

March 4, 2021

VIA EMAIL

Ms. Ruby Potter
ruby.potter@maryland.gov
Health Facilities Coordination Officer
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: Sheppard Pratt at Ellicott City
Relocation and Replacement of Special Psychiatric Hospital
Matter No. 15-13-2367

Dear Ms. Potter:

On behalf of Sheppard Pratt Health System, Inc., we are transmitting its Request for Post-Approval Project Change in the above-referenced matter. WORD and EXCEL files will be provided to Commission Staff by separate email.

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

Sincerely,



Thomas C. Dame

TCD:blr

Enclosure

cc: Paul Parker, Director, Center for Health Care Facilities Planning & Development, MHCC
Kevin McDonald, Chief, Certificate of Need
Suellen Wideman, Esq., Assistant Attorney General
Maura Rossman, MD, Health Officer, Howard County Health Dept.
Thomas D. Hess
Jennifer Wilkerson
Kelly Savoca

#734045
011000-0005

IN THE MATTER OF
SHEPPARD PRATT AT ELLICOTT CITY
RELOCATION AND REPLACEMENT OF
SPECIAL PSYCHIATRIC HOSPITAL
Matter No. 15-13-2367
CON Granted: September 20, 2016

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BEFORE THE
MARYLAND HEALTH
CARE COMMISSION

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REQUEST FOR POST-APPROVAL PROJECT CHANGE

Sheppard Pratt Health System, Inc. (“Sheppard Pratt”), by its undersigned counsel, respectfully requests the Maryland Health Care Commission (the “Commission”) to approve a project change to the Certificate of Need (“CON”) issued on September 20, 2016, as described herein.

I. BACKGROUND OF APPROVED PROJECT

The Commission issued a Certificate of Need (“CON”) on September 20, 2016, authorizing Sheppard Pratt to relocate and replace its special psychiatric hospital located at 4100 College Avenue, Ellicott City, Maryland with an 85-bed special psychiatric hospital in Elkridge, Maryland. (**Exhibit 1**, September 20, 2016 CON.) The Commission approved \$96,532,907 in total use of funds for the project.

II. BASIS FOR REQUESTED PROJECT CHANGE

Sheppard Pratt submitted its CON application on April 10, 2015, and modified the application on August 22, 2016. The Commission approved a project budget that included an initial inflation allowance of \$3,885,100. Sheppard Pratt received the CON on September 20, 2016. Following CON approval, the Commission issued a corrected version of the CON to

confirm that under the applicable performance requirements, the project was required to be completed within 36 months after the effective date of a binding construction contract, not 24 months, as set forth in the original CON. Thus, the project timeline was extended to allow sufficient time to construct a new hospital project. Also, the inflation allowance increased significantly as a result of the longer performance requirement.

Sheppard Pratt requests approval for a project change to increase the capital costs of the project. Sheppard Pratt's capital costs have increased due to construction cost increases, some of which are caused by the COVID-19 pandemic. Sheppard Pratt was able to reduce some costs to offset a portion of the increases.

Sheppard Pratt did not seek approval for a project change before now because, until recently, it was expected that the cost increases would be covered by an updated inflation allowance since the project timeline was extended. However, as shown below, the updated inflation calculation reveals that the increase in inflation allowance is not sufficient to cover the entire cost increase.

As a result of the increased project costs, Sheppard Pratt respectfully requests approval for an increase of \$7,271,388 in permitted capital expenditures after subtraction of \$6,128,656 in allowable inflation calculated in accordance with COMAR § 10.24.01.17B(2).¹ A revised budget showing the approved costs (without inflation), the requested increase, and the variances is attached as **Exhibit 2, Revised Table E**. Exhibit 2 also includes updated revenue and expense Tables G and H, showing adjusted depreciation as a result of the increased cost of the project.

¹ The requested net increase in capital expenditures is offset by a decrease in the amount of \$950,439 in financing costs and legal fees. Thus, the total project budget increase is \$6,320,949.

The major cost variances are described below:

A. Building Costs – The building costs (line A.1.b.(1)) increased by approximately 30% from those estimated at the time of the CON approval due to the underestimation of certain construction elements, the extension of the project timeline, and construction cost increases caused by the COVID-19 pandemic. Among the more significant increases in construction costs were materials for changes in the building façade (\$2.3 million). Also, metal doors and frames (\$3.3 million) and gypsum board shaft assemblies (\$4.8 million) were not included in the original estimate. Including the metal doors produced some offsetting savings in technology costs, as described below.

B. Architect / Engineering Fees – Architect and engineering fees increased by approximately \$600,000 due to certain design adjustments and the extended timeline of the project. As shown in Exhibit 2, the architectural and engineering fees appear on two separate lines of the Project Budget (lines A.1.b.(4) and A.1.d.(4)). Combining the overage of approximately \$1 million on line A.1.b.(4) with a savings of approximately \$400,000 on line A.1.d.(4) produces a net overage of approximately \$600,000.

C. Permits – The cost of permits in “New Construction” (line A.1.b.(5)) as well as under “Other Capital Costs” (line A.1.d.(4)) were substantially overestimated in the approved project budget.

D. Other Capital Costs – Sheppard Pratt underspent by approximately \$2.3 million for many of the items included in the “Other Capital Costs” under line (line A.1.d.(4)). Some of these items were included in the increased building construction cost (line A.1.b.(1)), such as some moveable equipment was included as built-in construction, which reclassified a portion of

the moveable equipment cost as construction cost. Also, some components of the technology budget were included as part of the construction costs. For example, the hollow metal doors selected for the project include electronic access control within the door, rather than as a separate technology cost. Sheppard Pratt also realized savings in technology costs by sharing some costs with other locations within the health system.

E. Financing Costs – Sheppard Pratt realized savings in loan placement fees due to the use of a direct placement bond issue, and there was no discount required under this structure.

As shown in line B.2 of the revised Project Budget, Sheppard Pratt will pay for the increased capital costs with additional philanthropic gifts. Sheppard Pratt is confident that it will raise the additional amounts. It has already received a significant amount of the budgeted contributions for the project, including \$8.5 million in funds from the State of Maryland, \$2 million in private foundation funds, and \$1 million in individual donations.

III. COMPARISON OF NEW TOTAL PROJECT COSTS AND ALLOWABLE CURRENT PROJECT COSTS

To assess whether the Commission must approve the increases in project costs described above, the CON-approved costs must be inflated by means of the inflation index set forth in the Commission’s regulations to determine the currently allowable project costs. *See* COMAR § 10.24.01.17B(2). This computation is based on the process outlined in the document on the Commission’s website: “Determining the Threshold for Required Approval of Changes in Certificate of Need Approved Capital Cost.”

The net requested increase in capital costs after allowable inflation is \$1,804,908. Sheppard Pratt submitted its Modified Application on August 22, 2016. The Commission approved the issuance of a CON on September 20, 2016. The approved capital costs for the

project were \$87,810,657, excluding inflation and the cost of the land. Applying the inflation index, which the Commission requires applicants to use once an application is approved in accordance with COMAR § 10.24.01.17B(2) would add 6.98% inflation as calculated below.

Applicable Building Cost Indices

<u>Quarter</u>	<u>CAPB06</u>	<u>%MOVAVG</u>
2017:3	1.155	1.3
2018:3	1.173	1.4
2019:3	1.190	1.6
2020:3	1.214	1.5
2021:1	1.220	1.5

Step 1: Calculate inflation factor for the first year by converting the %MOVAVG index to a percentage = 1.013

Step 2: Calculate inflation factor for the second year by converting the %MOVAVG index to a percentage = 1.014

Step 3: Calculate inflation factor for the third year by converting the %MOVAVG index to a percentage = 1.016

Step 4: Calculate inflation factor for the fourth year by converting the %MOVAVG index to a percentage = 1.015

Step 5: Calculate inflation factor for the partial year between 2020 Q3 and 2021 Q1 by dividing the CAPB06 index value for 2021 Q1 (1.220) by the CAPB06 index value for 2020 Q3 (1.214) = 1.0099

Step 6: Calculate the inflation factor for the entire period by multiplying the full year and partial year inflation factors. The product of the inflation factor values is 1.069794 or 6.98% inflation.

Applying this rate to the \$87,810,657 in approved Total Current Capital Costs amounts to:

Total Current Capital Costs	\$87,810,657
(less cost of land)	
Allowable Inflation at 6.98%	\$6,128,656
Total Allowable Capital Costs	\$93,939,841

Because the increase in the project's total current project cost exceeds the allowable total current project cost, Sheppard Pratt must obtain Commission approval. *See* COMAR § 10.24.01.17B(2).

IV. THE REQUESTED PROJECT CHANGES ARE APPROVABLE

The following types of changes to a project require formal Commission approval:

- (1) Before making a significant change in physical plant design;
- (2) Before incurring capital cost increases that exceed the approved capital cost inflated by an amount determined by applying the Building Cost Index published in Health Care Cost Review from the application submission date to the date of the filing of a request for approval of a project change;
- (3) When total projected operating expenses or revenue increases exceed the projected expenses or revenues in the approved Certificate of Need Application, inflated by 10 percent per year;
- (4) Before changing the financial mechanisms of the project;
- (5) Before changing the location or address of the project.

COMAR § 10.24.01.17B. The only applicable change here is the increase of capital costs exceeding the approved capital costs inflated by the allowable amount.

Certain types of proposed project changes are impermissible, including the following:

- (1) Changes in the fundamental nature of a facility or the services to be provided in the facility from those that were approved by the Commission;
- (2) Increases in the total licensed bed capacity or medical service categories from those approved;
- (3) Any change that requires an extension of time to meet the applicable performance requirements specified under Regulation .12 of this chapter, except as permitted under Regulation .12E of this chapter.

COMAR § 10.24.01.17C.

The proposed changes identified in this filing do not change the fundamental nature of the project; will not result in an increase in the total licensed bed capacity as previously approved; and will not require any extension of time beyond what is permitted under COMAR § 10.24.01.12E to meet applicable performance requirements.

CONCLUSION

For the foregoing reasons, Sheppard Pratt respectfully requests that the Commission approve the proposed changes described above.

Respectfully submitted,



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

Attorneys for Sheppard Pratt Health System, Inc.

Date: March 4, 2021

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

3/3/2021

Date

DocuSigned by:

Thomas D Hess

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Thomas D. Hess
Chief of Staff

Sheppard Pratt Health System, Inc.

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

3/3/2021

Date

DocuSigned by:

Kelly Savoca

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Kelly Savoca
VP-Chief Finance Officer
Sheppard Pratt Health System, Inc.

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

3/3/21
Date



Jennifer Wilkerson
VP and Chief Strategy Officer
Sheppard Pratt Health System, Inc.

EXHIBIT 1

MARYLAND HEALTH CARE COMMISSION

Certificate of Need (Corrected)

TO: Bonnie B. Katz, Vice President
Sheppard Pratt Health System
6501 N. Charles Street
Baltimore, Maryland 21204

September 20, 2016

Date

RE: Replacement and Relocation of Sheppard Pratt at Ellicott City

15-13-2367

Docket No.

PROJECT DESCRIPTION

This Certificate of Need authorizes Sheppard Pratt Health System (“Sheppard Pratt”) to relocate its special hospital-psychiatric with a 78 bed capacity at 4100 College Avenue in Ellicott City, to a 39.1 acre site located at the intersection of Route 103 and Route 1 in Elkridge.

Sheppard Pratt will construct a three level replacement facility designed to provide five discrete units – adolescent, young adult, general adult, co-occurring (i.e., for adults with a primary psychiatric diagnosis and a secondary substance use disorder), and a unit to serve adults with psychotic disorders. Each of these units will have 16 rooms with a bed capacity of 17.

The total estimated project cost is \$96,532,907. Sheppard Pratt proposes to fund this project with \$14.86 million in cash, \$7.5 million in philanthropic gifts, \$66.7 million in debt, and \$7.5 million in state grant funding, via a requested capital appropriation from the Governor’s capital budget for FY 2017 and 2018.

ORDER

The Maryland Health Care Commission reviewed the Staff’s Report and Recommendation and, based on Staff’s analysis and the record in the review, ordered, on September 20, 2016, that a Certificate of Need be issued. The Certificate of Need authorizes Sheppard Pratt Health System to relocate its special hospital-psychiatric, from 4100 College Avenue in Ellicott City, to a 155,507 gross square foot facility to be constructed at the intersection of Route 103 and Route 1 in Elkridge. The Commission approved a facility capacity of 85 licensed special hospital-psychiatric beds and an estimated project cost of \$96,532,907.

PERFORMANCE REQUIREMENTS

In accordance with the conditions of the Certificate of Need set forth above and COMAR 10.24.01.12B and C(1),(2) and (3)(b), the project is subject to the following performance requirements:

1. Obligation of not less than 51 percent of the capital expenditure, as documented by a binding construction contract, within 36 months of this Certificate of Need;
2. Initiation of construction within four months of the effective date of the binding construction contract; and
3. Completion of project within 36 months after the effective date of the binding construction contract.

PROPOSED CHANGES TO APPROVED PROJECT

Before making any changes to the facts in the Certificate of Need application and other information provided to the Commission, Sheppard Pratt Health System must notify the Commission in writing and receive Commission approval of each proposed change, including the obligation of any funds above those approved by the Commission in this Certificate of Need, in accordance with COMAR 10.24.01.17. Pursuant to COMAR 10.24.01.17B(2), the project cannot incur capital cost increases that exceed the approved capital cost inflated by an amount determined by applying the CMS 2006 based PPS Hospital Capital Building Cost Index published on a quarterly basis by IHS Economics in *Health-Care Cost Review*, unless it obtains a modification of this Certificate of Need from the Commission. Instructions for determining the threshold that necessitates Commission review and approval of changes to the capital cost approved in this Certificate of Need are located on the Commission's website:

http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_con/hcfs_con.aspx

DESIGN APPROVAL AND FACILITIES LICENSURE BY DHMH

This Certificate of Need does not constitute a license or replace any approvals required by the Office of Health Care Quality ("OHCQ") or other divisions of the Department of Health and Mental Hygiene ("DHMH") to construct and operate a new health care facility or to operate new space within an existing facility. Sheppard Pratt Health System must provide DHMH with all information it requires for plan approval or approval to put new or renovated space within the facility into use, including information pertaining to project design and specifications.

QUARTERLY STATUS REPORTS

Sheppard Pratt Health System must file quarterly status reports on the approved project, beginning December 20, 2016, three months from the date of this Certificate of Need, and continuing through the completion of both the replacement hospital and the renovations for the special hospital-psychiatric.

REQUEST FOR FIRST USE REVIEW

Sheppard Pratt Health System must request in writing, not less than 60 days but not more than 120 days before the first use of the replacement hospital, a first use review from the Commission, specifying the anticipated date of first use and documenting that the project has been substantially completed and will be completed, within 120 days or less, in a manner and at a cost

consistent with this HealthCare, Inc.. Commission staff will review the request in consultation, as necessary, with OHCQ, and in accordance with COMAR 10.24.01.18, to determine whether the project is in conformance with the Certificate of Need. First use approval does not constitute a license or replace any approvals required by OHCQ or others within DHMH to operate a new health care facility or new space within an existing facility. Therefore, Sheppard Pratt Health System should assure that OHCQ is notified of the imminent completion of the project and should arrange for completion of any inspections and or approvals required by OHCQ in a timely manner. First use approval remains in effect for 90 days. If first use of the new building space does not occur within 90 days of approval, Sheppard Pratt Health System shall reapply for first use approval.

ACKNOWLEDGEMENT OF RECEIPT OF CERTIFICATE OF NEED.

Acknowledgement of your receipt of this Certificate of Need, stating acceptance of its terms and conditions, is required within thirty (30) days.

MARYLAND HEALTH CARE COMMISSION

Ben Steffen
Executive Director

cc: Patricia Tomsko Nay, M.D., Office of Health Care Quality
Donna Kinzer, Executive Director, HSCRC
Maura Rossman, MD, Health Officer, Howard County

EXHIBIT 2

TABLE E. PROJECT BUDGET--REVISED 3/3/21

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	2021 Estimate	Variance	% Change
A. USE OF FUNDS						
1. CAPITAL COSTS						
a. Land Purchase	\$2,837,150		\$2,837,150	\$2,837,150	\$0.00	
b. New Construction						
(1) Building	\$52,383,532		\$52,383,532	\$68,135,607	\$15,752,075.00	30.07%
(2) Fixed Equipment	in above		in above			
(3) Site and Infrastructure	\$315,000		\$315,000	\$133,500	(\$181,500.00)	-57.62%
(4) Architect/Engineering Fees	\$5,048,863		\$5,048,863	\$6,055,099	\$1,006,236.00	19.93%
(5) Permits (Building, Utilities, Etc.)	\$1,059,000		\$1,059,000	\$731,552	(\$327,448.00)	-30.92%
SUBTOTAL	\$58,806,395	\$0	\$58,806,395	\$75,055,758	\$16,249,363.00	27.63%
c. Renovations						
(1) Building			\$0			
(2) Fixed Equipment (not included in construction)			\$0			
(3) Architect/Engineering Fees			\$0			
(4) Permits (Building, Utilities, Etc.)			\$0			
SUBTOTAL	\$0	\$0	\$0	\$0		
d. Other Capital Costs						
(1) Movable Equipment	\$5,950,000		\$5,950,000	\$5,439,788	(\$510,212.00)	-8.57%
(2) Contingency Allowance	\$9,578,370		\$9,578,370	\$9,578,370	\$0.00	0.00%
(3) Gross interest during construction period	\$2,355,972		\$2,355,972	\$2,355,972	\$0.00	0.00%
(4) Other (Specify/add rows if needed)						
Permits (Campus Dev, Wetlands, Storm Water Mgmt)	\$1,000,103		\$1,000,103	\$108,531	(\$891,572.00)	-89.15%
Specialty Hardware & Security	\$1,000,000		\$1,000,000	\$1,368,440	\$368,440.00	36.84%
Technology - IT, AV, Safety, & Communications	\$3,100,000		\$3,100,000	\$1,820,000	(\$1,280,000.00)	-41.29%
Exterior Courtyards / Security Walls	\$500,000		\$500,000	\$478,425	(\$21,575.00)	-4.32%
Balconies	\$272,268		\$272,268	\$133,200	(\$139,068.00)	-51.08%
Balcony Hardscaping / Landscaping	\$500,000		\$500,000	\$600,871	\$100,871.00	20.17%
Canopies	\$150,000		\$150,000	\$225,050	\$75,050.00	50.03%
Sitework - Roads and Parking Lots	\$1,410,000		\$1,410,000	\$1,252,167	(\$157,833.00)	-11.19%
Architectural / Engineer Fees for other Capital Costs	\$1,814,814		\$1,814,814	\$1,406,650	(\$408,164.00)	-22.49%
Non-AE Fees	\$1,372,735		\$1,372,735	\$1,387,479	\$14,744.00	1.07%
SUBTOTAL	\$29,004,262		\$29,004,262	\$26,154,943	(\$2,849,319.00)	-9.82%
TOTAL CURRENT CAPITAL COSTS	\$90,647,807	\$0	\$90,647,807	\$104,047,851	\$13,400,044.00	14.78%
e. Inflation Allowance			\$6,128,656			
TOTAL CAPITAL COSTS	\$90,647,807	\$0	\$96,776,463	\$104,047,851	\$7,271,388.00	7.51%

TABLE E. PROJECT BUDGET

	Hospital Building	Other Structure	Total	2021 Estimate	Variance	% Change
2. Financing Cost and Other Cash Requirements						
a. Loan Placement Fees	\$1,400,000		\$1,400,000	\$800,982	(\$599,018)	-42.79%
b. Bond Discount	\$300,000		\$300,000	\$0	(\$300,000)	-100.00%
c. Legal Fees	\$250,000		\$250,000	\$114,079	(\$135,921)	-54.37%
d. Non-Legal Consultant Fees	\$50,000		\$50,000	\$134,500	\$84,500	169.00%
e. Liquidation of Existing Debt			\$0			
f. Debt Service Reserve Fund			\$0			
g. Other (Specify/add rows if needed)			\$0			
SUBTOTAL	\$2,000,000		\$2,000,000	\$1,049,561	(\$950,439)	-47.52%
3. Working Capital Startup Costs						
TOTAL USES OF FUNDS	\$92,647,807	\$0	\$98,776,463	\$105,097,412	\$6,320,949	6.40%
B. Sources of Funds						
1. Cash	\$14,857,500		\$14,857,500	\$14,422,006		
2. Philanthropy (to date and expected)	\$7,500,000		\$7,500,000	\$16,500,000		
3. Authorized Bonds	\$66,675,407		\$66,675,407	\$66,675,407		
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	\$7,500,000		\$7,500,000	\$7,500,000		
c. Local			\$0			
8. Other (Specify/add rows if needed)			\$0			
TOTAL SOURCES OF FUNDS	\$96,532,907		\$96,532,907	\$105,097,413		
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			

TABLE E. PROJECT BUDGET

TABLE G. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY--REVISED 3/3/21

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. 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 five years after completion) Add columns if needed.						
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
1. REVENUE										
a. Inpatient Services	\$ 23,937,093	\$ 24,573,143	\$ 24,345,936	\$ 24,345,936	\$ 24,345,936	\$ 24,345,936	\$ 26,406,740	\$ 31,021,975	\$ 32,549,458	\$ 32,549,458
b. Outpatient Services	\$ 4,201,671	\$ 4,146,485	\$ 4,310,349	\$ 4,310,349	\$ 4,310,349	\$ 4,310,349	\$ 9,574,832	\$ 14,202,372	\$ 14,357,072	\$ 14,372,256
Rate Adjustment							\$ 296,275	\$ 600,511	\$ 616,198	\$ 616,338
Gross Patient Service Revenues	\$ 28,138,764	\$ 28,719,628	\$ 28,656,285	\$ 28,656,285	\$ 28,656,285	\$ 28,656,285	\$ 36,277,847	\$ 45,824,858	\$ 47,522,728	\$ 47,538,052
c. Allowance For Bad Debt	\$ 338,418	\$ 534,722	\$ 549,442	\$ 549,442	\$ 549,442	\$ 549,442	\$ 799,558	\$ 1,091,237	\$ 1,138,385	\$ 1,139,017
d. Contractual Allowance	\$ 4,784,830	\$ 4,461,114	\$ 4,492,817	\$ 4,492,817	\$ 4,492,817	\$ 4,492,817	\$ 5,662,724	\$ 7,015,169	\$ 7,239,674	\$ 7,250,566
e. Charity Care	\$ 2,892,542	\$ 2,183,596	\$ 859,035	\$ 859,035	\$ 859,035	\$ 859,035	\$ 1,058,985	\$ 1,330,975	\$ 1,418,696	\$ 1,418,696
Rate Adjustment Allowance							\$ 78,656	\$ 159,425	\$ 163,590	\$ 163,627
Net Patient Services Revenue	\$ 20,122,974	\$ 21,540,196	\$ 22,754,991	\$ 22,754,991	\$ 22,754,991	\$ 22,754,991	\$ 28,677,924	\$ 36,228,052	\$ 37,562,383	\$ 37,566,146
f. Other Operating Revenues (Specify/add rows if needed)	\$ 11,418	\$ 15,149	\$ 49,836	\$ 49,836	\$ 49,836	\$ 49,836	\$ 66,561	\$ 66,561	\$ 66,561	\$ 66,561
NET OPERATING REVENUE	\$ 20,134,392	\$ 21,555,345	\$ 22,804,827	\$ 22,804,827	\$ 22,804,827	\$ 22,804,827	\$ 28,744,485	\$ 36,294,613	\$ 37,628,944	\$ 37,632,707
2. EXPENSES										
a. Salaries & Wages (including benefits)	\$ 12,189,729	\$ 12,772,943	\$ 12,624,949	\$ 12,624,949	\$ 12,624,949	\$ 12,624,949	\$ 17,063,471	\$ 21,871,949	\$ 22,750,029	\$ 22,750,029
b. Contractual Services	\$ 583,211	\$ 670,529	\$ 675,846	\$ 675,846	\$ 675,846	\$ 675,846	\$ 899,796	\$ 1,109,791	\$ 1,151,981	\$ 1,157,281
c. Interest on Current Debt										
d. Interest on Project Debt							\$ 1,328,683	\$ 2,621,965	\$ 2,573,162	\$ 2,522,371
e. Current Depreciation	\$ 261,883	\$ 251,665	\$ 238,109	\$ 238,109	\$ 238,109	\$ 238,109	\$ 282,100	\$ 344,271	\$ 360,491	\$ 360,491
f. Project Depreciation							\$ 1,592,830	\$ 3,185,659	\$ 3,186,659	\$ 3,186,659
g. Current Amortization										
h. Project Amortization										
i. Supplies	\$ 1,160,064	\$ 1,188,745	\$ 1,073,747	\$ 1,073,747	\$ 1,073,747	\$ 1,073,747	\$ 1,314,294	\$ 1,505,865	\$ 1,557,063	\$ 1,557,063
j. Rentals	\$ 1,215,046	\$ 1,266,097	\$ 1,112,457	\$ 1,112,457	\$ 1,112,457	\$ 1,112,457	\$ 118,211	\$ 299,131	\$ 375,943	\$ 375,943
k. Other	\$ 342,362	\$ 324,198	\$ 263,193	\$ 263,193	\$ 263,193	\$ 263,193	\$ 283,727	\$ 316,716	\$ 329,324	\$ 329,324
l. Corporate Overhead	\$ 3,558,560	\$ 3,689,788	\$ 3,223,071	\$ 3,223,071	\$ 3,223,071	\$ 3,223,071	\$ 3,223,071	\$ 3,223,071	\$ 3,223,071	\$ 3,223,071
TOTAL OPERATING EXPENSES	\$ 19,310,855	\$ 20,163,965	\$ 19,211,372	\$ 19,211,372	\$ 19,211,372	\$ 19,211,372	\$ 26,106,183	\$ 34,478,418	\$ 35,507,723	\$ 35,462,232
3. INCOME										
a. Income From Operation	\$ 823,537	\$ 1,391,380	\$ 3,593,455	\$ 3,593,455	\$ 3,593,455	\$ 3,593,455	\$ 2,638,302	\$ 1,816,195	\$ 2,121,221	\$ 2,170,475
b. Non-Operating Income										
SUBTOTAL	\$ 823,537	\$ 1,391,380	\$ 3,593,455	\$ 3,593,455	\$ 3,593,455	\$ 3,593,455	\$ 2,638,302	\$ 1,816,195	\$ 2,121,221	\$ 2,170,475
c. Income Taxes										
NET INCOME (LOSS)	\$ 823,537	\$ 1,391,380	\$ 3,593,455	\$ 3,593,455	\$ 3,593,455	\$ 3,593,455	\$ 2,638,302	\$ 1,816,195	\$ 2,121,221	\$ 2,170,475

TABLE G. REVENUES EXPENSES, UNINFLATED - ENTIRE FACILITY

Indicate CY or FY	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending five years after completion) Add columns if needed.						
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
4. PATIENT MIX										
a. Percent of Total Revenue										
1) Medicare	14.7%	14.9%	14.8%	14.8%	14.8%	14.8%	18.3%	20.6%	20.0%	21.4%
2) Medicaid	37.9%	37.8%	38.0%	38.0%	38.0%	38.0%	32.2%	28.5%	29.1%	30.0%
3) Blue Cross	18.9%	18.8%	18.8%	18.8%	18.8%	18.8%	20.2%	21.1%	21.0%	19.9%
4) Commercial Insurance	20.8%	20.8%	20.7%	20.7%	20.7%	20.7%	22.4%	23.4%	23.3%	22.0%
5) Self-pay	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	4.4%	3.8%	4.0%	4.3%
6) Other	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.6%	2.6%	2.6%	2.4%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.1%	100.0%	100.0%	100.0%
b. Percent of Equivalent Inpatient Days										
1) Medicare	14.8%	15.0%	15.0%	15.0%	15.0%	15.0%	19.1%	22.1%	21.4%	21.4%
2) Medicaid	37.7%	37.6%	37.6%	37.6%	37.6%	37.6%	32.8%	29.4%	30.0%	30.0%
3) Blue Cross	19.0%	18.9%	18.9%	18.9%	18.9%	18.9%	19.5%	19.9%	19.9%	19.9%
4) Commercial Insurance	20.9%	20.8%	20.8%	20.8%	20.8%	20.8%	21.6%	22.0%	22.0%	22.0%
5) Self-pay	5.1%	5.2%	5.2%	5.2%	5.2%	5.2%	4.6%	4.2%	4.3%	4.3%
6) Other	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.4%	2.4%	2.4%	2.4%
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

TABLE H. REVENUES & EXPENSES, INFLATED - ENTIRE FACILITY--REVISED 3/3/21

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. 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 five years after completion) Add columns if needed.						
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
25319773										
a. Inpatient Services	\$ 23,937,093	\$ 24,573,143	\$ 24,345,936	\$ 24,832,855	\$ 25,319,773	\$ 25,806,692	\$ 28,519,279	\$ 34,124,172	\$ 36,455,395	\$ 37,106,382
b. Outpatient Services	\$ 4,201,671	\$ 4,146,485	\$ 4,310,349	\$ 4,396,556	\$ 4,482,763	\$ 4,568,970	\$ 10,340,818	\$ 15,622,610	\$ 16,079,921	\$ 16,384,371
Rate Adjustment							\$ 296,275	\$ 600,511	\$ 616,198	\$ 616,338
Gross Patient Service Revenues	\$ 28,138,764	\$ 28,719,628	\$ 28,656,285	\$ 29,229,411	\$ 29,802,536	\$ 30,375,662	\$ 39,156,372	\$ 50,347,293	\$ 53,151,514	\$ 54,107,091
c. Allowance For Bad Debt	\$ 338,418	\$ 534,722	\$ 549,442	\$ 560,431	\$ 571,420	\$ 582,409	\$ 863,523	\$ 1,200,361	\$ 1,274,991	\$ 1,298,479
d. Contractual Allowance	\$ 4,784,830	\$ 4,461,114	\$ 4,492,817	\$ 4,582,673	\$ 4,672,529	\$ 4,762,386	\$ 6,115,742	\$ 7,716,686	\$ 8,108,435	\$ 8,265,646
e. Charity Care	\$ 2,892,542	\$ 2,183,596	\$ 859,035	\$ 876,216	\$ 893,396	\$ 910,577	\$ 1,143,703	\$ 1,464,072	\$ 1,588,940	\$ 1,617,313
Rate Adjustment Allowance							\$ 78,656	\$ 159,425	\$ 163,590	\$ 163,627
Net Patient Services Revenue	\$ 20,122,974	\$ 21,540,196	\$ 22,754,991	\$ 23,210,091	\$ 23,665,191	\$ 24,120,290	\$ 30,954,748	\$ 39,806,749	\$ 42,015,558	\$ 42,762,026
f. Other Operating Revenues (Specify/add rows if needed)	\$ 11,418	\$ 15,149	\$ 49,836	\$ 50,833	\$ 51,829	\$ 52,826	\$ 71,886	\$ 73,217	\$ 74,548	\$ 75,880
NET OPERATING REVENUE	\$ 20,134,392	\$ 21,555,345	\$ 22,804,827	\$ 23,260,924	\$ 23,717,020	\$ 24,173,116	\$ 31,026,634	\$ 39,879,966	\$ 42,090,106	\$ 42,837,906
2. EXPENSES										
a. Salaries & Wages (including benefits)	\$ 12,189,729	\$ 12,772,943	\$ 12,624,949	\$ 12,877,448	\$ 13,129,947	\$ 13,382,446	\$ 18,428,549	\$ 24,059,144	\$ 25,480,034	\$ 25,935,035
b. Contractual Services	\$ 583,211	\$ 670,529	\$ 675,846	\$ 689,363	\$ 702,880	\$ 716,397	\$ 971,780	\$ 1,220,770	\$ 1,290,219	\$ 1,319,300
c. Interest on Current Debt										
d. Interest on Project Debt							\$ 1,328,683	\$ 2,621,965	\$ 2,573,162	\$ 2,522,371
e. Current Depreciation	\$ 261,883	\$ 251,665	\$ 238,109	\$ 238,109	\$ 238,109	\$ 238,109	\$ 282,100	\$ 344,271	\$ 360,491	\$ 360,491
f. Project Depreciation							\$ 1,592,830	\$ 3,185,659	\$ 3,186,659	\$ 3,186,659
g. Current Amortization										
h. Project Amortization										
i. Supplies	\$ 1,160,064	\$ 1,188,745	\$ 1,073,747	\$ 1,095,221	\$ 1,116,696	\$ 1,138,171	\$ 1,419,437	\$ 1,656,452	\$ 1,743,910	\$ 1,775,051
j. Rentals	\$ 1,215,046	\$ 1,266,097	\$ 1,112,457	\$ 1,134,706	\$ 1,156,955	\$ 1,179,204	\$ 127,668	\$ 329,044	\$ 421,056	\$ 428,575
k. Other	\$ 342,362	\$ 324,198	\$ 263,193	\$ 268,457	\$ 273,721	\$ 278,985	\$ 306,425	\$ 348,387	\$ 368,843	\$ 375,430
l. Corporate Overhead	\$ 3,558,560	\$ 3,689,788	\$ 3,223,071	\$ 3,287,532	\$ 3,351,994	\$ 3,416,455	\$ 3,480,917	\$ 3,545,378	\$ 3,609,840	\$ 3,674,301
TOTAL OPERATING EXPENSES	\$ 19,310,855	\$ 20,163,965	\$ 19,211,372	\$ 19,590,836	\$ 19,970,302	\$ 20,349,767	\$ 27,938,389	\$ 37,311,070	\$ 39,034,214	\$ 39,577,213
3. INCOME										
a. Income From Operation	\$ 823,537	\$ 1,391,380	\$ 3,593,455	\$ 3,670,088	\$ 3,746,718	\$ 3,823,349	\$ 3,088,245	\$ 2,568,896	\$ 3,055,892	\$ 3,260,693
b. Non-Operating Income										
SUBTOTAL	\$ 823,537	\$ 1,391,380	\$ 3,593,455	\$ 3,670,088	\$ 3,746,718	\$ 3,823,349	\$ 3,088,245	\$ 2,568,896	\$ 3,055,892	\$ 3,260,693
c. Income Taxes										
NET INCOME (LOSS)	\$ 823,537	\$ 1,391,380	\$ 3,593,455	\$ 3,670,088	\$ 3,746,718	\$ 3,823,349	\$ 3,088,245	\$ 2,568,896	\$ 3,055,892	\$ 3,260,693

TABLE H. REVENUES EXPENSES, INFLATED - ENTIRE FACILITY

Indicate CY or FY	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending five years after completion) Add columns if needed.						
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
4. PATIENT MIX										
a. Percent of Total Revenue										
1) Medicare	14.7%	14.9%	14.8%	14.8%	14.8%	14.8%	18.3%	20.6%	20.0%	21.4%
2) Medicaid	37.9%	37.8%	38.0%	38.0%	38.0%	38.0%	32.2%	28.5%	29.1%	30.0%
3) Blue Cross	18.9%	18.8%	18.8%	18.8%	18.8%	18.8%	20.2%	21.1%	21.0%	19.9%
4) Commercial Insurance	20.8%	20.8%	20.7%	20.7%	20.7%	20.7%	22.4%	23.4%	23.3%	22.0%
5) Self-pay	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	4.4%	3.8%	4.0%	4.3%
6) Other	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.6%	2.6%	2.6%	2.4%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.1%	100.0%	100.0%	100.0%
b. Percent of Equivalent Inpatient Days										
Total MSGA										
1) Medicare	14.8%	15.0%	15.0%	15.0%	15.0%	15.0%	19.1%	22.1%	21.4%	21.4%
2) Medicaid	37.7%	37.6%	37.6%	37.6%	37.6%	37.6%	32.8%	29.4%	30.0%	30.0%
3) Blue Cross	19.0%	18.9%	18.9%	18.9%	18.9%	18.9%	19.5%	19.9%	19.9%	19.9%
4) Commercial Insurance	20.9%	20.8%	20.8%	20.8%	20.8%	20.8%	21.6%	22.0%	22.0%	22.0%
5) Self-pay	5.1%	5.2%	5.2%	5.2%	5.2%	5.2%	4.6%	4.2%	4.3%	4.3%
6) Other	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.4%	2.4%	2.4%	2.4%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

TABLE H. REVENUES EXPENSES, INFLATED - ENTIRE FACILITY