

**IN THE MATTER OF**

**ADVENTIST HEALTHCARE, INC.**

**d/b/a WASHINGTON ADVENTIST**

**HOSPITAL**

**Docket No.: 13-15-2349**

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**BEFORE THE**

**MARYLAND HEALTH**

**CARE COMMISSION**

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**REQUEST TO MODIFY A CERTIFICATE OF NEED CONDITION**

**RELOCATION OF WASHINGTON ADVENTIST HOSPITAL**

**STAFF REPORT AND RECOMMENDATION**

**July 15, 2021**

## I. Background and Introduction

In December 2015, the Maryland Health Care Commission (MHCC) granted a Certificate of Need (CON) to Washington Adventist Hospital (WAH), which authorized the relocation of a general hospital that operated for many years in Takoma Park and was co-located with a special rehabilitation hospital. Under this Certificate of Need (CON), Adventist Health Care, Inc. (Adventist or AHC) built a replacement hospital (AHC White Oak Medical Center) in the White Oak area of Silver Spring in Montgomery County, approximately 6.6 miles from the former Takoma Park campus. The replacement hospital opened in 2019.

In the review of this relocation, the City of Takoma Park (the “City”) sought Participating Entity status<sup>1</sup> in the review. The City voiced concern about the impact of a relocation on geographic access to health care for city residents and access to affordable health care for the city’s indigent and uninsured residents. The City asked the Commission to “require AHC to take all reasonable actions to mitigate the adverse impacts on Takoma Park residents’ “geographic and financial access to health care.”<sup>2</sup>

As a response to the City’s concerns, Commissioner Fran Philips, the Reviewer in this case, recommended, AHC accepted, and the Commission approved the following condition, which was ordered as the first of five conditions of the Certificate of Need issued to AHC on December 17, 2015:

1. Adventist HealthCare, Inc., must open an urgent care center in its Takoma Park campus coinciding with its closure of general hospital operations on that campus. The urgent care center must be open an urgent care center on its Takoma Park campus coinciding with its closure of general hospital operations on that campus. The urgent care center must be open every day of the year, and be open 24 hours a day. Adventist HealthCare, Inc. may not eliminate this urgent care center or reduce its hours of operation without the approval of the Maryland Health Care Commission.

(Appendix A, Certificate of Need issued December 17, 2015, page 2.)<sup>3</sup> Adventist opened the urgent care center (UCC) on August 26, 2019, when general hospital operations moved to the Silver Spring site, and has operated the center 24 hours a day, seven days a week, and every day

<sup>1</sup> The City’s status as a “municipality where the proposed project will be located or from which an existing health care facility seeks to relocate” qualified it as a *Participating entity*, which “shall have its comments on an applicant’s conformance with State Health Plan standards and review criteria considered and analyzed by a reviewer in a proposed decision or by Commission staff in a staff report to an application.” COMAR 10.24.01.

<sup>2</sup> Cited in Reviewer’s Recommended Decision, In the Matter of Adventist Healthcare, Inc. d/b/a Washington Adventist Hospital, Docket No.: 13-15-2349

<sup>3</sup> Following issuance of the December 17, 2015 Certificate of Need, the Commission issued a MODIFIED Certificate of Need on September 19, 2017, which did not modify any of the conditions #1-5 ordered in the December 2015 Certificate of Need. On September 20, 2018, the Commission issued a SECOND MODIFIED Certificate of Need that removed conditions #2-5 that were part of the December 17, 2015 CON approval based on a finding that conditions #2-5 “will no longer be relevant,” but ordered that condition #1, requiring Adventist to operate a urgent care center 24 hours a day, 24 hours a day, remain in place.

of the year (24/7/365) since that start. AHC uses the former emergency department space of the former general hospital to provide urgent care center services. AHC reports investing nearly \$450,000 in startup expenses and marketing the UCC through a variety of channels. AHC operates four UCCs. The other three UCCs are in Rockville, Germantown, and Laurel. AHC also operates two other general hospitals, in addition to the White Oak Medical Center, and a freestanding medical facility in Germantown.

## **II. Modification Request and Comment**

Adventist is requesting that the UCC condition placed on the CON be modified to require operation of the UCC for 12 hours per day rather than the current requirement of 24 hours per day. Adventist also proposes that the approval of this change be conditioned on submission of a plan to ensure access to urgent and/or primary care services in Takoma Park that would be sustainable over the long term. Adventist proposes that the Commission could act on this sustainable plan at the October 2021 meeting. Adventist states that the combination of low visit volume at the Takoma Park UCC and the costs of round-the-clock staffing is resulting in significant losses in operation of the UCC. This is the basis of Adventist's October 2020 request to modify the UCC condition, as described in Parts III and IV of this report, to reduce the required number of daily operating hours from 24 to 12 hours per day.

The City of Takoma Park filed a comment on the proposed change in the UCC condition on March 3, 2021. (The comment is attached to this report as Appendix B.) On behalf of Takoma Park, City Manager Suzanne R. Ludlow expressed frustration with AHC's withdrawal of a special hospital and other facilities and services from the Takoma Park campus.<sup>4</sup> She expressed the view that Takoma Park residents had unmet health care needs and AHC was working to remove required commitments to Takoma Park. Specific to the UCC, she was critical of AHC's marketing, the poor service provided, as evidenced by complaints received by the City, and the unattractive appearance. The letter acknowledged that "having a poor quality urgent care center open through the night hours may not be the best use of Adventist Healthcare funds and is not meeting the needs of the Takoma Park community." She concludes that, "the very real primary and behavioral health needs that were intended to be met through the commitments in the Certificate of Need still need to be met." Four Montgomery County legislators (District 20) endorsed the City's comment. (See Appendix C.)

AHC responded to Takoma Park's comment. (See Appendix D.) In the March 17, 2021 letter, AHC outlines allowing an operating schedule change subject to returning to the Commission within a few months, with broader plan development aimed at putting forward a sustainable alternative condition to the condition approved in 2015. It is described in the letter as a "long-term

<sup>4</sup> As approved in 2015, two special hospitals, the existing rehabilitation hospital and a special psychiatric hospital replacing the former general hospital unit at WAH, were planned to remain in Takoma Park. AHC subsequently gained approval to relocate these special hospital facilities to Silver Spring and Rockville. MHCC approved co-location of the general hospital and special rehabilitation hospital at the White Oak campus, returning to the Takoma Park campus model, and consolidation of psychiatric hospital facilities and services in Rockville with the following exception; ten adult acute psychiatric beds were authorized for operation at White Oak. However, this unit only operated for a short period before AHC suspended operation as a measure responding to the COVID-19 emergency. AHC has proposed closing this unit, consolidating all psychiatric hospital services in Rockville at AHC Shady Grove Medical Center.

plan for providing care in Takoma Park.” AHC states that it would “seek the input of local stakeholders in developing the plan.”

MHCC staff engaged in discussions with AHC leadership and the City Manager following this exchange and invited AHC to refile an updated request for review in July.

Adventist states that the combination of low volumes and the costs of round-the-clock staffing is resulting in significant losses in the Takoma Park UCC operation.

### III. Utilization of the AHC Takoma Park UCC

Takoma Park UCC utilization over the nearly two years since opening has been light, when compared to AHC’s other urgent care centers. The following table compares visit volume over the period in which the Takoma Park UCC has been operational. As shown in the table, over the past 23 months, the Takoma Park UCC experienced about half the visits experienced by the Germantown and Laurel UCCs and about 56% of the visit volume seen at Rockville. In considering this table, it is important to recognize that the Takoma Park UCC is the only AHC center operated 24 hours per day. AHC reports that 3,836 visits during this 23-month period occurred between the hours of 8p.m. and 8a.m., about 22% of total visits over that period. In the six months reported for 2021, the Takoma Park UCC has averaged 33.3 visits per week during the twelve hours of 8p.m. – 8a.m., an average of about 4.8 visits per day during this overnight shift.

**Table 1: Visits at AHC Urgent Care Centers Operated by Adventist HealthCare  
August 2019 – June 2021**

Month	Germantown	Rockville	Laurel	Takoma Park
August 2019	1,100	1,034	1,241	72
September	1,143	1,025	1,295	370
October	1,019	1,078	1,451	419
November	1,030	1,058	1,313	279
December	1,422	1,378	1,508	375
January 2020	1,439	1,248	1,532	349
February	1,373	1,255	1,398	356
March	1,218	1,030	1,232	340
April	574	510	626	314
May	903	713	708	312
June	978	962	945	507
July	2,067	1,979	1,935	1,336
August	2,294	2,233	2,210	1,544
September	1,534	1,648	1,635	1,107
October	1,857	1,824	1,985	1,265
November	2,655	2,262	2,472	2,201
December	2,702	2,351	2,679	2,002
January 2021	2,107	1,765	2,161	1,132
February	1,221	1,057	1,338	663
March	1,281	1,076	1,423	655
April	1,289	1,007	1,221	587
May	1,203	1,028	1,167	500

June	1,378	1,224	1,301	543
	33,787	30,475	34,776	17,228

Source: Exhibit A, AHC Request for Modification of the Condition,  
July 6, 2021

#### IV. Financial Performance of the AHC Takoma Park UCC

AHC maintains that the Takoma Park UCC is not sustainable at the 24/7/365 operating schedule. By its accounting, AHC reports a loss of about \$1.9 million over the 22 months of August 2019 through May 2021, an average monthly loss of \$87,196. AHC reports two months of operating in the black, November and December of 2020, the only two months in which the UCC topped 2,000 visits. Approximately \$394,000 in losses in the first five months of 2021 have been recorded. AHC compares this performance to the other higher volume UCCs; both Laurel and Germantown have produced profits in the same five-month period (\$114K or 13.6% of sales and \$42K or 4.7% of sales, respectively). Rockville has experienced a slight loss (\$5K, essentially a break-even level of operation). AHC provided the data outlined in the following table.

**Table 2: Financial Performance of Takoma Park UCC**

	<b>Aug-Dec 2019</b>	<b>2020</b>	<b>Jan-May 2021</b>	<b>Cumulative Total</b>
<b>Total Operating Revenue</b>	\$214,936	\$1,378,156	\$402,866	\$1,995,958
<b>Total Operating Expense</b>	\$880,718	\$2,236,462	\$797,093	\$3,914,273
<b>Net Revenue</b>	(\$665,782)	(\$858,307)	(\$394,227)	(\$1,918,315)

Source: Exhibit G, AHC Request for Modification of the Condition,  
July 6, 2021

AHC does not provide projected financial performance improvements for the Takoma Park UCC in the modification request. However, in a 2021 filing, AHC forecasted that a 12-hour operation would have a 25% reduction in revenue compared to the current 24-hour operation, and would cut total operating expenses by 37%. While still projecting a loss of approximately one million dollars in 2021 operating with 12-hour days, the change was projected to improve the bottom line by \$672,000.

#### V. Other Issues Cited by AHC

AHC notes that Takoma Park is served by five non-AHC affiliated urgent care centers located within a 2.1 mile radius of the AHC Takoma Park UCC (see Appendix E for details).

#### VI. Staff Analysis and Recommendation

Based on the information presented by AHC, the Takoma Park UCC has not experienced high levels of use during the first two years of existence. The relatively light visit volume may reflect factors related to the site location and access to the site, the location of the center within a relatively older former hospital emergency room, the marketing efforts of AHC, the level of local competition presented within the UCC's service area, or operational issues that work against improving the patient experience, resulting in poor word-of-mouth marketing and poor return business.

Staff does not believe that a lack of accessible and available urgent care capacity is a critical problem for the City of Takoma Park, given the number of urgent care centers in the area and the relatively light use of the AHC urgent care center. The City's comments reflect that availability of an urgent care center on the former hospital campus is probably not the highest priority for improving health care delivery that would be identified by City leadership or the City's residents in 2021.

Staff finds the information presented by AHC on visit frequency by time of day establishes a strong basis for reducing the operating hours of the UCC to one that is more typical of urgent care center operations. Staff also finds that AHC's case for improving financial performance of the UCC with a reduced operating schedule is correct. While the proposed change would mean that the region's population would need to primarily rely on hospital emergency departments or freestanding medical facilities for urgent care needs through the nighttime hours, this market condition is faced by nearly all Marylanders. Twenty-four hour operation of UCCs is quite rare.

Staff believes that the frustration expressed by the City of Takoma Park is understandable. The former Takoma Park hospital campus was envisioned as a special hospital campus when the CON authorizing relocation of the hospital was approved in 2015. Staff has supported, in most respects, the decisions made by AHC since 2015, as its financial status improved, to consolidate facilities and services, reducing the number of hospital campuses it operates within a short driving distance in northeastern Montgomery County. These choices made sense in terms of operational effectiveness and cost without significantly altering access to services. But these choices have reduced and will continue to reduce AHC's "footprint" in Takoma Park, leading to an understandable perception that former commitments have changed. When coupled with the slower than hoped for launch of the UCC services, the lack of trust or reasonable expectations that the UCC operation will be maintained is reasonable.

Under these circumstances, MHCC staff found that the original change proposed by Adventist, a simple change in the operating hours condition, was not the best approach for addressing the bigger and longer-term question of how AHC can continue to help improve availability and accessibility of health care facilities and services for the residents of Takoma Park. For this reason, the current approach proposed by Adventist is preferable.

For these reasons, staff recommends that the Commission grant the petitioner's request to modify the first condition to the CON, (Docket No.: 13-15-2349), issued December 17, 2015 and continued in the September 19, 2017 Modified Condition of Need and September 20, 2018 Second Modified Condition of Need, allowing the reduction of the hours of operation of the Takoma Park UCC from 24 hours every day to 12 hours per day. Staff recommends that the condition be modified to state:

The urgent care center required to be operated by Adventist HealthCare, Inc. in Takoma Park following the relocation of Washington Adventist Hospital is temporarily authorized to operate every day of the year for at least 12 hours per day. Adventist HealthCare, Inc. may not eliminate this urgent care center or further reduce its hours of operation without the approval of the Maryland Health Care Commission. This condition is temporary, and the urgent care center will revert to

its former 24-hour operating schedule unless Adventist HealthCare, Inc. returns to the Commission at its October 2021 monthly meeting with a plan for ensuring access to urgent and/or primary care services in Takoma Park that will be sustainable over the long term, and that plan is approved by the Commission. Acceptance of this plan by the Commission will constitute an alternative condition to the urgent care center condition adopted in approval of the Certificate of Need issued in 2015 authorizing the hospital relocation. Adventist HealthCare, Inc. shall bring this plan to the Commission for action at its October 2021 monthly meeting, unless an extension is granted for good cause shown.

<b>IN THE MATTER OF</b>  <b>ADVENTIST HEALTHCARE, INC.</b>  <b>d/b/a WASHINGTON ADVENTIST</b>  <b>HOSPITAL</b>  <b>Docket No.: 13-15-2349</b>	* * * * * * * *	<b>BEFORE THE</b>  <b>MARYLAND HEALTH</b>  <b>CARE COMMISSION</b>
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Based on Commission Staff's analysis in the preceding Report and Recommendation, it is this 15<sup>th</sup> day of July 2021, **ORDERED**:

That condition number 1 requiring operation of an urgent care center attached to the December 17, 2015 Certificate of Need authorizing relocation of Washington Adventist Hospital, Docket No. 13-14-2349, and continued in the September 19, 2017 Modified Condition of Need and September 20, 2018 Second Modified Condition of Need is to be temporarily replaced by the following modified condition:

The urgent care center required to be operated by Adventist HealthCare, Inc. in Takoma Park following the relocation of Washington Adventist Hospital is temporarily authorized to operate every day of the year for at least 12 hours per day. Adventist HealthCare, Inc. may not eliminate this urgent care center or further reduce its hours of operation without the approval of the Maryland Health Care Commission. This condition is temporary and the urgent care center will revert to its former 24-hour operating schedule unless Adventist HealthCare, Inc. returns to the Commission at its October 2021 monthly meeting with a plan for ensuring access to urgent and/or primary care services in Takoma Park that will be sustainable over the long term, and the Commission approves that plan. Acceptance of this plan by the Commission will constitute an alternative condition to the urgent care center condition adopted in approval of the Certificate of Need issued in 2015 authorizing the hospital relocation. Adventist HealthCare, Inc. shall bring this plan to the Commission for action at its October 2021 monthly meeting, unless an extension is granted for good cause shown.



**APPENDIX A: CERTIFICATE OF NEED ISSUED TO ADVENTIST HEALTHCARE,  
INC. DECEMBER 17, 2015**

## MARYLAND HEALTH CARE COMMISSION

### Certificate of Need

**TO:** Terry Forde  
Chief Executive Officer  
Adventist HealthCare, Inc.  
820 West Diamond Avenue  
Gaithersburg, Maryland 20878

December 17, 2015  
Date

**RE:** Relocation of  
Washington Adventist Hospital  
And Establishment of a Special Hospital-Psychiatric

13-15-2349  
Docket No.

### PROJECT DESCRIPTION

This Certificate of Need authorizes Adventist HealthCare, Inc. to relocate Washington Adventist Hospital ("WAH") to a site of approximately 49 acres at 12100 Plum Orchard Drive in the White Oak area of Silver Spring in Montgomery County. The replacement general hospital will have 170 private patient rooms. Its total 170 beds will consist of 152 medical/surgical/gynecological/addictions beds and 18 obstetric (post-partum) beds. It will also have a 20-bed observation/clinical decision unit. The replacement hospital will have eight operating rooms and an emergency department with 32 treatment spaces.

The 40 acute psychiatric beds currently operated as a unit of WAH will remain in operation in expanded and renovated space on the Takoma Park campus after relocation of the general hospital and will be relicensed as special hospital-psychiatric beds that will be operated by the AHC Behavioral Health & Wellness division of Adventist HealthCare, Inc. The separately-licensed special hospital for medical rehabilitation, with 24 beds, will continue to operate in Takoma Park within its current building space. Adventist HealthCare, Inc. will also operate an urgent care center in the space currently occupied by WAH's Emergency Department. It will be put into operation when the existing hospital closes its Emergency Department and the replacement hospital opens, and will operate 24 hours per day on every day of the year.

The replacement general hospital will have seven levels above grade with a penthouse and a basement level encompassing a total of 427,662 square feet of new construction. The expansion and renovation of existing hospital building space in Takoma Park for the special hospital-psychiatric unit and behavioral health program will involve 15,900 square feet.

The approved project cost is \$330,829,524 for the relocation and replacement of the general hospital and \$5,223,506 for the renovation/expansion of the existing inpatient psychiatric unit, for a total of \$336,053,030. The general hospital relocation and replacement project will be funded through: the sale of bonds, raising \$244,750,000; an equity cash contribution of \$50,575,175; \$20 million from philanthropic gifts; \$11 million in contributed land; and \$4,504,349 in interest income. The central utility plant for the replacement hospital will be built by a third party, with

Docket No. 13-15-2349

December 17, 2015

Page 2

the hospital buying power as an operating expense. The cost of renovating the space for the 40-bed special hospital-psychiatric will be funded with debt.

Adventist proposed a multi-phased construction plan, with each project phase conducted under a separate contract, as described below. Timeframes for each phase are described in the performance requirements.

Phase 1: consists of early site work on the White Oak campus that is a prerequisite for work on foundations and footings. Work will include clearing and grubbing, relocation of existing utilities, and construction of site access roads and staging areas.

Phase 2: consists of the new hospital building construction, fit-out and the remainder of the site work not required for commencement of the building construction such as final grading, paving, landscaping and site lighting. Adventist requested that the Commission authorize a 32-month period for this hospital construction phase.

Phase 3: consists of the renovation of existing hospital space to convert the general hospital psychiatric unit to functionality as a special hospital-psychiatric, following completion of Phase 2, and conversion of the emergency department into an urgent care center.

### **ORDER**

The Maryland Health Care Commission considered the Reviewer's Recommended Decision, exceptions to the Recommended Decision, and heard arguments on the exceptions at its public meeting on December 17, 2015. The Commission ordered that a Certificate of Need be awarded to Adventist HealthCare, Inc. authorizing the relocation of the general hospital, the relicensure of the 40 inpatient psychiatric beds as special hospital-psychiatric, at a project cost of \$336,053,030, and the reconfiguration of the existing Takoma Park campus as described above, subject to the following conditions:

1. Adventist HealthCare, Inc. must open an urgent care center on its Takoma Park campus coinciding with its closure of general hospital operations on that campus. The urgent care center must be open every day of the year, and be open 24 hours a day. Adventist HealthCare, Inc. may not eliminate this urgent care center or reduce its hours of operation without the approval of the Maryland Health Care Commission.
2. In the fourth year of operation of a replacement Washington Adventist Hospital, Adventist HealthCare, Inc. shall provide a report to the Maryland Health Care Commission on the operation of the specialty hospital for psychiatric services in Takoma Park. This report must review patient intake and transport issues,

coordination of care for psychiatric patients between the White Oak and Takoma Park campuses, and the specific financial performance of the special hospital, exclusive of the operation of Adventist Behavioral Health and Wellness overall.

3. Adventist HealthCare, Inc. will not finish the shell space in the relocated Washington Adventist Hospital without giving notice to the Commission and obtaining all required Commission approvals.
4. Adventist HealthCare, Inc. will not request an adjustment in rates by the Health Services Cost Review Commission ("HSCRC") that includes depreciation or interest costs associated with construction of the proposed shell space at the relocated Washington Adventist Hospital until and unless Adventist HealthCare, Inc. has filed a Certificate of Need ("CON") application involving the finishing of the shell space, has obtained CON approval for finishing the shell space, or has obtained a determination of coverage from the Maryland Health Care Commission that CON approval for finishing the shell space is not required.
5. The HSCRC, in calculating any future budget or rates for Adventist HealthCare, Inc. d/b/a Washington Adventist Hospital and its peer group, shall exclude the interest and depreciation associated with the \$3,410,579 estimated cost of constructing the shell space, which includes portions of the contingency, capitalized interest, and inflation allowance for the project, until such time as the space is finished and put to use in a rate-regulated activity. In calculating any budget or rate that includes an accounting for capital costs associated with the shell space, HSCRC shall exclude any depreciation of the shell space that has occurred between the construction of the shell space and the time of the rate calculation (i.e., the rate should only account for depreciation going forward through the remaining useful life of the space). Allowable interest expense shall also be based on the interest expenses going forward through the remaining useful life of the space.

## PERFORMANCE REQUIREMENTS

In accordance with the conditions of the Certificate of Need set forth above and COMAR 10.24.01.12C(2) and (3), the project is subject to the following performance requirements:

1. Obligation of not less than 51 percent of the capital expenditure for Phase 1, as documented by a binding construction contract, within 12 months of this Certificate of Need;
2. Initiation of construction within four months of the effective date of the binding construction contract; and

3. Completion of Phase 1 within 24 months after the effective date of the binding construction contract.
4. Obligation of not less than 51% of the capital expenditure for Phase 2, as documented by binding construction contracts, within 12 months of completion of the preceding phase.
5. Initiation of construction within four months of the effective date of the binding construction contract for Phase 2 and
6. Completion of Phase 2 within 32 months after the effective date of the binding construction contract for that phase.
7. Obligation of not less than 51 percent of the capital expenditure for the renovation of space for Phase 3, within 12 months of completion of Phase 2 above, as documented by a binding construction contract;
8. Initiation of construction within four months of the effective date of the binding construction contract for Phase 3; and
9. Completion of Phase 3 within 24 months after the effective date of the binding construction contract.

Adventist HealthCare, Inc. must notify the Commission, in its quarterly status reports, when it executes each binding construction contract for each phase of the project including the contract for renovation of space for the special hospital-psychiatric, when construction is initiated on each phase, and when each phase is complete. Failure to meet these performance requirements will render this Certificate of Need void, subject to the requirements of COMAR 10.24.01.12F through I.

## **PROPOSED CHANGES TO APPROVED PROJECT**

Before making any changes to the facts in the Certificate of Need application and other information provided to the Commission, Adventist HealthCare, Inc. must notify the Commission in writing and receive Commission approval of each proposed change, including the obligation of any funds above those approved by the Commission in this Certificate of Need, in accordance with COMAR 10.24.01.17. Pursuant to COMAR 10.24.01.17B(2), the project cannot incur capital cost increases that exceed the approved capital cost inflated by an amount determined by applying the Building Cost Index published on a quarterly basis by Global Insight in Health-Care Cost Review unless it obtains a modification of this Certificate of Need from the Commission. Instructions for determining the threshold that necessitates Commission review and approval of changes to the capital cost approved in this Certificate of Need are located on the Commission's website at: [http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs\\_con/documents/con\\_cap\\_cost\\_index\\_1st\\_qtr\\_2015.pdf](http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_con/documents/con_cap_cost_index_1st_qtr_2015.pdf)

**DESIGN APPROVAL AND FACILITIES LICENSURE BY DHMH**

This Certificate of Need does not constitute a license or replace any approvals required by the Office of Health Care Quality (“OHCQ”) or other divisions of the Department of Health and Mental Hygiene (“DHMH”) to construct and operate a new health care facility or to operate new space within an existing facility. Adventist HealthCare, Inc. must provide DHMH with all information it requires for plan approval or approval to put new or renovated space within the facility into use, including information pertaining to project design and specifications.

**QUARTERLY STATUS REPORTS**

Adventist HealthCare, Inc. must file quarterly status reports on the approved project, beginning March 17, 2016, three months from the date of this Certificate of Need, and continuing through the completion of both the replacement hospital and the renovations for the special hospital-psychiatric.

**REQUEST FOR FIRST USE REVIEW**

Adventist HealthCare, Inc. must request in writing, not less than 60 days but not more than 120 days before the first use of the replacement hospital, a first use review from the Commission, specifying the anticipated date of first use and documenting that the project has been substantially completed and will be completed, within 120 days or less, in a manner and at a cost consistent with this HealthCare, Inc.. Adventist HealthCare, Inc. must also request in writing, not less than 60 days but not more than 120 days before licensure of the psychiatric unit to remain on the Takoma Park campus as a special hospital-psychiatric. Commission staff will review the request in consultation, as necessary, with OHCQ, and in accordance with COMAR 10.24.01.18, to determine whether the project is in conformance with the Certificate of Need. First use approval does not constitute a license or replace any approvals required by OHCQ or others within DHMH to operate a new health care facility or new space within an existing facility. Therefore, Adventist HealthCare, Inc. should assure that OHCQ is notified of the imminent completion of the project and should arrange for completion of any inspections and or approvals required by OHCQ in a timely manner. First use approval remains in effect for 90 days. If first use of the new building space does not occur within 90 days of approval, Adventist HealthCare, Inc. shall reapply for first use approval.

Docket No. 13-15-2349

December 17, 2015

Page 6

**ACKNOWLEDGEMENT OF RECEIPT OF CERTIFICATE OF NEED.**

Acknowledgement of your receipt of this Certificate of Need, stating acceptance of its terms and conditions, is required within thirty (30) days.

**MARYLAND HEALTH CARE COMMISSION**

A handwritten signature in black ink, appearing to read 'Ben Steffen', is written over a horizontal line.

Ben Steffen  
Executive Director

cc: Patricia Tomsco Nay, M.D., Office of Health Care Quality  
Donna Kinzer, Executive Director, HSCRC  
Ulder Tillman, M.D., Health Officer, Montgomery County

**APPENDIX B: LETTER FROM CITY OF TAKOMA PARK**



# City of Takoma Park, Maryland

**Office of the City Manager**

Tel: (301) 891-7230

Fax: (301) 270-8794

email: [SuzanneL@takomaparkmd.gov](mailto:SuzanneL@takomaparkmd.gov)



7500 Maple Avenue  
Takoma Park, MD 20912  
[www.takomaparkmd.gov](http://www.takomaparkmd.gov)

*Suzanne R. Ludlow, City Manager*

March 3, 2021

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

Dear Executive Director Steffen:

Thank you for providing the City of Takoma Park the opportunity to comment on the proposal by Adventist Healthcare to reduce the hours of operation of its Takoma Park urgent care facility.

The City of Takoma Park believes that the request by Adventist Healthcare, Inc. to reduce the hours of the urgent care center is part of a continuous effort to move all of its health services away from Takoma Park. While we believe that the lower number of patients at the Takoma Park urgent care center is largely self-created by the lack of promotion and the unprofessional appearance of the facility, the City repeats the requests that it has had for years:

**The City of Takoma Park asks the Maryland Health Care Commission to require Adventist Healthcare to provide critical primary and behavioral health services to residents in and near Takoma Park. The need for these services was clearly demonstrated throughout the Certificate of Need process when Adventist Healthcare requested authorization to move Washington Adventist Hospital out of Takoma Park. The City appreciated the conditions imposed by the Maryland Health Care Commission in the Certificate of Need decision. However, since that time, Adventist Healthcare has been diligently working to remove itself from the commitments made to the State of Maryland and to the City of Takoma Park.**

The City of Takoma Park has been reeling from all the medical care that has been lost from our community. When the Certificate of Need was being finalized, we were assured that there were eight major health services that would remain in Takoma Park, including inpatient Behavioral Health, Rehabilitation Hospital beds, laboratory services, and a 24-hour urgent care center (in lieu of the free-standing emergency department the City requested).

Once the Certificate of Need was approved, Adventist Healthcare quickly began removing these important health facilities from Takoma Park. The most painful loss was the Behavioral Health unit, but the loss of the laboratory services and other health service components caused

tremendous difficulty for our residents as well. Other than the current temporary activity on the campus due to COVID-19 services, the urgent care facility is really the only health service remaining. And, it is by far the least attractive Adventist Healthcare urgent care facility in the AHC system; it may be the least attractive urgent care facility in the region. We have passed on complaints we have received from residents about the poor service and lack of basics, such as the lack for a time of a functioning EKG machine, and have not seen significant improvement.

Contrary to the inaccurate image of Takoma Park presented by Adventist Healthcare in its filing, the demographics of Takoma Park (see attachment) show the need we have for primary services. A majority of the population of Takoma Park is people of color. Black, Hispanic, Multiracial, and Asian households of Takoma Park each have lower median incomes than their Black, Hispanic, Multiracial, and Asian counterpart households in Montgomery County as a whole. Predominately, our residents of color live in the apartment buildings close to the Takoma Park campus, most within six blocks of the hospital building. And, Hispanic and Black residents in Takoma Park have been hit particularly hard by the pandemic, compared to their white neighbors.

As the pandemic eases, the temporary activity on the Takoma Park campus will end, leaving a largely vacant site. The urgent care center, which is not visible from any surrounding street, will eventually be the only activity on the property – a property that Adventist Healthcare intends to sell as soon as possible.

Contrary to the statements in their filing for reduced hours, Adventist Healthcare has done remarkably little promotion of its urgent care center. Many of the methods of promotion cited were ones done by or instigated by the City of Takoma Park itself. For some time after the urgent care opened, there was not even a sign identifying the facility. Most of the patients that arrived at the site were people who expected it to still be an emergency department and were either directed to an emergency department at a hospital elsewhere or left because the urgent care required insurance or other payment.

The Takoma Park urgent care center quickly gained a poor reputation because of its appearance. The center at first used a portion of the former emergency department that was in fair condition, but small. Now the center uses a different part of the emergency department that has a very shabby appearance. While the medical staff is deemed able, comments about the urgent care center on neighborhood listservs are unflattering at best and people are advised to go elsewhere. So, the poorer residents who live nearby are not well served by the urgent care facility and those residents with insurance and the ability to choose, choose to go to a facility that looks like a respectable medical office.

It is difficult to believe that the poor appearance and marketing of the urgent care center by Adventist Healthcare is anything but an intentional effort to reduce the use of the facility so that it may be closed.

We are in a pandemic and the need for expansive primary medical and behavioral health care is critical. But post-pandemic, the need for this care will not go away. It is why the City of Takoma Park worked so hard to retain behavioral health and laboratory services on the campus, and requested a free-standing emergency department in Takoma Park.

City of Takoma Park officials have long met monthly with Adventist Healthcare officials to discuss health services and the condition of the property. They have heard our concerns about the suicides and other mental health-related incidents in Takoma Park, including two residents in recent years who have jumped from high-rise apartment building windows, and many cases that require days of work for our Police and Housing staff. Many of these incidents occurred in recent years before the pandemic; many more difficult cases are occurring now, when isolation compounds illness.

Along with the District 20 Delegation, and in particular Delegate Lorig Charkoudian, and other representatives, the City of Takoma Park has urged Adventist Healthcare to step up to provide the primary health care services Takoma Park needs. Having community mental health care operate in conjunction with a well-run primary care center in Takoma Park would be particularly helpful and could reduce the need for the very limited inpatient behavioral health care beds that are available in Montgomery County. With the pandemic, mental health pressures – always high – have become overwhelming. Like many needs that have become clearer during the pandemic, the need for mental health care has always been here, but is more obvious now.

And, of course, our more vulnerable residents need COVID-19 vaccinations where they live. Adventist Healthcare could be an important piece of addressing the inequities in vaccine distribution in our area.

Again, we ask that the critical health needs acknowledged earlier by the Maryland Health Care Commission be addressed. Having a poor-quality urgent care center open through the night hours may not be the best use of Adventist Healthcare funds and is not meeting the needs of the Takoma Park community. However, the very real primary and behavioral health needs that were intended to be met through the commitments in the Certificate of Need still need to be met. We ask the Maryland Health Care Commission to ensure that they are.

Sincerely,



Suzanne R. Ludlow  
City Manager

cc: Takoma Park City Council

## Response to Adventist Healthcare and Maryland Healthcare Commission

*City of Takoma Park, March 3, 2021*

Adventist Healthcare has presented misleading data on Takoma Park's demographics to justify withdrawing urgent care services relied on by the City's vulnerable populations.

By several measures, the Black and Brown communities in the City of Takoma Park that immediately surround the AHC Takoma Park urgent care center are at risk of being medically underserved. Their degree of risk may be higher than the communities surrounding other adjacent urgent care centers in Montgomery County.

Reducing urgent care services in the Takoma Park area during the middle of a global pandemic would deny vital health services to populations in close proximity to the AHC Takoma Park urgent care center. Reducing urgent care services would also exacerbate racial disparities in the City of Takoma Park that Adventist Healthcare overlooks in making this request.

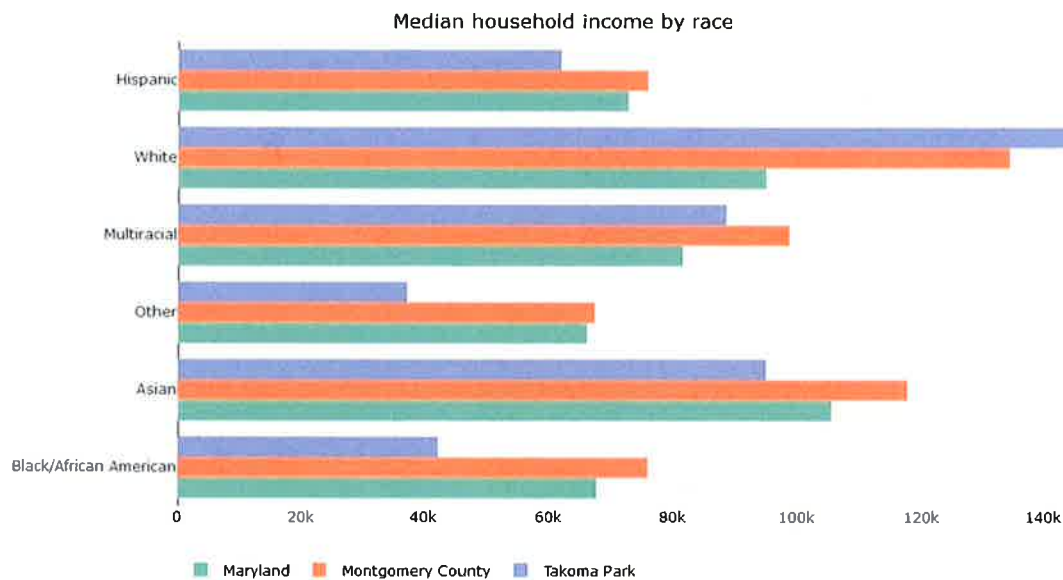
Methodologically, Adventist Healthcare:

- 1) **Relies on zip-code data from the 2015-2019 American Community Survey, when the ACS makes more-precise place-level data available.** The data below data come from the same 5-year ACS, but use place-level data for the City of Takoma Park, rather than the different boundaries of zip codes.
- 2) **Uses median home values and aggregated data not broken out by race and ethnicity.** Takoma Park's white population tends to have high income levels, be homeowners, and have high levels of educational attainment. Its Black population, Hispanic population, and population with a race of "other"—together larger than its white population (49%), representing 33%, 11.6%, and 5.7% of the city's population respectively—tend to have much lower incomes, are more likely to face poverty or unemployment, are much more likely to be renters, and have lower levels of educational attainment. Citing statistics like median home values almost entirely misses the non-white populations who are underserved in the City of Takoma Park.

In areas of education, housing-cost burden, and household income, Black and Hispanic residents experience a different Takoma Park than their white neighbors:

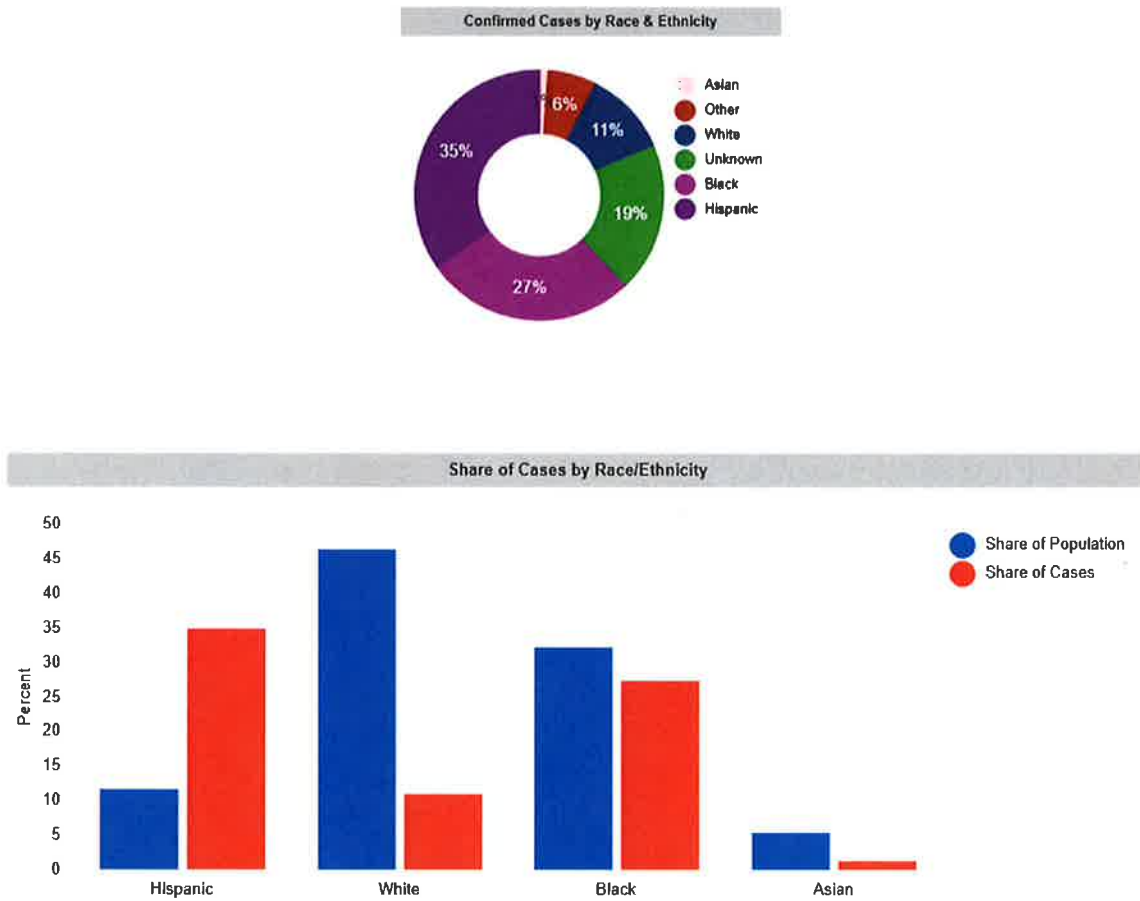
- 1) **47% of Takoma Park's population are renters, 76.9% of whom are people of color.** The racial divide in housing ownership and income reflects in cost burdens experienced by renters and homeowners. Even with rent stabilization in Takoma Park, 49.2% of renters are housing-cost burdened (spending at least 30% of their income on rent) and 17.9% are severely cost-burdened (spending 50% or more of their income on rent), compared to just 21.8% and 9% of owners.

- 2) **Educational disparities by race in Takoma Park surpass both the County and state.** Although 84% of white Takoma Park residents have a bachelor's degree or higher, 50.7% of Hispanic residents in Takoma Park do not have a high school degree, exceeding Maryland and Montgomery County by 16.3% and 19.7% respectively. 42% of Black residents in Takoma Park do not have any college education, exceeding the county's share by 15.4%. And although the large margin of error warrants caution, 76.8% of residents with a race of "other" do not have a high school degree, exceeding Maryland's rate by 32% and Montgomery County's by 37.1%.
- 3) **Racial disparities in household income are heightened in Takoma Park compared to either Montgomery County or Maryland both because non-white residents in Takoma Park earn less than Montgomery County and Maryland, and because white residents in Takoma Park earn more.** The median Black household in Takoma Park earns \$42,158, compared to \$75,960 in Montgomery County and \$67,583 in Maryland; the median Hispanic household in Takoma Park earns \$61,875, compared to \$76,042 in Montgomery County and \$72,758 in Maryland. By contrast, the median white household earns \$146,250 in Takoma Park, compared to \$134,575 in Montgomery County and \$95,238 in Maryland.



Finally, as shown on the Takoma Park [COVID-19 data dashboard](#), Black and especially Hispanic residents of Takoma Park are suffering disproportionately from the pandemic compared to their white neighbors.

## Appendix B



Note: Cases with race "other" and "unknown" are excluded from the above chart because of difficulties comparing with population share, but make up 6.4% and 19.8% of all cases respectively.

**APPENDIX C: LETTER FROM MONTGOMERY COUNTY (DISTRICT 20)  
LEGISLATORS**





THE MARYLAND GENERAL ASSEMBLY  
LEGISLATIVE DISTRICT 20  
MONTGOMERY COUNTY

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

March 5, 2021

Dear Executive Director Steffen:

The District 20 Delegation writes to express their support of the City of Takoma Park's letter shared with you on March 3rd, 2021.

The need for Adventist Healthcare to provide critical primary and behavioral health services to residents in and near Takoma Park were clearly demonstrated throughout the Certificate of Need process, and in the Maryland Health Care Commission Certificate of Need decision. After the Certificate of Need was approved, Adventist Healthcare removed the Behavioral Health unit, laboratory services, and other important health services, causing difficulty for our residents.

We share the city's concerns that reducing urgent care services in the Takoma Park area will exacerbate racial disparities given the high population of Black and Brown communities in the vicinity and will deny vital health services to the surrounding population. As the letter states, most of Takoma Park's residents of color live in the apartment buildings close to the Takoma Park campus, most within six blocks of the hospital building. Hispanic and Black residents in Takoma Park have been hit particularly hard by the pandemic, compared to their white neighbors.

We have met with and communicated with representatives of Adventist Healthcare multiple times regarding the health services in Takoma Park, advocating for solutions that would provide the primary and behavioral health care that is so needed. As a Delegation, we urge Adventist Healthcare to work with the City of Takoma Park to tailor its health services to the needs of the community.

We thank you for taking the time to consider our input on this important issue and are happy to discuss these matters further at your convenience.

A handwritten signature in black ink, appearing to read "William Smith".

Senator William Smith

A handwritten signature in black ink, appearing to read "David Moon".

Delegate David Moon

A handwritten signature in black ink, appearing to read "Lorig Charkoudian".

Delegate Lorig Charkoudian

A handwritten signature in black ink, appearing to read "Jheanelle Wilkins".

Delegate Jheanelle Wilkins



## **APPENDIX D: ADVENTIST HEALTHCARE RESPONSE TO TAKOMA PARK**



820 West Diamond Avenue, Suite 600  
Gaithersburg, MD 20878  
[www.AdventistHealthCare.com](http://www.AdventistHealthCare.com)

March 17, 2021

Ben Steffen  
Executive Director  
Maryland Health Care Commission  
4610 Patterson Avenue  
Baltimore, Maryland 21215

Re: Adventist HealthCare White Oak Medical Center: Docket No.: 13-15-2349  
Request for Amendment of Condition to Certificate of Need Approval

Dear Mr. Steffen,

Adventist HealthCare (AHC) submits this letter in response to opposition to the above referenced filing submitted by the City of Takoma Park (the City) in reply to our request for a change in the hours of the AHC urgent care center in Takoma Park. It is our intent, and sincere desire, to focus on identifying a mutually beneficial path forward rather than to engage in a protracted dispute.

On October 30, 2020, AHC submitted a request to amend a certificate of need (CON) condition so as to change the hours of operation of the urgent care center on the former Washington Adventist Hospital (WAH) campus in Takoma Park from 24 hours to 12 hours per day. Evidence of the minimal use of the center, especially during the night hours, and the significant financial losses sustained by AHC since it opened were presented, explaining the need for the filing.

The City's letter in opposition to this filing makes several claims that AHC disputes as being factually inaccurate, including, but not limited to the following:

- *AHC failed to invest in or promote the urgent care*: This is simply inaccurate. The AHC filing outlined several ways in which the urgent care was promoted (see pp3-4). These are comparable to the efforts used to promote the three other AHC urgent care centers. The availability of the location for urgent care was noted in a City publication. To meet the requirements of the CON condition, AHC undertook an enormous effort to convert the former WAH emergency department to an urgent care overnight. Recognizing that the building itself is outdated, AHC attempted to make the urgent care as appealing as possible for patients. It should not be forgotten that one of the reasons for locating the urgent care center in the former WAH emergency department was specifically because the community was familiar with the location for unscheduled medical care. We worked



to ensure that patients had access to needed services and medical equipment at the facility.

- *AHC is abandoning the community:* This is simply not supported by the facts. Far from abandoning the community, AHC has continuously provided services in Takoma Park including significant community support throughout the COVID-19 pandemic. For the past 22 years AHC has operated The Manor. The Manor is an assisted living facility for adults with chronic and severe mental illness who are unable to live independently. It provides a safe and supportive residential environment as an alternative to long-term psychiatric hospitalization. This facility continues to serve some of the most vulnerable residents in the community with critical care and support.

AHC has provided critical services within Takoma Park throughout the pandemic, including:

- *COVID-19 Testing:* AHC supported community COVID-19 screening;
- *Inpatient COVID-19 Care:* In partnership with the State, AHC operates an Alternate Care Site (ACS) to treat COVID-19 patients within the former WAH. The ACS offers inpatient care for recovering COVID-19 patients who would benefit from continued medical care and on-site access to a comprehensive physical rehabilitation team. Our team of doctors, nurses, and therapists focus on caring for each patient's individual recovery needs and expertly assist them in getting back home. AHC has served over 1300 patients at this location to date.
- *Outpatient COVID-19 Infusion Center:* The ACS also serves as an infusion center that administers monoclonal antibody treatments to COVID-19 patients. The monoclonal antibody, Bamlanivimab and Regeneron, were released to the state for treatment of COVID-19 under an Emergency Use Authorization by the U.S. Food and Drug Administration. This treatment can benefit certain COVID-19 patients that are at high-risk of progressing to severe COVID-19 and the need for hospitalization. AHC has served over 800 patients at the infusion center to date.
- *Community Vaccination Clinic:* AHC is operating a robust community COVID-19 vaccination clinic on the former WAH site. To date we have administered over 10,000 vaccine doses at the Takoma Park clinic.
- *Support for Community Organizations:* AHC opened several vacant offices on the former WAH campus to local nonprofit organizations and the City of Takoma Park supporting a variety of services for those in need within the community including foodbanks and public library services.

Clearly AHC has not abandoned Takoma Park, but rather continues to provide critical care and support for community services.



To avoid unnecessarily rehashing past events and to move this issue forward, AHC will forego further rebuttal of unwarranted assertions made in the City's letter. Suffice it to say that AHC disputes the City's characterization of its actions since the CON was approved.

We prefer to focus on a significant area of agreement between the City and AHC – both are committed to meeting the healthcare needs of the Takoma Park community. Far from being part of a scheme to abandon the City, the current filing is an attempt to sustain the current services at the urgent care center (even at an ongoing loss that is merely mitigated by the filing) while identifying a more viable model of community-based care for the future. The current urgent center, especially in its current location, is simply not sustainable. AHC would welcome the opportunity to seek a revision of the CON condition that requires the urgent care be provided in the former WAH emergency department and develop a sustainable plan that will better meet the community-based health care needs of Takoma Park.

Therefore, AHC proposes the following for the Commission's consideration. To mitigate the losses at the current urgent care center in Takoma Park and help sustain those operations in the short term, we respectfully request that the Commission grant the reduction of hours requested in the current filing. In addition, AHC would commit, as part of this approval, to presenting a long term-plan for providing care in Takoma Park to the Commission within the next 90 days. AHC will seek the input of local stakeholders in developing the plan, including the City's leadership and interested legislators. Of course, any plan would ultimately need to be reviewed and approved by the Commission thereby providing a mechanism to ensure thorough review of such a proposal.

We sincerely hope that this is an amenable and responsive approach.

Respectfully submitted,

*Andrew R Nicklas*

Andrew Nicklas, Esq.  
Deputy General Counsel  
Adventist HealthCare

Cc: Paul Parker, Director, Center for Health Care Facilities Planning & Development  
Kevin McDonald, Chief, Certificate of Need  
Terry Forde, CEO, AHC  
Anthony Stahl, President, WOMC  
Robert Jepson, Vice President, WOMC  
Eunmee Shim, President, FWMC  
Kate Stewart, Mayor of Takoma Park  
Suzanne Collins, City Manager of Takoma Park  
Howard Sollins, Esq., Baker Donelson



## APPENDIX E: URGENT CARE CENTERS PROXIMATE TO ADVENTIST TAKOMA PARK UCC

<b>Urgent Care Facility and Address</b>	<b>Distance from AHC UCC</b>	<b>Time to Travel from AHC UCC</b>	<b>Bus Route</b>	<b>Time to Walk from Stop</b>
<b>Family's Health Care</b> 8011 New Hampshire Avenue Hyattsville, MD 20783	1.3 miles	7 minutes	Montgomery County Ride On #16; Washington Metropolitan Area Transit Authority (WMATA) F8 or K6	2 minutes
<b>Langley Park Walk-In Clinic</b> 1040 University Boulevard East Silver Spring, MD 20903	1.3 miles	6 minutes	Montgomery County Ride On #16 Montgomery County Ride On #15; WMATA C2 or C4 WMATA F8	6 minutes 3 minutes 4 minutes
<b>Minute Clinic</b> 7939 New Hampshire Avenue Hyattsville, MD 20783	1.3 miles	7 minutes	WMATA R1	2 minutes
<b>Patient First</b> 8206 Georgia Avenue Silver Spring, MD 20910	2.1 miles	10 minutes	Ride On #28 or #70	1 minute
<b>SDM 1-Stop Primary Urgent Care</b> 6401 New Hampshire Avenue Adelphi, MD 20783	1.9 miles	7 minutes	WMATA K6	2 minutes

Source: AHC response to MHCC staff request for additional information