

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

**RE: Comments from Takoma Park regarding Washington Adventist Hospital Certificate of Need application to relocate from Takoma Park to White Oak Master Docket Number 13-15-2349, Modified Application submitted: 9/24/2014**

Dear Mr. Steffan:

Thank you for the opportunity to comment on this Certificate of Need (CON) Application. As a preliminary matter, the City of Takoma Park (City), in accordance with Resolution 2015-5, adopted by the Takoma Park City Council on January 26, 2015 (attached as Appendix A), respectfully requests to be granted Participating Entity status in this review. By way of background, in response to a request from the City of Takoma Park in 2007, prior to Adventist HealthCare's (AHC) previous CON application seeking to relocate Washington Adventist Hospital (WAH) from Takoma Park to White Oak, the Commission amended the definition of participating entity in COMAR 10.24.01.01 to include municipalities "from which an existing health care facility seeks to relocate."

Just as with previous applications submitted by AHC over the past five years, the changes proposed in the current CON Application will have substantial impact on the City of Takoma Park and its residents relating to matters within the Commission's jurisdiction, including geographic access to healthcare by City residents and access to affordable healthcare by the City's indigent and uninsured residents. In addition, the City has an interest in the economic feasibility of AHC's proposal, as the current WAH campus is one of the largest properties in the City, and AHC's proposal includes promises that it will continue to make a variety of healthcare services available in Takoma Park, which AHC indicates will result in an operating loss. Accordingly, the City requests that the Commission grant it Participating Entity status in this proceeding.

The City recognizes the need for a modernized WAH to care for its residents and for residents of nearby communities. The City accepts that to fully realize the goal of a more modern hospital and of higher quality acute care services, AHC must consider locations outside of Takoma Park. However, the City wants to maintain access to health care services for City residents and believes that AHC has not fully

considered its options for providing services in Takoma Park to mitigate the proposed reduction in access to health care services for City residents. The City is central to the primary service area of WAH today. We ask that the Maryland Health Care Commission (MHCC) require AHC to take all reasonable actions to mitigate the adverse impacts on Takoma Park residents' geographic and financial access to healthcare.

While the City appreciates AHC's stated intent to keep some important health services on the Takoma Park campus, the City notes that the CON Application makes no firm commitment to complete plans on the existing campus at Takoma Park, as AHC specifically states on page 9 of the CON Application that the plan for Takoma Park "is not a formal element of this CON application." The City does not question AHC's intent to provide these services. However, the City is concerned that AHC will not be accountable to the Commission for its representations regarding continued healthcare services at the Takoma Park Campus even though AHC repeatedly cites those services as mitigating the adverse effects of the relocation upon City residents' geographic and economic access to health care, reducing the demand for emergency department services in White Oak, increasing the acuity of emergency department patients in White Oak, increasing WAH-White Oak's market share in Takoma Park, and mitigating adverse effects on competing local hospitals. Moreover, it is unclear whether the nearest remaining competing hospital, Holy Cross, could absorb the patients and services needed by Takoma Park residents who are not served by the proposed new location.

Because the AHC's continued provision of healthcare services in Takoma Park is necessary to mitigate the impact of the relocation upon Takoma Park residents, the City is also concerned that proformas submitted for Takoma Park show continued losses. Without sound plans for a viable health system in Takoma Park, weaknesses in the proposal for the Plum Orchard Drive site also concern the City. The proposed relocation will saddle AHC with significant debt and, if the proposal is based upon erroneous projections and assumptions regarding volume, market share, service areas, and rate increase approvals, will jeopardize AHC's ability to provide and sustain the promised improvements and services in Takoma Park.

The City shares the same goals as the Commission and AHC—to ensure the future of WAH as a modern, financially sound hospital. Therefore, the City offers these comments with the intent of improving upon AHC's proposal rather than preventing the relocation of WAH.

**COMAR 10.24.10.04B (4)(b)** states that a CON *“applicant shall document that each proposed change will not inappropriately diminish, for the population in the primary service area, the availability or accessibility to care”*. By proposing a move to White Oak without adequately addressing diminished access to care for residents of Takoma Park and other nearby communities in WAH’s primary service area, we believe that AHC’s CON cannot be approved without conditions because it does not conform with **COMAR 10.24.10.04(B)(4)(b)**. To satisfy **COMAR 10.24.10.04(B) (4)(b)** for the CON to be approved, it is essential that the Commission require, as a condition of the CON, robust services in Takoma Park, including a binding commitment to provide primary and 24/7 urgent care and sustained outpatient services in Takoma Park.

The City is grateful for the Commission’s diligence in pursuing answers to the City’s questions regarding the proposal during the Completeness Review Process. The interrelatedness of the Takoma Park campus and the White Oak hospital documented by AHC’s frequent references to the Takoma Park services in connection with mitigating adverse impacts, maintaining market share, and reducing demand for acute care services. In addition, under terms of the new Maryland CMS Waiver Agreement, Global Budgets will apply to all covered health care in a service area starting in 2017. Takoma Park and its services will be included in the Global Budget Rate adjustments for WAH and have been included in the operating proformas in Exhibit 30 to the CON Application. Because the CMS Waiver Agreement will play a major role in future Global Budget Rate agreements, MHCC must consider the viability of services at both Plum Orchard Drive and Takoma Park in this review.

We note that Commissioner Barbara Gill McLean, in dicta to her 2012 Recommended Decision regarding the previous WAH CON Application, expressed doubt as to whether the Commission had an enforcement mechanism to ensure that AHC provided promised services at the Takoma Park campus. The imminent formal relationship between acute-care and non acute-care services under the Maryland CMS Waiver Agreement erases any doubt as to the Commission’s authority over the Takoma Park campus component of the relocation proposal. Moreover, AHC’s adherence to promises made in its CON Application will be pertinent in the Commission’s consideration of future CON applications or requests to modify the instant CON by AHC.

The City has identified several fixable issues regarding the CON and its impact on Takoma Park residents. The City will support MHCC's granting of a CON with conditions that addresses its concerns. The City's concerns focus on the following:

## **1. Access for residents of Takoma Park**

- The proposed relocation to the site at 12100 Plum Orchard Drive (the site is approximately two miles north east of the unincorporated area known as White Oak) will change the primary service area for WAH. Residents of Takoma Park, including elderly and disabled residents in high-rise apartments near the current WAH campus, will have reduced access to care because of increased travel times from Takoma Park to the nearest emergency department (Holy Cross Hospital).
- WAH calculations for its proposed primary service area are ambitious for Takoma Park and nearby ZIP codes. Many residents of Takoma Park, Chillum and Hyattsville will have elevated transportation barriers to hospital care because of the increased distance. Therefore, WAH's move to White Oak will fundamentally impact WAH's current primary service area. More robust services at Takoma Park after the move to White Oak would mitigate the impact of the move.
- In a single year, WAH proposes to increase inpatient revenue per admission by 8.8 percent and outpatient "revenue per volume" by 7.8 percent to help fund the new facility (see CON Application Exhibit 93 – pg. 36). As a result, many Marylanders in the current WAH primary service area will have to pay more to continue to use WAH for healthcare services..
- WAH currently provides critical readmission prevention and transitional care programs for residents in Takoma Park. These are much appreciated and contribute to improved health status for these residents. When fewer Takoma Park residents use WAH after it moves to the White Oak location, WAH will have less reason to continue these services and the City fears that the services may disappear completely. In the CON Application, AHC excluded outpatient and inpatient cancer services that are currently provided at WAH-Takoma Park, thus reducing access to cancer care services for all residents of the WAH service area. AHC did not mention a replacement for these services in the CON application. Retaining some cancer care services in Takoma Park or the WAH service area would mitigate this impact (and likely would contribute to the financial viability of the Takoma Park campus and AHC as a whole).
- Residents of Takoma Park and nearby communities, particularly those to the east on the District of Columbia border, will experience a major loss of access if WAH relocates to the

north and Prince George's Health Center relocates to the southeast. Were this to occur, these lower-income areas of Maryland would be farther from two hospitals. The MHCC should carefully consider the combined impact these two CON applications on these vulnerable communities and impose conditions on the CON that ensure the continued availability of healthcare services in Takoma Park.

## **2. Assurances that the existing Takoma Park campus will meet needs of Takoma Park residents after WAH moves to White Oak**

- Renovations at the Takoma Park campus purportedly are not included in CON application (see WAH CON pg. 9). Therefore, AHC seeks to avoid a legally binding commitment to complete plans at Takoma Park. The Commission can remedy this issue by requiring AHC to follow through on the plans for the Takoma Park Campus that it set forth in its CON Application.
- AHC projects an annual operating loss at the Takoma Park campus after the White Oak hospital opens. Losses in Takoma Park will detract from AHC's ability to provide care in other locations, including White Oak, and the City is concerned that in the long term, AHC may consider eliminating services in Takoma Park. Thus, CON conditions requiring AHC to offer services in Takoma Park and to explore more financially viable service options are essential to protect health services for Takoma Park residents.
- AHC provided no firm assurances for property maintenance or improvements at the Takoma Park campus. The campus is one of the largest properties in Takoma Park and, if not kept up as an attractive, well-used facility, it could become a blighting influence on the surrounding residential neighborhoods.
- Related to the City's concerns about the need for conditions on the CON and a financially sustainable plan for Takoma Park is the incomplete analysis of the Takoma Park site requirements following the relocation. For example, the campus is zoned under a hospital Special Exception. It is not clear that the Special Exception will sustain after the acute hospital license vacates the property.
- Maryland regulations provide mechanisms to accommodate the Takoma Park services described in the application. As part of this review, MHCC should consider whether a separate or amended CON will be required to assure that AHC can and will operate a private psychiatric hospital, a rehabilitation hospital unit, a possible 24/7 emergency

department, and other outpatient services on the existing WAH-Takoma Park campus. For example:

- AHC will require a separate license to operate a private psychiatric hospital on the Takoma Park campus (see Exhibit 4 of the WAH CON).
- **COMAR 10.24.10** requires that health care providers obtain a CON before spending more than \$11.75M to establish medical services and AHC proposes to spend \$18.5 M for renovations on the Takoma Park campus.
- **COMAR10.07.08** requires a CON for a Freestanding Medical Facility, which would permit AHC to offer more than urgent care services at Takoma Park following the relocation.

### ***3. Financial Feasibility***

- Positive net earnings at WAH-White Oak after 2019 depend on Health Service Cost Review Commission (HSCRC) approval of both high annual Global Budget Revenue (GBR) update factors and a 2019 capital in-rate adjustment of +7 percent for White Oak. The application provides no evidence that the HSCRC would approve these. The City is concerned that if the HSCRC does not approve the rate increase, plans for health services in Takoma Park will be jeopardized.
- AHC projects that revenues for WAH will increase annually. However, Exhibit 1 forecasts declining admissions and inpatient days until 2019. Forecasts of increasing outpatient visits following the relocation seem inconsistent with its plans to eliminate inpatient and outpatient cancer care services. If volumes at WAH decline as a result of elimination of services, the HSCRC will make a downward adjustment in the total Global Budget Revenue for the facility. The CON Application does not make this adjustment in its proformas. The City is concerned that, if revenue is overstated in the CON proformas, plans for health services in Takoma Park will be jeopardized.
- Revenues for inpatient Medical-surgical general admission (MSGa) services and Emergency Department (ED) services at WAH-White Oak appear overstated. If the proposed WAH-White Oak Hospital experiences lower than expected inpatient and ED revenues, the financial viability of the proposed hospital would be at risk. WAH can mitigate this risk by incorporating a more robust program that commits to sustain the Takoma Park referral base with a reasonable scope of outpatient services in Takoma Park. This should serve to retain more of the volume originating from Takoma Park and nearby communities, and produce higher revenues.

### ***Alternatives that may address Takoma Park's Concerns***

To mitigate the loss of service in Takoma Park and related adverse impact on the health care delivery system and to ensure the financial viability of WAH, AHC, and the Takoma Park campus, the City asks that AHC and the Commission consider available options for improving the proposal, including the following:

- Develop a licensed, free-standing medical facility in Takoma Park, including 24/7 emergency department and other outpatient services; file CON application after July 1, 2015, after which date the MHCC will begin to accept CON applications for free-standing medical facilities.
- License the Takoma Park campus as a Limited Service Hospital (LSH) (COMAR 10.07.17, Md. Code Ann., Health-Gen. § 19-301), including a 24/7 emergency department, advanced life support, and other outpatient services. LSHs are defined as hospitals that discontinue inpatient operations, but allow other medical services, including a 24/7 ED to remain on campus.
- Establishing an LSH alone would not be sufficient. AHC would still require licensure for inpatient psychiatric and rehabilitation service. As written, the CON Application does not address these necessary plans.
- Work jointly with the City of Takoma Park to structure long term economic development and healthcare plans for the existing Takoma Park campus.

## COMAR CON Review Criteria

### COMAR 10.24.01.08(G)(3)(a) Maryland State Health Plan.

*An application for a Certificate of Need shall be evaluated according to all relevant State Health Plan standards, policies, and criteria.*

### COMAR 10.24.10.04 – Acute Care Hospital – Standards

#### COMAR 10.24.10.04(B)(4) Adverse Impact

*(a) If the hospital is seeking an increase in rates from the Health Services Cost Review Commission to account for the increase in capital costs associated with the proposed project and the hospital has a fully-adjusted Charge Per Case that exceeds the fully adjusted average Charge Per Case for its peer group, the hospital must document that its Debt to Capitalization ratio is below the average ratio for its peer group. In addition, if the project involves replacement of physical plant assets, the hospital must document that the age of the physical plant assets being replaced exceed the Average Age of Plant for its peer group or demonstrate why the physical plant assets require replacement in order to achieve the primary objectives of the project; and*

- AHC is proposing a 7 percent capital in-rate increase in the Global Budget Revenue (GBR) for 2019. Section IX.B of the Global Budget Revenue Agreement between the Health Service Cost Review Commission (HSCRC) and Adventist Healthcare states that approvals of additional revenue are “to be funded by reductions in the revenue approved for other hospitals.” The HSCRC has yet to approve the 7 percent increase, but any increase in the Global Budget for WAH necessitates either an increase in charges to WAH patients or a significant increase in volume of services provided. Exhibit 93, submitted with WAH’s response to completeness questions on November 10, 2014, shows an 8.8 percent average price increase for inpatient services across the two campuses, an increase of \$1,265 per admission. Behavioral health services will not move from Takoma Park to White Oak. The inpatient services that do move to White Oak will have a 16.1 percent per-admission price increase when the new campus opens (see Table 1 below). An increase in charges adversely affects WAH patients, especially uninsured patients.

**Table 1 - Change in Revenue per Admission from WAH Takoma Park (2018) to WAH – White Oak**

	2018	2019
Total Admissions (Exhibit 1 of CON)	12,613	11,116

Total Inpatient Revenue (Exhibit 30 of CON)	\$ 180,388,000	\$ 184,625,000
Revenue per Admission (Price)	\$ 14,302	\$ 16,609
Price Increase		16.13%

Source: WAH CON Exhibit 1 and Exhibit 30

***(b) If the project reduces the potential availability or accessibility of a facility or service by eliminating, downsizing, or otherwise modifying a facility or service, the applicant shall document that each proposed change will not inappropriately diminish, for the population in the primary service area, the availability or accessibility to care, including access for the indigent and/or uninsured.***

- The application does not fully describe the methodology used to calculate the proposed MSGA primary service area (PSA) for WAH (see CON Application at 100 – 106). Specifically, the application does not apply sufficient logic to substantiate its assumptions for changes in market share by ZIP code. The description of this methodology, using Burtonsville as an example, reveals that the 15 percent change in market share for ZIP code 20866 is an estimate (CON Application at 104). Neither the original application, nor subsequent Completeness Responses, provides any quantitative analysis that links back to the estimate or the other market share change estimates for ZIP codes in the service area. In response to Commission’s request for a detailed explanation of how it estimated market share, AHC explained it considered the factors prescribed by the 2012 Commission Recommendation but did not state how those factors were weighted. (AHC November 10, 2014, Completeness Response at 20-21.) AHC added that its consultant considered “other factors” in its market share projections. (AHC November 10, 2014, Completeness Response at 20-21.) Even AHC’s explanation of its projections for the ZIP code that AHC chose to use as an illustrative example of its methodology demonstrates the lack of precision and opportunity for manipulation. AHC explained that in ZIP code 20707, although WAH-White Oak would be closer than Holy Cross, it would not take significant market share from Holy Cross because Holy Cross “most likely” has strong physician relationships there. (AHC November 10, 2014, Completeness Response at 20-21.) After the Commission deemed AHC’s second explanation of its market share projections insufficient, AHC again failed to explain how it weighted the factors it considered. (AHC January 6, 2015, Completeness Response at 3-8.) Despite the Commission’s repeated requests, AHC’s responses were inadequate for a reviewer to replicate AHC’s assumptions and calculations. This is troubling to the City because AHC’s market share and related service area projections seem optimistic with respect to areas to the south of the proposed White Oak location, such as Takoma Park. This should be troubling to AHC because accurate projections are necessary to ensure its proposal is economically feasible. It should also be troubling to the Commission because

accuracy is necessary to gauge adverse impacts upon geographic accessibility and financial accessibility to the indigent and uninsured. The Commission also requires accurate projections to gauge adverse impacts upon competing hospitals whose market shares are likely to be impacted to a greater extent than projected by AHC or whose emergency departments are likely to see increased volume.

- A methodology that incorporates drive times to other hospitals, such as the one used by Prince Georges' Health Center (PGHC) in its recent CON (Docket 13-16-2351 at 50-51) and recommended by MHCC in its review of the 2009 application to relocate WAH, provides a different perspective from the one AHC presents in the CON Application. AHC did not provide drive time data to White Oak for all ZIP codes in its total service area. However, using Google map estimates of drive times for all ZIP codes in WAH's current total service area to all area hospitals, it is possible to estimate discharges using the methodology recommended by MHCC in the 2009 review of this proposal and used by Prince George's Health Center in its current application. The results are in Appendix B of these Comments. They show that the primary service area for WAH will change with the move to Plum Orchard Drive.
- The change in primary service area for WAH is reaffirmed with maps in Appendix C that show 10- and 15-minute drive times from the current and proposed WAH locations, and these times likely are optimistic, as one must go through at least fourteen traffic signals to travel between the two locations. As noted above, the proposed site is northeast of the area identified on the map as White Oak. Drive times need to be calculated to the actual site, in the planning area known as Calverton.
- Two other hospitals, Holy Cross Hospital and Washington Hospital Center are closer to Takoma Park than the proposed WAH-White Oak campus. The Hyattsville ZIP code 20782, which, combined with Takoma Park, originated 1,400 WAH admissions in 2013, will be closer to three other hospitals. The application projects that WAH-White Oak will serve between 40 and 45 percent of the market share in these ZIP codes. As the third and fourth closest hospital, this high market share for WAH-White Oak is improbable. A more likely market share would be 15 percent, as indicated in our updated market share analysis in Appendix B. 15 percent is similar to the estimates made by WAH for other ZIP codes (20011,

20012, 20902, and 20737) that are a similar distance away from White Oak and will have easier access to multiple other facilities.

- Further, the smaller market share of 15 percent for Takoma Park would certainly remove it from the primary service area, regardless of the method used to calculate the primary service area. Clearly, under the current proposal, with no firm commitment to provide healthcare services in Takoma Park, the relocation will “inappropriately diminish, for the population in the primary service area, the availability or accessibility to care.”
- WAH-White Oak’s new PSA would shift six miles to the north, away from populations of low-income, uninsured, and undocumented individuals. Specifically, ZIP codes in Hyattsville (20783, 20782), Mount Rainier (20712), Brentwood (20722), and Washington, DC (20011) are areas with much lower median incomes, higher numbers of individuals living below the poverty line, and greater numbers of uninsured than the ZIP codes to the north (primarily in Silver Spring), where WAH proposes to relocate. AHC’s proposal fails to address the impact of the move north on these populations. With no firm commitment to provide healthcare services in Takoma Park, the diminishment of services in WAH-Takoma Park’s primary service area predominantly will affect the “indigent and/or uninsured” residents of the current primary service area.

**Table 2 - 2009-2013 Median Household Income and Uninsured Population**

	ZIP	Location	Households	% Less than 25,000K	% Uninsured	2013 WAH ED Visits
Move Away From	20782	Hyattsville	11,223	15.18%	25.8%	3,955
	20783	Hyattsville	12,923	15.12%	41.9%	8,523
	20712	Mount Rainier	3,881	23.04%	30.7%	684
	20722	Brentwood	1,649	21.36%	23.2%	371
	20912	Takoma Park	9,421	16.49%	18.3%	5,630
		<b>Total</b>	<b>39,097</b>	<b>16.52%</b>	<b>29.69%</b>	<b>19,163</b>
Move Toward						
	20904	Silver Spring	20,503	13.61%	14.7%	2,050
	20905	Silver Spring	5,832	4.46%	11.5%	0
	20906	Silver Spring	24,104	15.15%	18.7%	660
	20866	Silver Spring	4,338	6.66%	9.5%	224
	<b>Total</b>	<b>93,874</b>	<b>7.45%</b>	<b>9.17%</b>	<b>2,934</b>	

Source: US Census American Community Survey 2009-2013; WAH CON pg. 55

Note: WAH did not report ED visit volume for 20905 in CON; it is not in WAH’s current service area

- AHC's proposal for the new WAH hospital at Plum Orchard Drive does not include cancer services and does not adequately describe how the elimination of cancer services does not diminish access for the PSA population of WAH-Takoma Park or WAH-White Oak.
- Concurrent with the WAH application, Prince George's Hospital Center has proposed to move its hospital southeast of its current location, to Largo. If Prince George's Hospital Center and WAH both move, residents of Chillum, Hyattsville, Mount Rainier, Brentwood, and NE Washington, DC would see the two hospitals leave the area. MHCC should consider the impact of the PGHC proposal alongside WAH's proposal.

- Indigent, uninsured, and undocumented individuals face more travel limitations, but all Takoma Park area residents will face new travel barriers when the hospital relocates. Public transportation will service the Plum Orchard Drive location, but residents of Takoma Park and nearby ZIP codes will face much longer travel times, often having to change buses to access the White Oak location. Takoma Park made the following comments on the 2009 WAH CON and these statements are still applicable:

*“Montgomery County Ride On is the bus option most available to Takoma Park residents. Takoma Park residents would need to get to University Boulevard on the north side of town (probably via Ride On), take the Metrobus C2, C4 or J4 buses to Riggs Road in Prince George’s County and transfer to the R2 or R5 bus for the 30 minute ride to Calverton. On the weekend, only the R2 bus serves the White Oak site. It runs at 70 minute intervals.”*

- According to data provided in the CON Application, residents of Takoma Park and Hyattsville account for 47 percent of the ED visits at WAH. (CON Application at 55.) WAH is proposing to move directly away from these communities, which will have the impact of
  - Increasing travel time during emergencies for residents of these areas, or
  - Forcing residents to visit other hospitals, which will increase pressure on the EDs in nearby hospitals, specifically Holy Cross Hospital and Prince George’s Hospital Center.
- Because the CON does not adequately explain how the changes in scope of services, drive times, and the primary service area do not reduce access to care, especially for indigent and uninsured Marylanders, AHC does not conform to **COMAR 10.24.10.04(B)(4)**. The City believes the Commission can impose conditions upon the CON requiring services in Takoma Park to ensure it conforms with **COMAR 10.24.10.04(B)(4)**. The CON Application describes services to be provided in Takoma Park, but stops short of a commitment to execute them or to provide a level of charity care similar to that to be provided at WAH-White Oak. They are inextricably linked and should be considered as part of a total package.

### **COMAR 10.24.10.04(B)(13) Financial Feasibility**

***A hospital capital project shall be financially feasible and shall not jeopardize the long-term financial viability of the hospital.***

- AHC projects the number of ED visits will remain constant through 2018 and rise slightly upon the opening of the new facility at White Oak. AHC has likely overstated ED visit projections for the following reasons:
  - Relocation to Plum Orchard Drive involves moving away from a concentrated population of elderly Takoma Park residents, many of whom live in high-rise apartment buildings in Takoma Park and depend on the current WAH ED for emergency services. These residents will likely seek emergency and other services at the nearest hospital, which will be Holy Cross Hospital.
  - Similarly, emergency medical services (EMS) transport services seeking the closest emergency department will likely take most patients from Takoma Park ZIP codes (20712 and 20910), Hyattsville (ZIP code 20782), and the community of Chillum (located at the southern end of ZIP code 20783) to other hospitals, specifically Holy Cross Hospital, Washington Hospital Center, or Prince George's Health Center. At least 30 percent of all WAH ED visits currently originate from these areas (see CON Application at 55), yet AHC made no adjustments for the loss of ED visits from these areas in the CON Application. AHC does not indicate how it plans to replace the loss of these visits such that ED volumes can continue to grow at the rate projected in the CON Application.
- Overstated ED volumes mean that AHC has overstated WAH-White Oak ED revenues in its proformas. A conservative rate of \$400 per ED visit (HSCRC reported an average ED rate of \$476 per visit for WAH on the FY 2014 Experience Report), would mean that the application may have overstated ED revenues by as much as \$3M.
- In the CON application Exhibit 93 (pg. 36), AHC projected WAH net patient revenue would increase from 2018 to 2019 by 9.5 percent. The HSCRC evaluates changes in service mix and establishes a new Global Budget Agreement each year. The CON indicates that WAH will no longer offer inpatient or outpatient cancer services. As a result, it is not unreasonable to expect that WAH- White Oak will have a lower HSCRC approved Global Budget than the CON presents.

- According to the proformas in Exhibit 30 to the CON Application, WAH-White Oak's financial viability is reliant upon the 7 percent capital-in increase for WAH-White Oak to be financially feasible. Removing the 7 percent capital in-rate revenue increase in 2019 from the proformas results in an operating loss from 2019 through 2023 (see Table 3 below). AHC did not provide evidence that HSCRC will approve the 7 percent capital in-rate in 2019.

**Table 3 - Impact of Removing the Assumed Seven Percent Revenue Increase for WAH in 2019**

	2018	2019	2020	2021	2022	2023
Net Patient Revenue (000's)	\$236,509	\$258,886	\$267,456	\$275,497	\$283,813	\$292,384
Total Operating Revenues	\$241,983	\$266,649	\$275,384	\$283,600	\$292,156	\$300,909
Total Operating Expenses	\$220,398	\$229,566	\$236,601	\$243,545	\$250,936	\$258,572
Depreciation and Amortization	\$5,170	\$15,205	\$15,473	\$15,464	\$15,682	\$16,045
IT Depreciation	\$3,410	\$3,410	\$3,410	\$3,410	\$3,410	\$3,410
Interest Expense	\$2,466	\$17,720	\$18,131	\$18,061	\$17,999	\$17,892
Income (loss) from Ops	\$10,539	\$748	\$1,769	\$3,120	\$4,129	\$4,990
Other Non-Operating Revenue	\$0	\$0	\$0	\$0	\$0	\$0
<b>Excess of Revenues over Expenses</b>	<b>\$10,539</b>	<b>\$748</b>	<b>\$1,769</b>	<b>\$3,120</b>	<b>\$4,129</b>	<b>\$4,990</b>
Total Op. Revenues Less 7% Adjustment in 2019		\$247,984	\$256,107	\$263,748	\$271,705	\$279,845
<b>Excess of Revenues over Expenses less 7% Adjustment in 2019</b>		<b>(\$17,917)</b>	<b>(\$17,508)</b>	<b>(\$16,732)</b>	<b>(\$16,322)</b>	<b>(\$16,074)</b>

Source: Exhibit 30 of CON APPLICATION (proformas for "The Project")

- Projections assume substantial rate increases for inpatient services at WAH-White Oak. The application projects inpatient admissions to fall by 13.5 percent with the opening of the White Oak Hospital, yet it projects inpatient revenues will increase from 2018 to 2019. For WAH-White Oak to achieve the projected inpatient revenue for the number of projected admissions, its inpatient rates would have to increase 16.1 percent in a single year. AHC Global Budget Agreement with the HSCRC states that "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." A 16.1 percent price increase likely conflicts with the GBR agreement. Therefore, WAH has likely overstated its revenue projections.
- Because of the flaws in its financial assumptions, the CON Application does not conform with **COMAR 10.24.10.04(B)(13)**. Development of outpatient and emergency programs that coordinate care between Takoma Park and White Oak primary service areas could sustain the WAH referral base, support proposed outpatient activity, and serve the Takoma Park community. As a condition of CON approval, MHCC should require AHC to explore the financial feasibility of a revised proposal including these adjustments.

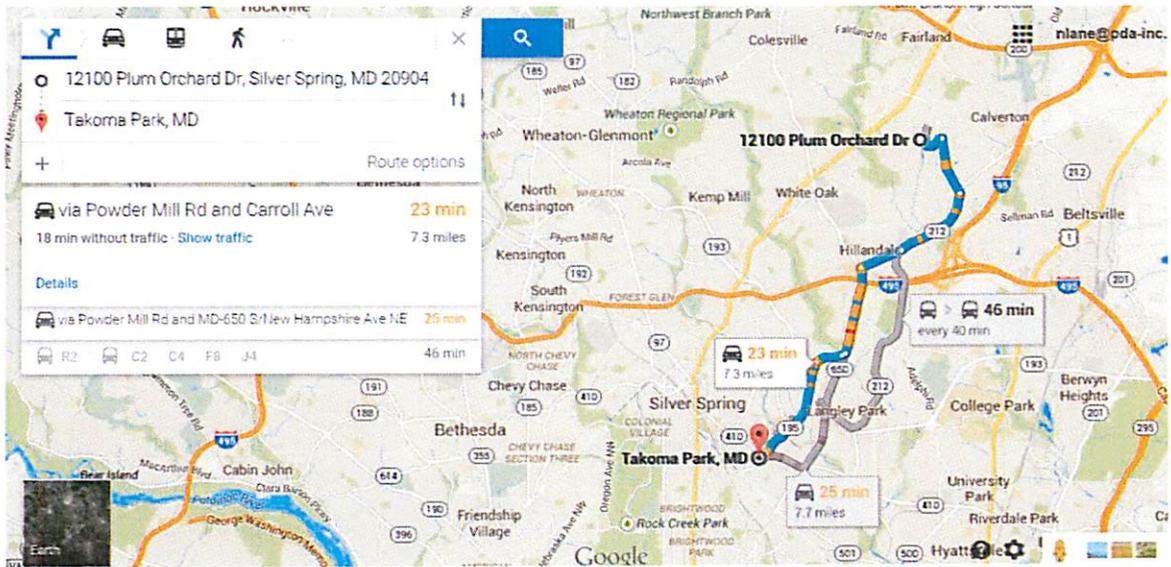
### **COMAR 10.24.10.04(B)(15) Emergency Department Expansion**

***A hospital proposing expansion of emergency department treatment capacity shall demonstrate that it has made appropriate efforts, consistent with federal and state law, to maximize effective use of existing capacity for emergent medical needs and has appropriately integrated emergency department planning with planning for bed capacity and diagnostic and treatment service capacity. At a minimum: (a) the applicant hospital must demonstrate that, in cooperation with its medical staff, it has attempted to reduce use of its emergency department for non-emergency medical care. This demonstration shall, at a minimum, address the feasibility of reducing or redirecting patients with non-emergent illnesses, injuries, and conditions, to lower cost alternative facilities or programs;***

- AHC proposes to almost double the capacity of the WAH ED when it moves to White Oak. AHC proposes to increase ED treatment spaces from 26 to 32 bays and to add two mental health evaluation rooms and 12 short-stay clinical decision rooms. Data provided in the application do not support the expansion.
- The application forecasts future ED visits on an assumption that patients will have 15-minute travel times. In Exhibit 1 to the CON Application, AHC forecasts 34,960 ED visits in 2014 and 37,454 visits in 2020. The number of ED visits does not support increasing the size of the department at the scale proposed. By 2020, the CON Application forecasts 1,338 observation visits, which divided by 365 days would justify four observation beds or five at 70 percent occupancy and, on page 54, the application supports this. To justify the proposed 12 observation beds, WAH-White Oak would have to hold patients in these beds for at least two days. This is hardly desirable from the patient perspective. It is inconsistent with statements elsewhere in the application that WAH is working to reduce the time between ED admission and placement in an acute care bed. Most importantly, the resources consumed to build so much extra capacity in the White Oak ED will drain AHC capacity for future investments at Takoma Park.
- AHC provides inconsistent information about current ED use. It notes on page 59 of the CON Application that WAH-Takoma Park is designed for 30,000 annual ED visits and accommodated just under 49,000 in 2014. This differs from +50,000 on page 20; 37,677 visits in Exhibit 38; and 46,930 in the November 10, 2014, Completeness Response. Forecast visits for 2019 are similarly inconsistent: 36,720 in Exhibit 1; 52,060 in one place in the November 10, 2014, Completeness Response; and 48,160 in another.
- In a further indication that the relocated hospital should need less ED space, the CON Application notes that, in the present location, WAH is working to reduce time delays between ED and inpatient admission and total time in the ED. The average time per ED visit in 2013 exceeded the 4-hour maximum goal. Programmatic support for more space, offered in a proposal to have separate Triage, Fast Track, and secure Behavioral Health Assessment areas, is not tied to any quantitative estimates.

Forecast visits also appear overstated. On pages 54 through 56, the CON Application proposes a change in primary ED service area that moves ZIP codes 20910 and 20782 out of the primary service area. The application does not provide supporting data to show how AHC defined the new service area. The CON Application does not include data tables supporting the stated “less than 15-minute travel times” for ED visits, but notes that travel times involve optimal travel conditions. This is not a fair assessment. In fact, travel times can be 18 to 25 minutes by car at rush hour and almost twice that by public transportation, as is illustrated in Figure 1.

**Figure 1 - Travel Time Takoma Park to Proposed WAH-White Oak Site at Plum Orchard Drive**



Source: Google Maps 2/2/2015

- Moreover, a portion of Takoma Park is in ZIP code 20910, across the street from WAH-Takoma Park. Travel times from ZIP code 20910 to Plum Orchard Drive are the same as travel times from 20912, yet the methodology in the application kept 20912 in the WAH – White Oak ED primary service area and moved 20910 out. Both Figure 1 and the travel time map in Appendix C show the WAH-White Oak site is outside a 10- and 15-minute travel time from Takoma Park. Given the travel time from Takoma Park to White Oak and closer options (Holy Cross), it is unlikely that Takoma Park would remain in the WAH – White Oak ED primary service area.
- The City appreciates the proposal to offer a shuttle bus service for patients, visitors, and employees from Takoma Park to the White Oak Campus. However, given the drive times, the shuttle may not be an attractive option for ED patients.

- Based on the above analysis of travel barriers, data on CON Application page 55 indicate that the move will reduce access for 30 percent of WAH emergency department users in the WAH-Takoma Park primary service area (12,523 / 41,536 = 30.1 %). This is after conservatively reducing the impact on ZIP code 20783 to only 20 percent. In fact, it is unlikely that residents of northern parts of the ZIP code currently go south to Takoma Park for ED care.

**Table 4 - 2013 Takoma Park ED Visits from ZIP Codes Likely to Fall Out of White Oak ED PSA**

ZIP Code	City	2013 ED visits
20912	Takoma Park	5,630
20783	Hyattsville/ Takoma Park/Other adjusted to 20%	1,705
20910	Silver Spring / Takoma Park	963
20782	Hyattsville	3,955
Total		12,253

*Source: Data from WAH CON application page 55*

*Note: Conservatively includes only 20 percent of WAH ED visits from 20783 to accommodate the elongated shape of this ZIP code.*

- One program the CON Application cites as reducing inappropriate ED admissions serves elderly residents of high-rise apartments in Takoma Park. With AHC’s plan to reduce acute care service in Takoma Park, the City is concerned whether AHC will sustain that program when those residents are no longer likely to visit WAH’s ED.
- Clearly, to mitigate adverse impact on the primary service area of WAH-Takoma Park, conditions for CON approval must include the full package of services for Takoma Park as essential elements. Without these elements, the application fails in conformance to **COMAR 10.24.10.04(B)(15)** Emergency Department Expansion.

**COMAR 10.24.10.04(B)(16) Shell Space**

***(a) Unfinished hospital shell space for which there is no immediate need or use shall not be built unless the applicant can demonstrate that construction of the shell space is cost effective.***

- The proposal to build 14,042 square feet of shell space is not well supported. Building a shelled 15-bed medical/surgical unit would restore half of the 31 beds the application

proposes to delete. The application is entirely speculative about need for more bed space; it provides no justification for this expense, which represents a cost of approximately \$2.8M in construction alone.

- Taken together, the excess ED and Shell spaces represent unjustified additional capital and operating expenditures that show up in the expanded Global Budget requirements in the CON Application's proformas and affect the proposed 7 percent capital-in increase.
- Before the Affordable Care Act and other changes in the health care delivery system, when hospital demand was expanding rapidly, shell space may have made sense. However, around the country, there are many examples of empty shell space. A more cost effective design anticipates where and how a hospital may expand and positions the original facility to accommodate systematic expansion.
- AHC could allocate funds saved from shell space construction to capital improvements necessary for the Takoma Park services and facilities described, but not guaranteed, in the CON Application as well as any other services and facilities necessary to mitigate adverse impacts to Takoma Park residents' geographic and economic access to healthcare. Takoma Park is concerned that waiting until 2019 to begin improving the Takoma Park campus will result in the loss of physicians, deterioration of the campus infrastructure, and increased capital costs stemming from inflation and deferred maintenance. The CON Application shows no investment in the Takoma Park plant prior to 2019.

#### **COMAR 10.24.12.04 – Acute Hospital Inpatient Obstetrics – Standards**

- This standard represents an area of particular concern to Takoma Park. Despite the CON Application's contrived projection of the primary service area for WAH-White Oak, AHC acknowledges that WAH will reduce obstetric inpatient service to Takoma Park residents, which is of great concern to the City.
- On page 113, the CON Application indicates that the White Oak facility will serve 15 percent fewer residents of Takoma Park ZIP code 20912. This represents a 36 percent reduction in

market share of Takoma Park obstetrics residents served ( $15/42 = 35.7\%$ ). As demonstrated in the analysis on page 10 of these Comments, the residents left behind also have a high likelihood of being low income and/or underinsured.

### **COMAR 10.24.11.05 – General Surgical Services – Standards**

- A similar concern applies to the plans for surgery service for WAH-White Oak. Despite the CON Application's contrived projection of the primary service area for WAH-White Oak, AHC acknowledges that WAH will reduce surgery service to Takoma Park residents, which is of great concern to the City.
- On page 87, the CON Application indicates that the MSGA service area is the surgery area for WAH-White Oak.
- On page 103, the application indicates that the WAH-White Oak Hospital will serve 15 percent fewer residents of the Takoma Park ZIP code 20912. This represents a 25 percent reduction in market share of Takoma Park residents served ( $15/60 = 25\%$ ). As demonstrated in the analysis on page 10 of these Comments, the residents left behind also have a high likelihood of being low income and/or underinsured. The concepts discussed in the preceding analysis of MSGA service area apply to the surgery service area as well. The methodology for defining the service area is not the one used by MHCC in the analysis of the 2009 application.
- More likely, the MSGA market shares, and thus the surgery market shares, from Takoma Park area ZIP codes 20912, 20183 and 20782 will drop more than were forecast in the application and will resemble the shares illustrated in Appendix B of these comments.

### ***COMAR 10.24.01.08(G)(3)(b) - Need.***

***The Commission shall consider the applicable need analysis in the State Health Plan. If no State Health Plan need analysis is applicable, the Commission shall consider whether the applicant has demonstrated unmet needs of the population to be served, and established that the proposed project meets those needs.***

- The application has several fundamental flaws with regard to its need analysis. First, the application presents an incomplete methodology for developing the MSGA and ED service areas. As noted elsewhere in these comments, the application does not adjust the service area to accurately reflect the change in travel time to the new site. Instead, the application presents information as if the primary service area would not change. Just presenting the

data by rank ordering the ZIP codes by market share makes the true shift in primary service area more apparent. As would be expected, shifting the location north does change the primary service area.

- AHC's narrative and tables describing the methods used for calculating the proposed ED and MSGA market share do not tell the whole story. Both accept the AHC assumption about change in market share. Neither systematically and objectively adjusts for travel time; had AHC used the methodology applied by MHCC in 2009, the primary service area would not include Takoma Park. Appendix B shows how the 2009 MHCC approach changes the calculations and the outcomes. WAH-Takoma Park ZIP codes 20910, 20912 and 20782 drop out of the primary service area.
- The MHCC projects need for acute care beds, but not for outpatient services. The applicant bears the burden of proof for its outpatient projections. According to Maryland Department of Health and Mental Hygiene Licensure standards, an acute care hospital can have only one campus on its license, and outpatient services associated with that license are restricted to the inpatient location. Nonetheless, outpatient service areas are not the same as inpatient service areas. They are far more sensitive to travel barriers.
- However, other than for ED visits, the CON Application provides no market-based methodology for its outpatient forecasts. Moreover, the application omits three current programs that AHC proposes to retain at the Takoma Park campus (rehabilitation and behavioral health) or discontinue (cancer). These programs represent a substantial portion of WAH's outpatient services.
- Exhibit 1 to the CON Application shows outpatient services reduced by only 6,100 visits a year when WAH-White Oak opens. The volume projection under-represents radiation therapy, apparently reporting patients, not visits, and it makes no ancillary outpatient revenue adjustments to lab, imaging or other clinic visits to account for the loss of cancer, rehabilitation and behavioral health service lines. The application provides no methodology for the outpatient forecast calculations, so it is impossible to verify the calculations.
- HSCRC reports for FY 2015 show more than 83,000 revenue units of outpatient Radiation Therapy service at WAH-Takoma Park in calendar year (CY) 2013 with outpatient revenue alone representing \$2.5 million.

- With 70 percent of hospital care now outpatient, need for outpatient services is as important as inpatient. Relocating a hospital has even more impact on outpatient access than on inpatient.
- The combined impact of distance and demographic shift means that the relocation will adversely affect access to health services for about 100,000 people in the WAH-Takoma Park primary service area. This concerns Takoma Park.
- Alternatively, retaining outpatient cancer services at Takoma Park might enhance revenue and reduce capital cost. Moving cancer to another site could cost \$1.0 M for the vault alone and more for the related support space.

***COMAR 10.24.01.08(G)(3)(c) Availability of More Cost-Effective Alternatives.***

***The Commission shall compare the cost effectiveness of the proposed project with the cost effectiveness of providing the service through alternative existing facilities, or through an alternative facility that has submitted a competitive application as part of a comparative review.***

- The application provided multiple alternatives for renovating the existing facility and keeping the entire hospital on the Takoma Park campus. However, AHC did not commit to alternatives for the use of the existing Takoma Park campus under its proposed Option 4. As described on pages 11 and 13, the application is non-conforming to **COMAR 10.24.10.04(B)(4)** and **COMAR 10.24.10.04(B)(13)** as long as the CON Application fails to obligate AHC to provide more healthcare services in Takoma Park. AHC has demonstrated leadership in programs to improve health and reduce unnecessary hospitalization among vulnerable populations in the WAH-Takoma Park service area. As noted elsewhere, residents of Takoma Park value and appreciate these programs. With Takoma Park improvements excluded from the CON Application and Takoma Park excluded from the primary service area, these programs are in jeopardy.
- MHCC and the Maryland Department of Health and Mental Hygiene should engage with AHC and the City of Takoma Park to explore the viability of at least the following two alternatives:
  - 24/7 emergency services and other outpatient services at Takoma Park, either through a LHS license, or a Free Standing Medical Facility license (available July 1, 2015).
  - A two-hospital option, including inpatient and emergency services in both Takoma Park and White Oak.

***COMAR 10.24.01.08(G)(3)(d) Viability of the Proposal.***

***The Commission shall consider the availability of financial and nonfinancial resources, including community support, necessary to implement the project within the time frames set forth in the Commission's performance requirements, as well as the availability of resources necessary to sustain the project.***

- The City is not suggesting that the relocation of WAH to a larger campus is unnecessary to allow it to modernize and become financially viable or that the proposed relocation to White Oak is inherently not viable. Rather, the City believes that financial viability of the proposed WAH-White Oak, AHC, and the Takoma Park campus are inextricably linked.
- See comments listed under **COMAR 10.24.01.04(B)(13)** for review of concerns regarding financial feasibility and assumptions used in revenue projections for the Plum Orchard Drive location.
- AHC Financial statements for the year ending Dec 31, 2013, provided in the CON Application show a number of vulnerabilities that threaten the viability of WAH, whether it remains in Takoma Park or moves to White Oak. According to financial statements, the Adventist Medical Group operated at a loss of \$9.7 M in 2013. To operate Adventist Medical Group, AHC subsidizes it with operating income from its other entities, specifically Shady Grove Adventist, which earns the lion's share of income for AHC. WAH operated at a loss of \$10M in 2013, while carrying more bond debt (\$35M) than any other facility in the AHC group. The White Oak Campus will bring new debt obligations and increased operating costs to Adventist Healthcare. Moreover, while the sale of AHC Hackettstown removes some operating cost, it will reduce the base over which to spread AHC overhead, increasing corporate allocations to WAH.
- Increased financial pressures could cause AHC to eliminate services, such as physician services through Adventist Medical Group, which would reduce access to care for both Takoma Park and Montgomery County residents.
- AHC seeks to exclude the proposed improvements to and uses of the Takoma Park campus from the CON Application. However, AHC represents that it will pay for the capital improvements and absorb the operating loss at the Takoma Park campus, and AHC represents that Adventist Rehabilitation Hospital of Maryland (ARH) will operate the rehabilitation facilities promised for the Takoma Park campus, and both AHC and ARH comprise the Obligated Group for the bond issuance to finance the proposed White Oak hospital (see CON Application at 128), the capital and operating expenses relating to the Takoma Park campus will affect the ability of AHC and ARH to satisfy obligations relating to the White Oak project.

- A solution that maximizes the financial viability of both WAH and AHC as a whole is in the interest of the Commission, the City, and AHC.
- The application divorces the Takoma Park campus from the CON. With the separation, the application provides no evidence of adequate resources to complete the essential and inextricably related Takoma Park components of services described in the application. The application provides no evidence of funds for the independent bonds for the Takoma Park renovations. Without funds for Takoma Park services, the application is not conforming to **COMAR 10.24.01.08(G)(3)(d)**.

***COMAR 10.24.01.08(G)(3)(f) Impact on Existing Providers and the Health Care Delivery System.***

***An applicant shall provide information and analysis with respect to the impact of the proposed project on existing health care providers in the health planning region, including the impact on geographic and demographic access to services, on occupancy, on costs and charges of other providers, and on costs to the health care delivery system.***

- See section under **COMAR 10.24.10.04(B)(4)** for discussion of impacts to demographic access to health care services.
- See comments listed under **COMAR 10.24.01.04(B)(13)** for review of possible rate increases in the proposed plan and the GBR requirement for adjustments to rates for other providers to accommodate the proposed WAH rate increases.
- Moving WAH leaves 12,000 to 15,000 ED visits to be absorbed elsewhere. Plans to provide primary and 24/7 urgent care on the Takoma Park campus or a Freestanding Medical Facility could conceivably absorb many of those visits. Any CON for the relocation should obligate the provision of primary and 24/7 urgent care on the Takoma Park campus and require exploration of establishing an emergency department there.
- Not all WAH-Takoma Park employees will relocate, as evidenced by results of physician office relocations to the Plum Orchard Drive area. Most vulnerable will be those who live near the

current hospital. The proposed shuttle, though promising, will likely not be enough to offset the time loss imposed by the relocation.

- If cancer services relocate near Plum Orchard Drive, and recent research is correct, some patients will delay or avoid cancer treatment. According to one recent study, use of services drops three percent with each 5-mile distance increment<sup>1</sup>.

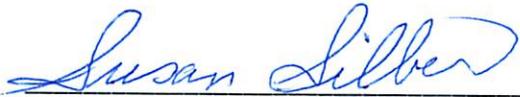
## Conclusion

The City of Takoma Park supports the granting of a Certificate of Need authorizing Washington Adventist Hospital to relocate from Takoma Park to White Oak, provided that the Commission imposes conditions on the CON that mitigate the adverse impacts of the proposal and ensure the financial viability of AHC, WAH, and the Takoma Park campus. Unless the CON obligates WAH to provide promised services in Takoma Park, the proposed relocation may inappropriately diminish City residents' geographic and economic access to health care as a result of moving an acute care hospital with a comprehensive charity care policy approximately six miles away (requiring travel through densely populated and traffic-intensive suburban areas). Conditions also are necessary to ensure financial feasibility, as the current proposal relies upon financial assumptions stemming from market share projections and rate increase assumptions that appear to be unrealistic and because it fails to account for losses in revenue from the discontinuation of several services at the new facility. Objective and accurate market share projections would facilitate an appropriately sized White Oak facility. Ensuring AHC's robust presence in Takoma Park and the financial feasibility of the Takoma Park campus would improve WAH-White Oak's market share and ensure that AHC, and, hence, WAH, remains financially sound. Accordingly, the City of Takoma Park requests that the Commission grant a Certificate of Need only after mitigating the adverse impact to Takoma Park residents by incorporating plans for the Takoma Park campus in the CON, ensuring that the entire project is financially viable, and requiring WAH to explore the establishment of a Freestanding Medical Facility in Takoma Park.

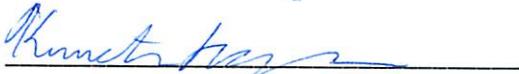
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<sup>1</sup> Voti, L., L. Richardson, I. Reis, L. Fleming, J. MacKinnon, J. Coebergh, Treatment of Local Breast Carcinoma in Florida, the Role of the Distance to Radiation Therapy Facilities Cancer, 106(1) 201-207 (2006).

Respectfully submitted,



Susan Silber  
City Attorney, City of Takoma Park  
7000 Carroll Ave., Suite 200  
Takoma Park, Maryland 20912  
[silber@sp-law.com](mailto:silber@sp-law.com)  
301-891-2200 (phone)  
301-891-2206 (fax)



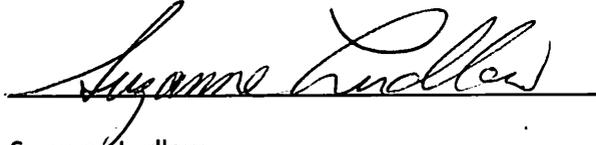
Kenneth Sigman, Assistant City Attorney  
7000 Carroll Ave., Suite 200  
Takoma Park, Maryland 20912  
[sigman@sp-law.com](mailto:sigman@sp-law.com)  
301-891-2200 (phone)  
301-891-2206 (fax)

## Appendices

City of Takoma Park Resolution 2015-5 .....	A
Revised MSGA Service Area .....	B
Drive Time Radius Maps .....	C

Affirmation

I hereby disclose and affirm under the penalties of perjury that the facts stated in the foregoing comments and attachments are true and correct to the best of my knowledge.

A handwritten signature in cursive script, reading "Suzanne Ludlow", written over a horizontal line.

Suzanne Ludlow  
Acting City Manager  
City of Takoma Park

A handwritten date "Feb. 9, 2015" written in cursive script over a horizontal line.

Date

Affirmation

I hereby disclose and affirm under the penalties of perjury that the facts stated in the foregoing comments and attachments are true and correct to the best of my knowledge.



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Nancy Lane, President, PDA, Inc.

2.9.15

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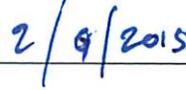
Date

Affirmation

I hereby disclose and affirm under the penalties of perjury that the facts stated in the foregoing comments and attachments are true and correct to the best of my knowledge.



Will Holding, Senior Consultant, PDA, Inc.



Date

CERTIFICATE OF SERVICE

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

Ruby Potter, Administrator  
Maryland Health Care Commission  
4160 Patterson Ave  
Baltimore, MD 21215  
*Ruby.Potter@maryland.gov*

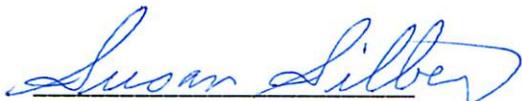
Ulder Tillman, Montgomery County Health  
Montgomery County Health Department  
401 Hungerford Drive  
Rockville, MD 20850  
*Ulder.Tillman@montgomerycountymd.gov*

Howard L. Sollins, Esq.  
Ober Kaler, Grimes & Shriver  
100 Light Street  
Baltimore, MD 21201  
*hlsollins@ober.com*  
*Counsel for Washington Adventist Hospital*

Email Copies to:  
Eric Wangsness  
*President of Washington Adventist Hospital*  
*ewangsne@adventisthealthcare.com*

Robert Jepson  
*Vice President of Washington Adventist Hospital*  
*rjepson@adventisthealthcare.com*

Suellen Wideman  
*Assistant AG, Maryland Health Care Commission*  
*Suellen.widemn@maryland.gov*

  
Susan Silber

# Appendix A

Introduced by: Councilmember Smith

**CITY OF TAKOMA PARK, MARYLAND**

**RESOLUTION 2015-5**

**RESOLUTION COMMENTING ON THE CERTIFICATE OF NEED  
APPLICATION FILED BY ADVENTIST HEALTHCARE TO RELOCATE THE  
WASHINGTON ADVENTIST HOSPITAL ACUTE CARE LICENSE AND  
CERTAIN SERVICES TO WHITE OAK IN PROCEEDINGS BEFORE THE  
MARYLAND HEALTH CARE COMMISSION, DOCKET NO. 13-15-2349**

- WHEREAS,** Washington Adventist Hospital has been an important and valued part of the Takoma Park community for 107 years; and,
- WHEREAS,** Adventist HealthCare is seeking to relocate the acute care hospital license and all related acute care hospital services of Washington Adventist Hospital, Inc. ("WAH") from Takoma Park to a new campus in the White Oak area of Montgomery County, Maryland; and,
- WHEREAS,** WAH is the only acute care hospital located in the City of Takoma Park and provides acute, emergency and primary health care to many Takoma Park residents; and,
- WHEREAS,** the City wishes to ensure that Takoma Park residents continue to have convenient local access to quality health care, particularly urgent and emergency medical care and routine health care services; and,
- WHEREAS,** the City is concerned about health care access for its residents and loss of the hospital will mean loss of access; and,
- WHEREAS,** the City wishes to ensure that its residents retain a high quality and economically viable health care delivery system; and,
- WHEREAS,** Adventist HealthCare must obtain a Certificate of Need (CON) from the Maryland Health Care Commission ("Commission") before it can relocate the hospital; and,
- WHEREAS,** Section 19-103 of the Health-General Article of the *Maryland Code* requires the Commission to promote financial and geographic access to quality health care services at a reasonable cost for all Marylanders; and,
- WHEREAS,** Section (04)(B)(4)(b) of the State Health Plan for Facilities and Services: Acute Care Hospital Services ("Maryland State Health Plan") requires that if a proposed capital project reduces the potential availability or accessibility of a facility or service by eliminating, downsizing or otherwise modifying a facility or service, the applicant shall document that each proposed change will not inappropriately diminish, for the population in the primary service area, the availability or accessibility to care including access for the indigent and/or uninsured; and,

- WHEREAS,** 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; and
- WHEREAS,** the Maryland State Health Plan requires that health care facilities be developed with consideration of green building standards; and,
- WHEREAS,** 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; and,
- WHEREAS,** the Commission 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; and,
- WHEREAS,** the City asserts that the economic viability and health care services of the proposed White Oak facility and the Takoma Park campus will be inextricably intertwined; and,
- WHEREAS,** the revised CON application contains no specific financial investment in the Takoma Park campus and places all commitments concerning Takoma Park outside its formal application; and
- WHEREAS,** the City of Takoma Park accepts the analysis by Adventist HealthCare regarding financial and site specific limitations as the basis for why WAH must move its acute care hospital to ensure the hospital's long term viability; and
- WHEREAS,** the City of Takoma Park supports the ongoing financial viability of WAH and regretfully accepts the likelihood of the proposed relocation; and
- WHEREAS,** the City of Takoma Park has questions and technical comments that may be submitted to the Maryland Health Care Commission and/or Washington Adventist Hospital, as appropriate, to help gather information to assure the City Council and the Takoma Park community that the WAH proposal, as included in the CON application, will protect the medical and fiscal health of the Takoma Park community.

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND that,** 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, stormwater control and tree protection.

**AND BE IT FURTHER RESOLVED that** the City of Takoma Park requests to be recognized as a Participating Entity by the Maryland Health Care Commission in this Certificate of Need application process.

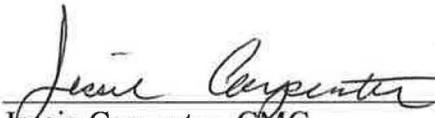
**AND BE IT FURTHER RESOLVED that** the City of Takoma Park requests that, within six months of the promulgation of regulations, Adventist HealthCare undertake, in consultation with the City, a study regarding the feasibility and establishment of a Freestanding (emergency) Medical Facility on the Takoma 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.

**AND BE IT FURTHER RESOLVED that** the City of Takoma Park requests that, during the CON review process, Adventist HealthCare work cooperatively with the City to memorialize milestones and a framework to ensure that the Takoma Park campus remains well maintained and is well functioning to serve the needs of the Takoma Park community.

**AND BE IT FURTHER RESOLVED that** the City of Takoma Park requests that Adventist HealthCare assist the City in its efforts to seek resources from County, State and Federal governmental agencies, charitable organizations and other entities to mitigate the economic impact of the relocation of WAH on the Takoma Park community.

**THIS RESOLUTION IS ADOPTED THIS 26<sup>TH</sup> DAY OF JANUARY, 2015.**

**ATTEST:**

  
\_\_\_\_\_  
Jessie Carpenter, CMC  
City Clerk

# Appendix B

Primary and Secondary MSGA Market Share for WAH - White Oak using Expected Discharges and Driving Distance Rank

Driving Distance in Miles from Zip Code Center to Hospital														
Zip	Location	Service Area	WAH - White Oak	Holy Cross Hospital	Laurel Regional Hospital	Doctors Community Hospital	Prince George's Health Center	Washington Hospital Center	White Oak Distance Rank	Estimated WO Market Share	2013 Total Discharges	Estimated Discharges	% of Total	Cumulative %
		a	b	c	d	e	f	g		h	i	j		
20904	Silver Spring	Primary	1.4	5.6	7	10.9	18.1	11.4	1	46.3%	3419	1584	18.6%	18.6%
20903	Silver Spring	Primary	3.7	4.9	9.1	9.5	11.8	7.9	1	46.3%	1043	483	5.7%	24.3%
20905	Silver Spring	Primary	6.5	8.7	9.7	18.5	20.8	14.2	1	46.3%	929	430	5.1%	29.4%
20906	Silver Spring	Primary	9.4	5.4	12	20.8	23.1	12.4	2	11.5%	4538	521	6.1%	35.5%
20850	Rockville	Primary	15.4	11.5	18.2	22.7	25.1	18	2	11.5%	2571	295	3.5%	39.0%
20874	Germantown	Primary	25.9	21.8	28.6	33.1	35.4	28.3	2	11.5%	2533	291	3.4%	42.4%
20902	Silver Spring	Primary	7.2	3.3	12.6	13.4	16.2	10.2	2	11.5%	2455	282	3.3%	45.8%
20706	Lanham	Primary	10.3	13.4	13.8	2.2	21.7	12	2	11.5%	2451	281	3.3%	49.1%
20783	Hyattsville	Primary	5.2	4.8	9.9	7.9	7.8	6.6	2	11.5%	2095	241	2.8%	51.9%
20877	Gaithersburg	Primary	18.7	18.1	21.4	29.3	31.7	24.6	2	11.5%	2045	235	2.8%	54.7%
20707	Laurel	Primary	8.5	13.8	2.1	15.1	13.7	16.9	2	11.5%	2020	232	2.7%	57.4%
20901	Silver Spring	Primary	5.0	2.0	10.4	10.8	13.1	7.6	2	11.5%	1663	191	2.2%	59.6%
20853	Rockville	Primary	11.8	8.2	14.6	23.3	25.7	15.2	2	11.5%	1636	188	2.2%	61.9%
20723	Laurel	Primary	13.2	18.6	6.2	19.9	22.2	21.7	2	11.5%	1308	150	1.8%	63.6%
20705	Beltsville	Primary	4.4	9.5	3.9	7.1	10.8	9.8	2	11.5%	1291	148	1.7%	65.4%
20740	College Park	Secondary	5.4	7.7	9.7	4.9	7.9	8.1	2	11.5%	1114	128	1.5%	66.9%
20866	Burtonsville	Secondary	5.5	9.7	4.9	15.6	17.9	17.4	2	11.5%	612	70	0.8%	67.7%
20910	Silver Spring	Secondary	7.2	1.4	12.3	12.7	31.7	6.8	3	14.6%	1768	257	3.0%	70.7%
20708	Laurel	Secondary	10.9	17.2	6.2	9.1	12.2	17.9	3	14.6%	1368	199	2.3%	73.1%
20770	Greenbelt	Secondary	8	11.1	11.4	2.6	6.2	11.8	3	14.6%	1254	183	2.2%	75.2%
20912	Takoma Park	Secondary	8.0	4.0	11.9	8.7	8.3	4.4	3	14.6%	1182	172	2.0%	77.3%
20737	Riverdale	Secondary	10.2	13.3	13.7	3.3	18.6	7.1	3	14.6%	995	145	1.7%	79.0%
20011	Washington	Secondary	9.1	6.3	13.3	10.1	23.1	2.2	3	14.6%	687	100	1.2%	80.1%
20012	Washington	Secondary	7.7	3	14	14.3	16.7	5.2	3	14.6%	285	42	0.5%	80.6%
20743	Capitol Heights	Secondary	17.5	20.7	21	10.2	5	9.8	4	5.2%	2655	138	1.6%	82.3%
20785	Hyattsville	Secondary	14.6	17.7	18	6.3	4.2	8.4	4	5.2%	2438	126	1.5%	83.7%
20747	District Heights	Secondary	19.1	22.3	22.6	11.8	7.2	12.5	4	5.2%	2185	113	1.3%	85.1%
-	Out of Area	NA	NA	NA	NA	NA	NA	NA	NA			1268	14.9%	100.0%
-	<b>Total</b>											<b>8493</b>	<b>100.0%</b>	

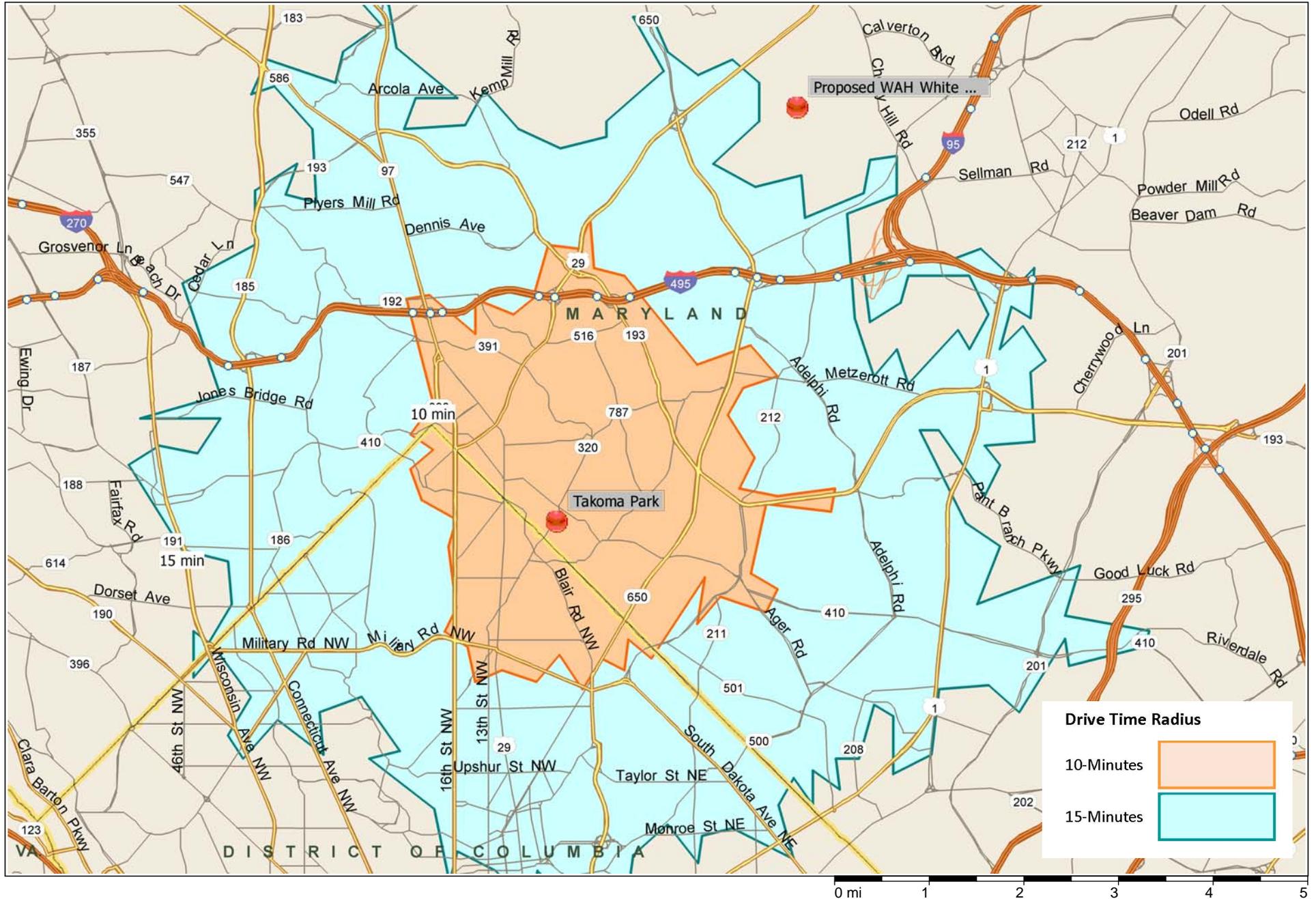
Notes:

- a First 60% = Primary service area, next 25% = Secondary service area. The out of area discharges from WAH - Takoma Park in 2013 were kept constant at 1,268.
- b - g: Google Maps distance between the zip code and the hospital location. The first driving option, representing the quickest drive time, was always selected.
- h Average market for zip codes with the same distance ranking for WAH - Takoma Park
- i Total 2013 discharges from WAH CON / 2013 WAH market share
- j h \* i

Discharges were estimated using the methodology outlined on Page 88 and 89 of the PGHC CON application. Proposed market share for each zip code was estimated by using the average market for zip codes with the same distance ranking. For example, all zip codes for which WAH - Takoma Park is currently the closest hospital had an average market share of 46%. Upon moving to WAH, we estimate that all zip codes for which WAH - White Oak is the closest hospital will have a 46% percent market share. The estimated market share multiplied by the total 2013 zip code discharges equals the estimated discharges.

# Appendix C

# 10- and 15-Minute Takoma Park Drive Time Radius Map



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