

February 21, 2019

VIA EMAIL & HAND DELIVERY

Ms. Ruby Potter
Health Facilities Coordination Officer
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: Shore Health System
Request for Certificate of Exemption from CON Review
Merger and Consolidation of UM SMC at Dorchester and UM SMC at Easton

Dear Ms. Potter:

On behalf of Shore Health System, Inc. *d/b/a* University of Maryland Shore Medical Center at Easton and University of Maryland Shore Medical Center at Dorchester, we are submitting four copies of Responses 11 and 12 to the additional information questions dated December 12, 2018 as well as four copies of Modifications to Merger/Consolidation Request for Exemption, along with one set of full size project drawings. A WORD version will be provided under separate cover.

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

Sincerely,



Thomas C. Dame

Sincerely,



Mallory Regenbogen

TCD/MMR:vtl
Enclosures

Ms. Ruby Potter
February 21, 2019
Page 2

cc: Kevin McDonald, Chief, Certificate of Need, MHCC
Paul Parker, Director, Center for Health Care Facilities Planning & Development, MHCC
Suellen Wideman, Esq., Assistant Attorney General, MHCC
Katie Wunderlich, Executive Director, HSCRC
Jerry Schmith, Director, Review and Compliance, HSCRC
Roger L. Harrell, MHA, Health Officer, Dorchester County Health Department
Scott LeRoy, MPH, MS, Health Officer, Caroline County Health Department
Fredia Wadley, MD, Health Officer, Talbot County Health Department
Pat Gainer, Acting Co-Executive Director, Maryland Emergency Medical Services
Systems
Kenneth D. Kozel, President & CEO, UM Shore Regional Health
Robert Frank, Sr. Regional V.P., Operations, UM Shore Regional Health
William Huffner, M.D., Sr. V.P., Medical Affairs & Chief Medical Officer, UM Shore
Regional Health
Ruth Ann Jones, Sr. V.P., Patient care Services & Chief Nursing Officer, UM Shore
Regional Health
Patti Willis, Sr. V.P., Strategy & Communications, UM Shore Regional Health
JoAnne Hahey, Chief Financial officer, UM Shore Regional Health
Michael Wood, Sr. Director of Reimbursement, UMMS
Megan Arthur, Senior Vice-President & General Counsel, UMMS
Sandra H. Benzer, Esq., Associate Counsel, UMMS
Darryl Mealy, V.P. of Construction & Facilities Planning, UMMS
Josh Repac, Berkeley Research Group, LLC
Craig Wheelless, Director, Health Care Advisory Services, KPMG, LLP
David Klahn, Vice President, HKS, Inc.
Andrew L. Solberg, A.L.S. Healthcare Consultant Services

**UM Shore Regional Health
Merger and Consolidation of UM SMC at Dorchester and
UM SMC at Easton**

**UM Shore Regional Health’s Responses to
December 12, 2018 Completeness Questions**

- 11. There are slight inconsistencies between the bed counts in the description of the project on p. 4, and what is shown in the “licensed beds” column of Table A. Please submit any needed modification of both or either of these pages.**

Applicant Response

Please see the Revised Project Description included in the Applicant’s Modification to the Merger/Consolidation Application Filing, the revised copy of Table A included in **Exhibit 20** of that filing, and Table 65 and Table 66 below for information regarding the proposed licensed bed counts at UM SMC at Easton before and after the project.

- 12. Given the difficulty of deciphering “what is really going on” given the often large gap between physical capacity and operational capacity, please complete the tables below that allow for a clearer depiction of “reality.”**

Applicant Response

For clarity, the Applicant added rows to the original tables for “Pediatric” beds and “Hospital Total” and a column demonstrating the “Total Change” in Easton licensed beds and physical capacity.

**Table 65
Tally of Licensed Beds**

	Easton today	Dorchester today	Easton post-project	Total Change in Easton Licensed Beds
General MSGA	73	16	85	+12
ICU/CCU	10	6	10	0
Obstetrics	13	0	13	0
Psych	0	24	12	+12
Pediatric	8	0	3	-5
Total Acute	104	46	123	+19
Rehab	20	0	15	-5
Hospital Total	124	46	138	+14

Table 66
Tally of Physical Capacity

	Easton today	Dorchester today	Easton post-project	Total Change in Easton Physical Capacity
General MSGA	110	41	110	0
ICU/CCU	10	16	10	0
Obstetrics	13	0	13	0
Psych	0	24	12	+12
Pediatric	14	0	3	-11
Total Acute	147	81	148	+1
Rehab	20	0	15	-5
Hospital Total	167	81	163	-4

Table of Tables

Table 65 Tally of Licensed Beds 1
Table 66 Tally of Physical Capacity 2

**UM Shore Regional Health
Merger and Consolidation of UM SMC at Dorchester and
UM SMC at Easton**

Modifications to Merger/Consolidation Request for Exemption

In light of recent discussions with MHCC Staff, the Applicant has reevaluated the renovation plans submitted with its Merger/Consolidation Request for Exemption (“Merger/Consolidation Application”). The Applicant’s need projections presented in the Merger/Consolidation Application and in completeness responses assess historical and projected need for MSGA and psychiatric beds in UM SMC at Dorchester’s service area. The resulting projections identify the need for 17 MSGA and 12 psychiatric beds to be shifted to UM SMC at Easton in fiscal year 2022 as part of the merger/consolidation. Currently, there are no psychiatric beds at UM SMC at Easton, so the merger/consolidation will require the addition of a Behavioral Health Unit which will be located on Level 3 as discussed below.

Currently, the total licensed MSGA/ICU bed count at UM SMC at Easton is 83 and the total physical capacity for MSGA/ICU beds is 120 (see Tables 65 and 66 below). As discussed in the Applicant’s response number 4 to the Merger/Consolidation Completeness Questions dated December 12, 2018 and as demonstrated in Table 56 of that filing (reproduced below for your convenience), inpatient MSGA use rates are expected to decline at UM SMC at Dorchester and UM SMC at Easton and there is an expected reduction in the MSGA average length of stay at UM SMC at Easton in fiscal years 2019 and 2020. As a result of these assumptions, the existing MSGA bed need at UM SMC at Easton will decline to 78 beds in fiscal year 2024. Combined with the need for 17 MSGA beds from UM SMC at Dorchester, there will be a combined need for a total of 95 MSGA and ICU beds at UM SMC at Easton by fiscal year 2024.

**Table 56
UM Shore Health System Projected MSGA Bed Need
FY2018 – FY2024**

	MSGA Beds at Separate Hospitals				Beds Combined at UM SMC at Easton		
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
UM SMC at Dorchester	24	24	24	24	17	17	17
UM SMC at Easton	80	78	76	76	77	77	78
Total	104	102	100	100	94	94	95

Note: Includes ICU beds

Accordingly, the project will result in the addition of 12 licensed MSGA beds at UM SMC at Easton based on today’s licensed count. No additional physical MSGA/ICU bed capacity will be added through the project, as sufficient physical capacity already exists.

REVISED PROJECT DESCRIPTION

The Applicant has determined that there is adequate existing physical capacity (120 MSGA/ICU beds) at UM SMC at Easton to support the combined need for 95 MSGA and ICU beds in fiscal year 2024. Accordingly, the renovations that were originally planned for Levels 2 and 4 to create additional space for the relocating MSGA beds will not be necessary. Please see the revised Table A included in **Exhibit 20** and Tables 65 and 66 from response number 12 to the Merger/Consolidation Completeness Questions dated December 12, 2018 (reproduced below for your convenience) showing the proposed changes in licensed beds and physical capacity at Easton as a result of the merger/consolidation.

**Table 65
Tally of Licensed Beds**

	Easton today	Dorchester today	Easton post-project	Total Change in Easton Licensed Beds
General MSGA	73	16	85	+12
ICU/CCU	10	6	10	0
Obstetrics	13	0	13	0
Psych	0	24	12	+12
Pediatric	8	0	3	-5
Total Acute	104	46	123	+19
Rehab	20	0	15	-5
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**Table 66
Tally of Physical Capacity**

	Easton today	Dorchester today	Easton post-project	Total Change in Easton Physical Capacity
General MSGA	110	41	110	0
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Total Acute	147	81	148	+1
Rehab	20	0	15	-5
Hospital Total	167	81	163	-4

The Applicant’s revised renovation plans involve incremental changes to existing patient units on Levels 3 and 5 in order to accommodate the 12 psychiatric beds that are planned to relocate from UM SMC at Dorchester to UM SMC at Easton. These changes include the reduction and relocation of pediatric beds in order to accommodate the new Behavioral Health

Unit on Level 3, and a reduction in rehabilitation beds on Level 5 to accommodate the relocating pediatric beds.

The revised floor plans for the proposed merger/consolidation are included in **Exhibit 21** and identify the current use of all rooms and configuration on Levels 3 and 5 along with the layout of the proposed project.

Level 3 Changes

Level 3 is the location for the proposed Behavioral Health Unit, consisting of the 12 psychiatric beds relocating from UM SMC at Dorchester. This move will be accommodated by the reduction and relocation of existing pediatric beds. The average daily census for inpatient pediatric care is less than one and can be accommodated with a reduction to three beds, two of which will be utilized during peak census times to accommodate mother/baby overflow from the Labor and Delivery Unit. The Applicant plans to move these three pediatric beds to Level 5 adjacent to the existing Labor and Delivery Unit. This area is already secure and its staff has the required skill set to care for pediatric patients. As pediatric census is often lower than three patients, this also allows the pediatric beds to function as flex beds for mother/baby overflow as the census on the Labor and Delivery Unit fluctuates. Additional space on Level 3 is currently assigned for the Child Advocacy Center (CAC) and the sleep laboratory. Through an agreement with the Talbot County Department of Social Services, the CAC space is utilized for providing forensic sexual assault exams to child abuse victims in order to improve community response to child abuse in Talbot, Dorchester, Queen Anne's, Kent, and Caroline counties. The CAC will be relocated and the size of the sleep laboratory will be reduced to accommodate space for the 12-bed Behavioral Health Unit and its required support space.

Level 5 Changes

Level 5 renovations, as discussed above, are planned to accommodate the relocation of three pediatric beds from the existing unit on Level 3. To enable this move, the Applicant proposes to reduce the size of the Requard Rehabilitation Unit, which is currently located adjacent to the Labor and Delivery Unit. The patient census of this unit has declined over the years.¹ The applicant proposes to reduce the rehabilitation bed count from 20 to 15 beds. This bed reduction allows for the relocation of the activity and dayroom space to provide vacated space directly adjacent to the Labor and Delivery Unit, which is the desired location for the relocating pediatric beds.

Staffing for the beds planned to be moved from UM SMC at Dorchester to UM SMC at Easton will be achieved through the UM SRH transition plan for the conversion of UM SMC at Dorchester to an FMF. Staff will be moved from UM SMC at Dorchester.

¹ The inpatient rehabilitation service was established as a 20-bed unit. However, the average daily census has declined in recent years to about 9.1. The census was greater when the unit opened due to a strong volume of joint replacement patients referred for inpatient rehabilitation. Today, many of these patients are treated in an outpatient setting.

REVISED PROJECT BUDGET AND MHCC TABLES

The Applicant's modifications to the renovation plans will result in significant cost savings of approximately \$3.1 million. The revised total project budget for the merger/consolidation is \$5,379,052.

The Applicant has also revised the MHCC CON Tables A through L and the underlying assumptions, which are attached as **Exhibit 20**. Tables A through L have been updated to reflect the changes in the renovation plans and to reflect the latest utilization projections. Tables G and H have also been updated with the following changes:

- 1) Incorporated fiscal year 2018 audited financial results as the starting point of the projection for SHS.
- 2) Inclusion of updated financial projections for the Cambridge FMF and Merger/Consolidation COE's (see high level summary of changes below).
- 3) Inclusion of the Cambridge medical office building financial plan beginning in fiscal year 2022 through fiscal 2024.
- 4) Addition of non-operating income and expense.
- 5) Correction to Table G only – Deductions from gross revenue is held constant from fiscal year 2018 levels.

Tables J and K have been updated with the following changes:

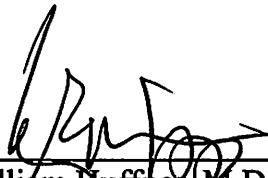
- 1) An increase in gross revenue primarily driven by an increase in SHS retained revenue, on an inflated basis retained revenue increase by \$0.3 million, from \$9.7 million to approximately \$10.0 million. Retained revenue increased due to the decrease in depreciation and interest funding requests for the Cambridge FMF.
- 2) Incorporated the updated project budget cost of \$5.4 million (previously \$8.5 million) which decreased the depreciation expense related to the project, which also decreased the depreciation expense funding request in gross revenue.
- 3) The \$5.4 million project source of funding changed from 100% debt to 100% use of SHS operating cash. This change eliminated any interest expense related to the project and also eliminated the interest expense funding request assumed in gross revenue.

Table of Exhibits

Exhibit 20 2
Exhibit 21 3

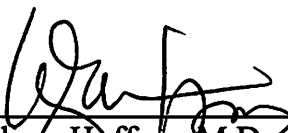
I hereby declare and affirm under the penalties of perjury that the facts stated in this Modifications to the Merger/Consolidation Application and its attachments are true and correct to the best of my knowledge, information, and belief.

Feb 18, 2019
Date


William Huffner, M.D., MBA,
FACEP, FACHE
Senior Vice President, Medical
Affairs and Chief Medical Officer
UM Shore Regional Health

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

2/18/19
Date


William Huffner, M.D., MBA,
FACEP, FACHE
Senior Vice President, Medical
Affairs and Chief Medical Officer
UM Shore Regional Health

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

2/18/2019
Date

Ruth Ann Jones
Ruth Ann Jones, Ed.D., MSN, RN,
NEA-BC
Senior Vice President, Patient Care
Services and Chief Nursing Officer
UM Shore Regional Health

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

2/18/2019

Date



Robert Frank, MBA
Senior Regional Vice President,
Operations
UM Shore Regional Health

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

2/19/19
Date

JoAnne Hahey
JoAnne Hahey
Chief Financial Officer
UM Shore Regional Health

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

Feb. 18, 2019

Date

Patti Willis

Patti Willis
Senior Vice President, Strategy &
Communications
UM Shore Regional Health

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

2/5/19

Date



Andrew L. Solberg

A.L.S. Healthcare Consultant Services

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

02/15/2019

Date



David Klahn
Vice President
HKS, Inc.

EXHIBIT 20

Name of Applicant:

Shore Health System, Inc. d/b/a University of Maryland Shore Medical Center at Easton and
University of Maryland Shore Medical Center at Dorchester

Date of Submission:

10/09/18--**REVISED**

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

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

TABLE A. PHYSICAL BED CAPACITY BEFORE AND AFTER PROJECT

INSTRUCTIONS: 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. 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.

Comments

		Before the Project					After Project Completion						
Hospital Service	Location (Floor/Wing)*	Licensed Beds: 7/1/2019	Based on Physical Capacity				Hospital Service	Location (Floor/Wing)*	Based on Physical Capacity				
			Room Count			Bed Count			Room Count			Bed Count	
			Private	Semi-Private	Total Rooms	Physical Capacity			Private	Semi-Private	Total Rooms	Physical Capacity	
ACUTE CARE						ACUTE CARE							
General Medical/ Surgical*		73					General Medical/ Surgical*				0	0	
MedSurg	2 East		19	6	25	31	MedSurg	2 East	19	6	25	31	
Surgical/Medical	3 East		10	10	20	30	Surgical/Medical	3 East	10	10	20	30	
Neuro	4 East		6	2	8	10	Neuro	4 East	6	2	8	10	
Joint	4 East/South		5	3	8	11	Joint	4 East/South	5	3	8	11	
Telemetry	4 South		20	4	24	28	Telemetry	4 South	20	4	24	28	
SUBTOTAL Gen. Med/Surg*		73	60	25	85	110	SUBTOTAL Gen. Med/Surg*		60	25	85	110	
ICU/CCU		10	10	0	10	10	ICU/CCU		10	0	10	10	
Other (Specify/add rows as needed)					0	0					0	0	
TOTAL MSGA		83	70	25	95	120	TOTAL MSGA		70	25	95	120	
Obstetrics (see note 1)		13			0	0	Obstetrics				0	0	
5 East (LDRP)	Birthing Center 5E		10	0	10	10	5 East (LDRP)	Birthing Center 5E	10	0	10	10	
Antepartum	Birthing Center 5E		3	0	3	3	Antepartum	Birthing Center 5E	3	0	3	3	
Pediatrics	3rd Floor South	8	4	5	9	14	Pediatrics (see comment)	5 South	3	0	3	3	
Psychiatric					0	0	Psychiatric	3rd Floor South	4	4	8	12	
TOTAL ACUTE		104	87	30	117	147	TOTAL ACUTE		90	29	119	148	
NON-ACUTE CARE						NON-ACUTE CARE							
Dedicated Observation**					0	0	Dedicated Observation**			0	0	0	
Rehabilitation	5 South		20	4	8	12	20	Rehabilitation	5 South	3	6	9	15
Comprehensive Care					0	0	Comprehensive Care				0	0	
Other (Specify/add rows as needed)					0	0	Other (Specify/add rows as needed)			0	0	0	
									0	0	0	0	
TOTAL NON-ACUTE		20	4	8	12	20	TOTAL NON-ACUTE		3	6	9	15	
HOSPITAL TOTAL		124	91	38	129	167	HOSPITAL TOTAL		93	35	128	163	

2 of the 3 beds will be used for swing/maternal overflow

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

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

TABLE B. DEPARTMENTAL GROSS SQUARE FEET AFFECTED BY PROPOSED PROJECT

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

DEPARTMENT/FUNCTIONAL AREA	DEPARTMENTAL GROSS SQUARE FEET				
	Current	To be Added Thru New Construction	To Be Renovated	To Remain As Is	Total After Project Completion
Level 3					
Behavioral Health Unit	0	0	8,310	0	8,310
Vacated Peds / Sleep Rooms	8,310	0	0	0	0
Level 5					
Rehab Unit	11,438	0	1,048	9,595	10,643
L&D / Peds	13,015	0	795	13,015	13,810
Total	32,763	0	10,153	22,610	32,763

TABLE C. CONSTRUCTION CHARACTERISTICS

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

	NEW CONSTRUCTION	RENOVATION
BASE BUILDING CHARACTERISTICS	Check if applicable	
Class of Construction (for renovations the class of the building being renovated)*		
Class A	<input type="checkbox"/>	<input type="checkbox"/>
Class B	<input type="checkbox"/>	<input type="checkbox"/>
Class C	<input type="checkbox"/>	<input type="checkbox"/>
Class D	<input type="checkbox"/>	<input type="checkbox"/>
Type of Construction/Renovation*		
Low	<input type="checkbox"/>	<input type="checkbox"/>
Average	<input type="checkbox"/>	<input type="checkbox"/>
Good	<input type="checkbox"/>	<input type="checkbox"/>
Excellent	<input type="checkbox"/>	<input type="checkbox"/>
Number of Stories		

*As defined by Marshall Valuation Service

PROJECT SPACE	List Number of Feet, if applicable	
Total Square Footage	Total Square Feet	
Basement		0
First Floor		0
Second Floor		0
Third Floor		8,310
Fourth Floor		0
Fifth Floor		1,843
Total Area		10,153
Average Square Feet		5,077
Perimeter in Linear Feet	Linear Feet	
Basement		0
First Floor		0
Second Floor		0
Third Floor		450
Fourth Floor		0
Fifth Floor		260
Total Linear Feet		710
Average Linear Feet		355
Wall Height (floor to eaves)	Feet	
Basement		Existing
First Floor		Existing
Second Floor		Existing
Third Floor		12
Fourth Floor		Existing
Fifth Floor		12
Average Wall Height		12
OTHER COMPONENTS		
Elevators	List Number	
Passenger		Existing
Freight		Existing
Sprinklers	Square Feet Covered	
Wet System		Existing
Dry System		Existing
Other	Describe Type	
Type of HVAC System for proposed project	Existing	
Type of Exterior Walls for proposed project	Existing	

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

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.

	NEW CONSTRUCTION COSTS	RENOVATION COSTS
SITE PREPARATION COSTS		
Normal Site Preparation		
Utilities from Structure to Lot Line		
Subtotal included in Marshall Valuation Costs		
Site Demolition Costs		
Storm Drains		
Rough Grading		
Hillside Foundation		
Paving		
Exterior Signs		
Landscaping		
Walls		
Yard Lighting		
Other <i>(Specify/add rows if needed)</i>		
Sediment Control & Stabilization		
Helipad		
Water		
Sewer		
Premium for Minority Business Enterprise Requirement		
Outside the Loop		
Subtotal On-Site excluded from Marshall Valuation Costs	\$0	\$0
OFFSITE COSTS		
Roads		
Utilities		

TABLE E. PROJECT BUDGET

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

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.a as a use of funds and on line B.8 as a source of funds

	Hospital Building	Other Structure	Total
A. USE OF FUNDS			
1. CAPITAL COSTS			
a. Land Purchase			\$0
b. New Construction			
(1) Building			\$0
(2) Fixed Equipment			\$0
(3) Site and Infrastructure			\$0
(4) Architect/Engineering Fees			\$0
(5) Permits (Building, Utilities, Etc.)			\$0
SUBTOTAL	\$0	\$0	\$0
c. Renovations			
(1) Building	\$3,500,000		\$3,500,000
(2) Fixed Equipment (not included in construction)			\$0
(3) Architect/Engineering Fees	\$546,949		\$546,949
(4) Permits (Building, Utilities, Etc.)	\$10,000		\$10,000
SUBTOTAL	\$4,056,949	\$0	\$4,056,949
d. Other Capital Costs			
(1) Movable Equipment	\$563,590		\$563,590
(2) Contingency Allowance	\$557,996		\$557,996
(3) Gross interest during construction period			\$0
(4) Other (Specify/add rows if needed)			\$0
SUBTOTAL	\$1,121,586	\$0	\$1,121,586
TOTAL CURRENT CAPITAL COSTS	\$5,178,535	\$0	\$5,178,535
e. Inflation Allowance	\$135,517.40		\$135,517
TOTAL CAPITAL COSTS	\$5,314,052	\$0	\$5,314,052
2. Financing Cost and Other Cash Requirements			
a. Loan Placement Fees			\$0
b. Bond Discount			\$0
c. Legal Fees	\$45,000		\$45,000
d. Non-Legal Consultant Fees	\$20,000		\$20,000
e. Liquidation of Existing Debt			\$0
f. Debt Service Reserve Fund			\$0
g. Other (Specify/add rows if needed)			\$0
SUBTOTAL	\$65,000	\$0	\$65,000
3. Working Capital Startup Costs			
			\$0
TOTAL USES OF FUNDS	\$5,379,052	\$0	\$5,379,052
B. Sources of Funds			
1. Cash	\$5,379,052		\$5,379,052
2. Philanthropy (to date and expected)			\$0
3. Authorized Bonds			\$0
4. Interest Income from bond proceeds listed in #3			\$0
5. Mortgage			\$0
6. Working Capital Loans			\$0
7. Grants or Appropriations			
a. Federal			\$0
b. State			\$0
c. Local			\$0
8. Other (Specify/add rows if needed)			\$0
TOTAL SOURCES OF FUNDS	\$5,379,052	\$0	\$5,379,052
Annual Lease Costs (if applicable)			
1. Land			\$0
2. Building			\$0
3. Major Movable Equipment			\$0
4. Minor Movable Equipment			\$0
5. Other (Specify/add rows if needed)			\$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 - ENTIRE FACILITY - SHORE HEALTH SYSTEM

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

Indicate CY or FY	Three Most Recent Years (Actual)			Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H.				
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
1. DISCHARGES									
a. General Medical/Surgical*	7,700	7,889	6,866	6,892	6,933	6,976	6,708	6,751	6,796
b. ICU/CCU	227	243	212	213	214	215	208	209	210
Total MSGA	7,927	8,132	7,078	7,105	7,147	7,191	6,915	6,960	7,006
c. Pediatric	125	106	77	76	76	75	75	74	74
d. Obstetric	1,050	1,057	1,092	1,118	1,144	1,171	1,199	1,227	1,256
e. Acute Psychiatric	642	549	556	551	551	552	552	553	554
Total Acute	9,744	9,844	8,803	8,850	8,919	8,990	8,741	8,814	8,890
f. Rehabilitation	344	357	353	357	362	366	371	376	381
g. Comprehensive Care									
h. Other (Specify/add rows of needed)									
TOTAL DISCHARGES	10,088	10,201	9,156	9,207	9,280	9,356	9,112	9,190	9,271
2. PATIENT DAYS									
a. General Medical/Surgical*	32,198	33,972	27,974	27,436	26,976	27,154	25,972	26,152	26,339
b. ICU/CCU	1,883	1,842	1,545	1,512	1,481	1,490	1,464	1,474	1,485
Total MSGA	34,081	35,814	29,519	28,948	28,457	28,645	27,437	27,627	27,824
c. Pediatric	292	245	179	178	177	175	174	173	172
d. Obstetric	2,513	2,570	2,698	2,762	2,827	2,893	2,961	3,031	3,104
e. Acute Psychiatric	4,465	4,106	3,880	3,844	3,848	3,851	3,855	3,860	3,864
Total Acute	41,351	42,735	36,276	35,732	35,308	35,565	34,427	34,691	34,964
f. Rehabilitation	3,567	3,394	3,455	3,499	3,542	3,588	3,634	3,682	3,731
g. Comprehensive Care									
h. Other (Specify/add rows of needed)									
TOTAL PATIENT DAYS	44,918	46,129	39,731	39,231	38,850	39,153	38,061	38,373	38,695
3. AVERAGE LENGTH OF STAY (patient days divided by discharges)									
a. General Medical/Surgical*	4.2	4.3	4.1	4.0	3.9	3.9	3.9	3.9	3.9
b. ICU/CCU	8.3	7.6	7.3	7.1	6.9	6.9	7.1	7.1	7.1
Total MSGA	4.3	4.4	4.2	4.1	4.0	4.0	4.0	4.0	4.0
c. Pediatric	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
d. Obstetric	2.4	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5
e. Acute Psychiatric	7.0	7.5	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Total Acute	4.2	4.3	4.1	4.0	4.0	4.0	3.9	3.9	3.9
f. Rehabilitation	10.4	9.5	9.8	9.8	9.8	9.8	9.8	9.8	9.8
g. Comprehensive Care	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
h. Other (Specify/add rows of needed)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL AVERAGE LENGTH OF STAY	4.5	4.5	4.3	4.3	4.2	4.2	4.2	4.2	4.2

TABLE F. STATISTICAL PROJECTIONS - ENTIRE FACILITY - SHORE HEALTH SYSTEM

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

Indicate CY or FY	Three Most Recent Years (Actual)			Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H.				
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
4. NUMBER OF LICENSED BEDS									
a. General Medical/Surgical*	94	94	94	86	84	85	83	84	84
b. ICU/CCU	16	16	16	16	16	16	11	11	11
Total MSGA	110	110	110	102	100	101	94	95	95
c. Pediatric	8	8	8	1	1	1	1	1	1
d. Obstetric	17	17	17	11	11	11	12	12	12
e. Acute Psychiatric	24	24	24	12	12	12	12	12	12
Total Acute	159	159	159	126	124	125	119	120	120
f. Rehabilitation	20	20	20	13	13	13	13	13	14
g. Comprehensive Care									
h. Other (Specify/add rows of needed)									
TOTAL LICENSED BEDS	179	179	179	139	137	138	132	133	134
5. OCCUPANCY PERCENTAGE *IMPORTANT NOTE: Leap year formulas should be changed by applicant to reflect 366 days per year.									
a. General Medical/Surgical*	93.8%	99.0%	81.5%	87.3%	87.7%	87.8%	85.5%	85.6%	85.6%
b. ICU/CCU	32.2%	31.5%	26.5%	25.9%	25.4%	25.5%	36.5%	36.7%	37.0%
Total MSGA	84.9%	89.2%	73.5%	77.7%	77.8%	77.9%	79.8%	79.9%	80.0%
c. Pediatric	10.0%	8.4%	6.1%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
d. Obstetric	40.5%	41.4%	43.5%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
e. Acute Psychiatric	51.0%	46.9%	44.3%	87.8%	87.8%	87.9%	88.0%	88.1%	88.2%
Total Acute	71.3%	73.6%	62.5%	77.8%	77.8%	77.9%	79.4%	79.5%	79.6%
f. Rehabilitation	48.9%	46.5%	47.3%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
g. Comprehensive Care	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
h. Other (Specify/add rows of needed)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL OCCUPANCY %	68.8%	70.6%	60.8%	77.5%	77.6%	77.7%	79.0%	79.1%	79.1%
6. OUTPATIENT VISITS									
a. Emergency Department (IP and OP)	73,094	68,389	82,210	82,341	82,471	82,603	82,734	82,865	82,997
b. Same-day Surgery OP Visits	3,329	3,337	3,300	3,305	3,310	3,316	2,970	2,975	2,979
c. Laboratory OP RVUs	4,401,015	4,271,265	4,119,100	4,125,646	4,132,202	4,138,768	4,145,345	4,151,932	4,158,530
d. Imaging OP RVUs	776,132	768,199	1,246,290	1,248,270	1,250,254	1,252,241	1,254,231	1,256,224	1,258,220
e. MRI OP RVUs	29,250	26,290	107,512	107,683	107,854	108,025	108,197	108,369	108,541
f. Infusion Visits		207	202	202	203	203	203	204	204
g. Pulmonary Rehab Visits		238	264	264	265	265	266	266	267
h. Cardiac Rehab Visits		286	392	393	393	394	394	395	396
TOTAL OUTPATIENT VISITS	5,282,820	5,138,211	5,559,270	5,568,104	5,576,952	5,585,814	5,594,339	5,603,229	5,612,133
7. OBSERVATIONS**									
a. Number of Patients	2,071	2,476	3,258	3,280	3,300	3,320	3,340	3,361	3,382
b. Hours	81,332	110,662	110,925	111,945	112,832	113,734	105,435	106,188	106,954

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

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

TABLE G. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY - SHORE HEALTH SYSTEM

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.

	Most Recent Years (Actual)	Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.						
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Indicate CY or FY									
1. REVENUE									
a. Inpatient Services	\$ 131,796	\$ 126,323	126,323	126,323	126,323	130,509	130,509	130,509	
b. Outpatient Services	177,167	191,860	191,860	191,860	191,860	187,566	187,428	187,294	
Gross Patient Service Revenues	308,963	318,183	318,183	318,183	318,183	318,075	317,937	317,803	
c. Allowance For Bad Debt	-	7,829	7,829	7,829	7,829	8,398	8,398	8,398	
d. Contractual Allowance	67,802	58,915	58,915	58,915	58,915	60,314	60,314	60,314	
e. Charity Care	-	3,505	3,505	3,505	3,505	3,344	3,344	3,344	
Net Patient Services Revenue	241,161	247,934	247,934	247,934	247,934	246,018	245,881	245,746	
f. Other Operating Revenues (Specify/add rows if needed)	4,576	4,646	4,646	4,646	4,646	4,646	4,646	4,646	
NET OPERATING REVENUE	\$ 245,737	\$ 252,580	\$ 252,580	\$ 252,580	\$ 252,580	\$ 250,664	\$ 250,527	\$ 250,392	
2. EXPENSES									
a. Salaries & Wages (including benefits)	\$ 120,913	\$ 111,175	\$ 114,978	\$ 114,840	\$ 114,712	\$ 109,374	\$ 110,086	\$ 110,819	
b. Professional Fees	11,137	11,695	11,695	11,695	11,695	11,381	11,371	11,360	
c. Interest on Current Debt	2,983	3,603	4,004	3,955	3,907	5,044	4,978	4,911	
d1. Interest on Project Debt - FMF	-	-	-	-	-	1,917	1,884	1,849	
d2. Interest on Project Debt - Easton	-	-	-	-	-	-	-	-	
e. Current Depreciation	17,976	18,099	19,215	18,711	17,292	14,163	13,107	12,076	
f1. Project Depreciation - FMF	-	-	-	-	-	1,812	1,848	1,885	
f2. Project Depreciation - Easton	-	-	-	-	-	1,185	1,166	1,146	
g. Current Amortization	-	-	-	-	-	-	-	-	
h. Project Amortization	-	-	-	-	-	-	-	-	
i. Supplies	38,148	39,366	39,601	39,868	40,143	39,473	39,745	40,026	
j. Other Expenses (Purchased Services, Other Expense and Overhead & Shared Services)	42,398	44,339	44,457	44,632	44,812	54,827	55,030	55,237	
k. Fixed Cost Additions	-	-	5,438	1,629	1,808	3,509	3,509	3,509	
TOTAL OPERATING EXPENSES	\$ 233,555	\$ 228,277	\$ 239,388	\$ 235,330	\$ 234,369	\$ 242,685	\$ 242,724	\$ 242,819	
3. INCOME									
a. Income From Operation	\$ 12,182	\$ 24,302	\$ 13,191	\$ 17,249	\$ 18,211	\$ 7,979	\$ 7,803	\$ 7,574	
b. Non-Operating Income/Expense	\$ 7,475	\$ 7,372	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	
SUBTOTAL	\$ 19,657	\$ 31,674	\$ 15,591	\$ 19,649	\$ 20,611	\$ 10,379	\$ 10,203	\$ 9,974	
c. Income Taxes									
NET INCOME (LOSS)	\$ 19,657	\$ 31,674	\$ 15,591	\$ 19,649	\$ 20,611	\$ 10,379	\$ 10,203	\$ 9,974	

Table G – Key Financial Projection Assumptions for UM Shore Health System (Does not include HSCRC Annual Update Factors & Expense Inflation)

<p>Projection is based on the UM Shore Health System (SHS) FY2018 actual financial performance with assumptions identified below. SHS includes Memorial Hospital at Easton, Dorchester General Hospital and Queen Anne's Emergency Center. The assumptions listed below only apply to services regulated by the HSCRC.</p>	
<p>Projection period reflects FY2019 – FY2024</p>	
Volumes	- Refer to historical and projected utilization in Table F
<p>Patient Revenue</p> <ul style="list-style-type: none"> • Gross Charges <ul style="list-style-type: none"> ○ Update Factor ○ Demographic Adjustment ○ Other Rate Adjustments ○ Variable Cost Factor ○ Redistribution of Dorchester General Hospital Revenue • Revenue Deductions 	<ul style="list-style-type: none"> - 0.00% annual increase in FY2019 – FY2024 - 0.00% annual increase in FY2019 – FY2024 - 0.00% annual increase in FY2019 – FY2024 based on historical experience - 100% variable cost factor associated with outpatient services shifted to the FMF and inpatient services shifted to Easton in FY2022 - 50% variable cost factor associated with the loss of volumes to other providers - Shore Health System (SHS) will retain 50% of revenue related to volumes that will be lost to other providers in FY2022 (Retained Revenue) - \$4.1M of SHS's Retained Revenue will be apportioned to the FMF to cover its depreciation and interest expense - Remainder of SHS's Retained Revenue will be apportioned to Memorial Hospital of Easton to fund ambulatory and physician network development and population health initiatives - Continuation of FY2018 deductions from revenue (contractual allowances, denials, charity, bad debts, assessments, UCC pool receipts) as percentages of gross revenue - Beginning in FY2022 for the services located in the FMF, deductions from revenue is based off historical actual results by service line and held constant throughout the remainder of the projection period
Other Operating Revenue	Remains constant from FY2018

Expenses

- Inflation

- o Salaries and Benefits
- o Professional Fees
- o Supplies
- o Purchased Services
- o Other Operating Expenses

- 0.0% weighted average annual increase that reflects the following:

- 0.0%
- 0.0%
- 0.0%
- 0.0%
- 0.0%

- Expense Variability with Volume Changes

- o Salaries and Benefits
- o Professional Fees
- o Supplies & Drugs
- o Purchased Services
- o Other Operating Expenses

- 80%
- 0%
- 80%
- 50%
- 0%

- Building Related Operating Expense

- Incremental building operating costs (utilities, housekeeping, maintenance, security) calculated for the FMF's new square feet

- Interest Expense

- o Existing Debt
- o Project Debt

- Continued amortization of existing debt and related interest expense
- Amortization of the following debt issuance over 30 years at 5.0%
 - \$38.5M for construction of the new FMF
 - \$21.9M for construction of a new MOB

- Depreciation and Amortization

- 30 year useful life for new construction and renovations
- 7 year useful life for new equipment
- 7 year useful life for routine capital expenditures

- Additional Incremental Expenses

- New expenses related to EPIC implementation (\$5 million in fiscal year 2019), physician contracting and other strategic initiatives as follows:
 - \$5.4M in FY2019
 - \$1.6M in FY2020
 - \$1.8M in FY2021
 - \$3.5M in FY2022-FY2024

- The retention of 50% of revenue associated with patients that will seek care at other providers following the transformation of Dorchester to an FMF, will enable SHS to fund \$7.3M of initiatives related to ambulatory and physician network development and population health initiatives.

Non-Operating Income/Expense

- Includes \$2.4M of investment income with 0.0% investment earnings rate. Non-operating expenses were not assumed over the projection period to the unpredictability of this expense

TABLE H. REVENUES & EXPENSES, INFLATED - ENTIRE FACILITY - SHORE HEALTH SYSTEM

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.

Indicate CY or FY	Most Recent Year (Actual)	Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1. REVENUE								
a. Inpatient Services	\$ 131,796	\$ 126,323	\$ 129,405	\$ 132,563	\$ 135,797	\$ 143,720	\$ 147,227	\$ 150,819
b. Outpatient Services	\$ 177,167	\$ 191,860	\$ 196,541	\$ 201,337	\$ 206,250	\$ 206,553	\$ 211,438	\$ 216,442
Gross Patient Service Revenues	308,963	318,183	325,947	333,900	342,047	350,274	358,665	367,261
c. Allowance For Bad Debt	-	7,829	8,020	8,216	8,416	9,249	9,474	9,705
d. Contractual Allowance	67,802	58,915	60,353	61,826	63,334	66,419	68,040	69,700
e. Charity Care	-	3,505	3,591	3,678	3,768	3,683	3,773	3,865
Net Patient Services Revenue	241,161	247,934	253,983	260,180	266,529	270,923	277,378	283,991
f. Other Operating Revenues (Specify/add rows if needed)	4,576	4,646	4,646	4,646	4,646	4,646	4,646	4,646
NET OPERATING REVENUE	\$ 245,737	\$ 252,580	\$ 258,629	\$ 264,826	\$ 271,175	\$ 275,569	\$ 282,024	\$ 288,637
2. EXPENSES								
a. Salaries & Wages (including benefits)	\$ 120,913	\$ 111,175	\$ 117,623	\$ 120,183	\$ 122,810	\$ 119,789	\$ 123,342	\$ 127,019
b. Professional Fees	11,137	11,695	11,999	12,311	12,631	12,611	12,928	13,252
c. Interest on Current Debt	2,983	3,603	4,004	3,955	3,907	5,044	4,978	4,911
d1. Interest on Project Debt - FMF	-	-	-	-	-	1,917	1,884	1,849
d2. Interest on Project Debt - Easton	-	-	-	-	-	-	-	-
e. Current Depreciation	17,976	18,099	19,215	18,711	17,292	14,163	13,107	12,076
f1. Project Depreciation - FMF	-	-	-	-	-	1,812	1,848	1,885
f2. Project Depreciation - Easton	-	-	-	-	-	1,185	1,166	1,146
g. Current Amortization	-	-	-	-	-	-	-	-
h. Project Amortization	-	-	-	-	-	-	-	-
i. Supplies	38,148	39,366	40,789	42,296	43,865	44,427	46,076	47,793
j. Other Expenses (Purchased Services, Other Expense and Overhead & Shared Services)	42,398	44,339	45,346	46,435	47,555	59,347	60,757	62,205
k. Fixed Cost Additions	-	-	5,438	1,629	1,808	3,509	3,509	3,509
TOTAL OPERATING EXPENSES	\$ 233,555	\$ 228,277	\$ 244,414	\$ 245,521	\$ 249,868	\$ 263,804	\$ 269,594	\$ 275,646
3. INCOME								
a. Income From Operation	\$ 12,182	\$ 24,302	\$ 14,215	\$ 19,305	\$ 21,306	\$ 11,764	\$ 12,430	\$ 12,991
b. Non-Operating Income/Expense	\$ 7,475	\$ 7,372	\$ 2,400	\$ 2,448	\$ 2,497	\$ 2,547	\$ 2,598	\$ 2,650
SUBTOTAL	\$ 19,657	\$ 31,674	\$ 16,615	\$ 21,753	\$ 23,803	\$ 14,311	\$ 15,028	\$ 15,641
c. Income Taxes								
NET INCOME (LOSS)	\$ 19,657	\$ 31,674	\$ 16,615	\$ 21,753	\$ 23,803	\$ 14,311	\$ 15,028	\$ 15,641

Table H – Key Financial Projection Assumptions for UM Shore Health System (Includes HSCRC Annual Update Factors & Expense Inflation)

<p>Projection is based on the UM Shore Health System (SHS) FY2018 actual financial performance with assumptions identified below. SHS includes Memorial Hospital at Easton, Dorchester General Hospital and Queen Anne’s Emergency Center. The assumptions listed below only apply to services regulated by the HSCRC.</p>	
<p>Projection period reflects FY2019 – FY2024</p>	
Volumes	- Refer to historical and projected utilization in Table F
<p>Patient Revenue</p> <ul style="list-style-type: none"> • Gross Charges <ul style="list-style-type: none"> ○ Update Factor ○ Demographic Adjustment ○ Other Rate Adjustments ○ Variable Cost Factor ○ Redistribution of Dorchester General Hospital Revenue • Revenue Deductions 	<ul style="list-style-type: none"> - 2.0% annual increase in FY2019 – FY2024 - 0.29% annual increase in FY2019 – FY2024 - 0.15% annual increase in FY2019 – FY2024 based on historical experience - 100% variable cost factor associated with outpatient services shifted to the FMF and inpatient services shifted to Easton in FY2022 - 50% variable cost factor associated with the loss of volumes to other providers - Shore Health System (SHS) will retain 50% of revenue related to volumes that will be lost to other providers in FY2022 (Retained Revenue) - \$4.1M of SHS’s Retained Revenue will be apportioned to the FMF to cover its depreciation and interest expense - Remainder of SHS’s Retained Revenue will be apportioned to Memorial Hospital of Easton to fund ambulatory and physician network development and population health initiatives - Continuation of FY2018 deductions from revenue (contractual allowances, denials, charity, bad debts, assessments, UCC pool receipts) as percentages of gross revenue - Beginning in FY2022 for the services located in the FMF, deductions from revenue is based off historical actual results by service line and held constant throughout the remainder of the projection period
Other Operating Revenue	- Remains constant from FY2018

Expenses

- Inflation
 - 2.5% weighted average annual increase that reflects the following:
 - o Salaries and Benefits - 2.25%
 - o Professional Fees - 2.75%
 - o Supplies - 3.0%
 - o Purchased Services - 2.8%
 - o Other Operating Expenses - 2.0%

 - Expense Variability with Volume Changes
 - o Salaries and Benefits
 - o Professional Fees - 80%
 - o Supplies & Drugs - 0%
 - o Purchased Services - 80%
 - o Other Operating Expenses - 50%
 - 0%

 - Building Related Operating Expense
 - Incremental building operating costs (utilities, housekeeping, maintenance, security) calculated for the FMF's new square feet

 - Interest Expense
 - o Existing Debt
 - Continued amortization of existing debt and related interest expense
 - o Project Debt
 - Amortization of the following debt issuance over 30 years at 5.0%
 - \$38.5M for construction of the new FMF
 - \$21.9M for construction of a new MOB

 - Depreciation and Amortization
 - 30 year useful life for new construction and renovations
 - 7 year useful life for new equipment
 - 7 year useful life for routine capital expenditures

 - Additional Incremental Expenses
 - New expenses related to EPIC implementation (\$5 million in fiscal year 2019), physician contracting and other strategic initiatives as follows:
 - \$5.4M in FY2019
 - \$1.6M in FY2020
 - \$1.8M in FY2021
 - \$3.5M in FY2022-FY2024
 - The retention of 50% of revenue associated with patients that will seek care at other providers following the transformation of Dorchester to an FMF, will enable SHS to fund \$8.4M of initiatives related to ambulatory and physician network development and population health initiatives.
- Non-Operating Income/Expense
- Includes \$2.4M of investment income with 2.0% investment earnings rate. Non-operating expenses were not assumed over the projection period to the unpredictability of this expense

TABLE I. STATISTICAL PROJECTIONS - SHIFT OF MSGA AND PSYCHIATRIC BEDS FROM UM SMC AT DORCHESTER TO UM SMC AT EASTON

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

Indicate CY or FY	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H.					
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
1. DISCHARGES									
a. General Medical/Surgical*							1,088	1,096	1,105
b. ICU/CCU							32	33	33
Total MSGA	0	0	0	0	0	0	1,121	1,129	1,138
c. Pediatric									
d. Obstetric									
e. Acute Psychiatric							552	553	554
Total Acute	0	0	0	0	0	0	1,673	1,682	1,692
f. Rehabilitation									
g. Comprehensive Care									
h. Other (Specify/add rows of needed)									
TOTAL DISCHARGES	0	0	0	0	0	0	1,673	1,682	1,692
2. PATIENT DAYS									
a. General Medical/Surgical*							4,764	4,803	4,843
b. ICU/CCU							125	126	128
Total MSGA	0	0	0	0	0	0	4,890	4,930	4,971
c. Pediatric									
d. Obstetric									
e. Acute Psychiatric							3,855	3,860	3,864
Total Acute	0	0	0	0	0	0	8,745	8,789	8,835
f. Rehabilitation									
g. Comprehensive Care									
h. Other (Specify/add rows of needed)									
TOTAL PATIENT DAYS	0	0	0	0	0	0	8,745	8,789	8,835
3. AVERAGE LENGTH OF STAY (patient days divided by discharges)									
a. General Medical/Surgical*	0.0	0.0	0.0	0.0	0.0	0.0	4.4	4.4	4.4
b. ICU/CCU	0.0	0.0	0.0	0.0	0.0	0.0	3.9	3.9	3.9
Total MSGA	0.0	0.0	0.0	0.0	0.0	0.0	4.4	4.4	4.4
c. Pediatric	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d. Obstetric	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e. Acute Psychiatric	0.0	0.0	0.0	0.0	0.0	0.0	7.0	7.0	7.0
Total Acute	0.0	0.0	0.0	0.0	0.0	0.0	5.2	5.2	5.2
f. Rehabilitation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
g. Comprehensive Care	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
h. Other (Specify/add rows of needed)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL AVERAGE LENGTH OF STAY	0.0	0.0	0.0	0.0	0.0	0.0	5.2	5.2	5.2

TABLE I. STATISTICAL PROJECTIONS - SHIFT OF MSGA AND PSYCHIATRIC BEDS FROM UM SMC AT DORCHESTER TO UM SMC AT EASTON

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

Indicate CY or FY	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H.					
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
4. NUMBER OF LICENSED BEDS									
a. General Medical/Surgical*							16	16	16
b. ICU/CCU							1	1	1
Total MSGA	0	0	0	0	0	0	17	17	17
c. Pediatric									
d. Obstetric									
e. Acute Psychiatric							12	12	12
Total Acute	0	0	0	0	0	0	29	29	29
f. Rehabilitation									
g. Comprehensive Care									
h. Other (Specify/add rows of needed)									
TOTAL LICENSED BEDS	0	0	0	0	0	0	29	29	29
5. OCCUPANCY PERCENTAGE *IMPORTANT NOTE: Leap year formulas should be changed by applicant to reflect 366 days per year.									
a. General Medical/Surgical*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	81.6%	82.2%	82.9%
b. ICU/CCU	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	34.4%	34.7%	34.9%
Total MSGA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	78.8%	79.4%	80.1%
c. Pediatric	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
d. Obstetric	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
e. Acute Psychiatric	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	88.0%	88.1%	88.2%
Total Acute	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	82.6%	83.0%	83.5%
f. Rehabilitation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g. Comprehensive Care	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
h. Other (Specify/add rows of needed)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL OCCUPANCY %	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	82.6%	83.0%	83.5%
6. OUTPATIENT VISITS									
a. Emergency Department (IP and OP)									
b. Same-day Surgery									
c. Laboratory									
d. Imaging									
e. Other (Specify/add rows of needed)									
TOTAL OUTPATIENT VISITS	0	0	0	0	0	0	0	0	0
7. OBSERVATIONS**									
a. Number of Patients									
b. Hours									

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

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

TABLE J. REVENUES & EXPENSES, UNINFLATED - NEW FACILITY OR SERVICE - SHIFT OF MSGA AND PSYCHIATRIC BEDS FROM UM SMC AT DORCHESTER TO UM SMC AT EASTON

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	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1. REVENUE							
a. Inpatient Services					\$ 28,475	\$ 28,475	\$ 28,475
b. Outpatient Services					-	-	-
Gross Patient Service Revenues	\$ -	\$ -	\$ -	\$ -	28,475	28,475	28,475
c. Allowance For Bad Debt					1,116	1,116	1,116
d. Contractual Allowance					3,015	3,015	3,015
e. Charity Care					348	348	348
Net Patient Services Revenue	\$ -	\$ -	\$ -	\$ -	23,996	23,996	23,996
f. Other Operating Revenues (Specify)							
NET OPERATING REVENUE	\$ -	\$ -	\$ -	\$ -	\$ 23,996	\$ 23,996	\$ 23,996
2. EXPENSES							
a. Salaries & Wages (including benefits)					\$ 7,508	\$ 7,508	\$ 7,508
b. Professional Fees					1,167	1,167	1,167
c. Interest on Current Debt					-	-	-
d. Interest on Project Debt					-	-	-
e. Current Depreciation					-	-	-
f. Project Depreciation					241	241	241
g. Current Amortization					-	-	-
h. Project Amortization					-	-	-
i. Supplies					968	973	979
j. Other Expenses (Purchased Services, Other Expense and Overhead & Shared Services)					14,153	14,209	14,267
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ 24,038	\$ 24,099	\$ 24,162
3. INCOME							
a. Income From Operation	\$ -	\$ -	\$ -	\$ -	\$ (42)	\$ (103)	\$ (166)
b. Non-Operating Income							
SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ (42)	\$ (103)	\$ (166)
c. Income Taxes							
NET INCOME (LOSS)	\$ -	\$ -	\$ -	\$ -	\$ (42)	\$ (103)	\$ (166)

TABLE J. REVENUES & EXPENSES, UNINFLATED - NEW FACILITY OR SERVICE - SHIFT OF MSGA AND PSYCHIATRIC BEDS FROM UM SMC AT DORCHESTER TO UM SMC AT EASTON

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	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
4. PATIENT MIX							
a. Percent of Total Revenue							
1) Medicare					61.8%	61.8%	61.8%
2) Medicaid					24.7%	24.7%	24.7%
3) Blue Cross					3.9%	3.9%	3.9%
4) Commercial Insurance					6.6%	6.6%	6.6%
5) Self-pay					0.9%	0.9%	0.9%
6) Other					2.2%	2.2%	2.2%
TOTAL	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
b. Percent of Patient Days							
Total MSGA							
1) Medicare					58.4%	58.4%	58.4%
2) Medicaid					28.0%	28.0%	28.0%
3) Blue Cross					4.0%	4.0%	4.0%
4) Commercial Insurance					6.8%	6.8%	6.8%
5) Self-pay					0.9%	0.9%	0.9%
6) Other					1.9%	1.9%	1.9%
TOTAL	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%

Table J – Key Financial Projection Assumptions for Shift of MSGA and Psychiatric beds from UM SMC at Dorchester to UM SMC at Easton (Does not include HSCRC Annual Update Factors & Expense Inflation)

<p>Projection is based on UM Shore Medical Center at Dorchester FY2017 actual financial performance of its inpatient services with assumptions identified below.</p>	
<p>Projection period reflects FY2018 – FY2024</p>	
<p>Volumes</p>	<ul style="list-style-type: none"> - Refer to historical and projected utilization in Table I and Sections H and I related to the methodology, assumptions and projections of MSGA and Psychiatric Volumes
<p>Patient Revenue</p> <ul style="list-style-type: none"> • Gross Charges <ul style="list-style-type: none"> ○ Update Factor ○ Demographic Adjustment ○ Other Rate Adjustments ○ Variable Cost Factor ○ Redistribution of Dorchester General Hospital Revenue • Revenue Deductions 	<ul style="list-style-type: none"> - 0.00% annual increase in FY2019 – FY2024 - 0.00% annual increase in FY2019 – FY2024 - 0.00% annual increase in FY2019 – FY2024 based on historical experience - 100% variable cost factor associated with regulated inpatient services shifted from Dorchester General Hospital to the SMC at Easton in FY2022 - Shore Health System (SHS) will retain 50% of revenue related to volumes that will be lost to other providers in FY2022 (Retained Revenue) <ul style="list-style-type: none"> - \$0.27M of SHS's Retained Revenue will be apportioned to the SMC at Easton to cover its depreciation expense related to the transfer of IP beds. - An additional \$8.7M of SHS's Retained Revenue will be apportioned to UM SMC at Easton to fund ambulatory and physician network development and population health initiatives - Continuation of 2017 deductions from revenue (contractual allowances, denials, charity, bad debts, assessments) as percentages of gross revenue - Historical UCC pool receipts for inpatient services at Dorchester General Hospital are carried forward when the inpatient beds transfer to UM SMC at Easton.
<p>Other Operating Revenue</p>	<ul style="list-style-type: none"> - Historical other operating revenue at Dorchester General Hospital is eliminated beginning in FY2022

Expenses

- Inflation
 - o Salaries and Benefits
 - o Professional Fees
 - o Supplies
 - o Purchased Services
 - o Other Operating Expenses

 - Expense Variability with Volume Changes
 - o Salaries and Benefits
 - o Professional Fees
 - o Supplies & Drugs
 - o Purchased Services
 - o Other Operating Expenses

 - Building Related Operating Expense

 - Interest Expense

 - Depreciation and Amortization

 - Additional Incremental Expenses
- 0.0% weighted average annual increase that reflects the following:
 - 0.0%
 - 0.0%
 - 0.0%
 - 0.0%
 - 0.0%

 - 80%
 - 0%
 - 80%
 - 50%
 - 0%

 - As UM SMC at Easton is an existing facility and this project will not add square feet to the facility, no incremental building operating costs (utilities, housekeeping, maintenance, security) are included

 - No interest expense is expected to occur as this \$5.4M project will be funded 100% by Shore Health System operating cash.

 - 30 year useful life for new construction and renovations
 - 7 year useful life for new equipment

 - The retention of 50% of revenue associated with patients that will seek care at other providers following the merger and consolidation of Dorchester, will enable SHS to fund \$7.3M of initiatives related to ambulatory and physician network development and population health initiatives.

TABLE K. REVENUES & EXPENSES, INFLATED - NEW FACILITY OR SERVICE - SHIFT OF MSGA AND PSYCHIATRIC BEDS FROM UM SMC AT DORCHESTER TO UM SMC AT EASTON

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.

Indicate CY or FY	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.						
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1. REVENUE							
a. Inpatient Services	\$ -	\$ -	\$ -	\$ -	\$ 31,776	\$ 32,551	\$ 33,345
b. Outpatient Services	-	-	-	-	-	-	-
Gross Patient Service Revenues	-	-	-	-	31,776	32,551	33,345
c. Allowance For Bad Debt	-	-	-	-	1,245	1,276	1,307
d. Contractual Allowance	-	-	-	-	3,369	3,451	3,536
e. Charity Care	-	-	-	-	389	398	408
Net Patient Services Revenue	-	-	-	-	26,772	27,426	28,095
f. Other Operating Revenues (Specify/add rows of needed)	-	-	-	-	-	-	-
NET OPERATING REVENUE	\$ -	\$ -	\$ -	\$ -	\$ 26,772	\$ 27,426	\$ 28,095
2. EXPENSES							
a. Salaries & Wages (including benefits)	-	-	-	-	\$ 8,453	\$ 8,643	\$ 8,838
b. Professional Fees	-	-	-	-	1,311	1,341	1,371
c. Interest on Current Debt	-	-	-	-	-	-	-
d. Interest on Project Debt	-	-	-	-	-	-	-
e. Current Depreciation	-	-	-	-	-	-	-
f. Project Depreciation	-	-	-	-	241	241	241
g. Current Amortization	-	-	-	-	-	-	-
h. Project Amortization	-	-	-	-	-	-	-
i. Supplies	-	-	-	-	1,097	1,130	1,164
j. Other Expenses (Purchased Services, Other Expense and Overhead & Shared Services)	-	-	-	-	15,360	15,723	16,093
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ 26,463	\$ 27,078	\$ 27,707
3. INCOME							
a. Income From Operation	\$ -	\$ -	\$ -	\$ -	\$ 309	\$ 348	\$ 388
b. Non-Operating Income	-	-	-	-	-	-	-
SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ 309	\$ 348	\$ 388
c. Income Taxes	-	-	-	-	-	-	-
NET INCOME (LOSS)	\$ -	\$ -	\$ -	\$ -	\$ 309	\$ 348	\$ 388

TABLE K. REVENUES & EXPENSES, INFLATED - NEW FACILITY OR SERVICE - SHIFT OF MSGA AND PSYCHIATRIC BEDS FROM UM SMC AT DORCHESTER TO UM SMC AT EASTON

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.

Indicate CY or FY	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.						
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
4. PATIENT MIX							
a. Percent of Total Revenue							
1) Medicare					61.8%	61.8%	61.8%
2) Medicaid					24.7%	24.7%	24.7%
3) Blue Cross					3.9%	3.9%	3.9%
4) Commercial Insurance					6.6%	6.6%	6.6%
5) Self-pay					0.9%	0.9%	0.9%
6) Other					2.2%	2.2%	2.2%
TOTAL	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
b. Percent of Patient Days							
1) Medicare					58.4%	58.4%	58.4%
2) Medicaid					28.0%	28.0%	28.0%
3) Blue Cross					4.0%	4.0%	4.0%
4) Commercial Insurance					6.8%	6.8%	6.8%
5) Self-pay					0.9%	0.9%	0.9%
6) Other					1.9%	1.9%	1.9%
TOTAL	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%

Table K – Key Financial Projection Assumptions for Shift of MSGA and Psychiatric beds from UM SMC at Dorchester to UM SMC at Easton (Includes HSCRC Annual Update Factors & Expense Inflation)

<p>Projection is based on UM Shore Medical Center at Dorchester FY2017 actual financial performance of its inpatient services with assumptions identified below.</p>	
<p>Projection period reflects FY2018 – FY2024</p>	
<p>Volumes</p>	<ul style="list-style-type: none"> - Refer to historical and projected utilization in Table I and Sections H and I related to the methodology, assumptions and projections of MSGA and Psychiatric Volumes
<p>Patient Revenue</p> <ul style="list-style-type: none"> • Gross Charges <ul style="list-style-type: none"> ○ Update Factor ○ Demographic Adjustment ○ Other Rate Adjustments ○ Variable Cost Factor ○ Redistribution of Dorchester General Hospital Revenue • Revenue Deductions 	<ul style="list-style-type: none"> - 2.0% annual increase in FY2019 – FY2024 - 0.29% annual increase in FY2019 – FY2024 - 0.15% annual increase in FY2019 – FY2024 based on historical experience - 100% variable cost factor associated with regulated inpatient services shifted from Dorchester General Hospital to the SMC at Easton in FY2022 - Shore Health System (SHS) will retain 50% of revenue related to volumes that will be lost to other providers in FY2022 (Retained Revenue <ul style="list-style-type: none"> - \$0.27M of SHS's Retained Revenue will be apportioned to the SMC at Easton to cover its depreciation expense related to the transfer of IP beds. - An additional \$10.0M of SHS's Retained Revenue will be apportioned to UM SMC at Easton to fund ambulatory and physician network development and population health initiatives - Continuation of 2017 deductions from revenue (contractual allowances, denials, charity, bad debts, assessments) as percentages of gross revenue - Historical UCC pool receipts for inpatient services at Dorchester General Hospital are carried forward when the inpatient beds transfer to UM SMC at Easton.
<p>Other Operating Revenue</p>	<ul style="list-style-type: none"> - Historical other operating revenue at Dorchester General Hospital is eliminated beginning in FY2022
<p>Expenses</p> <ul style="list-style-type: none"> • Inflation <ul style="list-style-type: none"> ○ Salaries and Benefits ○ Professional Fees ○ Supplies ○ Purchased Services ○ Other Operating Expenses 	<ul style="list-style-type: none"> - 2.5% weighted average annual increase that reflects the following: <ul style="list-style-type: none"> - 2.25% - 2.75% - 3.0% - 2.8% - 2.0%

<ul style="list-style-type: none"> • Expense Variability with Volume Changes <ul style="list-style-type: none"> ○ Salaries and Benefits ○ Professional Fees ○ Supplies & Drugs ○ Purchased Services ○ Other Operating Expenses 	<ul style="list-style-type: none"> - 80% - 0% - 80% - 50% - 0%
<ul style="list-style-type: none"> • Building Related Operating Expense 	<ul style="list-style-type: none"> - As UM SMC at Easton is an existing facility and this project will not add square feet to the facility, no incremental building operating costs (utilities, housekeeping, maintenance, security) are included
<ul style="list-style-type: none"> • Interest Expense 	<ul style="list-style-type: none"> - No interest expense is expected to occur as this \$5.4M project will be funded 100% by Shore Health System operating cash
<ul style="list-style-type: none"> • Depreciation and Amortization 	<ul style="list-style-type: none"> - 30 year useful life for new construction and renovations - 7 year useful life for new equipment
<ul style="list-style-type: none"> • Additional Incremental Expenses 	<ul style="list-style-type: none"> - The retention of 50% of revenue associated with patients that will seek care at other providers following the merger and consolidation of Dorchester, will enable SHS to fund \$8.4M of initiatives related to ambulatory and physician network development and population health initiatives

TABLE L. WORKFORCE INFORMATION - SHIFT OF MSGA AND PSYCHIATRIC BEDS FROM UM SMC AT DORCHESTER TO UM SMC AT EASTON

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 Tables F and G.

Job Category	CURRENT ENTIRE FACILITY			PROJECTED CHANGES AS A RESULT OF THE PROPOSED PROJECT THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			OTHER EXPECTED CHANGES IN OPERATIONS THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			PROJECTED ENTIRE FACILITY THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS) *	
	Current Year FTEs	Average Salary per FTE	Current Year Total Cost	FTEs	Average Salary per FTE	Total Cost (should be consistent with projections in Table G, if submitted).	FTEs	Average Salary per FTE	Total Cost	FTEs	Total Cost (should be consistent with projections in Table G)
1. Regular Employees											
Administration (List general categories, add rows if needed)			\$ -			\$ -			\$ -	-	\$ -
Total Administration			\$ -			\$ -			\$ -	-	\$ -
Direct Care Staff (List general categories, add rows if needed)											
2 Multi Spec Care			\$ -			\$ -			\$ -	12.21	\$ 805,808
Intensive Care			-			-			-	25.30	1,761,891
Behavioral Health Care			-			-			-	28.92	1,801,185
Laboratory Svcs			-			-			-	4.19	277,551
Respiratory Svcs			-			-			-	2.24	188,162
Emergency			-			-			-	0.80	54,158
Rehab Svcs Phys Ther			-			-			-	3.27	208,457
Clinic Pert Team			-			-			-	0.01	880
Rehab Svcs Occup Ther			-			-			-	0.80	53,502
Ss Endoscopy Svcs			-			-			-	0.03	2,475
Ambulatory Care Sdc			-			-			-	0.00	21
Sbh Partial Hosp Program			-			-			-	2.10	145,285
Clinic Pert Team			-			-			-	2.49	179,626
MRI			-			-			-	1.62	100,903
Employee Health			-			-			-	2.96	207,264
Reg Sleep Disorder Ctr			-			-			-	0.97	78,752
Total Direct Care			\$ -			\$ -			\$ -	87.9	\$ 5,865,919
Support Staff (List general categories, add rows if needed)											
Total Support			\$ -			\$ -			\$ -	-	\$ -
REGULAR EMPLOYEES TOTAL			\$ -			\$ -			\$ -	87.9	\$ 5,865,919
2. Contractual Employees											
Administration (List general categories, add rows if needed)			\$ -			\$ -			\$ -	-	\$ -
Total Administration			\$ -			\$ -			\$ -	-	\$ -
Direct Care Staff (List general categories, add rows if needed)											
Total Direct Care Staff			\$ -			\$ -			\$ -	-	\$ -
Support Staff (List general categories, add rows if needed)											
Total Support Staff			\$ -			\$ -			\$ -	-	\$ -
CONTRACTUAL EMPLOYEES TOTAL			\$ -			\$ -			\$ -	-	\$ -
Benefits (State method of calculating benefits below):											\$ 1,642,457
28% of Salaries											
TOTAL COST			\$ -			\$ -			\$ -		\$ 7,508,376

EXHIBIT 21

UM Shore Medical Center
at Easton

INTERIM REVIEW ONLY
These documents are incomplete, and
are released for interim review only and
are not intended for regulatory approval,
permit, or construction purposes.
Architect: XXXXXX
Acct. Reg. No.: XXXXX
Date: XXXXXXXX

KEY PLAN

REVISION
NO. DESCRIPTION DATE

HKS PROJECT NUMBER

19782.006

DATE

02/15/19

ISSUE

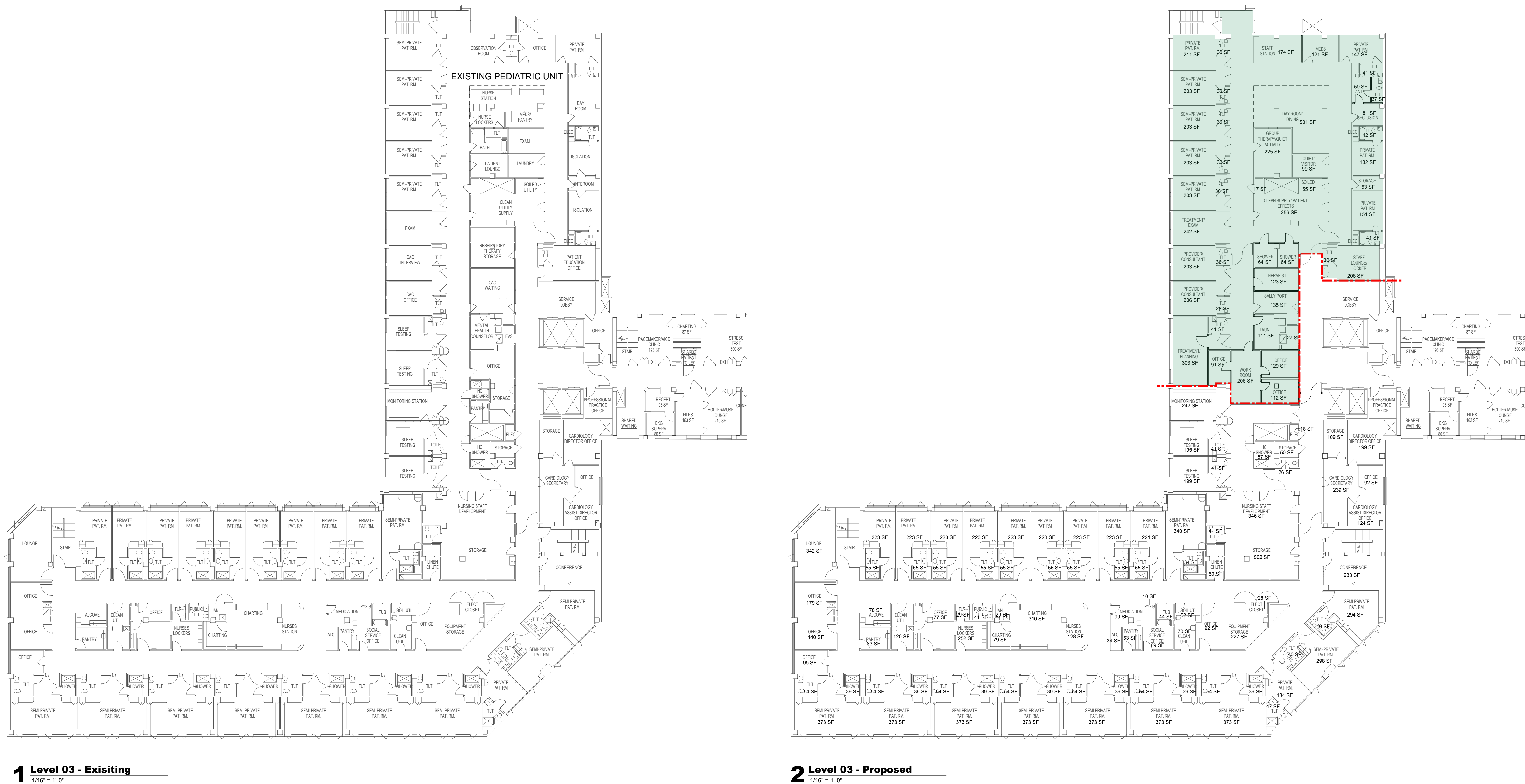
COE Revision

SHEET TITLE

LEVEL 03 - FLOOR
PLAN

SHEET NO.

A1.03





1 Level 05 - Existing
1/16" = 1'-0"



2 Level 05 - Proposed
1/16" = 1'-0"

3 RELOCATED PEDIATRIC BEDS ON LEVEL 5 SOUTH ADJACENT TO LABOR & DELIVERY
RELOCATION OF REHAB SUPPORT SPACE ON LEVEL 5 EAST WITH REDUCTION OF REHAB BEDS

- LOCATION OF NEW INPATIENT BEHAVIORAL HEALTH UNIT
- RECONFIGURED UNIT SUPPORT SPACES
- LOCATION OF RELOCATED PEDIATRIC PATIENT ROOMS
- UNIT BOUNDARY

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Architect: XXXXXX
Arch. Reg. No.: XXXXX
Date: XXXXXXXX

KEY PLAN

REVISION NO.	DESCRIPTION	DATE

HKS PROJECT NUMBER
19782.006
DATE
02/15/19
ISSUE
COE Revision

SHEET TITLE
LEVEL 05 - FLOOR PLAN

SHEET NO.
A1.05