

Andrew N. Pollak, MD
CHAIRMAN

STATE OF MARYLAND



Ben Steffen
EXECUTIVE DIRECTOR

MARYLAND HEALTH CARE COMMISSION

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

December 26, 2019

S. Allan Adelman, Esquire
Hall, Render, Killian, Heath, and Lyman, P.C.
706 Giddings Avenue, Suite 210
Annapolis, Maryland 21401

**Re: Notice of Acquisition
Union Hospital**

Dear Mr. Adelman:

I write in response to your letter of November 27, 2019, notifying the Maryland Health Care Commission (MHCC), on behalf of The Union Hospital of Cecil County, Inc. (UHCC), of the intent of Christiana Care Health Services, Inc. (CCHS), a Delaware non-profit, nonstock corporation, to become the sole member of Affinity Health Alliance, Inc. (AHA), which is the sole member of UHCC. CCHS is a wholly owned subsidiary of Christiana Care Health System, Inc. (Christiana Care), a Delaware non-profit, nonstock corporation.

UHCC owns and operates Union Hospital, a 75-bed general hospital located at 106 Bow Street in Elkton, Maryland. AHA is the parent and sole member of UHCC and also directly or indirectly controls other subsidiary and affiliated organizations as shown on the organization chart (Exhibit 1) which was submitted with your letter.

Christiana Care is a multi-institutional health system based in Wilmington, Delaware that includes two hospitals, Christiana Hospital in Newark, Delaware and Wilmington Hospital in Wilmington, Delaware, and a network of other health care providers which provide health care services to individuals in northern Delaware and the surrounding community. Christiana Care is the parent and sole member of CCHS.

Your letter states that the health care services of UHCC will not change as a result of the acquisition.

The proposed transaction is anticipated to occur on December 31, 2019, and your letter seeks a determination as to whether a Certificate of Need (CON) would be required for this transaction. While this notice was not provided by “the person acquiring the facility” and was not

timely (MHCC received the notice on December 3, 2019), the information required in a notice of acquisition of a health care facility, as stated in COMAR 10.24.01.03A, is included in your letter, and I have determined that a CON is not required for this transaction. This finding is valid for 180 days following the date of this letter. Please note the following provisions of COMAR 10.24.01.03A(4)-(6):

If the acquisition is completed, both buyer and seller must sign a notice of completion of the acquisition and file it with the Maryland Health Care Commission within 15 days of the completion of the acquisition. A copy of the completion of acquisition should also be sent to the Office of Health Care Quality (OHCQ) of the Maryland Department of Health. Failure to document completion of this sale by the end of the 180-day period will require a new determination of coverage. Within 90 days of the completion of the acquisition, CCHS shall undertake any requirements imposed by OHCQ with respect to amendment of licensure or certification of UHCC necessitated by the change of ownership and operation of this hospital.

Should you have questions, please contact Kevin McDonald, Chief, CON Division, at 410-764-5982 or Suellen Wideman, Assistant Attorney General, at 410-764-3326.

Sincerely,



Ben Steffen,
Executive Director

cc: Janice E. Nevin, M.D., M.P.H., President and Chief Executive Officer, Christiana Care and CCHS
Richard Szumel, M.D., President/Chief Executive Officer, AHA and UHCC
Renee Webster, Assistant Deputy Director, Office of Health Care Quality, MDH
Paul Parker, Director, Health Care Facilities Planning & Development, MHCC
Suellen Wideman, Assistant Attorney General
Lauren Levy, J.D., M.P.H., Health Officer, Cecil County



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S. Allan Adelman
(443) 951-7046

aadelman@hallrender.com

November 27, 2019

VIA EMAIL ben.steffen@maryland.gov and
VIA UPS NEXTDAY AIR

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

RECEIVED
DEC - 3 2019
CHS-9475

Re: Notice of Acquisition of The Union Hospital of Cecil County, Inc. by Christiana Care Health Services, Inc.

Dear Mr. Steffen:

This firm serves as counsel to Affinity Health Alliance, Inc. and The Union Hospital of Cecil County, Inc. Pursuant to COMAR 10.24.01.03(A), this letter is submitted on behalf of The Union Hospital of Cecil County, Inc. ("UHCC") to notify the Maryland Health Care Commission that Christiana Care Health Services, Inc. ("CCHS"), a Delaware non-profit, nonstock corporation, intends to become the sole member of Affinity Health Alliance, Inc. ("AHA") which is the sole member of UHCC (the "Transaction"). CCHS is a wholly owned subsidiary of Christiana Care Health System, Inc. ("Christiana Care"), a Delaware non-profit, nonstock corporation. The parties intend to close on the transaction on or before December 31, 2019. This letter describes the proposed Transaction and provides the information required by COMAR 10.24.01.03(A).

UHCC owns and operates Union Hospital of Cecil County, a 75 bed acute care hospital located at 106 Bow St., Elkton, Maryland 21921. AHA is the parent and sole member of UHCC and also directly or indirectly controls other subsidiary and affiliated organizations as shown on the attached organization chart, Exhibit 1.

Christiana Care is a multi-institutional health system based in Wilmington, Delaware that includes two hospitals, Christiana Hospital in Newark, Delaware and Wilmington Hospital in Wilmington, Delaware, and a network of other health care providers which provide a full continuum of health care services to individuals in northern Delaware and the surrounding community. Christiana Care is the parent and sole member of CCHS.

On June 6, 2019 AHA signed a letter of intent with Christiana Care providing for the parties to enter into a definitive agreement to affiliate in order to form a regional, integrated healthcare system. The parties share a common and unifying charitable mission to promote and improve the quality and expand the scope and accessibility of affordable health care and health care related

services in the diverse communities they serve. This new coordinated system is intended to facilitate and enhance the delivery of quality, efficient, and effective health care and related services to, and improve and enhance the general health and well-being of, the communities that the parties serve.

On the closing of the proposed affiliation CCHS will become the sole corporate member of AHA as shown on the post-transaction organization chart attached as Exhibit 2. The current organizational structure under AHA is intended to remain the same. Neither the health care services provided by nor the bed capacity of UHCC will change as part of the affiliation transaction.

As noted above, AHA and Christiana Care anticipate that they will close the Transaction on or before December 31, 2019.

The information required by COMAR 10.24.01.03(A)(1) is as follows:

A. Health Care Services Provided

UHCC provides acute care hospital services.

B. Bed Capacity

For FY 2020 (7/1/19-6/30-20) UHCC is licensed for 75 acute care hospital beds as more fully set forth on Exhibit 3 attached.

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C. Admissions for Prior Calendar Year (2018)

In calendar year 2018, UHCC had a total of 5,021 admissions as follows:

Med/Surg 3,508
Psychiatric 505
Pediatrics 64
ICU 344
Obstetrics 600

D. Gross Operating Revenue During Last Fiscal Year

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In FY 2019 (ended June 30, 2019), UHCC had gross operating revenue of \$164,257,831 for HSCRC regulated services.

E. Other Information Required in the Applicable Chapter of the State Health Plan

AHA does not believe that any other information is required by the applicable chapter of the State Health Plan.

Mr. Ben Steffen
November 27, 2019
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AHA hereby requests that the Commission issue a written determination that Certificate of Need review is not required for the Transaction at its earliest convenience but prior to December 31, 2019.

Thank you for your attention to this matter. Please contact me if you have any questions or need any additional information.

Sincerely,



S. Allan Adelman

Enclosures:

- Exhibit 1 Current corporate structure
- Exhibit 2 Proposed corporate structure
- Exhibit 3 UHCC Licensed bed designation for FY 2020

- cc: Richard Szumel, M.D., President/CEO, AHA and UHCC
Kevin McDonald, Chief CON Division
Janice E. Nevin, M.D., MPH, President/CEO, Christiana Care and CCHS
Suellen Wideman, Esq. Assistant Attorney General for MHCC
Lauren Levy, JD, MPH, Health Officer for Cecil County
Jennifer Schwartz, Esq. General Counsel for Christiana Care

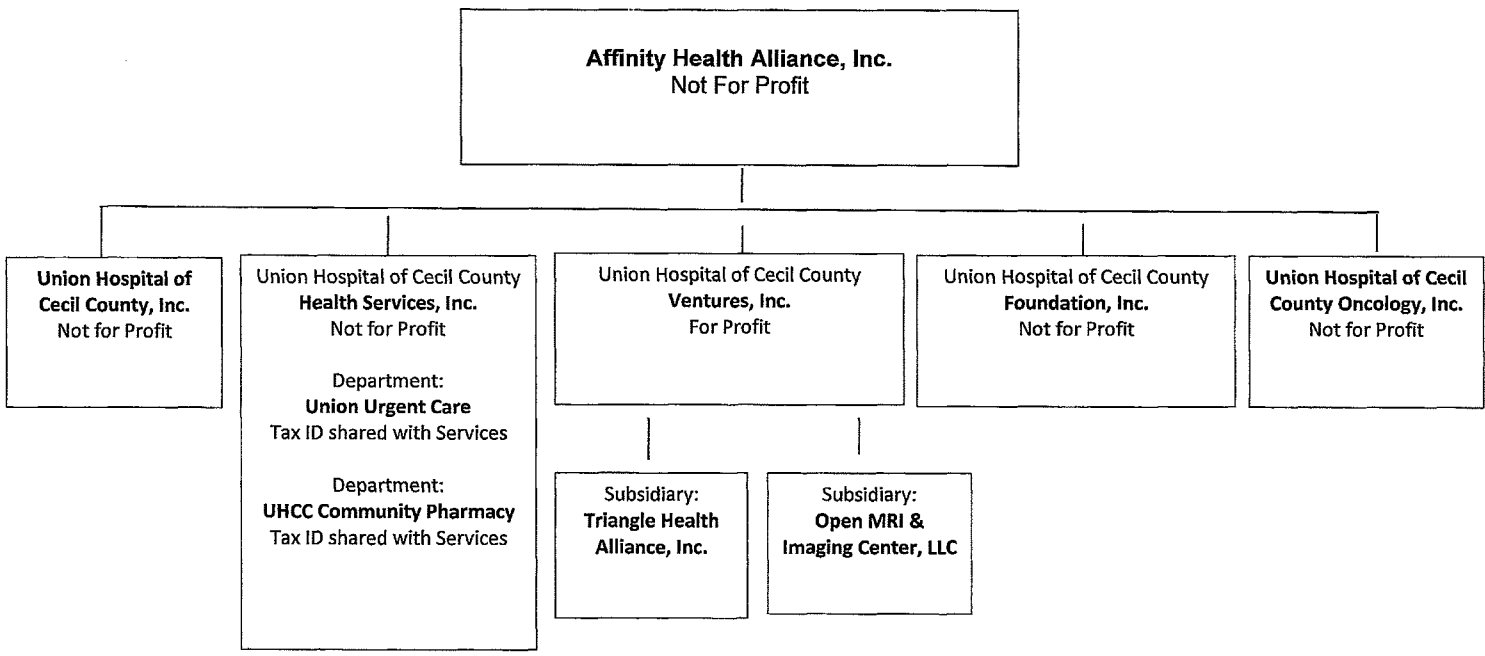
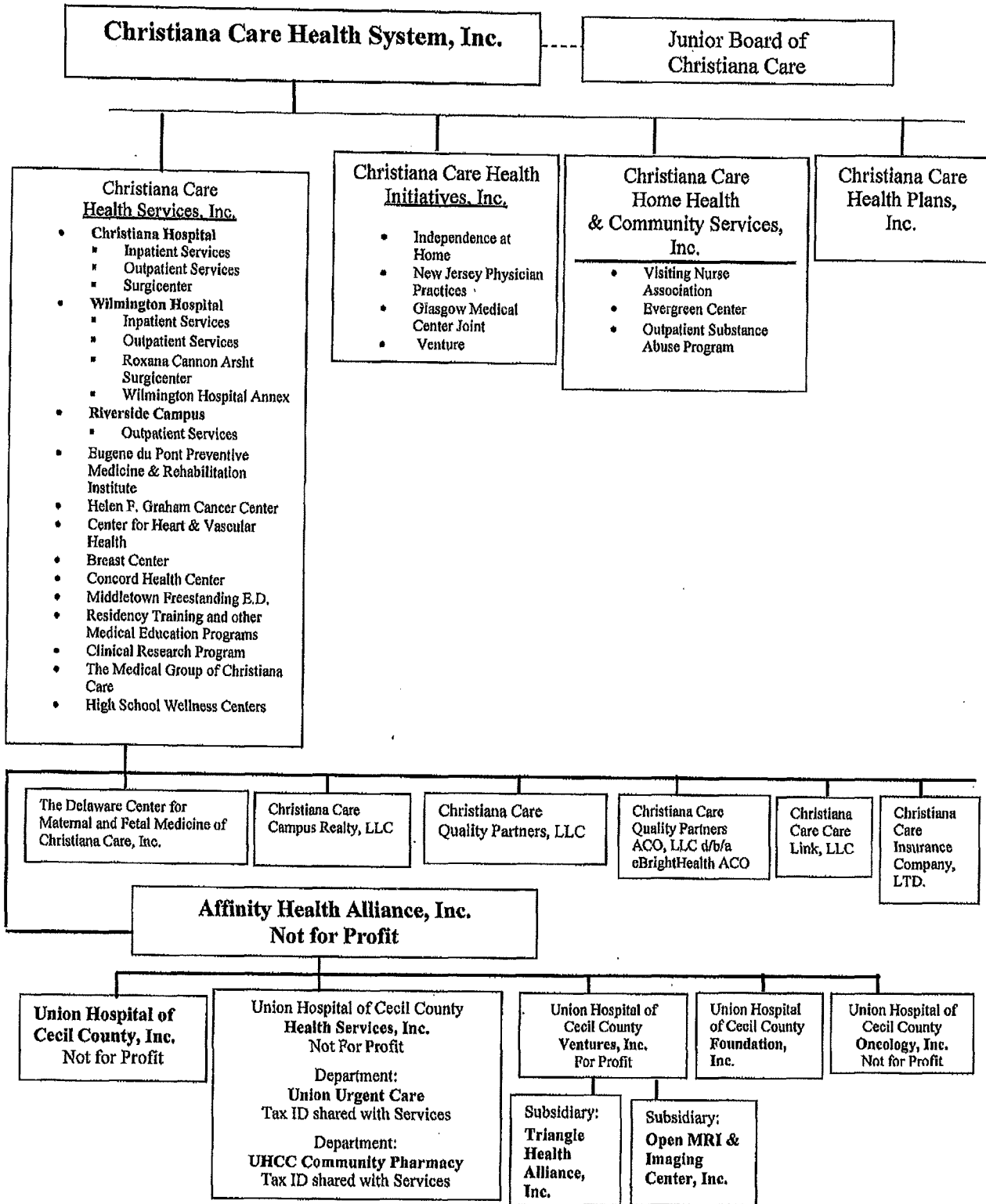


EXHIBIT
 1

Christiana Care Health System, Inc.



Acute General Hospital Licensed Bed Designation: FY 2020
 Office of Health Care Quality and Maryland Health Care Commission
 Hospital Name: *Union Hospital of Cecil County*
 License Number: 07-005

A. LICENSED ACUTE CARE BEDS SUBJECT TO DESIGNATION PROCEDURE

Service Category:	Designation of Beds
MEDICAL/SURGICAL/GYNECOLOGICAL/ADDICTIONS (MSGA)	
Medical-Surgical Acute	37
Gynecologic	0
Addictions	0
Definitive Observation/Stepdown	19
Medical Surgical Intensive Care	5
Medical Cardiac Critical Care	0
Burn Critical Care (HSCRC-designated service only)	0
Shock Trauma (HSCRC-designated service only)	0
Oncology (HSCRC-designated service only)	0
<i>Total Medical/Surgical/Gynecological/Addictions (MSGA)</i>	<i>61</i>
OBSTETRIC	4
PEDIATRIC	
Pediatric Acute	2
Pediatric Intensive Care	0
<i>Total Pediatric</i>	<i>2</i>
PSYCHIATRIC	
Acute Psychiatric-Adult	8
Acute Psychiatric-Child (MHCC-designated service only)	0
Acute Psychiatric-Adolescent (MHCC-designated service only)	0
Acute Psychiatric-Geriatric (MHCC-designated service only)	0
Acute Psychiatric-Intensive Care	0
<i>Total Acute Psychiatric</i>	<i>8</i>
TOTAL: CURRENT LICENSED ACUTE CARE BED CAPACITY	75

B. INVENTORY OF OTHER BEDS

BASSINETS	
Newborn Nursery	12
Premature Nursery (HSCRC-designated service only)	0
Neonatal Intensive Care Unit (NICU)	0
<i>Total Newborn Services (Bassinets)</i>	<i>12</i>
SPECIAL HOSPITAL SERVICES	
Acute Rehabilitation-Comprehensive Inpatient	0
Acute Rehabilitation-Brain Injury	0
Acute Rehabilitation-Spinal Cord Injury	0
Acute Rehabilitation-Stroke Specialty Programs	0
Acute Rehabilitation-Pediatrics	0
Chronic Care	0
<i>Total Special Hospital Services</i>	
NON ACUTE SERVICES	
Comprehensive Care	0
Intermediate Care Facility (ICF)	0
Residential Treatment Center (RTC)	0
<i>Total Non Acute Care Services</i>	

Approved: *Gene B. Kestler* (DHMH)
 Date Issued: *July 1, 2019* Expiration Date: *June 30, 2020*
 cc: Health Services Cost Review Commission ACHI- revised 6/28/2012

