

Proformas by Consumer Market



Methodology



Margin from New MDs

1. **Downstream Revenue:** Multiply number of providers added to market, by average revenue per doctor based on provider type, and ramp up assumptions.
2. **Operating Expense Additions:** Multiply number of providers added to market, by average loss per doctor based on provider type, and ramp up assumptions.



Margin from New Programs

1. **Adjusted discharge:** Multiplying number of acute discharges by the ratio of Gross Revenue: Inpatient Revenue.
2. **Revenue per adjusted discharge:** Net patient revenue/adjusted discharges
3. **Inpatient growth:** Begin with number of beds added, covert into patient days, and then divide by ALOS and multiply by ratio to get adjusted growth discharges
4. **Cost per adjusted discharge:** Operating expense/ adjusted discharges

Assumptions

Provider Revenue & Costs

	Average Downstream Revenue	Loss per Doctor
PCP	\$1,225,000	(\$120,000)
Specialist	\$1,785,000	(\$200,000)

Ramp Up Assumptions			
Year 1	Year 2	Years 3	Years 4-10
25.00%	50.00%	75.00%	100.00%

Source: Merrit Hawkins 2018, MGMA

Provider Growth

	Fremont (Gerber)	Ludington	Big Rapids & Reed City	Greenville (United & Kelsey)	Hastings (Pennock)	Holland (Zeeland)
PCP	4	4.5	8	13	8	8
Specialist	5.2	4.7	6.3	7.8	6.3	4.5

Source: PNA Study by Barlow/ McCarthy

Loans

Interest Rate	0.03
Average age of plant	9
Term (years)	30

Source: Spectrum Health Financial Statements

Northwest Region

- *Fremont (Gerber Hospital)*
- *Ludington (Ludington Hospital)*



Fremont – Proforma

Year	0	1	2	3	4	5	6	7	8	9	10	Terminal (3x)
Facilities Costs (CapEx)												
Ambulatory -ICC- Gerber		\$1,539,200	\$9,235,200	\$6,320,600	\$718,000	\$0	\$0	\$0	\$0	\$0	\$0	
Tamarac- Gerber		\$0	\$0	\$160,700	\$1,446,300	\$0	\$0	\$0	\$0	\$0	\$0	
Misc. Hospital Renovations and Equipment Modernizations- Gerber		\$181,500	\$1,675,700	\$379,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total		\$1,720,700	\$10,910,900	\$6,861,100	\$2,164,300	\$0	\$0	\$0	\$0	\$0	\$0	
Direct Margin from New Programs												
Margin from New Programs		\$3,563,616	\$7,381,116	\$11,470,586	\$15,851,403	\$20,544,322	\$20,544,322	\$20,544,322	\$20,544,322	\$20,544,322	\$20,544,322	
Sub-Total		\$3,563,616	\$7,381,116	\$11,470,586	\$15,851,403	\$20,544,322	\$20,544,322	\$20,544,322	\$20,544,322	\$20,544,322	\$20,544,322	
Downstream Revenue from New MDs												
Primary Care		\$1,225,000	\$2,450,000	\$3,675,000	\$4,900,000	\$4,900,000	\$4,900,000	\$4,900,000	\$4,900,000	\$4,900,000	\$4,900,000	
Specialty Care		\$2,320,500	\$4,641,000	\$6,961,500	\$9,282,000	\$9,282,000	\$9,282,000	\$9,282,000	\$9,282,000	\$9,282,000	\$9,282,000	
Sub-Total		\$3,545,500	\$7,091,000	\$10,636,500	\$14,182,000	\$14,182,000	\$14,182,000	\$14,182,000	\$14,182,000	\$14,182,000	\$14,182,000	
65% Cost		\$2,304,575	\$4,609,150	\$6,913,725	\$9,218,300	\$9,218,300	\$9,218,300	\$9,218,300	\$9,218,300	\$9,218,300	\$9,218,300	
Revenue Less Expenses		\$1,240,925	\$2,481,850	\$3,722,775	\$4,963,700	\$4,963,700	\$4,963,700	\$4,963,700	\$4,963,700	\$4,963,700	\$4,963,700	
Operating Expense Additions												
Primary Care		(\$800,000)	(\$640,000)	(\$480,000)	(\$480,000)	(\$480,000)	(\$480,000)	(\$480,000)	(\$480,000)	(\$480,000)	(\$480,000)	
Specialty Care		(\$1,560,000)	(\$1,300,000)	(\$1,040,000)	(\$1,040,000)	(\$1,040,000)	(\$1,040,000)	(\$1,040,000)	(\$1,040,000)	(\$1,040,000)	(\$1,040,000)	
Sub-Total		(\$2,360,000)	(\$1,940,000)	(\$1,520,000)	(\$1,520,000)	(\$1,520,000)	(\$1,520,000)	(\$1,520,000)	(\$1,520,000)	(\$1,520,000)	(\$1,520,000)	
Operating Expense Reductions												
Primary Care												
Specialty Care												
Sub-Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Contribution		\$2,444,541	\$7,922,966	\$13,673,361	\$19,295,103	\$23,988,022	\$23,988,022	\$23,988,022	\$23,988,022	\$23,988,022	\$23,988,022	
Avoid Future Maintenance												
Deferred Maintenance		\$550,186	\$550,186	\$550,186	\$550,186	\$550,186	\$550,186	\$550,186	\$550,186	\$550,186	\$550,186	
Eliminated Lease Space												
Eliminated Lease Space												
Sub-Total		\$550,186	\$550,186	\$550,186	\$550,186	\$550,186	\$550,186	\$550,186	\$550,186	\$550,186	\$550,186	
Debt Services												
Debt Services		(\$1,371,610)	(\$1,349,953)	(\$1,328,296)	(\$1,306,639)	(\$1,284,982)	(\$1,263,325)	(\$1,241,668)	(\$1,220,011)	(\$1,198,354)	(\$1,176,697)	
Financial Impact		\$1,623,118	\$7,123,199	\$12,895,251	\$18,538,650	\$23,253,227	\$23,274,884	\$23,296,541	\$23,318,198	\$23,339,855	\$23,361,512	\$70,084,534.92

Total
17,813,000
1,607,000
2,237,000
\$21,657,000

Assumptions	
# of Added Beds	7
#of Added Physicians	
Primary Care	4
Specialty Care	5.2

Ludington – Proforma

Year	0	1	2	3	4	5	6	7	8	9	10	Terminal (3x)
Facilities Costs (CapEx)												
Ambulatory		\$1,385,300	\$8,951,600	\$8,163,600	\$1,750,500	\$0	\$0	\$0	\$0	\$0	\$0	
Acute Care		\$925,700	\$4,628,500	\$3,702,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total		\$2,311,000	\$13,580,100	\$11,866,400	\$1,750,500	\$0	\$0	\$0	\$0	\$0	\$0	
Direct Margin from New Programs												
Margin from New Programs		\$970,857	\$1,964,256	\$2,980,722	\$4,020,790	\$5,085,008	\$5,085,008	\$5,085,008	\$5,085,008	\$5,085,008	\$5,085,008	
Sub-Total		\$970,857	\$1,964,256	\$2,980,722	\$4,020,790	\$5,085,008	\$5,085,008	\$5,085,008	\$5,085,008	\$5,085,008	\$5,085,008	
Downstream Revenue from New MDs												
Primary Care		\$1,378,125	\$2,756,250	\$4,134,375	\$5,512,500	\$5,512,500	\$5,512,500	\$5,512,500	\$5,512,500	\$5,512,500	\$5,512,500	
Specialty Care		\$2,097,375	\$4,194,750	\$6,292,125	\$8,389,500	\$8,389,500	\$8,389,500	\$8,389,500	\$8,389,500	\$8,389,500	\$8,389,500	
Sub-Total		\$3,475,500	\$6,951,000	\$10,426,500	\$13,902,000	\$13,902,000	\$13,902,000	\$13,902,000	\$13,902,000	\$13,902,000	\$13,902,000	
65% Cost		\$2,259,075	\$4,518,150	\$6,777,225	\$9,036,300	\$9,036,300	\$9,036,300	\$9,036,300	\$9,036,300	\$9,036,300	\$9,036,300	
Revenue Less Expenses		\$1,216,425	\$2,432,850	\$3,649,275	\$4,865,700	\$4,865,700	\$4,865,700	\$4,865,700	\$4,865,700	\$4,865,700	\$4,865,700	
Operating Expense Additions												
Primary Care		(\$900,000)	(\$720,000)	(\$540,000)	(\$540,000)	(\$540,000)	(\$540,000)	(\$540,000)	(\$540,000)	(\$540,000)	(\$540,000)	
Specialty Care		(\$1,410,000)	(\$1,175,000)	(\$940,000)	(\$940,000)	(\$940,000)	(\$940,000)	(\$940,000)	(\$940,000)	(\$940,000)	(\$940,000)	
Sub-Total		(\$2,310,000)	(\$1,895,000)	(\$1,480,000)	(\$1,480,000)	(\$1,480,000)	(\$1,480,000)	(\$1,480,000)	(\$1,480,000)	(\$1,480,000)	(\$1,480,000)	
Operating Expense Reductions												
Primary Care												
Specialty Care												
Sub-Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Contribution		(\$122,718)	\$2,502,106	\$5,149,997	\$7,406,490	\$8,470,708	\$8,470,708	\$8,470,708	\$8,470,708	\$8,470,708	\$8,470,708	
Avoid Future Maintenance												
Deferred Maintenance		\$852,101	\$852,101	\$852,101	\$852,101	\$852,101	\$852,101	\$852,101	\$852,101	\$852,101	\$852,101	
Eliminated Lease Space												
Eliminated Lease Space												
Sub-Total		\$852,101	\$852,101	\$852,101	\$852,101	\$852,101	\$852,101	\$852,101	\$852,101	\$852,101	\$852,101	
Debt Services												
Debt Services		(\$1,868,840)	(\$1,839,332)	(\$1,809,824)	(\$1,780,316)	(\$1,750,808)	(\$1,721,300)	(\$1,691,792)	(\$1,662,284)	(\$1,632,776)	(\$1,603,268)	
Financial Impact		(\$1,139,458)	\$1,514,875	\$4,192,274	\$6,478,275	\$7,572,001	\$7,601,509	\$7,631,017	\$7,660,525	\$7,690,033	\$7,719,541	\$23,158,622

Total
20,251,000
9,257,000
\$29,508,000

Assumptions	
# of Added Beds	3
# of Added Physicians	
Primary Care	4.5
Specialty Care	4.7

Northeast Region

- *Big Rapids (Big Rapids Hospital & Reed City Hospital)*
- *Greenville (United Hospital & Kelsey Hospital)*



Big Rapids & Reed City – Proforma

Year	0	1	2	3	4	5	6	7	8	9	10	Terminal (3x)
Facilities Costs (CapEx)												
Ambulatory Linden- Big Rapids		\$1,207,600	\$6,444,000	\$4,483,300	\$1,373,100	\$0	\$0	\$0	\$0	\$0	\$0	
Ambulatory ICC-Big Rapids		\$0	\$0	\$0	\$430,400	\$3,873,600	\$0	\$0	\$0	\$0	\$0	
Right Size Building- Big Rapids		\$0	\$0	\$0	\$69,700	\$1,139,300	\$0	\$0	\$0	\$0	\$0	
Misc. Hospital Renovations and Equipment Modernizations- Big Rapids		\$392,000	\$3,669,500	\$1,334,000	\$816,800	\$2,450,700	\$0	\$0	\$0	\$0	\$0	
Ambulatory- Reed City		\$287,100	\$1,435,500	\$1,148,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Misc. Hospital Renovations and Equipment Modernizations- Reed City		\$626,800	\$3,389,200	\$2,252,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
RNC Renovation- Reed City		\$262,200	\$1,311,000	\$1,048,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total		\$2,775,700	\$16,249,200	\$10,266,500	\$2,690,000	\$7,463,600	\$0	\$0	\$0	\$0	\$0	
Direct Margin from New Programs												
Margin from New Programs		\$3,871,236	\$7,927,282	\$12,176,962	\$16,629,518	\$21,294,637	\$21,294,637	\$21,294,637	\$21,294,637	\$21,294,637	\$21,294,637	
Sub-Total		\$3,871,236	\$7,927,282	\$12,176,962	\$16,629,518	\$21,294,637	\$21,294,637	\$21,294,637	\$21,294,637	\$21,294,637	\$21,294,637	
Downstream Revenue from New MDs												
Primary Care		\$2,450,000	\$4,900,000	\$7,350,000	\$9,800,000	\$9,800,000	\$9,800,000	\$9,800,000	\$9,800,000	\$9,800,000	\$9,800,000	
Specialty Care		\$2,811,375	\$5,622,750	\$8,434,125	\$11,245,500	\$11,245,500	\$11,245,500	\$11,245,500	\$11,245,500	\$11,245,500	\$11,245,500	
Sub-Total		\$5,261,375	\$10,522,750	\$15,784,125	\$21,045,500	\$21,045,500	\$21,045,500	\$21,045,500	\$21,045,500	\$21,045,500	\$21,045,500	
65% Cost		\$3,419,894	\$6,839,788	\$10,259,681	\$13,679,575	\$13,679,575	\$13,679,575	\$13,679,575	\$13,679,575	\$13,679,575	\$13,679,575	
Downstream Revene from New MD Less Expenses		\$1,841,481	\$3,682,963	\$5,524,444	\$7,365,925	\$7,365,925	\$7,365,925	\$7,365,925	\$7,365,925	\$7,365,925	\$7,365,925	
Operating Expense Additions												
Primary Care		(\$1,600,000)	(\$1,280,000)	(\$960,000)	(\$960,000)	(\$960,000)	(\$960,000)	(\$960,000)	(\$960,000)	(\$960,000)	(\$960,000)	
Specialty Care		(\$1,890,000)	(\$1,575,000)	(\$1,260,000)	(\$1,260,000)	(\$1,260,000)	(\$1,260,000)	(\$1,260,000)	(\$1,260,000)	(\$1,260,000)	(\$1,260,000)	
Sub-Total		(\$3,490,000)	(\$2,855,000)	(\$2,220,000)	(\$2,220,000)	(\$2,220,000)	(\$2,220,000)	(\$2,220,000)	(\$2,220,000)	(\$2,220,000)	(\$2,220,000)	
Operating Expense Reductions												
Primary Care												
Specialty Care												
Sub-Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Contribution		\$2,222,717	\$8,755,245	\$15,481,405	\$21,775,443	\$26,440,562	\$26,440,562	\$26,440,562	\$26,440,562	\$26,440,562	\$26,440,562	
Avoid Future Maintenance												
Deferred Maintenance- Big Rapids		\$778,877	\$778,877	\$778,877	\$778,877	\$778,877	\$778,877	\$778,877	\$778,877	\$778,877	\$778,877	
Deferred Maintenance- Reed City		\$98,697	\$98,697	\$98,697	\$98,697	\$98,697	\$98,697	\$98,697	\$98,697	\$98,697	\$98,697	
Eliminated Lease Space												
Eliminated Lease Space- Big Rapids												
Eliminated Lease Space- Reed City												
Sub-Total		\$877,574	\$877,574	\$877,574	\$877,574	\$877,574	\$877,574	\$877,574	\$877,574	\$877,574	\$877,574	
Debt Services												
Debt Services		(\$2,498,183)	(\$2,458,738)	(\$2,419,293)	(\$2,379,848)	(\$2,340,403)	(\$2,300,958)	(\$2,261,513)	(\$2,222,068)	(\$2,182,623)	(\$2,143,178)	
Financial Impact		\$602,107	\$7,174,080	\$13,939,686	\$20,273,169	\$24,977,733	\$25,017,178	\$25,056,623	\$25,096,068	\$25,135,513	\$25,174,958	\$75,524,873.01

Total
13,508,000
4,304,000
1,209,000
8,663,000
2,871,000
6,268,000
2,622,000
\$39,445,000

Assumptions	
# of Added Beds	7
#of Added Physicians	
Primary Care	8
Specialty Care	6.3

United & Kelsey – Proforma

Year	0	1	2	3	4	5	6	7	8	9	10	Terminal (3x)
Facilities Costs (CapEx)												
Ambulatory -ICC- United		\$776,300	\$3,881,500	\$3,105,200	\$771,000	\$0	\$0	\$0	\$0	\$0	\$0	
OB Modernization- United		\$0	\$137,100	\$2,041,900	\$1,046,000	\$0	\$0	\$0	\$0	\$0	\$0	
Acute Care- United		\$908,600	\$5,451,600	\$3,307,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
RNC- United		\$203,300	\$1,829,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Parking- United		\$230,000	\$2,070,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Ambulatory - Rural Health Clinic- Kelsey		\$577,200	\$3,463,200	\$1,731,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Vacate and Demo Kelsey Hospital- Kelsey		\$0	\$115,400	\$1,038,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total		\$2,695,400	\$16,948,500	\$11,225,100	\$1,817,000	\$0	\$0	\$0	\$0	\$0	\$0	
Direct Margin from New Programs												
Margin from New Programs		\$2,344,504	\$4,826,212	\$7,453,155	\$10,233,832	\$13,177,239	\$13,177,239	\$13,177,239	\$13,177,239	\$13,177,239	\$13,177,239	
Sub-Total		\$2,344,504	\$4,826,212	\$7,453,155	\$10,233,832	\$13,177,239	\$13,177,239	\$13,177,239	\$13,177,239	\$13,177,239	\$13,177,239	
Downstream Revenue from New MDs												
Primary Care		\$3,981,250	\$7,962,500	\$11,943,750	\$15,925,000	\$15,925,000	\$15,925,000	\$15,925,000	\$15,925,000	\$15,925,000	\$15,925,000	
Specialty Care		\$3,480,750	\$6,961,500	\$10,442,250	\$13,923,000	\$13,923,000	\$13,923,000	\$13,923,000	\$13,923,000	\$13,923,000	\$13,923,000	
Sub-Total		\$7,462,000	\$14,924,000	\$22,386,000	\$29,848,000	\$29,848,000	\$29,848,000	\$29,848,000	\$29,848,000	\$29,848,000	\$29,848,000	
65% Cost		\$4,850,300	\$9,700,600	\$14,550,900	\$19,401,200	\$19,401,200	\$19,401,200	\$19,401,200	\$19,401,200	\$19,401,200	\$19,401,200	
Revenue Less Expenses		\$2,611,700	\$5,223,400	\$7,835,100	\$10,446,800	\$10,446,800	\$10,446,800	\$10,446,800	\$10,446,800	\$10,446,800	\$10,446,800	
Operating Expense Additions												
Primary Care		(\$2,600,000)	(\$2,080,000)	(\$1,560,000)	(\$1,560,000)	(\$1,560,000)	(\$1,560,000)	(\$1,560,000)	(\$1,560,000)	(\$1,560,000)	(\$1,560,000)	
Specialty Care		(\$2,340,000)	(\$1,950,000)	(\$1,560,000)	(\$1,560,000)	(\$1,560,000)	(\$1,560,000)	(\$1,560,000)	(\$1,560,000)	(\$1,560,000)	(\$1,560,000)	
Sub-Total		(\$4,940,000)	(\$4,030,000)	(\$3,120,000)	(\$3,120,000)	(\$3,120,000)	(\$3,120,000)	(\$3,120,000)	(\$3,120,000)	(\$3,120,000)	(\$3,120,000)	
Operating Expense Reductions												
Primary Care												
Specialty Care												
Sub-Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Contribution		\$16,204	\$6,019,612	\$12,168,255	\$17,560,632	\$20,504,039	\$20,504,039	\$20,504,039	\$20,504,039	\$20,504,039	\$20,504,039	
Avoid Future Maintenance												
Deferred Maintenance - United		\$876,766	\$876,766	\$876,766	\$876,766	\$876,766	\$876,766	\$876,766	\$876,766	\$876,766	\$876,766	
Deferred Maintenance - Kelsey		\$169,435	\$169,435	\$169,435	\$169,435	\$169,435	\$169,435	\$169,435	\$169,435	\$169,435	\$169,435	
Eliminated Lease Space												
Eliminated Lease Space- United												
Eliminated Lease Space- Kelsey												
Sub-Total		\$1,046,200	\$1,046,200	\$1,046,200	\$1,046,200	\$1,046,200	\$1,046,200	\$1,046,200	\$1,046,200	\$1,046,200	\$1,046,200	
Debt Services												
Debt Services		(\$2,070,113)	(\$2,037,427)	(\$2,004,741)	(\$1,972,055)	(\$1,939,369)	(\$1,906,683)	(\$1,873,997)	(\$1,841,311)	(\$1,808,625)	(\$1,775,939)	
Financial Impact		(\$1,007,709)	\$5,028,385	\$11,209,714	\$16,634,777	\$19,610,870	\$19,643,556	\$19,676,242	\$19,708,928	\$19,741,614	\$19,774,300	\$59,322,900.32

Total
8,534,000
3,225,000
9,668,000
2,033,000
2,300,000
5,772,000
1,154,000
\$32,686,000

Assumptions	
# of Added Beds	10
# of Added Physicians	
Primary Care	13
Specialty Care	7.8

Southeast Region

➤ *Hastings (Pennock Hospital)*



Hastings – Proforma

Year	0	1	2	3	4	5	6	7	8	9	10	Terminal (3x)
Facilities Costs (CapEx)												
ED Modernization		\$310,500	\$1,552,500	\$1,372,100	\$1,439,600	\$2,418,300	\$0	\$0	\$0	\$0	\$0	
Ambulatory		\$621,000	\$3,702,300	\$6,067,800	\$1,791,900	\$0	\$0	\$0	\$0	\$0	\$0	
Medical Arts Building		\$0	\$0	\$381,400	\$3,432,600	\$4,363,000	\$0	\$0	\$0	\$0	\$0	
OR Replacement and Other Equipment Modernizations												
Misc. Hospital Renovations												
Total		\$931,500	\$5,254,800	\$7,821,300	\$6,664,100	\$6,781,300	\$0	\$0	\$0	\$0	\$0	
Direct Margin from New Programs												
Margin from New Programs		\$2,261,733	\$4,656,824	\$7,193,138	\$9,879,000	\$12,723,228	\$12,723,228	\$12,723,228	\$12,723,228	\$12,723,228	\$12,723,228	
Sub-Total		\$2,261,733	\$4,656,824	\$7,193,138	\$9,879,000	\$12,723,228	\$12,723,228	\$12,723,228	\$12,723,228	\$12,723,228	\$12,723,228	
Downstream Revenue from New MDs												
Primary Care		\$2,450,000	\$4,900,000	\$7,350,000	\$9,800,000	\$9,800,000	\$9,800,000	\$9,800,000	\$9,800,000	\$9,800,000	\$9,800,000	
Specialty Care		\$2,811,375	\$5,622,750	\$8,434,125	\$11,245,500	\$11,245,500	\$11,245,500	\$11,245,500	\$11,245,500	\$11,245,500	\$11,245,500	
Sub-Total		\$5,261,375	\$10,522,750	\$15,784,125	\$21,045,500	\$21,045,500	\$21,045,500	\$21,045,500	\$21,045,500	\$21,045,500	\$21,045,500	
65% Cost		\$3,419,894	\$6,839,788	\$10,259,681	\$13,679,575	\$13,679,575	\$13,679,575	\$13,679,575	\$13,679,575	\$13,679,575	\$13,679,575	
Revenue Less Expenses		\$1,841,481	\$3,682,963	\$5,524,444	\$7,365,925	\$7,365,925	\$7,365,925	\$7,365,925	\$7,365,925	\$7,365,925	\$7,365,925	
Operating Expense Additions												
Primary Care		(\$1,600,000)	(\$1,280,000)	(\$960,000)	(\$960,000)	(\$960,000)	(\$960,000)	(\$960,000)	(\$960,000)	(\$960,000)	(\$960,000)	
Specialty Care		(\$1,890,000)	(\$1,575,000)	(\$1,260,000)	(\$1,260,000)	(\$1,260,000)	(\$1,260,000)	(\$1,260,000)	(\$1,260,000)	(\$1,260,000)	(\$1,260,000)	
Sub-Total		(\$3,490,000)	(\$2,855,000)	(\$2,220,000)	(\$2,220,000)	(\$2,220,000)	(\$2,220,000)	(\$2,220,000)	(\$2,220,000)	(\$2,220,000)	(\$2,220,000)	
Operating Expense Reductions												
Primary Care												
Specialty Care												
Sub-Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Contribution		\$613,214	\$5,484,787	\$10,497,582	\$15,024,925	\$17,869,153	\$17,869,153	\$17,869,153	\$17,869,153	\$17,869,153	\$17,869,153	
Avoid Future Maintenance												
Deferred Maintenance		\$1,295,002	\$1,295,002	\$1,295,002	\$1,295,002	\$1,295,002	\$1,295,002	\$1,295,002	\$1,295,002	\$1,295,002	\$1,295,002	
Eliminated Lease Space												
Eliminated Lease Space												
Sub-Total		\$1,295,002	\$1,295,002	\$1,295,002	\$1,295,002	\$1,295,002	\$1,295,002	\$1,295,002	\$1,295,002	\$1,295,002	\$1,295,002	
Debt Services												
Debt Services		(\$1,738,690)	(\$1,711,237)	(\$1,683,784)	(\$1,656,331)	(\$1,628,878)	(\$1,601,425)	(\$1,573,972)	(\$1,546,519)	(\$1,519,066)	(\$1,491,613)	
Financial Impact		\$169,526	\$5,068,552	\$10,108,799	\$14,663,595	\$17,535,277	\$17,562,730	\$17,590,183	\$17,617,636	\$17,645,089	\$17,672,542	\$53,017,626

Total
7,093,000
12,183,000
8,177,000
\$27,453,000

Assumptions	
# of Added Beds	6
#of Added Physicians	
Primary Care	8
Specialty Care	6.3

Southwest Region

➤ *Holland (Zeeland Hospital)*



Zeeland – Proforma

Year	0	1	2	3	4	5	6	7	8	9	10	Terminal (3x)
Facilities Costs (CapEx)												
MOB		\$1,539,200	\$21,235,200	\$4,617,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
POB		\$0	\$1,532,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Increase Bed Capacity		\$0	\$0	\$0	\$263,900	\$1,583,400	\$791,700	\$0	\$0	\$0	\$0	
Site Approach		\$0	\$1,342,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total		\$1,539,200	\$24,109,200	\$4,617,600	\$263,900	\$1,583,400	\$791,700	\$0	\$0	\$0	\$0	
Direct Margin from New Programs												
Margin from New Programs		\$2,444,787	\$5,037,251	\$7,786,311	\$10,701,428	\$13,792,631	\$13,792,631	\$13,792,631	\$13,792,631	\$13,792,631	\$13,792,631	
Sub-Total		\$2,444,787	\$5,037,251	\$7,786,311	\$10,701,428	\$13,792,631	\$13,792,631	\$13,792,631	\$13,792,631	\$13,792,631	\$13,792,631	
Downstream Revenue from New MDs												
Primary Care		\$2,450,000	\$4,900,000	\$7,350,000	\$9,800,000	\$9,800,000	\$9,800,000	\$9,800,000	\$9,800,000	\$9,800,000	\$9,800,000	
Specialty Care		\$2,008,125	\$4,016,250	\$6,024,375	\$8,032,500	\$8,032,500	\$8,032,500	\$8,032,500	\$8,032,500	\$8,032,500	\$8,032,500	
Sub-Total		\$4,458,125	\$8,916,250	\$13,374,375	\$17,832,500	\$17,832,500	\$17,832,500	\$17,832,500	\$17,832,500	\$17,832,500	\$17,832,500	
65% Cost		\$2,897,781	\$5,795,563	\$8,693,344	\$11,591,125	\$11,591,125	\$11,591,125	\$11,591,125	\$11,591,125	\$11,591,125	\$11,591,125	
Revenue Less Expenses		\$1,560,344	\$3,120,688	\$4,681,031	\$6,241,375	\$6,241,375	\$6,241,375	\$6,241,375	\$6,241,375	\$6,241,375	\$6,241,375	
Operating Expense Additions												
Primary Care		(\$1,600,000)	(\$1,280,000)	(\$960,000)	(\$960,000)	(\$960,000)	(\$960,000)	(\$960,000)	(\$960,000)	(\$960,000)	(\$960,000)	
Specialty Care		(\$1,350,000)	(\$1,125,000)	(\$900,000)	(\$900,000)	(\$900,000)	(\$900,000)	(\$900,000)	(\$900,000)	(\$900,000)	(\$900,000)	
Sub-Total		(\$2,950,000)	(\$2,405,000)	(\$1,860,000)	(\$1,860,000)	(\$1,860,000)	(\$1,860,000)	(\$1,860,000)	(\$1,860,000)	(\$1,860,000)	(\$1,860,000)	
Operating Expense Reductions												
Primary Care												
Specialty Care												
Sub-Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Contribution		\$1,055,131	\$5,752,938	\$10,607,343	\$15,082,803	\$18,174,006	\$18,174,006	\$18,174,006	\$18,174,006	\$18,174,006	\$18,174,006	
Avoid Future Maintenance												
Deferred Maintenance		\$406,981	\$406,981	\$406,981	\$406,981	\$406,981	\$406,981	\$406,981	\$406,981	\$406,981	\$406,981	
Eliminated Lease Space												
Eliminated Lease Space												
Sub-Total		\$406,981	\$406,981	\$406,981	\$406,981	\$406,981	\$406,981	\$406,981	\$406,981	\$406,981	\$406,981	
Debt Services												
Debt Services		(\$2,083,983)	(\$2,051,078)	(\$2,018,173)	(\$1,985,268)	(\$1,952,363)	(\$1,919,458)	(\$1,886,553)	(\$1,853,648)	(\$1,820,743)	(\$1,787,838)	
Financial Impact		(\$621,871)	\$4,108,841	\$8,996,151	\$13,504,516	\$16,628,624	\$16,661,529	\$16,694,434	\$16,727,339	\$16,760,244	\$16,793,149	\$50,379,447

Total
27,392,000
1,532,000
2,639,000
1,342,000
\$32,905,000

Assumptions	
# of Added Beds	9
#of Added Physicians	
Primary Care	8
Specialty Care	4.5

Grand Rapids Market

- *Medical Center*
- *Blodgett Hospital*



Butterworth – Proforma

Year	0	1	2	3	4	5	6	7	8	9	10	Terminal (3x)
Facilities Costs (CapEx)												
Medical Center On-site Parking for Patient and Staff		\$1,339,400	\$19,853,700	\$47,898,300	\$26,666,600	\$0	\$0	\$0	\$0	\$0	\$0	
Expand Retail Short Term		\$1,200,600	\$6,003,000	\$4,802,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Off-stage Space for Staff		\$450,200	\$2,251,000	\$1,800,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
HDTVCH Strategy		\$1,345,600	\$15,908,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
New Ambulatory Surgery Center		\$21,237,300	\$107,099,500	\$63,711,900	\$21,237,300	\$0	\$0	\$0	\$0	\$0	\$0	
New Medical Education Residency Clinic Building		\$10,961,100	\$54,805,500	\$32,883,300	\$10,961,100	\$0	\$0	\$0	\$0	\$0	\$0	
New Hotel		\$4,777,600	\$23,888,000	\$14,332,800	\$4,777,600	\$0	\$0	\$0	\$0	\$0	\$0	
25/35/221 Modernization and Realignment Strategy		\$0	\$0	\$3,526,300	\$10,993,300	\$20,379,950	\$20,508,900	\$13,835,350	\$5,426,200	\$0	\$0	
New Hospital Expansion		\$7,528,600	\$37,643,000	\$94,399,700	\$129,973,600	\$160,713,250	\$160,713,250	\$134,836,700	\$31,330,500	\$25,064,400	\$0	
Total		\$48,840,400	\$267,452,100	\$263,355,500	\$204,609,500	\$181,093,200	\$181,222,150	\$148,672,050	\$36,756,700	\$25,064,400	\$0	
Direct Margin from New Programs												
Margin from New Programs		\$5,664,992	\$11,372,403	\$17,122,551	\$22,915,755	\$28,752,338	\$28,752,338	\$28,752,338	\$28,752,338	\$28,752,338	\$28,752,338	
Margin Impact from Repatriation Acuity Shift		\$36,832,751	\$37,108,551	\$37,386,417	\$37,666,362	\$37,948,405	\$38,232,559	\$38,518,840	\$38,807,266	\$39,097,851	\$39,390,612	
Sub-Total		\$42,497,743	\$48,480,954	\$54,508,967	\$60,582,117	\$66,700,742	\$66,984,896	\$67,271,178	\$67,559,603	\$67,850,188	\$68,142,949	
Downstream Revenue from New MDs												
Primary Care		\$2,480,625	\$4,961,250	\$7,441,875	\$9,922,500	\$9,922,500	\$9,922,500	\$9,922,500	\$9,922,500	\$9,922,500	\$9,922,500	
Specialty Care		\$14,503,125	\$29,006,250	\$43,509,375	\$58,012,500	\$58,012,500	\$58,012,500	\$58,012,500	\$58,012,500	\$58,012,500	\$58,012,500	
Sub-Total		\$16,983,750	\$33,967,500	\$50,951,250	\$67,935,000	\$67,935,000	\$67,935,000	\$67,935,000	\$67,935,000	\$67,935,000	\$67,935,000	
65% Cost		\$11,039,438	\$22,078,875	\$33,118,313	\$44,157,750	\$44,157,750	\$44,157,750	\$44,157,750	\$44,157,750	\$44,157,750	\$44,157,750	
Revenue Less Expenses		\$5,944,313	\$11,888,625	\$17,832,938	\$23,777,250	\$23,777,250	\$23,777,250	\$23,777,250	\$23,777,250	\$23,777,250	\$23,777,250	
Operating Expense Additions												
Primary Care		(\$1,620,000)	(\$1,296,000)	(\$972,000)	(\$972,000)	(\$972,000)	(\$972,000)	(\$972,000)	(\$972,000)	(\$972,000)	(\$972,000)	
Specialty Care		(\$9,750,000)	(\$8,125,000)	(\$6,500,000)	(\$6,500,000)	(\$6,500,000)	(\$6,500,000)	(\$6,500,000)	(\$6,500,000)	(\$6,500,000)	(\$6,500,000)	
Sub-Total		(\$11,370,000)	(\$9,421,000)	(\$7,472,000)	(\$7,472,000)	(\$7,472,000)	(\$7,472,000)	(\$7,472,000)	(\$7,472,000)	(\$7,472,000)	(\$7,472,000)	
Operating Expense Reductions												
Primary Care												
Specialty Care												
Sub-Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Contribution		\$37,072,056	\$50,948,579	\$64,869,905	\$76,887,367	\$83,005,992	\$83,290,146	\$83,576,428	\$83,864,853	\$84,155,438	\$84,448,199	
Avoid Future Maintenance												
Deferred Maintenance												
Eliminated Lease Space												
Eliminated Lease Space												
Sub-Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Debt Services												
Debt Services		(\$85,947,513)	(\$84,590,447)	(\$83,233,381)	(\$81,876,315)	(\$80,519,249)	(\$79,162,183)	(\$77,805,117)	(\$76,448,051)	(\$75,090,985)	(\$73,733,919)	
Financial Impact		(\$48,875,457)	(\$33,641,868)	(\$18,363,477)	(\$4,988,948)	\$2,486,743	\$4,127,963	\$5,771,311	\$7,416,802	\$9,064,453	\$10,714,280	\$32,142,840

Total	
\$	95,758,000
\$	12,006,000
\$	4,502,000
\$	17,254,000
\$	213,286,000
\$	109,611,000
\$	47,776,000
\$	74,670,000
\$	782,203,000
\$1,357,066,000	

Assumptions	
# of Added Beds	24.5
#of Added Physicians	
Primary Care	8.1
Specialty Care	32.5

Blodgett – Proforma

Year	0	1	2	3	4	5	6	7	8	9	10	Terminal (3x)
Facilities Costs (CapEx)												
Reconfigure ED		\$783,800	\$3,919,000	\$3,135,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Reconfigure POB		\$1,224,500	\$12,012,900	\$9,992,700	\$9,549,900	\$0	\$0	\$0	\$0	\$0	\$0	
Expand Bed Capacity		\$0	\$0	\$408,000	\$2,448,000	\$1,224,000	\$0	\$0	\$0	\$0	\$0	
Total		\$2,008,300	\$15,931,900	\$13,535,900	\$11,997,900	\$1,224,000	\$0	\$0	\$0	\$0	\$0	
Direct Margin from New Programs												
Margin from New Programs		\$3,468,748	\$6,991,684	\$10,569,654	\$14,203,518	\$17,894,149	\$17,894,149	\$17,894,149	\$17,894,149	\$17,894,149	\$17,894,149	
Sub-Total		\$3,468,748	\$6,991,684	\$10,569,654	\$14,203,518	\$17,894,149	\$17,894,149	\$17,894,149	\$17,894,149	\$17,894,149	\$17,894,149	
Downstream Revenue from New MDs												
Primary Care												
Specialty Care												
Sub-Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
65% Cost		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Revenue Less Expenses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Operating Expense Additions												
Primary Care												
Specialty Care												
Sub-Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Operating Expense Reductions												
Primary Care												
Specialty Care												
Sub-Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Contribution		\$3,468,748	\$6,991,684	\$10,569,654	\$14,203,518	\$17,894,149	\$17,894,149	\$17,894,149	\$17,894,149	\$17,894,149	\$17,894,149	
Avoid Future Maintenance												
Deferred Maintenance		\$1,374,518	\$1,374,518	\$1,374,518	\$1,374,518	\$1,374,518	\$1,374,518	\$1,374,518	\$1,374,518	\$1,374,518	\$1,374,518	
Eliminated Lease Space												
Eliminated Lease Space												
Sub-Total		\$1,374,518	\$1,374,518	\$1,374,518	\$1,374,518	\$1,374,518	\$1,374,518	\$1,374,518	\$1,374,518	\$1,374,518	\$1,374,518	
Debt Services												
Debt Services		(\$2,830,873)	(\$2,786,175)	(\$2,741,477)	(\$2,696,779)	(\$2,652,081)	(\$2,607,383)	(\$2,562,685)	(\$2,517,987)	(\$2,473,289)	(\$2,428,591)	
Financial Impact		\$2,012,393	\$5,580,027	\$9,202,695	\$12,881,257	\$16,616,586	\$16,661,284	\$16,705,982	\$16,750,680	\$16,795,378	\$16,840,076	\$50,520,228

Total
7,838,000
32,780,000
4,080,000
\$44,698,000

Assumptions	
# of Added Beds	17
#of Added Physicians	
Primary Care	0
Specialty Care	0