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September 8, 2015

**VIA EMAIL AND U.S. MAIL**

Frances B. Phillips  
Commissioner/Reviewer  
Maryland Health Care Commission  
4160 Patterson Ave.  
Baltimore, MD 21215

**Re: Adventist Healthcare, Inc. D/B/A  
Washington Adventist Hospital  
Matter No. 132-15-2349**

Dear Commissioner Phillips:

Enclosed for filing please find the original and five copies of the Response of Participating Entity, the City Of Takoma Park, to the August 10, 2015, submission of Adventist HealthCare in the above captioned matter.

Thank you for your consideration.

Very truly yours,

  
Kenneth Sigman

**BEFORE THE MARYLAND HEALTH CARE COMMISSION**

IN THE MATTER OF  
ADVENTIST HEALTHCARE, INC. D/B/A  
WASHINGTON ADVENTIST HOSPITAL

Matter No. 13-15-2349

**COMMENTS OF PARTICIPATING ENTITY, THE CITY OF TAKOMA PARK,  
TO ADDITIONAL INFORMATION SUBMITTED BY ADVENTIST HEALTHCARE,  
INC. D/B/A WASHINGTON ADVENTIST HOSPITAL, ON AUGUST 10, 2015**

On January 26, 2015, the City of Takoma Park adopted a resolution commenting on Adventist Health Care's (AHC) CON Application to relocate Washington Adventist Hospital (WAH) to White Oak. The following responses to AHC's August 10, 2015, response to Commissioner Phillips directly relate to City concerns expressed in the resolution. The relevant items from the resolution are included in Appendix A.

**I. Re: "THE PROPOSED URGENT CARE CENTER"**

**City Response**

**Emergency Services**

The high volume of Emergency Room visits at WAH stands in testament to Takoma Park area residents' need for the service at the present hospital location in Takoma Park. As noted in the August 21, 2015, Draft State Health Plan for Facilities and Services: Freestanding Medical Facilities (Draft FMF Plan), "Maryland ED's remain overcrowded with long wait times for service."<sup>1</sup> Holy Cross Hospital affirmed its own ED fits this trend in its comments regarding the WAH CON Application on June 2, 2015. As AHC notes, WAH has taken steps to reduce inappropriate ED use. However, resident demand remains high.

Proximity is important in ED selection. Patients who call 911 and require ambulance transport will be taken to the nearest ED. The City's June 19, 2015, comments noted that, of the top ten Zip code origins for WAH's ED, five, including Takoma Park, itself, are closer to Holy Cross than to the proposed White Oak location. This represented 19,520 visits in 2013. Even if 45 percent of these visits would remain at the proposed urgent care center, as AHC suggests in its August 10 response to Commissioner Phillips, the remainder, 10,656 high acuity visits from these Zip codes, will move to another ED. If these visits distribute evenly across the days in a

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<sup>1</sup> Draft State Health Plan for Facilities and Services: Freestanding Medical Facilities, Maryland Health Care Commission, August 21, 2015, p 8.

year, as many as 29 persons a day could seek care at Holy Cross or another overcrowded facility (10,656 / 365 = 29.2).

The City appreciates AHC's stated intent to invest in 24/7 urgent care, but remains concerned about losing a true 24/7 emergency department. For this reason, the City continues to urge the MHCC to require exploration or implementation of a Freestanding Medical Facility (FMF) or a Limited Service Hospital license, via a condition of approval, if the MHCC approves the Application to relocate WAH.

The MHCC, in its draft FMF Plan, observes that, "[f]or patients without insurance or the ability to pay upfront, an urgent care center is usually not an available alternative to an FMF."<sup>2</sup> The Draft FMF Plan indicates that only "parent" hospitals may implement FMFs within their service area. It also suggests that either capacity limitations or access issues at an existing hospital ED should be the justification for an FMF. AHC has demonstrated that it can develop a successful FMF. As part of a pilot, AHC successfully alleviated overcrowding at Shady Grove Medical Center with the Germantown Emergency Center.

Takoma Park is in WAH's service area today, but, for reasons enumerated by the City and other Interested Parties in previous comments, relocating WAH will limit access for residents of the City and surrounding areas. Under the terms of the Draft FMF Plan, AHC is the ideal organization to implement an FMF on the existing Takoma Park WAH Campus. AHC has announced intent to retain the necessary laboratory, imaging and pharmacy services that would support an FMF. The FMF would complement the Behavioral Health program and the Rehabilitation Unit. Therefore, if an FMF is feasible, AHC should implement an FMF concurrent with the capital expenditure associated with relocating WAH from Takoma Park.

If WAH leaves Takoma Park without obtaining approval to implement an FMF in Takoma Park, proposed FMF regulations will inhibit AHC's ability to implement an FMF in Takoma Park at a later date. As written, the Draft FMF Plan would make it difficult for AHC to meet the data requirements for an FMF in Takoma Park after WAH relocates. For reasons discussed in these and other Interested Party comments, WAH-White Oak may not retain Takoma Park in its defined service area. Waiting until after a decision on this CON Application to change FMF CON rules could involve an extended and unpredictable process; and would be a regrettable outcome for what appears to be an optimal solution for City residents and the MHCC.

Alternatively, like Laurel Regional Hospital, as the City noted in earlier comments, Takoma Park may be an ideal location for a Limited Service Hospital. Either a Freestanding Medical Facility or a Limited Service Hospital would offer the City a broader mix of services than the proposed urgent care center. A Limited Service Hospital like Laurel Regional would have an emergency room.

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<sup>2</sup> *ibid* p 10.

## **Costs of ED versus Urgent Care**

In its August 10, 2015, comments, AHC shows \$3.25M (\$460 per SF) for proposed Urgent Care renovations at Takoma Park. In its CON Application, Exhibit 32, AHC projects construction costs of \$435 per SF for floor one of the proposed White Oak facility. Floor one includes the ED. Together these suggest that construction costs of an emergency department, FMF or Limited Service Hospital, on the Takoma Park campus would be comparable to costs for an urgent care center.

### **City Request**

Consistent with **COMAR 10.24.10.04 (4)(b) and COMAR 10.24.04(B)(15)**, the City stands by its request that the MHCC require AHC to conduct a feasibility study and implement an FMF or a Limited Service Hospital on the Takoma Park campus if financially feasible. The City recognizes that implementation of an FMF may require program changes for the proposed WAH-White Oak ED. Facts presented here indicate that The City, area residents, and Maryland would benefit from either in Takoma Park.

*The City urges the MHCC integrate that solution into its Findings so that neither the City nor AHC are harmed by the long delays associated with a new CON application.*

## **II. Re: "INFORMATION CONCERNING FINANCING"**

### **City Response**

As noted in its January 26, 2015, resolution, the City seeks to ensure that the existing WAH building is well maintained and well purposed for many years. The additional information provided on August 10, 2015, still leaves unanswered questions about the Takoma Park campus. In one major oversight, it shows no site improvements in the \$18M campus renovation cost estimate.

AHC's Takoma Park site plan (Exhibit 6 of the CON Application), and the August 10<sup>th</sup> comments confirm minimal capital expenditure for anything above the first floor of the current hospital building. AHC will renovate only the Behavioral Health Unit on the second floor and 1,000 SF on the third floor. Moreover, future plans for the Takoma Park campus show largely vacant buildings. Plans show that, with the exception of the Behavioral Health on the 2<sup>nd</sup> floor and Adventist Rehabilitation on the 5<sup>th</sup> floor, no other spaces above the 1<sup>st</sup> floor will be occupied. The letter from Washington Adventist University (Exhibit 5 of the CON Application) indicates WAU intends to lease space only on the 1<sup>st</sup> floor. To date, AHC has not provided information about plans to maintain the vacant space.

The City remains concerned that physicians currently occupying the MOB space will decide to relocate closer to White Oak for convenience.

Together, these factors indicate that much of the campus will be vacant and lack proper maintenance in the years following AHC's relocation to White Oak. AHC's failure to address this concern in any of the WAH relocation CON filings only heightens these fears.

### **City Request**

*Given the importance of a viable Takoma Park campus to citizen access and the risks associated with underfunding the capital needs of the Takoma Park campus, the City urges the Commission to require AHC to include the full cost of maintaining the Takoma Park campus in the relocation project. Ref COMAR 10.24.10.04(b)(13).*

**Re: "REVISED MARKET SHIFT APPROACH"**

### **City Response**

AHC used Deloitte consultants to conduct the market shift analysis. The consultants have defended their original analysis, as should be expected. The consultants' rationale for declining to use an "automated, formulaic approach" is not reasonable.

Arguably, both an automated approach and an approach that attempts to account for soft factors such as reputation and impact on physician referral relationships produce imperfect projections. However, the consultants' soft approach allows for subjectivity that can produce biased results. This is most evidenced when the consultants made specific adjustments for some Zip codes that indeed, do not pass the "reasonableness test" suggested by the consultants themselves (CON Application page 105).

For example, page 105 of the CON Application shows that AHC expects it will lose only 15 percent of Takoma Park's market share (from 60.6 percent WAH to 45 percent WAH). The City's comments to the MHCC submitted February 9<sup>th</sup> demonstrated an alternative method for calculating market shift, which showed that WAH would lose 46 percent (60.6 - 14.6 percent) of Takoma Park's market share.

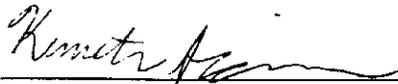
The City's objective and quantitative alternative is at least as reliable as Deloitte's, where incorporation of soft factors results in arbitrary market projections. The wide variation of predicted market shift for Takoma Park and adjacent Zip codes suggests that the Deloitte consultants' analysis is, at best, optimistic. The City's calculations are conservative and do not even consider the impact of increasing population density between Takoma Park and White Oak as suburban Washington, D.C., grows. The City believes that the proposed move will reduce

access to acute hospital care for many of its residents, particularly older and lower income persons, and that the impact on Takoma Park will be significant.

**City Request**

***Consistent with COMAR 10.24.01.08(g)(3)(b), the City stands by its observation that the proposed project will not meet all of the current need and repeats its request that the MHCC require AHC to conduct a feasibility study and implement an FMF on the Takoma Park campus if financially feasible.***

Respectfully submitted,



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## **Appendix A – Excerpts from City of Takoma Park January 26, 2015, Resolution**

*“WAH facilities occupy a significant amount of land in a critical location in Takoma Park, and maintenance of that land in accordance with City regulations is important to the economic viability of the City”*

*“the City wishes to be assured that the health care facilities that WAH proposes to retain on the Takoma Park campus will be of high quality in both medical care and physical appearance and will be fiscally sustainable for decades to come”*

*“the Commission [MHCC] has the authority to impose conditions upon Adventist HealthCare, including conditions relating to health care services on the Takoma Park campus, in connection with the granting of a CON”*

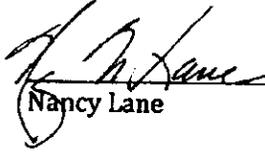
*“when considering the Certificate of Need to relocate WAH, the Maryland Health Care Commission is urged to affirm that the Certificate of Need application demonstrates that adequate resources are available and designated for use to:*

- a. ensure that the availability of and accessibility to excellent 24 hour/7 days per week urgent and emergency health care is not impaired for the residents of Takoma Park; and*
- b. ensure that the availability of and accessibility to excellent primary health care services is not impaired for the residents of Takoma Park; and*
- c. maintain the Takoma Park campus as an attractive property meeting local and State codes, including those for property maintenance, storm water control and tree protection.”*

*“City of Takoma Park requests that, within six months of the promulgation of regulations, Adventist HealthCare undertake, in consultation with the City, a study regarding the feasibility and establishment of a Freestanding (emergency) Medical Facility on the Takoma Park campus; and furthermore, if this study concludes a Freestanding (emergency) Medical Facility is financially and technically feasible, then to diligently pursue a Freestanding (emergency) Medical Facility when regulations are formalized.”*

**AFFIDAVIT**

I hereby declare and affirm under the penalties of perjury that the facts stated in the comments filed by the City of Takoma Park on September 8, 2015, are true and correct to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
Nancy Lane

9.8.15  
Date

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 9th day of September 2015, a copy of the foregoing Comments of the City of Takoma Park was served via email and first-class mail, postage prepaid to the following:

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