

Appendix A

Appendix A:

On February 6, 2009, letters of intent were filed by Jere Stocks, President, on behalf of Washington Adventist Hospital (“WAH”), and William G. Robertson, President and CEO of Adventist, on behalf of Washington Adventist Hospital, Inc. (“WAHI”), to construct a new replacement 292-bed hospital in the Calverton/White Oak section of Silver Spring, Maryland, to be known as WAHI, consisting of 227 MSGA, 25 obstetric, and 40 psychiatric beds. On February 9, 2009, Ruby Potter acknowledged this intent. She also indicated that the submission date for Certificate of Need applications was April 10, 2009 and the Pre-Application Conference had been scheduled for February 18, 2009. (Docket Item [“DI”] #1)

On February 18, 2009, a pre-application conference was held in the Montgomery County Comparative Review. Those in attendance included representatives from Adventist HealthCare, Inc., Holy Cross Hospital, Montgomery General Hospital, MedStar Health, Office of the Attorney General, and Commission staff. (DI #2)

On April 10, 2009 William G. Robertson, President and CEO of Adventist filed a modified Letter of Intent. The Project involves the relocation and construction of a 288-bed hospital replacement facility consisting of 218 MSGA, 30 obstetric, and 40 psychiatric beds. (DI #3)

On April 10, 2009, Christopher C. Hall, Senior Director, Strategic Planning for Adventist Healthcare (“AHC”) submitted 10 copies of the Certificate of Need Application (with large plans) for the relocation of WAH. (DI #4)

On April 10, 2009, letters of support dated February 18, 2009 through March 25, 2009, were received in support of the relocation of WAH. (DI #5)

On April 10, 2009, Ruby Potter sent a letter to Christopher Hall, Adventist HealthCare, and acknowledged receipt of the Certificate of Need application for Washington Adventist Hospital. (DI #6)

On April 10, 2009, Ruby Potter sent a request to the *Washington Examiner* to publish notice of receipt of application in Montgomery County. (DI #7)

On April 10, 2009, a request was made to publish notice of receipt in the *Maryland Register*. (DI #8)

On April 14, 2009, the *Washington Examiner* sent the notice of receipt of application as published. (DI #9)

On April 16, 2009, Joseph F. Schott, CPA, a resident of Montgomery County, sent a letter to Rex W. Cowdry, M.D. regarding the potential impact on health care costs of the

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proposed Holy Cross Hospital-Germantown, Clarksburg Community Hospital and White Oak area. (DI #10)

On April 22, 2009, Susan Silber, Attorney for the City of Takoma Park, sent E-mail to Paul Parker requesting that the Commission require WAHI to provide detailed information regarding the health care services and facilities to be provided at its Takoma Park Campus in the event it is authorized to relocate. On April 22, 2009, Paul Parker E-mailed Susan Silber, Esquire that her concerns will be taken into consideration. (DI #11)

On April 24, 2009, Paul Parker, Chief, Certificate of Need, sent a letter to Christopher Hall, Adventist HealthCare, Inc., requesting completeness and additional information on the CON application for WAHI. (DI #12)

On May 8, 2009, Paul Parker sent a letter to Christopher C. Hall, Adventist Healthcare, extending the time in which to respond to completeness questions in the review of the WAHI application to May 29, 2009. (DI #13)

In a letter dated May 18, 2009, Chair Marilyn Moon wrote Jack C. Tranter, Esquire, Stephen F. Sfekas, Esquire, and Howard C. Sollins, Esquire, regarding Holy Cross Hospital's request for a comparative review of the applications to establish new hospitals in Montgomery County. (DI #14)

On May 26, 2009, Ruby Potter responded to Jack C. Tranter's request of May 6, 2009, that he receive all correspondence in reference to WAHI. (DI # 15)

On June 1, 2009, Christopher C. Hall, Adventist Healthcare, submitted responses (with large plans) to the completeness questions for the WAHI application to Paul Parker. (DI #16)

On June 4, 2009 Susan Silber, Esquire, on behalf of the City of Takoma Park, sent a letter to Paul Parker in response to the responses regarding WAHI's plan for reuse of its Takoma Park Campus. (DI #17)

On June 12, 2009, Ruby Potter responded to Anne Langley's request of June 8, 2009, that she receive, on behalf of John Hopkins Medicine, copies on all future filings concerning the WAHI project. (DI # 18)

On June 19, 2009, Paul Parker sent a letter to Christopher Hall, Adventist HealthCare, requesting clarification on several completeness responses previously submitted for the WAHI application. (DI #19)

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On July 2, 2009, Paul Parker sent a letter to Howard Sollins, Esquire, in response to his letter of June 26 requesting an extension of time for WAHI to submit responses to the second round of completeness questions to August 3, 2009. (DI #20)

On August 3, 2009, Christopher C. Hall, Adventist Healthcare, submitted responses to the second round of completeness questions to Paul Parker. (DI #21)

On August 13, 2009, Susan Silber, Esquire, on behalf of the City of Takoma Park, sent a letter to Paul Parker regarding WAHI's responses to the Commission's June 19, 2009 request for further information. The City believed that WAHI's response did not adequately address the Commission's request for additional information in a few areas. (DI #22)

On August 27, 2009, Ruby Potter sent a letter to the *Washington Examiner* requesting they publish a notice of docketing of the WAHI application. (DI #23)

On August 27, a request was sent to the *Maryland Register* to publish notice of docketing of the WAHI application. (DI #24)

On September 13, 2009, the *Washington Examiner* published the notice of docketing of the WAHI application. (DI #25)

On September 15, 2009, Joel Riklin sent a letter to Christopher C. Hall, stating that the application would be docketed for formal review as of September 15, 2009. In that letter, Mr. Riklin also asked additional information questions. (DI #26)

On October 2, 2009, Paul Parker responded to Jack Tranter. Paul Parker denied Holy Cross Hospital's request for an extension of time to file comments related to WAHI's application to relocate the hospital. (DI #27)

On October 2, 2009, Stephen J. Sfekas, Esquire, representing Montgomery General Hospital and Laurel Regional Hospital, sent a letter to Chair Marilyn Moon agreeing with Jack C. Tranter that persons with comments should have an opportunity to review WAHI's answers and that an extension of up to 30 days for comments would be appropriate. (DI #28)

On October 8, 2009, Suzanne Ludlow, Deputy City Manager for the City of Takoma Park, sent a letter to Paul Parker requesting that the City of Takoma Park be treated as an Interested Party in this review. (DI #29)

On October 13, 2009, Jack C. Tranter, Esquire, submitted comments addressing the Certificate of Need application and related materials filed by WAHI and requesting that it be denied. (DI #30)

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On October 13, 2009, Stephen J. Sfekas, Esquire, submitted comments of Laurel Regional Hospital related to the relocation project of WAHI. (DI #31)

On October 13, 2009, Stephen J. Sfekas, Esquire, submitted comments of Montgomery General Hospital related to the relocation project of WAHI. (DI #32)

October 5, 2009, Ulder Tillman, M.D., Montgomery County Department of Health and Human Services, submitted comments to Pamela Barclay in reference to the WAHI Certificate of Need application. (DI #33)

On October 13, 2009, Stephen J. Sfekas, Esquire, sent a letter to Rex W. Cowdry, M.D., requesting an opportunity for an oral argument before the Reviewer. (DI #34)

On October 13, 2009, Howard L. Sollins, Esquire, submitted a letter addressing the concerns expressed by Ulder Tillman, M.D., in her letter of September 9, 2009. (DI #35)

On October 13, 2009, Stephen J. Sfekas, Esquire, submitted six copies of the attestations which were inadvertently left out of the comments for Montgomery General Hospital. (DI #36)

On October 19, 2009, Howard L. Sollins, Esquire, sent a letter to Chair Marilyn Moon seeking guidance concerning comments filed by the City of Takoma Park ("CTP"). Mr. Sollins stated that the CTP is not entitled to be an Interested Party ("IP"), but supports the ability of CTP to participate in the proceedings as Participating Entity ("PE"). (DI #37)

On October 21, 2009, Susan Silber, Esquire, on behalf of the City of Takoma Park, sent a letter to Chair Marilyn Moon in response to the letter sent by Mr. Sollins on October 19, 2009. Ms. Silber stated that the CTP respectfully disagrees with Mr. Sollins assessment that the city is not entitled to IP status. (DI #38)

On October 22, 2009, Howard L. Sollins, Esquire, sent a letter to Paul Parker replying to Susan Silber's October 21, 2009 letter. (DI #39)

On October 22, 2009, Paul Parker sent a letter to Howard Sollins acknowledging receipt of his last two letters and advising him that WAHI's response to all comments, including those filed by the City of Takoma Park, is due 15 days from the later filings, or October 28th. (DI #40)

October 26 1, 2009, Christopher C. Hall, Adventist Healthcare, submitted clarification to the letter sent by Joel Riklin on September 15, 2009. (DI #41)

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October 26, 2009 Christopher C. Hall submitted WAHI's project modification. The modification reflected a significant decrease in project cost by \$96,207,000 and analysis of more recent available data that required revisions of statistical projections. (DI #42)

On October 28, 2009, Howard L. Sollins, Esquire, sent a letter to Chair Marilyn Moon requesting an opportunity for an oral argument before the Reviewer prepared a Proposed Decision on WAHI's application for consideration by the full Commission. (DI #43)

On October 28, 2009, Howard L. Sollins, Esquire, submitted six copies of WAHI's response to Interested Party Comments. (DI #44)

On October 28, 2009, Jack C. Tranter, Esquire, on behalf of Holy Cross Hospital, requested an evidentiary hearing regarding the CON application for WAHI and related materials filed. (DI #45)

On November 4, 2009, Paul Parker sent a letter to Christopher Hall, Adventist Healthcare, requesting completion of a checklist indicating which items had been modified from the original application. (DI #46)

On November 5, 2009, Howard L. Sollins, Esquire, on behalf of Washington Adventist Hospital, sent a letter to Paul Parker in response to Holy Cross Hospital's request for an evidentiary hearing, stating that an evidentiary hearing was not necessary and would impose unwarranted delay and expense. (DI #47)

On November 12, 2009, the Commission received the modification checklist from Christopher Hall on behalf of WAHI. (DI #48)

On November 13, 2009, the modification notice for WAHI was published on the Maryland Health Care Commission's website. (DI #49)

In a memorandum dated November 13, 2009, Paul Parker wrote to the interested parties in the review regarding the modified Certificate of Need application's website posting and comment period. (DI #50)

On November 13, 2009, Christopher C. Hall wrote Paul Parker enclosing fourteen letters of support for WAHI. (DI #51)

On November 16, 2009, Ruby Potter sent a request to the *Washington Examiner* to publish notice of receipt for modification of the application for WAHI. (DI #52)

Appendix A:

On November 20, 2009, Howard L. Sollins, Esquire, wrote Rex W. Cowdry, M.D., requesting a site visit by the Reviewer and the Commission staff to WAH in order to appreciate the present and future challenges posed by WAH's current location. (DI #53)

On November 24, 2009, notice of receipt of modified application was published in *The Washington Examiner*. (DI #54)

In a memorandum dated November 30, 2009, Hal Cohen, Ph. D., wrote to Jack C. Tranter per request from Holy Cross Hospital to review modifications and related filing submitted by WAHI regarding financial feasibility, economic viability, rate reduction agreement, impact on existing providers, and efficiency. (DI #55)

On December 2, 2009, Susan Silber, Esquire, sent a letter to Ruby Potter commenting on behalf of the City of Takoma Park on the modified application of WAHI. (DI #56)

On November 20, 2009, Stephen J. Sfekas, Esquire, sent a letter to Paul E. Parker enclosing comments of Laurel Regional Hospital on the answers to additional questions filed by WAHI, and the comments of Laurel Regional Hospital on the modification to the application. (DI #57)

On November 20, 2009, Stephen J. Sfekas, Esquire, sent a letter to Paul E. Parker enclosing comments of Montgomery General Hospital on the answers to additional questions filed by WAHI, and the comments of Montgomery General Hospital on the modification to the application. (DI #58)

On December 2, 2009, Jack C. Tranter, Esquire, submitted comments from Holy Cross Hospital addressing the modifications to the Certificate of Need application and related materials filed by WAHI. (DI #59)

On December 17, 2009, Howard L. Sollins, Esquire, on behalf of WAHI, responded to the Interested Party comments by the City of Takoma Park, Laurel Regional Hospital, Montgomery General Hospital, and Holy Cross Hospital with respect to the modified Certificate of Need application submitted by WAHI. (DI #60)

DI # 61 is a compilation of letters of support from various dates.

On December 28, 2009, Howard L. Sollins, Esquire, submitted a letter from Weymouth Spence, Ed.D, R.T. President, of Washington Adventist University. (DI #62)

On December 30, 2009, Jack C. Tranter, Esquire, submitted a response, on behalf of Holy Cross Hospital ("HCH"), to the comments filed by Adventist Health Care, Inc., regarding HCH's Request for an Evidentiary Hearing. (DI #63)

Appendix A:

On January 7, 2010, Stephen J. Sfekas, Esquire, on behalf of Montgomery General Hospital, sent a letter to Rex W. Cowdry, M.D., regarding Montgomery General Hospital's strong support for holding an evidentiary hearing. (DI #64)

On January 11, 2010, Howard L. Sollins, Esquire, sent to Rex W. Cowdry, M.D., affirmations from Dr. Jack Cook and Jere Stocks that were not included the December 17, 2009 response to the Interested Party comments by the City of Takoma Park, Laurel Regional Hospital, Montgomery General Hospital and Holy Cross Hospital with respect to the modified Certificate of Need application submitted by WAHL. (DI #65)

On January 11, 2010, Howard L. Sollins, Esquire, sent to Rex W. Cowdry, M.D., a letter objecting for the record to MGH's "tardy and insubstantial" attempt to join in the Holy Cross Hospital request for an evidentiary hearing. (DI #66)

On January 11, 2010, Howard L. Sollins, Esquire sent Rex W. Cowdry, M.D., a letter that included material to ensure completeness of the record in the CON review. The material included an article from *The Gazette* dated December 3, 2008 and letters from William Robertson, CEO of Adventist Healthcare, Terry Francis, Director of Perinatal Services and Shady Grove Adventist Hospital Schools and Affiliations. (DI # 67)

On February 17, 2010, Stephen J. Sfekas, Esquire, submitted a letter withdrawing as Counsel to Montgomery General Hospital and Laurel Regional Hospital in review process due to his appointment as a judge of the Circuit Court of Baltimore City. (DI #68)

On February 23, 2010, Commissioner Randall P. Worthington wrote to Howard Sollins, Esquire, Paul Blackwood, Susan Silber, Esquire, Clarence Brewton, Jack Tranter, Esquire, and Ulder Tillman, M.D., stating he had been appointed Reviewer and sending his ruling on the status of Interested Party Requests. (DI #69)

March 12, 2010, Commissioner Randall P. Worthington wrote by letter and email to Howard Sollins, Esquire, Paul Blackwood, Susan Silber, Esquire, Clarence Brewton, Jack Tranter, Esquire, and Ulder Tillman, M.D., for scheduling site visits. (DI #70)

On March 16, 2010, Clarence Brewton, a representative for Montgomery General Hospital/MedStar Health Inc., responded to Ruby Potter by email, stating the dates of availability for site visits. (DI #71)

On March 16, 2010, Paul Blackwood, a representative for Laurel Regional Hospital, responded to Ruby Potter by email, stating that Donald Vann, Director would attend the WAH site visits on whatever date Commissioner Randall P. Worthington selected. (DI #72)

Appendix A:

On March 16, 2010 Cindy Clark, assistant to Jack Tranter, responded to Ruby Potter by email, stating the dates Jack Tranter and Annice Cody, Vice President of Holy Cross Hospital, were available for site visits. (DI #73)

On March 17, 2010, Kurt J. Fischer, Esquire, sent a letter to Ruby Potter confirming that he and Patricia G. S. Cameron, Vice President of MedStar Health, would attend the site visit. Attached to the letter was a Notice of Entry of Appearance of Counsel to Montgomery General Hospital for Kurt J. Fischer, Melissa L. Mackiewicz, and DLA Piper LLP (US). (DI #74)

On March 17, 2010, Kurt J. Fischer, Esquire, sent to Paul Parker six copies of the Notice of Entry of Appearance of Counsel to Montgomery General Hospital for Kurt J. Fischer, Melissa L. Mackiewicz, and DLA Piper LLP (US). (DI #75)

On March 17, 2010 Howard Sollins, Esquire, on behalf of Washington Adventist Hospital, responded to Ruby Potter by email, stating his available dates for the WAH site visits. (DI #76)

On March 17, 2010, Ruth M. Martin, Senior Health Planner for Montgomery County Department of Health and Human Services, sent an email to Ruby Potter stating she would attend the WAH site visit and would be accompanied by Ulder Tillman, M.D. (DI #77)

On March 19, 2010 Cindy Clark, assistant to Jack Tranter, sent an additional email to Ruby Potter, stating the dates Jack Tranter and Annice Cody, Vice President of Holy Cross Hospital, were available for site visits. (DI #78)

On March 19, 2010, Suellen Wideman, Esquire, sent an email to all interested parties notifying them that Commissioner Randall P. Worthington set the site visit date for Monday, April 19, 2010. (DI #79)

On March 18, 2010, Susan Silber, Attorney for City Takoma Park, sent a letter to Commissioner Randall P. Worthington confirming that City Manager Barbara Matthews and Deputy Suzanne Ludlow would attend the WAH site visit and the dates they were available. (DI #80)

On March 17, 2010, Howard Sollins, Esquire, on behalf of Washington Adventist Hospital, responded to Commissioner Randall P. Worthington's letter of March 12, 2010 regarding WAH site visits and provided a list of participants, representatives that would be on hand for the question and answer session, and site map. (DI #81)

On April 5, 2010, John Reid, Executive Vice President of 1199 SEIU, commented on the CON application submitted by Adventist HealthCare, Inc. (DI #82)

Appendix A:

On April 6, 2010, Howard L. Sollins, Esquire, sent a letter to Paul Parker and attached information about the *Maryland Daily Record's* decision to award Marcos Pesquera as a "Health Care Hero" (DI #83)

On April 9, 2010 Commissioner Randall P. Worthington wrote by letter and email to Howard Sollins, Esquire, Paul Blackwood, Susan Silber, Esquire, Kurt Fischer, Esquire, Jack Tranter, Esquire, and Ulder Tillman, M.D. setting the date of the site visit (April 19, 2010) and itinerary. (DI #84)

On April 13, 2010 Howard Sollins, Esquire, on behalf of Washington Adventist Hospital, responded to Commissioner Randall P. Worthington's letter of April 9, 2010 regarding WAH site visits and provided an updated list of participants and representatives that would be on hand during the site visit/tour. (DI #85)

On April 13, 2010, Kurt J. Fischer, Esquire, sent a letter to Commissioner Randall P. Worthington with information on visiting alternative sites as described in the modification application. (DI #86)

On April 14, 2010, Jack Tranter, Esquire, submitted a letter to Commissioner Randall P. Worthington, on behalf of Holy Cross Hospital, asking to limit the number of people AHC could have on site visit. (DI #87).

On April 15, 2010, Howard Sollins, Esquire, submitted a letter to Commissioner Randall P. Worthington, on behalf of Washington Adventist Hospital, asking not to limit the number of people AHC could have on site visit. (DI #88).

On April 15, 2010, Kurt J. Fischer, Esquire, submitted a letter to Commissioner Randall P. Worthington, asking to limit the number of people AHC could have on site visit. (DI #89).

On April 15, 2010, Howard Sollins, Esquire, emailed all interested parties on procedures for entry to the Food and Drug Administration building (DI #90).

On April 15, 2010, Howard Sollins, Esquire, emailed Suellen Wideman, Esquire, in response to her request for an address or directions to the alternate sites listed in the WAHI application. (DI #91).

On April 16, 2010, Commissioner Randall P. Worthington sent a letter to Howard Sollins, Esquire, Paul Blackwood, Susan Silber, Esquire, Kurt Fischer, Esquire, Jack Tranter, Esquire, and Ulder Tillman, M.D., responding to the letters objecting to the increase in AHC attendees and ruling on visiting alternative site and revised itinerary. (DI #92)

Appendix A:

On April 16, 2010, Howard Sollins, Esquire, submitted a letter to Commissioner Randall P. Worthington, in response to Montgomery General Hospital's comments on the number of AHC persons attending the site visit (DI #93).

On April 16, 2010, Howard Sollins, Esquire, emailed Suellen Wideman, Esquire, and interested parties in appreciation of Commissioner Randall P. Worthington's ruling on number of persons attending the site visit and reducing the number of AHC people in attendance. (DI #94).

April 20, 2010 Memo to File: Hand-out of a document from Food and Drug Administration during the April 19, 2010 site visit conducted by MHCC staff to WAH. (DI #95)

On April 16, 2010, Howard Sollins, Esquire, emailed Suellen Wideman, Esquire, and interested parties stating WAHI intended to file plans for the existing site. (DI #96).

On April 21, 2010, Kurt J. Fischer, Esquire, sent to Paul Parker six copies of the Notice of Entry of Appearance of Counsel for Laurel Regional Hospital of Kurt J. Fischer, Melissa L. Mackiewicz, and DLA Piper LLP (US). (DI #97)

On May 18, 2010, FDA Commissioner Margaret A. Hamburg, M.D., wrote to Commissioner Randall P. Worthington, commenting on the Memorandum of Understanding between the FDA and WAHI. (DI #98)

On July 28, 2010, Howard Sollins, Esquire, sent Commissioner Randall P. Worthington a copy of a letter from Prince George's County Council, expressing the Council's vote to support the WAHI project. (DI #99)

On November 4, 2010, Howard Sollins, Esquire, sent Paul Parker 230 additional letters of support. (DI #100)

On January 4, 2011, Howard Sollins, Esquire, sent Commissioner Randall P. Worthington 23 physician letters expressing their support for the new WAH. (DI #101)

On January 5, 2011, Howard Sollins, Esquire, sent Commissioner Randall P. Worthington 278 additional letters of support for the new WAH. (DI #102)

On January 24, 2011, Jere Stocks, President of Washington Adventist Hospital, sent Commissioner Randall P. Worthington additional information regarding WAHI's plans for continued use of its current campus in Takoma Park. (DI #103)

On February 7, 2011, District 14 Elected Officials wrote to Commissioner Randall P. Worthington in support for relocation of WAH. (DI #104)

Appendix A:

On February 15, 2011, Howard Sollins, Esquire, submitted a letter to Commissioner Randall P. Worthington, on behalf of Washington Adventist Hospital, commenting on the application modification, stating that “given the passage of time we have been reviewing it for appropriate updating.” (DI #105)

On February 16, 2011, Howard Sollins, Esquire, sent Commissioner Randall P. Worthington letters of support for the new WAH from various AHC doctors. (DI #106)

On February 16, 2011, Susan Silber, Attorney for City Takoma Park, sent a letter to Commissioner Randall P. Worthington stating the City of Takoma remained interested in the project and may comment after the City’s elected officials meet February 28, 2011. (DI #107)

On February 16, 2011, Delegate James W. Hubbard sent a letter to Commissioner Randall P. Worthington in support of the WAH relocation. (DI #108)

On February 18, 2011 Howard Sollins, Esquire, sent Commissioner Randall P. Worthington 55 additional letters of support for the new WAH. (DI #109)

On February 16, 2011, Delegate Joseline A. Pena-Melnyk sent a letter to Commissioner Randall P. Worthington in support of the WAH relocation. (DI #110)

On February 18, 2011, Senator Roger Manno sent a letter to Commissioner Randall P. Worthington in support of the WAH relocation. (DI #111)

On February 23, 2011, Delegate Bonnie L. Cullison sent a letter to Commissioner Randall P. Worthington in support of the WAH relocation. (DI #112)

On February 24, 2011, Senator Joanne C. Benson sent a letter to Commissioner Randall P. Worthington in support of the WAH relocation. (DI #113)

On February 28, 2011, Howard Sollins, Esquire, sent Commissioner Randall P. Worthington a letter advising him of two important developments that confirmed WAHI’s continuing commitment to community-based programs and services. (DI #114)

March 1, 2011, Commissioner Randall P. Worthington sent a letter to Robert Murray, Executive Director, HSCRC, requesting staff review of the financial projections provided in the WAHI CON application. (DI #115)

March 1, 2011 Commissioner Randall P. Worthington sent a letter to Howard Sollins, Esquire, requesting that WAHI update certain financial information in its CON application and requesting additional information. (DI #116)

Appendix A:

On March 3, 2011 Commissioner Randall P. Worthington sent a letter to Howard Sollins, Esquire, Kurt J. Fischer Esquire, and Jack Tranter, Esquire, determining the need, and inquiring about dates, for an evidentiary hearing. (DI #117)

On March 9, 2011, Suellen Wideman, Esquire, sent an email to Howard Sollins, Esquire, Kurt J. Fischer, Esquire, Jack Tranter, Esquire, and other interested parties concerning dates for a possible evidentiary hearing. (DI #118)

On March 10, 2011, Jack Tranter, Esquire, sent a letter to Commissioner Randall P. Worthington, on behalf of Holy Cross Hospital, responding to Commissions' letters dated March 1, 2011 and March 3, 2011. (DI # 119)

On March 10, 2011 Howard Sollins, Esquire, sent a letter to Commissioner Randall P. Worthington, responding to his letters dated March 1, 2011 and March 3, 2011. (DI # 120)

On March 11, 2011, Jack Tranter, Esquire, on behalf of Holy Cross Hospital, sent a letter to Commissioner Randall P. Worthington asking the Commission to have WAHI produce certain financial information and documents. (DI # 121)

On March 8, 2011, Gustavo Torres, Executive Director of Casa de Maryland, sent a letter to Commissioner Randall P. Worthington in support of the WAH relocation. (DI #122)

On March 11, 2011, Commissioner Randall P. Worthington sent a letter to Howard Sollins, Esquire, granting WAHI until March 28th to provide the requested additional information. (DI #123)

On March 14, 2011, Kurt J. Fischer, Esquire, sent letter to Commissioner Randall P. Worthington stating that all representatives and witnesses of interested parties from Montgomery General Hospital, Laurel Regional Hospital and Prince George's Hospital Center were available during the week of June 6-10, 2011. (DI #124)

On March 15, 2011, Howard Sollins, Esquire, on behalf of WAHI, sent a letter to Commissioner Randall P. Worthington, responding to the March 10 and 11, 2011 letters from Mr. Tranter. (DI # 125)

On March 18, 2011, Howard Sollins, Esquire, on behalf of WAHI, sent a revised final letter to Commissioner Randall P. Worthington, responding to the March 10 and 11, 2011 letters from Mr. Tranter. (DI # 126)

On March 15, 2011 Howard Sollins, Esquire, on behalf of WAHI, sent an additional 175 letters of support to Commissioner Randall P. Worthington. (DI # 127)

Appendix A:

On March 23, 2011, Kurt J. Fischer, Esquire, sent a letter to Commissioner Randall P. Worthington, responding to the March 15, 2011 letter from Howard Sollins, Esquire. (DI # 128)

On March 25, 2011, Jack Tranter, Esquire, on behalf of Holy Cross Hospital (“HCH”), sent a letter to Commissioner Randall P. Worthington responding to the March 15, 2011 letter from Howard Sollins, Esquire. (DI # 129)

On March 25, 2011 Howard Sollins, Esquire, on behalf of WAHI, sent a letter to Commissioner Randall P. Worthington responding to the March 23, 2011 letter from Kurt J. Fischer, Counsel to Montgomery General Hospital (“MGH”) and Laurel Regional Hospital (“LRH”). (DI #130)

On March 28, 2011 Howard Sollins, Esquire, on behalf of WAHI, submitted to Commissioner Randall P. Worthington seven copies of additional information and maps on a CD in response to the additional informational questions asked in the Commission’s March 1, 2011 letter. (DI #131)

On March 30, 2011, Howard Sollins, Esquire, on behalf of WAHI, sent a letter to Commissioner Randall P. Worthington, attaching duplicate, large copies of maps submitted on March 28, 2011. (DI #132)

On March 30, 2011, Howard Sollins, Esquire, sent a letter to Commissioner Randall P. Worthington, attaching seven copies of Appendix 4 of Exhibit 11 that were clearer copies than the ones submitted on March 28, 2011. (DI #133)

On April 1, 2011, Howard Sollins, Esquire, sent a letter to Commissioner Randall P. Worthington, providing corrections to the letter Mr. Sollins submitted on March 28, 2011. (DI #134)

On April 1, 2011, Howard Sollins, Esquire, sent a letter of support to Commissioner Randall P. Worthington, from the Next Century Health Leadership Council. (DI #135)

On April 5, 2011, Howard Sollins, Esquire, sent a copy of a letter of support to Commissioner Randall P. Worthington, from the Montgomery County East County Citizens Advisory Board to County Executive Ike Leggett. (DI #136)

On April 6, 2011, Jack Tranter, Esquire, sent a letter to Commissioner Randall P. Worthington, addressing the materials submitted by WAHI through Howard Sollins, Esquire, on March 28, 2011. (DI # 137)

Appendix A:

On April 7, 2011, Jack Tranter, Esquire, sent Joel Riklin an email PDF attachment to Exhibit B, included in the WAHI filing on March 28, 2011. (DI # 138)

On April 8, 2011, Ruby Potter sent a request to the *Washington Examiner* to publish notice of the modified application in newspaper. (DI #139)

On April 8, 2011, Commissioner Randall P. Worthington sent a letter to Kurt Fischer, Esquire, in response to Mr. Fischer's April 7th e-mail, requesting clarification on the filing of comments. (DI #140)

On April 8, 2011, Commissioner Randall P. Worthington sent a letter to Howard Sollins, Esquire, Kurt J. Fischer Esquire, and Jack Tranter, Esquire, requesting that AHC/WAHI produce additional documents. (DI #141)

On April 8, 2011, Commissioner Randall P. Worthington sent a letter to Howard Sollins, Esquire, Kurt J. Fischer Esquire, and Jack Tranter, Esquire, outlining the issues for the Evidentiary Hearing. (DI #142)

On April 10, 2011, Kurt J. Fischer Esquire, emailed Suellen Wideman, Esquire, requesting to reschedule the April 21st prehearing conference. (DI #143).

On April 11, 2011, Kurt J. Fischer, Esquire, sent the Commission comments of Laurel Regional Hospital and Montgomery General Hospital to Washington Adventist Hospital's March 28, 2011 letter with answers to additional questions. (DI #144).

On April 11, 2011, Jack Tranter, Esquire, sent the Commission comments of HCH to Washington Adventist Hospital's March 28, 2011 letter with answers to additional questions. (DI #145).

On April 11, 2011, Susan Silber, Esquire, sent a letter to Commissioner Randall P. Worthington commenting on behalf of the City of Takoma Park on the CON application of WAHI. (DI #146)

On April 11, 2011, Howard Sollins, Esquire, sent Commissioner Randall P. Worthington an additional 137 letters of support, on behalf of WAHI. (DI # 147)

On April 12, 2011 Howard Sollins, Esquire, sent Commissioner Randall P. Worthington a letter of support from the Honorable Isaiah Leggett, County Executive of Montgomery County. (DI # 148)

On April 12, 2011, Howard Sollins, Esquire, on behalf of WAHI, sent Paul Parker an email with updates to Tables 3 and 5. (DI # 149)

Appendix A:

On April 13, 2011, Howard Sollins, Esquire, on behalf of WAHI, emailed Paul Parker black line copies of Tables 3 and 5. (DI # 150)

On April 15, 2011, Howard Sollins, Esquire, sent Commissioner Randall P. Worthington financial documents in response to Holy Cross Hospital's March 11, 2011 request for additional financial information. (DI # 151)

On April 18, 2011, Jack Tranter, Esquire, sent to the Commission, Holy Cross Hospital's Revised Comments on Washington Adventist Hospital, Inc's Response to Commissioner Randall P. Worthington's March 1, 2001 Request for Additional Information. (DI #152).

On April 18, 2011, Howard Sollins, Esquire, sent to the Commission seven copies of WAHI's response to April 11, 2011 Interested Parties' comments on WAHI's March 28, 2011 Response to Commissioner Randall P. Worthington's March 1, 2011 questions. (DI # 153)

On April 18, 2011, Howard Sollins, Esquire, sent to Commissioner Randall P. Worthington seven copies of WAHI's Statement of Issues and Proffers. (DI # 154)

On April 18, 2011, Jack Tranter, Esquire, sent to Commissioner Randall P. Worthington Holy Cross Hospital's Statement of Issues and Proffers. (DI #155).

On April 18, 2011, Kurt J. Fischer, Esquire, sent to Commissioner Randall P. Worthington Laurel Regional Hospital's Statement of Issues and Proffers. (DI #156).

On April 18, 2011, Kurt J. Fischer, Esquire, sent to the Commission Montgomery General Hospital's Statement of Issues and Proffers. (DI #157).

On April 20, 2011 Jack Tranter, Esquire, sent to the Commission Holy Cross Hospital's corrected Statement of Issues and Proffers. (DI #158)

On April 19, 2011, Jack Tranter, Esquire, sent to the Commission Holy Cross Hospital's errata to the Statement of Issues and Proffers. (DI #159)

On April 20, 2011, Kurt J. Fischer, Esquire, sent to Commissioner Randall P. Worthington a list of Laurel Regional Hospital's proposed witnesses for the evidentiary hearing scheduled for June 6, 2011. (DI #160)

On April 20, 2011, Kurt J. Fischer, Esquire, sent to Commissioner Randall P. Worthington a list of Montgomery General Hospital's proposed witnesses for the evidentiary hearing scheduled for June 6, 2011. (DI #161)

Appendix A:

On April 20, 2011, Jack Tranter Esquire, sent to the Commission HCH's comments on WAHI's modification submitted on March 28, 2011. (DI #162).

On April 20, 2011, Jack Tranter, Esquire, sent a letter to Commissioner Randall P. Worthington requesting that the Commission require WAHI to produce certain documents described in the RTKL Report attached as part of Exhibit 15 to the response WAHI filed on March 28, 2011. (DI #163)

On April 20, 2011, Howard Sollins, Esquire, sent Commissioner Randall P. Worthington WAHI's response to Mr. Tranter's letter, dated April 20, 2011, requesting that WAHI produce certain documents. (DI # 164)

On April, 20, 2011, Suellen Wideman, Esquire, sent an email to Jack Tranter, Esquire discussing the issue of WAHI producing certain documents. (DI #165)

On April, 20, 2011, Suellen Wideman, Esquire, sent an email to Howard Sollins, Esquire, discussing the issue of WAHI producing certain documents. (DI #166)

On April, 20, 2011, the Montgomery County Council sent a letter to MHCC expressing the Council's support to the WAHI project. (DI #167)

April 21, 2011: Sign-In Sheet for Pre-Hearing Conference. (DI #168)

On April 21, 2011, Jack Tranter, Esquire, sent to the Commission a list of HCH witnesses for the evidentiary hearing. (DI #169).

On April 21, 2011, WAHI sent to the Commission WAHI's witness list for the evidentiary hearing. (DI #170).

On April, 22, 2011, Howard Sollins, Esquire, sent to Commissioner Randall P. Worthington a copy of the Montgomery County Council letter to MHCC expressing the Council's support to the WAHI project. (DI #171)

April 21, 2011: Pre-Hearing Conference Report from the Commission. (DI #172)

On April 25, 2011, Commissioner Randall P. Worthington sent a letter to Robert Murray, Executive Director of HSCRC, requesting that HSCRC staff comment on the modified and updated application. (DI #173)

On April 25, 2011, Commissioner Randall P. Worthington sent a letter to Howard Sollins, Esquire, Kurt Fischer, Esquire, and Jack Tranter, Esquire, outlining the issues for the Evidentiary Hearing. (DI #174)

Appendix A:

On April 27, 2011, Jack Tranter, Esquire, sent a letter to Commissioner Randall P. Worthington seeking guidance on the topics identified as appropriate for testimony. (DI # 175)

On April 27, 2011, Jack Tranter, Esquire, sent to the Commission HCH's Summary of Witness Testimony. (DI #176)

On April 27, 2011, Kurt J. Fischer, Esquire, sent to the Commission Proffer of Witness Testimony of Interested Party Laurel Regional Hospital. (DI #177)

On April 27, 2011, Kurt J. Fischer, Esquire, sent the Commission Proffer of Witness Testimony of Interested Party Montgomery General Hospital. (DI #178)

On April, 27, 2011, Howard Sollins, Esquire, sent Commissioner Randall P. Worthington 8 copies of the WAHI Evidentiary Hearing Witness List, including a brief summary of the proposed testimony of each witness. (DI #179)

On April, 23, 2011, James Starnes, Secretary of Riderwood Village, Inc. sent a letter of support to Commissioner Randall P. Worthington from Riderwood Continuing Care Retirement Community. (DI #180)

On April, 28, 2011, Howard Sollins, Esquire, sent Commissioner Randall P. Worthington a response to the Commission's April 25, 2011 letter to Robert Murray. (DI #181)

On April, 28, 2011, Howard Sollins, Esquire, sent a letter to Commissioner Randall P. Worthington in response to the Commission's April 8, 2011 letter outlining the issues for the Evidentiary Hearing. (DI #182)

On April, 28, 2011, Howard Sollins, Esquire, on behalf of WAHI, sent to Commissioner Randall P. Worthington eight copies of AHC's audited financial statements. (DI #183)

On April, 29, 2011, Phil Andrews, Montgomery County Council member, sent a letter of support to Chair Marilyn Moon. (DI #184)

On May 2, 2011, Howard Sollins, Esquire, sent Commissioner Randall P. Worthington eight copies of the response to the Commission's March 28, 2011 letter. (DI #185)

On May 2, 2011, Howard Sollins, Esquire, sent Commissioner Randall P. Worthington WAHI's response to Interested Party requests. (DI #186)

On May 3, 2011, Howard Sollins, Esquire, sent a letter to Commissioner Randall P. Worthington attaching copy of the support letter from Phil Andrews, Montgomery County Council member. (DI #187)

Appendix A:

On April, 28, 2011, Andre C. Whisenton, Acting President of Tamarack Triangle Civic Association, sent Commissioner Randall P. Worthington a letter of support. (DI #188)

On May 4, 2011, Philip F. Diamond, Esquire, on behalf of HCH, sent to Commissioner Randall P. Worthington corrections to testimony by expert witnesses on hospital finances. (DI #189)

On May 4, 2011, Jack Tranter, Esquire, sent a letter to Commissioner Randall P. Worthington to address the April 28, 2011 letter sent by counsel for WAHI directing interested parties to provide financial documents. (DI #190)

On May 4, 2011, Kurt J. Fischer, Esquire, sent a letter to Commissioner Randall P. Worthington in response to Mr. Sollins letter of May 2, 2011. (DI #191)

On May 4, 2011, the Maryland General Assembly District 20 Delegation sent a letter to Commissioner Randall P. Worthington in support of the new hospital. (DI #192)

On May 5, 2011, Philip F. Diamond, Esquire, on behalf of HCH, sent to Commissioner Randall P. Worthington a response to the May 2, 2011 letter from Mr. Sollins. (DI #193)

On May 6, 2011, Howard Sollins, Esquire, sent to Commissioner Randall P. Worthington, documents pertaining to Option C of the Reviewer's April 25, 2011 ruling for HCH's request for additional documents. (DI #194)

On May 9, 2011, Howard Sollins, Esquire, sent to Commissioner Randall P. Worthington documents pertaining to Option C of April 25, 2011 ruling for HCH's request for additional documents. (DI #195)

On May 9, 2011, Howard Sollins, Esquire, sent to Commissioner Randall P. Worthington a copy of the letter from Maryland General Assembly District 20 Delegation in support of new hospital. (DI #196)

On May 10, 2011, Jack Tranter, Esquire, sent to the Commission a Motion in Limine filed by HCH, asking that certain witnesses identified by WAHI may not testify in this case. (DI #197)

On May 9, 2011, Howard Sollins, Esquire, sent to Commissioner Randall P. Worthington 109 Additional Letters of Support for the project. (DI #198)

On May 12, 2011, Arlene Parry, Assistant to Kurt J. Fischer, emailed to Mr. Sollins the requested data on the debt service covenant. (DI #199)

Appendix A:

On May 12, 2011, Howard Sollins, Esquire, sent to the Commission WAHI's Motion for Leave to Amend Witness List or, in the Alternative, to Strike Unidentified Witness of HCH, and WAHI's Response to Commissioner Randall P. Worthington's March 1, 2011 Questions. (DI #200)

On May 12, 2011, Howard Sollins, Esquire, sent to Commissioner Randall P. Worthington a copy of a Draft Settlement Agreement referenced in a June 8, 2005 email to Mr. Jere Stocks at AHC pursuant to Mr. Diamond's request. (DI #201)

On May 09, 2011, Arlene Parry, Assistant to Kurt J. Fischer, emailed Suellen Wideman, Esquire, response and documents to the discovery request. (DI #202)

On May 16, 2011, Commissioner Randall P. Worthington sent a letter to Howard Sollins, Esquire, and Jack Tranter, Esquire, denying HCH's request to Deny Application and Modification of WAHI and have them resubmit. (DI #203)

On May 17, 2011, Jack Tranter, Esquire, sent an email to Howard Sollins, Esquire, stating he did not receive a copy of the long range plan as referenced. (DI #204)

On May 17, 2011 Commissioner Randall P. Worthington sent a letter to Howard Sollins, Esquire, Kurt J. Fischer Esquire, and Jack Tranter, Esquire, which included rulings on pending motions and requests. (DI #205)

On May 17, 2011, Howard Sollins, Esquire, sent to Commissioner Randall P. Worthington a response to Kurt Fischer's May 9, 2011 e-mail to provide a copy of WAHI's long range development plan that WAHI was required to submit to the County Board of Appeals in Condition 6 of its March 6, 2003 Opinion. (DI #206)

On May 16, 2011, Jack Tranter, Esquire, sent a letter to the Commission in opposition to WAHI's motion for leave to amend witness list, or in the alternative to strike unidentified witness of HCH. (DI #207)

On May 16, 2011, Jack Tranter, Esquire, sent a letter to the Commission replying to WAHI's opposition to the Motion in Limine filed by HCH. (DI #208)

On May 20, 2011, Howard Sollins, Esquire, sent Commissioner Randall P. Worthington the pre-filed testimony of Washington Adventist Hospital. The following are the names and Item number. (DI #209 with sections as follows)

Appendix A:

Peter Bardwell – DI #209A Richard Coughlan – DI #209B James Lee – DI #209C Scott Martin - DI #209D Joyce Portela – DI #209E Raymond Brower – DI #209F Paul Nicholson – DI #209G Louis Rossiter – 2 DI #09H	Mary Wilson – DI #209I Larry Walker – DI #209J Jack Cook - DI #209K Charles Davis – DI #209L William Robertson – DI #209M Don Carlson – DI #209N John Guckert – DI #2090 – with plans
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On May 20, 2011, Jack Tranter, Esquire, sent to Commissioner Randall P. Worthington the pre-filed testimony of Holy Cross Hospital. (DI #210)

On May 20, 2011, Kurt J. Fischer, Esquire, sent to Commissioner Randall P. Worthington the Laurel Regional Hospital's Pre-filed Direct Testimony. (DI #211)

On May 20, 2011, Kurt J. Fischer, Esquire, sent to Commissioner Randall P. Worthington the Hearing Exhibits of Laurel Regional Hospital. (DI #212)

On May 20, 2011, Kurt J. Fischer, Esquire, sent to Commissioner Randall P. Worthington the Pre-Filed Direct Testimony of Montgomery General Hospital. (DI #213)

On May 20, 2011, Kurt J. Fischer, Esquire, sent to Commissioner Randall P. Worthington the Hearing Exhibits for Montgomery General Hospital. (DI #214)

On May 23, 2011, Jack Tranter, Esquire, sent to Ruby Potter the additional exhibits to Pre-Filed Testimony for Holy Cross Hospital. (DI #215)

On May 23, 2011, Lisa D. Stevenson, Esquire, sent a letter to Commissioner Randall P. Worthington on behalf of WAHI enclosing the Curriculum Vitae of John W. ("Wes") Guckert. (DI #216)

On May 23, 2011, Lisa D. Stevenson, Esquire, sent a letter to Commissioner Randall P. Worthington on behalf of WAHI enclosing Entry of Appearance of John F. Morkan, III, Esquire, as additional counsel for WAHI. (DI #217)

On May 24, 2011, John F. Morkan, III, Esquire sent a letter to Commissioner Randall P. Worthington on behalf of WAHI requesting to postpone the evidentiary hearing due to illness of Howard Sollins, Esquire, and lead counsel for WAHI. (DI #218)

On May 25, 2011, Michael Brown sent a letter to Commissioner Randall P. Worthington opposing the project. (DI #219)

Appendix A:

On May 25, 2011, Lisa D. Stevenson, Esquire, sent a letter to Commissioner Randall P. Worthington on behalf of WAHI submitting additions to the docket log. (DI #220)

On May 25, 2011, Susan Silber, Esquire, sent a letter to Commissioner Randall P. Worthington consenting to WAHI's request to reschedule due to Mr. Sollins' health condition. (DI #221)

On May 26, 2011, Commissioner Randall P. Worthington sent a letter to John F. Morkan, III, Esquire, granting the postponement of the evidentiary hearing and requested the parties to advise the Commission on available dates for rescheduling. (DI #222)

On May 26, 2011, Susan Silber, Esquire, sent an email to Paul Parker and Suellen Wideman, Esquire, providing the availability dates of the City of Takoma staff for the rescheduled hearing. (DI #223)

On June 2, 2011, Arlene Parry, Esquire, sent an email to Ruby Potter and Suellen Wideman, Esquire, providing the availability dates of the witnesses and representatives of MedStar and Dimensions for a rescheduled hearing. (DI #224)

On June 2, 2011, John F. Morkan, III, Esquire, sent an email to Suellen Wideman, Esquire, providing the availability of WAHI for rescheduled hearing dates. (DI #225)

On June 6, 2011, Jack Tranter, Esquire, sent a letter to Commissioner Randall P. Worthington requesting the Commission share pre-filed testimony with HSCRC in regards to financial feasibility. (DI #226)

On June 7, 2011, John F. Morkan, III, Esquire, sent a letter to Commissioner Randall P. Worthington responding to Mr. Tranter's letter of June 6, 2011 on providing HSCRC with additional information. (DI #227)

On June 8, 2011, Jack Tranter, Esquire, sent a letter to Commissioner Randall P. Worthington responding to Mr. Morkan's letter of June 7, 2011. (DI #228)

On June 10, 2011, Susan Silber, Esquire, sent a letter to Commissioner Randall P. Worthington enclosing the Resolution and Agenda Packet on behalf of the City of Takoma Park. (DI #229)

On June 15, 2011, Robert Murray and Gerard Schmith, both with HSCRC, sent a memorandum to Commissioner Randall P. Worthington commenting on the proposed project. (DI #230)

Appendix A:

On June 20, 2011, Susan Silber, Esquire, sent a letter to Commissioner Randall P. Worthington enclosing the Interim Report from the City Council of Takoma Park. (DI #231)

On June 15, 2011, Councilwoman Mary A. Lehman sent a letter to Commissioner Randall P. Worthington copying him on her response to Riderwood residents on letters about relocating the hospital. (DI #232)

On June 27, 2011, Commissioner Randall P. Worthington sent a letter to John Morkan, III, Esquire, Kurt J. Fischer, Esquire, and Jack Tranter, Esquire, giving them the opportunity to supplement pre-filed testimony on HSCRC's comments since the analysis was not available before the submission of pre-filed testimony. (DI #233)

On June 30, 2011, John F. Morkan, III, Esquire, sent a letter to Commissioner Randall P. Worthington on behalf of WAHI enclosing Entry of Appearance of David L. Cole, Esquire, as additional counsel for WAHI. (DI #234)

On July 8, 2011, Donna F. Edwards, Member of Congress, sent a letter to Commissioner Randall P. Worthington in support of the project. (DI #235)

On July 15, 2011, Kurt J. Fischer, Esquire, sent Commissioner Randall P. Worthington a revised Pre-filed Direct Testimony of Dean Montgomery and Robert Lovic and Hearing Exhibits MGH 112-131 on behalf of MGH. (DI #236)

On July 18, 2011, Jack Tranter, Esquire, sent a letter to Commissioner Randall P. Worthington enclosing Supplemental Pre-filed Testimony of Harold Cohen and Melvin Hurley. (DI #237)

On July 18, 2011, Lisa D. Stevenson, Esquire, on behalf of WAHI, sent a letter to Commissioner Randall P. Worthington enclosing Supplemental Testimony of Paul Nicholson, Jack Cook, James Lee, Donald Carlson and Charles Davis. (DI #238)

On July 19, 2011, John Gudelsky, President of Percontee Incorporated, sent a letter to Commissioner Randall P. Worthington Re-emphasizing Percontee's support for the WAHI application. (DI #239)

On July 21, 2011, Marc Elrich, At-Large Member of Montgomery County Council, sent a letter to Commissioner Randall P. Worthington in support of the WAHI application. (DI #240)

On July 20, 2011, Louis W. Sullivan, M.D., sent a letter to Commissioner Randall P. Worthington in support of the WAHI application. (DI #241)

Appendix A:

On July 25, 2011, Steny H. Hoyer, Democratic Whip, sent a letter to Commissioner Randall P. Worthington in support of the project. (DI #242)

On July 26, 2011, Philip F. Diamond, Esquire, sent Commissioner Randall P. Worthington the revised Pre-filed Testimony of Terrence Shirey and David Stokes and Replacement pages for testimony of Melvin (Chip) Hurley. (DI #243)

On July 27, 2011, Commissioner Randall P. Worthington sent a letter to John Morkan, III, Esquire, Kurt J. Fischer, Esquire, and Jack Tranter, Esquire, notifying them that the Closing of Record would be August 1, 2011. (DI #244)

On July 29, 2011, Jack Tranter, Esquire, on behalf of HCH, sent Commissioner Randall P. Worthington a Motion to Strike parts of the Pre-filed Direct Testimony filed by WAHI. (DI #245)

On August 1, 2011, Kurt J. Fischer, Esquire, sent Commissioner Randall P. Worthington a Motion in Limine to Exclude the Proffered Expert Opinion of Richard Coughlan. (DI #246)

On August 1, 2011, Kurt J. Fischer, Esquire, sent Commissioner Randall P. Worthington a Memorandum of Understanding with the University of Maryland Medical System Corporation, the University System of Maryland and Dimensions Health Corporation, and corrected MGH Exhibits 15 and 19. (DI #247)

On August 1, 2011, John F. Morkan, III, Esquire, on behalf of WAHI, sent a letter to Commissioner Randall P. Worthington in response to June 10, 2011 and June 20, 2011 filings by the City of Takoma Park. (DI #248)

On August 3, 2011, Kurt J. Fischer, Esquire, sent Commissioner Randall P. Worthington a Motion to Strike the Expert Reports Entitled “The Economic Impacts of the Proposed Washington Adventist Hospital at White Oak” and “Stormwater Management Design Implications to the Proposed Hospital Concept” and the statements related thereto in the August 1, 2011 submission by Washington Adventist Hospital. (DI #249)

On August 4, 2011, Philip F. Diamond, Esquire, sent a letter to Commissioner Randall P. Worthington to inform him of changes in the availability of Holy Cross Witness Terrence Shirey. (DI #250)

On August 4, 2011, Melissa L. Mackiewicz sent email to Suellen Wideman, Esquire, attaching a corrected Hearing Exhibit No. 112 for MGH. (DI #251)

Appendix A:

On August 4, 2011, Suellen Wideman, Esquire, sent an email to Kurt J. Fischer, Esquire, and interested parties stating that the scheduling was acceptable to Commissioner Randall P. Worthington as was the proposed scheduling of Mr. Shirey. (DI #252)

On August 4, 2011, Suellen Wideman, Esquire, sent an email to interested parties the disclosure of Paul Parker's interactions/professional relationships with two witnesses. (DI #253)

On August 5, 2011, Jack Tranter, Esquire, on behalf of HCH, sent a letter to Commissioner Randall P. Worthington requesting that WAHI be directed to produce documents relating to work described in Pre-Filed Direct Testimony of Raymond Brower. (DI #254)

On August 5, 2011, John F. Morkan, III, Esquire, emailed interested parties and Suellen Wideman, Esquire, concerning obtaining documents requested in an August 5, 2001 letter from Mr. Tranter. (DI #255)

On August 5, 2011, Philip F. Diamond, Esquire, emailed Suellen Wideman, Esquire, and interested parties stating that HCH has no plans to cross examine Mary G. Wilson. (DI #256)

On August 5, 2011, Kurt J. Fischer, Esquire, emailed all interested parties concerning cross-examination of Mr. Glover and intent to file motion to file additional pre-filed testimony. (DI #257)

On August 5, 2011, Commissioner Randall P. Worthington sent a letter to John Morkan, III, Esquire, Kurt J. Fischer, Esquire, and Jack Tranter, Esquire, concerning the Partial Ruling on Motion to Strike Testimony filed by Holy Cross Hospital. (DI #258)

On August 5, 2011, Philip F. Diamond, Esquire, emailed Suellen Wideman, Esquire, and interested parties attaching corrected replacement pages for Mr. Hurley's pre-filed testimony. (DI #259)

On August 5, 2011, John F. Morkan, III, Esquire, on behalf of WAHI, sent a letter to Commissioner Randall P. Worthington replying to certain Pre-filed Testimony submitted by Montgomery General Hospital and Laurel Regional Hospital. (DI #260)

On August 5, 2011, Jack Tranter, Esquire, sent Commissioner Randall P. Worthington a Motion to Strike the "Fuller Report" and "Loiederman Report" from the record. (DI #261)

On August 5, 2011, Lisa D. Stevenson, Esquire, on behalf of WAHI, sent a letter to Commissioner Randall P. Worthington with enclosed supplemental maps for Wes Guckert's testimony. (DI #262)

Appendix A:

On August 5, 2011, Lisa D. Stevenson, Esquire, on behalf of WAHI, sent a letter to Commissioner Randall P. Worthington enclosing replacement Exhibit 3 to Paul Nicholson's Testimony. (DI #263)

On August 5, 2011, Lisa D. Stevenson, Esquire, on behalf of WAHI, sent a letter to Commissioner Randall P. Worthington attaching the Memorandum in Opposition to Motion in Limine to Exclude Opinion Testimony and Related Evidence of Richard J. Coughlan. (DI #264)

On August 5, 2011, John F. Morkan, III, Esquire, sent a letter to the Commission, on behalf of WAHI, in Opposition to the Montgomery General Hospital and Laurel Regional Hospital's Motion to Strike the expert reports entitled "The Economic Impacts of the Proposed Washington Adventist Hospital at White Oak" and "Stormwater Management Design Implications to the Proposed Hospital Concept." (DI #265)

On August 5, 2011, John F. Morkan, III, Esquire, on behalf of WAHI, sent a letter to the Commission in Opposition to HCH's Motion to Strike portions of Pre-Filed Direct Testimonies. (DI #266)

On August 7, 2011, Kurt J. Fischer, Esquire, sent an email to Suellen Wideman, Esquire, and interested parties stating that he could file supplemental pre-filed testimony of Mr. Glover by August 9, 2011 and gave Mr. Glover's availability dates for cross examination. (DI #267)

On August 7, 2011, Commissioner Randall P. Worthington sent to John Morkan, III, Esquire, Kurt J. Fischer, Esquire, and Jack Tranter, Esquire, the Rulings on Pending Motions. (DI #268)

On August 7, 2011, Laurel Regional Hospital submitted the Supplemental Pre-Filed Direct Testimony of Kenneth E Glover to the Commission. (DI #269)

On August 12, 2011, HCH submitted to the Commission corrected Pre-filed Testimony of Melvin (Chip) Hurley. (DI #270)

On August 12, 2011, HCH submitted to the Commission corrected Supplemental Pre-filed Testimony of Melvin (Chip) Hurley. (DI #271)

On August 16, 2011, Philip F. Diamond, Esquire, emailed Suellen Wideman, Esquire, and interested parties stating that HCH had no plans to cross examine Dr. Rossiter. (DI #272)

On August 16, 2011, John F. Morkan, III, Esquire, on behalf of WAHI, sent a letter to Commissioner Randall P. Worthington enclosing Proffers for Rebuttal Testimony. (DI #273)

Appendix A:

On August 16, 2011, Jack Tranter, Esquire, sent a letter to Commissioner Randall P. Worthington, relating that HCH would call one rebuttal witness, Hal Cohen, Ph.D., and requested to reschedule the hearing date due to unavailability of a witness due to illness. (DI #274)

On August 16, 2011, Kurt J. Fischer, Esquire, submitted to the Commission Proffer of Rebuttal Testimony for LRH and MGH, and a request to reschedule the hearing date due to unavailability of a witness because of illness. (DI #275)

On August 17, 2011, Jack Tranter, Esquire, sent a letter to Commissioner Randall P. Worthington in response to Proffer of Rebuttal testimony as filed by WAHI. (DI #276)

On August 17, 2011, Jack Tranter, Esquire, sent a letter to Commissioner Randall P. Worthington suggesting changes in the process for completing the review. (DI #277)

August 18, 2011, Suellen Wideman, Esquire, sent an email to interested parties concerning rescheduling of the August 19, 2011 hearing date to September 8, 2011. (DI #278)

On August 18, 2011, John F. Morkan, III, Esquire, sent a letter to Commissioner Randall P. Worthington confirming that counsel and witnesses for WAHI were available for the rescheduled hearing. (DI #279)

On August 22, 2011, John F. Morkan, III, Esquire, sent a letter to Commissioner Randall P. Worthington in response to HCH, MGH and LRH proffers of rebuttal testimony. (DI #280)

On August 22, 2011, Commissioner Randall P. Worthington sent a letter to John Morkan, III, Esquire, Kurt J. Fischer, Esquire, and Jack Tranter, Esquire, informing them of the scheduling for conclusion of evidentiary hearing and submission date for rebuttal testimony. (DI #281)

On August 25, 2011, Kurt J. Fischer, Esquire, sent a letter to Commissioner Randall P. Worthington enclosing MGH's and LGH's Opposition to Washington Adventist Hospital's Motion to Preclude Rebuttal and Surrebuttal Testimony. (DI #282)

On August 25, 2011, John F. Morkan, III, Esquire, on behalf of WAHI, sent a letter to Commissioner Randall P. Worthington in response to objections regarding rebuttal testimony proffers. (DI #283)

On August 30, 2011, Commissioner Randall P. Worthington sent a letter to John Morkan, III, Esquire, Kurt J. Fischer, Esquire, and Jack Tranter, Esquire, informing them of his rulings of Proffers of Rebuttal Testimony. (DI #284)

Appendix A:

On August 31, 2011, Suellen Wideman, Esquire, sent an email to interested parties concerning starting the September 8, 2011 evidentiary hearing at 8 a.m. (DI #285)

On August 31, 2011, John F. Morkan, III, Esquire, on behalf of WAHI, sent a letter to Commissioner Randall P. Worthington regarding re-designation of rebuttal witnesses. (DI #286)

On September 6, 2011, Jack Tranter, Esquire, sent Commissioner Randall P. Worthington, eight copies of the Rebuttal Pre-Filed Direct Testimony of Harold A. Cohen, Ph.D. (DI #287)

On September 1, 2011, Lisa D. Stevenson, Esquire, sent a letter to Commissioner Randall P. Worthington in response to his letter of August 24, 2011 and attaching eight copies of pre-filed rebuttal testimony of Peter Bardwell, Jack Cook, and David S. Cohen. (DI #288)

On September 1, 2011, Montgomery General Hospital and Laurel Regional Hospital sent the Commission Pre-filed Rebuttal and Surrebuttal Direct Testimony and Exhibits MGH 168-174. (DI #289)

On September 6, 2011, Cindy Clark, on behalf of Jack Tranter, Esquire, emailed Ruby Potter the Motion to Strike Parts of Pre-Filed Rebuttal Testimony of David Cohen, CPA. (DI #290)

On September 7, 2011, Susan Silber, Attorney for the City of Takoma Park, sent a letter to Commissioner Randall P. Worthington in response to portions of a letter of August 1, 2011 from John F. Morkan, III, Esquire. (DI #291)

On September 7, 2011, The City of Takoma Park sent to the Commission a Line Entering Appearance of Counsel of Kenneth Sigman, Assistant City Attorney, on behalf of the City of Takoma Park, in addition to Susan Silber, who would be away. (DI #292)

On September 9, 2011, Philip F. Diamond, Esquire, on behalf of HCH, sent a letter to Commissioner Randall P. Worthington objecting to proposal by counsel of WAHI to respond to letter from the City of Takoma Park. (DI #293)

On September 9, 2011, Suellen Wideman, Esquire, sent an email to Dave Cole and interested parties confirming an extension for WAHI to respond to the filing by the City of Takoma Park. (DI #294)

On September 22, 2011, Kurt J. Fischer, Esquire, sent a letter to Commissioner Randall P. Worthington informing him that certain testimony by Laurel Regional Hospital through Robert Lovie was incorrect and provided corrections. (DI #295)

Appendix A:

On September 23, 2011, Lisa D. Stevenson, Esquire, sent Commissioner Randall P. Worthington a Motion to Strike the City of Takoma Park's September 7, 2011 letter from the record. (DI #296)

On September 27, 2011, Commissioner Randall P. Worthington sent a letter to John Morkan, III, Esquire, Kurt J. Fischer, Esquire, and Jack Tranter, Esquire, granting the request from Mr. Tranter for an extension to file closing arguments until October 13, 2011. (DI #297)

On September 27, 2011, Joshua M. Sharfstein, M.D., Secretary of DHMH, sent a letter to Mr. and Mrs. Paul Okamoto acknowledging their Letter of Support sent to Governor Martin O'Malley. (DI #298)

On September 27, 2011, Joshua M. Sharfstein, M.D., Secretary of DHMH, sent a letter to Ms. Hilda Mae Newkirk acknowledging her Letter of Support sent to Governor Martin O'Malley. (DI #299)

On September 27, 2011, Joshua M. Sharfstein, M.D., Secretary of DHMH, sent a letter to Ms. Benita Talbot acknowledging her Letter of Support sent to Governor Martin O'Malley. (DI #300)

On September 27, 2011, Joshua M. Sharfstein, M.D., Secretary of DHMH, sent a letter to Ms. Margaret C. Yoest acknowledging her Letter of Support sent to Governor Martin O'Malley. (DI #301)

On September 27, 2011, Joshua M. Sharfstein, M.D., Secretary of DHMH, sent a letter to Mr. John R. Lastova, Jr. acknowledging his Letter of Support sent to Governor Martin O'Malley. (DI #302)

On October 3, 2011, Commissioner Randall P. Worthington sent a letter to John Morkan, III, Esquire, Kurt J. Fischer, Esquire, Jack Tranter, Esquire, and Susan Silber, Esquire, in regards to his ruling on WAHI's Motion to Strike Takoma Park's Letter. (DI #303)

On October 13, 2011, Lisa D. Stevenson, Esquire, on behalf of WAHI, sent Commissioner Randall P. Worthington Closing Arguments and Proposed Findings of Fact and Conclusions of Law. (DI #304)

On October 13, 2011, Counsel for WAHI sent to the Commission the Proposed Findings of Fact and Conclusions of Law. (DI #305)

Appendix A:

On October 13, 2011, Kurt J. Fischer, Esquire, on behalf of Laurel Regional Hospital and Montgomery General Hospital, sent to the Commission the Closing Argument of Interested Parties. (DI #306)

On October 13, 2011, Kurt J. Fischer Esquire, on behalf of Laurel Regional Hospital and Montgomery General Hospital, sent to the Commission the Proposed Finding of Fact and Conclusions of Law of Interested Parties. (DI #307)

On October 13, 2011, Kurt J. Fischer, Esquire, on behalf of Laurel Regional Hospital and Montgomery General Hospital, sent to the Commission the Motion for Oral Argument. (DI #308)

On October 13, 2011, Kurt J. Fischer, Esquire, on behalf of Laurel Regional Hospital, sent to the Commission the Motion for Leave to File Corrections to Pre-filed Testimony and Hearing Exhibits. (DI #309)

On October 13, 2011, Kurt J. Fischer, Esquire, sent to the Commission the Corrections to Laurel Regional Hospital's Pre-filed Direct Testimony of Michael King. (DI #310)

On October 13, 2011, Kurt J. Fischer, Esquire, sent to the Commission the Corrections to Laurel Regional Hospital's Supplemental Pre-Filed Direct Testimony of Kenneth Glover. (DI #311)

On October 13, 2011, Kurt J. Fischer, Esquire, on behalf of Laurel Regional Hospital, sent to the Commission the Corrected Hearing Exhibits 52 and 53 from Laurel Regional Hospital. (DI #312)

On October 13, 2011, Jack C. Tranter, Esquire, on behalf of Holy Cross Hospital, sent the Commission the Closing Memorandum from Holy Cross Hospital. (DI #313)

On October 13, 2011, Jack C. Tranter, Esquire, on behalf of Holy Cross Hospital, sent the Commission the Proposed Finding of Fact and Conclusions of Law. (DI #314)

On October 19, 2011, Kurt J. Fischer, Esquire, on behalf of Laurel Regional Hospital and Montgomery General Hospital, sent to the Commission the Errata to the Proposed Finding of Fact and Conclusions of Law of Interested Parties. (DI #315)

On October 19, 2011, Kurt J. Fischer, Esquire, on behalf of Laurel Regional Hospital and Montgomery General Hospital, sent to the Commission the Errata to the Closing Argument of Interested Parties. (DI #316)

Appendix A:

On October 21, 2011, Lisa D. Stevenson, Esquire, on behalf of WAHI, sent Commissioner Randall P. Worthington the Memorandum in Opposition to Laurel Regional Hospital's Motion for Leave to File Corrected Testimony. (DI #317)

On October 21, 2011 Lisa D. Stevenson, Esquire, on behalf of WAHI, sent to Commissioner Randall P. Worthington an Opposition to Laurel Regional Hospital's and Montgomery General Hospitals Motion for Oral Argument . (DI #318)

On October 24, 2011, Kurt J. Fischer, Esquire, on behalf of Laurel Regional Hospital and Montgomery General Hospital, sent to the Commission the reply of Interested Party Laurel Regional Hospital to Washington Adventist Hospital's Opposition to Motion for Leave to File Corrections to Pre-filed Testimony. (DI #319)

On October 25, 2011, Jack C. Tranter, Esquire, on behalf of Holy Cross Hospital, sent the Commission Corrected Proposed Findings of Fact and Conclusions of Law from Holy Cross Hospital. (DI #320)

On October 25, 2011, Jack C. Tranter, Esquire, on behalf of Holy Cross Hospital, sent the Commission a Corrected Closing Memorandum from Holy Cross Hospital. (DI #321)

On October 26 2011, Commissioner Randall P. Worthington sent a letter to Counsel in regards to his decision on Pending Motions for oral arguments. (DI #322)

On March 23, 2012, Commissioner Barbara Gill McLean informed participants in Washington Adventist Hospital relocation of her appointment as the successor reviewer for this matter. (DI #323)

On April 18, 2012, Commissioner McLean sent a request to John F. Morkan, III, Esquire, Kurt Fischer, Esquire, and Jack C. Tranter, Esquire, for the Reviewer and Commission staff to conduct a visit of the existing and proposed relocation site for Washington Adventist Hospital. Copy of emails between Suellen Wideman, counsel for WAHI and the interested parties regarding the on site visit are attached. (DI #324)

April 20, 2012: E-mails between Suellen Wideman and counsel for WAHI and the interested parties regarding the date for the on site visit were exchanged. (DI #325)

On May 11, 2012, John F. Morkan, III, Esquire, on behalf of Washington Adventist Hospital, sent the Commission directions to WAHI and the list of WAHI representatives who would participate in the on-site visit. (DI #326)

Appendix A:

May 11, 2012: Suellen Wideman and Susan Silber, Takoma Park City Attorney, exchanged e-mails regarding the names of the representatives from the City of Takoma Park who would attend the on site visit and clarification of the time for this meeting. (DI # 327)

On May 18, 2012, Commissioner Barbara Gill McLean sent to John F. Morkan, III, Esquire, Jack C. Tranter, Esquire, and Kurt Fischer, Esquire, an attachment regarding the on site visit with the list of persons attending, parking information, location of meeting place, and directions to the proposed site for WAH. (DI #328)

On June 5, 2012, Commissioner Barbara Gill McLean sent to Counsel for WAHI a request for an updated revenue and expense forecast and for additional information related to the proposed redevelopment of the existing WAH campus. (DI #329)

On June 8, 2012, Jack C. Tranter, Esquire, on behalf of Holy Cross Hospital, sent a request for the Reviewer not to reopen the record and to reconsider the request for additional evidence regarding financial viability of the proposed project. (DI #330)

On June 12, 2012, John F. Morkan, III, Esquire, on behalf of Washington Adventist Hospital, submitted a response supporting the Reviewer's request for additional information. (DI #331)

On June 13, 2012, Jack C. Tranter, Esquire, on behalf of Holy Cross Hospital, responded to John F. Morkan, III, Esquire, and to argue that the Reviewer not reopen the record and to review the project based on the existing record. (DI #332)

On June 19, 2012, John F. Morkan, II, Esquire, on behalf of Washington Adventist Hospital, submitted six copies of "Response to the Commission's Request for Supplemental Information." (DI #333)

On July 3, 2012, Philip F. Diamond, Esquire, on behalf of Holy Cross Hospital, submitted one original and six copies of comments regarding the "Response to the Commission's Request for Supplemental Information" submitted by WAHI. Mr. Diamond requested that the Reviewer not allow WAHI to have the opportunity to respond to the comments of the Interested Parties. (DI #334)

On July 3, 2012, Kurt J. Fischer, Esquire, and Melissa L. Mackiewicz, Esquire, on behalf of Laurel Regional Hospital and Montgomery General Hospital, submitted comments regarding the "Response to the Commission's Request for Supplemental Information" submitted by WAHI. (DI #335)

Appendix A:

On July 5, 2012, Kurt J. Fischer, Esquire, on behalf of Laurel Regional Hospital and Montgomery General Hospital, submitted a request for oral arguments to WAHI's Response to the Commission's Request for Supplemental Information and the Interested Parties' Comments. (DI #336)

On July 10, 2012, John F. Morkan, III, Esquire, on behalf of Washington Adventist Hospital, submitted six copies of "Reply and Memorandum in Opposition to the Interested Parties' Motion for Oral Argument." (DI #337)

On July 19, 2012, Jack C. Tranter, Esquire, on behalf of Holy Cross Hospital, submitted a Motion to Strike from the record WAHI's response to Commission's Request for Supplemental Information and WAHI's Reply and Memorandum in Opposition to the Interested Parties' Motion for Oral Argument. (DI #338)

On July 25, 2012, Commissioner Barbara Gill McLean sent to John F. Morkan, III, Esquire, Jack C. Tranter, Esquire, and Kurt Fischer, Esquire, her decision to deny the Motion for Oral Argument filed by Laurel Regional Hospital and Montgomery General Hospital, and to deny the Motion to Strike filed by Holy Cross Hospital. The Reviewer permitted the interested parties to file comments by August 2, 2012 on the new information introduced in WAHI's Reply and Memorandum in Opposition to the Interested Parties' Motion for Oral Argument. (DI #339)

On August 2, 2012, Kurt J. Fischer, Esquire, on behalf of Laurel Regional Hospital and Montgomery General Hospital, submitted comments in response to the July 10, 2012 filing by WAHI entitled, "Reply and Memorandum in Opposition to the Interested Parties' Motion for Oral Argument." (DI #340)

On August 2, 2012, Philip F. Diamond, Esquire, on behalf of Holy Cross Hospital, submitted HCH's Comments to WAHI's Reply and Memorandum in Opposition to the Interested Parties' Motion for Oral Argument. (DI #341)

On August 6, 2012, John F. Morkan, III, Esquire, on behalf of WAHI, submitted an inquiry to the Reviewer regarding the need to submit a response to August 2nd Interested Party comments from HCH, LRH, and MGH, and that WAHI was comfortable with the record as it stands. (DI #342)

On August 23, 2012, Commissioner Barbara Gill McLean sent to John F. Morkan, III, Esquire, Jack C. Tranter, Esquire, and Kurt Fischer, Esquire notification of certain information being placed in the record for use in the Recommended Decision. Two items were attached as paper copy and four items were on an attached disk. (DI #343)

Appendix A:

On August 27, 2012, John F. Morkan, III, Esquire, on behalf of WAHI, submitted WAH's filing of its July 31, 2012 Unaudited Financials and Miscellaneous Reports with the HSCRC that included a corrected June Statement of Revenue and Expense, which was item six of the information placed in the record by Commissioner McLean on August 23, 2012. (DI #344)

Appendix B

STATE OF MARYLAND
DEPARTMENT OF HEALTH AND MENTAL HYGIENE

Frederick W. Puddester
Chairman

Kevin J. Sexton
Vice Chairman

Joseph R. Antos, Ph.D.

George H. Bone, M.D.

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HEALTH SERVICES COST REVIEW COMMISSION

4160 PATTERSON AVENUE, BALTIMORE, MARYLAND 21215

Phone: 410-764-2605 · Fax: 410-358-6217

Toll Free: 1-888-287-3229

www.hscrc.state.md.us

230
Robert Murray
Executive Director

Stephen Ports
Principal Deputy Director
Policy & Operations

Gerard J. Schmith
Deputy Director
Hospital Rate Setting

Mary Beth Pohl
Deputy Director
Research and Methodology

RECEIVED

JUN 15 2011

MEMORANDUM

MARYLAND HEALTH
CARE COMMISSION

To: Randall P. Worthington, Sr., Maryland Health Care Commission

From: Robert Murray, Executive Director *RM*
Gerard J. Schmith, Deputy Director

Subject: Washington Adventist Hospital, Inc. ("WAH," or "Hospital") - Updated Certificate of Need Application

Docket No. 09-15-2295

Date: June 15, 2011

CHS-4363

On April 25, 2011, you requested that we review and comment on the financial feasibility of Washington Adventist Hospital, Inc.'s requested updated capital project. This updated project changed the size and the costs of the original project. The total costs of the project including the garage and financing is now \$397,705,000. WAH intends to finance the project with \$27,205,000 of cash, \$25,000,000 of philanthropy, \$34,000,000 of working capital transferred from Adventist HealthCare (AHC), \$15,380,000 of equipment transferred from the Old Washington Adventist Hospital, \$10,500,000 of land transferred by Adventist HealthCare (AHC), and \$285,620,000 of taxable Government National Mortgage Association (GNMA) securities issued by the Federal Housing Authority (FHA) and the Department of Housing and Urban Development (HUD). You also requested that we assess the impact a more conservative patient day scenario would have on the financial feasibility of the project. Additionally, you requested that we comment on the impact of the project on the financial position of AHC, the current parent corporation. Finally, you requested that we comment on the impact of the proposed project on the interested parties, namely Holy Cross Hospital of Silver Spring (HCH-SS), Laurel Regional Hospital (LRH), and Montgomery General Hospital (MGH).

Financial and Volume Information Reviewed

MHCC staff provided us with a number of documents and information, including the responses from the various interested parties as to the feasibility and financial impact of the

proposed project. HSCRC staff focused its review on the projected financial statements submitted by Washington Adventist Hospital. The HSCRC staff's current review is consistent with the normal financial assessment we conduct when a facility requests that the HSCRC issue a Comfort Order regarding a proposed financing. Hospitals routinely request Comfort Order determinations from the Commission related to proposed capital projects and associated financings. The review we perform represents our attempt to determine whether a facility can adequately finance a proposed project and associated capital-related expenditures on the basis of its existing rate structure. The Commission will then issue a Comfort Order upon a determination from staff that the requesting facility's rate structure is adequate to service all capital-related costs and maintain adequate operating margins and other financial ratios.

To perform this assessment, we focused our review on the financial projections submitted by the Hospital to the MHCC as part of the CON application process. Two sets of data were included. The first provided the projections in "current dollars," while the second provided projections in "inflated dollars" for the same time period. The data included actual financial data for fiscal years ending December 31, 2009 and 2010, current year projected data for fiscal year ending December 31, 2011, and forecasted data for fiscal years ending December 31, 2012 through 2018.

Background

The "current dollar" or uninflated projections enable an assessment of the impact of the projected volumes on overall operations (projected revenue growth and projected cost growth). Given these volume assumptions, the Hospital's operating performance (and performance on important financial ratios) will largely be a function of the proportion of fixed and variable costs assumed in the projections. In general, the HSCRC has observed that over the medium to long-term, hospital costs appear to be approximately 75-85% variable with changes in volume (and correspondingly 15-25% fixed regardless of volumes). As such, it is HSCRC policy to adjust hospital rates and revenue to reflect this relationship of fixed to variable costs. For volume increases, hospitals are allowed to keep 85 cents on the dollar, and for volume declines, their rates are adjusted such that they only lose 85 cents on the dollar (retaining 15 cents to cover fixed costs).

Over the shorter time horizon of one to two years, however, hospital managers have indicated to the HSCRC that they believe variable costs (the components of their cost structure that actually can be altered with changes in volume) are in the neighborhood of 40-60%. We believe these observations (or "rules of thumb") with regard to fixed and variable hospital costs are salient in the context of evaluating the financial projections provided by the Hospital.

Analysis

A review of the "current dollars" financial projections shows that revenues are projected to grow 0.61%, while expenses (net of depreciation and interest) are projected to grow 0.34% from FY 2011 through FY 2014. These changes reflect the Hospital's relatively flat volume assumptions over this period and an assumed variable cost proportion of approximately 56%.

Over the entire projection period, FY 2014 and FY 2018 revenues are expected to grow

10.89%, while expenses (net of depreciation and interest) are projected to grow only 3.93% relative to volume changes, reflecting an assumed variable cost factor of approximately 33% over the four year projection period. A closer review of the year-by-year change shows substantial differences in assumed variable costs in the first two years of the project vs. the last two years. For FY 2015 (the first year the new facility is in operation), revenues are projected to increase 2.10% (commensurate with projected volume increases), while expenses are projected to decrease 0.78% (reflecting a negative variable cost factor). For FY 2016, revenues are projected to increase 2.49%, while expenses are projected to increase only 0.65%. This would equate to a variable cost factor of only 26% for FY 2016 (implying dramatic and likely unprecedented cost reductions and improvements in efficiency over these two years). Staff would question whether the facility can indeed realize this level of operating cost improvement in FY 2015 and FY 2016.ⁱ

By contrast, from FY 2016 through FY 2018 revenues are projected to increase 5.97%, while expenses are projected to increase 3.71%. This would equate to a variable cost factor of approximately 62% over this two year period. While low relative to the variable cost proportion reflected in HSCRC rate adjustments, this assumption is much more reasonable than the variable cost proportions assumed in years FY 2015 and 2016.ⁱⁱ

Staff also examined the “inflated dollar” projections relative to the current dollar projections to isolate the Hospital’s revenue and expense inflation assumptions. This analysis shows that the Hospital is projecting expenses to increase at approximately the same rate as revenues are increasing for inflation through FY 2014. However, beginning with FY 2015 through FY 2018, the Hospital is projecting expenses to increase by approximately 0.4% less than revenue increases for inflation. While staff believes it may be plausible for the facility to manage costs to grow at this lower rate, achieving this assumed level of operating efficiency in addition to the cost reductions implied by the very low variable cost factors assumed in the period FY 2015 to FY 2018 does not seem plausible.

Analysis of Financial Ratios

Included as Attachment I to this memo are the financial ratios based on the Hospital’s submitted “inflated dollars” financial projections. The important ratios and indicators include: operating margin; days of cash (DOC); debt to capitalization; and debt service coverage (DSCR). The ratios are calculated based on the projected financials (and the volume and cost assumptions discussed above) for the Hospital for the period FY 2011 through FY 2018. The institutions evaluating the credit-worthiness of the Hospital traditionally place great weight on these indicators. As such, staff believes that the Hospital’s performance on these ratios are most important in determining whether the Hospital will be able to borrow the monies necessary to complete the project.

A review of the financial ratios shows that WAH has improved its operating margin between FY 2009 and 2010, and is projected to again improve during FY 2011 to 2.49%. The operating margin is then projected to remain somewhat constant through FY 2014. The Hospital is projecting a 7% decrease to its operating margin (from 2.29% to -4.75%) during FY 2015 due, in large part, to the significant increase in depreciation and interest (10% of total expenses) after the opening of the new facility. The decrease to the operating margin would have been more if

the Hospital had projected what staff believes might have been a more realistic variable cost factor for that year (as noted above, the Hospital projected a small decrease in expenses despite a substantial increase in volume, thus representing a negative variable cost assumption). Projected operating margin improves to -1.88% for FY 2016. Again, this is due to expenses increasing only a small proportion relative to increases in revenue resulting from volume increases (an assumed 26% variable cost proportion), which staff believes may be unrealistic.

The financial statements provided by the Hospital show the Hospital's Debt to Capitalization is extremely high up to the time when the new Hospital opens. This is in part because some assets being provided to the new entity are not reported on WAH's books until after the new facility opens. However, Debt to Capitalization remains high even after the new facility is opened and all assets are combined under the new obligated entity.

Debt Service Coverage Ratio (DSCR) is adequate until FY 2015 when it dips to a low of 1.26 times. Normally, bond rating agencies prefer DSCRs in the range of 2 to 3 times during the forecast period. DSCRs below 2.0 are cause for concern. Depending on the borrowing documents and bond covenants, DSCRs below 2.0 may place the Hospital in technical default on the bonds.

Days of Cash (DOC) also remain low throughout the projection period. If the unrestricted assets being provided to the new entity were included on the Hospital's balance sheet, the Hospital's DOC would improve somewhat. However, total DOC available to the new entity when it opens in FY 2015 are still projected to be low at 42 days. Bond rating agencies prefer to see days of cash at 100 days or higher at a minimum.

Should the Hospital receive CON approval for this project and come before the HSCRC requesting a Comfort Order given these current projections, staff would be hard-pressed to recommend a favorable report to the Commission.

Lastly, we should emphasize that while the staff review of these projections can provide some indicator of financial feasibility, a full-blown feasibility assessment would likely be required by any issuing authority. Financial Feasibility studies are time-intensive and require significant analyses and resources to complete. Such a study would also provide a much more thorough analysis of the Hospital's ability to borrow the funds needed to accomplish this project and service the accompanying debt into the future.

Other Request

You requested that we consider the effect an alternative scenario, which represented a more conservative projection of medical, surgical, gynecological, and addictions (MSGA) patient days, i.e. a lower average length of stay (ALOS), would have on the financial projections. Staff believes that if the Hospital is able to achieve a lower case mix adjusted ALOS, it would marginally improve the financial indicators and ratios provided the Hospital is also able to reduce the marginal cost associated with those removed days. However, this improvement would not significantly alleviate concerns regarding the Hospital's projected financial performance as indicated by the key financial indicators discussed above.

You also requested that the Staff comment on the impact the project would have on the financial condition of Adventist HealthCare. Given the material provided and the information we reviewed, staff could not meaningfully comment on the impact of the project on AHC's financial position.

Finally, you requested that staff comment on the impact of the proposed project on the financial condition of the hospital interested parties (HCH-SS, LRH, and MGH.) Staff believes that a new facility may certainly attract some market share from the other surrounding hospitals. In fact, the current incentives built into the rate setting system provide a hospital \$0.85 on a dollar for all additional revenue generated by increasing volumes. The surrounding hospitals would need to cut their cost by \$0.85 on a dollar for all revenue lost due to decreasing volumes in order to eliminate any impact. Thus, while the competing hospitals may well lose market share initially, they do have the ability to manage to volume declines by managing variable costs. This dynamic makes it difficult to assess whether the relocation of WAH would have a substantially negative impact on the solvency of surrounding facilities.

ⁱ Note: On page 8, footnote 8 of Attachment II (projections provided by the Hospital), the Hospital does provide some indication of how they expect to achieve the projected cost reductions sufficient to generate such a low assumed variable cost proportion in FY 2015 and FY 2016.

ⁱⁱ Staff would also question whether the Hospital appropriately accounted for the HSCRC's 15% volume adjustment in projecting the year-to-year increases in revenue. As noted, current HSCRC policy is to adjust revenues by an 85% variable cost factor for changes in volume.

Washington Adventist Hospital

Modification to CON Request

Financial Ratios

Attachment I

Based on Hospital's Projections		HSCRC Target Values	Audited FY2009	Audited FY2010	Budgeted FY2011	Projected Prior to Opening		Projected After Opening				
						FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
<u>Key Statistics</u>												
Operating Revenue (in thousands)			\$239,217.0	\$230,844.0	\$240,648.0	\$242,222.0	\$246,299.0	\$250,820.0	\$262,857.0	\$275,402.0	\$289,586.0	\$305,007.0
Operating Income			(\$1,664.0)	\$4,202.0	\$5,987.0	\$4,235.0	\$5,279.0	\$5,750.0	(\$12,498.0)	(\$5,184.0)	\$1,234.0	\$8,750.0
Excess Revenue over Expenses			(\$1,663.0)	\$4,541.0	\$5,987.0	\$4,235.0	\$5,279.0	\$5,750.0	(\$12,498.0)	(\$5,184.0)	\$1,234.0	\$8,750.0
<u>Profitability</u>												
Operating Margin		2.75%	-0.70%	1.82%	2.49%	1.75%	2.14%	2.29%	-4.75%	-1.88%	0.43%	2.87%
Excess Margin		4.00%	-0.70%	1.96%	2.49%	1.75%	2.14%	2.29%	-4.75%	-1.88%	0.43%	2.87%
<u>Debt Related</u>												
Debt to Capitalization		40.00%	102.60%	102.80%	94.30%	111.20%	101.70%	175.30%	72.80%	72.40%	70.80%	68.70%
Maximum Debt Service Coverage			1.49	2.32	2.37	1.95	2.37	2.55	1.26	1.61	1.90	2.22
<u>Liquidity</u>												
Days of Cash on Hand		115	21	10	23	24	29	14	42	57	72	88

RESPONSE TO MHCC REQUEST TO UPDATE FINANCIAL INFORMATION

Washington Adventist Hospital - New Hospital

CON

PART II - PROJECT BUDGET

(INSTRUCTION: All estimates for 1.a.-e., 2.a.-h., and 3 are for current costs as of the date of application submission and should include the costs for all intended construction and renovations to be undertaken)

A. Uses of Funds	Hospital	Parking Garage	Total
1. Capital Costs			
a. New Construction			
(1) Building & Fixed Equipment	\$ 138,272,000	\$ 19,588,000	\$ 157,860,000
(2) Fixed Equipment (Not Included in Construction)	19,573,000	-	19,573,000
(3) Land Purchase	10,500,000	-	10,500,000
(4) Site Preparation - Land Improvements	7,546,000	865,000	8,411,000
(5) Architect/Engineering Fees	14,419,000	1,077,000	15,496,000
(6) Permits, (Building, Utilities, Etc.)	526,000	263,000	789,000
SUBTOTAL	\$ 190,836,000	\$ 21,793,000	\$ 212,629,000
b. Renovations			
(1) Building demolition	\$ -	\$ -	-
(2) Fixed Equipment (Not Included in Construction)	-	-	-
(3) Architect/Engineering Fees	-	-	-
(4) Permits, (Building, Utilities, Etc.)	-	-	-
SUBTOTAL	\$ -	\$ -	\$ -
c. Other Capital Costs			
(1) Major Movable Equipment	27,024,000	-	27,024,000
(2) Minor Movable Equipment	7,625,000	-	7,625,000
(3) Contingencies	20,063,000	1,084,000	21,147,000
(4) Other (Specify)			
a. Furniture	8,700,000	-	8,700,000
b. Interior & Exterior Signage	1,800,000	150,000	1,950,000
c. IS/Comm	11,200,000	-	11,200,000
d. Security system	1,600,000	-	1,600,000
e. Relocation costs	2,500,000	-	2,500,000
f. Certifications, misc., etc.	1,000,000	-	1,000,000
g. Equipment Transferred from Old Hospital, Net	15,380,000	-	15,380,000
TOTAL CURRENT CAPITAL COSTS (A - C)	\$ 287,728,000	\$ 23,027,000	\$ 310,755,000
d. Non Current Capital Cost			
(1) Interest (Gross)	15,755,000	1,263,000	17,018,000
(1)a Amount Included on Ld.(1) That is Related to Post Construction	(2,444,000)	(196,000)	(2,640,000)
Inflation Allowance (2.1% for 2011; 2.7% for 2012 and 2.7% for 2013 - midpoint of construction)	12,607,000	1,047,000	13,654,000
TOTAL PROPOSED CAPITAL COSTS (a-d)	\$ 313,646,000	\$ 25,141,000	\$ 338,787,000

RESPONSE TO MHCC REQUEST TO UPDATE FINANCIAL INFORMATION

2. Financing Cost and Other Cash Requirements	
a. Loan Placement Fees	16,416,000
b. Bond Discount	-
c. Bond Financing Expenses	-
d. Legal Fees (Other)	-
e. Printing	-
f. Consultant Fees:	
CON Application Assistance	150,000
Other (Specify)	-
g. Liquidation of Existing Debt	-
h. Debt Service Reserve Fund	-
i. Principal Amortization	-
Reserve Fund	-
Other (Specify)	-
HUD AMPO Fund	5,712,000
TOTAL (a - i)	\$ 22,278,000
3. Working Capital/Startup Costs	
Working Capital	\$ 34,000,000
Amount Borrowed For Interest Payments	
After Completion of Construction	2,640,000
TOTAL USES OF FUNDS (1 - 3)	\$ 397,705,000
B. Sources of Funds for Project:	
1. Cash	\$ 27,205,000
2. Pledges: Gross _____, less allowance for uncollectibles \$0, =	
3. Gifts, bequests	25,000,000
4. Interest income (gross)	-
5. Authorized Bonds	-
6. Taxable FHA/GNMA Debt	285,620,000
7. Net Working Capital Transferred from Adventist HealthCare	34,000,000
8. Grants or Appropriation	-
(a) Federal	-
(b) State	-
(c) Local	-
9. Other:	
(a) Equipment Transferred from Old Hospital, Net	15,380,000
(b) Land Owned and Paid for By AHC - To be Transferred	10,500,000
TOTAL SOURCES OF FUNDS (1 - 9)	\$ 397,705,000

Lease Costs:	
a) Land	\$ -
b) Building	\$ -
c) Major Movable Equipment	\$ -
d) Minor Movable Equipment	\$ -
e) Other	\$ -
	x 50 years =
	N/A
	N/A
	N/A
	N/A

RESPONSE TO MHCC REQUEST TO UPDATE FINANCIAL INFORMATION - UNINFLATED

Instruction: Complete Table 1 for The Entire Facility, including the proposed project, and Table 2 for the proposed project only using the space provided on the following pages. Only existing facility applicants should complete Table 1. All Applicants should complete Table 2.

Table 1. Statistical Projections - Entire Facility-Including Proposed Project										
_X_C_Y or _FY (Check)	Two Most Recent Ended Actual Years		Current Year Projected		Projected Years (ending with first full year at full utilization)					
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
I. Admissions	Existing Hospital				New Hospital					
					Open 1/1/2015					
a. M/S/G/A	11,421	10,487	10,868	9,833	9,833	9,833	9,980	10,180	10,435	10,696
b. Pediatric										
c. Obstetric	2,451	2,157	1,996	1,996	1,996	1,996	2,046	2,097	2,149	2,203
d. Intensive Care	1,133	1,186	1,066	1,066	1,066	1,066	1,464	1,493	1,530	1,568
e. Coronary Care	495	443	376	376	376	376	-	-	-	-
f. Psychiatric	2,070	1,710	1,922	1,922	1,922	1,922	1,922	1,922	1,922	1,922
g. Rehabilitation										
h. Chronic										
i. Other (Specify)										
j. TOTAL	17,570	15,983	16,228	15,193	15,193	15,193	15,412	15,692	16,036	16,389
2. Patient Days										
a. M/S/G/A	49,154	48,081	48,617	47,582	47,582	47,582	46,154	44,984	46,110	47,264
b. Pediatric										
c. Obstetric	6,559	5,694	4,992	4,992	4,992	4,992	5,115	5,243	5,373	5,508
d. Intensive Care	6,341	6,882	6,176	6,176	6,176	6,176	7,847	8,002	8,201	8,404
e. Coronary Care	1,999	1,852	1,559	1,559	1,559	1,559	-	-	-	-
f. Psychiatric	10,406	8,891	9,427	9,427	9,427	9,427	9,418	9,418	9,418	9,418
g. Rehabilitation										
h. Chronic										
i. Other (Specify)										
j. TOTAL	74,459	71,400	70,771	69,736	69,736	69,736	68,534	67,647	69,102	70,594
3. Average Length of Stay										
a. M/S/G/A	4.30	4.58	4.47	4.84	4.84	4.84	4.62	4.42	4.42	4.42
b. Pediatric										
c. Obstetric	2.68	2.64	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
d. Intensive Care	5.60	5.80	5.79	5.79	5.79	5.79	5.36	5.36	5.36	5.36
e. Coronary Care	4.04	4.18	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15
f. Psychiatric	5.03	5.20	4.90	4.90	4.90	4.90	4.90	4.90	4.90	4.90
g. Rehabilitation										
h. Chronic										
i. Other (Specify)										
j. TOTAL	4.24	4.47	4.36	4.59	4.59	4.59	4.45	4.31	4.31	4.31

(Continued)

RESPONSE TO MHCC REQUEST TO UPDATE FINANCIAL INFORMATION - UNINFLATED

Table 1. Statistical Projections - Entire Facility
Including Proposed Project - Continued

X_CY or __ FY (Check)	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full at full utilization)							
	2009	2010		Existing Hospital				New Hospital			
	2011	2012	2013	2014	2015	2016	2017	2018			
4. Occupancy Percentage											
a. M/S/G/A	72.79%	74.00%	75.68%	73.24%	73.24%	73.24%	84.30%	82.16%	84.22%	86.33%	
b. Pediatric	71.88%	74.29%	64.95%	65.13%	65.13%	65.13%	46.71%	47.88%	49.07%	50.30%	
c. Obstetric	51.10%	55.46%	49.63%	49.77%	49.77%	49.77%	67.18%	68.51%	70.21%	71.95%	
d. Intensive Care	68.46%	63.42%	53.24%	53.39%	53.39%	53.39%	69.74%	69.74%	69.74%	69.74%	
e. Coronary Care	71.27%	60.90%	64.39%	64.57%	64.57%	64.57%	75.20%	74.23%	75.82%	77.46%	
f. Psychiatric											
g. Rehabilitation											
h. Chronic											
i. Other (Specify)											
j. Total	69.86%	69.42%	69.31%	67.99%	67.99%	67.99%	75.20%	74.23%	75.82%	77.46%	
5. Number of Licensed Beds											
a. M/S/G/A	185	178	176	178	178	178	150	150	150	150	
b. Pediatric	25	21	21	21	21	21	30	30	30	30	
c. Obstetric	34	34	34	34	34	34	32	32	32	32	
d. Intensive Care	8	8	8	8	8	8	0	0	0	0	
e. Coronary Care	40	40	40	40	40	40	37	37	37	37	
f. Psychiatric											
g. Rehabilitation											
h. Chronic											
i. Other (Specify)											
j. Total	292	281	279	281	281	281	249	249	249	249	
6. Outpatient Visits - regulated											
a. Emergency**	35,375	34,903	34,884	35,233	35,585	35,941	36,840	37,945	39,273	40,844	
b. Clinical Services	19,205	17,467	17,797	17,797	17,797	17,797	18,153	18,607	19,165	19,836	
c. Other (Specify):											
Observation											
Extended Recovery	369	714	637	1,672	1,672	1,672	1,714	1,765	1,827	1,900	
Same Day Surgery	4,397	3,984	3,859	3,859	3,859	3,859	3,936	4,034	4,155	4,300	
Psych Day Care	1,011	1,432	1,124	1,124	1,124	1,124	1,146	1,175	1,210	1,252	
Total	60,357	58,500	58,301	59,685	60,037	60,393	61,789	63,526	65,630	68,132	

* Number of Beds and occupancy percentage should be reported on the basis of licensed beds

** Excludes patients admitted to the Hospital following a visit to the Emergency Dept.

H

RESPONSE TO MHCC REQUEST TO UPDATE FINANCIAL INFORMATION - UNINFLATED

Instructions: Table 3 - Revenue and Expenses - Entire Facility (including the proposed project) is to be completed by existing facility applicants only. Applicants for new facilities should not complete Table 3. Table 4, Revenue and Expenses - Proposed Project, is to be completed by each applicant for the proposed project only. Table 5, Revenues and Expenses (for the first full year of utilization), is to be completed by each applicant for each proposed service in the space provided. Specify whether data are for calendar year or fiscal year. All projected revenue and expense figures should be presented in current dollars. Medicaid revenues for all years should be calculated on the basis of Medicaid rates and ceilings in effect at the time of submission of this application. Specify sources of non-operating income. State the assumptions used in projecting all revenues and expenses.)

Table 3. Revenue and Expenses - Entire Facility (Including Proposed Project) in thousands											
X CY or _ FY Check		Two Most Recent Ended Actual Years		Current Year Projected	Projected Years (ending with first full year at full utilization)						
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
				Existing Hospital				New Hospital			
1.	Revenue										
	a. Inpatient	\$ 216,819	\$ 206,156	\$ 217,358	\$ 201,729	\$ 202,234	\$ 202,730	\$ 207,103	\$ 212,063	\$ 218,021	\$ 224,031
	b. Outpatient	67,959	59,909	67,479	83,555	83,857	84,325	86,042	88,395	91,131	94,353
	c. Gross patient service rev	284,778	266,065	284,837	285,284	286,091	287,055	293,145	300,458	309,152	318,384
	d. Allowance for bad debt expense	15,619	14,522	15,651	15,676	15,720	15,773	16,123	16,525	17,003	17,511
	e. Contractual allowance	25,955	16,368	23,489	23,730	23,795	23,872	24,399	25,006	25,728	26,486
	f. Charity care	9,166	9,318	9,700	9,908	9,937	9,972	10,195	10,452	10,757	11,083
	g. Net patient service revenue	234,038	225,857	235,997	235,970	236,639	237,438	242,428	248,475	255,664	263,304
	h. Other operating revenue (Specify):										
	Other operating revenue	5,251	4,840	4,471	4,471	4,471	4,473	4,134	4,108	4,156	4,207
	Parking garage revenue, net of operating expenses	-	-	-	-	-	-	2,108	2,411	2,585	2,732
	Investment income	(72)	147	180	153	192	178	229	448	796	1,107
	Interest income-trustee funds	-	-	-	-	-	-	40	122	204	289
	I. Net operating revenue	\$ 239,217	\$ 230,844	\$ 240,648	\$ 240,594	\$ 241,302	\$ 242,089	\$ 248,939	\$ 255,564	\$ 263,405	\$ 271,639
2.	Expenses										
	a. Salaries, wages, (including fringe benefits)	\$ 101,067	\$ 97,405	\$ 100,174	\$ 100,246	\$ 100,375	\$ 100,529	\$ 101,034	\$ 102,085	\$ 104,174	\$ 106,420
	Contractual services and										
	b. Purchased labor agency	13,252	11,869	10,607	10,608	10,608	10,609	10,578	10,557	10,596	10,639
	c. Interest on current debt	2,330	2,548	3,421	3,298	3,063	2,873	-	-	-	-
	Interest on project debt -										
	d. including MIP and fees	-	-	-	-	-	-	17,411	17,072	16,714	16,335
	e. Current depreciation	8,437	8,301	9,861	9,726	9,335	9,707	-	-	-	-
	f. Project depreciation	-	-	-	-	-	-	22,652	23,066	23,129	22,766
	g. Current amortization	-	-	-	-	-	-	1,070	1,050	1,027	1,004
	h. Project amortization	-	-	-	-	-	-	-	-	-	-
	I. Supplies	51,880	43,843	44,449	44,518	44,599	44,701	45,296	46,066	47,001	48,018
	J. Other expenses:										
	Insurance	2,006	1,679	2,007	2,008	2,008	2,009	1,993	1,982	2,004	2,028
	Building & maintenance	8,496	9,151	9,375	9,378	9,380	9,384	6,942	6,902	6,980	7,061
	General & administrative	25,882	24,660	24,688	24,709	24,733	24,769	24,648	24,423	24,845	25,298
	Shared services/management fees	27,531	27,186	30,079	30,112	30,105	30,132	29,902	29,820	30,200	30,612
	k. Total operating expenses	\$ 240,881	\$ 226,642	\$ 234,661	\$ 234,603	\$ 234,206	\$ 234,713	\$ 261,526	\$ 263,023	\$ 266,670	\$ 270,181
3.	Income										
	a. Income from operations	\$ (1,664)	\$ 4,202	\$ 5,987	\$ 5,991	\$ 7,096	\$ 7,376	\$ (12,587)	\$ (7,459)	\$ (3,265)	\$ 1,458
	b. Nonoperating income/expense:										
	Other	1	339	-	-	-	-	-	-	-	-
	c. Subtotal	(1,663)	4,541	5,987	5,991	7,096	7,376	(12,587)	(7,459)	(3,265)	1,458
	d. Income Taxes	-	-	-	-	-	-	-	-	-	-
	e. Net Income (Loss)	\$ (1,663)	\$ 4,541	\$ 5,987	\$ 5,991	\$ 7,096	\$ 7,376	\$ (12,587)	\$ (7,459)	\$ (3,265)	\$ 1,458

(Continued)

RESPONSE TO MHCC REQUEST TO UPDATE FINANCIAL INFORMATION - UNINFLATED

Table 3. Revenue and Expenses - Entire Facility (Including Proposed Project) - continued

X_CY or FY Check	Two Most Actual Ended Recent Years		Current Year Projected		Projected Years (ending with first full year at full utilization)						
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
	Existing Hospital				New Hospital						
4. Patient Mix											
a. Percent of Total Revenue											
(1) Medicare	40.0%	40.9%	40.6%	39.4%	39.3%	39.4%	39.4%	39.4%	39.2%	39.3%	
(2) Medicaid	10.6%	12.5%	12.4%	11.9%	11.9%	11.8%	11.8%	11.8%	11.8%	11.8%	
(3) Blue Cross	13.5%	12.5%	12.5%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	
(4) Commercial Insurance	18.2%	15.9%	16.3%	17.4%	17.6%	17.5%	17.5%	17.5%	17.6%	17.6%	
(5) Self-Pay	8.6%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	
(6) Other											
Medicaid/Medicare HMO	9.1%	10.1%	10.1%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	
(7) TOTAL	100.0%	100.0%	100.0%	100.0%	100.1%	100.0%	100.0%	100.0%	99.9%	100.0%	
b. Percent of Patient Days \ Visits \ Procedures (as applicable)											
(1) Medicare	40.0%	40.9%	40.6%	39.4%	39.3%	39.4%	39.4%	39.4%	39.2%	39.3%	
(2) Medicaid	10.6%	12.5%	12.4%	11.9%	11.9%	11.8%	11.8%	11.8%	11.8%	11.8%	
(3) Blue Cross	13.5%	12.5%	12.5%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	
(4) Commercial Insurance	18.2%	15.9%	16.3%	17.4%	17.6%	17.5%	17.5%	17.5%	17.6%	17.6%	
(5) Self-Pay	8.6%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	
(6) Other											
Medicaid/Medicare HMO	9.1%	10.1%	10.1%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	
(7) TOTAL	100.0%	100.0%	100.0%	100.0%	100.1%	100.0%	100.0%	100.0%	99.9%	100.0%	

(INSTRUCTION: ALL APPLICANTS OPERATING EXISTING FACILITIES MUST SUBMIT THEIR MOST RECENT AUDITED FINANCIAL STATEMENTS)

RESPONSE TO MHCC REQUEST TO UPDATE FINANCIAL INFORMATION - UNINFLATED

Assumptions Used in Projecting All Revenues and Expenses:

- 1 2011 is taken from WAH's budget.
- 2 Volume Changes from 2011:
 - 2a Prior to Move

Inpatient 0.0% per annum growth in MSG/ICU/CCU cases; 0.0% growth in OB/Newborns; and no growth in Psych; in 2012 transfer of 1,035 cases from MSG 1-day stays to Observation.
 Outpatient 1% per annum growth 2012 - 2014 in outpatient ED volumes; in 2012 transfer of 1,035 1-day stay cases from MSG to Observation; no growth in other areas 2012 - 2014.

2b After Move

Inpatient For MSG/ICU per annum growth of 1.5% in 2015, 2.0% in 2016, and 2.50% per annum in 2017 and 2018; 2.5% per annum for OB and Newborns; and no growth in Psych.

Outpatient For ED and Observation visits per annum growth of 2.5% in 2015, 3.0% in 2016, 3.5% in 2017, and 4.0% in 2018; and for Amb Surg cases and Clinic visits per annum growth of 2.0% in 2015, 2.5% in 2016, 3.0% in 2017 and 3.5% in 2018.

3 Average Length of Stay:

- 3a Prior to Move
No change
- 3b After Move
4.45% reduction per annum in MSG in 2015 and 2016.

4 Charges:

- 4a Prior to Move

Inpatient Currently approved CPC and adjusted 7/1/2011, plus Maryland Health Insured Partners (MHIP), Health Care Coverage Fund (HCCF), and Board of Public Works (BPW) allocated costs, high charge outliers and 1-day stay outlier revenue, etc.; adjusted for volume changes applying a 15% adjustment factor, and 0.25% per annum increase in CMI.

Outpatient Average of currently approved rates and adjusted 7/1/2011; adjusted for volume changes.

4b After Move

Inpatient Rolled forward Existing Hospital rates with no rate increase for capital; adjusted for volume and 0.5% per annum increase in CMI.

Outpatient Rolled forward Existing Hospital rates; adjusted for volume.

5 Deductions from Revenue, as a % of GPSR based on recent experience:

Charity allowances	3.48%
Contractual allowances	8.33%
Bad debt expense	5.50%
Total	17.31%

Note: Contractual Allowances include the HSCRC uncompensated care fund receipts, the Maryland Health Insured Partners (MHIP) payments, the Health Care Coverage Fund payments (HCCF), and Board of Public Works (BPW).

RESPONSE TO MHCC REQUEST TO UPDATE FINANCIAL INFORMATION - UNINFLATED

6 Other Operating Revenue:

6a Prior to Move

No change

6b After Move

Charge for parking

7 Salaries per FTE and benefits based on WAH's 2011 Budget

Assumed changes based on variability with CMA EIPAs, patient days (specific to MSG, ICU, CCU, OB, Newborns, etc), and visits (ED visits, Observation visits, amb surgery cases, etc.) as appropriate.

Assumed Existing Hospital employees transferred to New Hospital - See Table 5

8 Other Operating Expenses (excludes Capital Costs):

8a Prior to Move

Assumed expense structure based on WAH's 2011 Budget.

Employee benefits projected at 20.58% of salary expensed based on recent experience.

Expense variability assumed with % changes in CMA EIPAs, or EIPDs.

Current outsourced lab services and shared services arrangements with AHC support center assumed to continue.

8b After Move

Reduced utilities and maintenance costs as a result of new facility.

Expense variability assumed with % changes in CMA EIPAs, or EIPDs, as appropriate.

Depreciation expense based on overall depreciable lives of:

Building and fixed equipment

26.0 years

Major movable equipment

6.8 years

Financing cost amortization - effective interest method 6.3% average % during 2015 - 2018

9 Capital Costs:

Project based on taxable FHA/ GNMA Debt:

Taxable FHA/ GNMA Debt \$ 285,620,000 25 years, level debt service

Interest rate on mortgage

5.55%

during and after construction

Mortgage Insurance Premium

Interest earnings:

Mortgage Reserve Fund

0.50% assessed on monthly average outstanding mortgage balance.

Funded after construction to build to 1 annual mortgage payment

2.00% after 5 years and 2 annual mortgage payments after 10 years.

In excess of \$ 30,000,000 4.00% per annum

Below \$ 30,000,000 1.00% per annum

10 Interest earnings rate on average cash balances:

RESPONSE TO MHCC REQUEST TO UPDATE FINANCIAL INFORMATION - UNINFLATED

<p><i>Instruction: Complete Table 5-Manpower Information. FTE data shall be calculated as 2,080 paid hours per year. Indicate the factor to be used in converting paid hours to worked hours. List by service the staffing changes (specifying additions and/or deletions and distinguishing between employee and contractual services required by this project.)</i></p>						
Table 5. Manpower Information						
Position Title	Current Number of FTEs - 2011	Change in FTEs - to 2018	Average Salary- 2018	Employee/ Contractor	Total Cost 2018	
Administration						
Hospital Administration	102.90	7.00	\$ 84,030	Employee	\$ 9,235,000	
Medical Staff Administration	6.00	0.40	\$ 68,590	Employee	439,000	
Nursing Administration	28.10	1.90	\$ 62,870	Employee	1,886,000	
Subtotal	137.00	9.30	\$ 79,020		11,560,000	
Direct Care						
Patient Care - inpatient units RNs, LPNs, patient care techs	440.20	(20.90)	\$ 66,690	Employee	27,963,000	
Patient Care - inpatient units RNs, LPNs, patient care techs	5.00	0.10	\$ 120,200	Agency	613,000	
Patient Care - ancillary services technicians & specialties	402.50	66.00	\$ 72,450	Employee	33,943,000	
Patient Care - ancillary services technicians & specialties	9.00	0.10	\$ 134,950	Agency	1,228,000	
Subtotal	856.70	45.30	\$ 71,800		63,747,000	
Support						
Dietary, Laundry, Purchasing/Stores, Plant Ops Housekeeping, Central Supply, Pharmacy, Medical Records, Medical Care Review	276.60	23.10	\$ 49,360	Employee	14,793,000	
Support Services	0.30	-	\$ 80,000	Agency	24,000	
Subtotal	276.90	23.10	\$ 49,440		14,817,000	
TOTAL FTEs including Agency	1,270.60	77.70				
Less Agency FTEs	(14.30)	(0.20)				
TOTAL FTEs - employees	1,256.30	77.50				
Summary						
Subtotal (rounded to the nearest 1,000)					90,124,000	
Less Cost of Agency Personnel					(1,865,000)	
Salary Expense - Employees					88,259,000	
Employee benefits and payroll taxes					18,163,000	
TOTAL Salary and Benefits (Employees) - Yr 2018					\$ 106,422,000	
<p><i>Instruction: Indicate Method of Calculating Benefits Percentage:</i> 20.58% of total salary expense.</p> <p><i>Factor in converting Paid Hours to Worked Hours</i> 87.50%</p>						

Instructions: Table 3 - Revenue and Expenses - Entire Facility (including the proposed project) is to be completed by existing facility applicants only. Applicants for new facilities should not complete Table 3. Table 4, Revenue and Expenses - Proposed Project, is to be completed by each applicant for the proposed project only. Table 5, Revenue and Expenses (for the first full year of utilization), is to be completed by each applicant for each proposed service in the space provided. Specify whether data are for calendar year or fiscal year. All projected revenue and expense figures should be presented in current dollars. Medicaid revenue for all years should be calculated on the basis of Medicaid rates and ceilings in effect at the time of submission of this application. Specify sources of non-operating income. State the assumptions used in projecting all revenues and expenses.

Table 3. Revenue and Expenses - Entire Facility (Including Proposed Project) in thousands											
X_CV or __ FY Check	Two Most Recent Ended Actual Years			Current Year Projected			Projected Years (ending with first full year at full utilization)				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
L. Revenue	Existing Hospital						New Hospital				
							Open 1/1/2011				
a. Inpatient	\$ 216,819	\$ 206,156	\$ 217,358	\$ 203,249	\$ 206,813	\$ 210,464	\$ 218,767	\$ 228,510	\$ 239,654	\$ 251,205	
b. Outpatient	67,959	59,909	67,479	83,931	85,186	86,955	90,166	94,374	99,251	104,825	
c. Gross patient service rev	284,778	266,065	284,837	287,180	291,999	297,419	308,933	322,884	338,905	356,030	
d. Allowance for bad debt expense	15,619	14,522	15,651	15,780	16,044	16,342	16,991	17,759	18,640	19,582	
e. Contractual allowance	25,955	16,368	23,489	23,891	24,294	24,742	25,722	26,880	28,213	29,628	
f. Charity care	9,166	9,318	9,700	9,971	10,137	10,328	11,224	11,784	12,386	12,988	
g. Net patient service revenue	234,038	225,857	235,997	237,538	241,524	246,007	255,482	267,021	280,268	294,434	
h. Other operating revenue (Specify):											
Other operating revenue	5,251	4,840	4,471	4,537	4,605	4,676	4,515	4,575	4,717	4,868	
Parking garage revenue, net of operating expenses	-	-	-	-	-	-	2,590	3,197	3,443	3,933	
Investment income	(72)	147	180	147	170	137	230	487	954	1,483	
Interest income-trustee funds	-	-	-	-	-	-	40	122	204	289	
L. Net operating revenue	\$ 239,217	\$ 230,844	\$ 240,648	\$ 242,222	\$ 246,299	\$ 250,820	\$ 262,857	\$ 275,402	\$ 289,586	\$ 305,007	
2. Expenses											
a. Salaries, wages, (including fringe benefits)	\$ 101,067	\$ 97,405	\$ 100,174	\$ 101,750	\$ 103,397	\$ 105,110	\$ 107,208	\$ 109,928	\$ 113,857	\$ 118,058	
Contractual services and											
b. Purchased labor agency	13,252	11,869	10,607	10,627	10,646	10,666	10,653	10,648	10,707	10,772	
c. Interest on current debt	2,330	2,548	3,421	3,298	3,063	2,873	-	-	-	-	
Interest on project debt -											
d. including MIP and fees	-	-	-	-	-	-	17,411	17,072	16,714	16,335	
e. Current depreciation	8,437	8,301	9,861	9,746	9,375	9,767	-	-	-	-	
f. Project depreciation	-	-	-	-	-	-	22,731	23,164	23,248	22,907	
g. Current amortization	-	-	-	-	-	-	1,070	1,050	1,027	1,004	
h. Project amortization	-	-	-	-	-	-	-	-	-	-	
i. Supplies	51,880	43,843	44,449	45,588	46,759	47,997	49,820	51,875	54,200	56,708	
j. Other expenses:											
Insurance	2,006	1,679	2,007	2,046	2,086	2,128	2,152	2,181	2,250	2,323	
Building & maintenance	8,496	9,151	9,375	9,539	9,705	9,882	7,436	7,524	7,745	7,980	
General & administrative	25,882	24,660	24,688	24,954	25,224	25,511	25,636	25,645	26,342	27,096	
Shared services/management fees	27,531	27,186	30,079	30,439	30,765	31,136	31,238	31,499	32,262	33,074	
k. Total operating expenses	\$ 240,881	\$ 226,642	\$ 234,661	\$ 237,987	\$ 241,020	\$ 245,070	\$ 275,355	\$ 280,586	\$ 288,352	\$ 296,257	
3. Income											
a. Income from operations	\$ (1,664)	\$ 4,202	\$ 5,987	\$ 4,235	\$ 5,279	\$ 5,750	\$ (12,498)	\$ (5,184)	\$ 1,234	\$ 8,750	
b. Nonoperating income/expense:											
Other	1	339	-	-	-	-	-	-	-	-	
c. Subtotal	(1,663)	4,541	5,987	4,235	5,279	5,750	(12,498)	(5,184)	1,234	8,750	
d. Income Taxes	-	-	-	-	-	-	-	-	-	-	
e. Net Income (Loss)	\$ (1,663)	\$ 4,541	\$ 5,987	\$ 4,235	\$ 5,279	\$ 5,750	\$ (12,498)	\$ (5,184)	\$ 1,234	\$ 8,750	

(Continued)

Table 3. Revenue and Expenses - Entire Facility (Including Proposed Project) - continued

X_CY or __ FY Check																				
Two Most Actual Ended Recent Years			Current Year Projected		Projected Years (ending with first full year at full utilization)															
2009			2010		2011		2012		2013		2014		2015		2016		2017		2018	
					Existing Hospital					New Hospital										
4. Patient Mix																				
a. Percent of Total Revenue																				
(1) Medicare																				
(2) Medicaid																				
(3) Blue Cross																				
(4) Commercial Insurance																				
(5) Self-Pay																				
(6) Other:																				
Medicaid/Medicare HMO																				
(7) TOTAL																				
b. Percent of Patient Days\Visits\Procedures (as applicable)																				
(1) Medicare																				
(2) Medicaid																				
(3) Blue Cross																				
(4) Commercial Insurance																				
(5) Self-Pay																				
(6) Other:																				
Medicaid/Medicare HMO																				
(7) TOTAL																				
(INSTRUCTION: ALL APPLICANTS OPERATING EXISTING FACILITIES MUST SUBMIT THEIR MOST RECENT AUDITED FINANCIAL STATEMENTS)																				

(INSTRUCTION: ALL APPLICANTS OPERATING EXISTING FACILITIES MUST SUBMIT THEIR MOST RECENT AUDITED FINANCIAL STATEMENTS)

INFLATION ASSUMPTIONS

Inflated model based upon assumed per annum
increases assumed for 2012 - 2018:

Gross patient service revenue - 1.50%, Other income - 2.0%, Salary expense - 1.5%,
Existing Hospital Medical supplies and pharmaceuticals - 2.5%, Utilities - 3.0%, Insurance - 2.0%,
Professional fees (physician related) - 0.0%, All other expenses - 1.0%
Same inflation assumptions as above, except starting in 2015,
New Hospital Gross patient service revenue - 2.0%;
and Other Income: 5% in 2015 and 2.0% per annum in 2016-2018.

RESPONSE TO QUESTION 22 INFLATED FINANCIAL DATA

Projected Balance Sheets

Washington Adventist Hospital - Existing Hospital

	Historical as of December 31,		Projected as of December 31,		
	2009	2010	2011	2012	2013
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 13,206,122	\$ 6,047,431	\$ 14,120,000	\$ 15,302,000	\$ 18,622,000
Patient accounts receivable, net	33,344,928	42,668,765	38,579,000	38,830,000	39,482,000
Other receivables	2,466,077	1,015,585	1,036,000	1,057,000	1,078,000
Inventories	4,328,343	4,223,155	4,262,000	4,371,000	4,484,000
Prepaid expenses	494,840	714,503	463,000	472,000	481,000
Current portion of trustee-held funds	1,754,465	1,743,818	1,744,000	1,744,000	1,744,000
Total Current Assets	55,594,775	56,413,257	60,204,000	61,776,000	65,891,000
Assets Whose Use is Limited					
Trustee-Held Funds:					
Debt service reserve fund	5,452,319	2,644,743	2,645,000	2,645,000	2,645,000
prior issues					
Total Assets Whose Use is Limited	5,452,319	2,644,743	2,645,000	2,645,000	2,645,000
Property and Equipment					
Land and land improvements	3,519,152	3,519,152	3,519,000	3,519,000	3,519,000
Building and improvements	95,299,818	95,837,761	95,838,000	95,838,000	95,838,000
Fixed and major moveable equipment	58,327,417	54,960,889	61,211,000	67,461,000	73,711,000
Equipment under capital leases	5,189,805	7,616,277	7,616,000	7,616,000	7,616,000
Construction in progress	3,246,036	5,353,420	5,353,000	5,353,000	5,353,000
Less accumulated depreciation	(124,048,394)	(131,091,805)	(138,923,000)	(146,619,000)	(153,924,000)
Total Property and Equipment	41,533,834	36,195,694	34,614,000	33,168,000	32,113,000
Other Assets					
Land held for healthcare development	11,058,669	13,113,880	14,114,000	0	0
Unamortized financing costs	889,921	827,611	772,000	716,000	660,000
Deposits and other current assets	283,894	5,508	6,000	6,000	6,000
Total Other Assets	12,232,484	13,946,999	14,892,000	722,000	666,000
TOTAL ASSETS	\$ 116,061,674	\$ 110,694,952	\$ 113,909,000	\$ 99,927,000	\$ 102,996,000
					\$ 77,221,000

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RESPONSE TO QUESTION 22 INFLATED FINANCIAL DATA

Projected Balance Sheets -- Continued
Washington Adventist Hospital - Existing Hospital

	Historical as of December 31,		Projected as of December 31,			
	2009	2010	2011	2012	2013	2014
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts payable, accrued expenses & other	\$ 22,163,434	\$ 17,756,253	\$ 17,716,000	\$ 18,042,000	\$ 18,374,000	\$ 18,724,000
Accrued compensation and related items	8,261,472	8,468,337	8,782,000	8,921,000	9,065,000	9,215,000
Advances from third-party payers	6,424,069	7,128,749	7,271,000	7,416,000	7,564,000	7,715,000
Current portion of long-term debt	32,227,705	3,628,799	4,541,000	3,566,000	3,550,000	4,058,000
Total Current Liabilities	69,076,680	36,982,138	38,310,000	37,945,000	38,553,000	39,712,000
Long-Term Debt, net of current maturities						
Bonds payable:						
MHHEFA Series 2003A	21,925,000	20,880,000	19,780,000	18,625,000	17,410,000	16,135,000
MHHEFA Series 2003B	5,239,771	5,088,925	4,934,000	4,774,000	4,609,000	4,439,000
MHHEFA Series 2004A	3,437,472	2,961,184	2,467,000	1,955,000	1,936,000	1,913,000
MHHEFA Series 2004B	10,070,262	10,073,641	9,736,000	9,400,000	9,064,000	8,728,000
MHHEFA Series 2005A	7,488,000	7,488,000	7,488,000	7,488,000	7,488,000	7,488,000
MHHEFA Series 2005B	21,570,651	21,570,651	21,571,000	21,571,000	20,244,000	18,498,000
Unamortized bond discounts	(226,800)	(217,010)	(207,000)	(197,000)	(187,000)	(177,000)
Notes payable	1,300,000	1,300,000	1,300,000	0	0	0
Capital lease obligations	1,408,471	604,951	0	0	0	0
Capital lease purchase- 2007 tax exempt facility	1,711,215	1,115,331	493,000	0	0	0
Capital lease purchase- 2008 tax exempt facility	2,193,951	1,652,406	1,090,000	505,000	0	0
Total Long-Term Debt	76,117,993	72,518,079	68,652,000	64,121,000	60,564,000	57,024,000
Less current maturities	(32,227,705)	(3,628,799)	(4,541,000)	(3,566,000)	(3,550,000)	(4,058,000)
Total Long-Term Debt, Net of Current Maturities	43,890,288	68,889,280	64,111,000	60,555,000	57,014,000	52,966,000
Deferred compensation	1,248,262	1,494,259	1,550,000	1,612,000	1,676,000	1,743,000
Other liabilities	3,226,565	4,713,095	4,898,000	5,094,000	5,298,000	5,510,000
TOTAL LIABILITIES	117,441,795	112,078,772	108,869,000	105,206,000	102,541,000	99,931,000
Net Assets						
Unrestricted	(1,934,363)	(2,002,798)	4,138,000	(6,470,000)	(1,031,000)	(24,497,000)
Temporarily restricted	554,242	618,978	902,000	1,191,000	1,486,000	1,787,000
TOTAL NET ASSETS	(1,380,121)	(1,383,820)	5,040,000	(5,279,000)	455,000	(22,710,000)
TOTAL LIABILITIES AND NET ASSETS						
TOTAL LIABILITIES AND NET ASSETS	\$ 116,061,674	\$ 110,694,952	\$ 113,909,000	\$ 99,927,000	\$ 102,996,000	\$ 77,221,000

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RESPONSE TO QUESTION 22 INFLATED FINANCIAL DATA

Projected Statements of Changes in Net Assets
Washington Adventist Hospital - Existing Hospital

	Historical for the Years Ended December 31,		Projected for the Years Ending December 31,				
	2009	2010	2011	2012	2013	2014	
Unrestricted Net Assets,							
Balance at Beginning of Year	\$	(578,960) \$	(1,934,363) \$	(2,003,000) \$	4,138,000 \$	(6,470,000) \$	(1,031,000)
Excess of revenues over expenses		(1,660,379)	4,542,524	5,987,000	4,235,000	5,279,000	5,751,000
Net unrealized gains on investments		(35,326)	37,291	-	-	-	-
Transfer (to)/from unconsolidated subsidiary		122,916	(4,802,363)	-	-	-	-
Transfer to new WAH - equipment-net/CIP		-	-	-	(15,000,000)	-	(15,380,000)
Transfer to new WAH - working capital-cash		-	-	-	-	-	(14,000,000)
Net assets released from restrictions for the acquisition of property and equipment		217,386	154,113	154,000	157,000	160,000	163,000
Change in Unrestricted Net Assets		(1,355,403)	(68,435)	6,141,000	(10,608,000)	5,439,000	(23,466,000)
Balance at End of Year	\$	(1,934,363) \$	(2,002,798) \$	4,138,000 \$	(6,470,000) \$	(1,031,000) \$	(24,497,000)
Temporarily Restricted Net Assets,							
Balance at Beginning of Year	\$	267,551 \$	554,242 \$	619,000 \$	902,000 \$	1,191,000 \$	1,486,000
Contributions		888,251	630,989	631,000	644,000	657,000	670,000
Net assets released from restrictions for the acquisition of property and equipment		(217,386)	(154,113)	(154,000)	(157,000)	(160,000)	(163,000)
Net assets released from restrictions used for operations		(384,174)	(412,140)	(194,000)	(198,000)	(202,000)	(206,000)
Change in Temporarily Restricted Net Assets		286,691	64,736	283,000	289,000	295,000	301,000
Balance at End of Year	\$	554,242 \$	618,978 \$	902,000 \$	1,191,000 \$	1,486,000 \$	1,787,000
Total Net Assets,							
Balance at Beginning of Year	\$	(311,409) \$	(1,380,121) \$	(1,384,000) \$	5,040,000 \$	(5,279,000) \$	455,000
Change in Net Assets		(1,068,712)	(3,699)	6,424,000	(10,319,000)	5,734,000	(23,165,000)
TOTAL NET ASSETS,							
BALANCE AT END OF YEAR	\$	(1,380,121) \$	(1,383,820) \$	5,040,000 \$	(5,279,000) \$	455,000 \$	(22,710,000)

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RESPONSE TO QUESTION 22 INFLATED FINANCIAL DATA

Projected Statements of Cash Flows
Washington Adventist Hospital - Existing Hospital

	Historical for the Years Ended December 31,				Projected for the Years Ending December 31,							
	2009	2010	2011	2012	2013	2014						
Cash Flows from Operating Activities												
Change in net assets	\$	(1,068,712)	\$	(3,699)	\$	6,424,000	\$	(10,319,000)	\$	5,734,000	\$	(23,165,000)
Adjustments to reconcile change in net assets to net cash provided by operating activities:												
Provision for bad debts	15,619,006	14,522,378	15,650,816	15,780,000	16,044,000	16,342,000						
Depreciation and amortization	7,106,158	7,197,724	7,887,000	7,752,000	7,361,000	7,732,000						
Bond discount amortization	9,790	9,790	29,590	10,000	10,000	10,000						
Restricted contributions	(790,754)	(572,113)	(631,000)	(644,000)	(657,000)	(670,000)						
Net unrealized gains on investments	60,783	(37,291)	0	0	0	0						
Other	174,099	133,997	0	0	0	0						
Noncash transfer to (from) affiliates	(132,883)	4,802,363	0	0	0	0						
Transfer of working capital new WAH	0	0	0	0	0	0						
Transfer of CIP, equipment-net to new WAH	0	0	0	15,000,000	0	15,380,000						
Decrease (increase) in:												
Patient accounts receivable	(10,659,244)	(23,846,215)	(11,561,051)	(16,031,000)	(16,696,000)	(17,075,000)						
Other receivables, net	(707,873)	1,450,492	(20,415)	(21,000)	(21,000)	(22,000)						
Inventories, prepaid expenses												
other current assets	(979,869)	(114,475)	212,658	(118,000)	(122,000)	(128,000)						
Increase (decrease) in:												
Accounts payable and accrued expenses	5,539,845	(4,521,646)	(68,476)	326,000	331,100	349,600						
Accrued compensation and related items	41,083	206,865	313,663	139,000	144,000	150,000						
Advances from third party payers	(300,080)	704,680	142,251	145,000	148,000	151,000						
Other noncurrent assets and liabilities	(227,083)	1,764,916	180,113	196,000	203,000	212,000						
Net Cash Provided by Operating Activities												
	13,684,266	1,697,766	18,559,149	12,215,000	12,479,100	13,266,600						
Cash Flows from Investing Activities												
Purchase of property and equipment	(6,653,985)	(6,550,983)	(6,250,000)	(6,250,000)	(6,250,000)	(6,250,000)						
Net (increase)decrease in:												
Debt service reserve funds												
- prior issues	(183,125)	2,819,032	(439)	0	0	0						
Land held for deveelopment	(3,448,452)	(2,055,211)	(1,000,120)	(886,000)	0	0						
Other	(281,565)	(31,582)	0	0	0	0						
Net Cash Used by Investing Activities												
	(10,567,127)	(5,818,744)	(7,250,559)	(7,136,000)	(6,250,000)	(6,250,000)						

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RESPONSE TO QUESTION 22 INFLATED FINANCIAL DATA

Projected Statements of Cash Flows
 Washington Adventist Hospital - Existing Hospital

	Historical for the Years Ended December 31,				Projected for the Years Ending December 31,			
	2009	2010	2011	2012	2013	2014		
Cash Flows from Financing Activities								
Payments of long-term debt	(2,936,233)	(3,609,704)	(3,866,590)	(4,541,000)	(3,566,100)	(3,549,600)		
Other	811,462	0	0	0	0	0		
Transfer to New WAH - working capital	0	0	0	0	0	(14,000,000)		
Proceeds from restricted grants and contributions	790,754	572,113	631,000	644,000	657,000	670,000		
Net Cash Provided(Used) by Financing Activities	(1,334,017)	(3,037,591)	(3,235,590)	(3,897,000)	(2,909,100)	(16,879,600)		
Net Increase in Cash and Cash Equivalents	1,783,122	(7,158,569)	8,073,000	1,182,000	3,320,000	(9,863,000)		
Cash and Cash Equivalents Beginning of Year	11,423,000	13,206,000	6,047,000	14,120,000	15,302,000	18,622,000		
Cash and Cash Equivalents End of Year	\$ 13,206,122	\$ 6,047,431	\$ 14,120,000	\$ 15,302,000	\$ 18,622,000	\$ 8,759,000		
Cash paid for interest, net of capitalized interest	\$ 1,798,598	\$ 2,548,092	\$ 3,421,000	\$ 3,298,200	\$ 3,063,100	\$ 2,872,800		

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RESPONSE TO QUESTION 22 INFLATED FINANCIAL DATA

Projected Balance Sheets
Washington Adventist Hospital - New Hospital

Washington Adventist Hospital - New Hospital

Projected as of December 31,

	2011	2012	2013	2014	2015	2016	2017	2018
ASSETS								
Current Assets								
Cash and cash equivalents	\$ -	\$ 15,001,000	\$ 7,504,000	\$ 16,643,000	\$ 29,280,000	\$ 40,092,000	\$ 52,621,000	\$ 66,511,000
Patient accounts receivable, net	0	0	0	0	41,764,000	43,650,000	45,815,000	48,131,000
Other receivables	0	0	0	0	1,100,000	1,100,000	1,100,000	1,100,000
Inventories	0	0	0	0	4,777,000	4,974,000	5,197,000	5,438,000
Prepaid expenses	0	0	0	0	501,000	511,000	521,000	531,000
Total Current Assets	0	15,001,000	7,504,000	16,643,000	77,422,000	90,327,000	105,254,000	121,711,000
Assets Whose Use is Limited								
Trustee-Held Funds:								
AMPO fund	0	0	0	5,712,000	4,212,000	712,000	0	0
Mortgage reserve fund	0	0	0	0	4,064,000	8,210,000	12,438,000	16,751,000
Total Assets Whose Use is Limited	0	0	0	5,712,000	8,276,000	8,922,000	12,438,000	16,751,000
Property and Equipment								
Land	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000
Building and improvements	0	0	0	271,802,000	271,802,000	271,802,000	271,802,000	271,802,000
Fixed and major moveable equipment	0	0	0	56,483,000	57,983,000	61,483,000	66,483,000	71,983,000
Construction in progress	0	15,000,000	159,212,000	0	0	0	0	0
Less accumulated depreciation	10,500,000	25,500,000	169,712,000	338,785,000	340,285,000	343,785,000	348,785,000	354,285,000
Total Property and Equipment	0	0	0	0	(20,693,000)	(41,811,000)	(62,970,000)	(83,742,000)
Other Assets								
Unamortized financing costs	0	16,566,000	16,566,000	16,566,000	15,495,800	14,445,500	13,418,400	12,414,500
Total Other Assets	0	16,566,000	16,566,000	16,566,000	15,495,800	14,445,500	13,418,400	12,414,500
TOTAL ASSETS	\$ 10,500,000	\$ 57,067,000	\$ 193,782,000	\$ 377,706,000	\$ 420,785,800	\$ 415,668,500	\$ 416,925,400	\$ 421,419,500

RESPONSE TO QUESTION 22 INFLATED FINANCIAL DATA

Projected Balance Sheets -- Continued

Washington Adventist Hospital - New Hospital

Washington Adventist Hospital - New Hospital
Projected as of December 31,

	2011	2012	2013	2014	2015	2016	2017	2018
LIABILITIES AND NET ASSETS								
Current Liabilities								
Accounts payable, accrued expenses & other	\$ -	\$ 1,000	\$ 4,000	\$ -	\$ 18,744,700	\$ 19,159,700	\$ 19,749,200	\$ 20,377,700
Accrued compensation and related items	0	0	0	0	9,399,000	9,638,000	9,982,000	10,350,000
Advances from third party payers	0	0	0	0	7,869,000	8,026,000	8,187,000	8,351,000
Current portion of long-term debt	0	0	0	5,435,000	5,744,000	6,071,000	6,417,000	6,782,000
Total Current Liabilities	0	1,000	4,000	5,435,000	41,756,700	42,894,700	44,335,200	45,860,700
Long-Term Debt, net of current maturities								
Taxable FHA/GNMA Debt	0	6,860,000	138,572,000	285,620,000	280,185,000	274,441,000	268,369,000	261,952,000
Total Long-Term Debt	0	6,860,000	138,572,000	285,620,000	280,185,000	274,441,000	268,369,000	261,952,000
Less current maturities	0	0	0	(5,435,000)	(5,744,000)	(6,071,000)	(6,417,000)	(6,782,000)
Total Long-Term Debt,								
Net of Current Maturities	0	6,860,000	138,572,000	280,185,000	274,441,000	268,370,000	261,952,000	255,170,000
TOTAL LIABILITIES	0	6,861,000	138,576,000	285,620,000	316,197,700	311,264,700	306,287,200	301,030,700
Net Assets								
Unrestricted	10,500,000	50,206,000	55,206,000	92,086,000	104,588,100	104,403,800	110,638,200	119,388,800
Temporarily restricted	0	0	0	0	0	0	0	1,000,000
TOTAL NET ASSETS	10,500,000	50,206,000	55,206,000	92,086,000	104,588,100	104,403,800	110,638,200	120,388,800
TOTAL LIABILITIES AND NET ASSETS	\$ 10,500,000	\$ 57,067,000	\$ 193,782,000	\$ 377,706,000	\$ 420,785,800	\$ 415,668,500	\$ 416,925,400	\$ 421,419,500

RESPONSE TO QUESTION 22 INFLATED FINANCIAL DATA

Projected Statements of Changes in Net Assets
Washington Adventist Hospital - New Hospital

Washington Adventist Hospital - New Hospital Projected as of December 31,							
	2011	2012	2013	2014	2015	2016	2017
Unrestricted Net Assets,							
Balance at Beginning of Year	\$ -	\$ 10,500,000	\$ 50,206,000	\$ 55,206,000	\$ 92,086,000	\$ 104,588,100	\$ 104,403,800
Excess of revenues over expenses	-	-	-	-	(12,497,900)	(5,184,300)	1,234,400
Net unrealized gains on investments	-	-	-	-	-	-	-
Capital contributions from AHC - cash	-	24,706,000	-	2,500,000	-	-	-
Capital contributions from AHC - working capital	-	-	-	14,000,000	20,000,000	-	-
Capital contributions from AHC - land	10,500,000	-	-	-	-	-	-
Capital contributions from AHC - equipment/CIP	-	15,000,000	-	15,380,000	-	-	-
Net assets released from restrictions for the acquisition of property and equipment	-	-	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Change in Unrestricted Net Assets	10,500,000	39,706,000	5,000,000	36,880,000	12,502,100	(184,300)	6,234,400
Balance at End of Year	\$ 10,500,000	\$ 50,206,000	\$ 55,206,000	\$ 92,086,000	\$ 104,588,100	\$ 104,403,800	\$ 110,638,200
Temporarily Restricted Net Assets,							
Balance at Beginning of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Net assets released from restrictions for the acquisition of property and equipment	-	-	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Net assets released from restrictions used for operations	-	-	-	-	-	-	-
Change in Temporarily Restricted Net Assets	0	0	0	0	0	0	0
Balance at End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Total Net Assets,							
Balance at Beginning of Year	\$ -	\$ 10,500,000	\$ 50,206,000	\$ 55,206,000	\$ 92,086,000	\$ 104,588,100	\$ 104,403,800
Change in Net Assets	10,500,000	39,706,000	5,000,000	36,880,000	12,502,100	(184,300)	6,234,400
TOTAL NET ASSETS,	\$ 10,500,000	\$ 50,206,000	\$ 55,206,000	\$ 92,086,000	\$ 104,588,100	\$ 104,403,800	\$ 120,388,800

RESPONSE TO QUESTION 22 INFLATED FINANCIAL DATA

Projected Statements of Cash Flows

Washington Adventist Hospital - New Hospital

Washington Adventist Hospital - New Hospital
Projected as of December 31,

	2011	2012	2013	2014	2015	2016	2017	2018
Cash Flows from Operating Activities								
Change in net assets	\$ 10,500,000	\$ 39,706,000	\$ 5,000,000	\$ 36,880,000	\$ 12,502,100	\$ (184,300)	\$ 6,234,400	\$ 9,750,600
Adjustments to reconcile change in net assets to net cash provided by operating activities:								
Provision for bad debts	0	0	0	0	16,991,000	17,759,000	18,640,000	19,582,000
Depreciation	0	0	0	0	21,763,200	22,168,300	22,186,100	21,775,900
Capital contributions/transfers - AHC	0	(24,706,000)	0	(2,500,000)	0	0	0	0
Capital contributions/transfers - AHC working capital	0	0	0	(14,000,000)	(20,000,000)	0	0	0
Capital contributions - AHC	(10,500,000)	(15,000,000)	0	(15,380,000)	0	0	0	0
- land/CIP/equipment	0	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(1,000,000)
Restricted contributions for capital	0	0	0	0	0	0	0	0
Decrease (increase) in:								
Patient accounts receivable	0	0	0	0	(58,755,000)	(19,645,000)	(20,805,000)	(21,898,000)
Other receivables, net	0	0	0	0	(1,100,000)	0	0	0
Inventories, prepaid expenses	0	0	0	0	0	0	0	0
other current assets	0	0	0	0	(5,278,000)	(207,000)	(233,000)	(251,000)
Increase (decrease) in:								
Accounts payable, accrued expenses and other	0	1,000	3,500	(4,818)	18,744,700	414,700	588,500	628,500
Accrued compensation and related items	0	0	0	0	9,399,000	239,000	344,000	368,000
Advances from third party payers	0	0	0	0	7,869,000	157,000	161,000	164,000
Net Cash Provided by Operating Activities	0	1,000	3,500	(4,818)	(2,864,000)	15,701,700	22,116,000	29,120,000
Cash Flows from Investing Activities								
Project expenditures	0	0	(144,211,500)	(153,693,500)	0	0	0	0
Purchase of property and equipment								
- nonproject (partially funded through AMPO Fund)	0	0	0	0	(1,500,000)	(3,500,000)	(5,000,000)	(5,500,000)
Net change in Taxable FHA/GNMA Debt Funds:								
Mortgage reserve fund	0	0	0	0	(4,064,000)	(4,146,000)	(4,228,000)	(4,313,000)
AMPO fund	0	0	0	(5,712,000)	1,500,000	3,500,000	712,000	0
Net Cash Used by Investing Activities	0	0	(144,211,500)	(159,405,500)	(4,064,000)	(4,146,000)	(8,516,000)	(9,813,000)

RESPONSE TO QUESTION 22 INFLATED FINANCIAL DATA

Projected Statements of Cash Flows
Washington Adventist Hospital - New Hospital

Washington Adventist Hospital - New Hospital
Projected as of December 31,

	2011	2012	2013	2014	2015	2016	2017	2018
Cash Flows from Financing Activities								
Taxable FHA/GNMA Security:								
Project payments	0	6,860,000	131,712,000	147,048,000	0	0	0	0
Principal payments	0	0	0	0	(5,435,000)	(5,744,000)	(6,071,000)	(6,417,000)
Payment of issuance costs	0	(16,566,000)	0	0	0	0	0	0
Payments of long-term debt	0	0	0	0	0	0	0	0
Proceeds of long-term debt	0	0	0	0	0	0	0	0
AHC capital contributions - cash	0	24,706,000	0	16,500,000	20,000,000	0	0	0
Temporarily restricted contributions	0	0	0	0	0	0	0	0
Net assets released from restrictions	0	0	0	0	0	0	0	0
for the acquisition of property and equipment	0	0	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	1,000,000
Net Cash Provided(Used) by Financing Activities	0	15,000,000	136,712,000	168,548,000	19,565,000	(744,000)	(1,071,000)	(5,417,000)
Net Increase in Cash and Cash Equivalents	0	15,001,000	(7,496,000)	9,137,682	12,637,000	10,811,700	12,529,000	13,890,000
Cash and Cash Equivalents Beginning of Year	0	0	15,000,000	7,505,318	16,643,000	29,280,300	40,092,000	52,621,000
Cash and Cash Equivalents End of Year	\$ -	\$ 15,001,000	\$ 7,504,000	\$ 16,643,000	\$ 29,280,000	\$ 40,092,000	\$ 52,621,000	\$ 66,511,000
Cash paid for interest, net of capitalized interest	\$ -	\$ -	\$ -	\$ -	\$ 15,715,000	\$ 15,406,000	\$ 15,079,000	\$ 14,733,000
AHC Capital contributions - land/CIP/equipment	\$ 10,500,000	\$ 15,000,000	\$ -	\$ 15,380,000	\$ -	\$ -	\$ -	\$ -

RESPONSE TO QUESTION 23 - HSCRC FINANCIAL RATIOS FOR INFLATED TABLE 3

HSCRC RATIO ANALYSIS
Washington Adventist Hospital

Washington Adventist Hospital - Existing Hospital
Historical/Projected for the Years Ending December 31,

	2009	2010	2011	2012	2013	2014
PROFITABILITY						
Operating Margin	-0.7%	1.8%	2.5%	1.7%	2.1%	2.3%
Excess Margin	-0.7%	2.0%	2.5%	1.7%	2.1%	2.3%
Ratios Computed Based on Table 3 Groupings:						
Operating Revenue less Bad Debt	\$239,221,000	\$210,845,000	\$240,648,000	\$242,272,000	\$246,299,000	\$250,820,000
(includes investment income)						
Operating income	\$ (1,660,000)	\$ 4,203,000	\$ 5,987,000	\$ 4,235,000	\$ 5,279,000	\$ 5,750,000
(includes investment income)						
Excess of Revenue over Expenses	\$ (1,659,000)	\$ 4,542,000	\$ 5,987,000	\$ 4,235,000	\$ 5,279,000	\$ 5,750,000

DEBT RELATED

Debt to Capitalization	1.026	1.028	0.943	1.112	1.017	1.753
Total Long Term Debt	\$ 76,118,000	\$ 72,518,000	\$ 68,652,000	\$ 64,421,000	\$ 60,564,000	\$ 57,024,000
Unrestricted Net Assets	(1,934,000)	(2,003,000)	4,138,000	(6,470,000)	(1,031,000)	(24,497,000)
Capitalization	\$ 74,184,000	\$ 70,515,000	\$ 72,790,000	\$ 57,891,000	\$ 59,595,000	\$ 32,527,000
Debt Service Coverage Ratio						
EBITDA:						
EXCESS OF REVENUE OVER EXPENSES	\$ (1,659,000)	\$ 4,542,000	\$ 5,987,000	\$ 4,235,000	\$ 5,279,000	\$ 5,750,000
Add back:						
Interest expense	2,330,000	2,548,000	3,421,000	3,298,000	3,063,000	2,873,000
HUD Mortgage Insurance Premium	0	0	0	0	0	0
Depreciation and amortization	7,193,000	7,198,000	7,887,000	7,752,000	7,561,000	7,732,000
excludes "IT Depreciation"	\$ 7,864,000	\$ 14,288,000	\$ 17,295,000	\$ 15,285,000	\$ 15,703,000	\$ 16,355,000
EBITDA						
Current Year Debt Service:						
Interest Expense - all components	\$ 2,330,000	\$ 2,548,000	\$ 3,421,000	\$ 3,298,000	\$ 3,063,000	\$ 2,873,000
HUD Mortgage Insurance Premium	0	0	0	0	0	0
Current Principal payments	2,936,000	3,610,000	3,867,000	4,541,000	3,566,000	3,550,000
Current Year Debt Service	\$ 5,266,000	\$ 6,158,000	\$ 7,288,000	\$ 7,839,000	\$ 6,629,000	\$ 6,423,000
Debt Service Coverage Ratio	1.493	2.320	2.373	1.950	2.369	2.546
EBITDA Margin	3.3%	6.2%	7.2%	6.3%	6.4%	6.5%

LIQUIDITY

Days of Cash on Hand	20.6	10.1	22.7	24.3	29.1	13.5
Operating Expenses	\$256,500,000	\$241,164,000	\$250,312,000	\$253,767,000	\$257,064,000	\$261,412,000
Less Depreciation	(7,193,000)	(7,198,000)	(7,887,000)	(7,752,000)	(7,561,000)	(7,732,000)
Less Bad Debt Expense	(15,619,000)	(14,522,000)	(15,651,000)	(15,780,000)	(16,044,000)	(16,342,000)
Cash Operating Expenses	\$233,688,000	\$219,444,000	\$226,774,000	\$220,235,000	\$233,659,000	\$237,338,000
Cash Operating Expenses/Day	\$ 640,241	\$ 601,216	\$ 621,299	\$ 630,781	\$ 640,162	\$ 650,241
Cash and Cash Equivalents	\$ 13,206,122	\$ 6,047,431	\$ 14,120,000	\$ 15,302,000	\$ 18,622,000	\$ 8,759,000

Washington Adventist Hospital - New Hospital
Projected for the Years Ending December 31,

	2011	2012	2013	2014	2015	2016	2017	2018
PROFITABILITY								
Operating Margin	n/a	n/a	n/a	n/a	-4.8%	-1.9%	0.4%	2.9%
Excess Margin	n/a	n/a	n/a	n/a	-4.8%	-1.9%	0.4%	2.9%
Ratios Computed Based on Table 3 Groupings:								
Operating Revenue less Bad Debt	\$ -	\$ -	\$ -	\$ -	\$ 262,857,000	\$ 275,402,000	\$ 289,586,000	\$ 305,007,000
(includes investment income)								
Operating income	\$ -	\$ -	\$ -	\$ -	\$ (12,498,000)	\$ (5,184,000)	\$ 1,234,000	\$ 8,750,000
(includes investment income)								
Excess of Revenue over Expenses	\$ -	\$ -	\$ -	\$ -	\$ (12,498,000)	\$ (5,184,000)	\$ 1,234,000	\$ 8,750,000
DEBT RELATED								
Debt to Capitalization	n/a	0.120	0.715	0.756	0.728	0.724	0.708	0.687
Total Long Term Debt	\$ -	\$ 6,860,000	\$ 138,572,000	\$ 285,620,000	\$ 280,185,000	\$ 274,441,000	\$ 268,369,000	\$ 261,952,000
Unrestricted Net Assets	\$ 10,500,000	\$ 50,206,000	\$ 55,206,000	\$ 92,086,000	\$ 104,588,100	\$ 104,403,800	\$ 110,638,200	\$ 119,188,800
Capitalization	\$ 10,500,000	\$ 57,066,000	\$ 193,778,000	\$ 377,706,000	\$ 384,773,100	\$ 378,844,800	\$ 379,007,200	\$ 381,140,000
Debt Service Coverage Ratio								
EBITDA:								
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ (12,498,000)	\$ (5,184,000)	\$ 1,234,000	\$ 8,750,000
Add back:								
Interest expense	0	0	0	0	15,715,000	15,406,000	15,079,000	14,733,000
HUD Mortgage Insurance Premium	0	0	0	0	1,696,000	1,666,000	1,635,000	1,602,000
Depreciation and amortization	0	0	0	0	21,763,000	22,168,000	22,186,000	21,776,000
excludes "IT Depreciation"	\$ -	\$ -	\$ -	\$ -	\$ 26,676,000	\$ 34,056,000	\$ 40,154,000	\$ 46,861,000
EBITDA								
Current Year Debt Service:								
Interest Expense - all components	\$ -	\$ -	\$ -	\$ -	\$ 15,715,000	\$ 15,406,000	\$ 15,079,000	\$ 14,733,000
HUD Mortgage Insurance Premium	0	0	0	0	1,696,000	1,666,000	1,635,000	1,602,000
Current Principal payments	0	0	0	0	5,435,000	5,744,000	6,071,000	6,417,000
Current Year Debt Service	\$ -	\$ -	\$ -	\$ -	\$ 21,150,000	\$ 21,150,000	\$ 21,150,000	\$ 21,150,000
Debt Service Coverage Ratio	n/a	n/a	n/a	n/a	1.261	1.610	1.898	2.216
EBITDA Margin	n/a	n/a	n/a	n/a	10.1%	12.4%	13.9%	15.4%
LIQUIDITY								
Days of Cash on Hand	n/a	n/a	n/a	n/a	42.1	56.6	72.2	88.4
Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ 292,346,000	\$ 298,345,000	\$ 306,992,000	\$ 315,839,000
Less Depreciation	0	0	0	0	(21,763,000)	(22,168,000)	(22,186,000)	(21,776,000)
Less Bad Debt Expense	0	0	0	0	(16,991,000)	(17,759,000)	(18,640,000)	(19,582,000)
Cash Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ 253,592,000	\$ 258,418,000	\$ 266,166,000	\$ 274,481,000
Cash Operating Expenses/Day	\$ -	\$ -	\$ -	\$ -	\$ 694,773	\$ 707,995	\$ 729,222	\$ 752,003
Cash and Cash Equivalents	\$ -	\$ 15,001,000	\$ 7,504,000	\$ 16,643,000	\$ 29,280,000	\$ 40,092,000	\$ 52,621,000	\$ 66,511,000

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