IN THE MARYLAND HEALTH CARE COMMISSION

APPLICATION FOR CERTIFICATE OF NEED

for the
Replacement and Relocation of
University of Maryland Shore Medical Center at Easton

Applicant
Shore Health System, Inc.
September 7, 2018

VOLUME 3
EXHIBITS 20 - 29

EXHIBIT 20

UNIVERSITY of MARYLAND SHORE REGIONAL HEALTH	**SHORE BEHAVIORAL HEALTH SERVICES** **BEHAVIORAL HEALTH RESPONSE TEAM**	POLICY NO:	
		REVIEWED:	03/16
UM SMC at Dorchester and Easton	**INQUIRY CALLS**	PAGE #:	1 of 2
		SUPERSEDES	04/11

PURPOSE: To define an inquiry call and outline the procedure for handling an inquiry call.

SCOPE: BHRT, Medical Staff: Emergency Department (ED) and Behavioral Health

DEFINITION:

1.0 An inquiry call is any call in which a prospective patient, family member/ significant other, health care professional, Medical Director or attending psychiatrist:

1.1 Seeks information about the program.

1.2 Requests information about admission for a particular individual.

1.3 Calls to admit a patient.

POLICY:

1.0 Inquiry calls will be routed to the Behavioral Health Response Team (BHRT) Clinician in a timely fashion.

PROCEDURE:

1.0 The BHRT Clinician will utilize the Electronic Request Log to elicit sufficient data to make an initial assessment to the caller's needs.

2.0 When sufficient information has been taken, the staff member will develop a plan with the caller ensuring appropriate access to needed treatment as follows:

2.1 Crisis and/or imminent danger

2.1.1 Call 911 or send to the nearest ED immediately to see a BHRT Clinician.

2.2 Appropriate for admission to Inpatient

2.2.1 Contact on-call physician and unit; proceed with admission process.

2.3 Appropriate for referral

2.3.1 Refer to another inpatient or outpatient program following procedure.

Policy	
Effective	1992
Revised/ Reviewed	03/16; 04/11; 01/07; 02/06; 01/05; 0/03; 04/02; 04/01; 04/00; 10/97
Policy Owner	Shore Behavioral Health Leadership Team
Approved by:	Shore Behavioral Health Leadership Team
SPIRIT Form	Jackie Weston 03/11/16

REFERENCE:

EXHIBIT 21

UNIVERSITY of MARYLAND SHORE REGIONAL HEALTH	**SHORE BEHAVIORAL HEALTH SERVICES** **INPATIENT PROGRAM**	POLICY NO:	
		REVIEWED:	08/17
UM SMC at Dorchester	**ADMISSION CRITERIA ADULT PSYCHIATRIC INPATIENT**	PAGE #:	1 of 4
		SUPERSEDES	10/15

CROSS REFERENCES:
1. Administrative Policy PE-07-Admission of Patients to Inpatient Behavioral Health
2. Administrative Policy TX-11-Stabilization of Patients Presenting for Emergency Medical Treatment

PURPOSE: To establish the criteria and process for admission to the Shore Behavioral Health (SBH) Services Adult Psychiatric Program for patients 18 years and older.

SCOPE: MD, RN, LPN

POLICY

1.0 The SBH Medical Director or designee will review admission inquiries and approve all potential patients for admission.

2.0 All patients admitted from the emergency department, transferred from within the hospital, or transferred from another facility will be medically stable prior to acceptance.

2.1 The SBH Medical Director, or designee, will evaluate the medical appropriateness of all potential patients.

3.0 The individual must have a mental disorder which is susceptible to care or treatment and must satisfy one of the following clinical criteria for admission:

3.1 Imminent risk for self-injury, with an inability to guarantee safety, as manifested by any one of the following:

3.1.1 Recent, serious, and dangerous suicide attempt, indicated by degree of lethal intent, impulsivity, and/or concurrent intoxication, including an inability to reliably contract for safety.

3.1.2 Current suicidal ideation with intent, realistic plan, or available means that is severe and dangerous.

3.1.3 Recent self-mutilation that is severe and dangerous.

3.1.4 Recent verbalization or behavior indicating high risk for severe injury to self.

3.2 Imminent risk for injury to others as manifested by any of the following:

3.2.1 Active plan, means, and lethal intent to seriously injure other(s).

3.2.2 Recent assaultive behaviors that indicate a high risk for recurrent and serious injury to other(s).

3.2.3 Recent and serious physically destructive acts that indicate a high risk for recurrence and serious injury to others.

3.3 Failure of outpatient services to stabilize psychiatric symptoms.

3.4 Acute and serious deterioration from the patient's baseline ability to fulfill age-appropriate responsibilities in one or more of the following areas:

3.4.1 Education

3.4.2 Vocation

3.4.3 Family; and/or

3.4.4 Social/peer relations to the extent that behavior is so disordered, disorganized or bizarre that it would be unsafe for the patient to be treated in a lesser level of care.

3.4.5 An ability to attend to their basic activities of daily living which may include hygiene, nutrition, and rest as a result of their mental illness.

3.5 Imminent risk for acute medical status deterioration due to the presence and/or treatment of an active psychiatric symptom(s) manifested by either:

3.5.1 Signs, symptoms, and behaviors that interfere with diagnosis or treatment of a serious and acute medical illness requiring inpatient medical services.

3.5.2 A need for acute psychiatric interventions with a high probability of serious and acute deterioration of general medical and/or mental health.

4.0 Patients ineligible for admission include the following:

4.1 Persons able to receive treatment in a less restrictive environment.

4.2 Persons with a primary diagnosis of alcoholism or substance abuse with no primary mood, anxiety or psychotic symptoms.

4.3 Individuals in police custody.

4.4 Patients whose cognitive impairment would prevent them from participating and benefiting from psychotherapy and can be placed in a more appropriate program.

4.5 Individuals whose relative or significant other is already a patient on the inpatient unit and where admission of this patient would not be therapeutic.

4.6 Patients whose primary insurance does not include Shore Health System and there is bed availability within their provider network and the patient consents to transfer.

4.7 Patients in imminent risk of Delirium Tremens.

4.8 Patients who require treatments that are not offered at our facility, including but not limited to ECT or Medical Detoxification requiring IV treatment.

5.0 Information regarding reasons for ineligibility for treatment at SBH will be provided to the referring health care provider.

6.0 Patients may be transferred to another facility for treatment if:

6.1 Patient or patient's power of attorney requests transfer.

6.2 Treatment team recommends that the patient's treatment would have greater therapeutic benefit if patient is transferred to a specialty program.

Policy	
Effective	1992
Revised/ Reviewed	08/17; 10/15; 07/14; 09/10; 03/08; 02/06; 01/05; 08/03; 05/02; 07/99; 10/97
Policy Owner	Shore Behavioral Health Leadership Team
Approved by:	Shore Behavioral Health Leadership Team
SPIRIT Form	John Mistrangelo 10/26/15

REFERENCE:

1. American Psychiatric Nurses Association (2014). Psychiatric Mental Health Nursing: Scope and Standards of Practice.
2. State of Maryland –Department of Health and Mental Hygiene Application for Voluntary Admission (2014)
3. State of Maryland –Department of Health and Mental Hygiene Application for Involuntary Admission (2014)

EXHIBIT 22

UNIVERSITY of MARYLAND SHORE REGIONAL HEALTH	ADMINISTRATIVE POLICY & PROCEDURE	POLICY NO:	PE-07
		REVISED:	02/18
	ASSESSMENT FOR ADMISSION OF PATIENTS TO INPATIENT BEHAVIORAL HEALTH UNIT	PAGE #:	1 of 5
		SUPERSEDES	09/15

CROSS REFERENCE:

Shore Behavioral Health Policy: Admission Criteria Adult Behavioral Health Inpatient Unit

POLICY:

To ***establish*** that all patients who present for psychiatric care from internal or external sources are processed in compliance with the Emergency Medical Treatment and Active Labor Act (EMTALA).

Individuals with emergency psychiatric conditions are screened and stabilized regardless of the following, including but not limited to, diagnosis, financial status, race, color, national origin and/or disability.

Shore Regional Health strives to meet the behavioral health needs of patients in its primary, five county service area comprised of Talbot, Dorchester, Queen Anne's, Kent, and Caroline counties. This goal can best be achieved through collaboration and planning that engages our healthcare partners in the community to improve access, quality of care, and efficiency of care. Distance from referral sources can compromise the ability to provide quality, coordinated care. It is a factor that must be taken into consideration when evaluating external referrals for admission.

Sources of requests for admission:

- Shore Regional Health Emergency Services, University of Maryland Shore Medical Center at Dorchester (UMSMC at Dorchester), University of Maryland Shore Medical Center at Easton (UMSMC at Easton), University of Maryland Shore Medical Center at Chestertown (UMSMC at Chestertown, and Shore Emergency Center Queenstown.
- Psychiatric Consultation/Behavioral Health Response Team (BHRT) Consultation
- External emergency rooms and facilities

DEFINITIONS OF BEHAVIORAL HEALTH UNIT ADMISSIONS STATUS:

1. Completely Open (CO): Open bed, no milieu conditions to consider, no additional documentation required.

2. Partially Open (PO): Strategic admission of patients based on patient presentation/symptoms due to unit milieu conditions or staffing;

documentation required. Only patients presenting to a Shore Regional emergency facility will be considered for admission to provide the opportunity for a full and complete assessment of the patient in order to evaluate the inpatient unit's ability to safely accommodate the patient.

Examples of factors impacting unit ability to accept admissions include, but are not limited to:

a. Violence on unit.
b. Number of special observations.
c. Staffing required for 1:1 observation.
d. Presence of patients who have propensity for sexual acting out.
e. Victims of sexual abuse.
f. Gender.
g. Gender identity issues.

3. Not Open (NO): Bed(s) closed for infection control, beds filled to capacity or facility condition (i.e., flood, renovation, plumbing problem); documentation required.

1.0 PROCEDURE

1.1 The Charge Nurse acts as the primary point of communication regarding the Unit's admission status.

1.2 When on duty, the Administrative Supervisor shall be consulted regarding unit conditions and resource requirements that might avert an alteration of the Unit's admission status.

1.3 At other times, the Department Manager will be consulted regarding unit conditions and resource requirements that might avert an alteration of the unit's admission status.

1.4 Decisions to alter the admission status of the inpatient unit shall be made by the Medical Director and Director, or designee(s).

1.5 The Charge Nurse will communicate changes in census and capacity to Behavioral Health Response Team (BHRT) staff.

1.6 Notification will be made using a capacity alert.

1.7 All requests for admission to the Behavioral Health Inpatient Unit will be routed to the Behavioral Health Response Team (BHRT).

1.8 BHRT staff will record requests for admission on the electronic Admission Log. Unit conditions impacting admission capability will be noted.

1.9 Once medically stable, including a blood alcohol level <100, BHRT staff will gather information necessary to evaluate the patient for admission and provide that information, along with the units current admission status, to:

1.9.1 The psychiatrist on–call, if the request is from an external agency or an inpatient unit at a Shore Regional Health Hospital.

1.9.2 The Emergency Services Licensed Independent Practitioner if the patient is receiving care in Shore Health Emergency Services.

1.10 The psychiatrist/nurse practitioner (provider) on-call is responsible for ensuring that all patients accepted for admission on the inpatient unit meet clinical admission criteria. It is the provider's decision whether or not the unit is able to provide care for the patient based on the status of the unit (CO, PO, NO).

1.11 The provider's disposition decision and the rationale for it will be documented in the Admission Log by the BHRT Evaluator.

1.12 If the patient is being referred from an external source and meets the clinical admission criteria, but the unit admission status prevents the acceptance of the patient, the referring facility will be informed of a projected admission date if it is anticipated the unit admission status will change due to discharges.

1.13 If the patient is referred from internal sources and meets the clinical admission criteria but the unit admission status prevents acceptance of the patient OR the patient does not meet the admission criteria, the Care Coordination Department staff of the patient's current inpatient unit will pursue transfer to an appropriate facility. BHRT Staff may serve as a resource for the Care Coordination Department staff.

1.14 If transfer to another facility cannot be arranged within 24 hours, BHRT staff will notify the psychiatrist on-call, Behavioral Health Manager, Director or designee.

1.15 The Behavioral Health Manager or designee will arrange for the BHRT staff to conduct reassessments of the patient in collaboration with the psychiatrist, provide treatment interventions to stabilize the patient and will document the reassessments and therapeutic interventions.

1.16 For patients who remain in the Emergency Department for 24 or more hours from arrival awaiting an appropriate disposition, the Medical Director of Behavioral Health or his/her designee will confer with the treating Emergency Services Physician to ensure appropriate care from a behavioral health perspective.

1.17 The Behavioral Health Manager and Director will assist in the formulation and implementation of this plan and ensure its communication to appropriate Emergency Department and Supervisory leadership.

2.0 PRIORITIZATION OF REQUESTS FOR ADMISSION

2.1 Admission requests will be processed in chronological order from the entries on the Behavioral Health Admission Log.

2.2 Emergency Department requests will be prioritized over patients who are already in a bed on an inpatient unit.

2.3 The Behavioral Health Medical Director or designee will be contacted for all requests for clinical prioritization that necessitate deviation from the chronological order. Rationale for clinical prioritization will be documented on the Admission Log by BHRT staff with the name of the authorizing provider.

3.0 QUALITY REVIEW

3.1 The following cases will be reviewed to determine whether or not patients have been managed in compliance with established policy:

3.1.1 Patients transferred to other facilities

3.1.2 Requests for admission from remote facilities that were declined.

3.1.3 Patients being treated by SRH Emergency Services who were not relocated to the Behavioral Health Inpatient Unit within 24 hours of admission.

3.2 On a monthly basis, the data from the case reviews will be aggregated and evaluated by the Manager, Medical Director, and Director of Shore Behavioral Health.

3.3 A quarterly report, including total volume, number of transfers from other facilities and within SRH, and resolution of pending cases, will be communicated to the Behavioral Health Leadership Council and to the Performance Management Committee.

Effective	10/10
Approved	Medical Director, Shore Behavioral Health
Approved	Christopher J. Parker, RN, Sr. Vice President/CNO
Revised	09/11
Approved	Medical Executive Committee: 09/08/11
Revised	02/12
Approved	UMMS Legal Department
Approved	Linda Pittman, Director, Corporate Compliance
Revised	09/15
Revised	2/18
Approved	Linda Pittman, Director, Corporate Compliance
Approved	Eric Anderson, MD, Medical Director Shore Behavioral Health
Approved	Ruth Ann Jones, RN, Senior Vice President; Chief Nursing Officer
Approved	Diane Walbridge, RN, Director , Acute and Emergency Nursing
Approved	Tammy Curry, Regulatory Compliance
Approved	Heather Joyce-Byers, Risk Management
Approved	UMMS Legal Department
Policy Owner	John Mistrangelo, Program Director, Shore Behavioral Health

EXHIBIT 23

UNIVERSITY of MARYLAND SHORE REGIONAL HEALTH	**SHORE BEHAVIORAL HEALTH SERVICES** **INPATIENT PROGRAM**	POLICY NO:	NA
		REVIEWED:	04/18
UM SMC at Dorchester	**SHORE BEHAVIORAL HEALTH QUALITY ASSURANCE**	PAGE #:	1 of 2
		SUPERSEDES	NA

PURPOSE: To establish a separate Quality Assurance Program that encompasses the behavioral health services of Shore Regional Health.

SCOPE: All Shore Behavioral Health Personnel

DEFINITIONS:

Quality Assurance: This is an activity that involves the survey of treatment activities and the collection of observations and data on that treatment activity to be analyzed to identify issues impacting the provision of patient care. Information is used to develop new and or improved treatment processes.

Data: Numbers, measurements, and observations of treatment and operational processes.

Analysis: The use of statistical tools, graphic illustration, or written report to describe, compare, and contrast data within programs, year-to-year, or against local, regional, or national benchmarking.

BACKGROUND:

Shore Behavioral Health (SBH) provides acute, inpatient psychiatric services on its general adult psychiatric program. Typically, the patient population is comprised of adults age 18 and older. All are patients that are deemed to benefit from a variety of therapies including milieu, group, individual, family, and psychotropic medication.

POLICY:

1.0 Data will be collected, analyzed and reported on a monthly basis.

2.0 Data review will be conducted as a part of the monthly leadership meeting.

3.0 Results will be reported to Shore Regional Health Performance Management Committee.

4.0 Data results will be made available to staff and providers.

5.0 Data will be used to evaluate the effectiveness of the program's treatment and to formulate changes in procedures.

6.0 Each fiscal year population specific treatment issues will be identified and prioritized for the development of an improvement plan.

PROCESS:

1.0 Program managers for inpatient, Intensive Outpatient, Behavioral Health Response Team and Substance Misuse Program will submit their prior month data to the Leadership Council by the time of the scheduled Council meeting.

2.0 Review and discussion of Quality Assurance data shall be a standing item on the Leadership Council Agenda.

3.0 Results from Quality Assurance improvement initiatives shall be reported on a monthly basis.

4.0 Data collected and improvement activity progress reported shall be documented as a part of the Leadership Council's monthly meeting minutes.

Policy	
Effective	04/18
Revised/ Reviewed	
Policy Owner	Shore Behavioral Health Leadership Team
Approved by:	Shore Behavioral Health Leadership Team

REFERENCE:

EXHIBIT 24

UNIVERSITY of MARYLAND SHORE REGIONAL HEALTH	SHORE BEHAVIORAL HEALTH SERVICES	POLICY NO:	
		REVIEWED:	
UM SMC at Dorchester	Special Behavioral Health Population Treatment Protocols	PAGE #:	
		SUPERSEDES	

PURPOSE: To establish any special procedure necessary for the safe management and treatment of special behavioral health populations.

SCOPE: All Shore Behavioral Health Personnel

POLICY:

1.0 Definitions:

Special Behavioral Health Population: Patients with characteristics and or diagnoses that place them outside of the typical patient group admitted and treated on the Shore Behavioral Health Inpatient Psychiatric Unit.

Medically Compromised Patients: Patients whose ability to engage in activities of daily living may be impaired because of medical condition.

Geriatric: Patients above the age of 65.

Intellectual Disability: Patients whose registration, retention, and or processing of sensory inputs has been undeveloped, disrupted, deteriorated, or damaged.

2.0 Background:

Shore Behavioral Health (SBH) Inpatient Psychiatric Unit is focused on the treatment of the general, adult psychiatric population. Typical diagnosis include affective disorders, psychosis, bipolar illness, and suicidality. Patient ages range from 18 years and greater. Patients are able to effectively participate in group, individual, and milieu therapy. Patients may have some minor medical conditions. They may have a secondary co-occurring, substance misuse conditions

3.0 Policy

3.1 SBH makes adjustments in its care and treatment to meet the special population needs of its patients so long as the efficacy of treatment and the safety of care is not unduly compromised.

4.0 Guidance for Specialty Populations

4.1 Patients with Medical Complications

4.1.1 Admissions Considerations

4.1.1.1 No IV pumps

4.1.1.2 No room isolation cases

4.1.1.3 No bed bound patient

4.1.2 Room Assignment
- **4.1.2.1** Patients will be placed in one of two medical rooms within close proximity of nurse's station.

4.1.3 Alternative treatment
- **4.1.3.1** Patients will be transferred to medical service
- **4.1.3.2** Follow-up to be provided by consulting psychiatrist with assistance from Behavioral Health Response Team (BHRT).

4.1.4 Related Policies

4.2 Geriatric Patients

4.2.1 Admissions Considerations
- **4.2.1.1** No limitation on admission if patient can participate and benefit from milieu setting and treatment.
- **4.2.1.2** Hospitalist consult is recommended
- **4.2.1.3** Fall risk assessment and precautions to be implemented

4.2.2 Room Assignment
- **4.2.2.1** Consider placement close to nurse's station.
- **4.2.2.2** Consider single room as appropriate

4.3 Intellectual Disability

4.3.1 Admissions considerations
- **4.3.1.1** No limitation if patient is able to participate and benefit from milieu setting and treatment.
- **4.3.1.2** Physical acting out behavior will need to be closely evaluated for impact on milieu and safety of other patients.

4.3.2 Room Assignment
- **4.3.2.1** Consider single room to decrease stimulation
- **4.3.2.2** Proximity to nursing station should also be considered depending on patient's presentation.

4.4 Child and Adolescent Patients

4.4.1 Admission Considerations
- **4.4.1.1** Patients under 18 years of age will not be admitted
- **4.4.1.2** Patients may be evaluated for admission to the Pediatric Unit with follow-up by psychiatry and Behavioral Health Response Team.
- **4.4.1.3** Patients not appropriate for the above option will be transferred to an available bed in a child/adolescent psychiatric unit at another hospital.

4.5 Co-occurring Substance Use Disorder

4.5.1 Admission Considerations
- **4.5.1.1** Patients with a psychiatric diagnosis as well as a co-occurring substance use disorder are appropriate for admission.
- **4.5.1.2** Medical detox is not provided on the inpatient psychiatric unit.

4.5.2 Treatment Considerations
- **4.5.2.1** The unit provides a daily, specialized Substance Use Disorder related group.

4.5.2.2 Patients are assigned to a therapist with experience working with this population

4.6 Pregnant Patients

4.6.1 Admission Considerations

4.6.1.1 Refer to Behavioral Health Admissions Policy

4.6.1.2 Certain limitations apply as specified in the Admissions Policy.

4.6.1.3 Commitment from Obstetrics to consult on case during treatment is a requirement for admission.

Policy	
Effective	
Revised/ Reviewed	
Policy Owner	Shore Behavioral Health Leadership Team
Approved by:	Shore Behavioral Health Leadership Team

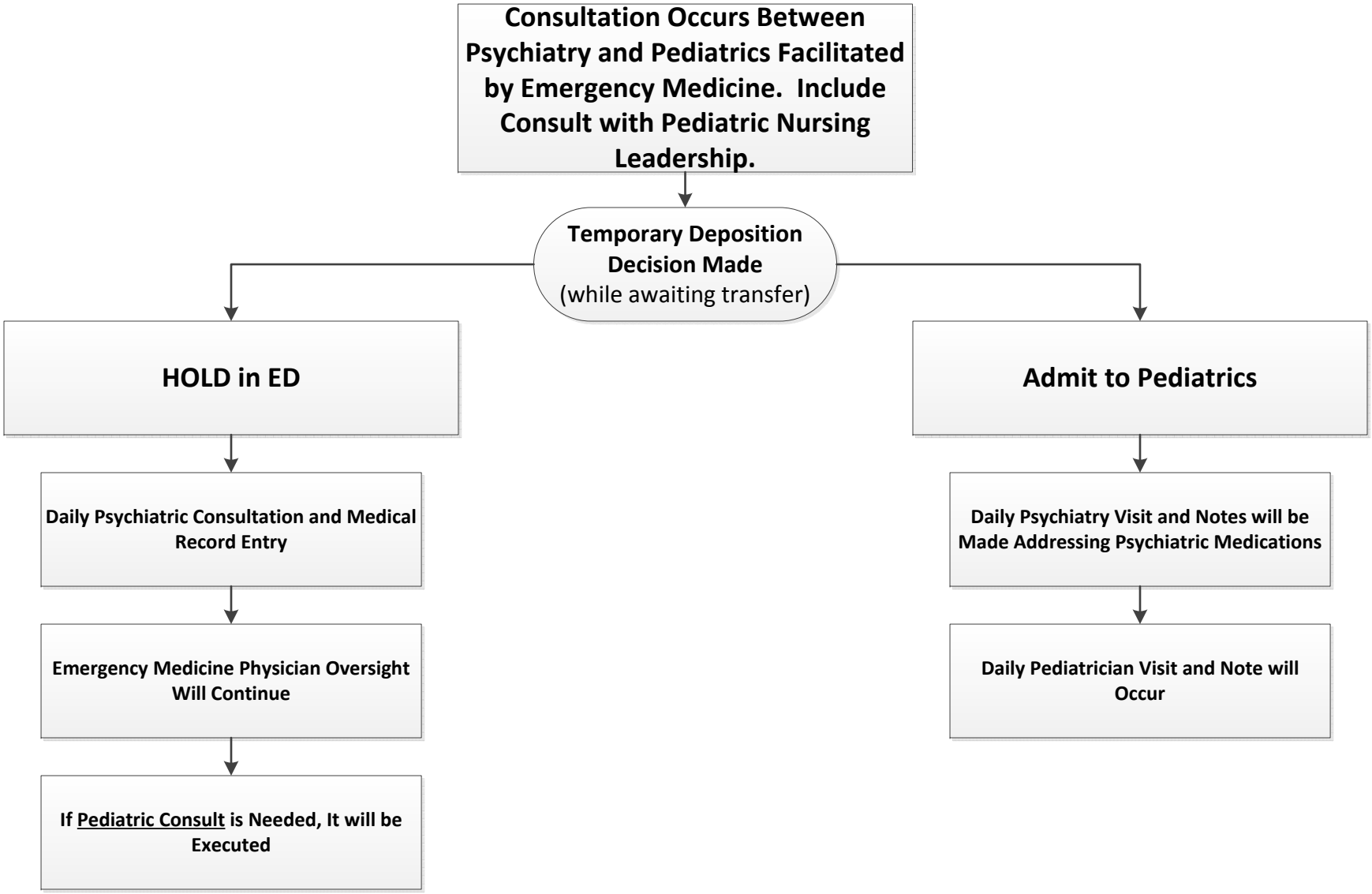
REFERENCE: Behavioral Health Admissions Policy

EXHIBIT 25

Collaborative Decision Process for Pediatric Psychiatric Patients

Conditions:

* Age <18 (Hospitalists only admit age ≥18)
* Inpatient psychiatric care needs can not be met/ are not readily available via transfer
* "Readily available" is case dependent and related to patients needs and his or her ability to tolerate ED Hold until accepted elsewhere



* **Emergency Medicine and Pediatric Nursing Education will be Required**
* **Case Management will Prioritize the Care for Transfer**

DRAFT 1.0

UNIVERSITY of MARYLAND SHORE REGIONAL HEALTH	SHORE BEHAVIORAL HEALTH SERVICES	POLICY NO:	
		REVIEWED:	
UM SMC at Dorchester	Pediatric Behavioral Health Care	PAGE #:	
		SUPERSEDES	

PURPOSE: To establish a process through which pediatric behavioral health services may be provided on an emergent basis to patients awaiting a pediatric behavioral health inpatient bed..

SCOPE: All Shore Behavioral Health Personnel

POLICY:

1.0 Background:

Shore Behavioral Health (SBH) does not provide inpatient pediatric behavioral health treatment. Pediatric patients are evaluated in Shore Regional Health's emergency facilities and in patient hospitalization may be recommended as a course of treatment. At times there is no availability of pediatric behavioral health inpatient beds. Patients then remain in the emergency department setting while they await an available bed.

2.0 Policy

2.1 Shore Behavioral Health provides alternative behavioral health care to patients awaiting placement in a pediatric behavioral health bed in another facility.

3.0 Process

3.1 In situations where inpatient behavioral health care is not available within a reasonable amount of time (typically under 24 hours) there are two potential options. These are continued care in the Emergency Department or transfer to the Hospital's Pediatric Unit with consultation from the Behavioral Health physician staff.

3.1.1 The attending emergency department physician may request a consultation at any time from Shore Behavioral Health for treatment recommendations that are appropriate for implementation while the patient remains under the care of the emergency department.

3.1.2 Patients may be considered for transfer to the Hospital's inpatient pediatric unit. This is a joint decision made by the admitting pediatrician in consultation with the consulting psychiatrist.

3.1.3 In either 4.1.1 or 4.1.2 patients will receive daily psychiatry visits with documentation in the medical record.

3.1.4 Daily supportive therapy visits will be provided in either instance by a member of the Behavioral Health Response Team.

UNIVERSITY of MARYLAND SHORE REGIONAL HEALTH	SHORE BEHAVIORAL HEALTH SERVICES	POLICY NO:	
		REVIEWED:	
UM SMC at Dorchester	Pediatric Behavioral Health Care	PAGE #:	
		SUPERSEDES	

Policy	
Effective	
Revised/ Reviewed	
Policy Owner	Shore Behavioral Health Leadership Team
Approved by:	Shore Behavioral Health Leadership Team

REFERENCE:

EXHIBIT 26

UNIVERSITY of MARYLAND SHORE REGIONAL HEALTH	**SHORE BEHAVIORAL HEALTH SERVICES** **INPATIENT PROGRAM**	POLICY NO:	NA
		REVIEWED:	04/18
UM SMC at Dorchester	**SHORE BEHAVIORAL HEALTH DISCHARGE PLANNING AND REFERRAL**	PAGE #:	1 of 2
		SUPERSEDES	NA

PURPOSE: To establish the process for planning and coordination of services between patients who are admitted to the Shore Behavioral Health (SBH) Services Adult Psychiatric Program and other community based services, facilities, or resources.

DEFINITIONS:

Patient Care Services (PCS): Patient Care Services is the group within Shore Behavioral Health (SBH) that provides discharge planning, referral, and placement services for patients referred to Shore Behavioral Health for psychiatric care.

Community Based Aftercare Services: Community based services include clinics, provider offices, specialty programs, intensive outpatient treatment, residential programs, and mobile treatment services.

Specialized Inpatient Care: Limited specialty, inpatient programs are available. These include Addictions Rehabilitation, Geriatric Inpatient Units, and Dementia Care Inpatient and Residential programs.

Discharge Plan: This is a plan jointly developed by the patient, their provider, and other members of the treatment team. It provides the patient with information regarding their illness and its treatment. Self-help strategies, appointments for follow-up services and medication instructions are all part of the discharge plan.

POLICY:

1.0 Background: Shore Behavioral Health's (SBH) first obligation to all patients is caring for their mental health and medical needs.

1.1 Patients referred to the Hospital for treatment often require services post discharge or may at the time of referral require services not provided directly by the Hospital.

1.2 The Patient Care Services Team on the Acute Inpatient Psychiatric Unit provides referral and coordination of services. These services may include outpatient psychiatric treatment; community based programming, long term care, other specialized inpatient care and medical referrals, as needed.

2.0 Assessment. Information regarding discharge needs is typically incorporated into the Psychosocial Assessment.

2.1 The assessment delineates patient strengths and weaknesses as well as available supports and resources.

2.2 Information obtained in the psychosocial assessment is used to formulate the patient's discharge plans.

2.3 The PCS team works with the patient and treatment team to prepare them for discharge.

3.0 Discharge Plan

The PCS team will work with the patient to develop a plan to increase the likelihood of treatment success and to deal effectively with issues that might jeopardize successful transition to the community.

3.1 Discharge plans will be developed through a combination of individual and group interactions.

3.2 Copies of the plan will be sent to community based providers under continuity of care provisions.

Policy	
Effective	04/18
Revised/ Reviewed	
Policy Owner	Shore Behavioral Health Leadership Team
Approved by:	Shore Behavioral Health Leadership Team

REFERENCE:

EXHIBIT 27

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements and Schedules

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Table of Contents

KPMG LLP
1 East Pratt Street
Baltimore, MD 21202-1128

Independent Auditors' Report

The Board of Directors
University of Maryland Medical System Corporation:

We have audited the accompanying consolidated financial statements of the University of Maryland Medical System Corporation and Subsidiaries (the Corporation), which comprise the consolidated balance sheets as of June 30, 2017 and 2016, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity's 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University of Maryland Medical System Corporation and Subsidiaries as of June 30, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information in Schedules 1-8 is presented for purposes of additional

analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Baltimore, Maryland
October 26, 2017

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2017 and 2016

(In thousands)

Assets		2017	2016
Current assets:			
Cash and cash equivalents	$	476,201	523,169
Assets limited as to use, current portion		50,940	51,412
Accounts receivable:			
Patient accounts receivable, less allowance for doubtful accounts of $219,806 and $202,298 as of June 30, 2017 and 2016, respectively		378,148	331,055
Other		84,709	97,887
Inventories		60,883	59,738
Prepaid expenses and other current assets		36,023	25,381
Total current assets		1,086,904	1,088,642
Investments		742,949	645,534
Assets limited as to use, less current portion		776,387	750,179
Property and equipment, net		2,092,103	2,086,546
Investments in joint ventures		82,094	71,906
Other assets		328,867	323,275
Total assets	$	5,109,304	4,966,082
Liabilities and Net Assets			
Current liabilities:			
Trade accounts payable	$	271,602	249,543
Accrued payroll and benefits		233,544	253,337
Advances from third-party payors		131,941	124,717
Lines of credit		125,000	180,000
Short-term financing		—	150,000
Other current liabilities		182,688	147,522
Long-term debt subject to short-term remarketing arrangements		28,440	32,515
Current portion of long-term debt		40,937	37,592
Total current liabilities		1,014,152	1,175,226
Long-term debt, less current portion and amount subject to short-term remarketing arrangements		1,550,490	1,422,604
Other long-term liabilities		334,274	352,605
Interest rate swap liabilities		194,524	273,037
Total liabilities		3,093,440	3,223,472
Net assets:			
Unrestricted		1,711,329	1,459,280
Temporarily restricted		266,025	246,265
Permanently restricted		38,510	37,065
Total net assets		2,015,864	1,742,610
Total liabilities and net assets	$	5,109,304	4,966,082

See accompanying notes to consolidated financial statements.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended June 30, 2017 and 2016

(In thousands)

	2017	2016
Unrestricted revenues, gains and other support:		
Patient service revenue (net of contractual adjustments)	$ 3,669,619	3,544,050
Provision for bad debts	(184,597)	(176,198)
Net patient service revenue	3,485,022	3,367,852
Other operating revenue:		
State support	18,200	3,200
Premium revenue	268,060	140,958
Other revenue	136,408	156,939
Total unrestricted revenues, gains and other support	3,907,690	3,668,949
Operating expenses:		
Salaries, wages and benefits	1,836,434	1,751,856
Expendable supplies	704,724	674,994
Purchased services	538,698	552,426
Medical claims expense	252,118	127,636
Contracted services	226,690	216,562
Depreciation and amortization	219,749	200,764
Interest expense	57,197	57,464
Total operating expenses	3,835,610	3,581,702
Operating income	72,080	87,247
Nonoperating income and expenses, net:		
Contributions	5,425	3,769
St. Joseph escrow settlement	—	34,275
Equity in net income (loss) of joint ventures	3,856	(298)
Investment income, net	35,496	21,111
Change in fair value of investments	54,175	(36,443)
Change in fair value of undesignated interest rate swaps	76,797	(78,429)
Loss on early extinguishment of debt	(26,427)	—
Other nonoperating losses, net	(38,043)	(31,033)
Excess of revenues over expenses	$ 183,359	199

See accompanying notes to consolidated financial statements.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2017 and 2016

(In thousands)

	Unrestricted net assets	Temporarily restricted net assets	Permanently restricted net assets	Total
Balance at June 30, 2015	$ 1,457,227	245,653	36,201	1,739,081
Excess of revenues over expenses	199	—	—	199
Investment gains, net	—	(968)	(52)	(1,020)
State support for capital	—	4,364	—	4,364
Contributions, net	—	15,884	469	16,353
Net assets released from restrictions used for operations and nonoperating activities	—	(7,067)	—	(7,067)
Net assets released from restrictions used for purchase of property and equipment	10,417	(10,417)	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	(1,545)	—	(1,545)
Change in ownership interest of joint ventures	566	(36)	—	530
Amortization of accumulated loss of discontinued designated interest rate swap	1,765	—	—	1,765
Change in funded status of defined benefit pension plans	(10,643)	—	—	(10,643)
Asset reclassifications at request of donor	(847)	400	447	—
Other	596	(3)	—	593
Increase in net assets	2,053	612	864	3,529
Balance at June 30, 2016	1,459,280	246,265	37,065	1,742,610
Excess of revenues over expenses	183,359	—	—	183,359
Investment gains, net	—	4,519	489	5,008
State support for capital	—	23,029	—	23,029
Contributions, net	—	20,632	893	21,525
Net assets released from restrictions used for operations and nonoperating activities	—	(2,868)	—	(2,868)
Net assets released from restrictions used for purchase of property and equipment	33,038	(33,038)	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	4,395	63	4,458
Change in ownership interest of joint ventures	397	1,266	—	1,663
Amortization of accumulated loss of discontinued designated interest rate swap	1,716	—	—	1,716
Change in funded status of defined benefit pension plans	34,353	—	—	34,353
Asset reclassifications at request of donor	(1,853)	1,853	—	—
Other	1,039	(28)	—	1,011
Increase in net assets	252,049	19,760	1,445	273,254
Balance at June 30, 2017	$ 1,711,329	266,025	38,510	2,015,864

See accompanying notes to consolidated financial statements.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended June 30, 2017 and 2016

(In thousands)

	2017	2016
Cash flows from operating activities:		
Increase in net assets	$ 273,254	3,529
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	219,749	200,764
Provision for bad debts	184,597	176,198
Amortization of bond premium and deferred financing costs	919	1,944
Net realized gains and change in fair value of investments	(83,907)	28,046
Loss on early extinguishment of debt	26,427	—
Equity in net (income) loss of joint ventures	(3,856)	298
Change in economic and beneficial interests in net assets of related organizations	(4,458)	1,545
Change in fair value of interest rate swaps	(78,513)	76,665
Change in funded status of defined benefit pension plans	(34,353)	10,643
Restricted contributions, grants and other support	(21,525)	(16,353)
Change in operating assets and liabilities:		
Patient accounts receivable	(231,690)	(174,069)
Other receivables, prepaid expenses, other current assets and other assets	(8,700)	(45,510)
Inventories	(1,145)	(484)
Trade accounts payable, accrued payroll and benefits, other current liabilities and other long-term liabilities	57,976	22,842
Advances from third-party payors	7,224	(4,495)
Net cash provided by operating activities	301,999	281,563
Cash flows from investing activities:		
Purchases and sales of investments and assets limited as to use, net	8,691	47,619
Purchases of alternative investments	(175,688)	(120,788)
Sales of alternative investments	132,211	46,544
Acquisition of UM Health Plans, net of cash acquired	—	(30,747)
Purchases of property and equipment	(231,257)	(215,691)
(Contributions to)/distributions from joint ventures, net	(688)	3,031
Net cash used in investing activities	(266,731)	(270,032)

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended June 30, 2017 and 2016

(In thousands)

		2017	2016
Cash flows from financing activities:			
Proceeds from long-term debt	$	653,396	51,350
Repayment of long-term debt and capital leases		(698,460)	(54,171)
Draws on lines of credit, net		(55,000)	35,600
Payment of debt issuance costs		(3,697)	—
Restricted contributions, grants and other support		21,525	16,353
Net cash (used in) provided by financing activities		(82,236)	49,132
Net (decrease) increase in cash and cash equivalents		(46,968)	60,663
Cash and cash equivalents, beginning of year		523,169	462,506
Cash and cash equivalents, end of year	$	476,201	523,169
Supplemental disclosures of cash flow information:			
Cash paid during the year for interest, net of amounts capitalized	$	56,330	56,478
Amount included in accounts payable for construction in progress		29,164	23,213
Supplemental disclosures of noncash information:			
Capital leases	$	1,276	2,309

See accompanying notes to consolidated financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The University of Maryland Medical System Corporation (the Corporation or UMMS) is a private, not-for-profit corporation providing comprehensive healthcare services through an integrated regional network of hospitals and related clinical enterprises. UMMS was created in 1984 when its founding hospital was privatized by the State of Maryland. Over its 30 year history, UMMS evolved into a multi-hospital system with academic, community and specialty service missions reaching primarily across Maryland. In continuing partnership with the University of Maryland School of Medicine, UMMS operates healthcare programs that improve the physical and mental health of thousands of people each day.

The accompanying consolidated financial statements include the accounts of the Corporation, its wholly owned subsidiaries, and entities controlled by the Corporation. In addition, the Corporation maintains equity interests in various unconsolidated joint ventures, which are described in note 4. The significant operating divisions of the Corporation are described in further detail below.

All material intercompany balances and transactions have been eliminated in consolidation.

(i) Recent Acquisitions & Divestitures

University of Maryland Health Ventures, LLC (UMHV), a wholly owned subsidiary of UMMS, acquired 100% of the stock of Riverside Health, Inc. (Riverside) and its affiliates on August 17, 2015 (the Purchase Date). Concurrent with the transaction, Riverside Health, Inc. was renamed University of Maryland Medical System Health Plans, Inc. (UM Health Plans).

UM Health Plans is a holding company that operates as a managed healthcare and insurance organization in the State of Maryland and includes the following subsidiaries: University of Maryland Health Partners, formerly Riverside Health of Maryland, Inc. (UMHP), University of Maryland Health Advantage, Inc., formerly Riverside Advantage, Inc. (UMHA), Riverside Health of Delaware, Inc. (RHDE), and Riverside Health DC, Inc.

The transaction is described in more detail below.

(ii) University of Maryland Medical Center (Medical Center)

The University of Maryland Medical Center, which is a major component of UMMS, is an 816-bed academic medical center located in Baltimore. The Medical Center has served as the teaching hospital of the School of Medicine of the University System of Maryland, Baltimore since 1823. While the Corporation is not affiliated with the University System of Maryland, clinical faculty members of the School of Medicine serve as medical staff of the Medical Center.

The Medical Center is comprised of two operating divisions: University Hospital, which includes the Greenebaum Cancer Center, and Shock Trauma Center. University Hospital, which generates approximately 80% of the Medical Center's admissions and patient days, is a tertiary teaching hospital providing over 70 clinical services and programs. The Greenebaum Cancer Center specializes in the treatment of cancer patients and is a site for clinical cancer research. The Shock Trauma Center, which specializes in emergency treatment of patients suffering severe trauma, generates approximately 20% of admissions and patient days.

The Medical Center's operations include g, LLC (UCARE), a physician hospital organization of which the Corporation has a majority ownership interest and therefore consolidates, and 36 South Paca Street, LLC, a wholly owned subsidiary of the Corporation that operates a residential apartment building.

The Corporation has certain agreements with various departments of the University of Maryland School of Medicine concerning the provision of professional and administrative services to the Corporation and its patients. Total expense under these agreements in the years ended June 30, 2017 and 2016 was approximately $158,649,000 and $152,155,000, respectively.

(iii) University of Maryland Rehabilitation and Orthopaedic Institute (ROI)

ROI is comprised of a medical/surgical and rehabilitation hospital in Baltimore with 134 licensed beds, including 88 rehabilitation beds, 36 chronic care beds, 10 medical/surgical beds, and off-site physical therapy facilities.

A related corporation, The James Lawrence Kernan Endowment Fund, Inc. (Kernan Endowment), is governed by a separate, independent board of directors and is required to hold investments and income derived therefrom for the exclusive benefit of ROI. Accordingly, the accompanying consolidated financial statements reflect an economic interest in the net assets of the Kernan Endowment.

(iv) University of Maryland Medical Center Midtown Campus (Midtown)

Midtown is located in Baltimore city and is comprised of University of Maryland Midtown Hospital (UM Midtown), a 208-bed acute care hospital and a wholly owned subsidiary providing primary care.

(v) University of Maryland Baltimore Washington Medical System, Inc. (Baltimore Washington)

Baltimore Washington is located in Anne Arundel County, a suburb of Baltimore city, and is a health system comprised of University of Maryland Baltimore Washington Medical Center (UM Baltimore Washington), a 319-bed acute care hospital providing a broad range of services, and several wholly owned subsidiaries providing emergency physician and other services.

Baltimore Washington Medical Center Foundation, Inc. (BWMC Foundation) is governed by a separate, independent board of directors and is required to hold investments and income derived therefrom for the exclusive benefit of UM Baltimore Washington. Accordingly, the accompanying consolidated financial statements reflect an economic interest in the net assets of the BWMC Foundation.

(vi) University of Maryland Shore Regional Health System (Shore Regional)

Shore Regional is a health system located on the Eastern Shore of Maryland. Shore Regional owns and operates University of Maryland Memorial Hospital (UM Memorial), a 132-bed acute care hospital providing inpatient and outpatient services in Easton, Maryland; University of Maryland Dorchester Hospital (UM Dorchester), a 41-bed acute care hospital providing inpatient and outpatient services in Cambridge, Maryland; University of Maryland Chester River Hospital Center (UM Chester River), a 41-bed acute care hospital providing inpatient and outpatient services to the residents of Kent and Queen Anne's counties; Shore Emergency Center at Queenstown (Shore Emergency Center), a free-standing emergency center; Memorial Hospital Foundation (Memorial Foundation), a nonprofit corporation established to solicit donations for the benefit of UM Memorial; Chester River Health Foundation (Chester River Foundation), a nonprofit corporation established to solicit donations for the benefit of UM Chester River; and several other subsidiaries providing various outpatient and home care services.

Dorchester General Hospital Foundation, Inc. (Dorchester Foundation) is governed by a separate, independent board of directors to raise funds on behalf of UM Dorchester. Shore Regional does not have control over the policies or decisions of the Dorchester Foundation, and accordingly, the accompanying consolidated financial statements reflect a beneficial interest in the net assets of the Dorchester Foundation.

(vii) University of Maryland Charles Regional Health System, Inc. (Charles Regional)

Charles Regional owns and operates University of Maryland Charles Regional Medical Center (UM Charles Regional), which is comprised of a 121-bed acute care hospital and other community healthcare resources providing inpatient and outpatient services to the residents of Charles County in Southern Maryland.

(viii) University of Maryland St. Joseph Health System, LLC (St. Joseph)

St. Joseph owns and operates University of Maryland St. Joseph Medical Center (UM St. Joseph), a 232-bed, Catholic acute care hospital located in Towson, Maryland, as well as other subsidiaries providing inpatient and outpatient services to the residents of Baltimore County.

(ix) University of Maryland Upper Chesapeake Health System (Upper Chesapeake)

Upper Chesapeake is a health system located in Harford County, Maryland. Upper Chesapeake's healthcare delivery system includes two acute care hospitals, University of Maryland Upper Chesapeake Medical Center (UM Upper Chesapeake), a 181-bed acute care hospital and University of Maryland Harford Memorial Hospital (UM Harford Memorial), an 89-bed acute care hospital; a physician practice; a captive insurance company; a land holding company; and Upper Chesapeake Health Foundation.

(x) University of Maryland Medical System Foundation, Inc. (UMMS Foundation)

The UMMS Foundation, a not-for-profit foundation, was established for the purpose of soliciting contributions on behalf of the Corporation.

(xi) University of Maryland Community Medical Group, LLC (CMG)

CMG is a physician network that employs more than 300 primary care physicians, specialists and advanced practice providers. CMG is a wholly owned subsidiary of UMMS and has over 75 locations across the state of Maryland.

(xii) University of Maryland Medical System Health Plans Inc. (UM Health Plans)

UM Health Plans (formerly Riverside Health Inc.), a Delaware corporation, is a public sector managed healthcare company based in Baltimore, Maryland. UM Health Plans is the parent company of: University of Maryland Health Partners (UMHP) which provides managed care health coverage to Medicaid recipients throughout Maryland; University of Maryland Health Advantage, Inc. (UMHA), a Medicare Advantage Plan; Riverside Health of Delaware Inc. (RHDE) and Riverside Health DC, Inc.

On August 17, 2015, UMHV, a wholly owned subsidiary of UMMS, purchased all of the outstanding shares of UM Health Plans for approximately $42,250,000 in cash, net working capital and convertible promissory notes. In addition, the Stock Purchase Agreement included an earn-out payment clause for the previous stockholders of UM Health Plans, the final computation of which is not to be determined until March 31, 2020. This earn-out could result in an undiscounted payment ranging from $7,000,000 to $106,500,000 depending on the performance and membership of both plans. UMHV has recorded a contingent consideration liability representing a discounted estimate of the future payment of the earn-out provision of approximately $35,700,000, which is included within other long-term liabilities in the accompanying consolidated balance sheets.

The acquisition was accounted for under the purchase accounting method for business combinations and the financial position and results of operations of UM Health Plans were consolidated by the Corporation beginning on August 17, 2015.

The following table summarizes the estimated fair value of UM Health Plan's assets acquired and liabilities assumed at August 17, 2015 (the acquisition date) (in thousands):

Assets:		
Current assets	$	29,786
Property and equipment		3,750
Goodwill		42,020
Other long-term assets		46,638
Total assets	$	122,194

(Continued)

Liabilities:		
Current liabilities	$	28,226
Long-term liabilities		16,249
Total liabilities		44,475
Net assets:		
Unrestricted		77,719
Temporarily restricted		—
Total net assets		77,719
Total liabilities and net assets	$	122,194

The following table summarizes the Corporation's pro forma consolidated results as though the acquisition date occurred at July 1, 2015 (in thousands):

Operating revenues	$	3,685,503
Net operating income		85,969
Changes in net assets:		
Unrestricted	$	775
Temporarily restricted		612
Permanently restricted		864
Total changes in net assets	$	2,251

(b) Basis of Presentation

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

(c) Cash Equivalents

Cash and cash equivalents consist of cash and interest-bearing deposits with maturities of three months or less from the date of purchase.

(d) Investments and Assets Limited as to Use

The Corporation's investment portfolios are classified as trading, and are reported in the consolidated balance sheets at their fair value, based on quoted market prices, at June 30, 2017 and 2016. Unrealized holding gains and losses on trading securities with readily determinable market values are

included in nonoperating income. Investment income, including realized gains and losses, is included in nonoperating income in the accompanying consolidated statements of operations.

Assets limited as to use include investments set aside at the discretion of the board of directors for the replacement or acquisition of property and equipment, investments held by trustees under bond indenture agreements and self-insurance trust arrangements, and assets whose use is restricted by donors. Such investments are stated at fair value. Amounts required to meet current liabilities have been included in current assets in the consolidated balance sheets. Changes in fair values of donor-restricted investments are recorded in temporarily restricted net assets unless otherwise required by the donor or state law.

Assets limited as to use also include the Corporation's economic interests in financially interrelated organizations (note 12).

Alternative investments are recorded under the equity method of accounting. Underlying securities of these alternative investments may include certain debt and equity securities that are not readily marketable. Because certain investments are not readily marketable, their fair value is subject to additional uncertainty, and therefore values realized upon disposition may vary significantly from current reported values.

Investments are exposed to certain risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, changes in the value of investment securities could occur in the near term, and these changes could materially differ from the amounts reported in the accompanying consolidated financial statements.

(e) Inventories

Inventories, consisting primarily of drugs and medical/surgical supplies, are carried at the lower of cost or market, on a first-in, first-out basis.

(f) Economic Interests in Financially Interrelated Organizations

The Corporation recognizes its rights to assets held by recipient organizations, which accept cash or other financial assets from a donor and agree to use those assets on behalf of or transfer those assets, the return on investment of those assets, or both, to the Corporation. Changes in the Corporation's economic interests in these financially interrelated organizations are recognized in the consolidated statements of changes in net assets.

(g) Property and Equipment

Property and equipment are stated at cost, or estimated fair value at date of contribution, less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful

lives of the depreciable assets using half-year convention. The estimated useful lives of the assets are as follows:

Buildings	20 to 40 years
Building and leasehold improvements	5 to 15 years
Equipment	3 to 15 years

Interest costs incurred on borrowed funds less interest income earned on the unexpended bond proceeds during the period of construction are capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support 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, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

(h) Deferred Financing Costs

Costs incurred related to the issuance of long-term debt, which are included in long-term debt, are deferred and are amortized over the life of the related debt agreements or the related letter of credit agreements using the effective-interest method.

(i) Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is evaluated for impairment at least annually using a qualitative assessment to determine whether there are events or circumstances that indicate it is more likely than not that the fair value of the reporting unit is less than its carrying value, which determines whether a quantitative goodwill impairment test is necessary. Under the quantitative assessment, the fair value of the reporting unit is compared with its carrying value (including goodwill). If the fair value of the reporting unit is less than its carrying value, goodwill impairment exists for the reporting unit and the entity must record an impairment loss. As of June 30, 2017 and 2016, the Corporation had one reporting unit, which included all subsidiaries of the Corporation and held goodwill on its consolidated balance sheet of $90,830,000.

Based on the Corporation’s qualitative assessment, it was determined that there was no goodwill impairment for the years ended June 30, 2017 or 2016. Accumulated impairment loss was $0 at June 30, 2017 and 2016.

The changes in the carrying amount of goodwill are as follows (in thousands):

		2017	2016
Goodwill, beginning of year	$	90,830	48,810
Current year acquisitions		—	42,020
Goodwill, end of year	$	90,830	90,830

(j) Contingent Consideration for Business Acquisitions

Acquisitions may include contingent consideration payments based on future financial measures of an acquired company. Contingent consideration is required to be recognized at fair value as of the acquisition date. The fair value of these liabilities is estimated based on financial projections of the acquired companies and estimated probabilities of achievement and discount the liabilities to present value using a weighted average cost of capital. Contingent consideration is valued using significant inputs that are not observable in the market, which are defined as Level 3 inputs pursuant to fair value measurement accounting. At each reporting date, the contingent consideration obligation is revalued to estimated fair value and changes in fair value subsequent to the acquisition are reflected in operating income in the consolidated statements of operations. Changes in the fair value of contingent consideration obligations may result from changes in discount periods and rates, changes in the timing and amount of revenue and/or earnings estimates, and changes in probability assumptions with respect to the likelihood of achieving the various earn-out criteria.

(k) Impairment of Long-Lived Assets

Long-lived assets, such as property, plant, and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the consolidated balance sheets.

No impairment losses were recorded for the years ended June 30, 2017 or 2016.

(l) Investments in Joint Ventures

When the Corporation does not have a controlling interest in an entity, but exerts a significant influence over the entity, the Corporation applies the equity method of accounting.

(m) Self-Insurance

Under the Corporation's self-insurance programs (general and professional liability, workers' compensation, and employee health and long-term disability benefits), claims are reflected as a

present-value liability based upon actuarial estimates and reported and incurred but not reported claims analysis, taking into consideration the severity of incidents and the expected timing of claim payments.

(n) Net Assets

The Corporation classifies net assets based on the existence or absence of donor-imposed restrictions. Unrestricted net assets represent contributions, gifts, and grants, which have no donor-imposed restrictions or which arise as a result of operations. Temporarily restricted net assets are subject to donor-imposed restrictions that must or will be met either by satisfying a specific purpose and/or passage of time. Permanently restricted net assets are subject to donor-imposed restrictions that must be maintained in perpetuity. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for specific purposes. The restrictions associated with these net assets generally pertain to patient care, specific capital projects, and funding of specific hospital operations and community outreach programs.

(o) Net Patient Service Revenue and Provision for Uncollectible Accounts

Patient service revenue for the Medical Center, ROI, Midtown, Baltimore Washington, Shore Regional, Charles Regional, St. Joseph, and Upper Chesapeake reflects actual charges to patients based on rates established by the State of Maryland Health Services Cost Review Commission (HSCRC) in effect during the period in which the services are rendered, net of contractual adjustments. Contractual adjustments represent the difference between amounts billed as patient service revenue and amounts allowed by third-party payors. Such adjustments include discounts on charges as permitted by the HSCRC. See note 18 for further discussion on the HSCRC and regulated rates.

The Corporation records revenues and accounts receivable from patients and third-party payors at their estimated net realizable value. Revenue is reduced for anticipated discounts under contractual arrangements and for charity care. An estimated provision for bad debts is recorded in the period the related services are provided based upon anticipated uncompensated care, and is adjusted as additional information becomes available.

The provision for bad debts is based upon management’s assessment of historical and expected net collections considering historical business and economic conditions, trends in healthcare coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category. The results of this review are then used to make modifications to the provision for bad debts and to establish an allowance for uncollectible receivables. After collection of amounts due from insurers, the Corporation follows internal guidelines for placing certain past due balances with collection agencies.

For receivables associated with services provided to patients who have third-party coverage, the Corporation analyzes contractually due amounts and provides an allowance for bad debts, allowance for contractual adjustments, provision for bad debts, and contractual adjustments on accounts for which the third-party payor has not yet paid or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients or with balances remaining after the third-party coverage has already paid, the Corporation records a significant provision for bad debts in the period of service on the basis of its historical collections, which indicates that many patients ultimately do not pay the portion of their bill for which they are financially responsible. The difference between the discounted rates and the amounts collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts. The change in the allowance for doubtful accounts was as follows during the years ended June 30 (in thousands):

		2017	2016
Beginning allowance for doubtful accounts	$	202,298	248,054
Plus provision for bad debt		184,597	176,198
Less bad debt write-offs		(167,089)	(221,954)
Ending allowance for doubtful accounts	$	219,806	202,298

The change in the allowance for doubtful accounts during 2017 is attributable to changes in trends experienced in the collection of the related patient receivables.

(p) Premium Revenue and Medical Claims Expense

Premium revenue consists of amounts received from the State of Maryland and the Centers for Medicare and Medicaid Services (CMS) by the Corporation's managed care organization for providing medical services to subscribing participants, regardless of services actually performed. The managed care organization provides services primarily to enrolled Medicaid and Medicare beneficiaries. This revenue is recognized ratably over the contractual period for the provision of services. Medical expenses of the managed care organization include actuarially determined estimates of the ultimate costs for both reported claims and claims incurred but unreported and are included in purchased services on the consolidated statements of operations and changes in net assets.

(Continued)

(q) Charity Care

The Corporation is committed to providing quality healthcare to all, regardless of one's ability to pay. Patients who meet the criteria of its charity care policy receive services without charge or at amounts less than its established rates. The criteria for charity care consider the household income in relation to the federal poverty guidelines. The Corporation provides services at no charge for patients with adjusted gross income equal to or less than 200% of the federal poverty guidelines. For uninsured patients with adjusted gross income greater than 200% of the federal poverty guidelines, a sliding scale discount is applied. Income and asset information obtained from patient credit reporting data are used to determine patients' ability to pay. The Corporation maintains records to identify and monitor the level of charity care it furnished under its charity care policy. The charity care policies of the new affiliates are generally consistent with that of the Corporation's policy.

Due to the complexity of the eligibility process, the Corporation provides eligibility services to patients free of charge to assist in the qualification process. These eligibility services include, but are not limited to, the following:

- Financial assistance brochures and other information are posted at each point of service. When patients have questions or concerns, they are encouraged to call a toll-free number to reach customer service representatives during the business day. Financial assistance programs are published on the Corporation's Web site and included on the statements provided to patients.
- The Corporation offers assistance to patients in completing the applications for Medicaid or other government payment assistance programs, or applying for care under the Corporation's charity care policy, if applicable. The Corporation also employs an external firm to assist in the eligibility process.
- Any patient, whether covered by insurance or not, may meet with a UMMS representative and receive financial counseling from UMMS' dedicated financial assistance unit.

The Corporation recognizes that a large number of uninsured and insured patients meet the charity care guidelines but do not respond to the Corporation's attempts to obtain necessary financial information. In these instances, the Corporation uses credit reporting data to properly classify these unpaid balances as charity care as opposed to bad debt expense. Utilization of income and asset information and credit reporting data indicate the vast majority of amounts reported as provision for bad debts represent amounts due from patients that would otherwise qualify for charity benefits but do not respond to the Corporation's attempts to obtain the necessary financial information. In these cases, reasonable collection efforts are pursued, but yield few collections. Amounts determined to meet the criteria under the charity care policy are not reported as net patient service revenue.

The amounts reported as charity care represent the cost of rendering such services. Costs incurred are estimated based on the cost-to-charge ratio for each hospital and applied to charity care charges. The Corporation estimates the total direct and indirect costs to provide charity care were $36,195,000 and $48,149,000 for the years ended June 30, 2017 and 2016, respectively.

(r) Nonoperating Income and Expenses, Net

Other activities that are only indirectly related to the Corporation's primary business of delivering healthcare services are recorded as nonoperating income and expenses, and include investment income, equity in the net income of joint ventures, general donations and fund-raising activities, escrow settlements, gains on sale of joint venture interest, changes in fair value of investments, changes in fair value of undesignated interest rate swaps, settlement payments on interest rate swaps that do not qualify for hedge accounting treatment, and loss on early extinguishment of debt. Settlement payments on interest rate swaps were approximately $23,469,000 and $25,289,000 for the years ended June 30, 2017 and 2016, respectively, and are reported within other nonoperating losses, net.

(s) Derivative Financial Instruments

The Corporation records derivative and hedging activities on the consolidated balance sheets at their respective fair values.

The Corporation utilizes derivative financial instruments to manage its interest rate risks associated with long-term tax-exempt debt. The Corporation does not hold or issue derivative financial instruments for trading purposes.

The Corporation's specific goals are to (a) manage interest rate sensitivity by modifying the reprising or maturity characteristics of some of its tax-exempt debt, and (b) lower unrealized appreciation or depreciation in the market value of the Corporation's fixed-rate tax-exempt debt when that market value is compared with the cost of the borrowed funds. The effect of this unrealized appreciation or depreciation in market value, however, will generally be offset by the income or loss on the derivative instruments that are linked to the debt.

The Corporation formally documents all hedge relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. On the date the derivative contract is entered into, the Corporation may designate the derivative as either a hedge of the fair value of a recognized or forecasted liability (fair value hedge) or a hedge of the variability of cash flows to be received or paid related to a recognized liability (cash flow hedge), provided the derivative instrument meets certain criteria related to its effectiveness. This process includes linking all derivatives that are designated as fair value or cash flow hedges to specific liabilities on the consolidated balance sheets. The Corporation also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

All derivative instruments are reported as other assets or interest rate swap liabilities in the consolidated balance sheets and measured at fair value. Derivatives not designated as hedges or not meeting effectiveness criteria are carried at fair value with changes in the fair value recognized in other nonoperating income and expenses. For the years ended June 20, 2017 and 2016, none of the Corporation's derivatives qualify for hedge accounting.

Changes in the fair value of derivative instruments are included in or excluded from the excess of revenues over expenses depending on the use of the derivative and whether it qualifies for hedge accounting treatment. Changes in the fair value of a derivative that is designated and qualifies as a fair value hedge, along with the changes in the fair value of the hedged item related to the risk being hedged, are included in the excess of revenues over expenses. Changes in the fair value of a derivative that is designated as a cash flow hedge are excluded from the excess of revenues over expenses to the extent that the hedge is effective until the excess of revenues over expenses is affected by the variability of cash flows in the hedged transaction. Changes in the fair value that relate to ineffectiveness are included in the excess of revenues over expenses as interest expense.

(t) Excess of Revenue over Expenses

The consolidated statements of operations includes a performance indicator, excess of revenue over expenses. Changes in unrestricted net assets that are excluded from the performance indicator, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions, which, by donor restrictions, were to be used for the purpose of acquiring such assets), pension-related changes other than net periodic pension costs, change in the fair value of derivatives that qualify for hedge accounting, and other items that are required by generally accepted accounting principles to be reported separately.

(u) Income Taxes

The Corporation and most of its subsidiaries are not-for-profit corporations formed under the laws of the State of Maryland, organized for charitable purposes and recognized by the Internal Revenue Service as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code pursuant to Section 501(a) of the Code. The effect of the taxable status of its for-profit subsidiaries is not material to the consolidated financial statements.

The Corporation has net operating loss carryforwards on for-profit and unrelated business activities of approximately $59,189,000 and $51,888,000 as of June 30, 2017 and June 30, 2016, respectively, which expire at various dates through 2031. The Corporation’s remaining deferred tax assets, which consist primarily of the net operating loss carryforwards, of approximately $23,676,000 at June 30, 2017 and $20,755,000 at June 30, 2016 are fully reserved as they are not expected to be utilized. The Corporation has a deferred tax liability in the amount of $17,356,000 and $17,361,000 related to indefinite-lived intangibles at June 30, 2017 and June 30, 2016, respectively, which is included in other long-term liabilities on the accompanying consolidated balance sheets.

The Corporation follows a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Management does not believe that there are any unrecognized tax benefits that should be recognized.

(v) Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the promise becomes unconditional. Contributions 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 is satisfied, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions. Such amounts are classified as other revenue or transfers and additions to property and equipment.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contributions, and nature of fund-raising activity.

The Corporation follows accounting guidance for classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of the Uniform Prudent Management Institutional Funds Act of 2006 (UPMIFA).

(w) Fair Value Measurements

The following methods and assumptions were used by the Corporation in estimating the fair value of its financial instruments:

Cash and cash equivalents, accounts receivable, assets limited as to use, investments, trade accounts payable, accrued payroll and benefits, other accrued expenses, and advances from third-party payors – The carrying amounts reported in the consolidated balance sheets approximate the related fair values.

Pension plan assets – The Corporation applies Accounting Standards Update (ASU) No. 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset per Share (or Its Equivalent)*, to its pension plan assets. The guidance permits, as a practical expedient, fair value of investments within its scope to be estimated using the net asset value (NAV) or its equivalent. The alternative investments classified within of the fair value hierarchy have been recorded using the (NAV).

The Corporation discloses its financial assets, financial liabilities, and fair value measurements of nonfinancial items according to the fair value hierarchy required by GAAP that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted market prices including within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 inputs are unobservable inputs for the asset or liability.

Assets and liabilities classified as Level 1 are valued using unadjusted quoted market prices for identical assets or liabilities in active markets. The Corporation uses techniques consistent with the market approach and the income approach for measuring fair value of its Level 2 and Level 3 assets and liabilities. The market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach generally converts future amounts (cash flows or earnings) to a single present value amount (discounted).

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

As of June 30, 2017 and 2016, the Level 2 assets and liabilities listed in the fair value hierarchy tables below utilize the following valuation techniques and inputs:

(i) Cash Equivalents

The fair value of investments in cash equivalent securities, with maturities within three months of the date of purchase, is determined using techniques that are consistent with the market approach. Significant observable inputs include reported trades and observable broker-dealer quotes.

(ii) U.S. Government and Agency Securities

The fair value of investments in U.S. government, state, and municipal obligations is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark constant maturity curves and spreads.

(iii) Corporate Bonds

The fair value of investments in U.S. and international corporate bonds, including commingled funds that invest primarily in such bonds and foreign government bonds, is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker-dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options.

(iv) Collateralized Corporate Obligations

The fair value of collateralized corporate obligations is primarily determined using techniques consistent with the income approach, such as a discounted cash flow model. Significant observable inputs include prepayment speeds and spreads, benchmark yield curves, volatility measures, and quotes.

(v) Derivative Liabilities

The fair value of derivative contracts is primarily determined using techniques consistent with the market approach. Derivative contracts include interest rate, credit default, and total return swaps. Significant observable inputs to valuation models include interest rates, treasury yields, volatilities, credit spreads, maturity, and recovery rates.

(x) Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

(y) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(z) New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The ASU requires that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2014-09 is effective for fiscal year 2019. The Corporation expects to record a decrease in net patient service revenue related to self-pay patients and a corresponding decrease in bad debt expense upon the adoption of the standard.

The FASB issued ASU No. 2015-03, *Interest – Imputation of Interest*. This ASU requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. ASU No. 2015-03 is effective for fiscal year 2017. The Corporation adopted ASU No. 2015-03 for fiscal year 2017 and the change has been applied retrospectively to July 1, 2015, which resulted in a decrease in assets and liabilities of $8,451,000 and $9,531,000, respectively, for the years ended June 30, 2017 and 2016.

The FASB issued ASU No. 2015-07, *Fair Value Measurement (Topic 820) Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share*. This ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The Corporation adopted ASU No. 2015-07 for fiscal year 2017. This change has been applied retrospectively to July 1, 2015 and was a disclosure only impact. There was no impact on the consolidated balance sheets, consolidated statements of operations, or consolidated statements of changes in net assets.

The FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will require lessees to recognize most leases on balance sheet, increasing their reported assets and liabilities – sometimes very significantly. This update was developed to provide financial statement users with more information about an entity's leasing activities, and will require changes in processes and internal controls. The adoption of ASU No. 2016-02 is effective fiscal year 2020, and will require application of the new guidance at the beginning of the earliest comparable period presented. Early adoption is permitted. The Corporation is in the process of assessing the impact the adoption of this standard will have on the consolidated financial statements.

The FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958)*, to improve the current net asset classification requirements and information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. This update requires not-for-profit entities to present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions), rather than the three classes of net assets currently required, and other qualitative information regarding the entity's liquidity, financial performance, and cash flows. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted. The Corporation is in the process of assessing the impact the adoption of this standard will have on the consolidated financial statements.

The FASB issued ASU No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (Topic 205-40)*. This ASU establishes the requirement for management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. Management's evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. The Corporation adopted ASU No. 2014-15 for fiscal year 2017. Management performed an evaluation as required in this amendment and determined there are no conditions or events that raise substantial doubt about the Corporation's ability to continue as a going concern.

The FASB issued ASU No. 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The amendments in this ASU require that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost as defined in paragraphs 715-30-35-4 and 715-60-35-9 are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. The amendments also allow only the service cost component to be eligible for capitalization when applicable (e.g., as a cost of internally manufactured inventory or a self-constructed asset). ASU No. 2017-07 is effective for fiscal year 2020. This ASU requires retrospective application to all prior periods presented. The Corporation does not anticipate that the adoption of this ASU will have a material impact on its financial position and results of operations.

(2) Investments and Assets Limited as to Use

The carrying values of Assets Limited as to Use were as follows at June 30 (in thousands):

	2017	2016
Investments held for collateral	$ 122,646	177,998
Debt service and reserve funds	54,411	66,712
Construction funds – held by the Corporation	107,490	41,986
Board designated funds	109,466	117,502
Self-insurance trust funds	180,220	154,327
Funds restricted by donors	60,751	55,181
Economic and beneficial interests in the net assets of related organizations (note 12)	192,343	187,885
Total Assets Limited as to Use	827,327	801,591
Less amounts available for current liabilities	(50,940)	(51,412)
Total Assets Limited as to Use, less current portion	$ 776,387	750,179

(Continued)

The carrying values of Assets Limited as to Use were as follows at June 30, 2017 (in thousands):

	Investments held for collateral	Debt service and reserve funds	Construction funds	Board designated funds	Self-insurance trust funds	Funds restricted by donors	Economic and beneficial interests	Total
Cash and cash equivalents	$ 4,958	31,624	97,562	10,154	12,991	7,850	—	165,139
Corporate bonds	—	—	633	13,334	2,883	6,483	—	23,333
Collateralized corporate obligations	—	—	220	109	—	258	—	587
U.S. government and agency securities	117,688	22,787	283	140	283	331	—	141,512
Common stocks, including mutual funds	—	—	2,479	49,225	—	23,409	—	75,113
Alternative investments	—	—	6,313	36,504	—	22,420	—	65,237
Assets held by other organizations	—	—	—	—	164,063	—	192,343	356,406
Total Assets Limited as to Use	$ 122,646	54,411	107,490	109,466	180,220	60,751	192,343	827,327

The carrying values of Assets Limited as to Use were as follows at June 30, 2016 (in thousands):

	Investments held for collateral	Debt service and reserve funds	Construction funds	Board designated funds	Self-insurance trust funds	Funds restricted by donors	Economic and beneficial interests	Total
Cash and cash equivalents	$ 52,568	41,826	32,385	16,656	11,178	7,567	—	162,180
Corporate bonds	—	—	680	18,212	2,904	6,690	—	28,486
Collateralized corporate obligations	—	—	91	45	—	153	—	289
U.S. government and agency securities	125,430	24,886	268	133	204	449	—	151,370
Common stocks, including mutual funds	—	—	2,513	46,114	—	16,601	—	65,228
Alternative investments	—	—	6,049	36,342	—	23,721	—	66,112
Assets held by other organizations	—	—	—	—	140,041	—	187,885	327,926
Total Assets Limited as to Use	$ 177,998	66,712	41,986	117,502	154,327	55,181	187,885	801,591

Self-insurance trust funds include amounts held by the Maryland Medicine Comprehensive Insurance Program (MMCIP) for payment of malpractice claims. These assets consist primarily of stocks, fixed-income corporate obligations, and alternative investments. MMCIP is a funding mechanism for the Corporation's malpractice insurance program. As MMCIP is not an insurance provider, transactions with MMCIP are recorded under the deposit method of accounting. Accordingly, the Corporation accounts for its participation in MMCIP by carrying limited-use assets representing the amount of funds contributed to MMCIP and recording a liability for claims, which is included in other current and other long-term liabilities in the accompanying consolidated balance sheets.

(Continued)

The carrying values of investments were as follows at June 30 (in thousands):

	2017	2016
Cash and cash equivalents	$ 37,160	42,382
Corporate bonds	52,440	52,175
Collateralized corporate obligations	14,573	5,567
U.S. government and agency securities	22,195	19,274
Common stocks	181,117	158,936
Alternative investments:		
Hedge funds/private equity	110,830	56,400
Commingled funds	324,634	310,800
	$ 742,949	645,534

Alternative investments include hedge fund, private equity, and commingled investment funds, which are valued using the equity method of accounting. As of June 30, 2017, the majority of these alternative investments are subject to 30 day or less notice requirements and are available to be redeemed on at least a monthly basis. There are funds, totaling approximately $52,500,000, which are subject to 31-60 day notice requirements and can be redeemed monthly, quarterly, or annually. Other funds, totaling approximately $62,000,000, are subject to over 60-day notice requirements and can be redeemed monthly, quarterly, or annually. Of the funds with over 60-day notice requirements, approximately $13,500,000 are subject to lockup restrictions and are not available to be redeemed until certain time restrictions are met, which range from one to three years. In addition, there are approximately $6,200,000 of other funds that are subject to lockup restrictions and are not available to be redeemed until certain time restrictions are met, which range from one to three years. The Corporation had $2,990,000 of unfunded commitments in alternative investments as of June 30, 2017.

As of June 30, 2016, the majority of these alternative investments are subject to 30 day or less notice requirements and are available to be redeemed on at least a monthly basis. There are funds, totaling approximately $6,000,000, which are subject to 31-60 day notice requirements and can be redeemed on at least a monthly basis. Of the funds with 31-60 day notice requirements, approximately $3,700,000 are subject to lockup restrictions and are not available to be redeemed until certain time restrictions are met, which range from one to three years. Other funds, totaling approximately $80,700,000, are subject to over 60-day notice requirements and can be redeemed monthly, quarterly, or annually. Of the funds with over 60-day notice requirements, approximately $17,700,000 are subject to lockup restrictions and are not available to be redeemed until certain time restrictions are met, which range from one to three years. In addition, there are approximately $9,200,000 of other funds that are subject to lockup restrictions and are not available to be redeemed until certain time restrictions are met, which range from one to three years. The Corporation had $4,077,000 of unfunded commitments in alternative investments as of June 30, 2016.

(Continued)

The following table presents investments and assets limited as to use that are measured at fair value on a recurring basis excluding alternative investments in the amount of $435,464 and $65,237, respectively, which are accounted for under the equity method at June 30, 2017 (in thousands):

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Cash and cash equivalents	$ 37,160	—	—	37,160
Corporate bonds	31,421	21,019	—	52,440
Collateralized corporate obligations	—	14,573	—	14,573
U.S. government and agency securities	10,610	11,585	—	22,195
Common and preferred stocks, including mutual funds	180,999	118	—	181,117
	260,190	47,295	—	307,485
Assets limited as to use:				
Cash and cash equivalents	133,678	31,461	—	165,139
Corporate bonds	19,786	3,547	—	23,333
Collateralized corporate obligations	—	587	—	587
U.S. government and agency securities	118,127	23,385	—	141,512
Common and preferred stocks, including mutual funds	75,113	—	—	75,113
Investments held by other organizations	—	356,406	—	356,406
	346,704	415,386	—	762,090
	$ 606,894	462,681	—	1,069,575

(Continued)

The following table presents investments and assets limited as to use that are measured at fair value on a recurring basis excluding alternative investments in the amount of $367,200 and $66,112, respectively, which are accounted for under the equity method at June 30, 2016 (in thousands):

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Cash and cash equivalents	$ 42,382	—	—	42,382
Corporate bonds	39,215	12,960	—	52,175
Collateralized corporate obligations	—	5,567	—	5,567
U.S. government and agency securities	8,879	10,395	—	19,274
Common and preferred stocks, including mutual funds	158,817	119	—	158,936
	249,293	29,041	—	278,334
Assets limited as to use:				
Cash and cash equivalents	120,371	41,809	—	162,180
Corporate bonds	25,137	3,349	—	28,486
Collateralized corporate obligations	—	289	—	289
U.S. government and agency securities	125,922	25,448	—	151,370
Common and preferred stocks, including mutual funds	65,228	—	—	65,228
Investments held by other organizations	—	327,926	—	327,926
	336,658	398,821	—	735,479
	$ 585,951	427,862	—	1,013,813

Changes to Level 1 and Level 2 securities between June 30, 2017 and 2016 were the result of strategic investments and reinvestments, interest income earnings, and changes in the fair value of investments.

(Continued)

The Corporation's total return on its investments and assets limited as to use was as follows for the years ended June 30 (in thousands):

		2017	2016
Dividends and interest, net of fees	$	10,772	11,694
Net realized gains		26,827	11,559
Change in fair value of trading securities		57,080	(39,605)
Total investment return	$	94,679	(16,352)

Total investment return (loss) is classified in the consolidated statements of operations as follows for the years ended June 30 (in thousands):

		2017	2016
Nonoperating investment income	$	35,496	21,111
Change in fair value of unrestricted investments		54,175	(36,443)
Investment gains on restricted net assets		5,008	(1,020)
Total investment return (loss)	$	94,679	(16,352)

Investment return does not include the returns on the economic interests in the net assets of related organizations, the returns on the self-insurance trust funds, returns on undesignated interest rates swaps, or the returns on certain construction funds where amounts have been capitalized.

(3) Property and Equipment

The following is a summary of property and equipment at June 30 (in thousands):

		2017	2016
Land	$	148,905	142,256
Buildings		1,480,610	1,465,218
Building and leasehold improvements		808,738	775,638
Equipment		1,485,195	1,596,086
Construction in progress		132,740	119,031
		4,056,188	4,098,229
Less accumulated depreciation and amortization		(1,964,085)	(2,011,683)
	$	2,092,103	2,086,546

Interest cost capitalized was $0 for both years ended June 30, 2017 and 2016.

(Continued)

Remaining commitments on construction projects were approximately $59,735,000 at June 30, 2017.

Construction in progress includes building and renovation costs for assets that have not yet been placed into service. These costs relate to major construction projects as well as routine renovations under way at the Corporation's facilities.

(4) Investments in Joint Ventures

The Corporation has investments of $82,094,000 and $71,906,000 at June 30, 2017 and 2016, respectively, in the following unconsolidated joint ventures:

Joint venture	Business purpose	Ownership percentage	
		FY 2017	FY 2016
Shipley's Imaging Center, LLC	Freestanding imaging center	50 %	50 %
Maryland Care, Inc.	Managed care organization	(a)	(a)
Innovative Health Services, LLC	Third-party insurance claims processor	50	50
Terrapin Insurance Company (Terrapin)	Healthcare professional liability insurance company	50	50
Mt. Washington Pediatric Hospital, Inc. (Mt. Washington)	Healthcare services	50	50
Central Maryland Radiation Oncology Center LLC	Healthcare services	50	50
University of Maryland Medicine ASC, LLC	Ambulatory surgical services	50	—
Chesapeake-Potomac Healthcare Alliance	Healthcare services	33	33
Civista Ambulatory Surgery Center, Inc.	Ambulatory surgical services	50	50
NRH/CPT/St. Mary's/Civista Regional Rehab, LLC	Medical rehabilitative and therapy services	15	15
UM SJMC Choice One Urgent Care Centers	Urgent care centers	25	25
UM UCHS Choice One Urgent Care Centers	Urgent care centers	49	49
UM SRH Choice One Urgent Care Centers	Urgent care centers	49	49

(Continued)

Joint venture	Business purpose	Ownership percentage FY 2017	Ownership percentage FY 2016
Maryland eCare, LLC	Remote monitoring technology	14 %	14 %
MRI at St. Joseph Medical Center, LLC	Healthcare services	51	51
Advanced/Upper Chesapeake Health Center, LLC	Imaging center	10	10

(a) UMMS sold its 20% ownership interest during August 2015.

The Corporation recorded equity in net income (losses) of $3,856,000 and $(298,000) related to these joint ventures for the years ended June 30, 2017 and 2016, respectively.

The following is a summary of the Corporation's joint ventures' combined unaudited condensed financial information as of and for the years ended June 30 (in thousands):

	2017				
	Mt. Washington	Terrapin	Choice One*	Others	Total
Current assets	$ 26,025	24,240	3,470	21,646	75,381
Noncurrent assets	92,483	221,844	5,525	17,925	337,777
Total assets	$ 118,508	246,084	8,995	39,571	413,158
Current liabilities	$ 13,273	106	420	5,276	19,075
Noncurrent liabilities	8,255	244,028	183	1,033	253,499
Net assets	96,980	1,950	8,392	33,262	140,584
Total liabilities and net assets	$ 118,508	246,084	8,995	39,571	413,158
Total operating revenue	$ 58,271	(5,670)	5,702	47,439	105,742
Total operating expenses	(54,822)	(5,456)	(7,313)	(43,496)	(111,087)
Total nonoperating gains/(losses), net	4,722	11,126	—	11	15,859
Contributions from (to) owners	—	—	7,116	(65)	7,051
Other changes in net assets, net	3,326	—	344	(1,070)	2,600
Increase (decrease) in net assets	$ 11,497	—	5,849	2,819	20,165

* Choice One is the combination of UM SJMC, UM UCHS, and UM SRH Choice One Urgent Care Centers

(Continued)

	2016				
	Mt. Washington	Terrapin	Choice One*	Others	Total
Current assets	$ 24,976	9,513	2,759	19,184	56,432
Noncurrent assets	83,436	199,572	3,620	16,121	302,749
Total assets	$ 108,412	209,085	6,379	35,305	359,181
Current liabilities	$ 14,437	105	448	4,947	19,937
Noncurrent liabilities	8,492	207,030	32	972	216,526
Net assets	85,483	1,950	5,899	29,386	122,718
Total liabilities and net assets	$ 108,412	209,085	6,379	35,305	359,181
Total operating revenue	$ 56,811	34,150	2,659	57,925	151,545
Total operating expenses	(53,853)	(31,515)	(3,137)	(52,071)	(140,576)
Total nonoperating gains (losses), net	455	(2,635)	(6)	(5,560)	(7,746)
Contributions from (to) owners	—	—	1,365	(3,971)	(2,606)
Other changes in net assets, net	(1,516)	—	5,018	(1,552)	1,950
Increase (decrease) in net assets	$ 1,897	—	5,899	(5,229)	2,567

* Choice One is the combination of UM SJMC, UM UCHS, and UM SRH Choice One Urgent Care Centers

(5) Leases

The Corporation rents various equipment and facility space. Rent expense under these operating leases for the years ended June 30, 2017 and 2016 was approximately $25,215,000 and $24,594,000, respectively.

Future noncancelable minimum lease payments under operating leases are as follows for the years ending June 30 (in thousands):

2018	$ 12,080
2019	11,707
2020	8,475
2021	5,427
2022	4,396
Thereafter	12,460
	$ 54,545

(Continued)

The Corporation rents property used for administration under a 99-year lease. The lease was recorded as a capital lease, and the Corporation recorded assets at their respective fair values of $3,770,000 and $29,230,000 for land and buildings, respectively. The lease includes an option for the Corporation to purchase the property during the period from April 20, 2017 to February 28, 2021 for a purchase price of not less than $37,000,000 but not more than $45,000,000, as determined by appraisals. In addition, the lease agreement includes a put option exercisable through February 28, 2021, whereby the lessor may require the Corporation to purchase the building for $37,000,000. As of June 30, 2017 and 2016, amounts of $37,198,000 and $36,744,000, respectively, representing obligations under the lease have been recorded in other current liabilities.

As of June 30, 2017, amounts of $2,434,000 and $14,891,000 representing obligations under all other capital leases are included in other current liabilities and other long-term liabilities, respectively.

The following is a summary of all property and equipment under capital leases at June 30 (in thousands):

	2017	2016
Land	$ 3,770	3,770
Buildings	29,230	29,230
Equipment	25,176	23,899
	58,176	56,899
Less accumulated amortization	(18,129)	(12,338)
	$ 40,047	44,561

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, are as follows as of June 30, 2017 (in thousands):

2018	$ 42,153
2019	2,460
2020	2,318
2021	1,187
2022	860
Thereafter	13,379
Total minimum lease payments	62,357
Less amounts representing interest	(7,834)
Present value of net minimum lease payments	$ 54,523

(Continued)

(6) Lines of Credit

Lines of credit outstanding are as follows as of the years ended June 30 (in thousands):

2017					
Line number	Interest rate calculation	Interest rate as of June 30, 2017	Date of expiration	Total available	Outstanding amount
1	1-month LIBOR + 0.70%	1.78 %	8/30/2017*	$ 250,000	125,000

* Date of expiration has since been extended to 8/31/2018

2016					
Line number	Interest rate calculation	Interest rate as of June 30, 2016	Date of expiration	Total available	Outstanding amount
1	1-month LIBOR + 2.20%	2.30 %	Annually renewing	$ 75,000	75,000
2	1, 2 or 3 month LIBOR + 0.75%	3.50	10/3/2016	20,000	20,000
3	1-month LIBOR + 0.75%	1.24	12/31/2016	60,000	60,000
4	1-month LIBOR + 0.85%	1.27	3/28/2017	25,000	25,000
	Total lines of credit			$ 180,000	180,000

(Continued)

(7) Long-Term Debt and Other Borrowings

Long-term debt consists of the following at June 30 (in thousands):

	Interest rate	Payable in fiscal year(s)	2017	2016
MHHEFA project revenue bonds:				
Corporation issue, payments due annually on July 1:				
Series 2017B/C Bonds	1.20%–5.00%	2018–2040	$ 273,810	—
Series 2017A Bonds	Variable rate	2017–2043[1]	46,220	—
Series 2016A-F Bonds	Variable rate	2017–2042[1]	321,515	—
Series 2015 Bonds	2.00%–5.00%	2016–2042	77,735	79,010
Series 2013 Bonds	2.00%–5.00%	2014–2044	346,850	350,300
Series 2012A-D Bonds	Variable rate	2014–2042	—	213,200
Series 2010 Bonds	2.00%–5.25%	2011–2040	62,835	209,675
Series 2008D/E Bonds	Variable rate	2025–2042	105,000	105,000
Series 2008F Bonds	4.00%–5.25%	2009–2024	40,415	46,360
Series 2007A Bonds	Variable rate	2008–2035	85,095	87,750
Series 2005 Bonds	4.00%–5.50%	2006–2032	—	119,675
Series 1991B Bonds	7.00 %	1992–2023	—	21,840
Upper Chesapeake issue, payments due annually January 1:				
Series 2011B/C Bonds	Variable rate	2013–2040	—	108,929
Series 2011A Bonds	3.67 %	2012–2043	—	47,090
MHHEFA Pooled Loan Program	Variable rate	2017–2035	8,022	—
Other long-term debt:				
UCHS Term Loan	Variable rate	2019	150,000	150,000
Term loans	1.86%–3.95%	2009–2022	56,540	60,018
Other loans, mortgages and notes payable	3.05%–7.00%	Monthly, 1991–2025	21,099	21,519
Total debt			1,595,136	1,620,366
Less current portion of long-term debt			40,937	37,592
Less short-term financing			—	150,000
Less long-term debt subject to short-term remarketing agreements			28,440	32,515
			1,525,759	1,400,259
Plus unamortized premiums and discounts, net			33,033	31,628
Plus unamortized deferred financing costs			(8,302)	(9,283)
			$ 1,550,490	1,422,604

(Continued)

[1] Mandatory purchase options are due in the following (fiscal years), unless the bank and the Obligated Group agree to an extension: Series 2016A (2024), 2016B (2022), 2016C&D (2024), 2016E&F (2027), and 2017A (2022).

Pursuant to an Amended and Restated Master Loan Agreement dated February 1, 2017 (UMMS Master Loan Agreement), the Corporation and several of its subsidiaries have issued debt through MHHEFA. As security for the performance of the bond obligation under the Master Loan Agreement, the Authority maintains a security interest in the revenue of the obligors. The UMMS Master Loan Agreement contains certain restrictive covenants. These covenants require that rates and charges be set at certain levels, limit incurrence of additional debt, require compliance with certain operating ratios and restrict the disposition of assets.

The Obligated Group under the UMMS Master Loan Agreement includes the Medical Center, ROI, UM Midtown, UM Baltimore Washington, Shore Health (UM Memorial and UM Dorchester), UM Chester River, UM Charles Regional, UM St. Joseph, UM Upper Chesapeake, UM Harford Memorial, and the UMMS Foundation. Each member of the Obligated Group is jointly and severally liable for the repayment of the obligations under the UMMS Master Loan Agreement.

Under the terms of the UMMS Master Loan Agreement and other loan agreements, certain funds are required to be maintained on deposit with the Master Trustee to provide for repayment of the obligations of the Obligated Group (note 2).

In September 2016, the Corporation refunded $212,065,000 of the Series 2012A-D Bonds. The refunding was completed using the proceeds of a new $212,785,000 variable-rate MHHEFA bond issue (the Series 2016A-D Bonds).

In October 2016, the Corporation refunded $108,420,000 of the Series 2011B/C (UCHS issue) Bonds. The refunding was completed using the proceeds of a new $108,730,000 variable rate MHHEFA bond issue (the Series 2016E/F Bonds).

In January 2017, the Corporation refunded $46,050,000 of the Series 2011A (UCHS issue) Bonds. The refunding was completed using the proceeds of a new $46,220,000 variable-rate MHHEFA bond issue (the Series 2017A Bonds).

In February 2017, the Corporation refunded $20,225,000 of the Series 1991B Bonds, $116,375,000 of the Series 2005 Bonds, and $140,885,000 of the Series 2010 Bonds. The refunding was completed using the proceeds of a new $273,810,000 fixed-rate MHHEFA bond issue (the Series 2017B/C Bonds).

The unamortized portion of issuance costs on the debt refunded by the Series 2016A-D Bonds, 2016E/F Bonds, 2017A Bonds, and 2017B/C Bonds was expensed as a loss on early extinguishment of debt during the year ended June 30, 2017.

The Corporation has a term loan in the amount of $150,000,000 related to the acquisition of Upper Chesapeake, which expires on March 1, 2019. The Corporation intends to refinance this obligation prior to its maturity date, and has classified this obligation as a long-term debt and short-term financing at June 30, 2017 and 2016, respectively, in the consolidated balance sheets.

(Continued)

In May 2017, the Corporation was authorized to borrow $19,000,000 of the Series 1985A/B Pooled Loan Program Bonds ($175,000,000 original MHHEFA Pooled Loan Program). These proceeds are to be used for the purchase, renovation and furnishing a new administrative building. As a participant in the Pooled Loan Program, the Corporation bears the full interest cost on the $19,000,000 and will draw-down on the funds as they are required to complete the project.

The payment of principal and interest on the Corporation's issue Series 1991B Bonds and its Series 2005 Bonds are each insured under a financial guaranty insurance policy. These policies insure the payment of principal, sinking fund installments, and interest on the corresponding bonds. The insurance policies require the Obligated Group to adhere to the same covenants as those in the UMMS Master Loan Agreement.

The aggregate annual future maturities of long-term debt according to the original terms of the Master Loan Agreement and all other loan agreements are as follows for the years ending June 30 (in thousands):

2018	$	40,937
2019		203,656
2020		43,579
2021		66,230
2022		47,604
Thereafter		1,193,130
	$	1,595,136

The Corporation's Series 2007A and 2008D-E Bonds are variable rate demand bonds requiring remarketing agents to purchase and remarket any bonds tendered before the stated maturity date. The reimbursement obligations with respect to the letters of credit are evidenced and secured by the respective bonds. To provide liquidity support for the timely payment of any bonds that are not successfully remarketed, the Corporation has entered into letter of credit agreements with three banking institutions. These agreements have terms that expire in 2020 through 2022. If the bonds are not successfully remarketed, the Corporation is required to pay an interest rate specified in the letter of credit agreement, and the principal repayment of bonds may be accelerated to require repayment in periods ranging from 20 to 60 months from the date of the failed remarketing. The Corporation has reflected the amount of its long-term debt that is subject to these short-term remarketing arrangements as a separate component of current liabilities in its consolidated balance sheets. In the event that bonds are not remarketed, the Corporation maintains available letters of credit and has the ability to access other sources to obtain the necessary liquidity to comply with accelerated repayment terms. All variable rate demand bonds were successfully remarketed as of June 30, 2017.

(Continued)

The following table reflects the mandatory redemptions and required repayment terms for the years ended June 30 (in thousands) of the Corporation's debt obligations in the event that the put options associated with variable rate demand bonds subject to short-term remarketing agreements were exercised, but not successfully remarketed, and mandatory purchase options are not extended:

2018	$	69,377
2019		276,250
2020		79,876
2021		66,230
2022		188,279
Thereafter		915,124
	$	1,595,136

The approximate interest rates on outstanding debt bearing interest at variable rates were as follows at June 30:

	2017	2016
Series 2011B Bonds – UCHS Issue	— %	1.51 %
Series 2011C Bonds – UCHS Issue	—	1.19
Series 2008D Bonds	0.90	0.38
Series 2008E Bonds	0.89	0.41
Series 2007A Bonds	0.91	0.46
Series 2012A Bonds	—	1.37
Series 2012B Bonds	—	1.07
Series 2012C Bonds	—	1.39
Series 2012D Bonds	—	1.31
Series 2016A Bonds	1.41	—
Series 2016B Bonds	1.27	—
Series 2016C Bonds	1.32	—
Series 2016D Bonds	1.52	—
Series 2016E Bonds	1.43	—
Series 2016F Bonds	1.41	—
Series 2017A Bonds	1.23	—
Series 1985 Pooled Loan Program (MHHEFA)	1.69	—
UCHS Term Loan	1.98	1.31

(Continued)

Term loans outstanding are as follows at June 30 (in thousands):

	Interest rate	Interest rate as of June 30, 2017	Payable in fiscal year(s)	2017	2016
Term loan 1:					
Payable monthly beginning March 2012	Fixed rate	3.95 %	2012–2022	$ 7,600	8,400
Term loan 2:					
Payable monthly beginning January 2012	Fixed rate	—	2012–2017	—	142
Term loan 3:					
Payable monthly beginning April 2012	Fixed rate	—	2012–2017	—	196
Term loan 4:					
Payable monthly beginning February 2010	1-month LIBOR + 2.00%	3.22 %	2010–2018	2,831	3,056
Term loan 5:					
Payable monthly beginning October 2012	Fixed rate	2.80 %	2013–2018	61	228
Term loan 6:					
Payable monthly beginning November 2012	Fixed rate	2.80 %	2013–2018	16	52
Term loan 7:					
Payable monthly beginning November 2015	1-month LIBOR + 1.95%	3.17 %	2016–2021	41,667	46,667
Term loan 8:					
Payable monthly beginning May 2016	Fixed rate	1.86 %	2016–2019	834	1,277
Term loan 9:					
Payable monthly beginning February 2017	Fixed rate	2.47 %	2017–2020	1,524	—
Term loan 10:					
Payable monthly beginning July 2017	Fixed rate	2.66 %	2018–2020	2,007	—
Total term loans (included in long-term debt)				$ 56,540	60,018

(8) Interest Rate Risk Management

The Corporation uses a combination of fixed and variable rate debt to finance capital needs. The Corporation maintains an interest rate risk-management strategy that uses interest rate swaps to minimize significant, unanticipated earnings fluctuations that may arise from volatility in interest rates.

(Continued)

At June 30, 2017 and 2016, the Corporation's notional values of outstanding interest rate swaps were $770,919,000 and $782,455,000, respectively, the details of which were as follows (in thousands):

	Notional amount	Pay rate	Receive rate	Maturity date	Mark to market
As of June 30, 2017:					
Swap #1	$ 85,809	3.59 %	70% 1-month LIBOR	7/1/2031	$ (13,430)
Swap #2	84,000	3.93	68% 1-month LIBOR	7/1/2014	(30,029)
Swap #3	21,000	4.24	68% 1-month LIBOR	7/1/2041	(8,573)
Swap #4	35,400	3.99	67% 1-month LIBOR	7/1/2034	(7,729)
Swap #5	26,680	3.54	70% 1-month LIBOR	7/1/2031	(4,066)
Swap #6	196,000	3.93	68% 1-month LIBOR	7/1/2041	(70,082)
Swap #7	49,000	4.24	68% 1-month LIBOR	7/1/2041	(20,006)
Swap #8	82,600	4.00	67% 1-month LIBOR	7/1/2034	(18,097)
Swap #9	3,580	3.63	67% 1-month LIBOR	7/1/2032	(376)
Swap #10	104,000	3.92	67% 1-month LIBOR	1/1/2043	(28,384)
Swap #11	82,850	0.51	67% 1-month LIBOR + 0.5133%	1/1/2038	1,058
					(199,714)
				Valuation adjustments	5,190
Total	$ 770,919				$ (194,524)

(Continued)

	Notional amount	Pay rate	Receive rate	Maturity date	Mark to market
As of June 30, 2016:					
Swap #1	$ 88,090	3.59 %	70% 1-month LIBOR	7/1/2031	$ (20,115)
Swap #2	84,000	3.93	68% 1-month LIBOR	7/1/2014	(41,582)
Swap #3	21,000	4.24	68% 1-month LIBOR	7/1/2041	(11,603)
Swap #4	36,425	3.99	67% 1-month LIBOR	7/1/2034	(10,921)
Swap #5	27,400	3.54	70% 1-month LIBOR	7/1/2031	(6,128)
Swap #6	196,000	3.93	68% 1-month LIBOR	7/1/2041	(97,040)
Swap #7	49,000	4.24	68% 1-month LIBOR	7/1/2041	(27,077)
Swap #8	84,975	4.00	67% 1-month LIBOR	7/1/2034	(25,554)
Swap #9	3,970	3.63	67% 1-month LIBOR	7/1/2032	(590)
Swap #10	106,625	3.92	67% 1-month LIBOR	1/1/2043	(39,754)
Swap #11	84,970	0.51	67% 1-month LIBOR + 0.5133%	1/1/2038	1,803
					(278,561)
				Valuation adjustments	5,524
Total	$ 782,455				$ (273,037)

The mark-to-market values of the Corporation's interest rate swaps include a valuation adjustment representing the creditworthiness of the counterparties to the swaps.

On January 1, 2013, in accordance with ASC 815, *Derivatives and Hedging*, the Corporation elected to discontinue the cash flow hedging relationship for Swap #8. As of that date, the accumulated losses included in unrestricted net assets will be reclassified into earnings over the life of the Series 2007 bonds. For the years ended June 30, 2017 and 2016, $1,716,000 and $1,764,000, respectively, were reclassified from other changes in net assets into change in fair value of undesignated interest rate swaps. The accumulated losses included in unrestricted net assets were $(17,934,000) and $(19,650,000) at June 30, 2017 and 2016, respectively.

The Corporation recorded a net nonoperating gain (loss) on changes in the fair value of nonqualifying interest rate swaps of $76,797,000 and $(78,429,000) for the years ended June 30, 2017 and 2016, respectively.

The swap agreements are included in the consolidated balance sheets at their fair value of $(194,524,000) and $(273,037,000) as of June 30, 2017 and 2016, respectively, an amount that is based on observable inputs other than quoted market prices in active markets for identical liabilities (Level 2 in the fair value hierarchy).

(Continued)

The Corporation is subject to a collateral posting requirement with two of its swap counterparties. Collateral posting requirements are based on the Corporation's long-term debt credit ratings, as well as the net liability position of total interest rate swap agreements outstanding with that counterparty. The amount of such posted collateral was $115,250,000 and $174,661,000 at June 30, 2017 and 2016, respectively. As of June 30, 2017 and 2016, the Corporation met its collateral posting requirement through the use of collateralized investments, which were selected and purchased by the Corporation and subsequently transferred to the custody of the swap counterparty. The amount of posted investments that is required to meet the collateral requirement is computed daily, and is accounted for as a component of the Corporation's assets limited as to use on the accompanying consolidated balance sheets as of that date. Any excess investment value is considered a component of the Corporation's unrestricted investment portfolio, and is included in investments on the accompanying consolidated balance sheets as of that date.

(9) Other Liabilities

Other liabilities consist of the following at June 30 (in thousands):

		2017	2016
Professional and general malpractice liabilities	$	234,569	235,871
Capital lease obligations		54,523	54,881
Accrued pension obligations		26,422	42,761
Contingent consideration		35,700	35,700
Accrued interest payable		18,870	20,659
Deferred tax liability, net		17,356	17,361
Unearned revenue		26,521	11,136
Other miscellaneous		103,001	81,758
Total other liabilities		516,962	500,127
Less current portion		(182,688)	(147,522)
Other long-term liabilities	$	334,274	352,605

Other miscellaneous liabilities primarily consist of medical claims payable and patient credit balance liabilities.

(Continued)

(10) Retirement Plans

Employees of the Corporation are included in various retirement plans established by the Corporation, the Medical Center, ROI, Midtown, Baltimore Washington, Shore Regional, Charles Regional, St. Joseph, and Upper Chesapeake. Participation by employees in their specific plan(s) has evolved based upon the organization by which they were first employed and the elections that they made at the times when their original employers became part of the Corporation. The following is a brief description of each of the retirement plans in which employees of the Corporation participate:

(a) Defined Benefit Plans

University of Maryland Medical Center Midtown Campus Retirement Plan for Non-Union Employees (Midtown Plan) – A noncontributory defined benefit plan covering substantially all nonunion employees. The benefits are based on years of service and compensation. Contributions to this plan are made to satisfy the minimum funding requirements of ERISA. In 2006, Midtown froze the defined benefit pension plan.

Baltimore Washington Medical Center Pension Plan (Baltimore Washington Plan) – A noncontributory defined benefit pension plan covering full-time employees who have been employed for at least one year and have reached 21 years of age.

Baltimore Washington Medical Center Supplemental Executive Retirement Plan – A noncontributory defined benefit pension plan for senior management level employees.

Chester River Health System, Inc. Pension Plan and Trust – A noncontributory defined benefit pension plan covering substantially all CRHC employees as well as employees of a subsidiary. The benefits are paid to retirees based upon age at retirement, years of service, and average compensation. Chester River's funding policy is to satisfy the minimum funding requirements of ERISA. Effective June 30, 2008, Chester River froze the defined-benefit pension plan.

Civista Health Inc. Retirement Plan and Trust (Charles Regional Plan) – A noncontributory defined benefit pension plan covering employees that have worked at least one thousand hours per year during three or more plan years. Plan benefits are accumulated based upon a combination of years of service and percent of annual compensation. Charles Regional makes annual contributions to the plan based upon amounts required to be funded under provisions of ERISA.

Upper Chesapeake Health System, Inc. Pension Plan and Trust – A noncontributory defined benefit pension plan covering substantially all employees of the various affiliates of Upper Chesapeake who have completed six months of employment and attained the age of twenty and a half years. Upper Chesapeake makes annual contributions to the plan equal to the minimum funding requirements pursuant to ERISA regulations. On December 31, 2005, Upper Chesapeake froze the defined benefit pension plan. On June 30, 2015, Upper Chesapeake terminated the defined benefit pension plan and liquidation of its remaining benefit obligation using its plan assets were completed by September 30, 2017. The benefit obligations for the year ended June 30, 2016 represented the annuities to be transferred.

(Continued)

On June 30, 2015, the Corporation amended the Baltimore Washington Medical Center Pension Plan to provide for the merger of the Midtown Plan and the Charles Regional Plan into the Baltimore Washington Plan and to change the name of the newly consolidated plan to the University of Maryland Medical System Corporate Pension Plan (the Corporate Plan). All provisions of the respective previous plans shall continue to apply to the respective applicable participants. All of the assets of the three formerly separate plans are now available to pay benefits for all participants under the newly consolidated Corporate Plan.

The Corporation recognizes the funded status (i.e., the difference between the fair value of plan assets and projected benefit obligations) of its defined benefit pension plans as an asset or liability in its consolidated balance sheets. The Corporation recognizes changes in the funded status in the year in which the changes occur as changes in unrestricted net assets. All defined benefit pension plans use a June 30 measurement date.

The following tables set forth the combined benefit obligations and assets of the defined benefit plans at June 30 (in thousands):

		2017	2016
Change in projected benefit obligations:			
Benefit obligations at beginning of year	$	245,686	259,170
Settlements		(55,324)	(29,962)
Service cost		4,502	4,146
Interest cost		7,299	10,698
Actuarial loss		(4,612)	20,072
Benefit payments		(15,527)	(18,438)
Projected benefit obligations at end of year	$	182,024	245,686

		2017	2016
Change in plan assets:			
Fair value of plan assets at beginning of year	$	202,925	233,689
Actual return on plan assets		12,560	5,688
Settlements		(55,324)	(29,962)
Employer contributions		10,968	11,948
Benefit payments		(15,527)	(18,438)
Fair value of plan assets at end of year	$	155,602	202,925

(Continued)

The funded status of the plans and amounts recognized as accrued payroll and benefits and other long-term liabilities in the consolidated balance sheets at June 30 are as follows (in thousands):

		2017	2016
Funded status, end of period:			
Fair value of plan assets	$	155,602	202,925
Projected benefit obligations		182,024	245,686
Net funded status	$	(26,422)	(42,761)
Accumulated benefit obligation at end of year	$	176,660	239,375
Amounts recognized in consolidated balance sheets at June 30:			
Accrued payroll and benefits	$	1,056	(1,250)
Accrued pension obligation		(27,478)	(41,511)
	$	(26,422)	(42,761)
Amounts recognized in unrestricted net assets at June 30:			
Net actuarial loss	$	(62,233)	(96,423)
Prior service cost		(485)	(648)
	$	(62,718)	(97,071)

The estimated amounts that will be amortized from unrestricted net assets into net periodic pension cost in fiscal year 2018 are as follows (in thousands):

Net actuarial loss	$	4,736
Prior service cost		162
	$	4,898

The components of net periodic pension cost for the years ended June 30 are as follows (in thousands):

		2017	2016
Service cost	$	4,502	4,146
Interest cost		7,299	10,698
Expected return on plan assets		(9,976)	(14,169)
Prior service cost recognized		20,814	67
Recognized gains or losses		6,351	17,743
Net periodic pension cost	$	28,990	18,485

(Continued)

The following table presents the weighted average assumptions used to determine benefit obligations for the plans at June 30:

	2017	2016
Discount rate	2.50%–4.11%	2.00%–3.95%
Rate of compensation increase (for nonfrozen plan)	3.00–4.50	2.50–4.50

The following table presents the weighted average assumptions used to determine net periodic benefit cost for the plans for the years ended June 30:

	2017	2016
Discount rate	2.00%–3.95%	3.00%–4.62%
Expected long-term return on plan assets	6.75	4.75–6.75
Rate of compensation increase (for nonfrozen plan)	2.50–4.50	2.50–4.50

The investment policies of the Corporation's pension plans incorporate asset allocation and investment strategies designed to earn superior returns on plan assets consistent with reasonable and prudent levels of risk. Investments are diversified across classes, sectors, and manager style to minimize the risk of loss. The Corporation uses investment managers specializing in each asset category, and regularly monitors performance and compliance with investment guidelines. In developing the expected long-term rate of return on assets assumption, the Corporation considers the current level of expected returns on risk-free investments, the historical level of the risk premium associated with the other asset classes in which the portfolio is invested, and the expectations for future returns of each asset class. The expected return for each asset class is then weighted based on the target allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

The Corporation's pension plans' target allocation and weighted average asset allocations at the measurement date of June 30, 2017 and 2016, by asset category, are as follows:

Asset category	Target allocation	Percentage of plan assets as of June 30	
		2017	2016
Cash and cash equivalents	0–10%	5 %	9 %
Fixed income securities	40–60	32	47
Equity securities	10–30	26	20
Global asset allocation	10–20	27	20
Hedge funds	5–15	10	4
		100 %	100 %

(Continued)

Equity and fixed income securities include investments in hedge fund of funds that are categorized in accordance with each fund's respective investment holdings.

The table below presents the Corporation's combined investable assets of the defined benefit pension plans as of June 30, 2017, aggregated by the fair value hierarchy as described in note 1(w) (in thousands):

	Level 1	Level 2	Level 3	Investments Reported at NAV*	Total
Cash and cash equivalents	$ 1,694	6,639	—	—	8,333
Corporate bonds	—	—	—	—	—
Gov't and agency bonds	—	—	—	—	—
Fixed income mutual funds	11,495	—	—	—	11,495
Common and preferred stocks	10,993	—	—	—	10,993
Equity mutual funds	22,714	—	—	—	22,714
Other mutual funds	13,056	—	—	—	13,056
Alternative investments	18,240	28,431	—	42,340	89,011
	$ 78,192	35,070	—	42,340	155,602

* Fund investments reported at NAV as practical expedient

The table below presents the Corporation's combined investable assets of the defined benefit pension plans as of June 30, 2016, aggregated by the fair value hierarchy as described in note 1(w) (in thousands):

	Level 1	Level 2	Level 3	Investments Reported at NAV*	Total
Cash and cash equivalents	$ 10,919	7,250	—	—	18,169
Corporate bonds	22,419	—	—	—	22,419
Gov't and agency bonds	21,218	—	—	—	21,218
Fixed income mutual funds	11,763	—	—	—	11,763
Common and preferred stocks	11,736	—	—	—	11,736
Equity mutual funds	19,627	—	—	—	19,627
Other mutual funds	11,852	—	—	—	11,852
Alternative investments	22,386	30,375	—	33,380	86,141
	$ 131,920	37,625	—	33,380	202,925

* Fund investments reported at NAV as practical expedient

As noted in note 1(z), the Corporation adopted ASU No. 2015-07 for the year ended June 30, 2017. As a result of this adoption, at June 30, 2016, alternative investments in the amounts of $6,750,000 and $26,630,000 were reclassified from Level 2 and Level 3, respectively, in the fair value hierarchy to Investments reported at NAV.

ASU No. 2015-10, *Technical Corrections and Improvements*, amended the definition of readily determinable fair value to include equity securities in structures similar to mutual funds where the fair value per share is determined and published on a regular basis and is the basis for current transactions. The Corporation has reassessed the basis of fair value for its investments and concluded that certain investments have readily determinable fair values consistent with the amendment. As a result, fair value disclosures have been amended, and certain investments within the defined benefit plans have been reclassified to Level 1 and 2 investments within the fair value hierarchy. As a result of this adoption, at June 30, 2016, alternative investments in the amount of $22,386,000 were reclassified from Level 2 in the fair value hierarchy to Level 1. Alternative investments in the amount of $10,615,000 were reclassified from Level 3 in the fair value hierarchy to Level 2.

Alternative investments include hedge funds and commingled investment funds. The majority of these alternative investments held as of June 30, 2017 are subject to notice requirements of 30 days or less and are available to be redeemed on at least a monthly basis. There are funds, totaling $6,500,000, which are subject to notice requirements of 30-60 days and are available to be redeemed on a monthly or quarterly basis. Funds totaling $5,000,000 are subject to notice requirements of 90 days and can be redeemed monthly or quarterly. Of these funds, one fund totaling $1,200,000 is subject to a lock-up restriction of three years. The Corporation had no unfunded commitments as of June 30, 2017.

The alternative investments held as of June 30, 2016 are subject to notice requirements of 30 days or less and are available to be redeemed on at least a monthly basis with the exception of one fund, totaling $7,300,000, which is subject to 70-day notice requirements and can be redeemed on a quarterly basis. None of the alternative investments are subject to any lock-up restrictions. The Corporation had no unfunded commitments as of June 30, 2016.

The Corporation expects to contribute $9,260,000 to its defined benefit pension plans for the fiscal year ending June 30, 2017.

The following benefit payments, which reflect expected future employee service, as appropriate, are expected to be paid from plan assets in the following years ending June 30 (in thousands):

2018	$	10,478
2019		10,324
2020		10,543
2021		11,228
2022		17,477
2023–2027		61,273

The expected benefits to be paid are based on the same assumptions used to measure the Corporation’s benefit obligation at June 30, 2017.

(b) Defined Contribution Plans

Corporation Salary Reduction 403(b) Plan – A contributory benefit plan covering substantially all employees not participating in the plans described below. Employees are immediately eligible for elective deferrals of compensation as contributions to the plan. Employees are eligible for matching contributions after one year of service with a five-year gradual vesting schedule. Effective January 1, 2017, this plan was opened for new participants.

Corporation Pension Plan – A noncontributory defined contribution plan for all eligible Corporation employees not participating in the ROI Plan or the Midtown Plan described below. Contributions to this plan by the Corporation are determined as a fixed percentage of total employees' base compensation. Effective January 1, 2017, this plan was frozen to new participants.

Corporation Salary Reduction 403(b) Plan – A contributory benefit plan covering substantially all employees not participating in the plans described below. Employees are immediately eligible for elective deferrals of compensation as contributions to the plan. Effective July 29, 2016, the Baltimore Washington retirement plan was merged into this plan. Effective January 1, 2017, this plan was frozen to new participants.

Midtown 401(k) Profit Sharing Plan for Union Employees – Defined contribution plan for substantially all union employees of Midtown. Employer contributions to this plan are determined based on years of service and hours worked. Employees are immediately eligible for elective deferrals of compensation as contributions to the plan.

Baltimore Washington Retirement Plans – Defined contribution plans covering all employees of Baltimore Washington Medical Center and certain related entities. Effective July 29, 2016, this plan merged into the UMMS Voluntary 403(b) plan.

Shore Health System Retirement Plan – A contributory benefit plan covering substantially all employees of Shore Health. Employees are eligible for matching contributions after one year of service.

Chester River Retirement Plan – A contributory benefit plan covering substantially all employees of Chester River who have met the eligibility requirements. Employees are eligible for matching contributions after one year of service.

Charles Regional Retirement Savings Plan – A contributory benefit plan covering substantially all full-time employees of Charles Regional. Employees are eligible for matching contributions after three years of service as defined in the plan.

Upper Chesapeake Retirement Plan – A contributory benefit plan covering substantially all employees of Upper Chesapeake. Employees are eligible for elective deferrals of compensation as contributions to the plan. Employees are eligible for matching contributions after one year of service with a five-year gradual vesting schedule.

Total annual retirement costs incurred by the Corporation for the previously discussed defined contribution plans were $41,900,000 and $40,064,000 for the years ended June 30, 2017 and 2016, respectively. Such amounts are included in salaries, wages and benefits in the accompanying consolidated statements of operations.

(11) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are restricted primarily for the following purposes at June 30 (in thousands):

	2017	2016
Facility construction and renovations, research, education, and other	$ 73,682	58,380
Economic and beneficial interests in the net assets of related organizations	192,343	187,885
	$ 266,025	246,265

Net assets were released from donor restrictions during the years ended June 30, 2017 and 2016 by expending funds satisfying the restricted purposes or by occurrence of other events specified by donors as follows (in thousands):

	2017	2016
Purchases of equipment and construction costs	$ 33,038	10,417
Research, education, uncompensated care, and other	2,868	7,067
	$ 35,906	17,484

Permanently restricted net assets consist primarily of gifts to be held in perpetuity, the income from which may be used to fund the operations of the Corporation.

The Corporation's endowments consist of donor-restricted funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

The Corporation has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (MUPMIFA) 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 Corporation 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 MUPMIFA. In accordance with MUPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the Corporation and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Corporation

(7) The investment policies of the Corporation.

Endowment net assets are as follows (in thousands):

	June 30, 2017			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	13,335	38,510	51,845

	June 30, 2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	11,232	37,065	48,297

(b) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MUPMIFA requires the Corporation to retain as a fund of perpetual duration. The Corporation does not have any donor-restricted endowment funds that are below the level that the donor or MUPMIFA requires.

(c) Investment Strategies

The Corporation has adopted policies for corporate investments, including endowment assets, that seek to maximize risk-adjusted returns with preservation of principal. Endowment assets include those assets of donor-restricted funds that the Corporation must hold in perpetuity or for a donor-specified period(s).The endowment assets are invested in a manner that is intended to hold a mix of investment assets designed to meet the objectives of the account. The Corporation expects its endowment funds, over time, to provide an average rate of return that generates earnings to achieve the endowment purpose.

To satisfy its long-term rate-of-return objectives, the Corporation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Corporation employs a diversified asset allocation structure to achieve its long-term return objectives within prudent risk constraints.

The Corporation monitors the endowment funds' returns and appropriates average returns for use. In establishing this practice, the Corporation considered the long-term expected return on its endowment. This is consistent with the Corporation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

(12) Economic and Beneficial Interests in the Net Assets of Related Organizations

The Corporation is supported by several related organizations that were formed to raise funds on behalf of the Corporation and certain of its subsidiaries. These interests are accounted for as either economic or beneficial interests in the net assets of such organizations.

The following is a summary of economic and beneficial interests in the net assets of financially interrelated organizations as of June 30 (in thousands):

		2017	2016
Economic interests in:			
UCH Legacy Funding Corporation	$	150,000	150,000
The James Lawrence Kernan Hospital Endowment Fund, Incorporated		29,725	26,821
Baltimore Washington Medical Center Foundation, Inc.		9,222	7,960
Total economic interests		188,947	184,781
Beneficial interest in the net assets of Dorchester General Hospital Foundation, Inc.		3,396	3,104
	$	192,343	187,885

The UCH Legacy Funding Corporation was formed in December 2013 to hold funds restricted for the benefit of Upper Chesapeake.

(Continued)

At the discretion of its board of trustees, the Kernan Endowment Fund may pledge securities to satisfy various collateral requirements on behalf of ROI and may provide funding to ROI to support various clinical programs or capital needs.

BWMC Foundation was formed in July 2000 and supports the activities of Baltimore Washington Medical Center by soliciting charitable contributions on its behalf.

Shore Regional maintains a beneficial interest in the net assets of Dorchester Foundation, a nonprofit corporation organized to raise funds on behalf of Dorchester Hospital. Shore Regional does not have control over the policies or decisions of the Dorchester Foundation.

A summary of the combined unaudited condensed financial information of the financially interrelated organizations in which the Corporation holds an economic or beneficial interest as of June 30 is as follows (in thousands):

		2017	2016
Current assets	$	3,073	2,891
Noncurrent assets		189,927	185,672
Total assets	$	193,000	188,563
Current liabilities	$	532	452
Noncurrent liabilities		125	226
Net assets		192,343	187,885
Total liabilities and net assets	$	193,000	188,563
Total operating revenue	$	2,422	2,165
Total operating expense		(210)	(4,344)
Other changes in net assets		2,246	634
Total increase (decrease) in net assets	$	4,458	(1,545)

(13) State Support

The Corporation received $3,200,000 in support for the Shock Trauma Center operations from the State of Maryland, for both years ended June 30, 2017 and 2016. In addition, the Corporation received $15,000,000 in support of Dimensions Health System operations for the year ended June 30, 2017. See note 19 for further discussion over the affiliation with Dimensions Health System.

The State of Maryland appropriates funds for construction costs incurred, equipment purchases made, and other capital support. The Corporation recognizes this support as the funds are expended for the intended projects. The Corporation expended and recorded $23,029,000 and $4,364,000 during the years ended June 30, 2017 and 2016, respectively.

(Continued)

(14) Functional Expenses

The Corporation provides general healthcare services to residents within its geographic location. Expenses related to providing these services, based on management's estimates of expense allocations, are as follows for the years ended June 30 (in thousands):

		2017	2016
Healthcare services	$	3,368,273	3,144,882
General and administrative		467,337	436,820
	$	3,835,610	3,581,702

(15) Insurance

The Corporation maintains self-insurance programs for professional and general liability risks, employee health, employee long-term disability, and workers' compensation. Estimated liabilities have been recorded based on actuarial estimation of reported and incurred but not reported claims. The accrued liabilities for these programs as of June 30, 2017 and 2016 were as follows (in thousands):

		2017	2016
Professional and general malpractice liabilities	$	234,569	235,871
Employee health		33,130	27,656
Employee long-term disability		8,696	12,661
Workers' compensation		18,961	17,610
Total self-insured liabilities		295,356	293,798
Less current portion		(71,832)	(68,500)
	$	223,524	225,298

The Corporation provides for and funds the present value of the costs for professional and general liability claims and insurance coverage related to the projected liability from asserted and unasserted incidents, which the Corporation believes may ultimately result in a loss. These accrued malpractice losses are discounted using a discount rate of 2.5%. In management's opinion, these accruals provide an adequate and appropriate loss reserve. The professional and general malpractice liabilities presented above include $144,313,000 and $141,625,000 as of June 30, 2017 and 2016, respectively, for which related insurance receivables have been recorded within other assets on the accompanying consolidated balance sheets.

(Continued)

The Corporation and each of its affiliates are self-insured for professional and general liability claims up to the limits of $1.0 million on individual claims and $3.0 million in the aggregate on an annual basis. For amounts in excess of these limits, the risk of loss has been transferred to the Terrapin Insurance Company (Terrapin), an unconsolidated joint venture. Terrapin provides insurance for claims in excess of $1 million individually and $3 million in the aggregate up to $150 million individually and $150 million in the aggregate under claims made policies between the Corporation and Terrapin. For claims in excess of Terrapin's coverage limits, if any, the Corporation retains the risk of loss.

As discussed in note 4, Terrapin is a joint venture corporation in which a 50% equity interest is owned by the Corporation and a 50% equity interest is owned by Faculty Physicians, Inc.

Total malpractice insurance expense for the Corporation during the years ended June 30, 2017 and 2016 was approximately $36,367,000 and $40,359,000, respectively.

(16) Business and Credit Concentrations

The Corporation provides healthcare services through its inpatient and outpatient care facilities located in the State of Maryland. The Corporation generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits receivable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, workers' compensation, health maintenance organizations (HMOs), and commercial insurance policies).

The Corporation maintains cash accounts with highly rated financial institutions, which generally exceed federally insured limits. The Corporation has not experienced any losses from maintaining cash accounts in excess of federally insured limits, and as such, management does not believe the Corporation is subject to any significant credit risks related to this practice.

The Corporation had gross receivables from patients and third-party payors as follows at June 30:

	2017	2016
Medicare	25 %	25 %
Medicaid	20	25
Commercial insurance and HMOs	21	19
Blue Cross	11	11
Self-pay and others	23	20
	100 %	100 %

(Continued)

The Corporation recorded gross revenues from patients and third-party payors for the years ended June 30 as follows:

	2017	2016
Medicare	39 %	38 %
Medicaid	22	23
Commercial insurance and HMOs	20	19
Blue Cross	14	14
Self-pay and others	5	6
	100 %	100 %

(17) Certain Significant Risks and Uncertainties

The Corporation provides general acute healthcare services in the State of Maryland. The Corporation and other healthcare providers in Maryland are subject to certain inherent risks, including the following:

- Dependence on revenues derived from reimbursement by the Federal Medicare and state Medicaid programs;
- Regulation of hospital rates by the State of Maryland Health Services Cost Review Commission;
- Government regulation, government budgetary constraints, and proposed legislative and regulatory changes; and
- Lawsuits alleging malpractice and related claims.

Such inherent risks require the use of certain management estimates in the preparation of the Corporation's consolidated financial statements and it is reasonably possible that a change in such estimates may occur.

The Medicare and state Medicaid reimbursement programs represent a substantial portion of the Corporation's revenues, and the Corporation's operations are subject to a variety of other federal, state, and local regulatory requirements. Failure to maintain required regulatory approvals and licenses and/or changes in such regulatory requirements could have a significant adverse effect on the Corporation.

Changes in federal and state reimbursement funding mechanisms and related government budgetary constraints could have a significant adverse effect on the Corporation.

The healthcare industry is subject to numerous laws and regulations from federal, state, and local governments. The Corporation's compliance with these laws and regulations can be subject to periodic governmental review and interpretation, which can result in regulatory action unknown or unasserted at this time. Management is aware of certain asserted and unasserted legal claims and regulatory matters arising in the ordinary course of business, none of which, in the opinion of management, are expected to result in losses in excess of insurance limits or have a materially adverse effect on the Corporation's financial position.

(Continued)

The federal government and many states have aggressively increased enforcement under Medicare and Medicaid antifraud and abuse laws and physician self-referral laws (STARK law and regulation). Recent federal initiatives have prompted a national review of federally funded healthcare programs. In addition, the federal government and many states have implemented programs to audit and recover potential overpayments to providers from the Medicare and Medicaid programs. The Corporation has implemented a compliance program to monitor conformance with applicable laws and regulations, but the possibility of future government review and enforcement action exists.

The general healthcare industry environment is increasingly uncertain, especially with respect to the impact of Federal healthcare reform legislation, which was passed in 2010 and largely upheld by the U.S. Supreme Court in June 2012. Potential impacts of ongoing healthcare industry transformation include but are not limited to (1) significant capital investments in healthcare information technology, (2) continuing volatility in the state and federal government reimbursement programs, (3) lack of clarity related to the health benefit exchange framework mandated by reform legislation, including important open questions regarding exchange reimbursement levels, and impact on the healthcare "demand curve" as the previously uninsured enter the insurance system, and (4) effective management of multiple major regulatory mandates, including the transition to ICD-10. This Federal healthcare reform legislation does not affect the consolidated financial statements for the year ended June 30, 2017.

(18) Maryland Health Services Cost Review Commission (HSCRC)

Effective July 1, 2013, the Health System and the Health Services Cost Review Commission (HSCRC) agreed to implement the Global Budget Revenue (GBR) methodology for the following hospitals: Medical Center, ROI, Midtown, Baltimore Washington, Charles Regional, St. Joseph, Shore Emergency Center, and Upper Chesapeake. The agreements will continue each year and on July 1 of each year thereafter; the agreements will renew for a one-year period unless it is canceled by the HSCRC or by the Corporation. The agreements were in place for the years ended June 30, 2017 and 2016. The GBR model is a revenue constraint and quality improvement system designed by the HSCRC to provide hospitals with strong financial incentives to manage their resources efficiently and effectively in order to slow the rate of increase in healthcare costs and improve healthcare delivery processes and outcomes. The GBR model is consistent with the Corporation's mission to provide the highest value of care possible to its patients and the communities it serves.

The GBR agreements establish a prospective, fixed revenue base "GBR cap" for the upcoming year. This includes both inpatient and outpatient regulated services. Under GBR, a hospital's revenue for all HSCRC regulated services is predetermined for the upcoming year, regardless of changes in volume, service mix intensity, or mix of inpatient or outpatient services that occurred during the year. The GBR agreement allows the Corporation to adjust unit rates, within certain limits, to achieve the overall revenue base for the Corporation at year-end. Any overcharge or undercharge versus the GBR cap is prospectively added to the subsequent year's GBR cap. Although the GBR cap does not adjust for changes in volume or service mix, the GBR cap is adjusted annually for inflation, and for changes in payor mix and uncompensated care. The Corporation will receive an annual adjustment to its cap for the change in population in the Corporation's service areas. GBR is designed to encourage hospitals to operate efficiently by reducing utilization and managing patients in the appropriate care delivery setting. The HSCRC also may impose various other revenue adjustments, which could be significant in the future.

(Continued)

For the years ended June 30, 2017 and 2016, Memorial Hospital, Dorchester Hospital, and CRHC continued their participation in Total Patient Revenue (TPR) agreements with the HSCRC. The TPR agreements establish an approved aggregate inpatient and outpatient revenue for regulated services to provide care for the patient population in the geographic region without regard for patient acuity or volumes.

The HSCRC utilizes a bad debt pool into which each of the regulated hospitals in Maryland participates. The funds in the bad debt pool are distributed to the hospitals that exceed the state average based upon the amount of uncompensated care delivered to patients during the year. For the years ended June 30, 2017 and 2016, the Corporation recognized a net distribution from the pool of $8,345,000 and $11,521,000, respectively, which is recorded as net patient service revenue.

(19) Subsequent Events

The Corporation evaluated all events and transactions that occurred after June 30, 2016 and through October 26, 2017, the date the consolidated financial statements were issued. Other than those described below, the Corporation did not have any material recognizable subsequent events during the period.

Effective September 1, 2017, the Corporation entered into an affiliation agreement with Dimensions Healthcare System and Subsidiaries (DHS) whereby the Corporation became the sole corporate member of DHS. DHS has changed its trade name to University of Maryland Capital Region Health (UMCRH) and is located in Prince George's County, Maryland, and includes an acute care hospital as well as several ambulatory and outpatient facilities. The Corporation, Prince George's County, the State of Maryland, and UMCRH began discussions in 2010 regarding the formation of a new regional healthcare system to serve Prince George's County and the surrounding region. The affiliation represents the culmination of this effort and includes plans to build a new state-of-the-art medical center in Largo, Maryland. The Corporation believe the residents of the region served by UMCRH will benefit from the affiliation with the Corporation through accelerated deployment of clinical programs and technologies and improved access to physicians. In accordance with the agreement, the county, the state, and the Corporation have each approved funding of $208,000,000 towards the construction of the new medical facility, as well as ongoing annual operating support.

The transaction will be accounted for under the guidance of ASU No. 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions*, and accordingly, the Corporation will consolidate UMCRH at its fair value as of September 1, 2017. Such amounts are currently being determined. The Corporation does not expect the fair value adjustment recorded during the year ended June 30, 2018 to have a material impact on the Corporation's consolidated financial statements.

Excluding any impact from fair value accounting which is still being evaluated, the following table summarizes the Corporation's pro forma consolidated results as through the acquisition date occurred at June 30, 2017 (in thousands):

Operating revenues:		
The Corporation	$	3,907,690
UM Capital Region Health Combined		392,562
	$	4,300,252
Operating expenses:		
The Corporation	$	3,835,610
UM Capital Region Health Combined		393,481
	$	4,229,091
Net nonoperating revenues:		
The Corporation	$	111,279
UM Capital Region Health Combined		2,146
	$	113,425
Total net assets:		
The Corporation	$	2,016,864
UM Capital Region Health Combined		475,612
	$	2,492,476

Total net assets of UMCRH include $416,000,000 of restricted net assets, representing legislative commitments from Prince George's County and the State of Maryland to fund the construction of the new medical facility.

Schedule 1

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division

June 30, 2017

(In thousands)

Assets	University of Maryland Medical Center & Affiliates	Rehabilitation & Orthopaedic Institute	Midtown	Baltimore Washington Medical System	Shore Regional	Charles Regional	St. Joseph Health	Upper Chesapeake	UM Health Plans	UMMS Foundation	Community Med. Group	ECARE	Eliminations	Consolidated total
Current assets:														
Cash and cash equivalents	$ 332,747	(83)	3,641	18,579	7,997	11,317	5,199	55,906	40,876	—	22	—	—	476,201
Assets limited as to use, current portion	46,797	—	432	1,228	814	342	1,327	—	—	—	—	—	—	50,940
Accounts receivable:														
Patient accounts receivable, less allowance for doubtful accounts of $219,805	173,672	11,530	14,421	49,169	26,499	8,614	43,388	45,634	—	—	5,221	—	—	378,148
Other	275,913	22,384	32,713	19,824	21,823	2,638	23,446	13,320	18,056	—	3,141	120	(348,669)	84,709
Inventories	28,598	1,106	3,071	6,131	4,588	1,391	5,613	10,385	—	—	—	—	—	60,883
Prepaid expenses and other current assets	16,092	116	1,048	1,132	1,854	818	2,040	9,958	331	1,500	571	563	—	36,023
Total current assets	873,819	35,053	55,326	96,063	63,575	25,120	81,013	135,203	59,263	1,500	8,955	683	(348,669)	1,086,904
Investments	232,394	29,013	3	136,194	99,570	33,535	11,539	190,493	10,208	—	—	—	—	742,949
Assets limited as to use, less current portion:														
Investments held for collateral	81,987	—	3,700	8,000	—	—	—	28,959	—	—	—	—	—	122,646
Debt service funds	10,438	—	—	—	—	—	—	—	—	—	—	—	—	10,438
Construction funds	46,264	14,203	8,081	10,051	9,970	10,651	8,270	—	—	—	—	—	—	107,490
Board designated and escrow funds	—	—	—	—	74,632	(107)	—	22,383	—	12,548	10	—	—	109,466
Self-insurance trust funds	72,828	—	16,776	23,028	33,120	6,707	7,891	12,903	—	—	—	—	—	173,253
Funds restricted by donor	—	—	1,116	—	32,756	—	1,525	—	—	25,354	—	—	—	60,751
Economic and beneficial interests in the net assets of related organizations	197,124	31,446	442	9,222	3,396	—	9,503	—	—	—	—	—	(58,790)	192,343
	408,641	45,649	30,115	50,301	153,874	17,251	27,189	64,245	—	37,902	10	—	(58,790)	776,387
Property and equipment, net	915,834	45,924	103,973	263,057	173,371	109,487	211,700	254,177	4,451	—	8,553	1,576	—	2,092,103
Investments in joint ventures and other assets	672,137	—	9,970	18,010	10,395	6,364	32,525	218,709	209,503	10,039	—	—	(776,691)	410,961
Total assets	$ 3,102,825	155,639	199,387	563,625	500,785	191,757	363,966	862,827	283,425	49,441	17,518	2,259	(1,184,150)	5,109,304

(Continued)

Schedule 1

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division

June 30, 2017

(In thousands)

Liabilities and Net Assets	University of Maryland Medical Center & Affiliates	Rehabilitation & Orthopaedic Institute	Midtown	Baltimore Washington Medical System	Shore Regional	Charles Regional	St. Joseph Health	Upper Chesapeake	UM Health Plans	UMMS Foundation	Community Med. Group	ECARE	Eliminations	Consolidated total
Current liabilities:														
Trade accounts payable	$ 141,737	9,249	17,285	22,456	21,183	9,160	26,554	18,628	933	154	3,703	560	—	271,602
Accrued payroll and benefits	108,519	5,489	10,144	21,106	19,681	4,206	25,538	26,567	2,378	—	9,916	—	—	233,544
Advances from third-party payors	79,155	3,568	10,706	9,951	6,466	2,593	11,089	8,413	—	—	—	—	—	131,941
Lines of credit	125,000	—	—	—	—	—	—	—	—	—	—	—	—	125,000
Short-term financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other current liabilities	149,514	7,236	12,553	37,771	28,522	10,693	105,256	59,194	103,118	—	6,056	11,444	(348,669)	182,688
Long-term debt subject to short-term remarketing arrangements	28,440	—	—	—	—	—	—	—	—	—	—	—	—	28,440
Current portion of long-term debt	13,271	505	1,010	4,187	2,839	3,033	6,260	4,832	5,000	—	—	—	—	40,937
Total current liabilities	645,636	26,047	51,698	95,471	78,691	29,685	174,697	117,634	111,429	154	19,675	12,004	(348,669)	1,014,152
Long-term debt, less current portion	718,215	20,486	31,865	163,722	85,425	59,464	238,172	196,474	36,667	—	—	—	—	1,550,490
Other long-term liabilities	123,123	144	21,226	36,913	18,208	15,398	25,628	40,371	53,263	—	—	—	—	334,274
Interest rate swap liabilities	194,524	—	—	—	—	—	—	—	—	—	—	—	—	194,524
Total liabilities	1,681,498	46,677	104,789	296,106	182,324	104,547	438,497	354,479	201,359	154	19,675	12,004	(348,669)	3,093,440
Net assets:														
Unrestricted	1,200,794	77,383	93,040	258,297	279,315	87,117	(95,139)	350,019	82,066	17,777	(2,157)	(9,745)	(627,438)	1,711,329
Temporarily restricted	218,844	31,579	1,558	9,222	23,429	93	19,610	157,053	—	11,404	—	—	(206,767)	266,025
Permanently restricted	1,689	—	—	—	15,717	—	998	1,276	—	20,106	—	—	(1,276)	38,510
Total net assets	1,421,327	108,962	94,598	267,519	318,461	87,210	(74,531)	508,348	82,066	49,287	(2,157)	(9,745)	(835,481)	2,015,864
Total liabilities and net assets	$ 3,102,825	155,639	199,387	563,625	500,785	191,757	363,966	862,827	283,425	49,441	17,518	2,259	(1,184,150)	5,109,304

See accompanying independent auditors' report.

Schedule 1-a

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland Medical Center & Affiliates (UMMC)

June 30, 2017

(In thousands)

Assets	University of Maryland Medical Center	36 South Paca	University CARE	Eliminations	University of Maryland Medical Center & Affiliates consolidated total
Current assets:					
Cash and cash equivalents	$ 328,162	2,543	2,042	—	332,747
Assets limited as to use, current portion	46,797	—	—	—	46,797
Accounts receivable:					
Patient accounts receivable, less allowance for doubtful accounts of $88,957	173,649	—	23	—	173,672
Other	283,680	42		(7,809)	275,913
Inventories	28,559	—	39	—	28,598
Prepaid expenses and other current assets	16,035	—	57	—	16,092
Total current assets	876,882	2,585	2,161	(7,809)	873,819
Investments	232,394	—	—	—	232,394
Assets limited as to use, less current portion:					
Investment held for collateral	81,987	—	—	—	81,987
Debt service funds	10,438	—	—	—	10,438
Construction funds	46,264	—	—	—	46,264
Board designated and escrow funds	—	—	—	—	—
Self-insurance trust funds	72,828	—	—	—	72,828
Funds restricted by donor	—	—	—	—	—
Economic interests in the net assets of related organizations	197,124	—	—	—	197,124
	408,641	—	—	—	408,641
Property and equipment, net	907,068	8,707	59	—	915,834
Investments in joint ventures and other assets	676,447	3,277	—	(7,587)	672,137
Total assets	$ 3,101,432	14,569	2,220	(15,396)	3,102,825

(Continued)

Schedule 1-a

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland Medical Center & Affiliates (UMMC)

June 30, 2017

(In thousands)

Liabilities and Net Assets	University of Maryland Medical Center	36 South Paca	University CARE	Eliminations	University of Maryland Medical Center & Affiliates consolidated total
Current liabilities:					
Trade accounts payable	$ 140,720	159	858	—	141,737
Accrued payroll and benefits	108,479	—	40	—	108,519
Advances from third-party payors	79,155	—	—	—	79,155
Lines of credit	125,000	—	—	—	125,000
Short-term financing	—	—	—	—	—
Other current liabilities	149,408	6,902	1,013	(7,809)	149,514
Long-term debt subject to short-term remarketing arrangements	28,440	—	—	—	28,440
Current portion of long-term debt	13,271	—	—	—	13,271
Total current liabilities	644,473	7,061	1,911	(7,809)	645,636
Long-term debt, less current portion	718,215	—	—	—	718,215
Other long-term liabilities	123,107	16	—	—	123,123
Interest rate swaps	194,524	—	—	—	194,524
Total liabilities	1,680,319	7,077	1,911	(7,809)	1,681,498
Net assets:					
Unrestricted	1,200,580	7,492	309	(7,587)	1,200,794
Temporarily restricted	218,844	—	—	—	218,844
Permanently restricted	1,689	—	—	—	1,689
Total net assets	1,421,113	7,492	309	(7,587)	1,421,327
Total liabilities and net assets	$ 3,101,432	14,569	2,220	(15,396)	3,102,825

See accompanying independent auditors' report.

Schedule 1-b

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Midtown Health, Inc. (Midtown)

June 30, 2017

(In thousands)

Assets	UM Midtown Health Systems, Inc.	UMMC Midtown Campus	UM Midtown Clin. Prac. Group	Eliminations	Midtown consolidated total
Current assets:					
Cash and cash equivalents	$ 726	2,970	(55)	—	3,641
Assets limited as to use, current portion	—	432	—	—	432
Accounts receivable:					
Patient accounts receivable, less allowance for doubtful accounts of $17,621	287	14,012	122	—	14,421
Other	1,749	30,964	—	—	32,713
Inventories	—	3,071	—	—	3,071
Prepaid expenses and other current assets	549	499	—	—	1,048
Total current assets	3,311	51,948	67	—	55,326
Investments	—	3	—	—	3
Assets limited as to use, less current portion:					
Investment held for collateral	—	3,700	—	—	3,700
Debt service funds	—	—	—	—	—
Construction funds	—	8,081	—	—	8,081
Board designated and escrow funds	—	—	—	—	—
Self-insurance trust funds	—	16,776	—	—	16,776
Funds restricted by donor	—	1,116	—	—	1,116
Economic interests in the net assets of related organizations	—	442	—	—	442
	—	30,115	—	—	30,115
Property and equipment, net	4,630	99,343	—	—	103,973
Investments in joint ventures and other assets	3,403	6,567	—	—	9,970
Total assets	$ 11,344	187,976	67	—	199,387

(Continued)

Schedule 1-b

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Midtown Health, Inc. (Midtown)

June 30, 2017

(In thousands)

Liabilities and Net Assets	UM Midtown Health Systems, Inc.	UMMC Midtown Campus	UM Midtown Clin. Prac. Group	Eliminations	Midtown consolidated total
Current liabilities:					
Trade accounts payable	$ 235	17,046	4	—	17,285
Accrued payroll and benefits	—	10,144	—	—	10,144
Advances from third-party payors	—	10,706	—	—	10,706
Lines of credit	—	—	—	—	—
Other current liabilities	5,658	6,839	56	—	12,553
Current portion of long-term debt	228	782	—	—	1,010
Total current liabilities	6,121	45,517	60	—	51,698
Long-term debt, less current portion	140	31,725	—	—	31,865
Other long-term liabilities	—	21,226	—	—	21,226
Total liabilities	6,261	98,468	60	—	104,789
Net assets:					
Unrestricted	5,083	87,950	7	—	93,040
Temporarily restricted	—	1,558	—	—	1,558
Permanently restricted	—	—	—	—	—
Total net assets	5,083	89,508	7	—	94,598
Total liabilities and net assets	$ 11,344	187,976	67	—	199,387

See accompanying independent auditors' report.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION
AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Baltimore Washington Medical System (BWMS)

June 30, 2017

(In thousands)

Assets	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Shipley's	Eliminations	BWMS consolidated total
Current assets:								
Cash and cash equivalents	$ —	18,724	187	—	(332)	—	—	18,579
Assets limited as to use, current portion	—	1,228	—	—	—	—	—	1,228
Accounts receivable:								
Patient accounts receivable, less allowance for doubtful accounts of $37,330	—	41,501	6,369	1,299	—	—	—	49,169
Other	151	1,408	14,475	2,000	1,790	—	—	19,824
Inventories	—	6,131	—	—	—	—	—	6,131
Prepaid expenses and other current assets	—	1,138	22	(36)	8	—	—	1,132
Total current assets	151	70,130	21,053	3,263	1,466	—	—	96,063
Investments	—	136,194	—	—	—	—	—	136,194
Assets limited as to use, less current portion:								
Investment held for collateral	—	8,000	—	—	—	—	—	8,000
Debt service funds	—		—	—	—	—	—	—
Construction funds	—	10,051	—	—	—	—	—	10,051
Board designated and escrow funds	—		—	—	—	—	—	—
Self-insurance trust funds	—	23,028	—	—	—	—	—	23,028
Funds restricted by donor	—	—	—	—	—	—	—	—
Economic interests in the net assets of related organizations	—	9,222	—	—	—	—	—	9,222
	—	50,301	—	—	—	—	—	50,301
Property and equipment, net	—	243,492	—	2,597	16,968	—	—	263,057
Investments in joint ventures and other assets	262,322	17,672	—	(310)	248	—	(261,922)	18,010
Total assets	$ 262,473	517,789	21,053	5,550	18,682	—	(261,922)	563,625

(Continued)

Schedule 1-c

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION
AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Baltimore Washington Medical System (BWMS)

June 30, 2017

(In thousands)

Liabilities and Net Assets	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Shipley's	Eliminations	BWMS consolidated total
Current liabilities:								
Trade accounts payable	$ (139)	22,259	241	836	(741)	—	—	22,456
Accrued payroll and benefits	1,401	18,847	858	—	—	—	—	21,106
Advances from third-party payors	—	9,951	—	—	—	—	—	9,951
Lines of credit	—	—	—	—	—	—	—	—
Other current liabilities	—	31,343	—	6,377	51	—	—	37,771
Current portion of long-term debt	—	3,962	—	—	225	—	—	4,187
Total current liabilities	1,262	86,362	1,099	7,213	(465)	—	—	95,471
Long-term debt, less current portion	—	161,116	—	—	2,606	—	—	163,722
Other long-term liabilities	—	36,049	—	864	—	—	—	36,913
Total liabilities	1,262	283,527	1,099	8,077	2,141	—	—	296,106
Net assets:								
Unrestricted	261,211	225,040	19,954	(2,527)	16,541	—	(261,922)	258,297
Temporarily restricted	—	9,222	—	—	—	—	—	9,222
Permanently restricted	—	—	—	—	—	—	—	—
Total net assets	261,211	234,262	19,954	(2,527)	16,541	—	(261,922)	267,519
Total liabilities and net assets	$ 262,473	517,789	21,053	5,550	18,682	—	(261,922)	563,625

See accompanying independent auditors' report.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Shore Regional Health (Shore Regional)

June 30, 2017

(In thousands)

Assets	Shore Health System, Inc.	Shore Orthopedics	UM Shore Home Care	Queenstown ASC	UM Shore Nursing and Rehab.	Memorial Hospital Foundation, Inc. and Subsidiary	Chester River Consolidated Total	Eliminations	Shore Regional consolidated total
Current assets:									
Cash and cash equivalents	$ 8,955	298	35	—	368	—	(1,659)	—	7,997
Assets limited as to use, current portion	572	—	—	—	—	—	242	—	814
Accounts receivable:									
Patient accounts receivable, less allowance for doubtful accounts of $22,262	22,473	568	344	49	579	—	2,486	—	26,499
Other	2,692	2	1,221	—	20	4,277	13,611	—	21,823
Inventories	3,892	—	—	—	—	—	696	—	4,588
Prepaid expenses and other current assets	1,476	251	26	—	42	27	32	—	1,854
Total current assets	40,060	1,119	1,626	49	1,009	4,304	15,408	—	63,575
Investments	83,553	—	—	—	—	338	15,679	—	99,570
Assets limited as to use, less current portion:									
Debt service funds	—	—	—	—	—	—	—	—	—
Construction funds	5,432	—	—	—	—	—	4,538	—	9,970
Board designated and escrow funds	25,000	—	—	—	—	43,835	5,797	—	74,632
Self-insurance trust funds	25,492	—	—	—	301	—	7,327	—	33,120
Funds restricted by donor	5,029	—	—	—	—	23,644	4,083	—	32,756
Economic and beneficial interests in the net assets of related organizations	78,558	—	—	—	81	—	6,509	(81,752)	3,396
	139,511	—	—	—	382	67,479	28,254	(81,752)	153,874
Property and equipment, net	142,380	480	250	35	1,549	3,206	25,471	—	173,371
Investments in joint ventures and other assets	9,822	—	—	—	—	15	2,183	(1,625)	10,395
Total assets	$ 415,326	1,599	1,876	84	2,940	75,342	86,995	(83,377)	500,785

(Continued)

Schedule 1-d

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Shore Regional Health (Shore Regional)

June 30, 2017

(In thousands)

Liabilities and Net Assets	Shore Health System, Inc.	Shore Orthopedics	UM Shore Home Care	Queenstown ASC	UM Shore Nursing and Rehab.	Memorial Hospital Foundation, Inc. and Subsidiary	Chester River Consolidated Total	Eliminations	Shore Regional consolidated total
Current liabilities:									
Trade accounts payable	$ 17,471	173	10	18	544	2	2,965	—	21,183
Accrued payroll and benefits	15,175	750	241	—	296	22	3,197	—	19,681
Advances from third-party payors	5,618	—	—	—	111	—	737	—	6,466
Lines of credit	—	—	—	—	—	—	—	—	—
Other current liabilities	23,406	2,810		176	827	155	1,148	—	28,522
Current portion of long-term debt	2,705	—	—	—	30	—	104	—	2,839
Total current liabilities	64,375	3,733	251	194	1,808	179	8,151	—	78,691
Long-term debt, less current portion	81,081	—	—	—	36	—	4,308	—	85,425
Other long-term liabilities	12,374	—	—	—	379	—	5,455	—	18,208
Total liabilities	157,830	3,733	251	194	2,223	179	17,914	—	182,324
Net assets:									
Unrestricted	222,367	(2,134)	1,625	(110)	674	48,572	61,128	(52,807)	279,315
Temporarily restricted	20,708	—	—	—	43	15,225	5,361	(17,908)	23,429
Permanently restricted	14,421	—	—	—	—	11,366	2,592	(12,662)	15,717
Total net assets	257,496	(2,134)	1,625	(110)	717	75,163	69,081	(83,377)	318,461
Total liabilities and net assets	$ 415,326	1,599	1,876	84	2,940	75,342	86,995	(83,377)	500,785

See accompanying independent auditors' report.

Schedule 1-e

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Chester River Health System, Inc. (CRHS) a subsidiary of Shore Regional Health

June 30, 2017

(In thousands)

Assets	Chester River Hospital Center	Chester River Manor	UM Chester River Home Care	Chester River Health Foundation	Chester River consolidated total
Current assets:					
Cash and cash equivalents	$ (1,901)	—	242	—	(1,659)
Assets limited as to use, current portion	242	—	—	—	242
Accounts receivable:					
Patient accounts receivable, less allowance for doubtful accounts of $3,306	2,208	—	278	—	2,486
Other	13,308	—	300	3	13,611
Inventories	696	—	—	—	696
Prepaid expenses and other current assets	20	—	12	—	32
Total current assets	14,573	—	832	3	15,408
Investments	12,230	—	1,577	1,872	15,679
Assets limited as to use, less current portion:					
Debt service funds	—	—	—	—	—
Construction funds	4,538	—	—	—	4,538
Board designated and escrow funds	5,000	—	—	797	5,797
Self-insurance trust funds	7,327	—	—	—	7,327
Funds restricted by donor	105	—	—	3,978	4,083
Economic interests in the net assets of related organizations	6,270	—	239	—	6,509
	23,240	—	239	4,775	28,254
Property and equipment, net	25,257	—	214	—	25,471
Investments in joint ventures and other assets	2,183	—	—	—	2,183
Total assets	$ 77,483	—	2,862	6,650	86,995

(Continued)

Schedule 1-e

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Chester River Health System, Inc. (CRHS) a subsidiary of Shore Regional Health

June 30, 2017

(In thousands)

Liabilities and Net Assets	Chester River Hospital Center	Chester River Manor	UM Chester River Home Care	Chester River Health Foundation	Chester River consolidated total
Current liabilities:					
Trade accounts payable	$ 2,893	—	57	15	2,965
Accrued payroll and benefits	3,007	—	190	—	3,197
Advances from third-party payors	737	—	—	—	737
Lines of credit	—	—	—	—	—
Other current liabilities	1,102	—	—	46	1,148
Current portion of long-term debt	104	—	—	—	104
Total current liabilities	7,843	—	247	61	8,151
Long-term debt, less current portion	4,308	—	—	—	4,308
Other long-term liabilities	5,455	—	—	—	5,455
Total liabilities	17,606	—	247	61	17,914
Net assets:					
Unrestricted	55,913	—	2,606	2,609	61,128
Temporarily restricted	2,668	—	9	2,684	5,361
Permanently restricted	1,296	—	—	1,296	2,592
Total net assets	59,877	—	2,615	6,589	69,081
Total liabilities and net assets	$ 77,483	—	2,862	6,650	86,995

See accompanying independent auditors' report.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION
AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Charles Regional Health System, Inc. (Charles Regional)

June 30, 2017

(In thousands)

Assets	Charles Regional Health, Inc.	Charles Regional Medical Center, Inc.	Charles Regional Urgent Care	Charles Regional Care Partners, Inc. and Subsidiary	Charles Regional Health Foundation, Inc.	Charles Regional Imaging Center	Eliminations	Charles Regional consolidated total
Current assets:								
Cash and cash equivalents	$ —	8,548	1	431	1,171	1,166	—	11,317
Assets limited as to use, current portion	—	342	—	—	—	—	—	342
Accounts receivable:								
Patient accounts receivable, less allowance for doubtful accounts of $6,689	—	8,396	166	—	—	52	—	8,614
Other	(1,050)	4,586	—	(920)	7	15	—	2,638
Inventories	—	1,391	—	—	—	—	—	1,391
Prepaid expenses and other current assets	1	784	10	—	23	—	—	818
Total current assets	(1,049)	24,047	177	(489)	1,201	1,233	—	25,120
Investments	—	31,145	—	—	2,390	—		33,535
Assets limited as to use, less current portion:								
Debt service funds	—	—	—	—	—	—	—	—
Construction funds	—	10,651	—	—	—	—	—	10,651
Board designated and escrow funds	(107)	—	—	—	—	—	—	(107)
Self-insurance trust funds	—	6,707	—	—	—	—	—	6,707
Funds restricted by donor	—	—	—	—	—	—	—	—
Economic interests in the net assets of related organizations	—	5,179	—	—	—	—	(5,179)	—
	(107)	22,537	—	—	—	—	(5,179)	17,251
Property and equipment, net	26,468	75,087	638	—	2,489	4,805		109,487
Investments in joint ventures and other assets	903	6,976	—	3,763	—	—	(5,278)	6,364
Total assets	$ 26,215	159,792	815	3,274	6,080	6,038	(10,457)	191,757

(Continued)

Schedule 1-f

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION
AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Charles Regional Health System, Inc. (Charles Regional)

June 30, 2017

(In thousands)

Liabilities and Net Assets	Charles Regional Health, Inc.	Charles Regional Medical Center, Inc.	Charles Regional Urgent Care	Charles Regional Care Partners, Inc. and Subsidiary	Charles Regional Health Foundation, Inc.	Charles Regional Imaging Center	Eliminations	Charles Regional consolidated total
Current liabilities:								
Trade accounts payable	$ 1	8,268	195	1	(13)	708	—	9,160
Accrued payroll and benefits	—	4,206	—	—	—	—	—	4,206
Advances from third-party payors	—	2,593	—	—	—	—	—	2,593
Lines of credit	—	—	—	—	—	—	—	—
Other current liabilities	3,341	1,047	1,904	4,193	156	52	—	10,693
Current portion of long-term debt	670	2,337	—	—	26	—	—	3,033
Total current liabilities	4,012	18,451	2,099	4,194	169	760	—	29,685
Long-term debt, less current portion	6,274	52,457	—	—	733	—	—	59,464
Other long-term liabilities	—	15,398	—	—	—	—	—	15,398
Total liabilities	10,286	86,306	2,099	4,194	902	760	—	104,547
Net assets:								
Unrestricted	15,929	73,393	(1,284)	(920)	5,085	5,278	(10,364)	87,117
Temporarily restricted	—	93	—	—	93	—	(93)	93
Permanently restricted	—	—	—	—	—	—	—	—
Total net assets	15,929	73,486	(1,284)	(920)	5,178	5,278	(10,457)	87,210
Total liabilities and net assets	$ 26,215	159,792	815	3,274	6,080	6,038	(10,457)	191,757

See accompanying independent auditors' report.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland St. Joseph Health System (SJHS)

June 30, 2017

(In thousands)

Assets	St. Joseph Medical Center	St. Joseph Medical Group	St. Joseph Properties	St. Joseph Orthopaedics	O'Dea Medical Arts	St. Joseph Foundation	UM Regional Supplier svcs	UM Regional Prof svcs	Eliminations	St. Joseph consolidated total
Current assets:										
Cash and cash equivalents	$ (1,201)	(464)	—	—	1,784	5,079	1	—	—	5,199
Assets limited as to use, current portion	1,327	—	—	—	—	—	—	—	—	1,327
Accounts receivable:										
Patient accounts receivable, less allowance for doubtful accounts of $16,045	37,685	3,572	—	1,328	—	—	500	303	—	43,388
Other	20,341	48	—	—	4	2,726	—	327	—	23,446
Inventories	5,435	—	—	—	—	—	175	3	—	5,613
Prepaid expenses and other current assets	1,026	545	181	115	137	—	—	36	—	2,040
Total current assets	64,613	3,701	181	1,443	1,925	7,805	676	669	—	81,013
Investments	—	—	—	—	—	11,539	—	—	—	11,539
Assets limited as to use, less current portion:										
Debt service funds	—	—	—	—	—		—	—	—	—
Construction funds	8,270	—	—	—	—		—	—	—	8,270
Board designated and escrow funds	—	—	—	—	—		—	—	—	—
Self-insurance trust funds	7,891	—	—	—	—		—	—	—	7,891
Funds restricted by donor	—	—	—	—	—	1,525	—	—	—	1,525
Economic interests in the net assets of related organizations	9,503	—	—	—	—		—	—	—	9,503
	25,664	—	—	—	—	1,525	—	—	—	27,189
Property and equipment, net	198,818	850	219	280	11,242	—	151	140	—	211,700
Investments in joint ventures and other assets	25,627	—	2,322	—	—	4,052	895	1,951	(2,322)	32,525
Total assets	$ 314,722	4,551	2,722	1,723	13,167	24,921	1,722	2,760	(2,322)	363,966

(Continued)

Schedule 1-g

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland St. Joseph Health System (SJHS)

June 30, 2017

(In thousands)

Liabilities and Net Assets	St. Joseph Medical Center	St. Joseph Medical Group	St. Joseph Properties	St. Joseph Orthopaedics	O'Dea Medical Arts	St. Joseph Foundation	UM Regional Supplier svcs	UM Regional Prof svcs	Eliminations	St. Joseph consolidated total
Current liabilities:										
Trade accounts payable	$ 25,140	866	591	(332)	(19)	26	230	52	—	26,554
Accrued payroll and benefits	20,743	2,428	—	2,017	—	—	167	183	—	25,538
Advances from third-party payors	11,089	—	—	—	—	—	—	—	—	11,089
Lines of credit	—	—	—	—	—	—	—	—	—	—
Other current liabilities	2,950	67,831	5,233	25,452	29	109	3,451	201	—	105,256
Current portion of long-term debt	6,260	—	—	—	—	—	—	—	—	6,260
Total current liabilities	66,182	71,125	5,824	27,137	10	135	3,848	436	—	174,697
Long-term debt, less current portion	229,474	—	—	—	8,698	—	—	—	—	238,172
Other long-term liabilities	25,628	—	—	—	—	—	—	—	—	25,628
Total liabilities	321,284	71,125	5,824	27,137	8,708	135	3,848	436	—	438,497
Net assets:										
Unrestricted	(6,563)	(66,574)	(3,102)	(25,414)	4,459	4,179	(2,126)	2,324	(2,322)	(95,139)
Temporarily restricted	1	—	—	—	—	19,609	—	—	—	19,610
Permanently restricted	—	—	—	—	—	998	—	—	—	998
Total net assets	(6,562)	(66,574)	(3,102)	(25,414)	4,459	24,786	(2,126)	2,324	(2,322)	(74,531)
Total liabilities and net assets	$ 314,722	4,551	2,722	1,723	13,167	24,921	1,722	2,760	(2,322)	363,966

See accompanying independent auditors' report.

Schedule 1-h

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland Upper Chesapeake Health System (UCHS)

June 30, 2017

(In thousands)

Assets	Upper Chesapeake Medical Center	Harford Memorial Hospital	UCHS Properties	Health Ventures	Medical Services	Residential Hospice House	Upper Chesapeake Health Foundation	Upper Chesapeake Health System	Hospice of Harford County	Upper Chesapeake Insurance Co.	Upper Chesapeake Land Trust	Eliminations	Upper Chesapeake consolidated total
Current assets:													
Cash and cash equivalents	$ 26,476	27,804	23	—	178	6	1,419	—	—	—	—	—	55,906
Assets limited as to use, current portion	—	—	—	—	—	—	—	—	—	—	—	—	—
Accounts receivable:													
Patient accounts receivable, less allowance for doubtful accounts of $21,934	32,509	7,456	—	—	5,659	10	—	—	—	—	—	—	45,634
Other	12,094	—	—	—	—	—	—	—	—	1,226	—	—	13,320
Inventories	6,959	2,743	—	—	683	—	—	—	—	—	—	—	10,385
Prepaid expenses and other current assets	1,915	2,191	16	37	516	5	4,135	29	—	1,114	—	—	9,958
Total current assets	79,953	40,194	39	37	7,036	21	5,554	29	—	2,340	—	—	135,203
Investments	110,900	79,066	—	—	—	527	—	—	—	—	—	—	190,493
Assets limited as to use, less current portion:													
Investments held for swap collateral	28,959	—	—	—	—	—	—	—	—	—	—	—	28,959
Debt service funds	—	—	—	—	—	—	—	—	—	—	—	—	—
Construction funds	—	—	—	—	—	—	—	—	—	—	—	—	—
Board designated and escrow funds	—	—	—	—	—	—	22,383	—	—	—	—	—	22,383
Self-insurance trust funds	—	—	—	—	—	—	—	—	—	12,903	—	—	12,903
Funds restricted by donor	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic interests in the net assets of related organizations	—	—	—	—	—	—	—	—	—	—	—	—	—
	28,959	—	—	—	—	—	22,383	—	—	12,903	—	—	64,245
Property and equipment, net	217,332	28,913	—	10	1,987	1,761	59	1,114	—	—	3,001	—	254,177
Investments in joint ventures and other assets	228,151	—	—	3,901	—	—	21	—	—	9,101	—	(22,465)	218,709
Total assets	$ 665,295	148,173	39	3,948	9,023	2,309	28,017	1,143	—	24,344	3,001	(22,465)	862,827

(Continued)

Schedule 1-h

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland Upper Chesapeake Health System (UCHS)

June 30, 2017

(In thousands)

Liabilities and Net Assets	Upper Chesapeake Medical Center	Harford Memorial Hospital	UCHS Properties	Health Ventures	Medical Services	Residential Hospice House	Upper Chesapeake Health Foundation	Upper Chesapeake Health System	Hospice of Harford County	Upper Chesapeake Insurance Co.	Upper Chesapeake Land Trust	Eliminations	Upper Chesapeake consolidated total
Current liabilities:													
Trade accounts payable	$ 8,627	6,834	—	—	2,849	—	—	282	—	36	—	—	18,628
Accrued payroll and benefits	19,737	5,532	—	—	—	—	—	1,298	—	—	—	—	26,567
Advances from third-party payors	6,715	1,698	—	—	—	—	—	—	—	—	—	—	8,413
Other current liabilities	12,958	22,153	23	—	6,136	495	9,789	2,305	—	2,168	3,102	65	59,194
Current portion of long-term debt	4,832	—	—	—	—	—	—	—	—	—	—	—	4,832
Total current liabilities	52,869	36,217	23	—	8,985	495	9,789	3,885	—	2,204	3,102	65	117,634
Long-term debt, less current portion	171,619	24,855	—	—	—	—	—	—	—	—	—	—	196,474
Other long-term liabilities	22,528	1,134	—	—	—	—	—	1	—	20,945	—	(4,237)	40,371
Total liabilities	247,016	62,206	23	—	8,985	495	9,789	3,886	—	23,149	3,102	(4,172)	354,479
Net assets:													
Unrestricted	250,051	85,967	16	3,948	38	1,287	10,426	(2,743)	—	1,195	(101)	(65)	350,019
Temporarily restricted	168,228	—	—	—	—	527	6,526	—	—	—	—	(18,228)	157,053
Permanently restricted	—	—	—	—	—	—	1,276	—	—	—	—	—	1,276
Total net assets	418,279	85,967	16	3,948	38	1,814	18,228	(2,743)	—	1,195	(101)	(18,293)	508,348
Total liabilities and net assets	$ 665,295	148,173	39	3,948	9,023	2,309	28,017	1,143	—	24,344	3,001	(22,465)	862,827

See accompanying independent auditors' report.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland Health Plans

June 30, 2017

(In thousands)

Assets	UM Health Ventures	UM Health Plans	Eliminations	UM Health Plans consolidated total
Current assets:				
Cash and cash equivalents	$ —	40,876	—	40,876
Assets limited as to use, current portion	—	—	—	—
Accounts receivable:				
Patient accounts receivable, less allowance for doubtful accounts of $0	—	—	—	—
Other	—	18,056	—	18,056
Inventories	—	—	—	—
Prepaid expenses and other current assets	—	331	—	331
Total current assets	—	59,263	—	59,263
Investments	—	10,208	—	10,208
Assets limited as to use, less current portion:				
Investment held for collateral	—	—	—	—
Debt service funds	—	—	—	—
Construction funds	—	—	—	—
Board designated and escrow funds	—	—	—	—
Self-insurance trust funds	—	—	—	—
Funds restricted by donor	—	—	—	—
Economic interests in the net assets of related organizations	—	—	—	—
	—	—	—	—
Property and equipment, net	—	4,451	—	4,451
Investments in joint ventures and other assets	120,880	88,623	—	209,503
Total assets	$ 120,880	162,545	—	283,425

(Continued)

Schedule 1-i

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland Health Plans

June 30, 2017

(In thousands)

Liabilities and Net Assets	UM Health Ventures	UM Health Plans	Eliminations	UM Health Plans consolidated total
Current liabilities:				
Trade accounts payable	$ 216	717	—	933
Accrued payroll and benefits	—	2,378	—	2,378
Advances from third-party payors	—	—	—	—
Lines of credit	—	—	—	—
Other current liabilities	53,885	49,233	—	103,118
Current portion of long-term debt	5,000	—	—	5,000
Total current liabilities	59,101	52,328	—	111,429
Long-term debt, less current portion	36,667	—	—	36,667
Other long-term liabilities	35,700	17,563	—	53,263
Total liabilities	131,468	69,891	—	201,359
Net assets:				
Unrestricted	(10,588)	92,654	—	82,066
Temporarily restricted	—	—	—	—
Permanently restricted	—	—	—	—
Total net assets	(10,588)	92,654	—	82,066
Total liabilities and net assets	$ 120,880	162,545	—	283,425

See accompanying independent auditors' report.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division

June 30, 2016

(In thousands)

Assets	University of Maryland Medical Center & Affiliates	Rehabilitation & Orthopaedic Institute	Midtown	Baltimore Washington Medical System	Shore Regional	Charles Regional	St. Joseph Health	Upper Chesapeake	UM Health Plans	UMMS Foundation	Community Med. Group	ECARE	Eliminations	Consolidated total
Current assets:														
Cash and cash equivalents	$ 385,209	6,218	11,907	28,231	22,038	13,790	3,910	49,428	1,540	—	898	—	—	523,169
Assets limited as to use, current portion	47,477	—	528	1,183	860	404	960	—	—	—	—	—	—	51,412
Accounts receivable:														
Patient accounts receivable, less allowance for doubtful accounts of $202,183	169,672	9,849	16,255	35,459	17,894	7,721	34,817	35,816	—	—	4,572	—	—	331,055
Other	172,525	9,666	15,991	40,626	14,838	2,786	14,345	9,377	22,770	—	2,147	209	(207,393)	97,887
Inventories	28,226	1,072	2,860	6,150	4,776	1,487	5,560	9,607	—	—	—	—	—	59,738
Prepaid expenses and other current assets	12,806	128	325	1,480	1,550	477	1,833	4,140	776	1,500	324	42	—	25,381
Total current assets	814,915	26,933	47,866	113,129	61,956	26,665	61,425	108,368	25,086	1,500	7,941	251	(207,393)	1,088,642
Investments	195,252	25,304	—	121,768	80,315	30,003	10,341	172,343	10,208	—	—	—	—	645,534
Assets limited as to use, less current portion:														
Investments held for collateral	125,487	—	3,700	8,000	—	—	—	40,811	—	—	—	—	—	177,998
Debt service funds	22,290	—	—	—	—	—	—	—	—	—	—	—	—	22,290
Construction funds	335	10,360	5,259	4,995	4,772	10,449	5,816	—	—	—	—	—	—	41,986
Board designated and escrow funds	—	—	—	—	78,209	3,576	—	17,757	—	17,950	10	—	—	117,502
Self-insurance trust funds	53,064	—	16,337	23,205	28,738	4,820	10,107	11,066	—	—	—	—	—	147,337
Funds restricted by donor	—	—	1,113	—	29,598	—	1,057	—	—	23,413	—	—	—	55,181
Economic and beneficial interests in the net assets of related organizations	197,438	28,355	437	7,960	3,105	—	9,503	—	—	—	—	—	(58,913)	187,885
	398,614	38,715	26,846	44,160	144,422	18,845	26,483	69,634	—	41,363	10	—	(58,913)	750,179
Property and equipment, net	913,959	48,190	99,309	262,303	178,578	97,781	210,395	259,210	5,306	—	9,346	2,169	—	2,086,546
Investments in joint ventures and other assets	676,735	—	12,908	18,733	9,875	7,919	17,579	218,812	86,587	6,561	—	—	(660,528)	395,181
Total assets	$ 2,999,475	139,142	186,929	560,093	475,146	181,213	326,223	828,367	127,187	49,424	17,297	2,420	(926,834)	4,966,082

(Continued)

Schedule 2

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division

June 30, 2016

(In thousands)

Liabilities and Net Assets	University of Maryland Medical Center & Affiliates	Rehabilitation & Orthopaedic Institute	Midtown	Baltimore Washington Medical System	Shore Regional	Charles Regional	St. Joseph Health	Upper Chesapeake	UM Health Plans	UMMS Foundation	Community Med. Group	ECARE	Eliminations	Consolidated total
Current liabilities:														
Trade accounts payable	$ 127,944	7,961	14,452	21,089	17,971	9,361	29,367	16,663	109	14	4,461	151	—	249,543
Accrued payroll and benefits	119,204	5,181	12,501	25,273	22,335	3,944	28,124	25,470	1,656	—	9,649	—	—	253,337
Advances from third-party payors	72,546	2,910	9,660	9,667	6,789	3,735	10,633	8,777	—	—	—	—	—	124,717
Lines of credit	180,000	—	—	—	—	—	—	—	—	—	—	—	—	180,000
Short-term financing	150,000	—	—	—	—	—	—	—	—	—	—	—	—	150,000
Other current liabilities	86,581	1,268	7,565	43,706	7,304	7,742	82,502	63,259	40,129	—	5,685	9,174	(207,393)	147,522
Long-term debt subject to short-term remarketing arrangements	32,515	—	—	—	—	—	—	—	—	—	—	—	—	32,515
Current portion of long-term debt	11,846	465	719	3,870	3,213	2,875	5,159	4,445	5,000	—	—	—	—	37,592
Total current liabilities	780,636	17,785	44,897	103,605	57,612	27,657	155,785	118,614	46,894	14	19,795	9,325	(207,393)	1,175,226
Long-term debt, less current portion	566,363	20,991	33,022	168,096	88,243	60,306	242,609	201,307	41,667	—	—	—	—	1,422,604
Other long-term liabilities	124,130	144	29,724	47,978	22,971	16,918	15,652	41,788	53,300	—	—	—	—	352,605
Interest rate swap liabilities	273,037	—	—	—	—	—	—	—	—	—	—	—	—	273,037
Total liabilities	1,744,166	38,920	107,643	319,679	168,826	104,881	414,046	361,709	141,861	14	19,795	9,325	(207,393)	3,223,472
Net assets:														
Unrestricted	1,035,728	71,734	77,736	232,454	267,012	76,239	(97,860)	308,990	(14,674)	22,599	(2,498)	(6,905)	(511,275)	1,459,280
Temporarily restricted	217,892	28,488	1,550	7,960	23,811	93	9,375	156,392	—	7,594	—	—	(206,890)	246,265
Permanently restricted	1,689	—	—	—	15,497	—	662	1,276	—	19,217	—	—	(1,276)	37,065
Total net assets	1,255,309	100,222	79,286	240,414	306,320	76,332	(87,823)	466,658	(14,674)	49,410	(2,498)	(6,905)	(719,441)	1,742,610
Total liabilities and net assets	$ 2,999,475	139,142	186,929	560,093	475,146	181,213	326,223	828,367	127,187	49,424	17,297	2,420	(926,834)	4,966,082

See accompanying independent auditors' report.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division

Year ended June 30, 2017

(In thousands)

	University of Maryland Medical Center & Affiliates	Rehabilitation & Orthopaedic Institute	Midtown	Baltimore Washington Medical System	Shore Regional	Charles Regional	St. Joseph Health	UCHS	UM Health Plans	UMMS Foundation	Community Med. Group	ECARE	Eliminations	Consolidated total
Unrestricted revenues, gains and other support:														
Patient Service Revenue (net of contractual adjustments)	$ 1,482,557	115,107	226,153	423,060	325,782	137,928	434,315	452,276	—	—	73,474	—	(1,033)	3,669,619
Provision for bad debts	(73,931)	(7,266)	(20,133)	(35,205)	(11,498)	(6,462)	(13,646)	(16,455)	—	—	(1)	—	—	(184,597)
Net patient service revenue	1,408,626	107,841	206,020	387,855	314,284	131,466	420,669	435,821	—	—	73,473	—	(1,033)	3,485,022
Other operating revenue:														
State support	18,200	—	—	—	—	—	—	—	—	—	—	—	—	18,200
Premium Revenue	—	—	—	—	—	—	—	—	268,060	—	—	—	—	268,060
Other revenue	105,443	2,602	11,228	5,450	5,547	746	4,750	271	—	—	59,222	2,942	(61,793)	136,408
Total unrestricted revenue, gains and other support	1,532,269	110,443	217,248	393,305	319,831	132,212	425,419	436,092	268,060	—	132,695	2,942	(62,826)	3,907,690
Operating expenses:														
Salaries, wages and benefits	747,544	52,003	93,615	182,165	157,714	57,397	198,026	244,970	13,854	—	89,146	—	—	1,836,434
Expendable supplies	354,148	15,379	29,905	61,498	46,202	19,020	82,507	83,351	—	—	12,651	63	—	704,724
Purchased services	119,167	23,500	46,688	93,658	78,364	30,671	103,220	58,623	16,623	—	26,173	4,837	(62,826)	538,698
Medical Claims Expense	—	—	—	—	—	—	—	—	252,118	—	—	—	—	252,118
Contracted services	134,767	8,867	23,146	9,560	17,049	6,091	8,241	13,253	—	—	5,716	—	—	226,690
Depreciation and amortization	96,054	6,535	12,875	27,565	22,705	7,762	19,716	22,137	2,278	—	1,427	695	—	219,749
Interest expense	24,525	722	1,149	5,811	3,141	2,175	10,034	8,150	1,304	—	—	186	—	57,197
Total operating expenses	1,476,205	107,006	207,378	380,257	325,175	123,116	421,744	430,484	286,177	—	135,113	5,781	(62,826)	3,835,610
Operating income (loss)	56,064	3,437	9,870	13,048	(5,344)	9,096	3,675	5,608	(18,117)	—	(2,418)	(2,839)	—	72,080
Nonoperating income and expenses, net:														
Loss on early extinguishment of debt	(26,427)	—	—	—	—	—	—	—	—	—	—	—	—	(26,427)
Change in fair value of undesignated interest rate swaps	76,797	—	—	—	—	—	—	—	—	—	—	—	—	76,797
Other nonoperating gains and losses:														
Contributions	—	—	—	—	326	200	279	228	—	4,392	—	—	—	5,425
Equity in net income of joint ventures	3,038	—	—	(115)	(166)	48	834	217	—	—	—	—	—	3,856
Investment income	10,454	1,106	102	4,501	9,374	810	360	7,607	182	1,000	—	—	—	35,496
Change in fair value of investments	13,983	2,607	—	10,139	9,161	2,539	962	12,813	—	1,971	—	—	—	54,175
Other nonoperating gains and losses	(10,812)	(363)	(564)	(3,213)	(7,261)	(648)	(5,262)	(2,225)	(2,339)	(5,356)	—	—	—	(38,043)
Total other nonoperating gains and losses	16,663	3,350	(462)	11,312	11,434	2,949	(2,827)	18,640	(2,157)	2,007	—	—	—	60,909
Excess (deficiency) of revenues over expenses	$ 123,097	6,787	9,408	24,360	6,090	12,045	848	24,248	(20,274)	2,007	(2,418)	(2,839)	—	183,359

See accompanying independent auditors' report.

Schedule 3-a

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for University of Maryland Medical Center & Affiliates (UMMC)

Year ended June 30, 2017

(In thousands)

	University of Maryland Medical Center						
	University Hospital	Shock Trauma Center	Subtotal	36 South Paca	University CARE	Eliminations	University of Maryland Medical Center & Affiliates consolidated total
Unrestricted revenues, gains and other support:							
Patient service revenue (net of contractual adjustments)	$ 1,261,576	219,539	1,481,115	—	1,442	—	1,482,557
Provision for bad debts	(60,800)	(13,014)	(73,814)	—	(117)	—	(73,931)
Net patient service revenue	1,200,776	206,525	1,407,301	—	1,325	—	1,408,626
Other operating revenue:							
State support	15,000	3,200	18,200	—	—	—	18,200
Other revenue	102,963	276	103,239	929	1,275	—	105,443
Total unrestricted revenue, gains and other support	1,318,739	210,001	1,528,740	929	2,600	—	1,532,269
Operating expenses:							
Salaries, wages and benefits	678,468	67,458	745,926	130	1,488	—	747,544
Expendable supplies	324,277	29,571	353,848	191	109	—	354,148
Purchased services	74,090	41,633	115,723	746	2,698	—	119,167
Contracted services	122,497	12,270	134,767	—	—	—	134,767
Depreciation and amortization	83,438	12,227	95,665	389	—	—	96,054
Interest expense	24,165	—	24,165	360	—	—	24,525
Total operating expenses	1,306,935	163,159	1,470,094	1,816	4,295	—	1,476,205
Operating income (loss)	11,804	46,842	58,646	(887)	(1,695)	—	56,064
Nonoperating income and expenses, net:							
Loss on early extinguishment of debt	(26,427)	—	(26,427)	—	—	—	(26,427)
Change in fair value of undesignated interest rate swaps	76,797	—	76,797	—	—	—	76,797
Other nonoperating gains and losses:							
Contributions	—	—	—	—	—	—	—
Equity in net income of joint ventures	630	—	630	—	—	2,408	3,038
Investment income	10,454	—	10,454	—	—	—	10,454
Change in fair value of investments	13,983	—	13,983	—	—	—	13,983
Other nonoperating gains and losses	(10,981)	—	(10,981)	—	—	169	(10,812)
Total other nonoperating gains and losses	14,086	—	14,086	—	—	2,577	16,663
Excess (deficiency) of revenues over expenses	$ 76,260	46,842	123,102	(887)	(1,695)	2,577	123,097

See accompanying independent auditors' report.

Schedule 3-b

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Midtown Health, Inc. (Midtown)

Year ended June 30, 2017

(In thousands)

	UM Midtown Health Systems, Inc.	UMMC Midtown Campus	UM Midtown Clin. Prac. Group	Eliminations	Midtown consolidated total
Unrestricted revenues, gains and other support:					
Patient service revenue (net of contractual adjustments)	$ 661	224,909	3,400	(2,817)	226,153
Provision for bad debts	(52)	(19,757)	(324)	—	(20,133)
Net patient service revenue	609	205,152	3,076	(2,817)	206,020
Other operating revenue:					
State support	—	—	—	—	—
Other revenue	963	10,221	44	—	11,228
Total unrestricted revenue, gains and other support	1,572	215,373	3,120	(2,817)	217,248
Operating expenses:					
Salaries, wages and benefits	795	92,820	—	—	93,615
Expendable supplies	52	29,853	—	—	29,905
Purchased services	1,558	44,827	303	—	46,688
Contracted services	—	23,146	2,817	(2,817)	23,146
Depreciation and amortization	411	12,464	—	—	12,875
Interest expense	33	1,116	—	—	1,149
Total operating expenses	2,849	204,226	3,120	(2,817)	207,378
Operating income (loss)	(1,277)	11,147	—	—	9,870
Nonoperating income and expenses, net:					
Loss on early extinguishment of debt	—	—	—	—	—
Change in fair value of undesignated interest rate swaps	—	—	—	—	—
Other nonoperating gains and losses:					
Contributions	—	—	—	—	—
Equity in net income of joint ventures	—	—	—	—	—
Investment income	—	102	—	—	102
Change in fair value of investments	—	—	—	—	—
Other nonoperating gains and losses	—	(564)	—	—	(564)
Total other nonoperating gains and losses	—	(462)	—	—	(462)
Excess (deficiency) of revenues over expenses	$ (1,277)	10,685	—	—	9,408

See accompanying independent auditors' report.

Schedule 3-c

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Baltimore Washington Medical System (BWMS)

Year ended June 30, 2017

(In thousands)

	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Shipley's	Eliminations	BWMS consolidated total
Unrestricted revenues, gains and other support:								
Patient service revenue (net of contractual adjustments)	$ —	382,961	35,797	6,388	—	—	(2,086)	423,060
Provision for bad debts	—	(19,775)	(15,193)	(237)	—	—	—	(35,205)
Net patient service revenue	—	363,186	20,604	6,151	—	—	(2,086)	387,855
Other operating revenue:								
State support	—	—	—	—	—	—	—	—
Other revenue	4,150	3,681	—	—	2,592	—	(4,973)	5,450
Total unrestricted revenue, gains and other support	4,150	366,867	20,604	6,151	2,592	—	(7,059)	393,305
Operating expenses:								
Salaries, wages and benefits	4,149	165,110	11,640	1,266	—	—	—	182,165
Expendable supplies	—	60,895	—	461	142	—	—	61,498
Purchased services	24,254	66,602	5,323	3,208	1,330	—	(7,059)	93,658
Contracted services	—	9,560	—	—	—	—	—	9,560
Depreciation and amortization	—	26,386	—	421	758	—	—	27,565
Interest expense	—	5,657	—	67	87	—	—	5,811
Total operating expenses	28,403	334,210	16,963	5,423	2,317	—	(7,059)	380,257
Operating income (loss)	(24,253)	32,657	3,641	728	275	—	—	13,048
Nonoperating income and expenses, net:								
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—
Change in fair value of undesignated interest rate swaps	—	—	—	—	—	—	—	—
Other nonoperating gains and losses:								
Contributions	—	—	—	—	—	—	—	—
Equity in net income of joint ventures	48,611	(115)	—	—	—	—	(48,611)	(115)
Investment income	—	4,501	—	—	—	—	—	4,501
Change in fair value of investments	—	10,139	—	—	—	—	—	10,139
Other nonoperating gains and losses	—	(2,854)	—	(359)	—	—	—	(3,213)
Total other nonoperating gains and losses	48,611	11,671	—	(359)	—	—	(48,611)	11,312
Excess (deficiency) of revenues over expenses	$ 24,358	44,328	3,641	369	275	—	(48,611)	24,360

See accompanying independent auditors' report.

Schedule 3-d

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Shore Regional Health (Shore Regional)

Year ended June 30, 2017

(In thousands)

	Shore Health System, Inc.	Shore Orthopedics	UM Shore Home Care	Queenstown ASC	UM Shore Nursing and Rehab.	Shore Med. Group	Memorial Hospital Foundation, Inc. and Subsidiary	Chester River Consolidated Total	Eliminations	SHS consolidated total
Unrestricted revenues, gains and other support:										
Patient service revenue (net of contractual adjustments)	$ 249,692	7,691	3,480	257	8,012	—	—	56,650	—	325,782
Provision for bad debts	(8,531)	—	56	(126)	(100)	—	—	(2,797)	—	(11,498)
Net patient service revenue	241,161	7,691	3,536	131	7,912	—	—	53,853	—	314,284
Other operating revenue:										
State support	—	—	—	—	—	—	—	—	—	—
Other revenue	4,576	68	—	427	71	—	—	405	—	5,547
Total unrestricted revenue, gains and other support	245,737	7,759	3,536	558	7,983	—	—	54,258	—	319,831
Operating expenses:										
Salaries, wages and benefits	120,913	7,635	3,760	383	5,106	—	—	19,917	—	157,714
Expendable supplies	38,148	751	82	152	827	—	—	6,242	—	46,202
Purchased services	42,398	1,462	606	11	2,735	19,302	—	11,850	—	78,364
Contracted services	11,137	—	—	118	12	—	—	5,782	—	17,049
Depreciation and amortization	17,976	43	76	3	255	—	—	4,352	—	22,705
Interest expense	2,983	—	—	—	6	—	—	152	—	3,141
Total operating expenses	233,555	9,891	4,524	667	8,941	19,302	—	48,295	—	325,175
Operating income (loss)	12,182	(2,132)	(988)	(109)	(958)	(19,302)	—	5,963	—	(5,344)
Nonoperating income and expenses, net:										
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—	—	—
Change in fair value of undesignated interest rate swaps	—	—	—	—	—	—	—	—	—	—
Other nonoperating gains and losses:										
Contributions	25	—	—	—	—	—	151	150	—	326
Equity in net income of joint ventures	(166)	—	—	—	—	—	—	—	—	(166)
Investment income (loss)	5,786	—	—	—	—	—	3,002	586	—	9,374
Change in fair value of investments	5,237	—	—	—	—	—	2,440	1,484	—	9,161
Other nonoperating gains and losses	(3,407)	—	—	—	—	—	(3,302)	(552)	—	(7,261)
Total other nonoperating gains and losses	7,475	—	—	—	—	—	2,291	1,668	—	11,434
Excess (deficiency) of revenues over expenses	$ 19,657	(2,132)	(988)	(109)	(958)	(19,302)	2,291	7,631	—	6,090

See accompanying independent auditors' report.

Schedule 3-e

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Chester River Health System, Inc. (CRHS) a subsidiary of Shore Regional Health

Year ended June 30, 2017

(In thousands)

	Chester River Hospital Center	Chester River Manor	UM Chester River Home Care	Chester River Health Foundation	Chester River consolidated total
Unrestricted revenues, gains and other support:					
Patient service revenue (net of contractual allowances)	$ 54,588	—	2,062	—	56,650
Provision for bad debts	(2,777)	—	(18)	(2)	(2,797)
Net patient service revenue	51,811	—	2,044	(2)	53,853
Other operating revenue:					
State support	—	—	—	—	—
Other revenue	403	—	—	2	405
Total unrestricted revenue, gains and other support	52,214	—	2,044	—	54,258
Operating expenses:					
Salaries, wages and benefits	18,097	—	1,820	—	19,917
Expendable supplies	6,191	—	47	4	6,242
Purchased services	11,488	—	366	(4)	11,850
Contracted services	5,782	—	—	—	5,782
Depreciation and amortization	4,338	—	14	—	4,352
Interest expense	152	—	—	—	152
Total operating expenses	46,048	—	2,247	—	48,295
Operating income	6,166	—	(203)	—	5,963
Nonoperating income and expenses, net:					
Loss on early extinguishment of debt	—	—	—	—	—
Other nonoperating gains and losses:					
Contributions	—	—	—	150	150
Equity in net income of joint ventures	—	—	—	—	—
Investment income	516	—	48	22	586
Change in fair value of investments	1,240	—	116	128	1,484
Other nonoperating gains and losses	(72)	—	—	(480)	(552)
Total other nonoperating gains and losses	1,684	—	164	(180)	1,668
Excess (deficiency) of revenues over expenses	$ 7,850	—	(39)	(180)	7,631

See accompanying independent auditors' report.

Schedule 3-f

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Charles Regional Health (Charles Regional)

Year ended June 30, 2017

(In thousands)

	Charles Regional Health, Inc.	Charles Regional Medical Center, Inc.	Charles Regional Urgent Care	Charles Regional Care Partners, Inc. and Subsidiary	Charles Regional Health Foundation, Inc.	Charles Regional Imaging Center	Eliminations	Charles Regional consolidated total
Unrestricted revenues, gains and other support:								
Patient service revenue (net of contractual adjustments)	$ —	136,289	1,584	—	—	55	—	137,928
Provision for bad debts	—	(6,428)	(32)	—	—	(2)	—	(6,462)
Net patient service revenue	—	129,861	1,552	—	—	53	—	131,466
Other operating revenue:								
State support	—	—	—	—	—	—	—	—
Other revenue	239	507	—	—	—	—	—	746
Total unrestricted revenue, gains and other support	239	130,368	1,552	—	—	53	—	132,212
Operating expenses:								
Salaries, wages and benefits	—	57,397	—	—	—	—	—	57,397
Expendable supplies	—	18,879	90	—	—	51	—	19,020
Purchased services	1,544	27,006	1,941	(1)	—	181	—	30,671
Contracted services	—	6,067	1	—	—	23	—	6,091
Depreciation and amortization	1,767	5,543	123	192	—	137	—	7,762
Interest expense	288	1,887	—	—	—	—	—	2,175
Total operating expenses	3,599	116,779	2,155	191	—	392	—	123,116
Operating income	(3,360)	13,589	(603)	(191)	—	(339)	—	9,096
Nonoperating income and expenses, net:								
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—
Other nonoperating gains and losses:								
Contributions	—	200	—	—	—	—	—	200
Equity in net income of joint ventures	—	48	—	(238)	—	—	238	48
Investment income	63	702	—	—	45	—	—	810
Change in fair value of investments	—	2,268	—	—	271	—	—	2,539
Other nonoperating gains and losses	—	(434)	—	—	(34)	—	(180)	(648)
Total other nonoperating gains and losses	63	2,784	—	(238)	282	—	58	2,949
Excess (deficiency) of revenues over expenses	$ (3,297)	16,373	(603)	(429)	282	(339)	58	12,045

See accompanying independent auditors' report.

Schedule 3-g

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for University of Maryland St. Joseph Health System (SJHS)

Year ended June 30, 2017

(In thousands)

	St. Joseph Medical Center	St. Joseph Medical Group	St. Joseph Properties	St. Joseph Orthopaedics	O'Dea Medical Arts	St. Joseph Foundation	UM Regional Supplier Svcs	UM Regional Prof SVCS	Eliminations	St. Joseph consolidated total
Unrestricted revenues, gains and other support:										
Patient service revenue (net of contractual adjustments)	$ 370,211	34,177	—	24,281	—	—	2,004	3,642	—	434,315
Provision for bad debts	(10,577)	(1,562)	—	(1,464)	—	—	(43)	—	—	(13,646)
Net patient service revenue	359,634	32,615	—	22,817	—	—	1,961	3,642	—	420,669
Other operating revenue:										
State support	—	—	—	—	—	—	—	—	—	—
Other revenue	3,231	9,052	1,600	—	2,666	—	—	115	(11,914)	4,750
Total unrestricted revenue, gains and other support	362,865	41,667	1,600	22,817	2,666	—	1,961	3,757	(11,914)	425,419
Operating expenses:										
Salaries, wages and benefits	135,718	43,306	—	15,174	—	—	1,179	2,649	—	198,026
Expendable supplies	80,461	1,147	—	9	—	—	820	70	—	82,507
Purchased services	77,393	12,747	2,420	11,427	1,336	—	575	461	(3,139)	103,220
Contracted services	16,946	70	—	—	—	—	—	—	(8,775)	8,241
Depreciation and amortization	18,955	146	32	40	475	—	47	21	—	19,716
Interest expense	9,620	—	—	—	414	—	—	—	—	10,034
Total operating expenses	339,093	57,416	2,452	26,650	2,225	—	2,621	3,201	(11,914)	421,744
Operating income (loss)	23,772	(15,749)	(852)	(3,833)	441	—	(660)	556	—	3,675
Nonoperating income and expenses, net:										
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—	—	—
Other nonoperating gains and losses:										
Contributions	—	—	—	—	—	279	—	—	—	279
Equity in net income of joint ventures	834	—	—	—	—	—	—	—	—	834
Investment income	—	—	—	—	—	360	—	—	—	360
Change in fair value of investments	—	—	—	—	—	962	—	—	—	962
Other nonoperating gains and losses	(4,040)	5	—	—	—	(1,227)	—	—	—	(5,262)
Total other nonoperating gains and losses	(3,206)	5	—	—	—	374	—	—	—	(2,827)
Excess (deficiency) of revenues over expenses	$ 20,566	(15,744)	(852)	(3,833)	441	374	(660)	556	—	848

See accompanying independent auditors' report.

Schedule 3-h

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Upper Chesapeake Health System (UCHS)

Year ended June 30, 2017

(In thousands)

	Upper Chesapeake Medical Center	Harford Memorial Hospital	UCHS Properties	Health Ventures	Medical Services	Residential Hospice House	Upper Chesapeake Health Foundation	Upper Chesapeake Health System	Hospice of Harford County	Upper Chesapeake Insurance Co.	Upper Chesapeake Land Trust	Eliminations	Upper Chesapeake consolidated total
Unrestricted revenues, gains and other support:													
Patient service revenue (net of contractual adjustments)	$ 306,683	94,328	—	—	50,918	347	—	—	—	—	—	—	452,276
Provision for bad debts	(9,849)	(5,207)	—	—	(1,361)	(38)	—	—	—	—	—	—	(16,455)
Net patient service revenue	296,834	89,121	—	—	49,557	309	—	—	—	—	—	—	435,821
Other operating revenue:													
State support	—	—	—	—	—	—	—	—	—	—	—	—	—
Other revenue	3,937	1,162	—	(321)	6,342	400	—	16,067	—	671	—	(27,987)	271
Total unrestricted revenue, gains and other support	300,771	90,283	—	(321)	55,899	709	—	16,067	—	671	—	(27,987)	436,092
Operating expenses:													
Salaries, wages and benefits	140,964	48,855	—	—	43,151	798	—	11,202	—	—	—	—	244,970
Expendable supplies	67,028	8,246	—	—	7,803	49	—	225	—	—	—	—	83,351
Purchased services	42,999	18,156	305	105	12,695	132	—	3,994	—	682	13	(20,458)	58,623
Contracted services	10,016	3,902	—	—	5,774	—	—	81	—	—	—	(6,520)	13,253
Depreciation and amortization	16,311	4,518	—	—	506	271	—	531	—	—	—	—	22,137
Interest expense	6,901	1,249	—	—	—	—	—	—	—	—	—	—	8,150
Total operating expenses	284,219	84,926	305	105	69,929	1,250	—	16,033	—	682	13	(26,978)	430,484
Operating income (loss)	16,552	5,357	(305)	(426)	(14,030)	(541)	—	34	—	(11)	(13)	(1,009)	5,608
Nonoperating income and expenses, net:													
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in fair value of undesignated interest rate swaps	—	—	—	—	—	—	—	—	—	—	—	—	—
Other nonoperating gains and losses:													
Contributions	—	—	—	—	—	—	228	—	—	—	—	—	228
Equity in net income of joint ventures	—	—	—	217	—	—	—	—	—	—	—	—	217
Investment income	2,889	2,409	—	—	—	53	2,245	—	—	11	—	—	7,607
Change in fair value of investments	6,995	5,733	—	—	—	(4)	89	—	—	—	—	—	12,813
Other nonoperating gains and losses	(2,225)	—	—	—	—	—	—	—	—	—	—	—	(2,225)
Total other nonoperating gains and losses	7,659	8,142	—	217	—	49	2,562	—	—	11	—	—	18,640
Excess (deficiency) of revenues over expenses	$ 24,211	13,499	(305)	(209)	(14,030)	(492)	2,562	34	—	—	(13)	(1,009)	24,248

See accompanying independent auditors' report.

Schedule 3-i

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for University of Maryland Health Plans

Year ended June 30, 2017

(In thousands)

	UM Health Ventures	UM Health Plans	Eliminations	UM Health Plans consolidated total
Unrestricted revenues, gains and other support:				
Patient service revenue (net of contractual adjustments)	$ —	—	—	—
Provision for bad debts	—	—	—	—
Net patient service revenue	—	—	—	—
Other operating revenue:				
State support	—	—	—	—
Premium revenue	(4,411)	272,471	—	268,060
Other revenue	—	—	—	—
Total unrestricted revenue, gains and other support	(4,411)	272,471	—	268,060
Operating expenses:				
Salaries, wages and benefits	220	13,634	—	13,854
Expendable supplies	—	—	—	—
Purchased services	37	16,586	—	16,623
Medical Claims Expense	—	252,118	—	252,118
Contracted services	—	—	—	—
Depreciation and amortization	—	2,278	—	2,278
Interest expense	1,304	—	—	1,304
Total operating expenses	1,561	284,616	—	286,177
Operating income (loss)	(5,972)	(12,145)	—	(18,117)
Nonoperating income and expenses, net:				
Loss on early extinguishment of debt	—	—	—	—
Change in fair value of undesignated interest rate swaps	—	—	—	—
Other nonoperating gains and losses:				
Contributions	—	—	—	—
Equity in net income of joint ventures	—	—	—	—
Investment income	—	182	—	182
Change in fair value of investments	—	—	—	—
Other nonoperating gains and losses	—	(2,339)	—	(2,339)
Total other nonoperating gains and losses	—	(2,157)	—	(2,157)
Excess (deficiency) of revenues over expenses	$ (5,972)	(14,302)	—	(20,274)

See accompanying independent auditors' report.

Schedule 4

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division

Year ended June 30, 2016

(In thousands)

	University of Maryland Medical Center & Affiliates	Rehabilitation & Orthopaedic Institute	Midtown	Baltimore Washington Medical System	Shore Regional	Charles Regional	St. Joseph Health	UCHS	UM Health Plans	UMMS Foundation	Community Med. Group	ECARE	Eliminations	Consolidated total
Unrestricted revenues, gains and other support:														
Patient Service Revenue (net of contractual adjustments)	$ 1,429,329	108,435	209,573	419,168	318,917	133,783	425,406	436,284	—	—	64,007	—	(852)	3,544,050
Provision for bad debts	(64,664)	(7,015)	(18,354)	(36,972)	(13,070)	(5,146)	(16,131)	(14,846)	—	—	—	—	—	(176,198)
Net patient service revenue	1,364,665	101,420	191,219	382,196	305,847	128,637	409,275	421,438	—	—	64,007	—	(852)	3,367,852
Other operating revenue:														
State support	3,200	—	—	—	—	—	—	—	—	—	—	—	—	3,200
Premium Revenue	—	—	—	—	—	—	—	—	140,958	—	—	—	—	140,958
Other revenue	121,601	5,719	2,970	5,507	3,240	666	6,839	3,364	3	—	49,525	2,975	(45,470)	156,939
Total unrestricted revenue, gains and other support	1,489,466	107,139	194,189	387,703	309,087	129,303	416,114	424,802	140,961	—	113,532	2,975	(46,322)	3,668,949
Operating expenses:														
Salaries, wages and benefits	725,096	50,763	89,088	179,444	139,771	58,728	195,905	221,243	14,358	—	77,460	—	—	1,751,856
Expendable supplies	343,261	14,096	23,206	61,958	40,614	17,075	81,820	81,781	—	—	11,087	96	—	674,994
Purchased services	138,443	23,430	45,671	91,785	77,612	29,432	97,257	56,262	137,240	—	24,901	4,351	(46,322)	680,062
Contracted services	130,634	9,126	20,881	9,469	13,941	5,086	7,437	15,309	—	—	4,679	—	—	216,562
Depreciation and amortization	91,131	5,675	12,515	24,616	19,979	6,056	17,598	19,893	1,663	—	984	654	—	200,764
Interest expense	23,923	766	1,232	6,156	3,320	2,143	10,110	8,580	1,047	—		187	—	57,464
Total operating expenses	1,452,488	103,856	192,593	373,428	295,237	118,520	410,127	403,068	154,308	—	119,111	5,288	(46,322)	3,581,702
Operating income (loss)	36,978	3,283	1,596	14,275	13,850	10,783	5,987	21,734	(13,347)	—	(5,579)	(2,313)	—	87,247
Nonoperating income and expenses, net:														
Loss on early extinguishment of debt	—		—	—	—	—	—	—	—	—	—	—	—	—
Change in fair value of undesignated interest rate swaps	(78,429)		—	—	—	—	—	—	—	—	—	—	—	(78,429)
Other nonoperating gains and losses:														
Contributions	—		—	—	787	—	456	—	—	2,526	—	—	—	3,769
St. Joseph escrow settlement	34,275		—	—	—	—	—	—	—	—	—	—	—	34,275
Equity in net income of joint ventures	(1,629)		—	—	(178)	470	664	375	—	—	—	—	—	(298)
Investment income	10,642	636	38	2,343	6,153	316	145	409	148	281	—	—	—	21,111
Change in fair value of investments	(21,918)	(1,303)	23	(4,770)	(10,540)	(964)	(429)	4,446	—	(988)	—	—	—	(36,443)
Other nonoperating gains and losses	(10,392)	(390)	(605)	(3,297)	(3,077)	(675)	(5,246)	(3,384)	(1,614)	(2,353)	—	—	—	(31,033)
Total other nonoperating gains and losses	10,978	(1,057)	(544)	(5,724)	(6,855)	(853)	(4,410)	1,846	(1,466)	(534)	—	—	—	(8,619)
Excess (deficiency) of revenues over expenses	$ (30,473)	2,226	1,052	8,551	6,995	9,930	1,577	23,580	(14,813)	(534)	(5,579)	(2,313)	—	199

See accompanying independent auditors' report.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Combining Balance Sheet Information – Obligated Group

June 30, 2017

(In thousands)

Assets	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Midtown Campus	Baltimore Washington Medical Center, Inc.	Shore Health System, Inc.	Chester River Medical Center	Charles Regional Medical Center	St. Joseph Medical Center	Upper Chesapeake Hospitals*	UMMS Foundation	Eliminations	Obligated group total
Current assets:												
Cash and cash equivalents	$ 328,162	(83)	2,970	18,724	8,955	(1,901)	8,548	(1,201)	54,280	—	—	418,454
Assets limited as to use, current portion	46,797	—	432	1,228	572	242	342	1,327	—	—	—	50,940
Accounts receivable:												
Patient accounts receivable, less allowance for doubtful accounts of $188,977	173,649	11,530	14,012	41,501	22,473	2,208	8,396	37,685	39,965	—	—	351,419
Other	283,680	576	30,964	1,408	2,692	13,308	4,586	20,341	12,094	—	(125,283)	244,366
Inventories	28,559	1,106	3,071	6,131	3,892	696	1,391	5,435	9,702	—	—	59,983
Prepaid expenses and other current assets	16,035	21,924	499	1,138	1,476	20	784	1,026	4,106	1,500	—	48,508
Total current assets	876,882	35,053	51,948	70,130	40,060	14,573	24,047	64,613	120,147	1,500	(125,283)	1,173,670
Investments	232,394	29,013	3	136,194	83,553	12,230	31,145	—	189,966	—	—	714,498
Assets limited as to use, less current portion:												
Investments held for collateral	81,987	—	3,700	8,000	—	—	—	—	28,959	—	—	122,646
Debt service funds	10,438	—	—	—	—	—	—	—	—	—	—	10,438
Construction funds	46,264	14,203	8,081	10,051	5,432	4,538	10,651	8,270	—	—	—	107,490
Board designated and escrow funds	—	—	—	—	25,000	5,000	—	—	—	12,548	—	42,548
Self-insurance trust funds	72,828	—	16,776	23,028	25,492	7,327	6,707	7,891	—	—	—	160,049
Funds restricted by donor	—	—	1,116	—	5,029	105	—	—	—	25,354	—	31,604
Economic interests in the net assets of related organizations	197,124	31,446	442	9,222	78,558	6,270	5,179	9,503	—	—	(59,790)	277,954
	408,641	45,649	30,115	50,301	139,511	23,240	22,537	25,664	28,959	37,902	(59,790)	752,729
Property and equipment, net	907,068	45,924	99,343	243,492	142,380	25,257	75,087	198,818	246,245	—	—	1,983,614
Investments in joint ventures and other assets	676,447	—	6,567	17,672	9,822	2,183	6,976	25,627	228,151	10,039	(660,528)	322,956
Total assets	$ 3,101,432	155,639	187,976	517,789	415,326	77,483	159,792	314,722	813,468	49,441	(845,601)	4,947,467

* Includes both Upper Chesapeake Medical Center and Harford Memorial Hospital

(Continued)

Schedule 5

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Combining Balance Sheet Information – Obligated Group

June 30, 2017

(In thousands)

Liabilities and Net Assets	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Midtown Campus	Baltimore Washington Medical Center, Inc.	Shore Health System, Inc.	Chester River Medical Center	Charles Regional Medical Center	St. Joseph Medical Center	Upper Chesapeake Hospitals*	UMMS Foundation	Eliminations	Obligated group total
Current liabilities:												
Trade accounts payable	$ 140,720	9,220	17,046	22,259	17,471	2,893	8,268	25,140	15,461	154	—	258,632
Accrued payroll and benefits	108,479	5,384	10,144	18,847	15,175	3,007	4,206	20,743	25,269	—	—	211,254
Advances from third-party payors	79,155	3,568	10,706	9,951	5,618	737	2,593	11,089	8,413	—	—	131,830
Short-term financing	—	—	—	—	—	—	—	—	—	—	—	—
Lines of credit	125,000	—	—	—	—	—	—	—	—	—	—	125,000
Other current liabilities	149,408	1,040	6,839	31,343	23,406	1,102	1,047	2,950	35,111	—	(125,283)	126,963
Long-term debt subject to short-term remarketing arrangements	28,440	—	—	—	—	—	—	—	—	—	—	28,440
Current portion of long-term debt	13,271	505	782	3,962	2,705	104	2,337	6,260	4,832	—	—	34,758
Total current liabilities	644,473	19,717	45,517	86,362	64,375	7,843	18,451	66,182	89,086	154	(125,283)	916,877
Long-term debt, less current portion	718,215	20,486	31,725	161,116	81,081	4,308	52,457	229,474	196,474	—	—	1,495,336
Other long-term liabilities	123,107	144	21,226	36,049	12,374	5,455	15,398	25,628	23,662	—	—	263,043
Interest rate swap liabilities	194,524	—	—	—	—	—	—	—	—	—	—	194,524
Total liabilities	1,680,319	40,347	98,468	283,527	157,830	17,606	86,306	321,284	309,222	154	(125,283)	2,869,780
Net assets:												
Unrestricted	1,200,580	83,846	87,950	225,040	222,367	55,913	73,393	(6,563)	336,018	17,777	(511,275)	1,785,046
Temporarily restricted	218,844	31,446	1,558	9,222	20,708	2,668	93	1	168,228	11,404	(207,767)	256,405
Permanently restricted	1,689	—	—	—	14,421	1,296	—	—	—	20,106	(1,276)	36,236
Total net assets	1,421,113	115,292	89,508	234,262	257,496	59,877	73,486	(6,562)	504,246	49,287	(720,318)	2,077,687
Total liabilities and net assets	$ 3,101,432	155,639	187,976	517,789	415,326	77,483	159,792	314,722	813,468	49,441	(845,601)	4,947,467

* Includes both Upper Chesapeake Medical Center and Harford Memorial Hospital

See accompanying independent auditors' report.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION
AND SUBSIDIARIES

Combining Balance Sheet Information – Obligated Group

June 30, 2016

(In thousands)

Assets	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Midtown Campus	Baltimore Washington Medical Center, Inc.	Shore Health System, Inc.	Chester River Medical Center	Charles Regional Medical Center	St. Joseph Medical Center	Upper Chesapeake Hospitals*	UMMS Foundation	Eliminations	Obligated group total
Current assets:												
Cash and cash equivalents	$ 383,678	6,218	11,362	27,186	14,619	5,214	11,285	1,443	49,052	—	—	510,057
Assets limited as to use, current portion	44,007	—	528	1,183	627	233	404	960	—	—	—	47,942
Accounts receivable:												
Patient accounts receivable, less allowance for doubtful accounts of $174,267	168,652	9,849	15,268	29,646	12,830	3,928	7,390	30,765	30,778	—	—	309,106
Other	178,002	333	14,293	1,926	6,296	2,964	976	12,345	—	—	(84,596)	132,539
Inventories	28,187	1,072	2,860	6,150	4,077	699	1,487	5,537	8,985	—	—	59,054
Prepaid expenses and other current assets	12,789	128	319	1,261	1,429	63	478	968	3,265	1,500	—	22,200
Total current assets	815,315	17,600	44,630	67,352	39,878	13,101	22,020	52,018	92,080	1,500	(84,596)	1,080,898
Investments	195,252	25,304	—	121,768	67,312	10,461	27,923	—	171,865	—	—	619,885
Assets limited as to use, less current portion:												
Investments held for collateral	125,487	—	3,700	8,000	—	—	—	—	40,811	—	—	177,998
Debt service funds	22,290	—	—	—	—	—	—	—	—	—	—	22,290
Construction funds	335	10,360	5,259	4,995	234	4,538	10,449	5,816	—	—	—	41,986
Board designated and escrow funds	—	—	—	—	25,000	5,000	—	—	—	17,950	—	47,950
Self-insurance trust funds	53,064	—	16,337	23,205	22,603	6,051	4,820	10,107	—	—	—	136,187
Funds restricted by donor	—	—	1,113	—	4,683	105	—	—	—	23,413	—	29,314
Economic interests in the net assets of related organizations	197,438	30,838	437	7,960	78,090	5,196	4,898	9,503	—	—	(58,913)	275,447
	398,614	41,198	26,846	44,160	130,610	20,890	20,167	25,426	40,811	41,363	(58,913)	731,172
Property and equipment, net	905,247	48,190	97,302	241,592	145,237	27,736	74,373	197,090	250,348	—	—	1,987,115
Investments in joint ventures and other assets	683,709	—	7,805	18,703	10,395	2,077	6,985	14,207	225,127	6,561	(660,528)	315,041
Total assets	$ 2,998,137	132,292	176,583	493,575	393,432	74,265	151,468	288,741	780,231	49,424	(804,037)	4,734,111

* Includes both Upper Chesapeake Medical Center and Harford Memorial Hospital

(Continued)

Schedule 6

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Combining Balance Sheet Information – Obligated Group

June 30, 2016

(In thousands)

Liabilities and Net Assets	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Midtown Campus	Baltimore Washington Medical Center, Inc.	Shore Health System, Inc.	Chester River Medical Center	Charles Regional Medical Center	St. Joseph Medical Center	Upper Chesapeake Hospitals*	UMMS Foundation	Eliminations	Obligated group total
Current liabilities:												
Trade accounts payable	$ 126,770	7,949	14,432	21,886	13,688	3,546	8,996	27,488	13,987	14	—	238,756
Accrued payroll and benefits	119,166	5,076	12,501	23,101	18,990	2,694	3,944	23,338	23,995	—	—	232,805
Advances from third-party payors	72,546	2,910	9,660	9,667	5,946	778	3,735	10,633	8,777	—	—	124,652
Short-term financing	180,000	—	—	—	—	—	—	—	—	—	—	180,000
Lines of credit	150,000	—	—	—	—	—	—	—	—	—	—	150,000
Other current liabilities	86,475	(13,954)	5,676	37,506	2,147	3,873	3,338	2,984	41,360	—	(84,596)	84,809
Long-term debt subject to short-term remarketing arrangements	32,515	—	—	—	—	—	—	—	—	—	—	32,515
Current portion of long-term debt	11,846	465	719	3,645	3,087	96	2,207	5,159	4,445	—	—	31,669
Total current liabilities	779,318	2,446	42,988	95,805	43,858	10,987	22,220	69,602	92,564	14	(84,596)	1,075,206
Long-term debt, less current portion	566,363	20,991	32,654	165,078	83,786	4,412	54,797	233,727	201,307	—	—	1,363,115
Other long-term liabilities	124,114	144	29,724	46,874	12,696	10,009	16,918	15,652	25,648	—	—	281,779
Interest rate swap liabilities	273,037	—	—	—	—	—	—	—	—	—	—	273,037
Total liabilities	1,742,832	23,581	105,366	307,757	140,340	25,408	93,935	318,981	319,519	14	(84,596)	2,993,137
Net assets:												
Unrestricted	1,035,724	77,873	69,667	177,858	216,600	46,082	57,440	(30,241)	293,810	22,599	(511,275)	1,456,137
Temporarily restricted	217,892	30,838	1,550	7,960	22,283	1,487	93	1	166,902	7,594	(206,890)	249,710
Permanently restricted	1,689	—	—	—	14,209	1,288	—	—	—	19,217	(1,276)	35,127
Total net assets	1,255,305	108,711	71,217	185,818	253,092	48,857	57,533	(30,240)	460,712	49,410	(719,441)	1,740,974
Total liabilities and net assets	$ 2,998,137	132,292	176,583	493,575	393,432	74,265	151,468	288,741	780,231	49,424	(804,037)	4,734,111

* Includes both Upper Chesapeake Medical Center and Harford Memorial Hospital

See accompanying independent auditors' report.

Unrestricted

Schedule 7

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Combining Operations and Changes in Net Assets Information – Obligated Group

Year ended June 30, 2017

(In thousands)

	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Midtown Campus	Baltimore Washington Medical Center	Shore Health System				Chester River Hospital Center	Charles Regional Medical Center	St. Joseph Medical Center	Upper Chesapeake Hospitals*	UMMS Foundation	Eliminations	Obligated group total
					Memorial Hospital	Dorchester General	QAEC	Subtotal							
Unrestricted revenues, gains and other support:															
Patient service revenue (net of contractual adjustments)	$ 1,481,115	114,438	224,909	382,961	198,566	45,354	5,772	249,692	54,588	136,289	370,211	401,011	—	(1,033)	3,414,181
Provision for bad debts	(73,814)	(7,188)	(19,757)	(19,775)	(5,861)	(2,044)	(626)	(8,531)	(2,777)	(6,428)	(10,577)	(15,056)	—	—	(163,903)
Net patient service revenue	1,407,301	107,250	205,152	363,186	192,705	43,310	5,146	241,161	51,811	129,861	359,634	385,955	—	(1,033)	3,250,278
Other operating revenue:															
State support	18,200	—	—	—	—	—	—	—	—	—	—	—	—	—	18,200
Other revenue	103,239	2,583	10,221	3,681	4,230	335	11	4,576	403	507	3,231	5,099	—	—	133,540
Total unrestricted revenue, gains and other support	1,528,740	109,833	215,373	366,867	196,935	43,645	5,157	245,737	52,214	130,368	362,865	391,054	—	(1,033)	3,402,018
Operating expenses:															
Salaries, wages, and benefits	745,926	51,275	92,820	165,110	91,466	25,767	3,680	120,913	18,097	57,397	135,718	189,819	—	—	1,577,075
Expendable supplies	353,848	15,357	29,853	60,895	34,202	3,441	505	38,148	6,191	18,879	80,461	75,274	—	—	678,906
Purchased services	115,723	23,315	44,827	66,602	33,965	7,372	1,061	42,398	11,488	27,006	77,393	61,155	—	(1,033)	468,874
Contracted services	134,767	8,867	23,146	9,560	7,254	2,977	906	11,137	5,782	6,067	16,946	13,918	—	—	230,190
Depreciation and amortization	95,665	6,535	12,464	26,386	14,137	3,192	647	17,976	4,338	5,543	18,955	20,829	—	—	208,691
Interest expense	24,165	722	1,116	5,657	2,480	160	343	2,983	152	1,887	9,620	8,150	—	—	54,452
Total operating expenses	1,470,094	106,071	204,226	334,210	183,504	42,909	7,142	233,555	46,048	116,779	339,093	369,145	—	(1,033)	3,218,188
Operating income (loss)	58,646	3,762	11,147	32,657	13,431	736	(1,985)	12,182	6,166	13,589	23,772	21,909	—	—	183,830
Nonoperating income and expenses, net:															
Loss on early extinguishment of debt	(26,427)	—	—	—	—	—	—	—	—	—	—	—	—	—	(26,427)
Change in fair value of undesignated interest rate swaps	76,797	—	—	—	—	—	—	—	—	—	—	—	—	—	76,797
Other nonoperating gains and losses:															
Contributions	—	—	—		25	—	—	25	—	200	—	—	4,392	—	4,617
Equity in net income of joint ventures	630	—	—	(115)	(126)	(35)	(5)	(166)	—	48	834	—	—	—	1,231
Investment income	10,454	1,106	102	4,501	5,786	—	—	5,786	516	702	—	5,298	1,000	—	29,465
Change in fair value of investments	13,983	2,607	—	10,139	5,237	—	—	5,237	1,240	2,268	—	12,728	1,971	—	50,173
Other nonoperating gains and losses	(10,981)	(363)	(564)	(2,854)	(2,589)	(716)	(102)	(3,407)	(72)	(434)	(4,040)	(2,225)	(5,356)	—	(30,296)
Total other nonoperating gains and losses	14,086	3,350	(462)	11,671	8,333	(751)	(107)	7,475	1,684	2,784	(3,206)	15,801	2,007	—	55,190
Excess (deficiency) of revenues over expenses	123,102	7,112	10,685	44,328	21,764	(15)	(2,092)	19,657	7,850	16,373	20,566	37,710	2,007	—	289,390
Net assets released from restrictions used for purchase of property and equipment	21,500	—	1,529	—	7,692	—	—	7,692	423	—	2,063	—	—	—	33,207
Change in unrealized gains on investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in economic and beneficial interest in the net assets of related organizations	—	—	—	—	1,304	—	—	1,304	—	—	—	—	—	—	1,304
Change in ownership interest of joint ventures	397	—	—	—	—	—	—	—	—	—	—	—	—	—	397
Capital transfers (to) from affiliate	18,280	(1,137)	(249)	(3,454)	(22,886)	—	—	(22,886)	(180)	(1,121)	1,269	(15,330)	(6,833)	—	(31,641)
Amortization of accumulated loss of discontinued designated interest rate swap	1,794	—	—	—	—	—	—	—	—	—	—	—	—	—	1,794
Change in funded status of defined benefit pension plans	—	—	4,570	6,308	—	—	—	—	1,738	705	—	21,032	—	—	34,353
Asset reclassifications at request of donor	—	—	—	—	—	—	—	—	—	—	—	(1,326)	—	—	(1,326)
Other	(217)	(2)	1,748	—	—	—	—	—	—	(4)	(220)	(58)	4	—	1,251
Increase (decrease) in unrestricted net assets	$ 164,856	5,973	18,283	47,182	7,874	(15)	(2,092)	5,767	9,831	15,953	23,678	42,028	(4,822)	—	328,729

* Includes both Upper Chesapeake Medical Center and Harford Memorial Hospital

See accompanying independent auditors' report.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Combining Operations and Changes in Net Assets Information – Obligated Group

Year ended June 30, 2016

(In thousands)

	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Midtown Campus	Baltimore Washington Medical Center	Shore Health System				Chester River Hospital Center	Charles Regional Medical Center	St. Joseph Medical Center	Upper Chesapeake Hospitals*	UMMS Foundation	Eliminations	Obligated group total
					Memorial Hospital	Dorchester General	QAEC	Subtotal							
Unrestricted revenues, gains and other support:															
Patient service revenue (net of contractual adjustments)	$ 1,427,659	107,692	208,590	375,219	196,846	46,056	5,646	248,548	56,080	132,762	361,730	387,529	—	(852)	3,304,957
Provision for bad debts	(64,713)	(6,948)	(17,596)	(17,584)	(7,230)	(2,101)	(695)	(10,026)	(2,774)	(4,903)	(13,109)	(12,593)	—	—	(150,246)
Net patient service revenue	1,362,946	100,744	190,994	357,635	189,616	43,955	4,951	238,522	53,306	127,859	348,621	374,936	—	(852)	3,154,711
Other operating revenue:															
State support	3,200	—	—	—	—	—	—	—	—	—	—	—	—	—	3,200
Other revenue	119,197	5,719	1,990	3,596	2,425	327	6	2,758	255	451	5,196	5,720	—	(441)	144,441
Total unrestricted revenue, gains and other support	1,485,343	106,463	192,984	361,231	192,041	44,282	4,957	241,280	53,561	128,310	353,817	380,656	—	(1,293)	3,302,352
Operating expenses:															
Salaries, wages, and benefits	723,438	50,054	89,088	162,722	86,401	22,826	3,207	112,434	18,011	58,728	134,867	172,601	—	—	1,521,943
Expendable supplies	342,951	14,078	23,206	61,531	30,320	3,255	609	34,184	5,464	16,976	80,224	74,195	—	—	652,809
Purchased services	134,423	23,244	44,630	67,989	32,420	8,074	731	41,225	15,571	26,247	70,455	56,981	—	(1,293)	479,472
Contracted services	130,634	9,126	20,881	9,469	5,388	2,285	896	8,569	5,435	5,086	15,382	13,010	—	—	217,592
Depreciation and amortization	90,697	5,674	12,273	23,109	11,965	2,784	913	15,662	3,971	4,652	16,877	18,432	—	—	191,347
Interest expense	23,559	766	1,185	6,003	2,484	155	515	3,154	160	1,874	9,685	8,580	—	—	54,966
Total operating expenses	1,445,702	102,942	191,263	330,823	168,978	39,379	6,871	215,228	48,612	113,563	327,490	343,799	—	(1,293)	3,118,129
Operating income (loss)	39,641	3,521	1,721	30,408	23,063	4,903	(1,914)	26,052	4,949	14,747	26,327	36,857	—	—	184,223
Nonoperating income and expenses, net:															
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in fair value of undesignated interest rate swaps	(78,429)	—	—	—	—	—	—	—	—	—	—	—	—	—	(78,429)
Other nonoperating gains and losses:															
Contributions	—	—	—	—	71	—	—	71	333	—	—	—	2,526	—	2,930
St. Joseph escrow settlement	34,275	—	—	—	—	—	—	—	—	—	—	—	—	—	34,275
Equity in net income of joint ventures	(4,305)	—	—	—	(136)	(37)	(5)	(178)	—	202	664	—	—	—	(3,617)
Investment income	10,642	636	38	2,343	3,716	—	—	3,716	57	206	—	628	281	—	18,547
Change in fair value of investments	(21,918)	(1,303)	23	(4,770)	(6,261)	—	—	(6,261)	(382)	(855)	—	4,388	(988)	—	(32,066)
Other nonoperating gains and losses	(10,582)	(390)	(605)	(3,064)	(1,111)	(287)	(39)	(1,437)	(411)	(740)	(4,166)	(3,736)	(2,353)	—	(27,484)
Total other nonoperating gains and losses	8,112	(1,057)	(544)	(5,491)	(3,721)	(324)	(44)	(4,089)	(403)	(1,187)	(3,502)	1,280	(534)	—	(7,415)
Excess (deficiency) of revenues over expenses	(30,676)	2,464	1,177	24,917	19,342	4,579	(1,958)	21,963	4,546	13,560	22,825	38,137	(534)	—	98,379
Net assets released from restrictions used for purchase of property and equipment	4,364	—	87	—	1,466	—	—	1,466	564	1,150	1,768	—	—	—	9,399
Change in unrealized gains on investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in economic and beneficial interest in the net assets of related organizations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in ownership interest of joint ventures	—	—	—	—	(1,843)	—	—	(1,843)	(561)	133	—	—	—	—	(2,271)
Capital transfers (to) from affiliate	498	—	—	—	—	—	—	—	—	—	—	—	—	—	498
Amortization of accumulated loss of discontinued designated interest rate swap	(16,212)	1,100	400	(3,200)	(11,285)	—	—	(11,285)	—	—	(2,800)	12,331	(2,250)	(2,500)	(24,416)
Change in funded status of defined benefit pension plans	1,716	—	—	—	—	—	—	—	—	—	—	—	—	—	1,716
Asset reclassifications at request of donor	—	—	(8,419)	(6,225)	—	—	—	—	(413)	(3,697)	—	8,111	—	—	(10,643)
Other	—	—	—	—	—	—	—	—	—	—	—	—	(947)	—	(947)
	(233)	8	(14)	500	(1)	—	—	(1)	(1)	2	225	(505)	(6)	—	(25)
Increase (decrease) in unrestricted net assets	$ (40,543)	3,572	(6,769)	15,992	7,679	4,579	(1,958)	10,300	4,135	11,148	22,018	58,074	(3,737)	(2,500)	71,690

* Includes both Upper Chesapeake Medical Center and Harford Memorial Hospital

See accompanying independent auditors' report.

EXHIBIT 28

LETTERS OF SUPPORT

Name		Title	Organization
Cheezum, Jr.	Bernard A.	Vice President	Willow Construction
Gipe	Albert B.	Chairman	Gipe Associates, Inc.
Johnson	Diana H.	Sr. Vice President, Employee Benefits	Avon Dixon Insurance Agency
Liddell	Kim C.	Chairman, President & CEO	1880 Bank
Meoli	Michael	CEO	Meoli Companies / McDonald's
Shearer	Stephen M.		Shearer The Jeweler
Warner	Scott	Executive Director	Mid-Shore Regional Council
Adams	Christopher T.	Delegate	Maryland House of Delegates
Eckardt	Addie C.	Senator	Maryland Senate
Mautz	Johnny	Delegate	Maryland House of Delegates
Sample-Hughes	Sheree	Delegate	Maryland House of Delegates
Boos	William E.	President	Commissioners of St. Michaels
Franklin	Daniel J.	Commissioner	Caroline County Commissioners
Fronk	Gordon	President	Commissioners of Oxford
Graves	Gordon	Commissioner	Commissioners of Oxford
Jackson-Stanley	Victoria	Mayor	City of Cambridge
Levengood, Jr.	Wilbur	Vice President	Caroline County Commissioners
Mulrine, J.r	Donald H.	Town Administrator	Town of Denton
Pepe	John	Commissioner	Commissioners of Oxford
Porter	Larry C.	President	Caroline County Commissioners
Willey	Robert C.	Mayor	Town of Easton
Williams	Jennifer L.	President	Talbot County Council
Ciotolo, M.D.	Joseph A.	Health Officer	Queen Anne's County Health Department
Cotsalas	Henry C.	Administrator	Autumn Lake Healthcare at Denton
Dilley	Kathryn G.	Executive Director	Mid-Shore Behavioral Health
Dillon	John	Chairman of the Board	UM Shore Regional Health
Espenhorst	Nancy	Member	Auxiliary of the Memorial Hospital at Easton
Guerieri, R.N.	Heather A.		Compass Regional Hospice
Hannegan	Lizette D.	President	Auxiliary of the Memorial Hospital at Easton
Harrell	Roger L.	Health Officer	Dorchester County Health Department
Kareiva, M.D.	Ona	Secretary	Tidewater Anesthesia Associates
Kareiva, M.D.	Ona M.	Physician	UM Shore Regional Health
Kleinert, D.O.	Bradley	Treasurer	Tidewater Anesthesia Associates
LeCates	Brian	Acting Director	Talbot County Department of Emergency Services
Lee	F. Graham	Vice President, Philanthropy	UM Memorial Hospital Foundation of Shore Regional Health
LeRoy	Scott T.	Health Officer	Caroline County Health Department
Levey, M.D.	Christopher S.	Chair, Dept. of Radiology	Delmarva Radiology / UMMS Shore Regional Health System

LETTERS OF SUPPORT

Name		Title	Organization
Rich	Sara	President & CEO	Choptank Community Health
Snell, M.D.	John	President	Tidewater Anesthesia Associates
Wadley, M.D.	Fredia S.	Health Officer	Talbot County Health Department
Cecil	Art	Member	Auxiliary of the Memorial Hospital at Easton
Cheezum, Jr.	Bernard A.		Queen Anne's County resident
Freestate	Mark M.		Centreville resident
Hill	Bradley V.		Easton resident
Hiner	Justin D.		Talbot County resident
Hiner	Michael S.		Talbot County resident
Joshi	Emilie		Talbot County resident
Kagan	Tim		Easton resident
Loeffler	Joy		Dorchester County resident
Loeffler	Richard		Dorchester County resident
Lynch	Robert S.		Denton resident
Milhollan	Eric D.		Talbot County resident

BUSINESS

August 27, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

On behalf of Willow Construction, LLC, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. We are pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

We support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Bernard A. Cheezum, Jr., CHC
Vice President

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Gipe Associates, Inc.
CONSULTING ENGINEERS

August 29, 2018

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

Dear Mr. Steffen:

I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

I have been in the Mechanical and Electrical Consulting Engineering and related professions for over 70 years and with offices in both Baltimore and Easton we have done extensive hospital work and realize the need to provide up to date facilities for the proper and best treatment of the patients.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. I am pleased with this location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

1220 East Joppa Road
Suite 223
Towson, MD 21286
TEL 410 832.2420
FAX 410.832.2418

8719 Brooks Drive
Post Office Box 1147
Easton, Maryland 21601
TEL 410 822.8688
FAX 410.822.6306

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. I applaud their intention to build a new hospital in Easton and give my full support to their CON application and to their regional service delivery plan. I request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

GIPE ASSOCIATES, INC.

Albert B. Gipe

Albert B. Gipe,
Chairman

ABG/mmd

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington Street, Easton, MD 21601

Avon Dixon
Insurance Agency

August 20, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

As an employee benefits broker/consultant I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a new facility for inpatient, outpatient and specialty care. As you know, the need to replace the aged hospital on Washington Street in Easton has been well-documented.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center is a central location that will make the hospital more accessible to most residents of the Mid-Shore region.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is one of the biggest challenges for the delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes a pledge to work with the State on a rural access hospital designation and resources.

Please approve UM Shore Regional Health's CON application. The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for my clients and neighbors.

Sincerely,

Diana H Johnson, CEBS
Sr VP Employee Benefits

Cc: Ken Kozel, CEO, UM Shore Regional Health

28640 MARYS COURT • EASTON, MARYLAND 21601
TEL 410.822.0506 FAX 410.770.5402 WEB avondixon.com

1880 Bank

Tradition • Security • Commitment

August 20, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

On behalf of 1880 Bank, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. We are pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

We support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Kim C. Liddell
Chairman, President & CEO

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

August 20, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

On behalf of The Meoli Companies and the McDonald's restaurants of Dorchester, Talbot, Caroline, Queen Anne's and Kent County, MD, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. I pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for the citizens of our community. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Michael Meoli
CEO Meoli Companies

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Shearer The Jeweler
22 North Washington Street
Easton, Maryland 21601
410-822-2279
fax 410-820-8905
email steve@shearerthejeweler.com

August 31, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

As a small business owner in Easton, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. My family and I are pleased with the location.

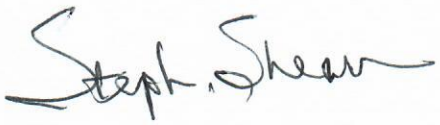
The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our citizens The University of Maryland Medical System and UM Shore Regional Health have excellent

reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,
Stephen M. Shearer



Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Mid-Shore Regional Council
8737 Brooks Drive
Suite 101
Easton, MD 21601

Phone: 410-770-4798
Fax: 410-770-5398

www.midshore.org

MID-SHORE REGIONAL COUNCIL

August 28, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

The Mid-Shore Regional Council (MSRC) expresses strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland (UM) Shore Regional Health for a relocated replacement hospital in Easton. This new hospital will meet the needs of the mid-shore citizens by establishing a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. The need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for many years.

The plans for the replacement of the hospital are extremely necessary. The project is particularly important because the UM Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. The new facility is essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

The MSRC operates a cooperative regional planning and development agency within Caroline, Dorchester, and Talbot Counties to foster physical, economic, and social development. The MSRC is an established U.S. Economic Development Administration (EDA) Economic Development District (EDD). As an EDD the MSRC facilitates and produces a Mid Shore Comprehensive Economic Development Strategy (CEDS).

The Regional Medical Facility has been a high priority project since it was accepted into the CEDS in 2010. UM Shore Regional Health is not only a provider of health care, but is also a major employer in the region. It is

vitally important that this industry continues to thrive. The new facility will improve UM Shore Regional Health's ability to recruit and retain physicians and nurses, as well as medical and non-medical professionals in the region. Having a state-of-the-art hospital and health care community is crucial to the entire region to attract and retain citizens and businesses to the area.

UM Shore Regional Health's new regional medical facility is vital to improving the access to health care and quality of life for the citizens of Maryland's mid-shore region. The MSRC looks forward to the approval of the CON application to build a new hospital in Easton. This facility is key to the UM Shore Regional Health implementing their regional service delivery plan.

Sincerely,

Scott Warner
Executive Director

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

STATE GOVERNMENT

Christopher T. Adams
Legislative District 37B
Caroline, Dorchester, Talbot,
and Wicomico Counties

Economic Matters Committee

The Maryland House of Delegates
6 Bladen Street, Room 326
Annapolis, Maryland 21401
410-841-3343 · 301-858-3343
800-492-7122 *Ext.* 3343
Fax 410-841-3299 · 301-858-3299
Christopher.Adams@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

August 21, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

Please accept this letter of support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient, and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's, and Talbot Counties. The proposed location on Rt. 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. I am pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. I applaud their intention to build a new hospital and fully support their efforts and initiatives set forth in their CON application and to their regional service delivery plan.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

Christopher T. Adams

ADDIE C. ECKARDT
Legislative District 37
Caroline, Dorchester, Talbot,
and Wicomico Counties

Budget and Taxation Committee

Health and Human Services
Subcommittee

Joint Committees
Administrative, Executive,
and Legislative Review

Audit

Children, Youth, and Families

Fair Practices and
State Personnel Oversight

Pensions

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Annapolis Office
James Senate Office Building
11 Bladen Street, Room 322
Annapolis, Maryland 21401
410-841-3590 · 301-858-3590
800-492-7122 *Ext.* 3590
Fax 410-841-3087 · 301-858-3087
Adelaide.Eckardt@senate.state.md.us

District Office
601 Locust Street, Suite 202
Cambridge, MD 21613
410-221-6561

August 22, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen,

I am writing in support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region and will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

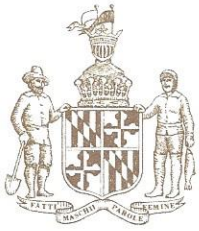
I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources. Please accept this letter of support for UM Shore Regional Health's proposed project in their commitment to improve the quality and access to health care for our Eastern Shore citizens. Please do not hesitate to contact me if I can be of further assistance.

Best regards,

Senator Addie C. Eckardt

JOHNNY MAUTZ
Legislative District 37B
Caroline, Dorchester, Talbot,
and Wicomico Counties

Economic Matters Committee



The Maryland House of Delegates
6 Bladen Street, Room 323
Annapolis, Maryland 21401
410-841-3429 · 301-858-3429
800-492-7122 *Ext.* 3429
Fax 410-841-3523 · 301-858-3523
Johnny.Mautz@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

August 22, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

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The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

JOHNNY MAUTZ
District 37B

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

P.S. The new hospital and C.O.N. is a top priority for our region and delivery of care throughout the area. We strongly support this application and encourage you to approve.

Kind regards,
Johnny

Sheree Sample-Hughes
Legislative District 37A
Dorchester and Wicomico Counties

Health and Government
Operations Committee

The Maryland House of Delegates
6 Bladen Street, Room 221
Annapolis, Maryland 21401
410-841-3427 · 301-858-3427
800-492-7122 *Ext.* 3427
Fax 410-841-3780 · 301-858-3780
Sheree.Sample.Hughes@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES

ANNAPOLIS, MARYLAND 21401

August 23, 2018

Ben Steffen, Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Dear Executive Director Steffen:

As a delegate representing Maryland's Dorchester and Wicomico Counties, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. I am pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Yours in service,

Sheree Sample-Hughes
Delegate, District 37A

cc: Ken Kozel, CEO, UM Shore Regional Health
219 South Washington Street, Easton, Maryland 21601

LOCAL GOVERNMENT

THE COMMISSIONERS OF ST. MICHAELS

SETTLED 1670-1680
INCORPORATED 1804

300 MILL STREET
P.O. BOX 206
ST. MICHAELS, MD 21663

TELEPHONE: 410.745.9535
FACSIMILE: 410.745.3463

August 29, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

The Commissioners of St. Michaels would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

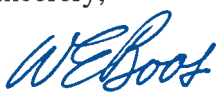
The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. We are pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

We support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,



William E. Boos
President

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

COUNTY COMMISSIONERS of CAROLINE COUNTY, MARYLAND

August 28, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

The County Commissioners of Caroline County wish to express their strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient, and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. The Commissioners are pleased with the location, which is a significant improvement over the current downtown location, where narrow, congested streets impede access – particularly for our emergency medical services ambulances.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

The Commissioners support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

Courthouse
Telephone 410.479.0660

109 Market Street, Rm. 123
www.carolinemd.org

Denton, Maryland 21629
Facsimile 410.479.4060

The proposed project demonstrates UM Shore Regional Health's commitment to improving health care delivery to the residents of the Mid-Shore region and ensuring residents' access to necessary services. The Commissioners appreciate our partnership with UM Shore Regional Health and the initiatives it has undertaken to serve the residents of Caroline County. Over the past several years, they have done much to increase the strength of the "spokes" of their service to Mid-Shore residents, especially in Caroline County. But despite the excellent work done by UM Shore Regional Health to strengthen the spokes, a strong hub is needed in order to fully meet the health care needs of the residents of Caroline County, and the entire Mid-Shore. Those acute health care needs are best served with the state-of-the-art facility proposed in this CON.

The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan.

As the only county in the state without a hospital or stand-alone emergency room, Caroline County has a unique perspective on the need for a new hospital. The Commissioners feel strongly that this CON application demonstrates a thoughtful understanding of the region's long-term health needs and provides a solid plan to address them. Therefore, we respectfully request that application be approved by the Maryland Health Care Commission.

Sincerely,

County Commissioners of Caroline County

Larry C. Porter, President

Wilbur Levengood, Jr., Vice President

Daniel J. Franklin, Commissioner

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

BOARD MEETING:
2ND AND 4TH TUESDAY OF EACH MONTH

(410) 226-5122

Commissioners of Oxford

101 Market Street
P.O. Box 339
Oxford, Maryland 21654

August 20, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

The Commissioners of Oxford would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

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The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

We support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for

quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

The Commissioners of Oxford

Gordon Fronk, President

Gordon Graves, Commissioner

John Pepe, Commissioner

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Victoria Jackson-Stanley
Mayor

City of Cambridge
City Hall
410 Academy Street - P O Box 255
Cambridge, Maryland 21613
Phone: 410-228-4020 Fax: 410-228-4554
MD Relay (V/TTY) 711 or 1-800-735-2258
E-Mail mayor@choosecambridge.com

August 28, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

On behalf of the Commissioners of Cambridge, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

We support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Victoria Jackson-Stanley
Mayor

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Town of Denton
4 N. Second Street
Denton, Maryland 21629
Phone (410)-479-2050 Fax (410)-479-3534

August 21, 2018

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

Dear Mr. Steffen:

On Behalf of the Town of Denton, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. We are pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

We support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our residents. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and

to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Donald H. Mulrine Jr.
Town Administrator

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Town of Easton

14 S. Harrison Street, Easton, Maryland 21601

Robert C. Willey
Mayor

410-822-2525
bobwilley@town-eastonmd.com

September 5, 2018

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

Dear Mr. Steffen:

As Mayor of the Town of Easton, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. We are pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

The Town of Easton supports the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our community. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Robert C. Willey

Robert C. Willey, Mayor

cc: Ken Kozel, CEO, UM Shore Regional Health

COUNTY COUNCIL OF TALBOT COUNTY
COURT HOUSE
11 N. WASHINGTON STREET
EASTON, MARYLAND 21601-3178
PHONE: 410-770-8001
FAX: 410-770-8007
TTY: 410-822-8735
www.talbotcountymd.gov

JENNIFER L. WILLIAMS, President
COREY W. PACK, Vice President

DIRCK K. BARTLETT
CHUCK F. CALLAHAN
LAURA E. PRICE

August 29, 2018

Ben Steffen, Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

On behalf of the Talbot County Council, I would like to express our strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care services. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery plan for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of the residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed relocation of a replacement hospital to Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. We approve of the selected site for the replacement hospital.

In addition to providing more accessibility, the new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge, but which is essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

The County Council supports the regional vision for UM Shore Regional Health, including its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of, and access to, health care for our citizens and those of surrounding counties. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and they have our full support for their CON application and their regional service delivery plan.

We respectfully request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

COUNTY COUNCIL OF TALBOT COUNTY

Jennifer L. Williams
President

JLW/swm

Cc: Ken Kozel, CEO, UM Shore Regional Health

HEALTH CARE

Department of Health
Queen Anne's County

206 N. Commerce Street, Centreville, MD 21617-1049
Tel: 410-758-0720 • 410-778-0993 • Fax: 410-758-2838

Joseph A. Ciotola, M.D.
Health Officer

August 31, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

On behalf of Queen Anne's County Department of Health, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. We are pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

We support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Joseph A. Ciotola, Jr., M.D.
Health Officer

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

AUTUMN LAKE
HEALTHCARE
at Denton

September 4, 2018

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

Dear Mr. Steffen:

On behalf of Autumn Lake Healthcare of Denton, a skilled nursing facility, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. The location is more convenient for us.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Attracting and retaining healthcare professionals is a major problem for our facility, and this should help the overall pool of available providers. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

We also support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our community. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to

their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Henry C. Cotsalas
Administrator

Cc: Ken Kozel, CEO,
UM Shore Regional Health
219 S. Washington St.
Easton, MD 21601

MID SHORE
BEHAVIORAL HEALTH
RESOURCES, GUIDANCE, WHOLENESS, & HOPE

28578 Mary's Court, Suite 1
Easton, MD 21601

P: 410.770.4801
F: 410.770.4809

midshorebehavioralhealth.org

September 5, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

On behalf of Mid Shore Behavioral Health, Inc. (MSBH), I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. MSBH is pleased with the proposed location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

MSBH supports the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our community members. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Kathryn G. Dilley, LCSW-C
Executive Director

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

UNIVERSITY of MARYLAND
SHORE REGIONAL HEALTH

219 South Washington Street
Easton, MD 21601
www.shorehealth.org

August 21, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

As Chairman of the Board of Shore Regional Health, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. I am pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

John Dillon

UNIVERSITY of MARYLAND
SHORE REGIONAL HEALTH

Auxiliary of Easton

PO Box 171
Easton, MD 21601
www.shorehealth.org

August 28, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

As a member of the Hospital Auxiliary, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. I am pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our patients. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Nancy Lopez Kost

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Compass REGIONAL Hospice

August 20, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

On behalf of organization, Compass Regional Hospice, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. We are pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

We support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our patients. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,
Heather A. Guerieri RN, MSN

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

UNIVERSITY of MARYLAND
SHORE REGIONAL HEALTH

Auxiliary of Easton

PO Box 171
Easton, MD 21601
www.shorehealth.org

September 1, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

The Auxiliary of the Memorial Hospital at Easton (University of Maryland Shore Regional Health) would like to express strong support for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton. Their vision of regional health care to meet the needs of Shore citizens requires a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. The need to replace the venerable hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for this replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. The proposed location serves the increasing population in the area. For over seventy years, the Auxiliary has been the most prominent volunteer organization in the Easton Hospital and gives significant funding (over $150,000 per year) to Shore Regional Health's projects in Talbot County. With over 200 active and sustaining members, the volunteers give almost 34,000 hours annually to the mission of the Hospital, and we look forward to our continued volunteer and financial support for this new hospital in Easton.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction, and resolve facility issues which cannot be satisfactorily addressed at the existing hospital.

We recognize and support the regional vision for UM Shore Regional Health and its commitment to UM Shore Medical Center at Chestertown to maintain inpatient beds through at least 2022, and a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality and access to health care for our citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Lizette D. Hannegan, President

Auxiliary of the Memorial Hospital at Easton

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Dorchester County Department of Health

"Working for Healthier People"

3 Cedar Street
Cambridge, MD 21613

www.dorchesterhealth.org

Tel# (410) 228-3223
FAX# (410) 228-9319

Roger L. Harrell, MHA, Health Officer

August 27, 2018

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

Dear Mr. Steffen:

I am writing to support the Certificate of Need (CON) application submitted by the University of Maryland (UM) Shore Regional Health for relocated replacement hospital in Easton.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the UM Shore Medical Center at Easton serves the health care needs of Caroline, Dorchester, Kent, Queen Anne's, and Talbot counties. I am pleased with the proposed location on Route 50 near the Talbot County Community Center This location will make the hospital more accessible to most residents of the Mid-Shore region.

The new state-of-the art facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the Mid-Shore region, which is an ongoing challenge and essential to the continued delivery of high quality health services on the Eastern Shore. The new location also has significant design improvements, such as private rooms and other modern amenities that will improve quality of health care, and patient satisfaction. This modernization will resolve facility issues which cannot otherwise be addressed in a prudent way in the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources. The proposed project is integral to this vision and demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our citizens The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region

As Health Officer I am pleased to offer my full support and urge the Maryland Health Care Commission to approve the Certificate of Need application. The replacement hospital will better meet the current needs of the population and will allow UM Shore Regional Health the flexibility to adapt to the changing health care needs of the communities it serves long into the future. If you have any questions, please do not hesitate to contact me.

Sincerely,

Roger L. Harrell, MHA
Health Officer

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Ona M. Kareiva, MD
219 S. Washington St.
Easton, MD 21601

August 31, 2018

Ben Steffen, Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr Steffen,

As a physician of Shore Regional Health System that works in both the Easton and Chestertown hospitals, I am writing to express my strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As vital as the Easton replacement hospital is to the region, I would like to be assured of two things:

- That state officials require and oversee improvements to the hospital in Chestertown so an appropriate array of physicians, surgeons, ancillary services and staff members are once again in place in the Chester River Community and in the hospital.

- That the Maryland General Assembly and executive agencies have agreed to create a support system so that the hospital in Chestertown will be maintained with inpatient medical, surgical and intensive care services for decades after the new hospital in Easton has opened.

In response to a community demonstration in late 2016, when 31 of the Chester River Hospital physicians signed a full-page newspaper ad informing the community that Shore Health was planning to turn the Chester River Hospital into a Free-standing Medical Facility (FMF), the General Assembly ordered an 18-month study by a Rural Health Care Legislative Workgroup, and another by the UM School of Public Health. They focused on the difficulty of attracting health care providers and services to a rural area; special needs of vulnerable populations, the lack of public transportation; and the economic impact to a community that has, or loses, health care facilities. Both reports concluded that the Chester River community requires inpatient care close to home.

The need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years. The plans for the replacement of the hospital are both timely and necessary. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore Region. I am pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, an ongoing challenge that I've witnessed within my own group. This is essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will

improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for my patients. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. I applaud their intention to build a new hospital in Easton, their commitment to the UM Shore Medical Center at Chestertown, and give my full support to their CON application and to their regional service delivery plan. I request that the Maryland Health Care Commission approve the UM Shore Regional Health's CON application.

Sincerely,

Ona M. Kareiva, MD
Board member, UM Shore Regional Health System

cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

TIDEWATER Anesthesia associates

August 31, 2018

Ben Steffen

Executive Director

Maryland Health Care Commission

4160 Patterson Avenue

Baltimore, MD 21215

Dear Mr. Steffen,

As the Board Members of Tidewater Anesthesia Associates, we would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton,to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. We are pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge we've faced within our group and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernization, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

We support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our patients. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they

are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,
Board of Tidewater Anesthesia Associates

Ona Kareiva, MD
Secretary

Bradley Kleinert, DO
Treasurer

John Snell, MD
President

cc: Ken Kozel, CEO, UM Shore RegionalHealth
219 S. Washington St., Easton, MD 21601

TALBOT COUNTY, MARYLAND
TALBOT COUNTY DEPARTMENT OF EMERGENCY SERVICES
605 PORT STREET
EASTON, MD 21601
PHONE: (410) 770-8160 FAX: (410) 770-8163

CLAY STAMP
Director

BRIAN K. LECATES
Deputy Director

HOLLEY GUSCHKE
911 Division Chief

August 21, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

On behalf of Talbot County Department of Emergency Services, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. We are pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues, which cannot otherwise be addressed in a prudent way at the existing hospital.

We support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Brian LeCates, Acting Director

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

UNIVERSITY of MARYLAND
MEMORIAL HOSPITAL
FOUNDATION
OF SHORE REGIONAL HEALTH

121 Federal Street, Suite 2
PO Box 1846
Easton, Maryland 21601
410-822-1000, ext. 5763
ummhfoundation.org

August 21, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

On behalf of the University of Maryland Memorial Hospital Foundation, we would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. We are pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

We support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

(Over)

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our patients. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

F. Graham Lee
Vice President, Philanthropy

cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

CAROLINE COUNTY
HEALTH DEPARTMENT
Caring for Caroline

8/20/18

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

On behalf of the Caroline County Health Department, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital located in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

CAROLINE COUNTY
HEALTH DEPARTMENT
Caring for Caroline

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our residents. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Scott T. LeRoy MPH, MS
Caroline County Health Officer

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Delmarva Radiology

Delmarva Radiology, P.A.
The Memorial Hospital at Easton
219 South Washington Street
Easton, Maryland 21601
410-822-1000 ext.5678
fax 410-822-3917

August 28, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

As a member of the Shore Regional Health Medical Staff I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than ten years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. I am pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our patients. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and

Delmarva Radiology

Delmarva Radiology, P.A.
The Memorial Hospital at Easton
219 South Washington Street
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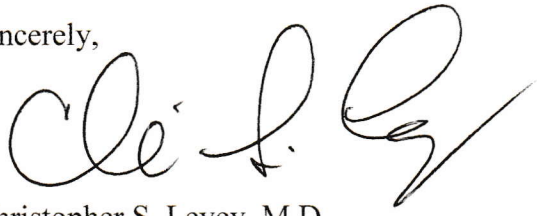
410-822-1000 ext. 5678
fax 410-822-3917

they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore *Regional Health's CON application.*

Sincerely,



Christopher S. Levey, M.D.
Chair, Dept. of Radiology
UMMS/Shore Regional Health System

Cc: *Ken Kozel, CEO, UM Shore Regional Health*
219 S. Washington St., Easton, MD 21601

CHOPTANK
community health

August 20, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

As the CEO of Choptank Community Health System, a federally qualified health center, I would like to express my support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our residents for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

We support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our patients and community. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

[signature], CEO

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

PHONE: 410-819-5600
TOLL FREE: 1-877-810-7184

TALBOT COUNTY HEALTH DEPARTMENT

FAX: 410-819-5690
TTY: 1-877-735-2258 MD

100 S. HANSON STREET, EASTON, MD 21601
Fredia S. Wadley, MD, Health Officer

August 29, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

As Health Officer for Talbot County, I would like to express support for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton. The need to replace the aged hospital on Washington Street in Easton has been clearly documented, and the replacement has been a part of the health system's service delivery planning for more than five years. An updated facility would better meet the needs of residents in the region for inpatient, outpatient and specialty care.

The relocation is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region and save emergency vehicles valuable time in transporting patients.

Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues that cannot be addressed in a prudent way at the existing hospital.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our residents. I am requesting that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Fredia S. Wadley

Fredia S. Wadley, MD, MSHPA
Health Officer

Cc: Ken Kozel, CEO, UM Shore Regional Health

INDIVIDUALS

September 1, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

I would like to endorse the Certificate of Need submitted by University of Maryland Shore Regional Health at Easton for a replacement hospital in Easton. As a member of the local hospital volunteer Auxiliary I can see first hand how a new medical complex will improve the delivery of well-being throughout the mid-shore community. Importantly and related, it will facilitate recruiting and retaining the best health care providers available. It has become increasingly difficult for our existing hospital to keep up with the rapid pace of technology change and patient needs in cost effective manner. There is no doubt that achieving our top priorities of patient outcome and satisfaction will be facilitated with a modern replacement hospital serving the mid-shore.
Without reservation I request that the MHCC approve University of Maryland Shore Regional Health's Certificate of Need application.

Sincerely,

Art Cecil

Art Cecil

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Bernard A. Cheezum, Jr.
205 Winchester Drive
Centreville, MD 21617

August 20, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

As a resident of Queen Anne's County, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. I am pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for the citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Bernard A. Cheezum, Jr., CHC

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Mark M. Freestate

P.O. Box 748

Centreville, MD 21617

(410)490-1481

August 22, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. I pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Mark M. Freestate

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Bradley V. Hill
28450 Old Country Club Road
Easton, MD 21601

August 24, 2018

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

Dear Mr. Steffen:

I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

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The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Bradley V Hill

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Justin D. Hiner
9257 Rockcliff Drive
Easton, MD 21601

August 28, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

As a resident of Talbot County, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. I am pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for the citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Justin D. Hiner

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Michael S. Hiner
30506 Rabbit Hill Road
Easton, MD 21601

August 28, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

As a resident of Talbot County, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. I am pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for the citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Michael S. Hiner

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

August 20, 2018

Emilie Joshi
28692 Edgemere Road
Easton, MD 21601

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

As a resident of Talbot County, long-time volunteer and patient at University of Maryland Shore Regional Health, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

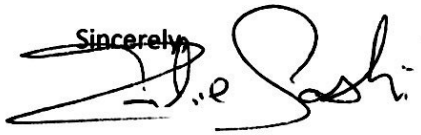
The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. I am very pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our community residents. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,



Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

TIM KAGAN

P.O. Box 400
Easton, MD 21601

August 27, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. I am pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our patients. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. I applaud their intention to build a new hospital in Easton and I give my full support to their CON application and to their regional service delivery plan. I request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Tim Kaufman

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Richard and Joy Loeffler
13 Sandy Acres Road
Cambridge, MD 21613
410-228-3941
jnrloeffler@verizon.net

August 20, 2018

Ben Steffen, Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

As long time residents of Dorchester County, we would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.
The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. and we are pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

We support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Jay R. Loeffler

R. A. Loeffler

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Robert S. Lynch
10517 Orly Drive
Denton, MD 21629

August 20, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

As a resident of Denton for the past 34 years, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

The plans for the replacement of the hospital are timely and necessary. The project is particularly important because the University of Maryland Shore Medical Center at Easton serves the health care needs of residents of Caroline, Dorchester, Kent, Queen Anne's and Talbot counties. The proposed location on Route 50 near the Talbot County Community Center will make the hospital more accessible to most residents of the Mid-Shore region. We are pleased with the location.

The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

We support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for our citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

A year before moving to Denton, I was involved in an auto accident and was transported to Easton. I received excellent treatment there and have on other occasions for my family and myself. As a deacon at First Baptist Church in Easton, I have visited many of the congregants of our church and have been pleased at the treatment received by all. My grandchildren were born there, and my son has been a patient there several times because of his Crohn's.

Sincerely,

Robert S. Legnick

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

Eric D. Milhollan
421 S. Washington Street
Easton, MD 21601

August 28, 2018

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen:

As a resident of Talbot County, I would like to express strong support for the vision of regional health care and for the Certificate of Need (CON) application submitted by University of Maryland Shore Regional Health for a relocated replacement hospital in Easton, to meet the needs of our citizens for a modern, state-of-the-art health care facility for inpatient, outpatient and specialty care. As you are aware, the need to replace the aged hospital on Washington Street in Easton has been well-documented and has been a part of the health system's service delivery planning for more than five years.

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The new facility will also improve UM Shore Regional Health's ability to recruit and retain physicians in the region, which is an ongoing challenge and essential to the continued delivery of quality health care on the Eastern Shore. Design improvements in the proposed facility, such as private rooms and other modernizations, will improve the quality of health care and patient satisfaction and will resolve facility issues which cannot otherwise be addressed in a prudent way at the existing hospital.

I support the regional vision for UM Shore Regional Health, which includes its commitment to UM Shore Medical Center at Chestertown for the maintenance of inpatient beds through at least 2022, along with a pledge to work with the State on a rural access hospital designation and resources.

The proposed project demonstrates UM Shore Regional Health's commitment to improving the quality of and access to health care for the citizens. The University of Maryland Medical System and UM Shore Regional Health have excellent reputations for quality care and they are uniquely dedicated to this rural region. We applaud their intention to build a new hospital in Easton and we give our full support to their CON application and to their regional service delivery plan. We request that the Maryland Health Care Commission approve UM Shore Regional Health's CON application.

Sincerely,

Eric D. Milhollan, CHC

Cc: Ken Kozel, CEO, UM Shore Regional Health
219 S. Washington St., Easton, MD 21601

EXHIBIT 29

MARYLAND HEALTH CARE COMMISSION

Certificate of Need

TO: Jeffrey L. Johnson, Vice President
Shore Health System
219 South Washington Street
Easton, Maryland 21601

July 17, 2003
(Date)

RE: Capital Renovation and Expansion to
Memorial Hospital at Easton

03-20-2112
(Docket Number)

PROJECT DESCRIPTION

The Memorial Hospital at Easton (Memorial-Easton), located in Talbot County, is a 132-bed acute general hospital with a 33-bed comprehensive care facility. The hospital provides a complete range of inpatient and outpatient services, and has served residents of Talbot, Caroline, Dorchester, Queen Anne's and surrounding counties since 1907. Memorial-Easton applied for Certificate of Need approval from the Maryland Health Care Commission to renovate its Telemetry Unit, relocate and expand its Emergency Department, reconfigure space for outpatient services, and upgrade its heating, ventilating, and air-conditioning system and other elements of its infrastructure. No new services will be initiated as part of this project, and no additional beds will be required as a result of the expansion and renovation. The project's total capital cost is estimated at $33,430,000. The Health Services Cost Review Commission reviewed the project's capital expenditure and financial projections and found it financially feasible, even without a 2.5 percent rate increase, for which Memorial-Hospital intends to apply.

This project will be completed in two primary phases over two years: Phase 1, the construction of the Telemetry Unit, is to begin in August 2003, and be completed in August 2004; Phase 2 of the project, construction of a new Emergency Department and Outpatient Services space, will begin in January 2004, and be completed in 2005.

ORDER

The Commission has reviewed Staff's analysis, and, based on Staff's recommendation and the record in this matter, has awarded the project a Certificate of Need.

Memorial-Easton must submit quarterly status reports to the Commission, beginning three months from the date of Certificate of Need approval, and continuing through the completion of the project. In accordance with COMAR 10.24.01.12B, .12C(3), and .12C(4), the project is subject to the following performance requirements:

1. Obligation of not less than 51% of the certified capital expenditure as documented by binding construction contracts or equipment purchase orders no later than **July 17, 2005, 24** months after Certificate of Need approval.

2. Initiation of construction within **four (4) months** of the effective date of the binding construction contract;

3. Documentation from Memorial-Easton that the approved project has been completed, and has met all applicable legal requirements within **24** months of the required binding construction contract.

Failure to meet these performance requirements will render incomplete stages of this Certificate of Need void and of no further effect, subject to the Commission's finding and the requirements for due process found in COMAR 10.24.01.12.F through I.

If it is necessary to make any changes to the approved project before the first use of the expanded and renovated facility, the Memorial Hospital at Easton must notify the Commission, and must receive Commission approval of the proposed change, including the obligation of any funds above those approved by the Commission in this Certificate of Need, in accordance with COMAR 10.24.01.17.

The project's architect or engineer is required to contact the Plans Review and Approval office of the Department of Health and Mental Hygiene, to ascertain the specific information concerning project drawings and specifications that the law requires to be submitted and approved prior to the initiation of construction.

Since this project will be undertaken by an existing, operating health care facility, and none of its components require separate or additional licensure, the Commission requests notification of the completion at least 30 days before first use of the new or renovated space.

Please acknowledge in writing within 30 days that you have received this Certificate of Need, and accept its terms and conditions.

MARYLAND HEALTH CARE COMMISSION

Barbara Gill McLean
Executive Director

BGM/at
cc: Carol Benner
Brian Dubey
Robert Murray

MARYLAND HEALTH CARE COMMISSION

Certificate of Need

TO:	Jeffrey L. Johnson, Vice President Shore Health System The Memorial Hospital at Easton 219 South Washington Street Easton, Maryland 21601	September 14, 2004 (Date)
RE:	Establishment of a Twenty-Bed Acute Inpatient Rehabilitation Unit at The Memorial Hospital at Easton	03-20-2128 (Docket No.)

PROJECT DESCRIPTION

The Memorial Hospital at Easton ("Memorial-Easton"), a 132-bed acute general hospital in Talbot County on Maryland's Eastern Shore, has sought Certificate of Need ("CON") approval to establish a twenty-bed acute inpatient rehabilitation unit, providing comprehensive integrated inpatient rehabilitation ("CIIR") services in what is now the Memorial-Easton subacute care unit, on the hospital's fifth floor. The area intended for the proposed rehabilitation unit currently houses a skilled nursing unit with 33 comprehensive care facility beds; Memorial-Easton will seek authorization for temporary delicensure of these beds, and understands that it must obtain Commission action through an exemption from CON review for the permanent closure of the comprehensive care service at the hospital, pursuant to Health-General Article § 19-120(l)(2), Annotated Code of Maryland.

In order to convert its use to inpatient rehabilitation, Memorial-Easton will undertake a major interior renovation of the Five-South Unit, originally constructed in 1966, that would affect a total of 14,300 square feet of current hospital space. This includes 7,200 square feet to house the 20 inpatient rehabilitation beds (arrayed as 4 private and 8 semi-private patient rooms) and standard support space, to conform to the requirements of the 2001 edition of the *American Institute of Architects Guidelines for Design and Construction of Hospitals and Health Care Facilities*, and of the Americans with Disabilities Act; 4,200 square feet for rehabilitation spaces (including a gym, space for dining and recreation, and a kitchen and bathroom facilities for therapies related to activities of daily living) and also offices for the rehabilitation staff; 1,700 square feet for mechanical needs, utilities, stairs, elevators, and other structural details; and 1,200 square feet of space for use by staff of Memorial-Easton's Maternal Health Unit, to replace space taken by the rehabilitation renovations.

Memorial-Easton proposes to complete its construction-level architectural design for the rehabilitation unit within five months of CON approval, and to complete construction over 15 months, in two phases. Memorial-Easton estimates that the total cost to convert the 33-bed hospital-based skilled nursing facility to a 20-bed rehabilitation unit will be $4,287,520. Of this

total, proposed current capital costs account for $3,785,000, $422,520 is budgeted as an inflation allowance and for capitalized construction interest, and $80,000 is allocated to financing costs and other cash requirements, including legal and auditing costs. The source of funds for the Memorial-Easton project will be $230,000 in cash, and $4,057,520 in authorized bonds, issued by the Maryland Health and Higher Education Facilities Authority, although a later communication from Memorial-Easton explained that the hospital may also investigate the possibility of self-funding the project, rather than seeking a bond issue from MHHEFA.

ORDER

The Maryland Health Care Commission has reviewed Staff's report and recommendation on the Certificate of Need application submitted by The Memorial Hospital at Easton, and, based on this analysis and the record in this review, approved its application for Certificate of Need on September 14, 2004. The Commission imposed no additional conditions on the approval.

In accordance with COMAR 10.24.01.12C(3)(c), the project is subject to the following performance requirements:

1. Obligation of not less than 51% of the approved capital expenditure, as documented by a binding construction contract, by March 14, 2006, 18 months after the September 14, 2004 Certificate of Need approval;

2. Initiation of construction within four (4) months of the effective date of the binding construction contract;

3. Documentation from Memorial-Easton that it has completed the project; received a State license, if licensure is required, or has otherwise met all applicable legal requirements to begin operation; and has begun to provide the approved service, within 18 months of the effective date of the binding construction contract.

Memorial-Easton must notify the Commission when the hospital executes the binding construction contract, because the deadlines for meeting the second and third performance requirements are set based on the compliance with Performance Requirement 1.

Commission regulations at COMAR 10.24.01.13B require Memorial-Easton to submit quarterly status reports, beginning December 14, 2004, three months from the date of this Certificate of Need, and continuing through the completion of the project.

Before making any changes to the facts in the Certificate of Need application approved by the Commission, Memorial-Easton must notify the Commission in writing and receive Commission approval of each proposed change, including the obligation of any funds above those approved by the Commission in this Certificate of Need, in accordance with COMAR 10.24.01.17.

The project's architect or engineer is required to contact the Plans Review and Approval section of the Department of Health and Mental Hygiene, to ascertain the specific information concerning the project's drawings and specifications that the law requires to be submitted and approved prior to the initiation of construction.

Please acknowledge in writing within thirty days that you have received this Certificate of Need, and that you accept its terms and conditions.

MARYLAND HEALTH CARE COMMISSION

Barbara Gill McLean
Executive Director

cc: Carol Benner, Office of Health Care Quality
Kathleen Foster, Health Officer, Talbot County
Howard Jones, Office of Plans Review, DHMH
Robert Murray, Executive Director, HSCRC

MARYLAND HEALTH CARE COMMISSION

Certificate of Conformance

TO: Kenneth D. Kozel
President and Chief Executive Officer
University of Maryland Shore Medical Center at Easton
219 S. Washington Street
Easton, Maryland 21601

April 11, 2016
(Date)

RE: Emergency and Elective Percutaneous Coronary Intervention Services

CC-15-20-0001
(Docket No.)

SERVICE DESCRIPTION

This Certificate of Conformance authorizes the University of Maryland Shore Medical Center at Easton (UMSMC-E or Hospital) to establish both emergency (primary) and elective (non-primary) percutaneous coronary intervention (PCI) services. Emergency PCI includes PCI capable of relieving coronary vessel narrowing associated with ST-segment elevation myocardial infarction (STEMI) or STEMI equivalent, as defined by the Maryland Health Care Commission (MHCC) in COMAR 10.24.17. Elective PCI is PCI provided to a patient who is not suffering from STEMI or STEMI equivalent, but whose condition is appropriately treated with PCI as provided in COMAR 10.24.17.

The Hospital estimates that the capital expenditure related to the establishment of emergency and elective PCI services will be $2,568,600, primarily for fixed equipment and building expenses.

ORDER

MHCC reviewed Staff's Report and Recommendation and, based on that analysis and the record in the review, ordered, on March 17, 2016, that a Certificate of Conformance with required conditions be issued authorizing the establishment of elective and primary PCI services at UMSMC-E if, on or before April 11, 2016, UMSMC-E provided documentation satisfactory to Commission staff that:

1. The Hospital has protocols for both routine and infrequent emergency situations, such as recurrent ischemia or infarction, failed angioplasty requiring emergency CABG surgery, and primary angioplasty system failure; and

2. The Hospital has executed an agreement that provides for 30-minute response time regardless of the circumstances.

The Hospital met the required conditions by providing satisfactory documentation on April 11, 2016. Specifically, UMSMC-E submitted: (1) its protocol for addressing conditions such as

recurrent ischemia or infarction and failed angioplasty requiring emergency coronary artery bypass graft surgery; and (2) a copy of an amended agreement with Best Care Ambulance, effective April 6, 2016, that provides for a 30-minute response time regardless of circumstances.

CONDITIONS

This Certificate of Conformance is issued with the following conditions:

1. At least 90 days prior to first use approval, UMSMC-E shall provide the names of its medical director and interventionalists on staff and documentation that each interventionalist on staff has achieved an average annual case volume of 50 or more PCI cases over the two-year period;

2. UMSMC-E shall agree to comply with the requirements for a Certificate of Ongoing Performance outlined at COMAR 10.24.17.07C and D;

3. UMSMC-E shall agree to voluntarily relinquish its authority to provide elective PCI or both emergency and elective PCI and close its program in a timely manner upon notice by the Executive Director of MHCC if it: (i) has failed to comply with standards for a Certificate of Ongoing Performance or a Certificate of Conformance; (ii) has been given an opportunity to address the deficiencies identified by the Commission through an approved plan of correction; and (iii) has failed to adequately correct the deficiencies.

4. UMSMC-E shall apply for a Certificate of Ongoing Performance on or before June 30, 2020.

ACKNOWLEDGEMENT OF RECEIPT OF CERTIFICATE OF CONFORMANCE

Acknowledgement of your receipt of this Certificate of Conformance, stating acceptance of its terms and conditions, is required within thirty (30) days.

MARYLAND HEALTH CARE COMMISSION

Ben Steffen
Executive Director

cc: Manjula Paul, Health Officer, Talbot County
Donna Kinzer, Executive Director, HSCRC
Kevin Seaman, M.D., F.A.C.E.P., Executive Director, MIEMMS