

January 5, 2023

**VIA EMAIL AND U.S. MAIL**

Ms. Ruby Potter  
[ruby.potter@maryland.gov](mailto:ruby.potter@maryland.gov)  
Health Facilities Coordination Officer  
Maryland Health Care Commission  
4160 Patterson Avenue  
Baltimore, Maryland 21215

Re: University of Maryland Laurel Regional Hospital  
Conversion to Freestanding Medical Facility  
Second Request for Post-Approval Project Change

Dear Ms. Potter:

On behalf of Dimensions Health Corporation *d/b/a* University of Maryland Capital Region Health (“UM CRH”), University of Maryland Laurel Medical Center (formerly University of Maryland Laurel Regional Hospital) (“UM LRH”), and University of Maryland Capital Region Medical Center, we are submitting four copies of its Second Request for Post-Approval Project Change.

We hereby certify that a copy of this submission has also been forwarded to the appropriate local health planning agency, the Health Services Cost Review Commission, and the Maryland Institute for Emergency Medical Services Systems, as noted below.

Sincerely,



Thomas C. Dame



Mallory Regenbogen

Enclosures

cc: Wynee Hawk, Chief, Certificate of Need  
Paul Parker, Director, Center for Health Care Facilities Planning & Development, MHCC  
Alexa Bertinelli, Esq., Assistant Attorney General, MHCC  
Katie Wunderlich, Executive Director, HSCRC  
Jerry Schmith, Principal Deputy Director, HSCRC  
Stan Lustman, Esq., Assistant Attorney General, HSCRC

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Theodore Delbridge, M.D., Executive Director, Maryland Institute for Emergency  
Medical Services Systems  
Pat Gainer, J.D., MPA, Deputy Director, Maryland Institute for Emergency Medical  
Services Systems  
Dr. Ernest L. Carter, Health Officer, Prince George's County  
Jay Mittal, VP Business Strategy and Development, UM Capital Region Health  
Richie Stever, VP of Real Estate and Property Management, UMMC  
Michael Brozic, Chief Financial Officer, UM Capital Region Health  
Sandra Benzer, Esq., General Counsel, UM Capital Region Health

IN THE MATTER OF  
THE CONVERSION OF  
UNIVERSITY OF MARYLAND  
LAUREL REGIONAL HOSPITAL TO A  
FREESTANDING MEDICAL FACILITY

\*  
\* BEFORE THE  
\* MARYLAND HEALTH CARE  
\* COMMISSION  
\* Docket No. 18-16-EX002  
\*

\* \* \* \* \*

**SECOND REQUEST FOR POST-APPROVAL PROJECT CHANGE**

Dimensions Health Corporation *d/b/a* University of Maryland Capital Region Health (“UM CRH”), University of Maryland Laurel Medical Center (formerly University of Maryland Laurel Regional Hospital), and University of Maryland Capital Region Medical Center, by the undersigned counsel, respectfully requests the Maryland Health Care Commission (the “Commission”) approve a second project change to the Certificate of Need (“CON”) exemption issued on September 20, 2018, as described herein.

**I. BACKGROUND OF APPROVED PROJECT**

On September 20, 2018, the Commission granted a CON exemption (Docket No. 18-16-EX002), authorizing UM-CRH to convert University of Maryland Laurel Regional Hospital (“UM LRH”) to a freestanding medical facility (“FMF”), operating as University of Maryland Laurel Medical Center (“UM LMC”).

The Commission approved the conversion of UM LRH to an FMF as a two phase project with the FMF initially located in the existing hospital building (Phase 1), and then moved to a newly constructed building on the southwestern portion of the campus (Phase 2). When the new building is complete, the FMF will be relocated there and the existing hospital building will be demolished or repurposed. The FMF project was approved for a variety of outpatient services,

including: emergency services, observation services, ancillary diagnostic services to support emergency services, outpatient surgical services, psychiatric partial hospitalization / intensive outpatient services, and the Wound Care and Hyperbaric Medicine Center at UM Capital Region Health (the “Wound Care Center”), which is located in an existing building on the campus.

The implementation of Phase 1, operational conversion of UM LRH from an acute hospital to an FMF occurred on January 1, 2019. Phase 2, involving construction of a new FMF building on the southwestern portion of the current UM LRH campus, is under construction. The approved Phase 2 building was approved to have two floors totaling 75,855 SF. The initial total approved project budget is \$53.1 million. On April 22, 2022, UM CRH submitted an amended request for post-approval project change to make certain changes in the physical plant design and increase the project budget to \$71,580,221 (the “First Project Change Request”). The Commission granted the First Project Change Request on July 21, 2022. Now, UM CRH seeks this second project change to increase the total project budget to \$78,360,714, an increase of \$6,780,493, for the reasons described below.

## **II. COMPARISON OF NEW TOTAL PROJECT COSTS AND ALLOWABLE INFLATION FOR CON PROJECTS**

In evaluating project change requests for CON exemption projects, the Commission has found that “[w]hile [its] regulations do not explicitly address project changes of approved CON exemptions, COMAR 10.24.01.17, which addresses project changes after CON issuance, provides a framework and relevant considerations for reviewing [such a] request.”<sup>1</sup>

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<sup>1</sup> *In the Matter of Conversion of University of Maryland Laurel Regional Hospital to a Freestanding Medical Facility*, Dkt. No. 18-16-EX002; (citing *In the Matter of the Consolidation of Adult Acute Psychiatric Beds: Three Lifebridge Health General Hospitals*, Dkt. No. 19-24-EX01 (Sep. 23, 2021)).

To assess whether a CON holder must obtain Commission approval to increase its capital, COMAR 10.24.01.17 requires a CON holder to inflate approved capital costs by means of the inflation index set forth in the Commission’s regulations to determine the currently allowable project costs. *See* COMAR § 10.24.01.17B(2). This computation is based on the process outlined in the document on the Commission’s website: “Determining the Threshold for Required Approval of Changes in Certificate of Need Approved Capital Cost.”<sup>2</sup> The regulation requires the calculation to run from “the application submission date.” *Id.* Because this is the second request for changes to the project cost, UM CRH runs its analysis instead from the date of the submission of its prior change request.

Applying COMAR § 10.24.01.17B(2), the net requested increase in total project cost after allowable inflation would be \$6,780,493. UM CRH submitted its First Request for Project Change on April 7, 2022, as amended on April 22, 2022. The Commission approved the request on July 21, 2022. The approved capital costs for the modified project were \$70,500,669, excluding additional inflation. Applying the inflation index permits 1.006% inflation as calculated below.

<u>Quarter</u>	<u>CAPB06</u>	<u>%MOVAVG</u>	<u>Inflation Factor</u>
2022:2	1.234	1.2	N/A
2022:4	1.241	1.3	1.00567261

Applying this rate to the \$71,580,221 in approved total current capital costs amounts to:

Total Approved Capital Costs	\$ 70,500,669
Allowable Inflation at 1.011%	\$ 742,714
Total Allowable Capital Costs	\$ 71,243,383
Projected Capital Costs (w/inflation through 4/22)	\$ 76,840,186
Increase in Excess of Allowable Capital Costs	\$ 5,596,803

<sup>2</sup>[https://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs\\_con/documents/con\\_cap\\_cost\\_index\\_20210503.pdf](https://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_con/documents/con_cap_cost_index_20210503.pdf)

Applying the framework of COMAR § 10.24.01.17B(2) to this CON Exemption, UM CRH would require Commission approval for this change request because the increase in the total current project cost would exceed the allowable total current project cost.

UM CRH notes that the allowable inflation likely differs significantly from actual inflation over the eight month period just ended due to an extraordinary period of rapidly increasing inflation. The Commission published its most recent inflation index, resulting in 1.011% inflation for the eight month period just ended, on March 3, 2021. According to the U.S. Bureau of Labor Statistics (the “Bureau”), the Consumer Price Index increased 8.5 percent for the year ended March 2022.<sup>3</sup> CBRE Research projects a year-over-year increase in construction costs of 14.1% by year-end 2022. CBRE Research, 2022 U.S. Construction Costs Trends Report (July 2022).<sup>4</sup> The *Mortenson Cost Index* acknowledges a 3.3% increase nationally for construction costs in the second quarter of 2022 alone.<sup>5</sup>

### **III. BASIS FOR REQUESTED PROJECT CHANGE**

Following the approval of the First Project Change Request, UM CRH has experienced additional cost overruns. Thus, UM CRH requests a second project change.

#### **A. Description of Project Changes.**

The Commission has approved Phase 2 of the project with total capital costs of \$70,500,669 and total project costs of \$71,580,221. As shown in the revised Table E, included as **Exhibit 1**, the total capital cost for Phase 2 has been further revised to \$77,068,714, an increase

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<sup>3</sup> <https://www.bls.gov/opub/ted/2022/consumer-prices-up-8-5-percent-for-year-ended-march-2022.htm>

<sup>4</sup> <https://manage.cbre.com/shared/-/media/project/cbre/shared-site/insights/books/2022-us-construction-cost-trends-media-folder/construction-cost-report.pdf>

<sup>5</sup> <https://www.mortenson.com/cost-index>

of \$6,568,045. The total project cost for Phase 2 has been revised to \$78,360,714, an increase of \$6,780,493. The most recent cost overruns include the following:

*1. Building Costs (Line 1.a.(1))*

The cost of constructing the new FMF building is estimated to increase by approximately \$4.2 million. The cost increase is due to several factors. First, UM CRH proposes to add a pedestrian connector between the new FMF building and an adjacent medical office building being constructed by a third party developer. The cost of the connector will be shared equally with the developer of the medical office building. A site plan and concept drawings of the pedestrian connector is attached as **Exhibit 2**. UM CRH's share of the cost of the connector is approximately \$1.2 million.

Second, delays in the delivery of certain materials, including electrical and HVAC components have added significant cost to the project. Third, errors in the design of electrical panels has also added cost. Finally, the cost of certain products, services, and materials has increased, including the cost of asphalt, HVAC materials, electrical labor and materials, network components, and security components UM CRH intends to seek recourse from contractors and others for some of these items. Thus, after recovery, the cost overruns may be moderated. As calculated and explained in **Exhibit 3**, the projected building costs do not exceed the updated MVS benchmark.

*2. Architect and Engineering Fees (Line 1.a.(4))*

The architect and engineering fees increased by approximately \$529,000 as a result of the design costs for the addition of the pedestrian connector and additional designer site visits required due to the project schedule delays.

3. *Movable Equipment (Line 1.c.(1))*

The moveable equipment cost increased by approximately \$1.2 million due to network equipment price increases, the addition of distributed antenna system (DAS) for cellular connectivity and more public safety devices, including added video surveillance.

4. *Gross Interest During Construction Period (Line 1.c.(3))*

The gross interest cost increased by approximately \$350,000 due to the delayed construction period.

The new FMF facility is now planned to be completed in the first quarter of 2023, and is expected to be ready to commence operations by the second quarter of 2023.

**B. UM LMC will remain cost effective, and the combined UM CRH is financially feasible, with the requested project changes.**

UM CRH has included Tables B, C, D, E, and F through L in Exhibit 1. Tables F-K present utilization and financial projections related to revenue and expenses for UM LMC, as well as UM CRH, the parent of University of Maryland Capital Region Medical Center and UM LMC. Tables G, H, J, and K have been revised to reflect the additional cost of construction and financing. The other tables are unchanged since the First Request for Project Change.

1. *Projected UM LMC Revenue*

The presentations of projected revenue in **Tables H and K** reflect the approved Global Budget Revenue (GBR) for UM CRH in total and UM LMC specifically. The GBR is projected to increase with the HSCRC annual update factors, shared savings, demographic adjustments, and other adjustments consistent with the HSCRC payment policies. These assumptions are included with the tables.



2. *Projected UM CRH and UM LMC Financial Performance*

As an emergency department with ancillary services, UM LMC is projected to have operating losses each year as presented in **Table K**. UM LMC’s operating losses will be absorbed, though, by the operating profits of UM CRH. As shown in **Table H**, UM CRH is projected to generate a positive operating income after adding back depreciation (a non-cash expenditure).

**CONCLUSION**

For the reasons set forth above, UM CRH respectfully requests that the Commission authorize the changes in the UM LMC project previously approved by the Commission.

Respectfully submitted,



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Thomas C. Dame  
Mallory M. Regenbogen  
Gallagher Evelius & Jones LLP  
218 North Charles Street, Suite 400  
Baltimore MD 21201  
(410) 727-7702

*Attorneys for University of Maryland Capital  
Region Health*

January 5, 2023

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**TABLE OF EXHIBITS**

1	<b>Revised</b> MHCC Tables
2	Site Plan and Concept Drawings of Pedestrian Connector
3	<b>Revised</b> MVS Analysis

I hereby declare and affirm under the penalties of perjury that the facts stated in this Second Request for Post-Approval Project Change and its exhibits are true and correct to the best of my knowledge, information, and belief.

December 22, 2022

\_\_\_\_\_  
Date

DocuSigned by:

*Michael Brozic*

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\_\_\_\_\_  
Michael Brozic, CPA, MBA  
Chief Financial Officer  
UM Capital Region Health

I hereby declare and affirm under the penalties of perjury that the facts stated in this Second Request for Post-Approval Project Change and its exhibits are true and correct to the best of my knowledge, information, and belief.

December 22, 2022

Date

DocuSigned by:

*Richie Stever*

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Richie Stever  
Vice President of Real Estate and  
Property Management  
University of Maryland Medical System

# **EXHIBIT 1**

Name of Applicant: Laurel Freestanding Medical Facility

Date of Submission: 5-Jan-23

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

<b>Table Number</b>	<b>Table Title</b>	<b>Instructions</b>
<b>Table A</b>	<b>Physical Bed Capacity Before and After Project</b>	All applicants whose project impacts any nursing unit, regardless of project type or scope, must complete Table A.
<b>Table B</b>	<b>Departmental Gross Square Feet</b>	All applicants, regardless of project type or scope, must complete Table B for all departments and functional areas affected by the proposed project.
<b>Table C</b>	<b>Construction Characteristics</b>	All applicants proposing new construction or renovation must complete Table C.
<b>Table D</b>	<b>Site and Offsite Costs Included and Excluded in Marshall Valuation Costs</b>	All applicants proposing new construction or renovation must complete Table D.
<b>Table E</b>	<b>Project Budget</b>	All applicants, regardless of project type or scope, must complete Table E.
<b>Table F</b>	<b>Statistical Projections - Entire Facility</b>	Existing facility applicants must complete Table F. All applicants who complete this table must also complete Tables G and H.
<b>Table G</b>	<b>Revenues &amp; Expenses, Uninflated - Entire Facility</b>	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.
<b>Table H</b>	<b>Revenues &amp; Expenses, Inflated - Entire Facility</b>	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.
<b>Table I</b>	<b>Statistical Projections - New Facility or Service</b>	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.
<b>Table J</b>	<b>Revenues &amp; Expenses, Uninflated - New Facility or Service</b>	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.
<b>Table K</b>	<b>Revenues &amp; Expenses, Inflated - New Facility or Service</b>	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.
<b>Table L</b>	<b>Work Force Information</b>	All applicants, regardless of project type or scope, must complete Table L.

**TABLE A. PHYSICAL BED CAPACITY BEFORE AND AFTER PROJECT (January 2023)**

*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: July 1, 2017	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
<b>ACUTE CARE</b>							<b>ACUTE CARE</b>					
General Medical/Surgical*	4C	35	2	18	20	38	General Medical/Surgical*	4C	0	0	0	0
General Medical/Surgical*	3B - IMC	0	6	2	8	10	General Medical/Surgical*	3B - IMC	0	0	0	0
<b>SUBTOTAL Gen. Med/Surg*</b>		<b>35</b>	<b>8</b>	<b>20</b>	<b>28</b>	<b>28</b>	<b>SUBTOTAL Gen. Med/Surg*</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
ICU/IMC	3A	10	10	0	10	10	ICU/CCU	3A	0	0	0	0
Other	n/a	0	0	0	0	0	Other	n/a	0	0	0	0
<b>TOTAL MSGA</b>		<b>45</b>	<b>18</b>	<b>20</b>	<b>38</b>	<b>38</b>	<b>TOTAL MSGA</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Obstetrics	3C - MCH	0	3	13	16	29	Obstetrics	3C - MCH	0	0	0	0
Pediatrics	n/a	0	0	0	0	0	Pediatrics	n/a	0	0	0	0
Psychiatric	4A	16	3	7	10	17	Psychiatric	4A	0	0	0	0
<b>TOTAL ACUTE</b>		<b>61</b>	<b>24</b>	<b>40</b>	<b>64</b>	<b>84</b>	<b>TOTAL ACUTE</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NON-ACUTE CARE</b>							<b>NON-ACUTE CARE</b>					
Dedicated Observation**	n/a	0	0	0	0	0	Dedicated Observation**	3C	10	0	10	10
Rehabilitation	5C	28	2	13	15	28	Rehabilitation	5C	0	0	0	0
Chronic Vent Unit	4B	46	2	18	20	38	Chronic Vent Unit	4B	0	0	0	0
Chronic Vent Unit (overflow)	3B - IMC	0	0	4	4	8	Chronic Vent Unit (overflow)	3B - IMC	0	0	0	0
Sleep Center	5B	0	2	6	8	14	Sleep Center	5B	0	0	0	0
<b>TOTAL NON-ACUTE</b>		<b>74</b>	<b>6</b>	<b>41</b>	<b>47</b>	<b>88</b>	<b>TOTAL NON-ACUTE</b>		<b>10</b>	<b>0</b>	<b>10</b>	<b>10</b>
<b>HOSPITAL TOTAL</b>		<b>135</b>	<b>30</b>	<b>81</b>	<b>111</b>	<b>172</b>	<b>HOSPITAL TOTAL</b>		<b>10</b>	<b>0</b>	<b>10</b>	<b>10</b>

\* 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 (January 2023)**

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

DEPARTMENT/FUNCTIONAL AREA	As Approved					Project Change Approved 7/21/22					Difference
	DEPARTMENTAL GROSS SQUARE FEET					DEPARTMENTAL GROSS SQUARE FEET					
	Current	To be Added Thru New Construction	To Be Renovated	To Remain As Is	Total After Project Completion	Current	To be Added Thru New Construction	To Be Renovated	To Remain As Is	Total After Project Completion	
Emergency Department		17,960			17,960		17,425			17,425	-535
Observation Unit		6,810			6,810		7,147			7,147	337
Imaging		3,535			3,535		3,542			3,542	7
Pharmacy		260			260		378			378	118
Lab		1,500			1,500		1,508			1,508	8
Outpatient Surgery/SPD		19,200			19,200		12,888			12,888	-6,312
Respiratory Therapy		230			230		262			262	32
Dietary (includes coffee kiosk)		700			700		1,097			1,097	397
Psychiatric Day Treatment		3,170			3,170		3,375			3,375	205
Administration		1,550			1,550		1,963			1,963	413
Community Space		0			0		1,379			1,379	1,379
Building Services		7,100			7,100		6,244			6,244	-856
Vertical Circulation		780			780		1,143			1,143	363
Lobby		1,570			1,570		3,217			3,217	1,647
General Circulation		7,670			7,670		8,692			8,692	1,022
Security		330			330		268			268	-62
Unregulated Medical Office Suite		3,490			3,490		6,896			6,896	3,406
Shell Space		0			0		6,319			6,319	6,319
<b>Total</b>		<b>75,855</b>			<b>75,855</b>		<b>83,743</b>			<b>83,743</b>	<b>7,888</b>

**TABLE C. CONSTRUCTION CHARACTERISTICS (January 2023)**

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

	As Approved		Project Change Approved 7/21/22		Difference
	NEW CONSTRUCTION	RENOVATION	NEW CONSTRUCTION	RENOVATION	
<b>BASE BUILDING CHARACTERISTICS</b>	Check if applicable		Check if applicable		
<b>Class of Construction</b> (for renovations the class of the building being renovated)*					
Class A	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Class B	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Class C	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Class D	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Type of Construction/Renovation*</b>					
Low	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Average	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Good	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Excellent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Number of Stories</b>					
*As defined by Marshall Valuation Service					
<b>PROJECT SPACE</b>					
<b>Total Square Footage</b>	Total Square Feet: 75,855		Total Square Feet: 83,743		7,888
Basement					
First Floor	28,420		39,375		10,955
Second Floor	47,435		44,368		-3,067
Third Floor					
Fourth Floor					
<b>Average Square Feet</b>	37,928		41,872		
<b>Perimeter in Linear Feet</b>	Linear Feet		Linear Feet		
Basement					
First Floor	716		992		276
Second Floor	1,012		947		-65
Third Floor					
Fourth Floor					
<b>Total Linear Feet</b>	1,728		1,939		211
<b>Average Linear Feet</b>	864		969		105
<b>Wall Height (floor to eaves)</b>	Feet		Feet		
Basement					
First Floor	15		15		0
Second Floor	15		15		0
Third Floor					
Fourth Floor					
<b>Average Wall Height</b>	15		15		0
<b>OTHER COMPONENTS</b>					
<b>Elevators</b>	List Number		List Number		
Passenger					
Freight					
<b>Sprinklers</b>	Square Feet Covered		Square Feet Covered		
Wet System					
Dry System					
<b>Other</b>	Describe Type		Describe Type		
Type of HVAC System for proposed project					
Type of Exterior Walls for proposed project					



**TABLE D. ONSITE AND OFFSITE COSTS INCLUDED AND EXCLUDED IN MARSHALL VALUATION COSTS (January 2023)**

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

	As Approved		As Modified		Difference
	NEW CONSTRUCTION COSTS	RENOVATION COSTS	NEW CONSTRUCTION COSTS	RENOVATION COSTS	
<b>SITE PREPARATION COSTS</b>					
Normal Site Preparation	\$816,000				
Utilities from Structure to Lot Line					
<b>Subtotal included in Marshall Valuation Costs</b>	<b>\$816,000</b>		<b>\$0</b>		
Site Demolition Costs	\$0				
Storm Drains	\$100,000				
Rough Grading	\$0				
Hillside Foundation	\$750,000				
Paving	\$700,000				
Exterior Signs	\$150,000				
Landscaping	\$200,000				
Walls	\$400,000				
Rock Blasting Allowance	\$250,000				
Site Fill	\$750,000				
Yard Lighting	\$100,000				
MBE Premium	\$34,000				
Other (Specify/add rows if needed)					
<b>Subtotal On-Site excluded from Marshall Valuation Costs</b>	<b>\$3,434,000</b>		<b>\$0</b>		
<b>OFFSITE COSTS</b>					
Roads					
Utilities					
Jurisdictional Hook-up Fees					
Other (Specify/add rows if needed)					
<b>Subtotal Off-Site excluded from Marshall Valuation Costs</b>					
<b>TOTAL Estimated On-Site and Off-Site Costs <u>not</u> included in Marshall Valuation Costs</b>	<b>\$3,434,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>TOTAL Site and Off-Site Costs included and excluded from Marshall Valuation Service*</b>	<b>\$4,250,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

\*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 (January 2023)**

*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*

	As Approved			Project Change Approved 7/21/22			As Modified			Difference
	Hospital Building	Interim Location	Total	Hospital Building	Interim Location	Total	Hospital Building	Interim Location	Total	
<b>A. USE OF FUNDS</b>										
<b>1. CAPITAL COSTS</b>										
<b>a. New Construction</b>										
(1) Building	\$24,700,000		\$24,700,000	\$32,250,000		\$32,250,000	\$36,478,000		\$36,478,000	\$4,228,000
(2) Fixed Equipment	\$480,000		\$480,000	\$500,000		\$500,000	\$500,000		\$500,000	\$0
(3) Site and Infrastructure	\$2,900,000		\$2,900,000	\$4,250,000		\$4,250,000	\$4,250,000		\$4,250,000	\$0
(4) Architect/Engineering Fees	\$2,060,000		\$2,060,000	\$4,400,000		\$4,400,000	\$4,929,000		\$4,929,000	\$529,000
(5) Permits (Building, Utilities, Etc.)	\$100,000		\$100,000	\$100,000		\$100,000	\$100,000		\$100,000	\$0
<b>SUBTOTAL</b>	<b>\$30,240,000</b>	<b>\$0</b>	<b>\$30,240,000</b>	<b>\$41,500,000</b>	<b>\$0</b>	<b>\$41,500,000</b>	<b>\$46,257,000</b>	<b>\$0</b>	<b>\$46,257,000</b>	<b>\$4,757,000</b>
<b>b. Renovations</b>										
(1) Building		\$18,560	\$18,560		\$0	\$0		\$0	\$0	\$0
(2) Fixed Equipment (not included in construction)		\$102,295	\$102,295		\$0	\$0		\$0	\$0	\$0
(3) Architect/Engineering Fees			\$0			\$0			\$0	\$0
(4) Permits (Building, Utilities, Etc.)			\$0			\$0			\$0	\$0
<b>SUBTOTAL</b>	<b>\$0</b>	<b>\$120,855</b>	<b>\$120,855</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>c. Other Capital Costs</b>										
(1) Movable Equipment	\$11,780,000	\$5,000	\$11,785,000	\$17,000,000	\$0	\$17,000,000	\$18,232,000	\$0	\$18,232,000	\$1,232,000
(2) Contingency Allowance	\$3,000,000		\$3,000,000	\$3,000,000		\$3,000,000	\$3,000,000		\$3,000,000	\$0
(3) Gross interest during construction period	\$4,902,000		\$4,902,000	\$7,486,483		\$7,486,483	\$7,837,000		\$7,837,000	\$350,517
(4) Other (Specify/add rows if needed)	\$300,000		\$300,000	\$1,000,000		\$1,000,000	\$1,000,000		\$1,000,000	\$0
<b>SUBTOTAL</b>	<b>\$19,982,000</b>	<b>\$5,000</b>	<b>\$19,987,000</b>	<b>\$28,486,483</b>	<b>\$0</b>	<b>\$28,486,483</b>	<b>\$30,069,000</b>	<b>\$0</b>	<b>\$30,069,000</b>	<b>\$1,582,517</b>
<b>TOTAL CURRENT CAPITAL COSTS</b>	<b>\$50,222,000</b>	<b>\$125,855</b>	<b>\$50,347,855</b>	<b>\$69,986,483</b>	<b>\$0</b>	<b>\$69,986,483</b>	<b>\$76,326,000</b>	<b>\$0</b>	<b>\$76,326,000</b>	<b>\$6,339,517</b>
<b>d. Land Purchase</b>										
<b>e. Inflation Allowance</b>										
	\$2,000,000		\$2,000,000	\$514,186		\$514,186	\$742,714		\$742,714	\$228,527
<b>TOTAL CAPITAL COSTS</b>	<b>\$52,222,000</b>	<b>\$125,855</b>	<b>\$52,347,855</b>	<b>\$70,500,669</b>	<b>\$0</b>	<b>\$70,500,669</b>	<b>\$77,068,714</b>	<b>\$0</b>	<b>\$77,068,714</b>	<b>\$6,568,044</b>
<b>2. Financing Cost and Other Cash Requirements</b>										
a. Loan Placement Fees	\$298,000		\$298,000	\$554,554		\$554,554	\$607,000		\$607,000	\$52,446
b. Bond Discount			\$0			\$0			\$0	\$0
<b>c. CON Application Assistance</b>										
<i>c1. Legal Fees</i>										
	\$150,000		\$150,000	\$150,000		\$150,000	\$150,000		\$150,000	\$0
<i>c2. Other (Specify/add rows if needed)</i>										
	\$100,000		\$100,000	\$100,000		\$100,000	\$100,000		\$100,000	\$0
<b>d. Non-CON Consulting Fees</b>										
<i>d1. Legal Fees</i>										
			\$0			\$0			\$0	\$0
<i>d2. Other (Specify/add rows if needed)</i>										
	\$330,000		\$330,000	\$274,998		\$274,998	\$435,000		\$435,000	\$160,002
e. Debt Service Reserve Fund			\$0			\$0			\$0	\$0
f. Other (Specify/add rows if needed)			\$0			\$0			\$0	\$0
<b>SUBTOTAL</b>	<b>\$878,000</b>	<b>\$0</b>	<b>\$878,000</b>	<b>\$1,079,552</b>	<b>\$0</b>	<b>\$1,079,552</b>	<b>\$1,292,000</b>	<b>\$0</b>	<b>\$1,292,000</b>	<b>\$212,448</b>
<b>3. Working Capital Startup Costs</b>										
			\$0			\$0			\$0	\$0
<b>TOTAL USES OF FUNDS</b>	<b>\$53,100,000</b>	<b>\$125,855</b>	<b>\$53,225,855</b>	<b>\$71,580,221</b>	<b>\$0</b>	<b>\$71,580,221</b>	<b>\$78,360,714</b>	<b>\$0</b>	<b>\$78,360,714</b>	<b>\$6,780,492</b>
<b>B. Sources of Funds</b>										
<b>1. Cash</b>										
		\$125,855	\$125,855			\$0	\$743,714		\$743,714	\$743,714
<b>2. Philanthropy (to date and expected)</b>										
			\$0			\$0			\$0	\$0
<b>3. Authorized Bonds</b>										
	\$38,100,000		\$38,100,000	\$55,455,428		\$55,455,428	\$60,676,000		\$60,676,000	\$5,220,572
<b>4. Interest Income from bond proceeds listed in #3</b>										
	\$500,000		\$500,000	\$1,624,793		\$1,624,793	\$2,534,000		\$2,534,000	\$909,207
<b>5. Mortgage</b>										
			\$0			\$0			\$0	\$0
<b>6. Working Capital Loans</b>										
			\$0			\$0			\$0	\$0
<b>7. Grants or Appropriations</b>										
<b>a. Federal</b>										
			\$0			\$0			\$0	\$0
<b>b. State</b>										
	\$14,500,000		\$14,500,000	\$14,500,000		\$14,500,000	\$14,407,000		\$14,407,000	-\$93,000
<b>c. Local</b>										
			\$0			\$0			\$0	\$0
<b>8. Other (Specify/add rows if needed)</b>										
			\$0			\$0	\$0		\$0	\$0
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$53,100,000</b>	<b>\$125,855</b>	<b>\$53,225,855</b>	<b>\$71,580,221</b>	<b>\$0</b>	<b>\$71,580,221</b>	<b>\$78,360,714</b>	<b>\$0</b>	<b>\$78,360,714</b>	<b>\$6,780,493</b>
<b>Annual Lease Costs (if applicable)</b>										
<b>1. Land</b>										
			\$0			\$0			\$0	\$0
<b>2. Building</b>										
			\$0			\$0			\$0	\$0
<b>3. Major Movable Equipment</b>										
			\$0			\$0			\$0	\$0
<b>4. Minor Movable Equipment</b>										
			\$0			\$0			\$0	\$0
<b>5. Other (Specify/add rows if needed)</b>										
			\$0			\$0			\$0	\$0

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

**TABLE F. STATISTICAL PROJECTIONS - UM Capital Region Health (January 2023)**

*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.*

	Two Most Recent Years		Current Year	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.				
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
<b>1. DISCHARGES</b>								
a. MSGA	7,239	6,826	7,874	7,155	7,370	7,591	7,818	8,053
<b>Total MSGA</b>	<b>7,239</b>	<b>6,826</b>	<b>7,874</b>	<b>7,155</b>	<b>7,370</b>	<b>7,591</b>	<b>7,818</b>	<b>8,053</b>
b. Pediatric	-	-	-	-	-	-	-	-
c. Obstetric	1,369	1,350	1,418	1,550	1,597	1,644	1,694	1,745
d. RMC Acute Psychiatric	1,511	1,528	1,560	1,497	1,542	1,588	1,636	1,685
<b>Total Acute</b>	<b>10,119</b>	<b>9,704</b>	<b>10,852</b>	<b>10,202</b>	<b>10,508</b>	<b>10,823</b>	<b>11,148</b>	<b>11,482</b>
e. Rehabilitation	84	53	-	-	-	-	-	-
f. Chronic Care	57	24	-	-	-	-	-	-
<b>TOTAL DISCHARGES</b>	<b>10,260</b>	<b>9,781</b>	<b>10,852</b>	<b>10,202</b>	<b>10,508</b>	<b>10,823</b>	<b>11,148</b>	<b>11,482</b>
<b>2. PATIENT DAYS</b>								
a. MSGA	44,865	41,126	45,240	42,582	43,860	45,176	46,531	47,927
<b>Total MSGA</b>	<b>44,865</b>	<b>41,126</b>	<b>45,240</b>	<b>42,582</b>	<b>43,860</b>	<b>45,176</b>	<b>46,531</b>	<b>47,927</b>
b. Pediatric	-	-	-	-	-	-	-	-
c. Obstetric	3,550	3,333	4,678	5,115	5,268	5,427	5,589	5,757
d. RMC Acute Psychiatric	9,222	9,631	9,834	9,436	9,719	10,010	10,311	10,620
<b>Total Acute</b>	<b>57,637</b>	<b>54,090</b>	<b>59,752</b>	<b>57,133</b>	<b>58,847</b>	<b>60,612</b>	<b>62,431</b>	<b>64,304</b>
e. Rehabilitation	1,003	620	-	-	-	-	-	-
f. Chronic Care	2,098	795	-	-	-	-	-	-
<b>TOTAL PATIENT DAYS</b>	<b>60,738</b>	<b>55,505</b>	<b>59,752</b>	<b>57,133</b>	<b>58,847</b>	<b>60,612</b>	<b>62,431</b>	<b>64,304</b>
<b>3. AVERAGE LENGTH OF STAY (patient days divided by discharges)</b>								
a. MSGA	6.2	6.0	5.7	6.0	6.0	6.0	6.0	6.0
<b>Total MSGA</b>	<b>6.2</b>	<b>6.0</b>	<b>5.7</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>
b. Pediatric	-	-	-	-	-	-	-	-
c. Obstetric	2.6	2.5	3.3	3.3	3.3	3.3	3.3	3.3
d. RMC Acute Psychiatric	6.1	6.3	6.3	6.3	6.3	6.3	6.3	6.3
<b>Total Acute</b>	<b>5.7</b>	<b>5.6</b>	<b>5.5</b>	<b>5.6</b>	<b>5.6</b>	<b>5.6</b>	<b>5.6</b>	<b>5.6</b>
e. Rehabilitation	11.9	11.7	-	-	-	-	-	-
f. Chronic Care	36.8	33.1	-	-	-	-	-	-

	Two Most Recent Years		Current Year	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.				
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
<i>Indicate CY or FY</i>								
<b>TOTAL AVERAGE LENGTH OF STAY</b>	5.9	5.7	5.5	5.6	5.6	5.6	5.6	5.6
<b>4. NUMBER OF LICENSED BEDS</b>								
a. MSGA	190	190	174	163	168	173	179	184
<b>Total MSGA</b>	190	190	174	163	168	173	179	184
b. Pediatric	2	2	-	-	-	-	-	-
c. Obstetric	30	30	22	22	22	22	22	22
d. RMC Acute Psychiatric	32	32	28	28	28	28	28	28
<b>Total Acute</b>	254	254	224	213	218	223	229	234
e. Rehabilitation	10	10	-	-	-	-	-	-
f. Chronic Care	12	12	-	-	-	-	-	-
<b>TOTAL LICENSED BEDS</b>	276	276	224	213	218	223	229	234
<b>5. OCCUPANCY PERCENTAGE</b> <i>*IMPORTANT NOTE: Leap year formulas should be changed by applicant to reflect 366 days per year.</i>								
a. MSGA	64.7%	59.3%	71.4%	71.4%	71.4%	71.4%	71.4%	71.4%
<b>Total MSGA</b>	64.7%	59.3%	71.4%	71.4%	71.4%	71.4%	71.4%	71.4%
b. Pediatric								
c. Obstetric	32.4%	30.4%	58.3%	63.7%	65.6%	67.6%	69.6%	71.7%
d. RMC Acute Psychiatric	79.0%	82.5%	96.2%	92.3%	95.1%	97.9%	100.9%	103.9%
<b>Total Acute</b>	62.2%	58.3%	73.2%	73.4%	73.9%	74.4%	74.9%	75.4%
e. Rehabilitation	27.5%	17.0%						
f. Chronic Care	47.9%	18.2%						
<b>TOTAL OCCUPANCY %</b>	60.3%	55.1%	73.2%	73.4%	73.9%	74.4%	74.9%	75.4%
<b>6. OUTPATIENT VISITS (Includes RMC, Laurel FMF and BHC)</b>								
a. Emergency Department	88,815	72,011	79,218	83,524	85,194	86,898	88,636	90,409
b. Same-day Surgery	2,136	1,965	2,349	2,573	2,624	2,677	2,730	2,785
c. Clinic	4,227	3,524	3,952	4,486	4,576	4,667	4,761	4,856
<b>TOTAL OUTPATIENT VISITS</b>	95,178	77,500	85,519	90,583	92,395	94,243	96,127	98,050
<b>7. OBSERVATIONS**</b>								
a. Number of Patients	5,532	5,573	5,917	5,636	5,749	5,864	5,981	6,101
b. Hours	153,531	139,923	144,279	137,428	140,176	142,980	145,839	148,756

\* 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 hospital 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 - Capital Region Health (January 2023)**

**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.

Indicate CY or FY	Two Most Recent Years		Current Year	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				
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
<b>1. REVENUE</b>								
a. Inpatient Services	\$ 260,237	\$ 269,370	\$ 285,848	\$ 279,851	\$ 279,066	\$ 278,425	\$ 277,789	\$ 277,159
b. Outpatient Services	158,363	159,657	193,208	198,660	200,646	202,630	202,713	202,795
<b>Gross Patient Service Revenues</b>	<b>418,600</b>	<b>429,026</b>	<b>479,056</b>	<b>478,511</b>	<b>479,712</b>	<b>481,055</b>	<b>480,502</b>	<b>479,954</b>
c. Deductions	84,868	109,784	117,829	114,396	114,669	114,981	114,925	114,871
<b>Net Patient Services Revenue</b>	<b>333,732</b>	<b>319,242</b>	<b>361,226</b>	<b>364,115</b>	<b>365,043</b>	<b>366,074</b>	<b>365,577</b>	<b>365,083</b>
d. Grants	16,326	15,000	10,000	10,000	10,000	10,000	10,000	10,000
e. Other Operating Revenue	28,694	52,658	10,396	10,449	10,449	10,449	10,449	10,449
<b>NET OPERATING REVENUE</b>	<b>378,752</b>	<b>386,900</b>	<b>381,622</b>	<b>384,564</b>	<b>385,492</b>	<b>386,523</b>	<b>386,026</b>	<b>385,533</b>
<b>2. EXPENSES</b>								
a. Salaries & Wages (including benefits)	206,801	212,444	195,540	193,387	194,488	195,623	196,791	197,995
b. Contractual Services	81,678	96,489	78,221	77,318	58,102	49,617	48,519	47,375
c. Interest on Current Debt	519	1,288	6,569	6,424	7,157	5,925	5,825	5,582
d. Interest on Project Debt	-	-	-	-	3,034	2,978	2,920	2,859
e. Current Depreciation and Ammortization	15,826	16,546	33,185	36,418	39,023	41,228	38,254	34,661
f. Project Depreciation and Ammortization	-	-	-	-	3,104	3,104	3,104	3,104
g. Supplies - Drugs & Pharmeceuticals	10,231	7,342	8,931	8,995	9,079	9,166	9,255	9,347
h. Supplies - Medical & Non-Medical	34,195	34,452	26,168	26,381	26,637	26,900	27,169	27,447
i. Professional Fees	36,292	41,038	42,742	43,086	43,561	44,050	44,553	45,071
j. Utilities	11,310	7,568	10,996	10,729	10,462	10,462	10,462	10,462
<b>TOTAL OPERATING EXPENSES</b>	<b>396,852</b>	<b>417,167</b>	<b>402,352</b>	<b>402,738</b>	<b>394,646</b>	<b>389,051</b>	<b>386,852</b>	<b>383,902</b>
<b>3. INCOME</b>								
a. Income From Operation	(18,100)	(30,267)	(20,730)	(18,174)	(9,154)	(2,528)	(826)	1,630
b. Investment Income	4,262	1,360	3,387	2,998	3,133	3,261	3,424	3,623
<b>SUBTOTAL</b>	<b>(13,838)</b>	<b>(28,907)</b>	<b>(17,343)</b>	<b>(15,177)</b>	<b>(6,021)</b>	<b>733</b>	<b>2,598</b>	<b>5,253</b>
c. Income Taxes								
<b>NET INCOME (LOSS)</b>	<b>(13,838)</b>	<b>(28,907)</b>	<b>(17,343)</b>	<b>(15,177)</b>	<b>(6,021)</b>	<b>733</b>	<b>2,598</b>	<b>5,253</b>
a. Add Back Depreciation	15,826	16,546	33,185	36,418	42,049	44,254	41,280	37,687
<b>CASH FLOW FROM OPERATIONS</b>	<b>\$ 1,988</b>	<b>\$ (12,361)</b>	<b>\$ 15,842</b>	<b>\$ 21,241</b>	<b>\$ 36,028</b>	<b>\$ 44,987</b>	<b>\$ 43,878</b>	<b>\$ 42,940</b>

Indicate CY or FY	Two Most Recent Years		Current Year	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				
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
<b>4. PATIENT MIX</b>								
<b>a. Percent of Total Revenue</b>								
1) Medicare	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%
2) Medicaid	26.3%	27.4%	27.4%	27.4%	27.4%	27.4%	27.4%	27.4%
3) Blue Cross	9.1%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%
4) Commercial Insurance	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
5) Self-pay	9.1%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
6) Other	19.1%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>b. Percent of Equivalent Inpatient Days</b>								
1) Medicare	41.4%	38.9%	38.9%	38.9%	38.9%	38.9%	38.9%	38.9%
2) Medicaid	28.5%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%
3) Blue Cross	7.0%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
4) Commercial Insurance	1.4%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
5) Self-pay	6.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
6) Other	15.3%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Table G – Key Financial Projection Assumptions for UM Capital Region Health (Excludes HSCRC Annual Update Factors & Expense Inflation) (January 2023)**

Projection is based on the Capital Region Health (CRH) FY2022 budgeted financial performance with assumptions identified below

Projection period reflects FY2023 – FY2027

Volumes	— See Table F of the application for volume projections
<b>Patient Revenue</b> <ul style="list-style-type: none"> <li>● FY2023 Adjustments to Permanent Revenue <ul style="list-style-type: none"> <li>○ Inflation — 0.00%</li> <li>○ Shared Savings — -0.25% included in financial projection for UM CRMC</li> <li>○ Demographic Adjustment — 0.02%</li> <li>○ Other Rates — -1.92%</li> <li>— Total — -2.15%</li> </ul> </li> <li>○ UM LMC expects to charge up to its approved GBR in FY2023 which includes \$4.6M not charged in FY2022</li> <li>● FY2024+ Adjustments to Permanent Revenue <ul style="list-style-type: none"> <li>○ Inflation — 0.00%</li> <li>○ Shared Savings — -0.26%</li> <li>○ Demographic Adjustment — 0.02%</li> <li>— Total — -0.24%</li> </ul> </li> <li>● Revenue Deductions — 23.9% of gross revenue per year</li> </ul>	
<b>Other Revenue</b> <ul style="list-style-type: none"> <li>● Grants <ul style="list-style-type: none"> <li>○ State — \$10M in support from FY2022 - FY2027</li> </ul> </li> <li>● Other Operating Revenue — 0% annual growth</li> </ul>	
<b>Expenses</b> <ul style="list-style-type: none"> <li>● Inflation — 0% annual increase</li> <li>● Expense variability with volume changes <ul style="list-style-type: none"> <li>○ Salaries &amp; Benefits — 20%</li> <li>○ Professional Fees — 50%</li> <li>○ Supplies - Drugs — 30%</li> <li>○ Supplies - Medical &amp; Other — 20%</li> <li>○ Purchased Services — 0%</li> <li>○ Insurance &amp; Other — 0%</li> </ul> </li> <li>Operating Expenses</li> </ul>	
<ul style="list-style-type: none"> <li>● Interest Expense <ul style="list-style-type: none"> <li>○ Existing Debt — CRH has existing debt of \$275.9M in FY2022 that is amortized</li> <li>○ Project Debt — In FY2024, the new Laurel FMF will open and interest expense on \$58.8M of tax-exempt debt associated with these facilities will be recorded at an interest rate of 5.0%</li> </ul> </li> <li>● Depreciation and Amortization — Reflects the depreciation of existing assets with useful lives ranging from 5 to 30 years</li> <li>● Performance Improvements <ul style="list-style-type: none"> <li>○ FY2023 — \$0</li> <li>○ FY2024 — \$18.2M</li> <li>○ FY2025 — \$28.9M</li> <li>○ FY2026 — \$35.7M</li> <li>○ FY2027 — \$40.2M</li> </ul> </li> <li>○ Identified Improvements by FY2027 <ul style="list-style-type: none"> <li>— \$10M - Denials improvement</li> <li>— \$5M - Reduction in force</li> <li>— \$3M - Medical Group improvement</li> <li>— \$6M - Agency improvement</li> <li>— \$2M - Productivity</li> <li>— \$5M - Market share revenue adjustments</li> <li>— \$1M - School of Medicine contract improvement</li> <li>— \$8.2M - Undefined Actions</li> </ul> </li> </ul>	

**TABLE H. REVENUES & EXPENSES, INFLATED - UM Capital Region Health (January 2023)**

*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.*

	Two Most Recent Years		Current Year	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.				
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
<b>1. REVENUE</b>								
a. Inpatient Services	\$ 260,237	\$ 269,370	\$ 285,848	\$ 286,931	\$ 293,652	\$ 300,536	\$ 307,586	\$ 314,806
b. Outpatient Services	158,363	159,657	193,208	203,686	211,132	218,721	224,456	230,341
<b>Gross Patient Service Revenues</b>	<b>418,600</b>	<b>429,026</b>	<b>479,056</b>	<b>490,617</b>	<b>504,784</b>	<b>519,257</b>	<b>532,042</b>	<b>545,147</b>
c. Deductions	84,868	109,784	117,829	117,290	120,662	124,112	127,252	130,474
<b>Net Patient Services Revenue</b>	<b>333,732</b>	<b>319,242</b>	<b>361,226</b>	<b>373,327</b>	<b>384,122</b>	<b>395,145</b>	<b>404,789</b>	<b>414,673</b>
d. Grants	16,326	15,000	10,000	10,000	10,000	10,000	10,000	10,000
e. Other Operating Revenue	28,694	52,658	10,396	10,658	10,871	11,089	11,311	11,537
<b>NET OPERATING REVENUE</b>	<b>378,752</b>	<b>386,900</b>	<b>381,622</b>	<b>393,985</b>	<b>404,993</b>	<b>416,234</b>	<b>426,100</b>	<b>436,210</b>
<b>2. EXPENSES</b>								
a. Salaries & Wages (including benefits)	206,801	212,444	195,540	197,254	202,345	207,596	213,013	218,602
b. Contractual Services	81,678	96,489	78,221	78,864	60,450	52,654	52,519	52,305
c. Interest on Current Debt	519	1,288	6,569	6,424	7,157	5,925	5,825	5,582
d. Interest on Project Debt	-	-	-	-	3,034	2,978	2,920	2,859
e. Current Depreciation and Ammortization	15,826	16,546	33,185	36,418	39,023	41,228	38,254	34,661
f. Project Depreciation and Ammortization	-	-	-	-	3,104	3,104	3,104	3,104
g. Supplies - Drugs & Pharmaceuticals	10,231	7,342	8,931	9,355	9,820	10,310	10,827	11,372
h. Supplies - Medical & Non-Medical	34,195	34,452	26,168	27,173	28,259	29,394	30,579	31,819
i. Professional Fees	36,292	41,038	42,742	44,379	46,214	48,134	50,145	52,250
j. Insurance and Other	11,310	7,568	10,996	10,944	10,884	11,102	11,325	11,551
<b>TOTAL OPERATING EXPENSES</b>	<b>396,852</b>	<b>417,167</b>	<b>402,352</b>	<b>410,811</b>	<b>410,289</b>	<b>412,426</b>	<b>418,509</b>	<b>424,105</b>
<b>3. INCOME</b>								
a. Income From Operation	(18,100)	(30,267)	(20,730)	(16,826)	(5,296)	3,809	7,590	12,105
b. Non-Operating Income	4,262	1,360	3,387	2,998	3,133	3,261	3,424	3,623
<b>SUBTOTAL</b>	<b>(13,838)</b>	<b>(28,907)</b>	<b>(17,343)</b>	<b>(13,828)</b>	<b>(2,163)</b>	<b>7,070</b>	<b>11,015</b>	<b>15,728</b>
c. Income Taxes								
<b>NET INCOME (LOSS)</b>	<b>(13,838)</b>	<b>(28,907)</b>	<b>(17,343)</b>	<b>(13,828)</b>	<b>(2,163)</b>	<b>7,070</b>	<b>11,015</b>	<b>15,728</b>
a. Add Back Depreciation	15,826	16,546	33,185	36,418	39,023	41,228	38,254	34,661
<b>CASH FLOW FROM OPERATIONS</b>	<b>\$ 1,988</b>	<b>\$ (12,361)</b>	<b>\$ 15,842</b>	<b>\$ 22,590</b>	<b>\$ 36,860</b>	<b>\$ 48,298</b>	<b>\$ 49,269</b>	<b>\$ 50,389</b>



Indicate CY or FY	Two Most Recent Years		Current Year	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.				
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
<b>4. PATIENT MIX</b>								
<b>a. Percent of Total Revenue</b>								
1) Medicare	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%
2) Medicaid	26.3%	27.4%	27.4%	27.4%	27.4%	27.4%	27.4%	27.4%
3) Blue Cross	9.1%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%
4) Commercial Insurance	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
5) Self-pay	9.1%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
6) Other	19.1%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%	19.6%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>b. Percent of Equivalent Inpatient Days</b>								
1) Medicare	41.4%	38.9%	38.9%	38.9%	38.9%	38.9%	38.9%	38.9%
2) Medicaid	28.5%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%
3) Blue Cross	7.0%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
4) Commercial Insurance	1.4%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
5) Self-pay	6.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
6) Other	15.3%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<b>Table H – Key Financial Projection Assumptions for UM Capital Region Health (Includes HSCRC Annual Update Factors &amp; Expense Inflation) (January 2023)</b>	
Projection is based on the Capital Region Health (CRH) FY2022 budgeted financial performance with assumptions identified below	
Projection period reflects FY2023 – FY2027	
Volumes	— See Table F of the application for volume projections
<b>Patient Revenue</b> <ul style="list-style-type: none"> <li>● FY2023 Adjustments to Permanent Revenue <ul style="list-style-type: none"> <li>○ Inflation — 2.53%</li> <li>○ Shared Savings — -0.25% included in financial projection for UM CRMC</li> <li>○ Demographic Adjustment — 0.02%</li> <li>○ Other Rates — -1.92%</li> <li>— Total 0.38%</li> </ul> </li> <li>○ UM LMC expects to charge up to its approved GBR in FY2023 which includes \$4.6M not charged in FY2022</li> <li>● FY2024+ Adjustments to Permanent Revenue <ul style="list-style-type: none"> <li>○ Inflation — 2.58%</li> <li>○ Shared Savings — -0.26%</li> <li>○ Demographic Adjustment — 0.02%</li> <li>— Total 2.34%</li> </ul> </li> <li>● Revenue Deductions — 23.9% of gross revenue per year</li> </ul>	
<b>Other Revenue</b> <ul style="list-style-type: none"> <li>● Grants <ul style="list-style-type: none"> <li>○ State — \$10M in annual support from FY2022 - FY2027</li> </ul> </li> <li>● Other Operating Revenue — 2% annual growth</li> </ul>	
<b>Expenses</b> <ul style="list-style-type: none"> <li>● Inflation <ul style="list-style-type: none"> <li>○ Salaries &amp; Benefits — 2.0%</li> <li>○ Professional Fees — 3.0%</li> <li>○ Supplies - Drugs — 4.0%</li> <li>○ Supplies - Medical &amp; Other — 3.0%</li> <li>○ Purchased Services — 2.0%</li> <li>○ Insurance &amp; Other — 2.0%</li> </ul> </li> <li>Operating Expenses</li> </ul>	
<ul style="list-style-type: none"> <li>● Expense variability with volume changes <ul style="list-style-type: none"> <li>○ Salaries &amp; Benefits — 20%</li> <li>○ Professional Fees — 50%</li> <li>○ Supplies - Drugs — 30%</li> <li>○ Supplies - Medical &amp; Other — 20%</li> <li>○ Purchased Services — 0%</li> <li>○ Insurance &amp; Other — 0%</li> </ul> </li> <li>Operating Expenses</li> <li>● Interest Expense <ul style="list-style-type: none"> <li>○ Existing Debt — UM CRH has existing debt of \$275.9M in FY2022 that is amortized</li> <li>○ Project Debt — In FY2024, the new Laurel FMF will open and interest expense on \$58.8M of tax-exempt debt associated with these facilities will be recorded at an interest rate of 5.0%</li> </ul> </li> <li>● Depreciation and Amortization <ul style="list-style-type: none"> <li>○ Existing Depreciation — Reflects the depreciation of existing assets with useful lives ranging from 5 to 30 years</li> <li>○ Project Depreciation — Reflects a project budget of \$75.6M and a useful life of 25 years</li> </ul> </li> <li>● Performance Improvements <ul style="list-style-type: none"> <li>○ FY2023 — \$0</li> <li>○ FY2024 — \$18.2M</li> <li>○ FY2025 — \$28.9M</li> <li>○ FY2026 — \$35.7M</li> <li>○ FY2027 — \$40.2M</li> </ul> </li> <li>○ Identified Improvements by FY2027 <ul style="list-style-type: none"> <li>— \$10M - Denials improvement</li> <li>— \$5M - Reduction in force</li> <li>— \$3M - Medical Group improvement</li> <li>— \$6M - Agency improvement</li> <li>— \$2M - Productivity</li> <li>— \$5M - Market share revenue adjustments</li> <li>— \$1M - School of Medicine contract improvement</li> <li>— \$8.2M - Undefined Actions</li> </ul> </li> </ul>	

**TABLE I. STATISTICAL PROJECTIONS - UM Laurel Medical Center (January 2023)**

**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.

	Two Most Recent Years		Current Year	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.				
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
<b>1. DISCHARGES</b>								
a. General Medical/Surgical*								
b. ICU/CCU								
<b>Total MSGA</b>								
c. Pediatric								
d. Obstetric								
e. Acute Psychiatric								
<b>Total Acute</b>								
f. Rehabilitation								
g. Chronic Care								
<b>TOTAL DISCHARGES</b>								
<b>2. PATIENT DAYS</b>								
a. General Medical/Surgical*								
b. ICU/CCU								
<b>Total MSGA</b>								
c. Pediatric								
d. Obstetric								
e. Acute Psychiatric								
<b>Total Acute</b>								
f. Rehabilitation								
g. Chronic Care								
<b>TOTAL PATIENT DAYS</b>								
<b>3. AVERAGE LENGTH OF STAY (patient days divided by discharges)</b>								
a. General Medical/Surgical*								
b. ICU/CCU								
<b>Total MSGA</b>								
c. Pediatric								
d. Obstetric								
e. Acute Psychiatric								
<b>Total Acute</b>								
f. Rehabilitation								
g. Chronic Care								
<b>TOTAL AVERAGE LENGTH OF STAY</b>								

Indicate CY or FY	Two Most Recent Years		Current Year	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.				
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
<b>4. NUMBER OF BEDS</b>								
a. General Medical/Surgical*								
b. ICU/CCU								
<b>Total MSGA</b>								
c. Pediatric								
d. Obstetric								
e. Acute Psychiatric								
<b>Total Acute</b>								
f. Rehabilitation								
g. Chronic Care								
h. Other (Specify/add rows of needed)								
<b>TOTAL BEDS</b>								
<b>5. OCCUPANCY PERCENTAGE</b> <i>*IMPORTANT NOTE: Leap year formulas should be changed by applicant to reflect 366 days per year.</i>								
a. General Medical/Surgical*								
b. ICU/CCU								
<b>Total MSGA</b>								
c. Pediatric								
d. Obstetric								
e. Acute Psychiatric								
<b>Total Acute</b>								
f. Rehabilitation								
g. Chronic Care								
<b>TOTAL OCCUPANCY %</b>								
<b>6. OUTPATIENT VISITS</b>								
a. Emergency Department	19,277	15,004	17,446	17,969	18,328	18,695	19,069	19,450
b. Same-day Surgery	994	709	968	1,089	1,143	1,201	1,261	1,324
c. Clinic	2,041	2,275	2,222	2,266	2,311	2,358	2,405	2,453
d. Imaging								
e. Intensive Outpatient Psych								
f. Partial Hospitalization Program								
<b>TOTAL OUTPATIENT VISITS</b>	<b>22,312</b>	<b>17,988</b>	<b>20,636</b>	<b>21,324</b>	<b>21,783</b>	<b>22,253</b>	<b>22,734</b>	<b>23,227</b>
<b>7. OBSERVATIONS</b>								
a. Number of Patients	1,231	1,107	1,322	1,362	1,389	1,417	1,445	1,474
b. Hours	24,730	27,499	27,090	27,910	28,468	29,038	29,618	30,211

\* 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 hospital 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 J. REVENUES & EXPENSES, UNINFLATED - UM Laurel Medical Center (January 2023)**

*INSTRUCTION: After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). Table J should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table I 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.*

Indicate CY or FY	Two Most Recent Years		Current Year	Projected Years (ending at least two years after project completion and full occupancy) Add years, if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.				
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
<b>1. REVENUE</b>								
a. Inpatient Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Outpatient Services	31,273	26,275	34,512	38,305	38,754	38,762	38,769	38,777
<b>Gross Patient Service Revenues</b>	<b>31,273</b>	<b>26,275</b>	<b>34,512</b>	<b>38,305</b>	<b>38,754</b>	<b>38,762</b>	<b>38,769</b>	<b>38,777</b>
c. Deductions	8,214	4,274	10,341	7,661	7,751	7,752	7,754	7,755
<b>Net Patient Services Revenue</b>	<b>23,059</b>	<b>22,001</b>	<b>24,170</b>	<b>30,644</b>	<b>31,003</b>	<b>31,009</b>	<b>31,015</b>	<b>31,021</b>
d. Grants	-	-	-	1,000	1,000	1,000	1,000	1,000
e. Other Operating Revenues	451	(45)	53	53	53	53	53	53
<b>NET OPERATING REVENUE</b>	<b>23,510</b>	<b>21,956</b>	<b>24,224</b>	<b>31,697</b>	<b>32,056</b>	<b>32,062</b>	<b>32,068</b>	<b>32,075</b>
<b>2. EXPENSES</b>								
a. Salaries & Wages (including benefits)	16,387	13,371	12,679	9,843	9,885	9,928	9,972	10,017
b. Contractual Services	15,123	12,417	12,811	11,888	9,947	8,737	8,163	7,828
c. Interest on Current Debt	1	-	-	-	-	-	-	-
d. Interest on Project Debt	-	-	-	-	3,034	2,978	2,920	2,859
e. Current Depreciation and Amortization	2,926	2,601	17	-	-	-	-	-
f. Project Depreciation and Amortization	-	-	-	-	3,104	3,104	3,104	3,104
g. Supplies - Drugs & Pharmaceuticals	765	230	675	692	703	715	727	739
h. Supplies - Medical & Non-Medical	3,868	2,432	3,050	3,137	3,196	3,255	3,316	3,379
i. Professional Fees	3,113	2,834	5,755	5,850	5,914	5,979	6,046	6,114
j. Insurance and Other Expenses	1,217	2,248	2,947	2,680	2,414	2,414	2,414	2,414
<b>TOTAL OPERATING EXPENSES</b>	<b>43,400</b>	<b>36,133</b>	<b>37,934</b>	<b>34,091</b>	<b>38,197</b>	<b>37,109</b>	<b>36,661</b>	<b>36,452</b>
<b>3. INCOME</b>								
a. Income From Operation	(19,890)	(14,177)	(13,710)	(2,394)	(6,140)	(5,047)	(4,592)	(4,378)
b. Non-Operating Income	147	(61)	221	221	221	221	221	221
<b>SUBTOTAL</b>	<b>(19,743)</b>	<b>(14,238)</b>	<b>(13,489)</b>	<b>(2,173)</b>	<b>(5,919)</b>	<b>(4,826)</b>	<b>(4,371)</b>	<b>(4,157)</b>
c. Income Taxes								
<b>NET INCOME (LOSS)</b>	<b>(19,743)</b>	<b>(14,238)</b>	<b>(13,489)</b>	<b>(2,173)</b>	<b>(5,919)</b>	<b>(4,826)</b>	<b>(4,371)</b>	<b>(4,157)</b>
a. Add Back Depreciation	2,926	2,601	17	-	3,026	3,026	3,026	3,026
<b>CASH FLOW FROM OPERATIONS</b>	<b>\$ (16,817)</b>	<b>\$ (11,637)</b>	<b>\$ (13,472)</b>	<b>\$ (2,173)</b>	<b>\$ (2,894)</b>	<b>\$ (1,800)</b>	<b>\$ (1,346)</b>	<b>\$ (1,131)</b>
<b>4. PATIENT MIX</b>								
<b>a. Percent of Total Revenue</b>								
1) Medicare	21.0%	23.6%	23.6%	23.6%	23.6%	23.6%	23.6%	23.6%
2) Medicaid	26.1%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%
3) Blue Cross	15.3%	15.2%	15.2%	15.2%	15.2%	15.2%	15.2%	15.2%
4) Commercial Insurance	4.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
5) Self-pay	13.2%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
6) Other	20.1%	20.6%	20.6%	20.6%	20.6%	20.6%	20.6%	20.6%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>b. Percent of Equivalent Inpatient Days</b>								
1) Medicare	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2) Medicaid	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3) Blue Cross	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4) Commercial Insurance	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5) Self-pay	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6) Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>TOTAL</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

**Table J – Key Financial Projection Assumptions for UM Capital Region Health (Excludes HSCRC Annual Update Factors & Expense Inflation) (January 2023)**

Projection is based on the Laurel FMF FY2023 budgeted revenues and FY2022 budgeted expenses with assumptions identified below

Projection period reflects FY2023 – FY2027

Volumes	— See Table I of the application for volume projections
<b>Patient Revenue</b> <ul style="list-style-type: none"> <li>● FY2023 Adjustments to Permanent Revenue <ul style="list-style-type: none"> <li>○ Inflation — 0.00%</li> <li>○ Demographic Adjustment — 0.01%</li> <li>○ Market Shift — -3.50%</li> <li>○ Change in Markup — 1.18%</li> <li>— Total — <u>-2.31%</u></li> </ul> </li> <li>○ UM LMC expects to charge up to its approved GBR in FY2023 which includes \$4.6M not charged in FY2022</li> <li>● FY2024+ Adjustments to Permanent Revenue <ul style="list-style-type: none"> <li>○ Inflation — 0.00%</li> <li>○ Demographic Adjustment — <u>0.02%</u></li> <li>— Total — 0.02%</li> </ul> </li> <li>● Revenue Deductions — 20% of gross revenue per year</li> </ul>	
<b>Other Revenue</b> <ul style="list-style-type: none"> <li>● Grants <ul style="list-style-type: none"> <li>○ State — 10% of CRH state funding allocated to Laurel FMF</li> </ul> </li> <li>● Other Operating Revenue — 0% annual growth</li> </ul>	
<b>Expenses</b> <ul style="list-style-type: none"> <li>● Inflation — 0% annual increase</li> <li>● Expense variability with volume changes <ul style="list-style-type: none"> <li>○ Salaries &amp; Benefits — 20%</li> <li>○ Professional Fees — 50%</li> <li>○ Supplies - Drugs — 75%</li> <li>○ Supplies - Medical &amp; Other — 75%</li> <li>○ Purchased Services — 0%</li> <li>○ Insurance &amp; Other — 50%</li> <li>Operating Expenses</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>● Interest Expense <ul style="list-style-type: none"> <li>○ Existing Debt — Laurel has little existing debt and related interest expense</li> <li>○ Project Debt — In FY2024, the new Laurel FMF will open and interest expense associated with these facilities will be recorded at an interest rate of 5.0%</li> </ul> </li> <li>● Depreciation and Amortization — Reflects a useful life of 25 years</li> <li>● Performance Improvements — 10% of CRH performance improvements are allocated to Laurel FMF</li> </ul>	

**TABLE K. REVENUES & EXPENSES, INFLATED - UM Laurel Medical Center (January 2023)**

<b>INSTRUCTION:</b> After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). Table K should reflect inflation. Projected revenues and expenses should be consistent with the projections in Table I. 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.									
Indicate CY or FY	Two Most Recent Years		Current Year	Projected Years (ending at least two years after project completion and full occupancy) Add years, if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.					
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
<b>1. REVENUE</b>									
a. Inpatient Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Outpatient Services	31,273	26,275	34,512	39,746	40,780	41,840	42,928	44,044	
<b>Gross Patient Service Revenues</b>	<b>31,273</b>	<b>26,275</b>	<b>34,512</b>	<b>39,746</b>	<b>40,780</b>	<b>41,840</b>	<b>42,928</b>	<b>44,044</b>	
c. Deductions	8,214	4,274	10,341	7,949	8,156	8,368	8,586	8,809	
<b>Net Patient Services Revenue</b>	<b>23,059</b>	<b>22,001</b>	<b>24,170</b>	<b>31,797</b>	<b>32,624</b>	<b>33,472</b>	<b>34,342</b>	<b>35,235</b>	
d. Grants	-	-	-	1,000	1,000	1,000	1,000	1,000	
e. Other Operating Revenues	451	(45)	53	54	55	56	58	59	
<b>NET OPERATING REVENUE</b>	<b>23,510</b>	<b>21,956</b>	<b>24,224</b>	<b>32,851</b>	<b>33,679</b>	<b>34,528</b>	<b>35,400</b>	<b>36,294</b>	
<b>2. EXPENSES</b>									
a. Salaries & Wages (including benefits)	16,387	13,371	12,679	10,064	10,335	10,614	10,901	11,196	
b. Contractual Services	15,123	12,417	12,811	12,126	10,349	9,271	8,836	8,643	
c. Interest on Current Debt	1	-	-	-	-	-	-	-	
d. Interest on Project Debt	-	-	-	-	3,034	2,978	2,920	2,859	
e. Current Depreciation and Ammortization	2,926	2,601	17	-	-	-	-	-	
f. Project Depreciation and Ammortization	-	-	-	-	3,104	3,104	3,104	3,104	
g. Supplies - Drugs & Pharmaceuticals	765	230	675	720	761	804	850	899	
h. Supplies - Medical & Non-Medical	3,868	2,432	3,050	3,231	3,390	3,557	3,733	3,917	
i. Professional Fees	3,113	2,834	5,755	6,026	6,274	6,534	6,804	7,087	
j. Insurance and Other Expenses	1,217	2,248	2,947	2,734	2,511	2,561	2,613	2,665	
<b>TOTAL OPERATING EXPENSES</b>	<b>43,400</b>	<b>36,133</b>	<b>37,934</b>	<b>34,901</b>	<b>39,758</b>	<b>39,423</b>	<b>39,759</b>	<b>40,369</b>	
<b>3. INCOME</b>									
a. Income From Operation	(19,890)	(14,177)	(13,710)	(2,050)	(6,079)	(4,895)	(4,360)	(4,075)	
b. Non-Operating Income	147	(61)	221	221	221	221	221	221	
<b>SUBTOTAL</b>	<b>(19,743)</b>	<b>(14,238)</b>	<b>(13,489)</b>	<b>(1,829)</b>	<b>(5,858)</b>	<b>(4,673)</b>	<b>(4,139)</b>	<b>(3,854)</b>	
c. Income Taxes	-	-	-	-	-	-	-	-	
<b>NET INCOME (LOSS)</b>	<b>(19,743)</b>	<b>(14,238)</b>	<b>(13,489)</b>	<b>(1,829)</b>	<b>(5,858)</b>	<b>(4,673)</b>	<b>(4,139)</b>	<b>(3,854)</b>	
a. Add Back Depreciation	2,926	2,601	17	-	3,104	3,104	3,104	3,104	
<b>CASH FLOW FROM OPERATIONS</b>	<b>\$ (16,817)</b>	<b>\$ (11,637)</b>	<b>\$ (13,472)</b>	<b>\$ (1,829)</b>	<b>\$ (2,754)</b>	<b>\$ (1,570)</b>	<b>\$ (1,035)</b>	<b>\$ (751)</b>	
<b>4. PATIENT MIX</b>									
<b>a. Percent of Total Revenue</b>									
1) Medicare	21.0%	23.6%	23.6%	23.6%	23.6%	23.6%	23.6%	23.6%	
2) Medicaid	26.1%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	
3) Blue Cross	15.3%	15.2%	15.2%	15.2%	15.2%	15.2%	15.2%	15.2%	
4) Commercial Insurance	4.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	
5) Self-pay	13.2%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	
6) Other	20.1%	20.6%	20.6%	20.6%	20.6%	20.6%	20.6%	20.6%	
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>b. Percent of Equivalent Inpatient Days</b>									
1) Medicare	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
2) Medicaid	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
3) Blue Cross	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
4) Commercial Insurance	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
5) Self-pay	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
6) Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>TOTAL</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	

**Table K – Key Financial Projection Assumptions for UM Laurel Medical Center (Includes HSCRC Annual Update Factors & Expense Inflation) (January 2023)**

Projection is based on the UM Laurel Medical Center FY2023 budgeted revenues and FY2022 budgeted expenses with assumptions identified below

Projection period reflects FY2023 – FY2027

Volumes	— See Table I of the application for volume projections
<b>Patient Revenue</b> <ul style="list-style-type: none"> <li>● FY2023 Adjustments to Permanent Revenue <ul style="list-style-type: none"> <li>○ Inflation — 3.76%</li> <li>○ Demographic Adjustment — 0.01%</li> <li>○ Market Shift — -3.50%</li> <li>○ Change in Markup — 1.18%</li> <li>— Total <u>1.45%</u></li> </ul> </li> <li>○ UM LMC expects to charge up to its approved GBR in FY2023 which includes \$4.6M not charged in FY2022</li> <li>● FY2024+ Adjustments to Permanent Revenue <ul style="list-style-type: none"> <li>○ Inflation — 2.58%</li> <li>○ Demographic Adjustment — 0.02%</li> <li>— Total <u>2.60%</u></li> </ul> </li> <li>● Revenue Deductions — 20% of gross revenue per year</li> </ul>	
<b>Other Revenue</b> <ul style="list-style-type: none"> <li>● Grants <ul style="list-style-type: none"> <li>○ State — \$1M state grant each year</li> </ul> </li> <li>● Other Operating Revenue — 2% annual growth</li> </ul>	
<b>Expenses</b> <ul style="list-style-type: none"> <li>● Inflation <ul style="list-style-type: none"> <li>○ Salaries &amp; Benefits — 2.25%</li> <li>○ Professional Fees — 3.0%</li> <li>○ Supplies - Drugs — 4.0%</li> <li>○ Supplies - Medical &amp; Other — 3.0%</li> <li>○ Purchased Services — 2.0%</li> <li>○ Insurance &amp; Other — 2.0%</li> </ul> </li> <li>Operating Expenses</li> <li>● Expense variability with volume changes <ul style="list-style-type: none"> <li>○ Salaries &amp; Benefits — 20%</li> <li>○ Professional Fees — 50%</li> <li>○ Supplies - Drugs — 75%</li> <li>○ Supplies - Medical &amp; Other — 75%</li> <li>○ Purchased Services — 0%</li> <li>○ Insurance &amp; Other — 50%</li> </ul> </li> <li>Operating Expenses</li> <li>● Interest Expense <ul style="list-style-type: none"> <li>○ Existing Debt — Laurel has little existing debt and related interest expense</li> <li>○ Project Debt — In FY2024, the new Laurel FMF will open and interest expense on \$58.8M of tax-exempt debt associated with these facilities will be recorded at an interest rate of 5.0%</li> </ul> </li> <li>● Depreciation and Amortization — Reflects a project budget of \$75.6M and a useful life of 25 years</li> <li>● Performance Improvements — 10% of UM CRH annual performance improvements are allocated to Laurel FMF</li> </ul>	



**TABLE L. WORKFORCE INFORMATION (January 2023)**

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

<i>UM Laurel Medical Center</i>	<b>PROJECTED ENTIRE FACILITY THROUGH THE LAST YEAR OF PROJECTION (2023)</b>	<b>PROJECTED ENTIRE FACILITY THROUGH THE LAST YEAR OF PROJECTION (2027)</b>
<b>FMF Job Category</b>		<b>Projected FTEs</b>
<b>1. Regular Employees</b>		
Division Administrative Support Coordinator (DASC) - nursing	0.5	0.5
Billing/Scheduler - OR	1.0	1.0
Director of Nursing	1.0	1.0
Nurse Manager - ED/OBS	1.0	1.0
Nurse Manager - OR	1.0	1.0
Nurse Manager - PHP	0.5	0.5
Nursing Supervisor (ED/OBS)	3.3	3.3
Nurse Educator	1.0	1.0
Risk Management	0.5	0.5
Executive Office	1.0	1.0
Medical Staff Office	1.0	1.0
<b>Total Administration</b>	<b>11.8</b>	<b>11.8</b>
RN - ED	26.3	28.0
Patient Care Tech - ED	8.4	8.4
RN - OBS (current Med/Surg)	8.7	9.3
Patient Care Tech - OBS (old M/S)	4.2	4.2
RN - OR	5.0	5.3
RN - OR Pre-OP	3.0	3.2
RN - OR PACU	4.0	4.3
OR Tech	3.5	3.5
PA	1.1	1.1
Equipment Tech	0.5	0.5
RN - PHP	0.5	0.5
Social Worker - PHP	3.0	3.0
RN Case Manager - house	2.0	2.0
Radiology - Tech	7.8	7.8
Radiology - clerical (days)	0.4	0.4
Radiology - supervisor	0.6	0.6
Radiology - US (24/7)	5.8	5.8
Radiology - CT (24/7)	5.8	5.8
LAB - medical technologist (24/7)	5.5	5.5
LAB - Sr Tech (days)	1.0	1.0
LAB - Mannager (3 days/week)	1.0	1.0
CSP	3.0	3.0
PHP Coordinator	0.5	0.5
Pharmacy	1.0	1.0
Pharmacy Tech	1.0	1.0
Respiratory	4.5	4.5
Wound Care	5.9	5.9
Physical Therapist	1.0	1.0
Occupational Therapy	0.5	0.5
Cardiovascular Tech	1.2	1.2
<b>Total Direct Care</b>	<b>116.7</b>	<b>119.7</b>
Unit Clerk - ED	4.2	4.2
Unit Clerk - OBS	1.0	1.0
Unit Clerk - PHP	1.0	1.0
EVS - OR	16.0	16.0
Maintenance	2.0	2.0
Storeroom	1.0	1.0
Food Services	3.5	3.5
Registration	12.4	12.4
<b>Total Support</b>	<b>41.1</b>	<b>41.1</b>
<b>REGULAR EMPLOYEES TOTAL</b>	<b>169.6</b>	<b>172.6</b>
<b>Average Salary per FTE (2022 Dollars)</b>	<b>\$48,690</b>	<b>\$48,690</b>
<b>SALARIES</b>	<b>\$8,257,874</b>	<b>\$8,403,945</b>
<b>BENEFITS % of SALARIES</b>	<b>19.19%</b>	<b>19.19%</b>
<b>BENEFITS</b>	<b>\$1,585,033</b>	<b>\$1,613,070</b>
<b>TOTAL COST (2027 UNINFLATED)</b>	<b>\$9,842,907</b>	<b>\$10,017,015</b>

# **EXHIBIT 2**



UNIVERSITY *of* MARYLAND  
LAUREL MEDICAL CENTER

FREESTANDING MEDICAL FACILITY

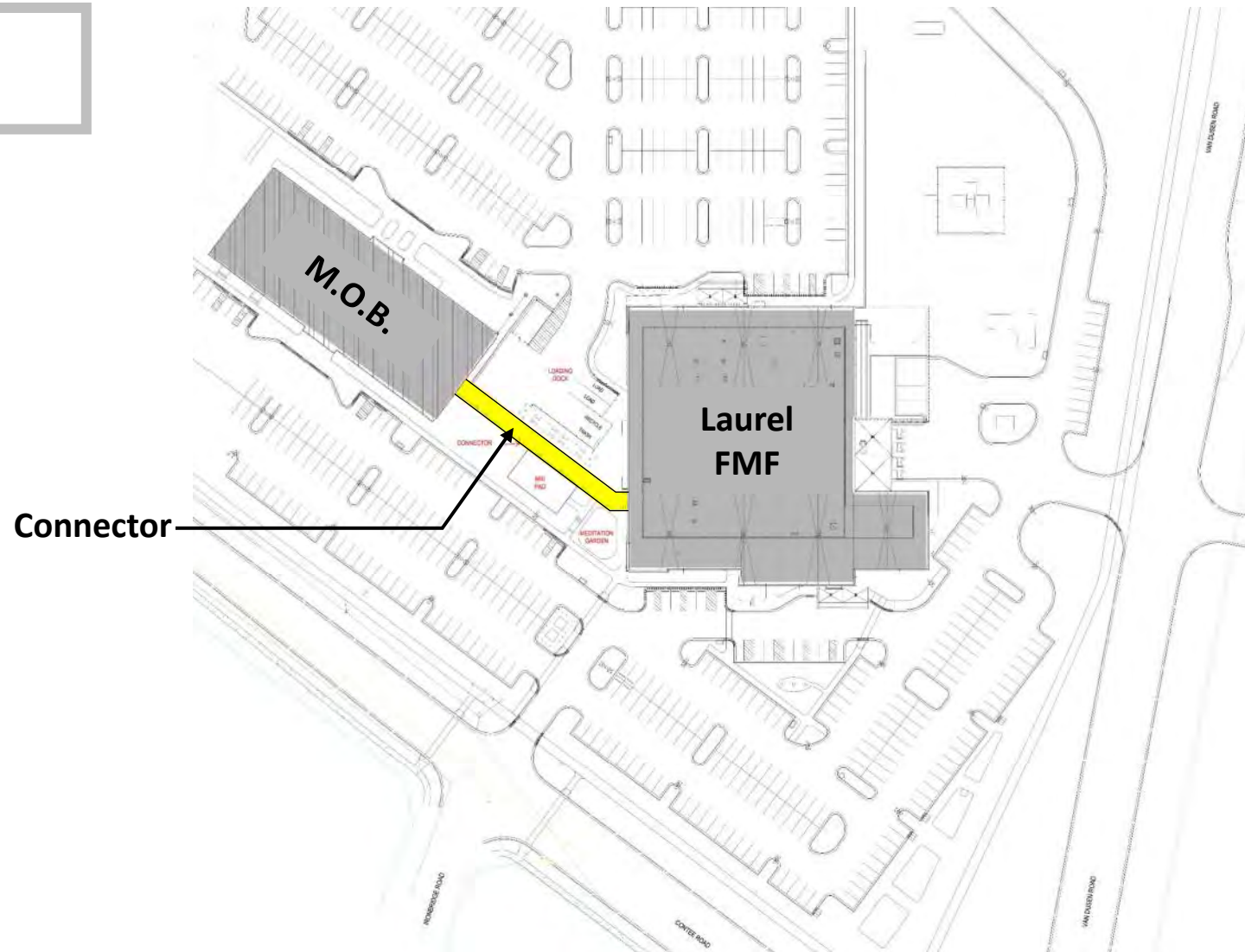
Building Connector - Design Study

March 31, 2022

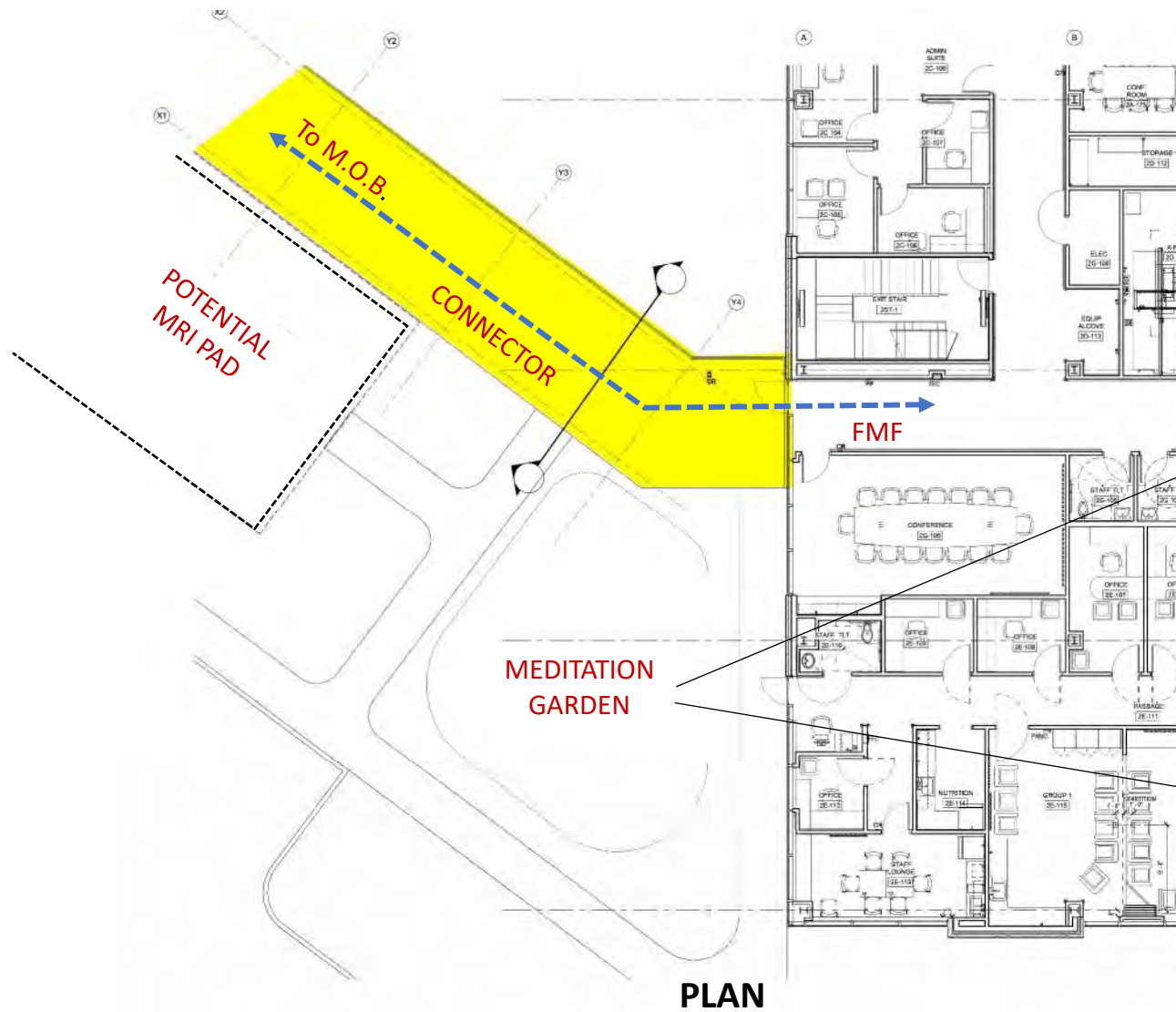
WILMOT **SANZ**

## CONNECTOR - DESIGN STUDY

Length = 150'  
Area = 2,500sf



# CONNECTOR - DESIGN STUDY



## CONNECTOR - DESIGN STUDY – PERSPECTIVE

### Opt C

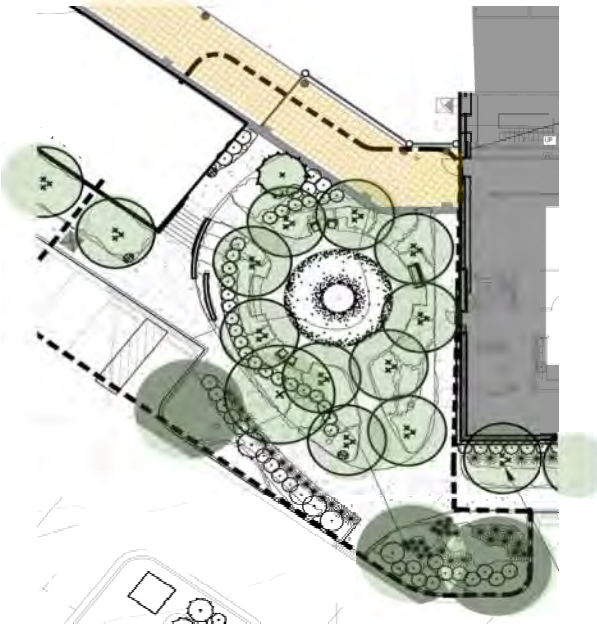
*view 1*



# CONNECTOR - DESIGN STUDY – PERSPECTIVE

## Opt C

View 2



Landscape Plan –  
Meditation Garden



*Meditation Garden  
(exact landscape plan not shown for clarity)*

# CONNECTOR - DESIGN STUDY – PERSPECTIVE

## Opt C

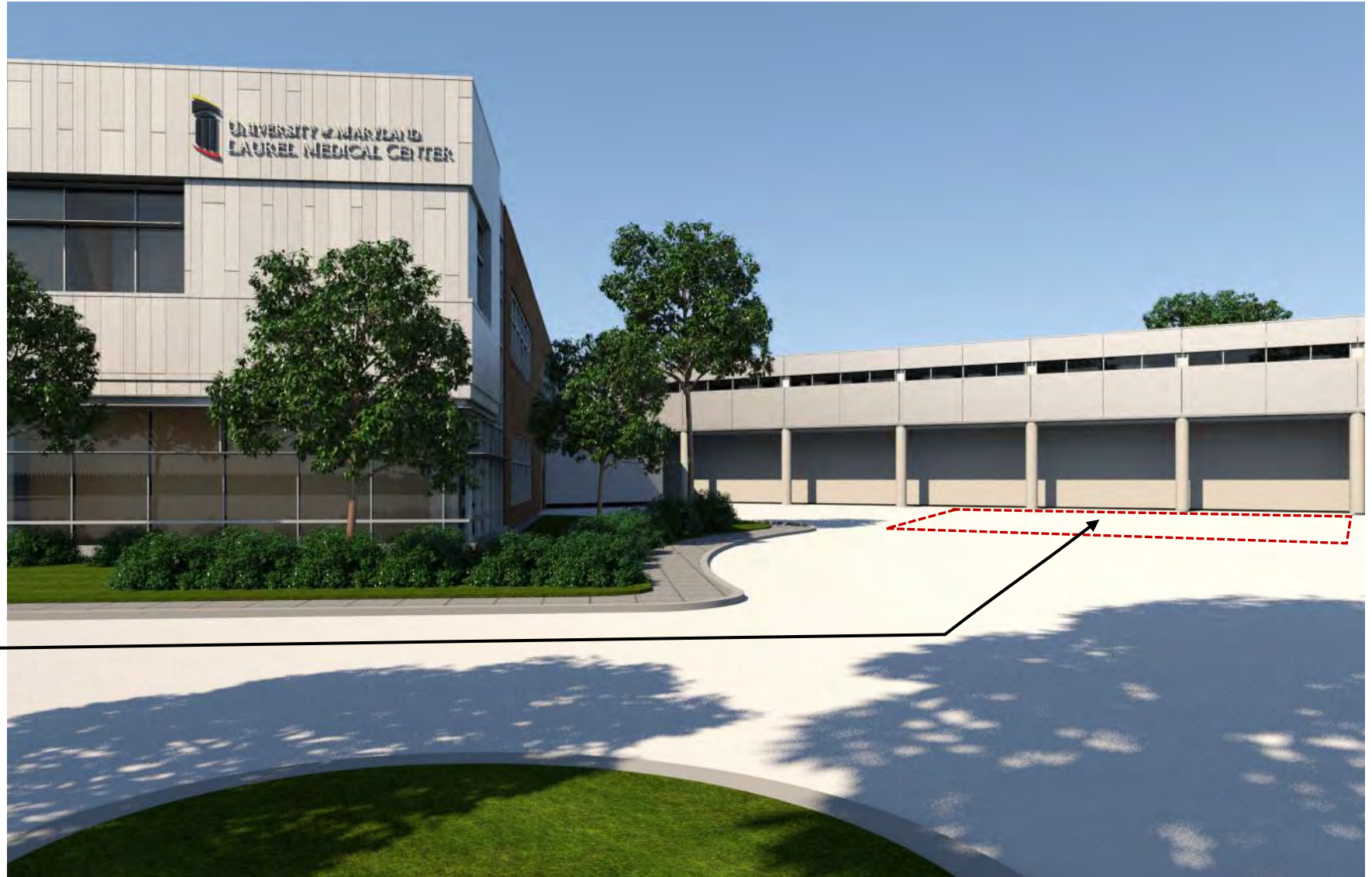
View 3





CONNECTOR - DESIGN STUDY – PERSPECTIVE

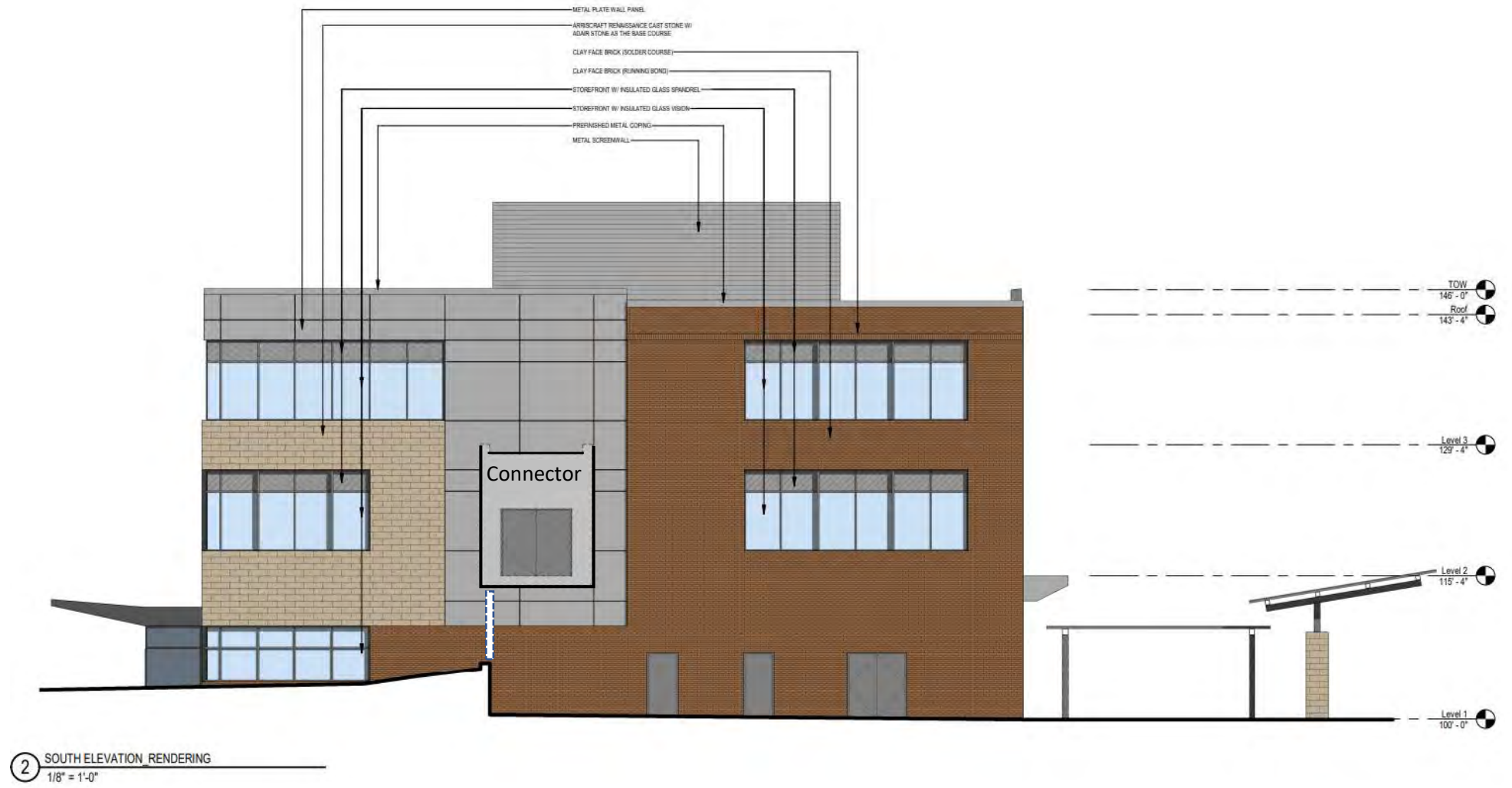
North Elevation



Generators/fencing  
not shown

# EXTERIOR DESIGN STUDY

## MOB East



# **EXHIBIT 3**

**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.

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The following compares the project costs to the Marshall Valuation Service (“MVS”) benchmark. The FMF will be built to hospital standards.

**I. Marshall Valuation Service  
Valuation Benchmark**

Type	General Hospitals
Construction Quality/Class	Good/A
Stories	2
Perimeter	970
Average Floor to Floor Height	15.0
Square Feet	83,743
f.1 Average floor Area	41,872
<b>A. Base Costs</b>	
Basic Structure	\$485.00
Elimination of HVAC cost for adjustment	0
HVAC Add-on for Mild Climate	0
HVAC Add-on for Extreme Climate	0
<b>Total Base Cost</b>	<b>\$485.00</b>
<b>Adjustment for Departmental Differential Cost Factors</b>	<b>1.07</b>
<b>Adjusted Total Base Cost</b>	<b>\$485.00</b>
<b>B. Additions</b>	
Elevator (If not in base)	\$0.00
Other	\$0.00
<b>Subtotal</b>	<b>\$0.00</b>
<b>Total</b>	<b>\$485.00</b>

**C. Multipliers**

Perimeter Multiplier		0.905670171
Product		\$439.25
Height Multiplier		1.07
Product		\$469.56
Multi-story Multiplier		1.000
Product		\$469.56

**D. Sprinklers**

Sprinkler Amount		\$3.99
<b>Subtotal</b>		<b>\$473.55</b>

**E. Update/Location Multipliers**

Update Multiplier		1.21
Product		\$572.99
Location Multiplier		1.03
Product		\$590.18

**Calculated Square Foot Cost Standard** **\$590.18**

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
<b>ACUTE PATIENT CARE</b>				
Emergency Department	17,425	Emergency Suite	1.18	20,562
Observation Unit	7,147	Inpatient Units	1.06	7,576
Imaging	3,542	Radiology	1.22	4,321
Pharmacy	378	Operating Suite, Total	1.68	635
Lab	1,508	Laboratories	1.15	1,734
Outpatient Surgery/SPD	12,888	Operating Suite, Total	1.68	21,652
Respiratory Therapy	262	Outpatient Department	0.99	259
Dietary (includes coffee kiosk)	1,097	Dietary	1.52	1,667
Psychiatric Day Treatment	3,375	Outpatient Department	0.99	3,341

Department/Function	BGSF	MVS Department Name	MVS Differential Cost Factor	Cost Factor X SF
Administration	1,963	Offices	0.96	1,884
Community Space	1,379	Public Space	0.8	1,103
Building Services	6,244	Offices	0.96	5,994
Vertical Circulation	1,143	Internal Circulation	0.6	686
Lobby	3,217	Public Space	0.8	2,574
General Circulation	8,692	Internal Circulation	0.6	5,215
Security	268	Offices	0.96	257
Unregulated Medical Office Suite	6,896	Outpatient Department	0.99	6,827
Shell Space	6,319	Unassigned Areas	0.5	3,160
<b>Total</b>	<b>83,743</b>		<b>1.07</b>	<b>89,448</b>

**Cost of New Construction**

A. Base Calculations	Actual	Per Sq. Foot
Building	\$36,478,138	\$435.60
Fixed Equipment	\$500,000	\$5.97
Site Preparation	\$4,250,000	\$50.75
Architectural Fees	\$4,929,000	\$58.86
Permits	\$100,000	\$1.19
Loan Placement Fees	\$588,000	\$7.02
Capitalized Interest	Calculated Below	\$0
<b>Subtotal</b>	<b>\$46,845,138</b>	<b>\$559.39</b>

However, as related below, this project includes expenditures for items not included in the MVS average.

	Project Costs		Associated Cap Interest	Associated Loan Placement Fees
Storm Drains	\$100,000	Site		\$1,255
Hillside Foundation	\$750,000	Site		\$9,414
Paving	\$700,000	Site		\$8,786
Exterior Signs	\$150,000	Site		\$1,883
Landscaping	\$200,000	Site		\$2,510
Walls	\$400,000	Site		\$5,021
Rock Blasting Allowance	\$250,000	Site		\$3,138
Site Fill	\$750,000	Site		\$9,414
Yard Lighting	\$100,000	Site		\$1,255

	<b>Project Costs</b>		<b>Associated Cap Interest</b>	<b>Associated Loan Placement Fees</b>
MBE Premium	\$34,000	Site		\$427
Covered Walkway	\$1,200,000	Building	\$193,431	\$15,062
Canopies	\$1,500,000	Building	\$241,789	\$18,828
MBE Premium	\$1,399,126	Bulding	\$225,528	\$17,562
MBE Premium	\$20,000	Fixed	\$3,224	\$251
<b>Total Cost Adjustments</b>	<b>\$7,553,126</b>		<b>\$663,972</b>	<b>\$94,807</b>

**Explanation of Extraordinary Costs**

Please note that UM-CRH did not include Hillside Foundation as an extraordinary cost in its original MVS analysis. This was an oversight. It and all the other extraordinary costs except those discussed below are excluded from the MVS benchmark per Section 1, Page 3 of the MVS guide and should not be included in the project's comparison to it. Below are the explanations of the Extraordinary Costs that are not specifically mentioned as not being in contained in the MVS average costs in the MVS Guide (at Section 1, Page 3) but that are specific to this project and would not be in the average cost of a hospital project.

1. Premium for Minority Business Enterprise Requirement – UMMS projects include a premium for Minority Business Enterprises that would not be in the average cost of hospital construction. This premium on this project was projected to be 4%, based on the experience of UMMS on many building projects.
2. Included in the Building costs is a covered walkway between the FMF and an MOB. This unrelated to the FMF and would not be in the average cost of construction.

Pro-rated Capitalized Interest related to the extraordinary costs should be excluded from the comparison since the costs, themselves, are excluded from the comparison. Since only Capitalized Interest relating to the Building costs are included in the MVS analysis, we have only eliminated the Cap Interest for the Extraordinary Costs that are in the Building cost category. This was calculated as follows, using the Canopy as an example:

$$(\text{Cost of the Canopy/Building Cost}) \times (\text{Building related Capitalized Interest})$$

Likewise, Loan Placement Fees related to the extraordinary costs should be excluded from the comparison. This was calculated as follows, using the Canopy as an example:

$$(\text{Cost of the Canopy/Unadjusted Subtotal Cost}) \times (\text{Loan Placement Fees}).$$

Eliminating all of the extraordinary costs reduces the project costs that should be compared to the MVS benchmark.

<b>C. Adjusted Project Cost</b>	<b>Adjusted Project Costs</b>	<b>Per Square Foot</b>
Building	\$32,379,012	\$386.65
Fixed Equipment	\$480,000	\$5.73
Site Preparation	\$816,000	\$9.74
Architectural Fees	\$4,929,000	\$58.86
Permits	\$100,000	\$1.19

<b>C. Adjusted Project Cost</b>	<b>Adjusted Project Costs</b>	<b>Per Square Foot</b>
Loan Placement Fees	\$493,193	\$5.89
Subtotal	\$38,704,012	\$462.18
Capitalized Interest & Loan Placement Fees	\$3,914,763	\$46.75
<b>Total</b>	<b>\$42,618,775</b>	<b>\$508.92</b>

Building associated Capitalized Interest and Loan Placement Fees were calculated as follows:

<b>Hospital</b>	<b>New</b>	<b>Renovation</b>
Building Cost	\$36,478,138	\$0
Subtotal Cost (w/o Cap Interest)	\$46,845,138	\$0
Subtotal/Total	100.0%	0.0%
Total Project Cap Interest	\$5,880,000	\$0
Building/Subtotal	77.9%	
Building Cap Interest	\$4,578,735	
Associated with Extraordinary Costs	\$663,972	
Applicable Cap Interest	\$3,914,763	

As noted below, the project's cost per square foot is below the MVS benchmark.<sup>1</sup>

MVS Benchmark	\$590.18
The Project	\$508.92
Difference	-\$81.26
	-13.77%

<sup>1</sup> In recent reviews, MHCC Staff have been adding Contingency and Inflation to the costs being compared to the MVS benchmark. Historically, Contingency and Inflation costs have never been included in the comparison. It is only in the last few years that MHCC Staff have included it. UM Capital Region believes that Contingency costs should not be included because they may not be spent. If the inclusion of Contingency in the comparison causes an applicant to exceed the MVS benchmark, a condition is imposed on the CON approval that the HSCRC should take a related amount out of the rates that the HSCRC approves for the project. However, if, in building the project, an applicant subsequently does not need to spend the Contingency, the condition is not revised or removed. Because of the contingent nature of this budget item, it should not be included in the comparison. Like Contingency costs, the MHCC has only begun including Inflation in the MVS comparison in the last few years. It should not be added. Inflation is calculated through the midpoint of construction (reflecting future costs per square foot), while the MVS benchmark reflects current costs. This is an unfair comparison. However, if MHCC Staff requires including Contingency and/or Inflation, certainly the percentage of Contingency and/or Inflation associated with Extraordinary Costs (which are, themselves, excluded from the comparison) should not be included.