# AVENUES RECOVERY CENTER OF CHESAPEAKE BAY LLC

A 20 Bed ICF

APRIL 19, 2021

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STATE OF MARYLAND

Craig P. Tanio, M.D.
CHAIR

Ben Steffen
EXECUTIVE DIRECTOR

# MARYLAND HEALTH CARE COMMISSION

MATTER/DOCKET NO. _____

DATE DOCKETED _____

## INSTRUCTIONS FOR APPLICATION FOR CERTIFICATE OF NEED: ALCOHOLISM AND DRUG ABUSE INTERMEDIATE CARE FACILITY TREATMENT SERVICES

***ALL APPLICATIONS MUST FOLLOW THE FORMATTING REQUIREMENTS DESCRIBED IMMEDIATELY BELOW. NOT FOLLOWING THESE FORMATTING INSTRUCTIONS WILL RESULT IN THE APPLICATION BEING RETURNED.***

**Required Format:**

**Table of Contents**. The application must include a Table of Contents referencing the location of application materials. Each section in the hard copy submission should be separated with tabbed dividers. Any exhibits, attachments, etc. should be similarly tabbed, and pages within each should be numbered independently and consecutively.

**The Table of Contents must include:**

- **Responses to PARTS I, II, III, and IV of this application form**
- **Responses to PART IV must include responses to the standards in the State Health Plan chapter that apply to the project being proposed.**
  - All Applicants must respond to the Review Criteria listed at 10.24.14.05(A) through 10.24.14.05(F) as detailed in the application form.
- **Identification of each Attachment, Exhibit, or Supplement**

Application pages must be consecutively numbered at the bottom of each page. Exhibits attached to subsequent correspondence during the completeness review process shall use a consecutive numbering scheme, continuing the sequencing from the original application. (For example, if the last exhibit in the application is Exhibit 5, any exhibits used in subsequent responses should begin with Exhibit 6. However, a replacement exhibit that

merely replaces an exhibit to the application should have the same number as the exhibit it is replacing, noted as a replacement.

**SUBMISSION FORMATS:**

We require submission of application materials and the applicant's responses to completeness questions in three forms: hard copy; searchable PDF; and in Microsoft Word.

- **Hard copy:** Applicants must submit six (6) hard copies of the application to:
  Ruby Potter
  Health Facilities Coordinator
  Maryland Health Care Commission
  4160 Patterson Avenue
  Baltimore, Maryland 21215

- **PDF:** Applicants must also submit *searchable* PDF files of the application, supplements, attachments, and exhibits.[1] All subsequent correspondence should also be submitted both by paper copy and as *searchable PDFs*.

- **Microsoft Word:** Responses to the questions in the application and the applicant's responses to completeness questions should also be electronically submitted in Word. Applicants are strongly encouraged to submit any spreadsheets or other files used to create the original tables (the native format). This will expedite the review process.

Applicants are strongly encouraged to submit any spreadsheets or other files used to create the original tables (the native format). This will expedite the review process.

PDFs and spreadsheets should be submitted to ruby.potter@maryland.gov and kevin.mcdonald@maryland.gov.

**Note that there are certain actions that may be taken regarding either a health care facility or an entity that does not meet the definition of a health care facility where CON review and approval are not required. Most such instances are found in the Commission's procedural regulations at COMAR 10.24.01.03, .04, and .05. Instances listed in those regulations require the submission of specified information to the Commission and may require approval by the full Commission. Contact CON staff at (410) 764-3276 for more information.**

*A pre-application conference will be scheduled by Commission Staff to cover this and other topics. Applicants are encouraged to contact Staff with any questions regarding an application.*

**PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION**

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[1] PDFs may be created by saving the original document directly to PDF on a computer or by using advanced scanning technology

## 1. FACILITY

**Name of Facility**: Avenues Recovery Center of Chesapeake Bay

**Address:**

| Street | City | Zip | County |
|---|---|---|---|
| 821 Fieldcrest Road | Cambridge | 21613 | Dorchester |

2. **Name of Owner** Avenues Recovery Center of Chesapeake Bay LLC

**If Owner is a Corporation, Partnership, or Limited Liability Company, attach a description of the ownership structure identifying all individuals that have or will have at least a 5% ownership share in the applicant and any related parent entities. Attach a chart that completely delineates this ownership structure.**

Avenues Recovery Center of Chesapeake Bay LLC is owned by:

Livorno Trust 51%

Yehuda Alter 39%

Yosef Cohen 10%

See Ownership Chart at Exhibit 1

3. **APPLICANT.** ***If the application has a co-applicant, provide the following information in an attachment.***

**Legal Name of Project Applicant (Licensee or Proposed Licensee):**

Avenues Recovery Center of Chesapeake Bay LLC

**Address:**

| | | | | |
|---|---|---|---|---|
| 211 Boulevard of the Americas, Suite 503 | Lakewood | 08701 | New Jersey | |
| Street | City | Zip | State | County |
| **Telephone:** | (848) 223-4562 | | | |

**4. NAME OF LICENSEE OR PROPOSED LICENSEE, if different from the applicant:**

NA

**5. LEGAL STRUCTURE OF APPLICANT (and LICENSEE, if different from applicant).**

**Check ☑ or fill in applicable information below and attach an organizational chart showing the owners of applicant (and licensee, if different).**

| | | | |
|---|---|---|---|
| A. | Governmental | ☐ | |
| B. | Corporation | | |
| | (1) Non-profit | ☐ | |
| | (2) For-profit | ☐ | |
| | (3) Close | ☐ | State & Date of Incorporation: Maryland August 9, 2019 |
| C. | Partnership | | |
| | General | ☐ | |
| | Limited | ☐ | |
| | Limited Liability Partnership | ☐ | |
| | Limited Liability Limited Partnership | ☐ | |
| | Other (Specify): | | |
| D. | Limited Liability Company | ☒ | |
| E. | Other (Specify): | | |
| | To be formed: | ☐ | |
| | Existing: | ☒ | |

**6. PERSON(S) TO WHOM QUESTIONS REGARDING THIS APPLICATION SHOULD BE DIRECTED**

**A. Lead or primary contact:**

**Name and Title:** Hudi Alter

**Company Name** Avenues Recovery Center

**Mailing Address:**

| | | | |
|---|---|---|---|
| 211 Boulevard of the Americas, Suite 503 | Lakewood | 08701 | NJ |
| Street | City | Zip | State |

**Telephone:** (848) 223-4562

**E-mail Address (required):** hudi@avenuesrecovery.com

**Fax:** (732) 328-2101

**If company name is different than applicant briefly describe the relationship**

**B. Additional or alternate contact:**

**Name and Title:** Carolyn Jacobs - Counsel

**Company Name** Jacobs & Dembert, P.A.

**Mailing Address:**

| 2800 Quarry Lake Drive Suite 320 | Baltimore | 21209 | MD |
|---|---|---|---|
| Street | City | Zip | State |

**Telephone:** (410) 727-4433

**E-mail Address (required):** cjacobs@jdlaw.com

**Fax:** (410) 752-8105

**If company name is different than applicant briefly describe the relationship** Legal Counsel

## 7. TYPE OF PROJECT

**The following list includes all project categories that require a CON pursuant to COMAR 10.24.01.02(A). Please mark all that apply in the list below.**

If approved, this CON would result in (check as many as apply):

(1) A new health care facility built, developed, or established ☒

(2) An existing health care facility moved to another site ☐

(3) A change in the bed capacity of a health care facility ☐

(4) A change in the type or scope of any health care service offered by a health care facility ☐

(5) A health care facility making a capital expenditure that exceeds the current threshold for capital expenditures found at: http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_con/documents/con_capi ☐

tal_threshold_20140301.pdf

## 8. PROJECT DESCRIPTION

**A. Executive Summary of the Project:** The purpose of this BRIEF executive summary is to convey to the reader a holistic understanding of the proposed project: what it is, why you need to do it, and what it will cost. A one-page response will suffice. Please include:

(1) Brief Description of the project – what the applicant proposes to do
(2) Rationale for the project – the need and/or business case for the proposed project
(3) Cost – the total cost of implementing the proposed project

***Brief Description of the Project***

Avenues Recovery Center of Chesapeake Bay ("Avenues-Chesapeake Bay" or "Avenues") operates a 104 bed CARF accredited (Level 3.5) alcoholism and drug abuse treatment facility located at 821 Fieldcrest Road, Cambridge, Maryland and seeks to establish a twenty (20) bed Alcoholism and Drug Abuse Intermediate Care Facility at its alcoholism and drug abuse treatment facility (the "Project"). The Project will not add any beds to the existing facility. Upon approval, twenty (20) existing Level 3.5 beds will become ICF beds.

Continuity of care usually requires that patients detox upon admission, and, thus, Avenues-Chesapeake Bay seeks approval for ASAM level 3.7WM capability. The true full continuity of care, however, requires being able to offer ASAM level 3.7 as well. Therefore, to provide its patients with the full range of services, Avenues-Chesapeake Bay seeks to establish additional beds (within the existing facility) at ASAM levels 3.7 and 3.7WM.

Although Avenues-Chesapeake Bay anticipates serving approximately 74% Medicaid and 26% private pay/commercial patients, Avenues-Chesapeake Bay will seek approval as a Track One facility.

***Rationale for the Project***

If a CON is granted for the Project, Avenues-Chesapeake Bay will be able to offer 3.7WM, 3.7, 3.5, 3.3, PHP, and outpatient care in Cambridge, Maryland. Avenues Recovery Center of Prince Frederick, an affiliated existing facility already provides crisis stabilization, 3.5, 3.3, and outpatient care in Prince Frederick, Maryland. Avenues seeks to offer the true full continuum of care and the ability to treat every patient suffering from the perils of addiction no matter which ASAM criteria they present and regardless of their payor source.

***Cost***

The total cost of the Project will be Fifty-Five Thousand Dollars ($55,000) in legal and consulting fees. There will be no renovation or any other costs associated with the Project.

**B. Comprehensive Project Description:** The description should include details regarding:

(1) Construction, renovation, and demolition plans
(2) Changes in square footage of departments and units
(3) Physical plant or location changes
(4) Changes to affected services following completion of the project
(5) Outline the project schedule.

This Project will not involve any construction, renovation, or other changes to the physical plant. The only service change following completion will be to change the designation of 20 existing beds to 3.7 and 3.7 WM. The project schedule is as follows: anticipated licensure and first use within 6 months from Project approval.

**9. CURRENT CAPACITY AND PROPOSED CHANGES**: Complete Table A (Physical Bed Capacity Before and After Project) from the CON Application Table package

**10. REQUIRED APPROVALS AND SITE CONTROL**

A. Site size: 7.75 acres

B. Have all necessary State and local land use and environmental approvals, including zoning and site plan, for the project as proposed been obtained? YES X NO ___ (If NO, describe below the current status and timetable for receiving each of the necessary approvals.)

C. Form of Site Control (Respond to the one that applies. If more than one, explain.):

(1) Owned by: 821 Fieldcrest Rd. LLC

(2) Options to purchase held by: _____
Please provide a copy of the purchase option as an attachment.

(3) Land Lease held by: Avenues Recovery Center of Chesapeake Bay
Please provide a copy of the land lease as an attachment.
See Exhibit 2 for Land Lease

(4) Option to lease held by: _____
Please provide a copy of the option to lease as an attachment.

(5) Other: The LLCs for 821 Fieldcrest Rd. and Avenues Recovery Center of Chesapeake Bay have common ownership

Explain and provide legal documents as an attachment.

## 11. PROJECT SCHEDULE

(Instructions: In completing this section, please note applicable performance requirement time frames set forth in Commission Regulations, COMAR 10.24.01.12)

**For new construction or renovation projects.**

Project Implementation Target Dates

A. Obligation of Capital Expenditure ___ months from approval date.
B. Beginning Construction ___ months from capital obligation.
C. Pre-Licensure/First Use ___ months from capital obligation.
D. Full Utilization ___ months from first use.

**For projects not involving construction or renovations.**

Project Implementation Target Dates

A. Obligation or expenditure of 51% of Capital Expenditure ___ months from CON approval date.
B. Pre-Licensure/First Use ___ months from capital obligation.
C. Full Utilization ___ months from first use.

**For projects not involving capital expenditures.**

Project Implementation Target Dates

A. Obligation or expenditure of 51% Project Budget ___ months from CON approval date.
B. Pre-Licensure/First Use 6 months from CON approval.
C. Full Utilization 3 months from first use.

## 12. PROJECT DRAWINGS

Projects involving new construction and/or renovations should include scalable schematic drawings of the facility at least a 1/16" scale. Drawings should be completely legible and include dates.

These drawings should include the following before (existing) and after (proposed), as applicable:

A. Floor plans for each floor affected with all rooms labeled by purpose or function, number of beds, location of bath rooms, nursing stations, and any proposed space for future expansion to be constructed, but not finished at the completion of the project, labeled as "shell space".

B. For projects involving new construction and/or site work a Plot Plan, showing the "footprint" and location of the facility before and after the project.

C. Specify dimensions and square footage of patient rooms.

There will be no changes to the current layout of the facility. Floor plans are attached as Exhibit 3.

## 13. AVAILABILITY AND ADEQUACY OF UTILITIES

Discuss the availability and adequacy of utilities (water, electricity, sewage, natural gas, etc.) for the proposed project and identify the provider of each utility. Specify the steps that will be necessary to obtain utilities.

Avenues-Chesapeake Bay is an already operating facility with the following utilities:

Electric – Delmarva Power
Water and Sewer – Municipal Utility Commission
Gas – Chesapeake Utilities
Fuel for Generator – Pep Up

## PART II - PROJECT BUDGET

**Complete Table B (Project Budget) of the CON Application Table Package**

**Note**: Applicant should include a list of all assumptions and specify what is included in each budget line, as well as the source of cost estimates and the manner in which all cost estimates are derived. Explain how the budgeted amount for contingencies was determined and why the amount budgeted is adequate for the project given the nature of the project and the current stage of design (i.e., schematic, working drawings, etc.).

## PART III - APPLICANT HISTORY, STATEMENT OF RESPONSIBILITY, AUTHORIZATION AND RELEASE OF INFORMATION, AND SIGNATURE

1. List names and addresses of all owners and individuals responsible for the proposed project.

   Avenues Recovery Center of Chesapeake Bay, LLC
   821 Fieldcrest Road Cambridge Maryland 21613

   Yehuda Alter, 20 Eagle Lane, Lakewood, NJ 08701

   Yosef Cohen 201 Lincoln Rd, Lakewood, NJ 08701

   Livorno Trust 10 Chelsea Ct, Lakewood, NJ 08701

   Avenues Recovery Center – 211 Boulevard of the Americas, Suite 503, Lakewood, NJ 08701

2. Is any applicant, owner, or responsible person listed above now involved, or has any such person ever been involved, in the ownership, development, or management of another health care facility? If yes, provide a listing of each such facility, including facility name, address, the relationship(s), and dates of involvement.

The following health care facilities have common ownership with Avenues Recovery Center of Chesapeake Bay

Avenues Recovery Center of Bucks – 1753 Kendarbren Drive, Jamison, PA 18929; 2016 – present

Avenues Recovery Center of Maryland – 125 Fairground Rd., Prince Frederick, MD 20678; 2017-present

Townsend Recovery Center New Orleans – 5620 Read Blvd, 5th floor, New Orleans, LA 70127; 2018-present

Avenues Recovery Center of New Orleans – 4933 Wabash St., Metairie, LA 70001; 2018-present

Avenues Recovery Center of Fort Wayne – 2626 Fairfield Ave., Fort Wayne, IN 46807; 2020-present

Avenues Recovery Center of Lake Ariel – 50 Industrial Park Rd., Lake Ariel, PA 18436; 2019-present

Avenues Recovery Extended Care – 81 Hall St., Concord, NH 03301; 2018-present

Avenues Recovery Center of Oklahoma – 24962 Okay Road, Tecumseh, OK 74873; 2018-2020

Avenues Recovery Center of Central Jersey – 20 Scotch Rd., Ewing, NJ 08628; 2018-2018

3. In the last 5 years, has the Maryland license or certification of the applicant facility, or the license or certification from any state or the District of Columbia of any of the facilities listed in response to Question 2, above, ever been suspended or revoked, or been subject to any disciplinary action (such as a ban on admissions)? If yes, provide a written explanation of the circumstances, including the date(s) of the actions and the disposition. If the applicant(s), owners, or individuals responsible for implementation of the Project were not involved with the facility at the time a suspension, revocation, or disciplinary action took place, indicate in the explanation.

No

4. Other than the licensure or certification actions described in the response to Question 3, above, has any facility with which any applicant is involved, or has any facility with

which any applicant has in the past been involved (listed in response to Question 2, above) ever received inquiries from a federal or any state authority, the Joint Commission, or other regulatory body regarding possible non-compliance with Maryland, another state, federal, or Joint Commission requirements for the provision of, the quality of, or the payment for health care services that have resulted in actions leading to the possibility of penalties, admission bans, probationary status, or other sanctions at the applicant facility or at any facility listed in response to Question 2? If yes, provide, for each such instance, copies of any settlement reached, proposed findings or final findings of non-compliance and related documentation including reports of non-compliance, responses of the facility, and any final disposition or conclusions reached by the applicable authority.

No

5. Has any applicant, owner, or responsible individual listed in response to Question 1, above, ever pled guilty to, received any type of diversionary disposition, or been convicted of a criminal offense in any way connected with the ownership, development, or management of the applicant facility or any of the health care facilities listed in response to Question 2, above? If yes, provide a written explanation of the circumstances, including as applicable the court, the date(s) of conviction(s), diversionary disposition(s) of any type, or guilty plea(s).

No

One or more persons shall be officially authorized in writing by the applicant to sign for and act for the applicant for the project which is the subject of this application. Copies of this authorization shall be attached to the application. The undersigned is the owner(s), or Board-designated official of the applicant regarding the project proposed in the application.

See Authorization at Exhibit 4

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.

Date

Signature of Owner or Board-designated Official

CEO
Position/Title

Hudi Alter
Printed Name

See Attestations/Signatures at Exhibit 5

**PART IV - CONSISTENCY WITH GENERAL REVIEW CRITERIA AT COMAR 10.24.01.08G(3)**:

**INSTRUCTION:** Each applicant must respond to all applicable criteria included in COMAR 10.24.01.08G. These criteria follow, 10.24.01.08G(3)(a) through 10.24.01.08G(3)(f).

***An application for a Certificate of Need shall be evaluated according to all relevant State Health Plan standards and other review criteria.***

If a particular standard or criteria is covered in the response to a previous standard or criteria, the applicant may cite the specific location of those discussions in order to avoid duplication. When doing so, the applicant should ensure that the previous material directly pertains to the requirement and to the directions included in this application form. Incomplete responses to any requirement will result in an information request from Commission Staff to ensure adequacy of the response, which will prolong the application's review period.

**10.24.01.08G(3)(a). The State Health Plan.**

Every applicant must address each applicable standard in the chapter of the State Health Plan for Facilities and Services[2]. Commission staff can help guide applicants to the chapter(s) that applies to a particular proposal.

**Please provide a direct, concise response explaining the project's consistency with each standard. Some standards require specific documentation (e.g., policies, certifications) which should be included within the application as an exhibit.**

**10.24.14.05 Certificate of Need Approval Rules and Review Standards for New Substance Abuse Treatment Facilities and for Expansions of Existing Facilities.**

**.05A. Approval Rules Related To Facility Size. Unless the applicant demonstrates why a relevant standard should not apply, the following standards apply to applicants seeking to establish or to expand either a Track One or a Track Two intermediate care facility.**

**(1) The Commission will approve a Certificate of Need application for an intermediate care facility having less than 15 beds only if the applicant dedicates a special population as defined in Regulation .08.**

Not applicable. This Project will not have less than 15 beds.

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[2] [1] Copies of all applicable State Health Plan chapters are available from the Commission and are available on the Commission's web site here: http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_shp/hcfs_shp

**(2) The Commission will approve a Certificate of Need application for a new intermediate care facility only if the facility will have no more than 40 adolescent or 50 adult intermediate care facility beds, or a total of 90 beds, if the applicant is applying to serve both age groups.**

The Project meets this standard because it seeks approval for twenty (20) adult beds.

**(3) The Commission will not approve a Certificate of Need application for expansion of an existing alcohol and drug abuse intermediate care facility if its approval would result in the facility exceeding a total of 40 adolescent or 100 adult intermediate care facility beds, or a total of 140 beds, if the applicant is applying to serve both age groups.**

Not applicable. Avenues is not an existing ICF and is not proposing to serve adolescents.

**.05B. Identification of Intermediate Care Facility Alcohol and Drug Abuse Bed Need.**

**(1) An applicant seeking Certificate of Need approval to establish or expand an intermediate care facility for substance abuse treatment services must apply under one of the two categories of bed need under this Chapter:**

**(a) For Track One, the Commission projects maximum need for alcohol and drug abuse intermediate care beds in a region using the need projection methodology in Regulation .07 of this Chapter and updates published in the *Maryland Register.***

See Response to ***COMAR 10.24.01.08G(3)(b) Need.***

**(b) For Track Two, as defined at Regulation .08, an applicant who proposes to provide 50 percent or more of its patient days annually to indigent and gray area patients may apply for:**

**(i) Publicly-funded beds, as defined in Regulation .08 of this Chapter, consistent with the level of funding provided by the Maryland Medical Assistance Programs (MMAP), Alcohol and Drug Abuse Administration, or a local jurisdiction or jurisdictions; and**

**(ii) A number of beds to be used for private-pay patients in accordance with Regulation .08, in addition to the number of beds projected to be needed in Regulation .07 of this Chapter.**

Not applicable.

**(2) To establish or to expand a Track Two intermediate care facility, an applicant must:**

**(a) Document the need for the number and types of beds being applied for;**

**(b) Agree to co-mingle publicly-funded and private-pay patients within the facility;**

**(c) Assure that indigents, including court-referrals, will receive preference for admission, and**

**(d) Agree that, if either the Alcohol and Drug Abuse Administration, or a local jurisdiction terminates the contractual agreement and funding for the facility's clients, the facility will notify the Commission and the Office of Health Care Quality within 15 days that that the facility is relinquishing its certification to operate, and will not use either its publicly- or privately-funded intermediate care facility beds for private-pay patients without obtaining a new Certificate of Need.**

Not applicable because Avenues-Chesapeake Bay proposes to establish a Track One ICF.

**.05C. Sliding Fee Scale. An applicant must establish a sliding fee scale for gray area patients consistent with the client's ability to pay.**

Avenues-Chesapeake Bay will utilize a sliding fee scale for uninsured and unfunded persons consistent with the individual's ability to pay and based on the Federal Poverty Guidelines (FPG) as determined by the US Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (https://aspe.hhs.gov/poverty-guidelines). The fee schedule outlined herein represents discount percentages from the standard billing rate charged to insurance carriers for each service.

< 100% of FPG – 75% discount
< 150% but >100% of FPG – 50% discount
< 200% but >150% of FPG – 25% discount

See Exhibit 6 for more details.

**.05D. Provision of Service to Indigent and Gray Area Patients.**

**(1) Unless an applicant demonstrates why one or more of the following standards should not apply or should be modified, an applicant seeking to establish or to expand a Track One intermediate care facility must:**

**(a) Establish a sliding fee scale for gray area patients consistent with a client's ability to pay;**

This is demonstrated above and see Exhibit 6

**(b) Commit that it will provide 30 percent or more of its proposed annual adolescent intermediate care facility bed days to indigent and gray area patients; and**

Not applicable because the Project will not be serving adolescents.

**(c) Commit that it will provide 15 percent of more of its proposed annual adult intermediate care facility bed days to indigent or gray area patients.**

Avenues-Chesapeake Bay is committed to provide at least 15% of its proposed annual adult intermediate care facility bed days to indigent or gray area patients. Avenues anticipates that 73.7% of the ICF bed days will be for Medicaid patients. At the existing facility, Medicaid comprises 73.3% of the patient days. Avenues has identified a sliding fee scale for indigent or gray area patients consistent with a patient's ability to pay, as addressed in .05C of the application and Exhibit_6. Additionally, Avenues has transfer and referral agreements as described in .05J and .05K of this application.

To ensure that Avenues meets this target, Avenues will track daily ICF bed utilization by payor mix, including a category for gray area and indigent patients. Avenues leadership will review this data at least monthly. As Avenues accepts Medicaid, it does not foresee a drop in the requirement set forth in COMAR 10.24.14.05D. However, if the number of gray area or indigent patient days falls below 15%, Avenues is confident that outreach efforts in addition to already executed agreements will enable Avenues to quickly raise its percentage to above 15%. See Outreach Policy at Exhibit 7.

**(2) A existing Track One intermediate care facility may propose an alternative to the standards in Regulation D(1) that would increase the availability of alcoholism and drug abuse treatment to indigent or gray area patients in its health planning region.**

Not applicable.

**(3) In evaluating an existing Track One intermediate care facility's proposal to provide a lower required minimum percentage of bed days committed to indigent or gray area patients in Regulation D(1) or an alternative proposal under Regulation D(2), the Commission shall consider:**

**(a) The needs of the population in the health planning region; and**

**(b) The financial feasibility of the applicant's meeting the requirements of Regulation D(1).**

Not applicable.

**(4) An existing Track One intermediate care facility that seeks to increase beds shall provide information regarding the percentage of its annual patient days in the preceding 12 months that were generated by charity care, indigent, or gray area patients, including publicly-funded patients.**

Not applicable.

**.05E. Information Regarding Charges. An applicant must agree to post information concerning charges for services, and the range and types of services provided, in a conspicuous place, and must document that this information is available to the public upon request.**

Avenues-Chesapeake Bay agrees to post a fee schedule describing the range and types of services, and their respective charges. This will be posted in a conspicuous place and will be made available to the public upon request.

See Exhibit 8 for proposed posting.

**.05F. Location. An applicant seeking to establish a new intermediate care facility must propose a location within a 30-minute one-way travel time by automobile to an acute care hospital.**

Avenues-Chesapeake Bay is within a 30-minute one-way travel time, by automobile, to University of Maryland Shore Medical Center at Dorchester (2.3 miles, 8 minute one-way).

**.05G. Age Groups.**

**(1) An applicant must identify the number of adolescent and adult beds for which it is applying, and document age-specific treatment protocols for adolescents ages 12-17 and adults ages 18 and older.**

The Project seeks approval for 20 adult beds. See Exhibit 9 for age-specific Treatment Models and Exhibit 10 for age-specific Treatment Planning protocols for adults age 18 and older.

**(2) If the applicant is proposing both adolescent and adult beds, it must document that it will provide a separate physical, therapeutic, and educational environment consistent with the treatment needs of each age group including, for adolescents, providing for continuation of formal education.**

Not applicable.

**(3) A facility proposing to convert existing adolescent intermediate care substance abuse treatment beds to adult beds, or to convert existing adult**

**beds to adolescent beds, must obtain a Certificate of Need.**

Not applicable.

**.05H. Quality Assurance.**

(1) **An applicant must seek accreditation by an appropriate entity, either the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO), in accordance with CFR, Title 42, Part 440, Section 160, the CARF...The Rehabilitation Accreditation Commission, or any other accrediting body approved by the Department of Health and Mental Hygiene. The appropriate accreditation must be obtained before a Certificate of Need-approved ICF begins operation, and must be maintained as a condition of continuing authority to operate an ICF for substance abuse treatment in Maryland.**

Avenues-Chesapeake Bay currently is licensed by the Behavioral Health Administration (see Exhibit 11) and accredited by CARF (see Exhibit 12) as follows:

a. Licensed by the Behavioral Health Administration to provide:

i. Level 1 Outpatient Treatment – Adults
ii. Level 2.1 Intensive Outpatient Treatment – Adults
iii. Level 2.5 Partial Hospitalization Treatment – Adults
iv. Level 3.3 Residential-Medium Intensity Program – Adults
v. Level 3.5 Residential-High Intensity Program – Adults
vi. Withdrawal Management Service

b. Accredited by Commission on Accreditation of Rehabilitation Facilities (CARF) to provide:

i. Outpatient - Integrated Alcohol and Other Drugs/Mental Health
ii. Intensive Outpatient - Integrated Alcohol and Other Drugs/Mental Health
iii. Partial Hospitalization - Integrated Alcohol and Other Drugs/Mental Health
iv. Residential Treatment - Integrated Alcohol and Other Drugs/Mental Health
v. Detoxification/Withdrawal Management – Integrated Alcohol and Other Drugs/Mental Health
vi. Per BHA-CARF Crosswalk – will need to apply for CARF accreditation for Inpatient Treatment

After approval of the Project, the following additional accreditation will be obtained and maintained and all accreditation documents will be submitted to the MHCC:

preliminary accreditation from CARF for inpatient level of care treatment and then BHA licensure.

**(a) An applicant seeking to expand an existing ICF must document that its accreditation continues in good standing, and an applicant seeking to establish an ICF must agree to apply for, and obtain, accreditation prior to the first use review required under COMAR 10.24.01.18; and**

Not applicable.

**(b) An ICF that loses its accreditation must notify the Commission and the Office of Health Care Quality in writing within fifteen days after it receives notice that its accreditation has been revoked or suspended.**

Avenues-Chesapeake Bay understands and acknowledges that if it loses its accreditation, it must notify the Commission and the Office of Health Care Quality in writing within fifteen (15) days after it receives notice that its accreditation has been revoked or suspended.

**(c) An ICF that loses its accreditation may be permitted to continue operation on a provisional basis, pending remediation of any deficiency that caused its accreditation to be revoked, if the Office of Health Care Quality advises the Commission that its continued operation is in the public interest.**

Avenues-Chesapeake Bay understands and acknowledges that if it loses its accreditation, it may be permitted to continue operation on a provisional basis, pending remediation of any deficiency that caused its accreditation to be revoked, if the Office of Health Care Quality advises the Commission that its continued operation is in the public interest.

**(2) A Certificate of Need-approved ICF must be certified by the Office of Health Care Quality before it begins operation, and must maintain that certification as a condition of continuing authority to operate an ICF for substance abuse treatment in Maryland.**

Avenues-Chesapeake Bay understands that a CON-approved ICF must be certified by the Behavioral Health Administration. As set forth above applicable and required accreditation and certification will be provided prior to first-use approval of the facility.

**(a) An applicant seeking to expand an existing ICF must document that its certification continues in good standing, and an applicant seeking to establish an ICF must agree to apply for certification by the time it requests that Commission staff perform the first use review required under COMAR 10.24.01.18.**

Not applicable.

**(b) An ICF that loses its State certification must notify the Commission in writing within fifteen days after it receives notice that its accreditation has been revoked or suspended, and must cease operation until the Office of Health Care Quality notifies the Commission that deficiencies have been corrected.**

Avenues-Chesapeake Bay understands and acknowledges that if it loses its State certification it must notify the Commission in writing within fifteen (15) days after it receives notice that its accreditation has been revoked or suspended, and must cease operation until the Office of Health Care Quality notifies the Commission that deficiencies have been corrected.

**(c) Effective on the date that the Office of Health Care Quality revokes State certification from an ICF, the regulations at COMAR 10.24.01.03C governing temporary delicensure of a health care facility apply to the affected ICF bed capacity.**

Avenues-Chesapeake Bay understands and acknowledges that effective on the date that the Office of Health Care Quality revokes State certification from an ICF, the regulations at COMAR 10.24.01.03C governing temporary delicensure of a health care facility apply to the affected ICF bed capacity.

**.05I. Utilization Review and Control Programs.**

**(1) An applicant must document the commitment to participate in utilization review and control programs, and have treatment protocols, including written policies governing admission, length of stay, discharge planning, and referral.**

Please see the following written policies: Exhibit 13 for utilization review, Exhibits 9 and 10 for treatment protocols, Exhibit 14 for written policies governing Admission, Exhibit 15 Discharge Planning and Length of Stay, Exhibit 16 Communication (Referrals) and Exhibit 17 for Assessments.

**(2) An applicant must document that each patient's treatment plan includes, or will include, at least one year of aftercare following discharge from the facility.**

Per the Discharge Planning Policy at Exhibit 15 Paragraph 12: "Each patient's treatment plan will include, at least one year of aftercare following discharge from the facility

See Exhibit 7 regarding Outreach which describes efforts to assure continuity and collaboration of care and Exhibit 16 Communication (Referrals).

In addition, per Exhibit 18 Aftercare Planning Description Paragraph 2:

The written aftercare plan is documented in the patient's file. All plans are developed with the knowledge and cooperation of the patient, primary therapist, treatment team, and other parties as deemed appropriate. This plan identifies the patient's progress, needs, recommendations and referrals. Staff members assist patients in obtaining needed services prior to discharge. All plans include at least one (1) year of aftercare following discharge from Avenues.

**.05J. Transfer and Referral Agreements.**

**(1) An applicant must have written transfer and referral agreements with facilities capable of managing cases which exceed, extend, or complement its own capabilities, including facilities which provide inpatient, intensive and general outpatient programs, halfway house placement, long-term care, aftercare, and other types of appropriate follow-up treatment.**

**(2) The applicant must provide documentation of its transfer and referral agreements, in the form of letters of agreement or acknowledgement from the following types of facilities:**

**(a) Acute care hospitals;**
**(b) Halfway houses, therapeutic communities, long-term care facilities, and local alcohol and drug abuse intensive and other outpatient programs;**
**(c) Local community mental health center or center(s);**
**(d) The jurisdiction's mental health and alcohol and drug abuse authorities;**
**(e) The Alcohol and Drug Abuse Administration and the Mental Hygiene Administration;**
**(f) The jurisdiction's agencies that provide prevention, education, driving-while-intoxicated programs, family counseling, and other services; and,**
**(g) The Department of Juvenile Justice and local juvenile justice authorities, if applying for beds to serve adolescents.**

Please see Exhibit 19 for transfer and referral agreements and letters of acknowledgement and support and chart below.

Applicant must document a transfer/referral agreement with at least one entity in each class of providers listed. A suggested format is shown below.

| Provider Category | Agreement(s) with: |
|---|---|
| Acute care hospitals | Shore Regional Health |
| Halfway houses, therapeutic communities, long-term care facilities, and local alcohol and drug abuse outpatient programs | Homes 4 Hope LLC, Foundations Recovery House, Humble House Recovery, The Gratitude House, Misha House, New Life Addiction Counseling |

| | |
|---|---|
| Local community mental health center or center(s) | Community Behavioral Health |
| The jurisdiction's mental health and alcohol and drug abuse authorities | Midshore Behavioral Health (letter of support) |
| The Behavioral Health Administration of MDH (formerly the Mental Hygiene Administration with its division of Alcohol and Drug Abuse) | |
| The jurisdiction's agencies that provide prevention, education, driving-while-intoxicated programs, family counseling, and other services | One Promise Counseling and DUI Education, Turning Corners, New Life Addiction Counseling |
| The Department of Juvenile Justice and local juvenile justice authorities, if is serving or plans to serve adolescents | N/A |

**.05K. Sources of Referral.**

**(1) An applicant proposing to establish a new Track Two facility must document to demonstrate that 50 percent of the facility's annual patient days, consistent with Regulation .08 of this Chapter, will be generated by the indigent or gray area population, including days paid under a contract with the Alcohol and Drug Abuse Administration or a jurisdictional alcohol or drug abuse authority.**

Not applicable.

**(2) An applicant proposing to establish a new Track One facility must document referral agreements to demonstrate that 15 percent of the facility's annual patient days required by Regulation .08 of this Chapter will be incurred by the indigent or gray area populations, including days paid under a contract with the Alcohol or Drug Abuse Administration or a jurisdictional alcohol or drug abuse authority, or the Medical Assistance program.**

As outlined in .05J of this application, Transfer and Referral agreements have been executed and after approval will continue to be executed with various different types of organizations, including for profit, non-profit, and FQHC facilities. Contacts have already been developed and relationships between Avenues and these organizations have been formed. These relationships demonstrate that Avenues will be able to commit 15% of the annual patient days to indigent or gray area populations. Avenues will be creating and forming new relationships on an ongoing basis with local and statewide organizations to uphold this commitment.

**.05L. In-Service Education. An applicant must document that it will institute or, if an existing facility, maintain a standardized in-service orientation and continuing education program for all categories of direct service personnel, whether paid or volunteer.**

See Exhibit 20 for description of staff orientation and continuing education programs which programs include:

1) All new hires receive an orientation that covers the following:
   a) Mission
   b) Culture
   c) Person-centered philosophy
   d) Performance measurement and management system
   e) Risk management plan
   f) Strategic plan

2) Workforce policies and procedures
   a) All employees will also receive annual training updates.
   b) This training includes, but is not limited to the following policies:
      i) Cultural Diversity/Competency
      ii) Consumer Rights and Confidentiality/HIPAA
      iii) Facility Policy and Procedures
      iv) Code of Ethics
      v) Critical Incident Identification and Reporting
      vi) Infection Control, Communicable Diseases, Universal Precaution - This includes specialized counseling for HIV-positive persons and active AIDS patients
      vii) Emergency Medical Plan
      viii) Basic Safety Precautions
      ix) Emergency and Evacuation Procedures (e.g., fire) and Facility layout
      x) Prevention of Violence in the Workplace and Weapons Policy
      xi) Corporate Compliance Plan/Reporting Procedures
      xii) Clinical Orientation for Clinical Personnel
      xiii) Person and Family Centered Services
      xiv) Professional Conduct/Ethics
      xv) Rights of Personnel
      xvi) Child Abuse and Prevention Act
      xvii) Promoting Wellness of Persons Served
      xviii) Health and Safety
      xix) Health Issues and Advocacy
      xx) Personal Privacy
      xxi) Customer Service
      xxii) Unique Needs of Persons Served
      xxiii) Trauma Informed
      xxiv) Medication Management

xxv) Clinical Risk Factors, including suicide, violence, and other risky behaviors

xxvi) Transportation Training (for those who transport patients)

**.05M. Sub-Acute Detoxification. An applicant must demonstrate its capacity to admit and treat alcohol or drug abusers requiring sub-acute detoxification by documenting appropriate admission standards, treatment protocols, staffing standards, and physical plant configuration.**

Please see Exhibit 21 Detoxification which documents the capacity of Avenues to admit and treat alcohol or drug abusers requiring sub-acute detoxification. Page 1-2 of this Exhibit describes the procedure for admission and admission standards. In particular and per Page 2 Paragraph 4 "In addition to the ongoing assessments listed in the "Assessments" policy, patients are assessed for their readiness to change." Page 2 Paragraphs 5 and 6 describe the following written treatment protocols that: Address detoxification/withdrawal management for:

1. Alcohol and other drugs
2. Special populations
3. Co-occurring conditions

Which protocols will include:

1. Expectations regarding variances from protocol.
2. Under what circumstances a physician should be consulted.
3. Expected timeframe for physician reasons.
4. Monitoring of vital signs
5. Fact-to-face contact with the persons served
6. Documentation requirements.

Furthermore, "Appropriate detoxification protocols are based on the patients assessed needs."

Staffing standards are described on page 2 paragraphs 7 and 8:

7. Services are provided by an interdisciplinary team that includes at a minimum:
   a. The patient
   b. Family/support system (when appropriate)
   c. Counselor
   d. Medical staff
   e. Other assigned personnel
8. A physician is available to the program 24 hours a day, seven (7) days a week.

With respect to physical plant configuration, 3.7 and 3.7WM beds at Avenues-Chesapeake Bay will account for 20 out of 104 total beds of the facility. The bedrooms are located on four wings: South Wing, West Wing, North Wing, and East

Wing that currently service ASAM levels 3.3 and 3.5. As shown in the Floor Plan (Exhibit 3), the West Wing, North Wing, and East Wing are mainly made up of bedrooms that have 4 beds per room in comparison to the South Wing.

The intent is to is to convert 20 total beds (7 bedrooms) into 3.7 and 3.7WM beds located in the South Wing as shown in the Floor Plan (Exhibit 3). Of the 7 bedrooms, 6 of them will have 3 beds per bedroom, and 1 bedroom will have 2 beds. The South Wing was chosen because of the more private setting for patients in need of the higher levels of care. The South Wing is located the closest to the clinical offices, group rooms, medical offices, dining area, fitness room, game room, and Yoga room for ease of access for patients experiencing withdrawal symptoms for level 3.7WM patients and post-acute withdrawal symptoms for level 3.7 patients. The close proximity of the medical offices will be most beneficial for patients who need to be seen. There is also a medication room, staffed by nurses, at the entrance of the hallway in the South Wing so that patients do not need to travel throughout the 40,180 square foot space facility for any prescribed medications.

After the initial assessment of patients, Avenues will make every attempt to room patients together by presenting similarities. The intent is to have a therapeutic balance where patients may share their personal experiences with other patients to remind one another that they are not alone in this battle against addiction. Some examples of presenting similarities may be based on age and/or drug of choice. Avenues will make every attempt to keep 3.7WM patients in rooms together as well as 3.7 patients in rooms together. All rooms will be gender specific.

**.05N. Voluntary Counseling, Testing, and Treatment Protocols for Human Immunodeficiency Virus (HIV). An applicant must demonstrate that it has procedures to train staff in appropriate methods of infection control and specialized counseling for HIV-positive persons and active AIDS patients.**

See Exhibit 22 in which Avenues-Chesapeake Bay demonstrates that it has procedures to train staff in appropriate methods of infection control and specialized counseling for HIV-positive persons and active AIDS patients.

**.05O. Outpatient Alcohol & Drug Abuse Programs.**

**(1) An applicant must develop and document an outpatient program to provide, at a minimum: individual needs assessment and evaluation; individual, family, and group counseling; aftercare; and information and referral for at least one year after each patient's discharge from the intermediate care facility.**

See Exhibit 23 Outpatient Treatment which describes how the enumerated services are provided at the referenced pages of the policy:

individual needs assessment and evaluation; page 1 Admission Criteria

individual, family, and group counseling; page 2 Services Provided

aftercare; page 1 "aftercare planning begins upon admission (see Discharge Planning and LOS)"

information and referral for at least one year after each patient's discharge from the intermediate care facility. See Exhibit 15

**(2) An applicant must document continuity of care and appropriate staffing at off-site outpatient programs.**

See Staffing at Exhibit 24 and Exhibit 23 Outpatient Treatment page 1 "The program is appropriately staffed to ensure quality and continuity of care (see Discharge and LOS)".

**(3) Outpatient programs must identify special populations as defined in Regulation .08, in their service areas and provide outreach and outpatient services to meet their needs.**

Avenues treats all patients who meet its admission criteria, including a projected 85% of Medicaid patients. By definition, the Medicaid population is likely to include special populations as defined by COMAR 10.24.14.08: "those populations that historically have not been or are not now served by the alcohol and drug abuse treatment delivery system including, women and women with dependent children, the elderly, the homeless, the poor, adolescents, persons with mixed dependencies, hearing impaired, the disabled, minorities, and others with special needs".

**(4) Outpatient programs must demonstrate the ability to provide services in the evening and on weekends.**

See Exhibit 23 at page 3 "Patients may access services on evenings and weekends."

**(5) An applicant may demonstrate that outpatient programs are available to its patients, or proposed patient population, through written referral agreements that meet the requirements of (1) through (4) of this standard with existing outpatient programs.**

Avenues-Chesapeake Bay provides outpatient programs. See Exhibit 23

In addition, such programs are available to its patients and proposed patients through written referral agreements. See Exhibit 19

**.05P. Program Reporting. Applicants must agree to report, on a monthly basis, utilization data and other required information to the Alcohol and Drug Abuse Administration's Substance Abuse Management Information System (SAMIS) program, and participate in any comparable data collection program specified by the Department of Health and Mental Hygiene.**

Avenues-Chesapeake Bay agrees to report, on a monthly basis, utilization data and other required information to the Alcohol and Drug Abuse Administration's Substance Abuse Management Information System (SAMIS) program, and participate in any comparable data collection program specified by the Department of Health and Mental Hygiene.

**.06 Preferences for Certificate of Need approval.**

**A. In a comparative review of applicants for private bed capacity in Track One, the Commission will give preference expand an intermediate care facility if the project's sponsor will commit to:**

**(1) Increase access to care for indigent and gray area patients by reserving more bed capacity than required in Regulation .08 of this Chapter;**

**(2) Treat special populations as defined in Regulation .08 of this Chapter or, if an existing alcohol or drug abuse treatment facility, treat special populations it has historically not treated;**

**(3) Include in its range of services alternative treatment settings such as intensive outpatient programs, halfway houses, therapeutic foster care, and long-term residential or shelter care;**

**(4) Provide specialized programs to treat an addicted person with co-existing mental illness, including appropriate consultation with a psychiatrist; or,**

**(5) In a proposed intermediate care facility that will provide a treatment program for women, offer child care and other related services for the dependent children of these patients.**

Not applicable.

**B. If a proposed project has received a preference in a Certificate of Need review pursuant to this regulation, but the project sponsor subsequently determines that providing the identified type or scope of service is beyond the facility's clinical or financial resources:**

**(1) The project sponsor must notify the Commission in writing before beginning to operate the facility, and seek Commission approval for any change in its array of services pursuant to COMAR 10.24.01.17.**

**(2) The project sponsor must show good cause why it will not provide the identified service, and why the effectiveness of its treatment**

**program will not be compromised in the absence of the service for which a preference was awarded; and**

**(3) The Commission, in its sole discretion, may determine that the change constitutes an impermissible modification, pursuant to COMAR 10.24.01.17C(1).**

Not applicable.

## B. NEED

***COMAR 10.24.01.08G(3)(b) Need. The Commission shall consider the applicable need analysis in the State Health Plan. If no State Health Plan need analysis is applicable, the Commission shall consider whether the applicant has demonstrated unmet needs of the population to be served, and established that the proposed project meets those needs.***

**INSTRUCTIONS:** Please discuss the need of the population served or to be served by the Project.

Responses should include a quantitative analysis that, at a minimum, describes the Project's expected service area, population size, characteristics, and projected growth. If the relevant chapter of the State Health Plan includes a need standard or need projection methodology, please reference/address it in your response. For applications proposing to address the need of special population groups, please specifically identify those populations that are underserved and describe how this Project will address their needs.

If the project involves modernization of an existing facility through renovation and/or expansion, provide a detailed explanation of why such modernization is needed by the service area population. Identify and discuss relevant building or life safety code issues, age of physical plant issues, or standard of care issues that support the need for the proposed modernization.

Please assure that all sources of information used in the need analysis are identified. List all assumptions made in the need analysis regarding demand for services, utilization rate(s), and the relevant population, and provide information supporting the validity of the assumptions.

Complete Table C (Statistical Projections – Entire Facility) from the CON Application Table Package.

**RESPONSE**

Attacking the addiction problem has been a major initiative of Governor Hogan. The September 20, 2020 issue of the *Baltimore Sun*, reported:

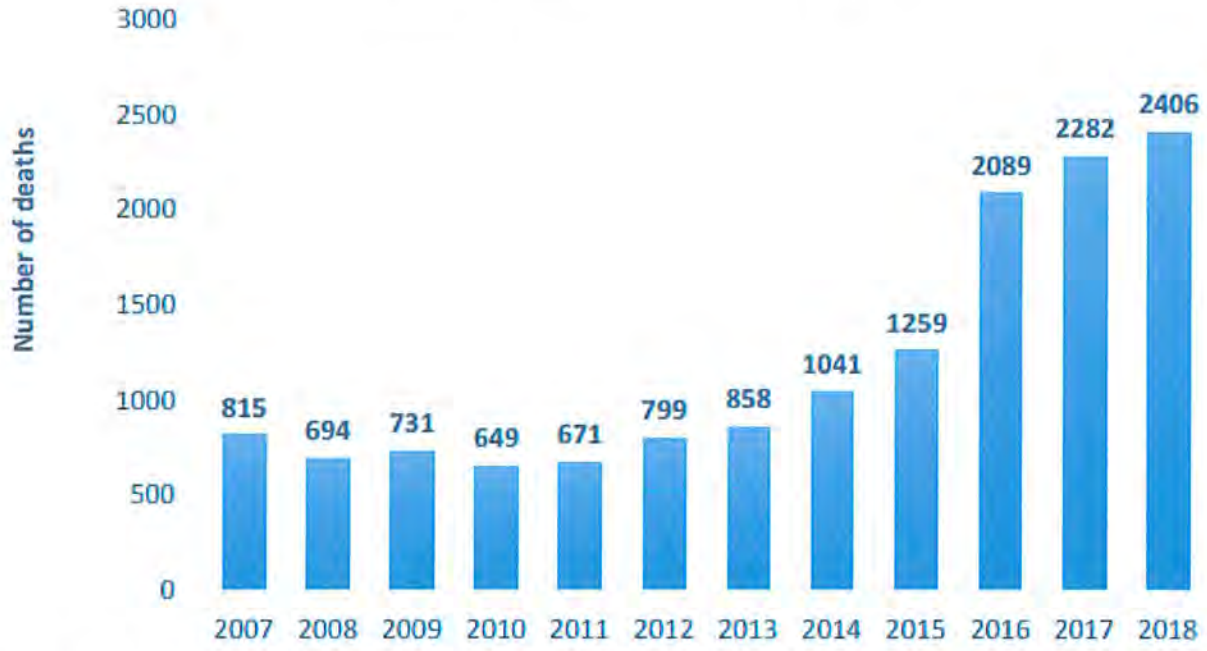
From the beginning of my administration, I have offered the full support of my

office and the resources of every agency in the state to solve this problem, and this plan provides the framework for us to do that right now," the Republican governor said in a news release. "In spite of the other challenges that we face, our dedication to reversing the devastation of the opioid crisis has not wavered.

Source: Baltimore Sun, 9/20/2020, "Drug and alcohol-related deaths across Maryland jump more than 9% due to the coronavirus, officials say"

The addiction problem is highlighted by the chart below showing the escalating number of drug and alcohol related intoxication deaths in Maryland from 2007 – 2018.

**Total Number of Drug- and Alcohol-Related Intoxication Deaths Occurring in Maryland, 2007-2018.**




Source: Unintentional Drug- and Alcohol-Related Intoxication Deaths in Maryland, 2018 https://bha.health.maryland.gov/Documents/Annual_2018_Drug_Intox_Report.pdf, Figure 1

The escalation in addiction and addiction related deaths has only worsened since 2018. The *Baltimore Sun* article previously cited reported:

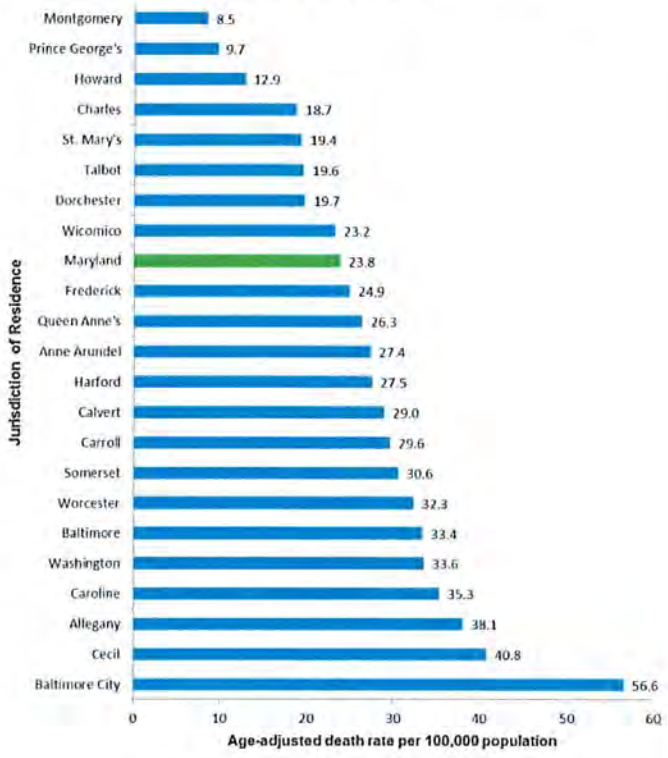
As the coronavirus continues to claim the lives of Marylanders every day, state officials said Tuesday that fatal drug overdoses and alcohol-related deaths also are increasing throughout the region.

New state data released Tuesday revealed drug- and alcohol-related deaths increased 9.1% across the state from January to June this year compared with the same months of 2019, with opioids responsible for nearly 90% of the 1,326 deaths. The report reflects the anticipated impact of the pandemic for the first time.

The Maryland Department of Health and the state's Opioid Operational Command Center said it's "clear" that COVID-19 is responsible for the uptick, exacerbating people's addictions as they've quarantined inside their homes to help curb the virus.

The Eastern Shore has been particularly hard hit by the drug and alcohol crisis. Five of the eight counties of the Eastern Shore of Maryland have age adjusted mortality rates for unintentional intoxication deaths that are higher than the Maryland average.

**Figure 46. Age-Adjusted Mortality Rates[1,2] for Total Unintentional Intoxication Deaths by Place of Residence,[3] Maryland, 2013-2017.**

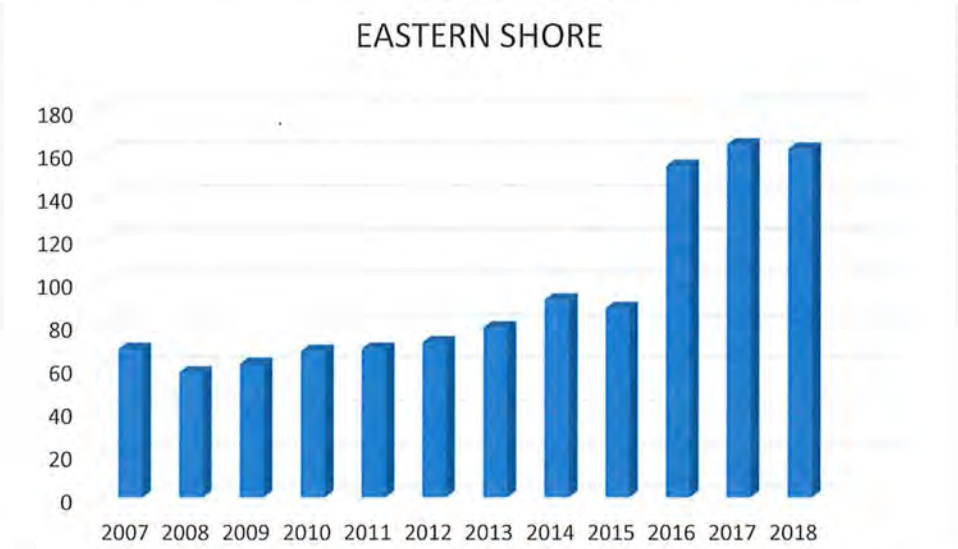



[1]Age-adjusted to the 2000 U.S. standard population by the direct method.
[2]Since age-adjusted rates based on fewer than 20 deaths are considered unreliable, rates are only shown for jurisdictions with 20 or more intoxication deaths over the five-year period.
[3]Rates are based on place of residence, not place of occurrence.

Source: Unintentional Drug- and Alcohol-Related Intoxication Deaths in Maryland, 2018, Maryland Department of Health, May 2019, https://bha.health.maryland.gov/Documents/Annual_2018_Drug_Intox_Report.pdf

The high rate of addiction related deaths on the Eastern Shore did not begin when the Covid-19 quarantine began and will not end when the quarantine ends. The quarantine has resulted in increased addiction (as evidenced by deaths), and addicted people need treatment.

Total Number of Drug and Alcohol-Related Intoxication Deaths by Place of Occurrence, 2007-2018.




Source: Unintentional Drug- and Alcohol-Related Intoxication Deaths in Maryland, 2018, Maryland Department of Health, May 2019, https://bha.health.maryland.gov/Documents/Annual_2018_Drug_Intox_Report.pdf

A report from the Franklin P. Perdue School of Business at Salisbury University in 2014 (*The Cost of Alcohol and Illicit Drug Use on the Eastern Shore of Maryland*) concluded that the cost of illicit drugs and alcohol abuse cost the Eastern Shore of Maryland $1,273 billion per year. This tremendous economic cost was identified well before the surge in addiction (as measured by deaths) in 2016.

| Illicit Drug Use Statistical Summary (in Millions) | | |
|---|---|---|
| **Crime** | | |
| | Criminal Justice System | $43.04 |
| | Crime Victim | $0.754 |
| | Lost Productivity | $0.048 |
| | **Subtotal** | **$43.84** |
| **Health** | | |
| | Specialty Treatment | $12.55 |
| | Hospitals | $197.38 |
| | Insurance Administration | $11.84 |
| | **Subtotal** | **$221.77** |
| **Productivity** | | |
| | Labor Participation | $451.94 |
| | Specialty Treatment | $58.14 |
| | Hospitalization | $5.81 |
| | Incarceration | $49.77 |
| | **Subtotal** | **$565.66** |
| **Total** | | **$831.27** |

| Excessive Alcohol Consumption Statistical Summary (in Millions except where noted by *) | |
|---|---|
| Health Costs | $36.39 |
| Lost Productivity | $199.86 |
| Other Costs | $48.05 |
| **Total** | **$284.30** |
| | |
| **Other Cost Measures** | |
| Binge Drinking | $219.76 |
| Underage Drinking | $32.13 |
| Societal Cost Per: | |
| Drink* | $1.90 |
| Capita* | $279.70 |
| | |
| **Economic Value of Alcohol Sales** | $94.70 |

Source: *The Cost of Alcohol and Illicit Drug Use on the Eastern Shore of Maryland*, October 2014, https://health.maryland.gov/talbotcounty/Documents/Cost%20of%20Alcohol%20and%20Illicit%20Drug%20Use%20on%20the%20Eastern%20Shore%20of%20Maryland%202014.pdf, Pages 2-3.

Of course, there obviously is a tremendous need for services to treat residents of the Eastern Shore suffering from drug and alcohol addiction. According to the MHCC there are 397 3.7 or 3.7WM beds in Maryland.

**TRACK 1**

| Region | Provider: Provider Name | Provider: Physical City | Service Description | Track | Beds | Note |
|---|---|---|---|---|---|---|
| Central MD | Maryland House Detox, LLC | Linthicum | 3.7 and 3.7 WM | Track 1 | 40 | Including 24 bed addition granted in May 2019 |
| Central MD | Baltimore Detox Center | Baltimore | 3.7 WM | Track 1 | 24 | |
| Central MD | Ashley, Inc. | Havre de Grace | 3.7 and 3.7 WM* | Track 1 | 121 | Ashley received a determination for addition of beds to 121 in June 2020. It is unclear how many of these beds at any time are being used for 3.7/3.7WM levels of care. Previous conversations with the facility put that number at around 80 |
| **Region Total** | | | | | **185** | |
| Eastern Shore | RCA at Bracebridge Hall | Earleville | 3.7* | Track 1 | 123 | Including 15 bed addition granted in March 2020 |
| Eastern Shore | Warwick Manor Behavioral Health, Inc. | East New Market | 3.7 and 3.7 WM | Track 1 | 16 | |
| Eastern Shore | Hudson Health Services, Inc. | Salisbury | 3.7 and 3.7 WM* | Track 1 | 9 | |
| **Region Total** | | | | | **148** | |

| | | | | | |
|---|---|---|---|---|---|
| Montgomery and Southern MD | RCA Capital Region | Waldorf | 3.7* | Track 1 | 64 |
| **Region Total** | | | | | **64** |
| **TRACK 1 TOTAL** | | | | | **397** |

Using the methodology in the State Health Plan, there are between 245 and 268 additional beds needed statewide in 2025. Avenues used Medicaid only for the Indigent measure, consistent with MHCC practice in reviewing other CON applications for ICF facilities.

| | 2020 | 2025 |
|---|---|---|
| Projected Adult Population (Age 18+) | 4,794,366 | 4,965,091 |
| Indigent Adult Population (Age 18+) | 886,366 | 917,929 |
| (a) Non-Indigent Population | 3,908,000 | 4,047,162 |
| (b) Estimated Number of Substance Abusers (a. x 8.64%) | 337,651 | 349,675 |
| (c1) Estimated Annual Target Population (b x 25%) | 84,413 | 87,419 |
| (c2) Estimated Number Requiring Treatment (c1 x 95%) | 80,192 | 83,048 |
| (d) Estimated Population Requiring ICF/CD (12.5% - 15%) | | |
| (d1) Minimum (c2 x 0.125) | 10,024 | 10,381 |
| (d2) Maximum (c2 x 0.15) | 12,029 | 12,457 |
| (e) Estimated Range Requiring Readmission (10%) | | |
| (e1) Minimum (d1 x 0.1) | 1,002 | 1,038 |
| (e2) Maximum (d2 x 0.1) | 1,203 | 1,246 |
| Total Discharges from Out of State | 44 | 46 |
| (f) Range of Adults Requiring ICF/CD Care | | |
| (f1) Minimum (d1 + e1 + Out of State) | 11,071 | 11,465 |
| (f2) Maximum (d2 + e2 + Out of State) | 13,276 | 13,749 |
| (g) Gross Number of Adult ICF Beds Needed | | |
| (g1) Maximum ((f1 x 14 ALOS)/365/0.85) | 535 | 554 |
| (g2) Minimum ((f2 x 14 ALOS)/365/0.85) | 642 | 665 |
| (h) Existing Track One Inventory ICF/CD Beds | 397 | 397 |
| (i) Net Private ICF/CD Bed Need | | |
| Minimum (g1-h) | 138 | 157 |
| Maximum (g2-h) | 245 | 268 |

Sources: Population: https://planning.maryland.gov/MSDC/Pages/s3_projection.aspx 12/2020
Medicaid eligible: https://md-medicaid.org/eligibility/index.cfm

As for the need for the Eastern Shore, the same methodology shows that there is an excess of beds.

| | 2020 | 2025 |
|---|---|---|
| Projected Adult Population (Age 18+) | 371,588 | 393,408 |
| Indigent Adult Population (Age 18+) | 77,384 | 81,928 |
| (a) Non-Indigent Population | 294,204 | 311,480 |
| (b) Estimated Number of Substance Abusers (a. x 8.64%) | 25,419 | 26,912 |
| (c1) Estimated Annual Target Population (b x 25%) | 6,355 | 6,728 |
| (c2) Estimated Number Requiring Treatment (c1 x 95%) | 6,037 | 6,392 |
| (d) Estimated Population Requiring ICF/CD (15% - 30%) | | |
| (d1) Minimum (c2 x 0.15) | 906 | 959 |

| | | |
|---|---|---|
| (d2) Maximum (c2 x 0.30) | 1,811 | 1,917 |
| (e) Estimated Range Requiring Readmission (10%) | | |
| (e1) Minimum (d1 x 0.1) | 91 | 96 |
| (e2) Maximum (d2 x 0.1) | 181 | 192 |
| Total Discharges from Out of State | 80 | 84 |
| (f) Range of Adults Requiring ICF/CD Care | | |
| (f1) Minimum (d1 + e1 + Out of State) | 1,076 | 1,139 |
| (f2) Maximum (d2 + e2 + Out of State) | 2,072 | 2,194 |
| (g) Gross Number of Adult ICF Beds Needed | | |
| (g1) Maximum ((f1 x 14 ALOS)/365/0.85) | 52 | 55 |
| (g2) Minimum ((f2 x 14 ALOS)/365/0.85) | 100 | 106 |
| (h) Existing Track One Inventory ICF/CD Beds | 148 | 148 |
| (i) Net Private ICF/CD Bed Need | | |
| Minimum (g1-h) | (96) | (93) |
| Maximum (g2-h) | (48) | (42) |

Sources: Population: https://planning.maryland.gov/MSDC/Pages/s3_projection.aspx 12/2020 Medicaid eligible: https://md-medicaid.org/eligibility/index.cfm; Medicaid Eligibles for 12/2020 – not available by both county and age. Age 19+ calculated as all ages x Statewide % Medicaid Eligibles age 18+ (57%)

When analyzing the need for beds for Medicaid and uninsured only on the Eastern Shore and excluding the beds at RCA (which does not accept Medicaid patients), there is a need for 12 additional beds in 2025.

| | 2020 | 2025 |
|---|---|---|
| Medicaid and Uninsured Adult Population (Age 18+) | 101,368 | 107,320 |
| Indigent Adult Population (Age 18+) | | |
| (a) Medicaid and Uninsured Adult Population (Age 18+) | 101,368 | 107,320 |
| (b) Estimated Number of Substance Abusers (a. x 8.64%) | 8,758 | 9,272 |
| (c1) Estimated Annual Target Population (b x 25%) | 2,190 | 2,318 |
| (c2) Estimated Number Requiring Treatment (c1 x 95%) | 2,080 | 2,202 |
| (d) Estimated Population Requiring ICF/CD (15% - 30%) | | |
| (d1) Minimum (c2 x 0.15) | 312 | 330 |
| (d2) Maximum (c2 x 0.30) | 624 | 661 |
| (e) Estimated Range Requiring Readmission (10%) | | |
| (e1) Minimum (d1 x 0.1) | 31 | 33 |
| (e2) Maximum (d2 x 0.1) | 62 | 66 |
| Total Discharges from Out of State | 27 | 29 |
| (f) Range of Adults Requiring ICF/CD Care | | |
| (f1) Minimum (d1 + e1 + Out of State) | 371 | 392 |
| (f2) Maximum (d2 + e2 + Out of State) | 714 | 756 |
| (g) Gross Number of Adult ICF Beds Needed | | |
| (g1) Maximum ((f1 x 14 ALOS)/365/0.85) | 18 | 19 |
| (g2) Minimum ((f2 x 14 ALOS)/365/0.85) | 35 | 37 |
| (h) Existing Track One Inventory ICF/CD Beds | 25 | 25 |
| (i) Net Private ICF/CD Bed Need | | |
| Minimum (g1-h) | (7) | (6) |
| Maximum (g2-h) | 10 | 12 |

Sources: 12/2020 Medicaid eligible: https://md-medicaid.org/eligibility/index.cfm; Medicaid Eligibles

for 12/2020 – not available by both county and age. Age 19+ calculated as all ages x Statewide % Medicaid Eligibles age 18+ (57%); 2020 Uninsured Adults: https://www.countyhealthrankings.org/app/maryland/2020/measure/factors/3/data

Notwithstanding the foregoing, Avenues can demonstrate substantial reasons why the regional need methodology should not restrict the number of beds requested in connection with this Project:

1. The SHP data are old and unreasonable.

The Alcoholism and Drug Abuse Intermediate Care Facility Treatment Services chapter of the SHP (COMAR 10.24.14) was originally effective January 21, 2002 and added a Supplement 1 Effective February 18, 2013. Supplement 1 is not even posted on the MHCC website. The projections in the tables at the end of the chapter **project need for 2005.**

The MHCC should not deny the people of Maryland, including residents of the Eastern Shore, access to needed addiction treatment based on a chapter that is **19 years old.** Moreover**, the adult prevalence data in the methodology are *37 years old and therefore* clearly out of date.** Furthermore, Footnote 22 on page 26 of the chapter states:

Prevalence estimates have been reviewed by the Alcohol and Drug Abuse Administration and by the Center for Substance Abuse Research and are calculated using the *NIMH Epidemiologic Catchment Area Program Estimates, Archives of General Psychiatry*, 1984 for the adult population, and the National Household Survey on Drug Abuse, Population Estimates, Office of Applied Studies, SAM.HSA 1996, Rockville, MD, Office of Applied Studies for the adolescent population.

This means that the adult prevalence data in the methodology are ***37 years old***. The State Health Plan chapter does not identify the years on which the other assumptions are based. Applying such antiquated and thus irrelevant data to deny the people of Maryland needed substance abuse inpatient rehabilitation treatment is illogical and irresponsible and ignores the facts.

2. Recognizing the need for additional ICF level rehabilitation, the MHCC decided that it should only regulate ICF services to keep out "bad actors." Using regional need to deny an application from an existing Maryland provider of high-quality services is inconsistent with this approach.

   In 2017, the MHCC formed a Certificate of Need Modernization Task Force, that considered whether ICFs should still be regulated by CON. On pages 26 and 27 of the final report (issued 12/20/18), it states:

***Alcoholism and Drug Abuse Treatment Intermediate Care Facility Services***

*Alcoholism and drug abuse treatment intermediate care facility (ICF) services are the only category of non-hospital substance abuse treatment facility regulated under the CON program. Proposed legislation that would eliminate CON regulation of these sub-acute*

*inpatient facilities was introduced in 2018, but failed to advance. Stakeholders have stated that continued inclusion 27 of ICFs as a CON-regulated facility category is necessary to prevent a substantial influx of new facilities providing poor quality care and engaging in undesirable practices aimed at maximizing revenue rather than effectively rehabilitating addicted patients. MHCC endorsed elimination of CON regulation in 2018 as part of an appropriate response to the opiate and opioid overdose crisis and the calls for more treatment programming.*

The recommendations (pp. 28-29) state:

*Reform Recommendations Related to Alcoholism and Substance Abuse Treatment ICF CON Regulation*

*• Identify the State Health Plan chapters that are most in need of updating and which offer the greatest potential to meet reform objectives and prioritize their revision. Simultaneously review and revise the procedural regulations governing CON application review. The following SHP and procedural regulation reforms are included under this recommendation*

*a. Limit SHP standards to those addressing project need, project viability, project impact, and applicant qualifications.*

*b. Create an abbreviated review process for all uncontested projects that do not involve:*

*a) establishment of a health care facility;*

*b) relocation of a health care facility;*

*c) the introduction by a hospital of cardiac surgery or organ transplantation.*

*c. Establish performance requirements for approved projects that include a deadline for obligating the capital expenditure and initiating construction but without project completion deadlines.*

*d. Establish a process for considering changes in approved projects that is primarily a staff review function with approval by the Executive Director.*
*(See last section of this report for more detail on this recommendation.)*

*• Eliminate the capital expenditure threshold used to mandate CON approval for nonhospital health care facility projects, limiting all definitions of projects requiring CON approval to "categorical" projects involving establishment of facilities or specific types of changes to an existing health care facility, no matter what capital expenditure is required.*

*• Limit the required considerations in CON project review to: (1) Alignment with applicable State Health Plan standards; b) Need c) Viability of the project and the facility; d) Impact of the project on cost and charges; and e) Impact of the project on access to care. This would eliminate the current required consideration of the costs and effectiveness of alternatives to the project, impact of the project on other providers, and compliance with the terms and conditions of previous CONs the applicant has received.*

*• Establish deemed approval for uncontested project reviews eligible for an abbreviated project review process if final action by the Commission does not occur within 120 days after docketing.*

*• Eliminate the requirement to obtain CON approval of changes in bed capacity by*

*an alcoholism and drug abuse treatment intermediate care facility or by a residential treatment center.*

*• Consider structural changes in how the Commission handles CON project reviews in light of creating an abbreviated process for most reviews and providing meaningful participation by the public in the regulatory process. Possible changes could include use of a project review committee. The objective would be further streamlining the review process and facilitating more public engagement.*

*• Engage with the home health, hospice, alcohol and drug treatment, and residential treatment center sectors and the Maryland Department of Health on alternatives to conventional CON regulation for accomplishing the "gatekeeper" function of keeping persons or organizations with poor track records in quality of care and/or integrity from entering Maryland and accomplishing the objective of expanding the number of such facilities gradually. The objectives would be either to: (1) eliminate CON regulation for these health care facility categories with MDH incorporating the gatekeeper function into the facility licensure process; or (2) establish MHCC's role in regulating these facility categories solely as a gatekeeper (e.g., any facility of this type that gets a clean bill of health following a rigorous background check and character and competence review and is compatible with limitations for gradual expansion of new providers would be issued a CON, without further review). Establish specific deadlines for recommendations.*

The MHCC summary of the September 7, 2018 Task Force meeting, at which ICFs were discussed, shows that the participants were primarily concerned with keeping "bad actors" out of Maryland. It says:

***Agenda Item 4: Alcoholism and Drug Abuse Treatment Intermediate Care Facility (ICF)***

*Mr. Parker reviewed the MHCC's authority to issue CONs for alcohol and drug abuse intermediate care facilities (ICFs). He noted that MHCC supported legislation to remove ICFs from CON regulation in the 2018 General Assembly Session with the support of the Behavioral Health Administration (BHA), but the bill had not been voted out of Committee due to strong opposition from some existing ICFs. Dr. Redmon reviewed the "Issues Raised" for ICF, and the series of categorized reform proposals.*

***Minimal Reforms***

- ***Eliminate capital expenditure threshold defining need for CON***
- ***Eliminate facility relocation and change in bed capacity as a project requiring CON approval for existing Track 2 ICFs (publicly funded)***
- ***Update SHP to reduce review criteria and standards***

*The Task Force generally approved of eliminating the capital expenditure threshold and bed capacity change and relocation review from the CON process. It was suggested that this reduction in regulation should be expanded to all tracks (Track 1 ICFs are funded primarily through private sources, while Track 2 are primarily funded through Medicaid).*

***Moderate Reforms***

- ***Eliminate need, cost and effectiveness, viability and all other criteria and standards, with the exception of impact and financial access for reviews involving establishment or expansion of Track 1 ICFs (funded primarily from private payment sources)***
- ***Limit scope of final action by Commission on Track 1 ICF projects to consideration of financial access and impact – i.e., approve the project unless it has made an insufficient commitment to serve low-income clients and/or is likely to have an existential negative impact on one or more existing Track 1 ICFs.***

*Richard Pryzwara, representing alcoholism and drug abuse treatment facilities, stated that addictions recovery must be distinguished from other health care facilities because of the common practice of "patient brokering." More generally, he argued that addictions recovery is rife with bad actors in other states, and the CON process is a way to provide safe, quality care to Marylanders through the gatekeeper function of the CON process. Several Task Force members and Mr. Parker questioned the efficiency of the CON process as a monitor for safety and quality, given that the BHA exists and functions to monitor providers for such purposes.*

***Major Reforms***

- ***Eliminate all CON regulation of alcoholism and drug abuse ICF treatment services***
- ***Mandate MDH to deny licensure applications to ICF applicants with nor previous experience in operating an ICF or specified deficiencies in their health care facility operational track record.***

*The Task Force discussed alternatives to CON including strengthening the authority of the BHA and mandating accreditation as a means to eliminate bad actors.*

Clearly, the Task Force wanted the MHCC to focus its regulatory authority to keep out bad actors in addictions recovery services. The MHCC adopted the Task Force recommendations.

However, as a result of the Task Force's recommendations, the MHCC proposed to the legislature simply one change affecting ICFs the following session (House Bill 626). House Bill 6262 removed the CON requirement for existing ICFs which wanted to increase beds. Moreover, the MHCC has not changed the State Health Plan which was last updated in 2013.

It is counterintuitive to apply a quantitative need requirement for additional beds through new facilities when the MHCC has removed any CON requirement for adding additional beds for existing facilities. As stated previously, existing facilities can increase their beds unfettered, eliminating the possibility of new facilities being approved to provide increased services, choice of providers, and access for Medicaid patients.

Avenues has two facilities in Maryland and has proven that it is a "good actor" and

clearly not a "bad actor." Avenues' proposed addition of 3.7 and 3.7 WM care at Avenues on the Eastern Shore is exactly the kind of CON project by a high-quality provider that the MHCC and its Task Force wished to see established.

3. Avenues anticipates it will serve as a statewide, not only a regional, resource.

Furthermore, the Avenues organization has experience in Maryland demonstrating that its facilities and services meet the needs of all Maryland residents and not solely the needs of the jurisdiction or health planning region in which the facility is located. Avenues Recovery Center at Prince Frederick located in Prince Frederick Calvert County operates at almost full capacity. At any given time, there are approximately 150 persons on its wait list, and it receives approximately 200 inquiries per month from patients from all over Maryland. The data below concerning the patient origin of the Prince Frederick facility's patients shows that approximately half the patients come from Zip Codes requiring a 50-minute drive or longer - many from locations outside of Calvert County and Southern Maryland as well as out of state residents. Avenues expects the Chesapeake Bay facility to have the same if not a broader reach.

| County | Patients | Pts. From Zip Codes with Driving Times 50 Minutes or More | % |
|---|---|---|---|
| Allegany | 3 | 3 | 100.0% |
| Anne Arundel | 345 | 275 | 79.7% |
| Baltimore | 66 | 66 | 100.0% |
| Baltimore City | 61 | 61 | 100.0% |
| Calvert | 316 | 0 | 0.0% |
| Caroline | 4 | 4 | 100.0% |
| Carroll | 11 | 11 | 100.0% |
| Cecil | 47 | 47 | 100.0% |
| Charles | 107 | 0 | 0.0% |
| Dorchester | 6 | 6 | 100.0% |
| Frederick | 21 | 21 | 100.0% |
| Harford | 12 | 12 | 100.0% |
| Howard | 18 | 18 | 100.0% |
| Kent | 4 | 4 | 100.0% |
| Montgomery | 20 | 20 | 100.0% |
| Not on list | 5 | 0 | 0.0% |
| out of state | 60 | 60 | 100.0% |
| Prince Georges | 151 | 88 | 58.3% |
| Queen Anne's | 10 | 10 | 100.0% |
| Saint Mary's | 164 | 0 | 0.0% |
| Talbot | 7 | 7 | 100.0% |
| Washington | 9 | 9 | 100.0% |
| Wicomico | 4 | 4 | 100.0% |
| Worcester | 1 | 1 | 100.0% |

| | | | |
|---|---|---|---|
| Grand Total | 1,452 | 727 | 50.1% |

Source: Avenues. Drive time minutes are calculated using Google Maps, Directions, from the Zip Code to the facility.

The assumption that Avenues-Chesapeake Bay's ICF beds will treat patients from locations outside of the Eastern Shore as well as out of state residents is supported by patient origin data from the recently opened Avenues Recovery Center at Eastern Shore's non-CON regulated services. Data for December 2020-February 2021 show that over half (56.5%) of the patients came from counties outside of the Eastern Shore.

| Zip Code | County | Patients | Drive Time Minutes |
|---|---|---|---|
| 21035 | ANNE ARUNDEL | 1 | 105 |
| 21060 | ANNE ARUNDEL | 1 | 83 |
| 21076 | ANNE ARUNDEL | 1 | 86 |
| 21409 | ANNE ARUNDEL | 3 | 64 |
| 21221 | BALTIMORE | 1 | 106 |
| 21234 | BALTIMORE | 1 | 102 |
| 21236 | BALTIMORE | 1 | 103 |
| 21218 | BALTIMORE CITY | 1 | 106 |
| 20639 | CALVERT | 3 | 107 |
| 20657 | CALVERT | 1 | 131 |
| 20685 | CALVERT | 1 | 126 |
| 20714 | CALVERT | 2 | 100 |
| 20736 | CALVERT | 1 | 102 |
| 21102 | CARROLL | 2 | 130 |
| 20658 | CHARLES | 1 | 132 |
| 21132 | HARFORD | 1 | 139 |
| 20636 | SAINT MARYS | 1 | 144 |
| 20680 | SAINT MARYS | 1 | 162 |
| 21750 | WASHINGTON | 1 | 176 |
| 20032 | WASHINGTON, D.C. | 1 | 101 |
| Subtotal | | 26 | |
| | | | |
| Eastern Shore | | | |
| 21629 | CAROLINE | 2 | 43 |
| 21636 | CAROLINE | 1 | 57 |
| 21639 | CAROLINE | 1 | 53 |
| 21640 | CAROLINE | 1 | 60 |
| 21660 | CAROLINE | 2 | 46 |
| 21901 | CECIL | 1 | 94 |
| 21903 | CECIL | 1 | 112 |
| 21613 | DORCHESTER | 3 | 5 |
| 21631 | DORCHESTER | 1 | 12 |
| 21620 | KENT | 1 | 70 |
| 21601 | TALBOT | 1 | 22 |
| 21673 | TALBOT | 1 | 10 |
| 21842 | WORCESTER | 1 | 68 |
| Subtotal | | 17 | |

| | |
|---|---|
| Unidentified | 3 |
| Grand Total | 46 |

Source: Avenues. Drive time minutes are calculated using Google Maps, Directions, from the Zip Code to the facility.

The MHCC should recognize that Avenues will be a statewide resource and should not be subject to the regional need limitation.

4. There are no Track 1 3.7 WM beds on the Eastern Shore.

According to the MHCC inventory shown above, RCA has only 3.7 capability, not 3.7 WM. Avenues would be the only Track 1 3.7 WM facility on the Shore. This is important because Eastern Shore residents who need medical management of their detoxification in a Track 1 facility would have to leave the Eastern Shore.

5. Avenues will accept Medicaid enrollees.

The regional need methodology excludes the Medicaid eligible population from the projections. Avenues anticipates that approximately 37.7% of its patient days will be by Medicaid enrollees. In this way, Avenues is a hybrid between a Track 1 and a Track 2 facility, a structure the nearly 20-year-old methodology does not accommodate such a hybrid.

One reason why the methodology shows "no need" on the Eastern Shore is because the MHCC approved 108 beds at RCA at Bracebridge Hall. RCA, however, does not accept Medicaid Patients. Nor does it report any 3.7 WM beds, according to the MHCC's inventory. Under current law, RCA could increase its beds to 500 or more (indeed, RCA expanded by 15 beds in 2020 to a total of 123), eliminating the chance that a facility that does accept Medicaid and/or proposes 3.7 WM beds will ever obtain approval to provide care on the Eastern Shore.

For these reasons, Avenues believes that the MHCC should find that the regional need methodology is obsolete and without effect, and determine that the standard as written does not apply as it has done with other standards in the State Health Plan. (For example, see Cardiac Surgery Review for the Baltimore/Upper Shore Region Docket Nos.: 15-02-2360 and 15-02-2361, and Medstar Franklin Square Docket No. 16-03-2380.)

## C. AVAILABILITY OF MORE COST-EFFECTIVE ALTERNATIVES

***COMAR 10.24.01.08G(3)(c) Availability of More Cost-Effective Alternatives. The Commission shall compare the cost effectiveness of the proposed project with the cost effectiveness of providing the service through alternative existing facilities, or through an alternative facility that has submitted a competitive application as part of a comparative review.***

**INSTRUCTIONS:** Please describe the planning process that was used to develop the proposed project. This should include a full explanation of the primary goals or objectives of the project or the problem(s) being addressed by the project. It should also identify the

alternative approaches to achieving those goals or objectives or solving those problem(s) that were considered during the project planning process, including the alternative of the services being provided by existing facilities.

For all alternative approaches, provide information on the level of effectiveness in goal or objective achievement or problem resolution that each alternative would be likely to achieve and the costs of each alternative. The cost analysis should go beyond development cost to consider life cycle costs of project alternatives. This narrative should clearly convey the analytical findings and reasoning that supported the project choices made. It should demonstrate why the proposed project provides the most effective goal and objective achievement or the most effective solution to the identified problem(s) for the level of cost required to implement the project, when compared to the effectiveness and cost of alternatives including the alternative of providing the service through alternative existing facilities, or through an alternative facility that has submitted a competitive application as part of a comparative review.

**RESPONSE**

Avenues-Chesapeake Bay currently operates a 104 bed CARF accredited (Level 3.5) alcoholism and drug abuse treatment facility. The objective of the proposed Project is to assure that Avenues-Chesapeake Bay is capable of providing the full range of services and continuity of care needed by patients seeking alcohol and drug abuse treatment services. Continuity of care generally requires that patients detox upon admission. The true full continuity of care, however, also requires the provision of ASAM level 3.7. These services are not available to all patients, including Medicaid patients, on the Eastern Shore. Therefore, to provide Eastern Shore and other Maryland residents with the full range of services, including an opportunity for those seeking recovery from substance abuse to safely and effectively detox on an inpatient basis in an affordable non-hospital setting, Avenues-Chesapeake Bay seeks to establish twenty (20) beds within the existing facility at ASAM levels 3.7 and 3.7 WM.

The planning process undertaken by Avenues of course included a review of existing Track One facilities on the Eastern Shore. Although the MHCC approved 108 beds at RCA at Bracebridge Hall, RCA neither accepts Medicaid Patients nor does it report any 3.7 WM beds. Therefore, using other facilities on the Eastern Shore for the needed 3.7 and 3.7 WM services for all patients, including Medicaid patients, was not an option. Furthermore, the existing facility is a statewide resource as demonstrated herein and, therefore, patients clearly are willing to travel from outside of the Eastern Shore to receive services Avenues-Chesapeake Bay.

This proposal could not be more cost effective. The facility currently is operational and staffed. There are no additional project costs (other than the legal and consulting costs associated with this application) to establish the 20 bed ICF within the existing facility.

**D. VIABILITY OF THE PROPOSAL**

***COMAR 10.24.01.08G(3)(d) Viability of the Proposal. The Commission shall consider the availability of financial and nonfinancial resources, including community support, necessary to implement the project within the time frames set forth in the Commission's performance requirements, as well as the availability of resources necessary to sustain the project.***

**INSTRUCTIONS:** Please provide a complete description of the funding plan for the project, documenting the availability of equity, grant(s), or philanthropic sources of funds and demonstrating, to the extent possible, the ability of the applicant to obtain the debt financing proposed. Describe the alternative financing mechanisms considered in project planning and provide an explanation of why the proposed mix of funding sources was chosen.

- Complete Tables D (Revenues & Expenses, Uninflated – Entire Facility) and F (Revenues & Expenses, Uninflated – New Facility or Service) from the CON Application Table Package.

- Complete Table G (Work Force Information) from the CON Application Table Package.

- Audited financial statements for the past two years should be provided by all applicant entities and parent companies to demonstrate the financial condition of the entities involved and the availability of the equity contribution. If audited financial statements are not available for the entity or individuals that will provide the equity contribution, submit documentation of the financial condition of the entities and/or individuals providing the funds and the availability of such funds. Acceptable documentation is a letter signed by an independent Certified Public Accountant. Such letter shall detail the financial information considered by the CPA in reaching the conclusion that adequate funds are available.

See Exhibit 25 Letter from CPA documenting availability of funds.

- If debt financing is required and/or grants or fund raising is proposed, detail the experience of the entities and/or individuals involved in obtaining such financing and grants and in raising funds for similar projects. If grant funding is proposed, identify the grant that has been or will be pursued and document the eligibility of the proposed project for the grant.

Not applicable.

- Describe and document relevant community support for the proposed project.

See Exhibit 26

- Identify the performance requirements applicable to the proposed project (see question 12, "Project Schedule") and explain how the applicant will be able to implement the project in compliance with those performance requirements. Explain the process for completing the project design, obtaining State and local land use, environmental, and design approvals, contracting and obligating the funds within the prescribed time frame. Describe the construction process or refer to a description elsewhere in the application that demonstrates that the project can be completed within the applicable time frame(s).

  Pursuant to the applicable COMAR performance requirements at COMAR *10.24.01.12* C. (3) (c) "...a proposed new health care facility has up to 18 months to

obligate 51 percent of the approved capital expenditure, and up to 18 months after the effective date of a binding construction contract to complete the project".

This Project does not involve a capital expenditure or a construction contract. Because the beds are part of an existing facility and no renovation is needed, there is no need for project design or obtaining State and local land use, environmental, and design approvals. Per above, Avenues anticipates first use within six (6) months of project approval. Therefore, Avenues-Chesapeake Bay will be able to implement the Project in compliance with the applicable performance requirements.

## E. COMPLIANCE WITH CONDITIONS OF PREVIOUS CERTIFICATES OF NEED

***COMAR 10.24.01.08G(3)(e) Compliance with Conditions of Previous Certificates of Need. An applicant shall demonstrate compliance with all terms and conditions of each previous Certificate of Need granted to the applicant, and with all commitments made that earned preferences in obtaining each previous Certificate of Need, or provide the Commission with a written notice and explanation as to why the conditions or commitments were not met.***

**INSTRUCTIONS**: List all of the Maryland Certificates of Need that have been issued to the project applicant, its parent, or its affiliates or subsidiaries over the prior 15 years, including their terms and conditions, and any changes to approved Certificates that needed to be obtained. Document that these projects were or are being implemented in compliance with all of their terms and conditions or explain why this was not the case.

The applicant has not received any prior Maryland Certificates of Need.

## F. IMPACT ON EXISTING PROVIDERS AND THE HEALTH CARE DELIVERY SYSTEM

***COMAR 10.24.01.08G(3)(f) Impact on Existing Providers and the Health Care Delivery System. An applicant shall provide information and analysis with respect to the impact of the proposed project on existing health care providers in the health planning region, including the impact on geographic and demographic access to services, on occupancy, on costs and charges of other providers, and on costs to the health care delivery system.***

**INSTRUCTIONS**: Please provide an analysis of the impact of the proposed project. Please assure that all sources of information used in the impact analysis are identified and identify all the assumptions made in the impact analysis with respect to demand for services, payer mix, access to service and cost to the health care delivery system including relevant populations considered in the analysis, and changes in market share, with information that supports the validity of these assumptions. Provide an analysis of the following impacts:

a) On the volume of service provided by all other existing health care providers that are likely to experience some impact as a result of this project;

b) On the payer mix of all other existing health care providers that are likely to experience some impact on payer mix as a result of this project. If an applicant for a new nursing home claims no impact on payer mix, the applicant must identify the likely source of any expected increase in patients by payer.

c) On access to health care services for the service area population that will be served by the project. (State and support the assumptions used in this analysis of the impact on access);

d) On costs to the health care delivery system.

If the applicant is an existing facility or program, provide a summary description of the impact of the proposed project on the applicant's costs and charges, consistent with the information provided in the Project Budget, the projections of revenues and expenses, and the work force information.

**RESPONSE**

The addition of 3.7 and 3.7 WM capability at Avenues-Chesapeake Bay's existing facility on the Eastern Shore will have a positive impact on the health care system of the entire state. Over 50 percent of its current patients come from outside the Eastern Shore. Thus, as discussed in response to COMAR 10.24.14.05B (Identification of Intermediate Care Facility Alcohol and Drug Abuse Bed Need) and COMAR 10.24.01.08G(3)(b) (Need), the proposed project will be a statewide resource. Even using the MHCC's outdated methodology, there is need for more ICF facilities statewide.

In addition, there are no Track 1 3.7 WM facilities on the Eastern Shore. Avenues would be the only Track 1 facility on the Eastern Shore with 3.7 WM capability. Moreover, there are no Track 1 facilities on the Eastern Shore that accept Medicaid patients.

Given the statewide Track 1 need and the need for Track 1 beds for Medicaid and indigent patients on the Eastern Shore, Avenues does not believe that its approval will adversely impact the volume of service provided by any other existing health care providers. For these same reasons, Avenues also does not believe that its approval will impact the payor mix of other facilities. Rather, the approval of Avenues will improve access to Track 1 3.7 and 3.7 WM services for Eastern Shore residents and residents from other parts of the state. The quick fill-up of the existing Avenues facility is evidence that another facility is needed.

Lastly, this project will have no impact on costs or charges to the health care system. For public payors, reimbursement rates are set by the payors. For other insurers, reimbursement rates are generally standard for in-network facilities. For out of network facilities, although rates are negotiated with the insurance companies, all rates are generally within a well-defined range of standard reimbursement. The approval of Avenues-Chesapeake Bay will not impact reimbursement rates.

**REMEMBER TO SUBMIT THE COMPANION TABLE SET FEATURING PROJECT BUDGET, STATISTICAL PROJECTIONS, REVENUE AND EXPENSE PROJECTIONS, AND WORKFORCE INFORMATION**

Created March 24, 2017

TABLE A. PHYSICAL BED CAPACITY BEFORE AND AFTER PROJECT

*INSTRUCTIONS: Identify the location of each nursing unit (add or delete rows if necessary) and specify the room and bed count before and after the project in accordance with the definition of physical capacity noted below. Applicants should add columns and recalculate formulas to address rooms with 3 and 4 bed capacity. NOTE: Physical capacity is the total number of beds that could be physically set up in space without significant renovations. This should be the maximum operating capacity under normal, non-emergency circumstances and is a physical count of bed capacity, rather than a measure of staffing capacity. A room with two headwalls and two sets of gasses should be counted as having capacity for two beds, even if it is typically set up and operated with only one bed. A room with one headwall and one set of gasses is counted as a private room, even if it is large enough from a square footage perspective to be used as a semi-private room, since renovation/construction would be required to convert it to semi-private use. If the hospital operates patient rooms that contain no headwalls or a single headwall, but are normally used to accommodate one or more than one patient (e.g., for psychiatric patients), the physical capacity of such rooms should be counted as they are currently used.*

| Before the Project | | | | | | | | After Project Completion | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Service Location (Floor/Wing) | Current Licensed Beds | Based on Physical Capacity | | | | | | Service Location (Floor/Wing) | Location (Floor/ Wing)* | Based on Physical Capacity | | | | | |
| | | Room Count | | | | | Bed Count | | | Room Count | | | | | Bed Count |
| | | Private | 2 beds | 3 beds | 4 beds | Total Rooms | Physical Capacity | | | Private | 2 beds | 3 beds | 4 beds | Total Rooms | Physical Capacity |
| III.7 AND III.7D | | | | | | | | III.7 AND III.7D | | | | | | | |
| First Floor | | | | | | | | First Floor | | | 1 | 6 | | 7 | 20 |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| Subtotal III.7 AND III.7D | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Subtotal III.7 and III.7 D | | 0 | 1 | 6 | 0 | 7 | 20 |
| RESIDENTIAL | | | | | | | | RESIDENTIAL | | | | | | | |
| | | | 1 | 10 | 18 | 29 | 104 | | | | | 4 | 18 | 22 | 84 |
| | | | | | | | | | | | | | | | |
| Subtotal Residential | 0 | 0 | 1 | 10 | 18 | 29 | 104 | Subtotal Residential | | 0 | 0 | 4 | 18 | 22 | 84 |
| TOTAL | 0 | 0 | 1 | 10 | 18 | 29 | 104 | TOTAL | | 0 | 1 | 10 | 18 | 29 | 104 |
| Other *(Specify/add rows as needed)* | | | | | | | | Other *(Specify/add rows as needed)* | | | | | | | |
| | | | | | | | | | | | | | | | |
| TOTAL OTHER | 0 | 0 | 0 | 0 | 0 | 0 | 0 | TOTAL NON-ACUTE | | 0 | 0 | 0 | 0 | 0 | 0 |
| FACILITY TOTAL | 0 | 0 | 1 | 10 | 18 | 29 | 104 | FACILITY TOTAL | | 0 | 1 | 10 | 18 | 29 | 104 |

**TABLE B. PROJECT BUDGET**

*INSTRUCTION: Estimates for Capital Costs (1.a-e), Financing Costs and Other Cash Requirements (2.a-g), and Working Capital Startup Costs (3) must reflect current costs as of the date of application and include all costs for construction and renovation. Explain the basis for construction cost estimates, renovation cost estimates, contingencies, interest during construction period, and inflation in an attachment to the application. If the project involves services other than level III.7 and III.7D explain the allocation of costs between the levels. NOTE: Inflation should only be included in the Inflation allowance line A.1.e. The value of donated land for the project should be included on Line A.1.d as a use of funds and on line B.8 as a source of funds*

| | III.7 and III.7D | RESIDENTIAL | TOTAL |
|---|---|---|---|
| **A. USE OF FUNDS** | | | |
| **1. CAPITAL COSTS** | | | |
| **a. New Construction** | | | |
| (1) Building | | | $0 |
| (2) Fixed Equipment | | | $0 |
| (3) Site and Infrastructure | | | $0 |
| (4) Architect/Engineering Fees | | | $0 |
| (5) Permits (Building, Utilities, Etc.) | | | $0 |
| ***SUBTOTAL*** | $0 | $0 | $0 |
| **b. Renovations** | | | |
| (1) Building | | | $0 |
| (2) Fixed Equipment (not included in construction) | | | $0 |
| (3) Architect/Engineering Fees | | | $0 |
| (4) Permits (Building, Utilities, Etc.) | | | $0 |
| ***SUBTOTAL*** | $0 | $0 | $0 |
| **c. Other Capital Costs** | | | |
| (1) Movable Equipment | | | $0 |
| (2) Contingency Allowance | | | $0 |
| (3) Gross interest during construction period | | | $0 |
| (4) Other *(Specify/add rows if needed)* | | | $0 |
| ***SUBTOTAL*** | *$0* | *$0* | $0 |
| ***TOTAL CURRENT CAPITAL COSTS*** | $0 | $0 | $0 |
| **d. *Land Purchase*** | | | |
| **e. Inflation Allowance** | | | $0 |
| ***TOTAL CAPITAL COSTS*** | $0 | $0 | $0 |
| **2. Financing Cost and Other Cash Requirements** | | | |
| a. Loan Placement Fees | | | $0 |
| b. Bond Discount | | | $0 |
| c CON Application Assistance | | | |
| *c1. Legal Fees* | $40,000 | | $40,000 |
| *c2.* Consulting fee | $15,000 | | $15,000 |
| d. Non-CON Consulting Fees | | | |
| *d1. Legal Fees* | | | $0 |
| *d2. Other (Specify/add rows if needed)* | | | $0 |
| e. Debt Service Reserve Fund | | | $0 |
| i. Other *(Specify/add rows if needed)* | | | $0 |
| ***SUBTOTAL*** | *$55,000* | *$0* | $55,000 |
| **3. Working Capital Startup Costs** | | | $0 |
| ***TOTAL USES OF FUNDS*** | *$55,000* | *$0* | *$55,000* |
| **B. Sources of Funds** | | | |
| **1. Cash** | $55,000 | | $55,000 |
| **2. Philanthropy (to date and expected)** | | | $0 |
| **3. Authorized Bonds** | | | $0 |
| **4. Interest Income from bond proceeds listed in #3** | | | $0 |
| **5. Mortgage** | | | $0 |
| **6. Working Capital Loans** | | | $0 |
| **7. Grants or Appropriations** | | | |
| **a. Federal** | | | $0 |
| **b. State** | | | $0 |
| **c. Local** | | | $0 |
| **8. Other *(Specify/add rows if needed)*** | | | $0 |
| ***TOTAL SOURCES OF FUNDS*** | $55,000 | | $55,000 |
| | III.7 and III.7D | RESIDENTIAL | TOTAL |
| **Annual Lease Costs (if applicable)** | | | |
| **1. Land** | | | $0 |
| **2. Building** | | | $0 |
| **3. Major Movable Equipment** | | | $0 |
| **4. Minor Movable Equipment** | | | $0 |
| **5. Other *(Specify/add rows if needed)*** | | | $0 |

* Describe the terms of the lease(s) below, including information on the fair market value of the item(s), and the number of years, annual cost, and the interest rate for the lease.

TABLE C. STATISTICAL PROJECTIONS - ENTIRE FACILITY

*INSTRUCTION: Complete this table for the entire facility, including the proposed project. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable.*

| | Two Most Recent Years (Actual) | | Current Year Projected | Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H. | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *Indicate CY or FY* | | | CY 2021 | CY 2022 | CY 2023 | | | | | |
| **1. DISCHARGES** | | | | | | | | | | |
| a. Residential | | | 776 | 946 | 864 | | | | | |
| b. III.7 and III.7WM | | | | 634 | 991 | | | | | |
| c. Other (Specify/add rows of needed) | | | | | | | | | | |
| ***TOTAL DISCHARGES*** | ***0*** | ***0*** | ***776*** | ***1,580*** | ***1,855*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** |
| **2. PATIENT DAYS** | | | | | | | | | | |
| a. Residental | | | 23,269 | 28,379 | 25,915 | | | | | |
| b. III.7 and III.7WM | | | | 4,441 | 6,935 | | | | | |
| c. Other (Specify/add rows of needed) | | | | | | | | | | |
| ***TOTAL PATIENT DAYS*** | ***0*** | ***0*** | ***23,269*** | ***32,820*** | ***32,850*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** |
| **3. AVERAGE LENGTH OF STAY (patient days divided by discharges)** | | | | | | | | | | |
| a. Residental | | | 30.0 | 30.0 | 30.0 | | | | | |
| b. III.7 and III.7WM | | | | 7.0 | 7.0 | | | | | |
| c. Other (Specify/add rows of needed) | | | | | | | | | | |
| ***TOTAL AVERAGE LENGTH OF STAY*** | | | 30.0 | 20.8 | 17.7 | | | | | |
| **4. NUMBER OF LICENSED BEDS** | | | | | | | | | | |
| f. Rehabilitation | | | 104 | 84 | 84 | | | | | |
| g. Comprehensive Care | | | | 20 | 20 | | | | | |
| h. Other (Specify/add rows of needed) | | | | | | | | | | |
| ***TOTAL LICENSED BEDS*** | ***0*** | ***0*** | ***104*** | ***104*** | ***104*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** |
| **5. OCCUPANCY PERCENTAGE** ****IMPORTANT NOTE:** Leap year formulas should be changed by applicant to reflect 366 days per year.*** | | | | | | | | | | |
| a. Residential | | | 61.3% | 92.6% | 84.5% | | | | | |
| b. III.7 and III.7WM | | | | 60.8% | 95.0% | | | | | |
| c. Other (Specify/add rows of needed) | | | | | | | | | | |
| ***TOTAL OCCUPANCY %*** | ***#DIV/0!*** | ***#DIV/0!*** | ***61.3%*** | ***86.5%*** | ***86.5%*** | ***#DIV/0!*** | ***#DIV/0!*** | ***#DIV/0!*** | ***#DIV/0!*** | ***#DIV/0!*** |
| **6. OUTPATIENT VISITS** | | | | | | | | | | |
| a. Residential | | | | | | | | | | |
| b. III.7 and III.7WM | | | | | | | | | | |
| c. Other (Specify/add rows of needed) | | | 365 | 365 | 365 | | | | | |
| ***TOTAL OUTPATIENT VISITS*** | ***0*** | ***0*** | ***365*** | ***365*** | ***365*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** |

* Include beds dedicated to gynecology and addictions, if separate for acute psychiatric unit.

**TABLE D. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY**

*INSTRUCTION: Complete this table for the entire facility, including the proposed project. Table D should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table C and with the costs of Manpower listed in Table G. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.*

| | Two Most Recent Years (Actual) | | Current Year Projected | Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard. | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Indicate CY or FY*** | | | CY 2021 | CY 2022 | CY 2023 | | | | | |
| **1. REVENUE** | | | | | | | | | | |
| a. Inpatient Services | | | $ 12,228,765 | $ 21,412,606 | $ 24,816,737 | | | | | |
| b. Outpatient Services | | | $ 109,500 | $ 109,500 | $ 109,500 | | | | | |
| ***Gross Patient Service Revenues*** | $ - | $ - | $ 12,338,265 | $ 21,522,106 | $ 24,926,237 | $ - | $ - | $ - | $ - | $ - |
| c. Allowance For Bad Debt | | | $ 149,724 | $ 217,282 | $ 231,053 | | | | | |
| d. Contractual Allowance | | | $ 4,852,067 | $ 10,658,000 | $ 13,373,600 | | | | | |
| e. Charity Care | | | $ 146,000 | $ 146,000 | $ 146,000 | | | | | |
| ***Net Patient Services Revenue*** | $ - | $ - | $ 7,190,475 | $ 10,500,824 | $ 11,175,584 | $ - | $ - | $ - | $ - | $ - |
| f. Other Operating Revenues (Specify/add rows if needed) | | | | | | | | | | |
| ***NET OPERATING REVENUE*** | $ - | $ - | $ 7,190,475 | $ 10,500,824 | $ 11,175,584 | $ - | $ - | $ - | $ - | $ - |
| **2. EXPENSES** | | | | | | | | | | |
| a. Salaries & Wages (including benefits) | | | $ 2,692,048 | $ 4,538,936 | $ 4,538,936 | | | | | |
| b. Contractual Services | | | $ 200,000 | $ 300,000 | $ 300,000 | | | | | |
| c. Interest on Current Debt | | | | | | | | | | |
| d. Interest on Project Debt | | | | | | | | | | |
| e. Current Depreciation | | | | | | | | | | |
| f. Project Depreciation | | | | | | | | | | |
| g. Current Amortization | | | | | | | | | | |
| h. Project Amortization | | | | | | | | | | |
| i. Supplies | | | $ 590,844 | $ 829,615 | $ 830,375 | | | | | |
| j. Other Expenses (Specify/add rows if needed) | | | | | | | | | | |
| Insurance | | | $ 50,000 | $ 50,000 | $ 50,000 | | | | | |
| Professional Fees | | | $ 24,000 | $ 24,000 | $ 24,000 | | | | | |
| Marketing | | | $ 120,000 | $ 120,000 | $ 120,000 | | | | | |
| Billing & UR | | | $ 374,310 | $ 543,205 | $ 577,632 | | | | | |
| Utilities/Facility Costs | | | $ 261,000 | $ 360,000 | $ 360,000 | | | | | |
| Repairs & Maintenance | | | $ 60,000 | $ 72,000 | $ 72,000 | | | | | |
| Property Taxes | | | $ 60,000 | $ 60,000 | $ 60,000 | | | | | |

**TABLE D. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY**

*INSTRUCTION: Complete this table for the entire facility, including the proposed project. Table D should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table C and with the costs of Manpower listed in Table G. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.*

| | Two Most Recent Years (Actual) | | Current Year Projected | Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard. | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Indicate CY or FY*** | | | CY 2021 | CY 2022 | CY 2023 | | | | | |
| Rent | | | $ 303,600 | $ 303,600 | $ 303,600 | | | | | |
| Management Fees | | | $ 1,200,000 | $ 1,440,000 | $ 1,440,000 | | | | | |
| General & Administrative | | | $ 1,435,000 | $ 1,476,000 | $ 1,476,000 | | | | | |
| ***TOTAL OPERATING EXPENSES*** | $ - | $ - | $ 7,370,802 | $ 10,117,356 | $ 10,152,543 | $ - | $ - | $ - | $ - | $ - |
| **3. INCOME** | | | | | | | | | | |
| **a. Income From Operation** | $ - | $ - | $ (180,327) | $ 383,468 | $ 1,023,041 | $ - | $ - | $ - | $ - | $ - |
| b. Non-Operating Income | | | | | | | | | | |
| ***SUBTOTAL*** | $ - | $ - | $ (180,327) | $ 383,468 | $ 1,023,041 | $ - | $ - | $ - | $ - | $ - |
| c. Income Taxes | | | | | | | | | | |
| ***NET INCOME (LOSS)*** | $ - | $ - | $ (180,327) | $ 383,468 | $ 1,023,041 | $ - | $ - | $ - | $ - | $ - |

**TABLE D. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY**

*INSTRUCTION: Complete this table for the entire facility, including the proposed project. Table D should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table C and with the costs of Manpower listed in Table G. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.*

| | Two Most Recent Years (Actual) | | Current Year Projected | Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard. | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *Indicate CY or FY* | | | CY 2021 | CY 2022 | CY 2023 | | | | | |
| **4. PATIENT MIX** | | | | | | | | | | |
| **a. Percent of Total Revenue** | | | | | | | | | | |
| 1) Medicare | | | | | | | | | | |
| 2) Medicaid | | | 44.3% | 36.0% | 30.9% | | | | | |
| 3) Blue Cross | | | | | | | | | | |
| 4) Commercial Insurance | | | 54.2% | 62.2% | 67.4% | | | | | |
| 5) Self-pay | | | 1.5% | 1.7% | 1.8% | | | | | |
| 6) Other | | | | | | | | | | |
| *TOTAL* | *0.0%* | *0.0%* | *100.0%* | *100.0%* | *100.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* |
| **b. Percent of Equivalent Inpatient Days** | | | | | | | | | | |
| 1) Medicare | | | | | | | | | | |
| 2) Medicaid | | | 88.9% | 85.3% | 82.2% | | | | | |
| 3) Blue Cross | | | | | | | | | | |
| 4) Commercial Insurance | | | 9.5% | 12.8% | 15.6% | | | | | |
| 5) Self-pay | | | 1.6% | 1.9% | 2.2% | | | | | |
| 6) Other | | | | | | | | | | |
| *TOTAL* | *0.0%* | *0.0%* | *100.0%* | *100.0%* | *100.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* |

TABLE E. STATISTICAL PROJECTIONS - NEW FACILITY OR SERVICE

*INSTRUCTION: After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable.*

| | Two Most Recent Years (Actual) | | Current Year Projected | Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H. | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Indicate CY or FY*** | | | CY 2021 | CY 2022 | CY 2023 | | | | | |
| **1. DISCHARGES** | | | | | | | | | | |
| a. Residential | | | | | | | | | | |
| b. III.7 and III.7D | | | | 634 | 991 | | | | | |
| c. Other (Specify) | | | | | | | | | | |
| ***TOTAL DISCHARGES*** | ***0*** | ***0*** | ***0*** | ***634*** | ***991*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** |
| **2. PATIENT DAYS** | | | | | | | | | | |
| a. Residental | | | | | | | | | | |
| b. III.7 and III.7D | | | | 4,441 | 6,935 | | | | | |
| c. Other (Specify) | | | | | | | | | | |
| ***TOTAL PATIENT DAYS*** | ***0*** | ***0*** | ***0*** | ***4,441*** | ***6,935*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** |
| **3. AVERAGE LENGTH OF STAY (patient days divided by discharges)** | | | | | | | | | | |
| a. Residental | | | | | | | | | | |
| b. III.7 and III.7D | | | | 7.0 | 7.0 | | | | | |
| c. Other (Specify) | | | | | | | | | | |
| ***TOTAL AVERAGE LENGTH OF STAY*** | | | | 7.0 | 7.0 | | | | | |
| **4. NUMBER OF LICENSED BEDS** | | | | | | | | | | |
| f. Rehabilitation | | | | | | | | | | |
| g. Comprehensive Care | | | | 20 | 20 | | | | | |
| h. Other (Specify) | | | | | | | | | | |
| ***TOTAL LICENSED BEDS*** | ***0*** | ***0*** | ***0*** | ***20*** | ***20*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** |
| **5. OCCUPANCY PERCENTAGE** ****IMPORTANT NOTE:*** *Leap year formulas should be changed by applicant to reflect 366 days per year.* | | | | | | | | | | |
| a. Residential | | | | | | | | | | |
| b. III.7 and III.7D | | | | 60.8% | 95.0% | | | | | |
| c. Other (Specify) | | | | | | | | | | |
| ***TOTAL OCCUPANCY %*** | | | | **60.8%** | **95.0%** | | | | | |
| **6. OUTPATIENT VISITS** | | | | | | | | | | |
| a. Residential | | | | | | | | | | |
| b. III.7 and III.7D | | | 0 | 0 | 0 | | | | | |
| c. Other (Specify) | | | | | | | | | | |
| ***TOTAL OUTPATIENT VISITS*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** | ***0*** |

* Include beds dedicated to gynecology and addictions, if separate for acute psychiatric unit.

**TABLE F. REVENUES & EXPENSES, UNINFLATED - NEW FACILITY OR SERVICE**

*INSTRUCTION: After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). Table F should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table E and with the costs of Manpower listed in Table G. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.*

**Projected Years (ending at least two years after project completion and full occupancy) Add years, if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.**

| Indicate CY or FY | CY 2021 | CY 2022 | CY 2023 | | | | |
|---|---|---|---|---|---|---|---|
| **1. REVENUE** | | | | | | | |
| a. Inpatient Services | $ - | $ 4,460,875 | $ 7,615,309 | | | | |
| b. Outpatient Services | | | | | | | |
| ***Gross Patient Service Revenues*** | ***$ -*** | ***$ 4,460,875*** | ***$ 7,615,309*** | ***$ -*** | ***$ -*** | ***$ -*** | ***$ -*** |
| c. Allowance For Bad Debt | $ - | $ 37,971 | $ 61,202 | | | | |
| d. Contractual Allowance | | $ 2,562,300 | $ 4,555,200 | | | | |
| e. Charity Care | | $ 18,334 | $ 28,879 | | | | |
| ***Net Patient Services Revenue*** | ***$ -*** | ***$ 1,842,270*** | ***$ 2,970,028*** | ***$ -*** | ***$ -*** | ***$ -*** | ***$ -*** |
| f. Other Operating Revenues (Specify) | | | | | | | |
| ***NET OPERATING REVENUE*** | ***$ -*** | ***$ 1,842,270*** | ***$ 2,970,028*** | ***$ -*** | ***$ -*** | ***$ -*** | ***$ -*** |
| **2. EXPENSES** | | | | | | | |
| a. Salaries & Wages (including benefits) | $ - | $ 508,929 | $ 508,929 | | | | |
| b. Contractual Services | | $ 100,000 | $ 100,000 | | | | |
| c. Interest on Current Debt | | | | | | | |
| d. Interest on Project Debt | | | | | | | |
| e. Current Depreciation | | | | | | | |
| f. Project Depreciation | | | | | | | |
| g. Current Amortization | | | | | | | |
| h. Project Amortization | | | | | | | |
| i. Supplies | | $ 104,177 | $ 164,250 | | | | |
| j. Other Expenses (Specify) | | | | | | | |
| Insurance | | $ 6,279 | $ 9,890 | | | | |
| Professional Fees | | $ 3,014 | $ 4,747 | | | | |
| Marketing | | $ 15,069 | $ 23,736 | | | | |
| Billing & UR | | $ 68,212 | $ 114,257 | | | | |
| Utilities/Facility Costs | | $ 45,206 | $ 71,209 | | | | |
| Repairs & Maintenance | | $ 9,041 | $ 14,242 | | | | |
| Property Taxes | | $ 7,534 | $ 11,868 | | | | |
| Rent | | $ 38,124 | $ 60,053 | | | | |
| Management Fees | | $ 180,825 | $ 284,835 | | | | |
| General & Administrative | | $ 185,346 | $ 291,956 | | | | |
| ***TOTAL OPERATING EXPENSES*** | ***$ -*** | ***$ 1,271,755*** | ***$ 1,659,972*** | ***$ -*** | ***$ -*** | ***$ -*** | ***$ -*** |
| **3. INCOME** | | | | | | | |
| **a. Income From Operation** | **$ -** | **$ 570,514.47** | **$ 1,310,055.55** | **$ -** | **$ -** | **$ -** | **$ -** |
| b. Non-Operating Income | | | | | | | |

TABLE F. REVENUES & EXPENSES, UNINFLATED - NEW FACILITY OR SERVICE

*INSTRUCTION: After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). Table F should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table E and with the costs of Manpower listed in Table G. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.*

**Projected Years (ending at least two years after project completion and full occupancy) Add years, if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.**

| Indicate CY or FY | CY 2021 | CY 2022 | CY 2023 | | | | |
|---|---|---|---|---|---|---|---|
| *SUBTOTAL* | $ - | $ 570,514.47 | $ 1,310,055.55 | $ - | $ - | $ - | $ - |
| c. Income Taxes | | | | | | | |
| *NET INCOME (LOSS)* | $ - | $ 570,514.47 | $ 1,310,055.55 | $ - | $ - | $ - | $ - |
| **4. PATIENT MIX** | | | | | | | |
| **a. Percent of Total Revenue** | | | | | | | |
| 1) Medicare | | | | | | | |
| 2) Medicaid | | 27.0% | 24.4% | | | | |
| 3) Blue Cross | | | | | | | |
| 4) Commercial Insurance | | 68.8% | 72.3% | | | | |
| 5) Self-pay | | 4.1% | 3.2% | | | | |
| 6) Other | | | | | | | |
| *TOTAL* | *0.0%* | *100.0%* | *100.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* |
| **b. Percent of Equivalent Inpatient Days** | | | | | | | |
| *Total MSGA* | | | | | | | |
| 1) Medicare | | | | | | | |
| 2) Medicaid | | 75.3% | 73.7% | | | | |
| 3) Blue Cross | | | | | | | |
| 4) Commercial Insurance | | 18.5% | 21.1% | | | | |
| 5) Self-pay | | 6.2% | 5.3% | | | | |
| 6) Other | | | | | | | |
| *TOTAL* | *0.0%* | *100.0%* | *100.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* |

**TABLE G. WORKFORCE INFORMATION**

*INSTRUCTION: List the facility's existing staffing and changes required by this project. Include all major job categories under each heading provided in the table. The number of Full Time Equivalents (FTEs) should be calculated on the basis of 2,080 paid hours per year equals one FTE. In an attachment to the application, explain any factor used in converting paid hours to worked hours. Please ensure that the projections in this table are consistent with expenses provided in uninflated projections in Tables F and G.*

| | CURRENT ENTIRE FACILITY | | | PROJECTED CHANGES AS A RESULT OF THE PROPOSED PROJECT THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS) | | | OTHER EXPECTED CHANGES IN OPERATIONS THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS) | | | PROJECTED ENTIRE FACILITY THROUGH THE LAST YEAR OF PROJECTION (CURRENT | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Job Category** | **Current Year FTEs** | **Average Salary per FTE** | **Current Year Total Cost** | **FTEs** | **Average Salary per FTE** | **Total Cost** *(should be consistent with projections in Table D, if submitted).* | **FTEs** | **Average Salary per FTE** | **Total Cost** | **FTEs** | **Total Cost** *(should be consistent with projections in Table D)* |
| **1. Regular Employees** | | | | | | | | | | | |
| Administration *(List general categories, add rows if needed)* | | | | | | | | | | | |
| Clinical Director | 1.0 | $150,000 | $150,000 | 0.5 | $150,000 | $75,000 | | | $0 | 1.5 | $225,000 |
| Program Director | 1.0 | $120,000 | $120,000 | 0.5 | $120,000 | $60,000 | | | $0 | 1.5 | $180,000 |
| **Total Administration** | 2.0 | $270,000 | $270,000 | 1.0 | $270,000 | $135,000 | | | $0 | 3.0 | $405,000 |
| Direct Care Staff *(List general categories, add rows if needed)* | | | | | | | | | | | |
| Clinical Supervisor | 1.0 | $75,000 | $75,000 | 0.5 | $75,000 | $37,500 | | | $0 | 1.5 | $112,500 |
| NP | 1.0 | $120,000 | $120,000 | | $120,000 | $0 | | | $0 | 1.0 | $120,000 |
| Counselor | 15.0 | $50,000 | $750,000 | | $50,000 | $0 | | | $0 | 15.0 | $750,000 |
| LPN | 5.0 | $45,000 | $225,000 | 2.5 | $45,000 | $112,500 | | | $0 | 7.5 | $337,500 |
| RN | 2.0 | $55,000 | $110,000 | 1.0 | $55,000 | $55,000 | | | $0 | 3.0 | $165,000 |
| Medical Technician | 6.0 | $30,000 | $180,000 | 3.0 | $30,000 | $90,000 | | | $0 | 9.0 | $270,000 |
| Behavioral Health Tech | 35.0 | $30,000 | $1,050,000 | | $30,000 | $0 | | | $0 | 35.0 | $1,050,000 |
| **Total Direct Care** | 65.0 | $405,000 | $2,510,000 | 7.0 | $405,000 | $295,000 | | | $0 | 72.0 | $2,805,000 |
| Support Staff *(List general categories, add rows if needed)* | | | | | | | | | | | |
| Admissions | 4.0 | $35,000 | $140,000 | | $35,000 | $0 | | | $0 | 4.0 | $140,000 |
| Outreach Coordinator | 2.0 | $50,000 | $100,000 | | $50,000 | $0 | | | $0 | 2.0 | $100,000 |
| Case Manager | 4.0 | $40,000 | $160,000 | | $40,000 | $0 | | | $0 | 4.0 | $160,000 |
| Receptionist | 2.0 | $30,000 | $60,000 | | $30,000 | $0 | | | $0 | 2.0 | $60,000 |
| Admin Assistant | 3.0 | $35,000 | $105,000 | | $35,000 | $0 | | | $0 | 3.0 | $105,000 |
| Custodian | 2.0 | $30,000 | $60,000 | | $30,000 | $0 | | | $0 | 2.0 | $60,000 |
| **Total Support** | 17.0 | $220,000 | $625,000 | - | $220,000 | $0 | | | $0 | 17.0 | $625,000 |
| ***REGULAR EMPLOYEES TOTAL*** | ***84.0*** | ***$ 895,000*** | ***$ 3,405,000*** | ***8.0*** | ***$ 895,000*** | ***$ 430,000*** | | | $0 | 92.0 | $3,835,000 |
| **2. Contractual Employees** | | | | | | | | | | | |
| Administration *(List general categories, add rows if needed)* | | | | | | | | | | | |
| Medical Director | 1.0 | $200,000 | $200,000 | 0.5 | $200,000 | $100,000 | | | $0 | 1.5 | $300,000 |
| | | | $0 | | | $0 | | | $0 | 0.0 | $0 |
| | | | $0 | | | $0 | | | $0 | 0.0 | $0 |
| | | | $0 | | | $0 | | | $0 | 0.0 | $0 |
| **Total Administration** | 1.0 | $200,000 | $200,000 | 0.5 | $200,000 | $100,000 | | | | 1.5 | $300,000 |
| Direct Care Staff *(List general categories, add rows if needed)* | | | | | | | | | | | |
| | | | $0 | | | $0 | | | $0 | 0.0 | $0 |
| | | | $0 | | | $0 | | | $0 | 0.0 | $0 |
| | | | $0 | | | $0 | | | $0 | 0.0 | $0 |
| | | | $0 | | | $0 | | | $0 | 0.0 | $0 |
| **Total Direct Care Staff** | | | $0 | | | $0 | | | $0 | 0.0 | $0 |
| Support Staff *(List general categories, add rows if needed)* | | | | | | | | | | | |
| | | | $0 | | | $0 | | | $0 | 0.0 | $0 |
| | | | $0 | | | $0 | | | $0 | 0.0 | $0 |
| | | | $0 | | | $0 | | | $0 | 0.0 | $0 |
| | | | $0 | | | $0 | | | $0 | 0.0 | $0 |
| **Total Support Staff** | | | $0 | | | $0 | | | $0 | 0.0 | $0 |
| ***CONTRACTUAL EMPLOYEES TOTAL*** | 1.0 | $200,000 | $200,000 | 0.5 | $200,000 | $100,000 | | | $0 | 1.5 | $300,000 |
| **Benefits** *(State method of calculating benefits below)*: | | | **625,007.1** | | | **78,928.9** | | | | | **703,936.0** |
| | | | | | | | | | | | |
| ***TOTAL COST*** | ***85.0*** | ***1,095,000.0*** | ***4,230,007.1*** | ***8.5*** | | ***608,928.9*** | ***0.0*** | | ***$0*** | | ***$4,838,936*** |

# EXHIBITS

## AVENUES RECOVERY CENTER OF CHESAPEAKE BAY

EXHIBIT 1

Livorno Trust, Hudi Alter, and Yossi Cohen are the owners of identified LLCs noted on this organizational chart.

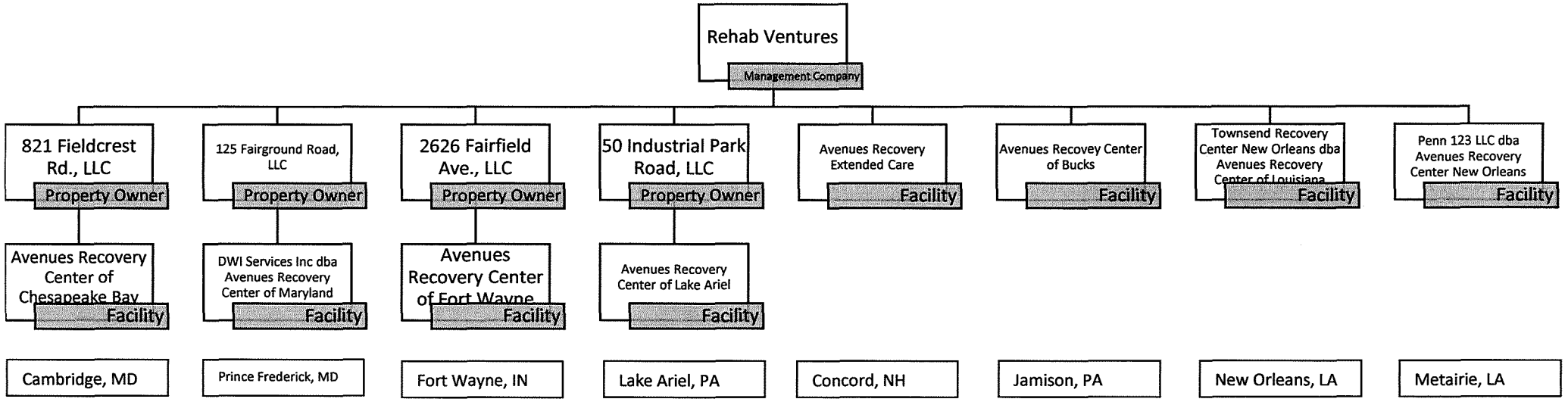


EXHIBIT 2

## COMMERCIAL LEASE AGREEMENT

**THIS LEASE (this "Lease") dated this December 9, 2019**

**BETWEEN:**

**821 Fieldcrest Road, LLC**
(the "Landlord")

**- AND -**

**Avenues Recovery Center of Chesapeake Bay, LLC**
(the "Tenant")

**IN CONSIDERATION OF** the Landlord leasing certain premises to the Tenant, the Tenant leasing those premises from the Landlord and the mutual benefits and obligations set forth in this Lease, the receipt and sufficiency of which consideration is hereby acknowledged, the Parties to this Lease (the "Parties") agree as follows:

Basic Terms

1. The following basic terms are hereby approved by the Parties and each reference in this Lease to any of the basic terms will be construed to include the provisions set forth below as well as all of the additional terms and conditions of the applicable sections of this Lease where such basic terms are more fully set forth:

    a. Landlord: 821 Fieldcrest Road, LLC

    b. Address of Landlord: 1000 Airport Road, Suite 205, Lakewood NJ 08701

    c. Tenant: Avenues Recovery Center of Chesapeake Bay, LLC

    d. Address of Tenant: 211 Boulevard of the Americas, Suite 503, Lakewood NJ 08701

    e. Commencement Date: Upon the closing of the purchase of the Premises by Landlord

    f. Base Rent: $25,300.00, payable per month

    g. Permitted Use: Substance abuse rehabilitation facility and related and ancillary uses

Definitions

2. When used in this Lease, the following expressions will have the meanings indicated:
    a. "Additional Rent" means all amounts payable by the Tenant under this Lease except Base Rent, whether or not specifically designated as Additional Rent elsewhere in this Lease;

    b. "Building" means all buildings, improvements, equipment, fixtures and other tangible property owned by Landlord and located at the Premises;

    c. "Premises" means the commercial premises at 821 Fieldcrest Road, Cambridge, MD, 21613 and includes the Building unless otherwise expressly set forth herein;

    d. "Rent" means the total of Base Rent and Additional Rent.

Intent of Lease

3. It is the intent of this Lease and agreed to by the Parties to this Lease that this Lease will be absolutely carefree triple net to the Landlord such that, all and every cost, expense, rate, tax or charge in any way related to the Premises, and/or to the operation of the Building will be borne by the Tenant for its own account and without any variation, setoff or deduction whatsoever, save as specifically provided in this Lease to the contrary.

Leased Premises

1. The Landlord hereby leases the Premises to the Tenant, and the Tenant hereby accepts and leases the Premises from the Landlord, subject to and in accordance with the terms and provisions of this Lease.

Term

2. The term of this Lease commences on the Commencement Date and ends on the tenth anniversary thereof (the "Term").

Rent

3. Subject to the provisions of this Lease, the Tenant will pay a base rent of $25,300.00, payable per month, for the Premises (the "Base Rent"), without setoff, abatement or deduction. In addition to the Base Rent, the Tenant will pay for any fees or taxes arising from the Tenant's business.
4. The Tenant will pay the Base Rent on or before the Fifth of each and every month of the Term to the Landlord at 1000 Airport Road, Suite 205, Lakewood NJ 08701, or at such other place as the Landlord may later designate.
5. The Tenant will be charged an additional amount of 5.00% of the Base Rent for any late payment of Base Rent.
6. In the event that this Lease commences, expires or terminates before the end of a period for which any Additional Rent or Base Rent would be payable, or other than at the start or end of a calendar month, such amounts payable by the Tenant will be apportioned pro rata on the basis of a thirty (30) day month to calculate the amount payable for such irregular period.
7. No acceptance by the Landlord of any amount less than the full amount owed will be taken to operate as a waiver by the Landlord for the full amount or in any way to defeat or affect the rights and remedies of the Landlord to pursue the full amount.

Operating Costs

8. In addition to the Base Rent, the Tenant will pay as Additional Rent, without setoff, abatement or deduction, all of the costs, charges and expenses of operating, maintaining, repairing, replacing and insuring the Building and Premises from time to time ("Operating Costs") which include without limitation or duplication, all expenses, costs and outlays relating to the following:
    a. cleaning and janitorial services;
    b. operating and servicing elevators;
    c. security;
    d. window cleaning;
    e. all insurance relating to the Building as required by the Landlord from time to time, acting prudently;
    f. repairs and replacements to the Building and any component of the Building;
    g. provision, repair, replacement and maintenance of heating, cooling, ventilation and air conditioning equipment throughout the Building;
    h. all amounts paid to employees or third parties relating to work performed in relation to the Building;
    i. supplies used in relation to operating and maintaining the Building;
    j. all outdoor maintenance including landscaping and snow removal;
    k. operation and maintenance of parking areas; and
    l. preventive maintenance and inspection.
9. Except as otherwise provided in this Lease, Operating Costs will not include debt service, depreciation, taxes on income of Landlord (unless the same are in lieu of property taxes) and costs allocable to the correction, repair and maintenance of load bearing walls, footings and foundations.
10. The Tenant will pay:

a. To the lawful taxing authorities, or to the Landlord, as it may direct, as and when the same become due and payable, all real property taxes, rates, duties, levies and assessments which are levied, rated, charged, imposed or assessed by any lawful taxing authority (whether federal, state, district, municipal, school or otherwise) against the Premises or any part of the Premises from time to time or any taxes payable by the Landlord which are charged in lieu of such taxes or in addition to such taxes, but excluding income tax upon the income of the Landlord to the extent that such taxes are not levied in lieu of real property taxes against the Premises or upon the Landlord in respect of the Premises.

b. To the lawful taxing authorities, or to the Landlord, as it may direct, as and when the same become due and payable, all taxes, rates, use fees, duties, assessments and other charges that are levied, rated, charged or assessed against or in respect of all improvements, equipment and facilities of the Tenant on or in default by the Tenant and in respect of any business carried on in the Premises or in respect of the use or occupancy of the Premises by the Tenant and every subtenant, licensee, concessionaire or other person doing business on or from the Premises or occupying any portion of the Premises.

11. The Tenant will deliver promptly to the Landlord a copy of any separate tax bills or separate assessment notices for the Premises and receipts evidencing the payment of all amounts payable by the Tenant directly to any taxing authority and will furnish such information in connection therewith as the Landlord may from time to time require.

Use and Occupation

12. The Tenant will use and occupy the Premises and the Building only for the Permitted Use and for no other purpose, without the prior written consent of the Landlord, such consent not to be unreasonably withheld.

13. The Tenant covenants that the Tenant will carry on and conduct its business from time to time carried on upon the Premises in such manner as to comply with all statutes, bylaws, rules and regulations of any federal, provincial, municipal or other competent authority and will not do anything on or in the Premises in contravention of any of them.

Quiet Enjoyment

14. The Landlord covenants that on paying the Rent and performing the covenants contained in this Lease, the Tenant will peacefully and quietly have, hold, and enjoy the Premises for the agreed Term.

Default

15. If the Tenant is in default in the payment of any money, whether hereby expressly reserved or deemed as Rent, or any part of the Rent, and such default continues following any specific due date on which the Tenant is to make such payment, or in the absence of such specific due date, for the 30 days following written notice by the Landlord requiring the Tenant to pay the same then, at the option of the Landlord, this Lease may be terminated upon 30 days' notice and the Term will then immediately become forfeited and void, and the Landlord may without further notice or any form of legal process immediately reenter the Premises or any part of the Premises and in the name of the whole repossess and enjoy the same as of its former state anything contained in this Lease or in any statute or law to the contrary notwithstanding.

16. Unless otherwise provided for in this Lease, if the Tenant does not observe, perform and keep each and every of the non-monetary covenants, agreements, stipulations, obligations, conditions and other provisions of this Lease to be observed, performed and kept by the Tenant and persists in such default, after 60 days following written notice from the Landlord requiring that the Tenant remedy, correct or comply or, in the case of such default which would reasonably require more than 60 days to rectify, unless the Tenant will commence rectification within the said 60 days' notice period and thereafter promptly and diligently and continuously proceed with the rectification of any such defaults then, at the option of the Landlord, this Lease may be terminated upon 60 days' notice and the Term will then immediately become forfeited and void, and the Landlord may without further notice or any form of legal process immediately reenter the Premises or any part of the Premises and in the name of the whole repossess and enjoy the same as of its former state anything contained in this Lease or in any statute or law to the contrary notwithstanding.

17. If and whenever:
    a. the Tenant's leasehold interest hereunder, or any goods, chattels or equipment of the Tenant located in the Premises will be taken or seized in execution or attachment, or if any writ of execution will issue against the Tenant or the Tenant will become insolvent or commit an act of bankruptcy or become bankrupt or take the benefit of any legislation that may be in force for bankrupt or insolvent debtor or become involved in voluntary or involuntary

winding up, dissolution or liquidation proceedings, or if a receiver will be appointed for the affairs, business, property or revenues of the Tenant; or

b. the Tenant vacates or abandons the Premises, or fails or ceases to operate or otherwise cease to conduct business from the Premises, or use or permit or suffer the use of the Premises for any purpose other than as permitted in this Lease, or make a bulk sale of its goods and assets which has not been consented to by the Landlord, or move or commence, attempt or threaten to move its goods, chattels and equipment out of the Premises other than in the routine course of its business;

then, and in each such case, at the option of the Landlord, this Lease may be terminated without notice and the Term will then immediately become forfeited and void, and the Landlord may without notice or any form of legal process immediately reenter the Premises or any part of the Premises and in the name of the whole repossess and enjoy the same as of its former state anything contained in this Lease or in any statute or law to the contrary notwithstanding.

18. In the event that the Landlord has terminated the Lease pursuant to this section, on the expiration of the time fixed in the notice, if any, this Lease and the right, title, and interest of the Tenant under this Lease will terminate in the same manner and with the same force and effect, except as to the Tenant's liability, as if the date fixed in the notice of cancellation and termination were the end of the Lease.

19. In addition to the foregoing, upon any default by Tenant hereunder (which is not cured within any applicable cure period), Landlord shall have all rights and remedies available at law or in equity.

Distress

20. If and whenever the Tenant is in default in payment of any money, whether hereby expressly reserved or deemed as Rent, or any part of the Rent, the Landlord may, to the extent permitted by applicable law, and without notice or any form of legal process (except as required by law), enter upon the Premises and seize, remove and sell the Tenant's goods, chattels and equipment from the Premises or seize, remove and sell any goods, chattels and equipment at any place to which the Tenant or any other person may have removed them, in the same manner as if they had remained and been distrained upon the Premises, and the Tenant hereby waives and renounces the benefit of any present or future statute or law limiting or eliminating the Landlord's right of distress.

Holdover

21. If the Tenant continues to occupy the Premises without the written consent of the Landlord after the expiration or other termination of the Term, then, without any further written agreement, the Tenant will be a month-to-month tenant at a minimum monthly rental equal to twice the Base Rent and subject always to all of the other provisions of this Lease insofar as the same are applicable to a month-to-month tenancy and a tenancy from year to year will not be created by implication of law.

Additional Rights on Reentry

22. If the Landlord reenters the Premises or terminates this Lease, then:
    a. notwithstanding any such termination or the term thereby becoming forfeited and void, the provisions of this Lease relating to the consequences of termination will survive;
    b. the Landlord may use such reasonable force as it may deem necessary for the purpose of gaining admittance to and retaking possession of the Premises and the Tenant hereby releases the Landlord from all actions, proceedings, claims and demands whatsoever for and in respect of any such forcible entry or any loss or damage in connection therewith or consequential thereupon;
    c. the Landlord may expel and remove, forcibly, if necessary, the Tenant, those claiming under the Tenant and their effects, as allowed by law, without being taken or deemed to be guilty of any manner of trespass;
    d. in the event that the Landlord has removed the property of the Tenant, the Landlord may store such property in a public warehouse or at a place selected by the Landlord, at the expense of the Tenant. If the Landlord feels that it is not worth storing such property given its value and the cost to store it, then the Landlord may dispose of such property in its sole discretion and use such funds, if any, towards any indebtedness of the Tenant to the Landlord. The Landlord will not be responsible to the Tenant for the disposal of such property other than to provide

any balance of the proceeds to the Tenant after paying any storage costs and any amounts owed by the Tenant to the Landlord;

e. the Landlord may relet the Premises or any part of the Premises for a term or terms which may be less or greater than the balance of the Term remaining and may grant reasonable concessions in connection with such reletting including any alterations and improvements to the Premises;

f. after reentry, the Landlord may procure the appointment of a receiver to take possession and collect rents and profits of the business of the Tenant, and, if necessary to collect the rents and profits the receiver may carry on the business of the Tenant and take possession of the personal property used in the business of the Tenant, including inventory, trade fixtures, and furnishings, and use them in the business without compensating the Tenant;

g. after reentry, the Landlord may terminate the Lease on giving 5 days written notice of termination to the Tenant. Without this notice, reentry of the Premises by the Landlord or its agents will not terminate this Lease;

h. the Tenant will pay to the Landlord on demand:

   i. all Base Rent, Additional Rent and other amounts payable under this Lease up to the time of reentry or termination, whichever is later;

   ii. reasonable expenses as the Landlord incurs or has incurred in connection with the reentering, terminating, reletting, collecting sums due or payable by the Tenant, realizing upon assets seized; including without limitation, brokerage, fees and expenses and legal fees and disbursements and the expenses of keeping the Premises in good order, repairing the same and preparing them for reletting; and

   iii. as liquidated damages for the loss of rent and other income of the Landlord expected to be derived from this Lease during the period which would have constituted the unexpired portion of the term had it not been terminated, at the option of the Landlord, either:

      1. an amount determined by reducing to present worth at an assumed interest rate of four percent (4%) per annum all Base Rent and estimated Additional Rent to become payable during the period which would have constituted the unexpired portion of the term, such determination to be made by the Landlord, who may make reasonable estimates of when any such other amounts would have become payable and may make such other assumptions of the facts as may be reasonable in the circumstances; or

      2. an amount equal to the Base Rent and estimated Additional Rent for a period of six (6) months.

Inspections and Landlord's Right to Enter

23. During the Term and any renewal of this Lease, the Landlord and its agents may enter the Premises to make inspections or repairs at all reasonable times. However, except where the Landlord or its agents consider it is an emergency, the Landlord must have given not less than 24 hours prior written notice to the Tenant.

24. The Tenant acknowledges that the Landlord or its agent will have the right to enter the Premises at all reasonable times to show them to prospective purchasers, encumbrancers, lessees or assignees, and may also during the ninety days preceding the termination of the terms of this Lease, place upon the Premises the usual type of notice to the effect that the Premises are for rent, which notice the Tenant will permit to remain on them.

Tenant Improvements

25. The Tenant will obtain written permission from the Landlord before doing any of the following:

   a. removing or adding walls, or performing any structural alterations;

   b. changing the amount of heat or power normally used on the Premises as well as installing additional electrical wiring or heating units;

   c. subject to this Lease, placing or exposing or allowing to be placed or exposed anywhere inside or outside the Premises any placard, notice or sign for advertising or any other purpose;

   d. affixing to or erecting upon or near the Premises any radio or TV antenna or tower, or satellite dish; or

   e. installing or affixing upon the Premises any plant, equipment, machinery or apparatus without the Landlord's prior consent.

Utilities and Other Costs

26. The Tenant is responsible for the direct payment of the following utilities and other charges in relation to the Premises: electricity, natural gas, water, sewer, telephone, Internet and cable.

Signs

27. The Tenant may erect, install and maintain a sign of a kind and size in a location, all in accordance with the Landlord's design criteria for the Building and as approved in writing by the Landlord. The Tenant will not erect, install or maintain any sign other than in accordance with this section.

Insurance

28. The Tenant is hereby advised and understands that the personal property of the Tenant is not insured by the Landlord for either damage or loss, and the Landlord assumes no liability for any such loss. The Tenant is advised that, if insurance coverage is desired by the Tenant, the Tenant should inquire of Tenant's insurance agent regarding a Tenant's Policy of Insurance.

29. The Tenant is responsible for insuring the Premises for damage or loss to the structure, mechanical or improvements to the Building on the Premises for the benefit of the Tenant and the Landlord. Such insurance should include such risks as fire, theft, vandalism, flood and disaster and shall be in such amounts, having such terms, and with such insurers as the Landlord shall reasonably require from time to time. Landlord may require that any lender to Landlord be named as an additional insured and, with respect to property insurance, loss payee, thereof.

30. The Tenant is responsible for insuring the Premises for liability insurance for the benefit of the Tenant and the Landlord.

31. The Tenant will provide proof of such insurance to the Landlord upon request.

Tenant's Insurance

32. The Tenant will, during the whole of the Term and during such other time as the Tenant occupies the Premises, take out and maintain the following insurance, at the Tenant's sole expense, in such form as used by solvent insurance companies in the State of Maryland:
    a. Comprehensive general liability insurance against claims for bodily injury, including death, and property damage or loss arising out of the use or occupation of the Premises, or the Tenant's business on or about the Premises; such insurance to be in the joint name of the Tenant and the Landlord so as to indemnify and protect both the Tenant and the Landlord and to contain a 'cross liability' and 'severability of interest' clause so that the Landlord and the Tenant may be insured in the same manner and to the same extent as if individual policies had been issued to each, and will be for the amount of not less than $1,000,000.00 combined single limit or such other amount as may be reasonably required by the Landlord from time to time; such comprehensive general liability insurance will for the Tenant's benefit only include contractual liability insurance in a form and of a nature broad enough to insure the obligations imposed upon the Tenant under the terms of this Lease.
    b. All risks insurance upon its merchandise, stock-in-trade, furniture, fixtures and improvements and upon all other property in the Premises owned by the Tenant or for which the Tenant is legally liable, and insurance upon all glass and plate glass in the Premises against breakage and damage from any cause, all in an amount equal to the full replacement value of such items, which amount in the event of a dispute will be determined by the decision of the Landlord. In the event the Tenant does not obtain such insurance, it is liable for the full costs of repair or replacement of such damage or breakage.
    c. Boiler and machinery insurance on such boilers and pressure vessels as may be installed by, or under the exclusive control of, the Tenant in the Premises.
    d. Owned automobile insurance with respect to all motor vehicles owned by the Tenant and operated in its business.

33. The Tenant's policies of insurance hereinbefore referred to will contain the following:
    a. provisions that the Landlord is protected notwithstanding any act, neglect or misrepresentation of the Tenant which might otherwise result in the avoidance of claim under such policies will not be affected or invalidated by any act, omission or negligence of any third party which is not within the knowledge or control of the insured(s);

b. provisions that such policies and the coverage evidenced thereby will be primary and noncontributing with respect to any policies carried by the Landlord and that any coverage carried by the Landlord will be excess coverage;

c. all insurance referred to above will provide for waiver of the insurer's rights of subrogation as against the Landlord; and

d. provisions that such policies of insurance will not be cancelled without the insurer providing the Landlord (and any lender to Landlord) thirty (30) days written notice stating when such cancellation will be effective.

34. The Tenant will further during the whole of the term maintain such other insurance in such amounts and in such sums as the Landlord may reasonably determine from time to time. Evidence satisfactory to the Landlord of all such policies of insurance will be provided to the Landlord upon request.

35. The Tenant will not do, omit or permit to be done or omitted upon the Premises anything which will cause any rate of insurance upon the Building or any part of the Building to be increased or cause such insurance to be cancelled. If any such rate of insurance will be increased as previously mentioned, the Tenant will pay the amount of the increase as Additional Rent. If any insurance policy upon the Building or any part of the Building is cancelled or threatened to be cancelled by reason of the use or occupancy by the Tenant or any such act or omission, the Tenant will immediately remedy or rectify such use, occupation, act or omission upon being requested to do so by the Landlord, and if the Tenant fails to so remedy or rectify, the Landlord may at its option terminate this Lease and the Tenant will immediately deliver up possession of the Premises to the Landlord.

Subordination and Attornment

36. This Lease and the Tenant's rights under this Lease are hereby made subordinate to any mortgage or mortgages, or encumbrance resulting from any other method of financing or refinancing, now or afterwards in force against the Premises or Building or any part of the Premises or Building, as now or later constituted, and to all advances made or afterwards made upon such security; and, upon the request of the Landlord, the Tenant will execute such documentation as may be required by the Landlord (or any lender to Landlord) in order to confirm and evidence such subordination.

37. The Tenant will, in the event any proceedings are brought, whether in foreclosure or by way of the exercise of the power of sale or otherwise, under any other mortgage or other method of financing or refinancing made by the Landlord in respect of the Building, or any portion of the Building, attorn to the encumbrancer upon any such foreclosure or sale and recognize such encumbrancer as the Landlord under this Lease, but only if such encumbrancer will so elect and require.

38. Upon the written request of the Tenant, the Landlord agrees to request any mortgagee or encumbrancer of the Premises (present or future) to enter into a non-disturbance covenant in favor of the Tenant, whereby such mortgagee or encumbrancer will agree not to disturb the Tenant in its possession and enjoyment of the Premises for so long as the Tenant is not in default under this Lease.

Recordation of Lease

39. The Tenant will not record this lease or any memorandum thereof with the prior written consent of Landlord in its sole and absolute discretion.

Estoppel Certificate and Acknowledgement

40. Whenever requested by the Landlord, a mortgagee or any other encumbrance holder or other third party having an interest in the Building or any part of the Building, the Tenant will, within ten (10) days of the request, execute and deliver an estoppel certificate or other form of certified acknowledgement as to the Commencement Date, the status and the validity of this Lease, the state of the rental account for this Lease, any incurred defaults on the part of the Landlord alleged by the Tenant, and such other information as may reasonably be required.

Sale by Landlord

41. In the event of any sale, transfer or lease by the Landlord of the Building or any interest in the Building or portion of the Building or the Premises or assignment by the Landlord of this Lease or any interest of the Landlord in the Lease to the extent that the purchaser, transferee, tenant or assignee assumes the covenants and obligations of the Landlord under this

Lease, the Landlord will without further written agreement be freed and relieved of liability under such covenants and obligations. This Lease may be assigned by the Landlord to any mortgagee or encumbrance of the Building as security.

Tenant's Indemnity

42. The Tenant will and does hereby indemnify and save harmless the Landlord, or any other person claiming through or under the Landlord, of and from all loss and damage and all actions, claims, costs, demands, expenses, fines, liabilities and suits of any nature whatsoever for which the Landlord will or may become liable, incur or suffer by reason of a breach, violation or nonperformance by the Tenant of any covenant, term or provision hereof or by reason of any builders' or other liens for any work done or materials provided or services rendered for alterations, improvements or repairs, made by or on behalf of the Tenant to the Premises, or by reason of any injury occasioned to or suffered by any person or damage to any property, or by reason of any wrongful act or omission, default or negligence on the part of the Tenant or any of its agents, concessionaires, contractors, customers, employees, invitees or licensees in or about the Building, including any losses caused, or contributed to by, any trespasser while that trespasser is in or about the Building.

43. It is agreed between the Landlord and the Tenant that the Landlord will not be liable for any loss, injury, or damage to persons or property resulting from falling plaster, steam, electricity, water, rain, snow or dampness, or from any other cause.

44. It is agreed between the Landlord and the Tenant that the Landlord will not be liable for any loss or damage caused by acts or omissions of other tenants or occupants, their employees or agents or any persons not the employees or agents of the Landlord, or for any damage caused by the construction of any public or quasi-public works, and in no event will the Landlord be liable for any consequential or indirect damages suffered by the Tenant.

45. It is agreed between the Landlord and the Tenant that the Landlord will not be liable for any loss, injury or damage caused to vehicles or their contents or any other property on them, or for any damage to property entrusted to Tenant or its employees, or for the loss of any property by theft or otherwise, and all property kept or stored in the Premises will be at the sole risk of the Tenant.

Liens

46. The Tenant will immediately upon demand by the Landlord remove or cause to be removed and afterwards institute and diligently prosecute any action pertinent to it, any builders' or other lien or claim of lien noted or filed against or otherwise constituting an encumbrance on any title of the Landlord. Without limiting the foregoing obligations of the Tenant, the Landlord may cause the same to be removed, in which case the Tenant will pay to the Landlord as Additional Rent, such cost including the Landlord's legal costs.

Attorney Fees

47. In the event that any action is filed in relation to this Lease, the unsuccessful party in the action will pay to the successful party, in addition to all the sums that either party may be called on to pay, a reasonable sum for the successful party's attorney fees.

Governing Law

48. It is the intention of the Parties to this Lease that the tenancy created by this Lease and the performance under this Lease, and all suits and special proceedings under this Lease, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the State of Maryland, without regard to the jurisdiction in which any action or special proceeding may be instituted.

Severability

49. If there is a conflict between any provision of this Lease and the applicable legislation of the State of Maryland (the 'Act'), the Act will prevail and such provisions of the Lease will be amended or deleted as necessary in order to comply with the Act. Further, any provisions that are required by the Act are incorporated into this Lease.

Amendment of Lease

50. Any amendment or modification of this Lease or additional obligation assumed by either party to this Lease in connection with this Lease will only be binding if evidenced in writing signed by each party or an authorized representative of each party.

Assignment and Subletting

51. The Tenant will not assign this Lease in whole or in part, nor sublet all or any part of the Premises, nor grant any license or part with possession of the Premises or transfer to any other person in whole or in part or any other right or interest under this Lease (except to a parent, subsidiary or affiliate of the Tenant, and its and their invitees, guests and other authorized persons), without the prior written consent of the Landlord in each instance, which consent will not be unreasonably withheld so long as the proposed assignment or sublease complies with the provisions of this Lease.

52. Notwithstanding any assignment or sublease, the Tenant will remain fully liable on this Lease and will not be released from performing any of the terms, covenants and conditions of this Lease.

53. If the Lease is assigned or if the Premises or any part of the Premises are sublet or occupied by anyone other than the Tenant, or its invitees, guests and other authorized persons, the Landlord may collect rent directly from the assignee, subtenant or occupant, and apply the net amount collected, or the necessary portion of that amount, to the rent owing under this Lease.

54. The prohibition against assigning or subletting without the consent required by this Lease will be constructed to include a prohibition against any assignment or sublease by operation of law.

55. The consent by the Landlord to any assignment or sublease will not constitute a waiver of the necessity of such consent to any subsequent assignment or sublease.

Bulk Sale

56. No bulk sale of goods and assets of the Tenant may take place without first obtaining the written consent of the Landlord, which consent will not be unreasonably withheld so long as the Tenant and the Purchaser are able to provide the Landlord with assurances, in a form satisfactory to the Landlord, that the Tenant's obligations in this Lease will continue to be performed and respected, in the manner satisfactory to the Landlord, after completion of the said bulk sale.

Damage to Premises

57. If any part of the Building is partially damaged by fire or other casualty not due to the Tenant's negligence or willful act or that of the Tenant's employees, invitees, guests and other authorized persons, the Building will be promptly repaired by the Landlord, to the extent Landlord receives sufficient insurance proceeds therefor and there will be no abatement of rent corresponding with the time during which, and the extent to which, the Premises may be untenantable. However, if the Building should be damaged in whole or in material part other than by the Tenant's negligence or willful act or that of the Tenant's employees, invitees, guests and other authorized persons, the Landlord reserves the right, in lieu of repairing and restoring the Building, to terminate this Lease whereupon the Term of this Lease will end and the Rent will be prorated up to the time of the damage.

Force Majeure

58. In the event that the Landlord or the Tenant will be unable to fulfill, or shall be delayed or prevented from the fulfillment of, any obligation in this Lease by reason of municipal delays in providing necessary approvals or permits, the other party's delay in providing approvals as required in this Lease, strikes, third party lockouts, fire, flood, earthquake, lightning, storm, acts of God or our Country's enemies, riots, insurrections or other reasons of like nature beyond the reasonable control of the party delayed or prevented from fulfilling any obligation in this Lease (excepting any delay or prevention from such fulfillment caused by a lack of funds or other financial reasons) and provided that such party uses all reasonable diligence to overcome such unavoidable delay, then the time period for performance of such an obligation will be extended for a period equivalent to the duration of such unavoidable delay. municipal delays in providing necessary approvals or permits, the other party's delay in providing approvals as required in this Lease, strikes, third party lockouts, fire, flood, earthquake, lightning, storm, acts of God or our Country's enemies, riots, insurrections or other reasons of like nature beyond the reasonable control of the party delayed or prevented from fulfilling any obligation in this Lease (excepting any delay or prevention from such fulfillment caused by a lack of funds or other financial reasons) and provided that such party uses all

reasonable diligence to overcome such unavoidable delay, then the time period for performance of such an obligation will be extended for a period equivalent to the duration of such unavoidable delay.

Eminent Domain and Condemnation

59. If during the Term, title is taken to the whole or any material part of the Premises by any competent authority under the power of eminent domain or by condemnation, the Landlord may at its option, terminate this Lease on the date possession is taken by or on behalf of such authority. Upon such termination, the Tenant will immediately deliver up possession of the Premises, Base Rent and any Additional Rent will be payable up to the date of such termination, and the Tenant will be entitled to be repaid by the Landlord any rent paid in advance and unearned or an appropriate portion of that rent. In the event of any such taking, the Tenant will have no claim upon the Landlord for the value of its property or the unexpired portion of the Term, but the Parties will each be entitled to separately advance their claims for compensation for the loss of their respective interests and to receive and retain such compensation as may be awarded to each respectively. If an award of compensation made to the Landlord specifically includes an award for the Tenant, the Landlord will account for that award to the Tenant and vice versa.

Tenant's Repairs and Alterations

60. The Tenant covenants with the Landlord to occupy the Premises in a tenant-like manner and not to permit waste. The Tenant will at all times and at its sole expense, maintain and keep the Premises in good repair, reasonable wear and tear, damage by fire, lightning, tempest, and structural repairs of load bearing walls, footings and foundations for which the Landlord is obligated hereunder excepted. Without limiting the generality of the foregoing, the Tenant will keep, repair, replace and maintain all glass, wiring, pipes and mechanical apparatus in, upon or serving the Premises in good and tenantable repair at its sole expense. When it becomes (or, acting reasonably, should have become) aware of same, the Tenant will notify the Landlord of any damage to or deficiency or defect in any part of the Premises or the Building.

61. The Tenant covenants with the Landlord that the Landlord, its servants, agents and workmen may enter and view the state of repair of the Premises and that the Tenant will repair the Premises according to notice in writing received from the Landlord, subject to the Landlord's repair obligations of load bearing walls, footings and foundations. If the Tenant refuses or neglects to repair as soon as reasonably possible after written demand, the Landlord may, but will not be obligated to, undertake such repairs without liability to the Tenant for any loss or damage that may occur to the Tenant's merchandise, fixtures or other property or to the Tenant's business by such reason, and upon such completion, the Tenant will pay, upon demand, as Additional Rent, the Landlord's cost of making such repairs plus fifteen percent (15%) of such cost for overhead and supervision.

62. The Tenant will keep in good order, condition and repair the structural (other than load bearing walls, footings and foundations) and non-structural portions of the Premises and every part of those Premises, including, without limiting the generality of the foregoing, all equipment within the Premises, fixtures, interior walls, ceilings, floors, windows, doors, plate glass and skylights located within the Premises. Without limiting the generality of the foregoing, the Tenant will keep, repair, replace and maintain all glass, wiring, pipes and mechanical apparatus in, upon or serving the Premises in good and tenantable repair at its sole expense. When it becomes (or, acting reasonably, should have become) aware of same, the Tenant will notify the Landlord of any damage to or deficiency or defect in any part of the Premises or the Building. The Tenant will not use or keep any device which might overload the capacity of any floor, wall, utility, electrical or mechanical facility or service in the Premises or the Building.

63. The Tenant will not make or permit others to make alterations, additions or improvements or erect or have others erect any partitions or install or have others install any trade fixtures, exterior signs, floor covering, interior or exterior lighting, plumbing fixtures, shades, awnings, exterior decorations or make any changes to the Premises or otherwise without first obtaining the Landlord's written approval thereto, such written approval not to be unreasonably withheld in the case of alterations, additions or improvements to the interior of the Premises.

64. The Tenant will not install in or for the Premises any special locks, safes or apparatus for air-conditioning, cooling, heating, illuminating, refrigerating or ventilating the Premises without first obtaining the Landlord's written approval thereto. Locks may not be added or changed without the prior written agreement of both the Landlord and the Tenant.

65. When seeking any approval of the Landlord for Tenant repairs as required in this Lease, the Tenant will present to the Landlord plans and specifications of the proposed work which will be subject to the prior approval of the Landlord, not to be unreasonably withheld or delayed.

66. The Tenant will promptly pay all contractors, material suppliers and workmen so as to minimize the possibility of a lien attaching to the Premises or the Building. Should any claim of lien be made or filed the Tenant will promptly cause the same to be discharged.

67. The Tenant will be responsible at its own expense to replace all electric light bulbs, tubes, ballasts or fixtures serving the Premises.

Landlord's Repairs

68. The Landlord covenants and agrees to effect at its expense repairs of a structural nature to the load bearing walls, footings and foundations of the Building, whether occasioned or necessitated by faulty workmanship, materials, improper installation, construction defects or settling, or otherwise, unless such repair is necessitated by the negligence of the Tenant, its servants, agents, employees or invitees, in which event the cost of such repairs will be paid by the Tenant together with an administration fee of fifteen percent (15%) for the Landlord's overhead and supervision.

Care and Use of Premises

69. The Tenant will promptly notify the Landlord of any damage, or of any situation that may significantly interfere with the normal use of the Premises.

70. The Tenant will dispose of its trash in a timely, tidy, proper and sanitary manner.

71. The Tenant will not engage in any illegal trade or activity on or about the Premises.

72. The Tenant will comply with standards of health, sanitation, fire, housing and safety as required by law.

73. No pets or animals are allowed to be kept in or about the Premises without the Landlord's written consent, not to be unreasonably withheld, unless the same are necessary for the proper operation of the Permitted Use

Surrender of Premises

74. The Tenant covenants to surrender the Premises, at the expiration of the tenancy created in this Lease, in the same condition as the Premises were in upon delivery of possession under this Lease, reasonable wear and tear, damage by fire or the elements, and unavoidable casualty excepted, and agrees to surrender all keys for the Premises to the Landlord at the place then fixed for payment of rent and will inform the Landlord of all combinations to locks, safes and vaults, if any. All alterations, additions and improvements constructed or installed in the Premises and attached in any manner to the floor, walls or ceiling, including any leasehold improvements, equipment, floor covering or fixtures (including trade fixtures), will remain upon and be surrendered with the Premises and will become the absolute property of the Landlord except to the extent that the Landlord requires removal of such items. If the Tenant abandons the Premises or if this Lease is terminated before the proper expiration of the term due to a default on the part of the Tenant then, in such event, as of the moment of default of the Tenant all trade fixtures and furnishings of the Tenant (whether or not attached in any manner to the Premises) will, except to the extent the Landlord requires the removal of such items, become and be deemed to be the property of the Landlord without indemnity to the Tenant and as liquidated damages in respect of such default but without prejudice to any other right or remedy of the Landlord. Notwithstanding that any trade fixtures, furnishings, alterations, additions, improvements or fixtures are or may become the property of the Landlord, the Tenant will immediately remove all or part of the same and will make good any damage caused to the Premises resulting from the installation or removal of such fixtures, all at the Tenant's expense, should the Landlord so require by notice to the Tenant. If the Tenant, after receipt of such notice from the Landlord, fails to promptly remove any trade fixtures, furnishings, alterations, improvements and fixtures in accordance with such notice, the Landlord may enter into the Premises and remove from the Premises all or part of such trade fixtures, furnishings, alterations, additions, improvements and fixtures without any liability and at the expense of the Tenant, which expense will immediately be paid by the Tenant to the Landlord. The Tenant's obligation to observe or perform the covenants contained in this Lease will survive the expiration or other termination of the Term.

Hazardous Materials

75. The Tenant will not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might unreasonably increase the danger of fire on the Premises or that might be considered hazardous by any responsible insurance company.

76. The Tenant shall keep and maintain the Premises in compliance with all federal, state and local statutes, laws, codes and rules and regulations promulgated pursuant to statutory authority (collectively, "Environmental Laws") governing the production, generation, release, discharge, emission, disposal, transportation, containment, storage or remediation of any condition involving any substance (a "Hazardous Substance") which is hazardous or acutely hazardous to the public health or safety or which could be the basis for or support a claim under any Environmental Laws. The Tenant will not use, generate, manufacture, store or dispose of any Hazardous Substance on, under or about the Premises nor transport any Hazardous Substance to the Premises except in compliance with all laws and regulations. To the extent required by law the Tenant will maintain adequate records of all Hazardous Substances situated on, under or about the Premises and the disposal or transportation of the same so as to comply with all Environmental Laws and shall, as prescribed by law, make all reports to all appropriate governmental agencies respecting such transportation, disposal, storage or release of any such substance. The Tenant will immediately advise the Landlord, in writing of any and all enforcement, clean-up, remediation, removal or other governmental or regulatory actions instituted, completed or threatened pursuant to any applicable laws relating to any Hazardous Substances affecting the Premises; all claims, made or threatened by third parties against the Premises, the Tenant or the Landlord relating to any damage, injury, costs, remedial action or cost recovery compensation arising out of or due to the existence of any such Hazardous Substance; and the discovery of any occurrence or condition on any premises adjoining or in the vicinity of the Premises which could cause the Premises or any portion thereof to be contaminated by a Hazardous Substance. Tenant shall be obligated to defend any legal proceedings or action instituted in connection with any of the foregoing matters referred to in this Section, and shall pay upon demand all legal, consulting, environmental survey and expert witness fees incurred by Tenant in connection therewith. If the Landlord so elects, Landlord may join and participate in any such legal proceeding or action, and the Landlord will pay, upon demand, the Landlord's legal, consulting, environmental survey and expert witness fees incurred by Landlord in connection with such proceeding or action. The Tenant agrees, at the Landlord's request, and at Tenant's sole cost and expense, to have conducted on Landlord's behalf periodically, by an expert in the field, environmental surveys or audits of the Premises to insure that there has been no contamination by any such Hazardous Substance and to report the results of the audit or survey to the Landlord. The Tenant will promptly remediate any condition which the audit or report recommends for remediation unless such condition is not caused by actions or omissions of Tenant, its invitees, agents, servants or employees. Tenant, however, shall at all times during the Term promptly notify Landlord of any negative environmental condition occurring at the Premises, of which Tenant has knowledge, whether or not such condition is caused by actions or omissions of Tenant, its invitees, agents, servants or employees. The Tenant will indemnify, defend and hold the Landlord harmless from and against any claim (including remediation and clean-up costs) arising out of the existence, transportation or disposal of any Hazardous Substance on or from the Premises, which existence, transportation or disposal shall have commenced during the term of this Lease unless such existence, transportation or disposal is not caused by actions or omissions of Tenant, its invitees, agents, servants or employees. Tenant will have no responsibility for any hazardous substances which were on or under the Premises prior to the Commencement Date.

Address for Notice

77. For any matter relating to this tenancy, whether during or after this tenancy has been terminated:
    a. the address for service of the Tenant is the Premises during this tenancy, and 211 Boulevard of the Americas, Suite 503, Lakewood NJ 08701 after this tenancy is terminated. The phone number of the Tenant is 732-305-8002; and
    b. the address for service of the Landlord is 1000 Airport Road Suite 205 Lakewood NJ 08701, both during this tenancy and after it is terminated. The phone number of the Landlord is 732-886-6202.

    The Landlord or the Tenant may, on written notice to each other, change their respective addresses for notice under this Lease.

No Waiver

78. No provision of this Lease will be deemed to have been waived by the Landlord unless a written waiver from the Landlord has first been obtained and, without limiting the generality of the foregoing, no acceptance of rent subsequent to any default and no condoning, excusing or overlooking by the Landlord on previous occasions of any default nor any earlier written waiver will be taken to operate as a waiver by the Landlord or in any way to defeat or affect the rights and remedies of the Landlord.

Remedies Cumulative

79. No reference to or exercise of any specific right or remedy by the Landlord will prejudice or preclude the Landlord from any other remedy whether allowed at law or in equity or expressly provided for in this Lease. No such remedy will be exclusive or dependent upon any other such remedy, but the Landlord may from time to time exercise any one or more of such remedies independently or in combination.

Landlord May Perform

80. If the Tenant fails to observe, perform or keep any of the provisions of this Lease to be observed, performed or kept by it and such failure is not rectified within the time limits specified in this Lease, the Landlord may, but will not be obliged to, at its discretion and without prejudice, rectify the default of the Tenant. The Landlord will have the right to enter the Premises for the purpose of correcting or remedying any default of the Tenant and to remain until the default has been corrected or remedied. However, any expenditure by the Landlord incurred in any correction of a default of the Tenant will not be deemed to waive or release the Tenant's default or the Landlord's right to take any action as may be otherwise permissible under this Lease in the case of any default.

General Provisions

81. The Tenant authorizes the Landlord to make inquiries to any agency related to the Tenant's compliance with any laws, regulations, or other rules, related to the Tenant or the Tenant's use of the Premises. The Tenant will provide to the Landlord any written authorization that the Landlord may reasonable require to facilitate these inquiries.

82. This Lease will extend to and be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and assigns, as the case may be, of each party to this Lease. All covenants are to be construed as conditions of this Lease.

83. All sums payable by the Tenant to the Landlord pursuant to any provision of this Lease will be deemed to be Additional Rent and will be recoverable by the Landlord as rental arrears.

84. The Tenant will be charged an additional amount of $25.00 for each N.S.F. check or check returned by the Tenant's financial institution.

85. All schedules to this Lease are incorporated into and form an integral part of this Lease.

86. Headings are inserted for the convenience of the Parties only and are not to be considered when interpreting this Lease. Words in the singular mean and include the plural and vice versa. Words in the masculine mean and include the feminine and vice versa.

87. This Lease may be executed in counterparts. Facsimile and electronic signatures are binding and are considered to be original signatures.

88. Time is of the essence in this Lease.

89. This Lease will constitute the entire agreement between the Landlord and the Tenant. Any prior understanding or representation of any kind preceding the date of this Lease will not be binding on either party to this Lease except to the extent incorporated in this Lease. In particular, no warranties of the Landlord not expressed in this Lease are to be implied.

90. Nothing contained in this Lease is intended by the Parties to create a relationship of principal and agent, partnership, nor joint venture. The Parties intend only to create a relationship of landlord and tenant.

[next page is signature page]

**IN WITNESS WHEREOF** the Parties to this Lease have duly affixed their signatures by a duly authorized officer as of the date set forth above.

821 Fieldcrest Rd, LLC (Landlord)

By:_____

Avenues Recovery Center of Chesapeake Bay LLC (Tenant)

By:_____

EXHIBIT 3

South Wing will consist of 3.7 and 3.7WM beds as circled:

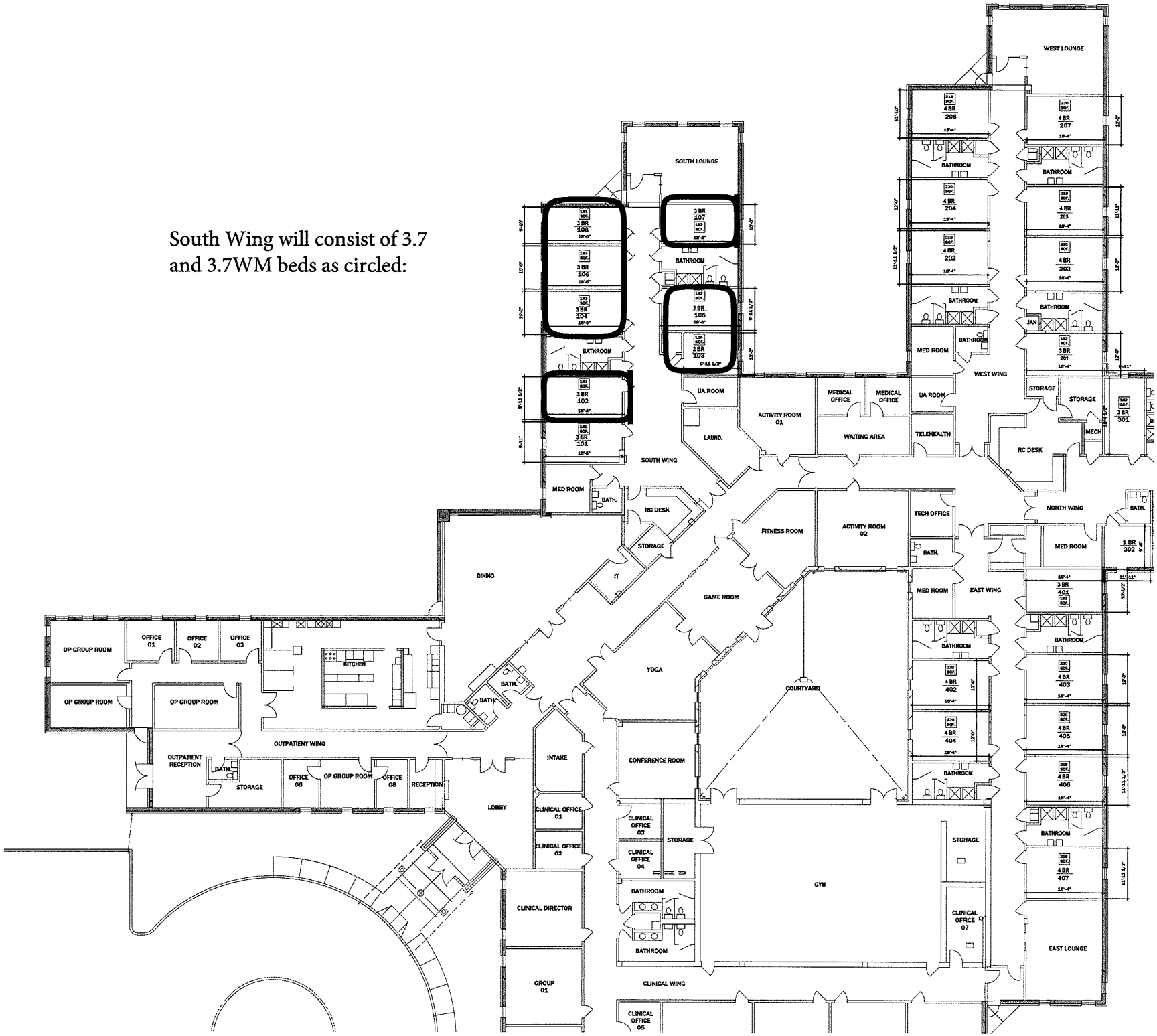


EXHIBIT 4

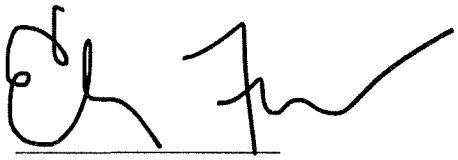
AVENUES
A RECOVERY COMMUNITY

Thursday, April 8, 2021

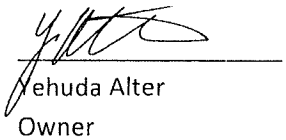
To whom it may concern,

This letter is to hereby certify that Yehuda Alter is authorized to sign all documents on behalf of Avenues Recovery Center of Chesapeake Bay LLC.

Thank you,



Eliezer Friedman
Owner



Yehuda Alter
Owner

Yosef Cohen
Owner

EXHIBIT 5

I hereby declare and affirm under the penalties of perjury that the facts stated in the Avenues Recovery Center of Chesapeake Bay Certificate of Need Application are true and correct to the best of my knowledge, information and belief.

04/12/2021

Date

Signature

CEO/Board Designated Individual

Position/Title

Yehuda Alter

Printed Name

I hereby declare and affirm under the penalties of perjury that the facts stated in the Avenues Recovery Center of Chesapeake Bay Certificate of Need Application are true and correct to the best of my knowledge, information and belief.

4/13/21
Date

Abe Gartenhaus
Signature

CFO
Position/Title

Abe Gartenhaus
Printed Name

I hereby declare and affirm under the penalties of perjury that the facts stated in the Avenues Recovery Center of Chesapeake Bay Certificate of Need Application are true and correct to the best of my knowledge, information and belief.

4/12/2021
Date

Signature

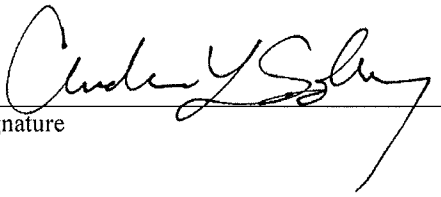
Director of Regulatory Compliance
Position/Title

Jamie Schleicher
Printed Name

I hereby declare and affirm under the penalties of perjury that the facts stated in this Avenues Recovery Center of Chesapeake Bay Certificate of Need Application are true and correct to the best of my knowledge, information, and belief.

4/5/2021

Date



Signature

Principal

Position/Title

Andrew L. Solberg

Printed Name

EXHIBIT 6

## SLIDING FEE SCALE

Avenues-Chesapeake Bay will utilize a sliding fee scale for uninsured and unfunded persons consistent with the individual's ability to pay and based on the Federal Poverty Guidelines as determined by the US Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (https://aspe.hhs.gov/poverty-guidelines). The fee schedule outlined herein represents discount percentages from the standard billing rate charged to insurance carriers for each service.

HHS Poverty Guidelines for 2021 and Avenues Sliding Fee Scale

| **2021 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA** | | | | |
|---|---|---|---|---|
| **PERSONS IN FAMILY/HOUSEHOLD** | **POVERTY GUIDELINE** | **If below 100%, may qualify for 75% financial assistance** | **If between 100% and 150%, may qualify for 50% financial assistance** | **If between 150% and 200%, may qualify for 25% financial assistance** |
| For families/households with more than 8 persons, add $4,540 for each additional person | | | | |
| 1 | $12,880 | $12,880 | $19,320 | $25,760 |
| 2 | $17,420 | $17,420 | $26,130 | $34,840 |
| 3 | $21,960 | $21,960 | $32,940 | $43,920 |
| 4 | $26,500 | $26,500 | $39,750 | $53,000 |
| 5 | $31,040 | $31,040 | $46,560 | $62,080 |
| 6 | $35,580 | $35,580 | $53,370 | $71,160 |
| 7 | $40,120 | $40,120 | $60,180 | $80,240 |
| 8 | $44,600 | $44,600 | $66,900 | $89,200 |

## FINANCIAL ASSISTANCE POLICY

Avenues Recovery Center of Chesapeake Bay is committed to providing services to eligible patients at any income level. If a patient has health insurance coverage, Avenues Recovery Center of Chesapeake Bay practice is to bill the insurer in accordance with the terms of the patient's policy. Avenues Recovery Center of Chesapeake Bay shall not be responsible for any amounts that may otherwise be charged to the patient by his or her insurer. Avenues Recovery Center of Chesapeake Bay shall not provide cash or a cash equivalent to the patient in conjunction with this Policy.

This Policy applies to any patient eligible for treatment services at Avenues Recovery Center of Chesapeake Bay, regardless of race, religion, national origin, gender, age, or health status. Avenues Recovery Center of Chesapeake Bay recognizes each patient's right to use the health care provider of his or her choice, and this Policy shall not be used to influence the patient's choice of provider. Individuals who are uninsured or underinsured and unable to pay for their treatment services may be eligible for financial assistance pursuant to this Policy. Avenues Recovery Center of Chesapeake Bay is committed to providing 15% or more of its proposed annual adult intermediate care facility bed days to indigent or gray area patients.

## ELIGIBILITY CRITERIA

A patient whose Financial guarantor's income is below **100%** of the current Federal Poverty Guidelines ("Guidelines") may qualify for a waiver of 75% of charges for services under this Policy. A patient whose financial Guarantor's income is between **100%** and **150%** of the Guidelines may qualify for a waiver of 50% of the charges for services under the Policy. A patient whose Financial guarantor is between **150%** and **200%** of the Guidelines may qualify for a waiver of 25% of the charges for services under the policy. Patients may have presumptive eligibility if they are homeless and have no assets or qualify for other means-tested government programs.

The Guidelines are based on family size and annual income. The Guidelines are updated annually and are published each year in January by the United States Department of Health & Human Services. **The Facility Administrator** shall be responsible for obtaining and distributing the updated Guidelines each year.

Avenues Recovery Center of Chesapeake Bay may make financial assistance available for patients that it has determined are unable to pay some of all of their medical bills because their bills exceed a certain percentage of family income or assets even though that have income that would otherwise exceed the general criteria for qualifying for free or discounted care under this policy ("Indigent").

Eligibility under this Policy lasts for one year or until the patient notifies Avenues Recovery Center of Chesapeake Bay that his/her financial situation has changed such that he/she may no longer qualify for a waiver, at which time the patient should fill out a new application. It is the responsibility of **the administrator** to ensure that a new application form is made available to each patient whose eligibility for a waiver will be expiring in the upcoming month and who will likely be receiving services from Avenues Recovery Center of Chesapeake Bay after such expiration.

## REQUIRED DOCUMENTATION FOR DISCOUNTS

As referenced in the 'Eligibility Criteria,' Avenues Recovery Center of Chesapeake Bay will determine a patient's financial hardship by an evaluation of substantiating factors. These factors include:

- Employment Status
- Guarantor
- Family/household
    - Number in household
    - Number in school
    - Number of dependents
- Net Income on a monthly basis

- Patient's income
- Spouse's income
- Child Support received
- Social Security
- Pension
- SSI/Disability
- Food Stamps
- Other income

- Financial Obligations to include the following monthly expenses:

  - Rent/Mortgage
  - Car/Truck Payments
  - Utilities (electric, phone, gas, water)
  - Car Insurance
  - Health/Dental Insurance
  - Property Insurance
  - Property Tax
  - Medical Fees
  - Transportation
  - Laundry/Cleaning
  - Food
  - Child Care
  - Child Support Paid
  - Other

Patients who decline to offer this information will not be eligible for a discount. In addition to the evaluation of the above criteria, patients must also provide the following required documentation:

- Proof of Income (if employed) <u>one</u> of the following:

  - 1040
  - W2
  - Last pay stub received
  - Written statement by employer

- Proof of Income (if unemployed) <u>one</u> of the following:

  - Public assistance check stub/copy
  - Social security check stub or letter of award
  - Certification letter from Medical Assistance or Department of Social Services
  - Letter of reference from a 501 (c)(3) organization, such as a church (if other forms not available)

EXHIBIT 7

## OUTREACH

Avenues Recovery Center is committed to be an active member of the community in which we are providing services. To that end, the Team is focused on ensuring that said community is aware of the services being offered at Avenues by engaging in outreach efforts, including but not limited to involvement in community events that promote education of and resources for individuals with behavioral health-related issues and/or their families/significant others and networking with other healthcare providers to ensure continuity and collaboration of care, that will promote interest in those services.

Outreach efforts include but are not limited to:

- Identifying individuals who need the services offered.
- Alerting individuals and/or their families/significant others to the availability of the services offered
- Encouraging individuals to utilize the community service delivery system.

The outreach plan includes but is not limited to engaging with local providers of behavioral health services, primary care physicians and other physical health-related Specialists, local community organizations, such as religious organizations, educational institutions, and emergency responders, such as the police, fire department, and ambulance services. The Outreach Plan also includes informing the community about the services being provided by Avenues as well as the assessment process to be considered for services. An essential part of being an effective provider of treatment in any given community is being an active member of the local community, not only sharing information about the services being provided but "giving back" as identified by the Treatment Team and the individuals in services to that community.

EXHIBIT 8

**Fee Schedule 2021**

| Service | Fee |
|---|---|
| Detox | $3,900 |
| Residential | $3,300 |
| Partial Hospitalization | $2,600 |
| Intensive Outpatient | $1,800 |
| Outpatient | $495 |
| Initial Psych Eval | $750 |
| Urine Analysis | $1,200 |

EXHIBIT 9

## TREATMENT MODEL

Avenues strives to be thoughtful and intentional in all aspects of the patient's experience. To this end, Avenues has developed a treatment curriculum via an evidence-based approach thus providing treatment for patients that has been demonstrated to be effective with similar populations. Evidence-based practice is the integration of the best available research with clinical expertise in the context of patient characteristics, culture and preferences. Avenues incorporates the following treatment models and practices:

**Motivational Interviewing (MI)** - MI is a goal-directed, patient-centered counseling style for helping patients change by exploring and resolving ambivalence. Ambivalence can be thought of as having mixed thoughts and feelings about one's relationship with substance abuse. For example, many men and women who come to treatment would like to get sober, but also have difficulty managing thoughts and feelings the drive continued using. Examination and resolution of ambivalence becomes a key goal to change. MI has been applied to a wide range of problem behaviors related to alcohol and substance abuse as well as mental health issues.

**Cognitive Behavioral Therapy** – Cognitive-behavioral therapy seeks to change irrational thoughts that may fuel unhealthy behavior. (e.g., I can't deal with these memories and feelings without a substance). The therapist works with the patient to identify both the thoughts and the behaviors that are causing distress, and to change those thoughts in order to readjust the behavior. In some cases, the patient may have certain fundamental core beliefs, called schemas, which are flawed and require modification.

**Dialectical Behavioral Therapy (DBT)** – DBT is a cognitive-behavioral treatment approach with two key characteristics: a behavioral, problem-solving focus blended with acceptance-based strategies, and an emphasis on dialectical processes. "Dialectical" refers to the issues involved in treating patients with multiple disorders and to the type of thought processes and behavioral styles used in the treatment strategies. DBT as utilized at Avenues has four components: (1) capability enhancement (skills training); (2) motivational enhancement (individual behavioral treatment plans); (3) structuring of the environment (programmatic emphasis on reinforcement of adaptive behaviors); and (4) capability and motivational enhancement of therapists (therapist team consultation group). DBT emphasizes balancing behavioral change, problem-solving, and emotional regulation with validation, mindfulness, and acceptance of patients. Therapists follow a detailed procedural manual.

**Acceptance and Commitment Therapy (ACT)** - ACT is a contextually focused form of cognitive behavioral psychotherapy that uses mindfulness and behavioral activation to increase patients' psychological flexibility--their ability to engage in values-based, positive behaviors while experiencing difficult thoughts, emotions, or sensations. ACT has been shown to increase effective action; reduce dysfunctional thoughts, feelings, and behaviors; and alleviate psychological distress for individuals with a broad range of mental health issues.

**Trauma-Informed Addictions Treatment (TIAT)** – TIAT is an addictions group treatment intervention for working with men and women in the active treatment phase of recovery who are also survivors of trauma including physical, sexual and emotional abuse. In part I group members

develop a shared emotional and relational vocabulary. Part 2 focuses more specifically on abuse and the connections between trauma and psychological symptoms, addictive behavior and relationship patterns. Part three focuses most directly on core recovery skills.

**Eye Movement Desensitization and Reprocessing (EMDR)** - EMDR is an evidence-based psychotherapy for Posttraumatic Stress Disorder (PTSD). In addition, successful outcomes are well-documented in the literature for EMDR treatment of other psychiatric disorders, mental health problems, and somatic symptoms. EMDR therapy is an eight-phase approach. It begins with a history-taking phase that identifies the current problems and the earlier experiences that have set the foundation for the different symptoms, and what is needed for a fulfilling future. Then a preparation phase prepares the patient for memory processing. The memory is accessed in a certain way and processing proceeds with the patient attending briefly to different parts of the memory while the information processing system of the brain is stimulated. Brief sets of eye movements, taps or tones are used (for approximately 30 seconds) during which time the brain makes the needed connections that transform the "stuck memory" into a learning experience and take it to an adaptive resolution. New emotions, thoughts and memories can emerge. What is useful is learned, and what is now useless (the negative reactions, emotions and thoughts) is discarded.

**Expressive Therapy (ET)** – ET introduces action to psychotherapy to encourage individuals to use an expressive form of communication as a means for further exploration and that action within therapy and life is rarely limited to a specific mode of expression. ET makes use of art, music, dance/movement, drama, poetry/creative writing, play, gardening, sand tray, etc. within the context of therapy and recovery. ET adds a unique dimension to therapy and recovery because they have several specific characteristics not always found in strictly verbal therapies, including, but not limited to, (1) self- expression, (2) active participation, (3) imagination, and (4) mind–body connections.

**Equine Assisted Psychotherapy & Learning (EAP/EAL)** – EAP/EAL incorporates horses experientially for emotional growth and learning. It is a collaborative effort between a licensed therapist and a horse professional working with the patients and horses to address treatment goals. EAP/EAL is experiential in nature. This means that participants learn about themselves and others by participating in activities with the horses, and then processing (or discussing) feelings, behaviors, and patterns. The focus of EAP/EAL involves setting up ground activities involving the horses which will require the patient or group to apply certain skills. Non-verbal communication, assertiveness, creative thinking and problem-solving, leadership, work, taking responsibility, teamwork and relationships, confidence, and attitude are several examples of the tools utilized.

**Family Program**—Avenues recognizes the importance that family and significant others provide in your recovery. The Family program offers family therapy when indicated to assist the family in relationship building, problem solving and overall health and wellness of the family. Family Day is also offered a minimum of two times during your 90-day treatment stay. Family Day offers the opportunity for families to learn about addiction and how to be part of the solution for their loved one. Family Days are usually offered on Saturdays and families are notified in advance of the date and time schedule.

EXHIBIT 10

# TREATMENT PLANNING

## POLICY

Every Avenues patient will develop a person-centered plan, also known as the "treatment plan", that with their primary therapist based on the assessment, the patient's needs, strengths, preferences, and goals. That treatment plan will be specific, measurable and outcomes focused. The treatment plan will be developed based on the assessments made of the patient.

A complete and accurate assessment *(see assessments)* drives the identification and delivery of the care, treatment, or services needed by the individual served. Avenues assesses the outcome of treatment by monitoring the individual's progress towards goals. All treatment plans are communicated to the patient in a manner that is understandable.

## PROCEDURE

1) The initial treatment plan is developed within 24 hours of admission.

2) The full treatment plan is to be completed within seven (7) days of admission.

3) Plans are reviewed:

   a) When changes occur in treatment
   b) At least every two (2) weeks
   c) Periodically by a physician

      i) The physician is responsible for integrating the use of medication into the treatment plan.

      ii) Physician may make physical/medical care recommendations be included into the treatment plan.

4) While treatment plans are typically developed by the patient, therapist, and treatment team, the patient is encouraged to involve his or her family in decisions about care, treatment, or services.

   a) The patient determines the role of family members and their access to information. If the family of a patient does not agree to participate in treatment planning, the program shall document the attempt to engage the family, as well as their refusal.

5) Treatment plans are prepared using the information from the assessment process.

6) Treatment plans are based on the patients:

   a) Strength
   b) Needs
   c) Abilities
   d) Preferences

7) Treatment plans are focuses on the integration and inclusion of the person served into:

a) His or her community
b) The family, when appropriate
c) Natural support systems
d) Other needed services.

8) Person-centered treatment plans include the following components:

a) Identification of the needs/desires of the patient:

i) Goals that are expressed in the words of the patient.
ii) When necessary, clinical goals that are understandable to the patient.
iii) Goals that are reflective of the informed choice of the patient

b) Specific service or treatment objectives that are:

i) Reflective of the expectations of:

(1) The patient
(2) The treatment teams.

ii) Reflective of the patients:

(1) Age
(2) Development
(3) Culture and ethnicity

iii) Responsive to the patient's disabilities/disorders or concerns
iv) Understandable to the patient
v) Measurable
vi) Achievable
vii) Time specific
viii) Appropriate to the services/treatment setting

c) Identification of specific intervention's, modalities, and/or services to be used.
d) Frequency of specific interventions, modalities, or services
e) When applicable:

i) Any needs beyond the scope of the program
ii) Referral for additional services
iii) Transition to other community services

iv) Community-based services options available to persons in long-term residential support programs.

v) Available aftercare options, when needed.

f) When applicable, identification of:

i) Legal requirements
ii) Legally imposed fees

9) Treatment plans may be revised and/or updated as assessments are completed and/or new patient information is obtained or on an as-needed basis.

10) When assessment identifies a potential risk for suicide, violence, or other risky behaviors, a safety plan is completed with the patient as soon as possible. The safety plan includes:

a) Triggers
b) Current coping skills
c) Warning signs
d) Actions to be taken to:

i) Respond to periods of increased emotional pain.
ii) Restrict access to lethal means.
iii) Preferred interventions necessary for:

(1) Personal safety
(2) Public safety

11) When the patient has a concurrent disorders or disabilities and/or comorbidities:

a) The person-centered treatment plan specifically addresses these conditions in an integrated manner.

b) Services are provided by personnel, either within the organization or by referral, who are qualified to provide services for the patient with concurrent disabilities and/or disorders.

12) Planning of care, treatment or services includes identifying objectives for the identified goals.

13) Planning of care, treatment or services includes intervention and services necessary to meet the identified goals.

a) Activities detailed in the plan are designed to occur in a time frame that meets the physical care needs of the individual served.

b) Goals are expressed in a manner that captures the individuals' words or ideas;

c) Goals are built on the individual's strengths;

d) Goals also include factors that support the transition to community integration when identified as a need during assessment.

14) Each patient will receive a preliminary plan will focus on the patient's safety. The preliminary plan for care, treatment, or services addresses intervention in response to emergency needs, such as immediate need for placement or danger to self or others.

EXHIBIT 11

Maryland
DEPARTMENT OF HEALTH
*Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Acting Secretary*

**Behavioral Health Administration**
Aliya Jones, M.D., MBA
Deputy Secretary Behavioral Health
55 Wade Ave., Dix Bldg., SGHC
Catonsville, MD 21228

February 1, 2021

Hudi Alter, Owner/CEO
Avenues Recovery Center of Chesapeake Bay, LLC
821 Fieldcrest
Cambridge, MD 21613

**Mailing Address:**
211 Boulevard of the Americas, Suite 503
Lakewood, NJ 08701

Dear Mr. Alter:

The Behavioral Health Administration (BHA) has approved your application for a license to operate under COMAR 10.63 Community-Based Behavioral Health Programs. Your license to add Outpatient Mental Health Clinic for adults is enclosed and is valid from **February 1, 2021** to **December 30, 2021**, unless revoked under COMAR 10.63.06.13.

**Licenses are valid only for the program/service type(s) and location(s) for which they are issued.** They cannot be transferred per COMAR 10.63.01.03B. In addition, all closures, relocations, or expansions must be approved by the Department's designated approval unit per COMAR 10.63.06.07B. You may not begin operation at a new location until you receive your license to do so.

If your license is for an accreditation-based service, you are required to maintain accreditation throughout the licensing period in order for the license to remain valid. Additionally, you must submit an application to renew a license at least 60 days before the expiration date shown on the license. Failure to do so may result in a suspension of your license to operate under COMAR 10.63.

If you are a Medicaid provider, a condition of Medicaid participation is that you maintain your COMAR 10.63 license to operate (*see COMAR 10.09.36.02*) in order to be reimbursed under Medicaid. If you fail to maintain your license under COMAR 10.63, the BHA will notify

Medicaid to terminate enrollment effective the same date as the loss of your license under COMAR 10.63. **Medicaid providers must remain in compliance with Medicaid regulations, COMAR 10.09. Licensure alone is not enough to guarantee payment for services, and payers may have additional requirements which must be met as a prerequisite for reimbursement.**

The appropriate Core Service Agency, Local Addictions Authority, or Local Behavioral Health Authority, whichever is appropriate, Medicaid, and the Administrative Service Organization have been informed about the agency's status by copy of this letter. If you have any questions, please contact me at 443.401.9509, or by email at barbara.smythe@maryland.gov.

Sincerely,

Barbara Smythe, RN, BS

Barbara Smythe, RN, B.S.
Health Facility Surveyor Nurse II
BHA, Office of Licensing

cc:

| | |
|---|---|
| Cynthia Petion | Lisa Fassett |
| Marian Bland | Kristy Hicks |
| Abigail Baines | Doris Williams |
| Frank Dyson | Monica Brookins |
| Admin. File | Tammy Fox |
| CSA/LAA/LBHA | Patricia Williams |

**MARYLAND DEPARTMENT OF HEALTH**
**BEHAVIORAL HEALTH ADMINISTRATION**
**SGHC – VOCATIONAL REHABILITATION BUILDING**
**55 WADE AVENUE**
**CATONSVILLE, MARYLAND 21228**

**POST IN A CONSPICUOUS PLACE**

Issued to:
**Avenues Recovery Center of Chesapeake Bay, LLC**

**821 Fieldcrest**
**Cambridge, MD, 21613**

| PROGRAM TYPE/SERVICE LEVEL | Effective Date | Expiration Date | License # |
|---|---|---|---|
| Outpatient Mental Health Center (OMHC) - Adult | February 1, 2021 | December 30, 2021 | 201210369 |
| Level 1 - Outpatient Treatment Program - Adults | October 1, 2020 | December 30, 2021 | 200609949 |
| Level 3.5 - Residential - High Intensity Program - Adults | October 1, 2020 | December 30, 2021 | 200609953 |
| Level 2.5 - Partial Hospitalization Treatment Program - Adults | October 1, 2020 | December 30, 2021 | 200609950 |
| Level 3.3 - Residential - Medium Intensity Program | October 1, 2020 | December 30, 2021 | 200609952 |
| Level 2.1 - Intensive Outpatient Treatment Program - Adults | October 1, 2020 | December 30, 2021 | 200810060 |
| Withdrawal Management Service | October 1, 2020 | December 30, 2021 | 200810061 |

| BED TYPE | COUNT |
|---|---|
| 3.3;3.5;Withdrawal Mgt | 104 |

Beds for Adults only

Aliya Jones, M.D., MBA
Deputy Secretary/Executive Director

**(Not Transferable)**

Authority to operate in the State is granted to the above entity pursuant to the Health-General Article, 7.5-204,7.5-205,7.5-401 and 10-922, Annotated Code of Maryland, and is subject to any and all statutory provisions, including all applicable rules and regulations promulgated thereunder. This document is **not transferable** and may be revoked by the Department. Falsification of a license shall subject the perpetrator to criminal prosecution and the imposition of civil fines.

Printed Date: February 1, 2021

EXHIBIT 12

carf INTERNATIONAL

November 2, 2020

Dear Mr. Alter:

CARF

This is in response to the requested time frame for your organization's survey.

The time frame requested for the site visit is beyond the expiration date of your organization's existing Preliminary Accreditation. Based on the information provided, an extension to 9/30/2021 has been approved.

Your organization's survey will now be scheduled between 8/1/2021 and 9/30/2021. Your accreditation will remain active until the outcome of this survey is provided.

Please be advised that no further extension will be granted. If you are unable to proceed with a survey during the time frame noted above, your Preliminary Accreditation will expire. To pursue another accreditation you will need to contact your resource specialist and submit a new application.

If you have not already done so, please notify CARF as soon as possible if there are any specific problem dates in this scheduling time frame. Shortly after your organization's survey has been scheduled, you will be notified of the survey dates and names of the survey team members.

Please remember that if an organization requests a change in dates or otherwise cancels the survey after notification that the survey has been scheduled, CARF will assess a cancellation fee plus all related nonrefundable travel expenses.

Please contact me if you have any questions.

Sincerely,

*Michelle Nevarez-Sandy*

Michelle Nevarez-Sandy

Resource Specialist

mnevarez-sandy@carf.org

Extension 7083

Survey 139475

Company 326804 - Avenues Recovery Center of Chesapeake Bay, LLC

CARF International Headquarters
6951 E. Southpoint Road
Tucson, AZ 85756-9407, USA

www.carf.org

carf INTERNATIONAL

*Preliminary Accreditation is issued to*

# *Avenues Recovery Center of Chesapeake Bay, LLC*

*for the following program(s)/service(s):*

*Crisis Stabilization: Integrated: AOD/MH (Adults)*
*Detoxification/Withdrawal Management - Residential: Integrated: AOD/MH (Adults)*
*Intensive Outpatient Treatment: Integrated: AOD/MH (Adults)*
*Outpatient Treatment: Integrated: AOD/MH (Adults)*
*Partial Hospitalization: Integrated: AOD/MH (Adults)*
*Residential Treatment: Integrated: AOD/MH (Adults)*

*This accreditation is valid through*

***March 31, 2021***

*This organization has met internationally recognized standards of quality in the provision of outcomes-driven programs and services to enhance the lives of the persons served.*

*This accreditation certificate is granted by authority of:*

Richard Forkosh
Chair
CARF International Board of Directors

Brian J. Boon, Ph.D.
President/CEO
CARF International

EXHIBIT 13

# UTILIZATION REVIEW/PATIENT RECORDS

Avenues has established and implemented policies and procedures for production, maintenance, retention, and destruction of clinical records (including electronic records), which shall be reviewed at least annually by the leadership team. The clinical supervisor shall ensure that clinical records are maintained and procedures for patient clinical recordkeeping are followed.

The Avenues clinical supervisor is designated to act as the coordinator of clinical record services and the administrator, or designee, shall fulfill this role in the absence of the clinical supervisor to ensure staff access to clinical records at all times. Both open and closed records are reviewed on an ongoing basis.

1) Avenues is committed to the Quality Improvement initiatives therefore the Quality Assurance Committee conducts review of records through participation in chart audits, utilization reviews and control programs in order to ensure that treatment, care, and services provided are:

a) Medically/clinically necessary
b) Efficient and cost effective.
c) Provides the least restrictive level of care necessary to achieve a successful outcome.
d) In adherence to state, federal and accreditation requirements

2) Avenues uses standardized terminology, definitions, abbreviations, acronyms, symbols, and dose designations.

3) Avenues requires that all clinical records be entered into the Electronic Medical Records (EMR) SUNWAVE and signed by the person entering them.

a) Any paperwork that needs to be added to the records should be scanned and uploaded into SUNWAVE.
b) Any computer-generated signatures shall be password protected to ensure that signature is authentic.

4) All medical orders, including verbal and telephone orders, shall be verified by authorized medical personnel or countersigned in writing within 72 hours by the medical director or physician who issued the original order and in accordance with State laws.

5) When using a facsimile communication system (FAX), entries into the clinical record shall be in accordance with the following procedures:

a) The physician shall sign the original order, and include the history and/or examination if conducted at an off-site location;
b) The original order shall be transmitted by FAX system to the facility for inclusion in the clinical record;
c) The physician shall submit the original for inclusion in the clinical record within seven days, unless a plain paper laser facsimile process was used; and

d) The copy transmitted by FAX system shall be replaced by the original, unless a plain paper laser facsimile process was used.

6) The clinical record shall be available to the patient's substance abuse counselor or clinical treatment staff involved in the patient's care at all times during the hours of operation.

7) Avenues shall establish a clinical record for each patient, containing the following:

a) Name
b) Date of admission

i) Summary of the admission interview
ii) Bio-psychosocial assessment

c) Address
d) Date of birth
e) Race
f) Religion (optional)
g) Gender
h) Emergency contact name, address, and phone number
i) Billing information
j) All assessments
k) Emergency contact
l) Clinical notes that are entered on the day the service is rendered.

i) Group notes
ii) Individual notes

m) Treatment plan signed and dated by the medical and clinical personnel.
n) Documentation of the patient's participation in the development of his or her treatment plan or documentation by a physician or licensed clinician that the patient's participation is medically or clinically contraindicated.
o) Medical History

i) Doctors' orders
ii) Known allergies.
iii) Diagnosis/conditions
iv) Height and weight
v) Current medications
vi) Physical examination signed and dated by the physician.
vii) Medical notes for services provided by physicians, nurses and other licensed medical practitioners shall be entered in the patient record on the day of service.
viii) A record of medications administered is documented in the patients' file. This includes the name and strength of the drug, date and time of administration, dosage administered, method of administration, a description of reactions if observed and a signature of the person who administered the drug.

ix) A record of self-administered medications is kept in the patient file. The record includes the name and strength of the drug, date and time given to the patient, dosage, signature of the person who released the medication to the patient and the signature of the medical director approving self-administration.

(1) The medical director must approve self-administration.
(2) Self-administration is supervised by trained staff.
(3) Patient is educated about the medication and safe use.

x) Results of laboratory, radiological, diagnostic, and/or screening tests performed.

xi) A record of psychotropic medications or mood-altering medications prescribed to the patient.

xii) Documentation of the medical history and physical examination signed and dated by the physician for opioid treatment and detoxification of patients or the comprehensive health history for patients receiving other residential or outpatient substance abuse services.

p) Previous treatment records and correspondence.

q) The patient's signed acknowledgment that he or she has been informed of and received a copy of the patient rights, fee schedule and payment policy.

r) The patient's signed acknowledgment that he/she is made aware of, and has approved, receiving counseling services from a substance abuse counselor intern.

s) A log recording the clothing, personal effects, valuables, funds and other property deposited by the patient with the facility for safekeeping, signed by the patients, his or her family or legally authorized representative and substantiated by receipts given to the patient, his or her family legally authorized representative.

t) Reports of accidents or incidents required to be reported to the administrator, governing authority, and/or the Department.

u) A record of referrals to other health care or social service providers, including those made to mental health providers.

v) Summaries of consultations

w) Any signed, written informed consent forms or an explanation of why an informed consent was not obtained from the patient.

x) A record of treatment, drug or service offered by appropriate staff and refused by the patient.

y) Instructions given to the patient and/or the patient's family for care following discharge.

z) Continuum of care plan

aa) Discharge summary

8) Avenues requires that documentation of all services provided and transactions regarding the patient are entered in his or her clinical record in a uniform manner;

9) Avenues shall preserve the confidentiality of information contained in the clinical record in accordance with Federal statutes and rules for the Confidentiality of Alcohol and Drug Abuse Patient Records at 42 U.S.C. §§ 290dd-2 and 290ee-2 and 42 CFR Part 2 and the provisions of HIPAA.

a) Access to the records is limited to providing treatment.
b) Patient files are created upon admission.
c) All patient files will be closed within 30 days of discharge, with access to and identification of all patient clinical records maintained.
d) Records are readily accessible for a minimum of four (4) years following the discharge of a patient.
e) Clinical records may be transferred to another facility or treatment center at the written request of the patient.
f) Avenues has established policies and procedures for providing copies of a patient's clinical record to the patient, his or her legally authorized representative or a third-party payer where permitted by law or otherwise authorized in writing by the patient.

10) The intentional destruction or unauthorized alteration of protected health information if forbidden and must be reported to administration and an incident report must be completed.

11) Unintentional changes to the chart or accidental destruction of charts must be reported to a supervisor and an incident report must be completed.

12) Avenues has mitigated the risk of loss of data or interruptions to its information process by implementing the HIPAA protected EMR called SUNWAVE.

a) Avenues creates PDF packages of all data quarterly.
b) SUNWAVE is cloud based with multiple servers in multiple locations.
c) SUNWAVE routinely backs up all data and the information are stored for a minimum of ten years.
d) Should Avenues experience a loss of power or internet service, staff will be allowed to access SUNWAVE at an alternate location.

EXHIBIT 14

# ADMISSIONS

## ADMISSION CRITERIA

Prospective patients are assessed for appropriateness of treatment as well as appropriate level of care prior to admission. Individuals who are not appropriate for Avenues will be referred to another facility based on the patients needs.

Patients must be:

- 18 years of age or older; and
- Criteria is met for the definition of chemical substance abuse, as detailed in the DSM V, or the most current revision of the diagnostic and statistical manual for professional practitioners;
- Patient is coherent, rational, and oriented for treatment; and
- Patient is able to comprehend and understand the materials presented; and
- Patient is able to participate in the rehabilitation/treatment process; and
- There is documentation that the patient expresses an interest to work toward rehabilitation/treatment goal; and
- Patient is able to self-evacuate; and
- Patient is not a danger to self and/or others

## TREATMENT METHODOLOGY

Avenues staff believes that everyone can recover but treatment is not always one-size-fits-all. At Avenues, our counselors to explore the following methodologies to see what works and is in the best interest of the patient:

- Behavioral Self-Control Training
- Self-Help Groups (Alcoholics Anonymous, Narcotics Anonymous)
- Relapse Prevention
- Marital and Family Therapy
- Coping and Social Skills Training
- Aversion Therapy
- Community Reinforcement Approach
- Psychotropic Medications

EXHIBIT 15

# DISCHARGE PLANNING
# and
# LENGTH OF STAY

At Avenues, the length of treatment will vary from patient to patient. While in treatment, patients are assessed daily to determine length of stay. When discharging patients, the continuum of care is critical to the patient's success. Avenues believes that it is essential to maintain communication and coordination among providers.

Avenues is committed to the seamless and successful transition of each patient into the next level of care (coordination of care); therefore, the process of transition planning is initiated with the patient as soon as clinically appropriate in the person-centered treatment plan and service delivery process.

## SUCCESSFUL DISCHARGE

- The treatment team and patient agree that the treatment plan goals have been met.
- The treatment team and patient agree that treatment is complete.

1) Aftercare and discharge planning are initiated upon admission.

2) Requirements for successful completion of treatment are:

a) Demonstrated achievement of or significant progress towards the person-center treatment goals.
b) Significant decrease or elimination of symptoms that initiated treatment.
c) Regular attendance and active participation in scheduled treatment sessions.

3) Every effort is made to coordinate care with family, significant others and external providers involved in the current or future care of patients in treatment (signed ROI required).

4) Consent for coordination of care with the patient's primary care physician and/or appropriate behavioral health providers is obtained upon admission (if applicable).

5) Refusal to allow the coordination care with family, primary care physicians, and or behavioral health provider shall be documented.

6) For all patients leaving services, a written discharge summary is prepared to ensure that the person served has documented treatment episodes and results of treatment. The discharge summary:

a) Includes the date of admission.
b) Describes the services provided.
c) Identifies the presenting condition.
d) Describes the extent to which established goals and objective were achieved.

e) Describes the reason for discharge.
f) Identifies the status of the person served at last contact.
g) Lists recommendation for services or supports.
h) Include the date of discharge from the program.
i) Includes information on medications(s) prescribed or administered, when applicable

7) Discharge planning will address the individual needs, the presenting problem, and any identified co-occurring disorders or issues of the individual being served. Including patient:

a) Strengths
b) Needs
c) Abilities
d) Preference

8) The written transition plan is documented in the patient file and prepared or updated to ensure a seamless transition when a patient is:

a) Transferred to another level of care or an aftercare program
b) Prepares for a planned discharge.

9) The written plan identifies the patients current:

a) Progress in his or her own recovery or move toward well-being.
b) Gains achieved during program participation.
c) The patients need for support systems or other types of serves that will assist the patient in continuing a life of recovery, well-being, or community integration.
d) The written plan of recommendations and specific referrals for implementation of continuing care services, including medications, will be prepared for each patient identified in needing continued services.
e) Referral and linkage will emphasize advocacy for the patient and efforts to transition to a lesser restrictive or alternative treatment settings, as indicated.

10) In discharge planning, Avenues Recovery Center will assist the patient to obtain services that are needed, but not available within the facility, and/or in transitioning from one level of care to another, and/or discharging from a facility.

11) Continuing care plans will be developed with the knowledge and cooperation of the patient, primary therapist, treatment team, and other parties as deemed appropriate.

12) All plans include at least one (1) year of aftercare following discharge from Avenues.

13) The continuing care plan may be included in the discharge summary.

14) Patient's response to the continuing care plan shall be noted in the plan, or a note shall be made that the patient was not available and why.

15) Each patient's primary therapist is responsible for monitoring progress, as well as planning, providing, and/or coordinating discharge/continuum of care. This includes:

a) Making referrals to community agencies (for example, mental health agencies) and resources for clinically appropriate services in the continuum of care;
b) Providing patient with the referral information (i.e. contact name, phone number and location).
c) Making the decision as to the appropriateness of providing care until a transfer can be complete.
d) Promoting and facilitating the continuing involvement of patients with support groups, such as Alcoholics Anonymous (AA) and Narcotics Anonymous (NA), following discharge;
e) Aftercare plans will be established for each patient and may include outpatient treatment (OP) and/or community support group.
f) Documentation of discharge/continuum of care in the treatment plan, and including accompanying supervision;
g) Documentation of the involvement of the patient's family in the planning of transfer/discharge, when appropriate.
h) The criteria for patient discharge include a bio-psychosocial assessing the appropriateness of discharge considering the patients' needs as identified by, but not limited to:
i) Acute intoxication and/or withdrawal potential;
j) Biomedical conditions and complications;
k) Emotional, behavioral, or cognitive conditions and complications;
l) Readiness to change;
m) Relapse, continued use or continued problem potential; and
n) Recovery Environment

16) Avenues will never retain a patient in treatment who is a danger to themselves or others, or who's behavior interferes with the health safety and/or welfare of staff or other patients

17) All discharges and transfers are based on the assessed needs of the patient and Avenues' ability to meet those needs.

1) The reason for discharges/transfers are always documented and communicated to the patient in a timely manner.

2) Avenues provides the patient and his/her family, if applicable, discharge instruction in a form the individual can understand.

3) When an unplanned discharge occurs, follow-up is conducted as soon as possible to:

a) Provide any required notifications;
b) Provide necessary notifications;
c) Clarify the reasons for the unplanned discharge;
d) Determine whether additional services are needed;
e) Offer or refer to needed services.

4) Patients are asked to sign a follow-up consent form upon admission.

a) When a patient's plan indicates the need for additional services or supports post-treatment, a designated staff member will attempt to follow-up with discharged patients.

b) With the consent of the patient, 30 days and six (6) months post discharge, patients are asked to participate in a Patient Satisfaction Survey.

i) If during the follow-up it is determined that the former patient needs additional services, such services will be offered or a referral made, when possible.

ii) Staff making/attempting to follow-up will document efforts on the follow-up form and placed in the patient's clinical record.

5) Patients who have been discharged for aggressive behavior and without participating in discharge planning will be offered discharge planning assistance post-treatment as follows:

a) Patients discharged for aggression will be contacted, if possible, within 72 hours of discharge.

b) The phone number given on the consent for follow-up will be used.

c) When/if contacted, the former patient will be encouraged to seek further treatment services and provided the name, phone number and address for appropriate service(s).

d) Staff making/attempting to follow-up will document efforts on the follow-up form and placed in the patient's clinical records.

6) To assure maximum linkage and effectiveness, clinical staff determines those portions of the clinical record that are needed by receiving service providers and procures the appropriate releases. Clinical staff ensures that the needed records are provided to the authorized recipient.

## INVOLUNTARY/UNSCHEDULED DISCHARGE

Avenues Recovery Center makes every effort to assist patients in being successful in their recovery efforts and to experience a planned discharge. To assist with these efforts treatment and discharge decisions are individualized to meet the needs of each patient. Patients will not be discharged for displaying symptoms of their disorder, however there may be times in which a patient may choose to discharge from treatment the advice of the treatment team. And there are

times in which Avenues Recovery Center may choose to transfer or discharge a patient who is making choices that are unsafe for other patients, staff, or themselves.

Avenues maintains policies and procedures governing the involuntary discharge of patients. This information can be found in the patient handbook, which the patient receives upon intake. All patients shall be provided with a verbal and written notice of the facility's intent to discharge.

The written notice shall include the specific reason for discharge and shall set forth the patient's rights and procedures to appeal the discharge decision.

1) Types of involuntary/ unscheduled discharges include;

a) Against Medical Advice - Patient elects to leave treatment before being medically or psychiatrically stable.
b) Against Facility Advice - Patient leaves treatment before clinically appropriate and without the approval of the treatment team.
c) Behavioral – Violated program rules.
d) Transfer – Reason vary. Examples include but not limited to: funding issues, request, conflict of interest, higher level of care required.

2) Decisions to discharge a patient is made by the clinical team or administrator on duty.

3) In a situation where a patient has not shown up for an extended period of time, notification of their discharge will be sent to the address on file.

4) If continuing treatment at Avenues is not in the best interest of the patient, discharge may be an option.

5) Avenues is not able to accommodate patients whose behavior interferes with the health safety and/or welfare of staff or other patients.

6) Patients may request an appeal either in writing or verbally within 30 calendar days of the involuntary discharge.

a) If initiated verbally, a written appeal shall follow, provided by the patient or an individual chosen by the patient to act on their behalf.
b) In instances where patient does not pose a health or safety hazard to themselves, other patients or staff, the patient shall not be discharged from the facility until the appeal process is complete;
c) In instances where the patient poses a health or safety hazard to themselves, other patients or staff, as documented by facility staff (such as a substance abuse counselor, director of nursing services), the patient may be discharged from the facility prior to completion of the appeal process;

d) A copy of the appeal, and the disposition thereof, shall be entered in the patient's clinical record;

e) A facility may involuntarily discharge a patient without prior notice if the patient poses a health or safety hazard to himself or herself, other patients, or staff, or otherwise violates facility policies that were presented to the patient at the time of admission.

7) If a patient is discharged involuntarily, Avenues will aid in referring the patient a patient-approved treatment program.

EXHIBIT 16

## COMMUNICATION (REFERRALS)

*Also see Discharge Planning*

Avenues communicates information related to safety and quality to those who need it, including staff, individuals served, families, referral sources and external interested parties. Effective communications essential to the success of Avenues. Poor communication can contribute to adverse events and can compromise safety and quality care, treatment, and/or services. Avenues is committed to effective communication. All communication should be timely, accurate and usable by the audience.

Avenues makes every effort to reduce both attitudinal and physical barriers that create distance and separation between administration, personnel, and patients. Administration and personnel strive to remain engaged and accessible. Keeping an open line of communication is critical for both staff and administration to express concerns pertaining to employment, performance, patient issues, etc.

1) Avenues uses various means of communication based on intended receiver of the message.

2) Examples include but are not limited to the following:

a) Weekly staff meetings
b) Staff emails
c) When appropriate, regular communication with families, either in person, phone calls or via HIPPA secure email
d) Daily check-ins with patients

3) Avenues leaders and administration shall monitor and evaluate the effectiveness of communication methods.

4) In order to reduce barriers for communication with patients the following strategies may be used:

a) The use of interpreters may be used for patients who are hearing impaired.
b) When available, literature in different languages.
c) Auditory education materials may be provided.

5) The leadership team is accessible to:

a) Patients
b) Personnel
c) Other stakeholders

6) Communication with referral source - Avenues strives to maximize patient recovery through on-site treatment and planning with the patient and the referral source for appropriate post-treatment support services.

a) Each patient, at admission will be asked to sign a release of confidential information to their stated referral source.

b) Each patient, who is self-referred, but court involved, will be requested to sign a release of confidential information to the appropriate authority (i.e. probation/parole, DHS, Drug Court, Mental Health Court, District or Municipal Court, etc.).

c) The staff assigned to complete the patient intake will notify, in writing, those parties identified and for whom releases exist, the date of the patient's admission to Avenues, the primary counselor assigned and contact information for the clinical director.

d) Prior to discharge, the primary counselor assigned to the patient will assure that all necessary releases exist. Each counselor will request from the patient, any additional releases necessary for communication with identified pre- or post-treatment referral sources.

e) Within five (5) working days of discharge, the patient's primary counselor will complete the discharge letter and mail it to the appropriate pre- and post-treatment referral sources for which a release exists.

f) Input from patients, personnel and other stakeholders is in the communication process.

g) Avenues solicits, collect, and analyzes input from all stakeholders to create services that meet or exceed the expectation of the patient, community, and stakeholders. Some examples include:

i) Written surveys
ii) Face-to-face meetings
iii) Focus groups
iv) Suggestion box

7) Avenues utilizes both formal and informal processes to communicate both favorable and constructive feedback to staff members.

8) To facilitate integrated services delivery, Avenues implements communication mechanisms regarding the person served that ensure the exchange of information regarding the treatment plan (person- centered plan) and addresses:

a) Emergent issues
b) Ongoing issues
c) Continuity of services, including:

i) Contingency planning
ii) Future planning

d) Decisions concerning the patient served.

EXHIBIT 17

## ASSESSMENTS

Avenues Recovery Center utilizes a thorough assessment of each patient which may include any or all of the following: psychological, psychiatric, case management and a thorough bio-psych assessment. At a minimum, a bio-psych and case management assessment will be provided.

Should the assessment determine the need for immediate intervention to protect the individual served or others, Avenues shall respond immediately and appropriately with a plan to reduce the risk of harm. This plan may include referring the patient to another organization.

1) Admission staff is trained in the use of all screening and assessments tools, tests, or instruments prior to administration.

2) Staff is knowledgeable to assess the specific needs of the patient.

3) Staff is able to communicate with the patient.

4) When assessment results in diagnosis, the diagnosis is determined by a practitioner legally qualified to do so in accordance with all applicable laws and regulations.

5) All patient assessments shall document the result of a DSM diagnosis for alcohol, tobacco and other drug use, screening for other co-occurring disorders and ASAM Patient Placement Criteria 2-R. Such documentation shall be included in the patient record.

6) Upon admission, patients are assessed for:

a) Patients are assessed for harm of self and others via the suicide/risk assessment.

i) Risk assessment includes:

(1) Medical history
(2) Trauma history
(3) History of unsafe behaviors resulting in seclusion or restraint.
(4) Identification of interventions that have been successful in interrupting unsafe behaviors, when applicable.

ii) If it is determined that a patient is a risk of harm, they will be referred to another agency better suited to meet their needs.

iii) If it is determined that a patient possess and immediate risk for harm, local agency's (emergency response/911) will be called for immediate assistance.

b) Current and past trauma;

c) Results of these assessments may result in the creation of a personal safety plan.

7) The assessment process includes information obtained from:

a) The person served.
b) Family members/legal guardian, when applicable and permitted.
c) Other collateral sources, when applicable and permitted, such as:

i) Teachers
ii) Probation officers
iii) Peers
iv) Physicians

d) External sources, when the need for specified assessments not able to be provided by the organization is identified.

8) The assessment process:

a) Focuses on the person's specific needs.
b) Identifies the goals and expectations of the person served.
c) Includes screening for suicide risk for all persons served, age 12 and older, using a standardized tool normed for the population served.
d) Includes provisions for communicating the results of the assessments to:

i) The person served/legal guardian.
ii) Applicable personnel
iii) Others as appropriate

e) Provides the basis for legally required notification when applicable.
f) Occurs within timeframes established by the organization or external regulatory requirements.
g) Reflects significant life or status changes of the patient.

9) All patients receive a complete comprehensive physical examination that includes history and symptom review, by a qualified licensed healthcare practitioner. Partial hospitalization patients receive a physical examination within 24 hours of admission.

10) The assessment process gathers and records sufficient information to develop a comprehensive persons-centered treatment plan for each patient served, including information about the patients:

a) Presenting issues from the perspective of the patient
b) Personal strength
c) Individual needs

d) Abilities and/or interests
e) Preferences
f) Previous behavioral health services, including:

i) Diagnostic history
ii) Treatment history

g) Mental status
h) Medication, including:

i) Medication history and current use profile
ii) Efficacy of current or previously used medication.
iii) Medication allergies or adverse reactions to medications

i) Physical health issues, including;

i) Health history
ii) Current health needs
iii) Current pregnancy and prenatal care
iv) Medical conditions

j) Use of complementary health approaches.
k) Co-occurring disabilities and disorders
l) Current level of functioning
m) Pertinent current and historical life information, including his or her:

i) Age
ii) Gender
iii) Sexual orientation
iv) Gender identity
v) Culture
vi) Spiritual beliefs
vii) Education history
viii) Employment history
ix) Military history
x) Living situation
xi) Legal involvement
xii) Family history
xiii) Relationships, including families, friends, community members, and other interested parties.

n) History of trauma:

i) That is experienced and witnessed.
ii) Including:

(1) Abuse
(2) Neglect
(3) Violence
(4) Sexual assault

o) Use of alcohol, tobacco, and/or other drugs, including:

i) Current use
ii) Historical use

p) Risk factors for:

i) Suicide
ii) Other self-harm or risk-taking behaviors
iii) Violence towards others

q) Literacy level
r) Need for assistive technology in the provision of services.
s) Need for, and availability of, social supports.
t) Advance directives, when applicable
u) Psychological and social adjustment to disabilities and/or disorders
v) Resultant diagnosis(es), if identified

11) The assessment process includes the preparation of a written interpretive summary that:

a) Is based on the assessment data.
b) Identifies any co-occurring disabilities, comorbidities, and/or disorders.
c) Is used in the development of the person-centered plan.

EXHIBIT 18

## AFTERCARE PLANNING DESCRIPTION

Avenues is committed to the seamless and successful transition of each patient into the next level of care (coordination of care and aftercare planning); therefore, the process of aftercare planning is initiated upon admission.

The written aftercare plan is documented in the patient's file. All plans are developed with the knowledge and cooperation of the patient, primary therapist, treatment team, and other parties as deemed appropriate. This plan identifies the patients progress, needs, recommendations and referrals. Staff members assist patients in obtaining needed services prior to discharge. All plans include at least one (1) year of aftercare following discharge from Avenues.

Each patient's primary therapist is responsible for monitoring progress, as well as planning, providing, and/or coordinating discharge/continuum of care. This includes:

- Making referrals to community agencies (for example, mental health agencies) and resources for clinically appropriate services in the continuum of care;
- Providing patient with the referral information (i.e. contact name, phone number and location);
- Promoting and facilitating the continuing involvement of patients with support groups, such as Alcoholics Anonymous (AA) and Narcotics Anonymous (NA), following discharge;
- Documentation of discharge/continuum of care in the treatment plan, and including accompanying supervision;
- Documentation of the involvement of the patient's family in the planning of transfer/discharge, when appropriate.

EXHIBIT 19

AVENUES
A RECOVERY COMMUNITY

# TRANSFER AND REFERRAL AGREEMENT

This drug abuse and alcoholism transfer, referral, and supportive service agreement (the "Agreement") seeks to facilitate continuity of care, availability of treatment resources, and efficient and timely referral and transfer of clients. This Agreement is effective as of 3/2/2021, between Avenues Recovery Center of Chesapeake Bay and Community Behavioral Health, (each an "Institution" and together the "Institutions").

Both Institutions understand and agree that:

1. Each Institution maintains the freedom to operate independently.
2. When there is a need for transfer or referral from one Institution to the other, both Institutions shall comply with all applicable legal confidentiality requirements and a Release of Confidential Information will be signed by the client (or the client's legally authorized representative) prior to the transfer.
3. When there is a need for transfer or referral from one Institution to the other, the referring Institution will provide complete, accurate, and legible documents that are mutually agreed upon to assure continuity of care for the client, and information necessary to facilitate transfer and to assure the appropriateness of treatment at the receiving Institution.
4. When there is a need for transfer or referral from one Institution to the other and the receiving Institution has agreed to accept the client, the receiving Institution agrees to admit the client as promptly as possible, provided the client meets the admission requirements per the receiving Institution's policies and procedures and provided the client agrees voluntarily.
5. All fees are the responsibility of the client, the client's guarantor, or the client's third-party payor source.
6. The client is responsible for any and all transportation requirements and the cost for same.
7. Each Institution shall have the right to enter into referral and transfer agreements with other institutions.
8. Neither Institution may use this agreement for any form of marketing, publicity, or advertisement unless there is written consent.
9. Each Institution agrees to comply with all confidentiality laws, rules, regulations, and standards including: Local, State, HIPAA, 42 CFR Part 2, Federal, and Accreditation requirements.
10. This Agreement shall remain in effect for two (2) years from the date of signature.
11. This Agreement may be terminated by either Institution upon thirty (30) days written notice and shall be automatically terminated should either institution fail to maintain its present licensing or accreditation or standards.
12. This Agreement may be only modified or amended by mutual agreement of the institutions.

| | | | |
|---|---|---|---|
| Yudi Alter, CEO | 03/22/2021 | TINA Carter | |
| | Date | Institution Representative Name | |
| | | Tina Carter (UPCHURCH) | 3/2/2021 |
| | | Institution Representative Signature | Date |

AVENUES
A RECOVERY COMMUNITY

# TRANSFER AND REFERRAL AGREEMENT

This drug abuse and alcoholism transfer, referral, and supportive service agreement (the "Agreement") seeks to facilitate continuity of care, availability of treatment resources, and efficient and timely referral and transfer of clients. This Agreement is effective as of Feb 11, 2021, between Avenues Recovery Center of Chesapeake Bay and Foundations Recovery House (each an "Institution" and together the "Institutions").

Both Institutions understand and agree that:

1. Each Institution maintains the freedom to operate independently.
2. When there is a need for transfer or referral from one Institution to the other, both Institutions shall comply with all applicable legal confidentiality requirements and a Release of Confidential Information will be signed by the client (or the client's legally authorized representative) prior to the transfer.
3. When there is a need for transfer or referral from one Institution to the other, the referring Institution will provide complete, accurate, and legible documents that are mutually agreed upon to assure continuity of care for the client, and information necessary to facilitate transfer and to assure the appropriateness of treatment at the receiving Institution.
4. When there is a need for transfer or referral from one Institution to the other and the receiving Institution has agreed to accept the client, the receiving Institution agrees to admit the client as promptly as possible, provided the client meets the admission requirements per the receiving Institution's policies and procedures and provided the client agrees voluntarily.
5. All fees are the responsibility of the client, the client's guarantor, or the client's third-party payor source.
6. The client is responsible for any and all transportation requirements and the cost for same.
7. Each Institution shall have the right to enter into referral and transfer agreements with other Institutions.
8. Neither Institution may use this agreement for any form of marketing, publicity, or advertisement unless there is written consent.
9. Each Institution agrees to comply with all confidentiality laws, rules, regulations, and standards including: Local, State, HIPAA, 42 CFR Part 2, Federal, and Accreditation requirements.
10. This Agreement shall remain in effect for two (2) years from the date of signature.
11. This Agreement may be terminated by either Institution upon thirty (30) days written notice and shall be automatically terminated should either institution fail to maintain its present licensing or accreditation or standards.
12. This Agreement may be only modified or amended by mutual agreement of the Institutions.

Judi Alter, CEO — 03/22/2021 (Date) — T. Grace (Institution Representative Name)

T. Grace (Institution Representative Signature) — 2/11/21 (Date)

A. 821 Fieldcrest, Cambridge, MD 21613 P. 410-673-4600 W. www.avenuesrecovery.com

AVENUES
A RECOVERY COMMUNITY

# TRANSFER AND REFERRAL AGREEMENT

This drug abuse and alcoholism transfer, referral, and supportive service agreement (the "Agreement") seeks to facilitate continuity of care, availability of treatment resources, and efficient and timely referral and transfer of clients. This Agreement is effective as of 2/11/21, between Avenues Recovery Center of Chesapeake Bay and Homeshore LLC (each an "Institution" and together the "Institutions").

Both Institutions understand and agree that:

1. Each Institution maintains the freedom to operate independently.
2. When there is a need for transfer or referral from one Institution to the other, both Institutions shall comply with all applicable legal confidentiality requirements and a Release of Confidential Information will be signed by the client (or the client's legally authorized representative) prior to the transfer.
3. When there is a need for transfer or referral from one Institution to the other, the referring Institution will provide complete, accurate, and legible documents that are mutually agreed upon to assure continuity of care for the client, and information necessary to facilitate transfer and to assure the appropriateness of treatment at the receiving Institution.
4. When there is a need for transfer or referral from one Institution to the other and the receiving Institution has agreed to accept the client, the receiving Institution agrees to admit the client as promptly as possible, provided the client meets the admission requirements per the receiving Institution's policies and procedures and provided the client agrees voluntarily.
5. All fees are the responsibility of the client, the client's guarantor, or the client's third-party payor source.
6. The client is responsible for any and all transportation requirements and the cost for same.
7. Each Institution shall have the right to enter into referral and transfer agreements with other institutions.
8. Neither Institution may use this agreement for any form of marketing, publicity, or advertisement unless there is written consent.
9. Each Institution agrees to comply with all confidentiality laws, rules, regulations, and standards including: Local, State, HIPAA, 42 CFR Part 2, Federal, and Accreditation requirements.
10. This Agreement shall remain in effect for two (2) years from the date of signature.
11. This Agreement may be terminated by either Institution upon thirty (30) days written notice and shall be automatically terminated should either institution fail to maintain its present licensing or accreditation or standards.
12. This Agreement may be only modified or amended by mutual agreement of the institutions.

Yudi Alter, CEO — 03/22/2021 (Date) — Patricia Utley (Institution Representative Name)

Institution Representative Signature — 2/11/21 (Date)

AVENUES

# TRANSFER AND REFERRAL AGREEMENT

This drug abuse and alcoholism transfer, referral, and supportive service agreement (the "Agreement") seeks to facilitate continuity of care, availability of treatment resources, and efficient and timely referral and transfer of clients. This Agreement is effective as of 2/9/2021, between Avenues Recovery Center of Chesapeake Bay and The Humble House Recovery (each an "Institution" and together the "Institutions").

Both Institutions understand and agree that:

1. Each Institution maintains the freedom to operate independently.
2. When there is a need for transfer or referral from one Institution to the other, both Institutions shall comply with all applicable legal confidentiality requirements and a Release of Confidential Information will be signed by *the client (or the client's legally authorized representative) prior to the transfer.*
3. When there is a need for transfer or referral from one Institution to the other, the referring Institution will provide complete, accurate, and legible documents that are mutually agreed upon to assure continuity of care for the client, and information necessary to facilitate transfer and to assure the appropriateness of treatment at the receiving Institution.
4. When there is a need for transfer or referral from one Institution to the other and the receiving Institution has agreed to accept the client, the receiving Institution agrees to admit the client as promptly as possible, provided the client meets the admission requirements per the receiving Institution's policies and procedures and provided the client agrees voluntarily.
5. All fees are the responsibility of the client, the client's guarantor, or the client's third-party payor source.
6. *The client is responsible for any and all transportation requirements and the cost for same.*
7. Each Institution shall have the right to enter into referral and transfer agreements with other Institutions.
8. Neither Institution may use this agreement for any form of marketing, publicity, or advertisement unless there is written consent.
9. Each Institution agrees to comply with all confidentiality laws, rules, regulations, and standards including: Local, *State, HIPAA, 42 CFR Part 2, Federal, and Accreditation requirements.*
10. This Agreement shall remain in effect for two (2) years from the date of signature.
11. This Agreement may be terminated by either Institution upon thirty (30) days written notice and shall be automatically terminated should either Institution fail to maintain its present licensing or accreditation or standards.
12. *This Agreement may be only modified or amended by mutual agreement of the Institutions.*

Hudi Ater, CEO — 02/09/2021 Date — Jeremy Savin Institution Representative Name

Jeremy Savin Institutional Representative Signature — 2/9/21 Date

**A.** 821 Fieldcrest, Cambridge, MD 21613 **P.** 410-673-4600 **W.** www.avenuesrecovery.com

AVENUES
A RECOVERY COMMUNITY

# TRANSFER AND REFERRAL AGREEMENT

This drug abuse and alcoholism transfer, referral, and supportive service agreement (the "Agreement") seeks to facilitate continuity of care, availability of treatment resources, and efficient and timely referral and transfer of clients. This Agreement is effective as of 3/17/21, between Avenues Recovery Center of Chesapeake Bay and New Life (each an "Institution" and together the "Institutions").

Both Institutions understand and agree that:

1. Each Institution maintains the freedom to operate independently.
2. When there is a need for transfer or referral from one Institution to the other, both Institutions shall comply with all applicable legal confidentiality requirements and a Release of Confidential Information will be signed by the client (or the client's legally authorized representative) prior to the transfer.
3. When there is a need for transfer or referral from one Institution to the other, the referring Institution will provide complete, accurate, and legible documents that are mutually agreed upon to assure continuity of care for the client, and information necessary to facilitate transfer and to assure the appropriateness of treatment at the receiving Institution.
4. When there is a need for transfer or referral from one Institution to the other and the receiving Institution has agreed to accept the client, the receiving Institution agrees to admit the client as promptly as possible, provided the client meets the admission requirements per the receiving Institution's policies and procedures and provided the client agrees voluntarily.
5. All fees are the responsibility of the client, the client's guarantor, or the client's third-party payor source.
6. The client is responsible for any and all transportation requirements and the cost for same.
7. Each Institution shall have the right to enter into referral and transfer agreements with other institutions.
8. Neither Institution may use this agreement for any form of marketing, publicity, or advertisement unless there is written consent.
9. Each Institution agrees to comply with all confidentiality laws, rules, regulations, and standards including: Local, State, HIPAA, 42 CFR Part 2, Federal, and Accreditation requirements.
10. This Agreement shall remain in effect for two (2) years from the date of signature.
11. This Agreement may be terminated by either Institution upon thirty (30) days written notice and shall be automatically terminated should either institution fail to maintain its present licensing or accreditation or standards.
12. This Agreement may be only modified or amended by mutual agreement of the institutions.

Yudi Alter, CEO — 03/22/2021 (Date) — Brad Masters (Institution Representative Name)

Institution Representative Signature — 3/17/21 (Date)

AVENUES
A RECOVERY COMMUNITY

# TRANSFER AND REFERRAL AGREEMENT

This drug abuse and alcoholism transfer, referral, and supportive service agreement (the "Agreement") seeks to facilitate continuity of care, availability of treatment resources, and efficient and timely referral and transfer of clients. This Agreement is effective as of 3/17/2021, between Avenues Recovery Center of Chesapeake Bay and One Promise (each an "Institution" and together the "Institutions").

Both Institutions understand and agree that:

1. Each Institution maintains the freedom to operate independently.
2. When there is a need for transfer or referral from one Institution to the other, both Institutions shall comply with all applicable legal confidentiality requirements and a Release of Confidential Information will be signed by the client (or the client's legally authorized representative) prior to the transfer.
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|---|---|---|---|
| Hudi Alter, CEO | 03/22/2021 | Craig Lippen | |
| | Date | Institution Representative Name | |
| | | Institution Representative Signature | 3/17/21 |
| | | | Date |

SHORE HEALTH
UNIVERSITY OF MARYLAND
MEDICAL SYSTEM

# CONTRACT SUMMARY SHEET

**Contract with:**
Transfer Agreement with Apeiron

**Purpose of Contract:**
Transfer Agreement

☑ New ☐ Renewal ☐ Amendment

**If Renewal, changes from existing agreement:**

Term: annual Auto Renew Termination Provision: 30d

✓ Reviewed by Corporate Compliance: [signature] 2/10/21 (Date)

| Review / Approvals | Signature | Date |
|---|---|---|
| ✓ CEO | [signature] | 2/10/21 |
| CFO | | |
| CMO | [signature] | 2/9/202 |
| Sr VP, Operations | | |
| ✓ CNO | [signature] | 2/9/2021 |
| VP Physician Services | | |
| UMMS Legal Dept. | | |
| Human Resources | | |

Comments:
APPROVED/Requested BY L. PEZOR MD, Psych Med Director &
P. Thompson, Psych Director

Submitted by: [signature] Date: 2/9/2021

ATTCHMENT TO
LD-62

AVENUES
A RECOVERY COMMUNITY

# TRANSFER AND REFERRAL AGREEMENT

This drug abuse and alcoholism transfer, referral, and supportive service agreement (the "Agreement") seeks to facilitate continuity of care, availability of treatment resources, and efficient and timely referral and transfer of clients. This Agreement is effective as of 03/22/2021, between Avenues Recovery Center of Chesapeake Bay and SHORE REGIONAL HEALTH (each an "Institution" and together the "Institutions").

Both Institutions understand and agree that:

1. Each Institution maintains the freedom to operate independently.
2. When there is a need for transfer or referral from one Institution to the other, both Institutions shall comply with all applicable legal confidentiality requirements and a Release of Confidential Information will be signed by the client (or the client's legally authorized representative) prior to the transfer.
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12. This Agreement may be only modified or amended by mutual agreement of the institutions.

Hudi Alter, CEO — 03/22/2021 (Date) — KENNETH KOZEL (Institution Representative Name)

CEO (Institution Representative Signature) — 2/10/21 (Date)

AVENUES
A RECOVERY COMMUNITY

# TRANSFER AND REFERRAL AGREEMENT

This drug abuse and alcoholism transfer, referral, and supportive service agreement (the "Agreement") seeks to facilitate continuity of care, availability of treatment resources, and efficient and timely referral and transfer of clients. This Agreement is effective as of **March 18, 2021**, between Avenues Recovery Center of Chesapeake Bay and **MISHA House, Inc.** (each an "Institution" and together the "Institutions").

Both Institutions understand and agree that:

1. Each Institution maintains the freedom to operate independently.
2. When there is a need for transfer or referral from one Institution to the other, both Institutions shall comply with all applicable legal confidentiality requirements and a Release of Confidential Information will be signed by the client (or the client's legally authorized representative) prior to the transfer.
3. When there is a need for transfer or referral from one Institution to the other, the referring Institution will provide complete, accurate, and legible documents that are mutually agreed upon to assure continuity of care for the client, and information necessary to facilitate transfer and to assure the appropriateness of treatment at the receiving Institution.
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12. This Agreement may be only modified or amended by mutual agreement of the institutions.

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| Hudi Alter, CEO | 03/22/2021<br>Date | Monica White, MS, CAC-AD, RPS<br>Institution Representative Name |

| | |
|---|---|
| Institution Representative Signature | 3/15/2021<br>Date |

AVENUES
A RECOVERY COMMUNITY

# TRANSFER AND REFERRAL AGREEMENT

This drug abuse and alcoholism transfer, referral, and supportive service agreement (the "Agreement") seeks to facilitate continuity of care, availability of treatment resources, and efficient and timely referral and transfer of clients. This Agreement is effective as of 2/10/2021, between Avenues Recovery Center of Chesapeake Bay and Realslow Recovery, LLC/ The Gratitude House (each an "Institution" and together the "Institutions").

Both Institutions understand and agree that:

1. Each Institution maintains the freedom to operate independently.
2. When there is a need for transfer or referral from one Institution to the other, both Institutions shall comply with all applicable legal confidentiality requirements and a Release of Confidential Information will be signed by the client (or the client's legally authorized representative) prior to the transfer.
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12. This Agreement may be only modified or amended by mutual agreement of the institutions.

| | | |
|---|---|---|
| Yudi Alter, CEO | 03/22/2021 | Sara Rissolo |
| | Date | Institution Representative Name |
| Sara Rissolo | | 2/10/2021 |
| Institution Representative Signature | | Date |

AVENUES
A RECOVERY COMMUNITY

# TRANSFER AND REFERRAL AGREEMENT

This drug abuse and alcoholism transfer, referral, and supportive service agreement (the "Agreement") seeks to facilitate continuity of care, availability of treatment resources, and efficient and timely referral and transfer of clients. This Agreement is effective as of March 17, 21, between Avenues Recovery Center of Chesapeake Bay and Turning Corners Inc. (each an "Institution" and together the "Institutions").

Both Institutions understand and agree that:

1. Each Institution maintains the freedom to operate independently.
2. When there is a need for transfer or referral from one Institution to the other, both Institutions shall comply with all applicable legal confidentiality requirements and a Release of Confidential Information will be signed by the client (or the client's legally authorized representative) prior to the transfer.
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| | | |
|---|---|---|
| Heidi Alter, CEO | 03/17/20201 | Patricia Lilly |
| | Date | Institution Representative Name |

Patricia E. Seay, Director 3-16-21

Institution Representative Signature Date

**A.** 821 Fieldcrest, Cambridge, MD 21613 **P.** 410-673-4600 **W.** www.avenuesrecovery.com

EXHIBIT 20

## STAFF TRAINING

All new employees, volunteers, trainees, and interns will receive orientation and training. Prior to orientation all licenses, certifications, and any other required credentials or education must be verified.

It is the policy of Avenues Recovery Center to provide ongoing developmental and educational opportunities for the enhancement of knowledge, skills, and abilities and to adhere to internal and external education requirements, adhering to regulatory compliance regarding training required for certain credentialed positions. The Avenues Recovery Center policy is to assure maximum competency through training and developmental programs and shall commit resources to programs which meet organizational mission, improve efficiency, and/or encourage professional development.

1) Upon hire all employees will complete necessary paperwork.

2) Prior to beginning duties, all new employees, volunteers, trainees, and interns, must complete the mandatory training.

3) Mandatory in-service training for all employees is provided regularly.

4) All employees shall be given a facility tour by their immediate supervisor.

5) All new hires receive an orientation that covers the following:

   a) Mission
   b) Culture
   c) Person-centered philosophy
   d) Performance measurement and management system
   e) Risk management plan
   f) Strategic plan
   g) Workforce policies and procedures

6) New employee on-boarding includes:

   a) On-the-job training
   b) Position roles and responsibilities
   c) Position performance expectations
   d) Communication systems and expectations

7) All employees shall receive training on all pertinent Avenues Recovery Center policies and procedures as required by CARF and COMAR.

8) All employees, volunteers, interns, and trainees must complete New Employee Training as soon as possible after hire or the 30 days of employment.

a) Staff must complete training prior to beginning their job duties.
b) All employees will also receive annual training updates.
c) This training includes, but is not limited to the following policies:

i) Cultural Diversity/Competency
ii) Consumer Rights and Confidentiality/HIPAA
iii) Facility Policy and Procedures
iv) Code of Ethics
v) Critical Incident Identification and Reporting
vi) Infection Control, Communicable Diseases, Universal Precaution - This includes specialized counseling for HIV- positive persons and active AIDS patients.
vii) Emergency Medical Plan
viii) Basic Safety Precautions
ix) Emergency and Evacuation Procedures (e.g. fire) and Facility layout
x) Prevention of Violence in the Workplace and Weapons Policy
xi) Corporate Compliance Plan/Reporting Procedures
xii) Clinical Orientation for Clinical Personnel
xiii) Person and Family Centered Services
xiv) Professional Conduct/Ethics
xv) Rights of Personnel
xvi) Child Abuse and Prevention Act
xvii) Promoting Wellness of Persons Served
xviii) Health and Safety
xix) Health Issues and Advocacy
xx) Personal Privacy
xxi) Customer Service
xxii) Unique Needs of Persons Served
xxiii) Trauma Informed
xxiv) Medication Management
xxv) Clinical Risk Factors, including suicide, violence, and other risky behaviors.
xxvi) Transportation Training (for those who transport patients)

d) Detoxification direct service personnel receive competency-based training upon orientation and regular intervals thereafter in the following:

i) First aid
ii) Cardiopulmonary resuscitation (CPR)
iii) The use of emergency equipment, where available
iv) Risk assessments
v) Detoxification/withdrawal management protocols
vi) Withdrawal syndromes

9) In addition to in-service education and training, Avenues Recovery Center also uses an online platform, ce-classes.com, which is an approved provider by:

a) ASW - ACE
b) NBCC
c) APA
d) NAADC
e) BBS

10) CE-Classes.com is an online platform of continuing education courses that include the material to learn in different formats, such as PowerPoint presentations, PDF articles, and videos.

11) CE-classes.com also has the ability to take our policies and procedures and turn them into training courses. Specific trainings surrounding our policies include:

a) Medication Management
b) Emergency Procedures
c) Incident Reporting
d) Avenues Technology
e) Reporting Abuse and Neglect

12) CE-class courses are updated annually with changes in the industry.

13) Avenues Recovery Center has the option to add in any additional courses relevant to specific employee licensure, areas identified for performance improvement, education to expand based on prevalent factors (i.e. COVID-19), or as mandated by the CEO and/or Clinical Director.

EXHIBIT 21

# DETOXIFICATION

Avenues detoxification/withdrawal management program is a time-limited program designed to assist the patient with the physiological and psychological effects of acute withdrawal from alcohol and other drugs. Based on current best practices in the field, the program's purpose is to provide a medically safe, professional and supportive withdrawal experience for the persons served while preparing and motivating them to continue treatment after discharge from the program and progress toward a full and complete recovery. The program is staffed to ensure adequate biomedical and psychological assessment, observation and care, ad referrals to meet the individual needs of the persons served. Additionally, the program develops and maintains a rich network of treatment providers for referrals after completion of the program to ensure the best possible match for the person served to ongoing treatment services.

The detoxification program is run by a qualified program director who has the appropriate training and experience in detoxification and withdrawal management. The program director has the responsibility and authority to direct policies and procedures, staff training, program development and modification. The program director is also responsible for the review of all critical incident reports and performance improvement activities.

Avenues detoxification program also has on staff an appropriately trained and qualified medical director who has experience in detoxification and withdrawal management. Avenues has a written agreement with the medical director, outlining their responsibilities which includes leading the programs medical staff.

## PROCEDURE

1. Avenues accepts into its care individuals who, based on assessment of need and preference, are most likely to benefit from the program and setting offered. This process includes:

    a. Admission criteria
    b. Discharge/transition criteria
    c. Resources available
    d. Treatment history
    e. Ongoing reassessment
    f. The individual's potential to benefit
    g. The individual's preferences

2. Medical evaluation is obtained within 24 hours of admission into the program.

    a. The medical evaluation is documented and includes:

        i. A physical examination
        ii. Orders for appropriate services. May include medication, laboratory tests, physical activity or restrictions, notification requirement or others.
        iii. Face-to-face consultation (may be done through telehealth services)

b. When admission occurs on a weekend or holiday, face-to-face consolation may be delayed until the first working day following admission unless earlier consolation is medically necessary.

c. Readmission within 30 days does not require a physical examination.

3. Each patient is assessing for the following risks at the time of admission:

a. Suicide
b. Self-harm
c. Harm to others
d. Trauma
e. If risks are identified, a personal safety plan is put in place.

4. In addition to the ongoing assessments listed in the "Assessments" policy, patients are assessed for their readiness to change.

5. The medical director actively participated in:

a. Ensuring adequacy of individual treatment prescriptions and programs, including notations of contraindications and precautions, development with the participation of professional personnel.
b. Development of ongoing relationship with the medical community.
c. Development and implementation of a medical quality review process.
d. Establishing written treatment protocols that:

i. Address detoxification/withdrawal management for:

1. Alcohol and other drugs
2. Special populations
3. Co-occurring conditions

ii. Include:

1. Expectations regarding variances from protocol.
2. Under what circumstances a physician should be consulted.
3. Expected timeframe for physician reasons.
4. Monitoring of vital signs
5. Fact-to-face contact with the persons served
6. Documentation requirements.

6. Appropriate detoxification protocols are based on the patients assessed needs.

7. Services are provided by an interdisciplinary team that includes at a minimum:

a. The patient
b. Family/support system (when appropriate)
c. Counselor
d. Medical staff
e. Other assigned personnel

8. A physician is available to the program 24 hours a day, seven (7) days a week.

9. The program links with resources in each of the following areas:

a. Abstinence-based programs
b. Medication assisted treatment programs
c. Specialized treatment programs
d. Self-help programs
e. Other recovery and social support services

10. Avenues identifies key communication contacts at the programs/services with which it links.

11. Avenues staff provide or refers the patient to the programs/services that meet their needs.

12. In the event of a medical or psychiatric emergency, patients are transferred by ambulance to emergency medical services

a. All actions are documented
b. Avenues may request documentation from the emergency medical provider. Requested documentation shall include a diagnosis, medications prescribed and discharge information.

13. Avenues conducts a documented review of the medical services provided at least annually on records of a representative sample of patients, by personnel who are trained and qualified. Review processes addresses the following:

a. Consistency of detoxification/withdrawal management protocol implementation, including:

i. Medication errors
ii. Timelines of laboratory tests, including:

1. Orders
2. Specimen collection
3. Review of results
4. Actions taken

iii. Vital signs taken at the appropriate intervals.
iv. Timeliness of physician response

b. Negative outcomes
c. Information collected is:

i. Reported to personnel
ii. Used to improve the quality of services through performance improvement activities
iii. Used to identify personnel training needs

14. Avenues tracks patients who successfully transfer into ongoing services. At least annually, Avenue addresses:

a. Performance
b. Trends
c. Actions for improvement
d. Results for performance improvement plan
e. Necessary education and training of:

i. Persons served
ii. Families/support systems
iii. Personnel
iv. Other stake holders

15. Patients are assessed daily for medical necessity by the physician

EXHIBIT 22

# HIV POLICY

Avenues provides initial HIV/AIDS counseling, risk assessment, and referral support for testing, post-test counseling, appropriate treatment, and related needs to patients.

Avenues Recovery Center will not discriminate against persons with HIV infection or AIDS.

## PROCEDURE

1) All Avenues Recovery Center staff comply with HIPAA, 43A and 42 CFR, Part 2 Laws. Staff shall also protect the confidentiality of HIV information. Employee violations of patient confidentiality are subject to the disciplinary actions as specified in the Avenues Recovery Center progressive disciplinary schedule.

2) Staff receive training on Infection Control, Communicable Diseases, Universal Precaution.

3) Clinicians receive training in counseling HIV- positive persons and active AIDS patients.

4) All patients will be screened/assessed for HIV/AIDS upon admission.

5) Staff will coordinate referrals for testing with the local Health Department or the patient's primary health care provider, as indicated by the assessment/screening.

6) As appropriate, staff will refer patients to the local Health Department or other resources for pre and post-test counseling.

7) Staff will provide referrals in order to make available therapeutic measures for preventing and treating the deterioration of the immune system; as well as for the prevention and treatment of conditions that may arise from the disease.

8) Staff will ask the patient to sign a release of information, allowing communication with outside healthcare providers who may be treated the patient for this condition.

9) HIV early intervention services are offered to patients but are not mandatory. Patients who refuse such services may not be denied substance abuse treatment or any other services provided by Avenues.

EXHIBIT 23

## OUTPATIENT TREATMENT

Outpatient Treatment is provided on a nonresidential basis and is intended for patients who meet the placement criteria for this component. This component provides structured services that may include ancillary psychiatric and medical services.

## ADMISSION CRITERIA

Prospective patients are assessed for appropriateness of treatment as well as appropriate level of care prior to admission. Individuals who are not appropriate for Avenues will be referred to another facility based on the patient's needs.

Patients must be:

- 18 years of age or older; and
- Criteria is met for the definition of chemical substance abuse, as detailed in the DSM IV, or the most current revision of the diagnostic and statistical manual for professional practitioners;
- Patient is coherent, rational, and oriented for treatment; and
- Patient is able to comprehend and understand the materials presented; and
- Patient is able to participate in the rehabilitation/treatment process; and
- There is documentation that the patient expresses an interest to work toward rehabilitation/treatment goal

The program is appropriately stated to ensure quality and continuity of care (see Staffing). Aftercare planning begins upon admission (see Discharge and LOS).

HOURS OF OPERATION

| | |
|---|---|
| Monday - Friday | 9AM – 9PM |
| Saturday & Sunday | 9AM – 3PM |

To ensure that patients have access to emergency consultation services on a 24-hour-a-day basis, seven days a week, a designated on-call staff member is available by phone at all times.

**Program Goal:** The goal of outpatient treatment is to facilitate behavior changes that improve the patient's ability maintain sobriety, to establish and maintain healthy relationships. Enhancing the patient's effectiveness and ability to cope with life while staying sober. Promoting the decision-making process and facilitating the patient's potential.

Additionally, the goal is to reduce symptom or needs, build resilience, restoring and/or improving function and supporting the integration of the patient into the community.

## ASAM LEVEL OF CARE: 1.0

**Target Population:** Minimum of 18 years old: males and females who have an assessed need for substance abuse treatment; males and females with additional co-occurring disorders.

**Treatment Services:** Provided under the supervision of the clinical director.

**Length of Treatment:** Minimum of four weeks, assessed on an individual basis.

**Family Involvement:** As the Disease Model of addiction sees addiction as a disease that affects individuals and their families, patients are encouraged to have family/significant others become involved in the patient's treatment.

**Ancillary Services:** Ancillary services are any services that are used to supplement primary treatment services such as diagnostic testing, public assistance, and transportation. These may be provided directly or through referral, and any patient in need of services that are beyond the scope of Avenues will receive a referral to those community resources that are able to resolve that patient's needs.

**Community AA/NA:** Patients are encouraged to attend community AA/NA meetings four (4) times per week, at a minimum.

**Services Provided:** The following services are provided on a weekly basis:

- Group therapy sessions
- Individual therapy
- Educational and life skills lectures
- Family sessions, as appropriate
- Wellness education
- Recovery education
- Resiliency education
- Integration and linkage to other resources/services
- Training or advising in health and medical issues.

**Primary Therapist:** Each patient will be assigned to a therapist. This professional is an individual who, by virtue of training and experience in the field of chemical dependency or a related area, is primarily responsible for providing clinical care and guidance to patients regularly under the supervision of a qualified supervisor.

**Required Hours of Services.** Each patient shall receive at least (9) hours of services per week. Patients may access services on evenings and weekends.

*See Discharge Planning for aftercare and continuity of care policy*

*See Assessment for information regarding needs assessments and evaluations*

*See Staffing for all staffing standards*

*See Outreach for information regarding special populations*

*See Admissions for admissions criteria*

*See Treatment Model for services and modalities*

EXHIBIT 24

## STAFFING

Avenues Recovery Center abides by all state staffing requirements pertaining to qualifications and responsibilities.

1) Administrator

a) Avenues does employ an administrator who ensures that the program complies with all applicable State and federal laws.

b) The administrator has with the following qualifications.

i) Possess a working knowledge of all applicable State and federal laws;

ii) Possess a working knowledge of program management skills;

iii) Be employed as an administrator before October 1, 2002; or

iv) Have at a minimum:

(1) A bachelor's degree from an accredited educational institution; and

(2) At least 5 years of documented experience in human services, 2 years of which include providing administrative or clinical supervision.

2) Clinical director

a) The program may have a clinical director who functions under the administrative supervision of the administrator.

b) Clinical director qualification includes, at a minimum the following:

i) A master's degree in counseling or a related discipline regulated under the Health Occupations Article, Annotated Code of Maryland, and certification or licensure as an alcohol and drug counselor by the Board of Professional Counselors and Therapists; or

ii) Approval to supervise by the Board of Professional Counselors and Therapists.

3) Clinical Supervisor.

a) Clinical supervisor may carry a caseload at the discretion of the administrator.

b) Qualifications must:

i) Be employed as a clinical supervisor before October 1, 2002; or

ii) Have at a minimum:

(1) A master's degree in counseling or a related discipline regulated under the Health Occupations Article, Annotated Code of Maryland, and certification

(2) Or licensure as an alcohol and drug counselor by the Board of Professional Counselors and Therapists; or

(3) Approval to supervise by the Board of Professional Counselors and Therapists.

4) Clinical Staff.

a) All staff employed as alcohol and drug counselors shall, at a minimum be:

i) Licensed or certified as an alcohol and drug counselors by the Board of Professional Counselors and Therapists;

ii) Approved by the Board of Professional Counselors and Therapists; or

iii) Licensed, certified, or permitted under the Health Occupations Article, Annotated Code of Maryland to provide substance abuse treatment.

b) Credentials. The administrator shall ensure that program staff, including students, interns, and volunteers, are credentialed and appropriately privileged.

5) Non-counseling staff responsible for supervision during day or evening hours shall, at a minimum:

a) Be 18 years of age.
b) Possess a high school or high school equivalency diploma.

6) Avenues shall have at least one staff member responsible for the supervision of each 24 adult patients during waking hours.

7) At least one staff member responsible for 30 adult patients during sleeping hours, except that during waking or sleeping hours no less than two staff shall be present and awake at all times.

8) Avenues will maintain a ratio of substance-abuse-counselors-to-patients on the basis of the daily census, with substance abuse counseling required as follows:

a) Outpatient = 1:35
b) Intensive Outpatient = 1:24
c) Partial Care = 1:16
d) Residential = 1:12
e) Detoxification = 1:12

EXHIBIT 25

Roth&Co
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

March 16, 2021

Re: Avenues Recovery Center of Chesapeake Bay

To: Maryland Health Care Commission

Please be advised that we are the accountants for the above-mentioned entity and its members.

Although the AICPA precludes us from issuing comfort letters, we have taken into consideration the members' global cash flow and reviewed the entity's projections and there seems to be adequate availability of funds.

Feel free to contact us should you have any questions or need further clarifications.

Sincerely,

Benzion Spielman, CPA

1428 36th Street Suite 200
Brooklyn, NY 11218
P (718) 236-1600
F (718) 236-4849

200 Central Avenue
Farmingdale, NJ 07727
P (732) 276-1220
F (732) 751-0505

info@rothcocpa.com
www.rothcocpa.com

EXHIBIT 26

# COUNTY COUNCIL OF DORCHESTER COUNTY

COUNTY OFFICE BUILDING
P.O. BOX 26
CAMBRIDGE, MARYLAND 21613
PHONE: (410) 228-1700
FAX: (410) 228-9641

JAY L. NEWCOMB, PRESIDENT
LIBBY HANDLEY NAGEL, VICE PRESIDENT
WILLIAM V. NICHOLS
GEORGE L. PFEFFER, JR.
RICKY C. TRAVERS

DONNA F. LANE
ACTING COUNTY MANAGER

E. THOMAS MERRYWEATHER
COUNTY ATTORNEY


March 16, 2021

Director, Center for Health Care Facilities Planning and Development
Maryland Health Care Connection
4160 Patterson Avenue
Baltimore, Maryland 21215

Dear Maryland Health Care Commission:

I am pleased to write and submit this letter, in support of the Avenues Recovery Center of Chesapeake Bay and its plans to obtain a Certificate of Need (CON) to better serve the needs of those suffering with Substance Use Disorder (SUD). The region continues to experience a shortage of services that offer this level of detoxification treatment. This project, as envisioned by Avenues Recovery Center of Chesapeake Bay, will open more doors and provide increased access for those in need.

Avenues Recovery Center has an unbeatable reputation in providing successful SUD treatment across the nation and in Maryland specifically. I have found Avenues committed to the services they offer and especially to the indigent and publicly funded population. I trust that by granting Avenues a CON and the ability to offer the 3.7 and 3.7 WM to its patients, it will use the opportunity to continue to provide exemplary service to all those in need.

The Dorchester County Council looks forward to working with Avenues Recovery Center meeting future needs to better serve those with substance abuse.

Sincerely,

**Dorchester County Council**

Jay L. Newcomb
President

# DORCHESTER CHAMBER OF COMMERCE, INC.

DORCHESTER
Chamber of Commerce

306 High Street, Cambridge, MD 21613
410-228-3575
info@dorchesterchamber.org
www.dorchesterchamber.org



February 17, 2021

To Whom It May Concern,

I am submitting this letter on behalf of the Dorchester Chamber of Commerce Board of Directors. The Chamber supports Avenues Recovery Center of Chesapeake Bay plans to obtain a Certificate of Need (CON) to better serve the needs of those suffering with Substance Use Disorder (SUD). The region continues to experience a shortage of services that offer this level of detoxification treatment. This project, as envisioned by Avenues Recovery Center of Chesapeake Bay, will open more doors and provide increased access for those in need.

Avenues has an unbeatable reputation in providing successful SUD treatment across the nation and in Maryland specifically. We have found Avenues committed to the services they offer and especially to the indigent and publicly funded population. We trust that by granting Avenues a CON and the ability to offer Detox to their patients, they will use the opportunity to continue to provide exemplary service to all those in need. We look forward to working alongside Avenues in making Dorchester County a more sober and happy place.

Should you have any questions feel free to contact me.

Sincerely,

William A. Christopher
President/CEO

CHOPTANK
community health

February 19, 2021

Maryland Health Care Commission,

I am submitting this letter on behalf of Choptank Community Health System (CCHS), a network of six, federally qualified health centers (FQHC) on Maryland's Eastern Shore. CCHS is proud to partner with Avenues Recovery Center of Chesapeake Bay, in their efforts to enhance services to those suffering with Substance Use Disorder (SUD). Our Eastern Shore continues to experience a shortage of services that offer such a comprehensive level of SUD treatment. This project, as envisioned by Avenues Recovery Center of Chesapeake Bay, will open more doors and provide increased access for those in need.

Currently, CCHS has partnered with Avenues in the provision of outpatient Medication Assisted Treatment services. As an FQHC, we serve many of the same patients throughout Caroline, Talbot, and Dorchester Counties. Avenues has an unbeatable reputation in providing successful SUD treatment across the nation and in Maryland specifically. We have found Avenues committed to the services they offer and especially to our shared, at-risk, and marginalized patient populations.

By granting Avenues a CON, the Maryland Health Care Commission will enable the provision of comprehensive SUD treatment here on the Eastern Shore. I am confident that Avenues Recovery Center of Chesapeake Bay will use this opportunity to continue improving the health and well-being of our community. We look forward to continuing our work with Avenues in making our Eastern Shore a more sober and happy place.

Should you have any questions feel free to contact me at jforte@choptankhealth.org or 410-835-2759.

Sincerely,

Jonathan P. Forte, MHA, FACHE
Senior Vice President/Chief Operating Officer

**Dorchester County Department of Corrections**
**829 Fielderest Road** Telephone: 410-228-8101
**Cambridge, MD 21613-9455** Fax: 410-221-0424
*Joseph H. Hughes*
*Director*

Director, Center for Health Care Facilities Planning and Development
Maryland Health Care Commission
4160 Patterson Ave
Baltimore, Maryland 21215

Dear Maryland Health Care Commission

I am pleased to write and submit this letter, in support of Avenues Recovery Center of Chesapeake Bay and their plans to obtain a CON to better serve the needs of those suffering with Substance Use Disorder. The region continues to experience a shortage of services that offer this level of detoxification treatment. This project, as envisioned by Avenues Recovery Center of Chesapeake Bay, will open more doors and provide increased access for those in need.

Avenues has an unbeatable reputation in providing successful SUD treatment across the nation and in Maryland specifically. I have found Avenues committed to the services they offer and especially to the indigent and publicly funded population. I trust that by granting Avenues a CON and the ability to offer the 3.7 and 3.7 WM to their patients, they will use the opportunity to continue to provide exemplary service to all those in need.

We look forward to working alongside Avenues in making the City of Cambridge a more sober and happy place.

Thank you,

Joseph Hughes

Director of Corrections

# City of Cambridge

City Hall
410 Academy Street – P O Box 255
Cambridge, MD 21613
Phone: 410-228-4020 Fax: 410-228-4554
MD Relay (V/TTY) 711 Or 1-800-735-2258
E-MAIL mayor@choosecambridge.com

Andrew Bradshaw
Mayor


February 22, 2021

Director, Center for Health Care Facilities Planning and Development
Maryland Health Care Commission
4160 Patterson Ave
Baltimore, Maryland 21215

Dear Maryland Health Care Commission:

The Commission of Cambridge, Maryland are pleased to write and submit this letter, in support of Avenues Recovery Center of Chesapeake Bay and their plans to obtain a CON to better serve the needs of those suffering with Substance Use Disorder. The region continues to experience a shortage of services that offer this level of detoxification treatment. This project, as envisioned by Avenues Recovery Center of Chesapeake Bay, will open more doors and provide increased access for those in need.

Avenues has an unbeatable reputation in providing successful SUD treatment across the nation and in Maryland specifically. I have found Avenues committed to the services they offer and especially to the indigent and publicly funded population. I trust that by granting Avenues a CON and the ability to offer Detox to their patients, they will use the opportunity to continue to provide exemplary service to all those in need.

We look forward to working alongside Avenues in making the City of Cambridge a more sober and happy place.

Sincerely,

Andrew Bradshaw
Mayor

MID SHORE
BEHAVIORAL HEALTH
RESOURCES, GUIDANCE, WHOLENESS, & HOPE

28578 Mary's Court, Suite 1
Easton, MD 21601
410-770-4801

February 11, 2021

Paul Parker Director, Center for Health Care Facilities Planning and Development
Maryland Health Care Commission
4160 Patterson Ave
Baltimore, Maryland 21215

Dear Mr. Parker,

I am writing to extend Mid Shore Behavioral Health, Inc.'s (MSBH) support of Avenues Recovery Center of the Chesapeake Bay and their plans to obtain a CON to better serve the needs of those suffering with substance use disorders. Avenues Recovery is applying to obtain a 3.7WM/Detoxification level of care. The Eastern Shore continues to experience a shortage of services that offer this level of detoxification care and treatment. This project, as envisioned by Avenues Recovery Center of Chesapeake Bay, will open more doors, and provide increased access for those in need.

Avenues Recovery initiated providing SUD treatment in Cambridge, Maryland in December 2020. Avenues is established in Maryland and across the nation. Avenues Recovery is committed to the services they offer and especially to the individuals in the public behavioral health system.

I trust that by granting Avenues Recovery's CON application, that they will use the opportunity to continue to provide quality services to all those in need.

We support the effort of Avenues Recovery Center of the Chesapeake Bay to help improve the overall health and wellness of our community.

Sincerely,

Kathryn G. Dilley, LCSW-C
Executive Director

DEPARTMENT OF POLICE

City of Cambridge

Cambridge, Maryland 21613

**CHIEF MARK K. LEWIS, N.A.**

(410) – 228-3333
Fax # (410) 228-5836
MD RELAY (V/TTY) 7-1-1 or 1-800-735-2258
mlewis@cambridgepd.org

February 16, 2021

Director, Center for Health Care Facilities Planning and Development
Maryland Health Care Commission
4160 Patterson Ave
Baltimore, Maryland 21215

Dear Maryland Health Care Commission:

I am pleased to write and submit this letter, in support of Avenues Recovery Center of Chesapeake Bay and their plans to obtain a CON to better serve the needs of those suffering with Substance Use Disorder. The region continues to experience a shortage of services that offer this level of detoxification treatment. This project, as envisioned by Avenues Recovery Center of Chesapeake Bay, will open more doors, and provide increased access for those in need.

In 2019 the City of Cambridge had 33 reported overdoses with 5 being fatal. In 2020 Cambridge had 60 overdoses, 10 fatal and Dorchester County as a whole, had a total of 88 reported overdoses with 14 being fatal. As you can see Avenues Recovery Center is a much-needed service in our area.

Avenues has an unbeatable reputation in providing successful SUD treatment across the nation and in Maryland specifically. I have found Avenues committed to the services they offer and especially to the indigent and publicly funded population. I trust that by granting Avenues a CON and the ability to offer Detox to their patients, they will use the opportunity to continue to provide exemplary service to all those in need.

We look forward to working alongside Avenues in making the City of Cambridge a more sober and happy place.

Thank you,

Mark K. Lewis, N.A,
Chief of Police

"WITH PRIDE WE SERVE"

ADDIE C. ECKARDT
*Legislative District 37*
Caroline, Dorchester, Talbot
and Wicomico Counties

Budget and Taxation Committee

Health and Human Services
Subcommittee

*Joint Committees*
Administrative, Executive,
and Legislative Review

Audit

Children, Youth, and Families

Fair Practices and
State Personnel Oversight

Pensions

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

*Annapolis Office*
James Senate Office Building
11 Bladen Street, Room 322
Annapolis, Maryland 21401
410-841-3590 · 301-858-3590
800-492-7122 *Ext.* 3590
*Fax* 410-841-3087 · 301-858-3087
Adelaide.Eckardt@senate.state.md.us

*District Office*
601 Locust Street, Suite 202
Cambridge, MD 21613
410-221-6561

February 4, 2021

Paul Parker, Director
Center for Health Care Facilities Planning and Development
Maryland Health Care Commission
4160 Patterson Ave
Baltimore, Maryland 21215

Dear Mr. Parker:

I am writing in support of Avenues Recovery Center of Chesapeake Bay and their application for a Certificate of Need (CON) to better serve the needs of those suffering with Substance Use Disorder (SUD). Our region continues to experience a shortage of services that offer this level of detoxification treatment and this project, as envisioned by Avenues Recovery Center of Chesapeake Bay, will open more doors and provide increased access for those in need.

Avenues Recovery Center has an unbeatable reputation in providing successful SUD treatment across the nation, as well as in Maryland. They are committed to the services they offer, especially to the indigent and publicly funded population. I trust that by granting Avenues a CON and the ability to offer Detox to their patients, they will continue to provide exemplary service to all those in need.

For these reasons, please accept this letter of support. I look forward to Avenues' continued work to provide SUD treatment to the City of Cambridge. Thank you for your consideration and please do not hesitate to contact my office with any questions.

Best regards,

Addie C. Eckardt

Senator Addie C. Eckardt, District 37