

January 23, 2015

Offices In  
Maryland  
Washington, D.C.  
Virginia

**VIA EMAIL AND FIRST CLASS MAIL**

Kevin McDonald, Chief  
Certificate of Need  
Maryland Health Care Commission  
4160 Patterson Avenue  
Baltimore, Maryland 21215

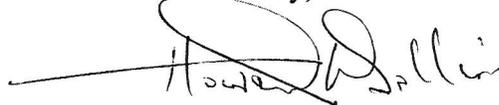
Re: Adventist Healthcare, Inc. d/b/a Washington Adventist Hospital  
Docket No. 13-15-2349  
**Response to Additional Clarification Questions Dated December 22, 2014**

Dear Mr. McDonald:

On behalf of Adventist Healthcare, Inc. d/b/a Washington Adventist Hospital (WAH), we are hereby submitting the required six (6) copies of our responses to additional clarification questions in your December 22nd letter, which provided notice of docketing regarding the above-referenced project. An electronic copy of this response will also be provided in Word and/or Excel format as applicable.

I hereby certify that a copy of this Response has also been forwarded to the appropriate local health planning agency, as noted below.

Sincerely,



Howard L. Sollins

HLS/tjr

Enclosures

cc: Paul Parker, Director  
Joel Riklin, Program Manager  
Suellen Wideman, Assistant Attorney General  
Ms. Ruby Potter, Health Facilities Coordination Office

Kevin McDonald, Chief

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O B E R | K A L E R

cc: Patricia Tomsko Nay, MD, CMD, CHCQM, FAAFP, FAIHQ, FAAHPM  
Medical Director, Office of Health Care Quality  
Maryland Department of Health and Mental Hygiene  
Donna Kinzer, Executive Director  
Health Services Cost Review Commission  
Ulder Tillman MD, MPH, Health Officer  
Montgomery County  
Terry Forde, President,  
Adventist HealthCare  
Eric Wangsness, President, Washington Adventist Hospital  
Robert E. Jepson, Vice President, Business Development  
Geoffrey Morgan, VP for Expanded Access  
Patricia Cameron (E-copy only)  
Thomas Dame, Esquire (E-copy only)  
Susan Silber, Esquire (E-copy only)

Washington Adventist Hospital Response to December 22, 2014 Questions from MHCC:

- Justify the reasonableness of the \$200,000 contingency for the Behavioral health renovations in terms of the nature and the scope of the planned renovations.**

**Applicant Response**

The budget includes a 5% contingency factor applied to the project costs. The nature can be described as moderate renovation. The scope includes: 1. replacement of finish surfaces - flooring, painting, and ceiling; 2. renovation of the patient toilets to include installation of new fixtures; 3. minor HVAC modifications as needed to accommodate the new wall layout; 4. modifications to the security and low-voltage systems. A 5% contingency under these conditions is considered typical for a renovation with some Mechanical Electrical Plumbing (MEP) modifications.

- Specify the source of the \$5,223,506 in cash that will fund the project.**

**Applicant Response**

The \$5,223,506 in cash will be funded from the operations of Adventist HealthCare.

- Provide additional information on outpatient behavioral health visits (at least two years actual and then projected through 2023). Specify the charge per visit assumptions that led to the projection of \$2,297,000 in gross outpatient revenue in 2019 and \$2,374,000 in 2020.**

**Applicant Response**

Summary of OP Behavioral Encounters and Revenue  
CY 2013 and CY 2014 Actual, 2015 through 2023 Projected

	Actual	Actual	Projected								
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
OP Pysch Encounters <sup>(1)</sup>	979	982 0.3%	1,120 14.1%	1,150 2.7%	1,180 2.6%	1,220 3.4%	1,232 1.0%	1,245 1.0%	1,257 1.0%	1,270 1.0%	1,282 1.0%
Revenue per Encounter <sup>(2)</sup>	\$ 1,376	\$ 1,977 43.7%	\$ 1,537 -22.3%	\$ 1,599 4.1%	\$ 1,655 3.5%	\$ 1,766 6.7%	\$ 1,864 5.6%	\$ 1,907 2.3%	\$ 1,951 2.3%	\$ 1,996 2.3%	\$ 2,042 2.3%
OP Pysch Gross Revenue	1,347,140	1,941,414	1,720,936	1,839,185	1,953,488	2,154,105	2,297,394	2,373,737	2,452,616	2,534,116	2,618,325

(1) Encounters are counted as they are reported on the state tape. Washington Adventist Hospital bills on a recurring basis for outpatient psychiatric services and this is how they are reported on the state tape. In general, an encounter equates to one month of services per OP psychiatric patients.

(2) Increase in actual revenue per visit from 2013 to 2014 is due to a large increase in the psych day night (PDC) rate of \$800/full day in FY 2013 to \$1,233/full day in FY 2014. This level of increase was not included in the original projection as the charge per encounter projection was based on 2013 actual with annual update assumptions applied to it.

4. Regarding the State Health Plan for Facilities and Services: Psychiatric Services, COMAR 10.24.07, responses to the standards were submitted in the original application dated October 4, 2013 (pages 79 through 84), in response to the October 23, 2013 completeness questions (questions 24 and 25) and in response to question 7 of the December 10, 2013 completeness questions. In addition the need for the beds was addressed on pages 107 through 114 of the October 4, 2013 application and in response to question 29c of the October 23, 2013 completeness letter. Please update the information provided in the October 23, 2013 application and completeness responses to account for changes that have occurred in the interim, if any.

#### **COMAR 10.24.07- PSYCHIATRIC SERVICES**

The Acute Psychiatric Section has eleven standards applicable to this review. These are addressed below. The answers provided below reflect psychiatric services as they are currently being provided at Washington Adventist Hospital, and how psychiatric services will be provided at the same location by Adventist HealthCare Behavioral Health and Wellness in Takoma Park (ABH Takoma Park) following the relocation of Washington Adventist Hospital to White Oak. The responses below also address how psychiatric services will be provided at Washington Adventist Hospital in White Oak upon completion of the project.

#### ***Availability***

**Standard AP 1a.** The projected maximum bed need for child, adolescent, and adult acute psychiatric bed is calculated using the Commission's statewide child, adolescent, and adult acute psychiatric bed need projection methodologies specified in this section of the State Health Plan. Applicants for Certificates of Need must state how many child, adolescent and adult acute psychiatric beds they are applying for in each of the following categories: net acute psychiatric bed need, and/or state hospital conversion bed need.

#### **APPLICANT RESPONSE:**

Please see 10.24.01.08G(3)(b)(Need) where the need for psychiatric beds is discussed.

**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.

#### **APPLICANT RESPONSE:**

While not an acute general hospital, ABH Takoma Park will provide inpatient treatment at Takoma Park 24 hours a day, seven days a week with no special limitation for weekdays or late night shifts. The Plan for Delivery of Care and On-call Policies address program services and physician coverage.

**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.**

**APPLICANT RESPONSE:**

Licensed mental health professionals at ABH Takoma Park will perform face to face assessments 24 hours a day, seven days a week with no special time limitations. Patients believed to have a mental disorder and brought in to Washington Adventist Hospital in White Oak on emergency petition will be assessed by (1) two physicians or doctors of osteopathy or (2) one physician or doctor of osteopathic medicine and a nationally licensed psychologist to determine whether the patient meets commitment criteria within no later than six hours of presenting to the emergency department. A Needs Assessment clinician performs the Initial Needs Assessment in the emergency department and presents medical, psychosocial, and medication information to the assigned attending or on-call physician for determination of whether the patient can be admitted onto the ABH Takoma Park unit following EMTALA requirements.

Washington Adventist Hospital has been named a Designated Emergency Psychiatric Facility for 2014 by the Maryland Department of Health and Mental Hygiene. The ABH Takoma Park Psychiatric facility plans to retain this designation.

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

**APPLICANT RESPONSE:**

While not an acute general hospital, the ABH Takoma Park Psychiatric facility will continue to have emergency holding beds and two seclusion rooms used in emergency psychiatric situations where the patient is deemed to be an imminent danger to self or others. The Emergency Department of Washington Adventist Hospital in White Oak has been designed to include a holding area for psychiatric evaluations. ABH Takoma Park staff will provide the psychiatric evaluations at Washington Adventist Hospital in White Oak. ABH Staff are trained in CMS regulations and behavior management techniques to minimize the use and/or duration of said interventions through development of therapeutic milieu and rapport with patients.

**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.**

**APPLICANT RESPONSE:**

ABH Takoma Park psychiatric programs will be tailored to each patient's needs. Chemotherapy, individual psychotherapy, group therapy, family therapy, social services and expressive therapies will be available to patients in the programs. These modalities are designed to assist patients in the development of interpersonal skills within a group setting, restoration of family functioning and provision of any other specialized areas that the individualized diagnostic and treatment process reveals is indicated for the patient and family.

**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.

**APPLICANT RESPONSE:**

ABH Takoma Park will not provide inpatient psychiatric services for children or adolescents . Inpatient psychiatric services for adolescents are provided at the Rockville facility in a separate unit. These services are provided by a multidisciplinary team providing daily living skills, psycho educational development, group settings to learn and practice interpersonal skills, 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.

**APPLICANT RESPONSE:**

Washington Adventist Hospital currently provides psychiatric consultation services through full time and part time staff psychiatrists. While ABH Takoma Park will not be an acute general hospital, it will maintain such services. ABH at Takoma Park will provide psychiatric consult services at the Washington Adventist Hospital at the White Oak location.

**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.

**APPLICANT RESPONSE:**

ABH Takoma Park will not change the bed capacity or configuration for the Psychiatric Unit. It is currently licensed as a 40 bed acute adult psychiatric unit serving patients 18 and older.

**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.

**APPLICANT RESPONSE:**

As stated in AP4a, the patient population of the Psychiatric Unit is acute adult patients.

## ***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.**

### **APPLICANT RESPONSE:**

ABH Takoma Park Needs Assessment department clinical staff will provide the face-to-face evaluation to determine psychiatric criteria and most appropriate level of care. A physician will evaluate and determine that the individual is medically stable to participate in psychiatric care. The Needs Assessment staff will arrange for an appropriate transfer only if needed services are not available. These services will be provided by ABH staff at both the Takoma Park and White Oak locations.

**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.**

### **APPLICANT RESPONSE:**

The ABH Takoma Park psychiatric unit has a quality assurance program based upon Adventist Behavioral Health's performance improvement program that will be maintained upon the transfer. Specific metrics are identified based upon behavioral health patient population needs as well as accrediting and licensing body standards. Central to the program are the Hospital Based Inpatient Psychiatric Services core measures, readmissions, seclusion, restraint, outcomes and other CMS requirements. 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.**

### **APPLICANT RESPONSE:**

Although ABH Takoma Park is not proposing new or expanded psychiatric services, no individual will be denied psychiatric services based on legal status. The ABH Takoma Park facility will continue to be the only psychiatric facility in Montgomery County accepting 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.**

**APPLICANT RESPONSE:**

During State fiscal year 2014, Washington Adventist Hospital provided 19.47% uncompensated care for acute psychiatric patients. The average level of uncompensated care provided by all acute general hospitals located in Montgomery County during FY 2013, which represents the most publicly available UCC information, was 8.36%

**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.**

**APPLICANT RESPONSE:**

ABH Takoma Park will not serve children as inpatients. They would instead be admitted to the child and adolescent unit of Adventist HealthCare Behavioral Health and Wellness Services in Rockville, which is less than a 45-minute drive under normal road conditions.

***Quality***

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

**APPLICANT RESPONSE:**

All psychiatric care at ABH Takoma Park 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 Washington Adventist Hospital Medical Director and Medical Director for ABH Takoma Park, with recommendations to be reviewed and approved by the Medical Director of Washington Adventist Hospital or the Medical Director for ABH Takoma Park, as is relevant to the work assignment.

**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.**

**APPLICANT RESPONSE:**

Patients in ABH Takoma Park will receive therapeutic programming which provides active treatment in compliance with standards of practice, 7 days per week. The individual'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.

***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.**

**APPLICANT RESPONSE:**

The ABH Takoma Park will follow the discharge planning and referral policies to ensure the patient 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. The policies will be available for review by appropriate licensing and certifying bodies.

Care management staff are a part of the treatment team at ABH Takoma Park and assist with arranging the needed services at discharge to enhance the successful treatment of the individual.

**Standard AP 14. Certificate of Need applications for either new or expanded programs must include letters of acknowledgement from all of 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.**

**APPLICANT RESPONSE:**

ABH Takoma Park is not seeking to expand its Psychiatric program.

**10.24.01.08G(3)(b)(Need)**

PSYCHIATRIC BED NEED ANALYSIS FOR WASHINGTON ADVENTIST HOSPITAL

In FY2013, Washington Adventist Hospital was licensed for 252 beds, of which 40 are licensed for psychiatric services. Washington Adventist Hospital intends to continue offering psychiatric services at the Takoma Park location with no adjustment to the number of beds in service. Psychiatric services are regional and include involuntary patients.

(1) Service Area

In CY2013, the Washington Adventist Hospital PSA for psychiatric discharges consisted of 18 zip codes, 11 located in Montgomery County and 7 located in Prince George’s County with the primary number of discharges coming from zip code 20912 (Takoma Park) and 20910 (Silver Spring). Washington Adventist Hospital observed 82.7% market share within its home zip code of 20912 and 58.3% market share within 20910. Washington Adventist Hospital’s market share within its PSA for psychiatric discharges is 38.9%.

The Washington Adventist Hospital TSA is comprised of 50 zip codes, 24 located in Montgomery County, 18 located in Prince George’s County, and 8 in the District of Columbia.

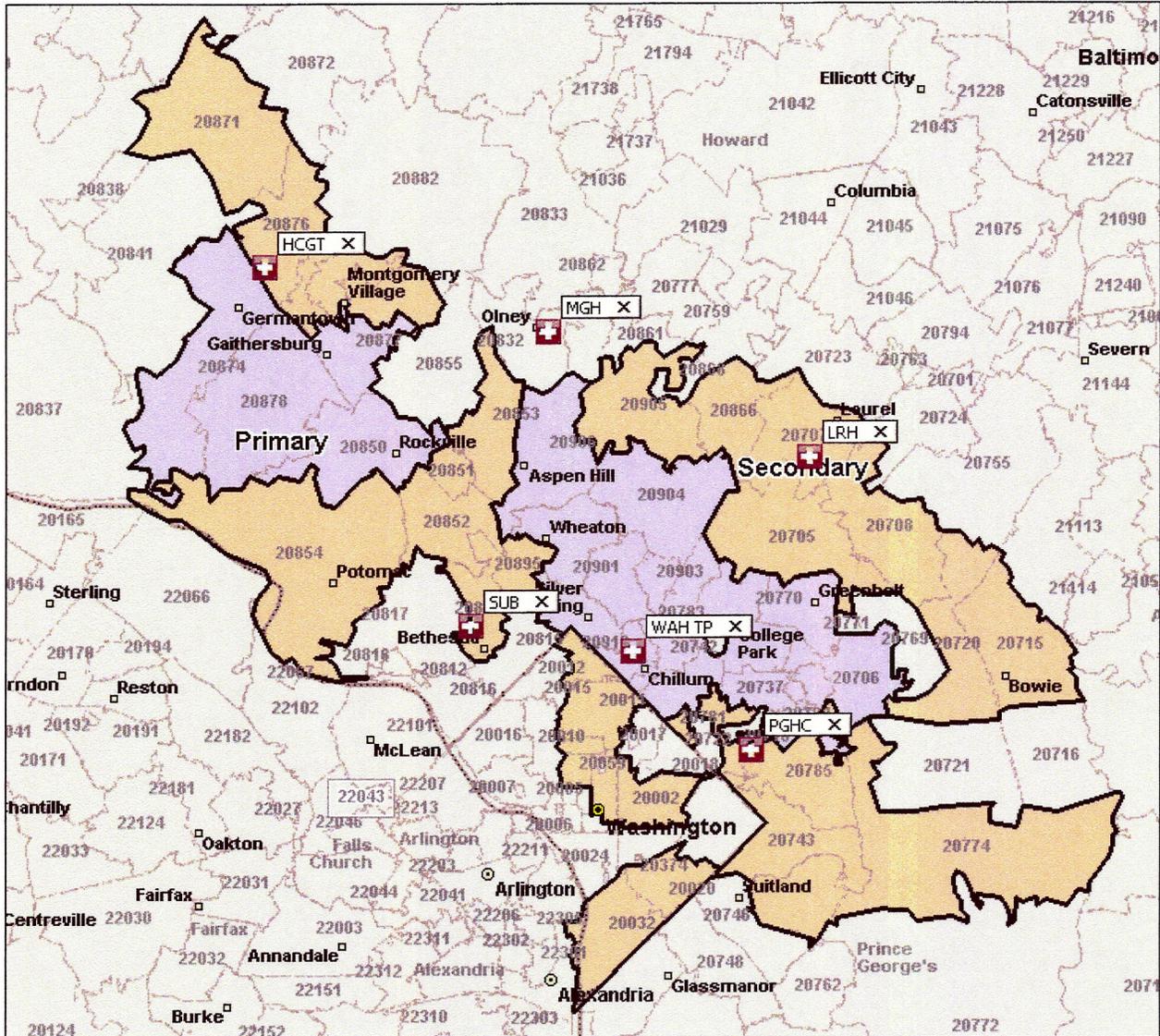
**CY2013 Washington Adventist Hospital Psychiatric TSA**

<b>Zip Code</b>	<b>City</b>	<b>Service Area</b>	<b>Discharges</b>	<b>% of Total</b>	<b>Cumulative %</b>	<b>Market Share</b>
20912	Takoma Park	Primary	115	7.4%	7.4%	82.7%
20910	Silver Spring	Primary	109	7.0%	14.3%	58.3%
20783	Hyattsville	Primary	76	4.9%	19.2%	64.4%
20901	Silver Spring	Primary	73	4.7%	23.8%	58.4%
20904	Silver Spring	Primary	63	4.0%	27.9%	31.2%
20782	Hyattsville	Primary	59	3.8%	31.6%	55.1%
20850	Rockville	Primary	53	3.4%	35.0%	38.1%
20903	Silver Spring	Primary	53	3.4%	38.4%	70.7%
20902	Silver Spring	Primary	51	3.3%	41.7%	29.7%
20906	Silver Spring	Primary	47	3.0%	44.7%	13.7%

<b>Zip Code</b>	<b>City</b>	<b>Service Area</b>	<b>Discharges</b>	<b>% of Total</b>	<b>Cumulative %</b>	<b>Market Share</b>
20874	Germantown	Primary	46	2.9%	47.6%	31.9%
20878	Gaithersburg	Primary	41	2.6%	50.3%	35.7%
20877	Gaithersburg	Primary	33	2.1%	52.4%	41.3%
20770	Greenbelt	Primary	30	1.9%	54.3%	29.7%
20706	Lanham	Primary	28	1.8%	56.1%	20.7%
20737	Riverdale	Primary	27	1.7%	57.8%	30.7%
20784	Hyattsville	Primary	27	1.7%	59.5%	23.7%
20740	College Park	Primary	26	1.7%	61.2%	34.2%
20886	Montgomery Village	Secondary	25	1.6%	62.8%	30.1%
20876	Germantown	Secondary	24	1.5%	64.3%	36.4%
20853	Rockville	Secondary	23	1.5%	65.8%	18.1%
20879	Gaithersburg	Secondary	20	1.3%	67.1%	31.7%
20011	Washington	Secondary	19	1.2%	68.3%	41.3%
20002	Washington	Secondary	18	1.2%	69.4%	45.0%
20814	Bethesda	Secondary	16	1.0%	70.5%	10.5%
20712	Mount Rainier	Secondary	15	1.0%	71.4%	50.0%
20705	Beltsville	Secondary	14	0.9%	72.3%	15.7%
20001	Washington	Secondary	13	0.8%	73.1%	35.1%
20010	Washington	Secondary	13	0.8%	74.0%	50.0%
20852	Rockville	Secondary	12	0.8%	74.7%	8.8%
20012	Washington	Secondary	11	0.7%	75.4%	55.0%
20743	Capitol Heights	Secondary	11	0.7%	76.2%	6.6%
20774	Upper Marlboro	Secondary	11	0.7%	76.9%	7.2%

<b>Zip Code</b>	<b>City</b>	<b>Service Area</b>	<b>Discharges</b>	<b>% of Total</b>	<b>Cumulative %</b>	<b>Market Share</b>
20895	Kensington	Secondary	10	0.6%	77.5%	14.9%
20851	Rockville	Secondary	9	0.6%	78.1%	15.3%
20866	Burtonsville	Secondary	9	0.6%	78.6%	21.4%
20009	Washington	Secondary	8	0.5%	79.2%	27.6%
20032	Washington	Secondary	8	0.5%	79.7%	20.0%
20781	Hyattsville	Secondary	8	0.5%	80.2%	21.1%
20785	Hyattsville	Secondary	8	0.5%	80.7%	4.2%
20854	Potomac	Secondary	8	0.5%	81.2%	11.0%
20905	Silver Spring	Secondary	8	0.5%	81.7%	11.9%
20020	Washington	Secondary	7	0.4%	82.2%	16.3%
20707	Laurel	Secondary	7	0.4%	82.6%	4.1%
20708	Laurel	Secondary	7	0.4%	83.1%	6.7%
20720	Bowie	Secondary	7	0.4%	83.5%	10.0%
20871	Clarksburg	Secondary	7	0.4%	84.0%	33.3%
20882	Gaithersburg	Secondary	7	0.4%	84.4%	20.0%
20715	Bowie	Secondary	6	0.4%	84.8%	6.1%
20747	District Heights	Secondary	6	0.4%	85.2%	3.9%

## CY2013 Washington Adventist Hospital Psychiatric TSA



Because psychiatric services will remain in Takoma Park, a bed need analysis was conducted based upon the CY2013 Washington Adventist Hospital Psych TSA since there will be no adjustment in the market service area.

### (2) Estimated Discharges

The overall adult population within the Washington Adventist Hospital psychiatric TSA was estimated to be 1.4 million in CY2010, 1.4 million in CY2013, and 1.5 million in CY2018. This implies an overall increase in the population of approximately 3.7% between CY2010 and CY2013.

As indicated in the table below, psychiatric discharges in the Washington Adventist Hospital TSA have decreased 2.3% between CY2010 and CY2013. The greatest annual increase in discharges occurred between CY2008 and CY2009 with 14.7% growth. Between CY2011 and CY2012, within the Washington Adventist Hospital TSA, discharges at Washington Adventist Hospital remained relatively flat, while psychiatric discharges at Montgomery General and Suburban hospitals declined 9.0% and 5.5% respectively.

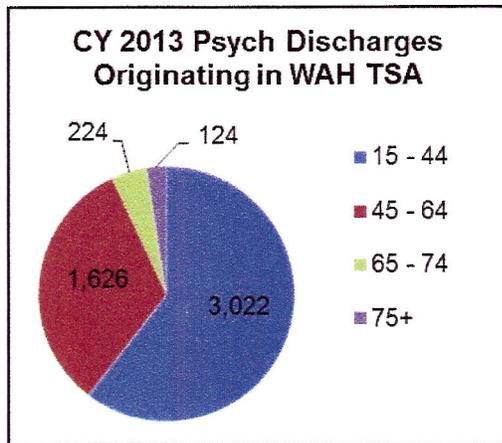
**Psych Discharges in WAH TSA**

<b>Provider</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>5-Year Change</b>
Washington Adventist	1,567	1,368	1,334	1,330	1,332	-15.0%
Holy Cross	40	75	75	71	55	37.5%
Montgomery General	820	859	843	767	718	-12.4%
Shady Grove Adventist	32	37	22	34	32	0.0%
Suburban Hospital Center	723	855	930	879	848	17.3%
Laurel Regional Hospital	339	313	372	353	412	21.5%
Prince Georges Hospital Ctr	919	957	982	943	925	0.7%
Southern Maryland	269	320	286	248	222	-17.5%
Fort Washington Hospital	1	1	1	-	1	0.0%
Doctors Community Hospital	10	11	9	4	2	-80.0%
Other Provider	327	318	376	356	449	37.3%
<b>Total</b>	<b>5,047</b>	<b>5,114</b>	<b>5,230</b>	<b>4,985</b>	<b>4,996</b>	<b>-1.0%</b>
<i>Annual Change</i>	<i>14.7%</i>	<i>1.3%</i>	<i>2.3%</i>	<i>-4.7%</i>	<i>0.2%</i>	

**Psych Total Discharges**

<b>Provider</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>5-Year Change</b>
Washington Adventist	1,972	1,757	1,703	1,670	1,564	-20.7%
Holy Cross	43	85	96	82	64	48.8%
Montgomery General	1,213	1,234	1,223	1,123	1,054	-13.1%
Shady Grove Adventist	38	42	29	38	36	-5.3%
Suburban Hospital Center	1,075	1,189	1,376	1,254	1,247	16.0%
Laurel Regional Hospital	764	800	892	719	793	3.8%
Prince Georges Hospital Ctr	1,266	1,341	1,400	1,349	1,304	3.0%
Southern Maryland	1,280	1,289	1,221	1,057	907	-29.1%
Fort Washington Hospital	7	6	8	4	5	-28.6%
Doctors Community Hospital	15	16	13	6	7	-53.3%
<b>Total</b>	<b>7,673</b>	<b>7,759</b>	<b>7,961</b>	<b>7,302</b>	<b>6,981</b>	<b>-9.0%</b>
<i>Annual Change</i>	<i>12.2%</i>	<i>1.1%</i>	<i>2.6%</i>	<i>-8.3%</i>	<i>-4.4%</i>	

Taking into account the estimated population growth and a flat use rate assumption, a baseline projection was developed, reflecting the changes that will occur based on population size and age composition. Using Nielsen Claritas data, population estimates were calculated by Zip code and age cohort (15-44, 45-64, 65-74, and 75+) and estimated usage rates were applied to determine the projected discharges in CY2023. The table below summarizes the growth rates considered over the 10-year period.



**Discharge Estimates by Age Cohort Originating in Washington Adventist Hospital TSA**

Ages	2013	2023	Total Change	Annual Change
15 - 44	3,022	2,971	-1.7%	-0.2%
45 - 64	1,626	1,839	13.1%	1.2%
65 - 74	224	380	69.8%	5.4%
75+	124	150	21.2%	1.9%
<b>Total</b>	<b>4,996</b>	<b>5,340</b>	<b>6.9%</b>	<b>0.7%</b>

Source: HSCRC data base and Nielsen Claritas population projections

Under this methodology, a baseline projection was developed that maintains population use rates and reflects the changes that will occur based on population size and age composition.

A total of 5,340 discharges in CY2023 was estimated for the Washington Adventist Hospital TSA, which indicates absolute growth of approximately 6.9% over the 10-year period, or an increase of 344 incremental discharges.

(3) Estimated Bed Need

The historical ALOS for patients originating in the Washington Adventist Hospital TSA for the past five calendar years was analyzed. As indicated in the tables below, overall ALOS for Medicare patients has declined 17.5% and 6.6% for non-Medicare patients during this time period.

**Psych ALOS within WAH TSA (Medicare)**

Provider	2009	2010	2011	2012	2013	5-Year Change
Washington Adventist	7.7	6.9	7.1	9.0	7.1	-8.5%
Holy Cross	6.6	4.3	3.3	4.4	4.0	-39.1%
Montgomery General	7.5	8.2	8.0	6.5	4.9	-35.2%
Shady Grove Adventist	5.7	4.9	2.4	4.3	4.3	-25.2%
Suburban Hospital Center	9.0	7.6	7.8	6.7	7.1	-20.7%
Laurel Regional Hospital	8.8	4.8	6.8	5.6	4.5	-48.6%
Prince Georges Hospital Ctr	7.5	7.4	9.8	7.7	8.7	16.4%
Southern Maryland	9.6	4.7	5.5	8.3	3.7	-61.8%
Fort Washington Hospital	-	-	7.0	-	-	0.0%
Doctors Community Hospital	3.0	2.0	1.3	3.5	-	-100.0%
Other Providers	14.0	15.3	19.2	19.1	12.1	-13.6%
<b>Total</b>	<b>8.6</b>	<b>7.8</b>	<b>8.6</b>	<b>8.3</b>	<b>7.1</b>	<b>-17.5%</b>

**Psych ALOS within WAH TSA (Non - Medicare)**

<b>Provider</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>5-Year Change</b>
Washington Adventist	4.8	5.1	5.2	5.8	5.6	16.8%
Holy Cross	3.7	2.7	5.0	3.1	5.3	43.7%
Montgomery General	5.1	4.5	4.3	4.3	3.7	-27.9%
Shady Grove Adventist	4.1	2.9	3.1	2.9	4.2	3.9%
Suburban Hospital Center	5.1	5.1	4.7	4.9	5.0	-1.7%
Laurel Regional Hospital	4.0	3.3	4.0	4.4	4.2	3.9%
Prince Georges Hospital Ctr	5.4	5.7	5.3	5.1	5.6	3.5%
Southern Maryland	4.8	4.3	5.7	4.5	5.1	7.4%
Fort Washington Hospital	3.0	2.0	-	-	3.0	0.0%
Doctors Community Hospital	3.9	2.1	1.4	1.5	31.0	700.0%
Other Providers	7.7	8.1	10.6	8.8	9.9	27.4%
<b>Total</b>	<b>5.1</b>	<b>5.1</b>	<b>5.3</b>	<b>5.3</b>	<b>5.5</b>	<b>6.6%</b>

Note: The ALOS in CY2013 at Doctors Community Hospital is based on one patient discharged after 31 days.

**Market Share Based on Days in WAH TSA**

<b>Provider</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Variance</b>
Washington Adventist	28.9%	26.3%	24.4%	28.9%	27.3%	-1.6%
Holy Cross	0.7%	0.9%	1.2%	0.9%	1.0%	0.3%
Montgomery General	16.1%	15.4%	13.5%	12.5%	9.7%	-6.3%
Shady Grove Adventist	0.5%	0.5%	0.2%	0.4%	0.5%	0.0%
Suburban Hospital Center	14.3%	16.8%	15.7%	16.5%	15.8%	1.5%
Laurel Regional Hospital	5.4%	3.8%	5.4%	5.7%	6.2%	0.8%
Prince Georges Hospital Ctr	18.8%	20.6%	18.8%	18.0%	19.1%	0.3%
Southern Maryland	4.9%	5.2%	5.7%	4.2%	4.0%	-0.9%
Fort Washington Hospital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Doctors Community Hospital	0.1%	0.1%	0.0%	0.0%	0.1%	0.0%
Other Provider	10.2%	10.4%	15.0%	12.9%	16.2%	6.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	N/A

To determine the overall estimated patient days, the overall CY2013 ALOS from patients originating from the Washington Adventist Hospital TSA was applied by patient grouping. Occupancy rates of 70% were assumed for both Medicare and non-Medicare patients to arrive at a total need of 118 beds.

Historically, 16.2% of days originating from patients in the Washington Adventist Hospital TSA went to other providers outside Montgomery County and Prince George's County. As a result, total bed need was adjusted to reflect only the beds needed to serve the patients who remain in those counties at the identified acute care hospitals. A total bed need of 99 for patients going to acute care facilities within Montgomery and Prince George's County was calculated:

Total Bed Need for Discharges Originating in WAH TSA					
	CY2023 Discharges	ALOS	Days	Occupancy	Bed Need
Medicare	531	7.1	3,749	70.0%	15
Non-Medicare	4,810	5.5	26,300	70.0%	103
<b>Total</b>	<b>5,340</b>	<b>5.6</b>	<b>30,050</b>	<b>N/A</b>	<b>118</b>
CY2013 Market Share Leaving Montgomery & Prince George's County				16.2%	19
Beds Needed in Montgomery & Prince George's County Hospitals					99

The same methodology was used to calculate the licensed beds currently serving this selected population.

Provider	Psych Days From WAH TSA	Total Psych Days	% Psych Days from WAH TSA	FY2015 Licensed Psych Beds	Psych Beds Serving TSA
Washington Adventist	7,605	8,770	86.7%	40	35
Holy Cross	270	291	92.8%	-	-
Montgomery General	2,713	3,953	68.6%	20	14
Shady Grove Adventist	136	147	92.5%	-	-
Suburban Hospital Center	4,407	6,457	68.3%	24	16
Laurel Regional Hospital	1,730	3,415	50.7%	14	7
Prince Georges Hospital Ctr	5,333	7,342	72.6%	28	20
Southern Maryland	1,126	4,256	26.5%	25	7
Fort Washington Hospital	3	18	16.7%	-	-
Doctors Community Hospital	31	48	64.6%	-	-
<b>Total</b>	<b>23,354</b>	<b>34,697</b>	<b>N/A</b>	<b>151</b>	<b>99</b>

Further analysis shows that there is a bed need for the 40 beds currently licensed at Washington Adventist Hospital.

Net Bed Need for WAH - Takoma Park TSA	
	Bed Need
Beds Needed at Montgomery & Prince George's County Hospitals	99
Beds Available to Serve WAH TSA in M & PG County	(99)
Net Bed Need	-

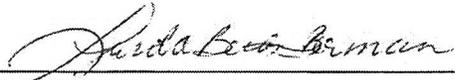
We have also considered the addition of the six psychiatric beds located at Holy Cross Germantown in determining the net bed need. The hospital was not open in CY2013, therefore, there was no data available to analyze the patient profile at the new hospital. Although, we note that the new hospital either would have serviced (i) patients already going to hospitals in Montgomery and Prince George's County (ii) patients who otherwise would have migrated outside Montgomery and Prince George's County or (iii) patients originating outside the service area who previously would have sought care in other counties.

If the data was available, we would expect an increase in the estimated beds needed in the Washington Adventist Hospital TSA due to patients who now remain in Montgomery and Prince George's County for care (reduction of out-migration) or patients who now seek care at the new hospital in Montgomery County (in-migration). In addition, the methodology used to calculate the beds available to serve the Washington Adventist Hospital TSA would have adjusted downward accordingly to represent any lost market share to the new hospital from the other hospitals in Montgomery County and Prince George's County.

The analysis focused on the bed need within the Washington Adventist Hospital TSA and therefore did not consider growth in admissions from those patients outside the service area. If the rest of Maryland was also expected to experience increases in its adult population, there would be further support for additional bed need.

AFFIRMATION

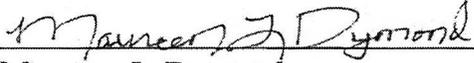
I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief.

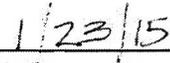
  
\_\_\_\_\_  
Linda Beth Berman  
Grant Manager  
Adventist Healthcare

*01/22/15*  
\_\_\_\_\_  
Date

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
Maureen L. Dymond  
Vice President, Financial Operations  
Adventist Healthcare

  
\_\_\_\_\_  
Date

AFFIRMATION

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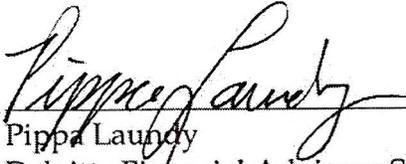


Robert E. Jepson  
Vice President, Business Development  
Adventist Healthcare

1/22/15  
Date

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief.



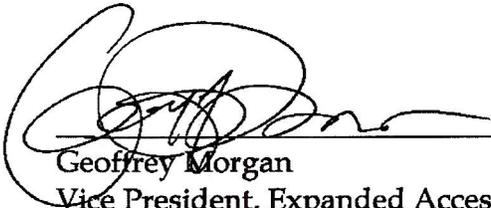
\_\_\_\_\_  
Pippa Laundry  
Deloitte Financial Advisory Services, LLP

1-22-2015

\_\_\_\_\_  
Date

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief.



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Geoffrey Morgan  
Vice President, Expanded Access  
Washington Adventist Hospital

1/22/2015

Date

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief.



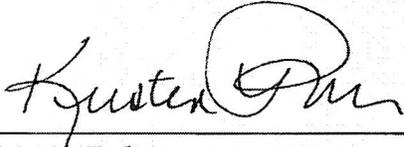
R. Lee Piekarz  
Deloitte Financial Advisory Services, LLP

1/22/15

Date

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief.



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Kristen Pulio  
Vice President, Revenue Management  
Adventist Healthcare

1/23/15

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Date