

**AGREEMENT**  
**BETWEEN**  
**THE HEALTH SERVICES COST REVIEW COMMISSION**  
**AND**  
**MEDSTAR HEALTH, INC.**  
**REGARDING**  
**GLOBAL BUDGET REVENUE AND NON-GLOBAL BUDGET REVENUE**

**CONTENTS**

<b>I. OVERVIEW .....</b>	<b>- 3 -</b>
<b>II. TERM OF AGREEMENT .....</b>	<b>- 4 -</b>
<b>III. REVENUE GOVERNED BY AGREEMENT .....</b>	<b>- 4 -</b>
<b>IV. SPECIFICATION OF THE APPROVED REGULATED REVENUE OF THE HOSPITAL .....</b>	<b>- 5 -</b>
A. OVERVIEW.....	- 5 -
B. DETAILED DESCRIPTION OF THE OF THE BASIC COMPONENTS OF THE HOSPITAL’S APPROVED REGULATED REVENUE.....	- 5 -
<b>V. COMPLIANCE .....</b>	<b>- 8 -</b>
A. GENERAL COMPLIANCE UNDER THE GBR MODEL .....	- 8 -
B. UNIT RATE FLEXIBILITY .....	- 9 -
C. OVERALL COMPLIANCE CORRIDORS .....	- 9 -
<b>VI. MONITORING OF GBR OPERATION AND PERFORMANCE.....</b>	<b>- 9 -</b>
<b>VII. EVALUATION OF THE EFFECTIVENESS OF THE GBR .....</b>	<b>- 12 -</b>
<b>VIII. POSSIBLE FUTURE MODIFICATIONS IN THE GBR MODEL TO ACHIEVE IMPROVED ALIGNMENT OF INCENTIVES IN THE HEALTH CARE DELIVERY SYSTEM.....</b>	<b>- 13 -</b>
<b>IX. OTHER POTENTIAL MODIFICATIONS.....</b>	<b>- 13 -</b>
A. APPROVED REGULATED REVENUE MODIFICATIONS.....	- 13 -
B. APPROVED REGULATED REVENUE MODIFICATIONS RELATED TO CON PROJECTS.....	- 13 -
<b>X. OUT-OF-AREA AND OUT-OF-STATE VOLUMES AND REVENUES .....</b>	<b>- 14 -</b>
<b>XI. READMISSIONS, QUALITY AND REDUCTIONS OF POTENTIALLY AVOIDABLE UTILIZATION.....</b>	<b>- 14 -</b>
<b>XII. TERMINATION AND/OR RENEGOTIATION AND OTHER RIGHTS.....</b>	<b>- 15 -</b>
A. TERMINATION BY THE HSCRC .....	- 15 -
B. TERMINATION BY HOSPITAL .....	- 15 -
C. OTHER RIGHTS .....	- 16 -
D. OTHER PROVISIONS RELATIVE TO THE HOSPITAL .....	- 16 -
<b>XIII. DEFINITIONS OF TERMS .....</b>	<b>- 18 -</b>
<b>APPENDIX A: HOSPITAL’S BASE REVENUE COMPONENTS AND ORDER NISI .....</b>	<b>- 21 -</b>
<b>APPENDIX B: REVENUES AND SERVICES EXCLUDED FROM GBR MODEL AND GENERAL DESCRIPTION OF RATE SETTING REQUIREMENTS FOR EXCLUDED REVENUES.....</b>	<b>- 23 -</b>
<b>APPENDIX C: POTENTIALLY AVOIDABLE UTILIZATION TARGETS .....</b>	<b>- 24 -</b>
<b>APPENDIX D: DEMOGRAPHIC ADJUSTMENT .....</b>	<b>- 25 -</b>
<b>APPENDIX E: DEFINITION OF HOSPITAL’S SERVICE AREA.....</b>	<b>- 26 -</b>
<b>APPENDIX F: ANNUAL DISCLOSURE AND CERTIFICATION REGARDING CHANGES IN SERVICES PROVIDED (DUE 30 DAYS AFTER THE END OF THE RATE YEAR).....</b>	<b>- 27 -</b>
<b>APPENDIX G: HOSPITAL FINANCIAL INTEREST, OWNERSHIP, OR CONTROL OF OTHER HOSPITAL OR NON-HOSPITAL SERVICES PROVIDED WITHIN THE SERVICE AREA .....</b>	<b>- 28 -</b>
<b>APPENDIX H: CALCULATION OF MARKET SHARE .....</b>	<b>- 29 -</b>

**APPENDIX I: READMISSION POLICY ADJUSTMENT ..... - 30 -**

**AGREEMENT  
BETWEEN  
THE HEALTH SERVICES COST REVIEW COMMISSION  
AND  
MEDSTAR HEALTH  
REGARDING GLOBAL BUDGET REVENUE AND NON-GLOBAL BUDGET REVENUE**

This Agreement, made this 1st day of January , 2014, between (the MARYLAND HEALTH SERVICES COST REVIEW COMMISSION (the “Commission,” or “HSCRC”) and MedStar Health, Inc. (“MedStar”) on behalf of the following subsidiary entities: Franklin Square Hospital Center, Inc. d/b/a MedStar Franklin Square Medical Center, The Good Samaritan Hospital, of Maryland Inc. d/b/a MedStar Good Samaritan Hospital, Harbor Hospital, Inc. d/b/a MedStar Harbor Hospital, MedStar Southern Maryland Hospital Center, Inc., and The Union Memorial Hospital d/b/a MedStar Union Memorial Hospital, (individually “Hospital,” or collectively “Hospitals”), each of which agrees to adopt the Global Budget Revenue (“GBR”) Model.

## **I. Overview**

The Global Budget Revenue (“GBR”) model is a revenue constraint and quality improvement system designed by the Maryland Health Services Cost Review Commission to provide hospitals with strong financial incentives to manage their resources efficiently and effectively in order to slow the rate of increase in health care costs and improve health care delivery processes and outcomes. The GBR model is consistent with the Hospitals’ mission to provide the highest value of care possible to their patients and the communities they serve.

This Agreement is intended to promote the achievement of the goals of the Maryland All-Payer Model Agreement between the State of Maryland and the Center for Medicare & Medicaid Innovation (CMMI). MedStar and HSCRC agree to modify this Agreement, if necessary, to ensure that it is consistent with the main provisions, objectives and requirements of the application that was filed with CMMI in October 2013, and meets the requirements of the final contract between CMMI and the State of Maryland.

The GBR Model assures hospitals that adopt it that they will receive an agreed-on amount of revenue each year—i.e., the hospitals’ “Approved Regulated Revenue” (Approved Regulated Revenue) under the GBR system-- regardless of the number of Maryland residents they treat and the amount of services they deliver provided that they meet their obligations to serve the health care needs of their communities in an efficient, high quality manner on an ongoing basis. The GBR model removes the financial incentives that have encouraged hospitals to increase their volume of services and discouraged them from reducing their levels of “Potentially Avoidable Utilization” (PAU) and marginal services. It provides hospitals with much-needed flexibility to use their agreed-on global budgets to effectively

address the “Three Part Aim” objectives of better care for individuals, higher levels of overall population health, and improved health care affordability.

In accepting this Agreement, the Hospitals agree to operate within the GBR’s financial constraints and to comply with the various patient-centered and population-focused performance standards that have been or will be established by the HSCRC, including all of the existing components of the Maryland Hospital Acquired Conditions (MHAC) program, the Quality Based Reimbursement (QBR) program, the readmissions reduction program, and a number of other existing and future quality improvement programs. The Hospitals agree to cooperate with HSCRC in the collection and reporting of data needed to assess and monitor the performance of the GBR model and in the refinement of the GBR model and the related performance standards in the future. The HSCRC will delineate the performance standards and program refinements in policies that it will issue on a timely basis, and the Hospitals agree that they will comply with these policies.

The HSCRC will carefully monitor the Hospitals' activities under this Agreement, including any service discontinuations, shifts of services from any of the Hospital to other related or non-related hospitals or non-hospital providers, changes in the Hospital’s market share and other relevant factors that are pertinent to the effective operation of the GBR model in accordance with the Three Part Aim and the final contract that is established by CMMI and the State of Maryland. The HSCRC will adjust a Hospital's Approved Regulated Revenue as needed to ensure that the Hospital(s) receive(s) the revenue it needs to meet their obligations under this Agreement.

The Hospital agrees to comply with the policies of the HSCRC with respect to any services it provides that are regulated by the HSCRC that are not covered under the GBR model. The services that are not covered by the GBR model are specified in Appendix B.

## **II. Term of Agreement**

This Agreement will become effective on July 1, 2013 and will continue through June 30, 2014. On July 1, 2014, and each year thereafter, the Agreement will renew for a one year period unless it is canceled by the HSCRC or by the Hospitals individually or collectively in accordance with Section XII.

## **III. Revenue Governed by Agreement**

This Agreement will apply to all of the inpatient and outpatient revenues of the Hospitals which are regulated by the HSCRC including those associated with services that are covered by the GBR model (i.e., the “GBR Revenue”) and those that are not covered by the GBR model (i.e., the “Non-GBR Revenue). The services and revenues that are not covered by the GBR model are delineated in Appendix B. Any services and revenue which are excluded from the GBR model, as specified in Appendix B, will be subject to the policies of the applicable HSCRC rate setting policies regarding unit rates, quality, efficiency, readmissions, variable cost factors (VCFs), volume/case mix governors, and other policies that the HSCRC establishes for hospitals (or categories of revenue) that are not covered by the GBR model.

This Agreement will establish the Approved Regulated Revenue for each of the Hospitals, which shall mean the revenue for services covered by the GBR model, and the terms and provisions governing it and the revenue associated with services that are not covered by the GBR model, for each Rate Year. The Approved Regulated Revenue and the associated Unit Rates for the Hospitals will be set forth in each Hospital's Order Nisi for the particular Rate Year. Any revenues excluded from the GBR limits, pursuant to Section B, are specified in Appendix B and will be identified in the Order Nisi.

#### **IV. Specification of the Approved Regulated Revenue of the Hospital**

##### **A. Overview**

The Approved Regulated Revenue for each of the Hospitals for the July 1, 2013 through June 30, 2014 period is specified in Appendix A. As shown in Appendix A, the Approved Regulated Revenue includes several components: the Permanent Base Revenue, which may include permanent positive or negative adjustments; and a series of other Annual or Periodic adjustments, assessments and settlements. Appendix A also identifies the approved revenue for services that are not covered by the GBR model and the Order Nisi for each of the Hospitals for the particular Rate Year. Appendix A and Appendix B will be updated as needed by the HSCRC on a periodic basis.

The Approved Regulated Revenue of the Hospitals may include permanent or temporary rate adjustments designed to provide each of the Hospitals with funds needed to establish programs and capabilities that are essential to the effective implementation of the GBR model. These adjustments will be provided only to the extent that each of the Hospitals demonstrates that it cannot reasonably afford to establish such activities without the additional resources. The amount, duration and purpose of any such adjustments will be clearly specified in Appendix B (and/or in accompanying documents) for the time period extending from the Effective Date of this Agreement through June 30, 2014. In addition, for any Rate Years beginning on or after July 1, 2014, the Hospital will provide the HSCRC with a prospective written description of the particular performance improvements it will seek to achieve through its use of the additional funds (if any) that are provided by these rate adjustments. Each of the Hospitals will also provide the HSCRC with credible, retrospective documentation of the performance improvements that it actually achieves by its use of the additional funds.

##### **B. Detailed Description of the Basic Components for each of the Hospitals' Approved Regulated Revenue**

The HSCRC will develop the Approved Regulated Revenue of each of the Hospitals for any particular Rate Year in the following way:

1. Initially, the HSCRC staff will determine the Base Approved Regulated Revenue of the Hospital by adjusting the Hospital's approved revenue for a specified historical base period

to reflect settlements and adjustments. These adjustments may include additional funding to support programs and capabilities to be established by the Hospital which are necessary to permit it to operate efficiently and effectively in the public interest within the revenue constraints required by the GBR Model.

2. The HSCRC staff will adjust the Base Approved Regulated Revenue of the Hospital that is subject to the GBR model to establish the Approved Regulated Revenue for the Rate Year(s) by applying a series of rate adjustments including the following:

- a. The revenue will be adjusted to the Rate Year by multiplying it by 1 plus the annual Update Factor percentage(s) approved by the HSCRC for the Rate Year for hospitals operating under the GBR model. A portion of the revenues may not be updated, based on the policies then applicable, for revenues associated with Potentially Avoidable Utilization;
- b. The revenue will be adjusted to reflect any performance-based purchasing rewards, penalties, scaling adjustments and hospital improvement targets contained in Appendix C that are applicable at the time to GBR hospitals. The HSCRC expects to develop additional value-based policies that will apply to GBR hospitals in the future. These policies will be incorporated into the annual update factor adjustment process;
- c. The revenue will also be adjusted to reflect changes in the mix of the Hospital's payers or changes in approved differential amounts and uncompensated care levels;
- d. The revenue will be adjusted to reflect the reversal of any previous one-time adjustments that were in effect during the year;
- e. The revenue will be adjusted to reflect any adjustments pursuant to programs such as the readmissions reduction program's prescribed savings adjustment;<sup>1</sup>
- f. The revenue will be adjusted to reflect any targeted revenue adjustments, if any, designed to ensure compliance with the limits of the new All-Payer model or the savings requirements established for the Medicare program in the final contract between CMMI and the State of Maryland;
- g. The revenue may include adjustments to reflect changes in the expected service volumes of the Hospital that are driven by changes in the demographics as described in Appendix D. The policies governing demographic adjustments may be modified from time to time by HSCRC. The demographic allowance may not be applied to revenues for Potentially Avoidable Utilization based on policies then applicable;

---

<sup>1</sup> For SFY 2014 through 2018, the Hospital will be subject to a **Readmission Policy Adjustment**.

- h. The revenue may include adjustments to reflect the relative efficiency of the Hospital. The HSCRC staff and the relevant Work Group(s) will engage in efforts to develop appropriate methods to measure and compare efficiency under the GBR model including measurements that will be applied on a per capita basis to ensure that hospitals that reduce their unnecessary volumes are not penalized on the basis of comparisons that focus exclusively on per case or per unit definitions of efficiency;
- i. The revenue will be adjusted to reflect amounts or percentages that are imposed on the rates of all hospitals by the HSCRC to cover the costs of certain assessments.<sup>2</sup> These assessments will apply to the Hospital in the same manner in which they are applied to other hospitals;
- j. The revenue will be adjusted to reflect revenue overages or underages pursuant to variances between the Hospital's actual revenue and its approved revenue for the previous Rate Year (as described in Section III. C.); and
- k. The revenue may also be adjusted in other ways as needed to ensure that the revenue limits and performance improvements imposed by the final contract between CMMI and the State of Maryland are met.<sup>3</sup>

The result of these adjustments will be the amount of revenue which is herein referred to as the Approved Regulated Revenue of the Hospital for the Rate Year. The Approved Regulated Revenue may be further adjusted as described below for any Rate Year.

### 3. Other Adjustments

- a. The HSCRC and MedStar recognize that some services may be offered more effectively in an unregulated setting. When services covered by the GBR model are moved to an unregulated setting, the HSCRC staff will calculate and apply a reduction to the Hospital's Approved Regulated Revenue. At a minimum, the reduction will ensure that the shift provides a savings to the public and Medicare after taking into consideration the payment amounts likely to be made for the same services in an unregulated setting.
- b. The HSCRC may initiate a review, or MedStar on behalf of any Hospital may request an adjustment to the Hospital's Approved Regulated Revenue to reflect changes in the market share of that Hospital. The HSCRC staff and the relevant Work Group(s) will be engaged during CY 2014 (and thereafter) in efforts to develop and refine rate setting policies to appropriately adjust for the impact of market share changes. These policies will be designed to separate the impact of reductions in avoidable volumes and volume increases, to the extent possible, from market share changes.

---

<sup>2</sup> Health Care Coverage Fund, MHIP, Deficit Assessment, HSCRC and MHCC user fees, NSP, and CRISP are examples of such assessments currently in place and are subject to change by the Commission.

<sup>3</sup> For SFY 2014 through 2018, the Hospital will be subject to a **Readmission Policy Adjustment**.



c. The HSCRC staff will work with the Hospital and with other hospitals that adopt the GBR model to calculate and evaluate any volume increases experienced by the Hospital and other hospitals that are induced by the expansion of health care coverage under the Affordable Care Act (“ACA”) in 2014 and 2015, for insured populations under the age of 65, net of reductions in volumes for uninsured populations. Based on the findings of this evaluation, the HSCRC staff may provide a one-time adjustment to the Hospital's Approved Regulated Revenue.<sup>4</sup>

d. The HSCRC staff will consider one-time adjustments to the Hospital's regulated revenue for unanticipated events beyond the control of the Hospital that generate substantial increases in the Hospital's utilization levels but only to the extent that the impact of such events on the Hospital materially and demonstrably exceeds the impact of similar events on other hospitals covered by the GBR model.

In summary, the GBR model is a new approach to hospital rate regulation in Maryland. The HSCRC and MedStar, on behalf of the Hospitals, agree to work together to address any significant unforeseen consequences of this Agreement to ensure that it meets the revenue constraints, savings targets, and performance improvement requirements required by the final contract between CMMI and the State of Maryland.

## **V. Compliance**

### **A. General Compliance Under the GBR Model**

The Hospital will be subject to any rate adjustments that are necessary to bring it into compliance with the GBR's Approved Regulated Revenue. If the gross revenue charged by the Hospital exceeds the Approved Regulated Revenue, the difference between the gross revenue charged and the Approved Regulated Revenue will be subtracted from the Approved Regulated Revenue that would otherwise have been approved for the Hospital for the subsequent Rate Year. Conversely, if the gross revenue charged by the Hospital is less than the Approved Regulated Revenue, the difference will be added to the Approved Regulated Revenue of the Hospital for the subsequent Rate Year, except that undercharges below the corridor specified in Section B below will not be added to the Approved Regulated Revenue for the subsequent Rate Year.

---

<sup>4</sup> National estimates are projecting modest or little growth in hospital volumes resulting from expansion of access under ACA. However, HSCRC recognizes that the impact is unknown and that it is the intent of the HSCRC to provide a timely revenue adjustment for the impact of volume increases arising from the expansion of access to insurance. HSCRC staff will develop a methodology to identify such volume increase and each of the Hospitals will have the opportunity to submit supporting information and request an adjustment to its GBR Revenue Base.

## B. Unit Rate Flexibility

The Hospital will be expected to monitor and adjust its unit charges on an ongoing basis to ensure that it operates within: a) the Annual Regulated Revenue that is approved by the HSCRC under the GBR Model; and b) the revenue constraints that are applicable to its services that are regulated by the HSCRC and not covered by the GBR model. In order to facilitate the Hospital's compliance with these revenue constraints, the HSCRC will relax the rate unit rate compliance corridors that it generally applies to hospitals (and particular revenues) that are not governed by the GBR model. Specifically, each of the Hospitals will be permitted to charge at a level up to five percent (5%) above the approved individual unit rates without penalty. This limit may be extended to ten percent (10%) at the discretion of the HSCRC staff if the Hospital presents satisfactory evidence that it would not otherwise be able to achieve its approved total revenue for the Rate Year. Similarly, the Hospital will be permitted to charge at a level up to five percent (5%) below the approved individual unit rates without penalty if it needs to lower its charges to meet its revenue constraints. This limit may be extended to ten percent (10%) at the discretion of the HSCRC staff if the Hospital presents satisfactory evidence that it needs this additional flexibility to meet its revenue constraints for the Rate Year. Each Hospital will generally need to spread rate adjustments across all centers, avoiding adjustments concentrated in a few rate centers, unless it has received approval from HSCRC staff for an alternative approach. Charges beyond the corridors shall be subject to penalties as specified in HSCRC regulations.

## C. Overall Compliance Corridors

The overall compliance corridors (overcharge and undercharge) for the total Approved Regulated Revenue and the revenue excluded from the Approved Regulated Revenue will be .5%, with such amount subject to change from time to time in accordance with HSCRC policies. The Hospital agrees that it will not overcharge the limits of the total Approved Regulated Revenue, and that it will take prompt action to gain compliance within the boundaries of unit rate compliance that are specified above. Charges beyond the corridors shall be subject to penalties as specified in HSCRC regulations.

## VI. Monitoring of GBR Operation and Performance

The successful implementation of the GBR model will require strict adherence to the various revenue constraints, savings requirements, and performance targets that are contained in the final contract between CMMI and the State of Maryland. Therefore, the HSCRC will engage in a variety of monitoring and evaluation efforts to determine whether all of these requirements are being met and to ensure that it introduces any corrective actions that may be needed on a timely basis.

### 1. Market Share

The HSCRC and the Hospital will monitor the Hospital's market share on an ongoing basis by analyzing and identifying changes in the levels of the Hospital's patient volumes that are derived from its

Primary Service Area (PSA) or Secondary Service Area (SSA) as defined in Section XI. The HSCRC staff and the Hospital will also monitor the total level of services and revenues which are provided by the Hospital to Maryland residents who live outside of the Primary and Secondary service areas of the Hospital, or to patients who live outside of Maryland in other states or foreign countries, and will track (to the extent possible) any changes in in-migration and out-migration patterns and their effects on the Hospital.

The HSCRC will make appropriate adjustments in the Hospital's Approved Regulated Revenue based on significant changes in the Hospital's market share or service levels; provided, however, that the HSCRC does not intend to provide increases in the Approved Regulated Revenue of individual hospitals based on market share analysis for volume increases that are not offset by reductions in the Approved Regulated Revenue(s) of other hospitals. The HSCRC also does not intend to make revenue adjustments based on market share changes that would discourage the Hospital from reducing its level of Potentially Avoidable Utilization.

## 2. Case Mix/Severity Levels

The HSCRC will pay close attention to the overall case mix index and the severity levels within Diagnosis Related Groups ("DRGs") at each Hospital. If requested, the Hospital will demonstrate to the HSCRC that any reductions in its case mix index or its severity levels are not the result of deliberate efforts by the Hospital to deny, for financial reasons, any services to particular patients, or treatments for particular conditions, that fall within the scope of the medical capabilities of the Hospital and its attending medical staff. The HSCRC plans to review data from multiple sources, including The Chesapeake Regional Information System ("CRISP"), in its evaluation of case mix and severity changes at the Hospital and, more generally, in the hospital industry.

## 3. Changes in Ownership and Control and Related Service Relocations

Significant changes in the health care delivery system in each of the Hospital's Primary and Secondary Service Areas could influence the appropriateness of the Approved Regulated Revenue established for the Hospital under this Agreement. Therefore, MedStar on behalf of each Hospital agrees to declare and describe, in Appendix G, any financial interest (or control) it holds in other hospitals or entities that provide services, including non-hospital services, in the Hospital's Primary and Secondary Service Areas, as of the Effective Date of this Agreement.

In addition, MedStar on behalf of each Hospital agrees to inform the HSCRC at least thirty (30) days in advance, in writing, or at the earliest practicable time thereafter, of any acquisitions or divestitures which it undertakes regarding such interests to the extent they exceed \$1million.<sup>5</sup> The HSCRC may request data from the Hospital, on a periodic or ongoing basis, regarding the utilization of the services provided by such related entities, to ensure that the Hospital complies with the GBR constraint through

---

<sup>5</sup> This would include the purchase or divestiture of physician practices, joint-venture arrangements with other providers to establish unregulated services that duplicate or could substitute for regulated services currently provided by the Hospital (such as, but not limited to, unregulated clinic, urgent care, or ambulatory surgery services), or other non-hospital services.

better management of its existing regulated services and not by moving services from the HSCRC-regulated sector to unregulated sectors of the hospital or non-hospital environment in ways that do not comport with the objectives of the GBR Model, the Three Part Aim, and the final contract between CMMI and the State of Maryland.

The Hospital will provide an annual disclosure and certification report, which is presented in Appendix F and Appendix G, regarding changes in the services it provides. The initial report will be due upon signing of this Agreement, and additional reports will be due on an annual basis within 30 days after the end of each subsequent Rate Year.

#### 4. Monthly Monitoring of Hospital

Within thirty (30) days after the end of every month during the Rate Years covered by this Agreement, the Hospital will provide the HSCRC with a brief written report designed to help the HSCRC monitor the Hospital's compliance with this Agreement, to facilitate communication between the Hospital and the HSCRC staff, and to promote the success of the GBR model. This report should include the following information, which will be modified from time to time as mutually agreed upon by the HSCRC and the Hospital:

- a. Year-to-date experience, for the current and prior year, for readmissions and comparisons of actual readmissions levels to targets, including inter-hospital readmissions experience from CRISP, for all payers combined and on a separate basis for Medicare;
- b. Year-to-date experience for the current and prior year for Maryland Hospital Acquired Conditions ("MHACs")/Potentially Preventable Complications ("PPCs") and associated comparisons to MHAC/PPC targets;
- c. Changes in payer mix year-to-date versus prior year;
- d. Changes in market share;
- e. Compliance with the Hospital's GBR constraint and the Hospital's plan to eliminate any revenue overages through charge reductions in the remainder of the Rate Year;
- f. Trends in Medicare charges for the Hospital, and an assessment of whether the Hospital has been successful to date in achieving the needed Medicare payment reductions;
- g. Trends in total regulated revenue for the Hospital broken out between revenues covered by the GBR model and revenues not covered by it with the revenues covered by the GBR model further segregated into Medicare and non-Medicare components divided between Maryland and out-of-state components;

- h. Trends in revenue per Equivalent Inpatient Admission (“EIPA”)/Equivalent Case Mix Adjustment Discharge (“ECMAD”);
- i. Trends in costs, including cost per EIPA/ECMAD, including a discussion of changes in costs relative to reductions in volumes; and
- j. Other information that the Hospital wishes to report regarding the successes, failures and ongoing challenges of implementing the GBR model and its related population health strategy. This supplemental information may include brief descriptions of the efforts (such as the use of emergency room care coordinators, transition care coordinators, case management, integration with community based programs, nursing home interventions, and coordination with physician delivery system changes) that the Hospital has undertaken which have been effective (or ineffective) in improving the efficiency, quality and/or processes of care. The objective of gathering such additional information is to develop a body of evidence that can be usefully shared with all Maryland hospitals that are operating under the GBR model.

The HSCRC recognizes that the collection and reporting of the information described above on a monthly basis may impose an unclear or excessive burden on the Hospitals; therefore, the HSCRC staff intends to work with hospital representatives to refine the monthly information reporting requirements to ensure that the Hospitals can provide the kinds of information needed by the HSCRC on a monthly basis without undue hardship.

## **VII. Evaluation of the Effectiveness of the GBR**

As described above, the primary goal of the GBR model is to provide the Hospital with strong financial incentives to deliver medical care to its patients and its community in the most efficient and clinically effective ways that are consistent with the Three Part Aim.

The HSCRC staff shall evaluate the success of the GBR program established by this Agreement by measuring changes in the costs, quality, and outcomes of medical care delivered by the Hospital. In these reviews, the HSCRC staff will pay particular attention to analyses of utilization trends pre-and post-implementation of the GBR model. The reviews will include evaluations of per capita hospital costs and, to the extent possible given data limitations, the total cost of health care in the Hospital’s PSA and SSA. In addition, the HSCRC staff will examine the performance of the Hospital on the HSCRC’s existing and future quality of care and outcomes metrics using existing standards and additional metrics that will be developed through the relevant Work Group(s).

MedStar, on behalf of the Hospitals, shall provide an annual report of its investment in infrastructure to promote the improvement of care delivery and reductions of Potentially Avoidable Utilization. This report will be due 90 days following the end of each fiscal year, and will include program descriptions, expenditures, and results.

## **VIII. Possible Future Modifications in the GBR Model to Achieve Improved Alignment of Incentives in the Health Care Delivery System**

Under healthcare reform, a number of strategies are being considered to contain healthcare costs. For example, primary care medical homes, Accountable Care Organizations, and the bundling of services under single payment amounts are strategies that have been identified as possible ways to improve care while aligning providers for the efficient delivery of healthcare services. Health care reform efforts are progressing rapidly, and may produce environmental changes that warrant some modifications to this Agreement. Therefore, the Hospital and the HSCRC staff agree to monitor such changes and to make changes in this Agreement, on a mutually acceptable basis, as needed in the future to accommodate or to comply with future developments that are mandated or permitted by law, regulation, or the final contract between CMMI and the State of Maryland, including any subsequent amendments thereto.

## **IX. Other Potential Modifications**

### **A. Approved Regulated Revenue Modifications**

Each Hospital may request a reevaluation of its Approved Regulated Revenue for any Rate Year by submitting its request in writing to the HSCRC staff and including the supporting rationale and documentation for its request to the HSCRC staff. The HSCRC staff will make a determination to approve, modify, or deny the request of the Hospital under this agreement. When it deems necessary, the staff will prepare a recommendation regarding the request, and the HSCRC will review the staff recommendation and render a decision. Similarly, the HSCRC may open discussions with the Hospital regarding modifications to the GBR constraint based on its ongoing review and monitoring of the Hospital's operations, performance, market share changes, and other factors. The HSCRC staff reserves the right to modify the GBR constraint in accordance with the terms of this agreement.

### **B. Approved Regulated Revenue Modifications Related to CON Projects**

MedStar, on behalf of a Hospital, may apply for and receive a "Certificate of Need" (CON) approval to provide a new service or to undertake a major capital project. In such instances, the Hospital may elect to petition the HSCRC staff for an associated adjustment to the Hospital's Approved Regulated Revenue. The Hospital will be expected to demonstrate to the satisfaction of the HSCRC staff that it is unable to provide the new service or to fund the major capital project within its existing revenue constraints. Requests of this kind will be evaluated by the HSCRC staff on a case-by-case basis. However, the Hospital must recognize that the new All-Payer Model that will be established in the final contract between CMMI and the State of Maryland limits the total amount of hospital revenue that can be approved within the State for any given period of time, and that this constraint will require any approvals of additional revenue for individual hospitals to pass highly stringent tests of financial and clinical necessity and to be funded by reductions in the revenue approved for other hospitals.

The HSCRC staff will work with the relevant Work Group(s) and MHCC to develop and refine policies that will appropriately address the financial issues raised by CON projects and other capital and service expansions. The HSCRC staff will make recommendations to the HSCRC regarding any requests from the Hospital for additional revenues for these reasons, when necessary.

## X. Out-of-Area and Out-of-State Volumes and Revenues

Significant changes in out-of-state volumes and volumes from outside the Hospital’s PSA and SSA have the potential to positively or negatively affect the success of the GBR model. In FY 2013, approximately three percent (3.%) of the Hospital’s total revenue came from non-Maryland residents.

Hospital	Out of State	
	Revenue	Percent
Franklin Square Hospital Center	\$6,462,841	1.4%
Union Memorial Hospital	15,744,419	3.9%
Harbor Hospital	4,643,236	2.3%
Good Samaritan Hospital	7,527,450	2.5%
Southern Maryland Hospital Center	18,103,089	7.2%
<b>MedStar GBR Hospital Total</b>	<b>\$52,481,035</b>	<b>3.2%</b>

Source: FY 2013 HSCRC abstract data

If this percentage changes materially during the term of this Agreement, the HSCRC staff and the Hospital will evaluate the causes of the change to ensure that the goals and objectives of this Agreement, the GBR model and the final contract between CMMI and the State of Maryland are not being undermined by such changes.

## XI. Readmissions, Quality and Reductions of Potentially Avoidable Utilization (“PAU”)

The new All-Payer Model that will be established in the final contract between CMMI and the State of Maryland will include specific requirements for readmission reductions and quality improvements. In addition, the success of the new model depends on the effectiveness of the Maryland hospitals in achieving reductions in PAU in general and, in particular, for Medicare. By July 1, 2014, the HSCRC staff will establish targets for reductions in PAU. The achievement of these targets will be tied to payment in a way that is consistent with the Three Part Aim of improving care and reducing cost.

Appendix C will contain the annual PAU reduction targets for the Hospital and the associated HSCRC payment adjustment policies.

As part of this process, the Hospital will prepare a periodic plan for Population Health Improvement and reductions on PAU. To the extent possible, the plans should rely on evidence based approaches to accomplish the goals. HSCRC will work with hospitals to promote evidence based, standardized, regionalized approaches in an effort to ensure effective means of providing needed infrastructure. HSCRC will also work with hospitals to develop processes to review these plans, provide evaluation and feedback on the results of the approaches, and to modify the approaches to improve the results.

## **XII. Termination and/or Renegotiation and Other Rights**

### **A. Termination by the HSCRC**

The HSCRC reserves the right to terminate this Agreement, with cause, at any time, by providing notice of termination 180 days in advance, absent extraordinary circumstances, of an intended termination date. In those extraordinary cases, however, the HSCRC will allow a reasonable transition time for the Hospitals in light of all facts and circumstances presented. For the purposes of this Agreement, "with cause" includes, but is not limited to a material breach of this Agreement, failure by the Hospital to provide high quality needed services as contemplated by this Agreement; the inappropriate shifting of hospital services to unregulated settings; failure to achieve total all payer or Medicare per capita revenue trends and/or performance targets that are consistent with the constraints and requirements imposed by the GBR model and the final contract between CMMI and the State of Maryland; or failure of the Hospital to comply with HSCRC regulations or policies.

The HSCRC will provide the Hospital with a reasonable opportunity to cure its failure to perform under this Agreement by adopting a corrective plan mutually agreed upon and designed to eliminate the defects in its performance in a timely way. The corrective plan may include an immediate reduction in the Hospital's Approved Regulated Revenue; mandatory participation by the Hospital in a regional planning process focused on achieving the requirements of the All-Payer model; or other identified actions.

If the Hospital fails to adopt and implement the corrective plan described above, the HSCRC will have the right to terminate the Agreement with due consideration to the need of the Hospital to transition out of this Agreement and the need to maintain overall compliance with the requirements imposed on the State of Maryland by the final contract with CMMI.

### **B. Termination by MedStar**

The Hospital will have the right to transition to an alternative rate setting approach after providing



written notice to HSCRC staff 180 days prior of its intent to change as of a specific date. The notice will provide a description of the Hospital's chief reasons for the proposed termination. The HSCRC staff will work with the Hospital to resolve any issues, including the possible recapture of volume support provided under this agreement where volumes were decreased during the course of the agreement, or removal of infrastructure funding or other incentives from the revenue base. If the Hospital is transitioning to another model with a fixed revenue base, then these adjustments may not need to be evaluated. Any new agreement will need to be executed within the revenue limits and other performance tests and requirements imposed by the final contract between CMMI and the State of Maryland.

#### C. Other Rights

Nothing in this agreement should be construed to prevent the HSCRC or MedStar from undertaking any action that it is lawfully entitled to take, including exercising the rights to initiate a full rate review by either the HSCRC or the Hospitals.

#### D. Other Provisions Relative to the Hospitals

This section is provided to include terms and conditions applicable to the MedStar Hospitals:

##### 1. July 1, 2014 Update Factor

In order to manage CY to CY rates of growth under the New Waiver targets, MedStar agrees to a reduced update factor (update factor less 1.0%) for July 1, 2014 –December 31, 2014. MedStar will receive the one-time money of \$7 million related to the reduced update factor to be recouped over calendar year 2015 (12 months), so long as it is meeting the All-Payer and Medicare requirements relative to revenue/expenditure increases and reduction of PAUs.

##### 2. Consistent with reporting for other hospitals located on the state border, MedStar and HSCRC will work on a format for developing baseline and ongoing evaluation of transfers and referrals from MedStar Southern Maryland Hospital Center into other MedStar facilities located in Washington, DC. MedStar will submit, semi-annually (inclusive of baseline data), a report on patients treated in MedStar facilities from Southern Maryland Hospital Center zip codes, including transfers into another MedStar facility from Southern Maryland Hospital Center. Any significant changes may result in a market share adjustment.

##### 3. The Hospitals agree to focus their efforts on meeting the overall requirements of this revenue agreement as well paying particular attention to reducing avoidable Medicare utilization and monitoring the rate of increase in Medicare revenues in accordance with the proposed All-Payer Model. Readmissions need to be reduced to meet the targets of the All Payer Model and

the Hospitals will continue their readmission reduction efforts as well as efforts to avoid preventable admissions

4. HSCRC and MedStar intend for this Agreement to be a minimum 3 year agreement while recognizing that the Hospitals are subject to rate setting policies that occur outside the Agreement as outlined herein. The Hospitals will need to remain on a global or population based approach to maintain their Base Approved Regulated Revenue. The HSCRC recognizes the commitment of resources that MedStar must make to ensure success of the model. It is the intent of HSCRC and the GBR Hospitals to implement this agreement without rebasing for at least two years. However, the HSCRC retains the right to implement efficiency adjustments, in the event that utilization declines or other factors occur that result in an inefficient level of hospital charges, to make market share adjustments or to make adjustments required under the new All-Payer Model.
5. No overall population adjustment is calculated in the Model, and MedStar facilities will not be eligible for a population adjustment before January 1, 2016.

### **XIII. Definitions of Terms**

**Annual Update Factor:** The update factor as approved by the Commission to apply to GBR hospitals in the State during the fiscal year, or a portion of the fiscal year.

**Approved Regulated Revenue:** For each Rate Year, the Hospital's approved revenue computed in accordance with this Agreement and specified in the Hospital's Order Nisi for the GBR for the particular Rate Year.

**Approved Regulated Revenue Compliance and Related Adjustments:** For each Rate Year, the Hospital's Approved Regulated Revenue will be compared to the Hospital's actual regulated revenue for the particular Rate Year. If the Approved Regulated Revenue exceeds the Hospital's actual regulated revenue, the amount of the excess will be added to the Hospital's Approved Regulated Revenue for the subsequent Rate Year as a One Time Adjustment.

If the Approved Regulated Revenue is less than the Hospital's actual regulated revenue, the amount of the shortfall will be subtracted from the Hospital's Approved Regulated Revenue for the subsequent Rate Year as a One Time Adjustment, except that undercharges below the corridor specified in subparagraph III. A will not be so included.

**Base Approved Regulated Revenue:** The total approved revenue of the Hospital for the initial year of the Agreement as specified in Appendix A.

**Charge per Episode ("CPE"):** Hospitals that are under a charge per episode agreement that is based on discharges less readmissions.

**Demographic Adjustment:** The Demographic Adjustment is the calculation described in Appendix D and the adjustment factors shown therein that provide an adjustment to the Approved Regulated Revenue for population and age related volume changes. This factor will be updated on an annual basis.

**Maryland Hospital Acquired Conditions Initiative:** The HSCRC's Maryland Hospital Acquired Condition ("MHAC") measurement methodology that compares a hospital's risk-adjusted actual rate of MHAC to an expected or predicted rate of MHAC based on state-wide experience.

**One Time Adjustments:** The HSCRC makes one-time adjustments to the Hospital's rates in deriving the Hospital's Approved Regulated Revenue for the particular Rate Year. The HSCRC removes the One Time Adjustments from the Approved Regulated Revenue in calculating Approved Regulated Revenue for a the subsequent Rate Year.

**Potentially Avoidable Utilization ("PAU")** includes utilization and revenue related to preventable admissions, readmissions (Inter and Intra hospital), Observation patients that would be reflected as a readmission if admitted, and Potentially Preventable Complications. Other categories of PAUs may be added by the HSCRC.

**Quality-Based Reimbursement:** The HSCRC's pay-for-performance initiative that links hospital performance (both relative and year-to-year) on a list of processes of care measures.

**Rate Year:** The Hospital's Rate Year, corresponds to the State fiscal year that begins on July 1 each year and ends on June 30.

**Readmission Policy Adjustment:** In each Rate Year, the derivation of the Hospital's Approved Regulated Revenue will include a Readmission Policy Adjustment calculated in accordance with HSCRC policies



**Service Area:** Primary and Secondary Service Areas represent the zip codes from which 75% of admissions are derived in the base period. This definition may be adjusted based on agreement between the Hospital and HSCRC.

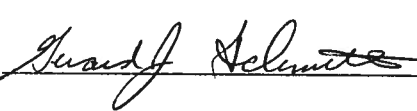

Appendix E lists the Maryland zip codes and counties that make up the Hospital's Primary Service Area and its Secondary Service Area.

**Unit Rates:** The Approved Regulated Revenue per unit computed for each regulated revenue center in accordance with this Agreement as specified in the Hospital's Order Nisi for the particular Rate Year.

**Unit Rate Compliance:** The Hospital's compliance with its approved Unit Rate in each regulated revenue calculated pursuant to the HSCRC's Unit Rate compliance regulations; however, with relaxed corridors as described in this agreement.

In Witness whereof, the Parties have executed this Agreement and have this date caused their respective signatures to be affixed hereto:

Attest:  by  Date Jan. 14, 2014  
Chief Executive Officer  
Hospital

Attest:  by  Date Jan 15, 2014  
Executive Director  
Health Services Cost Review Commission

## Appendix A: Hospital's Base Revenue Components and Order Nisi

<b>A.</b>	<b>Base Approved Regulated Revenue</b>	<b>\$ <u>1,666,133,769</u></b>
1.	Approved Regulated Revenue	\$ <u>1,666,133,769</u>
2.	Increment (If Any) for GBR Investments included in above amount	\$ _____
<b>B.</b>	<b>One Time Rate Adjustments and Annual Reversals (included in Approved Regulated Revenue above)</b>	
1.	Assessments that Reverse Annually	\$ <u>78,155,794</u>
2.	MHAC and QBR	\$ <u>198,295</u>
3.	Other one-time adjustments	\$ _____
4.	Total one-time adjustments	\$ <u>78,354,089</u>
<b>C.</b>	<b>Revenue Excluded from Approved Regulated Revenue Under GBR but Subject to Rate Regulation</b>	
	Description _____	
	_____	
	_____	\$ _____
<b>D.</b>	<b>Total Approved Revenue Per Order Nisi (Equals A + C)</b>	<b>\$ <u>1,666,133,769</u></b>

## Appendix A-1: Hospital's Base Revenue Components by Hospital

<b>MedStar GBR Hospitals</b> Hospital's Base Revenue Components							
	Franklin Square Hospital Center	Union Memorial Hospital	Harbor Hospital	Good Samaritan Hospital	Total MedStar North	Southern Maryland Hospital Center	Total MedStar North and Southern Maryland
<b>A. Base Approved Revenue</b>							
1. Approved Regulated Revenue	\$485,365,423	\$415,215,133	\$204,950,821	\$299,617,955	\$1,405,149,332	\$260,984,437	\$1,666,133,769
2. Increment (If any for GBR Investments) including in above amount <sup>(1)</sup>	-	-	-	-	-	-	-
3. Total Base Approved Revenue	485,365,423	415,215,133	204,950,821	299,617,955	1,405,149,332	260,984,437	1,666,133,769
<b>B. One Time Rate Adjustments and Annual Reversals (included in Approved Regulated Revenue above)</b>							
1. Assessments that Reverse Annually	23,745,222	19,339,969	9,540,330	14,201,181	66,826,702	11,329,092	78,155,794
2. MHAC and QBR	231,281	28,613	(4,737)	112,752	367,909	(169,614)	198,295
3. Other one-time adjustments	-	-	-	-	-	-	-
4. Total one-time adjustments	23,976,503	19,368,582	9,535,593	14,313,933	67,194,611	11,159,478	78,354,089
<b>C. Revenue Excluded from Approved Regulated Revenue Under GBR but Subject to Rate Regulation: Out of State</b>	0	0	0	0	0	0	0
<b>D. Total Approved Revenue (A + C)</b>	\$485,365,423	\$415,215,133	\$204,950,821	\$299,617,955	\$1,405,149,332	\$260,984,437	\$1,666,133,769

Note 1: GBR Infrastructure Funding is Effective 1/1/15

**Appendix B: Revenues and Services Excluded from GBR Model and General Description of Rate Setting Requirements for Excluded Revenues**



**Appendix C: Potentially Avoidable Utilization Targets**

To be determined by HSCRC and workgroup process.

**1. Targets**

a. Readmission and Re-Hospitalization Reduction Targets

---

---

---

---

---

---

b. MHAC Targets

---

---

---

---

---

---

**2. Policy References**

---

---

---

---

---

---

**3. Description of Methodologies Linking Achievement of Targets and Payment Levels**

---

---

---

---

---

---

**Appendix D: Demographic Adjustment**

The Hospitals will not be eligible for a population adjustment before 1/1/2016. Eligibility at that point will be subject to HSCRC policies and HSCRC and Hospital staff evaluation of revenue increases and volumes versus targets.

## Appendix E: Definition of Hospital's Service Area

The HSCRC will use zip codes and/or counties for market analysis. This will be superseded by market share definitions defined in future market share policies under development.

1. The Primary Service Area (PSA) of the Hospital consists of the following zip codes (or counties):

---

---

---

---

---

---

2. The Secondary Service Area of the Hospital consists of the following zip codes (or counties):

---

---

---

---

---

---

**MedStar Franklin Square Hospital Center**

Zip Code                      Region

---

**Primary Service Area**

21221 BALTIMORE-EAST  
21220 BALTIMORE-EAST  
21222 BALTIMORE-EAST

**Secondary Service Area**

21237 BALTIMORE-EAST  
21234 BALTIMORE-EAST  
21236 BALTIMORE-EAST  
21206 BALTIMORE CITY-NORTH  
21224 BALTIMORE CITY-EAST  
21128 BALTIMORE-NORTH

Source: MedStar Planning Department FY13 Data for 75% of Discharges

**MedStar Harbor Hospital**

Zip Code                      Region

---

**Primary Service Area**

21225 ANNE ARUNDEL-BALTIMORE  
21230 BALTIMORE CITY-WEST  
21227 BALTIMORE-WEST

**Secondary Service Area**

21122 ANNE ARUNDEL  
21060 ANNE ARUNDEL-BALTIMORE  
PSA Subtotal  
21061 ANNE ARUNDEL-BALTIMORE  
  
21226 ANNE ARUNDEL-BALTIMORE  
21090 ANNE ARUNDEL-BALTIMORE  
21229 BALTIMORE CITY-WEST

Source: MedStar Planning Department FY13 Data for 75% of Discharges

**MedStar Union Memorial Hospital**

Zip Code                      Region

---

**Primary Service Area**

21218 BALTIMORE CITY-EAST  
21211 BALTIMORE CITY-NORTH  
21213 BALTIMORE CITY-EAST  
21215 BALTIMORE CITY-WEST  
21206 BALTIMORE CITY-NORTH  
21212 BALTIMORE CITY-NORTH  
21234 BALTIMORE-EAST  
21239 BALTIMORE CITY-NORTH  
21217 BALTIMORE CITY-WEST

**Secondary Service Area**

21221 BALTIMORE-EAST  
21220 BALTIMORE-EAST  
21222 BALTIMORE-EAST  
21214 BALTIMORE CITY-NORTH  
21216 BALTIMORE CITY-WEST  
21207 BALTIMORE-WEST  
21202 BALTIMORE CITY-EAST  
21237 BALTIMORE-EAST  
21236 BALTIMORE-EAST  
21224 BALTIMORE CITY-EAST  
21210 BALTIMORE CITY-NORTH  
21225 ANNE ARUNDEL-BALTIMORE  
21093 BALTIMORE-WEST  
21229 BALTIMORE CITY-WEST  
21228 BALTIMORE-WEST  
21223 BALTIMORE CITY-WEST  
21230 BALTIMORE CITY-WEST  
21209 BALTIMORE CITY-NORTH  
21205 BALTIMORE CITY-EAST  
21201 BALTIMORE CITY-WEST

Source: MedStar Planning Department FY13 Data for 75% of Discharges

**MedStar Good Samaritan Hospital**

Zip Code                      Region

---

**Primary Service Area**

21239 BALTIMORE CITY-NORTH  
21234 BALTIMORE-EAST  
21206 BALTIMORE CITY-NORTH  
21214 BALTIMORE CITY-NORTH

**Secondary Service Area**

21212 BALTIMORE CITY-NORTH  
21218 BALTIMORE CITY-EAST  
21213 BALTIMORE CITY-EAST  
21236 BALTIMORE-EAST  
21215 BALTIMORE CITY-WEST  
21222 BALTIMORE-EAST  
21221 BALTIMORE-EAST  
21237 BALTIMORE-EAST  
21286 BALTIMORE-EAST

Source: MedStar Planning Department FY13 Data for 75% of Discharges

**MedStar Southern Maryland Hospital Center**

Zip Code                      Region

**Primary Service Area**

20735 PRINCE GEORGES-SOUTH  
20748 PRINCE GEORGES-SOUTH  
20744 PRINCE GEORGES-SOUTH  
20747 PRINCE GEORGES-SOUTH  
20772 PRINCE GEORGES-SOUTH

**Secondary Service Area**

20746 PRINCE GEORGES-SOUTH  
20745 PRINCE GEORGES-SOUTH  
20613 PRINCE GEORGES-SOUTH  
20602 CHARLES  
20601 CHARLES  
20743 PRINCE GEORGES-CENTRAL  
20603 CHARLES

Source: MedStar Planning Department FY13 Data for 75% of Discharges



**Appendix F: Annual Disclosure and Certification Regarding Changes in Services Provided (Due 30 days after the end of the Rate Year)**

A. The following services were closed or deregulated in whole or in part to unregulated settings not regulated by the HSCRC:

For the fiscal year ended June 30, 2013 and the six months ended December 31, 2013 (which will be included in our year end report) there was no closures or deregulation of services related to the Hospitals participating in this Agreement.

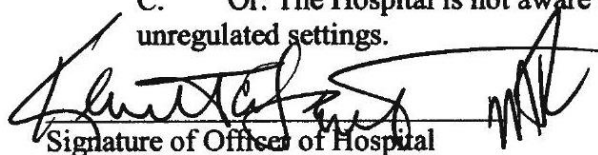
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

B. The following services were shifted in whole or in part to the regulated activities of other hospitals:

N/A as the Hospitals are not fully aware of this activity.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

C. Or: The Hospital is not aware of any services that were shifted in whole or in part to unregulated settings.

  
Signature of Officer of Hospital

Jan. 14, 2014  
Date

KENNETH A. SAMET  
Name (Please Print)

PRESIDENT + CEO  
Title

410-772-6565  
Telephone Number

**Appendix G: Hospital Financial Interest, Ownership, or Control of other Hospital or Non-Hospital Services Provided Within the Service Area**

The Hospitals own, has a substantial financial interest in, controls, or is financially or organizationally related to the following provider organizations or systems.

**\_\_\_\_\_ See attached Supplemental Annual Filing Schedule for fiscal year ending June 30, 2013 that provides\_ this information.**

---

---

---

---

---

---

**SUPPLEMENTAL SCHEDULE 7**

**MedStar Franklin Square Medical Center**

For The Fiscal Year Ended June 30, 2013

Name of Outpatient Service	Description of Services Provided	Physical Location-Address	Regulated/Unregulated
<b>Hospital Owned Outpatient Services</b>	<b>Regardless of Location</b>		
3CB Overflow Unit	Observation	Main Hospital - 9000 Franklin Square Drive	Regulated
Anesthesiology	Anesthesiology	Main Hospital - 9000 Franklin Square Drive	Regulated
Anti-Coagulation Clinic	Anti-Coagulation Clinic	Main Hospital - 9000 Franklin Square Drive	Regulated
Bacteriology	Bacteriology	Main Hospital - 9000 Franklin Square Drive	Regulated
Bariatric Program	Bariatric Counseling and Pre-Surgical Screening	Medical Arts Building* - 9101 Franklin Square Drive	Unregulated
Blood Bank	Blood Bank	Main Hospital - 9000 Franklin Square Drive	Regulated
Breast Surgery	Breast Surgery(Plumtree space shared with Harf Onc/Women's OB/GYN)	Medical Arts Building* - 9101 Franklin Square Drive	Unregulated
Breast Surgery - Bel Air	Breast Surgery	Plumtree Building - 104 Plumtree Road	Unregulated
Cardiac Catheter Lab	Cardiac Catheter Lab	Main Hospital - 9000 Franklin Square Drive	Regulated
Cardiac Rehabilitation	Cardiac Rehabilitation	Main Hospital - 9000 Franklin Square Drive	Regulated
Clinical Services Admin	All professional fee revenue for surgical call thru the E.D.	Main Hospital - 9000 Franklin Square Drive	Unregulated
Colorectal Surgery	Physician Part B Only Billing	Main Hospital - 9000 Franklin Square Drive	Unregulated
Community Psychiatry	Community Psychiatry	White Square Building - 9105 Franklin Square Drive	Regulated
Core Lab	Lab Services (Chemistry, Hematology)	Main Hospital - 9000 Franklin Square Drive	Regulated
CT Scan	CT Scan	Main Hospital - 9000 Franklin Square Drive	Regulated
Delivery Room	Delivery Room	Main Hospital - 9000 Franklin Square Drive	Regulated
Diabetes Center	Diabetes Center	Main Hospital - 9000 Franklin Square Drive	Regulated
Dialysis	Dialysis	Main Hospital - 9000 Franklin Square Drive	Regulated
EEG	EEG	Main Hospital - 9000 Franklin Square Drive	Regulated
EKG	EKG	Main Hospital - 9000 Franklin Square Drive	Regulated
Emergency Department	Emergency Department	Main Hospital - 9000 Franklin Square Drive	Regulated
Emergency Lab	Emergency Lab	Main Hospital - 9000 Franklin Square Drive	Regulated
Emergency Medicine	Physician Part B Only Billing	Main Hospital - 9000 Franklin Square Drive	Unregulated
Endocrinology	Hospital Owned Physician Practice - Endocrinology	Medical Arts Building* - 9101 Franklin Square Drive	Unregulated
Family Health Center	Hospital Owned Physician Practice - Family Health Center	Medical Arts Building* - 9101 Franklin Square Drive	Unregulated
FOG	Hospital Owned Physician Ob/Gyn coverage and clinic	Main Hospital - 9000 Franklin Square Drive	Unregulated
Franklin Square GYN/REI	Hospital Owned Physician Practice - GYN/REI	White Square Building - 9105 Franklin Square Drive	Unregulated
Geriatrics	Hospital Owned Physician Practice - Geriatrics	Main Hospital - 9000 Franklin Square Drive	Unregulated
Hematology Oncology Services	Hospital Owned Physician Practice - Hematology Onc Services(Plumtree space s	Cancer Institute - 9103 Franklin Square Drive & Plumtree Buil	Unregulated
Honeygo OB/Gyn	Hospital Owned Physician Practice - Honeygo OB/Gyn	Honeygo Village - 5009 Honeygo Center Drive	Unregulated
Hospitalists	Physician Part B Only Billing	Main Hospital - 9000 Franklin Square Drive	Unregulated
ICU - 2T	Observation	Main Hospital - 9000 Franklin Square Drive	Regulated
Immunology	Immunology	Main Hospital - 9000 Franklin Square Drive	Regulated
Interim Care - 3T	Observation	Main Hospital - 9000 Franklin Square Drive	Regulated
Interventional GI	Hospital Owned Physician Practice - Interventional GI	Cancer Institute - 9103 Franklin Square Drive	Unregulated
Interventional Pulmonology	All Professional Fees; E&M's and procedures performed in the OR	Cancer Institute - 9103 Franklin Square Drive	Unregulated
Lab - Specimen Collection	Lab - Specimen Collection	Main Hospital - 9000 Franklin Square Drive	Regulated
Lithotripsy	Lithotripsy	Main Hospital - 9000 Franklin Square Drive	Regulated
Med/Surg - 5T	Observation	Main Hospital - 9000 Franklin Square Drive	Regulated
Med/Surg - 1T	Observation	Main Hospital - 9000 Franklin Square Drive	Regulated
Med/Surg Supplies	Med/Surg Supplies	Main Hospital - 9000 Franklin Square Drive	Regulated
Medicine - Primary Care	Hospital Owned Physician Practice - Primary Care Center	Main Hospital - 9000 Franklin Square Drive	Unregulated
Min. Inv. Colorectal Surgery	Hospital Owned Physician Practice	Cancer Institute - 9103 Franklin Square Drive	Unregulated
Minor Surgery Clinic	Minor Surgery Clinic	Main Hospital - 9000 Franklin Square Drive	Regulated
MRI	MRI	Main Hospital - 9000 Franklin Square Drive	Regulated
N/S - Operating Room	N/S - Operating Room	Main Hospital - 9000 Franklin Square Drive	Regulated
Neonatology	Physician Part B Only Billing	Main Hospital - 9000 Franklin Square Drive	Unregulated
Neurology	Physician Part B Only Billing	Main Hospital - 9000 Franklin Square Drive	Unregulated
Nuclear Medicine	Nuclear Medicine	Main Hospital - 9000 Franklin Square Drive	Regulated
Obstetrics - ICB	Observation	Main Hospital - 9000 Franklin Square Drive	Regulated
Occupational Therapy - O/P	Occupational Therapy - O/P	White Square Building - 9105 Franklin Square Drive	Regulated
Oncology - 4CA/4CB	Observation	Main Hospital - 9000 Franklin Square Drive	Regulated
Oncology - Harford	Oncology - Harford - Minimal IP	Plumtree Building - 104 Plumtree Road	Unregulated
Oncology - Outpatient	Ambulatory Oncology - Minimal IP	Cancer Institute - 9103 Franklin Square Drive	Regulated
Outpatient Clinic	Outpatient Clinic	Main Hospital - 9000 Franklin Square Drive	Regulated
Pain Management	Hospital Owned Physician Practice - Pain Management	Main Hospital - 9000 Franklin Square Drive	Unregulated
Pain Mgmt & Vascular Access	Operating Room specific to Pain Mgmt and Vasc. Access cases	Main Hospital - 9000 Franklin Square Drive	Regulated
Pathology - Cytology	Pathology - Cytology	Main Hospital - 9000 Franklin Square Drive	Regulated
Pathology - Histology	Pathology - Histology	Main Hospital - 9000 Franklin Square Drive	Regulated
Pathology Medical	Pathology	Main Hospital - 9000 Franklin Square Drive	Regulated
Pediatric ED	Pediatric ED	Main Hospital - 9000 Franklin Square Drive	Regulated
Pediatrics	Physician Part B Only Billing	Main Hospital - 9000 Franklin Square Drive	Unregulated
Pediatrics I/P	Observation	Main Hospital - 9000 Franklin Square Drive	Regulated
Pediatrics Practice at FSH	Hospital Owned Physician Practice - Pediatrics	Honeygo Village - 5009 Honeygo Center Drive	Unregulated
Peds ED	Physician Part B Only Billing	Main Hospital - 9000 Franklin Square Drive	Unregulated
Perinatology		Main Hospital - 9000 Franklin Square Drive	Regulated
Pharmacy - Institutional	Pharmacy - Institutional	Main Hospital - 9000 Franklin Square Drive	Regulated
Pharmacy Outpatient Oncology	Pharmacy Outpatient Oncology	Cancer Institute - 9103 Franklin Square Drive	Regulated
Physical Therapy - O/P	Physical Therapy - O/P	White Square Building - 9105 Franklin Square Drive	Regulated

**SUPPLEMENTAL SCHEDULE 7**

**MedStar Franklin Square Medical Center**

**For The Fiscal Year Ended June 30, 2013**

Name of Outpatient Service	Description of Services Provided	Physical Location/Address	Regulated/ Unregulated
Physician Anesthesia Services	Physician Part B Only Billing	Main Hospital - 9000 Franklin Square Drive	Unregulated
Plastic Surgery	Plastic Surgery	White Square Building - 9105 Franklin Square Drive	Unregulated
POC Testing	Point of Care Lab Testing	Main Hospital - 9000 Franklin Square Drive	Regulated
Pre Admission Testing	Pre Admission Testing	Main Hospital - 9000 Franklin Square Drive	Regulated
Psychiatric Clinic	Psychiatric Clinic	White Square Building - 9105 Franklin Square Drive	Regulated
Psychiatry	Physician Part B Only Billing	Main Hospital - 9000 Franklin Square Drive	Unregulated
Pulmonary Function	Pulmonary Function	Main Hospital - 9000 Franklin Square Drive	Regulated
Radiation Therapy	Radiation Therapy	Main Hospital - 9000 Franklin Square Drive	Regulated
Radiology	Radiology	Main Hospital - 9000 Franklin Square Drive	Regulated
Referral Lab	Referral Lab	Main Hospital - 9000 Franklin Square Drive	Regulated
Respiratory Therapy	Respiratory Therapy	Main Hospital - 9000 Franklin Square Drive	Regulated
Same Day Surgery	Same Day Surgery	Main Hospital - 9000 Franklin Square Drive	Regulated
Sleep Lab	Sleep Lab	Main Hospital - 9000 Franklin Square Drive	Regulated
Special Radiology Procedures	Special Radiology Procedures	Main Hospital - 9000 Franklin Square Drive	Regulated
Speech Therapy	Speech Therapy	Cancer Institute - 9103 Franklin Square Drive	Regulated
Speech Therapy	Speech Therapy	Main Hospital - 9000 Franklin Square Drive	Regulated
Speech Therapy	Speech Therapy	White Square Building - 9105 Franklin Square Drive	Regulated
Sports Medicine	Hospital Owned Physician Practice - Sports Medicine	Honeygo Village - 5009 Honeygo Center Drive	Unregulated
Sterotactic Radiosurgery	Sterotactic Radiosurgery (Cyberknife)	Cancer Institute - 9103 Franklin Square Drive	Regulated
Surgical - 6T	Observation	Main Hospital - 9000 Franklin Square Drive	Regulated
Surgical Oncology	Hospital Owned Physician Practice - Surgical Oncology	Cancer Institute - 9103 Franklin Square Drive	Unregulated
Surgical Services	Hospital Owned Physician Practice - General Surgery	Medical Arts Building* - 9101 Franklin Square Drive	Unregulated
Telemetry - 4T	Observation	Main Hospital - 9000 Franklin Square Drive	Regulated
Thoracic Surgery	Physician Part B Only Billing	Main Hospital - 9000 Franklin Square Drive	Unregulated
Ultrasound	Ultrasound	Main Hospital - 9000 Franklin Square Drive	Regulated
Urogynecology	Hospital Owned Physician Practice - Urogynecology	Cancer Institute - 9103 Franklin Square Drive	Unregulated
Whitesquare OB/Gyn	Hospital Owned Physician Practice - Whitesquare OB/Gyn	White Square Building - 9105 Franklin Square Drive	Unregulated
Women's Care - Bel Air	Hospital Owned Physician Practice - Women's Care OB Gyn	Plumtree Building - 104 Plumtree Road	Unregulated
Women's Care OB/Gyn	Hospital Owned Physician Practice - Women's Care OB/Gyn	Dundalk Building - 1576 Merritt Blvd	Unregulated
Women's Care White Marsh	Hospital Owned Physician Practice - Women's Care White Marsh	White Marsh Building - 8114 Sandpiper Circle	Unregulated
Women's Care-Box Hill	Hospital Owned Physician Practice - Women's Care OB/Gyn	Box Hill- 100 Walter Ward Blvd	Unregulated
Women's Care-Lutherville OB/GYN	Hospital Owned Physician Practice - Women's Care OB/Gyn	York Place - 1205 York Road	Unregulated
Wound Care Center	Wound Care Center	Main Hospital - 9000 Franklin Square Drive	Regulated
<b>Outpatient Services Not Owned by the Hospital - Located in Principal Hospital Bldgs or In Other Bldgs in Which Regulated Services are Provided</b>			
Podiatry Associates	Private Physician Practice - Podiatry	White Square Building - 9105 Franklin Square Drive	Unregulated
RadAmerica	Radiation Therapy	White Square Building - 9105 Franklin Square Drive	Unregulated
Dr. Mark P. Diamond	Private Physician Practice - Gastro	White Square Building - 9105 Franklin Square Drive	Unregulated
Ahmad Abu-Ghaida	Private Physician Practice - Vascular Surgery	White Square Building - 9105 Franklin Square Drive	Unregulated
Advance Radiology	Radiology	No Building Name - 9105 Franklin Square Drive	Unregulated
Chesapeake Cardiovascular Assoc	Private Physician Practice - Cardiology	White Square Building - 9105 Franklin Square Drive	Unregulated

**SUPPLEMENTAL SCHEDULE 7**

**MedStar Harbor Hospital**

**For The Fiscal Year Ended June 30, 2013**

Name of Outpatient Service	Description of Services Provided	Physical Location/Address	Regulated/Unregulated
<b>Hospital Owned Outpatient Services Regardless of Location</b>			
Harbor Bronchoscope Associates	Pulmonary & critical care medicine; pulmonary disease	Gruehn Bldg, Suite 216 - 3001 S. Hanover Street	Unregulated
Arthritis Center at Harbor Hospital	Rheumatology	2900 S. Hanover Street	Unregulated
The Diabetes Center at Harbor Hospital	Endocrinology, Dietician	3001 S. Hanover Street, Suite NA-159 and 8109 Ritchie H	Regulated
Hospitalists	Internal Medicine	Main Hospital - 3001 S. Hanover Street	Unregulated
Harbor Pediatrics	Pediatrics	Gruehn Bldg, Suite 302 - 3001 S. Hanover Street	Unregulated
Harbor Primary Care	Internal Medicine	Gruehn Bldg, Suite 300 - 3001 S. Hanover Street	Unregulated
Harbor Primary Care South	Internal Medicine	1414 Crain Highway, Unit 3A, Glen Burnie	Unregulated
Harbor Primary Care-Glen Burnie	Internal Medicine, Family NP, CRNP	7845 Oakwood Rd, Suite 300, Glen Burnie	Unregulated
Harbor Women's Care	OB/GYN	Gruehn Bldg, Suite 301 - 3001 S. Hanover Street	Unregulated
Harbor Women's Care	OB/GYN	2 W. Rolling Road, Crossroads Bldg, Baltimore, MD	Unregulated
Harbor Women's Care	OB/GYN	8109 Ritchie Highway, Pasadena, MD	Unregulated
James Patterson, MD	Gynecology	Gruehn Bldg, Suite 102 - 3001 S. Hanover Street	Unregulated
Foad Abbas, MD	Gynecology/Oncology	Gruehn Bldg, Suite 102 - 3001 S. Hanover Street	Unregulated
Fetal Assessment Center	Maternal/Fetal Med	Main Hospital - 3001 S. Hanover Street, Suite NA-112	Regulated
Harborview Reconstructive Spine & Orthopedic Specialists	Orthopedics	2900 S. Hanover Street	Unregulated
Harborview Reconstructive Spine & Orthopedic Specialists	Orthopedics	110 Old Padonia Road, Cockeysville	Unregulated
Harborview Reconstructive Spine & Orthopedic Specialists	Orthopedics	4660 Wilkins Avenue, Ste 100, Baltimore	Unregulated
Harborview Reconstructive Spine & Orthopedic Specialists	Orthopedics	8800 Walther Blvd, Oak Crest Office, Baltimore	Unregulated
Harborview Sports Medicine & Shoulder Surgery	Ortho surgery and Sports Medicine	2900 S. Hanover Street	Unregulated
Harborview Sports Medicine & Shoulder Surgery	Ortho surgery and Sports Medicine	110 Old Padonia Road, Cockeysville	Unregulated
Harborview Sports Medicine & Shoulder Surgery	Ortho surgery and Sports Medicine	8109 Ritchie Hwy, Pasadena	Unregulated
Harbor Orthopedic Institute	Orthopedic Surgery	2900 S. Hanover Street	Unregulated
Harbor Orthopedic Institute	Orthopedic Surgery	8109 Ritchie Hwy, Pasadena	Unregulated
Harbor Primary Care - Drs. Dennis, Dart & Muneer	Internal Medicine	901 East Fort Avenue, Baltimore	Unregulated
Harbor Primary Care - Drs. Dennis, Dart & Muneer	Internal Medicine	7566 North Point Rd, Baltimore	Unregulated
Harbor Primary Care - Drs. Dennis, Dart & Muneer	Internal Medicine	2825 Lodge Farm Rd, Baltimore	Unregulated
Harbor Cardiology	Cardiology	Gruehn Bldg, Suite 216 - 3001 S. Hanover Street	Unregulated
Dr. Raner	Breast Screening	Gruehn Bldg, Suite 206 - 3001 S. Hanover Street	Unregulated
Surgical Pas	Surgical	3001 S. Hanover Street	Unregulated
Pathologists	Pathology	3001 S. Hanover Street	Unregulated
Dr. Nayfeh	Orthopedics	2900 S. Hanover Street	Unregulated
Dr. Jessie	Colorectal Surgery	Gruehn Bldg, Suite 216 - 3001 S. Hanover Street	Unregulated
Dr. Simo	Primary Care	1406 South Crain Highway, Suite 108, Glen Burnie, MD	Unregulated
Dr. Gurfinkel	Surgical	7310 Ritchie Highway, Glen Burnie, MD	Unregulated
Dr. Parkeh	Primary Care	901 East Fort Avenue, Baltimore	Unregulated
Infusion Center	Infusion Services	Main Hospital - 3001 S. Hanover Street	Regulated
Delivery Room	Labor & Delivery	Main Hospital - 3001 S. Hanover Street	Regulated
EKG	EKG	Main Hospital - 3001 S. Hanover Street	Regulated
Cardiac Catheter Lab	Cardiac Catheter	Main Hospital - 3001 S. Hanover Street	Regulated
Radiology	Radiology & Special Radiology Procedures	Main Hospital - 3001 S. Hanover Street	Regulated
Ultrasound	Ultrasound	Main Hospital - 3001 S. Hanover Street	Regulated
Nuclear Medicine	Nuclear Medicine	Main Hospital - 3001 S. Hanover Street	Regulated
CT Scan	CT Scan Services	Main Hospital - 3001 S. Hanover Street	Regulated
MRI	MRI Services	Main Hospital - 3001 S. Hanover Street	Regulated
Radiation Therapy	Radiation Therapy	Gruehn Bldg - 3001 S. Hanover Street	Regulated
Chemistry	Chemistry	Main Hospital - 3001 S. Hanover Street	Regulated
Hematology	Hematology	Main Hospital - 3001 S. Hanover Street	Regulated
Bacteriology	Bacteriology	Main Hospital - 3001 S. Hanover Street	Regulated
Blood Bank	Blood Bank	Main Hospital - 3001 S. Hanover Street	Regulated
Immunology	Immunology	Main Hospital - 3001 S. Hanover Street	Regulated
Urology	Urinanalysis	Main Hospital - 3001 S. Hanover Street	Regulated
Lab	Reference Lab	Main Hospital - 3001 S. Hanover Street	Regulated
Pathology	Histology & Cytology	Main Hospital - 3001 S. Hanover Street	Regulated
Physical Therapy	Physical Therapy	Main Hospital - 3001 S. Hanover Street	Regulated
Occupational Therapy	Occupational Therapy	Main Hospital - 3001 S. Hanover Street	Regulated
Speech Therapy	Speech Therapy	Main Hospital - 3001 S. Hanover Street	Regulated
Pulmonary	Respiratory Therapy & Pulmonary Functions	Main Hospital - 3001 S. Hanover Street	Regulated
Operating Room	Operating Room Services	Main Hospital - 3001 S. Hanover Street	Regulated
Bronchoscopy	Bronchoscopy Services	Main Hospital - 3001 S. Hanover Street	Regulated
Endoscopy	Endoscopy services	Main Hospital - 3001 S. Hanover Street	Regulated
Same Day Surgery	Same Day Surgery	Main Hospital - 3001 S. Hanover Street	Regulated
Anesthesia	Anesthesia	Main Hospital - 3001 S. Hanover Street	Regulated
Outpatient Clinic	Transfusion Services	Main Hospital - 3001 S. Hanover Street	Regulated
Anti Coagulation Clinic	Anti Coagulation Clinic	Main Hospital - 3001 S. Hanover Street	Regulated
Emergency Department	Emergency Services	Main Hospital - 3001 S. Hanover Street	Regulated
Observation	Observation	Main Hospital - 3001 S. Hanover Street	Regulated
EEG	EEG	Main Hospital - 3001 S. Hanover Street	Regulated
Sleep Lab	Sleep Lab	Main Hospital - 3001 S. Hanover Street	Regulated
Lithotripsy	Lithotripsy	Main Hospital - 3001 S. Hanover Street	Regulated
Dialysis	Dialysis	Main Hospital - 3001 S. Hanover Street	Regulated

**SUPPLEMENTAL SCHEDULE 7**

**MedStar Harbor Hospital**

**For The Fiscal Year Ended June 30, 2013**

Name of Outpatient Service	Description of Services Provided	Physical Location/Address	Regulated/ Unregulated
<b>Outpatient Services Not Owned by the Hospital - Located in Principal Hospital Bldgs or In Other Bldgs in Which Regulated Services are Provided</b>			
Vincent Notarangelo, MD	Ophthalmology	Gruehn Bldg, Suite 100 - 3001 S Hanover Street	Unregulated
ENTAA Care, PA & Marc Hamburger, MD	ENT Services	Gruehn Bldg, Suite 108 - 3001 S Hanover Street	Unregulated
Simi Hospital of Balt-Daniel Kim MD	Gynecology	Gruehn Bldg, Suite 102 - 3001 S Hanover Street	Unregulated
Neurosurgery Associates (Mercy Medical)	Neurosurgery	Gruehn Bldg, Suite 200 - 3001 S Hanover Street	Unregulated
Dawn Gertz, MD	Podiatry	Gruehn Bldg, Suite 200B - 3001 S Hanover Street	Unregulated
MidAtlantic Nephrology	Nephrology	Gruehn Bldg, Suite 200C - 3001 S Hanover Street	Unregulated
Rolando Alegado, MD	Orthopedics	Gruehn Bldg, Suite 201 - 3001 S Hanover Street	Unregulated
Surya Mundra, MD	Internal Medicine	Gruehn Bldg, Suite 202 - 3001 S Hanover Street	Unregulated
P. Sharma, MD	Internal Medicine	Gruehn Bldg, Suite 203 - 3001 S Hanover Street	Unregulated
Ramanather Sirtham, MD	Cardiology	Gruehn Bldg, Suite 207 - 3001 S Hanover Street	Unregulated
L. Seenivasan, MD	Internal Medicine	Gruehn Bldg, Suite 207B - 3001 S Hanover Street	Unregulated
Anita Khandelwal, MD	Internal Medicine	Gruehn Bldg, Suite 210 - 3001 S Hanover Street	Unregulated
Woodholme Gastrology Associates	Gastrology	Gruehn Bldg, Suite 307 - 3001 S Hanover Street	Unregulated
Chesapeake Oncology-Hematology	Oncology/Hematology	Gruehn Bldg, Suite HVCC - 3001 S Hanover Street	Unregulated
Arundel Heart Associates	Cardiology	Gruehn Bldg, Suite 300 - 3001 S Hanover Street	Unregulated

**SUPPLEMENTAL SCHEDULE 7**

**MedStar Union Memorial Hospital**

**For The Fiscal Year Ended June 30, 2013**

Name of Outpatient Service	Description of Services Provided	Physical Location/Address	Regulated/Unregulated
<b>Hospital Owned Outpatient Services Regardless of Location</b>			
Sports Medicine - Part B	Medical Office Visits	1407 York Road Lutherville, MD	Non Regulated
Orthopedics - Part B	Medical Office Visits	1407 York Road Lutherville, MD	Non Regulated
Dialysis	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated/Non Regulated
Psychiatric Clinic	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Infusion Clinic	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Pharmacy - Institutional	Dispensation of Pharmaceuticals	201 East University Parkway	Regulated
Sleep Lab	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Psychiatry Day/Night	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Respiratory Therapy	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Outpatient Clinic	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Anti-Coagulation Clinic	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Pain Management	Medical Office Visits and/or Procedures	201 East University Parkway	Non Regulated
Diabetes Center	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Endocrinology - Part B	Medical Office Visits	201 East University Parkway	Non Regulated
Adult Medicine Specialists - 33rd St	Medical Office Visits	201 East University Parkway	Non Regulated
Hemodialysis I/P	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Cardiac Rehabilitation	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Reproductive Endocrinology	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
N/S - Operating Room	Invasive OR Procedures	201 East University Parkway	Regulated
Calvert Women's Health	Medical Office Visits	201 East University Parkway	Non Regulated
Palliative Services	Professional Fee Billing for initial, subsequent and discharge days	201 East University Parkway	Non Regulated
Hospitalist Division	Professional Fee Billing for initial, subsequent and discharge days	201 East University Parkway	Non Regulated
Infectious Disease - Part B	Medical Office Visits	201 East University Parkway	Non Regulated
Medicine - Part B	Professional Fee Billing for initial, subsequent and discharge days	201 East University Parkway	Non Regulated
BW Pathology	Professional Fee Billing for Pathology services	201 East University Parkway	Non Regulated
Union Memorial Imaging	Professional Fee Billing for Radiology services	201 East University Parkway	Non Regulated
Anesthesia D	Professional Fee Billing for Anesthesia services	201 East University Parkway	Non Regulated
Pathology - Histology	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
EKG	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Cardiac Catheter Lab	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Cardiac Cath Recovery	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Center for Vascular Interventions	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Vascular Lab	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Pulmonary Function	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
EEG	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Bacteriology	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated/Non Regulated
Pathology - Cytology	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Hand Clinic	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Wound Care Center	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Blood Bank	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
MRI	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Chemistry	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated/Non Regulated
Hematology	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated/Non Regulated
Immunology	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated/Non Regulated
Urinalysis	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated/Non Regulated
Ortho OR	Invasive OR Procedures	201 East University Parkway	Regulated
Radiology	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Emergency Department	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated
Physician Emergency Services	Professional Fee Billing for Emergency Department visits	201 East University Parkway	Non Regulated
Anesthesiology	Ancillary Testing and Procedures	201 East University Parkway	Regulated
PQC Testing	Ancillary Testing, Treatment, and/or Procedures	201 East University Parkway	Regulated/Non Regulated
Eye Center	Invasive OR Procedures	3333 North Calvert Street	Regulated
Pre Admission Testing	Ancillary Testing, Treatment, and/or Procedures	3333 North Calvert Street	Non Regulated
Admitting & Discharge	Registration	3333 North Calvert Street	Regulated
Oncology - Part B	Professional Fee Billing for Oncology	3333 North Calvert Street	Non Regulated
Hand Therapy	Ancillary Testing, Treatment, and/or Procedures	3333 North Calvert Street	Regulated
Curtis Work Rehabilitation	Ancillary Testing, Treatment, and/or Procedures	3333 North Calvert Street	Regulated
National Hand Specialists	Medical Office Visits	3333 North Calvert Street	Non Regulated
Arnold Palmer Sportshealth Ctr	Medical Office Visits	3333 North Calvert Street	Non Regulated
Physical Therapy - O/P	Ancillary Testing, Treatment, and/or Procedures	3333 North Calvert Street	Regulated
Occupational Therapy - O/P	Ancillary Testing, Treatment, and/or Procedures	3333 North Calvert Street	Regulated
Speech Therapy - O/P	Ancillary Testing, Treatment, and/or Procedures	3333 North Calvert Street	Regulated
Sports Medicine Therapy	Ancillary Testing, Treatment, and/or Procedures	3333 North Calvert Street	Regulated
Cardiology Group	Medical Office Visits	3333 North Calvert Street	Non Regulated
Orthopedics - Part B	Medical Office Visits	3333 North Calvert Street	Non Regulated
Surgery - Part B	Medical Office Visits	3333 North Calvert Street	Non Regulated
Mammo	Ancillary Testing, Treatment, and/or Procedures	3333 North Calvert Street	Regulated
Ultrasound	Ancillary Testing, Treatment, and/or Procedures	3333 North Calvert Street	Regulated
Nuclear Medicine	Ancillary Testing, Treatment, and/or Procedures	3333 North Calvert Street	Regulated
CT Scan	Ancillary Testing, Treatment, and/or Procedures	3333 North Calvert Street	Regulated
Digestive Disease Center	Invasive OR Procedures	3333 North Calvert Street	Regulated
Vascular Surgery - Part B	Medical Office Visits	3333 North Calvert Street	Non Regulated
Radiation Therapy	Ancillary Testing, Treatment, and/or Procedures	3400 North Calvert Street	Regulated
Adult Medicine Specialists - 33rd St	Medical Office Visits	3730 Falls Road, Baltimore MD	Non Regulated
Orthopedics - Part B	Medical Office Visits	412 Malcolm Drive, Suite 200, Westminster, MD	Non Regulated
Adult Medicine Specialists - 33rd St	Medical Office Visits	6080 Falls Rd, Baltimore MD	Non Regulated

**SUPPLEMENTAL SCHEDULE 7**

**MedStar Union Memorial Hospital**

**For The Fiscal Year Ended June 30, 2013**

Name of Outpatient Service	Description of Services Provided	Physical Location/Address	Regulated/Unregulated
Orthopedics - Part B	Medical Office Visits	658 Houlton St. Bel Air, MD	Non Regulated
Lithotripsy	Ancillary Testing, Treatment, and/or Procedures	N/A	Regulated
Cardiology - Attending	Professional Fee Billing for Interpretations	N/A	Non Regulated
Vascular Interpretation	Professional Fee Billing for Interpretations	N/A	Non Regulated
Digestive Disease Center	Medical Office Visits	3333 North Calvert Street	Non Regulated
Sports Medicine - Part B	Medical Office Visits	998 Hospitality Way, Suite 101, Aberdeen, MD	Non Regulated
Orthopedics - Part B	Medical Office Visits	9501 Old Annapolis Rd., Suite 220, Plicott City	Non Regulated
Orthopedics - Part B	Medical Office Visits	1419 Reisterstown Road, Pikesville, MD	Non Regulated
<b>Outpatient Services Not Owned by the Hospital - Located in Principal Hospital Bldgs or In Other Bldgs in Which Regulated Services are Provided</b>			
Various privately owned practices (note A)	Medical Office Visits	3333 North Calvert Street	Non Regulated
Various privately owned practices (note A)	Medical Office Visits	100 East 33rd Street	Non Regulated

Note A includes, primary care, vascular surgery, psychiatry, rheumatology, allergy, dermatology, cardiology, general surgery, oncology, pulmonary medicine, gastroenterology, urology



**SUPPLEMENTAL SCHEDULE 7**

**MedStar Good Samaritan Hospital**

**For The Fiscal Year Ended June 30, 2013**

Name of Outpatient Service	Description of Services Provided	Physical Location Address	Regulated Unregulated
<b>Hospital Owned Outpatient Services Regardless of Location</b>			
EKG	EKG's	Main Hospital - Ground Floor	Regulated
Respiratory	Respiratory Services	Main Hospital - Ground Floor	Regulated
Renal	Renal Dialysis	Main Hospital - Ground Floor	Unregulated
Laboratory	Lab Services	Main Hospital - Ground Floor	Regulated (except blood donor center)
ASU	OP Surgery	Main Hospital - 1st Floor	Regulated
Endoscopy	Endo procedures	Main Hospital - 1st Floor	Regulated
Radiology	Diagnostic Xray, Ultrasound, Interventional Procedure	O'Neill Building - 1st Floor	Regulated
Nephrology	Renal Clinics	Main Hospital - 3rd Floor	Unregulated
Short Stay Unit	Observation Services	Main Hospital - 3rd Floor	Regulated
Cardiac Cath Lab	Cardiac Cath's	Main Hospital - 3rd Floor	Regulated
Sleep Center	Sleep Studies	Main Hospital - 4th Floor	Regulated
Nuclear Medicine	Nuclear Diagnostic Services	Main Hospital - 5th Floor	Regulated
Vascular Lab	Vascular Diagnostics	Main Hospital - 5th Floor	Regulated
EEG	EEG Studies	Main Hospital - 5th Floor	Regulated
Johns Hopkins Orthopedic Services	Hospital Owned Physician Practice	Smyth Building - Ground Floor	Unregulated
Johns Hopkins Orthopedic and spine surgery at MGSB	Hospital Owned Physician Practice	Smyth Building - 2nd Floor	Unregulated
Wound Healing Center	Wound/Hyperbaric Clinics	Main Hospital - 2nd Floor	Regulated
Radiology	Diagnostic Xray	Smyth Building - Ground Floor	Regulated
Center for Primary Care	Primary Care Clinic	RMB - 5th floor	Regulated
Radiology	MRI/Xray/Mammo Services	RMB - Ground Floor	Regulated
Good Samaritan Cancer Center	Cancer Services (clinics/infusions)	RMB - 1st Floor	Regulated
Outpatient Pharmacy	Retail Pharmacy	Main Hospital - 1st Floor	Unregulated
Neuropsychiatry Institute at Good Samaritan Hospital	Outpatient Psych Services	RMB - 4th Floor	Regulated
Emergency Department	Emergency Services	O'Neill Building - 1st Floor	Regulated
			Regulated Clinic Services, Unregulated Community Services (screenings/fitness center)
Good Health Center	Cardiac Rehab, Community Services, Infusion Service	O'Neill Building - 2nd Floor	
Outpatient Rehab	Outpatient PT, OT and ST	O'Neill Building - 2nd Floor	Regulated
Michael A Jacobs M.D. and Derek R. Paps M.D.	Hospital Owned Physician Practice	RMB - 4th Floor	Unregulated
Department of Medicine – Dr. Frank	Hospital Owned Physician Practice	RMB - 5th Floor	Unregulated
Good Samaritan Surgery Center	Hospital Owned Physician Practice	Smyth Building - 3rd Floor	Unregulated
Good Samaritan Vascular Surgery	Hospital Owned Physician Practice	Smyth Building - 3rd Floor	Unregulated
<b>Outpatient Services Not Owned by the Hospital - Located in Principal Hospital Bldgs or In Other Bldgs in Which Regulated Services are Provided</b>			
MPP Metropolitan Medical Cardiology	Private Physician Cardiology Clinics	RMB - 2nd Floor	Unregulated
Metropolitan Medical	Private Physician Multi-specialty Clinics	RMB - 3rd Floor	Unregulated
Podiatry Associates P.A.	Private Physician Clinics	RMB - 4th Floor	Unregulated
Joyce Lammlein M.D.	Private Physician Clinics	RMB - 4th Floor	Unregulated
Central MD Cardiology	Private Physician Clinics	RMB - 4th Floor	Unregulated
Dr. Karas Thoracic and Vascular Surgery	Private Physician Clinics	RMB - 4th Floor	Unregulated
Johns Hopkins Clinical Practice	Private Physician Clinics	RMB - 5th Floor	Unregulated
Rheumatology Osteoporosis and Research Center	Private Physician Clinics	RMB - 5th Floor	Unregulated
RadAmerica	Radiation Therapy	RMB - Ground Floor	Regulated
Neurosurgery	Private Physician Clinics	Smyth Building - 1st Floor	Unregulated
General and Endocrine Surgery / Head and Neck Surgery	Private Physician Clinics	Smyth Building - 1st Floor	Unregulated
Towson Ear Nose and Throat	Private Physician Clinics	Smyth Building - 1st Floor	Unregulated
Institute for Life Enrichment	Private Physician Clinics	Smyth Building - 1st Floor	Unregulated
General Endocrine Surgery	Private Physician Clinics	Smyth Building - 1st Floor	Unregulated
Head and Neck Surgery	Private Physician Clinics	Smyth Building - 1st Floor	Unregulated
General and Minimally Invasive Surgery	Private Physician Clinics	Smyth Building - 1st Floor	Unregulated
Nascott Prosthetics and Orthotics	Private Physician Clinics	Smyth Building - 1st Floor	Unregulated
Rheumatology	Private Physician Clinics	Smyth Building - 2nd Floor	Unregulated
Infectious Diseases	Private Physician Clinics	Smyth Building - 2nd Floor	Unregulated
Thoracic Surgery	Private Physician Clinics	Smyth Building - 2nd Floor	Unregulated
Center for Osteonecrosis Research	Private Physician Clinics	Smyth Building - 2nd Floor	Unregulated
Clinical Research Group National Osteonecrosis	Private Physician Clinics	Smyth Building - 2nd Floor	Unregulated
Metropolitan Medical Association	Private Physician Clinics	Smyth Building - 2nd Floor	Unregulated
MedStar Physician Partners Dermatology	Private Physician Clinics	Smyth Building - 2nd Floor	Unregulated

**SUPPLEMENTAL SCHEDULE 7**

**MedStar Good Samaritan Hospital**

**For The Fiscal Year Ended June 30, 2013**

Name of Outpatient Service	Description of Services Provided	Physical Location Address	Regulated/ Unregulated
Sollay Pain Relief Center	Private Physician Clinics	Smyth Building - 2nd Floor	Unregulated
Physicians Weight Loss Center	Private Physician Clinics	Smyth Building - 2nd Floor	Unregulated
Gastroenterology – Lawrence Mills, Jr. MD	Private Physician Clinics	Smyth Building - 2nd Floor	Unregulated
Good Samaritan Dental and Surgical	Private Physician Clinics	Smyth Building - 2nd Floor	Unregulated
Institute for Life Enrichment	Private Physician Clinics	Smyth Building - 3rd Floor	Unregulated
Mary L. Taylor-Ennis P.H.D. and Associates LLC	Private Physician Clinics	Smyth Building - 3rd Floor	Unregulated
Greater Baltimore Vascular Surgery at Good Samaritan Ho	Private Physician Clinics	Smyth Building - 3rd Floor	Unregulated
Medstar Home Nursing	Private Physician Clinics	Smyth Building - 3rd Floor	Unregulated
Center for Women's Health	Private Physician Clinics	Smyth Building - 3rd Floor	Unregulated
Chesapeake Urology	Private Physician Clinics	Smyth Building - 3rd Floor	Unregulated
J. James Park, MD, PA – Gynecology	Private Physician Clinics	Smyth Building - 4th Floor	Unregulated
Pediatrics – Chan Aung, M.D. and Stella Beauchemin M.D	Private Physician Clinics	Smyth Building - 4th Floor	Unregulated
Johns Hopkins University Physical Medicine and Rehabilita	Private Physician Clinics	Smyth Building - 4th Floor	Unregulated
JH Physical Medicine and Rehab	Private Physician Clinics	Smyth Building - 4th Floor	Unregulated
Mobile PET	Mobile PET Services	RMB - 1st Floor	Unregulated

**SUPPLEMENTAL SCHEDULE 7**

**MedStar Southern Maryland Hospital Center**

**For The Fiscal Year Ended June 30, 2013**

Name of Outpatient Service	Description of Services Provided	Physical Location/Address	Regulated/ Unregulated
<b>Hospital Owned Outpatient Services Regardless of Location</b>			
Psych Partial Hosp (PHP)	Psychiatric Day Services (no over night care)	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Operating Room	Surgery for Same Day Surgery	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Labor & Delivery	Testing, Baby Check, Diagnostic Testing	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Emergency Room	Traditional ER services	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Same Day Surgery	Surgery and discharge same day	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Observation	Patients needing partial day care to allow symptoms to progress or to dissipate	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Lab	Diagnostic Lab testing	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Cardiology (EKG)	Diagnostic Cardiology Testing	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
EKG (Cardiac Rehab)	EKG Diagnostic svc for patients with previous Heart Attach or Stroke	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
EKG	Diagnostic EKG testing	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
CT	Diagnostic CT testing	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Interventional Radiology (cath / Angio)	Diagnostic / Therapeutic Cath & Angio svcs	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Radiology	Diagnostic X-ray testing	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Ultrasound	Diagnostic X-ray (ultrasound) testing	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Nuclear Medicine	Diagnostic Nuclear Medicine testing	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Anesthesia	Anesthesia for Surgery and discharge same day	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Respiratory	Diagnostic Respiratory Svcs	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Pulmonary	Diagnostic Lung Function testing	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Physical Therapy	Physical Therapy svc for Treatment of Muscular or Skeletal functions	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Speech Therapy	Speech Therapy svc for Treatment of Speech Disfunctions	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Occupational Therapy	Occupation Therapy svcs for Treatment of Mobility Disfunctions	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Clinic (Diabetes Program)	Clinic - Therapeutic Treatment of Diabetics	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Clinic (Cardiac Risk)	Clinic - Preventative svcs for Potential Heart Injury	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Clinic (Infusion Therapy)	Clinic - Therapeutic IV Treatment (Chemo) for Cancer	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Lithotripsy	Lithotripsy svcs for therapeutic treatment of bile ducts	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated (Rebundled)
Sleep Lab	Diagnostic Sleep Study	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Regulated
Lab Outreach	Diagnostic Lab testing	Main Hospital-7503 Surratts Rd. Clinton, MD 20735	Unregulated
Lab Outreach	Diagnostic Lab testing	10 St. Patricks Dr. #501, Waldorf, MD 20602	Unregulated
<b>OUTPATIENT SERVICES NOT OWNED BY THE HOSPITAL - LOCATED IN PRINCIPAL HOSPITAL BUILDINGS OR LOCATED IN OTHER BUILDINGS IN WHICH REGULATED SERVICES ARE PROVIDED</b>			
MRI	Diagnostic MRI testing	POB-7501 Surratts Rd. Clinton, MD 20735	Regulated (Rebundled)
Radiology-Therapeutic	Diagnostic Therapeutic Services	POB-7501 Surratts Rd. Clinton, MD 20735	Regulated (Rebundled)

## **Appendix H: Calculation of Market Share**

To be determined by HSCRC workgroup process and HSCRC policies.

## **Appendix I: Readmission Policy Adjustment**

The Hospital's readmission savings requirement for the Rate Year is as follows:

The readmissions savings requirement for the 2014 rate year applied to each Hospitals' rates is a .2% reduction. Future year's rate reductions will be determined by HSCRC policy and in connection with work group activities.

**ADDENDUM TO JANUARY 1, 2014  
AGREEMENT  
BETWEEN  
THE HEALTH SERVICES COST REVIEW COMMISSION  
AND  
MEDSTAR HEALTH, INC.  
REGARDING GLOBAL BUDGET REVENUE AND NON-GLOBAL BUDGET  
REVENUE**

This ADDENDUM, effective July 1, 2013, is attached to and constitutes an integral part of the January 1, 2014 Agreement between the MARYLAND HEALTH SERVICES COST REVIEW COMMISSION (the “Commission,” or “HSCRC”) and MedStar Health, Inc. (“MedStar”), adding the following entities to MedStar's Global Budget Revenue Agreement: MedStar Montgomery Medical Center and MedStar St. Mary’s Hospital (individually “Hospital,” or collectively “Hospitals”), each of which agrees to adopt the Global Budget Revenue (“GBR”) Model.

All terms and conditions from the existing agreement apply to this addendum. The existing agreement remains in full force and effect. The items noted below are to be reflected as amendments or additions to the original agreement.

**Amendment to X. Out-of-Area and Out-of-State Volumes and Revenues**

This section of the agreement is amended to incorporate the following provision, applicable to MedStar Montgomery Medical Center and MedStar St. Mary’s Hospital:

Significant changes in out-of-state volumes and volumes from outside the Hospital’s PSA and SSA have the potential to positively or negatively affect the success of the GBR model. In FY 2013, approximately two and one half percent (2.5%) of the Hospitals total revenue came from non-Maryland residents.

**MedStar GBR Hospitals**

Revenue Summary

Fiscal Year 2013

Hospital	Out of State	
	Revenue	Percent
Montgomery Medical Center	\$4,937,058	3.0%
St. Mary's Hospital	3,009,647	1.9%
<b>MedStar GBR Hospital Total</b>	<b>\$7,946,705</b>	<b>2.5%</b>

If this percentage changes materially during the term of this Agreement, the HSCRC staff and MedStar will evaluate the causes of the change to ensure that the goals and objectives of this Agreement, the GBR model, and the final contract between CMMI and the State of Maryland are not being undermined by such changes.

**Amendment to Section XII. Termination and/or Renegotiation and Other Rights, D. Other Provisions Relative to the Hospitals**

This section of the agreement is amended to incorporate the following provision, applicable to MedStar St. Mary's and MedStar Montgomery Medical Center:

MedStar and HSCRC will work on a format for developing baseline and ongoing evaluation of transfers and referrals from MedStar St. Mary's and MedStar Montgomery into other MedStar facilities located in Washington, DC. MedStar will submit, semi-annually (inclusive of baseline data), a report on patients treated in MedStar facilities from St. Mary's and MedStar Montgomery service area zip codes, including transfers into another MedStar facility from these hospitals. Any significant changes may result in a market share adjustment.

In order to manage revenue growth rates under its global budget, MedStar Montgomery agrees to a 1.0% reduction for July 1, 2013-June 30, 2014. On July 1, 2014, the 1.0% will be added back permanently. MedStar Montgomery and MedStar St. Mary's Hospital will receive the full update factor for the year beginning July 1, 2014.

In the fall of CY 2014, a new hospital will open in Germantown, Maryland. MedStar Montgomery Medical Center provides services to the service area population of the new hospital. MedStar will work with HSCRC staff in the development of the market share adjustment and supporting analytics to evaluate actual movement of volumes from its hospital to the new facility, using a 50% variable cost factor for any volumes actually shifted.

IN WITNESS WHEREOF, the parties have caused this addendum to be executed by their duly authorized representatives as of the effective date below:

Effective Date: July 1, 2013

Attest:  by  Date 8-14-14  
Chief Executive Officer  
MedStar Health, Inc.

Attest:  by  Date 8-20-14  
Executive Director  
Health Services Cost Review Commission

**Amendment to Appendix A: Hospital's Base Revenue Components and Order for MedStar St. Mary's and MedStar Montgomery Hospitals:**

<b>A.</b>	<b>Base Approved Regulated Revenue</b>	<b>\$ <u>329,058,331</u></b>
1.	Approved Regulated Revenue	\$ <u>329,058,331</u>
2.	Increment (If Any) for GBR Investments included in above amount	\$ <u>521,030*</u>
<b><u>*MedStar St. Mary's due additional adjustment of .325% effective 7/1/14. MedStar Montgomery due an adjustment of .65% effective 7/1/14.</u></b>		
<b>B.</b>	<b>One Time Rate Adjustments and Annual Reversals (included in Approved Regulated Revenue above)</b>	
1.	Assessments that Reverse Annually	\$ <u>15,500,935</u>
2.	MHAC and QBR	\$ <u>405,538</u>
3.	Other one-time adjustments	\$ <u>NONE</u>
4.	Total one-time adjustments	\$ <u>15,906,473</u>
<b>C.</b>	<b>Revenue Excluded from Approved Regulated Revenue Under GBR but Subject to Rate Regulation</b>	
	Description _____	
	_____	
	_____	\$ <u>NONE</u>
<b>D.</b>	<b>Total Approved Revenue Per Order Nisi (Equals A + C)</b>	<b>\$ <u>329,058,331</u></b>



## Amendment to Appendix A-1: Hospital's Base Revenue Components by Hospital

### MedStar GBR Hospitals Hospital's Base Revenue Components

	Montgomery Medical Center	St. Mary's	Total St. Mary's and Montgomery
<b>A. Base Approved Revenue</b>			
1. Approved Regulated Revenue	\$167,907,266	\$161,151,064	\$329,058,331
2. Increment (If any for GBR Investments) including in above amount <sup>[1]</sup>	-	521,030	521,030
3. Total Base Approved Revenue	167,907,266	161,151,064	329,058,331
<b>B. One Time Rate Adjustments and Annual Reversals (included in Approved Regulated Revenue above)</b>			
1. Assessments that Reverse Annually <sup>[2]</sup>	8,413,788	7,087,147	15,500,935
2. MHAC and QBR	92,476	313,062	405,538
3. Other one-time adjustments	-	-	-
4. Total one-time adjustments	8,506,264	7,400,209	15,906,473
<b>C. Revenue Excluded from Approved Regulated Revenue Under GBR but Subject to Rate Regulation: Out of State</b>	0	0	0
<b>D. Total Approved Revenue (A + C)</b>	<u>\$167,907,266</u>	<u>\$161,151,064</u>	<u>\$329,058,331</u>

Note 1: GBR Infrastructure Funding - MedStar St. Mary's due additional adjustment of .325% effective 7/1/14. MedStar Montgomery due an adjustment of .65% effective 7/1/14.

Note 2: Detail of FY14 Assessments

NSP I	\$186,218	\$170,207	\$356,425
NSP II	186,218	170,207	356,425
HCCF	1,999,761	1,662,760	3,662,521
Deficit	4,203,921	3,495,473	7,699,394
MHIP	1,640,527	1,386,824	3,027,351
HSCRC User Fee	87,306	75,147	162,452
MHCC User Fee	56,078	48,269	104,346
Newborn Hearing Screening	53,760	78,260	132,020
Crisp Funding			-
Patient Safety			-
	<u>\$8,413,788</u>	<u>\$7,087,147</u>	<u>\$15,500,934</u>

**Appendix B: Revenues and Services Excluded from GBR Model and General Description of Rate Setting Requirements for Excluded Revenues (there are no changes to this section)**

None.

**Appendix C: Potentially Avoidable Utilization Targets (there are no changes to this section)**

Provided by HSCRC staff and policies

**1. Targets**

a. Readmission and Re-Hospitalization Reduction Targets

---

---

---

---

---

---

b. MHAC Targets

---

---

---

---

---

---

**2. Policy References**

---

---

---

---

---

---

**3. Description of Methodologies Linking Achievement of Targets and Payment Levels**

---

---

---

---

---

---

**Amendment to Appendix D: Demographic Adjustment for MedStar St. Mary's and MedStar Montgomery Hospitals**

Montgomery Medical Center will not be eligible for a population adjustment before Calendar Year 2016. St. Mary's will be eligible for 50% of its allowed population until Calendar Year 2016. Population adjustments after these timeframes will be subject to HSCRC methods and guidelines then in place.

## Amendment to Appendix E: Definition of Hospital's Service Area for MedStar St. Mary's and MedStar Montgomery Hospitals

The HSCRC will use zip codes and/or counties for market analysis. This will be superseded by market share definitions defined in future market share policies under development.

MedStar Montgomery			n = 8,596		
Service Area	Zip Code	P.O. Description	Cases	% Cases	Cum %
Primary	20906	Silver Spring	2,266	26.4%	26.4%
Primary	20832	Olney	886	10.3%	36.7%
Primary	20853	Rockville	603	7.0%	43.7%
Primary	20905	Silver Spring	420	4.9%	48.6%
Primary	20904	Silver Spring	332	3.9%	52.4%
Secondary	20833	Brookeville	254	3.0%	55.4%
Secondary	20882	Gaithersburg	250	2.9%	58.3%
Secondary	20860	Sandy Spring	173	2.0%	60.3%
Secondary	20886	Montgomery Village	167	1.9%	62.2%
Secondary	20872	Damascus	159	1.8%	64.1%
Secondary	21771	Mount Airy	151	1.8%	65.9%
Secondary	20902	Silver Spring	138	1.6%	67.5%
Secondary	20879	Gaithersburg	136	1.6%	69.0%
Secondary	20874	Germantown	130	1.5%	70.6%
Secondary	20855	Derwood	121	1.4%	72.0%
Secondary	20877	Gaithersburg	113	1.3%	73.3%
Secondary	20878	Gaithersburg	110	1.3%	74.6%
Secondary	21797	Woodbine	105	1.2%	75.8%

MedStar St. Mary's			n = 7,531		
Service Area	Zip Code	P.O. Description	Cases	% Cases	Cum %
Primary	20653	Lexington Park	1,666	22.1%	22.1%
Primary	20659	Mechanicsville	1,171	15.5%	37.7%
Primary	20650	Leonardtwn	957	12.7%	50.4%
Secondary	20619	California	593	7.9%	58.3%
Secondary	20636	Hollywood	563	7.5%	65.7%
Secondary	20634	Great Mills	427	5.7%	71.4%
Secondary	20657	Lusby	179	2.4%	73.8%
Secondary	20622	Charlotte Hall	150	2.0%	75.8%

**Amendment to Appendix F: Annual Disclosure and Certification Regarding Changes in Services Provided (Due 30 days after the end of the Rate Year) for MedStar St. Mary’s and MedStar Montgomery Hospitals**

A. The following services were closed or deregulated in whole or in part to unregulated settings not regulated by the HSCRC:

**Montgomery Medical Center: In FY14 part of our 4<sup>th</sup> and 5<sup>th</sup> floors were deregulated. This was unoccupied space and will be used for physician offices once renovations are complete.**

---

---

---

---

B. The following services were shifted in whole or in part to the regulated activities of other hospitals:

N/A

---

---

---

---

---

C. The Hospital is not aware of any services that were shifted in whole or in part to unregulated setting.

\_\_\_\_\_  
Signature of Officer of Hospital

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Email Address

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone Number

## Amendment to Appendix G: Hospital Financial Interest, Ownership, or Control of other Hospital or Non-Hospital Services Provided Within the Service Area for MedStar St. Mary's and MedStar Montgomery Hospitals

The Hospital owns, has a substantial financial interest in, controls, or is financially or organizationally related to the following provider organizations or systems.

SUPPLEMENTAL SCHEDULE 7			
MedStar St. Mary's Hospital			
For The Fiscal Year Ended June 30, 2014			
Name of Outpatient Service	Description of Services Provided	Physical Location/Address	Regulated/Unregulated
<b><u>Hospital Owned Outpatient Services Regardless of Location:</u></b>			
MedStar St. Mary's Express Care	Urgent Care including basic lab and x-ray	37767 Market Drive, Charlotte Hall	Unregulated
MedStar Eye Physicians	Outpatient Ophthalmology physician practice	37767 Market Drive, Charlotte Hall	Unregulated
Hospice House of St. Mary's	Residential Hospice Services	44724 Hospice Lane, Callaway	Unregulated
MedStar St. Mary's Laboratory	Outpatient Lab Draw Station	23000 Moakley St. Ste 103 Leonardtown	Unregulated
MedStar St. Mary's Laboratory	Outpatient Lab Draw Station	20945 Great Mills Rd. St 202 Lexington Park	Unregulated
MedStar St. Mary's Hospital Laboratory	Clinical Laboratory, Pathology, Blood Bank	Main Hospital -25500 Point Lookout Rd	Regulated
Grace Anne Dorney Pulmonary Cardiac Rehabilitation Center	Pulmonary & Cardiac Rehabilitation	Main Hospital -25500 Point Lookout Rd	Regulated
Grace Anne Dorney Pulmonary Cardiac Rehabilitation Center	Phase III Pulmonary & Cardiac Rehabilitation	Main Hospital -25500 Point Lookout Rd	Unregulated
MedStar St. Mary's Hospital Rehabilitation Services	Physical, Occupational and Speech Therapy	Main Hospital -25500 Point Lookout Rd	Regulated
MedStar St. Mary's Hospital Cancer Care and Infusion Services	Chemotherapy and Infusion Services	OP Pavilion-25500 Point Lookout Rd	Regulated
MedStar St. Mary's Hospital Imaging Services	Radiology (plain & Fluoro), Mammography, Bone Density, MRI, CT, Ultrasound, Angiography	Main Hospital & OP Pavilion -25500 Point Lookout Rd	Regulated
MedStar St. Mary's Hospital Emergency Department	Emergency Services to include Emergency Psychiatric Services	Main Hospital -25500 Point Lookout Rd	Regulated
MedStar St. Mary's Hospital Ambulatory Surgery Center	Ambulatory Surgery, Anesthesia, Recovery Services & Lithotripsy	Main Hospital -25500 Point Lookout Rd	Regulated
MedStar St. Mary's Hospital Psychiatric Day Treatment Program	Psychiatric intensive outpatient/partial hospitalization services	Main Hospital -25500 Point Lookout Rd	Regulated
MedStar St. Mary's Hospital Women's Health and Family Birthing Center	Obstetric observation	Main Hospital -25500 Point Lookout Rd	Regulated
MedStar St. Mary's Hospital	Medical observation	Main Hospital -25500 Point Lookout Rd	Regulated
MedStar St. Mary's Hospital - Cardiology Department	EKG & Echocardiograms	Main Hospital -25500 Point Lookout Rd	Regulated
MedStar St. Mary's Hospital - Neurology Department	EEG & Sleep Studies	Main Hospital -25500 Point Lookout Rd	Regulated
MedStar St. Mary's Hospital - Health Connections	Diabetic Counseling/Nutrition Clinic	OP Pavilion-25500 Point Lookout Rd	Regulated
Specialty Physicians at St. Mary's	Specialty physician practice	OP Pavilion-25500 Point Lookout Rd	Regulated
Get Connected to Health	Mobile outreach primary care services	Mobile Van-25500 Point Lookout Rd	Unregulated
MedStar Wound Healing Center at MedStar St. Mary's Hospital	Wound Healing Clinic with Hyperbaric Chambers	Main Hospital -25500 Point Lookout Rd	Regulated
<b><u>Outpatient Services Not Owned by the Hospital - Located in Principal Hospital Bldgs or In Other Bldgs in Which Regulated Services are Provided:</u></b>			
Children's National Medical Center Cardiology	Outpatient Pediatric Cardiology Clinic	OP Pavilion-25500 Point Lookout Rd	Unregulated
Whitten Laser Eye	Outpatient Ophthalmology (Lasik) practice	37767 Market Drive, Charlotte Hall	Unregulated
MedStar Georgetown University Hospital Orthopedics	Outpatient Orthopedic Clinic	OP Pavilion-25500 Point Lookout Rd	Unregulated
MedStar Georgetown University Hospital Pediatric Endocrinology	Outpatient Pediatric Endocrinology Clinic	OP Pavilion-25500 Point Lookout Rd	Unregulated
MedStar Washington Hospital Center Surgery	Outpatient Surgery Clinic (General and Colorectal)	OP Pavilion-25500 Point Lookout Rd	Unregulated
MedStar Georgetown University Hospital Pediatric Neurology	Outpatient Pediatric Neurology Clinic	OP Pavilion-25500 Point Lookout Rd	Unregulated

MedStar Montgomery Medical Center Hospital Outpatient Services Survey FY 2014						
Hospital Owned Outpatient Services Regardless of Location						
<i>Name of Outpatient Service</i>	<i>Description of services provided</i>	<i>Building/Location</i>	<i>Floor</i>	<i>Suite</i>	<i>R = Regulated or N = Non-Regulated</i>	
Emergency Dept	emergency services	main hospital	1			R
Psych clinic	outpatient psych	main hospital	6			R
Cardiac Rehab	cardiac rehab	main hospital	2			R
Infusion Center	infusion/transfusion svcs	Adm Off Bldg	B			R
Labor & Delivery	labor & delivery	main hospital	3			R
OR	surgical services	main hospital	1			R
Anesthesia	anesthesia svcs	main hospital	1			R
Lab	lab services	main hospital	2			R
Outreach Lab	Blood draws	MOB	1			N
Blood Bank	Blood services	main hospital	2			R
EKG	EKG services	main hospital	B			R
EEG	EEG services	main hospital	B			R
Medical Imaging	imaging services	main hospital	1			R
MRI	MRI services	MRI Bldg	1			R
Radiation Therapy	radiation treatment services	Rad Therapy Bldg	1			R
Nuclear Medicine	nuclear medicine services	main hospital	1			R
Cat Scan	ct services	main hospital	1			R
Cath Lab	interventional cardiac services	main hospital	1			R
Respiratory	respiratory services	main hospital	B			R
Pulmonary	pulmonary services	main hospital	B			R
Physical Therapy	pt services	main hospital	2			R
Occupational Therapy	OT services	main hospital	2/6			R
Speech	speech therapy services	main hospital	2			R
Diabetes	Diabetes Education	Off campus	1			N
Observation	Observation services	main hospital	1			R
Outpatient Services Not Owned by the Hospital - Located in Principal Hospital Bldgs or In Other Bldgs in Which Regulated Services are Provided						
<i>Name of Outpatient Service</i>	<i>Description of services provided</i>	<i>Building/Location</i>	<i>Floor</i>	<i>Suite</i>	<i>R = Regulated or N = Non-Regulated</i>	
Lithotripsy	lithotripsy services	main hospital	1			R



**Appendix H: Calculation of Market Share (there are no changes to this section)**

To be determined by HSCRC workgroup process and HSCRC policies.

**Amendment to Appendix I: Readmission Policy Adjustment for MedStar St. Mary's and MedStar Montgomery Hospitals**

The Hospitals' readmission savings requirements for the Rate Year are as follows:  
-0.16% Montgomery Medical Center and -0.14% St. Mary's. Future years' shared savings reductions and positive incentives will be determined by HSCRC policy and in connection with work group activities.