

Freestanding Emergency Department Assessment

 Grady

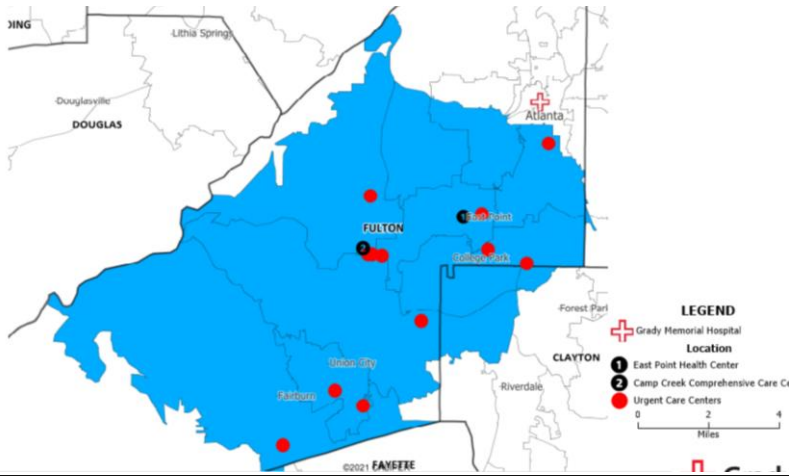
May/June 2024

Why a Freestanding ED?

Freestanding ED

- The freestanding emergency department provides the next level of care beyond primary care and urgent care
 - Addresses community need – gap in access
 - Provides basis for system growth
 - Creates foundation for downstream growth to the health system

Urgent Care Centers



Community

- The community has urgent care, but needs access to true emergency services (shouldn't have to drive downtown)
 - Expansion of pediatric services is a huge need (families currently must drive to Hughes Spalding or further)
 - Mental health is a big need – including crisis intervention services
 - Real-time access to social services
 - Consider mobile integrated health care (visit patients after they are released from the hospital or FSED)
- Survey feedback
 - 67% would support a new, local Grady location.
 - 72% would be likely to use it.
 - 63% would support an elected official who supported Grady bringing a new service location to the neighborhood.

Grady

- Grady has already committed to additional investment in the South Fulton market with the expansion of two new outpatient access points. Investing in a new FSED will further establish a footprint in the market.
- Grady is known for emergency care and our mission build a healthier community.
- There are 360,000+ residents in the defined service area of nine zip codes (radius of ~10 miles). This population is expected to continue to increase at over 1% per year to over 380,000 by 2028.
- The nearest Emergency Room access points are 20 to 40 minutes away depending on where individuals live within the South Fulton market. Most travel north towards downtown or midtown.
- 8 of the 10 top ZIP codes in terms of ED visit volume in Fulton County originate from this market (over 100,000 annual visits in total) – suggesting demand for a freestanding ED.

Services

Category	Assumption
Total Capacity	16 Bays (12 adult, 4 pediatrics)
Volume estimates	Initially 24,000 visits per year
Jobs	Estimates of approximately 90 FTEs
Services	Emergency services and wrap around support
Connectivity to Grady	Ambulance stationed at the FSED for transfers; helipad planning on the site
Future planning	Observation, outpatient clinics, acute care hospital

Financial Analysis

Original Cost Assumptions

Fiscal Year	Expenses	Cost
FY25/26	Construction Cost	\$12,250,000
FY26	Fixed Equipment	\$3,900,000
FY26	Moveable Equipment	\$925,000
FY26	Other	\$50,000
	Subtotal	\$17,125,000
FY24	Contingency	\$2,000,000
FY24	Architect Fees	\$1,200,000
FY24	Site Cost	\$15,000,000
FY24/25	Site Prep/Due Diligence	\$2,200,000
FY24	Other	\$750,000
	Subtotal	\$21,150,000
FY24/25/26	Admin & Legal Fees	\$325,000
FY24	CON Prep	\$50,000
	Subtotal	\$375,000
	Total	\$38,650,000

Note: These costs and square footage do not consider observation beds.

- With further study of the community's needs and additional input from our clinical teams, we have added observation beds, a community room and additional clinical support spaces for growth.
- Financial projections show a positive operating margin and free cash flow, totaling \$15.2 million over the first 5 years.

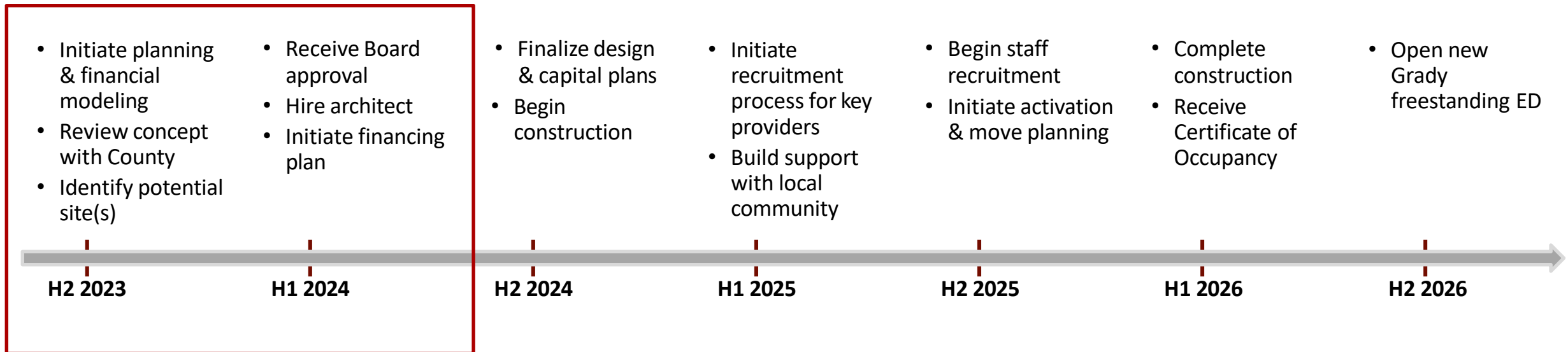
Financial Projections

Margins & FCF	2027	2028	2029	2030	2031	2032
Oper. Margin	\$1,246,371	\$1,369,961	\$1,507,556	\$1,645,036	\$1,782,401	\$1,919,647
EBIDA	\$1,246,371	\$2,511,628	\$2,649,222	\$2,786,703	\$2,924,068	\$3,061,314
CAPX	\$0	\$0	\$0	\$0	\$0	\$0
FCF	\$1,246,371	\$2,511,628	\$2,649,222	\$2,786,703	\$2,924,068	\$3,061,314

Sum of operating cash flows '27 to '32 = \$15.2M

South Fulton: Potential FSED Timeline

- Grady's current campus is site-constrained and access to emergency care has been limited in south Fulton. A campus in south Fulton would provide better access to an underserved market and help decant some of the congestion on the main campus.
 - Opening a freestanding ED on the future site could serve as the initial “building block” for future development.



Potential Benefits to all Stakeholders



Benefits for South Fulton Patients/Families	Benefits for the City/County	Benefits for Grady
➤ Bring emergency services – adult and pediatric - closer to the community and reduce the current 25+ minute drive to the closest ED ➤ Provide access to emergency, crisis intervention and select diagnostic services in a facility that is custom-built for the community's needs ➤ Enhance clinical outcomes by providing life-saving care more quickly to community residents, with a streamlined transfer model to get patients to Grady when needed	➤ Create access to high-quality healthcare in a community that is devoid of choices ➤ Support facility that directly meets the needs of the community ➤ Improves emergency care wait times across the region by increasing the number of available emergency room bays ➤ A new healthcare “center of gravity” in south Fulton would create new jobs and serve as an economic driver for that community ➤ The new campus could eventually grow into a more meaningful ambulatory and inpatient destination, so fewer residents have to leave the market for care	➤ Allows Grady to extend its footprint to south Fulton County and expand its patient base ➤ Augments the investments that Grady is making in expanding ambulatory access in the region ➤ Strengthens Grady's access in a community that is growing and aging ➤ Shifts some of the patient volume originating from south Fulton out of Grady's ED and beds, which creates capacity for backfill



How Fulton May Choose to Fund

- Issue bonds through Fulton Dekalb Hospital Authority
- \$19m with a 15 year payback
- Estimated annual debt service of \$1.7m
- Redirect a portion of the \$2.5m originally reserved for BHCC operating contingency and agree to operate the facility within the state funding provided.