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May 14, 2018

By Email:

Jenelle Mayer, M.P.H., Allegany County Health Officer
Barbara Brookmyer, M.D., Frederick County Health Officer
Bob Stephens, Garret County Health Officer
Earl E. Stoner, Washington County Health Officer
Paul Parker, Director, Health Care Facilities Planning and Development
Kevin McDonald, Chief, Certificate of Need
Suellen Wideman, AAG
Sarah E. Pendley, AAG
Howard L. Sollins, Esquire, Baker Donelson
Marta D. Harting, Esquire, Venable LLP

Maryland Health Care Commission
c/o Commissioner, Marcus L. Wang, Esquire
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: Modification to BAYADA Home Health Care Application
Docket No. 17-R2-2399

Dear Commissioner Marcus Wang, Esq,

Please accept all below responses to your recommendations suggested for the modification to our BAYADA Home Health Care CON application provided on May 3, 2018. I hope you will find all responses meet all requirements to satisfy a positive recommendation to the Commission for this CON application.

All below responses intend to highlight modifications to the Charity Care and Sliding Fee Scale standard, the Financial Feasibility standard, the Impact standard and related CON review criteria.

1. Revise its charity care and sliding fee scale policy and procedures to be consistent with standard.

Charity care and sliding fee scale policy has been revised to meet COMAR 10.24.16.08E. Bayada added clarity to the information needed to make a determination of probable eligibility for charity care or reduced fee care within two business days of request. We also modified the documentation that is needed for the agency to make a final determination of eligibility for charity or reduced fee care. Please note that BAYADA as a result of reviewing our process in order to make your recommended updates, revised the sliding fee scales to be consistent with COMAR 10.24.16.08 and consistent with all other BAYADA policies and procedures. Please see our policy 0-8407 - CHARITY CARE - MARYLAND HOME HEALTH AND HOSPICE to review changes.

2. Revise all applicable forms, notices, and information provided to comply with the standard (including all public notices, posted notices, notices to potential clients/family, application etc. for charity care or reduced fees and other similar documents).

All of the applicable forms and notices have been updated/revised to comply with our internal policies as well as COMAR 10.24.16.08E. Please see all revised forms attached.

- Financial Hardship Form - Maryland attached form 0-9506
- BAYADA Home Health Care – Maryland Notice of Charity Care and Reduced Fees 0-7657
- BAYADA Home Health Care—Maryland Notice of Charity Care and Reduced Fees 0-9485

3. Post the revised notice and place it in an easily accessible location on its website.

BAYADA Home Health Care—Maryland Notice of Charity Care and Reduced Fees has been posted to an easily accessible place on our website Bayada.com under the home health care section. Please use the link below to view BAYADA policy. This went live on Bayada.com as of 5/11/2018.

Link - <https://www.bayada.com/homehealthcare/>

4. Provide copies of all forms, applications, notices, and procedures (as revised or not) regarding charity care, reduced fees, and sliding scale that will apply to a prospective client.

Please find all updated forms attached. All forms and notices have been revised and attached as per your request.

- Financial Hardship Form - Maryland attached form 0-9506
- BAYADA Home Health Care – Maryland Notice of Charity Care and Reduced Fees 0-7657
- BAYADA Home Health Care—Maryland Notice of Charity Care and Reduced Fees 0-9485

5. Assure that its projections regarding the provision of charity care and reduced fee services are consistent with the standard and based only on visits provided by BAYADA-Gaithersburg.

Please see the graph below from Table 19 of Maryland Health Care Commission raw data from 2014. It highlights that there were 730 visits of charity care provided in the Western Maryland region we are applying for in 2014. This represents .004 of the total number of visits provided, 178,792.

Table - 19

Total Number of Home Health Visits by Jurisdiction of Residence, Payment Source and Geographic Region: Maryland, Fiscal Year 2014										
Geographic Region/Jurisdiction of Client's Residence	Medicare Traditional	Medicare Advantage	Medicaid Traditional	Medicaid Health Choice	Other Government	Private Insurers	HMO	Self Pay	Other	Total
Western Maryland										
Allegany County	23,899	1,123	340	1,026	38	733	1,589	65	6	28,819
Frederick County	72,219	1,549	2,195	236	0	12,972	880	199	724	90,974
Garrett County	6,075	0	64	14	0	1,423	0	70	0	7,646
Washington County	37,586	2,882	1,029	1,358	9	6,807	0	1,682	0	51,353
TOTAL	139,779	5,554	3,628	2,634	47	21,935	2,469	2,016	730	178,792

BAYADA Home Health Care is committed to providing this standard as evidenced by BAYADA projecting 31 visits out of our total projections of 4,407 total visits in the first year, which would represent a commitment to .007 percent of our total visits and an amount greater than what is typically provided in the region based on the most recent data available. Please note that this is represented in Table 2 – New Counties under Non-Billable Visits and corresponds to the number of charity care visits that will be provided in the Western Maryland region we are applying for in 2018. BAYADA hopes this clarifies our charity commitment in terms of “visits” versus “clients”.

6. Provide a specific and credible plan for achieving the level of charity care to which it is committed, as provided in the standard. Assumptions must be detailed and based on the experience of BAYADA-Gaithersburg.

BAYADA Home Health Care will provide the level of charity care that it is committed to by working with our Skilled Nursing Facility partner, Genesis Health Care, more specifically Genesis Glade Valley and Genesis Ballenger Creek to help transition the patients they care for without insurance home post discharge. We will make our commitment clear to Genesis during our next regional meeting as well as educate our marketing manager on our new policy and procedure for Financial Hardship and Charity Care. Our marketing managers will continue to remind our partners of the policy on a weekly basis moving forward. We will also approach Meritus Hospital Center as well as Western Maryland Regional Medical Center to develop relationships. Division Director, Patrick O'Malley left a message with Andrea Horton, Director of Care Management at Meritus Hospital Center, to set up a meeting to discuss BAYADA Home Health Care and more specifically our policy and procedures to providing charity care in our new potential jurisdiction. Division Director, Patrick O'Malley, left a message with Care Management department, 240-964-1090, to set up a meeting to discuss BAYADA Home Health Care and more specifically our policy and procedures to providing charity care in our new potential jurisdiction. Once jurisdiction is awarded and we make the investment in additional people resources in the new region, we will assign a marketing manager to each hospital system and they will stop by weekly to discuss BAYADA and our charity care

policy. We feel that once we begin to develop relationships in the new jurisdiction that we will be able to consistently meet the charity care requirement in each new jurisdiction.

7. Submit correct and internally consistent Tables 2A, 2B, and 5 and Tables 3 and 4, as necessary.

Please see attached workbook with all recommended changes in place. BAYADA added comment (b) to contracted services on all versions of table 3 with added footnote for comment (b) at the bottom of the schedule. BAYADA made all schedules the same color. BAYADA also modified table 5 by pulling out the piece on contractor services in the FTE contractor column and deducting it from the employees FTEs. BAYADA believes this will further clarify the \$38,370 that the commissioners recommended we define. As noted .27 percent of our FTE Physical therapists are contracted and thus command expenses for \$38,370 on an annual basis. Table 5 has modified to reflect this. Please see attached workbook as well as screenshot from Table 5 below which illustrates these changes.

Position Title	Current No. of FTEs		Change in FTEs (+/-)		Average Salary		Total Salary Expense		
	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff	
Administrative Personnel	10.57		8.66		67,828		1,304,417	8,000	
Skilled Nursing	14.24		11.68		67,607		1,752,374		
Licensed Practical Nurse	included in SN								
Physical Therapist	11.18	0.27	9.17	0.22	79,779	77,893	1,623,294	38,370	
Occupational Therapist	4.16		3.42		73,906		560,210		
Speech Therapist	2.19		1.79		85,942		342,049		
Home Health Aide	0.53		0.43		49,669		47,682		
Medical Social Worker	0.30		0.25		84,317		46,375		
Other (Please specify)									
							Benefits	1,434,813	
							TOTAL	7,111,215	46,370

Thank you for your consideration. We look forward to a favorable decision by the Commission.

Attentively,

David Pareja, MPA

BAYADA Home Health Care- Gaithersburg, MD Administrator



0-8407 CHARITY CARE - MARYLAND HOME HEALTH AND HOSPICE

This policy was adopted on Jan. 11, 2017 and last revised May. 10, 2018.

Our Standard:

We believe our clients come first.

Our Policy:

BAYADA Home Health Care provides charity care or reduced fees to our clients with financial hardship in accordance with Maryland regulation.

Our Procedure:

- 1.0** BAYADA ensures access to services regardless of an individual's ability to pay.
- 2.0** The MARYLAND CHARITY CARE AND REDUCED FEE PUBLIC NOTICE, #0-9485 is visibly published for public view and for prospective clients on BAYADA's Website, service office Facebook pages and conspicuously posted in the service office. This public notice is also disseminated via annual publication in newspapers in the service area regarding BAYADA Charity Care, the sliding fee pay scale and time payment plans for reduced fees of \$25 per month. MARYLAND NOTICE OF CHARITY CARE AND REDUCED FEES, #0-7657 is provided to all prospective clients prior to provision of services. Both notices include how determination of charity care and reduced fees are made per sections 3.0 and 4.0 below.
- 3.0** Upon receiving a request for charity care free of charge or reduced fees, BAYADA will make a determination of probable eligibility and communicate to the client within two (2) business days of a request for services or an application for Medical Assistance (Medicaid).
- 4.0** BAYADA uses a two-step process to determine eligibility of charity care or reduced fees as follows:
 - 4.1** An interview with the prospective client/representative will be conducted to review family size, insurance, income, and medical bills. The information is documented on a MARYLAND FINANCIAL HARDSHIP FORM, #0-9506. BAYADA will communicate its determination of probable eligibility to the prospective client/representative within two (2) business days.
 - 4.2** Final determination for eligibility for charity care or reduced fees is based on a completed MARYLAND FINANCIAL HARDSHIP FORM, #0-9506 (application) by the prospective client/representative with required documentation and proof of household income and outstanding medical bills.
- 5.0** Prior to provision of care, prospective clients who qualify are informed of the rates using the following guidelines.
 - 5.1** Based on the interview, the client will be granted a financial write-off if:
 - a. the total family income is at or below 300% of the Federal Poverty Guidelines (as published in the Federal Register) for their family size; or
 - b. the client's total yearly medical bills after all applicable insurance reimbursement are greater than 50% of their total yearly income.

5.1.1

Poverty Level	% Discount
100%	100%
200%	100%
225%	80%



250%	60%
275%	40%
300%	20%
325%	0%

- 6.0** Prior to provision of care, prospective clients who do not qualify for charity care or reduced fees are informed, and BAYADA assists with seeking an alternative payment arrangement.
- 7.0** The director will submit a Biller Information Coordination Note to the Billing and Collections Office indicating the client's payor source as private pay and billing rate as based on the sliding scale.
- 8.0** The provision of charity care is tracked in order to demonstrate commitment to achieving a planned annual level of charity care.
- 9.0** **RELATED POLICIES.**
 - a. ADMISSION CRITERIA AND PROCEDURE - MEDICARE CERTIFIED OFFICES, #0-672

0-8407 - CHARITY CARE - MARYLAND HOME HEALTH AND HOSPICE

Version: 36.0 (18432)

Author(s): JOY STOVER (2016); KIM CUNNINGHAM (2018)

Owner:

Manual, Section: MARYLAND, MEDICARE CERTIFIED POLICIES

References: MD Hospice and Home Health CON Application requirement for Charity Care.

Revisions: May. 10, 2018, Apr. 06, 2018, Jun. 13, 2017, Jun. 13, 2017, Jan. 11, 2017,

Comments:

FINANCIAL HARDSHIP FORM - MARYLAND



Please complete the top section and return to the Director of your service office.

Date: _____

Client Name: _____ Client Number: _____

Client Address: _____

Number of family members residing in the household: _____

Household Income*	Client Salary	
	Spouse Salary	
	Disability Payments	
	Other Income	
	Total Income	

Outstanding Medical Bills*	Facility	Amount	Insurance Payment	Balance due from Client
	Total			

I understand that the information provided above is required by law and will be used by BAYADA Home Health Care solely to determine my ability to pay a co-payment or deductible. I certify that the above information is true, complete, and correct as of the date written above. If any of the above information changes I will notify BAYADA immediately.

Client Signature: _____ Date: _____

POA Signature (if client unable to sign): _____ Date: _____

For BAYADA Use Only

Upon approval of the Office Director, the client is eligible for a Hardship write-off if their total household income is less than 300% of the Federal Poverty level for the size of the household, OR their outstanding medical bills are greater than 50% of their yearly income.

Total household income multiplied by .50			
Federal Poverty level for Household size**		Multiply by 2	

* Documentation must be provided for these amounts

** as published by the Federal Government (<http://aspe.hhs.gov/poverty/07poverty.shtml>)

Director Signature: _____ Date: _____

BAYADA HOME HEALTH CARE– MARYLAND NOTICE OF CHARITY CARE AND REDUCED FEES



Client Name: _____

Client # _____

BAYADA Home Health Care provides charity care or reduced fees to our clients with financial hardship and in accordance with Maryland regulation. BAYADA ensures access to services regardless of an individual's ability to pay.

All prospective clients are provided this notice prior to provision of services.

How the charity care and reduced fee scale works:

Upon receiving a request for charity care free of charge or reduced fees, BAYADA uses a two-step process to determine eligibility of charity care or reduced fees. BAYADA will interview the prospective client/representative to review family size, insurance, income, medical bills. BAYADA will communicate its determination of probable eligibility to the prospective client/representative within two (2) business days of the request for charity care, reduced fees, or an application for medical assistance (Medicaid).

Final determination for eligibility for charity care or reduced fees is based on a completed application with required documentation and proof of household income and outstanding medical bills. Prior to provision of services, clients who qualify are informed of the rates as per current Federal Poverty Guidelines with a sliding fee scale. Those that qualify for reduced fees will be offered a time payment plan. Those who do not qualify for charity care or reduced fees will be assisted in seeking alternative payment arrangements.

Based on the interview, the prospective client will be granted a financial write-off if:

- a. the total family income is below 300% of the Federal Poverty Guidelines (as published in the Federal Register) for their family size; or
- b. the client's total yearly medical bills after all applicable insurance reimbursement are greater than 50% of their total yearly income.

Poverty Level	% Discount
100%	100%
200%	100%
225%	80%
250%	60%
275%	40%
300%	20%
325%	0%

I acknowledge BAYADA has given me information about charity care or reduced fees.

Signature of Client

Date

Witness

Representative, Relationship & Reason Client Unable to Sign

Date

Witness

BAYADA Home Health Care— Maryland Notice of Charity Care and Reduced Fees

BAYADA Home Health Care provides charity care or reduced fees to our prospective clients with financial hardship and in accordance with Maryland regulation. BAYADA ensures access to services regardless of an individual's ability to pay.

All prospective clients are provided this notice prior to provision of services.

How the charity care and reduced fee scale works:

Upon receiving a request for charity care free of charge or reduced fees, BAYADA uses a two-step process to determine eligibility of charity care or reduced fees. BAYADA will interview the prospective client/representative to review family size, insurance, income, and medical bills. BAYADA will communicate its determination of probable eligibility to the prospective client/representative within two (2) business days of the request for charity care, reduced fees, or an application for medical assistance (Medicaid).

Final determination for eligibility for charity care or reduced fees is based on a completed application with required documentation, proof of household income and outstanding medical bills. Prior to provision of services, clients who qualify are informed of the rates as per current Federal Poverty Guidelines with a sliding fee scale. Those that qualify for reduced fees will be offered a time payment plan. Those who do not qualify for charity care or reduced fees will be assisted in seeking alternative payment arrangements.

Based on the interview, the prospective client will be granted a financial write-off if:

- a. the total family income is below 300% of the Federal Poverty Guidelines (as published in the Federal Register) for their family size; or
- b. the client's total yearly medical bills after all applicable insurance reimbursement are greater than 50% of their total yearly income.

Poverty Level	% Discount
100%	100%
200%	100%
225%	80%
250%	60%
275%	40%
300%	20%
325%	0%

For more information or questions on BAYADA's Charity Care or Financial Hardship policies, contact your local BAYADA office.



Table 2A - Entire Gaithersburg Site

	Two Most Current Actual Years		Projected years -- ending with first year at full utilization			
	2015	2016	2018	2019	2020	2021
CY or FY	CY	CY	FY	FY	FY	FY
Client Visits	14,024	18,204	26,607	38,581	45,458	52,323
Billable	13,930	18,074	26,417	38,305	45,133	51,949
Non-Billable	94	130	190	276	325	374
Total	14,024	18,204	26,607	38,581	45,458	52,323
# of Clients and Visits by Discipline						
Total Clients (Unduplicated Count)	870	1,075	1,792	2,554	3,135	3,614
Skilled Nursing Visits	4,253	5,300	9,464	13,756	18,470	21,286
Home Health Aide Visits	284	152	534	777	837	956
Physical Therapy Visits	6,486	8,621	10,295	14,933	16,271	18,689
Occupational Therapy Visits	2,325	3,139	4,044	5,833	6,304	7,277
Speech Therapy Visits	643	894	1,991	2,876	3,098	3,571
Medical Social Services Visits	30	97	279	405	478	546
Other Visits (Please Specify) - Dietician	3	1	-	-	-	-

Table 2B -- New Jurisdiction Projected Results

	Projected years -- ending with first year at full utilization			
	2018	2019	2020	2021
	FY	FY	FY	FY
Client Visits	4,407	14,137	20,496	23,582
Billable	4,376	14,036	20,350	23,414
Non-Billable	31	101	146	168
Total	4,407	14,137	20,496	23,582
# of Clients and Visits by Discipline				
Total Clients (Unduplicated Count)	274	871	1,324	1,515
Skilled Nursing Visits	1,568	5,041	8,328	9,593
Home Health Aide Visits	88	285	377	431
Physical Therapy Visits	1,705	5,472	7,336	8,423
Occupational Therapy Visits	670	2,137	2,842	3,279
Speech Therapy Visits	330	1,054	1,397	1,609
Medical Social Services Visits	46	148	215	246
Other Visits (Please Specify) - Dietician	-	-	-	-

Table 2 [Supplemental] - Gaithersburg Projection without additional jurisdiction

	Projected years -- ending with first year at full utilization			
	2018	2019	2020	2021
	FY	FY	FY	FY
Client Visits	22,200	24,444	24,962	28,742
Billable	22,041	24,269	24,783	28,536
Non-Billable	159	175	179	206
Total	22,200	24,444	24,962	28,742
# of Clients and Visits by Discipline				
Total Clients (Unduplicated Count)	1,518	1,683	1,811	2,099
Skilled Nursing Visits	7,896	8,716	10,142	11,692
Home Health Aide Visits	445	492	460	525
Physical Therapy Visits	8,589	9,462	8,935	10,266
Occupational Therapy Visits	3,374	3,696	3,462	3,997
Speech Therapy Visits	1,661	1,822	1,701	1,961
Medical Social Services Visits	233	256	262	300
Other Visits (Please Specify) - Dietician	-	-	-	-

Table 3 -- Entire Gaithersburg Site

	Two Most Current Actual Years		Projected years -- ending with first year at full utilization			
	2015	2016	2018	2019	2020	2021
CY or FY	CY	CY	FY	FY	FY	FY
1. Revenue						
Gross Patient Service Revenue	2,576,910	3,344,985	4,941,774	7,166,362	8,447,607	9,724,132
Allowance for Bad Debt	(13,617)	(72,572)	(65,177)	(93,504)	(110,791)	(128,683)
Contractual Allowance - Medicare	606,400	740,180	480,262	636,722	808,978	996,569
Contractual Allowance - non Medicare	(167,150)	(185,239)	(195,991)	(304,042)	(371,105)	(400,867)
Charity Care	(2,577)	(3,345)	(11,869)	(18,728)	(22,172)	(25,162)
Net Patient Services Revenue	2,999,967	3,824,010	5,148,998	7,386,811	8,752,516	10,165,988
Other Operating Revenues (specify)	2,070	327	-	-	-	-
Net Operating Revenue	3,002,037	3,824,337	5,148,998	7,386,811	8,752,516	10,165,988
2. Expenses						
Salaries, Wages and Professional Fees (including fringe benefits)	1,794,603	2,268,074	3,806,133	5,238,324	6,165,115	7,119,215
Contractual Services (b) (please specify)	192,009	123,932	19,922	28,346	33,341	38,370
Interest on Current Debt	-	-	-	-	-	-
Interest on Project Debt	-	-	-	-	-	-
Current Depreciation	5,121	5,307	-	-	-	-
Project Depreciation	-	-	-	1,000	2,000	3,000
Current Amortization	-	-	-	-	-	-
Project Amortization	-	-	-	-	-	-
Supplies	41,308	43,751	91,248	130,906	155,108	180,157
Other Expenses (Specify)	631,990	853,054	1,007,810	1,420,254	1,686,162	1,971,094
Other expenses include rent plus corporate allocations for shared services (accounting, collections, billing, IT, etc.)						
Total Operating Expenses	2,665,030	3,294,117	4,925,113	6,818,829	8,041,727	9,311,836

Table 3 -- Entire Gaithersburg Site

	Two Most Current Actual Years		Projected years -- ending with first year at full utilization			
	2015	2016	2018	2019	2020	2021
CY or FY	CY	CY	FY	FY	FY	FY
3. Income						
Income from Operations	337,008	530,219	223,885	567,982	710,790	854,152
Non-Operating Income	-	-	-	-	-	-
Subtotal	337,008	530,219	223,885	567,982	710,790	854,152
Income Taxes	\$0 - entity is an S-Corp; taxes are paid by shareholders via personal taxes					
Net Income (Loss)	337,008	530,219	223,885	567,982	710,790	854,152
4A. - Payor Mix as Percent of Total Revenue						
Medicare (a)	87.0%	89.0%	87.2%	86.2%	85.7%	86.7%
Medicaid	0.1%	0.0%	0.5%	0.5%	0.5%	0.5%
Blue Cross	5.5%	5.1%	6.0%	6.2%	6.4%	6.0%
Commercial Insurance	5.5%	4.6%	4.9%	5.6%	5.8%	5.4%
Self-Pay	0.7%	0.2%	0.3%	0.3%	0.3%	0.3%
Other	1.2%	1.0%	1.2%	1.2%	1.3%	1.2%
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4B. - Payor Mix as Percent of Total Visits						
Medicare (a)	79.8%	81.1%	82.3%	81.1%	80.4%	81.6%
Medicaid	0.2%	0.0%	0.5%	0.5%	0.5%	0.5%
Blue Cross	8.5%	8.8%	8.2%	8.8%	9.1%	8.6%
Commercial Insurance	8.5%	7.9%	6.9%	7.4%	7.7%	7.2%
Self-Pay	1.1%	0.4%	0.4%	0.4%	0.4%	0.4%
Other	1.9%	1.7%	1.6%	1.7%	1.8%	1.7%
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(a) includes all episodic payors

(b) Certain senior living buildings require us to use the therapists already in the building to provide therapy. Dollars were estimated based on historical percentage and can include physical therapists, speech therapists and occupational therapists.

Table 4 -- New Jurisdictions

CY or FY	Projected years -- ending with first year at full utilization			
	2018 FY	2019 FY	2020 FY	2021 FY
1. Revenue				
Gross Patient Service Revenue	819,884	2,627,838	3,810,381	4,383,396
Allowance for Bad Debt	(10,779)	(34,284)	(49,960)	(57,996)
Contractual Allowance	46,070	124,527	199,315	270,795
Charity Care	(3,642)	(9,669)	(12,916)	(14,502)
Net Patient Services Revenue	851,533	2,708,412	3,946,819	4,581,693
Other Operating Revenues (specify)	-	-	-	-
Net Operating Revenue	851,533	2,708,412	3,946,819	4,581,693
2. Expenses				
Salaries, Wages and Professional Fees (including fringe benefits)	621,531	1,918,818	2,779,598	3,208,579
Contractual Services (b)	3,278	10,387	15,033	17,292
Interest on Current Debt	-	-	-	-
Interest on Project Debt	-	-	-	-
Current Depreciation	-	-	-	-
Project Depreciation	-	1,000	2,000	3,000
Current Amortization	-	-	-	-
Project Amortization	-	-	-	-
Supplies	15,089	47,998	69,944	81,196
Other Expenses (Specify)	165,880	519,821	759,213	886,700
Other expenses include rent plus corporate allocations for shared services (accounting, collections, billing, IT, etc.)				
Total Operating Expenses	805,778	2,498,024	3,625,788	4,196,767

Table 4 -- New Jurisdictions

	Projected years -- ending with first year at full utilization			
	2018	2019	2020	2021
CY or FY	FY	FY	FY	FY
3. Income				
Income from Operations	45,755	210,388	321,031	384,926
Non-Operating Income	-	-	-	-
Subtotal	45,755	210,388	321,031	384,926
Income Taxes				
Net Income (Loss)	45,755	210,388	321,031	384,926
4A. - Payor Mix as Percent of Total Revenue				
Medicare (a)	87.2%	86.2%	85.7%	86.7%
Medicaid	0.5%	0.5%	0.5%	0.5%
Blue Cross	6.0%	6.2%	6.4%	6.0%
Commercial Insurance	4.9%	5.6%	5.8%	5.4%
Self-Pay	0.3%	0.3%	0.3%	0.3%
Other	1.2%	1.2%	1.3%	1.2%
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%
4B. - Payor Mix as Percent of Total Visits				
Medicare (a)	82.3%	81.1%	80.4%	81.6%
Medicaid	0.5%	0.5%	0.5%	0.5%
Blue Cross	8.2%	8.8%	9.1%	8.6%
Commercial Insurance	6.9%	7.4%	7.7%	7.2%
Self-Pay	0.4%	0.4%	0.4%	0.4%
Other	1.6%	1.7%	1.8%	1.7%
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%

(a) includes all episodic payors

(b) Certain senior living buildings require us to use the therapists already in the building to provide therapy. Dollars were estimated based on historical percentage and can include physical therapists, speech therapists and occupational therapists.

Table 3and4 Supplemental
 Gaithersburg Projection without additional jurisdiction

	Projected years -- ending with first year at full utilization			
	2018	2019	2020	2021
CY or FY	FY	FY	FY	FY
1. Revenue				
Gross Patient Service Revenue	4,121,889	4,538,525	4,637,227	5,340,734
Allowance for Bad Debt	(54,398)	(59,220)	(60,831)	(70,687)
Contractual Allowance	238,207	208,154	238,557	324,915
Charity Care	(8,227)	(9,059)	(9,256)	(10,660)
Net Patient Services Revenue	4,297,470	4,678,400	4,805,697	5,584,302
Other Operating Revenues (specify)	-	-	-	-
Net Operating Revenue	4,297,470	4,678,400	4,805,697	5,584,302
2. Expenses				
Salaries, Wages and Professional Fees (including fringe benefits)	3,184,602	3,319,507	3,385,514	3,910,634
Contractual Services (b)	16,643	17,960	18,308	21,076
Interest on Current Debt	-	-	-	-
Interest on Project Debt	-	-	-	-
Current Depreciation	-	-	-	-
Project Depreciation	-	-	-	-
Current Amortization	-	-	-	-
Project Amortization	-	-	-	-
Supplies	76,156	82,910	85,165	98,963
Other Expenses (Specify)	841,931	900,437	926,955	1,084,391
Other expenses include rent plus corporate allocations for shared services (accounting, collections, billing, IT, etc.)				
Total Operating Expenses	4,119,332	4,320,814	4,415,942	5,115,064

Table 3and4 Supplemental
 Gaithersburg Projection without additional jurisdiction

	Projected years -- ending with first year at full utilization			
	2018	2019	2020	2021
3. Income				
Income from Operations	178,138	357,586	389,755	469,238
Non-Operating Income	-	-	-	-
Subtotal	178,138	357,586	389,755	469,238
Income Taxes				
Net Income (Loss)	178,138	357,586	389,755	469,238
4A. - Payor Mix as Percent of Total Revenue				
Medicare (a)	87.2%	86.2%	85.7%	86.7%
Medicaid	0.5%	0.5%	0.5%	0.5%
Blue Cross	6.0%	6.2%	6.4%	6.0%
Commercial Insurance	4.9%	5.6%	5.8%	5.4%
Self-Pay	0.3%	0.3%	0.3%	0.3%
Other	1.2%	1.2%	1.3%	1.2%
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%
4B. - Payor Mix as Percent of Total Visits				
Medicare (a)	82.3%	81.1%	80.4%	81.6%
Medicaid	0.5%	0.5%	0.5%	0.5%
Blue Cross	8.2%	8.8%	9.1%	8.6%
Commercial Insurance	6.9%	7.4%	7.7%	7.2%
Self-Pay	0.4%	0.4%	0.4%	0.4%
Other	1.6%	1.7%	1.8%	1.7%
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%

(a) includes all episodic payors

(b) Certain senior living buildings require us to use the therapists already in the building to provide therapy.

Table 5

Position Title	Current No. of FTEs		Change in FTEs (+/-)		Average Salary		Total Salary Expense	
	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff
Administrative Personnel	10.57		8.66		67,828		1,304,417	8,000
Skilled Nursing	14.24		11.68		67,607		1,752,374	
Licensed Practical Nurse	included in SN							
Physical Therapist	11.18	0.27	9.17	0.22	79,779	77,893	1,623,294	38,370
Occupational Therapist	4.16		3.42		73,906		560,210	
Speech Therapist	2.19		1.79		85,942		342,049	
Home Health Aide	0.53		0.43		49,669		47,682	
Medical Social Worker	0.30		0.25		84,317		46,375	
Other (Please specify)								
						Benefits	1,434,813	
						TOTAL	7,111,215	46,370

* Indicate method of calculating benefits cost

Benefits cost are based on our historical cost of benefits as a percent of pay for employees.

BAYADA does not pay home health staff in hours.

FTEs are calculated based on the expected productivity for a full-time staff member in each discipline.

Current No. of FTEs was determined based on the projected number of FTEs for current operations without geographic expansion at the end of Year 4.

Contractors are used in Senior Living practice as required by building. We forecast based on historical %.

Contractors column for administrative includes professional fees.

In order to match earlier schedules, benefits includes workers compensation, payroll taxes, liability insurance, and other personnel related expenses in addition to benefits. Benefits only expenses are estimated to be \$521,757

Salaries and wages	5,676,402	Employees	7,111,215
Benefits	-	Contractors	46,370
Other personnel expenses	-	Total	<u>7,157,585</u>
Subtotal	5,676,402		
Contractors	38,370		
Professional Fees	8,000		
Total	<u>5,722,772</u>		

Table 3 and 4:

	7,119,215
	38,370
Total	<u>7,157,585</u>