IN THE MARYLAND HEALTH CARE COMMISSION

APPLICATION
FOR CERTIFICATE OF NEED

to
Replace and Consolidate
Perioperative Services Facilities

Applicant

University of Maryland St. Joseph Medical Center, LLC

February 2, 2018

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For internal staff use

MARYLAND HEALTH CARE COMMISSION

MATTER/DOCKET NO.

DATE DOCKETED

HOSPITAL
APPLICATION FOR CERTIFICATE OF NEED

PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION

1. FACILITY

Name of Facility: University of Maryland St. Joseph Medical Center

Address:

7601 Osler Drive	Towson	21204	Baltimore
Street	City	Zip	County

Name of Owner (if differs from applicant):

2. OWNER

Name of owner: University of Maryland St. Joseph Medical Center, LLC

3. APPLICANT. *If the application has co-applicants, provide the detail regarding each co-applicant in sections 3, 4, and 5 as an attachment.*

Legal Name of Project Applicant
University of Maryland St. Joseph Medical Center

Address:

250 W. Pratt Street, 24th Floor	Baltimore	21201	MD	Baltimore City
Street	City	Zip	State	County

Telephone: (410) 337-1671

Name of Owner/Chief Executive: Thomas B. Smyth, MD, President and CEO

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

5. LEGAL STRUCTURE OF APPLICANT (and LICENSEE, if different from applicant). Check ☑ or fill in applicable information below and attach an organizational chart showing the owners of applicant (and licensee, if different).

A.	Governmental	☐	
B.	Corporation		
	(1) Non-profit	☐	
	(2) For-profit	☐	
	(3) Close	☐	State & date of incorporation
C.	Partnership		
	General	☐	
	Limited	☐	
	Limited liability partnership	☐	
	Limited liability limited partnership	☐	
	Other (Specify):		
D.	Limited Liability Company	☒	
E.	Other (Specify):		
	To be formed:	☐	
	Existing:	☐	

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

A. Lead or primary contact:

Name and Title: Walter Furlong, VP Strategy/Business Development
Mailing Address:

7601 Osler Drive	Towson	21204	MD
Street	City	Zip	State

Telephone: **410-337-1702**
E-mail Address (required): **walterfurlong@umm.edu**
Fax: **410-337-1755**

B. Additional or alternate contact:

Name and Title: Craig Carmichael, Senior VP Operations
Mailing Address:

7601 Osler Drive	Towson	21204	MD
Street	City	Zip	State

Telephone: **410-337-1738**
E-mail Address (required): **craigcarmichael@umm.edu**
Fax: **410-337-1569**

7. TYPE OF PROJECT

The following list includes all project categories that require a CON under Maryland law. Please mark all that apply.

If approved, this CON would result in:

(1) A new health care facility built, developed, or established ☐

(2) An existing health care facility moved to another site ☐

(3) A change in the bed capacity of a health care facility ☐

(4) A change in the type or scope of any health care service offered by a health care facility ☐

(5) A health care facility making a capital expenditure that exceeds the current threshold for capital expenditures found at: ☒
http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_con/documents/con_capital_threshold_20140301.pdf

8. PROJECT DESCRIPTION

A. Executive Summary of the Project:

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

(1) Brief description of the project – what the applicant proposes to do;

(2) Rationale for the project – the need and/or business case for the proposed project;

(3) Cost – the total cost of implementing the proposed project; and

(4) Master Facility Plans – how the proposed project fits in long term plans.

University of Maryland St. Joseph Medical Center ("UM SJMC") proposes to replace and consolidate its current perioperative services facilities, including its outdated operating rooms, cardiac catheterization labs (including electrophysiology and interventional radiology labs), sterile processing department, and support spaces. The project will be a phased-in-place renovation of the main hospital building, including 11,725 SF of space on the first floor, 21,340 SF of space on the west side of the ground floor, and 48,037 SF on the east side of the ground floor. The project will also include renovating 6,388 SF of mechanical space on the third and fourth floors, and a very minor addition on the outside of the building for one new service elevator connecting the ground and first floors on the north-east side of the plan. A combined total of 87,490 SF of space will be renovated or newly constructed through this project.

The project will create three new areas:

- A cardiac focused suite on the west side of the ground floor including two

cardiac operating rooms, four cardiac catheterization labs (cath labs), a post-cardiac surgery unit (CSU) with six intensive care patient rooms, and support space

- A surgical suite on the east side of the ground floor containing 11 general operating rooms (six will be renovated under a separate project for which UM SJMC received a determination of coverage), and one special purpose hybrid operating room (renovated under a separate project for which UM SJMC received a determination of coverage)

- A sterile processing suite on the first floor to support the ground floor procedural space

Upon completion of the determination of coverage projects and this project, UM SJMC will have a net decrease of five operating rooms (four general and one special purpose operating room), three cardiac cath labs, and three CSU rooms from the current complement of rooms and labs.

The proposed project has a projected cost of $60M of which an estimated $37.4 Million is allocated for renovations. The sources of funds for this project include $30.3M in cash, $20.0M of philanthropy, and $9.7M from UM SJMC's Escrow Fund. The Escrow Fund originates from the purchase of the facility by University of Maryland Medical System (UMMS), and was set aside by UMMS for the sole purpose of capital improvements and renovations at UM SJMC.

This project is necessary due to the age, size, and configuration of the existing perioperative services. The average age for UM SJMC's existing operating rooms to be replaced within this project is approximately 27 years old. The current minimum standard for an operating room is 600 SF of clear floor area. Most of the existing operating rooms are 450 – 550 SF and cannot accommodate the variety of equipment required in complex procedures. Similarly, the interventional labs are far less than the 400 SF clear minimum standard area, and any proposed replacement equipment will have limited mobility within the existing rooms. The interventional labs currently reside in two completely separate locations over 400 feet apart. The project will improve operational inefficiencies by moving these rooms to a single location.

In 2009, the age of the hospital's facility and the lack of infrastructure led hospital leadership to develop a UM SJMC Master Facility Plan. Phase 1 of that plan included replacement of many of the hospital's infrastructure components, such as boilers, chillers, emergency generators, and electrical power distribution. These upgrades have been constructed in phases over the past three years, and are anticipated to be completed within the next three years. The next phase of this Master Facility Plan is to consolidate and renovate the perioperative services department. Some of this work is already underway through separate projects for which UM SJMC sought determination of coverage for the building of the hybrid operating room and renovation of six flood-damaged operating rooms. This project flows directly from the Master Facility Plan and is in alignment with other projects already under way at UM SJMC.

B. Comprehensive Project Description:

The description must include details, as applicable, regarding:

(1) Construction, renovation, and demolition plans;
(2) Changes in square footage of departments and units;
(3) Physical plant or location changes;
(4) Changes to affected services following completion of the project; and
(5) If the project is a multi-phase project, describe the work that will be done in each phase. If the phases will be constructed under more than one construction contract, describe the phases and work that will be done under each contract.

I. UM SJMC's Existing Perioperative Services

UM SJMC's existing complement of operating rooms includes:

- Nine general operating rooms on the east side of the ground floor of the original hospital, built in 1968. Six of the nine existing operating rooms were damaged in a major water incursion incident in May 2016, and are now in the process of being repaired through a separate project for which UM SJMC obtained a determination of coverage. A hybrid operating room on the east side of the ground floor is also in the process of being built under a separate determination of coverage.

- Two cardiac operating rooms on the west side of the ground floor of the hospital, built in a 1989 renovation. Two cardiac operating rooms on the east side of the ground floor of the original hospital, added in approximately 1990. These operating rooms, shown as operating room numbers 11 and 12 in **Exhibit 2**, drawing A1.00A, are in use as general operating rooms following the flood in May of 2016.

- Seven general operating rooms on the south side of the ground floor, built in a 1991 addition, and one cystoscopy procedure room.

- Two special purpose labor and delivery operating rooms on the third floor of the hospital. These will remain intact and will not be impacted in any way by this project. They will be the only operating rooms that are not co-located with the new perioperative suite.

UM SJMC's existing complement of interventional procedure labs includes:

- Five cath labs on the west side of the existing hospital, originally created in the early 1990s, and renovated periodically since then.

- One electrophysiology lab (EP lab) on the west side of the existing hospital, most recently renovated in 2011.

- One interventional radiology lab (IR lab) on the north side of the existing hospital, most recently renovated in 2005.

UM SJMC currently has four prep-recovery areas to serve these operating rooms and interventional labs, including:

- Surgical prep consisting of approximately 22 bays with walls on three sides and a cubicle curtain. Some bays share a curtain between pairs of bays. This was constructed in 1992 and has not been significantly renovated since then.

- Outpatient PACU consisting of approximately 15 bays with curtains on three sides, and four Phase 2 recovery bays with curtains on three sides. This was constructed in 1992 and has not been significantly renovated since then.

- Inpatient PACU consisting of approximately 18 bays with curtains on three sides. This was constructed in 1968 and was renovated and expanded most recently in 2010.

- Cardiac catheterization prep and recovery consisting of 41 private rooms with 4 walls and a sliding glass door. This unit serves both the interventional labs and the cardiac operating rooms, was opened in 2008 and will not be significantly modified in this project.

UM SJMC has an existing sterile processing department (SPD) that is dramatically undersized by current standards. It is the original SPD that was built in 1968, but has been renovated multiple times since then, most recently in 2013. In addition, sterile supplies are held in remote storage rooms near the east operating rooms, the cardiac operating rooms, and the supply storeroom warehouse, because there is insufficient storage space in the current SPD.

UM SJMC also has a dedicated nine-bed licensed CSU on the ground floor, which was originally constructed in 1988, and has had no significant renovations since then.

The total square footage of these existing spaces, including the mechanical space, is 98,682 SF.

II. UM SJMC's New Perioperative Suites

UM SJMC proposes to replace its remaining outdated operating rooms, five cardiac cath labs, EP lab, IR lab, SPD, pre- and post-operative patient care spaces, and associated support spaces with a series of renovations to provide disease specific patient care areas to cater to the hospital's largest patient populations.

On the east side of the hospital, the renovated general surgery suite will include a total of 11 general operating rooms, and one hybrid special purpose operating room, as shown in **Exhibit 2**, drawing A2.00A. Six of the general purpose operating rooms and the hybrid operating room are currently being completed under separate projects for which UM SJMC has already received determinations of coverage. In addition, all remaining aspects of the perioperative suite will be modernized as part of this project, including renovated waiting, prep, PACU, phase 2 recovery, staff lockers, and staff lounges.

On the west side of the hospital, the renovated cardiac procedure suite will include a total of two cardiac operating rooms, two cardiac cath labs, one EP lab, and one IR lab, as

shown in **Exhibit 2**, drawing A2.00B. In addition, the existing nine-bed CSU will be renovated to provide a new, updated six-bed unit.

A. The Ground Floor - Renovations

1. East Side

The renovated general surgery suite will consolidate the proposed 12 operating rooms into a single general surgery department (excluding labor and delivery and cardiology) to include:

- One hybrid special purpose operating room currently under renovation in a separate project planned in April 2016, to open in February, 2018
- Six general operating rooms to replace the flood damaged operating rooms currently under renovation since April 2017, scheduled to open in three phases throughout 2018 under a separate project
- Five general operating rooms to be renovated through this project

A new prep and recovery suite for surgical patients will also be located within the renovated space on the east side of the ground floor. Today, patients are prepped in one area, and there are two separate post-anesthesia recovery units (PACUs), one for inpatient and one for outpatient procedures. Since the operating rooms are not separated by patient type, the current setup of the PACUs creates tremendous inefficiency in transporting patients between operating rooms and the PACUs.

The new layout will provide a prep area for patients coming in from the street, close to the existing main entrance of the hospital, and will re-use much of the existing waiting and registration components with minor renovation. There will be a single PACU that will be used for inpatient and outpatient procedures, located between the operating rooms, the patient transport elevator (for inpatients), and the phase 2 recovery (for outpatients). Phase 2 recovery will be co-located with prep. This will allow a number of the rooms to swing between prep rooms in the morning and phase 2 recovery rooms in the afternoon, thus reducing the overall building requirement. The prep and phase 2 recovery spaces are being designed as enclosed rooms to maximize patient and family privacy and dignity.

Additional support space will be located on the ground floor, in the renovated areas, including staff locker rooms, lounges, dictation, clean supply, soiled utility, medication, nourishment, and other patient and staff support spaces.

2. West Side

On the west side of the hospital, the current cardiac OR's and cardiac cath labs will be combined into a single cardiac interventional department. To conserve resources, both of the cath labs will contain relocated equipment. The new interventional spaces include:

- Two cardiac operating rooms
- Two cardiac cath labs
- One EP lab

- One IR lab

All of the new operating rooms and procedural labs will be co-located on the west side of the hospital. They will be immediately adjacent to one another, allowing for a single restricted zone for cardiac patient care. The cardiac operating rooms will be immediately adjacent to the four procedural labs, three of which share a common control room. These adjacencies will improve infection control and staff efficiencies.

Some additional support space will be located on the ground floor, in the renovated areas, including cardiology staff locker rooms, lounges, dictation, clean supply, soiled utility, medication, nourishment, and other patient and staff support spaces. The cardiac patients will continue to use the existing cardiac cath prep and recovery unit, built in 2008. No significant renovations are planned for this area.

The final remaining element of the cardiology portion of the project is to renovate the existing, nine-bed CSU. The CSU is undersized by current ICU standards, and does not provide appropriate patient amenities such as toilet rooms. By renovating it in place, and reducing the bed count to a total of six, it can be brought up to current standards and the missing spaces accommodated.

B. The First Floor Renovation

The sterile processing department (SPD) will be located above the operating rooms on the first floor. Currently, the SPD is on the ground floor and is separated from sterile supply storage. The new department will provide integrated processing of instruments as well as storage of instruments and sterile supplies, and will consolidate the three existing remote storage locations. It will be connected to the operating room suite through two dedicated elevators, one (a mechanical lift) connecting a soiled utility room on the ground floor to the decontamination side of the SPD, and a second elevator connecting the clean side of the SPD to the clean core of the operating rooms. This new elevator will be placed just outside the north side of the building, and represents the only increase to the existing footprint.

This will enable a one-way flow of dirty instruments and case carts up from the operating rooms, through the decontamination process (utilizing one-way, pass-through equipment), through the sterilization and assembly process, into storage to be picked onto the next case cart, and returned back to the operating rooms without crossing paths between dirty and clean in the process.

Immediately adjacent to the SPD is the existing loading dock and warehouse. Today, because these are located on the first floor, every supply item for the operating room has to be brought down a common elevator to the SPD. In the new design, instruments and supplies destined for the operating rooms will be able to be brought directly to the SPD. The materials management staff will be able to work together on supply handling, thus reducing an existing inefficiency. In addition, multiple separate sterile processing and storage locations will be consolidated into one integrated department.

C. Utility Support Spaces

In existing mechanical spaces in the basement, on the second and third floors, and on the roof, we are adding new mechanical equipment. This equipment will include:

- Two new Air Handling Units to replace aging units that do not meet current codes for surgical and procedural areas

- Retrofitting three existing Air Handling Units that serve the renovated areas to provide new controls

- Two new steam to hot water converters to provide code compliant local heating

- Three new re-cooling chillers to provide lower temperature air associated with the operating rooms and the SPD

- Three new medical air compressors to replace the existing compressors which have reached the end of their life

- Associated pumps, piping, etc.

III. Project Phasing

Because this project involves a significant renovation to existing space, it will be constructed as a multiple-phase project under a single construction contract. The single contract will be established with the construction manager, but because of the phasing, the drawings may be released in multiple packages to subcontractors. This will allow UM SJMC to minimize disruption to patient care, and maintain the minimum number of key services, such as operating rooms and cath labs throughout the construction period. By carefully phasing the construction, UM SJMC is able to reduce the overall project cost by maximizing the reuse of existing infrastructure and services in the area. UM SJMC intends the phasing to be as follows:

A. Phase 1 – Enabling Moves

Phase 1 includes vacating office and support space on the first floor of the building to make room for the construction of the SPD.

- It also includes minor modifications to two operating rooms on the east side of the hospital ground floor to prepare them to be used as cardiac operating rooms temporarily during construction. After completion of Phase 3, these operating rooms will function as general operating rooms for the remaining two renovation phases. At the completion of all phases, one of the operating rooms will be decommissioned and become support space, and the other operating room will be retained as a general purpose operating room.

- UM SJMC anticipates this phase will take approximately five months to construct, plus one month for UM SJMC to relocate equipment into the space.

- UM SJMC will minimize disruption to patient care during this phase by taking appropriate infection control measures, and by performing all excessively loud or disruptive construction off-hours when patients and staff are not in the space.

B. Phase 2 – Renovation of New Cath Labs

Phase 2 of the project includes building four interventional labs (two cardiac cath, one EP, and one IR) in the current space occupied by the two cardiac operating rooms, two cardiac cath labs to be vacated, and miscellaneous support space.

- UM SJMC anticipates this phase will take approximately eight months to construct, plus three months for UM SJMC to relocate into the space.

- UM SJMC will minimize disruption to patient care during this phase by taking appropriate infection control measures, and by performing all excessively loud or disruptive construction off-hours when patients and staff are not in the space.

- During this phase of construction, UM SJMC will shift cardiac surgery patients into the two operating rooms on the east side of the hospital that will be modified during Phase 1.

- During this phase of construction, since the ground floor cardiac ICU will not be accessible during construction, patients will be taken directly to the medical surgical ICU on the fourth floor.

C. Phase 3 – Renovation of New Cardiac Operating Rooms and C-ICU

Phase 3 of the project includes renovating in place the existing nine-bed cardiac ICU (CSU) into a six-bed CSU. In addition, it includes renovating two new cardiac operating rooms in the space vacated by construction in the previous phase:

- UM SJMC anticipates this phase will take approximately six months to construct, plus two months for UM SJMC to relocate into the space.

- UM SJMC will minimize disruption to patient care during this phase by taking appropriate infection control measures, and by performing all excessively loud or disruptive construction off-hours when patients and staff are not in the space.

- During this phase of construction, cardiac surgery patients will remain in the two operating rooms on the east side of the hospital that will be modified during Phase 1.

- During this phase of construction, since the ground floor cardiac ICU will not be accessible, patients will be taken directly to the medical surgical ICU on the fourth floor.

D. Phase 4 – Construction of 2 South Operating Rooms and PACU

Phase 4 of the project includes converting three existing operating rooms and an existing cystoscopy procedure room in the South Building into two larger, code compliant operating rooms. In addition, it includes renovating and expanding the existing PACU in place, with larger patient care areas.

- UM SJMC anticipates this phase will take approximately eight months to construct, plus two months for UM SJMC to relocate into the space.

- UM SJMC will minimize disruption to patient care during this phase by taking appropriate infection control measures, and by performing all excessively loud or disruptive construction off-hours when patients and staff are not in the space.

- During this phase of construction, PACU, Phase 1 patients, will be temporarily relocated to the existing cardiac cath prep and recovery unit to avoid disruption in patient care.

E. Phase 5 – Construction of 2 South Operating Rooms and Prep and Recovery

Phase 5 of the project includes converting the final four existing operating rooms in the South Building into two larger, code compliant operating rooms. In addition, it includes renovating and consolidating the existing prep and outpatient PACU in place, into a combined prep and recovery unit with rooms that will provide greater patient privacy and dignity.

- UM SJMC anticipates this phase will take approximately six months to construct, plus two months for UM SJMC to relocate into the space.

- UM SJMC will minimize disruption to patient care during this phase by taking appropriate infection control measures, and by performing all excessively loud or disruptive construction off-hours when patients and staff are not in the space.

- During this phase of construction, pre-surgical patients will be temporarily relocated to the existing cardiac cath prep and recovery unit to avoid disruption in patient care.

At the conclusion of the project, there will be no vacated space; all spaces will be used as part of the new perioperative suite. This is largely due to the fact that while the total number of patient treatment spaces will be reduced, the current spaces do not comply with current standards, so all renovated rooms will be larger.

Complete the DEPARTMENTAL GROSS SQUARE FEET WORKSHEET (Table B) in the CON TABLE PACKAGE for the departments and functional areas to be affected.

9. CURRENT PHYSICAL CAPACITY AND PROPOSED CHANGES

Complete the Bed Capacity (Table A) worksheet in the CON Table Package if the proposed project impacts any nursing units.

See **Exhibit 1**.

10. REQUIRED APPROVALS AND SITE CONTROL

A. Site size: The existing UM SJMC campus is 37.012 acres. The portion disturbed by the project is approximately 0.15 acres +/-.

B. Have all necessary State and local land use approvals, including zoning, for the project as proposed been obtained? YES __X__ NO ____ (If NO, describe below the current status and timetable for receiving necessary approvals.)

The existing UM SJMC campus falls under a CRG designation within Baltimore County. The site is approved for this use as a hospital, and only major additions need to be approved by Baltimore County as part of the CRG process. As the expansion to the hospital is only a single elevator shaft that is one-story above grade and one-story below grade, it would not fall within this process.

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

(1) Owned by: University of Maryland St. Joseph Medical Center, LLC
Please provide a copy of the deed. A copy of the deed for the main parcel dated November 30, 2012, which is recorded among the Land Records of Baltimore County, Maryland in Liber 32876, folio 393, is attached as **Exhibit 3**.

University of Maryland St. Joseph Medical Center, LLC has two additional deeds covering portions of the property not implicated by the current project. These deeds are attached as **Exhibits 4 and 5.**

(2) Options to purchase held by: _____
Please provide a copy of the purchase option as an attachment.

(3) Land Lease held by: _____
Please provide a copy of the land lease as an attachment.

(4) Option to lease held by: _____
Please provide a copy of the option to lease as an attachment.

(5) Other: _____
Explain and provide legal documents as an attachment.

11. PROJECT SCHEDULE

In completing this section, please note applicable performance requirement time frames set forth at COMAR 10.24.01.12B & C. Ensure that the information presented in the following table reflects information presented in Application Item 7 (Project Description).

	Proposed Project Timeline	
Multi-Phase Project for an existing health care facility (Add rows as needed under this section)		
One Construction Contract		
Obligation of not less than 51% of capital expenditure up	6	months

	to 12 months from CON approval, as documented by a binding construction contract.		
	Initiation of Construction within 4 months of the effective date of the binding construction contract.	2	months
	Completion of Phase 1 of Construction (enabling moves) within 24 months of the effective date of the binding construction contract	6	months
Fill out the following section for each phase. (Add rows as needed)			
	Completion of Phase 2 (cardiac cath. labs) within 24 months of completion of previous phase	11	months
	Completion of Phase 3 (cardiac operating rooms and C-ICU) within 24 months of completion of previous phase	8	months
	Completion of Phase 4 (two south operating rooms and PACU) within 24 months of completion of previous phase	10	months
	Completion of Phase 5 (two south operating rooms and prep and recovery) within 24 months of completion of previous phase	8	months

12. PROJECT DRAWINGS

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

Project drawings must include the following before (existing) and after (proposed) components, as applicable:

A. Floor plans for each floor affected with all rooms labeled by purpose or function, room sizes, number of beds, location of bathrooms, nursing stations, and any proposed space for future expansion to be constructed, but not finished at the completion of the project, labeled as "shell space".

B. For a project involving new construction and/or site work a Plot Plan, showing the "footprint" and location of the facility before and after the project.

C. For a project involving site work schematic drawings showing entrances, roads, parking, sidewalks and other significant site structures before and after the proposed project.

D. Exterior elevation drawings and stacking diagrams that show the location and relationship of functions for each floor affected.

Applicant Response:

See **Exhibit 2.**

13. FEATURES OF PROJECT CONSTRUCTION

A. If the project involves new construction or renovation, complete the Construction

Characteristics (Table C) and Onsite and Offsite Costs (Table D) worksheets in the CON Table Package.

B. Discuss the availability and adequacy of utilities (water, electricity, sewage, natural gas, etc.) for the proposed project, and the steps necessary to obtain utilities. Please either provide documentation that adequate utilities are available or explain the plan(s) and anticipated timeframe(s) to obtain them.

The major utilities (normal power, emergency power, chilled water, steam, domestic water and sanitary sewer) for the renovation will come from the existing central utility plant on campus. These utilities will be run through the existing underground utility tunnel on the hospital's basement level to connect to the renovated areas. There will be several new mechanical systems required within the building to support the renovation. Below is a detailed breakdown of utilities:

- Normal Power – will be fed from the existing electrical gear through the utility tunnel to existing electrical substations throughout the hospital. New distribution panels will be provided.

- Emergency Power – will be fed from the existing central utility plant through the utility tunnel to existing electrical substations and automatic transfer switches (ATS) throughout the hospital. Additional ATS and distribution panels will be provided.

- Domestic Water – existing provisions are sufficient and will be reconfigured for the new layout.

- Sanitary Sewer – existing provisions are sufficient and will be reconfigured for the new layout.

- Chilled Water – will be fed from the existing central utility plant to several refurbished or new air handling units. In addition, three additional re-cooling chillers will be provided to supply lower temperature air to operating rooms, cardiac cath labs, and the SPD.

- Steam – will be fed from the existing central utility plant to several refurbished or new air handling units, and to two new steam-to-hot-water converters to provide heat throughout the renovated area.

- Air Handling Units – three existing air handling units will be re-commissioned and their controls upgraded to meet current standards. Two new air handling units will be installed to replace aging units which are no longer code compliant. These will be located on the west side of the second floor in an existing penthouse and the east side of the roof of the ambulatory building. These units will primarily serve the operating room and cardiac cath lab areas.

- Medical Gases – the existing medical gas capacity is sufficient and will be reconfigured for the new layout. Additionally, the medical air system in the basement is nearing the end of its life and the compressors will be replaced as part of this project.

- Storm Water Management – existing provisions are sufficient as there is no significant change in the amount of impervious area due to this project.

PART II - PROJECT BUDGET

Complete the Project Budget (Table E) worksheet in the CON Table Package.

Note: Applicant must include a list of all assumptions and specify what is included in all costs, as well the source of cost estimates and the manner in which all cost estimates are derived.

See **Exhibit 1**.

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

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

   Owner: University of Maryland St. Joseph Medical Center, LLC

   Responsible Individual: Thomas B. Smyth, M.D., President, CEO, Medical Director, University of Maryland St. Joseph Medical Center

   Address: 250 W. Pratt Street, 24th floor, Baltimore, Maryland 21201

2. Is any applicant, owner, or responsible person listed above now involved, or has any such person ever been involved, in the ownership, development, or management of another health care facility? If yes, provide a listing of each such facility, including facility name, address, the relationship(s), and dates of involvement.

   Dr. Smyth was a Vice President with Chesapeake Urology Associates, LLC from September 2006 to August 2015. In that position, he was involved in the strategic development of its ambulatory surgery centers (ASC) which are organized under its ASC division in a separate entity called Summit Ambulatory Surgical Centers, LLC. The principal offices for Chesapeake Urology Associates, LLC and Summit Ambulatory Surgical Center, LLC are located at 25 Crossroads Drive, Suite 306, Owings Mills, MD 21117.

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

   No

4. Other than the licensure or certification actions described in the response to Question 3, above, has any facility with which any applicant is involved, or has any facility with which any applicant has in the past been involved (listed in response to Question 2, above) ever received inquiries from a federal or any state authority, the Joint Commission, or other regulatory body regarding possible non-compliance with Maryland, another state, federal, or Joint Commission requirements for the provision of, the quality of, or the payment for health care services that have resulted in actions leading to the possibility of penalties, admission bans, probationary status, or other sanctions at the applicant facility or at any facility listed in response to Question 2? If yes, provide, for each such instance, copies of any settlement reached, proposed findings or final findings of non-compliance and related documentation including reports of non-compliance, responses of the facility, and any final disposition or conclusions reached by the applicable authority.

   Yes. University of Maryland St. Joseph Medical Center's former owner, St. Joseph Medical Center, Inc., entered a five-year Corporate Integrity Agreement (CIA) in 2010 with the U.S. Department of Health and Human Services (HHS). In 2012, the facility was acquired by

University of Maryland St. Joseph Medical Center, LLC, which instituted substantial, system wide changes. On February 25, 2016, UM SJMC received a letter from HHS indicating that the terms of the CIA had been completely satisfied and the facility has been released from the CIA. Please see **Exhibit 6** for a copy of the release letter.

5. Has any applicant, owner, or responsible individual listed in response to Question 1, above, ever pled guilty to, received any type of diversionary disposition, or been convicted of a criminal offense in any way connected with the ownership, development, or management of the applicant facility or any of the health care facilities listed in response to Question 2, above? If yes, provide a written explanation of the circumstances, including as applicable the court, the date(s) of conviction(s), diversionary disposition(s) of any type, or guilty plea(s).

   No

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

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

1/24/18
Date

Signature of Owner or Board-designated Official

President and CEO
Position/Title

Thomas B. Smyth, M.D.
Printed Name

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

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

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

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

10.24.01.08G(3)(a). <u>The State Health Plan</u>.

To respond adequately to this criterion, the applicant must address each applicable standard from each chapter of the State Health Plan that governs the services being proposed or affected, and provide a direct, concise response explaining the project's consistency with each standard. <u>In cases where demonstrating compliance with a standard requires the provision of specific documentation, documentation must be included as a part of the application.</u>

Every acute care hospital applicant must address the standards in **COMAR 10.24.10: Acute Care Hospital Services**. A Microsoft Word version is available for the applicant's convenience on the Commission's website. Use of the *CON Project Review Checklist for Acute Care Hospitals General Standards* is encouraged. This document can be provided by staff.

Other State Health Plan chapters that may apply to a project proposed by an acute care hospital are listed in the table below. A pre-application conference will be scheduled by Commission Staff to cover this and other topics. It is highly advisable to discuss with Staff which State Health Plan chapters and standards will apply to a proposed project before application submission. Applicants are encouraged to contact Staff with any questions regarding an application.

COMAR 10.24.10. ACUTE CARE CHAPTER

.04A. GENERAL STANDARDS

The following general standards encompass Commission expectations for the delivery of acute care services by all hospitals in Maryland. Each hospital that seeks a Certificate of Need for a project covered by this Chapter of the State Health Plan must address and document its compliance with each of the following general standards as part of its Certificate of Need application. Each hospital that seeks a Certificate of Need exemption for a project covered by this Chapter of the State Health Plan must address and demonstrate consistency with each of the following general standards as part of its exemption request.

Standard .04A (1) – Information Regarding Charges.

Information regarding hospital charges shall be available to the public. After July 1, 2010, each hospital shall have a written policy for the provision of information to the public concerning charges for its services. At a minimum, this policy shall include:

(a) Maintenance of a Representative List of Services and Charges that is readily available to the public in written form at the hospital and on the hospital's internet web site;

(b) Procedures for promptly responding to individual requests for current charges for specific services/procedures; and

(c) Requirements for staff training to ensure that inquiries regarding charges for its services are appropriately handled.

Applicant Response:

UM SJMC has a written policy in place that meets the requirements of this standard. See **Exhibit 7**. This policy addresses all parts of this standard: procedures on maintenance of the Representative List of Services and Charges; procedures for responding to requests for information regarding current charges for specific services and procedures; and requirements for staff training on inquiries regarding charges for services.

The current list of representative services and charges is readily available to the public, both in written form at UM SJMC and on the Hospital's website under the "Patients" tab and "Charge Estimator" (https://www.stjosephtowson.com/documents/copy-of-pricing-for-top-services-fy16-1-1217-umsjm.aspx), it is also attached as **Exhibit 8**. The current list of charges was updated on December 5, 2017 and will continue to be updated quarterly, as required.

Standard .04A(2) – Charity Care Policy.

Each hospital shall have a written policy for the provision of charity care for indigent patients to ensure access to services regardless of an individual's ability to pay.

(a) The policy shall provide:

(i) Determination of Probable Eligibility. Within two business days following a patient's request for charity care services, application for medical assistance, or both, the hospital must make a determination of probable eligibility.

(ii) Minimum Required Notice of Charity Care Policy.

1. Public notice of information regarding the hospital's charity care policy shall be distributed through methods designed to best reach the target population and in a format understandable by the target population on an annual basis;

2. Notices regarding the hospital's charity care policy shall be posted in the admissions office, business office, and emergency department areas within the hospital; and

3. Individual notice regarding the hospital's charity care policy shall be provided at the time of preadmission or admission to each person who seeks services in the hospital.

Applicant Response:

UM SJMC provides inpatient and other care to all patients regardless of the ability to pay. A copy of the hospital's financial assistance policy is attached as **Exhibit 9**. The policy specifically states that UM SJMC will make a determination of probable eligibility within two (2) business days following a patient's request for charity care services, application for medical assistance, or both.

Notices regarding the availability of financial assistance at the hospital are posted at patient registration locations, the billing department, the ED, in key patient access areas, as well as on UM SJMC's website at: https://www.stjosephtowson.com/patients/financial-assistance. A one-page notice regarding the availability of financial assistance is provided to patients at all registration areas. A copy of that notice is attached as **Exhibit 10**. An annual notice regarding UM SJMC's financial assistance policy is also published in the Baltimore Sun and Towson Times. Please see **Exhibit 11**.

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

Applicant Response:

As shown in Table 1 below, UM SJMC is not in the bottom quartile in terms of percentage of Charity Care to Total Operating Expenses in the State of Maryland.

Table 1
HSCRC Community Benefit Report, Data Excerpts
FY 2016

Hospital Name	Total Hospital Operating Expense	CB Reported Charity Care	% Charity/Total Operating Expenses	Quartile
Holy Cross Hospital	411,176,881	33,462,706	8.14%	1st
Adventist Washington Adventist*	217,955,646	14,800,908	6.79%	
Doctors Community	186,693,541	12,200,284	6.53%	
Garrett County Hospital	42,622,790	2,316,474	5.43%	
UM Midtown	191,264,500	9,787,000	5.12%	
St. Agnes	434,193,000	21,867,282	5.04%	
Mercy Medical Center	461,664,800	19,521,700	4.23%	
Dimensions Prince Georges Hospital Center	263,131,867	9,769,558	3.71%	
Frederick Memorial	330,320,000	11,277,000	3.41%	
UM Charles Regional Medical Center	113,371,227	3,798,238	3.35%	
Western Maryland Health System	314,069,685	9,670,307	3.08%	
Dimensions Laurel Regional Hospital	95,998,834	2,869,600	2.99%	2nd
Atlantic General	112,904,430	3,277,824	2.90%	
Holy Cross Germantown	86,826,724	2,382,942	2.74%	
UM Harford Memorial	82,723,000	1,915,000	2.31%	
Ft. Washington	42,405,282	914,689	2.16%	
Johns Hopkins Bayview Medical Center	596,562,000	12,679,000	2.13%	
Shady Grove*	316,512,363	6,620,218	2.09%	
UMMC	1,445,705,000	28,945,000	2.00%	
Peninsula Regional	405,639,685	7,836,700	1.93%	
UM Baltimore Washington	330,823,000	5,655,016	1.71%	
Meritus Medical Center	299,130,713	4,903,600	1.64%	
MedStar Harbor Hospital	190,376,563	2,995,264	1.57%	
Lifebridge Northwest Hospital	233,286,000	3,524,100	1.51%	3rd
UM Upper Chesapeake	261,076,000	3,818,000	1.46%	
Howard County Hospital	250,602,000	3,560,370	1.42%	
UM Shore Medical Dorchester	39,677,059	499,553	1.26%	
McCready	14,968,260	185,796	1.24%	
Suburban Hospital	271,382,000	3,294,000	1.21%	
MedStar Montgomery General	151,876,735	1,821,317	1.20%	

Hospital Name	Total Hospital Operating Expense	CB Reported Charity Care	% Charity/Total Operating Expenses	Quartile
MedStar Southern Maryland	242,526,804	2,691,523	1.11%	
MedStar Good Samaritan	302,367,777	3,308,833	1.09%	
UM St. Joseph Medical Center	330,061,000	3,488,000	1.06%	
Johns Hopkins Hospital	2,173,349,000	22,047,000	1.01%	
MedStar Franklin Square	508,064,432	5,147,191	1.01%	
MedStar St. Mary's Hospital	149,998,897	1,508,919	1.01%	4th
MedStar Union Memorial	424,392,626	4,012,263	0.95%	
UM Shore Medical Easton	174,850,678	1,575,225	0.90%	
UM Shore Medical Chestertown	48,488,291	407,715	0.84%	
LifeBridge Sinai	714,926,000	5,452,000	0.76%	
Anne Arundel Medical Center	531,698,000	3,486,700	0.66%	
Carroll Hospital Center	216,062,000	1,303,875	0.60%	
Union Hospital of Cecil County	152,850,972	899,826	0.59%	
Bon Secours	115,814,419	607,325	0.52%	
GBMC	402,046,322	2,007,183	0.50%	
Calvert Hospital	1,128,684,174	3,808,206	0.34%	

Source: HSCRC http://www.hscrc.state.md.us/init_cb.cfm

Standard .04A(3) – Quality of Care.

An acute care hospital shall provide high quality care.

(a) Each hospital shall document that it is:

(i) Licensed, in good standing, by the Maryland Department of Health and Mental Hygiene;

(ii) Accredited by the Joint Commission; and

(iii) In compliance with the conditions of participation of the Medicare and Medicaid programs.

Applicant Response:

UM SJMC is licensed by the State of Maryland. Its license is attached as **Exhibit 12**.

UM SJMC was granted accreditation by the Joint Commission on December 12, 2015. Its accreditation certificate is attached as **Exhibit 13.** UM SJMC is in compliance with the Conditions of Participation of the Medicare and Medicaid programs.

(b) A hospital with a measure value for a Quality Measure included in the most recent update of the Maryland Hospital Performance

Evaluation Guide that falls within the bottom quartile of all hospitals' reported performance measured for that Quality Measure and also falls below a 90% level of compliance with the Quality Measure, shall document each action it is taking to improve performance for that Quality Measure.

Applicant Response:

As noted in the Commission's recent decision in the CON review for the replacement and relocation of Washington Adventist Hospital, "subpart (b) of this standard is essentially obsolete in that it requires an improvement plan for any measure that falls within the bottom quartile of all hospitals' reported performance on that measure as reported in the most recent Maryland [Hospital Evaluation Performance Guide]." *In re Washington Adventist Hospital*, Docket No. 13-15-2349, Decision at 19-20. The Commission's new format for the Hospital Guide for Maryland Health Care Quality Reports does not report quality measures in a manner that shows hospitals' relative scores in quartiles, nor is it easy to determine the 90% level of compliance. Instead, the new Hospital Guide shows the hospital's rating as "below average," "average," or "better than average," and shows the hospital's risk-adjusted rate.

Attached as **Exhibit 14** is a chart showing the quality measures for UM SJMC in the Commission's most recent Hospital Guide (accessed on 11/3/2017), which is found on the Maryland Health Care Quality Reports website. UM SJMC is ranked as "At average" in 27 categories, as "Better than average" in 27 categories, and as "Below average" in eight categories. There are also ten categories for which there is "Not enough data to report" a ranking. The exhibit also describes the actions UM SJMC is taking to improve performance for indicators for which it falls in the "Below average" category.

COMAR 10.24.10 ACUTE CARE CHAPTER

.04B. PROJECT REVIEW STANDARDS

Standard .04B(1) – Geographic Accessibility

A new acute care general hospital or an acute care general hospital being replaced on a new site shall be located to optimize accessibility in terms of travel time for its likely service area population. Optimal travel time for general medical/surgical, intensive/critical care and pediatric services shall be within 30 minutes under normal driving conditions for 90 percent of the population in its likely service area.

Applicant Response:

Not applicable.

Standard .04B(2) – Identification of Bed Need and Addition of Beds

Only medical/surgical/gynecological/addictions ("MSGA") beds and pediatric beds identified as needed and/or currently licensed shall be developed at acute care general hospitals.

(a) Minimum and maximum need for MSGA and pediatric beds are determined using the need projection methodologies in Regulation .05 of this Chapter.

(b) Projected need for trauma unit, intensive care unit, critical care unit, progressive care unit, and care for AIDS patients is included in the MSGA need projection.

(c) Additional MSGA or pediatric beds may be developed or put into operation only if:

(i) The proposed additional beds will not cause the total bed capacity of the hospital to exceed the most recent annual calculation of licensed bed capacity for the hospital made pursuant to Health-General §19-307.2; or

(ii) The proposed additional beds do not exceed the minimum jurisdictional bed need projection adopted by the Commission and calculated using the bed need projection methodology in Regulation .05 of this Chapter.

(iii) The proposed additional beds exceed the minimum jurisdictional bed need projection but do not exceed the maximum jurisdictional bed need projection adopted by the Commission and calculated using the bed need projection methodology in Regulation .05 of this Chapter and the applicant can demonstrate need at the applicant

hospital for bed capacity that exceeds the minimum jurisdictional bed need projection; or

(iv) The number of proposed additional MSGA or pediatric beds may be derived through application of the projection methodology, assumptions, and targets contained in Regulation .05 of this Chapter, as applied to the service area of the hospital.

Applicant Response:

Not applicable.

Standard .04B(3) – Minimum Average Daily Census for Establishment of a Pediatric Unit

An acute care general hospital may establish a new pediatric service only if the projected average daily census of pediatric patients to be served by the hospital is at least five patients, unless:

(a) The hospital is located more than 30 minutes travel time under normal driving conditions from a hospital with a pediatric unit; or

(b) The hospital is the sole provider of acute care general hospital services in its jurisdiction.

Applicant Response:

Not applicable.

Standard .04B(4) – Adverse Impact

A capital project undertaken by a hospital shall not have an unwarranted adverse impact on hospital charges, availability of services, or access to services. The Commission will grant a Certificate of Need only if the hospital documents the following:

(a) If the hospital is seeking an increase in rates from the Health Services Cost Review Commission to account for the increase in capital costs associated with the proposed project and the hospital has a fully-adjusted Charge Per Case that exceeds the fully adjusted average Charge Per Case for its peer group, the hospital must document that its Debt to Capitalization ratio is below the average ratio for its peer group. In addition, if the project involves replacement of physical plant assets, the hospital must document that the age of the physical plant assets being replaced exceed the Average Age of Plant for its peer group or otherwise demonstrate why the physical plant assets require replacement in order to achieve the primary objectives of the project; and

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Applicant Response:

UM SJMC plans to pursue a partial rate application or Global Budget Revenue (GBR) modification with the Health Services Cost Review Commission (HSCRC) to fund the incremental depreciation cost of the project. This will result in a projected 0.79% increase in regulated revenue as demonstrated below:

Operating Room Project Cost	$60,000,000	A
Useful Life	20	B
Annual Depreciation	$2,750,000	C=A/B
UM SJMC FY 18 Mark-Up	1.09532	D
Adjusted Annual Depreciation	$3,285,946	E=C*D
FY 18 Approved GBR	$418,279,002	F
% Increase in FY 18 GBR	0.79%	G=E/F

Based on FY 2017 approved unit rates and actual unit volumes, UM SJMC's unit rates are approximately 7.5% below its Inter-Hospital Cost Comparison (ICC) peer group average. After adjusting rates to reflect 100% of project depreciation ($3,285,946), UM SJMC's unit rates are approximately 6.7% below the peer group average. See Table 2 below.

Table 2
University of Maryland St. Joseph Medical Center
Comparison of Hospital Charges to Peer Group

St. Joseph Medical Center Revenue			Approved Rates Compared to Peer Group		Capital-Adjusted Rates Compared to Peer Group	
FY 17 Pro-Forma Revenue (1)	Capital-Adjusted Rates(2)	At Peer Group(3) Average Rates	Over/(Under) Average Rates	Percent Variance	Over/(Under) Average Rates	Percent Variance
$394,772	$398,058	$426,847	$(32,075)	-7.5%	$(28,789)	-6.7%

(1) Calculated as FY 2017 HSCRC approved unit rates x FY 2017 actual unit volume
(2) Capital-Adjusted rates calculated by increasing the FY 2017 GBR by $3,285,946
(3) Calculated as average FY 2017 ICC peer group unit rates x UM SJMC FY 2017 actual unit volume. ICC peer group hospitals include: Atlantic General Hospital, Calvert Memorial Hospital, Carroll Hospital Center, UM Shore Medical Center at Chestertown, UM Charles Regional Medical Center , Doctors Community Hospital, UM Shore Dorchester, Fort Washington Medical Center, Frederick Memorial Hospital, Garrett County Memorial Hospital, Harford Memorial Hospital, Howard County General Hospital, Laurel Regional Hospital, McCready Memorial Hospital, UM Shore Easton, Meritus Medical Center, MedStar Montgomery Medical Center, Northwest Hospital Center, Peninsula Regional Medical Center, Saint Joseph Hospital, Shady Grove Adventist Hospital, MedStar Southern Maryland, St. Mary's Hospital, Union Hospital of Cecil County, Upper Chesapeake Medical Center, Washington Adventist Hospital, Western Maryland Regional Medical Center

Given UM SJMC's relative unit rates and the funding mechanisms within the GBR system, UM SJMC expects to demonstrate it can maintain a reasonable charge structure including the requested funding for incremental capital expenditures.

Due to the above-average age of UM SJMC's current plant, the hospital intends to replace physical plant assets. See Table 3 below. UM SJMC's plant age of 17.79 years ranks 25th out of the same 27 hospital peer group (Southern Maryland Hospital Center was removed because of MedStar acquisition). This plant age is 65% above the peer group average and 77% above the statewide average.

For Peer Group hospitals, plant age was calculated using total and current depreciation figures from the FY 2015 HSCRC Annual Filing H1 Schedules. For UM SJMC, the calculation required retrieving data from FY 2012's HSCRC Annual Filing. This is because of the University of Maryland Medical System (UMMS) acquisition, which occurred on December 1, 2012. At the time of the acquisition, Generally Accepted Accounting Principles required UMMS to record the acquired asset at fair market value. As such, the cost basis that drives depreciation was rebased. In order to neutralize the impact of the UMMS acquisition, UM SJMC's age of plant calculation was based on FY 2012's HSCRC Annual Filing, prior to the acquisition. Then, three years were added to that calculation to compare to FY 2015 Peer Group data.

UM SJMC believes that updated surgical space is necessary to provide high quality, safe, and technologically advanced surgical services to its community.

Table 3
Plant Age by Hospital
ROC Peer Group 3

Rk	Hospital	Total Depreciation	Current Depreciation	Plant Age	Charge per ECMAD % Over/(Under) Peer Group Avg.	Charge per ECMAD % Over/(Under) Statewide Avg.
1	Upper Chesapeake Medical Center	$ 24,364	$ 15,114	1.61	(85.0%)	(84.0%)
2	Howard County General Hospital	98,790	15,555	6.35	(41.1%)	(36.9%)
3	Anne Arundel Medical Center	105,511	13,741	7.68	(28.8%)	(23.7%)
4	UM Charles Regional Medical Center	50,035	6,111	8.19	(24.0%)	(18.7%)
5	Meritus Medical Center	169,163	20,388	8.30	(23.0%)	(17.6%)
6	Western Maryland Regional Medical Center	239,367	24,365	9.82	(8.9%)	(2.4%)
7	Union Hospital of Cecil County	111,641	10,861	10.28	(4.6%)	2.1%
8	MedStar Montgomery Medical Center	109,517	10,644	10.29	(4.5%)	2.2%
9	Calvert Memorial Hospital	93,195	8,630	10.80	0.2%	7.3%
10	St. Mary's Hospital	78,420	6,960	11.27	4.5%	11.9%
11	Frederick Memorial Hospital	266,610	23,279	11.45	6.3%	13.8%
12	UM Shore Medical Center at Chestertown	39,843	3,457	11.53	6.9%	14.5%
13	Garrett County Memorial Hospital	30,465	2,635	11.56	7.3%	14.8%
14	McCready Memorial Hospital	10,978	941	11.66	8.2%	15.8%
15	Peninsula Regional Medical Center	252,139	21,363	11.80	9.5%	17.2%
16	Northwest Hospital Center	94,286	7,797	12.09	12.2%	20.1%
17	Carroll Hospital Center	178,505	14,631	12.20	13.2%	21.2%
18	Atlantic General Hospital	12,644	1,006	12.57	16.6%	24.8%
19	Shady Grove Adventist Hospital	190,202	13,850	13.73	27.4%	36.4%
20	UM Shore Easton	143,944	9,974	14.43	33.9%	43.3%
21	Doctors Community Hospital	108,343	7,252	14.94	38.6%	48.4%
22	Harford Memorial Hospital	84,940	5,417	15.68	45.5%	55.7%
23	UM Shore Dorchester	37,270	2,354	15.83	46.9%	57.2%
24	Laurel Regional Hospital	63,516	3,961	16.04	48.8%	59.3%
25	UM St. Joseph Medical Center	265,764 (1)	17,973 (1)	17.79 (2)	65.0%	76.7%
26	Fort Washington Medical Center	7,753	256	30.29	181.0%	200.8%
27	Washington Adventist Hospital	151,979	4,702	32.32	199.9%	221.0%
	Peer Group Total	**$ 3,043,576**	**$ 282,380**	**10.78**	**0.0%**	**7.1%**
	Statewide (3) Total	*$ 7,180,671*	*$ 713,208.4*	*10.07*	*(6.6%)*	*0.0%*

Notes
(1) Taken from FY2012 Annual Filing H1 Schedule due to misrepresentation of more recent depreciation totals
(2) Three years added to be comparable to FY2015 plant age
(3) Acute Care Facilities Only
(4) Southern Maryland Hospital Center not included due to depreciation recalculation at time of MedStar acquisition

(b) If the project reduces the potential availability or accessibility of a facility or service by eliminating, downsizing, or otherwise modifying a facility or service, the applicant shall document that each proposed change will not inappropriately diminish, for the population in the primary service area, the availability or accessibility to care, including access for the indigent and/or uninsured.

Applicant Response:

The reduction in UM SJMC's ORs, cardiac cath, and IR labs will not inappropriately diminish the availability or accessibility to care for the population in its primary service area, including access to indigent and/or uninsured. As demonstrated in Standard 10.24.11.05B(2), the new proposed OR and lab numbers are supported as the appropriate number needed by the service area, and therefore, UM SJMC does not anticipate any impact on accessibility to its perioperative services.

Standard .04B(5) – Cost-Effectiveness

A proposed hospital capital project should represent the most cost effective approach to meeting the needs that the project seeks to address.

(a) To demonstrate cost effectiveness, an applicant shall identify each primary objective of its proposed project and shall identify at least two alternative approaches that it considered for achieving these primary objectives. For each approach, the hospital must:

(i) To the extent possible, quantify the level of effectiveness of each alternative in achieving each primary objective;

(ii) Detail the capital and operational cost estimates and projections developed by the hospital for each alternative; and

(iii) Explain the basis for choosing the proposed project and rejecting alternative approaches to achieving the project's objectives.

Applicant Response:

UM SJMC's project is the most-cost effective solution to the much needed replacement of its outdated operative rooms and other perioperative services. These spaces have not been significantly renovated since their original openings between 1968 and 1991. As a result, they are smaller than allowed by current code, are difficult to use modern equipment in, and do not have basic technology such as surgical booms to bring utilities close to the patient. In addition, they lack important infection control measures, such as a sterile core adjacent to each operating room, and an array of laminar flow diffusers. The current SPD is undersized, and is broken up in multiple areas, requiring transport of instruments through common corridors after sterilization.

UM SJMC's objectives for the proposed project are to:

1. Modernize surgical and procedural suites so that all spaces are in compliance with appropriate codes and meet industry standards.
2. Support UM SJMC's move towards Integrated Practice Units (IPUs) that allow for co-located centers of excellence based around patient disease states.
3. Improve infection control by providing appropriate flow of patients and materials.
4. Reuse existing hospital infrastructure.
5. Improve operational efficiency.
6. Achieve all programmatic elements within UM SJMC's $60,000,000 budget.

UM SJMC, with assistance from a consultant, evaluated several alternative approaches to modernizing its perioperative suite. It considered the following three alternatives: (1) full renovation in place, (2) a minimal expansion with renovation, and (3) an addition to consolidate the perioperative services. A brief description of each option is outlined below along with an UM SJMC's assessment of how well the alternative meets its objectives.

Option 1: Renovate In Place

Option 1 involves renovating approximately 87,500 SF of existing surgical, cardiac cath lab, pre-operative, post-operative, and post-open-heart patient care spaces, and related support spaces. In this scenario all spaces would be included in renovated space:

- Cardiac related spaces would remain on the west side of the hospital, including two cardiac cath labs, one EP lab, one IR Lab, and two cardiac operating rooms, post-open-heart patient care spaces, and related support spaces.

- The existing post-cardiac surgery unit would be renovated from nine beds to six beds.

- Surgery related spaces would remain on the east side of the hospital, including six existing and five renovated general operating rooms and surgical prep and recovery.

- The SPD would be relocated to the first floor to provide appropriately sized, consolidated space adjacent to the warehouse and loading dock. A new clean elevator and soiled lift would provide access down to the surgical floor.

- Re-use the existing hospital infrastructure as best as possible.

As can be seen in **Exhibit 15**, this option meets all the project goals.

Option 2: Minimal Expansion with Renovation

Option 2 involves approximately 89,000 SF of combined new construction and renovated space. In particular, it includes expanding approximately 32,000 SF of new construction on two floors for the surgical department, and renovating approximately 57,000 SF of existing space, as described below:

- Renovate approximately 22,000 SF of cardiac related spaces on the west side of the hospital, including two cardiac cath labs, one EP lab, 1 IR lab, and two cardiac operating rooms, post-open-heart patient care spaces, and related support spaces.

- The existing post-cardiac surgery unit would be renovated from nine beds to six beds.

- Expand approximately 32,000 SF of new construction on two floors, and renovate approximately 24,000 SF of existing space on the east side of the hospital.

    - Existing surgery related spaces would remain on the east side of the hospital, including six existing general operating rooms.

    - Renovate existing surgical prep and recovery, staff support, and circulation.

    - Build a new, two-story, above grade ambulatory care pavilion with five operating rooms, associated prep and recovery, public lobby, and support space. This surgical environment would be separate from the existing operating rooms to remain.

- Renovate approximately 11,000 SF of space on the first floor in order to relocate the SPD to provide appropriately sized, consolidated space adjacent to the warehouse and loading dock. A new clean elevator and soiled lift would provide access down to the surgical floor.

As can be seen in **Exhibit 15**, this option does not meet all the project goals. This option leaves significant portions of vacated space within the hospital. It also exceeds the UM SJMC budget in part due to the cost of the new addition.

Option 3: Consolidation of Perioperative Services

Option 3 involves approximately 110,600 SF of combined new construction and renovated space. In particular, it includes expanding approximately 65,400 SF of new construction on two floors, and renovating approximately 45,200 SF of existing space, as described below:

- Consolidate all new operating rooms and procedural spaces in new construction on the ground floor (two cardiac operating rooms, five new general operating rooms, two cardiac cath labs, one EP lab, and one IR lab). New procedural spaces are adjacent to recently renovated general operating rooms.

- Provide new loading dock, warehouse, and SPD in new construction on the second floor.

- Relocate and renovate a nine bed post-cardiac surgery care unit in the existing fourth floor critical care unit.

- Renovate new surgical patient prep and recovery and support spaces on the east side of the hospital adjacent to the operating rooms.

- Approximately 23,200 SF of vacated space would remain empty for future uses.

As can be seen in **Exhibit 15**, this option does not meet all the project goals. This option leaves significant portions of vacated space within the hospital, limits UM SJMC's ability to maintain distinct centers of excellence and exceeds UM SJMC's budget.

Recommendation:

After evaluating all three options, Option 1 was selected as the most cost-effective option that would best meet UM SJMC's objectives. Option 1 was selected for several reasons:

- Option 1 provides the proper physical environment for surgical and procedural spaces.

- Option 1 maintains the operational concept of Integrated Practice Units, with areas focused on cardiac or surgical centers of excellence. And, it keeps post-cardiac-surgery patients close to cardiac specialized staff in the critical post-surgical hours.

- Option 1 creates no significant new hospital space, and re-uses existing infrastructure wherever possible.

- Option 1 improves operational efficiency by supporting the operational concept of Integrated Practice Units and focusing the staff within smaller overall footprints.

- Option 1 fits within the organization's budget.

Please see **Exhibit 15** which provides additional detail on UM SJMC's assessment of each alternative.

(b) An applicant proposing a project involving limited objectives, including, but not limited to, the introduction of a new single service, the expansion of capacity for a single service, or a project limited to renovation of an existing facility for purposes of modernization, may address the cost-effectiveness of the project without undertaking the analysis outlined in (a) above, by demonstrating that there is only one practical approach to achieving the project's objectives.

Applicant's Response

This standard applies to the project because it involves the limited objective of renovating an existing facility for the purposes of modernization. It also involves a single service line – perioperative services. Nonetheless, UM SJMC has provided an analysis under section (a) above of the alternatives it considered during the planning process that led to its conclusion that there is only one practical approach to achieving the project's objectives.

(c) An applicant proposing establishment of a new hospital or relocation of an existing hospital to a new site that is not within a Priority Funding Area as defined under Title 5, Subtitle 7B of the State Finance and Procurement Article of the Annotated Code of Maryland shall demonstrate:

(i) That it has considered, at a minimum, an alternative project site located within a Priority Funding Area that provides the most optimal geographic accessibility to the population in its likely service area, as defined in Project Review Standard (1);

(ii) That it has quantified, to the extent possible, the level of effectiveness, in terms of achieving primary project objectives, of implementing the proposed project at each alternative project site and at the proposed project site;

(iii) That it has detailed the capital and operational costs associated with implementing the project at each alternative project site and at the proposed project site, with a full accounting of the cost associated with transportation system and other public utility infrastructure costs; and

(iv) That the proposed project site is superior, in terms of cost-effectiveness, to the alternative project site or sites located within a Priority Funding Area.

Applicant Response:

Not applicable.

Standard .04B (6) – Burden of Proof Regarding Need

A hospital project shall be approved only if there is demonstrable need. The burden of demonstrating need for a service not covered by Regulation .05 of this Chapter or by another chapter of the State Health Plan, including a service for which need is not separately projected, rests with the applicant.

Applicant Response:

Not applicable.

Standard .04B(7) – Construction Cost of Hospital Space

(a) The cost per square foot of hospital construction projects shall be no greater than the cost of good quality Class A hospital construction given in the Marshall and Swift Valuation Quarterly, updated to the nearest quarter using the Marshall and Swift update multipliers, and

adjusted as shown in the Marshall and Swift guide as necessary for terrain of the site, number of levels, geographic locality, and other listed factors.

(b) Each Certificate of Need applicant proposing costs per square foot above the limitations set forth in the Marshall and Swift Guide must demonstrate that the higher costs are reasonable.

Applicant Response:

UM SJMC's project consists entirely of renovation, except for small elevator shaft which comprises just 316 square feet (compared to 87,174 square feet of renovation). UM SJMC has added the square footage and the perimeters to the relevant floor affected by the renovation. UM SJMC did not separate the cost of the new construction from the much larger renovation. As the following analysis shows, this project is far below the benchmark.

I. Marshall Valuation Service
Valuation Benchmark– New Construction - Hospital

Type		Hospital
Construction Quality/Class		Good/A
Stories		4
Perimeter		1,204
Average Floor to Floor Height		12.8
Square Feet		87,490
f.1	Average floor Area	21,873
A. Base Costs		
	Basic Structure	$374.00
	Elimination of HVAC cost for adjustment	0
	HVAC Add-on for Mild Climate	0
	HVAC Add-on for Extreme Climate	0
Total Base Cost		$374.00
Adjustment for Departmental Differential Cost Factors		1.54
Adjusted Total Base Cost		$576.71
B. Additions		
	Elevator (If not in base)	$0.00
	Other	$0.00

Subtotal		$0.00
Total		$576.71
C. Multipliers		
Perimeter Multiplier		0.988854619
	Product	$570.28
Height Multiplier		1.02
	Product	$580.92
Multi-story Multiplier		1.015
	Product	$589.63
D. Sprinklers		
	Sprinkler Amount	$2.95
Subtotal		$592.58
E. Update/Location Multipliers		
Update Multiplier		1.02
	Product	$604.43
Location Multiplier		1.02
	Product	$616.52
Calculated Square Foot Cost Standard		**$616.52**

The MVS estimate for this project is impacted by the Adjustment for Departmental Differential Cost Factor. In Section 87 on page 8 of the Valuation Service, MVS provides the cost differential by department compared to the average cost for an entire hospital. The calculation of the average factor is shown below.

Department/Function	BGSF	MVS Department Name	MVS Differential Cost Factor	Cost Factor X SF
ACUTE PATIENT CARE				
SURGERY	33,380	Operating Suite, Total	1.68	56,078
SPD	10,809	Central Sterile Supply	1.54	16,646
PACU	5,588	Operating Suite, Total	1.68	9,388

Department/Function	BGSF	MVS Department Name	MVS Differential Cost Factor	Cost Factor X SF
PREP/RECOVERY	8,631	Operating Suite, Total	1.68	14,500
CARDIAC PROCEDURE	16,378	Operating Suite, Total	1.68	27,515
CSU	4,962	Inpatient Units	1.06	5,260
Mechanical	6,385	Mechanical Equipment and Shops	0.7	4,470
Elevators	316	Mechanical Equipment and Shops	0.7	221
Public Space not included in Departments	1,041	Public Space	0.8	833
Total	87,490		1.54	134,910

II. The Project

Base Calculations	Actual	Per Sq. Foot
Building	$31,532,581	$360.41
Fixed Equipment	$0	$0.00
Site Preparation	$0	$0.00
Architectural Fees	$5,793,776	$66.22
Permits	$50,000	$0.57
Capitalized Construction Interest	$0	$0
Subtotal	$37,376,357	$427.21

III. Comparison

MVS Benchmark	$616.52
The Project	$427.21
Difference	-$189.31

Standard .04B(8) – Construction Cost of Non-Hospital Space

The proposed construction costs of non-hospital space shall be reasonable and in line with current industry cost experience. The projected cost per square foot of non-hospital space shall be compared to the benchmark cost of good quality Class A construction given in the Marshall Valuation Service® guide for the appropriate structure. If the projected cost per square foot exceeds the Marshall Valuation Service® benchmark cost, any rate increase proposed by the hospital related to the capital cost of the non-hospital space shall not include the amount of the projected

construction cost that exceeds the Marshall Valuation Service® benchmark and those portions of the contingency allowance, inflation allowance, and capitalized construction interest expenditure that are based on the excess construction cost. In general, rate increases authorized for hospitals should not recognize the costs associated with construction of non-hospital space.

Applicant Response:

Not applicable.

Standard .04B(9) – Inpatient Nursing Unit Space

Space built or renovated for inpatient nursing units that exceeds reasonable space standards per bed for the type of unit being developed shall not be recognized in a rate adjustment. If the Inpatient Unit Program Space per bed of a new or modified inpatient nursing unit exceeds 500 square feet per bed, any rate increase proposed by the hospital related to the capital cost of the project shall not include the amount of the projected construction cost for the space that exceeds the per bed square footage limitation in this standard, or those portions of the contingency allowance, inflation allowance, and capitalized construction interest expenditure that are based on the excess space.

Applicant Response:

UM SJMC intends to renovate its existing CSU on the ground floor to downsize the unit from 9 to 6 beds, which will result in an overall reduction in operating expenses. Once renovated, the CSU (which is the space outlined in purple) will be 532 square feet per bed as shown in **Exhibit 16**. This 6-bed unit slightly exceeds the standard because it has few beds but still needs adequate support spaces. In addition, the CSU is located in a uniquely shaped area of the building which results in atypical room shapes within this unit and contributes to it slightly exceeding the 500 square feet per bed standard.

Standard .04B(10) – Rate Reduction Agreement

A high-charge hospital will not be granted a Certificate of Need to establish a new acute care service, or to construct, renovate, upgrade, expand, or modernize acute care facilities, including support and ancillary facilities, unless it has first agreed to enter into a rate reduction agreement with the Health Services Cost Review Commission, or the Health Services Cost Review Commission has determined that a rate reduction agreement is not necessary.

Applicant Response:

Not applicable. The Commission recently determined in the CON review for the replacement and relocation of Washington Adventist Hospital that this standard is inapplicable because the rate reduction agreements referenced in the standard have been replaced by the Global Budget revenue model (in this case, Total Patient Revenue model). *In re Washington Adventist Hospital*, Docket 13-15-2349, Decision at 51.

Standard .04B(11) – Efficiency

A hospital shall be designed to operate efficiently. Hospitals proposing to replace or expand diagnostic or treatment facilities and services shall:

(a) Provide an analysis of each change in operational efficiency projected for each diagnostic or treatment facility and service being replaced or expanded, and document the manner in which the planning and design of the project took efficiency improvements into account; and

(b) Demonstrate that the proposed project will improve operational efficiency when the proposed replacement or expanded diagnostic or treatment facilities and services are projected to experience increases in the volume of services delivered; or

(c) Demonstrate why improvements in operational efficiency cannot be achieved.

Applicant Response:

a. The hospital is projecting eight areas of improvement in operational efficiency that will result from this project:

    1. A reduction in the hospital's operating room inventory from 21 operating rooms to 16 operating rooms. This reduction will facilitate a corresponding reduction in operating expenses. The new complement of operating rooms includes:

        i. eleven general operating rooms (six previously renovated, five to be renovated through this project)

        ii. two cardiac operating rooms (renovated through this project)

        iii. one special purpose hybrid operating room (previously renovated)

        iv. two C-Section operating rooms (located on the third floor, not impacted by this project)

    2. A reduction in the hospital's cardiac / IR lab inventory from seven total labs in three separate locations to four total labs in a single location. This

reduction will facilitate a corresponding reduction in operating expenses. The new complement of labs includes (all labs constructed in this project):

i. two cardiac cath labs

ii. one EP lab

iii. one IR lab

3. Consolidation of the hospital's cardiac interventional services (cath labs and cardiac operating rooms) into one common corridor sterile area. This will eliminate inefficiencies in patient transport, and supplying two separate procedural areas.

4. Consolidation of the two separate Post Anesthesia Care Units (PACUs) into a single Phase 1 PACU, and the cross-training of staff will eliminate inefficiencies in staffing and supplying two separate units.

5. Consolidation of Phase 2 recovery with Patient Prep into a single swing unit, and the cross training of staff, will eliminate inefficiencies in staffing and supplying two separate units.

6. Development of orthopedic dedicated physical therapy space within the Phase 2 recovery to provide appropriate patient training before discharge will reduce post-discharge care, and reduce the likelihood of post-surgical re-admission.

7. Consolidation of the hospital's sterile processing and sterile supply storage from three locations (sterile processing, ground floor sterile supply storage, first floor sterile vendor supply storage) into one location will reduce the handling time required to process instruments and supplies and pick supplies for cases. Furthermore, the new SPD will be located immediately adjacent to the loading dock and main warehouse, providing efficiencies in materials handling.

8. A reduction in the hospital's critical care bed count from 37 to 34 critical care beds. UM SJMC will renovate the nine bed existing CSU on the ground floor, into a new six bed unit on the ground floor. This reduction will facilitate a corresponding reduction in operating expenses.

In addition to these operational and design efficiencies, UM SJMC anticipates a reduction of 20.7 full time equivalents (FTEs) as a result of the efficiencies described above. As presented in the Workforce Table L (**Exhibit 1**), these reductions in FTEs include 6.8 FTEs in Surgery Services, 3.6 FTEs in Anesthesiology, 5.0 FTEs in the Post Anesthesia Care Unit, and 5.3 FTEs in the Cardiac Catheterization Lab. Uninflated, these reductions in FTEs will equal approximately $2.0 million of efficiency improvements for the life of the project.

In addition to the efficiencies gained from the operating room renovations, UM SJMC expects to achieve annual reductions in hospital expenses to offset the negative

impact of annual expense inflation greater than revenue increases. The reductions will occur in areas related to revenue cycle, quality, utilization, labor, and supply chain. Approximately 50% of these performance improvements will relate to reductions in salaries and benefits. These reductions are presented in the Workforce Table L (**Exhibit 1**) as other changes in operations.

b. As a result of an expected shift in surgical cases to freestanding Ambulatory Surgery Centers (ASCs), the volume of surgical cases at the hospital are expected to decline in fiscal year 2019 before increasing in fiscal years 2020 to 2025 with population growth and the recruitment of new and replacement surgeons. While surgical cases will grow in fiscal years 2021 through 2023, the renovation of the operating rooms will enable the reduction of 20.7 FTEs as described above.

c. Not applicable – operational efficiencies will be obtained, see above.

Standard .04B(12) – Patient Safety

The design of a hospital project shall take patient safety into consideration and shall include design features that enhance and improve patient safety. A hospital proposing to replace or expand its physical plant shall provide an analysis of patient safety features included for each facility or service being replaced or expanded, and document the manner in which the planning and design of the project took patient safety into account.

Applicant Response:

Addressing patient safety was an important consideration in the planning and design of UM SJMC's replacement of its perioperative suites. The proposed project integrates best practices in facility design for inpatient and outpatient surgical and cardiac care including patient and staff safety. UM SJMC is developing a system of Integrated Patient Units (IPUs) that focus on providing high quality care focused around the patient's disease state. The hospital has developed multiple focused IPUs including cardiology, orthopedics, oncology, and general surgery. The project will organize the perioperative environment to reinforce this IPU care model.

The project also combines two PACU suites into a single Phase 1 PACU, and the separate prep and Phase 2 into a single, continuous prep and recovery suite. This will allow increased standardization of patient care to improve infection control and will provide additional support from staff members in the event of an emergency.

The proposed operating rooms meet current best practices with four new general operating rooms with a minimum clear area of 650 square feet and two new special purpose cardiac operating rooms with a minimum clear area of 850 square feet. In addition, there will be four interventional cardiology labs, each of which is a minimum of 550 square feet. All of these rooms will be sized to meet or exceed the minimum area requirements of the Facility Guidelines Institute Guidelines for Design and Construction of Hospitals and Outpatient Facilities (FGI Guidelines), and represent a 47% increase in the average room size from the current room

layouts. Further, these dimensions accommodate the advanced surgical technologies that promote high quality outcomes and patient safety as well as space for the number of clinicians that are often required to be in a room during an advanced surgery. The clear floor area contributes significantly to infection control as it eliminates room "crowding" which can increase the risk of breakdown in sterile techniques.

All new operating rooms and procedure rooms will have fully renovated MEP systems, including a laminar flow air distribution system which will allow proper positive air flow over the patient for the length of the procedure. Numerous independent studies, including some performed by the National Institutes for Health (NIH) conclude that laminar flow air distribution systems represent the best option for contamination control in an operating room. The rooms will be accommodated with ceiling mounted power and gas booms to bring utilities close to the patient table without cords and hoses lying across the floor.

Each room type (operating room, cardiac lab, prep, Phase I PACU and Phase II recovery) has been designed with a standardized room layout with all equipment in the same location in every room. This design feature has been shown to reduce errors and improve safety in other industries, and UM SJMC's design partners believe it will have the same effect in UM SJMC's surgical suite.

Sterile and semi-sterile circulation has been arranged to minimize the interaction between patients, visitors, staff, supplies, and instrumentation. Once taken back for prep, patients will be kept away from the public until they are ready to be discharged or taken to an inpatient bed. Sterile supply traffic is kept away from patient and public traffic through the use of a dedicated elevator from the SPD to the surgical suite. Sterile and semi-sterile areas have been designed with access control features. Peripheral support areas of the surgical suite, including storage areas, equipment rooms, and scrub sink areas are located off of a semi-restricted corridor. The clean core which directly connects to every operating room can only be accessed by authorized personnel.

The Phase I post-anesthetic care unit and Phase II recovery areas also meet the clear area and minimum space requirements of the FGI Guidelines. They also have a separating partition to allow for increased patient privacy and enhancing patient care and experience. The Phase I post-anesthetic care unit exceeds the 1.5 post-anesthesia patient care stations per operating room requirement of the FGI Guidelines. The prep and Phase II recovery areas will be combined to allow for sharing of space during off-peak times, and will include fully-enclosed private rooms for patient privacy and safety. Both Phase I and Phase II recovery will include airborne infection isolation rooms to isolate infectious patients.

The hospital is renovating the existing ground floor CSU to reduce the bed count from a nine-bed unit to a six-bed unit. The unit will be connected directly to the semi-restricted operating suite on the ground floor to allow quick transport of these critical patients from the operating room, and in the event of an emergency, back to the operating room. Patient rooms will exceed current size standards outlined in the FGI Guidelines, and will be upgraded to include private toilet rooms, increased patient privacy and improved staff observation as required in the Guidelines. The CSU will care for post-surgical patients in the first 24-48 hours after surgery, which is the most critical time for potential complications. Following that stabilizing period, patients will transfer directly to a cardiac-focused step-down unit on the second floor.

The project includes a new SPD to improve handling of instrument processing. The department will have all sterile supply storage room in a properly controlled environment adjacent to instrument processing. All new washing equipment will have a pass-through design to create a clear divide between clean and dirty instruments. By eliminating the opportunity for staff or instruments to freely move between the decontamination and sterile rooms in the SPD, the risk of cross-contamination between instruments is greatly reduced. Case carts will be picked in the sterile storage area and will travel to the clean core of the operating rooms through a dedicated clean case cart elevator. Dirty instruments will return to SPD on the case carts via a separate soiled elevator accessed on the periphery of the semi-restricted environment.

The project includes several automation systems. UM SJMC will extend the electronic medical records (EMR) system throughout the project, including patient tracking features. Computers will be provided in every procedural area, patient care area, and staff support area to promote data entry while with the patient, and extended "off-stage" charting time as well. Operating room integration systems will be added to each operating and procedure room to maximize visibility of technology within the environment. The hospital's pneumatic tube system will be extended throughout the perioperative department, including at the operating room control desk, cardiac cath lab control room, SPD, and key prep and recovery locations.

The project includes several new MEP infrastructure upgrades to support patient safety. All new surgical and procedural areas will be served by new, dedicated air handling units, with code compliant filtration and higher than code minimum air changes to create a more sterile environment. Enhanced supplemental cooling systems will help control humidity in the procedural spaces to limit bacteria growth. In addition, emergency power will be extended to all procedural spaces using two separate critical branches of power to maintain power at every outlet in every operating room during a power outage.

Standard .04B(13) – Financial Feasibility

A hospital capital project shall be financially feasible and shall not jeopardize the long-term financial viability of the hospital.

(a) Financial projections filed as part of a hospital Certificate of Need application must be accompanied by a statement containing each assumption used to develop the projections.

(b) Each applicant must document that:

(i) Utilization projections are consistent with observed historic trends in use of the applicable service(s) by the service area population of the hospital or State Health Plan need projections, if relevant;

(ii) Revenue estimates are consistent with utilization projections and are based on current charge levels, rates of reimbursement, contractual adjustments and discounts, bad debt, and charity care provision, as experienced by the applicant hospital or, if a new hospital, the recent experience of other similar hospitals;

(iii) Staffing and overall expense projections are consistent with utilization projections and are based on current expenditure levels and reasonably anticipated future staffing levels as experienced by the

applicant hospital, or, if a new hospital, the recent experience of other similar hospitals; and

(iv) The hospital will generate excess revenues over total expenses (including debt service expenses and plant and equipment depreciation), if utilization forecasts are achieved for the specific services affected by the project within five years or less of initiating operations, with the exception that a hospital may receive a Certificate of Need for a project that does not generate excess revenues over total expenses even if utilization forecasts are achieved for the services affected by the project when the hospital can demonstrate that overall hospital financial performance will be positive and that the services will benefit the hospital's primary service area population.

Applicant Response:

A comprehensive statement of assumptions is included in **Exhibit 1.** As shown in Tables G and H, UM SJMC projects excess of revenues over expenses.

Standard .04B(14) – Emergency Department Treatment Capacity and Space

(a) An applicant proposing a new or expanded emergency department shall classify service as low range or high range based on the parameters in the most recent edition of *Department Design: A Practical Guide to Planning for the Future* from the American College of Emergency Physicians. The number of emergency department treatment spaces and the departmental space proposed by the applicant shall be consistent with the range set forth in the most recent edition of the American College of Emergency Physicians *Emergency Department Design: A Practical Guide to Planning for the Future*, given the classification of the emergency department as low or high range and the projected emergency department visit volume.

(b) In developing projections of emergency department visit volume, the applicant shall consider, at a minimum:

(i) The existing and projected primary service areas of the hospital, historic trends in emergency department utilization at the hospital, and the number of hospital emergency department service providers in the applicant hospital's primary service areas;

(ii) The number of uninsured, underinsured, indigent, and otherwise underserved patients in the applicant's primary service area and the impact of these patient groups on emergency department use;

(iii) Any demographic or health service utilization data and/or analyses that support the need for the proposed project;

(iv) The impact of efforts the applicant has made or will make to divert non-emergency cases from its emergency department to more appropriate primary care or urgent care settings; and

(v) Any other relevant information on the unmet need for emergency department or urgent care services in the service area.

Applicant Response:

Not applicable.

Standard .04B(15) – Emergency Department Expansion

A hospital proposing expansion of emergency department treatment capacity shall demonstrate that it has made appropriate efforts, consistent with federal and state law, to maximize effective use of existing capacity for emergent medical needs and has appropriately integrated emergency department planning with planning for bed capacity, and diagnostic and treatment service capacity. At a minimum:

(a) The applicant hospital must demonstrate that, in cooperation with its medical staff, it has attempted to reduce use of its emergency department for non-emergency medical care. This demonstration shall, at a minimum, address the feasibility of reducing or redirecting patients with non-emergent illnesses, injuries, and conditions, to lower cost alternative facilities or programs;

(b) The applicant hospital must demonstrate that it has effectively managed its existing emergency department treatment capacity to maximize use; and

(c) The applicant hospital must demonstrate that it has considered the need for bed and other facility and system capacity that will be affected by greater volumes of emergency department patients.

Applicant Response:

Not applicable.

Standard .04B(16) – Shell Space

(a) Unfinished hospital shell space for which there is no immediate need or use shall not be built unless the applicant can demonstrate that construction of the shell space is cost effective.

(b) If the proposed shell space is not supporting finished building space being constructed above the shell space, the applicant shall

provide an analysis demonstrating that constructing the space in the proposed time frame has a positive net present value that:

(i) Considers the most likely use identified by the hospital for the unfinished space;

(ii) Considers the time frame projected for finishing the space; and

(iii) Demonstrates that the hospital is likely to need the space for the most likely identified use in the projected time frame.

(c) Shell space being constructed on lower floors of a building addition that supports finished building space on upper floors does not require a net present value analysis. Applicants shall provide information on the cost, the most likely uses, and the likely time frame for using such shell space.

(d) The cost of shell space included in an approved project and those portions of the contingency allowance, inflation allowance, and capitalized construction interest expenditure that are based on the construction cost of the shell space will be excluded from consideration in any rate adjustment by the Health Services Cost Review Commission.

Applicant Response:

UM SJMC is not adding any new shell space. Other than a small expansion for a new elevator, the entire project is a phased-in-place renovation. Furthermore, at the completion of the project, there is not anticipated to be any vacant space created by the project.

COMAR 10.24.11. GENERAL SURGICAL SERVICES

.05A. GENERAL STANDARDS

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

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

Applicant Response:

Please see the response to COMAR 10.24.10.04A-Standard .04A (1) – Information Regarding Charges.

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

(a) Each hospital and ambulatory surgical facility shall have a written policy for the provision of charity care that ensures access to services regardless of an individual's ability to pay and shall provide ambulatory surgical services on a charitable basis to qualified indigent persons consistent with this policy. The policy shall have the following provisions:

(i) Determination of Eligibility for Charity Care. Within two business days following a patient's request for charity care services, application for medical assistance, or both, the facility shall make a determination of probable eligibility.

(ii) Notice of Charity Care Policy. Public notice and information regarding the facility's charity care policy shall be disseminated, on an annual basis, through methods designed to best reach the facility's service area population and in a format understandable by the service area population. Notices regarding the surgical facility's charity care policy shall be posted in the registration area and business office of the facility. Prior to a patient's arrival for surgery, facilities should address any financial concerns of patients, and individual notice regarding the facility's charity care policy shall be provided.

(iii) Criteria for Eligibility. Hospitals shall comply with applicable State statutes and HSCRC regulations regarding financial assistance policies and charity care eligibility. ASFs, at a minimum, must include the following eligibility criteria in charity care policies. Persons with family income below 100 percent of the current federal poverty guideline who have no health insurance coverage and are not eligible for any public program providing coverage for medical expenses shall be

eligible for services free of charge. At a minimum, persons with family income above 100 percent of the federal poverty guideline but below 200 percent of the federal poverty guideline shall be eligible for services at a discounted charge, based on a sliding scale of discounts for family income bands. A health maintenance organization, acting as both the insurer and provider of health care services for members, shall have a financial assistance policy for its members that is consistent with the minimum eligibility criteria for charity care required of ASFs described in these regulations.

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

(c) A proposal to establish or expand an ASF for which third party reimbursement is available, shall commit to provide charitable surgical services to indigent patients that are equivalent to at least the average amount of charity care provided by ASFs in the most recent year reported, measured as a percentage of total operating expenses. The applicant shall demonstrate that:

(i) Its track record in the provision of charitable health care facility services supports the credibility of its commitment; and

(ii) It has a specific plan for achieving the level of charitable care provision to which it is committed.

(iii) If an existing ASF has not met the expected level of charity care for the two most recent years reported to MHCC, the applicant shall demonstrate that the historic level of charity care was appropriate to the needs of the service area population.

(d) A health maintenance organization, acting as both the insurer and provider of health care services for members, if applying for a Certificate of Need for a surgical facility project, shall commit to provide charitable services to indigent patients. Charitable services may be surgical or nonsurgical and may include charitable programs that subsidize health plan coverage. At a minimum, the amount of charitable services provided as a percentage of total operating expenses for the health maintenance organization will be equivalent to the average amount of charity care provided statewide by ASFs, measured as a percentage of total ASF expenses, in the most recent year reported. The applicant shall demonstrate that:

(i) Its track record in the provision of charitable health care facility services supports the credibility of its commitment; and

(ii) It has a specific plan for achieving the level of charitable care provision to which it is committed.

(iii) If the health maintenance organization's track record is not consistent with the expected level for the population in the proposed

service area, the applicant shall demonstrate that the historic level of charity care was appropriate to the needs of the population in the proposed service area.

Applicant Response:

Please see the response to COMAR 10.24.10.04A(2) – Charity Care Policy.

Standard .05(A)(3) – Quality of Care

A facility providing surgical services shall provide high quality care.

(a) An existing hospital or ambulatory surgical facility shall document that it is licensed, in good standing, by the Maryland Department of Health and Mental Hygiene.

(b) A hospital shall document that it is accredited by the Joint Commission.

(c) An existing ambulatory surgical facility shall document that it is:

(i) In compliance with the conditions of participation of the Medicare and Medicaid programs; and

(ii) Accredited by the Joint Commission, the Accreditation Association for Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgery Facilities, or another accreditation agency recognized by the Centers for Medicare and Medicaid as acceptable for obtaining Medicare certification.

(d) A person proposing the development of an ambulatory surgical facility shall demonstrate that the proposed facility will:

(i) Meet or exceed the minimum requirements for licensure in Maryland in the areas of administration, personnel, surgical services provision, anesthesia services provision, emergency services, hospitalization, pharmaceutical services, laboratory and radiologic services, medical records, and physical environment.

(ii) Obtain accreditation by the Joint Commission, the Accreditation Association for Ambulatory Health Care, or the American Association for Accreditation of Ambulatory Surgery Facilities within two years of initiating service at the facility or voluntarily suspend operation of the facility.

Applicant Response:

Please see the response to COMAR 10.24.10.04A(3) – Quality of Care.

Standard .05A(4) – Transfer Agreements

(a) Each ASF and hospital shall have written transfer and referral agreements with hospitals capable of managing cases that exceed the capabilities of the ASF or hospital.

(b) Written transfer agreements between hospitals shall comply with the Department of Health and Mental Hygiene regulations implementing the requirements of Health-General Article §19-308.2.

(c) Each ASF shall have procedures for emergency transfer to a hospital that meet or exceed the minimum requirements in COMAR 10.05.05.09.

Applicant Response:

Please see **Exhibit 17**, which includes a copy of UM SJMC's transfer agreement with University of Maryland Medical Center (UMMC). UM SJMC has transfer agreements with other facilities but the facilities are not hospitals or the agreements do not address the transfer of surgical cases that exceed UM SJMC's capabilities.

.05B. Project Review Standards

Standard .05B(1) – Service Area

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

Applicant Response:

Not applicable. Applicant is not proposing to expand the number of operating rooms at UM SJMC.

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

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

capacity or higher levels within three years of the initiation of surgical services at the proposed facility.

(a) An applicant proposing the establishment or replacement of a hospital shall submit a needs assessment that includes the following:

(i) Historic trends in the use of surgical facilities for inpatient and outpatient surgical procedures by the new or replacement hospital's likely service area population;

(ii) The operating room time required for surgical cases projected at the proposed new or replacement hospital by surgical specialty or operating room category; and

(iii) In the case of a replacement hospital project involving relocation to a new site, an analysis of how surgical case volume is likely to change as a result of changes in the surgical practitioners using the hospital.

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

(i) Historic trends in the use of surgical facilities for outpatient surgical procedures by the proposed facility's likely service area population;

(ii) The operating room time required for surgical cases projected at the proposed facility by surgical specialty or, if approved by Commission staff, another set of categories; and

(iii) Documentation of the current surgical caseload of each physician likely to perform surgery at the proposed facility.

Applicant Response:

1. Defining Surgical Services

The State Health Plan currently defines surgery using ICD-9 procedure codes. UM SJMC believes its FY 2017 experience to be an accurate baseline for projecting need. This time period includes cases coded in ICD-10 codes. Without a reliable crosswalk between ICD-9 and ICD-10, the State Health Plan definition cannot be used. UM SJMC defined inpatient surgery using the MS-DRG code system rather than the ICD procedure code in order to circumvent the obstacles posed by the ICD-9 to ICD-10 transition. The MS-DRG system was designed to include a division of medical and surgical cases. The mapping used to classify cases in this Need calculation is made publicly available by CMS[1]. Inpatient cases with a surgical MS-DRG and Operating Room ("OR") minutes greater than 0 were included in the calculation. The

[1] MS-DRG surgical mapping can be found at https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MedicareFeeforSvcPartsAB/Downloads/DRGdesc11.pdf

requirement of minutes greater than 0 was used in order to filter out cases that do not utilize resources in the operating room setting.

Cardiac surgery inpatient cases were separated from the rest of the inpatient surgical cases based on a subset of MS-DRGs. Such cases were separated in order to properly assess the need for specialty operating rooms, which are designed to better handle the resource requirements of cardiac surgery.

Outpatient surgery was also defined differently from the State Health Plan due to the obstacles posed by the ICD transition. However, MS-DRGs do not apply to outpatient surgery cases so the decision was made to define outpatient surgeries using the primary CPT code. The CPT code system is categorized to include medical, surgical and diagnostic services. The range[2] for surgical codes is defined as 10021-69990. Outpatient cases with a primary CPT code falling within that surgical range and OR minutes greater than 0 were included in the calculation. The requirement of minutes greater than 0 was used in order to filter out cases that do not utilize resources in the operating room setting.

The definition of inpatient and outpatient surgeries are presented below in Table 4.

Table 4
Summary of Surgical Definition

Definition Parameter	Inpatient	IP Cardiac	Outpatient
Code Feature	Surgical MS-DRGs (excluding Cardiac MS-DRGs)	MS-DRGs 163-168, 215-221, 228-236	Surgical CPT/HCPCS
Minutes Requirement	OR Minutes > 0	OR Minutes > 0	OR Minutes > 0

2. Data Source and Parameters

UM SJMC utilized the HSCRC's comprehensive statewide inpatient and outpatient datasets as part of this analysis. Datasets for FY 2013 through FY 2017 were obtained and each fiscal year represents a full twelve-months of data.

For FY 2013 through FY 2017, UM SJMC filtered the inpatient and outpatient data for the following parameters:

a. Surgical definition as described above

b. Age cohort: using the Patient Age field, UM SJMC grouped the cases by the following shown in Table 5.

[2] UM SJMC referred to the following source for identifying the surgical code range: http://coder.aapc.com/cpt-codes-range/79).

Table 5
Age Cohorts

Age Cohort	Cohort Name
Ages 0-17	Pediatric
Ages 18-64	Adult
Ages 65-74	Senior
Ages 75+	Older Senior and Geriatric

c. Service area: using the Zip field in the data tapes, UM SJMC identified the zip codes in Baltimore County, Baltimore City, Harford County and Carroll County from which 85% of surgical volumes originated in FY 2017. Table 6 lists the zip codes included the service area.

Table 6
Service Area Zip Codes

Zip	City	State	County	Zip	City	State	County
21234	Parkville	MD	Baltimore County	21228	Catonsville	MD	Baltimore County
21093	Lutherville Timonium	MD	Baltimore County	21152	Sparks Glencoe	MD	Baltimore County
21236	Nottingham	MD	Baltimore County	21087	Kingsville	MD	Baltimore County
21030	Cockeysville	MD	Baltimore County	21057	Glen Arm	MD	Baltimore County
21286	Towson	MD	Baltimore County	21210	Baltimore	MD	Baltimore City
21212	Baltimore	MD	Baltimore City	21001	Aberdeen	MD	Harford County
21208	Pikesville	MD	Baltimore County	21229	Baltimore	MD	Baltimore City
21117	Owings Mills	MD	Baltimore County	21784	Sykesville	MD	Carroll County
21204	Towson	MD	Baltimore County	21161	White Hall	MD	Baltimore County
21014	Bel Air	MD	Harford County	21078	Havre De Grace	MD	Harford County
21136	Reisterstown	MD	Baltimore County	21013	Baldwin	MD	Baltimore County
21239	Baltimore	MD	Baltimore City	21111	Monkton	MD	Baltimore County
21222	Dundalk	MD	Baltimore County	21213	Baltimore	MD	Baltimore City
21221	Essex	MD	Baltimore County	21219	Sparrows Point	MD	Baltimore County
21220	Middle River	MD	Baltimore County	21102	Manchester	MD	Carroll County
21206	Baltimore	MD	Baltimore City	21053	Freeland	MD	Baltimore County
21015	Bel Air	MD	Harford County	21163	Woodstock	MD	Howard County
21237	Rosedale	MD	Baltimore County	21211	Baltimore	MD	Baltimore City
21209	Baltimore	MD	Baltimore City	21048	Finksburg	MD	Carroll County
21009	Abingdon	MD	Harford County	21230	Baltimore	MD	Baltimore City
21131	Phoenix	MD	Baltimore County	21216	Baltimore	MD	Baltimore City
21050	Forest Hill	MD	Harford County	21217	Baltimore	MD	Baltimore City
21215	Baltimore	MD	Baltimore City	21155	Upperco	MD	Baltimore County
21047	Fallston	MD	Harford County	21104	Marriottsville	MD	Howard County
21128	Perry Hall	MD	Baltimore County	21153	Stevenson	MD	Baltimore County
21214	Baltimore	MD	Baltimore City	21082	Hydes	MD	Baltimore County
21157	Westminster	MD	Carroll County	21051	Fork	MD	Baltimore County
21133	Randallstown	MD	Baltimore County	21156	Upper Falls	MD	Baltimore County
21120	Parkton	MD	Baltimore County	21162	White Marsh	MD	Baltimore County
21218	Baltimore	MD	Baltimore City	21223	Baltimore	MD	Baltimore City
21040	Edgewood	MD	Harford County	21201	Baltimore	MD	Baltimore City
21085	Joppa	MD	Harford County	21202	Baltimore	MD	Baltimore City
21224	Baltimore	MD	Baltimore City	21231	Baltimore	MD	Baltimore City
21207	Gwynn Oak	MD	Baltimore County	21205	Baltimore	MD	Baltimore City
21244	Windsor Mill	MD	Baltimore County	21017	Belcamp	MD	Harford County
21074	Hampstead	MD	Carroll County	21071	Glyndon	MD	Baltimore County
21084	Jarrettsville	MD	Harford County	21252	Towson	MD	Baltimore County

3. Surgical Volume Projection Assumptions

UM SJMC took a step-wise approach in projecting surgical volume for FY 2018 to FY 2025. The following information represents such steps as well as the assumptions involved.

a. Establishment of FY 2017 Baseline: UM SJMC began with the FY 2017 statewide dataset and applied the surgical definition, age cohort parameters and service area parameters described above to establish a starting point for the projection, or the FY 2017 Baseline as shown below in Table 7.

Table 7
FY 2017 Surgical Volume Baseline

Age Cohort	Inpatient	IP Cardiac	Outpatient
Ages 0-17	24	-	332
Ages 18-64	1,908	242	4,813
Ages 65-74	1,207	207	1,516
Ages 75+	906	112	1,155
Total	**4,045**	**561**	**7,816**

b. Population Growth: the UM SJMC service area, as defined by the most common zip codes comprising 85% of surgical cases, demonstrates an overall population growth based on data provided by Spotlight (formerly Claritas). UM SJMC utilized Spotlight data organized by service area zip code and age cohort. Spotlight supplied 2017 and 2022 estimated figures. UM SJMC used a compound annual growth rate (CAGR) from the 2017 to 2022 data to project growth for each year through FY 2025. As seen below in Table 8, the age 65+ population is projected to grow significantly while the population under 65 is projected to stay flat or decline.

Table 8
Projected Population for UM SJMC Service Area

Cohort	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	% Change FY2017 - 25
Ages 0-17	375,254	376,094	376,936	377,779	378,625	379,472	380,321	381,172	382,026	1.8%
Ages 18-64	1,102,586	1,100,308	1,098,035	1,095,766	1,093,502	1,091,243	1,088,988	1,086,739	1,084,493	-1.6%
Ages 65-74	156,899	163,427	170,228	177,311	184,688	192,373	200,377	208,715	217,399	38.6%
Ages 75+	116,599	118,981	121,411	123,891	126,422	129,004	131,639	134,328	137,072	17.6%
Total	1,751,338	1,758,810	1,766,609	1,774,747	1,783,237	1,792,092	1,801,326	1,810,954	1,820,990	4.0%

c. Use Rate Impact: Surgical use rates by age cohort for the service area were calculated for FY 2017 for Inpatient, Cardiac and Outpatient services (see Table 9 below). The FY 2017 use rate for each age cohort and service was carried forward through FY 2025.

Table 9
Inpatient, Cardiac and Outpatient Use Rates FY 2017

Cohort	Inpatient	Cardiac	Outpatient
Ages 0-17	3.2	0.3	24.0
Ages 18-64	18.6	1.1	50.3
Ages 65-74	52.3	5.5	101.1
Ages 75+	56.0	4.2	85.0
Total	20.8	1.5	51.5

Applying the use rates, by age cohort, to the projected population results in the projected surgical cases presented below in Tables 10, 11, and 12.

Table 10
Inpatient Surgical Cases

	Inpatient								
Cohort	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**
Ages 0-17	24	24	24	24	24	24	24	24	24
Ages 18-64	1,908	1,904	1,900	1,896	1,892	1,888	1,884	1,881	1,877
Ages 65-74	1,207	1,257	1,310	1,364	1,421	1,480	1,541	1,606	1,672
Ages 75+	906	925	943	963	982	1,002	1,023	1,044	1,065
Total	4,045	4,110	4,177	4,247	4,320	4,395	4,473	4,554	4,639

Table 11
Cardiac Surgical Cases

	Cardiac								
Cohort	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**
Ages 0-17	0	0	0	0	0	0	0	0	0
Ages 18-64	242	242	241	241	240	240	239	239	238
Ages 65-74	207	216	225	234	244	254	264	275	287
Ages 75+	112	114	117	119	121	124	126	129	132
Total	561	571	582	593	605	617	630	643	657

Table 12
Outpatient Surgical Cases

	Outpatient								
Cohort	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**
Ages 0-17	332	333	333	334	335	336	336	337	338
Ages 18-64	4,813	4,803	4,793	4,783	4,773	4,763	4,754	4,744	4,734
Ages 65-74	1,516	1,579	1,645	1,713	1,785	1,859	1,936	2,017	2,101
Ages 75+	1,155	1,179	1,203	1,227	1,252	1,278	1,304	1,331	1,358
Total	7,816	7,893	7,974	8,058	8,145	8,236	8,330	8,428	8,530

d. Exclusion of Procedure Room Cases: UM SJMC surgical facilities include procedure rooms deemed the Digestive Diseases Clinic ("DDC"). Cases performed in these procedure rooms are deemed surgical based on the definition of surgery used in this analysis but such cases do not utilize the resources of an operating room. UM SJMC considered it necessary to remove such cases from the projection in order to have an accurate representation of cases performed in operating rooms. Per the UM SJMC operating room management system, OpTime,[3] it was found that in FY 2017, 229 inpatient surgical cases performed took place in the DDC and 2,876 outpatient surgical cases took place in the DDC. These cases are projected to grow with population growth estimates and projected through FY 2025. The adjusted projection of surgical cases is shown in Table 13.

Table 13
Projected Surgical Volume Adjusted for DDC

	Inpatient								
Cases	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**
Cases	4,045	4,110	4,177	4,247	4,320	4,395	4,473	4,554	4,639
Population Growth	-	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%
DDC Adjustment Cases	(229)	(233)	(236)	(240)	(245)	(249)	(253)	(258)	(263)
Adjusted Cases	3,816	3,877	3,941	4,007	4,075	4,146	4,220	4,296	4,376

	Outpatient								
Cases	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**
Cases	7,816	7,893	7,974	8,058	8,145	8,236	8,330	8,428	8,530
Population Growth	-	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%
DDC Adjustment Cases	(2,876)	(2,905)	(2,934)	(2,965)	(2,997)	(3,030)	(3,065)	(3,101)	(3,139)
Adjusted Cases	4,940	4,989	5,040	5,093	5,148	5,205	5,265	5,327	5,392

e. Physician Recruitment: UM SJMC projects that by 2025, physician recruitment will account for an increase of 340 additional Orthopedic/Spine inpatient surgical cases and 187 additional Thoracic outpatient surgical cases. The addition of these cases is projected to occur predominantly in FY 2019 – FY 2021. Table 14 shows the Physician Recruitment adjustments made to the projected cases.

Table 14
Projected Physician Recruitment

Cases	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**
Inpatient	110	221	333	335	336	338	340
Outpatient	61	121	183	184	185	186	187
Total	171	342	516	519	521	524	527

[3] OpTime is an operating room management system that is part of EPIC. The OpTime system has been in use since October 2014.

f. Inpatient to Outpatient Shift: Due to changes in payer reimbursement methodologies, it is expected that some joint replacement surgical cases will be shifted from the inpatient to the outpatient setting. UM SJMC projects that by FY 2025, 700 such surgical cases will be shifted from the inpatient to outpatient setting, beginning in FY 2019. Table 15 shows the adjustment made to projected cases.

Table 15
Projected Shift of Cases from IP to OP

Cases	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Inpatient	(679)	(682)	(685)	(689)	(692)	(696)	(700)
Outpatient	679	682	685	689	692	696	700
Total	-	-	-	-	-	-	-

g. ASC Impact: Publicly available MHCC data has shown that Ambulatory Surgery Centers (ASC) have a strong presence in the state of Maryland and the UM SJMC service area. Table 16 shows the count of ASC facilities and the count of operating room (OR) cases in the service area.[4]

Table 16
ASC Statistics in the UM SJMC Service Area

Year	Count of Facilities	Total Cases	Total OR Cases	OR Case Change
CY2012	96	176,742	52,479	
CY2013	97	178,660	56,160	7.01%
CY2014	99	182,858	57,208	1.87%
CY2015	93	188,454	59,213	3.50%

UM SJMC projects a decline of 100 low acuity inpatient surgical cases and 558 outpatient surgical cases by FY 2025, due to the impact of Ambulatory Surgery Centers. This impact can be seen in Table 17.

Table 17
Projected Shift of Cases to ASCs

Cases	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Inpatient	(97)	(97)	(98)	(98)	(99)	(99)	(100)
Outpatient	(541)	(544)	(546)	(549)	(552)	(555)	(558)
Total	(638)	(641)	(644)	(648)	(651)	(654)	(658)

[4] Data obtained through public use files available at http://mhcc.maryland.gov/.

4. Surgical Case Projection

Based on the assumptions detailed above, UM SJMC projects the volume of surgical cases shown in Table 18.

Table 18
UM SJMC Surgical Cases

Type	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Inpatient	3,816	3,877	3,275	3,448	3,625	3,694	3,765	3,839	3,916
Outpatient	4,940	4,989	5,238	5,353	5,470	5,529	5,590	5,654	5,720
Subtotal	**8,756**	**8,866**	**8,514**	**8,801**	**9,095**	**9,223**	**9,355**	**9,493**	**9,637**
Cardiac	561	571	582	593	605	617	630	643	657
Total	**9,317**	**9,438**	**9,096**	**9,394**	**9,700**	**9,840**	**9,985**	**10,136**	**10,293**

5. Calculation of Operating Room Need

Along with the projection of surgical cases, UM SJMC also projected the related number of surgical minutes based on the total operating room minutes for Inpatient, Outpatient and Cardiac surgeries included in the FY 2017 Maryland State Data tapes. Total minutes for DDC cases were identified using UM SJMC's OpTime report, and deducted from the baseline. With this deduction, UM SJMC calculated minutes per case by surgical type, and used these numbers to project OR minutes in relation to population growth.

To identify additional minutes as a result of physician recruitment, UM SJMC applied OpTime minutes per case by specialty to the projected change in cases by specialty.

While it is expected that the shift of inpatient surgeries to the outpatient setting will be exclusively due to knee replacement surgeries, the shift will not change total operating room minutes. In order to calculate the number of minutes shifted from inpatient to outpatient, the projected number of cases was multiplied by the UM SJMC average OR minutes per knee replacement case (MSDRG 469 and 470) in the FY 2017 Maryland Statewide Data Tapes.

Because the inpatient portion of the ASC impact is projected to be comprised of knee replacement cases, the minutes per knee replacement case from above was applied to the 100 inpatient case reduction due to ASC impact. For the outpatient portion of the ASC impact, the minutes per case following the Physician Recruitment adjustment was used.

UM SJMC also utilized an average turnaround time of 25 minutes per case. Table 19 shows the average minutes per case figures used. The FY 2025 case projection is multiplied by the minutes per case to obtain projected FY 2025 OR minutes.

Table 19
Projected FY 2025 Minutes per Case

Type	Average Minutes per Case	Turnaround Minutes	Minutes per Case Used in Calculation
Inpatient	143.18	25.00	168.18
Outpatient	84.47	25.00	109.47
Cardiac	314.99	25.00	339.99

In order to determine the number of operating rooms, UM SJMC utilized the MHCC's standard for optimal capacity per OR of 114,000 minutes per room per year. The projected FY 2025 OR minutes are divided by the 114,000 standard to obtain the projected operating room count. Tables 20 and 21 summarize the calculation of the operating room need.

Table 20
General Operating Room Need

	FY2017 Baseline	DDC Removal	FY2017 Excl. DDC	Pop. Growth	Pop. Adjusted	Phys Recruit.	Phys Recruit. Adjusted	Shift IP to OP	Shift IP to OP Adjusted	ASC Impact	FY2025 Projected
Surgeries											
Inpatient	**4,045**	**(229)**	**3,816**	**560**	**4,376**	**340**	**4,716**	**(700)**	**4,016**	**(100)**	**3,916**
Ages 0-17	*24*										
Ages 18-64	*1,908*										
Ages 65-74	*1,207*										
Ages 75+	*906*										
Outpatient	**7,816**	**(2,876)**	**4,940**	**452**	**5,392**	**187**	**5,578**	**700**	**6,278**	**(558)**	**5,720**
Ages 0-17	*332*										
Ages 18-64	*4,813*										
Ages 65-74	*1,516*										
Ages 75+	*1,155*										
Total	**11,861**	**(3,105)**	**8,756**	**1,012**	**9,768**	**527**	**10,295**	**-**	**10,295**	**(658)**	**9,637**
Avg Surg Min per Case											
Inpatient	132.82	88.79	135.46	135.46	135.46	139.54	135.75	99.41	142.09	99.41	143.18
Outpatient	60.87	24.36	82.12	82.12	82.12	90.14	82.39	99.41	84.29	82.39	84.47
Total	**85.41**	**29.11**	**105.37**	**111.65**	**106.02**	**122.02**	**106.84**	**-**	**106.84**	**84.98**	**108.33**
Surgical Minutes											
Inpatient	537,244	(20,333)	516,911	75,859.19	592,770	47,452	640,222	(69,590)	570,632	(9,941)	560,690
Outpatient	475,748	(70,068)	405,680	37,079.19	442,759	16,851	459,610	69,590	529,200	(45,974)	483,227
Total	**1,012,992**	**(90,401)**	**922,591**	**112,938**	**1,035,529**	**64,303**	**1,099,832**	**-**	**1,099,832**	**(55,915)**	**1,043,917**
Turn Around Time											
Inpatient	101,125	(5,725)	95,400	14,000	109,400	8,502	117,902	(17,500)	100,402	(2,500)	97,902
Outpatient	195,400	(71,900)	123,500	11,288	134,788	4,673	139,461	17,500	156,961	(13,950)	143,011
Total	**296,525**	**(77,625)**	**218,900**	**25,288**	**244,188**	**13,175**	**257,363**	**-**	**257,363**	**(16,450)**	**240,913**
Total Minutes											
Inpatient	638,369	(26,058)	612,311	89,860	702,171	55,954	758,124	(87,090)	671,034	(12,441)	658,592
Outpatient	671,148	(141,968)	529,180	48,367	577,547	21,524	599,071	87,090	686,162	(59,924)	626,238
Total	**1,309,517**	**(168,026)**	**1,141,491**	**138,227**	**1,279,718**	**77,478**	**1,357,195**	**-**	**1,357,195**	**(72,365)**	**1,284,830**
Operating Rooms											
General OR	11.5	(1.5)	10.0	1.2	11.2	0.7	11.9	-	11.9	(0.6)	11.3

Table 21
Cardiac Operating Room Need

	FY2017 Baseline	DDC Removal	FY2017 Excl. DDC	Pop. Growth	Pop. Adjusted	Phys Recruit.	Phys Recruit. Adjusted	Shift IP to OP	Shift IP to OP Adjusted	ASC Impact	FY2023 Projected
Surgeries											
Cardiac Inpatient	**561**	**-**	**561**	**96**	**657**	**-**	**657**		**657**	**-**	**657**
Ages 0-17	*-*										
Ages 18-64	*242*										
Ages 65-74	*207*										
Ages 75+	*112*										
Avg Surg Min per Case											
Cardiac Inpatient	**314.99**	**-**	**314.99**	**314.99**	**314.99**	**-**	**314.99**	**-**	**314.99**	**-**	**314.99**
Surgical Minutes											
Cardiac Inpatient	**176,709**	**-**	**176,709**	**30,086**	**206,795**	**-**	**206,795**	**-**	**206,795**	**-**	**206,795**
Turn Around Time											
Cardiac Inpatient	**14,025**	**-**	**14,025**	**2,388**	**16,413**	**-**	**16,413**	**-**	**16,413**	**-**	**16,413**
Total Minutes											
Cardiac Inpatient	**190,734**	**-**	**190,734**	**32,474**	**223,208**	**-**	**223,208**	**-**	**223,208**	**-**	**223,208**
Operating Rooms											
Cardiac Inpatient	**1.7**	**-**	**1.7**	**0.3**	**2.0**	**-**	**2.0**	**-**	**2.0**	**-**	**2.0**

UM SJMC projects an FY 2025 need of 11.3 general operating rooms and 2.0 cardiac operating rooms. UM SJMC is applying for 11 general operating rooms (six of which will be renovated under this project) and two cardiac operating rooms.

UM SJMC is also in the process of building a hybrid operating room for cardiac procedures for which it previously received a determination of coverage in June, 2016. The hybrid operating room will be designed to support invasive and non-invasive cardiac procedures, including transcatheter aortic valve replacement (TAVR), transcatheter mitral procedures, and hybrid coronary procedures, which are integral to the continued success of its cardiac surgery program. The TAVR procedure is not currently being performed at UM SJMC but will begin once the hybrid operating room opens in February 2018. The addition of the TAVR procedure will allow UM SJMC to handle complex medical procedures for high risk patients at UM SJMC who are not candidates for invasive surgery. The hybrid operating room will also serve an important backup function should an emergency case arise when the other two cardiac operating rooms are in use.

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

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

(a) Demonstrate the need for each proposed additional operating room, utilizing the operating room capacity assumptions and other guidance included at Regulation .06 of this Chapter;

(b) Demonstrate that its existing operating rooms were utilized at optimal capacity in the most recent 12-month period for which data has been reported to the Health Services Cost Review Commission or to the Maryland Health Care Commission; and

(c) Provide a needs assessment demonstrating that each proposed operating room is likely to be utilized at optimal capacity or higher levels within three years of the completion of the additional operating room capacity. The needs assessment shall include the following:

(i) Historic trends in the use of surgical facilities at the existing facility;

(ii) Operating room time required for surgical cases historically provided at the facility by surgical specialty or operating room category; and

(iii) Projected cases to be performed in each proposed additional operating room.

Applicant Response:

Not applicable. The applicant does not propose to expand surgical capacity at UM SJMC.

Standard .05B(4) – Design Requirements

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

(a) A hospital shall meet the requirements in Section 2.2 of the FGI Guidelines.

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

(c) Design features of a hospital or ASF that are at variance with the current FGI Guidelines shall be justified. The Commission may consider the opinion of staff at the Facility Guidelines Institute, which publishes the FGI Guidelines, to help determine whether the proposed variance is acceptable.

Applicant Response:

Please see **Exhibit 18**, which is a letter from the architectural firm HORD | COPLAN | MACHT attesting that the floor plans submitted by UM SJMC are consistent with the FGI Guidelines.

Standard .05B(5) – Support Services

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

Applicant Response:

UM SJMC provides laboratory, radiology, and pathology services on-site.

Standard .05B(6) – Patient Safety

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

(a) Document the manner in which the planning of the project took patient safety into account; and

(b) Provide an analysis of patient safety features included in the design of proposed new, replacement, or renovated surgical facilities.

Applicant Response:

Please see the response to COMAR 10.24.10.04B(12) – Patient Safety.

Standard .05B(7) – Construction Costs

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

(a) Hospital projects.

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

(ii) If the projected cost per square foot exceeds the Marshall Valuation Service® benchmark cost, any rate increase proposed by the hospital related to the capital cost of the project shall not include:

1. The amount of the projected construction cost and associated capitalized construction cost that exceeds the Marshall Valuation Service® benchmark; and

2. Those portions of the contingency allowance, inflation allowance, and capitalized construction interest expenditure that are based on the excess construction cost.

(b) Ambulatory Surgical Facilities.

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

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

Applicant Response:

Please see the response to COMAR 10.24.10.04B(7) – Construction Cost of Hospital Space.

Standard .05B(8) – Financial Feasibility

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

(a) An applicant shall document that:

(i) Utilization projections are consistent with observed historic trends in use of the applicable service(s) by the likely service area population of the facility;

(ii) Revenue estimates are consistent with utilization projections and are based on current charge levels, rates of reimbursement, contractual adjustments and discounts, bad debt, and charity care provision, as experienced by the applicant facility or, if a new facility, the recent experience of similar facilities;

(iii) Staffing and overall expense projections are consistent with utilization projections and are based on current expenditure levels and reasonably anticipated future staffing levels as experienced by the

applicant facility, or, if a new facility, the recent experience of similar facilities; and

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

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

Applicant Response:

Please see the response to COMAR 10.24.10.04B(13) - Financial Feasibility.

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

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

Applicant Response:

Not applicable.

10.24.01.08G(3)(b). Need.

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

INSTRUCTIONS: Please identify the need that will be addressed by the proposed project, quantifying the need, to the extent possible, for each facility and service capacity proposed for development, relocation, or renovation in the project. The analysis of need for the project should be population-based, applying utilization rates based on historic trends and expected future changes to those trends. This need analysis should be aimed at demonstrating needs of the population served or to be served by the hospital. The existing and/or intended service area population of the applicant should be clearly defined.

Fully address the way in which the proposed project is consistent with each applicable need standard or need projection methodology in the State Health Plan.

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

Please assure that all sources of information used in the need analysis are identified. Fully explain all assumptions made in the need analysis with respect to demand for services, the projected utilization rate(s), the relevant population considered in the analysis, and the service capacity of buildings and equipment included in the project, with information that supports the validity of these assumptions.

Explain how the applicant considered the unmet needs of the population to be served in arriving at a determination that the proposed project is needed. Detail the applicant's consideration of the provision of services in non-hospital settings and/or through population-based health activities in determining the need for the project.

Complete the Statistical Projections (Tables F and I, as applicable) worksheets in the CON Table Package, as required. Instructions are provided in the cover sheet of the CON package.

Applicant Response:

UM SJMC incorporates its response to Standard .05B(2), which demonstrates need for the proposed operating rooms.

UM SJMC's proposed perioperative renovation project has two primary goals. The first goal is to design and construct a replacement facility for the hospital's antiquated operating rooms, procedural spaces, and relevant support space that updates the hospital relative to all appropriate standards for the delivery of surgical and interventional services. These include, but are not limited to the appropriate room dimensions to provide necessary clear floor area as well as other infrastructure in the rooms. The second goal is to improve the efficiency of the delivery

of surgical services at UM SJMC by reducing the number of general operating rooms in the hospital's inventory from 15 to 11, and interventional labs from seven to four. Additionally, UM SJMC will co-locate all of the interventional labs in one place to provide staff efficiencies, and will reduce the total travel distance required for the lab staff and patients.

With these goals in mind, UM SJMC proposes to renovate its current surgical and interventional labs facilities, including its remaining outdated general operating rooms, two outdated cardiac operating rooms, and seven interventional labs and support areas, with newly renovated spaces in similar areas on the ground floor, and additional support space for sterile processing on the first floor. The project will consist of a combined 87,490 SF of renovation and new construction, built in a total of five phases. After completion of this project, there will be one consolidated general operating department containing eleven general operating rooms and one hybrid operating room and prep/recovery space on the east side of the hospital. This represents a decrease of four general purpose operating rooms from the hospital's original inventory. It will also create one consolidated cardiac services center on the west side of the hospital containing two cardiac operating rooms and four interventional labs. This represents a decrease of three interventional labs from the hospital's current inventory of seven interventional labs.

This project is intended to correct these aging facilities, square footage limitations, and functional deficiencies and inefficiencies as follows:

- FGI guidelines for hospital surgical services indicate that operating rooms should have a minimum clear floor area of 400 SF, and operating rooms for image guided surgery or surgical procedures that require additional personnel or large equipment should have a minimum clear floor area of 600 SF. Only two of UM SJMC's operating rooms meet these requirements, even though more than 60% of their cases meet the 600 SF criteria. The remaining rooms are between 450 – 525 SF.

- The average age of the existing operating rooms is approximately 30 years.

- The clear floor area does not facilitate the number of clinicians necessary for surgical procedures.

- The operating rooms do not have the required HVAC systems including required air changes, laminar flow air over the surgical field, pressure relationships, and energy efficiency of the HVAC units.

- The operating rooms do not have the required utilities adjacent to the table, including power and medical gasses without draping cords and hoses across the floor.

- The layout of the surgical department does not provide a clean core that is separate from the patient, staff, and trash routes.

- The layout of the surgical department does not provide a single, red-line area that connects all of the general operating rooms together – currently pods of operating rooms are separated by non-sterile support space such as locker rooms, break rooms, and offices.

- The layout of the interventional labs does not provide a proper semi-restricted corridor outside of the labs.

- The location of the interventional labs requires that patients are transported to and from prep and recovery through a public hallway to get to the labs.

- The organization of the cardiac operating rooms and interventional labs does not provide a single red-line area that connects all of the cardiac operating rooms and labs together.

- The existing facilities are inefficient to use as operating rooms and the in-room "crowding" that occurs in smaller rooms presents challenges for the maintenance of sterile technique and increases risks for surgical site infection.

Need to Renovate

In its analysis of alternatives UM SJMC examined the option of relocating. While such an option would allow for easier and faster construction, it was ultimately deemed cost prohibitive. This is because it was determined that the operating rooms needed to remain on the ground floor because of the importance of existing adjacencies such as the Emergency Department and Imaging Department. Any expansion of the ground floor would require significant excavation that would dramatically raise the costs of the project.

Additionally, relocation was deemed impractical because it would create new hospital space at a time when the hospital does not need to construct new space. Any significant construction of new space would likely result in abandoned space, thus adding further project and future maintenance expense.

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

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

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

a) the alternative of the services being provided through existing facilities;

b) or through population-health initiatives that would avoid or lessen hospital admissions.

Describe the hospital's population health initiatives and explain how the projections and proposed capacities take these initiatives into account.

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

Applicant Response:

Please see the response to COMAR 10.24.10.04B(5) – Cost-Effectiveness.

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

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

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

- Complete applicable Revenues & Expenses (Tables G, H, J and K as applicable), and the Work Force information (Table L) worksheets in the CON Table Package, as required. Instructions are provided in the cover sheet of the CON package. Explain how these tables demonstrate that the proposed project is sustainable and provide a description of the sources and methods for recruitment of needed staff resources for the proposed project, if applicable.

- Describe and document relevant community support for the proposed project.

- Identify the performance requirements applicable to the proposed project and explain how the applicant will be able to implement the project in compliance with those performance requirements. Explain the process for completing the project design, contracting and obtaining and obligating the funds within the prescribed time frame. Describe the construction process or refer to a description elsewhere in the application that demonstrates that the project can be completed within the applicable time frame.

- Audited financial statements for the past two years should be provided by all applicant entities and parent companies.

Applicant Response:

- See **Exhibit 1** for UM SJMC's Table Package, which includes projected Revenue & Expenses (Tables G and H), financial assumptions, and Work Force Information (Table L).

- The proposed project enjoys strong community support, as demonstrated by the numerous letters in support included in **Exhibit 19.**

- The performance requirements for this project are found on page 14**.** This will be a multi-phase project, under a single construction contract. UM SJMC does not anticipate any issues with meeting its performance requirements. UM SJMC is currently developing design documents for all phases of renovation in anticipation of CON approval. UM SJMC is also in the process of selecting the construction manager and critical medical equipment vendors to ensure that commitments from key stakeholders are in place upon CON approval. UM SJMC does not anticipate any issues obtaining or obligating the funds for this project.

The fundraising campaign to support this project and raise the $20M in philanthropy is underway and is fully supported by the UM SJMC's Board of Directors and UM SJMC Foundation's Board of Directors. At this time, the Foundation has already raised $9M towards the $20M target.

- Audited financial statements for UMMS and UM SJMC are included in **Exhibit 20.** See pages 75-76 and 90 for UM SJMC's financial statements.

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

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

INSTRUCTIONS: List all of the Certificates of Need that have been issued to the applicant or related entities, affiliates, or subsidiaries since 2000, including their terms and conditions, and any changes to approved CONs that were approved. Document that these projects were or are being implemented in compliance with all of their terms and conditions or explain why this was not the case.

Applicant Response:

UM SJMC has not applied for or been issued any certificates of need since 2000.

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

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

INSTRUCTIONS: Please provide an analysis of the impact of the proposed project:

a) On the volume of service provided by all other existing health care providers that are likely to experience some impact as a result of this project[5];

b) On access to health care services for the service area population that will be served by the project. (state and support the assumptions used in this analysis of the impact on access);

c) On costs to the health care delivery system.

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

Applicant Response:

UM SJMC does not anticipate any impact on the volume of services provided by existing providers or the health care delivery system. The proposed project replaces existing operating rooms due to the age, size, and configuration of the existing perioperative services. The project will result in an overall net reduction in the number of operating rooms and operating room capacity. In addition, the project will not impact access to services for the service area population, as the proposed reduction in capacity is attributed to the changing demand for surgical services over the last several years and increased efficiencies of the new operating room plan design.

UM SJMC intends to file a partial rate application with HSCRC for depreciation related to this project, and has assumed in its projections of revenue and expenses a rate assumption to offset depreciation resulting from the project. UM SJMC had an initial meeting with HSCRC staff in early January 2018 to discuss this plan and provide an overview of the project.

[5] Please assure that all sources of information used in the impact analysis are identified and identify all the assumptions made in the impact analysis with respect to demand for services, the relevant populations considered in the analysis, and changes in market share, with information that supports the validity of these assumptions.

Table of Exhibits

Table of Tables

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

February 2, 2018
Date

Craig Carmichael
Senior Vice President, Operations
University of Maryland St. Joseph
Medical Center

#615921
013660-0001

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

February 2, 2018
Date

Paul Nicholson
Senior Vice President/Chief Financial Officer
University of Maryland St. Joseph Medical Center

#615920
013660-0001

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

February 2, 2018
Date

Walter Furlong
Vice President, Strategy/Business Development
University of Maryland St. Joseph Medical Center

#615919
013660-0001

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

February 2, 2018
Date

Darryl Mealy
Vice President of Construction and
Facilities Planning
University of Maryland Medical System

#615923
013660-0001

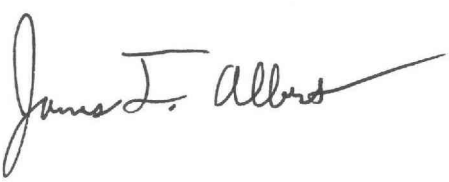
I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief.

February 2, 2018
Date

Matthew M. McGovern
Program Manager
University of Maryland St. Joseph
Medical Center

#615922
013660-0001

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



February 2, 2018
Date

Jim Albert, AIA, ACHA, LEED AP
Principal
Hord Coplan Macht

#615924
013660-0001

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

February 2, 2018
Date

Andrew L. Solberg
A.L.S. Healthcare Consultant Services

#615917
013660-0001

EXHIBIT 1

Name of Applicant: University of Maryland St. Joseph Medical Center

Date of Submission: 2-Feb-18

Applicants should follow additional instructions included at the top of each of the following worksheets. Please ensure all green fields (see above) are filled.

Table Number	Table Title	Instructions
Table A	**Physical Bed Capacity Before and After Project**	All applicants whose project impacts any nursing unit, regardless of project type or scope, must complete Table A.
Table B	**Departmental Gross Square Feet**	All applicants, regardless of project type or scope, must complete Table B for all departments and functional areas affected by the proposed project.
Table C	**Construction Characteristics**	All applicants proposing new construction or renovation must complete Table C.
Table D	**Site and Offsite Costs Included and Excluded in Marshall Valuation Costs**	All applicants proposing new construction or renovation must complete Table D.
Table E	**Project Budget**	All applicants, regardless of project type or scope, must complete Table E.
Table F	**Statistical Projections - Entire Facility**	Existing facility applicants must complete Table F. All applicants who complete this table must also complete Tables G and H.
Table G	**Revenues & Expenses, Uninflated - Entire Facility**	Existing facility applicants must complete Table G. The projected revenues and expenses in Table G should be consistent with the volume projections in Table F.
Table H	**Revenues & Expenses, Inflated - Entire Facility**	Existing facility applicants must complete Table H. The projected revenues and expenses in H should be consistent with the projections in Tables F and G.
Table I	**Statistical Projections - New Facility or Service**	Applicants who propose to establish a new facility, existing facility applicants who propose a new service, and applicants who are directed by MHCC staff must complete Table I. All applicants who complete this table must also complete Tables J and K.
Table J	**Revenues & Expenses, Uninflated - New Facility or Service**	Applicants who propose to establish a new facility and existing facility applicants who propose a new service and any other applicant who completes a Table I must complete Table J. The projected revenues and expenses in Table J should be consistent with the volume projections in Table I.
Table K	**Revenues & Expenses, Inflated - New Facility or Service**	Applicants who propose to establish a new facility and existing facility applicants who propose a new service and any other applicant that completes a Table I must complete Table K. The projected revenues and expenses in Table K should be consistent with the projections in Tables I and J.
Table L	**Work Force Information**	All applicants, regardless of project type or scope, must complete Table L.

TABLE A. PHYSICAL BED CAPACITY BEFORE AND AFTER PROJECT

INSTRUCTION: Identify the location of each nursing unit (add or delete rows if necessary) and specify the room and bed count before and after the project in accordance with the definition of physical capacity noted below. Applicants should add columns and recalculate formulas to address rooms with 3 and 4 bed capacity. See additional instruction in the column to the right of the table
NOTE: Physical capacity is the total number of beds that could be physically set up in space without significant renovations. This should be the maximum operating capacity under normal, non-emergency circumstances and is a physical count of bed capacity, rather than a measure of staffing capacity. A room with two headwalls and two sets of gasses should be counted as having capacity for two beds, even if it is typically set up and operated with only one bed. A room with one headwall and one set of gasses is counted as a private room, even if it is large enough from a square footage perspective to be used as a semi-private room, since renovation/construction would be required to convert it to semi-private use. If the hospital operates patient rooms that contain no headwalls or a single headwall, but are normally used to accommodate one or more than one patient (e.g., for psychiatric patients), the physical capacity of such rooms should be counted as they are currently used.

Before the Project							After Project Completion						
Hospital Service	**Location (Floor/Wing)***	**Licensed Beds: 7/1/2018**	**Based on Physical Capacity**				**Hospital Service**	**Location (Floor/Wing)***	**Based on Physical Capacity**				
			Room Count			**Bed Count**			**Room Count**			**Bed Count**	
			Private	**Semi-Private**	**Total Rooms**	**Physical Capacity**			**Private**	**Semi-Private**	**Total Rooms**	**Physical Capacity**	
ACUTE CARE							**ACUTE CARE**						
General Medical/Surgical*		**183**					**General Medical/Surgical***						
Medical Surgical & Cancer	7 East		21	0	21	21	Medical Surgical & Cancer	7 East	21	0	21	21	
Medical-Surgical & Dialysis	7 West		20	0	20	20	Medical-Surgical & Dialysis	7 West	20	0	20	20	
Ortho & Medical Surgical	6 East		18	4	22	26	Ortho & Medical Surgical	6 East	18	4	22	26	
Ortho & Medical Surgical	6 West		14	5	19	24	Ortho & Medical Surgical	6 West	14	5	19	24	
Telemetry	5 East		3	19	22	41	Telemery	5 East	3	19	22	41	
Telemetry	5 West		2	20	22	42	Telemery	5 West	2	20	22	42	
Medical Surgical	4 East		2	17	19	36	Medical Surgical	4 East	2	17	19	36	
Medical Surgical	4 West		2	17	19	36	Medical Surgical	4 West	2	17	19	36	
Gynecologic	3 West		15	0	15	15	Gynecologic	3 West	15	0	15	15	
Cardiac Telemetry	2 Central		30	0	30	30	Cardiac Telemetry	2 Central	30	0	30	30	
SUBTOTAL Gen. Med/Surg*		**183**	**127**	**82**	**209**	**291**	**SUBTOTAL Gen. Med/Surg***		**127**	**82**	**209**	**291**	
ICU/CCU							**ICU/CCU**						
CSU	Ground		9	0	9	9	CSU	Ground	6	0	6	6	
MSICU	4 North		22	0	22	22	MSICU	4 North	22	0	22	22	
IMC	4 North		6	0	6	6	IMC	4 North	6	0	6	6	
TOTAL MSGA		**183**	**164**	**82**	**246**	**328**	**TOTAL MSGA**		**161**	**82**	**243**	**325**	
Obstetrics/Post Partum	3 East	**19**	20	0	20	20	**Obstetrics/Post Partum**	3 East	20	0	20	20	
Labor and Delivery	3		9	0	9	9	Labor and Delivery	3	9	0	9	9	
Pediatrics	2 North	**4**	0	5	5	13	**Pediatrics**	2 North	0	5	5	13	
Psychiatric	1	**18**	1	9	10	19	**Psychiatric**	1	1	9	10	19	
TOTAL ACUTE		**224**	**194**	**96**	**290**	**389**	**TOTAL ACUTE**		**191**	**96**	**287**	**386**	
NON-ACUTE CARE							**NON-ACUTE CARE**						
Dedicated Observation**	Ground	**16**	16	**0**	16	16	**Dedicated Observation****	Ground	16	0	16	16	
Rehabilitation					0	0	**Rehabilitation**				0	0	
Comprehensive Care					0	0	**Comprehensive Care**				0	0	
Other *(Specify/add rows as needed)*					0	0	**Other** *(Specify/add rows as needed)*				0	0	
TOTAL NON-ACUTE		**16**	**16**	**0**	**16**	**16**	**TOTAL NON-ACUTE**		**16**	**0**	**16**	**16**	
HOSPITAL TOTAL		**240**	**210**	**96**	**306**	**405**	**HOSPITAL TOTAL**		**207**	**96**	**303**	**402**	

* Include beds dedicated to gynecology and addictions, if unit(s) is separate for acute psychiatric unit

** Include services included in the reporting of the "Observation Center". Service furnished by the hospital on the hospital's promise, including use of a bed and periodic monitoring by the hospital's nursing or other staff, which are reasonable and necessary to determine the need for a possible admission to the hospital as an inpatient; Must be ordered and documented in writing, given by a medical practitioner.

TABLE B. DEPARTMENTAL GROSS SQUARE FEET AFFECTED BY PROPOSED PROJECT

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

DEPARTMENT/FUNCTIONAL AREA	DEPARTMENTAL GROSS SQUARE FEET				
	Current	To be Added Thru New Construction	To Be Renovated	To Remain As Is	Total After Project Completion
SURGERY	43,741	158	33,380	14,123	47,661
SPD	5,615	158	10,809	0	10,967
PACU	7,669	0	5,588	0	5,588
PREP/RECOVERY	3,938	0	8,631	0	8,631
CARDIAC PROCEDURE	16,800	0	16,378	618	16,996
CSU	4,785	0	4,962	0	4,962
MECHANICAL ROOMS RENOVATED WITHIN THIS PROJECT	16,134	0	6,388	9,746	16,134
Publc Space not included in Departments			1,038		1,038
					0
					0
					0
					0
					0
					0
					0
					0
Total	98,682	316	87,174	24,487	111,977

TABLE C. CONSTRUCTION CHARACTERISTICS

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

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

*As defined by Marshall Valuation Service

PROJECT SPACE	**List Number of Feet, if applicable**	
Total Square Footage	**Total Square Feet**	
Ground Floor	158	69,219
First Floor	158	11,567
Second Floor		3,299
Third Floor		3,089
Fourth Floor		
Average Square Feet		
Perimeter in Linear Feet	**Linear Feet**	
Ground Floor	50	2,980
First Floor	50	785
Second Floor		551
Third Floor		399
Fourth Floor		
Total Linear Feet		
Average Linear Feet		
Wall Height (floor to eaves)	**Feet**	
Ground Floor	12' - 6"	12' - 6"
First Floor	14' - 0"	14' - 0"
Second Floor		14' - 0"
Third Floor		12' - 0"
Fourth Floor		
Average Wall Height		
OTHER COMPONENTS		
Elevators	**List Number**	
Passenger	0	0
Freight	1	1
Sprinklers	**Square Feet Covered**	
Wet System	316	87,174
Dry System	0	0
Other	**Describe Type**	
Type of HVAC System for proposed project	Rooftop and Penthouse AHU's serving local VAV's with hot water reheat	
Type of Exterior Walls for proposed project	Poured-in-place concrete	

TABLE D. ONSITE AND OFFSITE COSTS INCLUDED AND EXCLUDED IN MARSHALL VALUATION COSTS

additional Table D for each structure.

	NEW CONSTRUCTION COSTS	RENOVATION COSTS
SITE PREPARATION COSTS		
Normal Site Preparation	$0	
Utilities from Structure to Lot Line	$0	
Subtotal included in Marshall Valuation Costs	**$0**	
Site Demolition Costs		
Storm Drains		
Rough Grading		
Hillside Foundation		
Paving		
Exterior Signs		
Landscaping		
Walls		
Yard Lighting		
	$0	
Subtotal On-Site excluded from Marshall Valuation Costs	**$0**	
OFFSITE COSTS		
Roads		
Utilities		
Jurisdictional Hookup Fees		
Other *(Specify/add rows if needed)*		
Subtotal Off-Site excluded from Marshall Valuation Costs	**$0**	
TOTAL Estimated On-Site and Off-Site Costs not included in Marshall Valuation Costs	**$0**	**$0**
TOTAL Site and Off-Site Costs included and excluded from Marshall Valuation Service*	**$0**	**$0**

No Site Costs in this Project.

Does Not Apply.

*The combined total site and offsite cost included and excluded from Marshall Valuation Service should typically equal the estimated site preparation cost reported in Application Part II, Project Budget (see Table E. Project Budget). If these numbers are not equal, please reconcile the numbers in an explanation in an attachment to the application.

TABLE E. PROJECT BUDGET

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

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

	Hospital Building	Other Structure	Total
A. USE OF FUNDS			
1. CAPITAL COSTS			
a. New Construction			
(1) Building			$0
(2) Fixed Equipment			$0
(3) Site and Infrastructure			$0
(4) Architect/Engineering Fees			$0
(5) Permits (Building, Utilities, Etc.)			$0
SUBTOTAL	**$0**	**$0**	**$0**
b. Renovations			
(1) Building	$31,532,581		$31,532,581
(2) Fixed Equipment (not included in construction)	In Building		$0
(3) Architect/Engineering Fees	$5,793,776		$5,793,776
(4) Permits (Building, Utilities, Etc.)	$50,000		$50,000
SUBTOTAL	**$37,376,357**	**$0**	**$37,376,357**
c. Other Capital Costs			
(1) Movable Equipment	$11,630,000		$11,630,000
(2) Contingency Allowance	$3,679,709		$3,679,709
(3) Gross interest during construction period			$0
(4) Other *(Project Management, Enabling Relocations)*	$2,050,000		$2,050,000
SUBTOTAL	***$17,359,709***	***$0***	**$17,359,709**
TOTAL CURRENT CAPITAL COSTS	**$54,736,066**	**$0**	**$54,736,066**
d. *Land Purchase*			
e. Inflation Allowance	$2,878,934		$2,878,934
TOTAL CAPITAL COSTS	**$57,615,000**	**$0**	**$57,615,000**
2. Financing Cost and Other Cash Requirements			
a. Loan Placement Fees			$0
b. Bond Discount			$0
c CON Application Assistance			
c1. Legal Fees	$150,000		$150,000
c2. Other (Specify/add rows if needed)	$736,000		$736,000
d. Non-CON Consulting Fees			
d1. Legal Fees			$0
d2. Other (Specify/add rows if needed)	$1,499,000		$1,499,000
e. Debt Service Reserve Fund			$0
f Other *(Specify/add rows if needed)*			$0
SUBTOTAL	***$2,385,000***	***$0***	**$2,385,000**
3. Working Capital Startup Costs			$0
TOTAL USES OF FUNDS	***$60,000,000***	***$0***	***$60,000,000***
B. Sources of Funds			
1. Cash	$30,308,000		$30,308,000
2. Philanthropy (to date and expected)	$20,000,000		$20,000,000
3. Authorized Bonds			$0
4. Interest Income from bond proceeds listed in #3			$0
5. Mortgage			$0
6. Working Capital Loans			$0
7. Grants or Appropriations			
a. Federal			$0
b. State			$0
c. Local			$0
8. Other *(Escrow Funds for OR Renovations)*	$9,692,000		$9,692,000
TOTAL SOURCES OF FUNDS	***$60,000,000***		**$60,000,000**

TABLE F. STATISTICAL PROJECTIONS - ENTIRE FACILITY

INSTRUCTION : Complete this table for the entire facility, including the proposed project. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. See additional instruction in the column to the right of the table.

	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H.						
Indicate CY or FY	**FY2016**	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**
1. DISCHARGES										
a. General Medical/Surgical*	10,379	10,472	10,580	10,061	10,222	10,388	10,459	10,533	10,609	10,689
b. ICU/CCU	1,465	1,293	1,467	1,395	1,417	1,440	1,450	1,460	1,471	1,482
Total MSGA	**11,844**	**11,765**	**12,047**	**11,456**	**11,640**	**11,828**	**11,909**	**11,993**	**12,080**	**12,171**
c. Pediatric	164	218	190	190	190	190	190	190	190	190
d. Obstetric	2,605	2,374	2,448	2,448	2,448	2,448	2,448	2,448	2,448	2,448
e. Acute Psychiatric	707	774	717	717	717	717	717	717	717	717
Total Acute	***15,320***	***15,131***	***15,402***	***14,811***	***14,995***	***15,183***	***15,264***	***15,348***	***15,435***	***15,526***
f. Rehabilitation										
g. Comprehensive Care										
h. Other (Specify/add rows of needed)										
TOTAL DISCHARGES	***15,320***	***15,131***	***15,402***	***14,811***	***14,995***	***15,183***	***15,264***	***15,348***	***15,435***	***15,526***
2. PATIENT DAYS										
a. General Medical/Surgical*	41,848	39,801	39,645	37,699	38,305	38,925	39,191	39,468	39,755	40,053
b. ICU/CCU	5,999	5,694	5,783	5,499	5,588	5,678	5,717	5,757	5,799	5,843
Total MSGA	**47,847**	**45,495**	**45,428**	**43,199**	**43,893**	**44,603**	**44,908**	**45,225**	**45,554**	**45,896**
c. Pediatric	446	493	407	407	407	407	407	407	407	407
d. Obstetric	6,431	5,552	5,870	5,870	5,870	5,870	5,870	5,870	5,870	5,870
e. Acute Psychiatric	6,032	5,889	5,685	5,685	5,685	5,685	5,685	5,685	5,685	5,685
Total Acute	***60,756***	***57,429***	***57,390***	***55,161***	***55,855***	***56,565***	***56,870***	***57,187***	***57,516***	***57,858***
f. Rehabilitation										
g. Comprehensive Care										
h. Other (Specify/add rows of needed)										
TOTAL PATIENT DAYS	***60,756***	***57,429***	***57,390***	***55,161***	***55,855***	***56,565***	***56,870***	***57,187***	***57,516***	***57,858***
3. AVERAGE LENGTH OF STAY (patient days divided by discharges)										
a. General Medical/Surgical*	4.0	3.8	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
b. ICU/CCU	4.1	4.4	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Total MSGA	4.0	3.9	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
c. Pediatric	2.7	2.3	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
d. Obstetric	2.5	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
e. Acute Psychiatric	8.5	7.6	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9
Total Acute	4.0	3.8	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
f. Rehabilitation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
g. Comprehensive Care	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
h. Other (Specify/add rows of needed)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL AVERAGE LENGTH OF STAY	4.0	3.8	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7

TABLE F. STATISTICAL PROJECTIONS - ENTIRE FACILITY

INSTRUCTION : Complete this table for the entire facility, including the proposed project. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. See additional instruction in the column to the right of the table.

	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H.						
Indicate CY or FY	**FY2016**	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**
4. NUMBER OF LICENSED BEDS										
a. General Medical/Surgical*	166	166	166	166	166	166	166	166	166	166
b. ICU/CCU	38	38	38	38	38	38	38	38	38	38
Total MSGA	**204**	**204**	**204**	**204**	**204**	**204**	**204**	**204**	**204**	**204**
c. Pediatric	4	4	4	4	4	4	4	4	4	4
d. Obstetric	20	20	20	20	20	20	20	20	20	20
e. Acute Psychiatric	19	19	19	19	19	19	19	19	19	19
Total Acute	***247***	***247***	***247***	***247***	***247***	***247***	***247***	***247***	***247***	***247***
f. Rehabilitation										
g. Comprehensive Care										
h. Other (Specify/add rows of needed)										
TOTAL LICENSED BEDS	***247***	***247***	***247***	***247***	***247***	***247***	***247***	***247***	***247***	***247***
5. OCCUPANCY PERCENTAGE **IMPORTANT NOTE:* *Leap year formulas should be changed by applicant to reflect 366 days per year.*										
a. General Medical/Surgical*	69.1%	65.7%	65.4%	62.2%	63.2%	64.2%	64.7%	65.1%	65.6%	66.1%
b. ICU/CCU	43.3%	41.1%	41.7%	39.6%	40.3%	40.9%	41.2%	41.5%	41.8%	42.1%
Total MSGA	**64.3%**	**61.1%**	**61.0%**	**58.0%**	**58.9%**	**59.9%**	**60.3%**	**60.7%**	**61.2%**	**61.6%**
c. Pediatric	30.5%	33.8%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%
d. Obstetric	88.1%	76.1%	80.4%	80.4%	80.4%	80.4%	80.4%	80.4%	80.4%	80.4%
e. Acute Psychiatric	87.0%	84.9%	82.0%	82.0%	82.0%	82.0%	82.0%	82.0%	82.0%	82.0%
Total Acute	**67.4%**	**63.7%**	**63.7%**	**61.2%**	**62.0%**	**62.7%**	**63.1%**	**63.4%**	**63.8%**	**64.2%**
f. Rehabilitation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g. Comprehensive Care	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
h. Other (Specify/add rows of needed)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL OCCUPANCY %	**67.4%**	**63.7%**	**63.7%**	**61.2%**	**62.0%**	**62.7%**	**63.1%**	**63.4%**	**63.8%**	**64.2%**
6. OUTPATIENT VISITS										
a. Emergency Department	35,697	35,361	35,383	35,383	35,383	35,383	35,383	35,383	35,383	35,383
b. Same-day Surgery	4,955	4,940	5,278	5,527	5,642	5,759	5,818	5,879	5,943	6,009
c. Laboratory										
d. Imaging										
e. Other (Specify/add rows of needed)										
TOTAL OUTPATIENT VISITS	***40,652***	***40,301***	***40,661***	***40,910***	***41,025***	***41,142***	***41,201***	***41,262***	***41,326***	***41,392***
7. OBSERVATIONS**										
a. Number of Patients	5,638	6,573	6,102	6,102	6,102	6,102	6,102	6,102	6,102	6,102
b. Hours	109,479	103,441	96,029	96,029	96,029	96,029	96,029	96,029	96,029	96,029

* Include beds dedicated to gynecology and addictions, if separate for acute psychiatric unit.

** Services included in the reporting of the "Observation Center", direct expenses incurred in providing bedside care to observation patients; furnished by the hospital on the hospital's premises, including use of a bed and periodic monitoring by the hospital's nursing or other staff, in order to determine the need for a possible admission to the hospitals as an inpatient. Such services must be ordered and documented in writing, given by a medical practitioner; may or may not be provided in a distinct area of the hospital.

TABLE G. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Table G should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table F and with the costs of Manpower listed in Table L. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income. See additional instruction in the column to the right of the table.

	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.						
Indicate CY or FY	**FY2016**	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**
1. REVENUE										
a. Inpatient Services	$ 243,145	$ 243,412	$ 249,556	$ 245,938	$ 251,273	$ 251,312	$ 250,241	$ 252,231	$ 252,263	$ 252,296
b. Outpatient Services	$ 311,849	$ 322,493	$ 339,390	$ 340,447	$ 339,662	$ 339,669	$ 339,486	$ 340,818	$ 340,825	$ 340,831
Gross Patient Service Revenues	***$ 554,994***	***$ 565,905***	***$ 588,946***	***$ 586,385***	***$ 590,935***	***$ 590,982***	***$ 589,727***	***$ 593,049***	***$ 593,088***	***$ 593,127***
c. Allowance For Bad Debt	$ 21,673	$ 13,646	$ 14,328	$ 14,244	$ 14,393	$ 14,395	$ 14,354	$ 14,355	$ 14,356	$ 14,357
d. Contractual Allowance	$ 120,243	$ 125,132	$ 136,702	$ 133,662	$ 134,058	$ 134,062	$ 133,954	$ 133,957	$ 133,960	$ 133,963
e. Charity Care	$ 3,803	$ 6,458	$ 5,702	$ 8,480	$ 8,543	$ 8,544	$ 8,528	$ 8,528	$ 8,529	$ 8,529
Net Patient Services Revenue	***$ 409,275***	***$ 420,669***	***$ 432,214***	***$ 429,999***	***$ 433,941***	***$ 433,981***	***$ 432,892***	***$ 436,209***	***$ 436,243***	***$ 436,277***
f. Other Operating Revenues (Specify/add rows if needed)	$ 6,839	$ 4,750	$ 5,106	$ 5,106	$ 5,106	$ 5,106	$ 5,106	$ 5,106	$ 5,106	$ 5,106
NET OPERATING REVENUE	***$ 416,114***	***$ 425,419***	***$ 437,320***	***$ 435,105***	***$ 439,047***	***$ 439,087***	***$ 437,998***	***$ 441,315***	***$ 441,349***	***$ 441,383***
2. EXPENSES										
a. Salaries & Wages (including benefits)	$ 195,905	$ 198,026	$ 203,855	$ 198,944	$ 197,439	$ 196,338	$ 195,241	$ 195,703	$ 194,618	$ 195,529
b. Contractual Services	$ 95,593	$ 100,076	$ 104,216	$ 101,865	$ 100,621	$ 100,070	$ 99,703	$ 100,091	$ 99,307	$ 99,592
c. Interest on Current Debt	$ 12,982	$ 12,841	$ 12,055	$ 13,543	$ 13,153	$ 12,838	$ 12,508	$ 12,186	$ 11,873	$ 11,568
d. Interest on Project Debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
e. Current Depreciation	$ 17,598	$ 19,716	$ 21,539	$ 21,920	$ 22,783	$ 23,031	$ 21,841	$ 20,420	$ 19,362	$ 15,656
f. Project Depreciation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,500	$ 3,000	$ 3,000
g. Current Amortization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
h. Project Amortization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
i. Supplies	$ 81,820	$ 82,507	$ 84,337	$ 82,331	$ 81,627	$ 81,480	$ 81,318	$ 81,775	$ 81,277	$ 81,657
j. Other Expenses (Specify/add rows if needed)	$ 8,800	$ 10,820	$ 6,931	$ 6,768	$ 6,706	$ 6,689	$ 6,674	$ 6,710	$ 6,667	$ 6,696
TOTAL OPERATING EXPENSES	**$ 412,698**	**$ 423,986**	**$ 432,933**	**$ 425,372**	**$ 422,329**	**$ 420,446**	**$ 417,285**	**$ 418,386**	**$ 416,105**	**$ 413,697**
3. INCOME										
a. Income From Operation	**$ 3,416**	**$ 1,433**	**$ 4,387**	**$ 9,733**	**$ 16,718**	**$ 18,641**	**$ 20,713**	**$ 22,930**	**$ 25,244**	**$ 27,686**
b. Non-Operating Income	$ (1,839)	$ (585)	$ 795	$ 795	$ 795	$ 795	$ 795	$ 795	$ 795	$ 795
NET INCOME (LOSS)	***$ 1,577***	***$ 848***	***$ 5,182***	***$ 10,528***	***$ 17,513***	***$ 19,436***	***$ 21,508***	***$ 23,725***	***$ 26,039***	***$ 28,481***

TABLE G. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Table G should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table F and with the costs of Manpower listed in Table L. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income. See additional instruction in the column to the right of the table.

	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.						
Indicate CY or FY	**FY2016**	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**
4. PATIENT MIX										
a. Percent of Total Revenue										
1) Medicare	46.1%	46.6%	46.6%	46.6%	46.6%	46.6%	46.6%	46.6%	46.6%	46.6%
2) Medicaid	10.7%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
3) Blue Cross	12.3%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
4) Commercial Insurance	27.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%
5) Self-pay	1.7%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
6) Other	1.6%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
TOTAL	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***
b. Percent of Equivalent Inpatient Days										
1) Medicare	43.3%	43.3%	43.3%	43.3%	43.3%	43.3%	43.3%	43.3%	43.3%	43.3%
2) Medicaid	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%
3) Blue Cross	11.3%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
4) Commercial Insurance	27.3%	26.3%	26.3%	26.3%	26.3%	26.3%	26.3%	26.3%	26.3%	26.3%
5) Self-pay	2.1%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
6) Other	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
TOTAL	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***

University of Maryland Saint Joseph Medical Center

Key Financial Projection Assumptions - Uninflated

1) Basis of Projection	Based on UMSJMC's FY2018 budget.
2) Volumes	
– Inpatient Admissions	
➢ Surgical Volume	Reflects 0.46% annual population increase throughout the projection period. Also reflects a cumulative increase of 340 inpatient surgical cases due to physician recruitment, a shift of 700 cases from inpatient to outpatient setting within the hospital and a loss of 100 cases to freestanding Ambulatory Surgery Centers. These and other volume related assumptions are presented in the General Standard 10.24.11.05B(2) section of this application.
➢ All Other Volume	Non-surgical inpatient volumes are projected to remain constant throughout the projection perod.
– Outpatient Visits, including Observation	
➢ Surgical Volume	Reflects 0.46% annual population increase throughout the projection period. Also reflects a cumulative increase of 187 outpatient surgical cases due to physician recruitment, a shift of 700 cases from the inpatient setting and a loss of 558 cases to freestanding Ambulatory Surgery Centers. These and other volume related assumptions are presented in the General Standard 10.24.11.05B(2) section of this application.
➢ All Other Volume	Non-surgical outpatient volumes are projected to remain constant throughout the projection perod.
3) Patient Revenue	
– Regulated Gross Charges	
➢ Annual Update Factor	0.0% annual update factor.
➢ Population Adjustment	0.0% annual demographic adjustment.
➢ Shared Savings Adjustment	0.0% throughout the projection period
➢ Other Rate Adjustments	0.0% throughout the projection period
➢ Market Share Adjustment	40% variability with projected change in surgical volumes. Revenue is assumed to be recognized immediately / in the year of volume growth/decline.
➢ Case Mix	No governor on changes in case mix.
– Unregulated Gross Charges	0.0% annual increase in FY2019-FY2025.
– Regulated Revenue Deductions	
➢ Contractual Allowances	Remains constant at FY2018 budgeted 5.4% of gross revenues.
➢ Assessments	Remains constant at FY2018 budgeted 3.3% of gross revenues.
➢ Charity Care	Remains constant at FY2018 budgeted 1.3% of gross revenues.
➢ Allowance for Bad Debt	Remains constant at FY2018 budgeted 2.6% of gross revenues.
➢ UCC Pool Payment	Remains constant at FY2018 budgeted 0.7% of gross revenues.
– Unregulated Revenue Deductions	
➢ Contractual Allowances	Remains constant at FY2018 budgeted 58.4% of gross revenues.
➢ Charity Care	Remains constant at FY2018 budgeted 0.2% of gross revenues.
➢ Allowance for Bad Debt	Remains constant at FY2018 budgeted 2.0% of gross revenues.
4) Other Operating Revenue	0.0% annual inflation throughout the projection period.
5) Non-Operating Revenue	Held constrant throughout the projection period.

University of Maryland Saint Joseph Medical Center

Key Financial Projection Assumptions - Uninflated

6) Expenses	
– Operating Expense Drivers	
➢ Salaries	Driven by changes in surgical cases and a reduction of 20.7 FTE in FY2019 - FY2021 related to efficiencies gained from the OR renovation project.
➢ Benefits	Remains constant at FY2018 budgeted 20.7% of salaries.
➢ Other Operating Expenses	Driven by changes in surgical cases.
– Inflation	
➢ Salaries	0.0% throughout projection period.
➢ Physician Services	0.0% throughout projection period.
➢ Supplies & Drugs	0.0% throughout projection period.
➢ Purchased Services	0.0% throughout projection period.
➢ Other Operating Expenses	0.0% throughout projection period.
– Expense Variability	55.64% throughout projection period.
– Performance Improvements	$8.8M performance improvement in FY2019 (2.1% of non-capital operating expenses) growing to a cumulative $15.3M by FY2025 (3.7% of non-capital operating expenses). The performance improvements will be achieved in the areas of revenue cycle, quality, utilization, labor, and supply chain.
– Interest Expense	Reflects interest expense on existing debt of approximately $1.6B. No additional debt and incremental interest expense are assumed to be incurred during the projection period.
– Depreciation and Amortization	
➢ OR Renovation Project	Reflects incremental annual depreciation of $3M for the OR renovation project with $40.4M of building related assets depreciated over a useful life of 40 years, and $20.2M of equpment depreciated over a useful life of 10 years.
➢ Other Capital Expenditures	Reflects depreciation of capital projects with useful lives of 30-40 years and IT and equipment with lives of 5-7 years.
7) Capital Expenditures	
– OR Renovation Project	Total of $60.0M with $2.7M in FY2017, $1.9M in FY2018, $5.0M in FY2019, $11.1M in FY2020, $14.6M in FY2021, $13.3M in FY2022 and $11.3M in FY2023.
– Strategic and Other Capital	$39.1M in FY2018, $24.2M in FY2019, $13.7M in FY2020, $3.6M in FY2021 and annual $3.6M in FY2022-FY2025.
– Routine Capital	$14.8M in FY2018, $13.0M in FY2019, $8.7M in FY2020, $7.7M in FY2021 and annual $5.5M in FY2022-FY2025
8) Debt	
– OR Renovation Project	No debt will be issued to finance the OR renovation project
– Other Debt	Existing debt of approximately $1.6B will be amortized over the life of loans.

TABLE H. REVENUES & EXPENSES, INFLATED - ENTIRE FACILITY

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Table H should reflect inflation. Projected revenues and expenses should be consistent with the projections in Table F. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. See additional instruction in the column to the right of the table.

	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.						
Indicate CY or FY	**FY2016**	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**
1. REVENUE										
a. Inpatient Services	$ 243,145	$ 243,412	$ 249,556	$ 251,874	$ 261,950	$ 267,496	$ 271,938	$ 279,656	$ 285,584	$ 291,646
b. Outpatient Services	311,849	322,493	339,390	348,116	355,118	363,120	371,097	380,794	389,385	398,176
Gross Patient Service Revenues	***$ 554,994***	***$ 565,905***	***$ 588,946***	***$ 599,990***	***$ 617,068***	***$ 630,616***	***$ 643,035***	***$ 660,449***	***$ 674,969***	***$ 689,822***
c. Allowance For Bad Debt	21,673	13,646	14,328	14,579	15,025	15,353	15,642	15,983	16,333	16,690
d. Contractual Allowance	120,243	125,132	136,702	136,830	140,348	143,607	146,819	150,229	153,721	157,294
e. Charity Care	3,803	6,458	5,702	8,670	8,908	9,097	9,272	9,469	9,670	9,875
Net Patient Services Revenue	***$ 409,275***	***$ 420,669***	***$ 432,214***	***$ 439,910***	***$ 452,787***	***$ 462,559***	***$ 471,303***	***$ 484,768***	***$ 495,246***	***$ 505,962***
f. Other Operating Revenues (Specify/add rows if needed)	6,839	4,750	5,106	5,229	5,354	5,483	5,614	5,749	5,887	6,028
NET OPERATING REVENUE	***$ 416,114***	***$ 425,419***	***$ 437,320***	***$ 445,139***	***$ 458,141***	***$ 468,042***	***$ 476,917***	***$ 490,517***	***$ 501,133***	***$ 511,990***
2. EXPENSES										
a. Salaries & Wages (including benefits)	$ 195,905	$ 198,026	$ 203,855	$ 204,545	$ 208,824	$ 213,622	$ 218,554	$ 225,201	$ 230,613	$ 238,207
b. Contractual Services	95,593	100,076	104,216	104,613	106,191	108,540	111,148	114,590	116,947	120,451
c. Interest on Current Debt	12,982	12,841	12,055	13,543	13,153	12,838	12,508	12,186	11,873	11,568
d. Interest on Project Debt	-	-	-	-	-	-	-	-	-	-
e. Current Depreciation	17,598	19,716	21,539	21,920	22,783	23,031	21,841	20,420	19,362	15,656
f. Project Depreciation	-	-	-	-	-	-	-	1,500	3,000	3,000
g. Current Amortization	-	-	-	-	-	-	-	-	-	-
h. Project Amortization	-	-	-	-	-	-	-	-	-	-
i. Supplies	81,820	82,507	84,337	84,708	86,456	88,849	91,301	94,458	96,741	99,996
j. Other Expenses (Specify/add rows if needed)	8,800	10,820	6,931	6,908	6,990	7,121	7,257	7,446	7,562	7,752
TOTAL OPERATING EXPENSES	***$ 412,698***	***$ 423,986***	***$ 432,933***	***$ 436,236***	***$ 444,397***	***$ 454,000***	***$ 462,610***	***$ 475,801***	***$ 486,099***	***$ 496,630***
3. INCOME										
a. Income From Operation	**$ 3,416**	**$ 1,433**	**$ 4,387**	**$ 8,903**	**$ 13,744**	**$ 14,041**	**$ 14,308**	**$ 14,716**	**$ 15,034**	**$ 15,360**
b. Non-Operating Income	(1,839)	(585)	795	795	795	795	795	795	795	795
NET INCOME (LOSS)	***$ 1,577***	***$ 848***	***$ 5,182***	***$ 9,698***	***$ 14,539***	***$ 14,836***	***$ 15,103***	***$ 15,511***	***$ 15,829***	***$ 16,155***

TABLE H. REVENUES & EXPENSES, INFLATED - ENTIRE FACILITY

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Table H should reflect inflation. Projected revenues and expenses should be consistent with the projections in Table F. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. See additional instruction in the column to the right of the table.

	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.						
Indicate CY or FY	**FY2016**	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**
4. PATIENT MIX										
a. Percent of Total Revenue										
1) Medicare	46.1%	46.6%	46.6%	46.6%	46.6%	46.6%	46.6%	46.6%	46.6%	46.6%
2) Medicaid	10.7%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
3) Blue Cross	12.3%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
4) Commercial Insurance	27.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%	26.6%
5) Self-pay	1.7%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
6) Other	1.6%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
TOTAL	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***
b. Percent of Equivalent Inpatient Days										
1) Medicare	43.3%	43.3%	43.3%	43.3%	43.3%	43.3%	43.3%	43.3%	43.3%	43.3%
2) Medicaid	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%
3) Blue Cross	11.3%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
4) Commercial Insurance	27.3%	26.3%	26.3%	26.3%	26.3%	26.3%	26.3%	26.3%	26.3%	26.3%
5) Self-pay	2.1%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
6) Other	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
TOTAL	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***

University of Maryland Saint Joseph Medical Center

Key Financial Projection Assumptions - Inflated

1) Basis of Projection	Based on UMSJMC's FY2018 budget.
2) Volumes	
– Inpatient Admissions	
➢ Surgical Volume	Reflects 0.46% annual population increase throughout the projection period. Also reflects a cumulative increase of 340 inpatient surgical cases due to physician recruitment, a shift of 700 cases from inpatient to outpatient setting within the hospital and a loss of 100 cases to freestanding Ambulatory Surgery Centers. These and other volume related assumptions are presented in the General Standard 10.24.11.05B(2) section of this application.
➢ All Other Volume	Non-surgical inpatient volumes are projected to remain constant throughout the projection perod.
– Outpatient Visits, including Observation	
➢ Surgical Volume	Reflects 0.46% annual population increase throughout the projection period. Also reflects a cumulative increase of 187 outpatient surgical cases due to physician recruitment, a shift of 700 cases from the inpatient setting and a loss of 558 cases to freestanding Ambulatory Surgery Centers. These and other volume related assumptions are presented in the General Standard 10.24.11.05B(2) section of this application.
➢ All Other Volume	Non-surgical outpatient volumes are projected to remain constant throughout the projection perod.
3) Patient Revenue	
– Regulated Gross Charges	
➢ Annual Update Factor	2.0% annual update factor.
➢ Population Adjustment	0.40% annual demographic adjustment.
➢ Shared Savings Adjustment	-0.26% in FY2018, -0.27% in FY2019, -0.92% in FY2020, -0.88% in FY2021,and -0.84% in FY2022-FY2025
➢ Other Rate Adjustments	Reflects projected rate impact for items such as quality programs. -0.84% in FY2018, 0.07% in FY2019, 0.72% in FY2020, 0.68% in FY2021 and 0.64% in FY2022-FY2025.
➢ Market Share Adjustment	40% variability with projected change in surgical volumes. Revenue is assumed to be recognized immediately / in the year of volume growth/decline.
➢ Case Mix	No governor on changes in case mix.
– Unregulated Gross Charges	2.4% annual increase in FY2019-FY2025.
– Regulated Revenue Deductions	
➢ Contractual Allowances	Remains constant at FY2018 budgeted 5.4% of gross revenues.
➢ Assessments	Remains constant at FY2018 budgeted 3.3% of gross revenues.
➢ Charity Care	Remains constant at FY2018 budgeted 1.3% of gross revenues.
➢ Allowance for Bad Debt	Remains constant at FY2018 budgeted 2.6% of gross revenues.
➢ UCC Pool Payment	Remains constant at FY2018 budgeted 0.7% of gross revenues.
– Unregulated Revenue Deductions	
➢ Contractual Allowances	Remains constant at FY2018 budgeted 58.4% of gross revenues.
➢ Charity Care	Remains constant at FY2018 budgeted 0.2% of gross revenues.
➢ Allowance for Bad Debt	Remains constant at FY2018 budgeted 2.0% of gross revenues.
4) Other Operating Revenue	2.4% annual inflation throughout the projection period.
5) Non-Operating Revenue	Held constrant throughout the projection period.

University of Maryland Saint Joseph Medical Center

Key Financial Projection Assumptions - Inflated

6) Expenses	
– Operating Expense Drivers	
➢ Salaries	Driven by changes in surgical cases and a reduction of 20.7 FTE in FY2019 - FY2021 related to efficiencies gained from the OR renovation project.
➢ Benefits	Remains constant at FY2018 budgeted 20.7% of salaries.
➢ Other Operating Expenses	Driven by changes in surgical cases.
– Inflation	
➢ Salaries	2.75% throughout projection period.
➢ Physician Services	3.00% throughout projection period.
➢ Supplies & Drugs	2.82% throughout projection period.
➢ Purchased Services	2.60% throughout projection period.
➢ Other Operating Expenses	2.00% throughout projection period.
– Expense Variability	55.64% throughout projection period.
– Performance Improvements	$8.8M performance improvement in FY2019 (2.1% of non-capital operating expenses) growing to a cumulative $15.3M by FY2025 (3.7% of non-capital operating expenses). The performance improvements will be achieved in the areas of revenue cycle, quality, utilization, labor, and supply chain.
– Interest Expense	Reflects interest expense on existing debt of approximately $1.6B. No additional debt and incremental interest expense are assumed to be incurred during the projection period.
– Depreciation and Amortization	
➢ OR Renovation Project	Reflects incremental annual depreciation of $3M for the OR renovation project with $40.4M of building related assets depreciated over a useful life of 40 years, and $20.2M of equpment depreciated over a useful life of 10 years.
➢ Other Capital Expenditures	Reflects depreciation of capital projects with useful lives of 30-40 years and IT and equipment with lives of 5-7 years.
7) Capital Expenditures	
– OR Renovation Project	Total of $60.0M with $2.7M in FY2017, $1.9M in FY2018, $5.0M in FY2019, $11.1M in FY2020, $14.6M in FY2021, $13.3M in FY2022 and $11.3M in FY2023.
– Strategic and Other Capital	$39.1M in FY2018, $24.2M in FY2019, $13.7M in FY2020, $3.6M in FY2021 and annual $3.6M in FY2022-FY2025.
– Routine Capital	$14.8M in FY2018, $13.0M in FY2019, $8.7M in FY2020, $7.7M in FY2021 and annual $5.5M in FY2022-FY2025
8) Debt	
– OR Renovation Project	No debt will be issued to finance the OR renovation project
– Other Debt	Existing debt of approximately $1.6B will be amortized over the life of loans.

TABLE L1. WORKFORCE INFORMATION - UMSJMC

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

	CURRENT ENTIRE FACILITY - FY2018			PROJECTED CHANGES AS A RESULT OF THE PROPOSED PROJECT THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			OTHER EXPECTED CHANGES IN OPERATIONS THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			PROJECTED ENTIRE FACILITY THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS) - FY2025		
Job Category	**Current Year FTEs**	**Average Salary per FTE**	**Current Year Total Cost**	**FTEs**	**Average Salary per FTE**	**Total Cost** *(should be consistent with projections in Table J)*	**FTEs**	**Average Salary per FTE**	**Total Cost**	**FTEs**	**Average Salary per FTE**	**Total Cost** *(should be consistent with projections in Table G)*
Administration ***(List general categories, add rows if needed***												
SJHospital: NURSE STAFFING OFFICE	4.9	$ 42,766	$ 208,272	-	$ -	$ -	(0.4)	$ 42,766	$ (19,236)	4.4	$ 42,766	$ 189,036
SJHospital: CLINICAL EDUCATION	12.9	88,380	1,140,101	-	-	-	(0.6)	88,380	$ (50,953)	12.3	88,380	1,089,148
SJHospital: NURSING ADMIN	9.9	103,706	1,029,798	-	-	-	(0.4)	103,706	$ (39,222)	9.6	103,706	990,576
SJHospital: PROFESSIONAL ADVANC MODEL	2.1	202,963	424,524	-	-	-	(0.0)	202,963	$ (8,262)	2.1	202,963	416,262
SJHospital: PATIENT EXPERIENCE	1.0	68,995	68,995	-	-	-	(0.1)	68,995	$ (3,950)	0.9	68,995	65,045
SJHospital: ANCILLARY PHYS SVC PSYCH	3.8	82,040	311,751	-	-	-	(0.2)	82,040	$ (15,009)	3.6	82,040	296,742
SJHospital: REHAB SVCS ADMIN	3.0	59,958	179,873	-	-	-	(0.2)	59,958	$ (11,850)	2.8	59,958	168,023
SJHospital: HOUSE STAFF ADMIN	1.0	48,677	48,677	-	-	-	(0.1)	48,677	$ (3,950)	0.9	48,677	44,727
SJHospital: CLINICAL ENGINEERING	11.5	70,512	810,883	-	-	-	(0.6)	70,512	$ (45,423)	10.9	70,512	765,459
SJHospital: SUPPLY CHAIN	20.9	49,963	1,044,224	-	-	-	(1.7)	49,963	$ (82,552)	19.2	49,963	961,672
SJHospital: HEALTH INFO MGMT	43.2	54,204	2,339,969	-	-	-	(3.1)	54,204	$ (170,515)	40.0	54,204	2,169,454
SJHospital: CORPORATE COMPLIANCE	1.0	132,441	132,441	-	-	-	(0.0)	132,441	$ (3,950)	1.0	132,441	128,491
SJHospital: ADMITTING/REGISTRATION	27.8	32,049	891,616	-	-	-	(3.4)	32,049	$ (109,885)	24.4	32,049	781,732
SJHospital: PERFORMANCE MGMT	7.1	95,865	680,638	-	-	-	(0.3)	95,865	$ (28,044)	6.8	95,865	652,594
SJHospital: PEER REVIEW	2.9	91,411	265,091	-	-	-	(0.1)	91,411	$ (11,455)	2.8	91,411	253,637
SJHospital: CASE MGMT	40.2	78,484	3,155,073	-	-	-	(2.0)	78,484	$ (158,784)	38.2	78,484	2,996,289
SJHospital: PATIENT SITTERS	-	-	167,299	-	-	-	-	-	$ -	-	-	167,299
SJHospital: CREDIT AND COLLECTIONS	16.1	40,819	658,713	-	-	-	(1.6)	40,819	$ (63,741)	14.6	40,819	594,972
SJHospital: SWITCHBOARD OPERATIONS	9.8	39,511	387,698	-	-	-	(1.0)	39,511	$ (38,758)	8.8	39,511	348,940
SJHospital: EMPLOYEE HEALTH SVCS	3.0	80,416	241,247	-	-	-	(0.1)	80,416	$ (11,850)	2.9	80,416	229,397
SJHospital: LIGHT DUTY	0.5	63,298	31,649	-	-	-	(0.0)	63,298	$ (1,975)	0.5	63,298	29,674
SJHospital: VOLUNTEER SVCS	1.0	53,846	53,846	-	-	-	(0.1)	53,846	$ (3,950)	0.9	53,846	49,896
SJHospital: EDUCATIONAL SVCS CLINICAL	0.3	77,548	27,087	-	-	-	(0.0)	77,548	$ (1,380)	0.3	77,548	25,708
SJHospital: EDUCATIONL SVCS FAMILY ED	2.1	81,836	171,855	-	-	-	(0.1)	81,836	$ (8,295)	2.0	81,836	163,560
SJHospital: ADMIN	8.1	471,844	3,838,451	-	-	-	(0.1)	471,844	$ (32,132)	8.1	471,844	3,806,319
SJHospital: ADMIN ORTHO INSTITUTE	1.2	87,680	102,585	-	-	-	(0.1)	87,680	$ (4,621)	1.1	87,680	97,964
SJHospital: RISK MGMT	2.0	85,938	171,876	-	-	-	(0.1)	85,938	$ (7,900)	1.9	85,938	163,976
SJHospital: STRATEGIC PLANNING	1.0	95,180	95,180	-	-	-	(0.0)	95,180	$ (3,950)	1.0	95,180	91,230
SJHospital: CHAPLAINCY	8.0	52,430	420,748	-	-	-				8.0	52,430	420,748
SJHospital: COMM HEALTH PRG ST CLARE	7.5	61,514	461,356	-	-	-	(0.5)	61,514	$ (29,624)	7.0	61,514	431,732
SJHospital: LEAN PROCESS IMPROVEMENT	6.0	93,211	561,823	-	-	-	(0.3)	93,211	$ (23,807)	5.8	93,211	538,016
SJHospital: CANCER CARE PROGRAM	16.8	79,314	1,332,474	-	-	-	(0.8)	79,314	$ (66,357)	16.0	79,314	1,266,117
SJHospital: HEALING THERAPIES	0.1	75,958	10,999	-	-	-	(0.0)	75,958	$ (572)	0.1	75,958	10,427
SJHospital: RESEARCH OFFICE CLINICAL	2.5	77,664	193,840	-	-	-	(0.1)	77,664	$ (9,858)	2.4	77,664	183,982
SJHospital: MEDICAL STAFF ADMIN	4.5	76,145	342,655	-	-	-	(0.2)	76,145	$ (17,774)	4.3	76,145	324,880
SJHospital: PROPERTY MGMT	1.0	72,434	72,434	-	-	-	(0.1)	72,434	$ (3,950)	0.9	72,434	68,484
SJFoundation	8.0	210,866	830,644	-	-	-				8.0	103,831	830,644
Other	-	-	828,716	-	-	-				-	-	828,716
Total Administration	292.9	$ 81,041	$ 23,735,100		$ -	$ -	(18.5)	$ 59,207	$ (1,093,530)	274.4	$ 82,510	$ 22,641,571
Direct Care Staff ***(List general categories, add rows if need***												
SJO: Towson Ortho Associates	34.2	$ 413,704	$ 14,135,077	-	$ -	$ -				34.2	$ 413,704	$ 14,135,077
Towson Sports Medicine	42.7	278,314	2,391,085	-	-	-				42.7	56,037	2,391,085
SJHospital: 2 CENTRAL	60.3	59,692	3,598,215	-	-	-	(4.0)	59,692	(238,096)	56.3	59,692	3,360,118
SJHospital: MED/SURG 5th Floor	79.2	61,327	4,859,579	-	-	-	(5.1)	61,327	(312,985)	74.1	61,327	4,546,594
SJHospital: MED/SURG 6th Floor	49.3	65,773	3,241,312	-	-	-	(3.0)	65,773	(194,648)	46.3	65,773	3,046,664
SJHospital: MED/SURG 7th Floor	67.9	59,925	4,065,927	-	-	-	(4.5)	59,925	(267,997)	63.4	59,925	3,797,930
SJHospital: CARDIAC TELEMETRY MONITOR	9.2	42,088	387,211	-	-	-	(0.9)	42,088	(36,339)	8.3	42,088	350,873
SJHospital: PEDIATRIC I/P UNIT	14.5	86,089	1,249,146	-	-	-	(0.7)	86,089	(57,312)	13.8	86,089	1,191,834
SJHospital: NURSING SUPPORT SUPERVISR	5.0	116,876	579,706	-	-	-	(0.2)	116,876	(19,591)	4.8	116,876	560,115
SJHospital: NURSING SUPPORT FLOAT	2.8	143,538	404,784	-	-	-	(0.1)	143,538	(11,139)	2.7	143,538	393,645
SJHospital: IV THERAPY	12.1	91,494	1,109,817	-	-	-	(0.5)	91,494	(47,912)	11.6	91,494	1,061,905
SJHospital: CARDIAC ICU	13.0	99,415	1,295,380	-	-	-	(0.5)	99,415	(51,466)	12.5	99,415	1,243,914
SJHospital: MED/SURG ICU	59.2	70,283	4,159,375	-	-	-	(3.3)	70,283	(233,752)	55.9	70,283	3,925,623
SJHospital: NEONATAL ICU	23.2	86,130	2,001,695	-	-	-	(1.1)	86,130	(91,796)	22.2	86,130	1,909,899
SJHospital: LDR	51.7	78,160	4,042,458	-	-	-	(2.6)	78,160	(204,288)	49.1	78,160	3,838,170
SJHospital: OBSTETRICS	40.2	71,265	2,862,061	-	-	-	(2.2)	71,265	(158,629)	37.9	71,265	2,703,432
SJHospital: OBSERVATION UNIT	20.3	71,300	1,443,819	-	-	-	(1.1)	71,300	(79,984)	19.1	71,300	1,363,835
SJHospital: EMERGENCY ROOM	79.4	63,429	5,036,233	-	-	-	(4.9)	63,429	(313,617)	74.5	63,429	4,722,615
SJHospital: PSYCHIATRIC I/P	29.5	70,339	2,078,159	-	-	-	(1.7)	70,339	(116,698)	27.9	70,339	1,961,460
SJHospital: PHYSICAL THERAPY	15.6	86,410	1,347,991	-	-	-	(0.7)	86,410	(61,618)	14.9	86,410	1,286,373
SJHospital: OCCUPATIONAL THERAPY	17.3	79,117	1,372,288	-	-	-	(0.9)	79,117	(68,510)	16.5	79,117	1,303,778
SJHospital: SPEECH LANGUAGE PATHOLOGY	2.6	87,213	230,241	-	-	-	(0.1)	87,213	(10,428)	2.5	87,213	219,814
SJHospital: OPERATING ROOM	70.0	76,788	5,377,439	(6.8)	80,204	(541,376)	(3.6)	76,788	(276,607)	59.7	76,401	4,559,456
SJHospital: OPERATING ROOM CARDIAC	12.3	101,022	1,240,544	-	-	-	(0.5)	101,022	(48,504)	11.8	101,022	1,192,040

Job Category	CURRENT ENTIRE FACILITY - FY2018			PROJECTED CHANGES AS A RESULT OF THE PROPOSED PROJECT THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			OTHER EXPECTED CHANGES IN OPERATIONS THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			PROJECTED ENTIRE FACILITY THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS) - FY2025		
	Current Year FTEs	Average Salary per FTE	Current Year Total Cost	FTEs	Average Salary per FTE	Total Cost *(should be consistent with projections in Table J)*	FTEs	Average Salary per FTE	Total Cost	FTEs	Average Salary per FTE	Total Cost *(should be consistent with projections in Table G)*
SJHospital: SURGICAL PRE ADMISSION	7.8	79,125	616,381	-	-	-	(0.4)	79,125	(30,769)	7.4	79,125	585,612
SJHospital: ANESTHESIA	9.0	64,701	582,306	(3.6)	53,879	(192,348)	(0.5)	64,701	(35,549)	4.9	72,616	354,409
SJHospital: SURGICAL SVCS ADMIN	10.8	79,482	858,410	-	-	-	(0.5)	79,482	(42,658)	10.3	79,482	815,752
SJHospital: PACU	30.7	76,168	2,336,468	(5.0)	79,350	(399,129)	(1.6)	76,168	(121,161)	24.1	75,503	1,816,178
SJHospital: SURGICAL PREP	13.0	66,947	870,308	-	-	-	(0.8)	66,947	(51,348)	12.2	66,947	818,961
SJHospital: CENTRAL STERILE PROCESSNG	37.8	45,087	1,704,405	-	-	-	(3.3)	45,087	(149,314)	34.5	45,087	1,555,091
SJHospital: ENDOSCOPY	17.2	76,826	1,318,332	-	-	-	(0.9)	76,826	(67,779)	16.3	76,826	1,250,552
SJHospital: FLOW CYTOMETRY	1.0	62,052	62,052	-	-	-	(0.1)	62,052	(3,950)	0.9	62,052	58,102
SJHospital: LAB SUPPORT SVCS	6.0	90,175	536,543	-	-	-	(0.3)	90,175	(23,502)	5.7	90,175	513,041
SJHospital: BLOOD BANK	8.5	71,773	607,383	-	-	-	(0.5)	71,773	(33,426)	8.0	71,773	573,957
SJHospital: CHEMISTRY	21.9	65,394	1,432,126	-	-	-	(1.3)	65,394	(86,502)	20.6	65,394	1,345,624
SJHospital: HEMATOLOGY	5.7	75,156	425,386	-	-	-	(0.3)	75,156	(22,356)	5.4	75,156	403,030
SJHospital: MICROBIOLOGY	3.7	61,812	229,381	-	-	-	(0.2)	61,812	(14,658)	3.5	61,812	214,723
SJHospital: SURGICAL PATHOLOGY	14.0	64,193	901,263	-	-	-	(0.9)	64,193	(55,456)	13.2	64,193	845,807
SJHospital: REFERENCE/SENDOUTS	1.0	32,535	32,535	-	-	-	(0.1)	32,535	(3,950)	0.9	32,535	28,585
SJHospital: PHLEBOTOMY	11.6	43,052	497,251	-	-	-	(1.1)	43,052	(45,621)	10.5	43,052	451,630
SJHospital: CYTOLOGY	2.4	61,528	147,667	-	-	-	(0.2)	61,528	(9,480)	2.2	61,528	138,187
SJHospital: IMMUNOLOGY	0.9	76,490	68,841	-	-	-	(0.0)	76,490	(3,555)	0.9	76,490	65,286
SJHospital: CT	9.1	85,240	776,112	(5.3)	98,180	(522,315)	(0.4)	85,240	(35,963)	3.4	64,772	217,834
SJHospital: RADIOLOGY	18.3	78,518	1,438,062	-	-	-	(0.9)	78,518	(72,341)	17.4	78,518	1,365,721
SJHospital: INTERVENTIONAL RADIOLOGY	7.1	89,431	634,066	-	-	-	(0.3)	89,431	(28,004)	6.8	89,431	606,062
SJHospital: NUCLEAR MEDICINE	6.3	68,728	430,235	-	-	-	(0.4)	68,728	(24,726)	5.9	68,728	405,509
SJHospital: RADIOLOGY ADMIN	11.7	70,292	818,907	-	-	-	(0.7)	70,292	(46,016)	11.0	70,292	772,891
SJHospital: RADIOLOGY THERAPEUTIC	12.6	102,566	1,291,306	-	-	-	(0.5)	102,566	(49,729)	12.1	102,566	1,241,577
SJHospital: ULTRASOUND	8.9	82,518	736,064	-	-	-	(0.4)	82,518	(35,233)	8.5	82,518	700,831
SJHospital: CV FITNESS	4.8	59,692	286,521	-	-	-	(0.3)	59,692	(18,959)	4.5	59,692	267,562
SJHospital: HEART INSTITUTE	6.1	81,938	495,727	-	-	-	(0.3)	81,938	(23,897)	5.8	81,938	471,830
SJHospital: EEG	0.8	75,613	56,710	-	-	-	(0.0)	75,613	(2,962)	0.7	75,613	53,748
SJHospital: CARDIAC CATH LAB	15.7	96,566	1,511,254	-	-	-	(0.6)	96,566	(61,815)	15.0	96,566	1,449,439
SJHospital: CARDIAC CATH PREP/RECOV	12.0	89,558	1,074,693	-	-	-	(0.5)	89,558	(47,398)	11.5	89,558	1,027,295
SJHospital: RESPIRATORY CARE	21.9	77,053	1,690,161	-	-	-	(1.1)	77,053	(86,640)	20.8	77,053	1,603,522
SJHospital: PULMONARY DIAGNOSTICS	1.3	55,402	70,915	-	-	-	(0.1)	55,402	(5,056)	1.2	55,402	65,859
SJHospital: CARDIOGRAPHICS	12.0	61,015	730,349	-	-	-	(0.8)	61,015	(47,280)	11.2	61,015	683,069
SJHospital: SLEEP DIAGNOSTIC CTR	2.0	67,514	137,054	-	-	-	(0.1)	67,514	(8,018)	1.9	67,514	129,035
SJHospital: PHARMACY	32.5	81,424	2,643,034	-	-	-	(1.6)	81,424	(128,212)	30.9	81,424	2,514,822
SJHospital: PHARMACY ONCOLOGY	3.2	96,861	312,862	-	-	-	(0.1)	96,861	(12,758)	3.1	96,861	300,104
SJHospital: PHARMACY SUPPORT SVCS	6.4	103,571	662,851	-	-	-	(0.2)	103,571	(25,279)	6.2	103,571	637,572
SJHospital: MEDICAL ONCOLOGY	7.8	40,172	312,944	-	-	-	(0.8)	40,172	(30,769)	7.0	40,172	282,174
SJHospital: DIABETES CENTER	2.8	79,061	217,419	-	-	-	(0.1)	79,061	(10,862)	2.6	79,061	206,557
SJHospital: INFUSION SVCS	11.0	76,156	840,757	-	-	-	(0.6)	76,156	(43,606)	10.5	76,156	797,151
SJHospital: WOUND SVCS	1.9	87,167	165,618	-	-	-	(0.1)	87,167	(7,505)	1.8	87,167	158,113
SJHospital: WOUND CLINIC	3.6	72,407	260,664	-	-	-	(0.2)	72,407	(14,219)	3.4	72,407	246,445
SJHospital: EMERGENCY DEPT PHYS	0.5	263,743	131,871	-	-	-	(0.0)	263,743	(1,975)	0.5	263,743	129,897
SJHospital: ANTICOAGULATION CLINIC	3.8	86,643	327,512	-	-	-	(0.2)	86,643	(14,930)	3.6	86,643	312,581
SJHospital: PNC	8.8	74,312	653,942	-	-	-	(0.5)	74,312	(34,759)	8.3	74,312	619,183
SJHospital: LACTATION CTR	1.8	91,183	167,776	-	-	-	(0.1)	91,183	(7,268)	1.8	91,183	160,509
SJHospital: STROKE CTR	1.7	87,251	144,732	-	-	-	(0.1)	87,251	(6,552)	1.6	87,251	138,180
SJHospital: FREESTAND LAB	13.0	190,111	515,170	-	-	-	(0.3)	190,111	(51,348)	12.7	36,436	463,822
SJMedical Group	292.3	4,727,252	39,492,577	-	-	-				292.3	135,130	39,492,577
Total Direct Care	1,555.7	$ 90,481	$ 140,764,443	(20.7)	$ 80,076	$ (1,655,168)	(67.3)	$ 69,657	$ (4,687,028)	1,467.8	$ 91,583	$ 134,422,248
Support Staff *(List general categories, add rows if needed)*												
DME Company	14.9	$ 327,333	$ 1,209,414	-	$ -	$ -				14.9	$ 81,072	$ 1,209,414
SJHospital: TRANSPORT SVCS	23.4	30,353	709,953	-	-	-	(3.0)	30,353	(92,387)	20.3	30,353	617,566
SJHospital: ENVIRONMENTL SVCS INFECTI	4.0	97,474	389,896	-	-	-	(0.2)	97,474	(15,799)	3.8	97,474	374,097
SJHospital: LAUNDRY/LINEN	4.0	29,169	115,802	-	-	-	(0.5)	29,169	(15,681)	3.4	29,169	100,121
SJHospital: FACILITIES OPERATIONS	13.7	58,276	795,806	-	-	-	(0.9)	58,276	(53,939)	12.7	58,276	741,868
SJHospital: FACILITIES IMPROV/MODIFIC	14.7	67,471	991,823	-	-	-	(0.9)	67,471	(58,063)	13.8	67,471	933,760
SJHospital: PARKING PLANT MAINT/GRNDS	9.2	34,373	315,884	-	-	-	(1.1)	34,373	(36,299)	8.1	34,373	279,585
SJHospital: SAFETY/SECURITY	19.6	38,471	752,878	-	-	-	(2.0)	38,471	(77,298)	17.6	38,471	675,580
Total Support	103.4	$ 51,081	$ 5,281,456	-	$ -	$ -	(8.6)	$ 355,586	$ (349,466)	94.8	$ 436,658	$ 4,931,990
TOTAL EMPLOYEES	**1,952.0**	**$ 86,978**	**$ 169,781,000**	**(20.7)**	**$ 80,076**	**$ (1,655,168)**	**(94.4)**	**$ 64,970**	**$ (6,130,024)**	**1,837.0**	**$ 88,186**	**$ 161,995,809**
BENEFITS @ % of SALARIES		20.7%	34,074,000			(342,620)			(1,268,915)			33,533,132
TOTAL COST			**$ 203,855,000**			**($ 1,997,787)**			**($ 7,398,938)**			**$ 195,528,941**

EXHIBIT 2

UNIVERSITY of MARYLAND
ST. JOSEPH MEDICAL CENTER

UMSJMC PERIOPERATIVE SERVICES DEPARTMENT

CON 01.10.2018

ARCHITECT
HORD COPLAN MACHT, INC.
750 E. PRATT STREET SUITE 1100
BALTIMORE, MD 21202
TEL. 410.837.7311
FAX 410.837.6530

CIVIL ENGINEER
MORRIS & RITCHIE ASSOCIATES, INC.
1220-C EAST JOPPA ROAD, SUITE 505
TOWSON, MD 21286
TEL. 410.821.1690
FAX 410.821.1748

STRUCTURAL ENGINEER
CAGLEY & ASSOCIATES, INC.
6141 EXECUTIVE BLVD.,
ROCKVILLE, MD 20852
TEL. 301.881.9050
FAX 301.881.1125

MEP ENGINEER
LEACH WALLACE ASSOCIATES, INC.
6522 MEADOWRIDGE ROAD
ELKRIDGE, MD 20175
TEL. 410.579.8100
FAX 410.540.9041

DRAWING INDEX

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CIVIL ENGINEER
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STRUCTURAL ENGINEER
Cagley & Associates, Inc.
6141 Executive Blvd., Rockville, MD 20852
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MEP ENGINEER
Leach Wallace Associates, Inc.
6522 Meadowridge Road, Elkridge, MD 21075
p. 410. 579. 8100 f. 410. 540. 9401

UNIV. OF MARYLAND ST. JOSEPH MEDICAL CENTER
UMSJMC PERIOPERATIVE SERVICES DEPARTMENT
7601 OSLER DRIVE, TOWSON, MD 21204

hord | coplan | macht

ARCHITECTURE
LANDSCAPE ARCHITECTURE
PLANNING
INTERIOR DESIGN

NOT FOR CONSTRUCTION

PROFESSIONAL CERTIFICATION. I CERTIFY THAT THESE DOCUMENTS WERE PREPARED OR APPROVED BY ME, AND THAT I AM A DULY LICENSED ARCHITECT UNDER THE LAWS OF THE STATE OF MARYLAND
LICENSE NUMBER:
EXPIRATION DATE:

no.	date	revision

Project Name
UMSJMC PERIOPERATIVE SERVICES DEPARTMENT

Project Number
215144.30

Date
01.10.2018

Scale

Drawing
COVER SHEET

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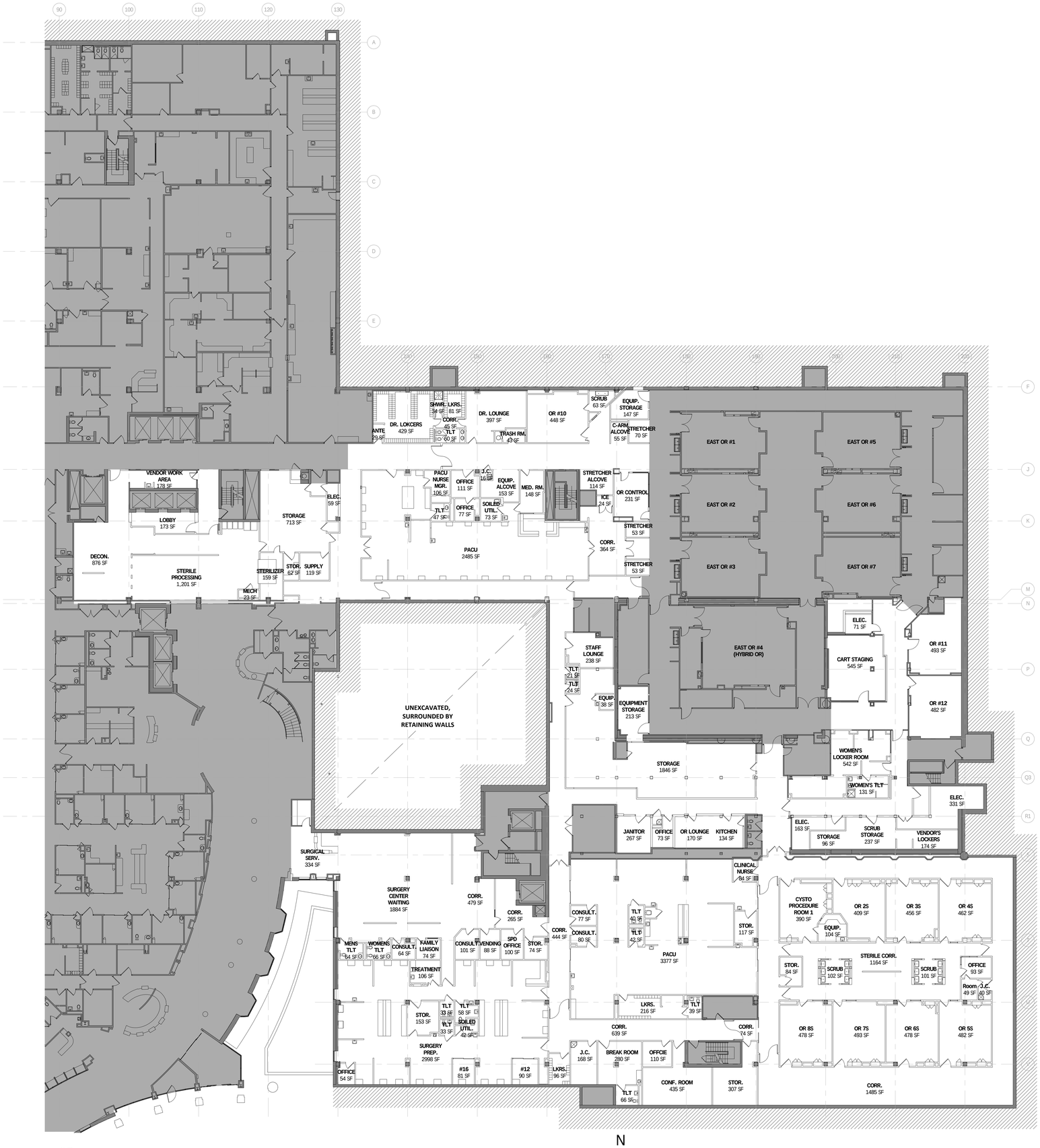

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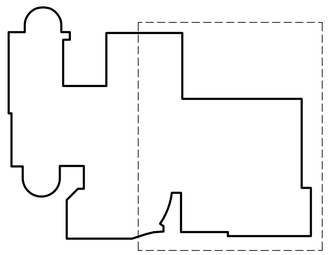

9D GROUND FLOOR EXISTING PLAN - EAST
A1.00A 1/16" = 1'-0"

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ARCHITECT
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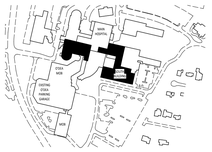
UMSJMC PERIOPERATIVE SERVICES DEPARTMENT
7601 OSLER DRIVE, TOWSON, MD 21204



hord | coplan | macht

ARCHITECTURE
LANDSCAPE ARCHITECTURE
PLANNING
INTERIOR DESIGN

NOT FOR CONSTRUCTION

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LICENSE NUMBER:
EXPIRATION DATE:

no.	date	revision

Project Name
UMSJMC PERIOPERATIVE SERVICES DEPARTMENT

Project Number
215144.30

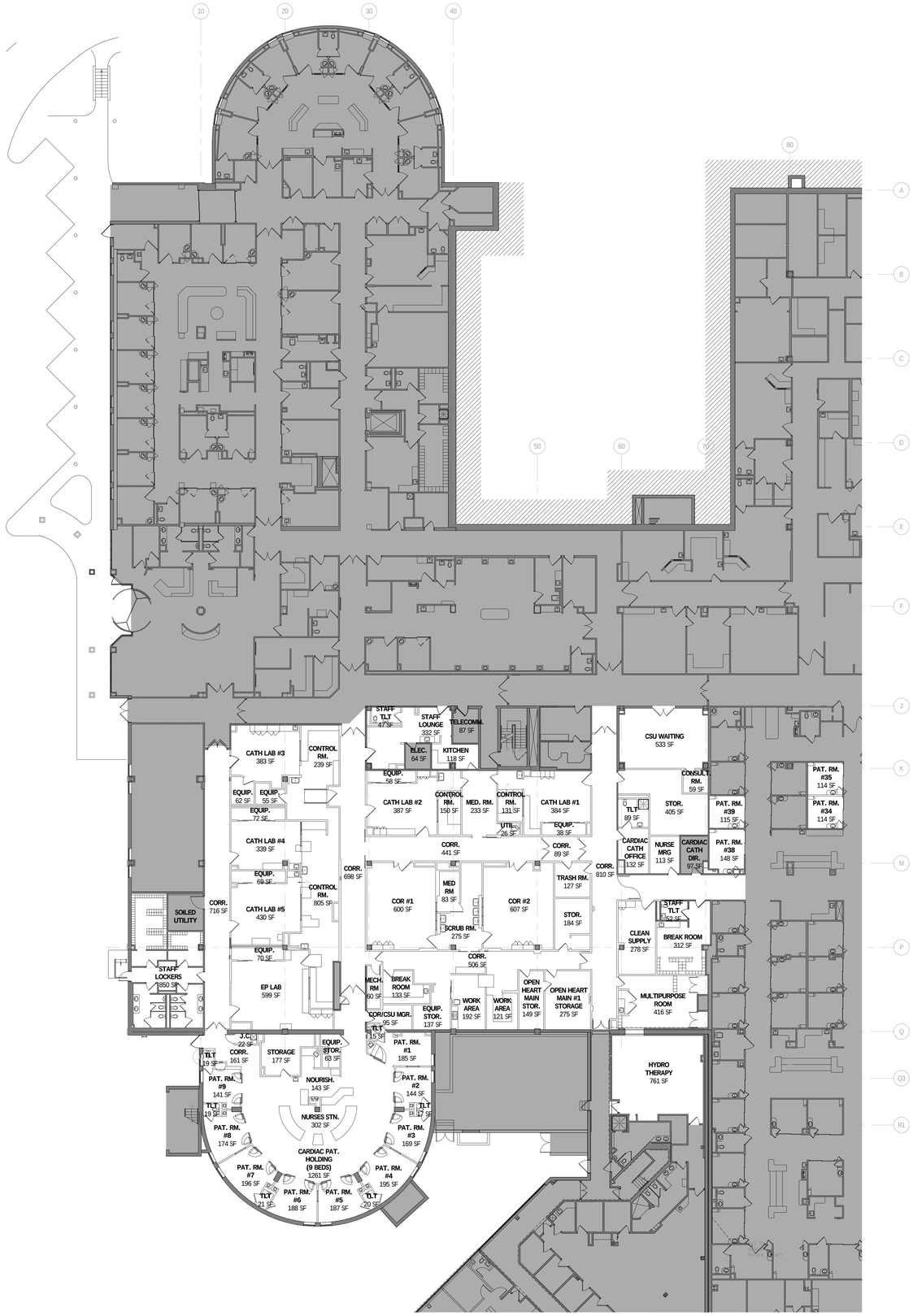
Date
01.10.2018

Scale
As indicated

Drawing
GROUND FLOOR
EXISTING PLAN - EAST

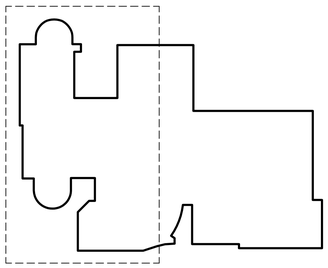
A1.00A

CON



LEGEND

- IN SCOPE
- NOT IN SCOPE
- BELOW GRADE



9F GROUND FLOOR EXISTING PLAN - WEST
A1.00B 1/16" = 1'-0"

N

ARCHITECT
Hord Coplan Macht, Inc.
750 E. Pratt St, Suite 1100, Baltimore, MD 21202
p. 410. 837. 7311 f. 410. 837. 6530

CIVIL ENGINEER
Morris & Ritchie Associates, Inc.
1220-C East Joppa Road, Suite 505, Towson, MD 21286
p. 410. 821.1690 f. 410. 821.1748

STRUCTURAL ENGINEER
Cagley & Associates, Inc.
6141 Executive Blvd., Rockville, MD 20852
p. 301. 881.9050 f. 301. 881.1125

MEP ENGINEER
Leach Wallace Associates, Inc.
6522 Meadowridge Road, Elkridge, MD 21075
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UMSJMC PERIOPERATIVE SERVICES DEPARTMENT

Project Number
215144.30

Date
01.10.2018

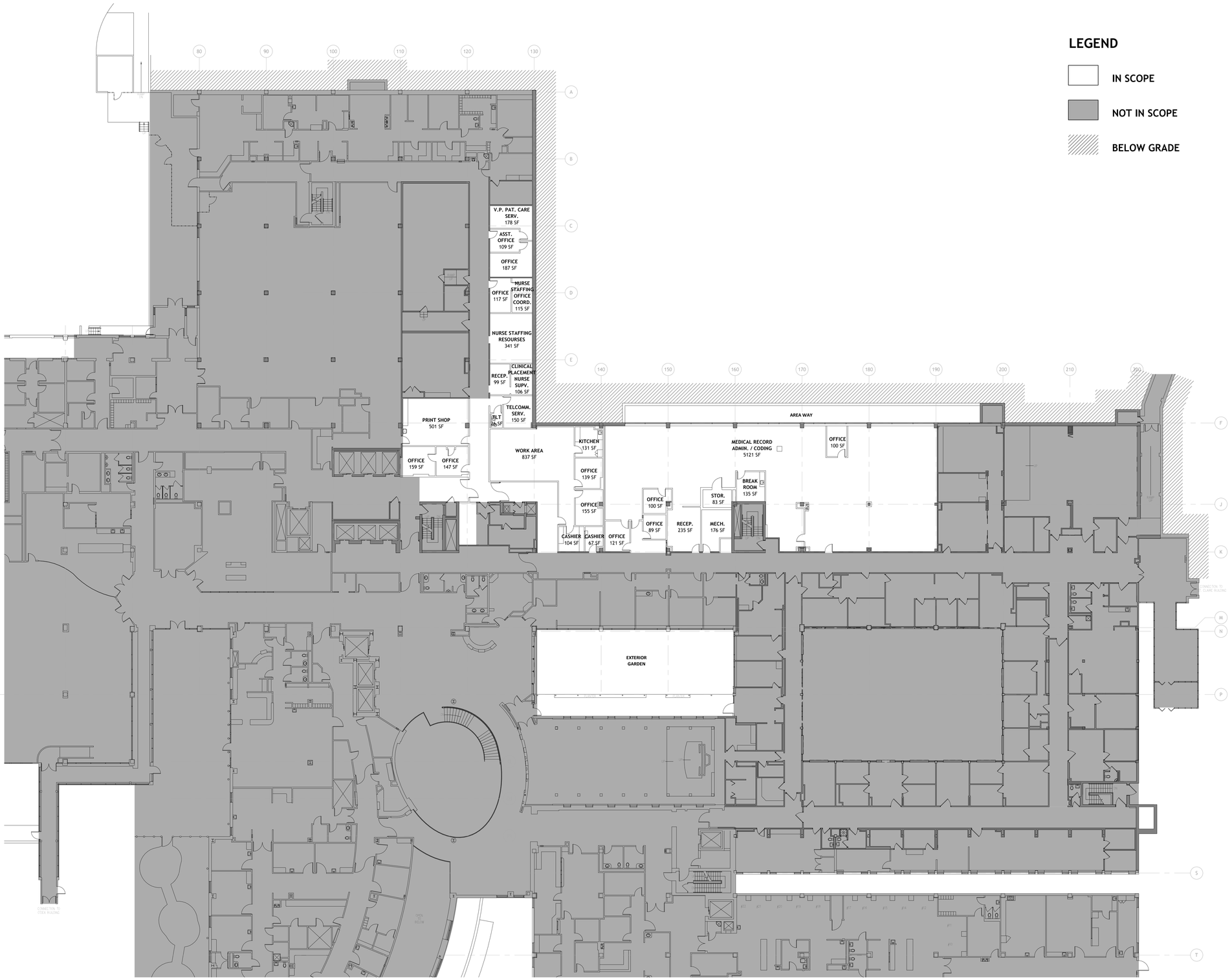
Scale
As indicated

Drawing
GROUND FLOOR
EXISTING PLAN - WEST

A1.00B

CON

1/29/2018 10:41:33 AM



9A FIRST FLOOR EXISTING PLAN

A1.01 1/16" = 1'-0"

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LANDSCAPE ARCHITECTURE

PLANNING

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EXPIRATION DATE:

no.	date	revision

Project Name
UMSJMC PERIOPERATIVE SERVICES DEPARTMENT

Project Number
215144.30

Date
01.10.2018

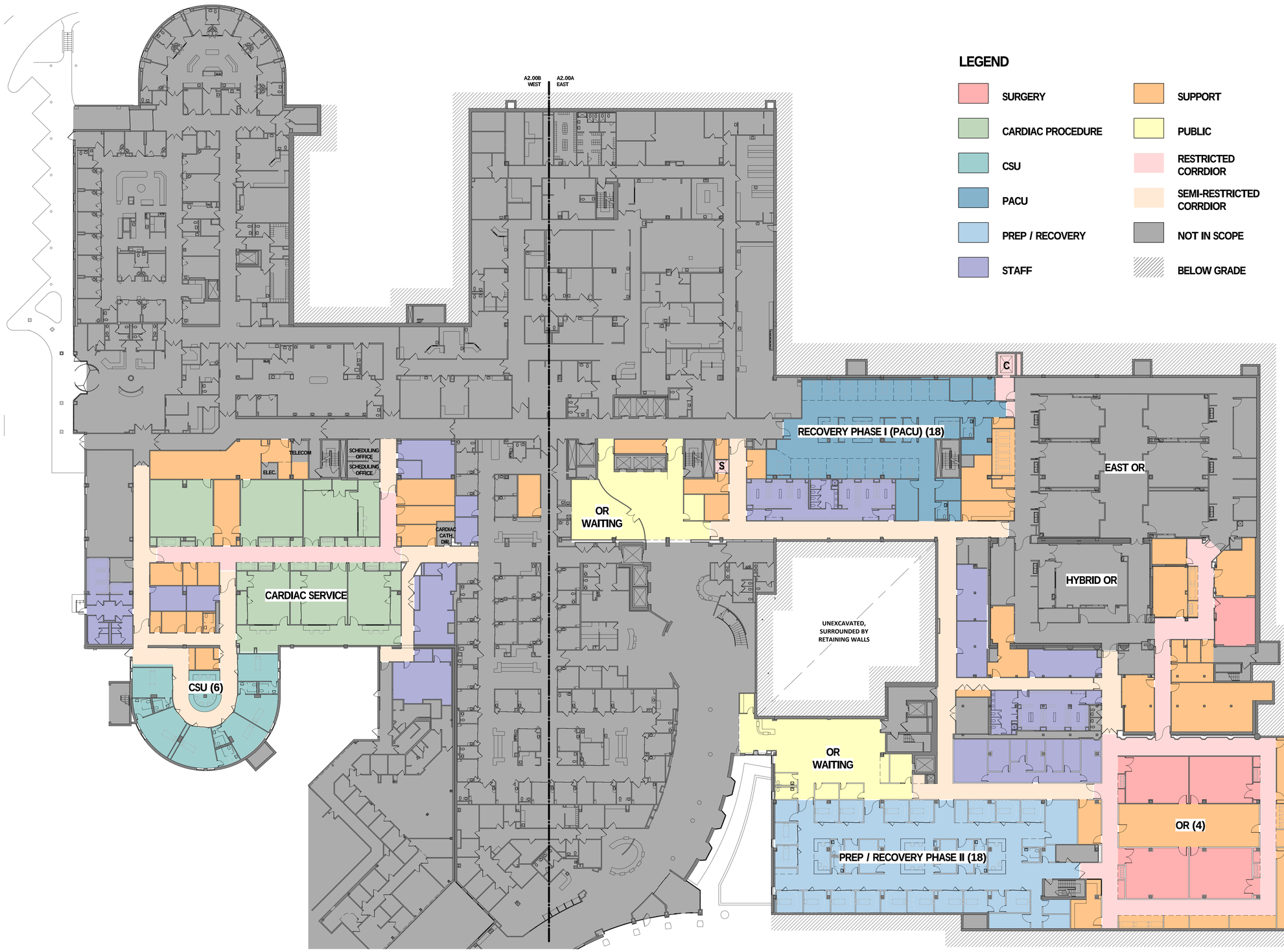
Scale
As indicated

Drawing
FIRST FLOOR EXISTING PLAN

A1.01

CON

1/12/2018 1:05:33 PM



9A GROUND FLOOR OVERALL PLAN
A2.00 1" = 20'-0"

N

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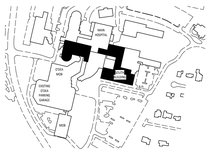
7601 OSLER DRIVE, TOWSON, MD 21204



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ARCHITECTURE
LANDSCAPE ARCHITECTURE
PLANNING
INTERIOR DESIGN

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UMSJMC PERIOPERATIVE SERVICES DEPARTMENT

Project Number
215144.30

Date
01.10.2018

Scale
As indicated

Drawing
GROUND FLOOR OVERALL PLAN

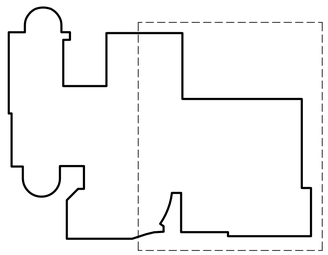
A2.00

CON

1/10/2018 2:24:48 PM

LEGEND

- IN SCOPE
- NOT IN SCOPE
- BELOW GRADE



9D GROUND FLOOR PLAN - EAST
A2.00A 1/16" = 1'-0"

N

1/26/2018 3:00:26 PM

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Hord Coplan Macht, Inc.
750 E. Pratt St, Suite 1100, Baltimore, MD 21202
p. 410. 837. 7311 f. 410. 837. 6530

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Morris & Ritchie Associates, Inc.
1220-C East Joppa Road, Suite 505, Towson, MD 21286
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MEP ENGINEER
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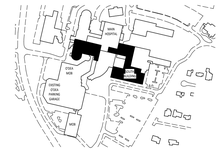

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ARCHITECTURE
LANDSCAPE ARCHITECTURE
PLANNING
INTERIOR DESIGN

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Project Name
UMSJMC PERIOPERATIVE SERVICES DEPARTMENT

Project Number
215144.30

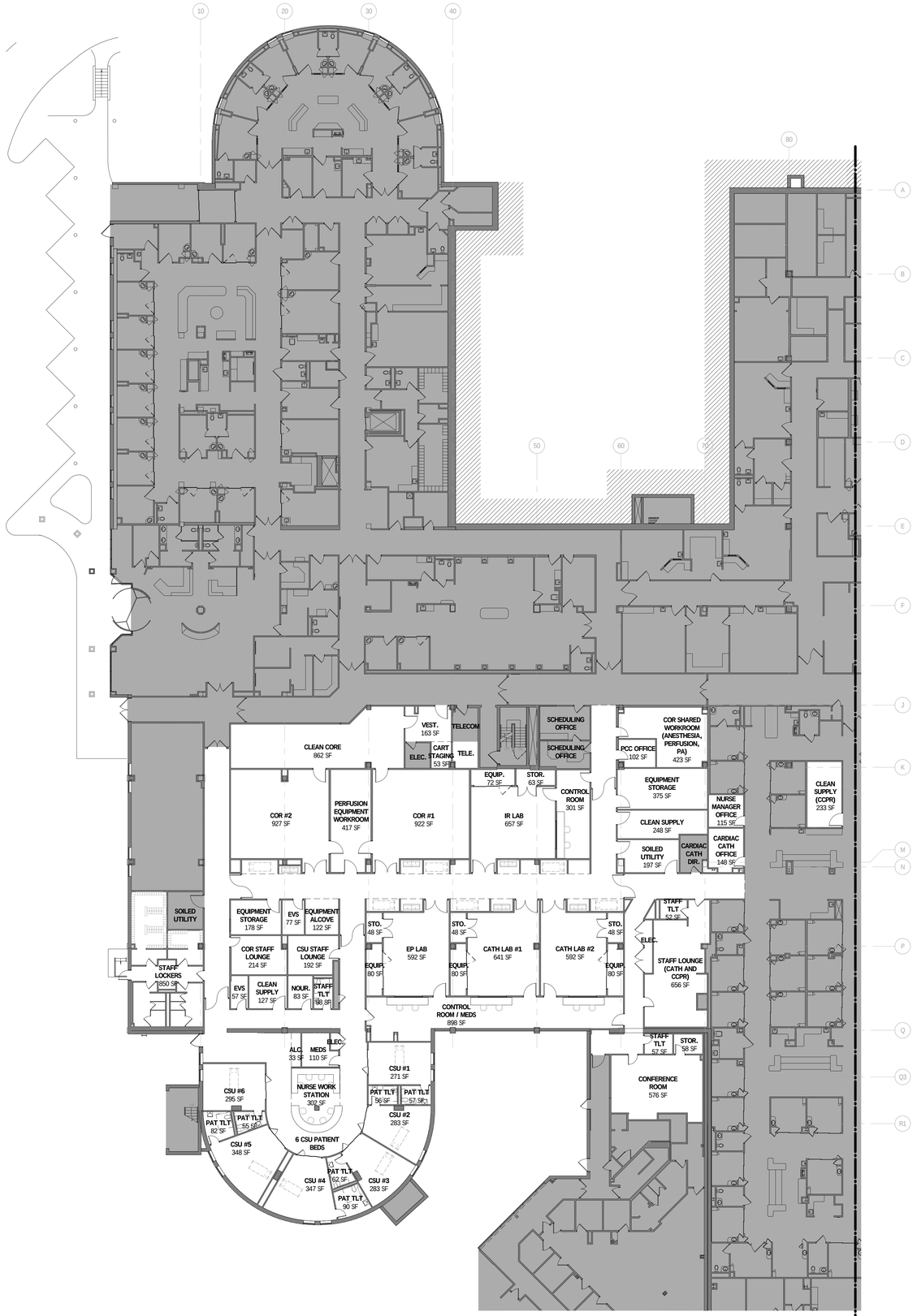
Date
01.10.2018

Scale
As indicated

Drawing
GROUND FLOOR PLAN - EAST

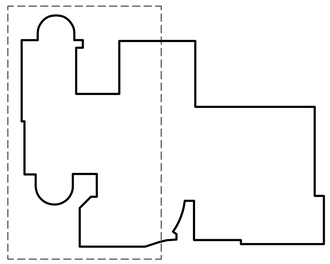
A2.00A

CON



LEGEND

- IN SCOPE
- NOT IN SCOPE
- BELOW GRADE



9F GROUND FLOOR PLAN - WEST
A2.00B 1/16" = 1'-0"

N

1/19/2018 3:15:40 PM

ARCHITECT
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MEP ENGINEER
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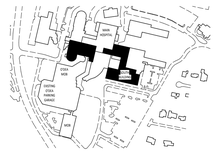
UMSJMC PERIOPERATIVE SERVICES DEPARTMENT
7601 OSLER DRIVE, TOWSON, MD 21204



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PLANNING
INTERIOR DESIGN

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EXPIRATION DATE:

no.	date	revision

Project Name
UMSJMC PERIOPERATIVE SERVICES DEPARTMENT

Project Number
215144.30

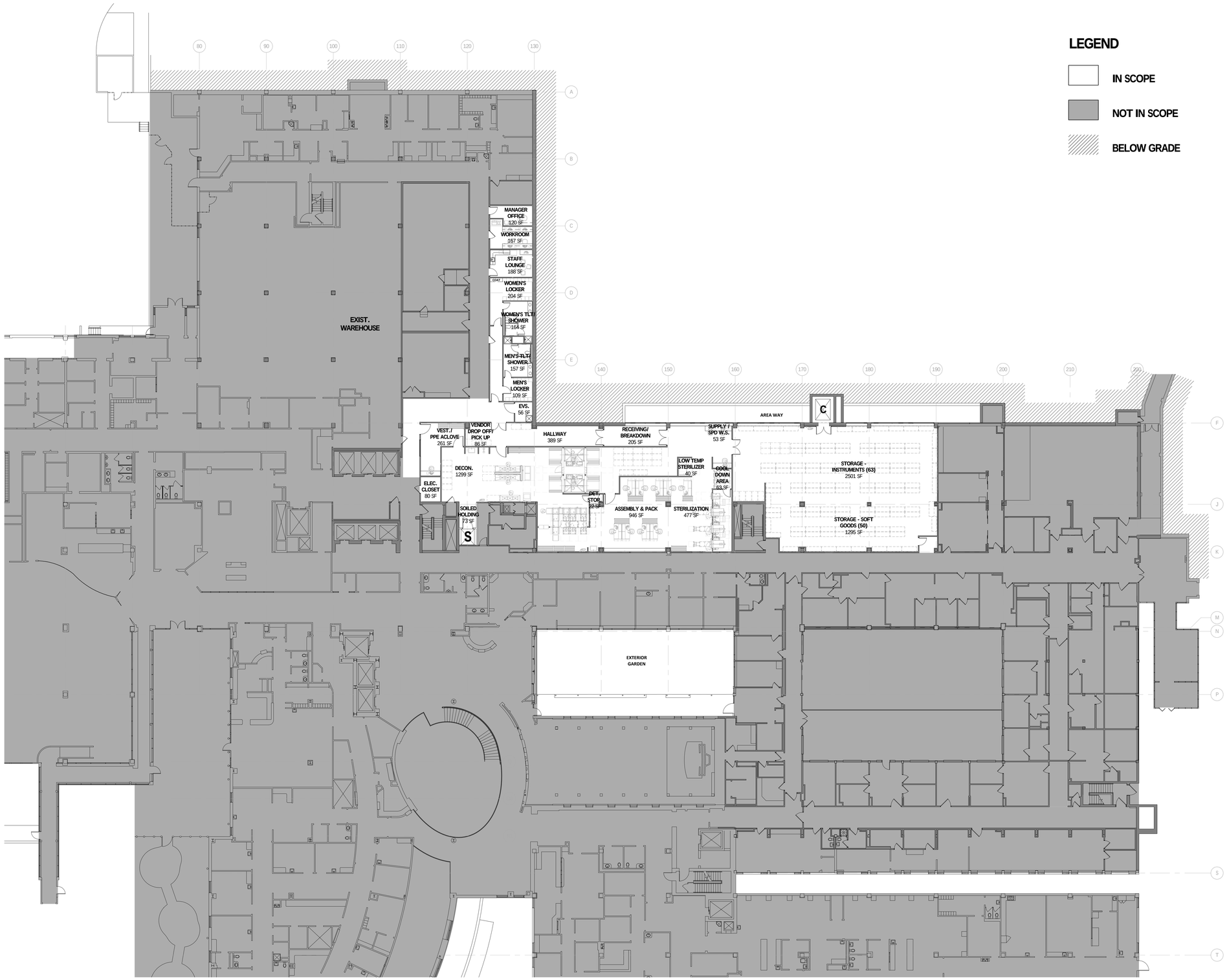
Date
01.10.2018

Scale
As indicated

Drawing
GROUND FLOOR PLAN - WEST

A2.00B

CON



9A FIRST FLOOR PLAN - SPD

A2.01 1/16" = 1'-0"

1/23/2018 3:13:09 PM

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p. 410. 821.1690 f. 410. 821.1748

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Cagley & Associates, Inc.
6141 Executive Blvd., Rockville, MD 20852
p. 301. 881.9050 f. 301. 881.1125

MEP ENGINEER
Leach Wallace Associates, Inc.
6522 Meadowridge Road, Elkridge, MD 21075
p. 410. 579. 8100 f. 410. 540. 9401

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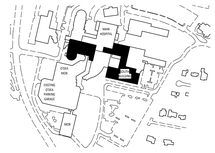
UMSJMC PERIOPERATIVE SERVICES DEPARTMENT
7601 OSLER DRIVE, TOWSON, MD 21204



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ARCHITECTURE
LANDSCAPE ARCHITECTURE
PLANNING
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UMSJMC PERIOPERATIVE SERVICES DEPARTMENT

Project Number
215144.30

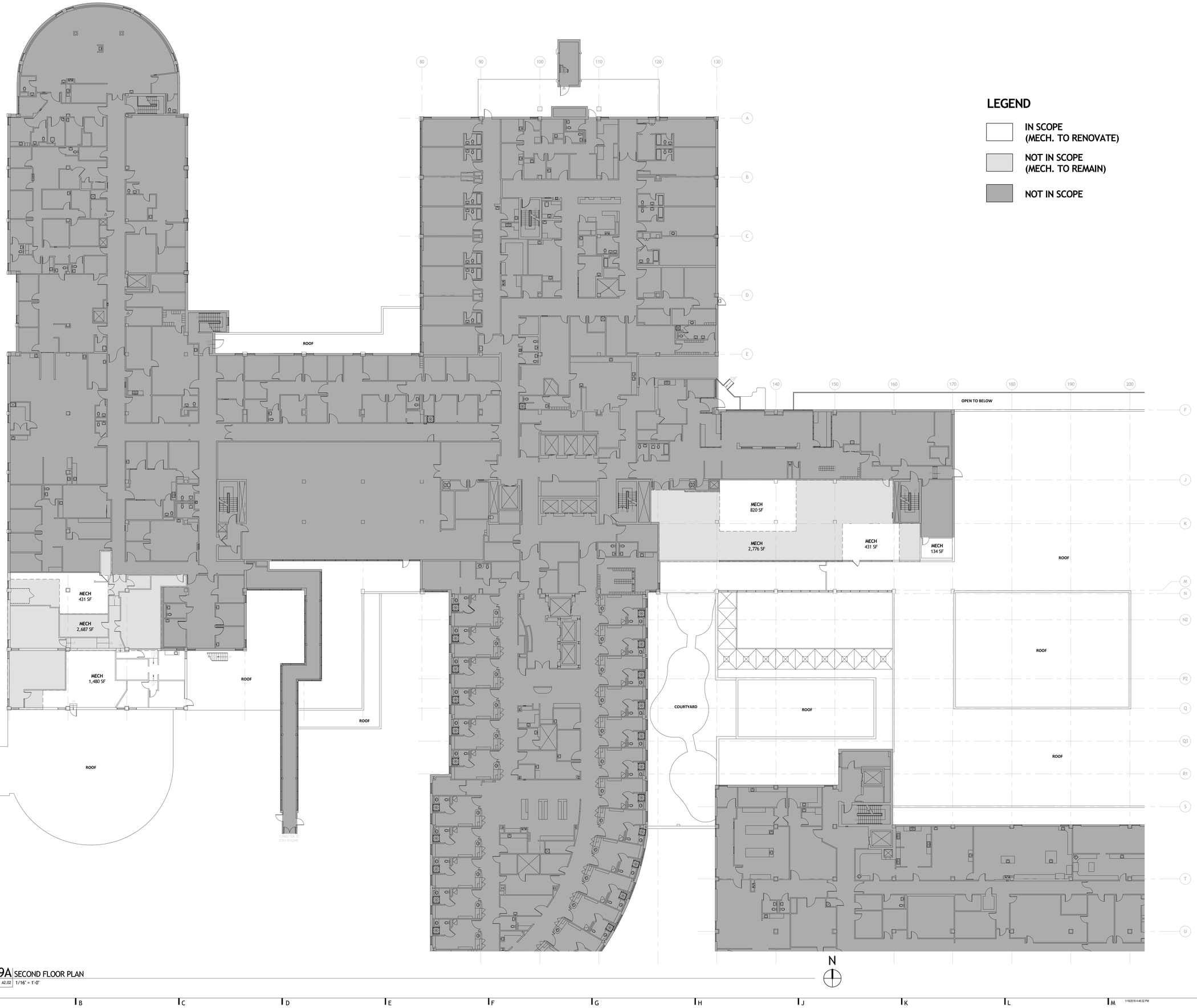
Date
01.10.2018

Scale
As indicated

Drawing
FIRST FLOOR PLAN - SPD

A2.01

CON



9A SECOND FLOOR PLAN
A2.02 1/16" = 1'-0"

ARCHITECT
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750 E. Pratt St, Suite 1100, Baltimore, MD 21202
p. 410. 837. 7311 f. 410. 837. 6530

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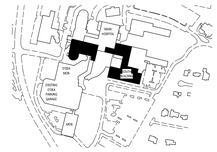

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ARCHITECTURE
LANDSCAPE ARCHITECTURE
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Date
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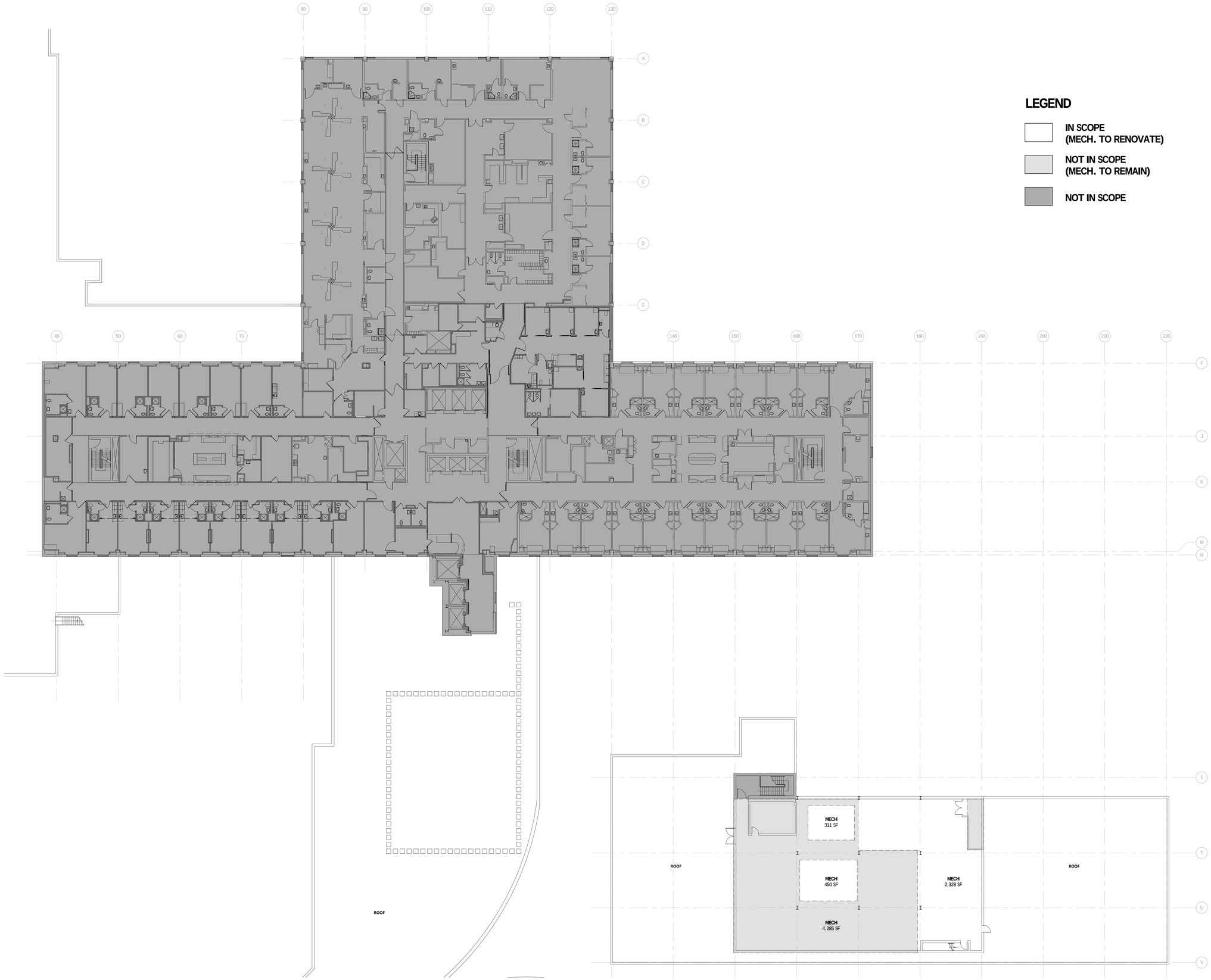
Scale
As indicated

Drawing
SECOND FLOOR PLAN

A2.02

CON

1/16/2018 4:46:32 PM



LEGEND

- IN SCOPE (MECH. TO RENOVATE)
- NOT IN SCOPE (MECH. TO REMAIN)
- NOT IN SCOPE

N

9A THIRD FLOOR PLAN
A2.03 1/16" = 1'-0"

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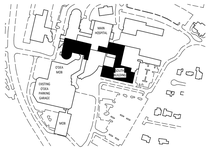

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ARCHITECTURE
LANDSCAPE ARCHITECTURE
PLANNING
INTERIOR DESIGN

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UMSJMC PERIOPERATIVE SERVICES DEPARTMENT

Project Number
215144.30

Date
01.10.2018

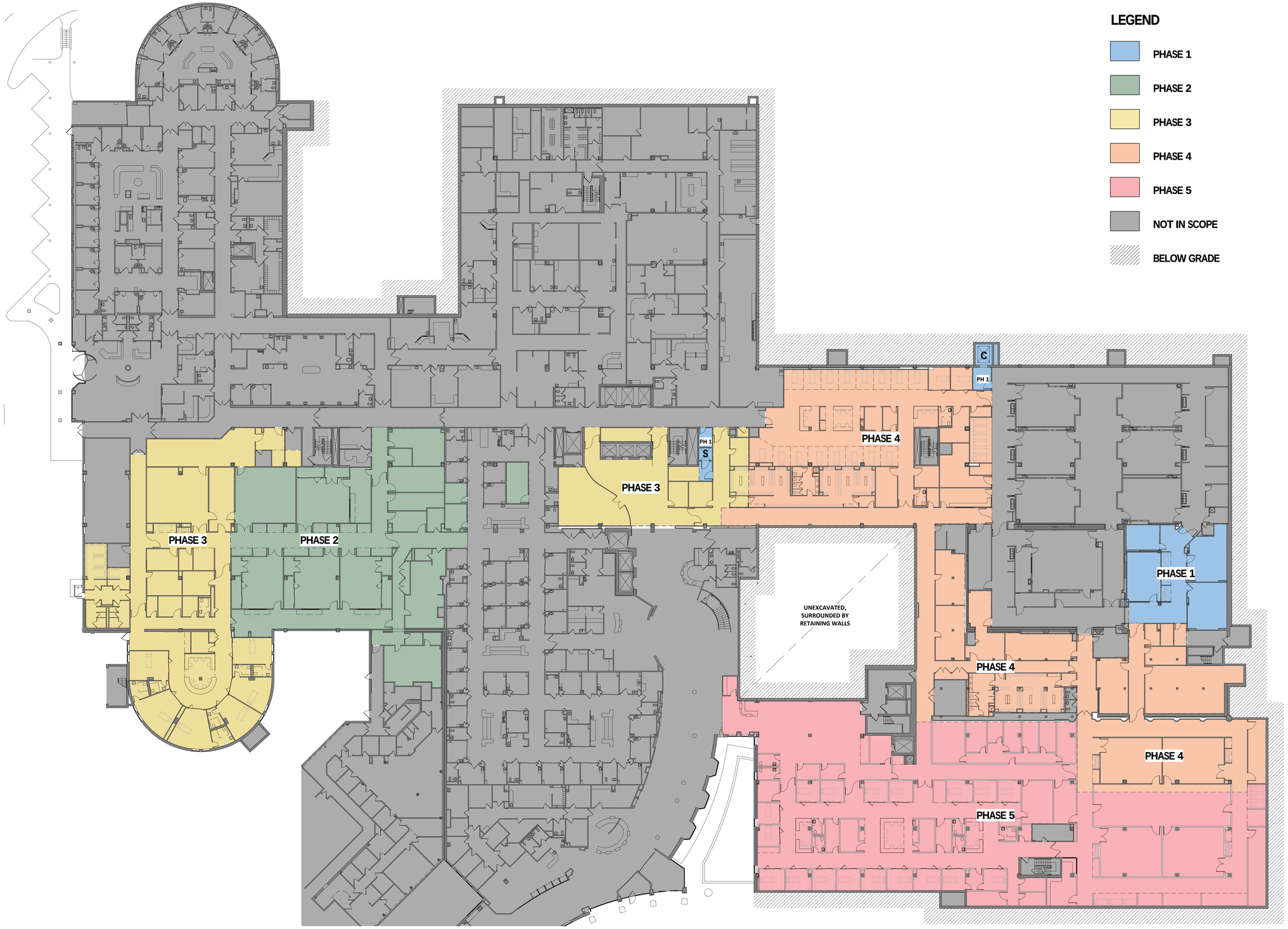
Scale
As indicated

Drawing
THIRD FLOOR PLAN

A2.03

CON

1/10/2018 2:08:33 PM



9A GROUND FLOOR PHASING PLAN

A3.00 1" = 20'-0"

N

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Project Number
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Date
01.10.2018

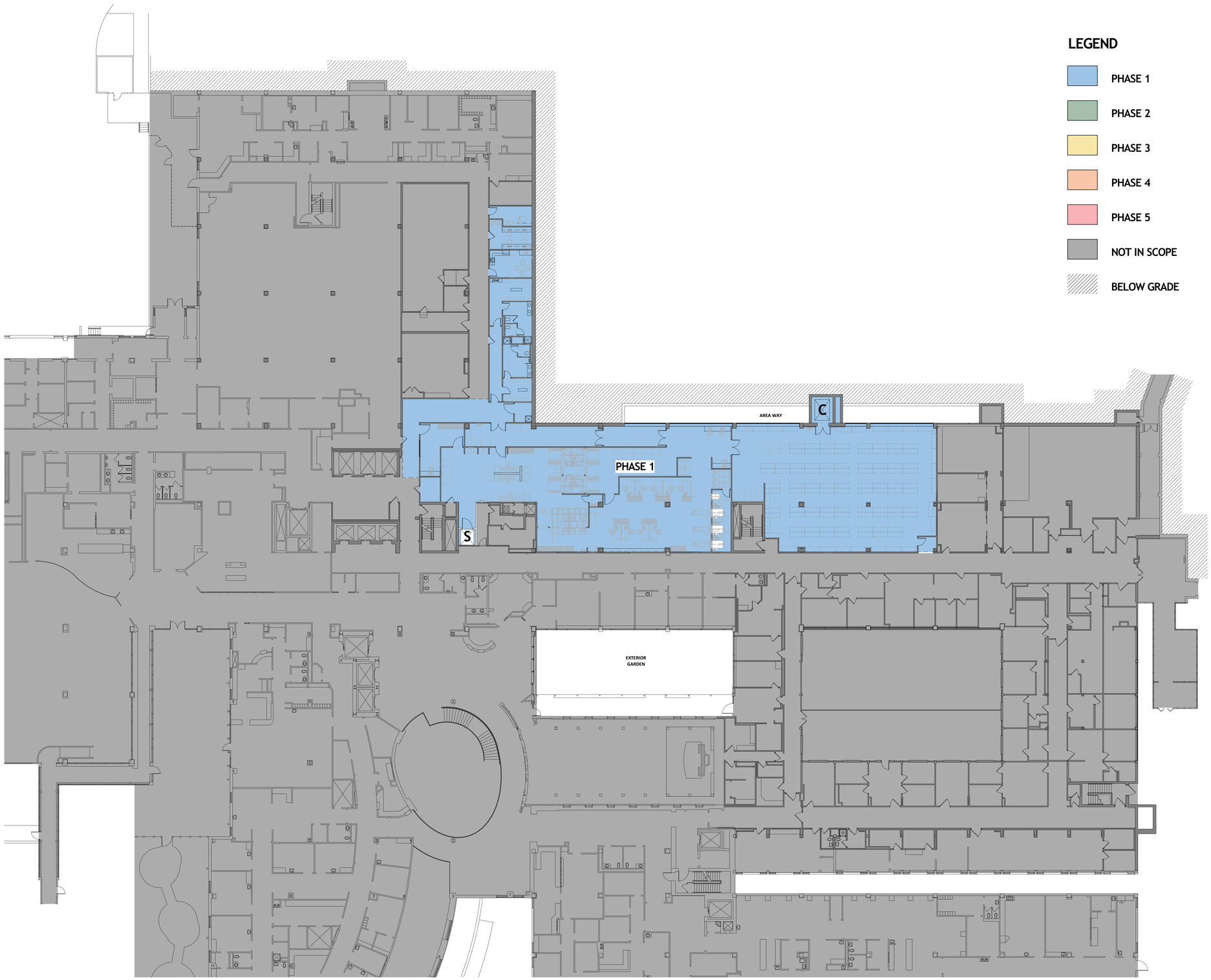
Scale
As indicated

Drawing
GROUND FLOOR PHASING PLAN

A3.00

CON

1/26/2018 3:15:25 PM



9A FIRST FLOOR PHASING PLAN
A3.01 1/16" = 1'-0"

ARCHITECT
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ARCHITECTURE
LANDSCAPE ARCHITECTURE
PLANNING
INTERIOR DESIGN

NOT FOR CONSTRUCTION

PROFESSIONAL CERTIFICATION. I CERTIFY THAT THESE DOCUMENTS WERE PREPARED OR APPROVED BY ME, AND THAT I AM A DULY LICENSED ARCHITECT UNDER THE LAWS OF THE STATE OF MARYLAND
LICENSE NUMBER:
EXPIRATION DATE:

no.	date	revision

Project Name
UMSJMC PERIOPERATIVE SERVICES DEPARTMENT

Project Number
215144.30

Date
01.10.2018

Scale
As indicated

Drawing
FIRST FLOOR PHASING PLAN

A3.01

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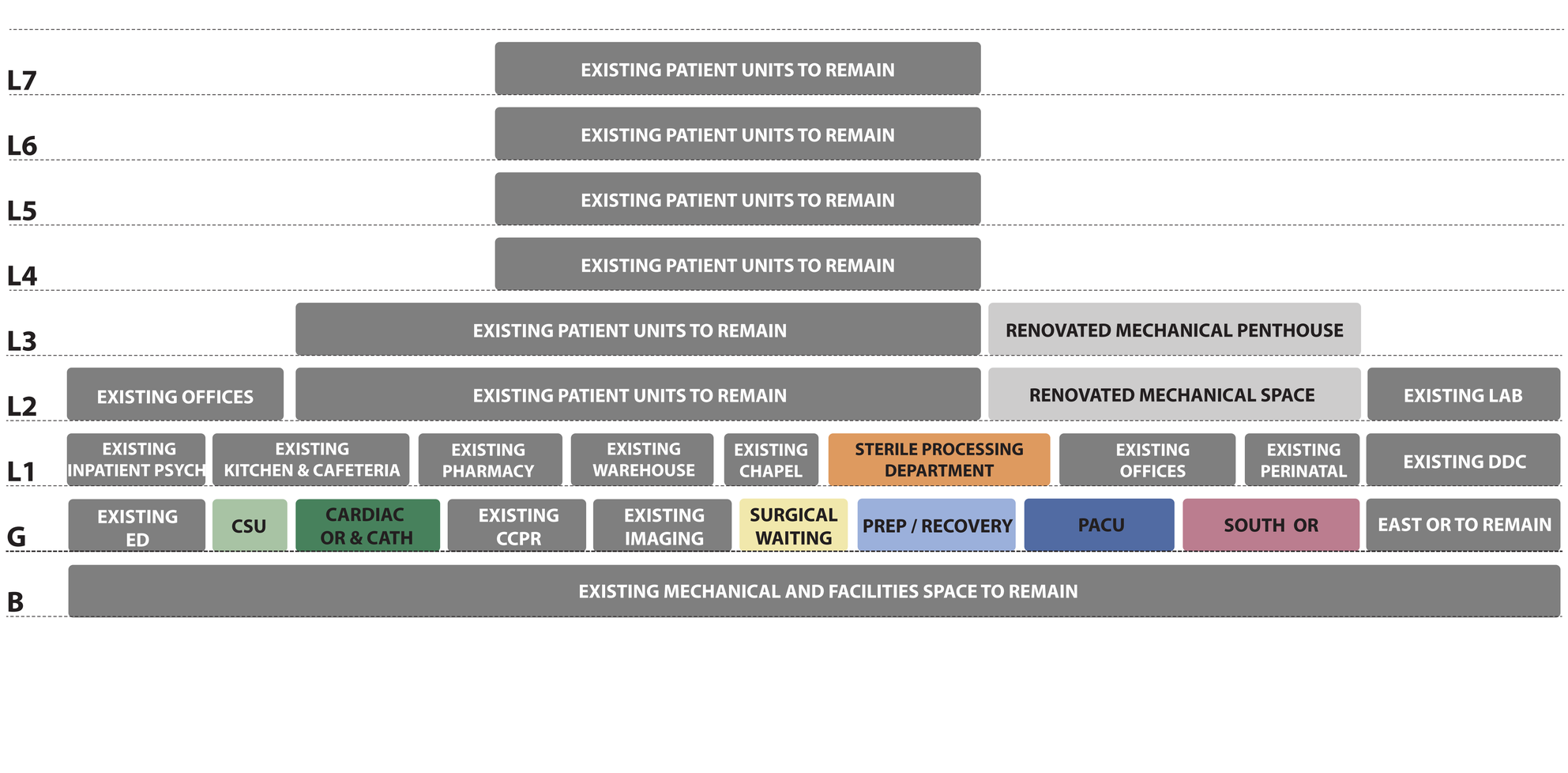
STACKING DIAGRAM

RENOVATED SPD	RENOVATED CSU	RENOVATED CARDIAC OR & CATH
RENOVATED WAITING	RENOVATED PREP/RECOVERY	RENOVATED PACU
RENOVATED SOUTH OR	RENOVATED MECHANICAL SPACE	EXISTING SPACE TO REMAIN



ARCHITECT
Hord Coplan Macht, Inc.
750 E. Pratt St, Suite 1100, Baltimore, MD 21202
p. 410. 837. 7311 f. 410. 837. 6530

CIVIL ENGINEER
Morris & Ritchie Associates, Inc.
1220-C East Joppa Road, Suite 505, Towson, MD 21286
p. 410. 821.1690 f. 410. 821.1748

STRUCTURAL ENGINEER
Cagley & Associates, Inc.
6141 Executive Blvd., Rockville, MD 20852
p. 301. 881.9050 f. 301. 881.1125

MEP ENGINEER
Leach Wallace Associates, Inc.
6522 Meadowridge Road, Elkridge, MD 21075
p. 410. 579. 8100 f. 410. 540. 9401

UNIV. OF MARYLAND ST. JOSEPH MEDICAL CENTER
UMSJMC PERIOPERATIVE SERVICES DEPARTMENT
7601 OSLER DRIVE, TOWSON, MD 21204

hord | coplan | macht

ARCHITECTURE
LANDSCAPE ARCHITECTURE
PLANNING
INTERIOR DESIGN

NOT FOR CONSTRUCTION

PROFESSIONAL CERTIFICATION. I CERTIFY THAT THESE DOCUMENTS WERE PREPARED OR APPROVED BY ME, AND THAT I AM A DULY LICENSED ARCHITECT UNDER THE LAWS OF THE STATE OF MARYLAND.
LICENSE NUMBER:
EXPIRATION DATE:

no.	date	revision

Project Name
UMSJMC PERIOPERATIVE SERVICES DEPARTMENT

Project Number
215144.30

Date
01.10.2018

Scale
As indicated

Drawing
STACKING DIAGRAM

A4.00

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EXHIBIT 3

Recordation Tax and State Transfer Tax on consideration in the amount of $157,610,000 has been paid to the State Department of Assessments and Taxation with the filing of Articles of Transfer and a Certificate of Conveyance pursuant to Sections 12-109(b)(3) and 13-208 of the Tax Property Article.

THIS DEED IS EXEMPT FROM BALTIMORE COUNTY TRANSFER TAX PURSUANT TO SECTION 11-3-202(A)(5) OF THE BALTIMORE COUNTY CODE BECAUSE GRANTEE, WHICH WILL OPERATE THE HOSPITAL KNOWN AS ST. JOSEPH MEDICAL CENTER UPON EXECUTION OF THIS DEED, IS WHOLLY OWNED BY THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION, WHICH OPERATES HOSPITALS, AND NO PART OF GRANTEE'S NET INCOME INURES TO PRIVATE SHAREHOLDERS OR INDIVIDUALS.

WHEN RECORDED RETURN TO:

Nancy Dodson Sacci
Commonwealth Land Title Insurance Company
One North Charles Street, Suite 400
Baltimore, Maryland 21201
12-0148-CH

CONFIRMATORY SPECIAL WARRANTY DEED

This Confirmatory Special Warranty Deed is made this 30th day of November, 2012 by and between **St. Joseph Medical Center, Inc.**, a Maryland nonstock corporation, formerly known as **Saint Joseph Hospital, Inc.**, formerly known as **The Sisters of the Third Order of St. Francis, Philadelphia Foundation of St. Joseph's Hospital, Baltimore, Maryland** ("**Grantor**") to the **University of Maryland St. Joseph Medical Center, LLC**, a Maryland limited liability company ("**Grantee**").

WHEREAS, the Grantor and the Grantee filed Articles of Transfer with the Maryland Department of Assessments and Taxation (the "**Department**") on ~~November~~ DECEMBER 3, 2012, pursuant to which the Grantor transferred to the Grantee all or substantially all of the property and assets of the Grantor, including the property described in **Exhibit A** attached hereto and made a part hereof, which is located in Baltimore County, Maryland. The Articles of Transfer were approved and accepted for filing by the Department on ~~November~~ DECEMBER 3, 2012, and

WHEREAS, title to the property described on **Exhibit A** is now vested in the Grantee pursuant to the Articles of Transfer; however, the Grantor and the Grantee desire to evidence the transfer by this Confirmatory Special Warranty Deed, wherefore this Confirmatory Special Warranty Deed is executed; and

WHEREAS, Grantor for and in consideration of the sum of $157,610,000 and other good and valuable consideration to it paid by Grantee, the receipt and sufficiency of which are hereby acknowledged by Grantor, in accordance with the provisions of Section 3-115(b)(2)(i) of the Corporations and Associations Article of the Annotated Code of Maryland, has GRANTED, BARGAINED, SOLD and CONVEYED, and by these presents does GRANT, BARGAIN, SELL, CONVEY and CONFIRM unto Grantee, the real property described on **Exhibit A**, attached hereto and made a part hereof, along with all improvements located thereon to which Grantor holds title ("Improvements"), for all purposes, together with any and all rights, privileges, hereditaments, and appurtenances thereon or in anywise appertaining thereto, including Grantor's rights in and to adjacent streets, roads, alleys, easements and rights-of-way (said land, rights, Improvements, privileges, hereditaments and appurtenances being hereinafter referred as the "Property"), subject to the Permitted Real Property Encumbrances set forth on Exhibit B, attached and incorporated herein by reference.

Title in and to the real property described in **Exhibit A** is vested in Grantor by virtue of the following:

i. Deed dated October 2, 1958, and recorded among the Land Records of Baltimore County in Liber 3432, folio 114 from Margaret C. Turnbull, widow Francis T. Kidder and Jerome Kidder, her husband, Eleanor S. Pope and Andrew W. Turnbull and Jeanne J. Turnbull, his wife, unto The Sisters of the Third Order of St. Francis, Philadelphia Foundation of St. Joseph's Hospital, Baltimore Maryland.

ii. Deed dated January 14, 1963, and recorded among the Land Records of Baltimore County in Liber 4097, folio 11 from The Trustees of the Sheppard and Enoch Pratt Hospital, unto The Sisters of the Third Order of St. Francis, Philadelphia Foundation of St. Joseph's Hospital, Baltimore Maryland.

iii. Deed dated July 1, 2002, and recorded among the Land Records of Baltimore County in Liber 16751, folio 195 from Joseph Rampolla and Dana Rampolla unto St. Joseph's Medical Center, Inc.

iv. Deed dated January 5, 1966, and recorded among the Land Records of Baltimore County in Liber 4570, folio 164 from The Trustees of the Sheppard and Enoch Pratt Hospital unto The Sisters of the Third Order of St. Francis, Philadelphia Foundation of St. Joseph's Hospital, Baltimore Maryland.

v. By amendment filed February 24, 1972, with the Maryland State Department of Assessments and Taxation, the name of The Sisters of the Third Order of St. Francis, Philadelphia Foundation of St. Joseph's Hospital, Baltimore Maryland, was changed to Saint Joseph Hospital, Inc. By amendment filed September 12, 1994, with the Maryland State Department of Assessments and Taxation, the name of Saint Joseph Hospital, Inc. was changed to St. Joseph Medical Center, Inc.

TO HAVE AND TO HOLD the Property unto Grantee, its successors and assigns, in fee simple forever, subject only to those matters set forth on **Exhibit B**, and Grantor does hereby bind itself, its successors and assigns, to specially warrant and defend, and with covenants of further assurance, all and singular the Property unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming the same or any part thereof by, through or under Grantor, but not otherwise.

IN WITNESS WHEREOF, Grantor has caused this Confirmatory Special Warranty Deed to be executed and delivered effective as of the 30th day of November, 2012 but actually executed on the date set forth in the acknowledgement below.

GRANTOR:

St. Joseph Medical Center, Inc., a Maryland nonstock corporation

By: _____
Name: Charles W. Neumann
Title: President and Chief Executive Officer

State of Maryland)
) ss.
City and County of Baltimore)

BEFORE ME, the undersigned authority, on this day personally appeared Charles W. Neumann, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of St. Joseph Medical Center, Inc., a Maryland nonstock corporation and that Charles. W. Neumann executed the same as the President and Chief Executive Officer of St. Joseph Medical Center, Inc. for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 29 day of November, 2012.

My Commission Expires:

_____

_____
Notary Public, State of
Print Name:

PAULINE HARRIS
NOTARY PUBLIC
BALTIMORE COUNTY
MARYLAND
MY COMMISSION EXPIRES JANUARY 27, 2016

ATTORNEY'S CERTIFICATION

I hereby certify that the foregoing instrument was prepared by or under the supervision of the undersigned, an attorney duly admitted to practice before the Court of Appeals of Maryland.

DHowarth

Danielle E. Howarth, Esq.

EXHIBIT A

Legal Description

Tract One:

PARCEL A:

Beginning for the same at a stone heretofore set at the beginning point of the land described in a deed from Henry C. Turnbull to Lawrence Turnbull, dated April 28, 1884 and recorded in the Land Records of Baltimore County in Liber WMI No. 140, folio 570 etc., thence running and binding on the outlines of said deed, North 31 degrees 50 minutes West 247.39 feet to a stone, North 27 degrees 01 minutes 30 seconds West 168.82 feet to a stone North 40 degrees 58 minutes West 339.42 feet to a pipe now set, North 52 degrees 55 minutes West 353.69 feet to the center of the Maryland and Pennsylvania Railroad; thence running along the center to the said Railroad North 41 degrees 01 minute East 412.60 feet to the end of the North 78 degrees West 133 perch line of the land described in a deed from Ralph P. Brown, et al to the Trustees of Sheppard Asylum, dated July 10, 1858 and recorded in the Land Records of Baltimore County in Liber GHC No. 22, folio 274 etc.; thence running and binding on the sixth or South 73 ½ degrees East 61.4 perch line of the deed first mentioned above, South 78 degrees 40 minutes 20 seconds East 1002.85 feet to a stone marked 4, heretofore set at the end of the first line of the land described in a deed from Alexander N. Turnbull, Trustee to Lawrence Turnbull dated June 13, 1901 and recorded among the Land Records of Baltimore County in Liber NBM No. 253, folio 254, etc.; thence running and binding on the second, third and fourth lines of the deed last mentioned South 79 degrees 04 minutes East 452.24 feet to a stone, South 29 degrees 51 minutes West 1467.62 feet to a stone and North 31 degrees 43 minutes 30 seconds West 486.68 feet to point of beginning.
Containing 28.31 acres, more or less.

Saving and excepting therefrom, however, so much thereof as is described in the following documents:

a. Deed dated July 23, 1964 and recorded among the aforesaid Land Records in Liber 4338, folio 160 from The Trustees of the Sheppard and Enoch Pratt Hospital unto Baltimore County, Maryland.
b. Deed dated October 31, 1964 and recorded among the aforesaid Land Records in Liber 4390, folio 353 from The Sisters of the Third Order of St. Francis, Philadelphia Foundation of St. Joseph's Hospital, Baltimore, Maryland unto Baltimore County, Maryland.
c. Declaration of Condominium for Osler Medical Center, a Condominium dated August 10, 1976 and recorded among the aforesaid Land Records in Liber 5684, folio 306, as amended;

d. Memorandum of Ground Lease dated August 12, 1991 and recorded among the aforesaid Land Records in Liber 8890, folio 704 between St. Joseph Hospital, Inc. and O'Dea Medical Arts Limited Partnership, as amended by the certain First Amendment to Memorandum of Ground Lease dated December 23, 1991 and recorded in Liber 9008, folio 259 and by that Second Amendment to Memorandum of Ground Lease dated January 30, 1992 and recorded in Liber 9045, folio 648.

e. Memorandum of Lease dated October 1, 2005 and recorded among the aforesaid Land Records in Liber 23048, folio 24 between St. Joseph Medical Center, Inc. and CNL Retirement DAS Towson MD, LP., as amended by First Amendment to Memorandum of Lease dated March 1, 2007 and recorded in Liber 25799, folio 257.

Together with the benefit of easements appurtenant to the Hospital Parcel defined in and established by Declaration of Reciprocal Access Party Wall and Maintenance Agreement dated October 1, 2005 and recorded among the aforesaid Land Records in Liber 23113, folio 648 between CNL Retirement DAS Towson MD, LP and Saint Joseph Medical Center, Inc., as amended by First Amendment to Declaration of Reciprocal Access Party Wall and Maintenance Agreement dated March 1, 2007 and recorded in Liber 25799, folio 267.

Together with the benefit of easements appurtenant to the "Campus" defined in and established by Declaration of Easements, Covenants and Conditions dated January 28, 1992 and recorded among the aforesaid Land Records in Liber 9045, folio 654 Saint Joseph Hospital, Inc. and Towson Management, Inc. and O'Dea Medical Arts Limited Partnership.

PARCEL B:

Beginning for the first thereof at a stone standing on the west side of York Road; at the end of the sixteenth or South 12 ½ degrees West 3 perch line of the Land described in Deed from Rachel P. Brown, widow, et al, Trustees, to Trustees of the Sheppard Asylum, dated July 10, 1858 and recorded among the Land Records of Baltimore County in Liber GHC No. 22, folio 274, etc., thence running and binding reversely on a part of said sixteenth line, North 12 degrees 20 minutes East, binding on the West side of York Road, 40.00 feet to the center of an existing drive or roadway; thence running along the center of said drive or roadway, North 82 degrees 52 minutes West 245.0 feet and North 74 degrees 09 minutes West 85.90 feet; thence running North 11 degrees 37 minutes East 71.90 feet to a stone standing on the fourteenth line of the Deed mentioned above; thence running and binding reversely on part of the fourteenth and all of the thirteenth, twelfth, eleventh and tenth lines of said Deed, North 52 degrees 11 minutes 10 seconds West 521.46 feet, North 65 degrees 21 minutes West 517.48 feet, North 82 degrees 50 minutes 35 seconds West 141.99 feet, South 76 degrees 08 minutes West 428.06 feet and North 65 degrees 01 minutes 35 seconds West 185.84 feet, thence running for a line of division, South 41 degrees 01 minute West 190.0 feet to the westernmost edge of a future road, 70 feet in width, and to be known as St. Joseph Road, thence running for a line of division and binding

on the westernmost edge of the above mentioned future St. Joseph Road, South 06 degrees 43 minutes 50 seconds West 151.63 feet to intersect the seventeenth or North 78 degrees West 133 perch line of the Deed mentioned above and also intersecting the sixth line of the land described in Deed from Margaret C. Turnbull, widow, et al, to The Sisters of the Third Order of St. Francis, Philadelphia Foundation of St. Joseph's Hospital, Baltimore, Maryland, dated October 2, 1958 and recorded among the Land Records of Baltimore County in Liber GLB No. 3432, folio 114, etc.; thence running and binding reversely on a part of the seventeenth line of the Deed first mentioned above and on the sixth and seventh lines of the Deed last mentioned above, South 78 degrees 40 minutes 20 seconds East 906.34 feet to a stone marked No. 4, and South 79 degrees 04 minutes East 452.24 feet to a stone marked No. 5 and South 78 degrees 59 minutes East 731.49 feet to the point of beginning. Containing 11.51 acres, more or less.

Saving and excepting therefrom, however, so much thereof as is described in the following documents:

a. Deed dated July 23, 1964 and recorded among the aforesaid Land Records in Liber 4338, folio 160 from The Trustees of the Sheppard and Enoch Pratt Hospital unto Baltimore County, Maryland.

b. Deed dated October 31, 1964 and recorded among the aforesaid Land Records in Liber 4390, folio 353 from The Sisters of the Third Order of St. Francis, Philadelphia Foundation of St. Joseph's Hospital, Baltimore, Maryland unto Baltimore County, Maryland.

Beginning for the second thereof on the west side of York Road, at the end of the first line of the lot of ground hereinabove first described, running thence binding on the West side of York Road, North 12 degrees 20 minutes East 24.00 feet, more or less, to the North side of the 50 foot road referred to in the Deed dated January 14, 1963 and recorded among the Land Records of Baltimore County in Liber 4097, folio 11 from The Trustees of the Sheppard and Enoch Pratt Hospital, thence binding on the North side of said 50-foot road, North 82 degrees 52 minutes West 245.00 feet, more or less, and North 74 degrees 09 minutes West 85.90 feet, more or less, to a point in the fourth line of the lot of ground hereinabove first described, thence binding reversely on part of said fourth line and reversely on the third and second lines of said lot of ground hereinabove first described, South 11 degrees 37 minutes West 24.00 feet, more or less, South 74 degrees 09 minutes East 85.90 feet and South 82 degrees 52 minutes East 245.00 feet to the place of beginning. Containing 0.18 of an acre of land. Comprising part of the bed of the 50-foot road hereinabove referred to.
Tax Account No.: (09) 09-19-391143

Tract Two:

All that piece or parcel of land situate, lying and being in the Ninth Election District of Baltimore County, State of Maryland and described as follows to wit:

Beginning for the same at a corner of a ground lease envelope, said beginning corner being distant South 52 degrees 27 minutes 19 seconds East, as the courses are now referred to the Maryland Coordinate System NAD 83/91, 137.88 feet from an iron bar and cap, now set, at the beginning of the South 31 degrees 45 minutes 08 seconds East 200.04 foot line of the easternmost right of way line of Osler Drive (formerly St. Joseph's Road), 70 feet wide, as shown on Bureau of Land Acquisition Drawing HRW 63-138-12 and recorded in the deed dated October 31, 1964 and recorded among the Land Records of Baltimore County in Liber RRG No. 4390, folio 353 which was conveyed by The Sisters of the Third Order of St. Francis, Philadelphia Foundation of St. Joseph's Hospital, Baltimore Maryland to Baltimore County, Maryland (the tangent above recited is now South 32 degrees 00 minutes 52 seconds East 200.04 feet under the Maryland Coordinated [sic] System NAD 83/91), and running thence from said beginning corner and running for said lease envelope, now laid out, the seven following courses and distances, viz: (1) North 13 degrees 04 minutes 41 seconds East 76.33 feet, (2) North 76 degrees 55 minutes 08 seconds West 14.00 feet, (3) North 13 degrees 04 minutes 41 seconds East 14.11 feet,(4) North 76 degrees 55 minutes 19 seconds West 20.00 feet, (5) North 13 degrees 04 minutes 41 seconds East 89.56 feet, (6) South 76 degrees 55 minutes 19 seconds East 90.25 feet, (7) North 13 degrees 04 minutes 41 seconds East 15.65 feet, more or less to the stairway tower serving the existing parking garage, thence binding for a part on said stairway tower, (8) South 76 degrees 55 minutes 08 seconds East 5.00 feet, and (9) North 13 degrees 04 minutes 41 seconds East 9.34 feet more or less, to the existing parking garage, thence binding for a part on said garage, (10) South 76 degrees 55 minutes 08 seconds East 17.67 feet, and thence leaving said garage, the eight following courses and distances, viz: (11) South 13 degrees 04 minutes 41 seconds West 24.99 feet, more or less, (12) South 76 degrees 55 minutes 19 seconds East 75.74 feet, (13) South 30 degrees 10 minutes 03 seconds East 36.56 feet, (14) 54.51 feet along a curve to the left having a radius of 35.00 feet, said curve being subtended by a chord bearing South 57 degrees 41 minutes 58 seconds West 49.17 feet, (15) South 13 degrees 04 minutes 52 seconds West 5.51 feet, (16) North 81 degrees 10 minutes 31 seconds West 4.96 feet, (17) South 13 degrees 06 minutes 20 seconds West 112.49 feet, and (18) North 76 degrees 55 minutes 19 seconds West 140.17 feet to the place of beginning.

Containing 0.693 of an Acre of land, more or less (30,181 square feet).

Together with the benefit of non-exclusive easements for ingress, egress and utilities established by Declaration of Easement Agreement dated October 1, 2005 and recorded among the aforesaid Land Records in Liber 23113, folio 626 between Saint Joseph Medical Center, Inc. and CNL Retirement DAS Towson MD, LP, as amended by First Amendment to Declaration of Easement Agreement dated March 1, 2007 and recorded in Liber 25799, folio 263.

Together with the benefit of easements appurtenant to the MOB Parcel established by Declaration of Reciprocal Access Party Wall and Maintenance Agreement dated

October 1, 2005 and recorded among the aforesaid Land Records in Liber 23113, folio 648 between CNL Retirement DAS Towson MD, LP and Saint Joseph Medical Center, Inc., as amended by First Amendment to Declaration of Reciprocal Access Party Wall and Maintenance Agreement dated March 1, 2007 and recorded in Liber 25799, folio 267.

Tax Account No.: (09) 24-00-012799
Tract Three:

Being all of the parcel (consisting of two sections) subject to a Ground Lease between Saint Joseph Hospital, Inc. and O'Dea Medical Arts Limited Partnership dated as of July 1, 1990 as amended. The first section contains the multi-story portions of the office building. The second section is an extension of the first floor of the office building located beneath the enclosed walkway connecting the office building to the hospital, said second section being an air rights portion of the leased property between elevation 434.69 feet (the concrete floor of the new office building) and elevation 447.94 feet (the bottom of the concrete slab that serves as the walkway between the office building and hospital) located on the Saint Joseph's Hospital Tract as recorded in Liber 3432, folio 114; Liber 4570, folio 164; and Liber 4097, folio 11 of the Land Records of Baltimore County.

Beginning for the first part at a point at the Northeastern most corner of the office building, said corner is located South 32 degrees 59 minutes 13 seconds West 683.06 feet from a concrete monument located 70.00 feet from the beginning of the Sixth or South 65 degrees 21 minutes 00 seconds East 517.48 feet line of a parcel of land in a deed dated January 14, 1963 recorded among the Land Records of Baltimore County, Maryland in Liber 4097, folio 011, which was conveyed by The Trustees of The Sheppard and Enoch Pratt Hospital to The Sisters of the Third Order of St. Francis, Philadelphia Foundation of St. Joseph's Hospital, thence the following fourteen courses, and referring all courses to Baltimore County, Metropolitan District Grid Meridian:

1. South 13 degrees 17 minutes 09 seconds West 81.95 feet
2. South 58 degrees 17 minutes 09 seconds West 71.47 feet
3. South 13 degrees 17 minutes 09 seconds West 27.21 feet
4. South 76 degrees 42 minutes 51 seconds East 6.00 feet
5. South 13 degrees 17 minutes 09 seconds West 22.31 feet
6. South 76 degrees 42 minutes 51 seconds East 6.00 feet
7. South 13 degrees 17 minutes 09 seconds West 23.48 feet
8. North 76 degrees 42 minutes 51 seconds West 181.77 feet
9. North 13 degrees 17 minutes 09 seconds East 141.67 feet
10. South 76 degrees 42 minutes 51 seconds East 117.00 feet
11. North 58 degrees 17 minutes 09 seconds East 74.48 feet
12. South 76 degrees 42 minutes 51 seconds East 20.00 feet
13. North 59 degrees 17 minutes 40 seconds East 15.85 feet

14. South 76 degrees 42 minutes 51 seconds East 19.10 feet to the point of beginning containing 0.7111 acres of land more or less.

Beginning for the second part at a point at the Northeastern most corner of the office building said corner is located South 32 degrees 59 minutes 13 seconds West 683.06 feet from a concrete monument located 70.00 feet from the beginning of the sixth or South 65 degrees 21 minutes 00 seconds East 517.48 feet line of a parcel of land in a deed dated January 14, 1963 recorded among the Land Records of Baltimore County, Maryland in Liber 4097, folio 011, which was conveyed by The Trustees of the Sheppard and Enoch Pratt Hospital to the Sisters of the Third Order of St. Francis Philadelphia Foundation of St. Joseph's Hospital, said outlines of the air rights portion are limited to a minimum elevation of 434.69 (the concrete floor of the new office building) and a maximum elevation of 447.94 feet being the bottom of the concrete slab that serves as the walkway between the hospital and the office building and referring all elevations of this description to Baltimore County Metropolitan District Bench Mark, Hub-no, X-8623 having an elevation of 417.25 feet, thence leaving said point of beginning and continuing the following six courses;

1. North 76 degrees 42 minutes 51 seconds West 19.10 feet
2. South 59 degrees 17 minutes 40 seconds West 15.85 feet
3. North 76 degrees 42 minutes 51 seconds West 8.00 feet
4. North 13 degrees 17 minutes 09 seconds East 45.80 feet
5. South 76 degrees 42 minutes 51 seconds East 38.50 feet
6. South 13 degrees 17 minutes 09 seconds West 34.79 feet to the point of beginning

Containing .0342 acres of land more or less.

Tax Account No.: (09) 22-00-009012

Tract Four:

Beginning for the same at an iron pipe now set in the North 22 degrees 54 minutes East 101.3 feet line described in a Deed dated August 25, 1952 from Albert C. Susemihl to H.O. Firor, said beginning being at a distance of 20 feet from the end of said line, thence running and binding reversely on the first named line South 22 degrees 54 minutes West 81.3 feet to the beginning of the South 22 degrees 54 minutes West 72.0 feet line described in a Deed dated August 25, 1952 from H.O Firor to Albert C. Susemihl, thence running and binding on the last named line South 22 degrees 54 minutes West 72.0 feet, making a total distance of 153.3 feet to an iron pipe set in the outline of the land of Sheppard and Enoch Pratt Hospital, formerly Sheppard Asylum, it being at a distance of 7.9 feet from the end of the South 46 degrees 28 minutes East 630 feet line described in a Deed dated May 3, 1938 and recorded in Liber CWB Jr. No. 1030, folio 230, etc., which was a conveyance from the Union Trust Company of Pittsburgh, Tr. to H.O. Firor, running thence reversely on part of the last named line, by the magnetic meridian of 1952 North 45 degrees 28 minutes West, identified by a plank fence, 120 feet to an iron pipe

now set, thence crossing the land now or formerly of Joseph Rampolla and Dana Rampolla for lines of division, the following two courses and distances: North 21 degrees 0 minutes East 140.5 feet to an iron pipe South 52 degrees 0 minutes East 120.2 feet to the place of beginning, containing 0.382 acres.

The improvements thereon being known as No. 7704 York Road.

Tax Account No.: (09) 09-02-571430

Tract Five:

Beginning for the same at a point on the west side of York Road and the center of a road or driveway there situated, North 12 degrees 20 minutes East 40 feet from a stone standing at the end of the sixteenth line of the land described in Deed from Rachel P. Brown, widow, et al, Trustees, to the Trustees of the Sheppard Asylum, dated July 10, 1858 and recorded among the Land Records of Baltimore County in Liber GHC No. 22, folio 274, etc., thence running along the center of said road, with the right to the use thereof in common, North 82 degrees 52 minutes West 245.0 feet and North 74 degrees 09 minutes West 85.9 feet, thence running North 11 degrees 37 minutes East 71.9 feet to a stone standing at the end of the third line of the land described in Deed from the Safe Deposit and Trust Company of Baltimore, Trustee, to the Trustees of the Sheppard Asylum, dated May 14, 1894 and recorded among the Land Records of Baltimore County in Liber LMB No. 202, folio 22, etc.; thence running in a reverse direction and binding on a part of said third line, South 78 degrees 23 minutes East 330.74 feet to a stone standing on the West side of the York Road, thence running and binding on the West side of York Road, South 12 degrees 20 minutes West 60 feet to the point of beginning. Containing 0.5 of an acre, more or less.

Saving and excepting therefrom that portion of the property hereinabove described which by Deed dated January 14, 1963 and recorded among the Land Records of Baltimore County in Liber RRG No. 4097, folio 11 was granted and conveyed by The Trustees of The Sheppard and Enoch Pratt Hospital unto The Sisters of the Third Order of St. Francis, Philadelphia Foundation of St. Joseph's Hospital, Baltimore, Maryland.

Tax Account No.: (09) 09-19-391144

THE REFERENCES IN THIS CONFIRMATORY SPECIAL WARRANTY DEED RELATING TO SQUARE FOOTAGE OF IMPROVEMENTS, DESCRIPTIONS OF THE IMPROVEMENTS, ACREAGE OF LAND, AND STREET ADDRESSES ARE PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND ARE NOT REPRESENTATIONS OR WARRANTIES BY GRANTOR OF THE ACCURACY OF SUCH INFORMATION.

EXHIBIT B

Permitted Real Property Encumbrances

AS TO ALL TRACTS

1. Taxes payable on an annual basis subsequent to the fiscal year ending June 30, 2012 and public charges (including assessments by any County, Municipality, Metropolitan District or Commission) payable on annual basis subsequent to the year ending December 31, 2012 and future taxes, levies, and public charges that have not been levied or assessed, all of which are liens not now due and payable.

2. Statements of facts or matter which a current and accurate survey would disclose.

3. Terms and provisions contained in Deed dated July 2, 1894 and recorded among the Land Records of Baltimore County in Liber LNB 216, folio 590 from Safe Deposit and Trust Company, trustee, unto President, Managers and Company of the Baltimore & Yorktown Turnpike Road.

4. Right of Way and Easement established by Deed dated May 12, 1925 and recorded among the aforesaid Land Records in Liber WPC 556, folio 127 from Trustees of the Sheppard and Enoch Pratt Hospital unto County Commissioners of Baltimore County.

5. Right to lay and maintain a sewer pipe established by Deed dated June 9, 1943 and recorded among the aforesaid Land Records in Liber 1292, folio 418 from Trustees of the Sheppard and Enoch Pratt Hospital unto County Commissioners of Baltimore County, as modified by Deed of Easement dated September 6, 1944 and recorded among the aforesaid Land Records in Liber 1363, folio 120 by The Trustees of the Sheppard and Enoch Pratt Hospital and County Commissioners of Baltimore County.

6. Rights of others to the use in common of the forty foot (40') road described in Deed dated June 28, 1950 and recorded among the aforesaid Land Records in Liber TBS 1852, folio 518 between William H. Wiley and Beulah F. Wiley, his wife and Albert C. Susemihl.

7. Fifty foot (50') right of way established by Deed dated January 14, 1963 and recorded among the aforesaid Land Records in Liber 4097, folio 11 from The Trustees of the Sheppard and Enoch Pratt Hospital unto The Sisters of the Third Order of St. Francis, Philadelphia Foundation of St. Joseph's Hospital, Baltimore, Maryland.

8. Deed and Agreement dated July 23, 1964 and recorded among the aforesaid Land Records in Liber 4334, folio 349 by The Trustees of the Sheppard and Enoch Pratt Hospital and Baltimore County, Maryland.

9. Easements established by Deed dated July 23, 1964 and recorded among the aforesaid Land Records in Liber 4338, folio 160 from The Trustees of the Sheppard and Enoch Pratt Hospital unto Baltimore County, Maryland.

10. Deed and Agreement dated October 31, 1964 and recorded among the aforesaid Land Records in Liber 4389, folio 407 between The Sister of the Third Order of St. Francis, Philadelphia Foundation of St. Joseph's Hospital, Baltimore, Maryland and Baltimore County, Maryland.

11. All right, title and interest of St. Joseph Professional Building, Inc., its successors and assigns, Lessee under Ground Lease dated November 12, 1970 by and between Saint Joseph Hospital, Inc. and St. Joseph Professional Building, Inc. as evidenced by Memorandum of Lease dated November 12, 1970 and recorded among the aforesaid Land Records in Liber 5158, folio 235, as amended by Amendment to Lease dated July 1, 1986 and recorded in Liber 8060, folio 184.

12. Deed of Easement dated December 14, 1984 and recorded among the aforesaid Land Records in Liber 6901, folio 123 between Saint Joseph Hospital, Inc. and Beulah F. Axley and Hugh Wiley and Serena Wiley, his wife.

13. Right of Way Easement dated August 6, 1986 and recorded among the aforesaid Land Records in Liber 7234, folio 773 between Saint Joseph Hospital, Inc. formerly known as The Sisters of the Third Order of St. Francis, Philadelphia Foundation of St. Joseph's Hospital of Baltimore, Maryland and The Chesapeake and Potomac Telephone Company of Maryland.

14. Deed of Declaration and Easement dated July 10, 1990 and recorded among the aforesaid Land Records in Liber 8545, folio 283 by The Sisters of The Third Order of St. Francis, Philadelphia Foundation of St. Joseph's Hospital, Baltimore, Maryland.

15. Easements established by Declaration of Easements, Covenants and Conditions dated January 28, 1992 and recorded among the aforesaid Land Records in Liber 9045, folio 654 Saint Joseph Hospital, Inc. and Towson Management, Inc. and O'Dea Medical Arts Limited Partnership.

16. Agreement dated March 2, 1999 and recorded among the aforesaid Land Records in Liber 13559, folio 382 between Saint Joseph Hospital, Inc. and O'Dea Medical Arts Limited Partnership.

17. Declaration of Easement Agreement dated October 1, 2005 and recorded among the aforesaid Land Records in Liber 23113, folio 626 between Saint Joseph Medical Center, Inc. and CNL Retirement DAS Towson MD, LP, as amended by First Amendment to Declaration of Easement Agreement dated March 1, 2007 and recorded in Liber 25799, folio 263.

18. Declaration of Reciprocal Access Party Wall and Maintenance Agreement dated October 1, 2005 and recorded among the aforesaid Land Records in Liber 23113, folio 648 between CNL Retirement DAS

Towson MD, LP and Saint Joseph Medical Center, Inc., as amended by First Amendment to Declaration of Reciprocal Access Party Wall and Maintenance Agreement dated March 1, 2007 and recorded in Liber 25799, folio 267.

19. Agreement and Declaration of Covenants dated January 9, 2006 and recorded among the aforesaid Land Records in Liber 23475, folio 69 between Saint Joseph Medical Center, Inc. and Gary E. Cornelius and Naomi C. Cornelius, his wife.

20. Right of Way Agreement dated June 9, 2009 and recorded among the aforesaid Land Records in Liber 28608, folio 1 between St. Joseph's Medical Center, Inc. and Baltimore Gas and Electric Company.

AS TO TRACT TWO:

21. All right, title and interest of CNL Retirement DAS Towson MD, LP, its successors and assigns, Lessee under Ground Lease, as evidenced by Memorandum of Lease dated October 1, 2005 and recorded among the aforesaid Land Records in Liber 23048, folio 24 by Saint Joseph Medical Center, Inc., as amended by First Amendment to Memorandum of Lease dated March 1, 2007 and record in Liber 25799, folio 257. Reference is made to Estoppel Certificate and Agreement dated December 12, 2005 and recorded among the aforesaid Land Records in Liber 23113, folio 667 between St. Joseph Medical Center, Inc. and Keybank National Association and CNL Retirement DAS Towson MD, LP.

AS TO TRACT THREE:

22. All right, title and interest of O'Dea Medical Arts Limited Partnership, its successors and assigns, Lessee under Ground Lease dated July 1, 1990 by and between St. Joseph Hospital, Inc. and O'Dea Medical Arts Limited Partnership as evidenced by Memorandum of Ground Lease dated August 12, 1991 and recorded among the aforesaid Land Records in Liber 8890, folio 704, as affected by:

a. First Amendment to Memorandum of Ground Lease dated December 23, 1991 and recorded among the aforesaid Land Records in Liber 9008, folio 259.

b. Second Amendment to Memorandum and Agreement of Ground Lease dated January 30, 1992 and recorded among the aforesaid Land Records in Liber 9045, folio 648.

c. Certificate of Compliance dated December 23, 1991 and recorded among the aforesaid Land Records in Liber 9008, folio 255.

State of Maryland
Department of Assessments and Taxation

Charter Division

0032876 407

Martin O'Malley
Governor

Robert E. Young
Director

Paul B. Anderson
Administrator

Date: 12/03/2012

CHICAGO TITLE
2 N CHARLES ST
BALTIMORE MD 21201-3754

THIS LETTER IS TO CONFIRM ACCEPTANCE OF THE FOLLOWING FILING:

ENTITY NAME	: ST. JOSEPH MEDICAL CENTER, INC.
DEPARTMENT ID	: D00188961
TYPE OF REQUEST	: CERTIFICATE OF CONVEYANCE
DATE FILED	: 12-03-2012
TIME FILED	: 01:54 PM
RECORDING FEE	: $25.00
ST.RECORDATION TAX	: $522159.00
ST. TRANSFER TAX	: $791150.00
FILING NUMBER	: 1000362004108595
CUSTOMER ID	: 0002841907
WORK ORDER NUMBER	: 0004058487

PLEASE VERIFY THE INFORMATION CONTAINED IN THIS LETTER. NOTIFY THIS DEPARTMENT IN WRITING IF ANY INFORMATION IS INCORRECT. INCLUDE THE CUSTOMER ID AND THE WORK ORDER NUMBER ON ANY INQUIRIES.

Charter Division
Baltimore Metro Area (410) 767-1350
Outside Metro Area (888) 246-5941

ENTITY TYPE: ORDINARY BUSINESS - NON-STOCK
STOCK: N
CLOSE: U
EFFECTIVE DATE: 12-03-2012
PRINCIPAL OFFICE: 7601 OSLER DRIVE
TOWSON MD 21204
RESIDENT AGENT: THE CORPORATION TRUST INCORPORATED
351 WEST CAMDEN STREET
BALTIMORE MD 21201-7912
COMMENTS:
THIS RECORD INDICATES THE CONVEYANCE INVOLVING THE FOLLOWING ENTITIES:
(D00188961) ST. JOSEPH MEDICAL CENTER, INC.

(W14654149) UNIVERSITY OF MARYLAND ST. JOSEPH MEDICAL CENTER, LLC.

00328761 409

State of Maryland Land Instrument Intake Sheet

☐ Baltimore City ☑ County: Baltimore

Information provided is for the use of the Clerk's Office, State Department of Assessments and Taxation, and County Finance Office Only.

(Type or Print in Black Ink Only—All Copies Must Be Legible)

Space Reserved for Circuit Court Clerk Recording Validation

IMP FD SURC 40.00
RECORDING FEE 75.00
TOTAL 115.00
Rcpt BA03 Rcpt # 97460
JLE JS Blk # 744
Dec 06, 2012 03:06 PM

1 Type(s) of Instruments (☐ Check Box if addendum Intake Form is Attached.)

☐ Deed ☐ Deed of Trust | ☐ Mortgage ☐ Lease | x Other Confirm. Deed | ☐ Other

2 Conveyance Type Check Box

☐ Improved Sale Arms-Length [1] | ☐ Unimproved Sale Arms-Length [2] | ☐ Multiple Accounts Arms-Length [3] | ☐ Not an Arms-Length Sale [9]

3 Tax Exemptions (if applicable) Cite or Explain Authority

Recordation	Deeds are exempt from Baltimore County Transfer Tax per
State Transfer	Section 11-3-202 (A) (5) of Baltimore County Code
County Transfer	

4 Consideration and Tax Calculations

Consideration Amount		Finance Office Use Only Transfer and Recordation Tax Consideration	
Purchase Price/Consideration	$ 157,610,000.00	Transfer Tax Consideration	$
Any New Mortgage	$	X ( ) % =	$ exempt
Balance of Existing Mortgage	$	Less Exemption Amount −	$
Other:	$	Total Transfer Total =	$
Other:	$	Recordation Tax Consideration	$
Full Cash Value:	$	X ( ) per $500 =	$ 520,113.00
		TOTAL DUE	$

10 of 3 Pd at SDAT 12/3/12

5 Fees

Amount of Fees	Doc. 1	Doc. 2
Recording Charge	$ 75.00	$
Surcharge	$ 40.00	$
State Recordation Tax	$ 520,113.00 PAID AT SDAT	$
State Transfer Tax	$ 788,050.00 PAID AT SDAT	$
County Transfer Tax	$	$
Other	$	$
Other	$	$

See Cert of Consideration

Agent: Dan

Tax Bill:

C.B. Credit:

Ag. Tax/Other:

6 Description of Property SDAT requires submission of all applicable information. A maximum of 40 characters will be indexed in accordance with the priority cited in Real Property Article Section 3-104(g)(3)(i).

District	Property Tax ID No. (1)	Grantor Liber/Folio	Map	Parcel No.	Var. LOG
09	09-19-391143 *	3432-114			☐ (5)

Subdivision Name	Lot (3a)	Block (3b)	Sect/AR (3c)	Plat Ref.	SqFt/Acreage (4)

Location/Address of Property Being Conveyed (2)

7601 Osler Dr.; 7501 Osler Dr.; Osler Dr.; 7704 York RD; York RD

Other Property Identifiers (if applicable) | Water Meter Account No.

*24-00-012799; 22-00-009012; 09-02-571430; 09-19-391144

Residential ☐ or Non-Residential ☑ | Fee Simple ☑ or Ground Rent ☐ | Amount:

Partial Conveyance? ☐ Yes ☑ No | Description/Amt. of SqFt/Acreage Transferred:

If Partial Conveyance, List Improvements Conveyed:

7 Transferred From

Doc. 1 – Grantor(s) Name(s)	Doc. 2 – Grantor(s) Name(s)
St. Joseph Medical Center, Inc., a Maryland nonstock corporation	
Doc. 1 – Owner(s) of Record, if Different from Grantor(s)	**Doc. 2 – Owner(s) of Record, if Different from Grantor(s)**

8 Transferred To

Doc. 1 – Grantee(s) Name(s)	Doc. 2 – Grantee(s) Name(s)
University of Maryland St.Joseph Medical Center, LLC, a Maryland limited liability company	

New Owner's (Grantee) Mailing Address

250 W. Pratt Street, 24th Floor, Baltimore,Maryland 21201-2423

9 Other Names to Be Indexed

Doc. 1 – Additional Names to be Indexed (Optional)	Doc. 2 – Additional Names to be Indexed (Optional)

10 Contact/Mail Information

Instrument Submitted By or Contact Person

Name: Patricia Bowman

Firm Chicago Title Insurance Company

Address: 1 North Charles Street Suite 400

Baltimore, Maryland 21201 Phone: (410) 230-9562

☑ Return to Contact Person ☐ Hold for Pickup ☐ Return Address Provided

11 Assessment Information

IMPORTANT: *BOTH* THE ORIGINAL DEED *AND* A PHOTCOPY MUST ACCOMPANY EACH TRANSFER

☐ Yes ☑ No Will the property being conveyed be the grantee's principal residence?

☐ Yes ☑ No Does transfer include personal property? If yes, identify:

☐ Yes ☑ No Was property surveyed? If yes, attach copy of survey (if recorded, no copy required).

Space Reserved for County Validation

Assessment Use Only – Do Not Write Below This Line

Terminal Verification | Agricultural Verification | Whole | Part | Tran. Process Verification

Transfer Number | Date Received: | Deed Reference: | Assigned Property No.:

	Year	20	20	Geo.	Map	Sub	Block
Land				Zoning	Grid	Plat	Lot
Buildings				Use	Parcel	Section	Occ. Cd.
Total				Town Cd.	Ex. St.	Ex. Cd.	

REMARKS:

TAX NOT REQUIRED
Director of Budget and Finance
BALTIMORE COUNTY, MARYLAND

☐ COUNTY TRANSFER TAX
Per ART 11 TITLE 3 SUBTITLE 2, 11-3-202

☐ RECORDATION TAX
Per

Distribution: White – Clerk's Office; Pink – Office of Finance; Canary – SDAT; Goldenrod – Preparer

ADC 66300 (5/2012-108

Date 12/6/12

EXHIBIT 4

Recordation Tax and State Transfer Tax on consideration in the amount of $460,000 has been paid to the State Department of Assessments and Taxation with the filing of Articles of Transfer and a Certificate of Conveyance pursuant to Sections 12-109(b)(3) and 13-208 of the Tax Property Article.

THIS DEED IS EXEMPT FROM BALTIMORE COUNTY TRANSFER TAX PURSUANT TO SECTION 11-3-202(A)(5) OF THE BALTIMORE COUNTY CODE BECAUSE GRANTEE, WHICH WILL OPERATE THE HOSPITAL KNOWN AS ST. JOSEPH MEDICAL CENTER UPON EXECUTION OF THIS DEED, IS WHOLLY OWNED BY THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION, WHICH OPERATES HOSPITALS, AND NO PART OF GRANTEE'S NET INCOME INURES TO PRIVATE SHAREHOLDERS OR INDIVIDUALS.

WHEN RECORDED RETURN TO:

Nancy Dodson Sacci
Commonwealth Land Title Insurance Company
One North Charles Street, Suite 400
Baltimore, Maryland 21201
12-0148-CH

CONFIRMATORY SPECIAL WARRANTY DEED

This Confirmatory Special Warranty Deed is made this 30th day of November, 2012 by and between **St. Joseph Medical Center, Inc.**, a Maryland nonstock corporation, formerly known as **Saint Joseph Hospital, Inc.**, ("**Grantor**") to the **University of Maryland St. Joseph Medical Center, LLC**, a Maryland limited liability company ("**Grantee**").

WHEREAS, the Grantor and the Grantee filed Articles of Transfer with the Maryland Department of Assessments and Taxation (the "**Department**") on ~~November~~ DECEMBER 3, 2012, pursuant to which the Grantor transferred to the Grantee all or substantially all of the property and assets of the Grantor, including the property described in **Exhibit A** attached hereto and made a part hereof, which is located in Baltimore County, Maryland. The Articles of Transfer were approved and accepted for filing by the Department on ~~November~~ DECEMBER 3, 2012, and

WHEREAS, title to the property described on **Exhibit A** is now vested in the Grantee pursuant to the Articles of Transfer; however, the Grantor and the Grantee desire to evidence the transfer by this Confirmatory Special Warranty Deed, wherefore this Confirmatory Special Warranty Deed is executed; and

WHEREAS, Grantor for and in consideration of the sum of $460,000 and other good and valuable consideration to it paid by Grantee, the receipt and sufficiency of which are hereby

acknowledged by Grantor, in accordance with the provisions of Section 3-115(b)(2)(i) of the Corporations and Associations Article of the Annotated Code of Maryland, has GRANTED, BARGAINED, SOLD and CONVEYED, and by these presents does GRANT, BARGAIN, SELL, CONVEY and CONFIRM unto Grantee, the real property described on **Exhibit A**, attached hereto and made a part hereof, along with all improvements located thereon, for all purposes, together with any and all rights, privileges, hereditaments, and appurtenances thereon or in anywise appertaining thereto, including Grantor's rights in and to adjacent streets, roads, alleys, easements and rights-of-way (said land, rights, improvements, privileges, hereditaments and appurtenances being hereinafter referred as the "**Property**"), subject to the Permitted Real Property Encumbrances set forth on **Exhibit B**, attached and incorporated herein by reference.

Being the same real property described in the following Deeds:

i. Deed dated April 12, 1980, and recorded among the Land Records of Baltimore County in Liber 6159, folio 560 from Osler Limited Partnership unto Saint Joseph Hospital, Inc. By amendment filed September 12, 1994, with the Maryland State Department of Assessments and Taxation, the name of Saint Joseph Hospital, Inc. was changed to St. Joseph Medical Center, Inc. (Unit 1-C-2).

ii. Deed dated July 16, 1997, and recorded among the Land Records of Baltimore County in Liber 12290, folio 211 from Hans J. Koetter unto Saint Joseph Hospital, Inc. (Unit 3-B-2).

TO HAVE AND TO HOLD the Property unto Grantee, its successors and assigns, in fee simple forever, subject only to those matters set forth on **Exhibit B**, and Grantor does hereby bind itself, its successors and assigns, to specially warrant and defend, and with covenants of further assurance, all and singular the Property unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming the same or any part thereof by, through or under Grantor, but not otherwise.

[Signature Appears on Following Page]

IN WITNESS WHEREOF, Grantor has caused this Deed to be executed and delivered effective as of the 30th day of November, 2012, but actually executed on the date set forth in the acknowledgement below.

GRANTOR:

St. Joseph Medical Center, Inc., a Maryland nonstock corporation

By: _____
Name: Charles W. Neumann
Title: President and Chief Executive Officer

State of Maryland)
) ss.
City and County of Baltimore)

BEFORE ME, the undersigned authority, on this day personally appeared Charles W. Neumann, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of St. Joseph Medical Center, Inc., a Maryland nonstock corporation and that Charles W. Neumann executed the same as the President and Chief Executive Officer of St. Joseph Medical Center, Inc. for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 29 day of November 2012.

My Commission Expires:

_____

_____
Notary Public, State of
Print Name: _____

PAULINE HARRIS
NOTARY PUBLIC
BALTIMORE COUNTY
MARYLAND
MY COMMISSION EXPIRES JANUARY 27, 2016

DMEAST #15964288 v2

ATTORNEY'S CERTIFICATION

I hereby certify that the foregoing instrument was prepared by or under the supervision of the undersigned, an attorney duly admitted to practice before the Court of Appeals of Maryland.

Danielle E. Howarth, Esq.

EXHIBIT A

Legal Description

Unit No. 1-C-2:

Being known and designated as Unit No. 1-C-2 in the Horizontal Property Regime known as "Osler Medical Center" together with all easements, rights and appurtenances thereunto belonging or appertaining, including an undivided 1.57% interest in the general common elements thereof, established by a Declaration dated August 10, 1976 by Osler Limited Partnership and recorded among the Land Records of Baltimore County in Liber EHK, Jr. No. 5684, folio 306 as amended by First Amendment to Condominium Declaration dated November 15, 1976 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5698, folio 805 and as further amended by Second Amendment to Condominium Declaration dated June 24, 1977 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5769, folio 30 and as further amended by Third Amendment to Condominium Declaration dated September 22, 1977 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5806, folio 116 and as further amended by Fourth Amendment to Condominium Declaration dated October 12, 1977 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5814, folio 250 and as further amended by Fifth Amendment to Condominium Declaration dated February 1, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5852, folio 37 and as further amended by Sixth Amendment to Condominium Declaration dated March 13, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5863, folio 461 and as further amended by Seventh Amendment to Condominium Declaration dated May 11, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5884, folio 35 and further amended by Eighth Amendment to Condominium Declaration dated July 18, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5911, folio 761 and further amended by Ninth Amendment to Condominium Declaration dated August 10, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5921, folio 481 and further amended by Tenth Amendment to Condominium Declaration dated December 18, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5970, folio 734 and as further amended by Eleventh Amendment to Condominium Declaration dated January 4, 1979 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5976, folio 421 and as further amended by Twelfth Amendment to Condominium Declaration dated February 22, 1979 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5993, folio 531 and as further amended by Thirteenth Amendment to Condominium Declaration dated April 24, 1979 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 6012, folio 666 and as amended by Fourteenth Amendment to Condominium Declaration dated May 17, 1979 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 6022, folio 334 and as further amended by Fifteenth Amendment to Condominium Declaration dated July, 1979 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 6056, folio 815 and as further amended by Sixteenth Amendment to Condominium Declaration dated November, 1979 and recorded

among the aforesaid Land Records in Liber EHK, Jr. No. 6099, folio 809 and as further amended by Seventeenth Amendment to Condominium Declaration dated November 8, 2000 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 15416, folio 454 and as further amended by Notice of Amendment to Condominium Plat for Osler Medical Center dated January 11, 1980 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 6125, folio 626, and as shown on the plats thereof recorded among the Plat Records of Baltimore County in Plat Book EHK Jr. No. 5, folios 88 through 95, 102, 103 and 110 and in Condominium Plat Book EHK, Jr. No. 6, folios 26, 33, 34, 47, 57, 60, 65, 73, 76, 105, 106, 114, 115, 123 through 127, 129, 136 and 146, and Condominium Plat Book SM 24, page 81.

Tax Account No.: (09) 17-00-00911 – Unit 1-C-2

Unit No. 3-B-2:

Being known and designated as Unit No. 3-B-2 in the Horizontal Property Regime known as "Osler Medical Center" together with all easements, rights and appurtenances thereunto belonging or appertaining, including an undivided 3.49% interest in the general common elements thereof, established by a Declaration dated August 10, 1976 by Osler Limited Partnership and recorded among the Land Records of Baltimore County in Liber EHK, Jr. No. 5684, folio 306 as amended by First Amendment to Condominium Declaration dated November 15, 1976 and recorded among the aforesaid Land Records in Liber EHK,Jr. No. 5698, folio 805 and as further amended by Second Amendment to Condominium Declaration dated June 24, 1977 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5769, folio 30 and as further amended by Third Amendment to Condominium Declaration dated September 22, 1977 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5806, folio 116 and as further amended by Fourth Amendment to Condominium Declaration dated October 12, 1977 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5814, folio 250 and as further amended by Fifth Amendment to Condominium Declaration dated February 1, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5852, folio 37 and as further amended by Sixth Amendment to Condominium Declaration dated March 13, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5863, folio 461 and as further amended by Seventh Amendment to Condominium Declaration dated May 11, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5884, folio 35 and further amended by Eighth Amendment to Condominium Declaration dated July 18, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5911, folio 761 and further amended by Ninth Amendment to Condominium Declaration dated August 10, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5921, folio 481 and further amended by Tenth Amendment to Condominium Declaration dated December 18, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5970, folio 734 and as further amended by Eleventh Amendment to Condominium Declaration dated January 4, 1979 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5976, folio 421 and as further amended by Twelfth Amendment to Condominium Declaration dated February 22, 1979 and recorded among the aforesaid Land Records in Liber EHK, Jr. No.

5993, folio 531 and as further amended by Thirteenth Amendment to Condominium Declaration dated April 24, 1979 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 6012, folio 666 and as amended by Fourteenth Amendment to Condominium Declaration dated May 17, 1979 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 6022, folio 334 and as further amended by Fifteenth Amendment to Condominium Declaration dated July, 1979 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 6056, folio 815 and as further amended by Sixteenth Amendment to Condominium Declaration dated November, 1979 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 6099, folio 809 and as further amended by Seventeenth Amendment to Condominium Declaration dated November 8, 2000 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 15416, folio 454 and as further amended by Notice of Amendment to Condominium Plat for Osler Medical Center dated January 11, 1980 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 6125, folio 626 and as shown on the plats thereof recorded among the Plat Records of Baltimore County in Plat Book EHK Jr. No. 5, folios 88 through 95, 102, 103 and 110 and in Condominium Plat Book EHK, Jr. No. 6, folios 26, 33, 34, 47, 57, 60, 65, 73, 76, 105, 106, 114, 115, 123 through 127, 129, 136 and 146, and Condominium Plat Book SM 24, page 81.

Tax Account No.: (09) 17-00-012370 – Unit 3-B-2

THE REFERENCES IN THIS CONFIRMATORY SPECIAL WARRANTY DEED RELATING TO SQUARE FOOTAGE OF IMPROVEMENTS, DESCRIPTIONS OF THE IMPROVEMENTS, ACREAGE OF LAND, AND STREET ADDRESSES ARE PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND ARE NOT REPRESENTATIONS OR WARRANTIES BY GRANTOR OF THE ACCURACY OF SUCH INFORMATION.

EXHIBIT B

Permitted Real Property Encumbrances

1. Taxes payable on an annual basis subsequent to the fiscal year ending June 30, 2012 and public charges (including assessments by any County, Municipality, Metropolitan District or Commission) payable on annual basis subsequent to the year ending December 31, 2012 and future taxes, levies, and public charges that have not been levied or assessed, all of which are liens not now due and payable.

2. Statements of facts or matter which a current and accurate survey would disclose.

3. Easement established by Deed dated July 23, 1964 and recorded among the aforesaid Land Records in Liber 4338, folio 160 from The Trustees of the Sheppard and Enoch Pratt Hospital unto Baltimore County, Maryland.

4. Terms, provisions, restrictions, covenants, assessments and liens established by Condominium Declaration dated August 10, 1976 and recorded among the aforesaid Land Records in Liber 5684, folio 306 by Osler Limited Partnership as amended by the following:

a. First Amendment to Condominium Declaration dated November 15, 1976 and recorded among the aforesaid Land Records in Liber EHK,Jr. No. 5698, folio 805

b. Second Amendment to Condominium Declaration dated June 24, 1977 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5769, folio 30

c. Third Amendment to Condominium Declaration dated September 22, 1977 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5806, folio 116

d. Fourth Amendment to Condominium Declaration dated October 12, 1977 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5814, folio 250

e. Fifth Amendment to Condominium Declaration dated February 1, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5852, folio 37

f. Sixth Amendment to Condominium Declaration dated March 13, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5863, folio 461

g. Seventh Amendment to Condominium Declaration dated May 11, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5884, folio 35

h. Eighth Amendment to Condominium Declaration dated July 18, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5911, folio 761

i. Ninth Amendment to Condominium Declaration dated August 10, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5921, folio 481

j. Tenth Amendment to Condominium Declaration dated December 18, 1978 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5970, folio 734

k. Eleventh Amendment to Condominium Declaration dated January 4, 1979 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5976, folio 421

l. Twelfth Amendment to Condominium Declaration dated February 22, 1979 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 5993, folio 531

m. Thirteenth Amendment to Condominium Declaration dated April 24, 1979 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 6012, folio 666

n. Fourteenth Amendment to Condominium Declaration dated May 17, 1979 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 6022, folio 334

o. Fifteenth Amendment to Condominium Declaration dated July, 1979 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 6056, folio 815

p. Sixteenth Amendment to Condominium Declaration dated November 1, 1979 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 6099, folio 809

q. Seventeenth Amendment to Condominium Declaration dated November 8, 2000 and recorded among the aforesaid Land Records in Liber EHK, Jr. No. 15416, folio 454

3. Terms, provisions, restrictions, covenants, assessments and liens established by By-Laws of Osler Medical Center dated as of October 8,1976 and recorded among the aforesaid Land Records in Liber 5684, folio 323, as amended by the following

a. Amendments to By-Laws recorded with Certificate dated September 16, 1983 and recorded among the aforesaid Land Records in Liber 6591, folio 76.

b. Certificate dated December 8, 1983 and recorded among the aforesaid Land Records in Liber 6640, folio 327.

c. Amendment to By-Laws dated December 15, 2010 and recorded among the aforesaid Land Records in Liber 30316, folio 455.

4. Terms and provisions contained in Deed dated June 27, 1978 and recorded among the aforesaid Land Records in Liber 5907, folio 731 from Osler Limited Partnership unto Hans J. Koetter and Pamela H. Koetter, his wife. (as to Unit 3-B-2)

5. Terms and provisions contained in Deed dated April 21, 1980 and recorded among the aforesaid Land Records in Liber 6159, folio 560 from Osler Limited Partnership unto St. Joseph Medical Center, Inc. (as to Unit 1-C-1)

6. Terms, conditions, easements, setbacks, notes and restrictions contained in the following:

(a) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. 5, folios 88 through 95.

(b) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. 5, folios 102 and 103.

(c) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. 5, folio 110.

(d) Plat 6 entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. 6, folio 27.

(e) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. 6, folios 33 and 34.

(f) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. 6, folio 37.

(g) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. 6, folio 47.

(h) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. 6, folio 57.

(i) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. 6, folio 60.

(j) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. , folio 65.

(k) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. 6, folio 73.

(l) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. 6, folio 76.

(m) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. 6, folios 105 and 106.

(n) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. 6, folios 114 and 115.

(o) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. 6, folios 123 through 127.

(p) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. 6, folio 129.

(q) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. 6, folio 136.

(r) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book EHK, Jr. No. 6, folio 146.

(s) Plat entitled "Osler Medical Center" and recorded among the aforesaid Plat Records in Plat book SM No. 24, folio 81

e of Maryland
partment of
sessments and Taxation

rter Division

003287 621

Martin O'Malley
Governor

Robert E. Young
Director

Paul B. Anderson
Administrator

Date: 12/03/2012

CHICAGO TITLE
2 N CHARLES ST
BALTIMORE MD 21201-3754

THIS LETTER IS TO CONFIRM ACCEPTANCE OF THE FOLLOWING FILING:

ENTITY NAME	: ST. JOSEPH MEDICAL CENTER, INC.
DEPARTMENT ID	: D00188961
TYPE OF REQUEST	: CERTIFICATE OF CONVEYANCE
DATE FILED	: 12-03-2012
TIME FILED	: 01:54 PM
RECORDING FEE	: $25.00
ST.RECORDATION TAX	: $522159.00
ST. TRANSFER TAX	: $791150.00
FILING NUMBER	: 1000362004108595
CUSTOMER ID	: 0002841907
WORK ORDER NUMBER	: 0004058487

PLEASE VERIFY THE INFORMATION CONTAINED IN THIS LETTER. NOTIFY THIS DEPARTMENT IN WRITING IF ANY INFORMATION IS INCORRECT. INCLUDE THE CUSTOMER ID AND THE WORK ORDER NUMBER ON ANY INQUIRIES.

Charter Division
Baltimore Metro Area (410) 767-1350
Outside Metro Area (888) 246-5941

301 West Preston Street-Room 801-Baltimore, Maryland 21201-2395
Telephone (410)767-4950 / Toll free in Maryland (888)246-5941
MRS (Maryland Relay Service) (800)735-2258 TT/Voice- Fax (410)333-7097

0008003726

CACCPT

ENTITY TYPE:	ORDINARY BUSINESS - NON-STOCK
STOCK:	N
CLOSE:	U
EFFECTIVE DATE:	12-03-2012
PRINCIPAL OFFICE:	7601 OSLER DRIVE TOWSON MD 21204
RESIDENT AGENT:	THE CORPORATION TRUST INCORPORATED 351 WEST CAMDEN STREET BALTIMORE MD 21201-7912

COMMENTS:
THIS RECORD INDICATES THE CONVEYANCE INVOLVING THE FOLLOWING ENTITIES:
(D00188961) ST. JOSEPH MEDICAL CENTER, INC.

(W14654149) UNIVERSITY OF MARYLAND ST. JOSEPH MEDICAL CENTER, LLC.

State of Maryland Land Instrument Intake Sheet

☐ Baltimore City ☑ County: Baltimore

Information provided is for the use of the Clerk's Office, State Department of Assessments and Taxation, and County Finance Office Only.

(Type or Print in Black Ink Only—All Copies Must Be Legible)

0032816 423

Space Reserved for Circuit Court Clerk Recording Validation

IMP FD SURE 40.00
RECORDING FEE 75.00
TOTAL 115.00
Rcpt BA03 Rcpt # 97460
JLE JS Blk # 745
Dec 06, 2012 03:06 PM

1 Type(s) of Instruments (☐ Check Box if addendum Intake Form is Attached.)

☐ Deed ☐ Deed of Trust	☐ Mortgage ☐ Lease	x Other Confirm. Deed	☐ Other

2 Conveyance Type Check Box

☐ Improved Sale Arms-Length [1]	☐ Unimproved Sale Arms-Length [2]	☐ Multiple Accounts Arms-Length [3]	☐ Not an Arms-Length Sale [9]

3 Tax Exemptions (if applicable) Cite or Explain Authority

Recordation	Deeds are exempt from Baltimore County Transfer Tax per
State Transfer	Section 11-3-202 (A) (5) of Baltimore County Code
County Transfer	

4 Consideration and Tax Calculations

Consideration Amount	
Purchase Price/Consideration	$ 460,000.00
Any New Mortgage	$
Balance of Existing Mortgage	$
Other:	$
Other:	$
Full Cash Value:	$

2 of 3 Plat SDAT 12/3/12 see cost of condemnation

Finance Office Use Only Transfer and Recordation Tax Consideration	
Transfer Tax Consideration	$
X ( )% =	$ exempt
Less Exemption Amount −	$
Total Transfer Tax =	$
Recordation Tax Consideration	$
X ( ) per $500 =	$ 1518.00
TOTAL DUE	$

5 Fees

Amount of Fees	Doc. 1	Doc. 2
Recording Charge	$ 75.00	$
Surcharge	$ 40.00	$
State Recordation Tax	$ 1,518.00 PAID AT SDAT	$
State Transfer Tax	$ 2,300.00 PAID AT SDAT	$
County Transfer Tax	$	$
Other	$	$
Other	$	$

Agent: Tax Bill: C.B. Credit: Ag. Tax/Other:

6 Description of Property SDAT requires submission of all applicable information. A maximum of 40 characters will be indexed in accordance with the priority cited in Real Property Article Section 3-104(g)(3)(i).

District	Property Tax ID No. (1)	Grantor Liber/Folio	Map	Parcel No.	Var. LOG
09	17-00-012370 *	6159-560 and **			☐ (5)

Subdivision Name	Lot (3a)	Block (3b)	Sect/AR (3c)	Plat Ref.	SqFt/Acreage (4)

Location/Address of Property Being Conveyed (2): Osler Road

Other Property Identifiers (if applicable): *17-00-009111 **12990-211

Water Meter Account No.:

Residential ☐ or Non-Residential ☑ | Fee Simple ☑ or Ground Rent ☐ | Amount:

Partial Conveyance? ☐ Yes ☑ No | Description/Amt. of SqFt/Acreage Transferred:

If Partial Conveyance, List Improvements Conveyed:

7 Transferred From

Doc. 1 – Grantor(s) Name(s)	Doc. 2 – Grantor(s) Name(s)
St. Joseph Medical Center, Inc., a Maryland nonstock corporation	
Doc. 1 – Owner(s) of Record, if Different from Grantor(s)	**Doc. 2 – Owner(s) of Record, if Different from Grantor(s)**

8 Transferred To

Doc. 1 – Grantee(s) Name(s)	Doc. 2 – Grantee(s) Name(s)
University of Maryland St.Joseph Medical Center, LLC, a Maryland limited liability company	

New Owner's (Grantee) Mailing Address: 250 W. Pratt Street, 24th Floor, Baltimore,Maryland 21201-2423

9 Other Names to Be Indexed

Doc. 1 – Additional Names to be Indexed (Optional)	Doc. 2 – Additional Names to be Indexed (Optional)

10 Contact/Mail Information

Instrument Submitted By or Contact Person

Name: Patricia Bowman
Firm Chicago Title Insurance Company
Address: 1 North Charles Street Suite 400
Baltimore, Maryland 21201 Phone: (410) 230-9562

☑ Return to Contact Person
☐ Hold for Pickup
☐ Return Address Provided

11 IMPORTANT: *BOTH* THE ORIGINAL DEED *AND* A PHOTCOPY MUST ACCOMPANY EACH TRANSFER

Assessment Information

☐ Yes ☑ No Will the property being conveyed be the grantee's principal residence?
☐ Yes ☑ No Does transfer include personal property? If yes, identify:
☐ Yes ☑ No Was property surveyed? If yes, attach copy of survey (if recorded, no copy required).

Space Reserved for County Validation

Assessment Use Only – Do Not Write Below This Line

Terminal Verification | Agricultural Verification | Whole | Part | Tran. Process Verification

Transfer Number | Date Received: | Deed Reference: | Assigned Property No.:

Year	20	20	Geo.	Map	Sub	Block
Land			Zoning	Grid	Plat	Lot
Buildings			Use	Parcel	Section	Occ. Cd.
Total			Town Cd.	Ex. Cd.	Par. Cd.	

REMARKS:

BALTIMORE COUNTY, MARYLAND
☐ COUNTY TRANSFER TAX
For ART 11 TITLE 3 SUBTITLE 2, 11-3-202
☐ RECORDATION TAX
For L.P. ART 12 108

Distribution: White – Clerk's Office; Pink – Office of Finance; Canary – SDAT; Goldenrod – Preparer

DLC/ADC/CC 308 (5/2007)

EXHIBIT 5

Recordation Tax and State Transfer Tax on consideration in the amount of $160,000 has been paid to the State Department of Assessments and Taxation with the filing of Articles of Transfer and a Certificate of Conveyance pursuant to Sections 12-109(b)(3) and 13-208 of the Tax Property Article.

THIS DEED IS EXEMPT FROM BALTIMORE COUNTY TRANSFER TAX PURSUANT TO SECTION 11-3-202(A)(5) OF THE BALTIMORE COUNTY CODE BECAUSE GRANTEE, WHICH WILL OPERATE THE HOSPITAL KNOWN AS ST. JOSEPH MEDICAL CENTER UPON EXECUTION OF THIS DEED, IS WHOLLY OWNED BY THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION, WHICH OPERATES HOSPITALS, AND NO PART OF GRANTEE'S NET INCOME INURES TO PRIVATE SHAREHOLDERS OR INDIVIDUALS.

WHEN RECORDED RETURN TO:

Nancy Dodson Sacci
Commonwealth Land Title Insurance Company
One North Charles Street, Suite 400
Baltimore, Maryland 21201
12-0148-CH

CONFIRMATORY SPECIAL WARRANTY DEED

This Confirmatory Special Warranty Deed is made this 30th day of November, 2012 by and between **St. Joseph Medical Center, Inc.**, a Maryland nonstock corporation, formerly known as **Saint Joseph Hospital, Inc.**, ("**Grantor**") to the **University of Maryland St. Joseph Medical Center, LLC**, a Maryland limited liability company ("**Grantee**").

WHEREAS, the Grantor and the Grantee filed Articles of Transfer with the Maryland Department of Assessments and Taxation (the "**Department**") on ~~November~~ DECEMBER 3, 2012, pursuant to which the Grantor transferred to the Grantee all or substantially all of the property and assets of the Grantor, including the property described in **Exhibit A** attached hereto and made a part hereof, which is located in Baltimore County, Maryland. The Articles of Transfer were approved and accepted for filing by the Department on ~~November~~ DECEMBER 3, 2012, and

WHEREAS, title to the property described on **Exhibit A** is now vested in the Grantee pursuant to the Articles of Transfer; however, the Grantor and the Grantee desire to evidence the transfer by this Confirmatory Special Warranty Deed, wherefore this Confirmatory Special Warranty Deed is executed; and

WHEREAS, Grantor for and in consideration of the sum of $160,000 and other good and valuable consideration to it paid by Grantee, the receipt and sufficiency of which are hereby acknowledged by Grantor, in accordance with the provisions of Section 3-115(b)(2)(i) of the Corporations and Associations Article of the Annotated Code of Maryland, has GRANTED, BARGAINED, SOLD and CONVEYED, and by these presents does GRANT, BARGAIN, SELL, CONVEY and CONFIRM unto Grantee, the real property described on **Exhibit A,** attached hereto and made a part hereof, along with all improvements located thereon, for all purposes, together with any and all rights, privileges, hereditaments, and appurtenances thereon or in anywise appertaining thereto, including Grantor's rights in and to adjacent streets, roads, alleys, easements and rights-of-way (said land, rights, improvements, privileges, hereditaments and appurtenances being hereinafter referred as the "**Property**"), subject to the Permitted Real Property Encumbrances set forth on **Exhibit B**, attached and incorporated herein by reference.

Being the same real property described in a Deed dated December 22, 1987, and recorded among the Land Records of Baltimore County in Liber 7757, folio 300 from 7710 Partnership unto Saint Joseph Hospital, Inc. By amendment, filed September 12, 1994, with The Maryland State Department of Assessments and Taxation, the name of Saint Joseph Hospital, Inc. was changed to St. Joseph Medical Center, Inc.

TO HAVE AND TO HOLD the Property unto Grantee, its successors and assigns, in fee simple forever, subject only to those matters set forth on **Exhibit B**, and Grantor does hereby bind itself, its successors and assigns, to specially warrant and defend, and with covenants of further assurance, all and singular the Property unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming the same or any part thereof by, through or under Grantor, but not otherwise.

[Signature Appears on Following Page]

IN WITNESS WHEREOF, Grantor has caused this Confirmatory Special Warranty Deed to be executed and delivered effective as of the 30th day of November, 2012, but actually executed on the date set forth in the acknowledgement below.

GRANTOR:

St. Joseph Medical Center, Inc., a Maryland nonstock corporation

By: _____
Name: Charles W. Neumann
Title: President and Chief Executive Officer

State of Maryland)
) ss.
City and County of Baltimore)

BEFORE ME, the undersigned authority, on this day personally appeared Charles W. Neumann, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of St. Joseph Medical Center, Inc., a Maryland nonstock corporation and that Charles W. Neumann executed the same as the President and Chief Executive Officer of St. Joseph Medical Center, Inc. for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 29 day of November, 2012.

My Commission Expires:

_____

_____
Notary Public, State of
Print Name: _____

PAULINE HARRIS
NOTARY PUBLIC
BALTIMORE COUNTY
MARYLAND
MY COMMISSION EXPIRES JANUARY 27, 2016

ATTORNEY'S CERTIFICATION

I hereby certify that the foregoing instrument was prepared by or under the supervision of the undersigned, an attorney duly admitted to practice before the Court of Appeals of Maryland.

Danielle E. Howarth, Esq.

EXHIBIT A

Legal Description

Unit 106:

Being known and designated as Condominium Unit No. 106 and located in The Professional Centre Condominium, 120 Sister Pierre Drive, Baltimore County, Maryland, established pursuant to the Declaration, By-Laws and Condominium Plats recorded in Liber EHK, Jr. No. 7036, folio 682 and in Condominium Plat Book EHK, Jr. No. 9, folio 136.

Together with an undivided interest in common with other unit owners in the Common Elements as more particularly described in said Declaration, By-Laws and Plats for the Professional Centre Condominium.

Tax Account No.: (09) 20-00-005124

THE REFERENCES IN THIS CONFIRMATORY SPECIAL WARRANTY DEED RELATING TO SQUARE FOOTAGE OF IMPROVEMENTS, DESCRIPTIONS OF THE IMPROVEMENTS, ACREAGE OF LAND, AND STREET ADDRESSES ARE PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND ARE NOT REPRESENTATIONS OR WARRANTIES BY GRANTOR OF THE ACCURACY OF SUCH INFORMATION.

EXHIBIT B

Permitted Real Property Encumbrances

1. Taxes payable on an annual basis subsequent to the fiscal year ending June 30, 2012 and public charges (including assessments by any County, Municipality, Metropolitan District or Commission) payable on annual basis subsequent to the year ending December 31, 2012 and future taxes, levies, and public charges that have not been levied or assessed, all of which are liens not now due and payable.

2. Statements of facts or matter which a current and accurate survey would disclose.

3. Covenants, conditions and restrictions contained in Declaration of Covenants, Conditions and Restrictions dated August 8, 1984 between 7710 Partnership and Saint Joseph Hospital, Inc. and recorded among the aforesaid Land Records in Liber 6816, folio 339.

4. Deed of Easement and Agreement dated November 12, 1984 and recorded among the aforesaid Land Records in Liber 6816, folio 346 between 7710 Partnership and Citicorp Financial, Inc. Reference is made to a plat entitled "Plat to Accompany Subdivision and Easement Agreement between 7710 Partnership and Citicorp Financial, Inc." and recorded among the aforesaid Land Records in Plat Book EHK, Jr. 52, page 9

5. Deed of Easement and Agreement dated December 14, 1984 and recorded among the aforesaid Land Records in Liber 6901, folio 123 between Saint Joseph Hospital, Inc. and 7710 Partnership.

6. By-Laws of The Professional Centre – A Condominium recorded among the aforesaid Land Records on November 19, 1985 in Liber 7036, folio 682.

7. Covenants, conditions, restrictions, easements, charges and liens established by Condominium Regime Declaration of The Professional Centre – A Condominium dated November 18, 1985 recorded among the aforesaid Land Records in Liber 7036, folio 717.

8. Right of Way Easement dated August 6, 1986 and recorded among the aforesaid Land Records in Liber 7234, folio 773 between Saint Joseph Hospital, Inc. and The Chesapeake and Potomac Telephone Company of Maryland.

9. Terms, conditions, easements, setbacks, notes and restrictions contained in Plat entitled "THE PROFESSIONAL CENTRE, A Condominium" Sheets 1 of 7 through 7 of 7 and recorded among the aforesaid Land Records in Condominium Plat Book 9, pages 136-142.

10. Agreement by and between William H. Wiley and Beulah F. Wiley and Consolidated Gas Electric Light and Power Company of Baltimore dated July 19, 1940 and recorded among the aforesaid Land Records in Liber 1116, folio 307.

11. Agreement by and between Martin T. Firor and Hattie P. Firor and Consolidated Gas Electric Light and Power Company of Baltimore dated July 19, 1940 and recorded among the aforesaid Land Records in Liber 1116, folio 307.

12. Rights of others to the use in common of the ten foot (10') right of way described in Deed dated August 25, 1952 and recorded among the aforesaid Land Records in Liber 2165, folio 27 between H. O. Firor and Edward G. Bowersock, Jr. and Elizabeth Pattison Bowersock.

13. Right of Way Agreement dated October 20, 1955 and recorded among the aforesaid Land Records in Liber 2852, folio 493 between Martin T. Firor and Hattie P. Firor and Baltimore Gas and Electric Company.

14. Right of Way Agreement dated February 29, 1956 and recorded among the aforesaid Land Records in Liber 2898, folio 53 between H. O. Firor and Baltimore Gas and Electric Company.

:e of Maryland
partment of
sessments and Taxation

ırter Division

SEQ #

0032876 491

Martin O'Malley
Governor

Robert E. Young
Director

Paul B. Anderson
Administrator

Date: 12/03/2012

CHICAGO TITLE
2 N CHARLES ST
BALTIMORE MD 21201-3754

THIS LETTER IS TO CONFIRM ACCEPTANCE OF THE FOLLOWING FILING:

ENTITY NAME	: ST. JOSEPH MEDICAL CENTER, INC.
DEPARTMENT ID	: D00188961
TYPE OF REQUEST	: CERTIFICATE OF CONVEYANCE
DATE FILED	: 12-03-2012
TIME FILED	: 01:54 PM
RECORDING FEE	: $25.00
ST.RECORDATION TAX	: $522159.00
ST. TRANSFER TAX	: $791150.00
FILING NUMBER	: 1000362004108595
CUSTOMER ID	: 0002841907
WORK ORDER NUMBER	: 0004058487

PLEASE VERIFY THE INFORMATION CONTAINED IN THIS LETTER. NOTIFY THIS DEPARTMENT IN WRITING IF ANY INFORMATION IS INCORRECT. INCLUDE THE CUSTOMER ID AND THE WORK ORDER NUMBER ON ANY INQUIRIES.

Charter Division
Baltimore Metro Area (410) 767-1350
Outside Metro Area (888) 246-5941

301 West Preston Street-Room 801-Baltimore, Maryland 21201-2395
Telephone (410)767-4950 / Toll free in Maryland (888)246-5941
MRS (Maryland Relay Service) (800)735-2258 TT/Voice- Fax (410)333-7097

0008003726

CACCPT

0032876 432

ENTITY TYPE: ORDINARY BUSINESS - NON-STOCK
STOCK: N
CLOSE: U
EFFECTIVE DATE: 12-03-2012
PRINCIPAL OFFICE: 7601 OSLER DRIVE
TOWSON MD 21204
RESIDENT AGENT: THE CORPORATION TRUST INCORPORATED
351 WEST CAMDEN STREET
BALTIMORE MD 21201-7912

COMMENTS:
THIS RECORD INDICATES THE CONVEYANCE INVOLVING THE FOLLOWING ENTITIES:
(D00188961) ST. JOSEPH MEDICAL CENTER, INC.

(W14654149) UNIVERSITY OF MARYLAND ST. JOSEPH MEDICAL CENTER, LLC.

0032876 453

State of Maryland Land Instrument Intake Sheet

☐ Baltimore City ☑ County: Baltimore

Information provided is for the use of the Clerk's Office, State Department of Assessments and Taxation, and County Finance Office Only.

(Type or Print in Black Ink Only—All Copies Must Be Legible)

Space Reserved for Circuit Court Clerk Recording Validation

IMP FD SURE 40.00
RECORDING FEE 20.00
TOTAL 60.00
Rcpt BA03 Rcpt # 97469
JLE JS Blk # 746
Dec 06, 2012 03:07 PM

1 Type(s) of Instruments (☐ Check Box if addendum Intake Form is Attached.)

☐ Deed ☐ Deed of Trust | ☐ Mortgage ☐ Lease | ☒ Other Confirm. Deed | ☐ Other

2 Conveyance Type Check Box

☐ Improved Sale Arms-Length [1] | ☐ Unimproved Sale Arms-Length [2] | ☐ Multiple Accounts Arms-Length [3] | ☐ Not an Arms-Length Sale [9]

3 Tax Exemptions (if applicable) Cite or Explain Authority

Recordation	Deeds are exempt from Baltimore County Transfer Tax per
State Transfer	Section 11-3-202 (A) (5) of Baltimore County Code
County Transfer	

4 Consideration and Tax Calculations

Consideration Amount		Finance Office Use Only Transfer and Recordation Tax Consideration	
Purchase Price/Consideration	$ 160,000.00	Transfer Tax Consideration	$
Any New Mortgage	$	X ( ) % =	$ exempt
Balance of Existing Mortgage	$	Less Exemption Amount –	$
Other:	$	Total Transfer Tax =	$
Other:	$	Recordation Tax Consideration	$
Full Cash Value:	$	X ( ) per $500 =	$ 528.00
		TOTAL DUE	$

3&3 Paid at SDAT 12/3/12 one cent of consideration

5 Fees

Amount of Fees	Doc. 1	Doc. 2
Recording Charge	$ 20.00	$
Surcharge	$ 40.00	$
State Recordation Tax	$ 528.00 PAID AT SDAT	$
State Transfer Tax	$ 800.00 PAID AT SDAT	$
County Transfer Tax	$	$
Other	$	$
Other	$	$

Agent:
Tax Bill:
C.B. Credit:
Ag. Tax/Other:

6 Description of Property SDAT requires submission of all applicable information. A maximum of 40 characters will be indexed in accordance with the priority cited in Real Property Article Section 3-104(g)(3)(i).

District	Property Tax ID No. (1)	Grantor Liber/Folio	Map	Parcel No.	Var. LOG
09	20-00-005124	7757-300			☐ (5)

Subdivision Name	Lot (3a)	Block (3b)	Sect/AR (3c)	Plat Ref.	SqFt/Acreage (4)

Location/Address of Property Being Conveyed (2): 120 Sister Pierre Dr.

Other Property Identifiers (if applicable) | Water Meter Account No.:

Residential ☐ or Non-Residential ☑ | Fee Simple ☑ or Ground Rent ☐ | Amount:

Partial Conveyance? ☐ Yes ☑ No | Description/Amt. of SqFt/Acreage Transferred:

If Partial Conveyance, List Improvements Conveyed:

7 Transferred From

Doc. 1 – Grantor(s) Name(s)	Doc. 2 – Grantor(s) Name(s)
St. Joseph Medical Center, Inc., a Maryland nonstock corporation	
Doc. 1 – Owner(s) of Record, if Different from Grantor(s)	**Doc. 2 – Owner(s) of Record, if Different from Grantor(s)**

8 Transferred To

Doc. 1 – Grantee(s) Name(s)	Doc. 2 – Grantee(s) Name(s)
University of Maryland St.Joseph Medical Center, LLC, a Maryland limited liability company	

New Owner's (Grantee) Mailing Address: 250 W. Pratt Street, 24th Floor, Baltimore,Maryland 21201-2423

9 Other Names to Be Indexed

Doc. 1 – Additional Names to be Indexed (Optional)	Doc. 2 – Additional Names to be Indexed (Optional)

10 Contact/Mail Information

Instrument Submitted By or Contact Person

Name: Patricia Bowman

Firm Chicago Title Insurance Company

Address: 1 North Charles Street Suite 400

Baltimore, Maryland 21201 Phone: (410) 230-9562

☑ Return to Contact Person ☐ Hold for Pickup ☐ Return Address Provided

11 Assessment Information

IMPORTANT: *BOTH* THE ORIGINAL DEED *AND* A PHOTOCOPY MUST ACCOMPANY EACH TRANSFER

☐ Yes ☑ No Will the property being conveyed be the grantee's principal residence?

☐ Yes ☑ No Does transfer include personal property? If yes, identify:

☐ Yes ☑ No Was property surveyed? If yes, attach copy of survey (if recorded, no copy required).

Space Reserved for County Validation

Assessment Use Only – Do Not Write Below This Line

Terminal Verification | Agricultural Verification | Whole | Part | Tran. Process Verification

Transfer Number | Date Received: | Deed Reference: | Assigned Property No.:

	Year	20	20
Land			
Buildings			
Total			

Geo.	Map	Sub	Block
Zoning	Grid	Plat	Lot
Use	Parcel	Section	Occ. Cd.
Town Cd.			

TAX NOT REQUIRED Director of Budget & Finance BALTIMORE COUNTY, MARYLAND Exempt

REMARKS:

☐ COUNTY TRANSFER TAX Per ART 11 TITLE 3 SUBTITLE 2, 11-3-202

☐ RECORDATION TAX Per T.P. ART 12-108

Date 12/6/12

Distribution: White – Clerk's Office; Pink – Office of Finance; Canary – SDAT; Goldenrod – Preparer

AOC-CC-300 (5/2007)

EXHIBIT 6

DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201

LEE PENNINGER, SENIOR COUNSEL
ADMINISTRATIVE & CIVIL REMEDIES BRANCH
OFFICE OF COUNSEL TO THE INSPECTOR GENERAL
330 INDEPENDENCE AVENUE, SW
COHEN BUILDING - ROOM 5527
WASHINGTON, DC 20201
TELEPHONE: (202) 690-5910
FACSIMILE: (202) 205-0604
EMAIL: LEE.PENNINGER@OIG.HHS.GOV

February 25, 2016

Christine Bachrach
Corporate Responsibility Officer
University of Maryland
Saint Joseph Medical Center
7601 Osler Drive
Towson, MD 21204

Re: Review of Fifth Annual Report

Dear Ms. Bachrach:

We reviewed the Fifth Annual Report submitted pursuant to the Corporate Integrity Agreement (CIA) executed on November 5, 2010 between University of Maryland St. Joseph Medical Center, Towson, Maryland (UMSJMC) and the Office of Inspector General of the Department of Health and Human Services (OIG). Based on our review, it appears that SJMC was in compliance with the terms of its CIA during the fifth reporting period. We consider the Fifth Annual Report to be complete.

The five-year term of UMSJMC's CIA has now concluded. During the term, UMSJMC submitted reports on the status of its compliance activities for each of the five reporting periods

This acknowledgement that UMSJMC has completed its CIA requirements is not a determination by the OIG that UMSJMC has implemented an effective compliance program. It is UMSJMC's responsibility to develop and implement a compliance program that is effective for ensuring compliance with all applicable Federal health care program requirements. The OIG makes no representations in this letter as to UMSJMC's practices or conduct that may be the subject of ongoing investigations, if any. Also, our comments do not reflect our assessment of any legal claims that may be made against UMSJMC in connection with any ongoing or future investigations.

We recommend that UMSJMC continue to incorporate into its operations the compliance program elements that were implemented by UMSJMC during the term of its CIA. We also suggest that UMSJMC regularly consult the OIG's website in the future for information regarding the OIG's corporate integrity initiatives.

At the next update, UMSJMC will be removed from the current listing of Corporate Integrity Agreements, Certification of Compliance Agreements, and Settlement Agreements with Integrity Provisions posted on the OIG's website.

If you have any questions regarding this letter, please contact me at (202) 690-5910 or Lee.Penninger@oig.hhs.gov.

Sincerely,

Lee Penninger

Lee Penninger
Senior Counsel

EXHIBIT 7

UNIVERSITY of MARYLAND ST. JOSEPH MEDICAL CENTER	**AD 48** **Public Disclosure of Charges**	**Policy Executive:** **SVP CFO**
Administrative	**Administration**	**Policy Owner:** **Director Patient Access**

VALUE STATEMENT

This policy reflects our values of *Integrity* and *Compassion* in our ability to foster community, respect the inherent dignity of every person, promote employee participation and ensure the safety and well-being of all.

PURPOSE

To provide financial information to the communities we serve, the public and individual patients and payers with regard to the charges related to the services we provide.

BENEFITS

Increase awareness of the cost of hospital care and make information available to the public to improve care decision making, planning and patient satisfaction.

POLICY

I. Information regarding hospital services and charges shall be made available to the public. A representative list of services and charges shall be made available to the public in written form at the hospital and via the UM SJMC website. Individual patients or their designated payor representative may request an estimate of charges for a specific procedure or service. This policy applies to all patients, regardless of race, creed, gender, age, national origin or financial status. Printed public notification regarding the program will be made quarterly.

PROCEDURE

I. For the provision of information to the public concerning charges for services, a representative list of services and charges will be available to the public in written form at the hospital and also via the UM SJMC website. The information will be updated quarterly and average actual charges will be consistent with hospital rates as approved by the Maryland Health Services Cost Review Commission (HSCRC). The Patient Access Department shall be responsible for ensuring the information's accuracy and updating it on a regular basis. The Patient Access Department shall be responsible for ensuring that the written information is available to the public at the hospital. The Marketing and Communications Department will ensure that the information is available to the public on the UM SJMC website.

II. Individuals or their payor representative may make a request for an estimate of charges for any scheduled or non-scheduled diagnostic test or service. Requests for an estimate of charges are handled by the Financial Counselors in the Patient Billing Department.

III. The Patient Access Department is responsible for ensuring the appropriate training and orientation is provided to their staff related to charge estimates and the COM alpha-

browse/estimator tool. Requirements for the Financial Counselors and Schedulers training to ensure that inquiries regarding charges for its services are appropriately handled include education on all necessary estimator tools both during their initial training and on annual job competencies.

EXHIBIT 8

UNIVERSITY of MARYLAND
ST. JOSEPH MEDICAL CENTER

Inpatient Medical Surgical Cases

M/S DRG	DRG NAME	Estimated Average Cost
470	Major Joint Replacement or Reattachment of Lower	$ 17,366.70
775	Vaginal Delivery without Complicating Diagnoses	$ 5,732.00
795	Normal Newborn	$ 1,352.23
765	Cesarean Section with CC/MCC	$ 7,787.12
460	Spinal Fusion Except Cervical without MCC	$ 40,387.41
766	Cesarean Section without CC/MCC	$ 6,260.00
247	Percutaneous Cardiovascular Procedure with Drug-E	$ 19,022.00
774	Vaginal Delivery with Complicating Diagnoses	$ 6,232.00
236	Coronary Bypass without Cardiac Catheterization w	$ 38,689.00
220	Cardiac Valve and Other Major Cardiothoracic Proc	$ 45,034
234	Coronary Bypass with Cardiac Catheterization with	$ 45,337
472	Cervical Spinal Fusion with CC	$ 31,858

Inpatient Behavioral Health Cases

M/S DRG	DRG NAME	Estimated Average Cost
885	PSYCHOSES	$ 10,252.00
881	DEPRESSIVE NEUROSES	$ 6,194.00
884	ORGANIC DISTURBANCES AND MENTAL RETARDATION	$ 8,996.00
880	ACUTE ADJUSTMENT REACTION AND PSYCHOSOCIAL DYSFUNCTION	$ 7,676.00
882	NEUROSES EXCEPT DEPRESSIVE	$ 6,353.00
883	DISORDERS OF PERSONALITY AND IMPULSE CONTROL	$ 6,636.00

Outpatient Procedures

CPT Code	CPT4/HCPCS Name (DESCRIPTION)	Estimated Average Cost
43239	EGD BIOPSY SINGLE/MULTIPLE	$ 1,934.00
45380	COLONOSCOPY AND BIOPSY	$ 1,745.00
93454	CORONARY ARTERY ANGIO S&I	$ 6,561.00
93458	L HRT ARTERY/VENTRICLE ANGIO	$ 5,344.00
45378	DIAGNOSTIC COLONOSCOPY	$ 1,369.00
47562	LAPAROSCOPIC CHOLECYSTECTOMY	$ 5,499.00
19301	PARTIAL MASTECTOMY	$ 6,675.00
29881	KNEE ARTHROSCOPY/SURGERY	$ 4,004.00
92960	CARDIOVERSION ELECTRIC EXT	$ 1,745.00
58558	HYSTEROSCOPY BIOPSY	$ 3,587.00
49505	PRP I/HERN INIT REDUC >5 YR	$ 4,757.00
45385	COLONOSCOPY W/LESION REMOVAL	$ 2,367.00
43259	EGD US EXAM DUODENUM/JEJUNUM	$ 1,588.00
92928	PRQ CARD STENT W/ANGIO 1 VSL	$ 12,517.00
43235	EGD DIAGNOSTIC BRUSH WASH	$ 1,734.00
29827	ARTHROSCOP ROTATOR CUFF REPR	$ 9,351.00
29826	SHOULDER ARTHROSCOPY/SURGERY	$ 8,668.00
44970	LAPAROSCOPY APPENDECTOMY	$ 7,244.00

Outpatient Lab

CPT Code	CPT4/HCPCS Name (DESCRIPTION)	Estimated Average Cost
85610	PROTHROMBIN TIME	$ 17.60
80053	COMPREHEN METABOLIC PANEL	$ 33.00
85025	COMPL CBC W PLT W AUTOM DIFF	$ 22.00
86850	RBC AB SCRN EA TECHIQ	$ 26.40
86900	BLOOD TYPING ABO	$ 8.80
86901	BLOOD TYPING RH D	$ 8.80
80307	DRUG SCREEN MULTI DRUG CLASS	$ 140.80
85027	COMPL AUTOM CBC W PLT	$ 17.60
80061	LIPID PANEL	$ 41.80
84443	THYROID STIMULATING HORMONE	$ 33.00

Outpatient Radiology

CPT Code	CPT4/HCPCS Name (DESCRIPTION)	Estimated Average Cost
71020	XRAY CHEST 2 VIEWS FRONTAL & LATERAL	$ 83.60
78815	NM PET IMAGING W CT SKULL TO MID-THIGH	$ 5,380.95
71010	XRAY CHEST SINGLE VIEW FRONTAL	$ 66.88
77012	IR CT GUIDANCE NEEDLE PLACEMENT	$ 150.44
76856	US NON-OB PELVIC COMPLETE	$ 351.12
74170	CT ABDOMEN & PELVIS W CONTRAST	$ 210.60
76830	US NON-OB TRANSVAGINAL	$ 418.00
71260	CT THORAX W CONTRAST	$ 183.30
93880	DUPLEX SCAN EXTRACRANIAL ARTERIES BILATERAL	$ 769.12
74230	1420010242 - HC SWALLOWING FUNCTION W CINE/ VIDEO RADIOGRAPHY	$ 468.16

Effective 12/5/2017

EXHIBIT 9

University of Maryland Medical Center University of Maryland Medical Center Midtown Campus University of Maryland Rehabilitation & Orthopaedic Institute University of Maryland St. Joseph Medical Center University of Maryland Baltimore Washington Medical Center	**The University of Maryland Medical System** **Central Business Office** **Policy & Procedure**	*Policy #:*	TBD
		Effective Date:	07/01/2016
	Subject: **FINANCIAL ASSISTANCE**	*Page #:*	1 of 9
		Supersedes:	07-01-2015

POLICY

This policy applies to The University of Maryland Medical System (UMMS) following entities:

- University of Maryland Medical Center (UMMC)
- University of Maryland Medical Center Midtown Campus (MTC)
- University of Maryland Rehabilitation & Orthopaedic Institute (UMROI)
- University of Maryland St. Joseph Medical Center (UMSJMC)
- University of Maryland Baltimore Washington Medical Center (UMBWMC)

UMMS is committed to providing financial assistance to persons who have health care needs and are uninsured, underinsured, ineligible for a government program, or otherwise unable to pay, for emergent and medically necessary care based on their individual financial situation.

It is the policy of the UMMS Entities to provide Financial Assistance based on indigence or high medical expenses for patients who meet specified financial criteria and request such assistance. The purpose of the following policy statement is to describe how applications for Financial Assistance should be made, the criteria for eligibility, and the steps for processing applications.

UMMS Entities will publish the availability of Financial Assistance on a yearly basis in their local newspapers and will post notices of availability at appropriate intake locations as well as the Billing Office. Notice of availability will also be sent to patients to patient with patient bills. Signage in key patient access areas will be made available. A Patient Billing and Financial Assistance Information Sheet will be provided before discharge and will be available to all patients upon request.

Financial Assistance may be extended when a review of a patient's individual financial circumstances has been conducted and documented. This should include a review of the patient's existing medical expenses and obligations (including any accounts having gone to bad debt except those accounts that have gone to lawsuit and a judgment has been obtained) and any projected medical expenses. Financial Assistance Applications may be offered to patients whose accounts are with a collection agency and may apply only to those accounts on which a judgment has not been granted.

UMMS retains the right in its sole discretion to determine a patient's ability to pay. All patients presenting for emergency services will be treated regardless of their ability to pay. For emergent/urgent services, applications to the Financial Clearance Program will be completed, received, and evaluated retrospectively and will not delay patients from receiving care.

University of Maryland St. Joseph Medical Center (UMSJMC) adopted this policy effective June 1, 2013.

University of Maryland Medical Center Midtown Campus (MTC) adopted this policy effective September 22, 2014.

University of Maryland Baltimore Washington Medical Center (UMBWMC) adopted this policy effective July 1, 2016.

PROGRAM ELIGIBILITY

Consistent with their mission to deliver compassionate and high quality healthcare services and to advocate for those who do not have the means to pay for medically necessary care, UMMC, MTC, UMROI, UMSJMC, and UMBWMC hospitals strive to ensure that the financial capacity of people who need health care services does not prevent them from seeking or receiving care.

Specific exclusions to coverage under the Financial Assistance program include the following:

1. Services provided by healthcare providers not affiliated with UMMS hospitals (e.g., durable medical equipment, home health services)
2. Patients whose insurance program or policy denies coverage for services by their insurance company (e.g., HMO, PPO, or Workers Compensation), are not eligible for the Financial Assistance Program.
   a. Generally, the Financial Assistance Program is not available to cover services that are denied by a patient's insurance company; however, exceptions may be made on a case by case basis considering medical and programmatic implications.
3. Unpaid balances resulting from cosmetic or other non-medically necessary services
4. Patient convenience items
5. Patient meals and lodging
6. Physician charges related to the date of service are excluded from UMMS financial assistance policy. Patients who wish to pursue financial assistance for physician-related bills must contact the physician directly.

Patients may be ineligible for Financial Assistance for the following reasons:

1. Refusal to provide requested documentation or provide incomplete information.
2. Have insurance coverage through an HMO, PPO, Workers Compensation, Medicaid, or other insurance programs that deny access to the Medical Center due to insurance plan restrictions/limits.
3. Failure to pay co-payments as required by the Financial Assistance Program.
4. Failure to keep current on existing payment arrangements with UMMS.
5. Failure to make appropriate arrangements on past payment obligations owed to UMMS (including those patients who were referred to an outside collection agency for a previous debt).
6. Refusal to be screened for other assistance programs prior to submitting an application to the Financial Clearance Program.
7. Refusal to divulge information pertaining to a pending legal liability claim
8. Foreign-nationals traveling to the United States seeking elective, non-emergent medical care

Patients who become ineligible for the program will be required to pay any open balances and may be submitted to a bad debt service if the balance remains unpaid in the agreed upon time periods.

Patients who indicate they are unemployed and have no insurance coverage shall be required to submit a Financial Assistance Application unless they meet Presumptive Financial Assistance Eligibility criteria. If the patient qualifies for COBRA coverage, patient's financial ability to pay COBRA insurance premiums shall be reviewed by the Financial Counselor/Coordinator and recommendations shall be made to Senior Leadership. Individuals with the financial capacity to purchase health insurance shall be encouraged to do so, as a means of assuring access to health care services and for their overall personal health.

Coverage amounts will be calculated based upon 200-300% of income as defined by Maryland State Department of Health and Mental Hygiene Medical Assistance Planning Administration Income Eligibility Limits for a Reduced Cost of Care.

Presumptive Financial Assistance

Patients may also be considered for Presumptive Financial Assistance Eligibility. There are instances when a patient may appear eligible for financial assistance, but there is no financial assistance form on file. There is adequate information provided by the patient or through other sources, which provide sufficient evidence to provide the patient with financial assistance. In the event there is no evidence to support a patient's eligibility for financial assistance, UMMS reserves the right to use outside agencies or information in determining estimated income amounts for the basis of determining financial assistance eligibility and potential reduced care rates. Once determined, due to the inherent nature of presumptive circumstances, the only financial assistance that can be granted is a 100% write-off of the account balance. Presumptive Financial Assistance Eligibility shall only cover the patient's specific date of service. Presumptive eligibility may be determined on the basis of individual life circumstances that may include:

a. Active Medical Assistance pharmacy coverage
b. SLMB coverage
c. PAC coverage
d. Homelessness
e. Medical Assistance and Medicaid Managed Care patients for services provided in the ER beyond the coverage of these programs
f. Medical Assistance spend down amounts
g. Eligibility for other state or local assistance programs
h. Patient is deceased with no known estate
i. Patients that are determined to meet eligibility criteria established under former State Only Medical Assistance Program
j. Non-US Citizens deemed non-compliant
k. Non-Eligible Medical Assistance services for Medical Assistance eligible patients
l. Unidentified patients (Doe accounts that we have exhausted all efforts to locate and/or ID)

m. Bankruptcy, by law, as mandated by the federal courts

n. St. Clare Outreach Program eligible patients

o. UMSJMC Maternity Program eligible patients

p. UMSJMC Hernia Program eligible patients

Specific services or criteria that are ineligible for Presumptive Financial Assistance include:

a. Purely elective procedures (example – Cosmetic) are not covered under the program.

b. Uninsured patients seen in the Emergency Department under Emergency Petition will not be considered under the presumptive financial assistance program until the Maryland Medicaid Psych program has been billed.

PROCEDURES

1. There are designated persons who will be responsible for taking Financial Assistance applications. These staff can be Financial Counselors, Patient Financial Receivable Coordinators, Customer Service Representatives, etc.
2. Every possible effort will be made to provide financial clearance prior to date of service. Where possible, designated staff will consult via phone or meet with patients who request Financial Assistance to determine if they meet preliminary criteria for assistance.
   a. Staff will complete an eligibility check with the Medicaid program for Self Pay patients to verify whether the patient has current coverage.
   b. Preliminary data will be entered into a third party data exchange system to determine probably eligibility. To facilitate this process each applicant must provide information about family size and income. To help applicants complete the process, we will provide an application that will let them know what paperwork is required for a final determination of eligibility.
   c. Applications initiated by the patient will be tracked, worked and eligibility determined within the third party data and workflow tool. A letter of final determination will be submitted to each patient that has formally requested financial assistance. Determination of Probable Eligibility will be provided within two business days following a patient's request for charity care services, application for medical assistance, or both.
   d. Upon receipt of the patient's application, they will have thirty (30) days to submit the required documentation to be considered for eligibility. If no data is received within the 30 days, a denial letter will

be sent notifying that the case is now closed for lack of the required documentation. The patient may re-apply to the program and initiate a new case if the original timeline is not adhered to. The Financial Assistance application process will be open up to at least 240 days after the first post-discharge patient bill is sent.

e. Individual notice regarding the hospital's charity care policy shall be provided at the time of preadmission or admission to each person who seeks services in the hospital.

3. There will be one application process for UMMC, MTC, UMROI, UMSJMC and UMBWMC. The patient is required to provide a completed Financial Assistance Application orally or in writing. In addition, the following may be required:

   a. A copy of their most recent Federal Income Tax Return (if married and filing separately, then also a copy spouse's tax return); proof of disability income (if applicable), proof of social security income (if applicable). If unemployed, reasonable proof of unemployment such as statement from the Office of Unemployment Insurance, a statement from current source of financial support, etc ...

   b. A copy of their most recent pay stubs (if employed) or other evidence of income.

   c. A Medical Assistance Notice of Determination (if applicable).

   d. Copy of their Mortgage or Rent bill (if applicable), or written documentation of their current living/housing situation.

A written request for missing information will be sent to the patient. Oral submission of needed information will be accepted, where appropriate.

4. A patient can qualify for Financial Assistance either through lack of sufficient insurance or excessive medical expenses. Once a patient has submitted all the required information, the Financial Counselor will review and analyze the application and forward it to the Patient Financial Services Department for final determination of eligibility based on UMMS guidelines.

   a. If the patient's application for Financial Assistance is determined to be complete and appropriate, the Financial Coordinator will recommend the patient's level of eligibility and forward for a second and final approval.

      i) If the patient does qualify for Financial Assistance, the Financial Coordinator will notify clinical staff who may then schedule the patient for the appropriate hospital-based service.
      ii) If the patient does not qualify for Financial Assistance, the Financial Coordinator will notify the clinical staff of the determination and the non-emergent/urgent hospital-based services will not be scheduled.
         (1) A decision that the patient may not be scheduled for hospital-based, non-emergent/urgent services may be reconsidered by the Financial Clearance Executive Committee, upon the request of a Clinical Chair.

5. Each clinical department has the option to designate certain elective procedures for which no Financial Assistance options will be given.

6. Once a patient is approved for Financial Assistance, Financial Assistance coverage may be effective for the month of determination, up to 3 years prior, and up to six (6) calendar months in to the future. However, there are no limitations on the Financial Assistance eligibility period. Each eligibility period will be determined on a case-by-case basis. If additional healthcare services are provided beyond the approval period, patients must reapply to the program for clearance. In addition, changes to the patient's income, assets, expenses or family status are expected to be communicated to the Financial Assistance Program Department. All

Extraordinary Collections Action activities, as defined below, will be terminated once the patient is approved for financial assistance and all the patient responsible balances are paid.

Extraordinary Collection Actions (ECAs) may be taken on accounts that have not been disputed or are not on a payment arrangement. Except in exceptional circumstances, these actions will occur no earlier than 120 days from submission of first bill to the patient and will be preceded by notice 30 days prior to commencement of the action. Availability of financial assistance will be communicated to the patient and a presumptive eligibility review will occur prior to any action being taken.

i) Garnishments may be applied to these patients if awarded judgment.

ii) A lien will be placed by the Court on primary residences within Baltimore City. The facility will not pursue foreclosure of a primary residence but may maintain our position as a secured creditor if a property is otherwise foreclosed upon.

iii) Closed account balances that appear on a credit report or referred for judgment/garnishment may be reopened should the patient contact the facility regarding the balance report. Payment will be expected from the patient to resolve any credit issues, until the facility deems the balance should remain written off.

7. If a patient is determined to be ineligible, all efforts to collect co-pays, deductibles or a percentage of the expected balance for the service will be made prior to the date of service or may be scheduled for collection on the date of service.
8. A letter of final determination will be submitted to each patient who has formally submitted an application.
9. Refund decisions are based on when the patient was determined unable to pay compared to when the patient payments were made. Refunds may be issued back to the patient for credit balances, due to patient payments, resulted from approved financial assistance on considered balance(s). Payments received for care rendered during the financial assistance eligibility window will be refunded, if the amount exceeds the patient's determined responsibility by $5.00 or more.
10. Patients who have access to other medical care (e.g., primary and secondary insurance coverage or a required service provider, also known as a carve-out), must utilize and exhaust their network benefits before applying for the Financial Assistance Program.
11. The Financial Assistance Program will accept the Faculty Physicians, Inc.'s (FPI) completed financial assistance applications in determining eligibility for the UMMS Financial Assistance program. This includes accepting FPI's application requirements.
12. The Financial Assistance Program will accept all other University of Maryland Medical System hospital's completed financial assistance applications in determining eligibility for the program. This includes accepting each facility's application format.
13. The Financial Assistance Program does not cover Supervised Living Accommodations and meals while a patient is in the Day Program.
14. Where there is a compelling educational and/or humanitarian benefit, Clinical staff may request that the Financial Clearance Executive Committee consider exceptions to the Financial Assistance Program guidelines, on a case-by-case basis, for Financial Assistance approval.

a. Faculty requesting Financial Clearance/Assistance on an exception basis must submit appropriate justification to the Financial Clearance Executive Committee in advance of the patient receiving services.

b. The Chief Medical Officer will notify the attending physician and the Financial Assistance staff of the Financial Clearance Executive Committee determination.

Financial Hardship

The amount of uninsured medical costs incurred at either, UMMC, MTC, UMROI, UMSJMC and UMBWMC will be considered in determining a patient's eligibility for the Financial Assistance Program. The following guidelines are outlined as a separate, supplemental determination of Financial Assistance, known as Financial Hardship. Financial Hardship will be offered to all patients who apply for Financial Assistance.

Medical Financial Hardship Assistance is available for patients who otherwise do not qualify for Financial Assistance under the primary guidelines of this policy, but for whom:

1) Their medical debt incurred at our either UMMC, MTC, UMROI, UMSJMC and UMBWMC exceeds 25% of the Family Annual Household Income, which is creating Medical Financial Hardship; and

2) who meet the income standards for this level of Assistance.

For the patients who are eligible for both, the Reduced Cost Care under the primary Financial Assistance criteria and also under the Financial Hardship Assistance criteria, UMMC, MTC, UMROI, UMSJMC and UMBWMC will grant the reduction in charges that are most favorable to the patient.

Financial Hardship is defined as facility charges incurred here at either UMMC, MTC, UMROI, UMSJMC and UMBWMC for medically necessary treatment by a family household over a twelve (12) month period that exceeds 25% of that family's annual income.

Medical Debt is defined as out of pocket expenses for the facility charges incurred here at UMMC, MTC, UMROI, UMSJMC and UMBWMC for medically necessary treatment.

Once a patient is approved for Financial Hardship Assistance, coverage will be effective starting the month of the first qualifying date of service and up to the following twelve (12) calendar months from the application evaluation completion date. Each patient will be evaluated on a case-by-case basis for the eligibility time frame according to their spell of illness/episode of care. It will cover the patient and the immediate family members living in the household for the approved reduced cost and eligibility period for medically necessary treatment. Coverage shall not apply to elective or cosmetic procedures. However, the patient or guarantor must notify the hospital of their eligibility at the time of registration or admission. In order to continue in the program after the expiration of each eligibility approval period, each patient must reapply to be reconsidered. In addition, patients who have been approved for the program must inform the hospitals of any changes in income, assets, expenses, or family (household) status within 30 days of such change(s).

All other eligibility, ineligibility, and procedures for the primary Financial Assistance program criteria apply for the Financial Hardship Assistance criteria, unless otherwise stated above.

Appeals

- Patients whose financial assistance applications are denied have the option to appeal the decision.
- Appeals can be initiated verbally or written.
- Patients are encouraged to submit additional supporting documentation justifying why the denial should be overturned.
- Appeals are documented within the third party data and workflow tool. They are then reviewed by the next level of management above the representative who denied the original application.
- If the first level of appeal does not result in the denial being overturned, patients have the option of escalating to the next level of management for additional reconsideration.
- The escalation can progress up to the Chief Financial Officer who will render a final decision.
- A letter of final determination will be submitted to each patient who has formally submitted an appeal.

Judgments

If a patient is later found to be eligible for Financial Assistance after a judgment has been obtained or the debt submitted to a credit reporting agency, UMMC, MTC, UMROI, UMSJMC and UMBWMC shall seek to vacate the judgment and/or strike the adverse credit information.

ATTACHMENT A

Sliding Scale – Reduced Cost of Care

MD DHMH 2016 Income Elig Limit Guidelines		Income Level Up to 200% Pt Resp 0%	S L I	Income Level Pt Resp 10%	Income Level Pt Resp 20%	Income Level Pt Resp 30%	Income Level Pt Resp 40%	Income Level Pt Resp 50%	Income Level Pt Resp 60%	Income Level Pt Resp 70%	Income Level Pt Resp 80%	Income Level Pt Resp 90%
HH	100% MD DHMH	100% Charity	D	90% Charity	80% Charity	70% Charity	60% Charity	50% Charity	40% Charity	30% Charity	20% Charity	10% Charity
Size	Max	Max	I	Max	Max	Max	Max	Max	Max	Max	Max	Max
1	**$16,395**	**$32,790**	N	$34,430	$36,069	$37,709	$39,348	$40,988	$42,627	$44,267	$45,906	$49,184
2	**$22,108**	**$44,216**	G	$46,427	$48,638	$50,848	$53,059	$55,270	$57,481	$59,692	$61,902	$66,323
3	**$27,821**	**$55,642**		$58,424	$61,206	$63,988	$66,770	$69,553	$72,335	$75,117	$77,899	$83,462
4	**$33,534**	**$67,068**	S	$70,421	$73,775	$77,128	$80,482	$83,835	$87,188	$90,542	$93,895	$100,601
5	**$39,248**	**$78,496**	C	$82,421	$86,346	$90,270	$94,195	$98,120	$102,045	$105,970	$109,894	$117,743
6	**$44,961**	**$89,922**	A	$94,418	$98,914	$103,410	$107,906	$112,403	$116,899	$121,395	$125,891	$134,882
7	**$50,702**	**$101,404**	L	$106,474	$111,544	$116,615	$121,685	$126,755	$131,825	$136,895	$141,966	$152,105
8	**$56,443**	**$112,886**	E	$118,530	$124,175	$129,819	$135,463	$141,108	$146,752	$152,396	$158,040	$169,328

Effective 7/1/16

EXHIBIT 10

UNIVERSITY of MARYLAND
ST. JOSEPH MEDICAL CENTER

FACTS ABOUT

FINANCIAL ASSISTANCE POLICY

St. Joseph Medical Center has a financial assistance policy and under Maryland law must inform you that you may be entitled to receive financial assistance with the cost of medically necessary hospital services if you have a low income, do not have insurance, or your insurance does not cover your medically-necessary hospital care and you are low-income.

Patients' Rights

- If you meet the policy criteria you may receive financial assistance from the hospital.
- If you believe you have wrongly been referred to a collection agency, you have the right to contact the hospital to request assistance.
- You may be eligible for Maryland Medical Assistance. This is a joint state and Federal program that pays the full cost of health coverage for low-income individuals who meet certain criteria.

Patients' Obligations

- Those able to pay for their bill, will do so in a timely manner.
- It is your responsibility to provide correct insurance information.
- If you do not have health coverage or cannot afford to pay the bill in full, you should contact the business office promptly, to discuss payment.
- You must provide accurate and complete financial information. If your financial position changes, you have an obligation to promptly contact the business office.

Contacts

- You can download the uniform financial assistance application from the following link: http://hscrc.state.md.us/consumers_uniform.cfm
- For information on Maryland Medical Assistance contact your local Department of Social Services by phone 1-800-332-6347; TTY 1-800-925-4434; or www.dhr.state.md.us.

Physician Services

Physician services provided during your stay will be billed separately and are not included on your hospital billing statement.

Business Office

410-821-4140

Financial Assistance Office

410-337-3902

EXHIBIT 11

Financial Assistance

University of Maryland St. Joseph Medical Center understands that patients may be faced with a difficult financial situation when they incur medical bills that are not covered by insurance. We encourage every patient and family to pursue all available programs that may be offered through the local Departments of Social Services. There are many programs that you and your family may be eligible for, including pharmacy coverage and children's programs, even if your income may be above state guidelines. UM St. Joseph Medical Center can offer financial assistance to our patients who are denied state assistance. Please speak with a Financial Services Representative to determine if you may be eligible for either full or discounted services under this program. The hospital will make a determination of probable eligibility within two business days following a patient's request for charity care services, application for medical assistance, or both. You may also contact our **Financial Assistance Department** at **410-821-4140** for further information. Our financial aid programs will only apply to your hospital bills, and again, we encourage you to contact the Department of Social Services for assistance in paying all your medical bills. We may reschedule or delay non-emergency services until financial assistance or payment arrangements have been made. Please contact our office immediately to discuss the options that may be available to you.

University of Maryland St. Joseph Medical Center Financial Assistance

For information on Maryland Medical Assistance contact your local Department of Social Services by phone **1-800-332-6347**; TYY: **1-800-925-4434**; or **www.dhr.state.md.us.**

UNIVERSITY of MARYLAND
ST. JOSEPH MEDICAL CENTER

Financial Assistance

University of Maryland St. Joseph Medical Center comprende que los pacientes pueden enfrentar una situación financiera complicada cuando incurren en gastos médicos que no están cubiertos por el seguro. Alentamos a cada paciente y a su familia a que busquen todos los programas disponibles que puede ofrecer el Departamento de Servicios Sociales local. Existen muchos programas para los cuales usted y su familia pueden ser elegibles, incluyendo programas de cobertura farmacéutica e infantil, aún cuando sus ingresos estén por encima de las pautas estatales. UM St. Joseph Medical Center puede ofrecer asistencia financiera a nuestros pacientes a quienes se les niega la asistencia estatal. Por favor, hable con un Departamento de Servicios Financieros para determinar si es elegible, tanto para los servicios completos como para servicios con descuento conforme este programa. El hospital determinará la probable elegibilidad dentro de los dos (2) días hábiles posteriores a la solicitud de los servicios de atención de beneficencia del paciente, a la solicitud de Asistencia Médica o a ambas. Puede además ponerse en contacto con su **Departamento de Asistencia Financiera** al **410-821-4140** para obtener más información. Nuestros programas de ayuda financiera se aplicarán solamente a sus gastos hospitalarios, y nuevamente, lo alentamos a que se ponga en contacto con el Departamento de Servicios Sociales para obtener asistencia para el pago de todos sus gastos médicos. Podemos reprogramar o demorar los servicios que no sean de emergencia hasta que obtenga la asistencia financiera o se hayan realizado los arreglos de pago. Póngase en contacto con nuestra oficina inmediatamente para discutir las opciones que pueden estar disponibles para usted.

Asistencia Financiera de University of Maryland St. Joseph Medical Center

Para obtener más información sobre la Asistencia Médica en Maryland póngase en contacto con su Departamento de Servicios Sociales local por teléfono al **1-800-332-6347**; TTY: **1-800-925-4434**; o **www.dhr.state.md.us**.

ROBYN BECK/GETTY-AFP

A fire crew on Tuesday makes its way to a house surrounded by smoke from the Thomas fire, the fifth largest fire in California history, in Montecito, just outside Santa Barbara.

Homeless camp sparked Bel-Air fire, officials say

Crews make gains against large blaze northwest of LA

Associated Press

LOS ANGELES — Authorities said Tuesday that a wildfire that destroyed six homes and damaged a dozen more last week in the exclusive Bel-Air section of Los Angeles was sparked by an illegal cooking fire in a homeless encampment.

City fire spokesman Erik Scott said investigators found the campsite in some brush near Sepulveda Boulevard where it passes under Interstate 405.

No one was in the camp, and no arrests had been made.

Scott said fire officials didn't know about the camp but that beginning next fire season they plan to start looking for such encampments and will notify police.

The fire near the Getty museum was one of several burning simultaneously in the LA area last week that forced thousands to evacuate.

The causes of the other fires remain under investigation.

Early Tuesday, the fifth largest wildfire in the state's history expanded, ripping through dry brush atop a coastal ridge while crews struggled to keep flames from roaring down into neighborhoods amid fears of renewed winds.

Firefighters protected foothill homes northwest of Los Angeles, making progress in residential areas while much of the fire's growth occurred to the north in unoccupied forest land, Santa Barbara County Fire Department spokesman Mike Eliason said Tuesday.

Tens of thousands of people remain evacuated, including many from the seaside enclaves of Montecito, Summerland and Carpinteria and the inland agricultural town of Fillmore.

Residents near a Carpinteria avocado orchard said the trees could end up saving their homes.

"You have a thick layer of leaves underneath the bottom and they are watered regularly, so it's like a sponge," Jeff Dreyer, who lives nearby, told KEYT-TV. "So the fire gets to the sponge full of water and it slows it down. It takes a long time for it to burn."

Poor air quality kept dozens of schools closed. As ash rained down and smoke blew through streets, regulators urged people to remain inside if possible and avoid strenuous activity.

Officials handed out masks to those who stayed behind in Montecito, an exclusive community 75 miles from Los Angeles that's home to stars such as Oprah Winfrey, Jeff Bridges and Drew Barrymore. Actor Rob Lowe was among residents who evacuated over the weekend.

The blaze — known as the Thomas fire — has destroyed more than 680 homes, officials said. It was just partially contained after burning more than 360 square miles of dry brush and timber. The fire has been burning for more than a week.

To the north, San Francisco Bay Area firefighters quickly contained blazes Tuesday that destroyed at least two homes in hills east of Oakland — the site of a 1991 firestorm that killed 25 people.

Bomb suspect mocked president before attack

Authorities charge man in botched transit detonation

By Tom Hays and Larry Neumeister
Associated Press

JUSTIN LANE/EPA

An officer on Tuesday monitors the subway station under the bus terminal, the site of Monday's attack in New York.

NEW YORK — The Bangladeshi immigrant arrested in a botched suicide bombing in the New York subway mocked President Donald Trump on Facebook on his way to carry out the attack, writing "Trump you failed to protect your nation," authorities said Tuesday as they brought federal charges against him.

Akayed Ullah, 27, was accused of detonating a pipe bomb strapped to his body in an underground passageway between Times Square — the city's busiest subway station — and the bustling Port Authority Bus Terminal. The device did not fully detonate, and Ullah was the only one seriously hurt in the attack Monday morning.

Ullah

At the hospital where he was taken with burns on his hands and torso, he told officers, "I did it for the Islamic State," according to the criminal complaint. Also, a search of his Brooklyn apartment turned up a passport in his name, scrawled with the words "O AMERICA, DIE IN YOUR RAGE," authorities said.

His court-appointed lawyer did not return a message seeking comment.

At a news conference, Acting U.S. Attorney Joon H. Kim said Ullah picked rush hour on a weekday to maximize casualties in his quest "to kill, to maim and to destroy."

Ullah, "with a hate-filled heart and an evil purpose," carried out the attack after researching how to build a bomb a year ago and planned his mission for several weeks, Kim said.

The bomb was assembled in the past week using fragments of a metal pipe, a battery and a Christmas tree light bulb, along with metal screws as shrapnel, authorities said. They said it was strapped to his body with wires and zip ties.

The suspect "had apparently hoped to die in his own misguided rage, taking as many innocent people as he could with him, but through incredible good fortune, his bomb did not seriously injure anyone other than himself," Kim said.

Ullah was charged with providing material support to a terrorist group, use of a weapon of mass destruction and three bomb-related counts. He could get up to life in prison.

According to the court papers, Ullah started to become radicalized in 2014 and began researching how to build a bomb after watching Islamic State propaganda materials online.

In reaction to the bombing, Trump demanded a tightening of immigration rules.

Ullah entered the country in 2011 on a visa available to certain relatives of U.S. citizens. Less than two months ago, an Uzbek immigrant who came to the U.S. through a visa lottery was accused of killing eight people in New York by mowing them down with a truck along a bike path.

"We're going to end both of them — the lottery system and chain migration. We're going to end them fast," Trump said at the White House.

Ullah lived with his father, mother and brother in a Brooklyn neighborhood with a large Bangladeshi community, residents said.

Overseas, Bangladesh officers questioned Ullah's wife and other relatives, officials said. Relatives and police said Ullah last visited Bangladesh in September to see his wife and newborn son.

Meanwhile, Attorney General Jeff Sessions said the botched attack showed in the "starkest terms" that the failures of the U.S. immigration system are a national security issue.

Sessions called anew on Congress to strengthen immigration laws and said the administration was moving to more strictly enforce immigration law and reduce an immigration caseload that has tripled since fiscal 2009.

Financial Assistance

University of Maryland St. Joseph Medical Center understands that patients may be faced with a difficult financial situation when they incur medical bills that are not covered by insurance. We encourage every patient and family to pursue all available programs that may be offered through the local Departments of Social Services. There are many programs that you and your family may be eligible for, including pharmacy coverage and children's programs, even if your income may be above state guidelines. UM St. Joseph Medical Center can offer financial assistance to our patients who are denied state assistance. Please speak with a Financial Services Representative to determine if you may be eligible for either full or discounted services under this program. The hospital will make a determination of probable eligibility within two business days following a patient's request for charity care services, application for medical assistance, or both. You may also contact our **Financial Assistance Department** at **410-821-4140** for further information. Our financial aid programs will only apply to your hospital bills, and again, we encourage you to contact the Department of Social Services for assistance in paying all your medical bills. We may reschedule or delay non-emergency services until financial assistance or payment arrangements have been made. Please contact our office immediately to discuss the options that may be available to you.

University of Maryland St. Joseph Medical Center Financial Assistance

For information on Maryland Medical Assistance contact your local Department of Social Services by phone **1-800-332-6347**; TYY: **1-800-925-4434**; or **www.dhr.state.md.us.**

UNIVERSITY of MARYLAND
ST. JOSEPH MEDICAL CENTER

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EXHIBIT 12

MARYLAND
DEPARTMENT OF HEALTH AND MENTAL HYGIENE
OFFICE OF HEALTH CARE QUALITY

SPRING GROVE CENTER
BLAND BRYANT BUILDING
55 WADE AVENUE
CATONSVILLE, MARYLAND 21228

License No. 03-079

Issued to:

University Of Maryland St Joseph Medical Center
7601 Osler Drive
Towson, MD 21204

Type of Facility: Acute General Hospital

Date Issued: December 12, 2015

Authority to operate in this State is granted to the above entity pursuant to The Health-General Article, Title 19 Section 318 Annotated Code of Maryland, 1982 Edition, and subsequent supplements and is subject to any and all statutory provisions, including all applicable rules and regulations promulgated thereunder. This document is not transferable.

Expiration Date: March 12, 2019

Patricia Tomsko May, MD

Director

Falsification of a license shall subject the perpetrator to criminal prosecution and the imposition of civil fines.

EXHIBIT 13

University of Maryland St. Joseph Medical Center, LLC

Towson, MD

has been Accredited by

The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the

Hospital Accreditation Program

December 12, 2015

Accreditation is customarily valid for up to 36 months.

Rebecca J. Patchin, MD
Chair, Board of Commissioners

ID #535958
Print/Reprint Date: 02/29/2016

Mark R. Chassin, MD, FACP, MPP, MPH
President

The Joint Commission is an independent, not-for-profit national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.

EXHIBIT 14

Hospital Quality Measure Performance
University of Maryland St. Joseph Medical Center

https://www.marylandqmdc.org/MarylandHospitalCompare/index.html#/professional/quality-ratings/profile/13031
Date Accessed: 11/03/2017

Ratings for Health Conditions and Topics
Ratings shown here are compared to State Average

Number	Indicator	Rating	Risk-Adjusted Rates	Steps UM SJMC Is Taking To Improve Quality In Areas Where The Hospital Is Ranked As "Below Average"
COPD-Chronic Obstructive Pulmonary Disease				
	Results of Care			
1	Dying within 30-days after getting care in the hospital for chronic obstructive pulmonary disease (COPD)	At average	7.5 (5.3 - 10.2)	
2	Returning to the hospital after getting care for chronic obstructive pulmonary disease (COPD)	At average	18.3 (15.4 - 21.6)	
Childbirth				
	Practice Patterns			
3	Percentage of births (deliveries) that are C-sections	Better than average	27.7804 (25.8705, 29.6903)	
4	How often babies in the hospital are delivered vaginally when the mother previously delivered by cesarean section (no complications)	Better than average	22.2527 (17.9797, 26.5258)	
5	How often babies in the hospital are delivered using cesarean section when this is the mother's first birth.	Better than average	17.3814 (15.6054, 19.1574)	
6	How often babies are born vaginally when the mother has had a C-section in the past (includes complications)	Better than average	21.8978 (17.8996, 25.8960)	
7	Newborn deliveries scheduled 1-3 weeks earlier than medically necessary	Better than average	0%	

Hospital Quality Measure Performance
University of Maryland St. Joseph Medical Center

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Date Accessed: 11/03/2017

Number	Indicator	Rating	Risk-Adjusted Rates	Steps UM SJMC Is Taking To Improve Quality In Areas Where The Hospital Is Ranked As "Below Average"
Combined Quality and Safety Ratings				
	Deaths			
8	Patients who died in the hospital after having one of six common conditions.	At average	0.8830 (0.6873, 1.0788)	
	Patient Safety			
9	How well this hospital keeps patients safe based on eleven patient safety problems	Better than average	0.4279 (0.2205, 0.6353)	
Consumer Ratings				
	Communication			
10	How often did nurses always communicate well with patients?	Better than average	79%	
11	How often did doctors always communicate well with patients?	Better than average	80%	
12	How often did staff always explain about medicines before giving them to patients?	Better than average	63%	
13	Were patients always given information about what to do during their recovery at home?	Better than average	88%	
14	How well do patients understand their care when they leave the hospital?	Better than average	59%	
	Environment			
15	How often were the patients' rooms and bathrooms always kept clean?	Better than average	75%	
16	How often did patients always receive help quickly from hospital staff?	Better than average	67%	
17	How often was patients' pain always well-controlled?	Better than average	75%	
18	How often was the area around patients' rooms always kept quiet at night?	Better than average	65%	

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Date Accessed: 11/03/2017

Number	Indicator	Rating	Risk-Adjusted Rates	Steps UM SJMC Is Taking To Improve Quality In Areas Where The Hospital Is Ranked As "Below Average"
	Satisfaction Overall			
19	How do patients rate the hospital overall?	Better than average	74%	
20	Would patients recommend the hospital to friends and family?	Better than average	80%	
Emergency Department (ED)				
	Wait Times			
21	How long patients spent in the emergency department before leaving for their hospital room	Below average	397 minutes	UMSJMC is addressing the challenges of patient throughput with renewed vigor. The hospital understands that metrics in the ED are largely impacted by patient flow throughout the hospital. Of UM SJMC's Six "True North Metrics" (metrics that reveal the hospital's commitment to patients, colleagues, and the community), one is a patient flow metric. UM SJMC has created a steering committee that is working to improve the five components of the patient flow metric, three of which are tied to the ED, one to the PACU, and one to the inpatient discharge process. Five Leaders in the organization have just returned from an Institute for Healthcare Improvement Conference dedicated to patient flow. Based on learning from this Conference, UM SJMC will operationalize the following projects: 1) ED triage and rapid assessment of patients using a 'split flow' model in which less acutely ill patients who may have been previously mixed with the more ill patients are segregated and managed more efficiently; 2) Staffing to productivity models that allow for surge capacity; 3) Creating a culture whereby nursing on inpatient units "pull" admitted patients from the ED as opposed to waiting for them to be "pushed;" 4) Improved physician and nurse collaboration and efficiency on the inpatient units by having providers set parameters for "medically ready for discharge" at the onset of the admission.
22	How long patients spent in the emergency department after the doctor decided the patient would stay in the hospital before leaving for their hospital room	Better than average	127 minutes	
23	How long patients spent in the emergency department before being sent home	Below average	217 minutes	See response to number 21.
24	How long patients spent in the	Below average	94 minutes	See response to number 21.

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Number	Indicator	Rating	Risk-Adjusted Rates	Steps UM SJMC Is Taking To Improve Quality In Areas Where The Hospital Is Ranked As "Below Average"
	emergency department before they were seen by a healthcare professional			
25	How long patients who came to the emergency department with broken bones had to wait before receiving pain medication.	Below average	80 minutes	See response to number 21.
26	Patients who left the emergency department without being seen	Below average	3%	See response to number 21.
Flu Prevention				
	Protecting Patients			
27	Patients in the hospital who got the flu vaccine if they were likely to get flu	Better than average	100%	
Heart Attach and Chest Pain				
	Recommended Care - Outpatient			
28	How long patients with chest pain or possible heart attack waited to be transferred to another hospital for a procedure	Not enough data to report	-	
29	Patients with a heart attack who received aspirin on arrival to the hospital	Not enough data to report	-	
30	How long patients who come to the hospital with chest pain or possible heart attack waited to get a test that detects heart damage after a heart attack	Not enough data to report	-	
	Results of Care			
31	How often patients die in the hospital after heart attack	Better than average	3.6563 (1.3719, 5.9406)	
32	Dying within 30-days after getting care in the hospital for a heart attack	At average	13.3 (10.5 - 16.5)	
33	Returning to the hospital after getting care for a heart attack	At average	17.0 (14.4 - 20.0)	

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Number	Indicator	Rating	Risk-Adjusted Rates	Steps UM SJMC Is Taking To Improve Quality In Areas Where The Hospital Is Ranked As "Below Average"
Heart Failure				
	Results of Care			
34	How often patients die in the hospital after heart failure	At average	2.1553 (0.4639, 3.8467)	
35	Dying within 30-days after getting care in the hospital for heart failure	At average	11.1 (8.9 - 13.7)	
36	Returning to the hospital after getting care for heart failure	At average	20.0 (17.4 - 23.1)	
Heart Surgeries and Procedures				
	Recommended Care			
37	How often the hospital uses a procedure to find blocked blood vessels in the heart on both sides of the heart instead of on only one side.	Better than average	0.5594 (0.0127, 1.1062)	
	Results of Care			
38	Death rate for CABG	At average	2.4 (1.3, 4.5)	
39	Rate of unplanned readmission for CABG	At average	14.7 (11.3, 18.7)	
Hip or Knee Replacement Surgery				
	Results of Care			
40	Returning to the hospital after getting hip or knee replacement surgery	At average	4.2 (3.2 - 5.4)	
41	Complications after hip or knee replacement surgery	At average	2.6 (1.8 - 3.7)	
Imaging				
	Practice Patterns			
42	Contrast material (dye) used during abdominal CT scan	Below average	4.50%	ED and radiology physicians have an agreement regarding which patients benefit the most from contrast studies. The Healthy Heart Healthy Kidney Program identifies patients at risk for contrast induced nephropathy ensuring that they receive proper hydration and contrast dosing. Physician

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Number	Indicator	Rating	Risk-Adjusted Rates	Steps UM SJMC Is Taking To Improve Quality In Areas Where The Hospital Is Ranked As "Below Average"
				specific reports are now being created and distributed such that prescribers of these tests are aware of their practice patterns compared to peers. In addition, there are now best practice alerts built into the EMR that guide the physicians through a deliberative decision process prior to ordering these tests.
43	Contrast material (dye) used during thorax CT scan	Below average	7.70%	Communication through departmental meetings to remind providers of the issues related to contrast dye. EPIC reports are now providing physician specific data which is shared with providers.
44	Patients who had a low-risk surgery and received a heart-related test, such as an MRI, at least 30 days prior to their surgery though they do not have a heart condition	Below average	7.40%	Anesthesia and surgical leadership have developed and continue to modify standards for preoperative testing following recommendations from best practice resources.
45	Patients who came to the hospital for a scan of their brain and also got a scan of their sinuses.	At average	3.60%	
Patient Safety				
	Results of Care - Complications			
46	How often the hospital accidentally makes a hole in a patient's lung	At average	0.3108 (0.0000, 0.7278)	
47	How often patients accidentally get cut or have a hole poked in an organ that was not part of the surgery or procedure	At average	0.7015 (0.0000, 1.5450)	
48	Number of patients who get a blood transfusion and have a problem or reaction to the blood they get	Not enough data to report	-	
49	Returning to the hospital for any unplanned reason within 30 days after being discharged	Better than average	14.4 (13.7 - 15.2)	
50	Patients who developed a blood clot while in the hospital and did not get treatment that could have prevented it	Better than average	0%	
51	Number of times a medical tool was accidentally left in a patient's body during surgery or procedure	Not enough data to report	1	

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Date Accessed: 11/03/2017

Number	Indicator	Rating	Risk-Adjusted Rates	Steps UM SJMC Is Taking To Improve Quality In Areas Where The Hospital Is Ranked As "Below Average"
	Results of Care - Deaths			
52	How often patients die in the hospital after bleeding from stomach or intestines	At average	2.9082 (0.8695, 4.9469)	
53	How often patients die in the hospital after fractured hip	Better than average	0.0000 (0.0000, 3.7852)	
54	How often patients die in the hospital while getting care for a condition that rarely results in death	At average	0.0000 (0.0000, 0.5745)	
Pneumonia				
	Results of Care - Deaths			
55	How often patients die in the hospital while getting care for pneumonia	At average	3.7778 (1.0017, 6.5539)	
56	Dying within 30-days after getting care in the hospital for pneumonia	At average	9.8 (7.2 - 13.2)	
57	Returning to the hospital after getting care for pneumonia	At average	17.4 (14.3 - 20.8)	
Stroke				
	Results of Care			
58	How often patients who came in after having stroke subsequently died in the hospital.	At average	9.2270 (5.7655, 12.6886)	
59	Death rate for stroke patients	At average	15.5 (12.3, 19.6)	
60	Rate of unplanned readmission for stroke patients	At average	12 (9.3, 15.2)	
Surgeries for Specific Health Conditions				
	Practice Patterns			
61	Number of surgeries to remove part of the esophagus	Not enough data to report	-	
62	Number of surgeries to remove part of the pancreas	Not enough data to report	28	

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Date Accessed: 11/03/2017

Number	Indicator	Rating	Risk-Adjusted Rates	Steps UM SJMC Is Taking To Improve Quality In Areas Where The Hospital Is Ranked As "Below Average"
63	Number of surgeries to fix the artery that carries blood to the lower body when it gets too large	Not enough data to report	18	
	Results of Care - Deaths			
64	How often patients die in the hospital during or after surgery on the esophagus	Not enough data to report	-	
65	How often patients die in the hospital during or after pancreas surgery	At average	3.8188 (0.0000, 10.6831)	
66	How often patients die in the hospital during or after a surgery to fix the artery that carries blood to the lower body when it gets too large	Better than average	0.0000 (0.0000, 21.7728)	
Surgical Patient Safety				
	Results of Care			
67	How often surgical patients die in the hospital because a serious condition was not identified and treated	At average	70.5680 (16.4271, 124.7088)	
68	How often patients in the hospital had to use a breathing machine after surgery because they could not breathe on their own	At average	5.0816 (1.3034, 8.8598)	
69	How often patients in the hospital get a blood clot in the lung or leg vein after surgery	Better than average	0.6009 (0.0000, 2.4225)	
70	How often patients accidentally get cut or have a hole poked in an organ that was not part of the surgery or procedure	At average	0.7015 (0.0000, 1.5450)	
71	Number of times a medical tool was accidentally left in a patient's body during surgery or procedure	Not enough data to report	1	

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Number	Indicator	Rating	Risk-Adjusted Rates	Steps UM SJMC Is Taking To Improve Quality In Areas Where The Hospital Is Ranked As "Below Average"
Healthcare Associated Infections (HAI)				
	Surgical Site Infections (SSI)	Same		
	Central Line-Associated Blood Stream Infections (CLABSI)	Better than average	Statewide: 97%	
	Health Care Worker Vaccinations (HCW)	98%	Statewide: 97%	
	Clostridium Difficile Infections (CDI)	Same		
	Methicillin-Resistant Staphylococcus Aureus Infections (MRSA)	Same		
	Catheter-Associated Urinary Tract Infections (CAUTI)	Same		

EXHIBIT 15

COST EFFECTIVENESS ASSESSMENT

Measure	Option 1: Renovate in Place	Option 2: Minimal Expansion with Renovation	Option 3: Consolidation of Perioperative Services
i. Achieving Primary Objectives:			
1. Modernize surgical and procedural suites so that all spaces are in compliance with appropriate codes and meet industry standards. • ORs minimum 600sf • Cath labs minimum 500sf • Prep/ PACU/ Recovery spaces code compliant with proper patient privacy • Sterile Processing connected to ORs with one-way instrument flow (clean / dirty separation)	**Achieves Project Goals** • Existing surgical and procedural spaces are reconfigured to fit within available space • Prep / PACU / Recovery spaces are right sized for patient volumes and located adjacent to procedural suites • Sterile Processing connects to the surgical suite through dedicated clean and dirty elevators	**Achieves Project Goals** • Existing surgical and procedural spaces are reconfigured to fit within available space • Prep / PACU / Recovery spaces are right sized for patient volumes and located adjacent to procedural suites • Sterile Processing connects to the surgical suite through dedicated clean and dirty elevators	**Achieves Project Goals** • Proposed new structure has wider column spacing and taller floor-to-floor heights to accommodate procedural spaces • Moving procedural spaces into new construction frees up additional renovation space for Prep/ PACU/ Recovery spaces • Sterile Processing connects to the surgical suite through dedicated clean and dirty elevators
2. Support UM SJMC's move towards Integrated Practice Units (IPUs) that allow for co-located centers of excellence based around patient disease states.	**Achieves Project Goals** • Maintains cohesion of surgical and cardiac units without mixing patient types • Keeps post-cardiac patients close to cardiac labs and OR's in the event of an emergency • Staff specialization can support improved efficiency and effectiveness in patient care	**Achieves Project Goals** • Maintains cohesion of surgical and cardiac units without mixing patient types • Staff specialization can support improved efficiency and effectiveness in patient care	**Does not Achieve Project Goals** • Combining surgical and cardiac spaces inter-mixes patients and staff providing potential for confusion • Combining post-cardiac-surgery patients with general critical care patients dilutes staffing specialization and removes adjacencies to cardiac OR's in the event of a post-surgical call-back

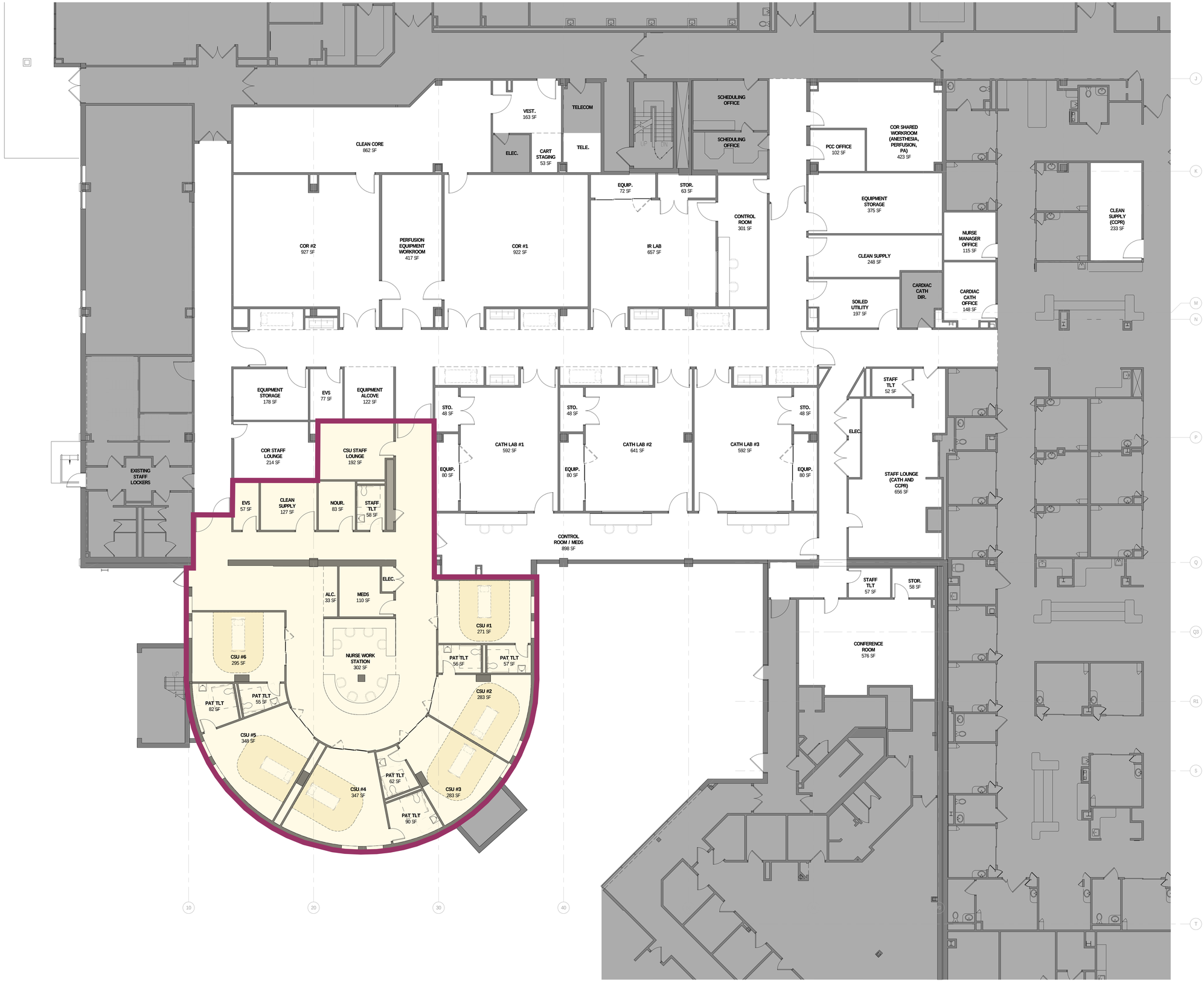
Measure	Option 1: Renovate in Place	Option 2: Minimal Expansion with Renovation	Option 3: Consolidation of Perioperative Services
3. Improve infection control by providing appropriate flow of patients and materials	**Achieves Project Goals** • Provides appropriate contiguous red-line sterile environment around cohesive cardiac surgery / procedure suite and around complete surgical environment • Sterile Processing connects to the surgical suite through dedicated clean and dirty elevators • Sterile core is available to all Operating Rooms	**Does not Achieve Project Goals** • The surgical pavilion in the expansion does not connect to the existing OR's – patients, supplies, and staff cannot be transported between the two easily	**Achieves Project Goals** • Provides appropriate contiguous red-line sterile environment around combined surgery / procedure suite • Sterile Processing connects to the surgery / procedure suite through dedicated clean and dirty elevators • Sterile core is available to all Operating Rooms
4. Reuse existing hospital infrastructure	**Achieves Project Goals** • With the exception of a small addition for a new elevator, all programmed space is within renovated areas, thus reducing cost • No vacated space is anticipated at the completion of the project • Significant dollars are invested in upgrading existing building systems that support adjacent areas, thus benefiting the hospital as a hole	**Does Not Achieve Project Goals** • The project relies upon 32,000 BGSF of expansion space, while vacating approximately 16,500 DGSF of existing program space. This space will remain vacant, without a function at the end of the project.	**Does not Achieve Project Goals** • The project relies upon 65,400 BGSF of expansion space, while vacating approximately 23,200 DGSF of existing program space. This space will remain vacant, without a function at the end of the project.

Measure	Option 1: Renovate in Place	Option 2: Minimal Expansion with Renovation	Option 3: Consolidation of Perioperative Services
5. Improve Operational Efficiency	**Achieves Project Goals** • Supports hospital's Integrated Practice Unit staffing model which relies upon staff specialization for improved efficiency and patient outcomes • Significantly reduces staff and patient travel distances within the cardiology suite • Combines interventional cardiology procedure suites in one location	**Does Not Achieve Project Goals** • Separates surgical environment on two different floors in two different areas – no ability to support one another or easily transfer patients	**Does not Achieve Project Goals** • Combining unrelated surgical and procedural types creates potentials for confusion and does not support the Integrated Practice Unit staffing model • Larger single surgical environment creates further travel distances for staff and patients without realizing other gains since surgical and procedural teams are unrelated to one another
ii. Capital Cost Estimate	**$60M** • Limits total construction footprint • Reuses existing infrastructure • Reuses existing warehouse / loading dock • No vacant space to decommission	**$65M** • Removal of an existing end-of-life building to allow for addition • Added costs to expand overall hospital footprint	**$80M** • Added costs to expand overall hospital footprint • Significant site work costs associated with excavation to align with existing OR floor • Sitework costs associated with new loading dock to combine warehouse with sterile processing

EXHIBIT 16

CSU AREA TAKE OFF

CSU #1	271 SF
PAT TLT	57 SF
CSU #2	283 SF
PAT TLT	56 SF
CSU #3	283 SF
PAT TLT	62 SF
CSU #4	347 SF
PAT TLT	90 SF
CSU #5	348 SF
PAT TLT	82 SF
CSU #6	295 SF
PAT TLT	55 SF
NURSE WORK	302 SF
EQUIP. ALCOVE	33 SF
MEDS	110 SF
EVS	57 SF
CLEAN SUPPLY	127 SF
NOURISHMENT	83 SF
STAFF TLT	58 SF
STAFF LOUNGE	192 SF
SUB TOTAL	**3,191 DGSF**
	532 DGSF / BED
CORRIDOR	1,449 SF
ELEC. CLOSETS	36 SF
WALL/STRUCTURE	549 SF
TOTAL	**5,225 SF**



UMSJMC PERIOPERATIVE SERVICES DEPARTMENT

7601 OSLER DRIVE, TOWSON, MD 21204

CSU DEPARTMENT

1/8" = 1'-0"

hord | coplan | macht

12.20.2017

EXHIBIT 17

PATIENT TRANSFER AGREEMENT BETWEEN ST. JOSEPH MEDICAL CENTER, LLC AND UNIERSITY OF MARYLAND MEDICAL CENTER, LLC

THIS PATIENT TRANSFER AGREEMENT ("Agreement") is entered into and effective this 9th day of January 201 7 by and between the University of Maryland St. Joseph Medical Center, LLC ("Transferring Facility") and the University of Maryland Medical Center, LLC ("Admitting Facility"). Transferring Facility and Admitting Facility are sometimes individually referred to herein as "Facility" or collectively as "Facilities."

WHEREAS, Facilities desire, by means of this Agreement, to facilitate the timely transfer of patients and information necessary and/or useful in the care and treatment of transferred patients; and to insure the continuity and quality of care and treatment appropriate to the needs of patients at Transferring Facility and/or Admitting Facility by utilizing the knowledge and resources of Facilities in a coordinated and cooperative effort; and

WHEREAS, some patients at Transferring Facility require a level of service which is not currently available at Transferring Facility; and

WHEREAS, Admitting Facility provides service and is willing to accept transfer of such patients from Transferring Facility.

NOW THEREFORE, in consideration of the mutual advantages accruing to Facilities hereto and their respective patients and in consideration of the mutual covenants hereinafter set forth, Facilities, with the intention to be legally bound, agree as follows:

I. Conditions of Transfer

Each Facility agrees to exercise its best efforts to provide for the admission of any patient transferred from Transferring Facility provided that:

A. A licensed physician who is a member of the medical staff of either Facility has designated that such transfer is medically appropriate.

B. All conditions and requirements of admission to Admitting Facility are met, including confirmation of acceptance of the patient.

C. Adequate and appropriate bed space is available in Admitting Facility to accommodate the patient.

D. Transferring Facility has received confirmation from Admitting Facility that Admitting Facility will accept the patient.

II. Admission Priorities

Facilities agree that they and members of their medical staffs (referring physicians) will abide by the following notification procedures when patients are transferred:

A. Under non-emergent circumstances, Transferring Facility's referring physician shall contact Admitting Facility's prospective attending physician, who in turn will contact Admitting Facility's admissions department. Admitting Facility's admissions department shall then contact Transferring Facility when an appropriate bed for the transferring patient becomes available. All reasonable efforts will be made by Admitting Facility to obtain an appropriate bed within its facility as soon as practical.

B. In the event of any emergency admission, where the life or health of the patient would be seriously jeopardized by any delay in the transfer, Transferring Facility and/or the referring physician shall notify Admitting Facility's admissions department and the prospective attending physician of the impending transfer. Admitting Facility will accept patient provided it has the appropriate capacity and capability.

III. Transfer

A. Transferring Facility agrees to:

1) Arrange for and carry out appropriate transportation of the patient to Admitting Facility, including selection of the mode of transport, using appropriate life support measures to stabilize the patient prior to transfer and during transfer and providing appropriate health practitioner(s) and equipment to accompany the patient unless Admitting Facility specifically undertakes to accept the patient at Transferring Facility and to transport the patient to its facility;

2) Complete and forward to Admitting Facility, at the time of transfer, an approved transfer record form;

3) Transfer with the patient the personal effects and provide documentation of presence or absence of personal items on the medical record/valuables sheet; including a notation if given to patient, family member or placed in Transferring Facility's safe;

4) Obtain the consent to transfer from the patient's legally authorized representative, except in emergency situations where the delay to obtain such consent may seriously jeopardize the patient's life or health; and

5) Transmit with each patient at the time of transfer, or as promptly as reasonable thereafter, copies of the patient's medical record or an abstract of

pertinent medical and other records necessary for identification of the patient and continuation of uninterrupted and proper treatment. Such medical and other information should include where applicable:

a) History of the injury or illness;
b) Current medical findings;
c) Diagnosis;
d) Laboratory and radiology findings, including copies of radiological films, where appropriate;
e) Rehabilitation potential;
f) Brief summary of the courses of treatment followed up to the time of transfer including medications given and route of administration, fluids given, by type and volume;
g) Physician's orders for diet and medical;
h) Nursing information useful in the care of the patient;
i) Patient's third party billing data;
j) Pertinent administrative information as required; and
k) Name, address, and telephone number of patient's guardian, authorized agent or surrogate decision-maker.

B. Admitting Facility agrees to:

1) Assume responsibility for the patient's care, including providing full inpatient, outpatient and emergency services as appropriate, upon admission of the transferred patient to Admitting Facility or acceptance of the patient by Admitting Facility at Transferring Facility;

2) Acknowledge on such forms as may be provided by Transferring Facility, receipt of the patient's effects and medical records.

IV. Payment for Services

All fees for services performed by either Facility for patients transferred and received pursuant to this Agreement shall be collected directly from the patient, applicable third party payer, or other source of payment by the part rendering such services, and neither Facility shall have any liability to the other Facility for such charges, unless specifically agreed to by Facilities and stated in writing prior to the transfer.

V. Compliance

Each Facility shall comply with all applicable federal, state and local laws, and all requirements imposed by, or pursuant to the regulations of the Department of Health and Human Services and any other applicable governmental agency.

VI. Insurance

Each Facility shall, at its own cost and expense, procure, keep, and maintain throughout the term of this Agreement, insurance coverage in the minimum amounts of: One Million Dollars ($1,000,000.00) per occurrence and Two Million Dollars ($2,000,000.00) annual aggregate for commercial general liability; One Million Dollars ($1,000,000.00) per occurrence and Three Million Dollars ($3,000,000.00) annual aggregate for professional liability; and umbrella liability coverage with limits of Five Million Dollars ($5,000,000) per occurrence and Five Million Dollars ($5,000,000) annual aggregate. In addition, each Facility shall carry adequate worker's compensation insurance for its employees. Admitting Facility agrees to notify Transferring Facility at least thirty (30) days prior to any material change in or reduction of coverage, or cancellation or non-renewal of the policy. In addition to the coverage specifically listed herein, each Facility shall maintain any other usual and customary policies of insurance applicable to the work being performed pursuant to this Agreement. By requiring insurance herein, neither Facility represents that coverage and limits will necessarily be adequate to protect Facilities and such coverage and limits shall not be deemed as a limitation on either Facility's liability under the indemnification provisions of this Agreement.

VII. Indemnification

A. Transferring Facility agrees that it shall defend, indemnify and hold harmless Admitting Facility, its officers, directors, agents, and employees from and against any and all costs, demands, liabilities, settlements or verdicts, including reasonable attorneys fees, arising out of any claim, demand, action or suit brought by, on behalf of or as a derivative action of any transfer patient or other person for any damages, injuries, or death to persons or property arising out of or in connection with (i) Transferring Facility's performance or failure to perform its duties hereunder; or (ii) any act or omission of Transferring Facility, its agents or employees which occurred prior to the admission or acceptance by Admitting Facility of any patient transferred from Transferring Facility.

B. Admitting Facility agrees that it shall defend, indemnify and hold harmless Transferring Facility, its officers, directors, agents and employees from and against any and all costs, demands, liabilities, settlements, or verdicts, including reasonable attorneys fees, arising out of any claim, demand, action or suit brought by, on behalf of or as a derivative action of any transfer patient or other person for any damages, injuries or death to persons or property arising out of or in connection with Admitting Facility's performance or failure to perform its duties hereunder.

C. This Section shall survive the termination or expiration of this Agreement.

VIII. Confidentiality of Medical Records

All reasonable efforts will be made by Facilities to preserve the confidential nature of the patient's medical records and to safeguard the rights of the patients as to medical and/or other privileged information contained within said records in accordance with applicable state and federal laws and regulations.

IX. Duration and Termination of Agreement

The Agreement shall continue in effect indefinitely, except that either Facility may terminate this Agreement by giving sixty (60) days' notice in writing to the other Facility of its intention to terminate. Termination shall be effective at the end of the sixty (60) days' notice period. However, if either Facility shall have its license to operate revoked or suspended by the State, have its accreditation suspended or revoked or placed on probation by any accrediting body or if any governmental agency suspends, revokes or places such party of probation, then the affected Facility shall immediately notify the other Facility, and this Agreement shall terminate as of the date such suspension, revocation or probation becomes effective.

X. Excluded Provider Representations

Each Facility hereby represents and warrants that it is not and at no time has ever been excluded from participation in any federal or state health care program ("Government Program"). Each Facility hereby agrees to immediately notify the other Facility of any threatened, proposed, or actual exclusion from any Government Program. In the event that either Facility is excluded from participation in any Government Program during the term of this Agreement, or if any time after the effective date of this Agreement it is determined that either Facility is in breach of this Section, this Agreement shall, as of the effective date of such exclusion or breach, terminate automatically.

XI. Use of Protected Health Information

Both Facilities acknowledge that they are covered entities as defined in the Health Insurance Portability and Accountability Act of 1996 and regulations issued pursuant thereto ("HIPAA"), each Facility is granting access to the other to their respective patients' Protected Health Information (as defined in HIPAA), and each Facility will be creating, using, and disclosing to the other Facility Protected Health Information for their respective treatment, payment, and operations purposes as a result of this Agreement. Each Facility therefore agrees to comply with all applicable provisions of HIPAA and of any Maryland laws applicable to the creation, use, and disclosure of confidential patient medical information.

XII. Jeopardy

Notwithstanding anything to the contrary herein contained, in the event the performance by either Facility hereto of any term, covenant, condition, or provision of this Agreement: (a) jeopardizes such Facility's licensure; participation in or payment or reimbursement from, and Government Program or other third party payer; full accreditation by The Joint Commission, of any other state or nationally recognized accreditation organization; or tax-exempt status or tax-exempt financing; or (b) will prevent or prohibit any physician or any other health care professionals or their patients from utilizing such Facility or any of its services; or (c) violates any statute or regulation governing such Facility, then such Facility may at its option (i) terminate this Agreement immediately upon written notice to the other Facility, or (ii) initiate negotiations to resolve the matter through amendments to this Agreement, and if Facilities are unable to resolve the matter within thirty (30) days thereafter, such Facility may, at its option, terminate this Agreement immediately upon written notice to the other Facility.

XIII. Modification of Agreement

This Agreement may be modified or amended from time to time by mutual written agreement of Facilities and any such modification or amendments shall be attached to and become part of this Agreement.

XIV. Autonomy of Institutions

Each Facility is an independent contractor and shall have exclusive control over the policies, management, assets and affairs of its respective institution. Neither Facility by virtue of this Agreement assumes any liability for any debts or obligations of a financial or legal nature incurred by the other Facility. Nothing in this Agreement shall be construed as creating a partnership, joint venture, principal-agent or master-servant relationship between Facilities, their agents, employees or representatives.

XV. Non-Exclusivity

Nothing in this Agreement shall be construed as limiting the right of either Facility to affiliate or contract with any other hospital, nursing home or other health care entity or organization on either a limited or a general basis while this Agreement is in effect.

XVI. Non-Discrimination

Facilities attest that they are an equal opportunity employer that offers employment without regard to race, color, religious creed, disability, ancestry, national or ethnic origin,

age, sex, or veteran status. This Agreement shall be construed and carried out in a non-discriminatory manner without regard to race, color, religious creed, disability, ancestry, national or ethnic origin, age, sex, veteran status, or ability to pay.

XVII. Miscellaneous

A. Each Facility agrees to provide to the other Facility, upon reasonable request, any information deemed relevant by the requesting Facility to determine if the other Facility is able to provide the necessary facilities, care and/or treatment for a particular patient, group of patients or types of patients.

B. Neither Facility shall use the name of the other Facility in any promotional or advertising material without the written approval of the other Facility.

C. Whenever under the terms of this Agreement written notice is required or permitted to be given by either Facility to the other Facility, such notice shall be in writing and shall be deemed to have been sufficiently given if personally delivered, delivered by a national overnight courier service (such as Federal Express), or depositing in the United States Mail in a properly stamped envelope, certified or registered mail, return-receipt-requested, addressed to Facility to whom it is to be given, at the address hereinafter set forth. Either Facility may change its address by written notice in accordance with this Section:

1) Any notice to Transferring Facility:

University of Maryland St. Joseph Medical Center
7601 Osler Drive
Towson, MD 21204
Attn: President and CEO

2) Any notice to Admitting Facility:

University of Maryland Medical Center
22 South Greene Street
Baltimore, MD 21201
Attn: President and CEO

D. No patient, physician, payor or other third party is intended to be a third party beneficiary under this Agreement and no action to enforce the terms of this Agreement may be brought against any party by any person who is not a party to this Agreement.

E. Neither Facility may transfer, assign, pledge or delegate any or all of its duties or interest in this Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld.

F. This Agreement shall be binding upon and inure to the benefit of the successors or assigns of Facilities.

G. This Agreement constitutes the entire agreement between Facilities and contains all of the agreements between them with respect to the subject matter and supercedes any and all other agreements, either oral or in writing, between Facilities with respect to the subject matter. This Agreement may be modified or amended by a mutual, written agreement signed by Facilities.

H. No waiver of any term or condition of this Agreement by either Facility shall be deemed a continuing or further waiver of the same term or condition or a waiver of any other term or condition of this Agreement.

I. In the event any portion of this Agreement shall be determined to be invalid or unenforceable, the remainder of this Agreement shall be deemed to continue or to be binding upon Facilities in the same manner as if the invalid or unenforceable provision were not a part of this Agreement.

J. The headings above the various provisions of this Agreement have been included only in order to make it easier to locate the subject covered by each provision; they are not to be used in construing this Agreement.

K. This Agreement is made and entered into in the State of Maryland, and shall be governed and construed in accordance with the laws of Maryland.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date set forth below.

TRANSFERRING FACILITY

By

Thomas B. Smyth MD

Name

President / CEO

Title

1/7/2017

Date

ADMITTING FACILITY

By

Mohan Suntharalingham, MD

Name

President & CEO

Title

1/5/2017

Date

EXHIBIT 18

hord | coplan | macht

ARCHITECTURE
LANDSCAPE ARCHITECTURE
PLANNING
INTERIOR DESIGN

January 2nd, 2018

Mr. Craig Carmichael, Senior Vice President
University Of Maryland - St. Joseph Medical Center
7601 Osler Dr.
Towson, MD 21204

Re: UMSJMC Perioperative Services Renovation
HCM Project #: 215144.30

Dear Mr. Carmichael:

The project involves renovations to the east and west side of the ground floor, a renovation to the first floor, and a small expansion to the north east of your hospital to renovate-in-place the surgical, procedural, and sterile processing departments within your hospital. The project includes 2 Open Heart OR's, 5 general OR's, 2 Cardiac Catheterization labs, 1 Electro-physiology Lab, 1 Interventional Radiology Lab, a new Sterile Processing Department, and the associated patient and staff support spaces.

To the best of our knowledge, information, and belief the design for the UMSJMC Perioperative Services Renovation project complies with Section 2.2 of the 2014 Guidelines for Design and Construction of Hospitals and Facilities – The Facilities Guidelines Institute (the FGI Guidelines).

If you have any questions or concerns, please feel free to contact me directly.

Sincerely,
HORD | COPLAN | MACHT

James F. Albert, AIA, ACHA, LEED AP
Principal

750 East Pratt Street
Suite 1100
Baltimore, Maryland 21202
P 410.837.7311
F 410.837.6530
www.hcm2.com

BALTIMORE
DENVER
ALEXANDRIA

EXHIBIT 19

LETTERS OF SUPPORT

Name		Title	Affiliation
Kenneth	Ames	Sr. VP, Mid-Atlantic Operations	Advanced Radiology
Tim	Bojanowski	President	Towson Chamber of Commerce
Chris	Burton	VP, Gas Distribution	BGE
David	Dalury, M.D.	Chief of Orthopaedics	University of Maryland St. Joseph Medical Center
R. Michael	Gill	Secretary of Commerce	Maryland Department of Commerce
Nancy	Hafford	Executive Director	Towson Chamber of Commerce
Monsignor Richard B.	Hilgartner	Pastor	Archdiocese of Baltimore, St. Joseph Cockeysville
Msgr. Bruce	Jarboe	Pastor	Archdiocese of Baltimore, St. Ann Catholic Church
James D.	Jones	Vice President	The Columbia Bank
Kevin	Kamenetz	County Executive	Baltimore County, Maryland
Hon. Francis X.	Kelly, Jr.	Chairman	University of Maryland St. Joseph Medical System
Wallace	Kleid	Member	Patient and Family Advisory Council
David	Marks	Councilman	Baltimore County Council
Jason	Marx, M.D.	Chief, Dept. of Medicine	University of Maryland St. Joseph Medical Center
Paul C.	McAfee, M.D.	Chief of Spine Surgery	University of Maryland St. Joseph Medical Center
Dr. Kim	Schatzel	President	Towson University
Keith	Scott	President/CEO	Baltimore County Chamber of Commerce
Dr. Mark	Shulman*	Board of Trustees	Foundation Board
James T.	Smith, Jr.	Board of Trustees	University of Maryland St. Joseph Medical Center
Michelle	Wahba	Member	Patient Family Advisory Council

*Sent directly to MHCC

ADVANCED RADIOLOGY

Advanced Radiology, P.A.
7253 Ambassador Road
Baltimore, MD 21244-2714
443-436-1114

January 8, 2018

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

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

I am writing to express my strong support for the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

The renovation plans are timely and necessary. The UM SJMC skilled surgical team continues to provide exceptional outcomes, but the operating spaces where they practice have not been updated since 1965. As surgical intervention technologies continue to evolve, the hospital must be equipped with a top tier, modern surgical environment. The initiative will enable the surgeons to continue to provide first-class surgical care. The proposed project demonstrates UM SJMC's commitment to improving health care delivery to the residents of Baltimore County and ensuring residents' access to necessary surgical services when the need arises. I applaud the initiatives UM SJMC has undertaken to serve the residents of Baltimore County.

The proposed new state-of-the-art surgical suites will also feature significant design improvements and modern amenities that will improve the quality of care and overall patient experience.

I respectfully request that the Maryland Health Care Commission approve UM SJMC's Certificate of Need application.

Sincerely,

Kenneth Ames
Senior Vice President – Mid-Atlantic Operations

January 6, 2018

Mr. Ben Steffen

Executive Director

Maryland Health Care Commission

4160 Patterson Ave

Baltimore, MD 21215-2299

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

I am writing to you in my capacity as President of the Towson Chamber of Commerce on behalf of our board of directors and the more than 300 businesses that comprise our membership. We would like to express our strong support of the University of Maryland St. Joseph Medical Center (UM SJMC) and the Certificate of Need application it has submitted for the renovation of its perioperative suite. "St. Joe's" is an incredibly important member of our local community. The institution serves as an incredible resource for crucial services, workforce development and community engagement for greater Towson and all of Baltimore County.

The renovation plans are a timely and necessary investment to ensure UM SJMC is able to continue to excel as that resource. The UM SJMC skilled surgical team continues to provide exceptional outcomes, but the operating spaces where they practice have not been updated since 1965. It is crucial for our community that UM SJMC receives the support it needs to be sure the surgical environment can support the ongoing advances in intervention technologies both now and as they continue to evolve. The initiative will enable the surgeons to continue to provide first-class surgical care, and provide new state-of-the-art surgical suites with significant design improvements and modern amenities that will improve the quality of care and overall patient experience.

The proposed project demonstrates UM SJMC's commitment to improving health care delivery to the residents of Baltimore County and ensuring residents' access to necessary surgical services when the need arises. I applaud the initiatives UM SJMC has undertaken to serve the residents of Baltimore County.

I respectfully request that the Maryland Health Care Commission approve UM SJMC's Certificate of Need application.

Sincerely,

M. Timothy Bojanowski, President of the Towson Chamber of Commerce

A. Christopher Burton
Vice President
Gas Distribution
1699 Leadenhall Street
2nd Floor
Baltimore, MD 21230

An Exelon Company

January 10, 2018

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

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

I am writing to express my strong support for the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

The renovation plans are timely and necessary. The UM SJMC skilled surgical team continues to provide exceptional outcomes, but the operating spaces where they practice have not been updated since 1965. As surgical intervention technologies continue to evolve, the hospital must be equipped with a top tier, modern surgical environment. The initiative will enable the surgeons to continue to provide first-class surgical care. The proposed project demonstrates UM SJMC's commitment to improving health care delivery to the residents of Baltimore County and ensuring residents' access to necessary surgical services when the need arises. I applaud the initiatives UM SJMC has undertaken to serve the residents of Baltimore County.

The proposed new state-of-the-art surgical suites will also feature significant design improvements and modern amenities that will improve the quality of care and overall patient experience.

I respectfully request that the Maryland Health Care Commission approve UM SJMC's Certificate of Need application.

Sincerely,

A. Christopher Burton
Vice President
Gas Distribution

UNIVERSITY of MARYLAND
ST. JOSEPH MEDICAL CENTER

January 10, 2018

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

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

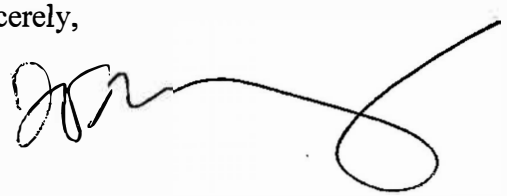
As a member of the University of Maryland St. Joseph Medical Center medical staff, I enthusiastically support the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

The renovation plans are timely and necessary. The UM SJMC skilled surgical team continues to provide exceptional outcomes, but the operating spaces where they practice have not been updated since 1965. As surgical intervention technologies continue to evolve, the hospital must be equipped with a top tier, modern surgical environment. The initiative will enable the surgeons to continue to provide first-class surgical care. The proposed project demonstrates UM SJMC's commitment to improving health care delivery to the residents of Baltimore County and ensuring residents' access to necessary surgical services when the need arises. I applaud the initiatives UM SJMC has undertaken to serve the residents of Baltimore County and beyond.

The proposed new state-of-the art surgical suites will also feature significant design improvements and modern amenities that will improve quality of care.

I urge the Maryland Health Care Commission to approve the Certificate of Need application. The renovated and redesigned surgical suites will better meet the current needs of the population and will allow UM SJMC to adapt to the changing health care needs of the communities it serves.

Sincerely,



David Dalury, MD
Chief of Orthopaedics

Maryland
DEPARTMENT OF COMMERCE

Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
R. Michael Gill | Secretary of Commerce
Benjamin H. Wu | Deputy Secretary of Commerce

January 5, 2018

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

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

I am writing to express my strong support for the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

The renovation plans are timely and necessary. The UM SJMC skilled surgical team continues to provide exceptional outcomes, but the operating spaces where they practice have not been updated since 1965. As surgical intervention technologies continue to evolve, the hospital must be equipped with a top tier, modern surgical environment. The initiative will enable the surgeons to continue to provide first-class surgical care. The proposed project demonstrates UM SJMC's commitment to improving health care delivery to the residents of Baltimore County and ensuring residents' access to necessary surgical services when the need arises. I applaud the initiatives UM SJMC has undertaken to serve the residents of Baltimore County.

The proposed new state-of-the-art surgical suites will also feature significant design improvements and modern amenities that will improve the quality of care and overall patient experience.

I respectfully request that the Maryland Health Care Commission approve UM SJMC's Certificate of Need application.

Sincerely,

R. Michael Gill
Secretary of Commerce

Hope all is well Ben!

TOWSON
CHAMBER OF COMMERCE

44 West Chesapeake Avenue Towson,
Maryland 21204
Phone: 410-825-1144
Fax: 410-832-5863
Email: info@towsonchamber.com
Web: www.towsonchamber.com

January 5, 2018

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

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

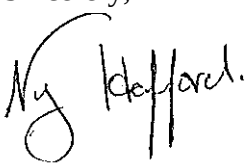
I am writing to express my strong support for the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its preoperative suite.

The renovation plans are timely and necessary. The UM SJMC skilled surgical team continues to provide exceptional outcomes, but the operating spaces where they practice have not been updated since 1965. As surgical intervention technologies continue to evolve, the hospital must be equipped with a top tier, modern surgical environment. The initiative will enable the surgeons to continue to provide first-class surgical care. The proposed project demonstrates UM SJMC's commitment to improving health care delivery to the residents of Baltimore County and ensuring residents' access to necessary surgical services when the need arises. I applaud the initiatives UM SJMC has undertaken to serve the residents of Baltimore County.

The proposed new state-of-the-art surgical suites will also feature significant design improvements and modern amenities that will improve the quality of care and overall patient experience.

I respectfully request that the Maryland Health Care Commission approve UM SJMC's Certificate of Need application.

Sincerely,



Nancy Hafford
Executive Director, Towson Chamber of Commerce

Mission Statement: The Towson Chamber of Commerce, Inc. Promotes the Business Environment in Towson

ST. JOSEPH PARISH
COCKEYSVILLE, MARYLAND
A Beacon of [illegible]

January 29, 2018

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

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

I am writing to express my strong support for the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

The renovation plans are timely and necessary. The UM SJMC skilled surgical team continues to provide exceptional outcomes, but the operating spaces where they practice have not been updated since 1965. As surgical intervention technologies continue to evolve, the hospital must be equipped with a top tier, modern surgical environment. The initiative will enable the surgeons to continue to provide first-class surgical care. The proposed project demonstrates UM SJMC's commitment to improving health care delivery to the residents of Baltimore County and ensuring residents' access to necessary surgical services when the need arises. I applaud the initiatives UM SJMC has undertaken to serve the residents of Baltimore County.

The proposed new state-of-the-art surgical suites will also feature significant design improvements and modern amenities that will improve the quality of care and overall patient experience.

I respectfully request that the Maryland Health Care Commission approve UM SJMC's Certificate of Need application.

Sincerely,

Rev. Msgr. Richard B. Hilgartner
Pastor

100 Church Lane | Cockeysville, MD | 21030
p. 410.683.0600 | f. 410.628.2956 | www.sjpray.org

Saint Ann Catholic Church
1525 Oak Hill Avenue
Hagerstown, MD 21742
301-733-0410
www.stannchurch.com
church@stannchurch.com

January 5, 2018

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

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

I am writing to express my strong support for the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

The renovation plans are timely and necessary. The UM SJMC skilled surgical team continues to provide exceptional outcomes, but the operating spaces where they practice have not been updated since 1965. As surgical intervention technologies continue to evolve, the hospital must be equipped with a top tier, modern surgical environment. The initiative will enable the surgeons to continue to provide first-class surgical care. The proposed project demonstrates UM SJMC's commitment to improving health care delivery to the residents of Baltimore County and ensuring residents' access to necessary surgical services when the need arises. I applaud the initiatives UM SJMC has undertaken to serve the residents of Baltimore County.

The proposed new state-of-the-art surgical suites will also feature significant design improvements and modern amenities that will improve the quality of care and overall patient experience.

I respectfully request that the Maryland Health Care Commission approve UM SJMC's Certificate of Need application.

Sincerely,

Rev. Msgr. J. Bruce Jarboe
Pastor

THE COLUMBIA BANK

LISTENING IS JUST THE BEGINNING®

January 23, 2018

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

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

I am writing to express my strong support for the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

The renovation plans are timely and necessary. The UM SJMC skilled surgical team continues to provide exceptional outcomes, but the operating spaces where they practice have not been updated since 1965. As surgical intervention technologies continue to evolve, the hospital must be equipped with a top tier, modern surgical environment. The initiative will enable the surgeons to continue to provide first-class surgical care. The proposed project demonstrates UM SJMC's commitment to improving health care delivery to the residents of Baltimore County and ensuring residents' access to necessary surgical services when the need arises. I applaud the initiatives UM SJMC has undertaken to serve the residents of Baltimore County.

The proposed new state-of-the-art surgical suites will also feature significant design improvements and modern amenities that will improve the quality of care and overall patient experience.

I respectfully request that the Maryland Health Care Commission approve UM SJMC's Certificate of Need application.

Sincerely,

James D. Jones
Vice President
The Columbia Bank

2219 York Rd, Ste. 400 Timonium, MD 21093
Internet: www.thecolumbiabank.com

KEVIN KAMENETZ
County Executive

January 11, 2018

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

Re: *Certificate of Need Application for University of Maryland St. Joseph Medical Center*

Dear Mr. Steffen:

I am writing to express Baltimore County's support for the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

St Joseph Medical Center is a vital employer and health care provider for central Baltimore County. In order to maintain its top tier status, it is necessary for the hospital to continually upgrade its facilities. It is my understanding that the operating spaces tapped for renovation have not been updated since 1965. It appears that the renovation plans are timely and necessary. As surgical intervention technologies continue to evolve, the hospital must be equipped with a top tier, modern surgical environment.

We support UM SJMC's commitment to improving health care delivery to the residents of Baltimore County and ensuring residents' access to necessary surgical services when the need arises. I applaud the initiatives UM SJMC has undertaken to serve the residents of Baltimore County.

I respectfully request that the Maryland Health Care Commission approve UM SJMC's Certificate of Need application.

Very truly yours,

Kevin Kamenetz
County Executive

KK:clp

cc: Dr. Thomas B. Smyth, President and CEO
University of Maryland St. Joseph Medical Center

Historic Courthouse | 400 Washington Avenue | Towson, Maryland 21204-4665 | Phone 410-887-2450 | Fax 410-887-4049
kevin@baltimorecountymd.gov | www.baltimorecountymd.gov

KELLY

BENEFITS · PAYROLL · TECHNOLOGY

January 16, 2018

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

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

I am writing to express my strong support for the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

The renovation plans are timely and necessary. The UM SJMC skilled surgical team continues to provide exceptional outcomes, but the operating spaces where they practice have not been updated since 1965. As surgical intervention technologies continue to evolve, the hospital must be equipped with a top tier, modern surgical environment. The initiative will enable the surgeons to continue to provide first-class surgical care. The proposed project demonstrates UM SJMC's commitment to improving health care delivery to the residents of Baltimore County and ensuring residents' access to necessary surgical services when the need arises. I applaud the initiatives UM SJMC has undertaken to serve the residents of Baltimore County.

The proposed new state-of-the-art surgical suites will also feature significant design improvements and modern amenities that will improve the quality of care and overall patient experience.

I respectfully request that the Maryland Health Care Commission approve UM SJMC's Certificate of Need application.

Sincerely,

Honorable Francis X. Kelly, Jr.
Chairman, UM/St. Joseph Medical System

Honorable Francis X. Kelly, Jr. | *Co-founder & Chairman*

1 Kelly Way · Sparks, MD 21152 | (P) 410 527 3440 | (TF) 800 972 7227 | (F) 410 891 2841 | senfxkelly@kellyway.com

January 16, 2018

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

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

I am writing to express my strong support for the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

The renovation plans are timely and necessary. The UM SJMC skilled surgical team continues to provide exceptional outcomes, but the operating spaces where they practice have not been updated since 1965. As surgical intervention technologies continue to evolve, the hospital must be equipped with a top tier, modern surgical environment. The initiative will enable the surgeons to continue to provide first-class surgical care. The proposed project demonstrates UM SJMC's commitment to improving health care delivery to the residents of Baltimore County and ensuring residents' access to necessary surgical services when the need arises. I applaud the initiatives UM SJMC has undertaken to serve the residents of Baltimore County.

The proposed new state-of-the-art surgical suites will also feature significant design improvements and modern amenities that will improve the quality of care and overall patient experience.

I respectfully request that the Maryland Health Care Commission approve UM SJMC's Certificate of Need application.

Sincerely,

Wallace Kleid, Esquire
Patient and Family Advisory Council Member

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

DAVID MARKS
COUNCILMAN, FIFTH DISTRICT
COUNCIL5@BALTIMORECOUNTYMD.GOV

COUNCIL OFFICE: 410-887-3384
FAX: 410-887-5791

January 16, 2018

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

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

I am writing to express my strong support for the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

The renovation plans are timely and necessary. The UM SJMC skilled surgical team continues to provide exceptional outcomes, but the operating spaces where they practice have not been updated since 1965. As surgical intervention technologies continue to evolve, the hospital must be equipped with a top tier, modern surgical environment. The initiative will enable the surgeons to continue to provide first-class surgical care. The proposed project demonstrates UM SJMC's commitment to improving health care delivery to the residents of Baltimore County and ensuring residents' access to necessary surgical services when the need arises. I applaud the initiatives UM SJMC has undertaken to serve the residents of Baltimore County.

The proposed new state-of-the-art surgical suites will also feature significant design improvements and modern amenities that will improve the quality of care and overall patient experience.

I respectfully request that the Maryland Health Care Commission approve UM SJMC's Certificate of Need application.

Sincerely,

David Marks
Baltimore County Councilman
Fifth Council District

UNIVERSITY of MARYLAND
ST. JOSEPH MEDICAL CENTER

January 10, 2018

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

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

As a member of the University of Maryland St. Joseph Medical Center medical staff, I enthusiastically support the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

The renovation plans are timely and necessary. The UM SJMC skilled surgical team continues to provide exceptional outcomes, but the operating spaces where they practice have not been updated since 1965. As surgical intervention technologies continue to evolve, the hospital must be equipped with a top tier, modern surgical environment. The initiative will enable the surgeons to continue to provide first-class surgical care. The proposed project demonstrates UM SJMC's commitment to improving health care delivery to the residents of Baltimore County and ensuring residents' access to necessary surgical services when the need arises. I applaud the initiatives UM SJMC has undertaken to serve the residents of Baltimore County and beyond.

The proposed new state-of-the art surgical suites will also feature significant design improvements and modern amenities that will improve quality of care.

I urge the Maryland Health Care Commission to approve the Certificate of Need application. The renovated and redesigned surgical suites will better meet the current needs of the population and will allow UM SJMC to adapt to the changing health care needs of the communities it serves.

Sincerely,

Jason Marx, MD
Chief, Department of Medicine
Medical Director, St Joseph Medical Group
Clinical Assistant Professor of Medicine
UM St. Joseph Medical Center

UNIVERSITY of MARYLAND
ST. JOSEPH MEDICAL CENTER

January 10, 2018

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

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

As a member of the University of Maryland St. Joseph Medical Center medical staff, I enthusiastically support the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

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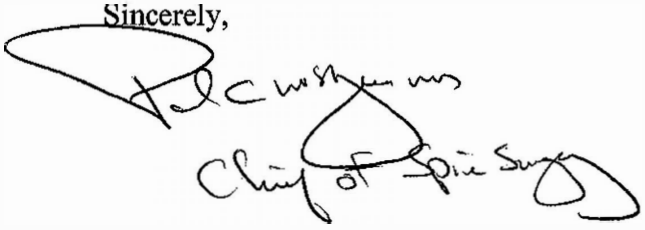

TOWSON
UNIVERSITY

January 16, 2018

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

Kim Schatzel, Ph.D.
President

Office of the President

Towson University
8000 York Road
Towson, MD 21252-0001

t. 410 704-2356
f. 410 704-3488
kschatzel@towson.edu

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

I am writing to express my strong support for the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

The renovation plans are timely and necessary. The UM SJMC skilled surgical team continues to provide exceptional outcomes, but the operating spaces where they practice have not been updated since 1965. As surgical intervention technologies continue to evolve, the hospital must be equipped with a top tier, modern surgical environment. The initiative will enable the surgeons to continue to provide first-class surgical care. The proposed project demonstrates UM SJMC's commitment to improving health care delivery to the residents of Baltimore County and ensuring residents' access to necessary surgical services when the need arises. I applaud the initiatives UM SJMC has undertaken to serve the residents of Baltimore County.

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I respectfully request that the Maryland Health Care Commission approve UM SJMC's Certificate of Need application.

Sincerely,

Kim Schatzel, Ph.D.
President

UNIVERSITY of MARYLAND
ST. JOSEPH MEDICAL CENTER

January 10, 2018

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

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

I am writing to express my strong support for the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

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I respectfully request that the Maryland Health Care Commission approve UM SJMC's Certificate of Need application.

Sincerely,

Keith Scott
President/CEO of the Baltimore County Chamber of Commerce

UNIVERSITY of MARYLAND
ST. JOSEPH MEDICAL CENTER

January 11, 2018

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

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

I am writing to express my strong support for the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

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I respectfully request that the Maryland Health Care Commission approve UM SJMC's Certificate of Need application.

Sincerely,

James T. Smith, Jr.
Board of Trustees

January 11, 2018

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

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

I am writing to express my strong support for the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

The renovation plans are timely and necessary. The UM SJMC skilled surgical team continues to provide exceptional outcomes, but the operating spaces where they practice have not been updated since 1965. As surgical intervention technologies continue to evolve, the hospital must be equipped with a top tier, modern surgical environment. The initiative will enable the surgeons to continue to provide first-class surgical care. The proposed project demonstrates UM SJMC's commitment to improving health care delivery to the residents of Baltimore County and ensuring residents' access to necessary surgical services when the need arises. I applaud the initiatives UM SJMC has undertaken to serve the residents of Baltimore County.

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I respectfully request that the Maryland Health Care Commission approve UM SJMC's Certificate of Need application.

Sincerely,

Michelle Wahba
Michelle Wahba
Member of the Patient
Family Advisory Council

CATHEDRAL OF MARY OUR QUEEN

5200 North Charles Street • Baltimore, MD 21210–2098
Phone: (410) 464–4000 • Fax: (410) 464–4060
E–Mail: Cathedral@archbalt.org

January 8, 2018

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

Re: Certificate of Need Application for University of Maryland St. Joseph Medical Center

Dear Mr. Steffen:

I am writing to express my strong support for the Certificate of Need application submitted by the University of Maryland St. Joseph Medical Center (UM SJMC) for the renovation of its perioperative suite.

The renovation plans are timely and necessary. The UM SJMC skilled surgical team continues to provide exceptional outcomes, but the operating spaces where they practice have not been updated since 1965. As surgical intervention technologies continue to evolve, the hospital must be equipped with a top tier, modern surgical environment. The initiative will enable the surgeons to continue to provide first-class surgical care. The proposed project demonstrates UM SJMC's commitment to improving health care delivery to the residents of Baltimore County and ensuring residents' access to necessary surgical services when the need arises. I applaud the initiatives UM SJMC has undertaken to serve the residents of Baltimore County.

The proposed new state-of-the-art surgical suites will also feature significant design improvements and modern amenities that will improve the quality of care and overall patient experience.

I respectfully request that the Maryland Health Care Commission approve UM SJMC's Certificate of Need application.

Sincerely,

Rev. Msgr. Richard W. Woy

EXHIBIT 20

KPMG

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

KPMG

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.

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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.

(Continued)

(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.

(Continued)

(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

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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

(Continued)

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

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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.

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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.

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(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.

(Continued)

(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.

(Continued)

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.

(Continued)

(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.

(Continued)

- 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.

(Continued)

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.

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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.

(Continued)

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.

(Continued)

(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.

(Continued)

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

(Continued)

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.

(Continued)

(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.

(Continued)

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	7,987	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	1,381	5,613	10,385	—	—	—	—	—	60,883
Prepaid expenses and other current assets	16,092	116	1,048	1,132	1,854	818	2,040	8,958	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)	1,086,804
Investments	232,384	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	9,870	10,651	8,270	—	—	—	—	—	—	107,460
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	3,386	—	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	—	9,870	18,010	10,395	6,364	32,525	218,709	209,503	10,038	—	—	(776,691)	410,861
Total assets	$ 3,102,825	155,638	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	5,488	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	36,657	—	—	—	—	1,550,480
Other long-term liabilities	123,123	144	21,225	36,913	18,208	15,398	25,628	40,371	53,253	—	—	—	—	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	48,287	(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.

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)

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.

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.

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 $21,834	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.

Schedule 2

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	168,672	9,849	16,255	35,459	17,894	7,721	34,817	35,816	—	—	4,572	—	—	331,055
Other	172,525	8,666	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	8,607	—	—	—	—	—	59,738
Prepaid expenses and other current assets	12,806	128	325	1,480	1,550	477	1,333	4,140	776	1,500	324	42	—	25,381
Total current assets	814,915	25,933	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	5,316	—	—	—	—	—	—	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	—	8,503	—	—	—	—	—	(58,813)	187,885
	398,614	38,715	26,846	44,160	144,422	18,845	26,483	69,634	—	41,363	10	—	(58,813)	750,179
Property and equipment, net	913,959	48,190	99,306	262,303	178,578	97,781	210,395	258,210	5,306	—	9,346	2,169	—	2,085,546
Investments in joint ventures and other assets	676,735	—	12,906	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	—	248,543
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	6,788	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	40,128	—	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	568,363	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	76,238	(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	—	7,584	—	—	(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.

Schedule 3

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	15,378	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	15,623	—	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	17,046	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	685	—	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.

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.

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)	58,523
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	58,726	195,905	221,243	14,358	—	77,460	—	—	1,751,856
Expendable supplies	343,261	14,096	23,206	61,858	40,614	17,075	81,820	81,781	—	—	11,087	96	—	674,894
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	—	—	—	3,768
St. Joseph escrow settlement	34,275		—	—	—	—	—	—	—	—	—	—	—	34,275
Equity in net income of joint ventures	(1,629)		—	—	(178)	470	654	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	(21,818)	(1,303)	23	(4,770)	(10,540)	(964)	(429)	4,446	—	(988)	—	—	—	(36,443)
Other nonoperating gains and losses	(10,382)	(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.

Schedule 5

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	10,533	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	57,387	135,718	189,819	—	—	1,577,075
Expendable supplies	353,848	15,357	29,853	50,885	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	85,665	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	24,155	722	1,116	5,657	2,480	160	343	2,983	152	1,887	9,620	8,150	—	—	54,452
Total operating expenses	1,470,084	106,071	204,226	334,210	183,504	42,909	7,142	233,555	46,048	116,779	338,093	368,145	—	(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	13,883	2,607	—	10,139	5,237	—	—	5,237	1,240	2,268	—	12,728	1,971	—	50,173
Other nonoperating gains and losses	(10,881)	(363)	(564)	(2,854)	(2,588)	(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	—	288,380
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)	(248)	(3,454)	(22,886)	—	—	(22,886)	(180)	(1,121)	1,268	(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.

Schedule 8

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: Memorial Hospital	Shore Health System: Dorchester General	Shore Health System: QAEC	Shore Health System: Subtotal	Chester River Hospital Center	Charles Regional Medical Center	St. Joseph Medical Center	Upper Chesapeake Hospitals*	UMMS Foundation	Eliminations	Obligated group total
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)	(595)	(10,026)	(2,774)	(4,903)	(13,109)	(12,583)	—	—	(150,246)
Net patient service revenue	1,362,846	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	—	—	1,521,843
Expendable supplies	342,851	14,078	23,206	61,531	30,320	3,255	608	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	56,881	—	(1,293)	479,472
Contracted services	130,634	9,126	20,881	9,469	5,388	2,285	886	8,559	5,435	5,086	15,382	13,010	—	—	217,582
Depreciation and amortization	90,687	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	(21,818)	(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	—	—	—	8,399
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	—	—	(6,419)	(6,225)	—	—	—	—	(413)	(3,697)	—	8,111	—	—	(10,643)
Other	—	—	—	—	—	—	—	—	—	—	—	—	(947)	—	(947)
Increase (decrease) in unrestricted net assets	(233)	8	(14)	500	(1)	—	—	(1)	(1)	2	225	(505)	(6)	—	(25)
	$ (40,543)	3,572	(6,768)	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.