

April 30, 2024

VIA EMAIL & FEDERAL EXPRESS MAIL

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

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,

Ella R. Aiken, Esq.

Alison B. Lutich, Esq.



Maryland Health Care Commission April 30, 2024 Page 2

cc: Ben Steffen, Executive Director, MHCC

Wynee Hawk, RN, JD, Director, Center for Health Care Planning & Development, MHCC

Jeanne-Marie Gawel, Acting Chief, Certificate of Need, MHCC

Alexa Bertinelli, Esq., Assistant Attorney General, MHCC

Caitlin E. Tepe, Esq., Assistant Attorney General, MHCC

Ruby Potter, Health Facilities Coordination Officer, MHCC

Stan Lustman, Esq., Assistant Attorney General, HSCRC

Jerry Schmith, Principal Deputy Director, Hospital Rate Revenue and Regulations, HSCRC

Allan Pack, Principal Deputy Director, Quality and Population-Based Methodologies, HSCRC

Letitia Dzirasa, MD, Baltimore City Health Commissioner

Tonii Gedin, Anne Arundel County Health Officer

Della Leister, Acting Baltimore County Health Officer & Director

Lauren Levy, JD, MPH, Cecil County Health Officer

Marcy Austin, Harford County Health Officer

Maura Rossman, MD, Howard County Health Officer

Dana Farrakhan, Dr. PH, MHS, FACHE, Senior Vice President, Strategy, Community and Business Development, UMMC

Scott Tinsley-Hall, Senior Director, Strategic Planning, UMMC

Marina Bogin, CPA, Vice President of Financial Services, Chief Financial Officer, UMROI

Julie Nemens, RN, MSN, Chief Administrative Officer & Senior Vice President, UMROI

Richie Stever, VP of Real Estate and Property Management, UMMS

Alicia Cunningham, SVP Corporate Finance & Revenue Advisory Services, UMMS

Lucas Sater, Director - Revenue and Reimbursement, UMMS

Christopher Tully, Esq., Associate Counsel, UMMS

Emily Wein, Esq., Vice President and General Counsel, UMMC

Marty Chafin, FACHE, President, Chafin Consulting Group, NE

Craig Wheeless

Thomas C. Dame, Esq.

TABLE G. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY

	Т	wo Most Rece	nt Ye	ears (Actual)		rrent Year Projected				(ending at least t ospital will gene										
Indicate CY or FY		FY21		FY22		FY23		FY24		FY25		FY26		FY27		FY28		FY29		FY30
1. REVENUE	_	** ***		** ***	1	A=							_					. = =	_	
a. Inpatient Services		\$1,405,371		\$1,431,200		, , ,	\$	1,432,600	\$, . ,	\$	1,440,117	\$	1,445,583	\$	1,468,175		1,521,599		1,525,711
b. Outpatient Services		616,878		666,749		672,830		663,815		664,765		667,298		669,831		,,,,	\$	674,581		676,486
Gross Patient Service Revenues		\$2,022,249		\$2,097,949		\$2,143,989		\$2,096,415		\$2,099,415		\$2,107,415		\$2,115,415	\$	2,140,856		2,196,180		2,202,197
c. Allowance For Bad Debt	\$	49,246	\$	51,392	\$	51,929	\$	50,777	\$,	\$		\$	51,237	\$		\$	53,245	_	53,390
d. Contractual Allowance		195,934		223,069		225,401		220,399	-	220,715		221,556		222,397	-	225,019		,	\$	231,309
e. Charity Care		20,877		21,746		21,973	_	21,486		21,516	_	21,598		21,680		21,924	_	22,439	_	22,501
Net Patient Services Revenue	\$	1,756,192	\$	1,801,742	\$	1,844,686	\$	1,803,752	\$	1,806,334	\$	1,813,217	\$	1,820,100	\$	1,842,047	\$	1,889,819	\$	1,894,996
f. Other Operating Revenues (Specify/add rows if needed)	\$	205,193	\$	219,353	\$	247,431	\$	214,431	\$	214,431	\$	219,431	\$	223,431	\$	226,431	\$	228,431	\$	226,431
NET OPERATING REVENUE	\$	1,961,385	\$	2,021,095	\$	2,092,116	\$	1,999,119	\$	2,001,672	\$	2,013,483	\$	2,024,293	\$	2,068,477	\$	2,118,250	\$	2,121,427
2. EXPENSES																				
a. Salaries & Wages (including benefits)	\$	732,429	\$	785,407	\$	786,433	\$	739,633	\$	727,933	\$	738,463	\$	740,897	\$	749,027	\$	765,214	\$	765,214
b. Contractual Services		511,461		533,586		554,444		551,944		552,944		554,978		556,464		561,056		570,136	\$	570,206
c. Interest on Current Debt		17,012		13,377		20,782		22,398		21,944		30,253		29,635		29,007		28,499		27,913
d. Interest on Project Debt		-		-		-		-				-	\$	-	\$	-	\$	8,724	\$	8,566
e. Current Depreciation		94,920		95,624		94,246		92,928		95,170		107,193		106,251		105,319		103,481		101,674
f. Project Depreciation		-		-		-		-		-		-	\$	4,737	\$	8,325	\$	14,353	\$	14,353
g. Current Amortization		-		-		-		-		-		-		-		-		-		-
h. Project Amortization		-		-		-		-		-		-		-		-		-		-
i. Supplies		468,374		477,808		502,651		492,701		496,901		500,909		504,157		507,422		510,098	\$	511,291
j. Other Expenses (Utilities / Insurance)		46,792		51,517		55,431		55,708		55,708		55,708		55,708		55,708		55,708		55,708
TOTAL OPERATING EXPENSES	\$	1,870,988	\$	1,957,319	\$	2,013,987	\$	1,955,312	\$	1,950,600	\$	1,987,504	\$	1,997,849	\$	2,015,863	\$	2,056,214	\$	2,054,926
3. INCOME																				
a. Income From Operation	\$	90,397		63,776		78,129	\$	43,807	\$	51,073	\$	25,979	\$	26,445	\$	52,614	\$	62,036	\$	66,501
b. Non-Operating Income	\$	49,675	\$	(55,571)																
SUBTOTAL	\$	140,072	\$	8,205	\$	78,129	\$	43,807	\$	51,073	\$	25,979	\$	26,445	\$	52,614	\$	62,036	\$	66,501
c. Income Taxes	\$	-	\$	-																
NET INCOME (LOSS)	\$	140,072	\$	8,205	\$	78,129	\$	43,807	\$	51,073	\$	25,979	\$	26,445	\$	52,614	\$	62,036	\$	66,501
4. PATIENT MIX																				
a. Percent of Total Revenue																				
1) Medicare		35.9%		36.8%		37.3%		37.5%		37.7%		37.9%		38.1%		38.3%		38.4%		38.4%
2) Medicaid		28.4%		28.0%		27.1%		27.1%		27.1%		27.1%		27.0%		26.9%		26.8%		26.8%
3) Blue Cross		15.8%		16.1%		16.0%		16.0%		16.0%		16.0%		16.0%		16.0%		16.0%		16.0%
4) Commercial Insurance		15.5%		14.4%		14.0%		14.0%		14.0%		14.0%		14.0%		14.0%		14.0%		14.0%
5) Self-pay		0.9%		1.2%		1.4%		1.4%		1.3%		1.2%		1.2%		1.2%		1.2%		1.2%
6) Other		3.6%		3.6%		4.1%		4.0%	Ш	3.9%	L	3.8%		3.7%	_	3.6%		3.6%		3.6%
TOTAL		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%

TABLE G. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY

	Two Most Recer	nt Years (Actual)	Current Year Projected		d columns if neede the Financial Feas					
Indicate CY or FY	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
b. Percent of Equivalent Inpatient Days										
Total MSGA										
1) Medicare										
2) Medicaid										
3) Blue Cross			UMMC	does not track pay	er's by patient day	/S				
4) Commercial Insurance					I					
5) Self-pay										
6) Other										
TOTAL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%

TABLE H. REVENUES & EXPENSES, INFLATED - ENTIRE FACILITY

	Т					7										
	т	wo Most Recer	nt Yea	ars (Actual)	Current Year Projected	d	Projected Year locument that the			years after project excess revenues						
Indicate CY or FY		FY21		FY22	FY23		FY24		FY25	FY26		FY27	FY28	FY29		FY30
1. REVENUE																
a. Inpatient Services		\$1,405,371		\$1,431,200	\$1,471,160)	\$1,461,252		\$1,508,706	\$1,561,403		\$1,615,918	\$1,692,159	\$1,808,364	\$	1,862,615
b. Outpatient Services		616,878		666,749	672,830)	\$677,091		\$699,080	\$723,498		\$748,758	\$775,254	\$801,544		\$825,591
Gross Patient Service Revenues		\$2,022,249		\$2,097,949	\$2,143,989)	\$2,138,343		\$2,207,786	\$2,284,902		\$2,364,676	\$2,467,413	\$2,609,909	\$.	2,688,206
c. Allowance For Bad Debt	\$	49,246	\$	51,392	\$ 51,929	\$	51,792	\$	53,474	\$ 55,342	\$	57,274	\$ 59,778	\$ 63,275		\$65,174
d. Contractual Allowance		195,934		223,069	225,401		224,807		232,108	240,215		248,602	259,342	274,132		282,356
e. Charity Care		20,877		21,746	21,973	3	21,915		22,627	23,418		24,235	25,268	26,666		27,466
Net Patient Services Revenue	\$	1,756,192	\$	1,801,742	\$ 1,844,680	5 \$	1,839,828	\$	1,899,577	\$ 1,965,926	\$	2,034,564	\$ 2,123,026	\$ 2,245,836	\$.	2,313,211
f. Other Operating Revenues (Specify/add rows if needed)	\$	205,193	\$	219,353	\$ 247,43	\$	218,719	\$	225,499	\$ 237,911	\$	249,758	\$ 260,958	\$ 271,424		\$282,009
NET OPERATING REVENUE	\$	1,961,385	\$	2,021,095	\$ 2,092,110	5 \$	2,058,547	\$	2,125,076	\$ 2,203,837	\$	2,284,322	\$ 2,383,983	\$ 2,517,259	\$.	2,595,220
2. EXPENSES																
a. Salaries & Wages (including benefits)	\$	732,429	\$	785,407	\$ 786,433	3 \$	765,520	\$	776,013	\$ 810,856	\$	837,934	\$ 872,513	\$ 918,017	\$	945,558
b. Contractual Services		511,461		524,206	554,444	ļ	568,502		583,771	600,566		617,228	637,947	664,753		684,696
c. Interest on Current Debt		17,012		13,377	20,782	2	22,398		21,944	30,253		29,635	29,007	28,499		27,913
d. Interest on Project Debt				-	-		-		-		\$	-	\$ -	\$ 8,724	\$	8,566
e. Current Depreciation		94,920		95,624	94,246	6	92,928		95,170	107,193		106,251	105,319	103,481		101,674
f. Project Depreciation		-		-	1		-		-		\$	4,737	\$ 8,325	\$ 14,353	\$	14,353
g. Current Amortization		-		-	-		-		-	-		-	-	-		-
h. Project Amortization		-		-	-		-		-	-		-	-	-		-
i. Supplies		468,374		477,808	502,651		- ,-	•	541,330	\$ 568,889	\$	596,912	626,274	656,138		675,822
j. Other Expenses (Utilities / Insurance)		46,792		51,517	55,43		- ,		,	\$ 60,478	•	62,090	63,745	65,444		67,407
TOTAL OPERATING EXPENSES	\$	1,878,499	\$	1,955,642	\$ 2,013,987	\$	2,021,600	\$	2,077,136	\$ 2,176,690	\$	2,254,787	\$ 2,343,129	\$ 2,459,409	\$:	2,525,988
3. INCOME																
a. Income From Operation	\$	82,886		65,453		\$	36,947	\$	47,940	\$ 27,147	\$	29,535	\$ 40,854	\$ 57,851	\$	69,232
b. Non-Operating Income	\$	57,183		(47,869)		-										
SUBTOTAL	\$	140,069		17,584		9 \$	36,947	\$	47,940	\$ 27,147	\$	29,535	\$ 40,854	\$ 57,851	\$	69,232
c. Income Taxes	\$	-	\$		\$											
NET INCOME (LOSS)	\$	140,069	\$	17,584	\$ 78,129	9 \$	36,947	\$	47,940	\$ 27,147	\$	29,535	\$ 40,854	\$ 57,851	\$	69,232
4. PATIENT MIX																
a. Percent of Total Revenue																
1) Medicare		35.9%		36.8%	37.39		37.5%		37.7%	37.9%		38.1%	38.3%	38.4%		38.4%
2) Medicaid		28.4%		28.0%	27.19	_	27.1%		27.1%	27.1%		27.0%	26.9%	26.8%		26.8%
3) Blue Cross		15.8%		16.1%	16.09		16.0%		16.0%	16.0%		16.0%	16.0%	16.0%		16.0%
4) Commercial Insurance		15.5%		14.4%	14.09		14.0%		14.0%	14.0%		14.0%	14.0%	14.0%		14.0%
5) Self-pay	<u> </u>	0.9%		1.2%	1.49	_	1.4%		1.3%	1.2%		1.2%	 1.2%	1.2%		1.2%
6) Other		3.6%		3.6%	4.19	_	4.0%		3.9%	3.8%		3.7%	3.6%	3.6%		3.6%
TOTAL		100.0%		100.0%	100.09	6	100.0%		100.0%	100.0%		100.0%	100.0%	100.0%		100.0%

TABLE H. REVENUES & EXPENSES, INFLATED - ENTIRE FACILITY

	Two Most Recer	nt Years (Actual)	Current Year Projected		columns if needed in ne Financial Feasibil					
Indicate CY or FY	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
b. Percent of Equivalent Inpatient Days										
Total MSGA										
1) Medicare										
2) Medicaid										
3) Blue Cross				UMMC does not	track payer's by pa	atient days				
4) Commercial Insurance			ı							
5) Self-pay										
6) Other										
TOTAL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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.

	Projecte	d Voar	e land	ling at leas	et tw	o voare afte	rn	oject compl	otio	n and full oc	cuna	ncy) Add y	oare if	needer
								ate excess r						
	III orac	or to ac	Cumc	The that the	, 1103			Feasibility			tui CX	perioes ee	113131011	· With
Indicate CY or FY				FY27		FY28		FY29		FY30				
1. REVENUE						-		-						
a. Inpatient Services					\$	16,441	\$	65,765	\$	65,765				
b. Outpatient Services						•								
Gross Patient Service Revenues	\$	-	\$	-	\$	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				
Net Patient Services Revenue	\$	-	\$	-	\$	14,203	\$	56,813	\$	56,813	\$	-	\$	
f. Other Operating Revenues (Specify)														
NET OPERATING REVENUE	\$	-	\$	-	\$	14,203	\$	56,813	\$	56,813	\$	-	\$	
2. EXPENSES														
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)														
TOTAL OPERATING EXPENSES	\$	-	\$	4,737	\$	17,146	\$	58,404	\$	58,286	\$	-	\$	
3. INCOME														
a. Income From Operation	\$	-			\$	(2,943)	\$	(1,590)	\$	(1,473)	\$	-	\$	-
b. Non-Operating Income														
SUBTOTAL	\$	-			\$	(2,943)	\$	(1,590)	\$	(1,473)	\$	-	\$	-
c. Income Taxes														
NET INCOME (LOSS)	\$	-			\$	(2,943)	\$	(1,590)	\$	(1,473)	\$	-	\$	-

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.

						cupancy) Add y Ital expenses co	
				cial Feasibility			
Indicate CY or FY		FY27	FY28	FY29	FY30		
4. PATIENT MIX							
a. Percent of Total Revenue							
1) Medicare							
2) Medicaid							
3) Blue Cross							
4) Commercial Insurance							
5) Self-pay							
6) Other							
TOTAL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
b. Percent of Equivalent Inpatient Days							
Total MSGA							
1) Medicare							
2) Medicaid							
3) Blue Cross			·				
4) Commercial Insurance							
5) Self-pay							
6) Other							
TOTAL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

								ject complet						
	order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.													ıııe
Indicate CY or FY	FY27 FY28 FY29 FY30													
1. REVENUE							•							
a. Inpatient Services					\$	19,060	\$	78,527	\$	80,883				
b. Outpatient Services														
Gross Patient Service Revenues	\$	-	\$	-	\$	19,060	\$	78,527	\$	80,883	\$	-	\$	
c. Allowance For Bad Debt					\$	477	\$	1,963	\$	2,022				
d. Contractual Allowance					\$	1,943	\$		\$	8,244				
e. Charity Care					\$	175	\$	722	\$	744				
Net Patient Services Revenue	\$	-	\$	-	\$	16,466	\$	67,838	\$	69,873	\$	-	\$	
f. Other Operating Revenues (Specify)														
NET OPERATING REVENUE	\$	-	\$	-	\$	16,466	\$	67,838	\$	69,873	\$	-	\$	
2. EXPENSES														
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			1		\$	574	\$	2,366	\$	2,437				
j. Other Expenses (Specify)			1											
Other Expense (Utilities)														
TOTAL OPERATING EXPENSES	\$	-			\$	18,552	\$	65,211	\$	66,317	\$	-	\$	
3. INCOME														
a. Income From Operation	\$	-			\$	(2,086)	\$	2,627	\$	3,556	\$	-	\$	-
b. Non-Operating Income														
SUBTOTAL	\$	-			\$	(2,086)	\$	2,627	\$	3,556	\$	-	\$	-
c. Income Taxes														
NET INCOME (LOSS)	\$	-			\$	(2,086)	\$	2,627	\$	3,556	\$	-	\$	-

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

		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									
a. Percent of Total Revenue														
1) Medicare														
2) Medicaid														
3) Blue Cross														
4) Commercial Insurance														
5) Self-pay														
6) Other														
TOTAL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%							
b. Percent of Equivalent Inpatient Days														
Total MSGA														
1) Medicare														
2) Medicaid														
3) Blue Cross														
4) Commercial Insurance														
5) Self-pay		·												
6) Other														
TOTAL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%							