

# **EXHIBIT 16**

**TABLE F – Statement of Assumptions**

Inpatient Volumes

- FY2013 and FY2014 are actual volumes for the facility as currently being provided at the Ellicott City campus.
- FY2015 are the projected volumes for the current fiscal year at the current Ellicott City campus.
- FY2016 is the planned budgeted expectation for the current operation at the Ellicott City campus.
- FY2017 – FY2018 are the same volumes as being budgeted for FY2016. No growth projected given current capacity issues.
- FY2019 volumes are based on 6 months at the FY2018 volumes and 6 months of new volumes based on opening 1/1/19.
- FY2020 – FY2022 volumes are based on expected historical and expected volumes as indicated in the Demand Methodology pages 33-42 of the Application.
- Average Occupancy for the current and new inpatient units are projected as follows:

Inpatient Percent Occupancy by Unit					
	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Adult Unit	62.0%	79.6%	85.3%	91.1%	91.1%
Adolescent Unit	85.0%	91.2%	91.2%	91.2%	91.2%
Co-Occurring Unit	84.0%	88.5%	88.5%	91.1%	91.1%
Psychotic Unit	78.0%	82.4%	85.0%	85.0%	85.0%
Young Adult Unit		29.4%	76.5%	91.9%	91.9%
Geriatric Neuropsych		33.3%	84.6%	84.6%	84.6%
Facility Total	78.0%	68.1%	85.2%	89.2%	89.2%

- Average Length of Stay is based for all years on actual experience at the current location for existing units and as referenced in Table 9 on page 42 of the Application. For the new Young Adult and Geriatric Units it is based on actual experience for like units at the Towson Sheppard Pratt campus.

### Outpatient Visits

- FY2013 and FY2014 are actual volumes for the facility as currently being provided at the Ellicott City campus.
- FY2015 are the projected volumes for the current fiscal year at the current Ellicott City campus.
- FY2016 is the planned budgeted expectation for the current operation at the Ellicott City campus.
- FY2017- FY2018 is the same volumes as being budgeted for FY2016. No growth projected given current capacity issues.
- FY2019 volumes are based on 6 months at the FY2018 volumes and 6 months of new volumes based on opening 1/1/19.
- FY2020-FY2022 volumes are based on an expected ramp up of volumes for the new Outpatient Day Hospital programs based on experience at the Towson Sheppard Pratt campus.
- Average Occupancy for the current and new inpatient units are projected as follows:

Average Daily Census By Program					
	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Adult Day Hospital	12.5	12.5	21	21	21
Sullivan Day Hospital	7	14	14	14	14
Adolescent Day Hospital	7	14	14	14	14
Eating Disorders Day Hosp	10.5	21	21	21	21
Eating Disorders IOP	5.5	10.5	10.5	10.5	10.5

## **TABLE G – Statement of Assumptions**

### *Revenue*

- Overall revenues are based off volumes projected in Table F
- Charges:
  - Are per volume based off at existing charge per day at Ellicott City campus.
- Allowances:
  - Are per volume for FY2016-FY2018 based off current patient mix as indicated on lines 4.a.1 – 4.a.6 of Table G.
  - Are per volume for FY2019-FY2022 based off adjusted patient mix as indicated on lines 4.a.1 – 4.a.6 of Table G.
- Rate Adjustment:
  - Represents the amount of partial rate application to be filed with the HSCRC as outlined on pager 47 of the application. This amount has been separated to represent the gross charge amount and allowance related to those charges.

### *Expenses*

- Salaries and Wages:
  - As indicated on Schedule L for Current Year (FY15) and Final Year (FY22).
  - FY16-FY18 is at same level as FY15 due to no anticipated changes in patient volumes.
  - FY19-FY21 has been increased on a salary per volume basis according to the projected volume increases.
- Contractual Services/Supplies/Other
  - Based on current operations at Ellicott City campus or like programs at Towson campus location adjusted for volume increases on a per day basis
- Interest on Project Debt:
  - Based on a \$70 Million, tax-exempt bond issuance, at a 4% interest rate for a period of 30 years.
- Current Deprecation:
  - Based on existing capital equipment at Ellicott City.
- Project Deprecation:
  - Based on new facility with total project costs being depreciated at an average useful life of 29.6 years

- Rentals:
  - Based on current operations at Ellicott City location adjusted for volume increased on a per day basis.
  - Reduced in FY 2019 by the amount of \$1,100,000 for the lease for the Ellicott City building.
- Corporate Overhead:
  - Reflects indirect overhead costs allocated to the Ellicott City campus for Administration, Human Resources, Finance, Patient Accounting, Corporate Compliance, Insurance, Quality Assurance, and Central Admitting.

#### *Patient Mix*

- FY2016 – FY2018
  - Based on historical patient mix as projected for FY2015
- FY2019 – FY2022
  - Based on volumes as projected in Table F and adjusted for historical patient mixes at the Ellicott City campus and the like units at the Towson campus for the new Geriatric and Young Adult Units.

#### *Percent of Equivalent Inpatient Days*

- FY2016 – FY2018
  - Based on historical days as projected for FY2015
- FY2019 – FY2022
  - Based on volumes as projected in Table F and adjusted for historical patient days at the Ellicott City campus and the like units at the Towson campus for the new Geriatric and Young Adult Units.
- Partial Days are calculated at 50% equivalent inpatient day.

**TABLE H – Statement of Assumptions**

- Table G has been inflated by column per the grid below:

	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Revenue Inflation	2%	4%	6%	8%	10%	12%	14%
Expense Salary Inflation*	2%	4%	6%	8%	10%	12%	14%

\*Excludes Rate Adjustment, Depreciation and Interest

**TABLE L – Statement of Assumptions**

- Current Entire Facility Columns
  - Based on actual FY2014 FTEs and salaries for the Ellicott City campus.
- Projected Changes Columns:
  - Account for staff needed for new units/programs based on staffing grids at like units at the Towson campus.
  - Account for increases and decreases in clinical staff needed on existing units/programs based on current staffing grids at Ellicott City campus.
  - Account for increased building square footage and the need for additional Housekeeping, Plant Operations, and Security Staff.
  - Account for increased staff needed due to higher volumes and census to Transport, and Feed Patients.
  - Account for additional staff needed due to larger overall operations to provide support in Admissions, Purchasing, Training, Information Systems, Mailroom and Chaplaincy Services.
- Benefits
  - At 21.1% of salaries as projected in FY 15. Also used in FY16-FY18 on Table G.
  - At 21.7% of salaries for Final Year (FY22). The increase is due to a change in personnel mix for the new facility and an anticipated increase in cost. The rate of 21.7% is used for FY19-FY22 on Table G.