

HUSCH BLACKWELL

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June 21, 2023

VIA U.S. MAIL and ELECTRONIC MAIL

Ruby Potter
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Re: Certificate of Need—Merger/Consolidation of:
Hospice of the Chesapeake, Inc.
Hospice of Charles County, Incorporated
Calvert Hospice, Inc.

Dear Sir/Madam:

I am writing on behalf of Hospice of the Chesapeake, Inc. (“Chesapeake”), who is affiliated with Hospice of Charles County, Incorporated (“Charles”) and Calvert Hospice, Inc. (“Calvert”) (collectively, the “Affiliated Hospices”).

This letter is submitted in response to the June 7, 2023 letter from the Maryland Health Care Commission (“Commission”) and is notice to the Commission that Chesapeake intends to merge with Charles and Calvert and to seek approval of this action pursuant to the Commission’s regulations at COMAR 10.24.01.04. This merger (the “Project”) will serve the public interest by resulting in more efficient and effective delivery of hospice services by consolidating the Affiliated Hospices.

COMAR 10.24.01.04B requires that a complete notice of intent to seek exemption from Certificate of Need (“CON”) review shall be filed with the Commission at least 45 days before the intended action. A more complete summary of the Project is attached as **Exhibit A**, and the specific information required to be provided by this regulation is set forth below:

(1) The name or names of each affected health care facility

Hospice of the Chesapeake, Inc.
Hospice of Charles County, Incorporated
Calvert Hospice, Inc.

(2) The location of each health care facility

Hospice of the Chesapeake

90 Ritchie Highway
Pasadena, MD 21122

9500 Medical Center Drive, Suite 250
Largo, MD 20074

Charles County

2505 Davis Road
Waldorf, MD 20603

Calvert Hospice

4559 Sixes Rd.
Prince Frederick, MD 20678

(3) A general description of the proposed project including, any proposed:

a. Conversion, expansion, relocation, or reduction of one or more health care services

None. The Affiliated Hospices will provide the same services to the same service areas and will not convert, expand, relocate, or reduce the capacity of any physical location.

b. Renovation of existing facilities

None.

c. New construction

None.

d. Relocation or reconfiguration of existing medical services

None.

e. Change in bed capacity at each affected facility

None.

(4) The scheduled date of the project's completion

The Affiliated Hospices anticipate completing a corporate merger on August 5, 2023, or upon approval by the Commission.

(5) Identification of any outstanding public body obligation

None.

(6) Information demonstrating that the project

a. Is consistent with the State Health Plan

The Project is consistent with the State Health Plan and is exempt from CON Review pursuant to the State Health Plan.¹ The Affiliated Hospices will continue to operate in the same locations and at the same capacity as they currently do, but under the ownership and legal identity of Chesapeake. Otherwise, there will be no change to the services furnished, bed capacity, jurisdictions served, or any other information required by and initially submitted to the Commission pursuant to its State Health Plan for Hospices under COMAR 10.24.13.

b. Will result in more efficient and effective delivery of health care services

As set forth in Exhibit A, the Project is designed to result in more efficient and effective delivery of health care services by consolidating legal entities, licensure, and Medicare/Medicaid provider agreements between the Affiliated Hospices. The Project will achieve administrative efficiencies by allowing the Affiliated Hospices to operate as a single entity

c. Is in the public interest

The Project serves the public interest because it will improve the efficient and effective delivery of health care services and will not detrimentally impact the scope or quality of services provided in the geographic service areas currently served by the Affiliated Hospices.

* * *

The Affiliated Hospices file this request with the understanding that the request will not impact the Affiliated Hospices' existing certificates of need, nor will it result in a new determination of need in the Affiliated Hospices' service area. The Hospice reserves the right to withdraw or amend this request for any reason, including a determination by the Commission that the application or Project would affect the Affiliated Hospices' existing certificates of need. Note, the Affiliated Hospices previously requested a telephonic conference with the Commission to discuss the Project and this request for exemption. By this letter, the Affiliated Hospices again request that the Commission provide available dates for a telephonic conference to further discuss the Project.

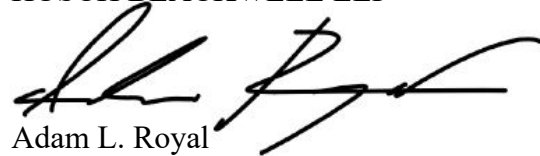
¹ State Health Plan for Facilities and Services: Hospice Services, COMAR 10.24.13.02(D) and COMAR 10.24.14.05

Maryland Health Care Commission
June 21, 2023
Page 4

Thank you for your review and consideration, and please do not hesitate to contact me with any questions or requests for additional documentation.

Sincerely,

HUSCH BLACKWELL LLP

A handwritten signature in black ink, appearing to read 'Adam L. Royal', is written over the typed name. The signature is fluid and cursive, with a prominent initial 'A' and 'R'.

Adam L. Royal

Enclosures

- **Exhibit A**, Summary of Merger/Consolidation
- **Exhibit B**, Affirmation

EXHIBIT A

SUMMARY OF MERGER/CONSOLIDATION

Hospice of the Chesapeake, Inc. Hospice of Charles County, Incorporated Calvert Hospice, Inc.

I. Introduction

Hospice of the Chesapeake, Inc. (“Chesapeake”) and Hospice of Charles County, Incorporated (“Charles”) and Calvert Hospice, Inc. (“Calvert”) (collectively, the “Affiliated Hospices”) request approval from the Maryland Health Care Commission to undergo a corporate merger and to merge the Affiliated Hospices’ respective certificates of need into one certificate of need.

II. Background

a. Chesapeake

Chesapeake is organized as a nonprofit 501(c)(3) corporation and was founded September 27, 1979, as The Arundel Hospice, Inc. It changed its name from The Arundel Hospice to Hospice of the Chesapeake December 31, 1991. Chesapeake is licensed as a general hospice in Anne Arundel and Prince George Counties. It provides hospice and palliative care and has an average daily census of approximately 447 for its hospice program.

Chesapeake’s principal location is 90 Ritchie Highway, Pasadena, Maryland, and it is licensed to operate the Rebecca Fortney In-Patient Center, a 14-bed inpatient unit. Chesapeake is Medicare certified and is accredited by The Joint Commission with deemed status. Chesapeake currently operates under a Certificate of Need for Anne Arundel and Prince George Counties. Its Certificate of Need for Prince George County was approved May 19, 2000.

b. Charles

Charles is organized as a nonprofit 501(c)(3) corporation and was founded October 4, 1982. Charles licensed as a general hospice program in Charles County and has an average daily census of approximately 64 for its hospice program.

Charles’s primary location is at 2505 Davis Road, Waldorf, Maryland, and it is also licensed to operate an 8-bed general inpatient unit, which is located at its primary location. Charles is Medicare certified and is accredited by ACHC with deemed status. Charles currently operates under a Certificate of Need for Charles County.

c. Calvert

Calvert is organized as a nonprofit corporation and was founded November 14, 1983. Calvert is a general hospice licensed to serve Calvert County. It has an average daily census of approximately 54 for its hospice program.

EXHIBIT A

Calvert's primary location is 4559 Sixes Rd., Prince Frederick, Maryland, and is licensed to operate a 6-bed hospice house. Calvert is Medicare certified and is accredited by CHAP with deemed status. Calvert currently operates under a Certificate of Need for Calvert County.

III. The Affiliations

On October 2, 2020, Chesapeake and Charles entered into an Affiliation Agreement whereby Chesapeake became the sole member of Charles. Through the affiliation, Charles became subject to Chesapeake's control and Chesapeake became the sole member of Charles's board of directors. The intent of the affiliation was for Chesapeake to oversee the management of Charles; however, Charles continued to exist as a separate entity and maintained all pre-affiliation debts and liabilities in its own name.

On June 14, 2022, Chesapeake and Calvert entered into an Affiliation Agreement whereby Chesapeake became the sole member of Calvert. Through the affiliation, Calvert became subject to Chesapeake's control and Chesapeake became the sole member of Calvert's board of directors. The intent of the affiliation was for Chesapeake to oversee the management of Calvert; however, Calvert continued to exist as a separate entity and maintained all pre-affiliation debts and liabilities in its own name.

The affiliations between Chesapeake and Charles and Chesapeake and Calvert were submitted to the Commission through applications for non-coverage pursuant to COMAR 10.24.01.03, and both submissions were approved by the Commission.

Currently, the Board of Directors of Chesapeake oversees all management and operations of Charles and Calvert. Charles and Calvert each have advisory committees that report to Chesapeake's Board of Directors, but ultimate authority is vested in Chesapeake. Likewise, after the Affiliation Agreements, management and administrative responsibilities were consolidated at Hospice of the Chesapeake.

IV. The Proposed Merger

Under the current plan of merger and consolidation, the Affiliated Hospices intend to undergo a corporate merger pursuant to MD Corp. & Assns. § 5-207 and 3-107. As a result of the merger, Calvert and Charles will merge into Chesapeake, and Chesapeake will remain as the surviving entity. Chesapeake anticipates a single Certificate of Need and a single license being issued to provide general hospice services to Anne Arundel, Prince George, Calvert, and Charles counties.

After the merger, Chesapeake will continue to operate the inpatient unit currently owned by Charles, and it will continue to operate Chesapeake's own inpatient unit. Because many administrative services, management, and control have already been consolidated in Chesapeake, there will be little changes in the management of the hospice services and locations as a result of the merger.

EXHIBIT A

The merger is designed to achieve administrative efficiencies and create cost savings by eliminating redundancies in the current hospice operations. It will also facilitate the consolidation of the Affiliated Hospices Medicare and Medicaid enrollments and the eventual termination of Medicare and Medicaid enrollments for Charles and Calvert, with all patients being transferred to Chesapeake's single Medicare and Medicaid enrollment.

These efficiencies will result in more efficient and effective delivery of health services. Additionally, since the Affiliated Hospices are all nonprofit, community-based programs, the cost savings achieved by the merger will benefit the community.

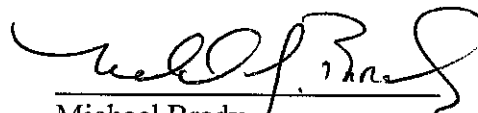
V. Conclusion

The Affiliated Hospices respectfully request that the Commission: (1) authorize the merger and consolidation of the Affiliated Hospices as set forth above; (2) determine that the proposed merger and consolidation is exempt from a certificate of need application.

EXHIBIT B

AFFIRMATION

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

A handwritten signature in black ink, appearing to read "Michael Brady", written over a horizontal line.

Michael Brady
Chief Executive Officer