable equipment, and 5 to 20 years for leasehold improvements. Interest costs incurred on borrowed funds, net of income earned, during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. Repair and maintenance costs are expensed as incurred. When property, plant and equipment are retired, sold or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operating income.

The cost of software is capitalized provided the cost of the project is at least $30 thousand ($100 thousand for JHH) and the expected life is at least two years. Costs include payment to vendors for the purchase of software and assistance in its installation, payroll costs of employees directly involved in the software installation, and capitalized interest costs of the software project. Preliminary costs to document system requirements, vendor selection, and any costs incurred before the software purchase are expensed. Capitalization of costs ends when the project is completed and is ready to be used. Where implementation of the project is in phases, only those costs incurred which further the development of the project are capitalized. Costs incurred to maintain the system are expensed.

Gifts of long-lived assets such as land, buildings or equipment are reported as unrestricted support, and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expiration of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment of long-lived assets. Long-lived assets are reviewed for impairment when events and circumstances indicate that the carrying amount of an asset may not be recoverable. JHHS' policy is to record an impairment loss when it is determined that the carrying amount of the asset exceeds the sum of the expected undiscounted future cash flows resulting from use of the asset and its eventual disposition. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds its fair value and are reported in the non-operating section of the Combined Statements of Operations and Changes in Net Assets. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No material impairment charges were recorded in 2014 or 2013.

Financing expenses. Financing expenses incurred in connection with the issuance of debt have been capitalized and are included in other assets in the Combined Balance Sheets. The expenses are being amortized over the terms of the related debt issues using the effective interest method. The total amount capitalized as of June 30, 2014 and 2013 was $7.4 million and $6.8 million, respectively. The total amount expensed for the period ended June 30, 2014 and 2013 was $721 thousand and $1.1 million, respectively.

Intangible asset. In connection with the acquisition of ACH in 2011, an intangible asset for the trade name "All Children's Hospital" of $11.7 million was recognized, and is recorded in other long-term assets on the Balance Sheets. The trade name is considered to have an indefinite useful life and is not amortized into results of operations. The trade name is reviewed for impairment annually or more often if impairment indicators arise. No impairment charges were recorded for the years ended June 30, 2014 and 2013.

Medical claims reserve. JHHC's medical claims reserve is an estimate of payments to be made for reported claims and losses incurred but not reported. The estimate was developed using actuarial methods based upon historical data for payment patterns, cost trends, and other relevant factors. The estimate is continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operating income.

Deferred revenue. JHHC's capitated receipts received in advance for future services to be provided are recorded as deferred revenue.

Accrued vacation. JHHS records a liability for amounts due to employees for future absences which are attributable to services performed in the current and prior periods.

Advances from third-party payors. JHHS receives advances from some of its third-party payors so that those payors can receive the stated prompt pay discount allowed in the State of Maryland. Advances are recorded as a liability in the Combined Balance Sheets.

Estimated malpractice costs. The provision for estimated medical malpractice claims includes estimates of the ultimate gross costs for both reported claims and claims incurred but not reported. Additionally, an insurance recovery has been recorded representing the amount expected to be recovered from the self-insured captive insurance company.

Swap agreements. The value of the interest rate swap agreements entered into by JHHS are adjusted to fair value monthly at the close of each accounting period based upon quotations from market makers. The change in fair value, if any, is recorded in the Statement of Operations and Changes in Net Assets. Entering into interest rate swap agreements involves, to varying degrees, elements of credit, default, prepayment, market and documentation risk in excess of the amounts recognized on the Balance Sheets. Such risks involve the possibility that there will be no liquid market for these agreements. The counterparty to these agreements may default on its obligation to perform and there may be unfavorable changes in interest rates.

Noncontrolling interests. JHHC is owned by JHHSC and the University, each member having a 50% interest. JHHC's profits are divided between the members based on product line. Based on control, JHHSC consolidates JHHC and records noncontrolling interests for the profits attributable to the University. Additionally, JHHC owns a 50% interest in Priority Partners Managed Care Organization, Inc. ("Priority Partners"), a for-profit joint venture. Based on control, JHHC consolidates Priority Partners and records noncontrolling interests for 50% of the profits.

Asset retirement obligations. Accounting for asset retirement obligations provides for the recognition of an estimated liability for legal obligations associated with the retirement of tangible long-lived assets, including obligations that are conditional upon a future event. JHHS measures asset retirement obligations at fair value when incurred and capitalizes a corresponding amount as part of the related long-lived assets. The increase in the capitalized cost is included in determining depreciation expense over the estimated useful life of these assets. Since the fair value of the asset retirement obligation is determined using a present value approach, accretion of the obligation due to the passage of time until its settlement is recognized each year as part of interest expense in the Combined Statements of Operations and Changes in Net Assets.

Temporarily and permanently restricted net assets. Temporarily restricted net assets are those whose use has been limited by donors or law to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. Income generated from these assets is available as restricted by the donor or for general program support.

Donor restricted gifts. Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Unconditional promises to give cash to JHHS greater than one year are discounted using a rate of return that a market participant would expect to receive at the date the pledge is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose for the restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Combined Statements of Operations and Changes in Net Assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the Combined Statements of Operations and Changes in Net Assets.

Grants. JHHS receives various grants from individuals and agencies of the Federal and State Governments for the purpose of furthering its mission of providing patient care. Grants are recognized as support and the related project costs are recorded as expenses when services related to grants are incurred. Grant receivables are included in due from others in the Combined Balance Sheets and grant income is included in other revenue in the Combined Statements of Operations and Changes in Net Assets.

Managed care revenues. Premium revenue is recognized during the period in which JHHC or Priority Partners is obligated to provide services to its enrollees. Global contract revenue is based on global rate agreements with various third-party payors who, based on medical procedures, pay contractual packaged prices. Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered. Management fees represent capitated payments for management services from Johns Hopkins University, JHMSC, and EHP are recognized when obligated to provide the service.

Other revenue. In July 2012, SHI was awarded a $25.0 million settlement from a binding arbitration case with Healthcare Initiative Foundation (“HIF”), a separate foundation that held SHI’s endowment funds, for breach of trust. SHI received the $25.0 million settlement in October 2012 and recorded the revenue in other operating revenue in fiscal year 2013. Additionally, other revenues contain ancillary services such as discharge pharmacies and shared services provided to non-consolidating affiliates.

Excess of revenues over expenses. The Combined Statements of Operations and Changes in Net Assets include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include, among other items, changes in unrealized gains and losses on investments other than trading securities, change in funded status of defined benefit plans, changes in accounting principle, permanent transfers of assets to and from affiliates for other than goods or services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Non-operating revenues and expenses. Transactions deemed by management to be ongoing, significant, or central to the provision of health care services are reported as operating revenues and expenses. Peripheral or incidental transactions are reported as non-operating revenues or expenses. JHH has entered into an agreement to support capital improvements to the Johns Hopkins University School of Medicine's ("JHUSOM") infrastructure at the John Hopkins Hospital's East Baltimore campus through annual contributions. These contributions amounted to $7.1 million and $7.2 million for the years ended June 30, 2014 and 2013, respectively, and are recognized each year as other non-operating expenses in the Statements of Operations and Changes in Net Assets.

Income taxes. JHHSC and Affiliates, except JHMMC, EHP, HCSI, OA, HCOB, and JHHC are not-for-profit organizations that qualify under Section 501(c)(3) of the Internal Revenue Code, and are therefore not subject to tax under current income tax regulations.

JHHC is classified as a partnership for Federal and State income tax purposes and accordingly, there is no provision for income taxes in the accompanying combined financial statements. Taxable income or loss passes through to and is reported by the members in their respective tax returns. Taxable subsidiaries of Affiliates account for income taxes in accordance with Financial Accounting Standards Board ("FASB") guidance on accounting for income taxes. Deferred income taxes are recognized for the tax consequences in future years for differences between the tax basis of assets and liabilities and their financial reporting amounts at each year end. Affiliate subsidiaries otherwise exempt from Federal and State taxation are nonetheless subject to taxation at corporate tax rates at both the Federal and State levels on their unrelated business income. Total taxes paid to Federal and State tax authorities during the years ended June 30, 2014 and 2013 amounted to $33.9 million and $22.6 million, respectively.

FASB's guidance on accounting for uncertainty in income taxes clarifies the accounting for uncertainty of income tax positions. This guidance defines the threshold for recognizing tax return positions in the financial statements as "more likely than not" that the position is sustainable, based on its technical merits. The guidance also provides guidance on the measurement, classification and disclosure of tax return positions in the financial statements. There was no impact on JHHS' financial statements during the years ended June 30, 2014 and 2013.

Reclassifications. Certain amounts from the prior year have been reclassified in order to conform to the current year presentation.

2. Net Patient Service Revenue

JHHS has agreements with third-party payors that provide for payments to JHHS at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an

estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Adjustments mandated by the Health Services Cost Review Commission are also included in contractual adjustments, a portion of which are also included in established rates.

SMH and ACH operate outside of the State of Maryland, and are paid prospectively based upon negotiated rates for commercial insurance carriers, and predetermined rates per discharge for Medicaid and Medicare program beneficiaries. Payment arrangements include cost-based reimbursement, per diem payments prospectively determined rates per discharge, discounted charges, and fee schedules. Net patient service revenue are booked at estimated realizable amounts due from patients, third-party payors, and others for services rendered, and include estimated retroactive revenue adjustments due to future audits and reviews. Retroactive adjustments are estimated and are considered in the recognition of revenue in the period the services are rendered. Such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to audits and reviews.

During the year ended June 30, 2014, ACH received no final audits for Medicaid cost report years. ACH's Medicaid interim rates are based on Medicaid cost reports which have been audited for cost report years 2001, 2002, and 2005 through 2009. However, final audited rates have not been issued by Medicaid for these years.

During the year ended June 30, 2014, SMH received no final audits for Medicare cost report years. As of June 30, 2014, SMH has Medicare cost report years 2009 through 2013 open.

Capitation payments included in net patient service revenue are recognized as premium revenues during the period in which JHHS Affiliates are obligated to provide services to its enrollees at contractually determined rates.

JHHS' not-for-profit Affiliates provide care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Such patients are identified based on information obtained from the patient and subsequent analysis. Because the Affiliates do not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Direct and indirect costs for these services amounted to $62.3 million and $65.0 million for the years ended June 30, 2014 and 2013, respectively. The costs of providing charity care services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on JHHS' total expenses (less bad debt expense) divided by gross patient service revenue.

Patient accounts receivable are reported net of estimated allowances for uncollectible accounts and contractual adjustments in the accompanying financial statements. The provision for bad debts is based upon a combination of the payor source, the aging of receivables and management's assessment of historical and expected net collections, trends in health insurance coverage, and other collection indicators. The provision for bad debts related to patient service revenue is presented as a deduction from patient service revenue on the face of the Combined Statements of Operations and Changes in Net Assets. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Hospitals uninsured patients will be unable or unwilling to pay for the services provided. Thus, a significant provision for bad debts is recorded related to uninsured patients in the period services are provided. Management continuously assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience and payment trends by payor classification.

Patient service revenue, net of contractual allowances (but before the provision for bad debts), recognized in the year ending June 30, 2014 from these major payor sources is as follows:

	Third-Party Payors	Self-pay	Total All Payors
Patient service revenue (net of contractual allowances)	$ 4,608,343	$ 118,305	$ 4,726,648

Patient service revenue, net of contractual allowances (but before the provision for bad debts), recognized in the year ending June 30, 2013 from these major payor sources is as follows:

	Third-Party Payors	Self-pay	Total All Payors
Patient service revenue (net of contractual allowances)	$ 4,435,185	$ 142,760	$ 4,577,945

The following table depicts the mix of gross accounts receivable from patients and third-party payors as of June 30, 2014 and 2013:

	2014	2013
Medicare	20.6%	20.7%
Medicaid	15.9%	12.2%
Blue Cross and Blue Shield	11.8%	12.2%
Medicaid managed care organizations	8.5%	6.2%
Self pay and other third-party payers	43.2%	48.7%
Total	100.0%	100.0%

3. Pledges Receivable

As of June 30, 2014 and 2013, the value of pledges receivable before discounts was $32.3 million and $30.4 million, respectively. Pledges receivable have been discounted at rates ranging from 0.11% to 6.0% and consist of the following (in thousands):

As of June 30, 2014	1 Year	2 –5 Years	5 Years or Greater	Totals
Departmental campaigns	$ 3,183	$ 7,412	$ 1,664	$ 12,259
Future campus development	4,450	8,812	2,556	15,818
	$ 7,633	$ 16,224	$ 4,220	$ 28,077

As of June 30, 2013	1 Year	2 –5 Years	5 Years or Greater	Totals
Departmental capital campaigns	$ 1,912	$ 3,171	$ 1,716	$ 6,799
Future campus development	7,038	12,199	2,504	21,741
	$ 8,950	$ 15,370	$ 4,220	$ 28,540

Pledges are deemed to be fully collectible and therefore, no allowance for uncollectible pledges has been recorded.

4. Fair Value Measurements

FASB's guidance on the fair value option for financial assets and financial liabilities permits companies to choose to measure many financial assets and liabilities, and certain other items at fair value. This guidance requires a company to record unrealized gains and losses on items for which the fair value option has been elected in its performance indicator. The fair value option may be applied on an instrument by instrument basis. Once elected, the fair value option is irrevocable for that instrument. The fair value option can be applied only to entire instruments and not to portions thereof. JHHS has not elected fair value accounting for any asset or liability that is not currently required to be measured at fair value.

JHHS follows the guidance on fair value measurements, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. This guidance applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, this guidance does not require any new fair value measurements.

This guidance discusses valuation techniques such as the market approach, cost approach and income approach. The guidance establishes a three-tier level hierarchy for fair value measurements based upon the transparency of inputs used to value an asset or liability as of the measurement date. The three-tier hierarchy prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Observable inputs such as quoted market prices for identical assets or liabilities in active markets;
- Level 2 – Observable inputs for similar assets or liabilities in an active market, or other than quoted prices in an active market that are observable either directly or indirectly; and
- Level 3 – Unobservable inputs in which there is little or no market data that require the reporting entity to develop its own assumptions. There are no instruments requiring Level 3 classification.

The financial instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Each of the financial instruments below has been valued utilizing the market approach.

The following table presents the financial instruments carried at fair value as of June 30, 2014 grouped by hierarchy level:

Assets	Total Fair Value	Level 1	Level 2
Cash equivalents (1)	$ 613,394	$ 613,394	$ -
Commercial paper (1)	22,521	22,521	-
Certificates of deposit (1)	2,033	-	2,033
U.S. Treasuries (2)	513,485	-	513,485
Corporate bonds (2)	367,592	-	367,592
Asset backed securities (2)	117,486	-	117,486
Equities and equity funds (3)	993,172	668,330	324,842
Fixed income funds (4)	227,634	220,769	6,865
Totals	$ 2,857,317	$ 1,525,014	$ 1,332,303
Liabilities			
Interest rate swap agreements (5)	$ 190,621	$ -	$ 190,621

The following table presents the financial instruments carried at fair value as of June 30, 2013 grouped by hierarchy level:

Assets	Total Fair Value	Level 1	Level 2
Cash equivalents (1)	$ 579,486	$ 579,486	$ -
Commercial paper (1)	28,588	28,588	-
Certificates of deposit (1)	2,322	-	2,322
U.S. Treasuries (2)	332,414	-	332,414
Corporate bonds (2)	338,616	-	338,616
Asset backed securities (2)	96,815	-	96,815
Equities and equity funds (3)	832,943	589,817	243,126
Fixed income funds (4)	117,106	110,394	6,712
Totals	$ 2,328,290	$ 1,308,285	$ 1,020,005
Liabilities			
Interest rate swap agreements (5)	$ 184,417	$ -	$ 184,417

(1) Cash equivalents, commercial paper, money market funds, and overnight investments include investments with original maturities of three months or less. Certificates of deposit are carried at amortized cost. Certificates of deposit and commercial paper that have original maturities greater than three months are considered short-term investments. Cash and cash equivalents, commercial paper, money market funds, and overnight investments are rendered level 1 due to their frequent pricing and ease of converting to cash. Computed prices and frequent evaluation versus fair value render the certificates of deposit level 2.

(2) For investments in U.S. Treasuries (notes, bonds, and bills), corporate bonds, and asset backed securities, fair value is based on quotes for similar securities; therefore these investments are rendered level 2. These investments fluctuate in value based upon changes in interest rates.

(3) Equities include individual equities and investments in mutual funds, and commingled trusts. The individual equities and mutual funds are valued based on the closing price on the primary market and are rendered level 1. The commingled trusts and hedge funds are valued regularly within each month utilizing NAV per unit and are rendered level 2.

(4) Fixed income funds are investments in mutual funds and commingled trusts investing in fixed income instruments. The underlying fixed investments are principally U.S. Treasuries, corporate bonds, commercial paper, and mortgage backed securities. The mutual funds are valued based on the closing price on the primary market and are rendered level 1. The commingled trusts are valued regularly within each month utilizing NAV per unit and are rendered level 2.

(5) The interest rate swap agreements, discussed further in footnote 9 "Derivative Financial Instruments," are valued using a swap valuation model that utilizes an income approach using observable market inputs including long-term interest rates, LIBOR swap rates, and credit default swap rates.

During 2014 and 2013, there were no transfers between level 1 and 2.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while JHHS believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value as of the reporting date.

JHHS holds alternative investments that are not traded on national exchanges or over-the counter markets. JHHS is provided a net asset value per share for these alternative investments that has been calculated in accordance with investment company rules, which among other requirements, indicates that the underlying investments be measured at fair value. There are no unfunded commitments related to JHHS' alternative investments.

The following table displays information by major alternative investment category as of June 30, 2014 (in thousands):

Description	Carrying Value	Liquidity	Notice Period	Receipt of Proceeds
Global asset allocation	$ 230,986	Daily or monthly	Same day or 5 days	Day after trade, or within 15 to 30 days, 95% in 5 days of redemption, 5% in 30 days after withdrawal
Fund of funds	$ 108,368	Monthly or quarterly	25 to 70 days	Within 30 days, or 90% in 30 to 60 days, 10% after annual audit
Hedge Funds	$ 11,822	Quarterly	60 days	95% within 30 days of redemption date; 5% within 120 days of redemption date
Total	$ 351,176			

The following table displays information by major alternative investment category as of June 30, 2013 (in thousands):

Description	Carrying Value	Liquidity	Notice Period	Receipt of Proceeds
Global asset allocation	$ 192,333	Monthly	5 days	Within 15 to 30 days, 95% in 5 days of redemption, 5% in 30 days after withdrawal
Fund of funds	$ 86,817	Monthly or quarterly	25 to 70 days	Within 30 days, or 90% in 30 to 60 days, 10% after annual audit
Hedge Funds	$ 7,155	Quarterly	60 days	95% within 30 days of redemption date; 5% within 120 days of redemption date
Total	$ 286,305			

Financial instruments are reflected in the Combined Balance Sheets as of June 30, 2014 and 2013 as follows (in thousands):

	2014	2013
Cash equivalents measured at fair value	$ 613,394	$ 579,486
Cash and cash equivalents included in AWUIL	(43,692)	(68,993)
Total cash and cash equivalents	$ 569,702	$ 510,493
Short and long-term investments measured at fair value	$ 1,259,932	$ 1,026,937
Investments accounted for under equity method	434,588	369,880
Total short and long-term investments	$ 1,694,520	$ 1,396,817
Assets whose use is limited measured at fair value	$ 983,991	$ 721,867
Cash in AWUIL reported in cash and equivalents on leveling table	43,692	68,993
Investments accounted for under equity method	84,742	68,977
Pledges receivable	28,077	28,540
Interest in net assets of HHF	13,644	13,903
Beneficial interest remainder trust	17,366	16,710
Other	1,392	235
Total assets whose use is limited	$ 1,172,904	$ 919,225

The estimated total fair value of long-term debt excluding capital leases, rendered level 2 based on quoted market prices for the same or similar issues, was approximately $1.8 billion and $1.5 billion for the years ended June 30, 2014, and 2013, respectively.

5. Investments and Assets Whose Use is Limited

Investments (short and long-term) as of June 30 consisted of the following (in thousands):

	2014 Carrying Amount	2013 Carrying Amount
Investments in affiliates	$ 168,154	$ 152,552
U.S. Treasuries	252,770	198,935
Commercial paper	21,968	24,914
Certificates of deposit	2,033	2,322
Corporate bonds	249,090	227,369
Asset backed securities	62,170	61,092
Fixed income funds	168,413	89,991
Equities and equity funds	503,488	422,314
Alternative investments	266,434	217,328
	$1,694,520	$1,396,817

Assets whose use is limited as of June 30 consisted of the following (in thousands):

	2014 Carrying Amount	2013 Carrying Amount
Cash and cash equivalents	$ 43,692	$ 68,993
Commercial paper	553	3,674
U.S. Treasuries	260,715	133,479
Corporate bonds	118,502	111,247
Asset backed securities	55,316	35,724
Fixed income funds	59,221	27,115
Equities and equity funds	489,684	410,628
Alternative investments	84,742	68,977
Pledges receivable	28,077	28,540
Beneficial interest remainder trust	18,525	16,710
Interest in net assets of HHF	13,644	13,903
Other	233	235
	$ 1,172,904	$ 919,225

Realized and unrealized gains on investments for the years ended June 30, included in the non-operating revenues and expenses section of the Statement of Operations consisted of the following (in thousands):

	2014	2013
Realized gains on investments	$ 54,703	$ 40,916
Unrealized gains on investments	164,245	88,785
Total	$ 218,948	$ 129,701

Investments recorded under the cost or equity method as of June 30 consisted of the following (in thousands):

Affiliate	Cost / Equity	%	2014	2013
Johns Hopkins International, LLC ("JHI")	Equity	50.00%	$ 22,436	$ 17,642
Johns Hopkins Home Care Group, Inc. ("JHHCG")	Equity	50.00%	8,515	8,320
FSK Land Corporation	Equity	50.00%	6,564	5,098
Broadway Development Corp.	Equity	50.00%	1,824	1,950
Mt. Washington Pediatric Hospital and Foundation	Equity	50.00%	30,092	24,921
Dome Corporation	Equity	50.00%	2,139	5,074
JHMI Utilities, LLC	Equity	50.00%	11,602	8,660
Sibley-Suburban Home Health Agency, Inc.	Equity	50.00%	5,089	5,579
Suburban/NRH Medical Rehabilitation, Inc.	Equity	50.00%	1,232	1,247
Germantown Wellness and Fitness, LLC	Equity	50.00%	222	99
Eager Park Pharmacy and Health Services, LLC	Equity	49.00%	323	597
Rockville Imaging, LLC	Equity	40.00%	388	479
Chevy Chase Imaging, LLC	Equity	27.00%	458	545
Ten Acres Medical Center, LLC	Equity	25.00%	1,500	1,647
Sleep Services of America	Equity	24.30%	-	1,436
Central Maryland Radiation Oncology, LLC	Equity	20.00%	1,500	1,534
Johns Hopkins Suburban Health Center, L.P.	Cost	19.00%	1,802	1,721
MCIC Bermuda	Cost	10.00%	57,941	55,220
MCIC Vermont	Cost	10.00%	-	1,000
Patient First Corporation	Cost	3.00%	750	750
Other			13,777	9,033
			$168,154	$152,552

During the year ended June 30, 2014, JHHS entered into a stock purchase agreement with Premier, Inc. ("Premier") whereby JHHS acquired 1.44 million class B shares of common stock for $1.5 million in cash and $1.0 million in value from its existing ownership of Premier. Premier went public on November 1, 2013. The class B shares vest ratably over a seven year period. Once vested, JHHS has the option to convert the vested class B shares to class A shares. The cost basis of the class B shares increases as the shares vest. As of June 30, 2014 the total cost basis of the class B shares was $3.7 million.

JHHS consolidates certain affiliates that it owns 50% or more, but less than 100%, because JHHS has control and significant influence over those affiliates. The net asset activity attributable to the noncontrolling interests consisted of the following as of June 30, (in thousands):

	2014	2013
Net assets attributable to noncontrollling interests at beginning of period	$ 59,105	$ 50,870
Income attributable to noncontrolling interests	18,965	11,270
Distributions attributable to noncontrolling interests	(6,692)	(3,035)
Other comprehensive income attributable to noncontrolling interests	43	-
Net assets attributable to noncontrolling interests at end of period	$ 71,421	$ 59,105

6. Property, Plant and Equipment

Property, plant and equipment and accumulated depreciation and amortization consisted of the following as of June 30 (in thousands):

	2014		2013	
	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land and land improvements	$ 158,752	$ 11,438	$ 155,699	$ 8,713
Buildings and improvements	2,164,271	709,494	2,101,862	651,547
Fixed and moveable equipment	1,664,795	771,656	1,668,412	658,311
Capitalized software	168,812	128,592	158,434	104,114
Construction in progress	229,417	-	104,488	-
	$ 4,386,047	$ 1,621,180	$ 4,188,895	$ 1,422,685

Accruals for purchases of property, plant and equipment as of June 30, 2014 and 2013 amounted to $22.4 million and $21.9 million, respectively, and are included in accounts payable and accrued liabilities in the Combined Balance Sheets. Depreciation and amortization expense for the years ended June 30, 2014 and 2013 amounted to $266.2 million and $263.0 million, respectively.

During the year ended June 30, 2014 and 2013, JHHS retired long-lived assets determined to have no future value. During 2014, the original cost and corresponding accumulated depreciation of these long-lived assets was $67.7 million and $66.4 million, respectively. No proceeds from retirement were received in 2014. During 2013, the original cost and corresponding accumulated depreciation of these long-lived assets was $154.4 million and $149.6 million, respectively. No proceeds from retirement were received in 2013.

JHH and the University share various facilities, equipment, software, and services. The costs related to these facilities, equipment, software, and services are generally paid for in their entirety by one institution. Under the provisions of a Joint Administrative Agreement and a lease agreement between JHH and the University, these costs are allocated to both institutions on the basis of usage. The University leased approximately 24.5% and 22.0% of the net square footage within JHH's buildings as of June 30, 2014 and 2013, respectively.

7. Medical Claims Reserves

JHHC's activity related to its liability for unpaid health claims for the years ended June 30 are summarized in the table below (in thousands):

	2014	2013
Balance, July 1	$ 105,825	$ 100,048
Incurred related to:		
Current year	981,898	958,566
Prior year	(24,541)	(29,289)
Total incurred	957,357	929,277
Paid related to:		
Current year	878,367	852,741
Prior year	82,284	70,759
Total paid	960,651	923,500
Balance, June 30	$ 102,531	$ 105,825

The medical claims reserve is inherently subject to a number of highly variable circumstances, including changes in payment patterns, cost trends and other relevant factors. Consequently, the actual experience may vary materially from the original estimate. The above medical claims reserves include intercompany activity that is eliminated in combination.

8. Debt

Debt as of June 30 is summarized as follows (in thousands):

	2014		2013	
	Current Portion	Long-term Portion	Current Portion	Long-term Portion
Tax Exempt Maryland Health and Higher Education Facilities Authority ("MHHEFA") Bonds and Notes:				
1985 Series A and B – Pooled Loan Program Issue (JHBMC, JHHSC)	$ 2,424	$ 2,987	$ 1,284	$ 5,840
1990 Series - Revenue Bonds (JHH)	9,370	37,873	9,370	43,941
2004 Series A - Revenue Bonds (SHI) – including original issue premium of $91 and $150 as of June 30, 2014 and 2013, respectively	4,835	3,401	2,400	10,795
2004 – Commercial Paper Revenue Notes Series B (JHBMC)	4,420	69,510	4,210	73,930
2008 Series - Revenue Bonds (JHH) – including original issue premium of $527 and $1,054 as of June 30, 2014 and 2013, respectively	48,772	-	-	49,299
2010 Series - Revenue Bonds (JHH) – including original issue premium of $1,552 and $1,615 as of June 30, 2014 and 2013, respectively	-	149,747	-	149,810
2011 Series A - Revenue Bonds (JHH) – including original issue premium of $5,595 and $6,327 as of June 30, 2014 and 2013, respectively	2,660	72,690	2,600	76,082
2011 Series B – Revenue Bonds (JHH)	-	48,245	-	48,245
2012 Series A – Note (JHH)	1,375	49,470	1,345	50,845
2012 Series B - Revenue Bonds (JHH) – including original issue premium of $11,596 and $12,644 as of June 30, 2014 and 2013, respectively	2,890	102,796	2,770	106,734
2012 Series C – Revenue Bonds (JHH)	375	83,600	375	83,975
2012 Series D – Revenue Bonds (JHH)	430	83,900	405	84,330
2012 Series E – Floating Rate Note (JHH)	11,000	89,000	9,000	91,000
2013 Series A – Revenue Bonds (JHHSC)	-	88,250	-	88,250
2013 Series B – Revenue Bonds (JHHSC)	2,220	57,490	2,140	59,710
2013 Series C – Revenue Bonds (JHHSC) - including net original issue discount of $833 as of June 30, 2014)	-	237,167	-	-
Tax Exempt City of St. Petersburg Health Facilities Authority Revenue				
2002 Series - Revenue Bonds (ACH)	1,885	16,807	1,800	18,741
2007 Series B – Revenue Refunding Bonds (ACH)	800	25,075	775	25,875
2009 Series A – Revenue Refunding Bonds (ACH)	290	66,746	190	67,090
2012 Series A – Revenue Refunding Bonds (ACH)	1,650	97,450	1,675	99,100
Tax Exempt District of Columbia Revenue Bonds:				
2009 Series - Revenue Bonds (SMH)	1,050	67,982	1,010	69,539
Taxable Revenue Bonds:				
2013 Series – Taxable Bonds (JHHSC)	-	148,165	-	148,165
Other debt:	-			
Capital leases (SHHS, ACH and JHHC)	1,832	33,319	1,745	35,151
Johns Hopkins Endowment (JHHSC)	427	1,446	402	1,873
	$ 98,705	$1,633,116	$ 43,496	$1,488,320

The above debt amounts for SMH and ACH includes an adjustment made at the time of acquisition to increase the value of the debt to fair value and is being amortized to interest expense over the life of the respective debt. As of June 30, 2014 the unamortized fair value adjustment was $7.0 million and $3.8 million for SMH and ACH, respectively. As of June 30, 2013 the unamortized fair value adjustment was $7.5 million and $3.9 million for SMH and ACH, respectively.

Obligated Groups
The Johns Hopkins Health System Obligated Group ("JHHS Obligated Group") consists of JHH, JHBMC, HCGH, SHI, SHHS, SMH and JHHSC. JHBMC was admitted into the JHHS Obligated Group in 2004 as part of a plan of debt refinancing. SHI and SHHS were admitted into the JHHS Obligated Group in 2010 as part of a JHH debt issuance. HCGH was admitted to the JHHS Obligated Group in May 2012 as part of a JHH debt issuance. JHHSC was admitted in May 2013 as part of a JHHSC debt issuance. SMH was admitted into the JHHS Obligated Group in August 2013 pursuant to a JHHSC debt issuance. All of the debt of JHH, JHBMC, HCGH, SHI, SHHS, SMH and JHHSC are parity debt, and as such are collateralized equally and ratably by a claim on and a security interest in all of JHH's, JHBMC's, HCGH's, SHI's, SHHS', SMH's, and JHHSC's receipts as defined in the Master Loan Agreement with MHHEFA. JHH, JHBMC, HCGH, SHI, SHHS, SMH, and JHHSC are required to achieve a defined minimum debt service coverage ratio each year. As of June 30, 2014 the outstanding JHH, JHBMC, HCGH, SHI, SHHS, SMH, and JHHSC parity debt was $1.5 billion. As of June 30, 2013 the outstanding JHH, JHBMC, SHI, and SHHS parity debt was $1.2 billion.

The All Children's Hospital Obligated Group ("ACH Obligated Group") consists of ACH. The 2002 and 2005 Series Revenue Bonds, and the 2007B and 2009A Revenue Refunding Bonds are parity debt, and as such are collateralized equally and ratably by a claim on and a security interest in all of ACH's gross receipts. ACH is required to achieve a defined minimum debt service coverage ratio each year. As of June 30, 2014, the total amount of debt outstanding under the ACH Obligated Group was $211.0 million. As of June 30, 2013, the total amount of debt outstanding under the ACH Obligated Group was $216.1 million.

1985A and B – Pooled Loan Program – JHBMC, JHHSC & JHCP
JHBMC, JHHSC and JHCP entered into loan agreements by borrowing through draws from the $175.0 million MHHEFA Revenue Bonds, Pooled Loan Program Issue, Series 1985A and Series 1985B. The debt bears interest at a variable rate. The interest rate in effect for the years ended June 30, 2014 and 2013 was 1.50% and 1.00%, respectively. The JHCP loan was paid off during the year ended June 30, 2014.

As of June 30, 2014, the MHHEFA Pooled Loan Program Issue was supported by a letter of credit agreement provided by JPMorgan Chase Bank, N.A. ("JPM"), which had an expiration date of December 31, 2014. The letter of credit agreement provider established a maturity date for the loan of September 30, 2014, at which time the outstanding principal amount of the loan becomes due. Effective August 27, 2014 MHHEFA replaced the JPM letter of credit by a letter of credit provided by TD Bank. The effect is that principal payments are payable monthly based on a pro forma level debt service amortization schedule that runs through June 15, 2015.

1990 Series – Revenue Bonds – JHH
Portions of the tax-exempt MHHEFA 1990 Series Revenue Bonds have been advance refunded. The bonds outstanding consist of Capital Appreciation Bonds. Interest on the Capital Appreciation Bonds accrues interest from the date of delivery, is compounded semi-annually on each July 1, and January 1, and is to be paid at maturity or redemption. Serial Capital Appreciation Bonds of $18.1 million and $26.2 million as of June 30, 2014 and 2013, respectively, bearing interest at rates ranging from 7.30% to 7.35% per annum, are due each July 1 in the amount of $9.4 million from 2014 to 2015. Term Capital Appreciation Bonds of $29.2 million and

$27.1 million as of June 30, 2014 and 2013, respectively, are due July 1, 2019 and bear interest, compounded semi-annually at a rate of 7.40%. Annual sinking fund installments for the Term Capital Appreciation Bonds are $9.4 million from July 1, 2016 to July 1, 2019.

2002 Series – Revenue Bonds – ACH
In December 2002, ACH obtained a loan in the amount of $35.0 million representing proceeds of tax-exempt Revenue Bonds issued through the City of St. Petersburg Health Facilities Authority. The loan requires annual principal payments ranging from $1.8 million to $2.7 million through 2021, plus semi-annual interest payments at fixed rates ranging from 4.0% to 5.5%. The recorded loan amount includes a fair value adjustment from the acquisition of ACH of $362 thousand and $441 thousand as of June 30, 2014 and 2013, respectively.

2004 Series A – Revenue Bonds – SHI
In June 2004, SHI issued $72.4 million principal amount of tax-exempt MHHEFA Revenue Bonds, 2004 Series A ("2004 Series A Bonds"). The 2004 Series A Bonds consist of Serial bonds due in annual installments beginning July 1, 2005 at interest rates between 4.7% and 5.5%, and $8.2 million Term bonds due on July 1, 2016 at a rate of 5.5%. Interest is payable semiannually on January 1 and July 1 of each year on the fixed rate 2004 Series A Bonds. The 2004 Series A Bonds were sold at a premium of $1.3 million which is being accounted for using the bond outstanding method.

2004 Commercial Paper Revenue Notes – Series B – JHBMC
The tax-exempt MHHEFA Commercial Paper Revenue Notes - Series B ("2004 Series B Notes") pay interest as the notes mature at a variable rate based on the commercial paper sold by a designated re-marketing agent for terms ranging from 1 to 270 days. The rates for the years ended June 30, 2014 and 2013 were approximately 0.10% and 0.17%, respectively. Annual payments of principal began July 1, 2004 and range in amounts from $425 thousand on July 1, 2004 to $8.3 million on July 1, 2025.

In connection with the 2004 Series B Notes, JHBMC entered into an $89.6 million line of credit agreement with Wells Fargo to provide for payment of such commercial paper at maturity, subject to certain conditions described therein. This agreement expires on October 31, 2016 subject to extension or earlier termination. No amounts were outstanding as of June 30, 2014 or 2013.

2007 Series B – Revenue Bonds – ACH
In October 2007, ACH obtained a loan in the amount of $92.2 million representing proceeds of tax-exempt Revenue Bonds issued through the City of St. Petersburg Health Facilities Authority ("2007 Series Bonds"). The loan requires annual principal payments ranging from $775 thousand to $1.8 million through 2034, plus interest at a weekly rate paid monthly. The rates for the years ended June 30, 2014 and 2013 were 0.45% and 0.55%, respectively.

2008 Series Revenue Bonds – JHH
In June 2008 JHH issued $144.7 million of tax-exempt MHHEFFA Revenue Bonds ("2008 Revenue Bonds") to finance construction of two new clinical care buildings. The bonds are term bonds that were sold in three tranches of approximately $48.2 million each that have final maturities in 2042, 2046 and 2048. The payment terms require sinking fund deposits that begin in 2036 in amounts of $2.3 million to $20.2 million in 2048. The interest rates on the bonds are based on initial term rate periods of three, five and seven years and currently range between 3.65% and 5.0%. Interest is payable semi-annually.

At the end of the initial term rate periods on November 15, 2011, May 15, 2013 and May 15, 2015, $48.2 million of 2008 Revenue Bonds are subject to mandatory repurchase by JHH. The first two tranches of term bonds have been purchased by JHH. The first tranche in November 2011 through the issuance of the 2011 Series B Revenue Bonds described below and the second

in May 2013 through the issuance of a note payable to JHHSC. JHH has the option at the end of each term period to change the length of the term periods or extend the fixed rate period to the final maturity of the bonds. JHH also has the right to retire the bonds at par value at the end of each term period. The 2008 Revenue Bonds were sold at a premium of $5.3 million which is being accounted for using the bond outstanding method.

2009 Series A – Revenue Refunding Bonds – ACH
In April 2009, ACH obtained a loan in the amount of $64.4 million representing proceeds of tax-exempt Revenue Bonds issued through the City of St. Petersburg Health Facilities Authority. The loan requires annual principal payments ranging from $190 thousand to $13.3 million through 2039, plus semi-annual interest payments at fixed rates ranging from 3.50% to 6.50%. The recorded loan amount includes a fair value adjustment from the acquisition of ACH of $3.5 million and $3.5 million as of June 30, 2014 and 2013, respectively.

2009 Series Revenue Bonds – SMH
In July 2009, SMH obtained a loan in the amount of $63.0 million representing proceeds of tax-exempt Revenue Bonds issued through a public offering by the District of Columbia, with stated interest rates ranging from 4.00% to 6.50%, maturing October 1, 2039. The loan required semi-annual interest payments until October 1, 2013, at which time SMH will begin making annual principal payments ranging from $1.0 million to $4.6 million until maturity. The recorded loan amount includes a fair value adjustment from the acquisition of SMH of $7.0 million and $7.5 million as of June 30, 2014 and 2013, respectively.

2010 Series Revenue Bonds – JHH
In June 2010, JHH issued $148.2 million of tax-exempt MHHEFA 2010 Series Revenue Bonds ("2010 Revenue Bonds") to further finance construction of the two new clinical buildings. $29.8 million of the bonds are serial bonds that mature in 2031 through 2035 and pay interest semi-annually at rates ranging from 4.38% to 4.63%. The remaining 2010 Revenue Bonds are Term Bonds amounting to $118.4 million paying interest semi-annually at a rate of 5.0% and maturing in 2040. The payment terms for the Term Bonds require sinking fund deposits in 2036 through 2040 in amounts ranging from $21.0 million to $26.3 million. The Serial Bonds were sold at a discount of $500 thousand and the Term Bonds were sold at a premium of $2.3 million, both of which are being accounted for using the bond outstanding method.

2011 Series A Revenue Bonds – JHH
In November 2011, JHH issued $74.6 million of tax-exempt MHHEFA 2011 Series A Revenue Bonds ("2011 Series A Bonds"). The 2011 Series A Bonds are serial bonds with maturities from 2013 through 2026 and pay a fixed rate of interest ranging from 2.00% to 5.00%. The repayment terms require semi-annual interest payments on May 15th and November 15th. Principal payments range from $100 thousand to $13.5 million, and are due upon maturity beginning May 15, 2013. The 2011 Series A Bonds were sold at a premium of $7.6 million which are being accounted for using the bond outstanding method.

2011 Series B Revenue Bonds – JHH
In November 2011, JHH issued $48.2 million of tax-exempt MHHEFA 2011 Series B Revenue Bonds ("2011 Series B Bonds"). The 2011 Series B Bonds are variable rate bonds that were issued with a five year term, and a mandatory repurchase date of November 15, 2016. The 2011 Series B Bonds pay interest monthly based on 67% of LIBOR plus 1.15%. The LIBOR rate is rest on the first business day of each month. The interest rates for the years ended June 30, 2014 and 2013 were approximately 1.25% and 1.28%, respectively.

2012 Series A Note - JHH
In February 2012, JHH issued a $53.5 million tax-exempt MHHEFA 2012 Floating Rate Note ("2012 Note") in a private placement. The 2012 Note has a term of five years, carries a variable rate of interest at 67% of the one-month LIBOR rate plus a spread of 0.44% that resets and is payable monthly. The interest rates for the years ended June 30, 2014 and 2013 were approximately 0.54% and 0.57%, respectively.

2012 Series B Revenue Bonds – JHH
In May 2012, JHH issued $97.6 million of tax-exempt MHHEFA 2012 Series B Revenue Bonds ("2012 Series B Bonds") to finance the construction of its two new clinical buildings. The 2012 Series B Bonds are serial bonds and mature annually from 2012 through 2033 in installments that range from $700 thousand in 2012 to $7.1 million in 2033, and pay interest semi-annually at rates ranging from 2.00% to 5.00%. The 2012 Series B Bonds were sold at a premium of $13.9 million which are being accounted for using the bond outstanding method.

2012 Series A Revenue Refunding Bonds – ACH
In June 2012, ACH issued 2012 Series A Revenue Refunding Bonds ("2012 Refunding Bonds") in the amount of $102.4 million representing proceeds of tax-exempt Revenue Bonds issued through the City of St. Petersburg Health Facilities Authority. The 2012 Refunding Bonds were issued as a direct bank placement with a five year term, and require annual principal payments ranging from $1.7 million to $8.0 million through 2035. Interest is calculated and paid monthly at the one-month LIBOR plus a spread of 0.50%. Interest for the years ended June 30, 2014 and 2013 were 0.61% and 0.64%, respectively.

2012 Series C and Series D Revenue Bonds – JHH
In August 2012, JHH issued $84.6 million and $85.1 million of tax-exempt MHHEFA 2012 Series C and D Revenue Bonds ("2012 Series C Bonds and 2012 Series D Bonds"). The 2012 Series C Bonds and 2012 Series D Bonds were issued to refund JHH Series 2008 E and Series 2008 F Notes, and are due in 2038. The 2012 Series C Bonds are subject to mandatory sinking fund installments ranging from $260 thousand to $8.7 million. The 2012 Series D Bonds are subject to mandatory sinking fund installments ranging from $325 thousand to $8.7 million. The 2012 Series C Bonds and 2012 Series D Bonds are variable rate bonds, and carry a mandatory repurchase date of November 15, 2017. The 2012 Series C Bonds and 2012 Series D Bonds pay interest monthly based on 67% of LIBOR plus a spread of 0.83% that resets and is payable monthly. The interest rates for the years ended June 30, 2014 and 2013 were approximately 0.94% and 0.96%, respectively.

2012 Series E Floating Rate Note – JHH
In November 2012, JHH issued a $100.0 million tax-exempt MHHEFA Floating Rate Note ("2012 Series E Note") through a private placement to refinance its 2004 Series C Notes and 2007 Series D Notes. The 2012 Series E Note has a term of five years, carries a variable rate of interest at 67% of LIBOR plus a spread of 0.55% that resets and is payable monthly. The interest rates for the years ended June 30, 2014 and 2013 were approximately 0.66% and 0.68%, respectively.

On July 1, 2013, JHH made a $9.0 million principal repayment related to the scheduled maturity of its 2012 Series E Note. In connection with this principal payment, In October 2013, JHH issued an additional $9.0 million of bonds to replace the matured principal amount. The additional borrowing is subject to the same terms and conditions of the original 2012 Series E Note.

2013 Series A Revenue Bonds - JHHSC
In May 2013, JHHSC issued $88.3 million of tax-exempt MHHEFA Revenue Bonds ("2013 Series A Bonds") to refinance $48.3 million of the JHH 2008 Revenue Bonds, as well as $40.0 million of the HCGH 2008 Bonds. The 2013 Series A Bonds are variable rate bonds that were issued with a five year term and a mandatory repurchase date of May 15, 2018. The 2013 Series A Bonds pay interest monthly based on 67% of LIBOR plus .60%. The LIBOR rate is reset on the first business day of each month. The interest rates for the years ended June 30, 2014 and 2013 were approximately 0.72% and 0.73%, respectively.

2013 Series B Revenue Bonds – JHHSC
In May 2013, JHHSC issued $61.9 million of tax-exempt MHHEFA Revenue Bonds ("2013 Series B Bonds") to refinance $10.0 million of the JHBMC 2008 Series A Bonds, as well as $51.9 million of the SHI 2008 Series Bonds. The 2013 Series B Bonds are variable rate bonds that were issued with a five year term and a mandatory repurchase date of May 15, 2018. The 2013 Series B Bonds pay interest monthly based on 67% of LIBOR plus .58%. The LIBOR rate is reset on the first business day of each month. The interest rates for the years ended June 30, 2014 and 2013 were approximately 0.70% and 0.71%, respectively.

2013 Series Taxable Revenue Bonds - JHHSC
In May 2013, JHHSC issued $148.2 million of Revenue Bonds ("2013 Taxable Bonds") in the taxable market to finance various capital projects. The 2013 Taxable Bonds are structured as two tranches with five and ten year bullet maturities. The five-year bullet of $48.2 million is due on May 15, 2018, and the ten-year bullet of $100.0 million is due on May 15, 2023. Interest is due semiannually beginning November 15, 2013 at a fixed interest rate of 1.424% for the five-year bullet and 2.767% for the ten-year bullet.

2013 Series C Revenue Bonds - JHHSC
In August 2013, JHHSC issued $238.0 million of tax-exempt MHHEFA Revenue Bonds ("2013 Series C Bonds") to finance construction of a new hospital on the SMH campus, and construction of a new Cancer Center and Emergency Department expansion projects on the JHBMC campus. The 2013 Series C Bonds were structured as serial bonds with maturities from 2016 through 2033, as well as two term bonds maturing 2038 and 2043. The 2013 Series C Bonds pay a fixed rate of interest ranging from 3.00% to 5.00%. The 2013 Series C Bonds pay interest semi-annually on May 15th and November 15th. Principal and sinking fund payments range from $1.6 million to $39.5 million starting May 15, 2016.

Johns Hopkins Endowment Loan – JHHSC
JHHSC has a $6.1 million loan from The Johns Hopkins Endowment Fund, Incorporated ("Endowment Corporation"). The proceeds of this loan were used for the renovation of the Pavilions II building at Green Spring Station. The loan is payable in monthly installments beginning July 1, 1998 and bears an interest rate of 6%. The amount outstanding on the loan was $1.9 million and $2.3 million as of June 30, 2014 and 2013, respectively.

For the debt of JHHS and Affiliates, total maturities of debt and sinking fund requirements, excluding capital leases, during the next five fiscal years and thereafter are as follows as of June 30, 2014 (in thousands):

2015	96,873
2016	41,086
2017	82,375
2018	39,500
2019	39,695
Thereafter	1,367,748
	$1,667,277

For the debt of JHHS and Affiliates described above, interest costs incurred, paid and capitalized in the years ended June 30 are as follows (in thousands):

	2014	2013
Net interest costs:		
Capitalized	$ 11,629	$ 583
Expensed	66,870	67,848
Allocated to others	58	64
	$ 78,557	$ 68,495
Interest costs paid	$ 76,182	$ 69,731

Capital Leases

SHHS has a lease agreement with an unrelated party for the lease of real property. The leased property consists of land and a building, located in north Bethesda, Maryland, which is known as the Suburban Outpatient Medical Center ("SOMC"). The lease term began on August 1, 2001 and will continue through December 31, 2026. The base rent escalates 2.25% per year, in accordance with the lease agreement. The lease contains four optional renewal periods for five years each. The SOMC lease has been recorded as a capital lease.

JHHC has a lease agreement with an unrelated party for the lease of equipment. The leased equipment consists of a Cat Scan machine. The lease term began in May 2013 and will continue through May 2018. The base rent is fixed in accordance with the lease agreement. The lease has been recorded as a capital lease.

The total leased property of $39.9 and $39.9 million is reflected in property, plant and equipment as of June 30, 2014 and 2013, respectively. Accumulated depreciation on the leased assets was $20.1 million and $18.1 million as of June 30, 2014 and 2013, respectively.

Depreciation expense on these leased assets is included within depreciation expense in the Combined Statements of Operations and Changes in Net Assets.

The future minimum lease payments required under JHHS capital leases are as follows as of June 30, 2014 (in thousands):

	Capital Lease Payments
2015	$ 4,753
2016	4,411
2017	4,502
2018	4,595
2019	4,341
2020 and thereafter	35,884
Minimum lease payments	58,486
Interest on capital lease obligations	(23,335)
Net minimum payments	35,151
Current portion of capital lease obligation	(1,832)
Capital lease obligation, less current	$ 33,319

9. Derivative Financial Instruments

JHHS' primary objective for holding derivative financial instruments is to manage interest rate risk. Derivative financial instruments are recorded at fair value and are included in other long-term liabilities. The total notional amount of interest rate swap agreements was $766.6 million and $773.1 million as of June 30, 2014 and 2013, respectively.

JHHS follows accounting guidance on derivative financial instruments that are based on whether the derivative instrument meets the criteria for designation as cash flow or fair value hedges. The criteria for designating a derivative as a hedge include the assessment of the instrument's effectiveness in risk reduction, matching of the derivative instrument to its underlying transaction, and the assessment of the probability that the underlying transaction will occur. All of JHHS' derivative financial instruments are interest rate swap agreements without hedge accounting designation.

JHHS does not hold derivative instruments for the purpose of managing credit risk and limits the amount of credit exposure to any one counterparty and enters into derivative transactions with high quality counterparties. JHHS recognizes gains and losses from changes in fair values of interest rate swap agreements as a non-operating revenue or expense within excess of revenues over expenses on the Combined Statements of Operations and Changes in Net Assets.

Each swap agreement has certain collateral thresholds whereby, on a daily basis, if the fair value of the swap agreement declines such that its devaluation exceeds the threshold, cash must be deposited by JHHS with the swap counterparty for the difference between the threshold amount and the fair value. As of June 30, 2014 and 2013, the amount of required collateral was $80.3 million and $72.8 million, respectively.

Fair value of derivative instruments as of June 30 (in thousands):

	Derivatives reported as liabilities			
	2014		2013	
	Balance Sheet Caption	Fair Value	Balance Sheet Caption	Fair Value
Interest rate swaps not designated as hedging instruments	Interest Rate Swap liabilities	$ 190,621	Interest Rate Swap liabilities	$ 184,417

Derivatives not designated as hedging instruments as of June 30 (in thousands):

Classification of derivative loss in Statement of Operations	Amount of gain (loss) recognized in change in unrestricted net assets	
	2014	2013
Interest rate swaps:		
Non-operating expense	$ (6,201)	$ 95,103

The following is a description of JHHS' interest rate swap agreements:

In January 2004, JHH entered into a fixed payor interest swap with J.P. Morgan. The notional amount on this swap agreement was $50.8 million and $52.2 million as of June 30, 2014 and 2013, respectively. This agreement carries a term of 17 years. JHH will pay J.P. Morgan a fixed annual rate of 3.329% in return for the receipt of a floating rate of interest equal to 67% of the one month LIBOR rate. The floating rates as of June 30, 2014 and 2013 were 0.10% and 0.13%, respectively.

In January 2004, JHBMC entered into a fixed payor interest rate swap agreement with Bank of America. The notional amount on this swap agreement was $73.9 million and $78.1 million as of June 30, 2014 and 2013, respectively, and carries a term of 21 years with payments beginning on February 1, 2004. JHBMC will pay Bank of America a fixed annual rate of 3.3265% in return for the receipt of a floating rate of interest equal to 67% of the one month LIBOR rate. The floating rates as of June 30, 2014 and 2013 were 0.10% and 0.13%, respectively.

In May 2004, SHI entered into a fixed payor interest rate swap agreement with J.P. Morgan. The notional amount on this swap agreement was $25.0 million as of June 2014 and 2013, and carries a term of 17 years. SHI will pay J.P. Morgan a fixed annual rate of 3.919% on the notional amount of the swap agreement in return for the receipt of a floating rate of interest equal to 68% of the one month LIBOR rate. The floating rates as of June 30, 2014 and 2013 were 0.10% and 0.13%, respectively.

In May 2005, ACH entered into two fixed payor interest rate swap agreements. The first swap agreement with the Royal Bank of Canada ("RBC") had a notional amount of $14.5 million and $14.6 million as of June 30, 2014 and 2013, respectively. The second swap agreement with Citibank, N.A. ("Citibank"), had a notional amount of $24.2 million and $24.3 million as of June 30, 2014 and 2013, respectively. These agreements carry a term of 29 years. ACH will pay RBC and Citibank a fixed annual rate of 3.6235% on the notional amount of the swap agreements in return for the receipt of a floating rate of interest equal to 62.2% of the one-month LIBOR plus 0.27%. The floating rates as of June 30, 2014 and 2013 were 0.36% and 0.39%, respectively, under these swap agreements.

In April 2006, JHH entered into two fixed payor interest rate swap agreements with Goldman Sachs Capital Markets, L.P. ("GSCM"). The notional amount on these swap agreements is $150.0 million each. These agreements carry a term of 32 years. JHH will pay GSCM a fixed annual rate of 3.911% on the notional amount of the swap agreement in return for the receipt of a floating rate of interest equal to 67% of the one-month LIBOR rate. Under the second swap agreement, JHH will pay GSCM a fixed annual rate of 3.922% on the notional amount of the swap agreement in return for the receipt of a floating rate of interest equal to 67% of the one-month LIBOR rate. The floating rates as of June 30, 2014 and 2013 were 0.10% and 0.13%, respectively.

In May 2006, HCGH entered into a forward start fixed payor interest rate swap agreement with GSCM. The notional amount on this swap agreement is $40.0 million and carries a term of 32 years. HCGH will pay GSCM a fixed annual rate of 3.946% on the notional amount of the swap agreement in return for the receipt of a floating rate of interest equal to 67% of the one month LIBOR rate. JHHS has guaranteed the prompt payment of this interest rate swap agreement. The floating rates as of June 30, 2014 and 2013 were 0.10% and 0.13%, respectively.

In July 2007, JHH entered into two fixed payor interest rate swap agreements. One with GSCM in a notional amount of $84.1 million and another with Merrill Lynch Capital Services ("MLCS") in a notional amount of $84.6 million. These agreements carry a term of 31 years. JHH will pay GSCM a fixed annual rate of 3.819% and will pay MLCS a fixed annual rate of 3.8091% on the

outstanding loan values in return for the receipt of a floating rate of interest equal to 67% of the one-month LIBOR rate. The floating rates as of June 30, 2014 and 2013 were 0.10% and 0.13%, respectively.

In July 2007, JHBMC entered into a forward start fixed payor interest rate swap agreement with GSCM with a notional amount of $9.5 million and $10.0 million as of June 30 2014 and 2013, respectively, and carries a term of 19.5 years. JHBMC will pay GSCM a fixed annual rate of 3.691% on the notional amount of the swap agreement in return for the receipt of a floating rate of interest equal to 67% of the one month LIBOR rate. The floating rates as of June 30, 2014 and 2013 were 0.10% and 0.13%, respectively.

In October 2007, ACH entered into a fixed payor interest rate swap agreement with Citibank with a notional amount of $60.0 million as of June 30, 2012 and carries a term of 40 years. ACH will pay Citibank a fixed annual rate of 3.8505% on the notional amount of the swap agreement in return for the receipt of a floating rate of interest equal to 61.8% of the one-month LIBOR plus 0.25%. The floating rates under this agreement as of June 30, 2014 and 2013 were 0.34% and 0.37%, respectively.

10. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets as of June 30 (in thousands) are restricted to:

	2014	2013
Purchase of property, plant, and equipment	$ 35,797	$ 38,812
Health care services	126,073	113,086
Health education and counseling	3,235	3,330
Indigent care	2,346	2,646
	$ 167,451	$ 157,874

Permanently restricted net assets as of June 30 (in thousands) are restricted to:

	2014	2013
Health care services	$ 45,982	$ 42,980
Health education and counseling	12,609	13,742
	$ 58,591	$ 56,722

The JHHS endowments do not include amounts designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the JHHS has interpreted UPMIFA in the State of Maryland, the State of Florida, and the District of Columbia as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the JHHS classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

11. Pension Plans

The Affiliates sponsor a variety of defined benefit pension plans (the "Plans") covering substantially all of their employees. The retirement income benefits are based on a combination of years of service and compensation at various points of service. The FASB's guidance on employer's accounting for defined benefit pension and other postretirement plans requires that the funded status of defined benefit postretirement plans be recognized on JHHS' Combined Balance Sheets, and changes in the funded status be reflected as a change in net assets.

The funding policy of all Affiliates is to make sufficient contributions to meet the Internal Revenue Service minimum funding requirements. Assets in he Plans as of June 30, 2014 and 2013 consisted of cash and cash equivalents, equities and equity funds, fixed income funds, and alternative investments. All assets are managed by external investment managers, consistent with the Plan's investment policy.

The change in benefit obligation, plan assets, and funded status of the Plans is shown below (in thousands):

Change in benefit obligation	2014	2013
Benefit obligation as of beginning of year	$ 1,421,257	$ 1,465,815
Service cost	52,881	61,876
Interest cost	71,507	67,237
Actuarial loss (gain)	196,275	(137,269)
Benefits paid	(44,248)	(36,402)
Benefit obligation as of June 30	$ 1,697,672	$ 1,421,257

Change in plan assets	2014	2013
Fair value of plan assets as of beginning of year	$ 1,013,133	$ 919,972
Actual return on plan assets	164,579	57,838
Employer contribution	115,523	71,884
Benefits paid	(44,398)	(36,561)
Fair value of plan assets as of June 30	$ 1,248,837	$ 1,013,133

Funded Status as of June 30	2014	2013
Fair value of plan assets	$ 1,248,837	$ 1,013,133
Projected benefit obligation	(1,697,672)	(1,421,257)
Unfunded status	$ (448,835)	$ (408,124)

Amounts recognized in the Combined Balance Sheets consist of (in thousands):

	2014	2013
Net pension liability	$ (448,835)	$ (408,124)
Net amount recognized	$ (448,835)	$ (408,124)

The projected benefit obligation is greater than the fair value of plan assets for all plans that are aggregated with these statements.

Amounts not yet recognized in net periodic benefit cost and included in unrestricted net assets consist of (in thousands):

	2014	2013
Actuarial net loss	$ 539,711	$ 470,927
Prior service cost	273	1,066
	$ 539,984	$ 471,993
Accumulated benefit obligation	$ 1,563,231	$ 1,322,577

Net Periodic Pension Cost

Components of net periodic pension cost (in thousands):

	2014	2013
Service cost	$ 52,881	$ 61,876
Interest cost	71,507	67,237
Expected return on plan assets	(79,694)	(72,024)
Amortization of prior service cost	794	1,658
Recognized net actuarial loss	39,647	58,844
Settlement loss recognized	2,082	2,023
Net periodic pension cost	$ 87,217	$ 119,614

Other Changes in Plan Assets and Benefit Obligations Recognized in Unrestricted Net Assets	2014	2013
Net loss (gain)	$ 111,389	$ (123,138)
Amortization of net loss	(41,576)	(60,564)
Amortization of prior service cost	(794)	(1,658)
Total recognized in unrestricted net assets	$ 69,019	$ (185,360)
Total loss (gain) recognized in net periodic benefit cost and unrestricted net assets	$ 156,236	$ (65,746)

The estimated net loss and prior service cost credit that will be amortized from unrestricted net assets into net periodic pension cost over the next fiscal year are $51.9 million and ($6) thousand, respectively.

The assumptions used in determining net periodic pension cost for all plans except the SMH plan where noted are as follows for the years ended June 30:

	2014	2013
Discount rate	5.12%	4.66%
Expected return on plan assets	8.00%	8.00%
Rate of compensation increase - ultimate	2.50%	3.00%

The SMH plan utilized a rate of return on assets of 7.00% for the years ended June 30, 2014 and 2013, respectively, due to the nature of the plan being frozen and management's future expectations surrounding this plan.

The assumptions used in determining the benefit obligations for all plans except the SMH plan where noted are as follows as of July 1:

	2014	2013
Discount rate	4.64%	5.12%
Expected return on plan assets	8.00%	8.00%
Rate of compensation increase - ultimate	2.50%	2.50%

The SMH plan utilized an expected rate of return on assets of 7.00% for the years ended June 30, 2014 and 2013, respectively, due to the nature of the plan being frozen and management's future expectations surrounding this plan.

The expected rate of return on plan assets assumption, excluding SMH, was developed based on historical returns for the major asset classes. This review also considered both current market conditions and projected future conditions.

Plan Assets
Pension plan weighted average asset allocations as of June 30 by asset class are as follows:

Asset Class	2014	2013
Cash and cash equivalents	1.88%	2.15%
Equities and equity funds	32.49%	33.55%
Fixed income funds	28.49%	30.82%
Alternative investments	37.14%	33.48%
Total	100.00%	100.00%

The Plans assets are invested among and within various asset classes in order to achieve sufficient diversification in accordance with JHHS' risk tolerance. This is achieved through the utilization of asset managers and systematic allocation to investment management style(s), providing a broad exposure to different segments of the fixed income and equity markets. The Plans strive to allocate assets between equity securities (including global asset allocation) and debt securities at a target rate of approximately 75% and 25%, respectively.

Fair Value of Plan Assets
Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three-tier hierarchy prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Observable inputs such as quoted market prices for identical assets or liabilities in active markets;
- Level 2 – Observable inputs for similar assets or liabilities in an active market, or other than quoted prices in an active market that are observable either directly or indirectly; and
- Level 3 – Unobservable inputs in which there is little or no market data that require the reporting entity to develop its own assumptions.

The following table presents the plan assets carried at fair value as of June 30, 2014 grouped by hierarchy level (in thousands):

Assets	Fair Value	Level 1	Level 2
Cash equivalents (1)	$ 23,488	$ 23,488	$ -
Equities and equity funds (2)	405,780	52,024	353,756
Fixed income funds (3)	355,816	244,771	111,045
Alternative investments (4)	463,753	-	463,753
Totals	$ 1,248,837	$ 320,283	$ 928,554

The following table presents the plan assets carried at fair value as of June 30, 2013 grouped by hierarchy level (in thousands):

Assets	Fair Value	Level 1	Level 2
Cash equivalents (1)	$ 21,668	$ 21,668	$ -
Equities and equity funds (2)	339,974	58,309	281,665
Fixed income funds (3)	312,292	244,658	67,634
Alternative investments (4)	339,199	-	339,199
Totals	$ 1,013,133	$ 324,635	$ 688,498

(1) Cash and cash equivalents, commercial paper, and money market funds include investments with original maturities of three months or less, and are rendered level 1 due to their frequent pricing and ease of converting to cash.
(2) Equities include individual equities and investments in mutual funds, and commingled. The individual equities and mutual funds are valued based on the closing price on the primary market and are rendered level 1. The commingled trusts and hedge funds are valued regularly within each month utilizing NAV per unit and are rendered level 2.
(3) Fixed income funds are investments in mutual funds and commingled trusts investing in fixed income instruments. The underlying fixed investments are principally U.S. Treasuries, corporate bonds, commercial paper, and mortgage backed securities. The mutual funds are valued based on the closing price on the primary market and are rendered level 1. The commingled trusts are valued regularly within each month utilizing NAV per unit and are rendered level 2.
(4) Alternative investments include investments that are not traded on national exchanges or over-the-counter markets. These investments are valued at net asset value per share that has been calculated in accordance with investment company rules, which among other things, indicates that the underlying investments be measured at fair value. This valuation technique coupled with short term redemption notice periods renders these investments level 2.

There are no unfunded commitments related to the Plans' alternative investments.

The following table displays information by major alternative investment category as of June 30, 2014 (in thousands):

Description	Fair Value	Liquidity	Notice Period	Receipt of Proceeds
Global asset allocation	$ 260,875	Daily or monthly	Same day or 5 to 30 days	Day after trade, or within 15 days, or 95% on redemption date, 5% within 3 days
Fund of funds	2,912	Quarterly	45 days	90% within 30, 10% after annual audit
Hedge funds	162,280	Monthly, quarterly, or bi-annually	30 to 95 days	90% to 95% within 15 to 30 days, 5% to 10% after annual audit or redemption date
Credit funds	37,686	Annually	60 to 90 days	Within 30 days, or 90% within 10 days, 10% after annual audit
Total	$ 463,753			

The following table displays information by major alternative investment category as of June 30, 2013 (in thousands):

Description	Fair Value	Liquidity	Notice Period	Receipt of Proceeds
Global asset allocation	$ 169,657	Monthly	5 to 30 days	Within 15 days, or 95% on redemption date and 5% within 3 days
Fund of funds	2,756	Monthly, quarterly, or annually	45 days	90% within 30, 10% after annual audit
Hedge funds	134,842	Monthly or Quarterly	30 to 65 days	90 to 95% within 3 to 30 days, 5 to 10% after annual audit or redemption date
Credit funds	31,384	Annual	60 to 90 days	Within 30 days, or 90% within 10 days, 10% after annual audit
Distressed credit	560	December 31, 2013		
Total	$ 339,199			

Contributions and Estimated Future Benefit Payments

JHHS expects to contribute $111.2 million to its pension plans in the fiscal year ending June 30, 2015.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid in each of the following fiscal years as of June 30, 2014 (in thousands):

2015	$ 55,709
2016	59,788
2017	64,927
2018	70,793
2019	76,987
Thereafter	475,279

HCGH participates in a defined contribution 401(k) savings plan available to all employees, which was amended during 1996. The revised plan provides that HCGH will contribute 1% to 2% of each employee's total compensation in addition to contributing from fifty cents to one dollar and fifty cents, based on years of service, for each dollar contributed by the employee. HCGH's contribution match basis is limited to 6% of the employee's total compensation. HCGH contributed approximately $3.1 million and $3.2 million to the plan for the years ended June 30, 2014 and 2013, respectively.

SMH participates in a defined contribution 401(k) savings plan available to all eligible employees. Under the plan, SMH matches one-half of a maximum 3% of employee contributions. SMH contributed approximately $1.3 million and $1.0 million to the plan for the years ended June 30, 2014 and 2013, respectively.

ACH participates in a defined contribution retirement plan of ACHS covering substantially all of its employees. Contributions are determined at the discretion of the Board of Directors of ACHS. ACH contributed approximately $5.7 million and $5.6 million to the plan for year ended June 30, 2014 and 2013, respectively.

12. Maryland Health Services Cost Review Commission ("Commission" or "HSCRC")

The State of Maryland has been granted a waiver by the federal government exempting the State from national Medicare and Medicaid reimbursement principles. JHH, JHBMC, HCGH and SHI charges for inpatient as well as outpatient and emergency services performed at the hospitals are regulated by the Commission. JHHS' management has made all submissions required by the Commission and believes JHHS is in compliance with Commission requirements. Management believes that the waiver and Commission regulation will remain in effect through December 31, 2018.

Prior to January 1, 2014, hospitals in the State of Maryland were reimbursed on an all payor basis whereby all payors were paid the same rate based on a methodology that established a Medicare per admission cap for each hospital. Hospital specific charge per admission was adjusted annually to reflect inflation and each hospital's case mix index. A waiver test was applied annually to determine if the growth of cost per Medicare admission was below the national average.

Effective January 1, 2014, with retroactive application to revenues generated by services provided after June 30, 2013, the Commission and the Center for Medicare and Medicaid Services entered into a Global Budget Revenue Agreement ("GBR"). The agreement will remain in effect through December 31, 2018. The GBR moves from a Medicare per admission methodology to a per capita population health based methodology. However, all hospitals continue to receive reimbursement under an all payor basis. The methodology also includes a new waiver test. Under the new waiver test, growth in revenue per capita will be limited to a rate of 3.58% for the State of Maryland in total. The new agreement sets a hospital's revenue base annually under a global budget arrangement, whereby revenue would be fixed regardless of changes in volume and patient mix for Maryland residents. Hospital revenue for Maryland residents receiving care at Maryland hospitals would be subject to this global budget. However, out of state patients receiving care at Maryland hospitals would not be subject to the global budget. The hospital would receive full rate authority for any out of state volume and growth, or would receive less revenue for lower volumes of out of state patients. HCGH has negotiated to include out of state volume within their global budget; therefore, all in state and out of state volumes are subject to their global budget.

Under the Commission reimbursement methodology, amounts collected for services to patients under the Medicare and Medicaid programs are computed at approximately 94% of Commission approved charges. Other payors are eligible to receive up to a 2.25% discount on prompt payment of claims.

13. Professional and General Liability Insurance

The University and JHHS and Affiliates participate in an agreement with four other medical institutions to provide a program of professional and general liability insurance for each member institution. As part of this program, the participating medical institutions have formed a risk retention group ("RRG") and a captive insurance company to provide self-insurance for a portion of their risk.

JHH and the University each have a 10% ownership interest in the RRG and the captive insurance company, which is included in investments on the Combined Balance Sheets. The medical institutions obtain primary and excess liability insurance coverage from commercial insurers and the RRG. The primary coverage is written by the RRG, and a portion of the risk is reinsured with the captive insurance company. Commercial excess insurance and reinsurance is purchased under a claims-made policy by the participating institutions for claims in excess of primary coverage retained by the RRG and the captive. Primary retentions range between $1.0 million and $5.0 million per incident. Primary coverage is insured under a retrospectively rated claims-made policy; premiums are accrued based upon an estimate of the ultimate cost of the experience to date of each participating member institution. The basis for loss accruals for unreported claims under the primary policy is an actuarial estimate of asserted and unasserted claims including reported and unreported incidents and includes costs associated with settling claims. Projected losses were discounted using 0.64% and 0.57% as of June 30, 2014 and 2013, respectively.

Effective December 15, 2013, ACH entered into the RRG to provide self-insurance for a portion of its risk. Prior to December 15, 2013, ACH maintained a claims-made commercial insurance policy. Losses from asserted and un-asserted claims identified under the ACH's incident reporting systems are accrued based on estimates that incorporate ACH's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors.

JHHS applies the provisions of ASU 2010-24, "Presentation of Insurance Claims and Related Insurance Recoveries", which clarifies that health care entities should not net insurance recoveries against the related claims liabilities. JHHS recorded an increase in its assets and liabilities in the accompanying consolidated Balance Sheet as of June 30, 2014 and 2013 as follows:

Caption on Combined Balance Sheet	2014	2013
Estimated malpractice recoveries, current portion	$ 224,902	$ 28,590
Estimated malpractice recoveries, net of current	42,260	56,177
Total assets	$ 267,162	$ 84,767
Current portion of estimated malpractice costs	$ 224,902	$ 28,590
Estimated malpractice costs, net of current portion	42,260	56,177
Total liabilities	$ 267,162	$ 84,767

The assets and liabilities represent JHHS' estimated self-insured captive insurance recoveries for claims reserves and certain claims in excess of self-insured retention levels. The insurance recoveries and liabilities have been allocated between short-term and long-term assets and liabilities based upon the expected timing of the claims payments. The adoption had no impact on JHHS' results of operations or cash flows.

Professional and general liability insurance expense incurred by JHHS and Affiliates was $45.2 million and $49.6 million for the years ended June 30, 2014 and 2013, respectively. Reserves were $361.6 million and $171.1 million as of June 30, 2014 and 2013, respectively.

14. Related Party Transactions

During the years ended June 30, 2014 and 2013, JHHS and its Affiliates engaged in various related party transactions. These transactions were not eliminated because these entities are not consolidated. There were no significant intercompany profits that were eliminated. The following is a summary of the significant related party transactions and balances for the year ended June 30:

Revenue/(expense) transactions (in thousands):

	2014	2013
Pharmacy management and patient discharge planning costs to JHHCG	$(20,872)	$(16,983)
Security and management of housekeeping and parking garage services provided by Broadway Services, Inc	(21,888)	(23,642)
Utility, telecommunication and clinical application services provided by JHMI Utilities, LLC	(71,269)	(50,889)

Current due from/(to) related party balances as of June 30 (in thousands):

	2014	2013
Due (to) from JHHCG	$ (2,383)	$ 41
Due from JHMI Utilities, LLC	7,971	15,020
Due (to) from JHI	(158)	66
Due from others	5,224	4,514

Affiliate Notes Receivable:

JHHS has made loans to certain affiliates that are accounted for under either the cost or equity method. As these affiliates do not consolidate within JHHS, the loans to these affiliates do not eliminate in consolidation. The short-term portion of these notes receivable are included in Due from affiliates, current portion, and the long-term portion is included in Due from affiliates, net of current portion in the Combined Balance Sheets.

JHHSC has two affiliate notes receivable from White Marsh Surgery Center. One note with a balance of $1.9 million and $1.4 million as of June 30, 2014 and 2013, respectively, that is due on June 1, 2023, accrues interest at a fixed rate of 6.5%. Principal and interest payments are made on a monthly basis. The second note with a balance of $104 thousand as of June 30, 2014 that is due on February 1, 2015, accrues interest at a variable rate equal to the 2-year Treasury rate. Principal and interest payments began in August 2014, and are made monthly on the first day of each month.

JHHSC has an affiliate note receivable from Johns Hopkins Suburban Health Center, L.P. with a balance of $2.6 million and $2.3 million as of June 30, 2014 and 2013, respectively. The note is due in full on June 30, 2021. Interest accrues at a variable rate equal to the Prime Rate, which was 3.25% for each of the years ended June 30, 2014 and 2013.

JHHSC has an affiliate note receivable from FSK Land Corporation with a balance of $2.2 million and $2.4 million as of June 30, 2014 and 2013, respectively that is due on December 1, 2026, and accrues interest at 4.0%. Principal and interest payments are paid monthly.

JHH and JHHSC have affiliate notes receivable with JHMI Utilities, LLC. JHH's note receivable has a balance of $5.0 million and $5.0 million as of June 30, 2014 and 2013, respectively. JHHSC's note receivable has a balance of $90.0 million and $62.4 million as of June 30, 2014 and 2013, respectively. The JHH note receivable has an initial repayment date of December 1, 2019, accrues interest in the initial period at a fixed rate of 6.0%, with interest payments paid monthly. The JHHSC note receivable is due in April 2023, accrues interest at a fixed rate of 5.85%, with principal and interest payments paid monthly.

15. Contracts, Commitments and Contingencies

There are several lawsuits pending in which JHHS has been named as a defendant. In the opinion of JHHS' management, after consultation with legal counsel, the potential liability, in the event of adverse settlement, will not have a material impact on JHHS' financial position.

In one such case, a physician formerly employed by JHHSC and leased to JHCP to provide obstetrical and gynecological services, illegally and without the knowledge of JHHS, photographed his patients and possibly others with what JHHS understands to be his personal photographic and video equipment and stored those images electronically. This occurred for an unknown period of time. JHHS reached an agreement with plaintiff's attorneys to settle the class action lawsuit in the amount of $190 million. The settlement has been formalized by the plaintiffs' attorneys and JHHS and given preliminary approval by a judge. JHHS maintains both primary and excess medical malpractice insurance coverage for this claim through its captive insurer, MCIC, with commercial excess reinsurance policies providing additional protection. MCIC and its reinsurers will cover $186M of the indemnity payment plus expense costs and $4M of the indemnity will be paid from other policies and deductibles other than MCIC. In connection with the settlement, under the provisions of ASU 2010-24, JHHS recorded a current liability and corresponding insurance recovery for $190.0 million. As of June 30, 2014, all insurance recoveries are expected to be collectible.

As a result of the settlement agreement, JHH will be required to post collateral to MCIC in the amount of approximately $124M which is expected to occur in fiscal 2015. JHH will post the collateral by entering into a Control Agreement between JHH, MCIC, and PNC bank which will provide MCIC with the first priority perfected security interest in a dedicated account within the PNC investment pool. On July 21, 2014, JHH signed a pledge agreement with MCIC which outlines the terms that would permit MCIC to draw from the account under the Control Agreement. Drawdown of the collateral by MCIC would take place only in the event another large claim develops which would require use of the excess layers within the 2013 policy year above the level of reinsurance coverage that still remains. The collateral requirement will be monitored annually by MCIC and released accordingly as the 2013 policy matures based upon actuarially determined measures. As of June 30, 2014, there are no additional claims in the 2013 policy year which exceed the self-insured layers within MCIC.

JHHS and Affiliates
JHHS has made an indirect guarantee with the University in connection with debt issued by the East Baltimore Development Inc. ("EBDI"). EBDI entered into a loan commitment for $15.0 million that is due on October 1, 2014. In connection with the terms of the loan, the University entered into a participation agreement with an unrelated third party to provide a guarantee up to $3.8 million. In the event that the University would be called to fulfill its guarantee, there is reasonable likelihood that JHHS would share in 50% of any payments made by the University.

JHHS has agreements with the University, under which the University provides medical administration and educational services, conducts medical research programs, provides patient care medical services, and provides certain other administrative and technical support services through the physicians employed by The Johns Hopkins University School of Medicine ("JHUSOM"). Compensation for providing medical administration and educational services is paid to the University by JHHS; funding for services in conducting medical research is paid from grant funds and by JHHS; compensation for patient care medical care services is derived from billings to patients (or third-party payors) by the University; and compensation for other support services is paid to the University by JHHS. The aggregate amount of purchased services incurred by JHHS under these agreements was $262.0 million and $255.5 million for the years ended June 30, 2014 and 2013, respectively.

JHHS has an agreement with the University under which the University recruits and pays interns and resident physicians who furnish services to JHHS on a rotating basis. Included in supplies and other expenses in the accompanying Combined Statements of Operations and Changes in Net Assets for services under this agreement is $5.4 million and $5.3 million for the years ended June 30, 2014 and 2013, respectively, for physicians providing services on a rotating basis, and $3.9 million and $3.7 million for the years ended June 30, 2014 and 2013, respectively, for physicians providing services on a non-rotating basis.

JHHS provides departmental support for Chiefs of Service based on personal recruitment agreements between JHHS, JHUSOM and the respective Chief of Service. These commitments to the department are conditional to the extent the Chief of Service remains in the position. Future expected payments related to agreements currently in place were $3.0 million and $4.2 million as of June 30, 2014 and 2013, respectively.

JHH had non-cancellable commitments under construction contracts of $30.6 million and $60.0 million as of June 30, 2014 and 2013, respectively, relating primarily to its campus redevelopment plan which includes the construction of a new Cardiovascular and Critical Care Adult Tower and a Children's Hospital.

Commitments for leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred. The following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2014, that have initial or remaining lease terms in excess of one year (in thousands).

2015	$ 20,044
2016	18,228
2017	17,414
2018	14,848
2019	13,859

Rental expense for all operating leases for the years ended June 30, 2014 and 2013 amounted to $41.7 million and $44.1 million, respectively.

Asset Retirement Obligations

During 2006, JHHS recorded asset retirement obligations associated with the abatement of asbestos in several of its buildings constructed prior to 1980. The fair value of the estimated asset retirement obligations as of June 30, 2014 and 2013 was $19.4 million and $19.4 million, respectively.

The change in asset retirement obligation for the years ended June 30 consisted of the following (in thousands):

	2014	2013
Retirement obligation at beginning of year	$ 19,398	$ 20,037
Liabilities settled	(657)	(1,224)
Accretion expense	705	585
Retirement obligation at end of year	$ 19,446	$ 19,398

The Johns Hopkins Hospital

In 2005, JHH and the University created a Limited Liability Company (JHMI Utilities, LLC) to provide utility and telecommunication services for their East Baltimore Campus. Each member owns 50% of the LLC and shares equally in the governance of the LLC. The LLC has also

assumed the liability for the JHH's 1985 Pooled Loan obligation of $8.5 million. The cost of acquiring and upgrading the existing utility facilities, the construction of a new power plant and an upgrade of the telecommunication system have been financed through the issuance of tax exempt bonds by MHHEFA and the proceeds of the Pooled Loan program sponsored by MHHEFA. JHH and the University have guaranteed the total debt issued by MHHEFA. As of June 30, 2014, the amount of the debt guarantee by JHH was $38.5 million. JHH accounts for this investment under the equity method of accounting.

JHH has pledged investments having an aggregate market value of $25.9 million and $25.3 million as of June 30, 2014 and 2013, respectively, for JHHS compliance with regulations of the Workers Compensation Commission and the Department of Economic and Employment Development's Unemployment Insurance Fund. These investments are included in assets whose use is limited by board of trustees in the Combined Balance Sheet.

Department of Defense Agreement - MSC
JHMSC entered into a contract with the Department of Defense to provide the TRICARE Prime benefit to eligible beneficiaries enrolled in the Johns Hopkins Uniformed Services Family Health Plan ("USFHP"). Under the USFHP contract, JHMSC provides services covered under the TRICARE Designated Provider Contract to enrollees for a monthly capitation fee. Revenues generated under the contract were $353.0 million and $331.6 million for the years ended June 30, 2014 and 2013, respectively. The current sole source commercial contract was awarded for the period commencing October 1, 2013 through September 30, 2023, with a Base Year and nine one-year Option Periods to be exercised at the Government's discretion. The Base Year has been exercised with the first Option Period to begin on October 1, 2014.

16. Functional Expenses

JHHS provides general health care services to residents within its geographic location as well as to national and international patients. Expenses related to providing these services for the years ended June 30 consisted of the following (in thousands):

	2014	2013
Health care services	$ 3,997,378	$ 3,943,284
General and administrative services	933,686	833,599
Fundraising	6,417	5,995
Program service	1,208	1,115
Total expenses	$ 4,938,689	$ 4,783,993

17. The Johns Hopkins Hospital Endowment Fund, Incorporated

The Endowment Corporation was organized for the purpose of holding and managing the endowment and certain other funds transferred from and for the benefit of JHHS. The affairs of the Endowment Corporation are managed by a Board of Trustees, comprised of Trustees who are self-perpetuating. Neither JHHS nor any Affiliate holds legal title to any Endowment Corporation funds. The Board of Trustees may, in its discretion, award funds from the Endowment Corporation to organizations other than JHHS if the Board of Trustees determines that doing so is for the support, benefit of, or in furtherance of the mission of JHHS. Accordingly, these amounts are not presented in the combined financial statements of JHHS and its Affiliates until they are subsequently distributed to JHHS and its affiliates from the Endowment Corporation. The Endowment Corporation's net assets were $668.0 million and $605.2 million as

of June 30, 2014 and 2013, respectively. The Endowment Corporation's distributions from net assets to JHHS and its affiliates were $12.9 million and $8.9 million for the years ended June 30, 2014 and 2013, respectively, and were recorded as other revenue.

18. Subsequent Events

JHHS has performed an evaluation of subsequent events through September 25, 2014, which is the date the financial statements were issued.

Community Support Letters

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

PARK
MEDICAL
ASSOCIATES, LLC

MARY M. NEWMAN, M.D. MACP
Internal Medicine

Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Ave
Baltimore, MD 21215-2299

June 19, 2015

Re: Certificate of Need Application for Green Spring Station Surgery Center

Dear Mr. Steffen:

I am writing to express my strong support for the Certificate of Need application filed by Johns Hopkins Surgery Center Series to establish the Green Spring Station Surgery Center. I serve as president of Park Medical Associates, a 15 person internal medicine group that has been at Green Spring Station and has served the community for over 20 years. Our group is strongly tied to Johns Hopkins and very supportive of the need for expansion on the Green Spring Station campus.

The establishment of the Green Spring Station Surgery Center will significantly expand the specialty services available here, including ambulatory surgery capacity. This project will address the critical issue of the lack of surgical specialists by providing office space to see patients and a surgery center to care for them right here on our campus. This capacity is sorely needed and desired by the primary care physicians in our medical group, and by our patients, who want to receive more of their care here at Green Spring Station.

This project will provide better adjacencies for all services at a centralized location. Its establishment not only promotes improved continuity of care, but does so in a cost-effective manner. I believe the Green Spring Station Surgery Center project has been well researched, properly planned, and would be an asset to our community.

We are supportive of more efficient and cost-effective care that meets the needs of our patients. This project is designed to meet all of these goals, and we hope you will approve this important expansion on our campus.

Sincerely,

Mary M. Newman, M.D. MACP
President, Park Medical Associates

Park Medical Associates, LLC

Peter C. Belitsos, M.D.
Office: (410) 583-7106
Fax: (410) 583-7107

Amy T. Byrd, M.D.
Office: (410)583-7116
Fax: (410) 583-7117

Tammy D. Hadley, M.D.
Office: (410) 583-7110
Fax: (410) 583-7147

Jeffrey L. Magaziner, M.D.
Office: (410) 583-7137
Fax: (410) 583-7139

Rameen J. Molavi, M.D.
Office: (410) 583-7112
Fax: (410) 583-7113

Susan M. Molinaro, M.D.
Office: (410) 583-7110
Fax: (410) 583-7146

Mary M. Newman, M.D.
Office: (410) 583-7120
Fax: (410) 583-7121

Thomas Pozefsky, M.D.
Office: (410) 583-7118
Fax: (410) 583-7119

Diane C. Pressman, M.D.
Office: (410) 583-7114
Fax: (410) 583-7115

Patricia A. Savadel, M.D.
Office: (410) 583-7177
Fax: (410) 583-7178

Eric J. Seifter, M.D.
Office: (410) 583-7122
Fax: (410) 583-7123

Himani S. Shishodia, M.D.
Office: (410) 583-7156
Fax: (410) 583-7157

Lisa A. Simonson, M.D.
Office: (410) 583-7148
Fax: (410) 583-7149

Alice L. Wilkenfeld, M.D.
Office: (410) 583-7160
Fax: (410) 583-7161

Coming August 31, 2015
Howard Steiner, M.D.

FALLS MEDICAL SPECIALISTS

10753 Falls Road · Suite 225 · Lutherville, MD 21093
FAX (410) 583-2841

July 9, 2015

Mr. Ben Steffen
Executive Director
Maryland Healthcare Commission
4160 Patterson Ave.
Baltimore, MD 21215-2299

RE: Certificate of Need Application for Green Spring Station Surgery Center

Dear Mr. Steffen:

The Board of Governors of Green Spring Station wholeheartedly supports the Certificate of Need application filed by the Johns Hopkins Surgery Center Series to establish the Green Spring Station Surgery Center. Our Board has overseen the tremendous growth and success of Johns Hopkins at Green Spring Station and has worked to encourage the development of the broad range of medical services offered on the campus. The Board is keenly aware that access to various Johns Hopkins surgical specialties has been a longstanding problem for referring physicians. The proposed building will provide space for these surgical practices to see patients and then provide surgical services in the new ambulatory surgery facility. The new building will create a unique comprehensive offering of Johns Hopkins medical/surgical services on one campus and enhances the quality and continuity of patient care.

As the Chairman of the Board of Governors and a practicing rheumatologist and internist, I see the increasing trend of shifting surgical cases from the inpatient to the outpatient setting, and feel the establishment of the ambulatory surgery center is the right strategic decision for Johns Hopkins Medicine. The proposed project is consistent with an important strategic priority of Johns Hopkins Medicine which is to provide integration of services by creating a streamlined, coordinated system of healthcare.

We hope that you will give serious consideration to the benefits we feel this project will have for our patients and approve the project going forward.

Sincerely,

Ira T. Fine, M.D.
Board of Governors, Green Spring Station

Ira T. Fine, M.D. Rheumatology / Internal Medicine (410) 583-2828
David E. McGinnis, M.D. Rheumatology / Internal Medicine (410) 583-2848
J. Todd Baldanza, M.D. Internal Medicine (410) 583-2844
Grace Ahn, M.D. Rheumatology (410) 583-2604

Steven J. Kravet, M.D., M.B.A., F.A.C.P.
President
Associate Professor of Medicine
JHU School of Medicine

3100 Wyman Park Drive / Suite 340
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410-338-3366 T
410-338-3537 F
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JOHNS HOPKINS
MEDICINE
JOHNS HOPKINS
COMMUNITY PHYSICIANS

Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Ave
Baltimore, MD 21215-2299

Re: Certificate of Need Application for Green Spring Station Surgery Center

Dear Mr. Steffen:

I am writing to express my strong support for the Certificate of Need application filed by Johns Hopkins Surgery Center Series to establish the Green Spring Station Surgery Center. I serve as President of Johns Hopkins Community Physicians, a network of suburban community practices that serves more than 280,000 patients annually at more than 35 locations throughout the state. As a key referrer to Hopkins specialties, the lack of surgeons and a state of the art surgical facility on the Green Spring Station campus hinders the provision of seamless and integrated care to our patients.

The proposed expansion at Green Spring Station will expand the breadth of services available to our patients but also enable us to advance our goal of population health whereby providers can provide services that focus on keeping patients healthy and lessen the burden of chronic health problems. The ability for Hopkins surgeons to treat our patients and provide surgical care in a high quality, less costly setting is also consistent with our goal of providing continuity of care. Johns Hopkins Community Physicians is an active participant in the Johns Hopkins Medicine Strategic plan and sees the expansion at Green Spring Station as fully supportive of the goal of integration and strongly urges the Maryland Health Care Commission to approve this application.

Sincerely,

Steven Kravet, President
Johns Hopkins Community Physicians

William G. Nelson, M.D., Ph.D.
Marion I. Knott Director and Professor of Oncology
Director, Sidney Kimmel Comprehensive Cancer Center

The Harry and Jeanette Weinberg Building
401 North Broadway / Suite 1100
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410-955-8822 T
410-955-6787 F
bnelson@jhmi.edu

JOHNS HOPKINS
MEDICINE
THE SIDNEY KIMMEL COMPREHENSIVE CANCER CENTER

Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Ave
Baltimore, MD 21215-2299

Re: Certificate of Need Application for Green Spring Station Surgery Center

Dear Mr. Steffen:

I am writing in support of the Certificate of Need application filed by Johns Hopkins Surgery Center Series to establish the Green Spring Station Surgery Center.

The Johns Hopkins Department of Medical Oncology has had a strong presence on the Green Spring Station campus for the past 20 years. The Green Spring Station office provides thousands of medical oncology and infusion services to cancer patients each year, and provides a convenient alternative for patients who live nearby or prefer not to make the trip downtown. However, the lack of availability of many surgical specialties on campus has resulted in many of our patients seeking surgical consultation and treatment at Johns Hopkins Hospital. This access issue is often a negative for our patients and impacts the continuity of care that could be provided if services were all available on the campus. I am encouraged by the prospect of having Johns Hopkins Medicine surgeons on the Green Spring Station campus and a state of the art ambulatory surgical facility for these cases and feel this will improve the quality of care our patients receive. Anything that we can do to ease the burden of travel, parking and distance is a benefit to our very sick population.

I see the increasing trend of shifting surgical cases from the inpatient to the outpatient setting and feel the establishment of the ambulatory surgery center is the right strategic decision for Johns Hopkins Medicine. I wholeheartedly support this move to increase the comprehensive integration of services on the campus providing our cancer patients with continuity of care, access and convenience and hope the Commission will approve this important project.

Sincerely,

William Nelson, M.D., Ph.D.

NCI CCC
A Comprehensive Cancer Center Designated by the National Cancer Institute

PAVILION PEDIATRICS *at* GREEN SPRING STATION, P.A.

Travis F. Ganunis, M.D., F.A.A.P. • Jason N. Goldstein, M.D., F.A.A.P. • Michelle L. Hearns, M.D., F.A.A.P. • Nicole J. Gable, M.D., F.A.A.P.
Julie F. King, M.D., F.A.A.P. • Jennifer L. Broome, M.D., F.A.A.P. • Amy J. Marshall, C.R.N.P. • Anna R. Turpin, C.R.N.P.
Lawrence C. Pakula, M.D., F.A.A.P., Emeritus • Lauren L. Bogue, M.D., F.A.A.P., Emeritus

Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Ave
Baltimore, MD 21215-2299

Re: Certificate of Need Application for Green Spring Station Surgery Center

Dear Mr. Steffen:

I am writing in support of the Certificate of Need application filed by Johns Hopkins Surgery Center Series to establish the Green Spring Station Surgery Center.

I am the President of Pavilion Pediatrics at Green Spring Station, P.A., a large pediatric group practice that has served the Green Spring Station campus for 21 years. Our busy group has witnessed the tremendous growth and success of Green Spring Station. The lack of availability of many surgical specialties on campus has been a problem for me for years in that my families have to go elsewhere to seek care for their children. This access issue impacts the continuity of care that I can provide for my patients and so I am encouraged by the prospect of having Hopkins surgeons on campus and a state of the art ambulatory surgical facility for these cases. Having a state of the art surgical facility close to where my patients live will provide a much better alternative for them when their children need outpatient surgery.

I see the increasing trend of shifting surgical cases from the inpatient to the outpatient setting and feel the establishment of the ambulatory surgery center is the right strategic decision for Johns Hopkins Medicine. I wholeheartedly support this move to increase the comprehensive integration of services on the campus providing my pediatric patients with continuity of care, ease of access and convenience. I hope the Commission will approve this important project.

Sincerely,

Travis Ganunis, M.D., F.A.A.P.

10755 Falls Road, Suite 260 • Lutherville, Maryland 21093 • Phone: (410) 583-2955 • Fax: (410) 583-2962

White Marsh Surgery Center
4924 Campbell Boulevard, Suite 250
Nottingham, MD 21236
(443) 442-2700
Fax (443) 442-2701

Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215-2299

August 3, 2015

Dear Mr. Steffen:

The White Marsh Surgery Center fully supports the efforts of the Johns Hopkins Surgery Center Series to establish an ambulatory surgery center on the Green Spring Station campus. As Medical Director of the White Marsh Surgery Center, I recognize the impact the new facility will have upon the White Marsh Surgery Center, but am confident that the backfill plan we have developed will mitigate the shifting of cases to the Green Spring Station ASC. The Department of Orthopaedics plan is to focus on the development of its outpatient surgical practice at Green Spring Station but also at the White Marsh Surgery Center. This anticipated growth and accompanying faculty recruitment plan will be a significant part of the backfill. We anticipate the growth in cases at the White Marsh Surgery Center between FY 15 and FY 18 will offset the impact of this shifting of cases to the Green Spring Station ambulatory surgery center when it opens.

I have operated at the White Marsh Surgery Center with my fellow Hopkins colleagues and understand the inherent efficiencies that are achievable when performing cases in a freestanding ambulatory surgery center. At present, White Marsh is the only option for many of our faculty and the increasing trend to perform surgical cases in an outpatient setting compels us to develop the Green Spring Station facility so Hopkins faculty have another location for surgical practice.

With the increasing shift of surgical cases from the inpatient to the outpatient setting, the establishment of the Green Spring Station ambulatory surgery center is the right strategic decision for Johns Hopkins Medicine. I strongly urge the Maryland Health Care Commission to approve this important project.

Sincerely,

Lisa Ishii, M.D., M.H.S.

Medical Director, White Marsh Surgery Center

The Meadows of Greenspring Homeowners Association, Inc.

July 6, 2015

Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Ave
Baltimore, MD 21215-2299
Re: Certificate of Need Application for Green Spring Station Surgery Center

Dear Mr. Steffen:

The purpose of this letter is to support the Certificate of Need application of filed by the Johns Hopkins Surgery Center Series to establish a medical office building and outpatient ambulatory surgery center at Green Spring Station in Lutherville, MD.

Our community, the Meadows of Greenspring Homeowners Association is adjacent to the property on which the new facility is proposed to be built. For twenty years the homeowners in our community and neighboring residential areas have been utilizing the physician services currently offered by Hopkins at Green Spring. They have been a valuable part of the larger community, and have provided quality medical care.

With the addition of ambulatory surgery services, Hopkins at Green Spring Station would become the foundation and model for the kind of medical facility that would provide a broader spectrum of services that is both much needed and convenient.

Very truly yours,

M Friedman

Michael Friedman
Officer and Board Member
The Meadows of Greenspring Homeowners Association

The Greater Greenspring Association
4030 Stewart Road
Stevenson, MD 21153

Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Ave
Baltimore, MD 21215-2299

Re: Certificate of Need Application for Green Spring Station Surgery Center

Dear Mr. Steffen:

The Greater Greenspring Association strongly supports the Certificate of Need application filed by the Johns Hopkins Surgery Center Series to establish the Green Spring Station Surgery Center. Members of our Association have long-held ties to the Green Spring Station campus and many are patients of the physicians on the campus. Our members appreciate the easy access to services, convenient parking and the environment of the entire campus. We feel the expansion of services within this campus is an ideal use of the property.

Establishing an ambulatory surgery center will also provide further convenience to individuals and families who will be able to have surgery in their own community rather than drive downtown. The ambulatory center will provide a less costly and more accessible alternative to hospital operating rooms.

As a member of the community and on behalf of the Association, I support this proposed expansion and hope the Commission will approve this Certificate of Need application.

Sincerely,

Thomas P. Finnerty
President, Greater Greenspring Association

COUNTY COUNCIL OF BALTIMORE COUNTY
COURT HOUSE, TOWSON, MARYLAND 21204

VICKI ALMOND
COUNCILWOMAN, SECOND DISTRICT
COUNCIL2@BALTIMORECOUNTYMD.GOV

COUNCIL OFFICE: 410-887-3385
FAX: 410-887-5791

Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Ave
Baltimore, MD 21215-2299

Re: Certificate of Need Application for Green Spring Station Surgery Center

Dear Mr. Steffen:

I am writing to express my strong support for the Certificate of Need application filed by Johns Hopkins Surgery Center Series to establish the Green Spring Station Surgery Center. As Councilwoman for District 2 of Baltimore County, I am keenly aware of the need for expansion on the Green Spring Station Health Care and Surgery Center campus. So many of my constituents receive their medical services at this location and the ability to establish an ambulatory surgery facility will greatly address the growing trend to provide these surgical services in an outpatient setting.

In support of the expansion needs at Green Spring Station, I was proud to co-sponsor Bill 37-15, which provides a new definition in the zoning code for a health care and surgery center. This definition specifies the variety of wellness care, surgical, diagnostic and treatment services on a centralized campus and emphasizes the comprehensive nature of health services available to the community in a convenient one stop shopping environment. I see this as the wave of the future in health care and was happy to introduce this bill which will allow Johns Hopkins to realize its long standing goal of expanding needed health care services to the community. The bill reflects the evolutionary nature of shifting the provision of health care services from the inpatient to the outpatient setting.

I strongly recommend that the Maryland Health Care Commission approve this Certificate of Need application and feel the new Green Spring Station Surgery Center will be a significant improvement in the surgical care my constituents are able to receive in their own community.

Sincerely,

Vicki Almond

Vicki Almond,

Councilwoman, District 2, Baltimore County

Compliance with Conditions of Previous Certificates of Need

Year Awarded	Project Name	Terms and Conditions	Status
2003	Patient Care Information Systems	No conditions.	Completed in compliance.
2004	Cease operation of the hospice program	No conditions.	Completed in compliance.
2004	Historic Building Renovation	No conditions.	Completed in compliance.
2007	Relocation of 6 Wilmer Ors	No conditions.	Completed in compliance.
2012	Addition of 1 Wilmer outpatient OR	No conditions.	Completed in compliance.
2005	New Clinical Buildings	(1) The Johns Hopkins Hospital will provide the Maryland Health Care Commission with schematic design drawings for the new building and renovated space in accordance with the following schedule: New building (the Clinical Towers) by March 1, 2006 Nelson /Harvey Patient Unit Renovations by July 31, 2011 Meyer Patient Unit Renovations by July 31, 2011 Schematic design drawings for the new building will include the location and arrangement of all departments in the building, and the general arrangement of each inpatient unit, including the location and size of patient rooms, headwall locations, and unit support spaces. Schematic design drawings for building renovations will identify the location and general arrangement of departments within the buildings, modifications to existing inpatient units, including patient rooms, headwall locations, and the extent and location of unit support spaces.	In progress. Modification #1 May 2006 Modification #2 February 2008 Modification #3 July 2010 Compliant with all terms and conditions to date.

Compliance with Conditions of Previous Certificates of Need

Year Awarded	Project Name	Terms and Conditions	Status
		All schematic design drawings will be consistent with: a) A physical inpatient capacity plan for no more than 959 beds on the hospital campus upon completion of the project; and b) A design of the replacement adult and pediatric emergency departments such that they contain a combined total of no more than 104 total treatment spaces, including observation beds, and no more than 760 departmental square feet per treatment space; and (2) The Johns Hopkins Hospital shall adopt a policy of notifying, annually, the hospital's patient population in the Baltimore region of its charity care policies, through notices broadcast on radio, television, or through notices published in an area newspaper of general circulation. The Johns Hopkins Hospital will submit documentation of this policy no later than April 1, 2005. The Johns Hopkins Hospital will submit evidence of the annual notification of its patient population regarding the hospital's financial assistance policy to the Commission annually with its quarterly reports on the progress of this project's implementation.	

GSSSC Volume Projections

	Historical Total Outpatient Volume				Proportion of Volume Allocated to GSSSC		FY2018	FY2019	FY2020
Specialty	**FY2012**	**FY2013**	**FY2014**	**FY2015***	**% of FY2015 Total OP Volume To Be Assigned to GSSSC**	**FY2015 Volume Baseline Assigned to GSSSC**	**GSSSC FY2018 Projection (Pop Adj. and 71.8% RR)**	**GSSSC FY2019 Projection (Pop. Adj. and 79% RR)**	**GSSSC FY2020 Projection (Pop. Adj. and 85% RR)**
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**

Subspecialty	**Orthopaedics**	**FY2012**	**FY2013**	**FY2014**	**FY2015***	**% of FY2015 Total OP Volume To Be Assigned to GSSSC**	**FY2015 Volume Baseline Assigned to GSSSC**	**GSSSC FY2018 Projection (Pop Adj. and 71.8% RR)**	**GSSSC FY2019 Projection (Pop. Adj. and 79% RR)**	**GSSSC FY2020 Projection (Pop. Adj. and 85% RR)**
Sports	Cosgarea	253	230	211	210	100.0%	210	216	218	220
Shoulders	McFarland	106	57	115	107	25.0%	27	28	28	28
Spine	Cohen	189	187	147	170	25.0%	43	44	45	45
Hand	Deune	290	252	226	240	45.0%	108	111	112	113
Hand	LaPorte	126	124	127	132	100.0%	132	136	137	138
Total Joints	Khanuja	-	-	19	21	100.0%	21	22	22	22
Total Joints	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

Subspecialty	**Otolaryngology**	**FY2012**	**FY2013**	**FY2014**	**FY2015***	**% of FY2015 Total OP Volume To Be Assigned to GSSSC**	**FY2015 Volume Baseline Assigned to GSSSC**	**GSSSC FY2018 Projection (Pop Adj. and 71.8% RR)**	**GSSSC FY2019 Projection (Pop. Adj. and 79% RR)**	**GSSSC FY2020 Projection (Pop. Adj. and 85% RR)**
Facial Plastic	Byrne	234	235	242	243	90.0%	219	225	228	230
Facial Plastic	Ishii	116	119	134	165	90.0%	149	153	155	156
Facial Plastic	Boahene	220	221	217	269	45.0%	121	125	126	127
Peds Oto	Tunkel	330	321	319	332	33.0%	110	113	114	115
Peds Oto	Boss	235	248	152	199	33.0%	66	68	69	69
Sinus	Reh	84	75	63	76	55.0%	42	43	44	44
Laryngology	Askt	61	69	75	49	50.0%	25	26	26	26
Laryngology	Best	-	30	88	109	40.0%	44	45	46	46
Head & Neck	Tufano	27	46	148	236	10.0%	24	25	25	25
Otology	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

GSSSC Volume Projections

Subspecialty	Urology	FY2012	FY2013	FY2014	FY2015*	% of FY2015 Total OP Volume To Be Assigned to GSSSC	FY2015 Volume Baseline Assigned to GSSSC	GSSSC FY2018 Projection (Pop Adj. and 71.8% RR)	GSSSC FY2019 Projection (Pop. Adj. and 79% RR)	GSSSC FY2020 Projection (Pop. Adj. and 85% RR)
Pediatric	Gearhart	452	487	453	427	60.0%	256	263	266	269
Pediatric	Wang	486	600	621	504	50.0%	252	259	262	264
Adult	Bivalacqua	162	219	296	360	33.0%	119	122	124	125
Adult	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

Plastic Surgery	FY2012	FY2013	FY2014	FY2015*	% of FY2015 Total OP Volume To Be Assigned to GSSSC	FY2015 Volume Baseline Assigned to GSSSC	GSSSC FY2018 Projection (Pop Adj. and 71.8% RR)	GSSSC FY2019 Projection (Pop. Adj. and 79% RR)	GSSSC 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

General Surgery	FY2012	FY2013	FY2014	FY2015*	% of FY2015 Total OP Volume To Be Assigned to GSSSC	FY2015 Volume Baseline Assigned to GSSSC	GSSSC FY2018 Projection (Pop Adj. and 71.8% RR)	GSSSC FY2019 Projection (Pop. Adj. and 79% RR)	GSSSC 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 GSSSC	FY2015 Volume Baseline Assigned to GSSSC	GSSSC FY2018 Projection (Pop Adj. and 71.8% RR)	GSSSC FY2019 Projection (Pop. Adj. and 79% RR)	GSSSC 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

GSSSC Volume Projections

Breast	FY2012	FY2013	FY2014	FY2015*	% of FY2015 Total OP Volume To Be Assigned to GSSSC	FY2015 Volume Baseline Assigned to GSSSC	GSSSC FY2018 Projection (Pop Adj. and 71.8% RR)	GSSSC FY2019 Projection (Pop. Adj. and 79% RR)	GSSSC 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
SUBTOTAL	608	795	878	854	34.7%	296	339	352	365

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

Neurosurgery	FY2012	FY2013	FY2014	FY2015*	% of FY2015 Total OP Volume To Be Assigned to GSSSC	FY2015 Volume Baseline Assigned to GSSSC	GSSSC FY2018 Projection (Pop Adj. and 71.8% RR)	GSSSC FY2019 Projection (Pop. Adj. and 79% RR)	GSSSC 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

Gynecology	FY2012	FY2013	FY2014	FY2015*	% of FY2015 Total OP Volume To Be Assigned to GSSSC	FY2015 Volume Baseline Assigned to GSSSC	GSSSC FY2018 Projection (Pop Adj. and 71.8% RR)	GSSSC FY2019 Projection (Pop. Adj. and 79% RR)	GSSSC 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

***March Annualized**

	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**

FY2015 Baseline Volumes

	Total	JHM Volume Source				Non-JHM Volume Source		
		JHH	Bayview	OA at GSS	WMSC	Bellona	GBMC	Good Sam
Orthopaedics	567	567	-	-	-	-	-	-
Otolaryngology	866	409	-	124	251	82	-	-
Urology	843	720	123	-	-	-	-	-
Vascular	235	47	-	188	-	-	-	-
Breast	296	296	-	-	-	-	-	-
Plastic	181	50	-	91	40	-	-	-
General	193	193	-	-	-	-	-	-
Gynecology	150	50	-	-	-	-	100	-
Podiatry	50	-	-	-	-	-	-	50
Neurosurgery	115	115	-	-	-	-	-	-
TOTAL	**3,496**	**2,447**	**123**	**403**	**291**	**82**	**100**	**50**
TOTAL (%)	**100.0%**	**70.0%**	**3.5%**	**11.5%**	**8.3%**	**2.3%**	**2.9%**	**1.4%**
JHM	**3,264**	**2,447**	**123**	**403**	**291**	**-**	**-**	**-**
JHM (%)	**-**	**75.0%**	**3.8%**	**12.3%**	**8.9%**	**-**	**-**	**-**
Non-JHM	**232**	**-**	**-**	**-**	**-**	**82**	**100**	**50**
Non-JHM (%)	**-**	**-**	**-**	**-**	**-**	**35.3%**	**43.1%**	**21.6%**

Orthopaedics	**Total**	**JHH**	**Bayview**	**OA at GSS**	**WMSC**	**Bellona**	**GBMC**	**Good Sam**
Cosgarea	210	210	-	-	-	-	-	-
McFarland	27	27	-	-	-	-	-	-
Cohen	43	43	-	-	-	-	-	-
Deune	108	108	-	-	-	-	-	-
LaPorte	132	132	-	-	-	-	-	-
Khanuja	21	21	-	-	-	-	-	-
Sterling	26	26	-	-	-	-	-	-
TOTAL	**567**	**567**	**-**	**-**	**-**	**-**	**-**	**-**

Otolaryngology	**Total**	**JHH**	**Bayview**	**OA at GSS**	**WMSC**	**Bellona**	**GBMC**	**Good Sam**
Byrne	219	13	-	124	-	82	-	-
Ishii	149	-	-	-	149			
Boahene	121	19	-	-	102	-	-	-
Tunkel	110	110	-	-	-	-	-	-
Boss	66	66	-	-	-	-	-	-
Reh	42	42	-	-	-	-	-	-
Askt	25	25	-	-	-	-	-	-
Best	44	44	-	-	-	-	-	-
Tufano	24	24	-	-	-	-	-	-
Francis	66	66	-	-	-	-	-	-
TOTAL	**866**	**409**	**-**	**124**	**251**	**82**	**-**	**-**

Urology	**Total**	**JHH**	**Bayview**	**OA at GSS**	**WMSC**	**Bellona**	**GBMC**	**Good Sam**
Gearhart	256	256	-	-	-	-	-	-
Wang	252	252	-	-	-	-	-	-
Bivalacqua	119	119	-	-	-	-	-	-
Matlaga	216	93	123	-	-	-	-	-
TOTAL	**843**	**720**	**123**	**-**	**-**	**-**	**-**	**-**

Plastic Surgery	Total	JHH	Bayview	OA at GSS	WMSC	Bellona	GBMC	Good Sam
Gordon	54	-	-	54	-	-	-	-
Manahan	34	34	-	-	-	-	-	-
Kumar	37	-	-	37	-	-	-	-
Lee	16	16	-	-	-	-	-	-
Residents	40	-	-	-	40	-	-	-
TOTAL	**181**	**50**	**-**	**91**	**40**	**-**	**-**	**-**

General Surgery	Total	JHH	Bayview	OA at GSS	WMSC	Bellona	GBMC	Good Sam
Fange	66	66	-	-	-	-	-	-
Hirose	32	32	-	-	-	-	-	-
Marohn	54	54	-	-	-	-	-	-
Safar	41	41	-	-	-	-	-	-
TOTAL	**193**	**193**	**-**	**-**	**-**	**-**	**-**	**-**

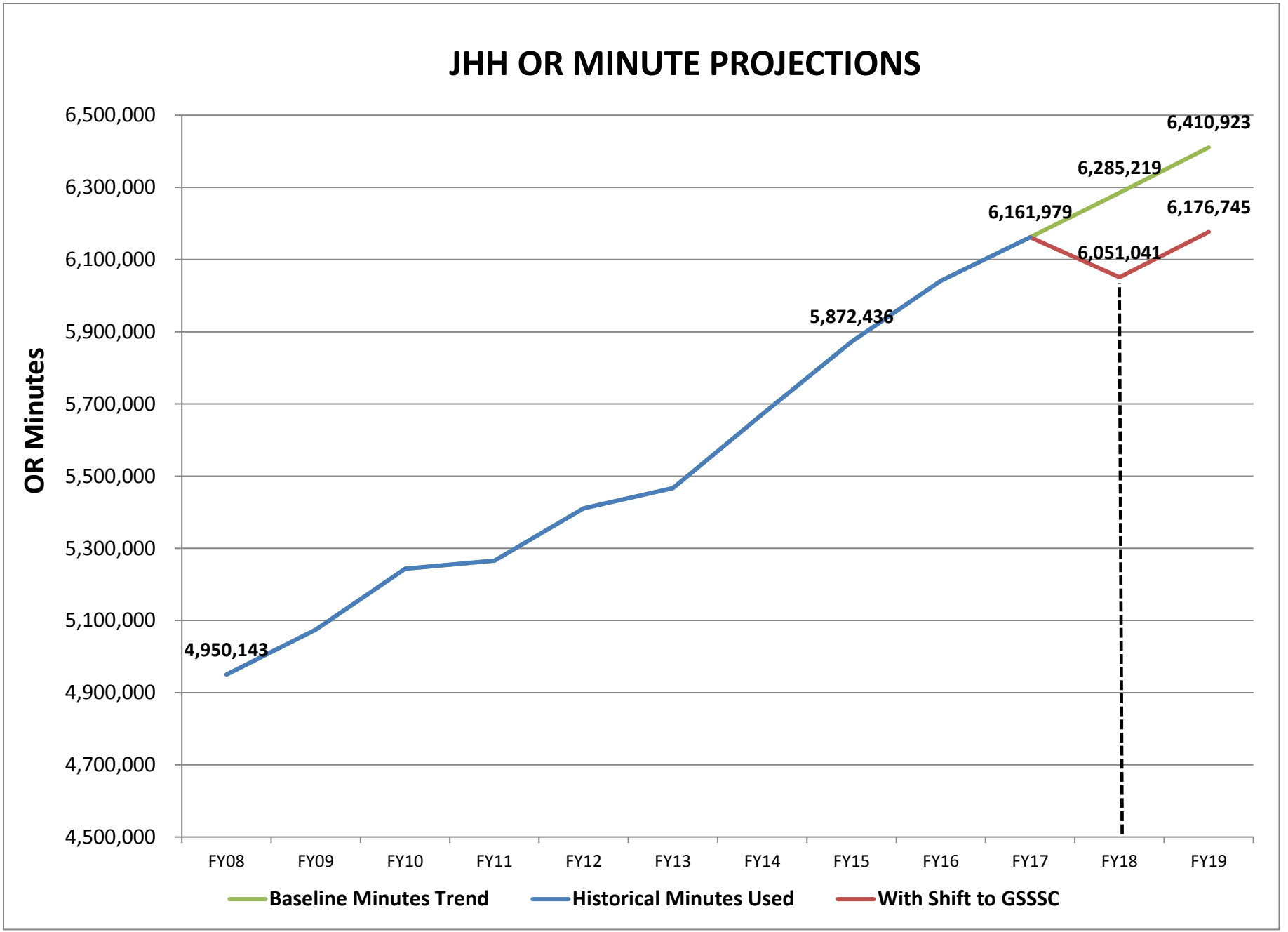
Vascular	Total	JHH	Bayview	OA at GSS	WMSC	Bellona	GBMC	Good Sam
Heller	188	-	-	188	-	-	-	-
Lum	47	47	-	-	-	-	-	-
TOTAL	**235**	**47**	**-**	**188**	**-**	**-**	**-**	**-**

Breast	Total	JHH	Bayview	OA at GSS	WMSC	Bellona	GBMC	Good Sam
Camp	45	45	-	-	-	-	-	-
Euhus	100	100	-	-	-	-	-	-
Habibi	56	56	-	-	-	-	-	-
Jacobs	53	53	-	-	-	-	-	-
Lange	42	42	-	-	-	-	-	-
TOTAL	**296**	**296**	**-**	**-**	**-**	**-**	**-**	**-**

Podiatry	Total	JHH	Bayview	OA at GSS	WMSC	Bellona	GBMC	Good Sam
Chattler	50	-	-	-	-	-	-	50
TOTAL	**50**	**-**	**-**	**-**	**-**	**-**	**-**	**50**

Neurosurgery	Total	JHH	Bayview	OA at GSS	WMSC	Bellona	GBMC	Good Sam
Belzberg	115	115	-	-	-	-	-	-
TOTAL	**115**	**115**	**-**	**-**	**-**	**-**	**-**	**-**

GYN	Total	JHH	Bayview	OA at GSS	WMSC	Bellona	GBMC	Good Sam
Hamod	100	-	-	-	-	-	100	-
Various (JHM)	50	50	-	-	-	-	-	-
TOTAL	**150**	**50**	**-**	**-**	**-**	**-**	**100**	**-**


JHH OR MINUTE PROJECTIONS
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FY08
FY09
FY10
FY11
FY12
FY13
FY14
FY15
FY16
FY17
FY18
FY19
Baseline Minutes Trend
Historical Minutes Used
With Shift to GSSSC

AFFIRMATIONS

AFFIRMATION

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.

Gill Wylie
President
Johns Hopkins Medical Management Corporation

8/5/15
Date

AFFIRMATION

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.

Beth Plavner

8/5/15

Beth Plavner
Director of Development & Planning
Johns Hopkins Medical Management Corporation

Date

AFFIRMATION

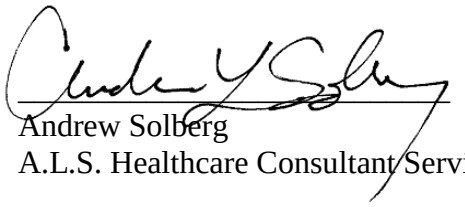
I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief.

Michele Leingweber
Director of Finance & Management
Johns Hopkins Medical Management Corporation

8/5/15
Date

AFFIRMATION

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.



Andrew Solberg
A.L.S. Healthcare Consultant Services

8/5/15
Date

AFFIRMATION

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.

Howard Reel
Senior Director, Facilities, Design and Construction
Johns Hopkins Health System, Inc.

7/31/15
Date

AFFIRMATION

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.

Philip J. Lange, CPA

Philip J. Lange, CPA
Lange & Associates, LLC

7-29-15
Date

AFFIRMATION

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.

Anne Langley
Senior Director
Health Planning and Community Engagement
Johns Hopkins Health System

Aug 5, 2015
Date

AFFIRMATION

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.

Spencer Wildonger
Senior Project Analyst
Health Care Transformation & Strategic Planning
Johns Hopkins Health System

8/5/2015
Date