Robert E. Moffit
CHAIR

STATE OF MARYLAND

Ben Steffen
EXECUTIVE DIRECTOR

MARYLAND HEALTH CARE COMMISSION
4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215
TELEPHONE: 410-764-3460 FAX: 410-358-1236

MEMORANDUM

To: Commissioners

From: Kevin R. McDonald, Chief
Certificate of Need

Date: October 16, 2018

Subject: Request for Exemption from Certificate of Need Review - Consolidation of Psychiatric Hospital Facilities: AHC Shady Grove Medical Center and AHC Washington Adventist Hospital
Docket No. 18-15-EX005

Attached is a Staff Report and Recommendation in the review of the request by Adventist HealthCare, Inc. d/b/a Washington Adventist Hospital ("WAH") and d/b/a Shady Grove Medical Center ("SGMC") to consolidate 16 of the 26 adult acute psychiatric beds now in operation at WAH in Takoma Park with the psychiatric facilities at SGMC in Rockville. While these 16 acute psychiatric beds are currently operating as a psychiatric unit in a general hospital, they are part of a bed complement[1] in a 2015 Certificate of need ("CON") that approved the establishment of a special psychiatric hospital that would operate on the same premises, following the relocation of WAH to a new site in Silver Spring.

With the approval of this request for exemption, the number of licensed acute psychiatric beds at SGMC would increase from 117 to 133 beds. AHC estimates that the cost of adding these 16 beds at SGMC is approximately $3.4 million for renovation and furnishing of existing building space. Funding will be cash from the SGMC operating budget.

[1] The 40 inpatient psychiatric beds that were to remain in a to-be-established special hospital - psychiatric in Takoma Park as part of the 2015 CON have been reduced to 26 psychiatric beds, effective July 1, 2018, as a result of WAH's annual reallocation of its beds. On September 20, 2018, the Commission approved a requested modification to the 2015 CON to add ten of these acute psychiatric beds to the replacement hospital in White Oak.

Staff concludes that the requested consolidation is in the public interest, as it will create a more stable basis for the ongoing provision of behavioral health services and that the consolidation is not inconsistent with any provisions of the Psychiatric Services Chapter of the State Health Plan. The consolidation will result in more efficient and effective delivery of health services by gaining economies of scale and enhancing the ability to provide specialized care. Therefore, staff recommends that the Commission **APPROVE** the request for exemption from Certificate of Need Docket No. 18-15-EX005.

IN THE MATTER OF THE	*	
	*	**BEFORE THE**
CONSOLIDATION OF	*	
PSYCHIATRIC HOSPITAL	*	**MARYLAND HEALTH**
FACILITIES: AHC SHADY GROVE	*	
MEDICAL CENTER AND AHC	*	**CARE COMMISSION**
WASHINGTON ADVENTIST	*	
HOSPITAL	*	
	*	
Docket No. 18-15-EX005	*	

* *

STAFF REPORT AND RECOMMENDATION
REQUEST FOR EXEMPTION FROM CERTIFICATE OF NEED

I. INTRODUCTION

<u>The Project</u>

Adventist HealthCare, Inc. ("AHC") d/b/a Washington Adventist Hospital ("WAH) and d/b/a Shady Grove Medical Center ("SGMC") seeks approval to consolidate 16 of the 26 adult acute psychiatric beds now in operation at WAH in Takoma Park with the psychiatric facilities at SGMC in Rockville. While these 16 acute psychiatric beds are currently operating as a psychiatric unit in a general hospital, they were part of a bed complement[1] in a 2015 Certificate of Need ("CON") that approved the establishment of a special psychiatric hospital that would operate on the same premises, following the relocation of WAH to a new site in Silver Spring.

AHC characterizes this exemption request as part of its larger strategy crafted to ensure greater financial viability and stability to its provision of behavioral health services, thus preserving their availability for the community. This is the third and likely final hospital facility change of that initiative. In May 2018, the Maryland Health Care Commission ("MHCC") approved a request for exemption from CON review to merge Adventist Behavioral Health and Wellness ("ABHW"), a special psychiatric hospital and AHC Shady Grove Medical Center, a general hospital, with SGMC as the surviving hospital of the consolidation. In September 2018, MHCC approved a change in the 2015 CON for the relocation and replacement of WAH, authorizing inclusion of a 10-bed adult acute psychiatric unit in the replacement hospital currently under construction in the White Oak area of Silver Spring. Thus, this request for exemption, if approved, will complete the consolidation of most of AHC's psychiatric hospital facilities at SGMC, with the exception of the ten-bed acute psychiatric unit that will be in the hospital that will replace WAH, which AHC states will be known as AHC White Oak Medical Center.

[1] The 40 inpatient psychiatric beds that were to remain in a to-be-established special hospital - psychiatric in Takoma Park as part of the 2015 CON have been reduced to 26 psychiatric beds, effective July 1, 2018, as a result of WAH's annual reallocation of its beds. On September 20, 2018, the Commission approved a requested modification to the 2015 CON to add ten of these acute psychiatric beds to the replacement hospital in White Oak

With the approval of this request for exemption, the number of licensed acute psychiatric beds at SGMC would increase from 117 to 133 beds. AHC estimates that the cost of adding these 16 beds at SGMC is approximately $3.4 million for renovation and furnishing of existing building space. Funding will be cash from the SGMC operating budget.

II. Legal Qualification for an Exemption from Certificate of Need Review

COMAR 10.24.01.04 permits the Commission to issue an exemption from CON review for certain actions proposed by a merged asset system. One of those permitted actions is the "[m]erger or consolidation of two or more hospitals or other health care facilities, if the facilities or an organization that operates the facilities give the Commission 45 days written notice of their intent to merge or consolidate." COMAR 10.24.01.04A(1) The facilities that are the subject of this request are components of a merged asset system. AHC provided written notice on June 28, 2018, and submitted additional information on August 6, 2018.

III. Notice by the Commission to the Public

On July 23, 2018, staff requested publication of a notice of receipt of the request for the exemption from CON in the *Washington Times*. The notice was also published in the *Maryland Register* on July 9, 2018 as required. No comments were received in response to these notices.

IV. Determination of Exemption from Certificate of Need Review

The applicable regulation, COMAR 10.24.01.04E(2), directs the Commission to issue an exemption from CON review for a capital project if the merged asset system proposing the project has provided the required information, and the Commission, in its sole discretion, finds that the proposed action:

(a) Is in the public interest;

(b) Is not inconsistent with the State Health Plan; and

(c) Will result in more efficient and effective delivery of health services.

A. Is in the Public Interest

AHC states that it is "undertaking this initiative to strengthen and ensure the continued viability of its behavioral health services." AHC describes Adventist Behavioral Health as "a vital part of the region's health care infrastructure ... the largest provider of behavioral health in Montgomery County and one of the largest providers of behavioral health services in the State of Maryland." (AHC, August 6, 2018 filing, p. 2).

AHC believes the financial stability of its psychiatric hospital facilities is made tenuous by operating facilities defined by federal law as Institutions for Mental Diseases ("IMDs"). Maryland's Medicaid program cannot receive federal Medicaid funds for care provided in an IMD,

a designation that includes freestanding special psychiatric hospitals with more than 16 beds. To date, Maryland's Medicaid program has been covering that portion, but there are no guarantees that this policy will remain in effect, which threatens the stability and predictability of funding for these services. Prior to May of this year, AHC operated a freestanding special psychiatric hospital with IMD status, Adventist Behavioral Health and Wellness, in Rockville and was authorized to establish a second, the freestanding special psychiatric hospital slated to "remain behind" after the relocation of WAH from Takoma Park to Silver Spring is completed in 2019. By "combining the ABHW license into SGMC's license" in May 2018, AHC mitigated "any risk associated with the State of Maryland not having sufficient budgetary funds in the future to fund the loss of the IMD waiver" because a general hospital can operate any number of acute psychiatric beds without being classified as an IMD.

AHC states that this proposed project, in combination with the approval obtained in September to include an acute psychiatric unit in the replacement WAH, resolves the remaining IMD issue confronted by AHC as it reconfigures it hospital system.[2] As with the inpatient psychiatric beds previously operated by ABHW in Rockville, the future financial stability for the psychiatric beds currently operated at WAH is questionable due to the IMD status that would attach to the freestanding psychiatric hospital that would be the platform for these beds after the relocation of WAH is completed. Adventist explained that this original plan for operating behavioral health services at Takoma Park would face the same reimbursement disadvantage that motivated the consolidation of Shady Grove and ABHW.

Thus, AHC submitted two requests to address the remaining 26 acute psychiatric beds[3] currently in use at Takoma Park. The first was a request to modify a Certificate of Need to relocate ten of these beds to the replacement hospital in White Oak, to be located in shell space located on the hospital's south tower at an estimated cost of $3.3 million. The Commission approved this modification request in September 2018.

This second request for exemption regarding the psychiatric beds at WAH seeks to consolidate the remaining 16 WAH beds at SGMC when WAH relocates. The projected incremental impact on volume, revenues and expenses at SGMC is shown in Tables 1 and 2 below.

Table 1: Incremental Utilization Change Related to Adding 16 Acute Psychiatric Beds to SGMC

	CY 2019	CY 2020	CY 2021
Discharges	384	768	768
Patient Days	2,319	4,638	4,638
Average Length of Stay (Days)	6.04	6.04	6.04

[2] MHCC staff notes that with the reduction in licensed capacity to 26 and the recently-approved relocation of ten of those beds to White Oak, if these beds were to remain in Takoma Park the IMD exclusion would actually not be an issue, since it applies to freestanding psychiatric hospitals with more than 16 beds, which would not be the case in this scenario.

[3] In CY 2017, the Maryland Hospital Discharge Date Base shows that the average daily census of psychiatric patients at WAH was 20.7 patients.

Source: AHC Exemption Request, June 28, 2018, Exh. 1, Table I (Statistical Projections).

Financially, AHC projects that operating 16 additional beds at SGMC will increase expenses by about $4.4 million, which includes approximately $2.4 million in additional salaries and benefits for an additional 34.2 full time-equivalent staff, and about $341,820 in depreciation resulting from the renovation of space to accommodate the additional patients. See Table 2 below.

Table 2: Incremental Revenue and Expense Changes Related to Adding 16 Acute Psychiatric Beds to SGMC

	CY 2019	CY 2020	CY 2021
Net Operating Revenue	$2,635,390	$5,270,779	$5,270,779
Expenses	$2,191,279	$ 4,382,559	$4,382,559
Net Income	$ 444,110	$ 888,221	$ 888,221

Source: AHC Exemption Request, June 28, 2018, Exh. 1, Table J (Revenue & Expense, Uninflated).

AHC states that the relocation of these 16 beds will transition approximately $5.3 million in net revenue annually from WAH's Global Budget to SGMC. (AHC, August 6, 2018 filing, p. 2). By CY 2020, the 16 beds are expected to provide additional net income of $888,221.

Commission staff concludes that the proposed consolidation is in the public interest. The acute psychiatric beds at WAH provide important behavioral health services to the residents of Montgomery County. As further discussed in Section IV-C, below, staff concludes that this consolidation will permit AHC to deliver psychiatric services more efficiently. This exemption will provide a more stable funding environment for this key resource.

B. Is not inconsistent with the State Health Plan

Commission Staff has reviewed this request for exemption and recommends that the Commission find that it is not inconsistent with the applicable State Health Plan ("SHP") standards, which are found at COMAR 10.24.07 ("Psychiatric Services Chapter"). In Appendix 1, Staff discusses each of the applicable project review standards in the Psychiatric Services Chapter.

C. Will result in the delivery of more efficient and effective health care services

AHC stresses the stability and predictability that will be brought to its behavioral health services through the establishment of a global budget that will provide "a more stable financial foundation for this service...ensuring that the behavioral health program...remain viable and available for the community...with the service under GBR...the hospital's revenue will be stable and predictable allowing the facility to focus on reducing unnecessary utilization which will free up capacity to serve additional demand in both inpatient and outpatient services."

In addition, AHC states the relocation of the 16 beds to SGMC will allow patients to take advantage of multiple, specialized services currently offered in the Rockville location and the

psychiatric program will enhance clinical and operational efficiencies "by consolidating the behavioral health services into one centralized location." Currently, WAH operates one inpatient unit for all adult psychiatric patients irrespective of the specific diagnosis; by contrast, SGMC operates several specialty psychiatric units that treat adults for such diagnoses as severe and persistent mental illness and mood disorders, and other conditions. It also operates a specialized unit for geriatric patients. AHC states that concentrating these beds at one site "will allow patients to take advantage of multiple, specialized services in one location as well as provide for ease in continuity of care."

V. CONCLUSION AND STAFF RECOMMENDATION

Staff concludes that the requested consolidation is in the public interest, as it will create a more stable basis for the ongoing provision of behavioral health services and that the consolidation is not inconsistent with any provisions of the Psychiatric Services Chapter of the State Health Plan. The consolidation will result in more efficient and effective delivery of health services through fully combining operations of the facilities under the current GBR payment model, which should encourage efforts to reduce unnecessary utilization.

Staff recommends that the Commission approve Adventist HealthCare's request to consolidate, in Rockville, the psychiatric beds now in operation at AHC Washington Adventist Hospital (exclusive of the ten beds that MHCC recently approved for incorporation in the White Oak replacement hospital) and the psychiatric facilities at AHC Shady Grove Medical Center.

For the reasons set forth above, staff recommends that the Commission **APPROVE** AHC's request for an exemption from CON to consolidate 16 acute psychiatric beds, currently operating at WAH but approved in the 2015 CON to be operated in a special psychiatric hospital, and the psychiatric hospital facilities at SGMC, expanding the authorized bed capacity at SGMC to 133 beds.

IN THE MATTER OF THE	*	
	*	**BEFORE THE**
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MEDICAL CENTER AND AHC	*	**CARE COMMISSION**
WASHINGTON ADVENTIST	*	
HOSPITAL	*	
	*	
Docket No. 18-15-EX005	*	

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ORDER

Having reviewed and considered the information and analysis contained in the Staff Report and Recommendation, it is, this 16th day of October, 2018, hereby **ORDERED** that:

The request for exemption from Certificate of Need review filed by Adventist HealthCare, Inc. to consolidate 16 acute psychiatric beds, currently operating at Washington Adventist Hospital but authorized to be operated in the future as part of a special psychiatric hospital, and the psychiatric hospital facilities at Shady Grove Medical Center, expanding the authorized psychiatric bed capacity at SGMC to 133 beds, is hereby **APPROVED.**

MARYLAND HEALTH CARE COMMISSION

APPENDIX 1

CONSISTENCY WITH THE STATE HEALTH PLAN

The following is a review of the proposed project against the SHP standards contained in COMAR 10.24.07 in order to assess the proposal's with the State Health Plan.

COMAR 10.24.07 State Health Plan for Facilities and Services: Overview, Psychiatric Services, and Emergency Medical Services

Since COMAR 10.24.07 was last updated, there have been significant changes in the role and scope of State-operated psychiatric hospital facilities, as well as substantial changes in use of acute psychiatric beds, which are predominantly operated in private hospitals. As a result, some of the standards in the Chapter are out of date. In particular, Standards AP 1a-d (which reference an obsolete bed need methodology), and Standard AP10 (referencing a minimum required occupancy before bed expansion can be considered) are no longer applicable. Standard AP 11, referring to psychiatric beds at a private psychiatric hospital, is not applicable.

Standard AP 2a. All acute general hospitals with psychiatric units must have written procedures for providing psychiatric emergency inpatient treatment 24 hours a day, 7 day a week with no special limitation for weekdays or late night shifts.

AHC documented that procedures for psychiatric emergency inpatient treatment are in place at SGMC, which accepts involuntary and emergency psychiatric emergency admissions on a 24/7 basis with no special limitation for weekdays or late night shifts.

Standard AP 2b. Any acute general hospital containing an identifiable psychiatric unit must be an emergency facility, designated by the Department of Health and Mental Hygiene to perform evaluations of persons believed to have a mental disorder and brought in on emergency petition.

AHC documented that SGMC is designated by the Maryland Department of Health's Behavioral Health Administration as a psychiatric emergency facility, and as such performs mental disorder evaluations of persons brought in on emergency petition.

Standard AP 2c. Acute general hospitals with psychiatric units must have emergency holding bed capabilities and a seclusion room.

AHC states that SGMC has capacity for eight emergency holding beds, of which two are seclusion rooms within the main emergency department. In addition, SGMC has a seclusion room for each unit.

Standard AP 3a. Inpatient acute psychiatric programs must provide an array of services. At a minimum, these specialized services must include: chemotherapy, individual psychotherapy, group therapy, family therapy, social services, and adjunctive therapies, such as occupational and recreational therapies.

AHC states that the psychiatric programs it offers are tailored to each patient's needs, and that chemotherapy, individual psychotherapy, group therapy, family therapy, social services and expressive therapies are all available. With the approval of the exemption, a total of 103 beds will be for adults (with several specialty-cohort units that include a geriatric program), eight beds for children, and 22 for adolescents.

Standard AP 3b. In addition to the services mandated in Standard 3a, inpatient child and adolescent acute psychiatric services must be provided by a multidisciplinary treatment team which provides services that address daily living skills, psycho educational and/or vocational development, opportunity to develop interpersonal skills within a group setting, restoration of family functioning and any other specialized areas that the individualized diagnostic and treatment process reveals is indicated for the patient and family. Applicants for a Certificate of Need for child and/or adolescent acute psychiatric beds must document that they will provide a separate physical environment consistent with the treatment needs of each age group.

AHC states that SGMC's inpatient psychiatric services for children and adolescents are provided in units separate from one another and the adult and geriatric populations and are staffed by a multidisciplinary team providing daily living skills and psycho-educational development. Treatment teams strive to partner with children's/adolescents' schools and/or parents to assist with school-based learning requirements to prevent patients from getting behind in their academic life, use group settings to teach and practice interpersonal skills, and employ both family programs and individualized diagnostic and treatment plans.

Standard AP 3c. All acute general hospitals must provide psychiatric consultation services either directly or through contractual arrangements.

SGMC has full-time and part-time psychiatrists on staff and available for consultation.

Standard AP 4a. A Certificate of Need for child, adolescent or adult acute psychiatric beds shall be issued separately for each age category. Conversion of psychiatric beds from one of these services to another shall require a separate Certificate of Need.

AHC already has authorization for child, adolescent and adult beds totaling 117 licensed beds, and is requesting an exemption from CON to consolidate and relocate 16 inpatient psychiatric beds currently operating at WAH into SGMC.

Standard AP 4b. Certificate of need applicants proposing to provide two or more age specific acute psychiatric services must provide that physical separations and clinical/programmatic distinctions are made between the patient groups.

The units at SGMC, which will continue to be used as they are currently used after the proposed consolidation, are currently configured to separately house children, adolescents, adults, and geriatric patients in age-appropriate units.

Accessibility

Standard AP 5. Once a patient has requested admission to an acute psychiatric inpatient facility, the following services must be made available:

(i) intake screening and admission;
(ii) arrangements for transfer to a more appropriate facility for care if medically indicated;
(iii) necessary evaluation to define the patient's psychiatric problem and/or
(iv) emergency treatment.

AHC states that SGMC's Needs Assessment clinical staff will provide the face-to-face evaluation to determine the most appropriate level of care and that a physician will evaluate and determine whether an individual is medically stable to participate in psychiatric care. The Needs Assessment staff will arrange for an appropriate transfer only if needed services and/or appropriate space are not available.

Standard AP 6. All hospitals providing care in designated psychiatric units must have separate written quality assurance programs, program evaluations and treatment protocols for special populations, including children, adolescents, patients with a secondary diagnosis of substance abuse, and geriatric patients, either through direct treatment or through referral.

AHC states that its quality assurance programs will be reviewed and integrated into SGMC as part of the consolidation, and that program evaluations and treatment protocols for special populations will remain in effect and be integrated into SGMC. Protocols and programming for co-occurring disorders such as substance abuse are in place.

Standard AP 7. An acute general or private psychiatric hospital applying for a Certificate of Need for new or expanded acute psychiatric services may not deny admission to a designated psychiatric unit solely on the basis of the patient's legal status rather than clinical criteria.

AHC is not proposing new psychiatric services, but states that no individual will be denied psychiatric services based on legal status and the consolidated SGMC facility will continue to accept adult involuntary admissions.

Standard AP 8. All acute general hospitals and private freestanding psychiatric hospitals must provide a percentage of uncompensated care for acute psychiatric patients which is equal to the average level of uncompensated care provided by all acute general hospitals located in the health service area where the hospital is located, based on data available from the HSCRC for the most recent 12-month period.

As written this standard obligates all general acute and private freestanding psychiatric hospitals to provide a percentage of uncompensated care *for acute psychiatric patients* which is

equal to the average level of uncompensated care provided by all acute general hospitals located in the health service area where the hospital is located. HSCRC data does not disaggregate the percentage of uncompensated care that goes to acute psychiatric patients, so the Commission has interpreted this standard as requiring all acute or specialty hospitals proposing to offer inpatient psychiatric care to meet the average uncompensated care level for all patients.

Adventist stated that in FY 2017 (which is CY 2017) SGMC (which did not provide psychiatric services in FY 2017) provided the equivalent of 4.2% of gross revenue as uncompensated care while Adventist Behavioral Health and Wellness, the special psychiatric hospital that consolidated with SGMC in 2018, provided uncompensated care equivalent to 7.5% of gross revenue. By comparison, all Montgomery County general hospitals provided, as a combined average, uncompensated care equivalent to 5.5% of gross revenue in FY 2017. (HSCRC, Annual Report of Revenue, Expenses, and Volumes, Fiscal Year 2017, Schedule RE). Over the most recent four years reported, the two Adventist hospitals combined, provided a level of uncompensated care that exceeded the average of all hospitals in Montgomery County. (*See* Appendix 3).

Given that the level of uncompensated care provided by Adventist Behavioral Health and Wellness in FY 2017, at 7.5%, exceeded the average level of uncompensated care provided by all acute general hospitals in Montgomery County in 2017, it seems likely that the integration of ABHW into SGMC will result in SGMC providing a level of uncompensated care for acute psychiatric services that will exceed the overall general hospital average for Montgomery County, consistent with this standard.

Standard AP 9. If there are no child acute psychiatric beds available within a 45 minute travel time under normal road conditions, then an acute child psychiatric patient may be admitted, if appropriate, to a general pediatric bed. These hospitals must develop appropriate treatment protocols to ensure a therapeutically safe environment for those child psychiatric patients treated in general pediatric beds.

This standard is not applicable since SGMC will provide both child and adolescent psychiatric services, as currently offered by ABHW.

Quality

Standard AP 12a. Acute inpatient psychiatric services must be under the clinical supervision of a qualified psychiatrist.

AHC states that all psychiatric care at SGMC will be directed by a board-certified psychiatrist who is the head of a multidisciplinary team of mental health professionals. All staff psychiatrists will be evaluated by the SGMC Medical Director and the Chief of Psychiatric Services.

Standard AP 12b. Staffing of acute psychiatric programs should include therapists for patients without a private therapist and aftercare coordinators to facilitate referrals and further treatment. Staffing should cover a seven-day per week treatment program.

AHC states that all behavioral health patients admitted to SGMC, irrespective of whether they have a private therapist or not, will receive treatment from a therapist at the hospital. Patients will receive therapeutic programming which provides active treatment in compliance with standards of practice, seven days per week. The patient's therapist is responsible for coordinating aftercare planning to promote continuity of care. In addition to making appointments and referrals to outpatient providers, the therapist ensures that an aftercare plan with recommendations is transmitted to the patient's next level of care provider.

Standard AP 12c
Child and/or adolescent acute psychiatric units must include staff who have experience and training in child and/or adolescent acute psychiatric care, respectively.

AHC Shady Grove Medical Center consolidated its facilities and those of ABHW in 2018 and, thus, staff with both experience and training in the care of children and adolescents with psychiatric conditions became part of the SGMC staff. Child and adolescent services were provided by ABHW for over ten years prior to the consolidation.

Continuity

Standard AP 13: Facilities providing acute psychiatric care shall have written policies governing discharge planning and referrals between the program and a full range of other services including inpatient, outpatient, long-term care, aftercare treatment programs, and alternative treatment programs. These policies shall be available for review by appropriate licensing and certifying bodies.

AHC states that SGMC staff will follow discharge planning and referral policies that will ensure the patient's next level of care needs are met through a variety of services including inpatient, outpatient, partial hospitalization, aftercare treatment programs and other alternative treatment programs. Care management staff is a part of the treatment team at SGMC and assist with arranging the needed services at discharge to enhance the successful treatment of the individual. The discharge planning and referral policies are available for review by appropriate licensing and certifying bodies.

Standard AP 14: Certificate of Need applications for either new or expanded programs must include letters of acknowledgement from all the following:

(i) the local and state mental health advisory council(s);

(ii) the local community mental health center(s);

(iii) the Department of Health and Mental Hygiene; and

(iv) the city/county mental health department(s).

Letter from other consumer organizations are encouraged.

AHC is not seeking to expand its psychiatric program capacity.

APPENDIX 2

Letter from Maryland Department of Health

MARYLAND
Department of Health
Larry Hogan, Governor · Boyd Rutherford, Lt. Governor · Dennis Schrader, Secretary

December 20, 2017

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Dear Mr. Steffen,

I am writing to express my support for Adventist HealthCare's request to the Maryland Health Care Commission to combine both Adventist Behavioral Health & Wellness's (ABH) psychiatric services in Rockville and the Washington Adventist Hospital (WAH) psychiatric beds from Takoma Park into Shady Grove Medical Center (SGMC), an acute general hospital.

Investing in behavioral health services is a top priority for the Maryland Department of Health. Federal rules prohibit Medicaid from receiving a federal match for services rendered in institutions for mental disease (IMDs) for adults between the ages of 21 and 64. Maryland Medicaid requested a waiver to this rule in 2015, which CMS denied for psychiatric IMDs. By combining the ABH and WAH psychiatric beds into SGMC, Adventist HealthCare creates an opportunity for Medicaid to receive the federal match for these psychiatric admissions. It is estimated that savings to the State General Fund could total more than $4.5 million from the ABH conversion and avoid an increase in funding requirements of an additional $2 million by maintaining the federal match for the WAH beds. In turn, these savings would allow the Maryland Medicaid program to serve more individuals in need of behavioral health services.

Adventist HealthCare's identified pathway will both improve access to care for individuals with behavioral health needs as well as create efficiencies in the manner that the All-Payer Model was designed to produce. If you have any questions, please feel free to contact me via phone at 410-767-5809 or via email at tricia.roddy@maryland.gov.

Sincerely,

Tricia Roddy

Tricia Roddy
Director, Planning Administration
Office of Health Care Financing

APPENDIX 3

Uncompensated Care Ratios, Montgomery County Hospitals

Uncompensated Care, Montgomery County Hospitals, 2014-2017

	Total Patient Revenue in 1000's				Total $ UCC Amount in 1000's				% Bad Debt and Charity Care			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
HC-Germantown	$43,305	$43,305	$80,883	$96,340	$4,143	$4,143	$8,062	$8,824	9.6%	9.6%	10.0%	9.2%
Holy Cross	$468,877	$480,562	$505,712	$504,633	$41,182	$38,697	$45,443	$36,305	8.8%	8.1%	9.0%	7.2%
MedStar Montgomery	$167,893	$174,302	$175,828	$178,461	$9,139	$8,301	$7,102	$5,385	5.4%	4.8%	4.0%	3.0%
Suburban	$289,287	$295,845	$301,899	$310,897	$12,582	$11,753	$6,213	$9,176	4.3%	4.0%	2.1%	3.0%
Shady Grove	$383,323	$389,913	$388,714	$388,714	$29,443	$18,664	$16,236	$16,236	7.7%	4.8%	4.2%	4.2%
Washington Adventist	$260,306	$260,622	$263,178	$263,178	$31,746	$26,592	$19,536	$19,536	12.2%	10.2%	7.4%	7.4%
Shady Grove & WAH	$643,629	$650,535	$651,892	$651,892	$61,189	$45,256	$35,772	$35,772	9.5%	7.0%	5.5%	5.5%
Montgomery County	**$1,612,991**	**$1,644,550**	**$1,716,215**	**$1,742,224**	**$128,235**	**$108,151**	**$102,591**	**$95,461**	**8.0%**	**6.6%**	**6.0%**	**5.5%**
Maryland Total	$15,471,095	$15,990,840	$16,375,830	$16,701,828	$1,066,336	$750,614	$737,917	$700,505	6.9%	4.7%	4.5%	4.2%

Source: HSCRC Community Benefit Analysis 2014-2017