



MARYLAND HEALTH CARE COMMISSION

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

December 10, 2013

VIA Email & U.S. MAIL

Robert Jepson, Vice President
Business Development
Adventist HealthCare, Inc.
820 West Diamond Ave.
Gaithersburg, MD 20878

Re: Adventist Healthcare, Inc. d/b/a Washington Adventist
Hospital
Replacement of Washington Adventist Hospital and
Reconfiguration of the former Washington Adventist
Hospital Campus in Takoma Park or
Establishment of a New General Acute Care Hospital and
Reconfiguration of the Existing Washington Adventist
Hospital
Matter No. 13-15-2349

Dear Mr. Jepson:

Thank you for your November 20, 2013 response to MHCC's request for completeness information on the above-referenced application. Staff of the Maryland Health Care Commission has reviewed the information you provided and request additional information concerning this application. The application will be docketed if your response is complete.

PART I – PROJECT IDENTIFICATION AND GENERAL INFORMATION

1. Staff previously requested the applicant to specify the outpatient and clinic services that will be provided at the White Oak campus. WAH responded to this request. Please also specify the outpatient and clinic services that will be provided at the Takoma Park campus after completion of the project and whether these services will be rate regulated.
2. Regarding the response to question 6, please provide additional information about the freestanding comprehensive cancer center planned in a nearby facility for oncology and patients, which is referenced at Exhibit 68.

- a. What is the planned location and timeframe for the freestanding comprehensive cancer center?
- b. Will this center be a program of Washington Adventist Hospital?
- c. Will this center be rate-regulated?
- d. What is the rationale for not including outpatient cancer services in the replacement hospital program as part of the Certificate of Need application?
- e. Was an analysis done comparing the cost-effectiveness of operating a free-standing comprehensive cancer center to one that would be part of the relocation project? If so, please provide it.
- f. Will the hospital's charity care policy apply to this center? If not, please describe the availability of charity care at this center.
- g. How will patients be impacted by separating the location from the main hospital?

PART II – PROJECT BUDGET

3. Regarding the response to question 12, please explain why the bond proceeds deposit at Exhibit 69 (\$51,980,476) does not match the bond financing amount in the project budget (\$278,010,000).

PART III – CONSISTENCY WITH GENERAL REVIEW CRITERIA AT COMAR 10.24.01.08G(3)

Response to State Health Plan for Facilities and Services: Acute Hospital Services, COMAR 10.24.10

4. Regarding COMAR 10.24.10.04A(1), Information Regarding Charges, Staff would like to stress the need to update the list of representative charges at least quarterly. The current posting is dated for a period ending June 30, 2013.
5. Please send an electronic version of Exhibit 75 to rebecca.goldman@maryland.gov, if available, so that staff can more easily read this information. Alternatively, WAH may provide a more legible version.
6. Utilization projections presented in the response to Question 20a address growth rates. Please demonstrate what population-based use rates (discharges per 1,000 population) were assumed in the projections and how those compare to the use rates in the past five years.

Response to State Health Plan for Facilities and Services: Psychiatric Services, COMAR 10.24.07

7. Responding to COMAR 10.24.07 AP 6, you have stated that, “The Washington Adventist Hospital Psychiatric Unit has a quality assurance program based upon Adventist Behavioral health’s performance improvement program.” Please clarify whether this program includes “separate written quality assurance programs, program evaluations, and treatment protocols” for the special populations listed that are served are the hospital (patients with a secondary diagnosis of substance abuse and geriatric patients) as

specified in the standard. Also please provide a sample of the program's quality assurance reports.

Response to Other Criteria

8. Regarding the response to question 30c, please provide the following clarifications:
 - a. Explain why case-mix is not held constant for each projection in Exhibit 80, and explain the assumptions that led the specific case mix factor in each projections.
 - b. What is the source of the estimates for market basket referred to on page 38?

9. Your response to question 32 on page 40 states that "...if the HSCRC were to adopt the 50 per cent variable cost factor, adjustments to other rate setting methodologies and assumptions would likely also be made ...", please respond to the following:
 - a. Please identify what rate increase would be required to support the project if indeed HSCRC uses the 50% variable cost factor. Also, for the sake of gaining insight into how the assumption on variable cost reimbursement affects rates, what rate increase would be required if HSCRC used a 100% variable cost factor?
 - b. You are encouraged to present alternative projections of revenues and expenses that include other changes beyond the variable cost factor. If you submit such an alternative, please provide it with inflation and, if possible without inflation. Submit a clear statement of assumptions such as HSCRC update factors, and projected inflationary increases in expenses. Show how key changes in revenues and expenses are calculated.

10. Regarding the response to question 33f, what are the expense deductions projected to begin in 2015 and increase through 2017?

Please submit ten copies of the responses to completeness questions and the additional information requested in this letter within ten working days of receipt. All information supplementing the applicant must be signed by person(s) available for cross-examination on the facts set forth in the supplementary information, who shall sign a statement as follows: "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."

Should you have any questions regarding this matter, please contact me at (410) 764-3233, or Kevin McDonald at (410) 764-5982.

Sincerely,



Rebecca Goldman
Health Policy Analyst

Robert Jepson
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cc: Joyce Newmeyer
Geoffrey A. Morgan
Howard Sollins, Esquire
Ulder Tillman, MD, MHP, Montgomery County Health Officer
(internal distribution)