Holy Cross Health - Germantown
Table 4: Revenue and Expenses - Project
For the Fiscal Years 2010 - 2015

Note: Dollars in Thousands and in Current FY 2010 Dollars

	Budget	Projected (Ending with first full year of utilization)				
Fiscal Year Ended June 30,	2010	2011	2012	2013	2014	2015
1. Revenue						
a. Inpatient Services	$ -	$ -	$ -	$ 22,417	$ 56,665	$ 68,611
b. Outpatient Services	-	-	-	11,948	33,107	36,066
c. Gross Patient Services Revenues	-	-	-	34,365	89,772	104,677
d. Allowance for Bad Debt	-	-	-	(1,443)	(3,770)	(4,396)
e. Contractual Allowance	-	-	-	(3,217)	(8,405)	(9,739)
f. Charity Care	-	-	-	(790)	(2,065)	(2,408)
g. Net Patient Services Revenue	-	-	-	28,915	75,532	88,135
h. Other Operating Revenues	-	-	-	934	2,441	2,848
i. Net Operating Revenue	-	-	-	29,850	77,973	90,983
2. Expenses						
a. Salaries, Wages, and Professional Fees (including fringes)	-	-	-	14,111	36,877	42,996
b. Contractual Services	-	-	-	4,260	9,412	9,803
c. Interest on Current Debt	-	-	-	-	-	-
d. Interest on Project Debt	-	-	-	2,564	6,839	6,730
e. Current Depreciation	-	-	-	-	-	-
f. Project Depreciation	-	-	-	5,054	10,257	10,557
g. Current Amortization - included in Depreciation	-	-	-	-	-	-
h. Project Amortization - included in Depreciation	-	-	-	-	-	-
i. Supplies	-	-	-	5,167	13,562	15,725
j. Other Expenses (Pre-opening recruiting, training and other related costs in 2013 - Insurance, Utilities, Repairs)	-	-	-	7,960	3,335	3,474
k. Total Operating Expenses	-	-	-	39,115	80,284	89,285
3. Income						
a. Income from Operations	-	-	-	(9,266)	(2,311)	1,698
b. Non-Operating Income	-	-	-	-	69	222
c. Subtotal	-	-	-	(9,266)	(2,242)	1,920
d. Income Taxes	-	-	-	-	-	-
e. Net Income (Loss)	$ -	$ -	$ -	$ (9,266)	$ (2,242)	$ 1,920

Holy Cross Hospital - Germantown
Table 4: Patient Mix
For the Fiscal Years 2010 - 2015

	Projected Years (ending with first full year utilization)					
Fiscal Year	2010	2011	2012	2013	2014	2015
2. Patient Mix						
A. Percent of Net Patient Service Revenues*						
1) Medicare	n/a	n/a	n/a	34.8%	35.3%	35.8%
2) Medicaid	n/a	n/a	n/a	12.4%	12.3%	12.2%
3) Blue Cross	n/a	n/a	n/a	12.9%	12.8%	12.7%
4) Commercial Insurance	n/a	n/a	n/a	31.8%	31.5%	31.3%
5) Self-Pay	n/a	n/a	n/a	5.1%	5.1%	5.1%
6) Other	n/a	n/a	n/a	3.0%	3.0%	3.0%
7) Total	n/a	n/a	n/a	100.0%	100.0%	100.0%
B. Percent of Patient Days/Visits/Procedures (as applicable)						
1) Medicare	n/a	n/a	n/a	33.5%	36.2%	36.8%
2) Medicaid	n/a	n/a	n/a	12.8%	12.3%	12.2%
3) Blue Cross	n/a	n/a	n/a	12.9%	12.3%	12.2%
4) Commercial Insurance	n/a	n/a	n/a	32.3%	31.0%	30.8%
5) Self-Pay	n/a	n/a	n/a	5.4%	5.2%	5.2%
6) Other	n/a	n/a	n/a	3.0%	2.9%	2.8%
7) Total	n/a	n/a	n/a	100.0%	100.0%	100.0%

* Gross patient charges

Note: Commercial Insurance includes Managed Care

Holy Cross Hospital - Germantown
Assumptions

Table 4: Revenue and Expenses - Project

Projections for FY13 to FY15 include the following assumptions:
The hospital in Germantown, MD will open in January 2013 (FY13)

Dollars are in current Fiscal Year 2010 values
Patient revenue was based on statewide, case mix adjusted charge per case.
Outpatient revenue was based on statewide median rates.

	2010	2011	2012	2013	2014	2015
Change in discharges, acute					151.6%	20.5%
ALOS, acute				4.3	4.3	4.3
Charge per Case target at 1.0 (See "Inpatient ICC Buildup" schedule)				$ 9,940	$ 9,940	$ 9,940
Case Mix Index				0.8951	0.8996	0.9041
Change in Case Mix Index					0.5%	0.5%
Change in outpatient visits					177.1%	9.4%
Change in outpatient mix / intensity					0.0%	0.0%
Discount on revenue for increased volume					0.0%	0.0%

Charity care and bad debt are assumed at 6.5% of gross revenue from FY13 to FY15.
Operating expenses were based on the Holy Cross FY 2010 budget, adjusted for Germantown's expected patient volume and severity
FTEs are 100% variable with volume in FY14 and FY15.
Salaries and benefits will increase as FTEs increase.

Medical supplies and drugs were increased 100% variable with patient volumes and adjusted for case mix.
Contractual services and other expenses were increased 75% and 25% variable with patient volumes for FY14 and FY15, respectively.

Depreciation for the project: Building = 40 years Equipment = 7 years
Interest on long term debt for the project is 5.0%.
Philanthropy for the project will be $15M raised from FY11 - FY16.

Table 4: Patient Mix
The Medicare patient mix will increase annually due to the aging population in the service area.

Holy Cross - Germantown

Inpatient ICC Buildup

Statewide Peer Group Excluding UMMC & JHH

Statewide Stripped CPC excl. JHH and UMMS	$9,105
Buildup:	
Non-Teaching IME	(701)
DSH	(0.98%)
Capital	2.93%
Labor Market	1.0239
Direct Strips	$0
Markup	1.1146 (1)
Modified ICC Result	**$9,767**
FY 2010 Statewide Rate Increase	1.77% (2)
Modified ICC Result	**$9,940**

Note 1: Calculation of Markup based on CON Payer Mix

		Germantown	
Ratio of Medicare & Medicaid Charges	A	0.4720	per CON 2013
Ratio of Blue Cross I/P Charges	B1	0.0864	per CON 2013
Ratio of Blue Cross O/P Charges	B2	0.0426	per CON 2013
Ratio of MCO Medicare, Medicaid Charges	C	0.0000	per CON 2013
Deductibles Paid by Medicaid & Blue Cros	D	0.0000	per CON 2013
Provision for Uncollectable Accounts :	EP - Prospective	0.0650	per CON 2013
Provision for Other Payors :	FP = 1 - (A + B1 + B2 + C + EP)	0.3340	
Approved Markup:	GP = GP (.06A+.0225B1+.02B2+.06C+.02D+EP+.02FP)+H	1.1146	

Note 2: Effective July 1, 2009 the HSCRC approved a final update factor of 1.77%.