

# GALLAGHER

GALLAGHER EVELIUS & JONES  
ATTORNEYS AT LAW

April 30, 2024

**VIA EMAIL & FEDERAL EXPRESS MAIL**

[mhcc.confilings@maryland.gov](mailto:mhcc.confilings@maryland.gov)

Maryland Health Care Commission

4160 Patterson Avenue

Baltimore, Maryland 21215

Re: James Lawrence Kernan Hospital, Inc. *d/b/a* University of Maryland  
Rehabilitation and Orthopaedic Institute and University of Maryland Medical  
Center, LLC  
Request for Exemption from Certificate of Need to Merge and Consolidate  
Portions of University of Maryland Rehabilitation and Orthopaedic Institute and  
University of Maryland Medical Center

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Dear Sir/Madam:

On behalf of the applicants James Lawrence Kernan Hospital, Inc. *d/b/a* University of Maryland Rehabilitation and Orthopaedic Institute (“UMROI”) and University of Maryland Medical Center, LLC (“UMMC”), we are submitting four (4) updated hard copies of Tables G, H, J, and K, which have been revised to align with the tables submitted with the University of Maryland Medical Center’s Request for Post-Approval Project Change dated April 26, 2024. We will be providing the EXCEL tables under separate email.

We hereby certify that a copy of this submission has also been forwarded to the appropriate local health planning agency as noted below.

If you have questions about the information provided above, please contact us at your convenience.

Very truly yours,



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Ella R. Aiken, Esq.



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Alison B. Lutich, Esq.

Maryland Health Care Commission

April 30, 2024

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cc: Ben Steffen, Executive Director, MHCC  
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MHCC  
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**TABLE J. REVENUES & EXPENSES, UNINFLATED - NEW FACILITY OR SERVICE**

*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.*

	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.						
Indicate CY or FY		FY27	FY28	FY29	FY30		
<b>1. REVENUE</b>							
a. Inpatient Services			\$ 16,441	\$ 65,765	\$ 65,765		
b. Outpatient Services							
<b>Gross Patient Service Revenues</b>	\$ -	\$ -	\$ 16,441	\$ 65,765	\$ 65,765	\$ -	\$ -
c. Allowance For Bad Debt			\$ 411	\$ 1,644	\$ 1,644		
d. Contractual Allowance			\$ 1,676	\$ 6,703	\$ 6,703		
e. Charity Care			\$ 151	\$ 605	\$ 605		
<b>Net Patient Services Revenue</b>	\$ -	\$ -	\$ 14,203	\$ 56,813	\$ 56,813	\$ -	\$ -
f. Other Operating Revenues (Specify)							
<b>NET OPERATING REVENUE</b>	\$ -	\$ -	\$ 14,203	\$ 56,813	\$ 56,813	\$ -	\$ -
<b>2. EXPENSES</b>							
a. Salaries & Wages (including benefits)			\$ 5,323	\$ 21,292	\$ 21,292		
b. Contractual Services			\$ 3,003	\$ 12,013	\$ 12,013		
c. Interest on Current Debt							
d. Interest on Project Debt		\$ -	\$ -	\$ 8,724	\$ 8,566		
e. Current Depreciation							
f. Project Depreciation		\$ 4,737	\$ 8,325	\$ 14,353	\$ 14,353		
g. Current Amortization							
h. Project Amortization							
i. Supplies			\$ 495	\$ 2,021	\$ 2,062		
j. Other Expenses (Specify)							
Other Expense (Utilities)							
<b>TOTAL OPERATING EXPENSES</b>	\$ -	\$ 4,737	\$ 17,146	\$ 58,404	\$ 58,286	\$ -	\$ -
<b>3. INCOME</b>							
a. Income From Operation	\$ -		\$ (2,943)	\$ (1,590)	\$ (1,473)	\$ -	\$ -
b. Non-Operating Income							
<b>SUBTOTAL</b>	\$ -		\$ (2,943)	\$ (1,590)	\$ (1,473)	\$ -	\$ -
c. Income Taxes							
<b>NET INCOME (LOSS)</b>	\$ -		\$ (2,943)	\$ (1,590)	\$ (1,473)	\$ -	\$ -





**TABLE K. REVENUES & EXPENSES, INFLATED - NEW FACILITY OR SERVICE**

*INSTRUCTION* : 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.

	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.						
Indicate CY or FY		FY27	FY28	FY29	FY30		
<b>1. REVENUE</b>							
a. Inpatient Services			\$ 19,060	\$ 78,527	\$ 80,883		
b. Outpatient Services							
<b>Gross Patient Service Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,060</b>	<b>\$ 78,527</b>	<b>\$ 80,883</b>	<b>\$ -</b>	<b>\$ -</b>
c. Allowance For Bad Debt			\$ 477	\$ 1,963	\$ 2,022		
d. Contractual Allowance			\$ 1,943	\$ 8,003	\$ 8,244		
e. Charity Care			\$ 175	\$ 722	\$ 744		
<b>Net Patient Services Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,466</b>	<b>\$ 67,838</b>	<b>\$ 69,873</b>	<b>\$ -</b>	<b>\$ -</b>
f. Other Operating Revenues (Specify)							
<b>NET OPERATING REVENUE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,466</b>	<b>\$ 67,838</b>	<b>\$ 69,873</b>	<b>\$ -</b>	<b>\$ -</b>
<b>2. EXPENSES</b>							
a. Salaries & Wages (including benefits)			\$ 6,171	\$ 25,424	\$ 26,187		
b. Contractual Services			\$ 3,482	\$ 14,344	\$ 14,774		
c. Interest on Current Debt							
d. Interest on Project Debt		\$ -	\$ -	\$ 8,724	\$ 8,566		
e. Current Depreciation							
f. Project Depreciation		\$ 4,737	\$ 8,325	\$ 14,353	\$ 14,353		
g. Current Amortization							
h. Project Amortization							
i. Supplies			\$ 574	\$ 2,366	\$ 2,437		
j. Other Expenses (Specify)							
Other Expense (Utilities)							
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,552</b>	<b>\$ 65,211</b>	<b>\$ 66,317</b>	<b>\$ -</b>	<b>\$ -</b>
<b>3. INCOME</b>							
<b>a. Income From Operation</b>	<b>\$ -</b>		<b>\$ (2,086)</b>	<b>\$ 2,627</b>	<b>\$ 3,556</b>	<b>\$ -</b>	<b>\$ -</b>
b. Non-Operating Income							
<b>SUBTOTAL</b>	<b>\$ -</b>		<b>\$ (2,086)</b>	<b>\$ 2,627</b>	<b>\$ 3,556</b>	<b>\$ -</b>	<b>\$ -</b>
c. Income Taxes							
<b>NET INCOME (LOSS)</b>	<b>\$ -</b>		<b>\$ (2,086)</b>	<b>\$ 2,627</b>	<b>\$ 3,556</b>	<b>\$ -</b>	<b>\$ -</b>
<b>4. PATIENT MIX</b>							

