

BAKER DONELSON

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HOWARD L. SOLLINS, SHAREHOLDER

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January 29, 2021

VIA FEDERAL EXPRESS AND E-MAIL

Kevin McDonald, Chief - Certificate of Need Division
William D. Chan, Program Manager
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215-2299

Re: Shady Grove Medical Center Proposed Construction and Renovation
Docket No. 20-15-2443
Responses to 2nd Completeness Questions Dated January 8, 2021

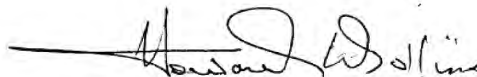
Dear Mr. McDonald and Mr. Chan:

On behalf of Adventist HealthCare, Inc. d/b/a Adventist HealthCare Shady Grove Medical Center ("Shady Grove"), we are hereby submitting the required four (4) copies of our responses to the January 8, 2021 Second Set of Completeness Questions regarding the above-referenced project. We will also provide Word, Excel and PDF copies of our responses and exhibits as appropriate.

I hereby certify that a copy of this response has also been forwarded to the appropriate local health planning agency, as noted below.

If any further information is needed, please let us know.

Sincerely,



Howard L. Sollins

HLS/tjr
Enclosures

Kevin McDonald, Chief - Certificate of Need Division
William D Chan, Program Manager
January 29, 2021
Page 2

cc (via *First Class Mail and Email*):

Travis A. Gayles, M.D., Ph.D., Health Officer
Montgomery County Department of Health and Human Services
Daniel L. Cochran, President, AHC Shady Grove Medical Center
Robert Jepson, AHC
Mike Lukens, VP and CFO, AHC Shady Grove Medical Center
Andrew Nicklas, Deputy General Counsel, AHC
Linda Beth Berman, CON Consultant
Ms. Ruby Potter
Ms. Laura Hare

**Re: Shady Grove Medical Center Proposed Construction and Renovation
Matter No. 20-15-2443**

1. With regard to Question #2, to illustrate the changes to the ED after project completion, using Figures 1 and 2 on pp. 2-3 of your response, show which areas are included in the 38,560 sf in new construction and in the 24,896 sf in renovations. Since the image is difficult to visually decipher, it would be helpful if Figures 1 and 2 each could be enlarged and put on an 8 ½" x 11" page.

Applicant Response:

Attached as Exhibit 38 please find the requested illustrations.

2. With regard to Question #6, please provide the referenced attached file cited in your response that supports the applicant's response regarding the basis or assumptions for the following:
 - a. The approximately \$14.6 million in Gross Interest during Construction.
 - b. The approximately \$1.9 million in loan placement fees.
 - c. The approximately \$7.5 million in Debt Service Reserve Fund.

Applicant Response:

Attached as Exhibit 39 is the requested file.

3. With regard to Question #21, please show the calculations and assumptions made for the "Adjusted Occupied Bed" figure between CY 2020 and CY 2026.

Applicant Response:

The table below details the calculation used for the Adjusted Occupied Bed figure for CY 2020 and CY 2026 as stated in Question #21:

	CY 2020	CY 2026
Patient Days (A)	111,572	114,044
Inpatient Revenue - GBR Entities (B1)	282,671,660	344,301,092
Outpatient Revenue - GBR Entities (B2)	197,120,936	240,098,188
Adjustment Factor (B1+B2)/(B1) = (B)	1.6973	1.6973
Equivalent Patient Days (A)*(B) = (C)	189,377	193,572
Days in Period (D)	366	365
Adjusted Occupied Bed (C)/(D)	517.4	530.3

4. With regard to Question #22, please show the calculations and assumptions made for the “Equivalent Inpatient Admissions” figure between CY 2020 and CY 2026.

Applicant Response:

The table below details the calculation used for the Equivalent Inpatient Admissions figure for CY 2020 and CY 2026 as stated in Question #22:

	CY 2020	CY 2026
Inpatient Admissions (A)	22,638	24,518
Inpatient Revenue - GBR Entities (B1)	282,671,660	344,301,092
Outpatient Revenue - GBR Entities (B2)	197,120,936	240,098,188
Adjustment Factor $(B1+B2)/(B1) = (B)$	1.6973	1.6973
Equivalent Inpatient Admissions $(A)*(B)$	38,425	41,615

5. With regard to Question #24, please provide the number of treatment bays set aside for (a) the Forensic Medical Unit and (b) the Montgomery County Detention Center.

Applicant Response:

Patients who present to the ED from the detention center or who are being evaluated by the forensic medical service are all triaged and assessed within in the ED. The forensic service is the only one serving Montgomery County with 1,157 patients seen in 2020. With Shady Grove in close proximity to the Montgomery County Detention Center 150 patients were treated in Shady Grove’s ED in 2020. These unique patient populations are managed as are all patients within the overall ED service; that is, triage, assessment and disposition for treatment as appropriate.

6. With regard to Question #26, please provide “the data presented in the second table” as indicated on p. 21 of your response.

Applicant Response:

The table below was inadvertently omitted from the application.

**Shady Grove Medical Center
Emergency Department
Secondary Service Area
Market Share of Area Providers**

	Twelve Months ended December 31,					
	2017		2018		2019 (a)	
	Visits	Mkt Shr	Visits	Mkt Shr	Visits	Mkt Shr
Shady Grove Medical Center	11,096	19.5%	11,401	20.0%	5,650	20.2%
AHC Germantown Emergency Center	5,673	10.0%	5,493	9.6%	2,824	10.1%
Holy Cross Germantown Hospital	6,688	11.7%	7,038	12.3%	3,681	13.1%
Suburban Hospital	7,681	13.5%	7,700	13.5%	3,740	13.3%
MedStar Montgomery Medical Center	12,585	22.1%	12,270	21.5%	5,837	20.8%
Holy Cross Hospital	10,257	18.0%	10,217	17.9%	4,831	17.2%
White Oak Medical Center	759	1.3%	741	1.3%	387	1.4%
Subtotal	54,739	96.2%	54,860	96.1%	26,950	96.1%
Other Providers	2,186	3.8%	2,250	3.9%	1,082	3.9%
Total	56,925	100.0%	57,110	100.0%	28,032	100.0%

(a) Partial Year ended June 30, 2019

Source: Health Services Cost Review Commission Discharge Abstract Data.

- With regard to Question #36, please discuss how SGMC will utilize the space currently occupied by the 10 semi-private rooms on Unit 4C and 4D. Will the applicant convert these semi-private rooms to private occupancy rooms, or take these semi-private rooms out-of-service?

Applicant Response:

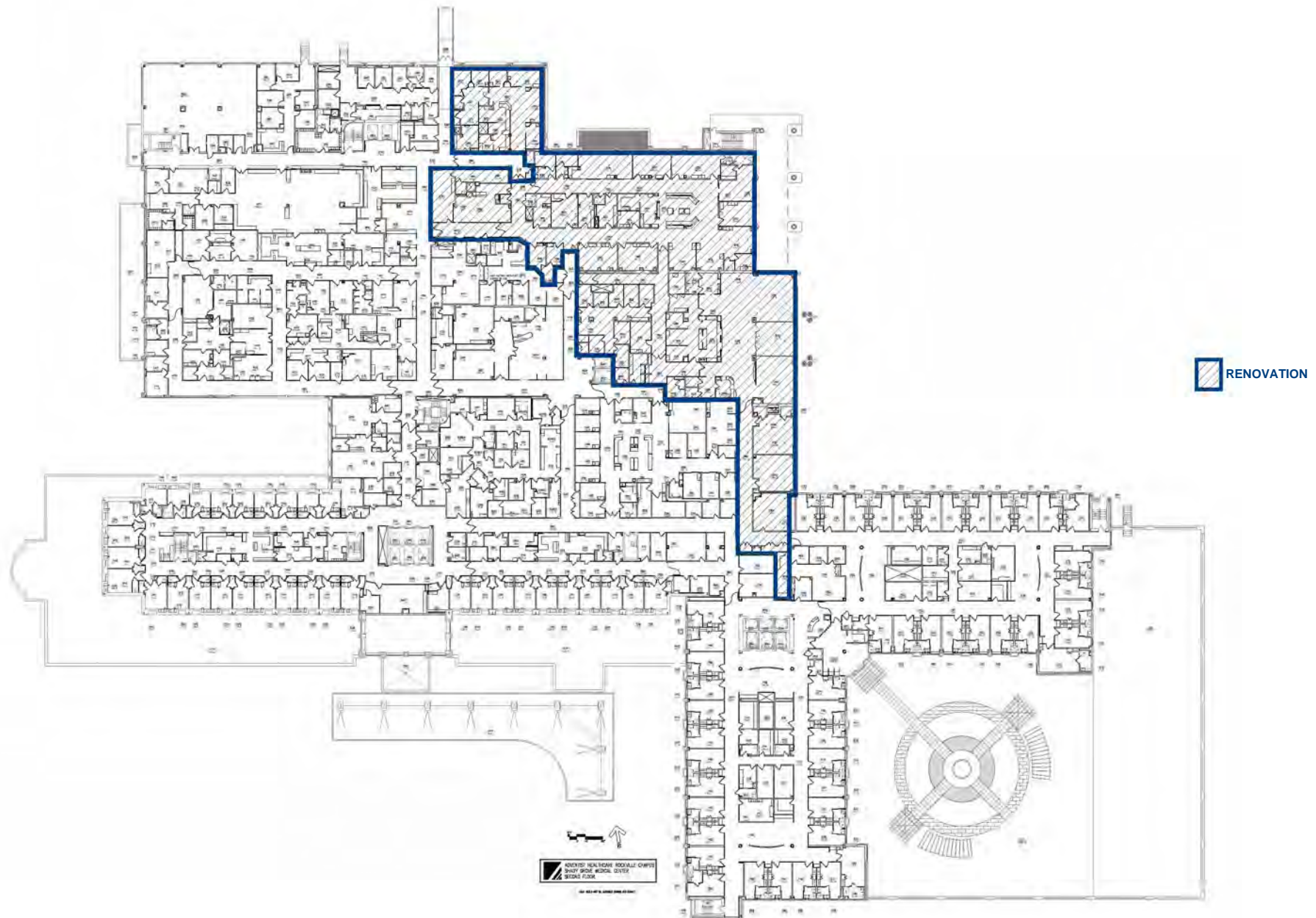
The ten semi-private rooms on 4C and 4D will be repurposed as private occupancy rooms.

List of Exhibits

- Exhibit 38 Illustrations of Emergency Department Changes
- Exhibit 39 Sources and Uses Document
- Exhibit 40 Affirmations

Exhibit 38

Illustrations of Emergency Department Changes



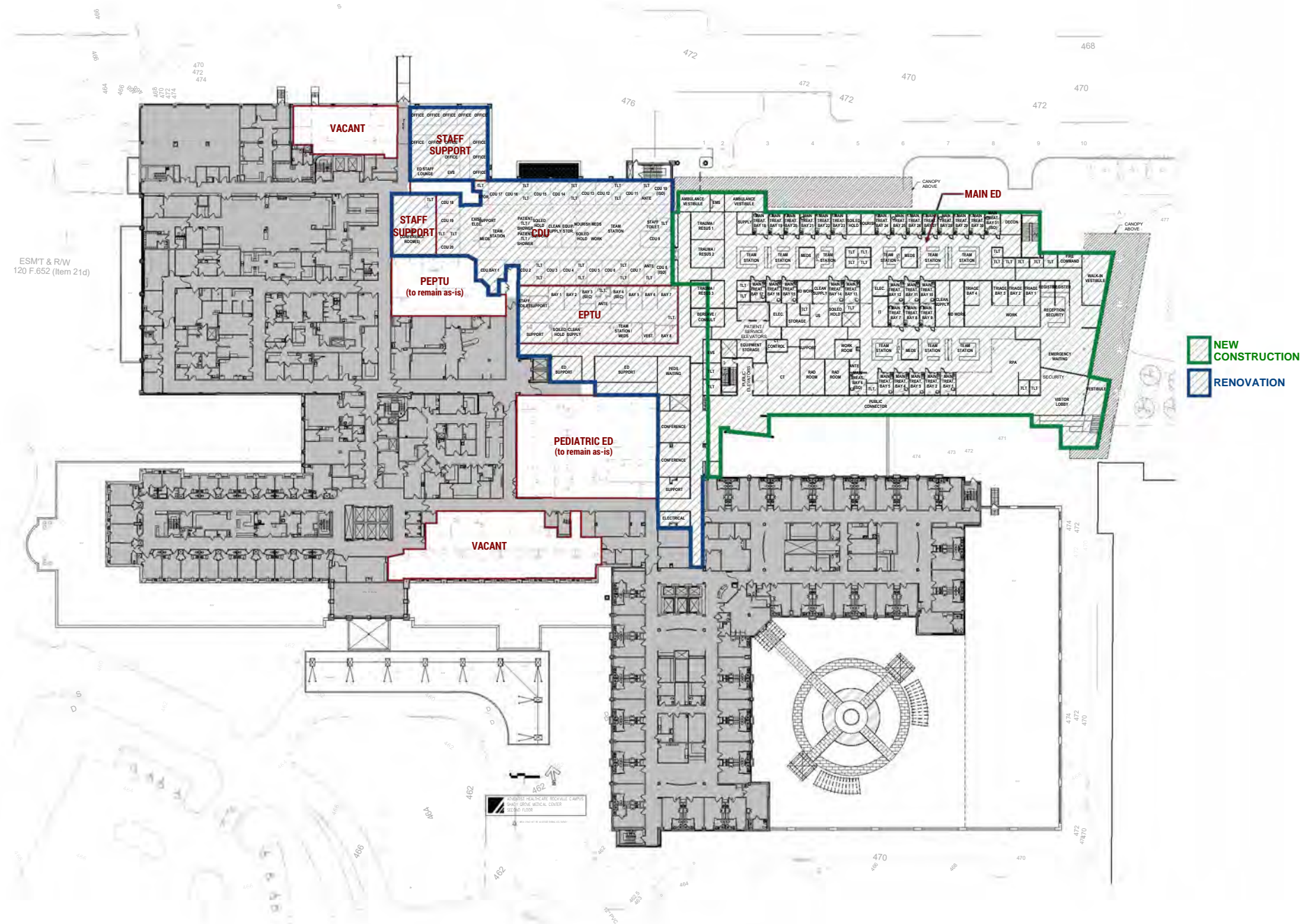


Exhibit 39

Sources and Uses Document

SOURCES AND USES OF FUNDS**Adventist HealthCare - Shady Grove Medical Center
New Money****Sources:**

Bond Proceeds:	
Par Amount	154,015,000.00
Other Sources of Funds:	
Equity Contribution	25,999,186.00
	180,014,186.00

Uses:

Project Fund Deposits:		
Project Fund	130,002,060.00	
Equity Project Fund	25,999,186.00	
	156,001,246.00	
Other Fund Deposits:		
Capitalized Interest Fund	14,611,595.98	6b
DSRF Deposit	7,473,375.00	6f
	22,084,970.98	
Cost of Issuance:		
Other Cost of Issuance	1,925,187.50	6d
Other Uses of Funds:		
Additional Proceeds	2,781.52	
	180,014,186.00	

Source: Ziegler Healthcare Banking

BOND SUMMARY STATISTICS**Adventist HealthCare - Shady Grove Medical Center
New Money**

Dated Date	01/05/2022
Delivery Date	01/05/2022
First Coupon	07/01/2022
Last Maturity	01/01/2052
Arbitrage Yield	4.500034%
True Interest Cost (TIC)	4.500034%
Net Interest Cost (NIC)	4.500000%
All-in TIC	4.580350%
Average Coupon	4.500000%
Average Life (years)	27.620
Weighted Average Maturity (years)	27.620
Duration of Issue (years)	16.055
Par Amount	154,015,000.00
Bond Proceeds	154,015,000.00
Total Interest	191,424,767.50
Net Interest	191,424,767.50
Total Debt Service	345,439,767.50
Maximum Annual Debt Service	29,288,212.50
Average Annual Debt Service	11,518,925.19
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	

Total Underwriter's Discount

Bid Price 100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	154,015,000.00	100.000	4.500%	27.620	252,584.60
	154,015,000.00			27.620	252,584.60

	TIC	All-In TIC	Arbitrage Yield
Par Value	154,015,000.00	154,015,000.00	154,015,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-1,925,187.50	
- Other Amounts			
Target Value	154,015,000.00	152,089,812.50	154,015,000.00
Target Date	01/05/2022	01/05/2022	01/05/2022
Yield	4.500034%	4.580350%	4.500034%

Exhibit 40
Affirmations

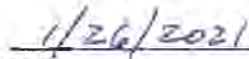
Adventist HealthCare Shady Grove Medical Center

CON Application 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.



Daniel L. Cochran
President
Adventist HealthCare Shady Grove Medical Center



Date

Adventist HealthCare Shady Grove Medical Center
CON Application 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 'G. Morgan', is written over a horizontal line.

Geoffrey Morgan
VP, Chief Facilities and Property Management Officer
Adventist HealthCare

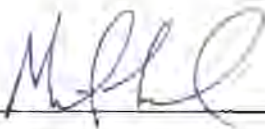
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Date

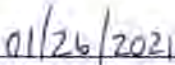
Adventist HealthCare Shady Grove Medical Center

CON Application 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.



Mike Lukens
Vice President and Chief Financial Officer
Adventist HealthCare Shady Grove Medical Center



Date

Adventist HealthCare Shady Grove Medical Center

CON Application 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.

Andrew R Nicklas

Andrew Nicklas
Deputy General Counsel
Adventist HealthCare

1/26/2021

Date

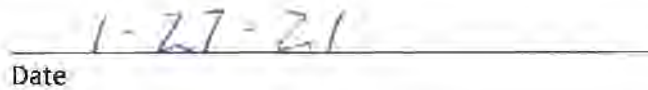
Adventist HealthCare Shady Grove Medical Center

CON Application 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 blue ink, reading "Maureen L. Dymond", is written over a horizontal line.

Maureen L. Dymond
Vice President, Financial Operations
Adventist HealthCare

A handwritten date "1-27-21" is written in blue ink over a horizontal line.

Date

Adventist HealthCare Shady Grove Medical Center

CON Application 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.



Kristen Pulio
SVP, Chief Revenue Officer and CFO Non-Hospital Services
Adventist HealthCare


1/27/2021

Date

Adventist HealthCare Shady Grove Medical Center

CON Application 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.

DocuSigned by:

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Martha Velez
Associate Vice President of Reimbursement & Strategic Analytics
Adventist HealthCare

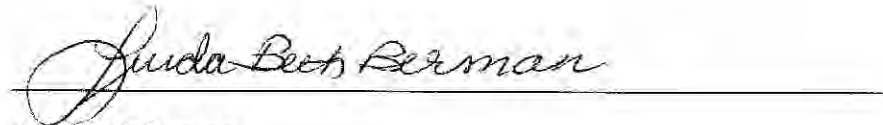
1/26/2021

Date

Adventist HealthCare Shady Grove Medical Center

CON Application 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 cursive script, reading "Linda Beth Berman", is written over a horizontal line.

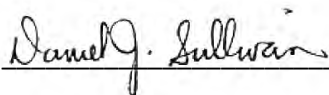
Linda Beth Berman
Certificate of Need Consultant
Adventist HealthCare

A handwritten date in cursive script, reading "January 26, 2021", is written over a horizontal line.
Date

Adventist HealthCare Shady Grove Medical Center

CON Application 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, reading "Daniel J. Sullivan", is written over a horizontal line.

Daniel J. Sullivan
President
Sullivan Consulting Group

1/26/21

Date