BAKER DONELSON

100 LIGHT STREET · BALTIMORE, MARYLAND 21202 · 410.685.1120 · bakerdonelson.com

HOWARD L. SOLLINS, SHAREHOLDER
Direct Dial: 410-862-1101
Direct Fax: 443-263-7569
E-Mail Address: hsollins@bakerdonelson.com

May 9, 2022

VIA FEDERAL EXPRESS AND E-MAIL

Wynee Hawk, Chief
Certificate of Need Section
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215-2299

Re: **Adventist Home Health Services, Inc.**
Certificate Of Need Application

Dear Ms. Hawk:

Enclosed please find six copies of a Certificate of Need Application being filed on behalf of Adventist Home Health Services, Inc. ("AHHS") regarding AHHS's extension of services in Carroll County, Maryland. A full copy of the application will also be emailed to you in searchable PDF, Word and Excel forms as appropriate.

I hereby certify that a copy of the CON application has been provided to the affected local health department.

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

Sincerely,

Howard L. Sollins

HLS/tjr
Enclosures

cc: Andrew Nicklas, Esq, Adventist HealthCare
Marya De La Cruz Sabalbaro, Adventist HealthCare
Linda Beth Berman, Grants Manager
James Forsyth, Esq.
Sue Doyle, RN, Acting Health Officer
Carroll County Health Department
Ms. Ruby Potter
Health Facilities Coordination Office
John J. Eller, Esquire

APPLICATION FOR CERTIFICATE OF NEED
For Extension Of Services
in Carroll County, Maryland

Applicant:
ADVENTIST HOME HEALTH CARE SERVICES, INC.

Submitted to The Maryland Health Care Commission
May 9, 2022

STATE OF MARYLAND

Craig P. Tanio, M.D.
CHAIR

Ben Steffen
EXECUTIVE DIRECTOR

MARYLAND HEALTH CARE COMMISSION

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

INSTRUCTIONS FOR APPLICATION FOR CERTIFICATE OF NEED HOME HEALTH AGENCY PROJECTS

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 II must include responses to the standards in the State Health Plan chapter, COMAR 10.24.16, STATE HEALTH PLAN FOR FACILITIES AND SERVICES: HOME HEALTH AGENCY SERVICES.**
- **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 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.

PDFs and spreadsheets should be submitted to ruby.potter@maryland.gov and wynee.hawk1@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.

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

TABLE OF CONTENTS

PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION

PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION

1. APPLICANT. If the application has a co-applicant, provide the following information for that party in an attachment.

Legal Name of Project Applicant (Licensee or Proposed Licensee):
Adventist Home Health Services, Inc.

Address:				
12041 Bournefield Way Suite B	Silver Spring	20904	MD	Montgomery
Street	City	Zip	State	County

Telephone: 301-592-4400

Name of Owner/Chief Executive: Marya de la Cruz Sabalbaro, MS, CSSBB

2. NAME OF OWNER Adventist Home Health Services, Inc.

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.

3. FACILITY

Name of HHA provider: Adventist Home Health Services, Inc.

Address:			
12041 Bournefield Way Suite B	Silver Spring 20904		MD
Street	City	Zip	County

Name of Owner (if differs from applicant):

4. Name of Licensee or Proposed Licensee, if different from the applicant:

Adventist Home Health Services, Inc.

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; June 15, 1973
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: Andrew Nicklas, Deputy General Counsel

Mailing Address:
820 West Diamond Avenue #600
Gaithersburg 20878 MD

Street City Zip State

Telephone: 301-315-3215

E-mail Address (required): anicklas@adventisthealthcare.com

Fax:

B. Additional or alternate contact:

Marya de la Cruz Sabalbaro

Mailing Address:
12041 Bournefield Way Suite B
Silver Spring 20904 MD

Street City Zip State

Telephone: 301-592-4400

E-mail Address (required): msabalba@adventisthealthcare.com

Fax:

B. Additional or alternate contact:

Name and Title:

Company Name

Mailing Address:

Street City Zip State

Telephone:

E-mail Address (required):

Fax:

If company name is different than applicant briefly describe the relationship

7. Proposed Agency Type: ☑

a. Health Department ___
b. Hospital-Based ___
c. Nursing Home-Based ___
d. Continuing Care Retirement Community-Based ___
e. HMO-Based ___
f. Freestanding _√__
g. Other ___
(Please Specify.) _____

8. Agency Services (Please check ☑ all applicable.)

Service	Currently Provided	Proposed to be Provided in the Jurisdiction(s) that are the subject of this Application*
Skilled Nursing Services	√	√
Home Health Aide	√	√
Occupational Therapy	√	√
Speech, Language Therapy	√	√
Physical Therapy	√	√
Medical Social Services	√	√

* If proposing different services in different jurisdictions, note that accordingly.

9. Offices

Identify the address of all existing main office, subunit office, and branch office locations and identify the location (city and county) of all proposed main office, subunit office, and branch offices, as applicable. (Add rows as needed.)

	Street	City	County	State	Zip Code	Telephone
Existing Main Office	12041 Bournefield Way Suite B	Silver Spring	Montgomery	MD	20904	301-592-4400
Existing Subunit Offices						
Existing Branch Offices	9711 Medical Center Drive, Suite 111	Rockville	Montgomery	MD	20850	301-592-4400
Existing Branch Offices	10709 Indian Head Highway	Fort Washington	Prince George's	MD	20744	301-592-4400
Locations of Proposed HHA Main Office	12041 Bournefield Way Suite B	Silver Spring	Montgomery	MD-	20904	301-592-4400
Locations of Proposed HHA Subunit Office						
Locations of Proposed Branch Office	9711 Medical Center Drive, Suite 111	Rockville	Montgomery	MD	20850	301-592-4400

10. Project Implementation Target Dates

A. Licensure: __1____months from CON approval date.
B. Medicare Certification N/A (already Certified)_____months from CON approval date.

NOTE: in completing this question, please note that Commission regulations at COMAR 10.24.01.12 state that "home health agencies have up to 18 months from the date of the certificate of need to: (i) become licensed and Medicare certified; and (ii) begin operations in the jurisdiction for which the certificate of need was granted."

11. Project Description:

Provide a summary description of the project immediately below. At minimum, include the jurisdictions to be served and all of the types of home health agency services to be established, expanded, or otherwise affected if the project receives approval.

APPLICANT RESPONSE:

Adventist HealthCare Home Health Services ("AHHS") is a faith-based, not for profit home health agency established in 1973 as part of the Adventist HealthCare ("AHC") system. AHHS serves patients in Montgomery, Prince George's, Charles, Calvert, St. Mary's, Howard, Frederick and Anne Arundel counties. AHHS, a CMS 4.5-star quality rated home health agency delivers home health care services to patients of all ages and incomes to support better health outcomes and to prevent hospital readmissions. In addition to the CMS 4.5-star rating, AHHS has been designated by the ABILITY ® Network as a Home Care Elite® Agency continuously from 2013 through 2019 (the rating was paused until 2022). AHHS seeks a Certificate of Need to extend its services in Carroll County.

AHHS offers a comprehensive range of in-home health services. AHHS plans to offer the following services in Carroll County: adult nursing services for patients requiring cardiac care, diabetes management, medication management, oncology care, ostomy nursing, infusion, total parenteral nutrition, wound care, private duty nurses, maternal and child home care and pediatric nursing, in-home rehabilitation services including physical therapy, occupational therapy, speech and language therapy. Other services delivered by our compassionate care team include chaplaincy services, medical social services, nutritional services, home health aide services and personal care services.

Specialized care programs are also part of AHHS. Nurses with advanced training in wound care tend to patients where they live, lessening hospital lengths of stay. Other patient education initiatives for disease-specific problems are offered as needed.

As part of the AHHS re-hospitalization reduction initiatives, patient visits are frontloaded in the first two weeks of care, including a physician visit within the first 7-14

days following hospital discharge. Medication reconciliation is integrated into our services and triage nurses are available outside of normal business hours 365 days a year. All patients who have emergent conditions or a hospitalization are reviewed by supervisors weekly. As a result of these measures, AHHS patients have a re-hospitalization rate of 9.34% compared with the state average of 14.4% and the national rate of 10.3%.

During the past three years 76 patients residing in Carroll County received care from Adventist HealthCare, at White Oak Medical Center, Shady Grove Medical Center (inclusive of Behavioral Health services), Adventist Rehabilitation, or the Germantown Emergency Center. With an established branch in Rockville, extending our services into Carroll county would be a natural progression.

PART II - CONSISTENCY WITH REVIEW CRITERIA AT COMAR 10.24.01.08G(3)

PART II - CONSISTENCY WITH 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).

10.24.01.08G(3)(a). "The State Health Plan" Review Criterion
An application for a Certificate of Need shall be evaluated according to all relevant State Health Plan standards, policies, and criteria. (Note: In this case it is the standards at COMAR 10.24.16.08 – and in the case of comparative reviews, at COMAR 10.24.16.09.)

10.24.16.08 Certificate of Need Review Standards for Home Health Agency Services.
The Commission shall use the following standards, as applicable, to review an application for a Certificate of Need to establish a new home health agency in Maryland or expand the services of an existing Maryland home health agency to one or more additional jurisdictions.

The following standards must be addressed by all home health agency CON applicants, as applicable. Provide a direct, concise response explaining the proposed project's consistency with each standard. In cases where standards require specific documentation, please include the documentation as a part of the application.

10.24.16.08A. Service Area.
An applicant shall:

(1) Designate the jurisdiction or jurisdictions in which it proposes to provide home health agency services; and

(2) Provide an overall description of the configuration of the parent home health agency and its interrelationships, including the designation and location of its main office, each subunit, and each branch, as defined in this Chapter, or other major administrative offices recognized by Medicare.

APPLICANT RESPONSE:

(1) AHHS currently provides services in Montgomery, Prince George's, Charles, Calvert, St. Mary's, Howard, Frederick and Anne Arundel Counties.

AHHS is now proposing to provide services in Carroll County.

(2) AHHS is a part of AHC. The organizational charts are in Exhibit 1. AHHS's main office is at 12041 Bournefield Way, Suite B, Silver Spring, MD 20904. It has a branch office at 9711 Medical Center Drive, Suite 111, Rockville, MD 20850 and one at 10709 Indian Head Highway, Fort Washington, MD 20744. Services to Carroll County will be provided out of the Rockville branch office.

10.24.16.08B. Populations and Services.

An applicant shall describe the population to be served and the specific services it will provide.

APPLICANT RESPONSE:

AHHS already serves all age groups in the counties in which it is approved to provide services. Table 1 shows the number of clients served by AHHS by age from the MHCC's 2019 Public Use Database.

Table 1

Total Number of Home Health Clients (Unduplicated Count) by Jurisdiction of Residence, and Age Group

Adventist Home Health Services, Inc.

Maryland, Fiscal Year 2019

Jurisdiction of Client's Residence	0-4	5-14	15-24	25-44	45-64	65-74	75-84	85+	Total
Anne Arundel County	0	0	0	1	5	5	3	2	16
Calvert County	0	0	0	0	0	0	0	0	0
Charles County	0	0	0	8	107	149	144	86	494
Frederick County	0	1	0	4	26	19	10	4	64
Howard County	0	0	2	8	44	39	37	9	139
Montgomery County	19	0	17	143	861	1,464	1,667	1,405	5,576
Prince George's County	17	0	5	88	490	724	632	390	2,346
St. Mary's County	0	0	0	0	7	5	9	1	22
Total	36	1	24	252	1,540	2,405	2,502	1,897	8,657

Source: Maryland Health Care Commission. Maryland Home Health Agency Annual Survey for Fiscal Year 2019, Table 15

AHHS proposes to serve all ages in Carroll County. Similarly, AHHS already provides Skilled Nursing Services, Home Health Aide, Occupational Therapy, Speech, Language Therapy, Physical Therapy, Medical Social Services, Home Infusion, Wound Care, Dietician, and Chaplain services. AHHS proposes to provide these services in Carroll County, as well.

As shown in Table 2, the majority of AHHS's clients are age 65 and older. In fact, for Fiscal Year 2019, 78.6% of AHHS's clients were at least 65 years old.

Table 2
Percent of Total Number of Home Health Clients (Unduplicated Count) by Jurisdiction of Residence, and Age Group
Adventist Home Health Services, Inc.
Maryland, Fiscal Year 2019

Jurisdiction of Client's Residence	0-4	5-14	15-24	25-44	45-64	65-74	75-84	85+	Total
Anne Arundel County	0.0%	0.0%	0.0%	6.3%	31.3%	31.3%	18.8%	12.5%	100.0%
Calvert County	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Charles County	0.0%	0.0%	0.0%	1.6%	21.7%	30.2%	29.1%	17.4%	100.0%
Frederick County	0.0%	1.6%	0.0%	6.3%	40.6%	29.7%	15.6%	6.3%	100.0%
Howard County	0.0%	0.0%	1.4%	5.8%	31.7%	28.1%	26.6%	6.5%	100.0%
Montgomery County	0.3%	0.0%	0.3%	2.6%	15.4%	26.3%	29.9%	25.2%	100.0%
Prince George's County	0.7%	0.0%	0.2%	3.8%	20.9%	30.9%	26.9%	16.6%	100.0%
St. Mary's County	0.0%	0.0%	0.0%	0.0%	31.8%	22.7%	40.9%	4.5%	100.0%
Total	0.4%	0.0%	0.3%	2.9%	17.8%	27.8%	28.9%	21.9%	100.0%

Source: Maryland Health Care Commission. Maryland Home Health Agency Annual Survey for Fiscal Year 2019, Table 15

The distribution of Home Health Clients by age cohort in Carroll County is nearly the same as that of AHHS's existing client base. As the data in Table 3 show, 74.0% of the home health clients in Carroll County were age 65 and over.

Table 3
Total Number of Home Health Clients (Unduplicated Count) by Age Group
Carroll County, Fiscal Year 2019

	0-4	5-14	15-24	25-44	45-64	65-74	75-84	85+	Total
Clients	112	15	23	128	819	1,007	1,171	949	4,224
Percent Total	2.7%	0.4%	0.5%	3.0%	19.4%	23.8%	27.7%	22.5%	100.0%

Source: Maryland Health Care Commission. Maryland Home Health Agency Annual Survey for Fiscal Year 2019, Table 15

Maryland Department of Planning ("MDP") population projections show that in Carroll County the 65+ population has increased by 22.2% from 2015 to 2020 and is anticipated to increase by 22.6% from 2020 to 2025. These estimates are displayed in Table 4. This growth and aging of the Carroll County population will increase the need for home health services in future years.

Table 4
Population by Age Cohort
Carroll County
2015-2030

Age Cohort	2015	2020	% Change '15--'20	2025	% Change '20--'25	2030	% Change '25--'30
0-4	7,937	8,373	5.5%	8,981	7.3%	9,132	1.7%
5-19	33,359	30,012	-10.0%	28,139	-6.2%	28,189	0.2%
20-44	45,255	45,375	0.3%	47,591	4.9%	47,793	0.4%
45-64	53,641	51,807	-3.4%	45,994	-11.2%	40,104	-12.8%
65+	27,359	33,433	22.2%	40,991	22.6%	48,934	19.4%
Total	167,551	169,000	0.9%	171,696	1.6%	174,152	1.4%

Source: Maryland Department of Planning, Accessed February 14, 2022.

10.24.16.08C. Financial Accessibility.
An applicant shall be or agree to become licensed and Medicare- and Medicaid-certified, and agree to maintain Medicare and Medicaid certification and to accept clients whose expected primary source of payment is either or both of these programs.

APPLICANT RESPONSE:

AHHS is already Medicare and Medicaid certified and will accept clients in Carroll County whose expected primary source of payment is either or both of these programs.

10.24.16.08D. Fees and Time Payment Plan.
An applicant shall make its fees known to prospective clients and their families at time of patient assessment before services are provided and shall:

(1) Describe its special time payment plans for an individual who is unable to make full payment at the time services are rendered; and

(2) Submit to the Commission and to each client a written copy of its policy detailing time payment options and mechanisms for clients to arrange for time payment.

APPLICANT RESPONSE:

AHHS's Charity Care Assessment and Medicaid Determination Policy includes the opportunity to participate in a time payment plan. It is provided to each client. A copy of the policy is included in Exhibit 2.

10.24.16.08 E. Charity Care and Sliding Fee Scale.
Each applicant for home health agency services shall have a written policy for the provision of charity care for indigent and uninsured patients to ensure access to home health agency services regardless of an individual's ability to pay and shall provide home health agency services on a charitable basis to qualified indigent and low income persons consistent with this policy. The policy shall include provisions for, at a minimum, the following:

(1) Determination of Eligibility for Charity Care and Reduced Fees. Within two business days following a client's initial request for charity care services, application for medical assistance, or both, the home health agency shall make a determination of probable eligibility for medical assistance, charity care, and reduced fees, and communicate this probable eligibility determination to the client.

APPLICANT RESPONSE:

AHHS's Finance Policy Charity Care Assessment and Medicaid Determination Policy #3.1040 includes both charity care and the opportunity to participate in a sliding fee schedule or time payments. The policy is provided to each client. A copy of the policy is included in Exhibit 2. The policy includes the provision that AHHS shall make a determination of probable eligibility for Medical Assistance, charity care, and reduced fees or time payments, within two business days following a client's initial request and communicate this probable eligibility determination to the client.

(2) Notice of Charity Care and Sliding Fee Scale Policies. Public notice and information regarding the home health agency's charity care and sliding fee scale policies shall be disseminated, on an annual basis, through methods designed to best reach the population in the HHA's service area, and in a format understandable by the service area population. Notices regarding the HHA's charity care and sliding fee scale policies shall be posted in the business office of the HHA and on the HHA's website, if such a site is maintained. Prior to the provision of HHA services, a HHA shall address clients' or clients' families concerns with payment for HHA services, and provide individual notice regarding the HHA's charity care and sliding fee scale policies to the client and family.

APPLICANT RESPONSE:

AHHS posts public notices of its charity care policy in local newspapers annually see Exhibits 3 and 4 Prior to the provision of services, AHHS will address clients' or clients' families concerns with payment for services, and provide individual notice regarding AHHS's charity care and sliding fee scale policies to the client and family at the initial meeting.

(3) Discounted Care Based on a Sliding Fee Scale and Time Payment Plan Policy. Each HHA's charity care policy shall include provisions for a sliding fee scale and time payment plans for low-income clients who do not qualify for full charity care, but are unable to bear the full cost of services.

APPLICANT RESPONSE:

AHHS's Charity Care Assessment and Medicaid Determination Policy includes both charity care and the opportunity to participate in a sliding fee schedule or time payments. It is provided to each client. A copy of the policy is included in Exhibit 2 and is summarized in tabular form below.

Standard	Quote from the policy	Section citation
10.24.16.08E Charity Care and Sliding Fee Scale. Each applicant for home health agency services shall have a written policy for the provision of charity care for indigent and uninsured patients to ensure access to home health agency services regardless of an individual's ability to pay and shall provide home health agency services on a charitable basis to qualified indigent and low income persons consistent with this policy. The policy shall include provisions for at a minimum, the following:		See EXHIBIT 2
(1) Determination of Eligibility for Charity Care and Reduced Fees. Within two business days following a patient's request for charity care services, application for medical assistance, or both, the home health agency shall make a determination of probable eligibility for medical assistance, charity care, and reduced fees, and communicate this probable eligibility determination to the client.	**Probable Eligibility Determination Process** 1. Either from the referral source or during the first meeting with the patient or the patient's family (whichever comes first), Adventist Home Health (AHHS) will discuss the family size, insurance status, and income of the patient, which will be used to make a determination of probable eligibility for medical assistance, charity care and/or reduced fees within two business days. 2. Within two business days following a client's initial request for charity care services, application for medical assistance or both, AHHS shall make a determination of probable eligibility for medical assistance charity care, and reduced fees, and communicate this probable eligibility determination to the client within that timeframe.	Section 1 **Probable Eligibility Determination Process** page 1 page 2

Standard	Quote from the policy	Section citation
(2) Notice of Charity Care and Sliding Fee Scale Policies. Public notice and information regarding the home health agency's charity care and sliding fee scale policies shall be disseminated, on an annual basis, through methods designed to best reach the population in the HHA's service area, and in a format understandable by the service area population. Notices regarding the HHA's charity care and sliding fee scale policies shall be posted in the business office of the HHA and on the HHA's website, if such a site is maintained. Prior to the provision of HHA services, a HHA shall address clients' or clients' families concerns with payment for HHA services, and provide individual notice regarding the HHA's charity care and sliding fee scale policies to the client and family.	Printed public notification regarding the AHHS charity care and sliding fee scale policies will be made annually in newspapers in AHHS service areas. The notification will also be posted in the AHHS business offices and website. AHHS will supply the patient and the patient's family with the AHHS charity care policy and review the arrangements for payment and/or the provision of charity care for services at the initial meeting with the patient. Patients who are not eligible for insurance, Medicaid, or Charity are expected to pay for AHHS services. Current AHHS practice is that patients owing any financial balance to AHHS are sent an invoice over three months informing them of the balance. They receive a call after the second letter. They are provided the option on their billing statement to pay their balance by credit card or by monthly payments. AHHS provides patients with a time payment plan in which they pay a minimum payment of as little as $10.00 monthly and allow up to 18 months to pay off the balance.	**Policy Paragraph 2** **Policy Paragraph 5** **Policy Paragraph 4** **Final Eligibility Determination Process Section 8**
(3) Discounted Care Based on a Sliding Fee Scale and Time Payment Plan Policy. Each HHA's charity care policy shall include provisions for a sliding fee scale and time payment plans for low-income clients who do not qualify for full charity care, but are unable to bear the full cost of services.	8. If the patient is deemed not eligible for Medicaid or charity care because their household income exceeds the charity care threshold they may be eligible for a sliding scale fee or a time payment schedule. (See Sliding Fees Schedule, Addendum 1)	3.2

Standard	Quote from the policy	Section citation
(4) Policy Provisions. An applicant proposing to establish a home health agency or expand home health agency services to a previously unauthorized jurisdiction shall make a commitment to, at a minimum, provide an amount of charity care equivalent to the average amount of charity care provided by home health agencies in the jurisdiction or multi-jurisdictional region it proposes to serve during the most recent year for which data is available. The applicant shall demonstrate that: (a) Its track record in the provision of charity care services if any, supports the credibility of its commitment; and (b) It has a specific plan for achieving the level of charity care to which it is committed.		4.6.6

(4) Policy Provisions. An applicant proposing to establish a home health agency or expand home health agency services to a previously unauthorized jurisdiction shall make a commitment to, at a minimum, provide an amount of charity care equivalent to the average amount of charity care provided by home health agencies in the jurisdiction or multi-jurisdictional region it proposes to serve during the most recent year for which data is available. The applicant shall demonstrate that:

(a) Its track record in the provision of charity care services, if any, supports the credibility of its commitment; and
(b) It has a specific plan for achieving the level of charity care to which it is committed.

APPLICANT RESPONSE:

AHHS commits that it will provide, at a minimum, an amount of charity care equivalent to the average amount of charity care provided by home health agencies in Carroll County during the most recent year for which data are available. According to the MHCC's 2019 Home Health Public Use Raw Data (the most recent year for which data are available), the average percent of Home Health visits in Carroll County that were charity visits was 0.005%. The data are presented in Table 5.

The same data show that AHHS had an average of 0.37% in all jurisdictions that it serves, as demonstrated in Table 6. AHHS's track record in the provision of charity care services supports its ability to meet this commitment.

Table 6

Charity Visits, Total Visits, Charity Care Percentage
Adventist Home Health Services, Inc.
All Counties
2019

Agency	County	Charity Visits	Total Visits	%
Adventist Home Health Services, Inc.	Anne Arundel	0	322	0.00%
Adventist Home Health Services, Inc.	Calvert	0	0	0.00%
Adventist Home Health Services, Inc.	Charles	0	8,420	0.00%
Adventist Home Health Services, Inc.	Frederick	6	622	0.96%
Adventist Home Health Services, Inc.	Howard	7	1,688	0.41%
Adventist Home Health Services, Inc.	Montgomery	361	86,409	0.42%
Adventist Home Health Services, Inc.	Prince George's	124	37,267	0.33%
Adventist Home Health Services, Inc.	St, Mary's	0	354	0.00%
Total		498	135,082	0.37%

Source: Maryland Health Care Commission, Maryland Home Health Agency Annual Survey for Fiscal Year 2019, Tables 16 and 25

In Montgomery County, where AHHS has provided the majority of its visits, the average percent for charity care for all agencies in 2019 (the most recent year for which there are data) was 0.17%, AHHS's charity care percentage was 0.42%, nearly 2.5 times the average percent for all agencies operating in Montgomery County. Although AHHS accounted for 27.2% (86,409 of 317,724) of the home health visits in Montgomery County in 2019, it provided more than two-thirds (361 of 539) of the charity visits in that county. These data are presented in Table 7. AHHS will bring this same commitment to the provision of charity care services to Carroll County.

Table 7

Charity Visits, Total Visits, Charity Care Percentage

Home Health Agencies

Montgomery County

Agency	County	Charity Visits	Total Visits	%
Adventist Home Health Services	Montgomery	361	86,409	0.42%
Amedisys Home Health (Largo)	Montgomery	0	7,320	0.00%
Asbury Home Services	Montgomery	0	9,331	0.00%
Bayada Home Health Care (Montgomery)	Montgomery	2	29,182	0.01%
Community Home Health of Maryland	Montgomery	0	1,190	0.00%
Comprehensive Home Health Care Agency	Montgomery	0	1,289	0.00%
Encompass Home Health of Central Maryland (Montgomery County)	Montgomery	0	3,259	0.00%
Frederick Memorial Hospital (FMH) Home Health Services	Montgomery	0	310	0.00%
Holy Cross Hospital Home Care & Hospice	Montgomery	79	31,060	0.25%
Home Health Connection	Montgomery	0	12	0.00%
HomeCall – Frederick	Montgomery	0	24,529	0.00%
Human Touch Home Health of Maryland	Montgomery	0	2,437	0.00%
Johns Hopkins Home Health Services, Inc.	Montgomery	0	11	0.00%
Johns Hopkins Pediatrics at Home, Inc.	Montgomery	0	918	0.00%
Kindred at Home	Montgomery	0	23,907	0.00%
MedStar Health Visiting Nurse Association – Calverton	Montgomery	34	29,564	0.12%
Potomac Home Health Care	Montgomery	63	27,838	0.23%
Professional Healthcare Resources of Maryland, Inc.	Montgomery	0	15,757	0.00%
Revival Homecare Agency	Montgomery	0	12,868	0.00%
Riderwood Home Health	Montgomery	0	5,624	0.00%
Visiting Nurse Association of Maryland, LLC	Montgomery	0	4,909	0.00%
Total		539	317,724	0.17%

Source: Maryland Health Care Commission, Maryland Home Health Agency Annual Survey for Fiscal Year 2019, Tables 16 and 25

10.24.16.08 F. Financial Feasibility.

An applicant shall submit financial projections for its proposed project that must be accompanied by a statement containing the assumptions used to develop projections for its operating revenues and costs. Each applicant must document that:

(1) Utilization projections are consistent with observed historic trends of HHAs in each jurisdiction for which the applicant seeks authority to provide home health agency services;

APPLICANT RESPONSE:

AHHS's utilization projections have been developed according to a two-step process which is detailed in Table 11 and its surrounding discussion in the response to 10.24.16.08G (Impact).

As the discussion presented in that section shows, AHHS first developed a projection for the total number of unduplicated clients in Carroll County in 2023, 2024, and 2025. The projections relied on an estimate of the home health use rate, by age cohort in 2019, based on historic data from the MHCC Public Use Home Health Raw Jurisdiction Data. The 2019 home health use rate was then applied to the projected population of Carroll County in 2023, 2024, and 2025 to estimate the total number of Carroll County home health clients in the projection period.

In the second step of the process AHHS made assumptions about the share of the total pool of home health clients in Carroll County it would be likely to serve. The assumptions incorporated judgments about AHHS's ability to market its services, its ability to recruit staff with capabilities matching the needs of the Carroll County clients, and the need to have minimal impact on the existing home health providers.

It has been assumed that AHHS's market share of total Carroll County home health clients would be 2.5 percent in 2023, the first year of operation, 5.0 percent in 2024, and 6.0 percent in 2025.

A critical assumption embedded within the methodology was that the use rate for home health services in Carroll County would remain constant at its 2019 level. The following Table shows the estimated use rate for home health services in Carroll County for the years 2016 through 2019.

Table 8

Carroll County Home Health Use Rate
(Clients per 1,000 population)
2016 – 2019

Year	Population	Home Health Clients	Use Rate
2016	167,493	4,637	27.7
2017	167,608	4,680	27.9
2018	167,898	4,456	26.5
2019	168,361	4,224	25.1
CAGR(a)	0.17%	-3.06%	

(a) Cumulative Annual Growth Rate

Source: Maryland Health Care Commission,
Maryland Home Health Agency Annual Surveys.

The data presented in Table 8 show that the number of home health clients in Carroll County generally declined from 2016 through 2019. The information presented in the Table show also that the population of Carroll County increased slightly from 2016 through 2019. As a result, the use rate for home health services declined during that period and reached its lowest level in 2019.

As shown previously in Table 4, the Carroll County population age 65 and older increased by 22.2% between 2015 and 2020 and is projected to increase by 22.6% between 2020 and 2025. Given that 74% of Carroll County home health clients were age 65 and older in 2019 (see Table 3), the declining use rate is an indication that the home health agencies currently authorized to provide services in Carroll County are not sufficient in number to meet the needs of potential home health clients in Carroll County. This is validated by the Commission's projection of need for additional home health agency access in Carroll County.

By assuming that the use rate for home health services will remain constant through the projection period, AHHS anticipates that its presence will arrest the declining use rate. It is possible, moreover, that the services to be offered by AHHS will actually increase the home health use rate in Carroll County. In this case, the utilization projections offered by AHHS are conservative.

(2) Projected revenue estimates are consistent with current or anticipated charge levels, rates of reimbursement, contractual adjustments and discounts, bad debt, and charity care provision, as experienced by the applicant if an existing HHA or, if a proposed new HHA, consistent with the recent experience of other Maryland HHAs serving each proposed jurisdiction; and

APPLICANT RESPONSE:

Projected revenue estimates are consistent with current or anticipated charge levels, rates of reimbursement, contractual adjustments and discounts, bad debt, and charity care provision, as experienced by AHHS. Please see Exhibit 5 (Part IV Tables which includes a statement of assumptions.

(3) Staffing and overall expense projections are consistent with utilization projections and are based on current expenditure levels and reasonably anticipated future staffing levels as experienced by the applicant if an existing HHA or, if a proposed new HHA, consistent with the recent experience of other Maryland HHAs serving the each proposed jurisdiction.

APPLICANT RESPONSE:

Staffing and overall expense projections are consistent with utilization projections and are based on current expenditure levels and reasonably anticipated future staffing levels as experienced by AHHS. Please see Exhibit 5 (Part IV Tables which includes a statement of assumptions.

10.24.16.08G. Impact.
An applicant shall address the impact of its proposed home health agency service on

each existing home health agency authorized to serve each jurisdiction or regional service area affected by the proposed project. This shall include impact on existing HHAs' caseloads, staffing and payor mix.

APPLICANT RESPONSE:

The Adventist HealthCare system has served patients from Carroll County in its various facilities, although the number has not been large. Table 9 presents the number of Carroll County inpatient discharges by each of the facilities in AHC for the years 2019 through 2021. There have been relatively few Carroll County residents served by these hospitals who have been referred for home health services.

Table 9

Adventist HealthCare Hospitals
Number of Carroll County Resident Discharges
Years ended December 31,

Hospital	2019	2020	2021
Shady Grove Medical Center	12	10	11
White Oaks Medical Center	8	5	14
Adventist HealthCare Rehabilitation	4	7	5
Total	24	22	30

Source: Hospital Records
Note: Discharges exclude Nursery, Obstetrics and Inpatient OB, Pediatrics, and Adult and Adolescent Psychiatry.

As a consequence, AHHS anticipates that it will be able to address the unmet need for additional home health services in Carroll County by employing the same approaches that it has in the other counties that it currently serves. These efforts include outreach to hospital and nursing home discharge planners, physicians' offices, assisted living facilities, and other potential home health referral sources in Carroll County. AHHS will provide educational materials and presentations to these referral sources in an effort to raise awareness generally regarding the benefits of home health care to a wide range of medical conditions as well as the specific programs that AHHS offers to address these patients' needs.

AHHS has a presence in Frederick, Howard, and Montgomery Counties that are contiguous to Carroll County. AHHS, through the referral network in the three contiguous counties, has developed relationships with nursing homes, insurance carriers, and other elements of the Carroll County medical community. It is these relationships on which AHHS expects to build its client base. According to MHCC there is a need for additional home health agencies in Carroll County. AHHS's contacts with the Carroll County health care community have encouraged AHHS to expand its services to Carroll County as evidenced by the letters of support included in Exhibit _6.

It is not expected that the volume of Carroll County resident clients to be served by

AHHS will have a significant impact on the existing home health providers in Carroll County. Table 10 shows the number of unduplicated clients of the home health agencies authorized to serve residents of Carroll County in 2019. The data have been taken from the MHCC Public Use Data for 2019, which is the most recent source of comprehensive and comparative data for all providers in Maryland.

Table 10 also presents the market share of each home health agency in the 'Percent of Total' column. It is assumed that the impact of AHHS's authorization to serve Carroll County on each existing provider will be in direct proportion to its relative share of home health clients in 2019.

Table 10
Number of Clients by Agency, 2019
Home Health Agencies
Carroll County

Agency	Total Clients	Percent of Total
Amedisys Home Health (Westminster)	382	9.0%
Bayada Home Health Care	435	10.3%
Community Home Health of Maryland	52	1.2%
Comprehensive Home Health Services	9	0.2%
Frederick Memorial Hospital (FMH) Home Health Services	72	1.7%
HomeCall – Westminster	399	9.4%
HomeCare Maryland, LLC	1,680	39.8%
HomeCentris Home Health II	11	0.3%
Johns Hopkins Home Health Services, Inc.	97	2.3%
Johns Hopkins Pediatrics at Home, Inc.	41	1.0%
Kindred at Home	57	1.3%
MedStar Health Visiting Nurse Association - Calverton	15	0.4%
MedStar Health Visiting Nurse Association- Baltimore	112	2.7%
SpiriTrust Lutheran Home Care & Hospice	552	13.1%
Stella Maris, Inc.	22	0.5%
Visiting Nurse Association of Maryland, LLC	288	6.8%
TOTAL	4,224	100.0%

Source: Maryland Health Care Commission, Maryland Home Health Agency Annual Survey for Fiscal Year 2019, Table 15

The projected growth in Carroll County home health clients is presented in Table 11. The MHCC data for 2019 are combined with population estimates developed by the Maryland Department of Planning to calculate the home health use rate (clients per 1,000 population) by age cohort for residents of Carroll County in 2019. These use rates are applied to annual population projections through 2025 to estimate the potential volume of home health clients in

Carroll County in 2023, 2024, and 2025.

The final panel of Table 11 shows the estimated incremental growth in each projection year over the number of clients in 2019. Due to changes in the relative components by age cohort of the population, the incremental growth is negative in some of the younger age cohorts, but it is generally greater in the 65 and over cohorts. In aggregate, the projections indicate a substantial increase in the number of home health clients in Carroll County by 2025.

Table11

Population, Home Health Clients, and Use Rate/1,000 Population

Carroll County 2019

And Projections for 2022 – 2025

	0-4	5-14	15-24	25-44	45-64	65-74	75-84	85+	Total
2019 Population	8,284	19,397	20,654	35,894	52,032	18,408	9,275	4,418	168,361
2019 Clients	112	15	23	128	819	1,007	1,171	949	4,224
2019 Use Rate/1,000	13.52	0.77	1.11	3.57	15.74	54.70	126.25	214.80	25.09
Population									
2023 Population	8,733	18,486	19,528	37,499	48,104	20,919	11,729	5,109	170,107
2024 Population	8,856	18,363	19,243	38,003	47,015	21,560	12,468	5,308	170,816
2025 Population	8,981	18,246	18,963	38,521	45,994	22,222	13,255	5,514	171,696
Projected Clients									
2023 Clients, Projected	118	14	22	134	757	1,144	1,481	1,097	4,768
2024 Clients, Projected	120	14	21	136	740	1,179	1,574	1,140	4,925
2025 Clients, Projected	121	14	21	137	724	1,216	1,673	1,184	5,092
Incremental Growth									
Difference, 2019-2023	6	-1	-1	6	-62	137	310	148	544
Difference, 2019-2024	8	-1	-2	8	-79	172	403	191	701
Difference, 2019-2025	9	-1	-2	9	-95	209	502	235	868

Source: Maryland Health Care Commission, Maryland Home Health Agency Annual Survey for Fiscal Year 2019, Table 15

AHHS projects that in Carroll County it will serve 119 clients in 2023, 246 clients in 2024, and 305 clients in 2025. These projections are based on the expectation that AHHS will serve 2.5 percent of projected Carroll County home health clients in 2023, 5.0 percent in 2024, and 6.0% in 2025. These market share assumptions reflect the fact that AHHS will be a new entrant into the Carroll County home health market, and that it will build recognition of its services over time.

The projected impact of AHHS's authorization on the existing providers is presented in Table 12 below. As the information in Table 12 shows, the impact of AHHS is likely to be minimal. Based on the number of clients and market shares from the year 2019, AHHS's projected impact on Carroll County home health agencies is approximately 2.5 percent in 2023, 5.0 percent in 2024, and 6.0 percent in 2025

Table 12
Adventist Home Health Services
Impact on Existing Home Health Agencies, Carroll County
Based on 2019 Utilization

Agency	Percent of Total	Impact (2023)	Impact (2024)	Impact (2025)
Amedisys Home Health (Westminster)	9.0%	11	22	28
Bayada Home Health Care	10.3%	12	25	31
Community Home Health of Maryland	1.2%	1	3	4
Comprehensive Home Health Services	0.2%	0	1	1
Frederick Memorial Hospital (FMH) Home Health Services	1.7%	2	4	5
HomeCall – Westminster	9.4%	11	23	29
HomeCare Maryland, LLC	39.8%	47	98	121
HomeCentris Home Health II	0.3%	0	1	1
Johns Hopkins Home Health Services, Inc.	2.3%	3	6	7
Johns Hopkins Pediatrics at Home, Inc.	1.0%	1	2	3
Kindred at Home	1.3%	2	3	4
MedStar Health Visiting Nurse Association – Calverton	0.4%	0	1	1
MedStar Health Visiting Nurse Association-Baltimore	2.7%	3	7	8
SpiriTrust Lutheran Home Care & Hospice	13.1%	16	32	40
Stella Maris, Inc.	0.5%	1	1	2
Visiting Nurse Association of Maryland, LLC	6.8%	8	17	21
TOTAL	100.0%	119	246	305

Source: Maryland Health Care Commission, Maryland Home Health Agency Annual Survey for Fiscal Year 2019, Table 15

It is important to note that the impact of AHHS's entry into Carroll County shown in Table 12 is based on the number of clients of each home health agency in 2019. As noted previously in Table 2, the older population of Carroll County is increasing rapidly, and it should follow that the number of home health clients will increase proportionately.

The data presented in Table 13 compare the projected utilization of AHHS in Carroll County to the volume of home health clients anticipated in Carroll County in 2023 through 2025. AHHS's projected market share in 2025 is 6.0%. Among the 16 home health agencies that served Carroll County in 2019, six of them had market shares that stood at 6% or more.

Table 13
Adventist Home Health Services
Projected Share of Carroll County Home Health Clients
2023 – 2025

	2023	2024	2025
AHHS Clients, Carroll County	119	246	305
Total Projected Home Health Clients, Carroll County	4,768	4,925	5,092
AHHS Share of Projected Home Health Clients	2.5%	5.0%	6.0%
Incremental Growth, Total	544	701	868
AHHS Share of Incremental Growth	21.9%	35.1%	35.2%
Incremental Growth, Other HHA's	425	455	563

Data presented in Table 13 make explicit the extent to which the expansion of AHHS to Carroll County can be anticipated to have only a nominal impact on the home health agencies currently authorized to provide services in Carroll County. Table 13 repeats the total projected home health care volume shown in Table 11 above. In the last line of Table 13 the patient volume projected for AHHS in 2023, 2024, and 2025 is subtracted from the projected total home health growth in Carroll County in those years total incremental growth in home health agency clients. This excess volume is commensurate with the number of unduplicated clients of only five of the current home health providers. Even after the entry of AHHS into Carroll County an ample opportunity for the other agencies to expand their service should remain.

The introduction of AHHS to Carroll County is not likely to disrupt existing patterns of patient care. As the data in Tables 12 and 13 also show, AHHS's projected utilization is less than the projected incremental growth in total home health clients over the projection period. The information in these tables provides further evidence that existing home health agencies will have the opportunity to continue to grow their volumes after AHHS begins to offer services in Carroll County.

Staffing required for the expansion of AHHS into Carroll County is anticipated to be minimal, as is discussed elsewhere in this application. (See Exhibit 5, Part IV, Table 5) AHHS will be able to recruit the required staff and, given the relatively small number of FTE's projected, it will not have an adverse impact on the ability of the other home health agencies to meet their staffing needs.

The expansion of AHHS into Carroll County is not likely to alter the aggregate payor mix of clients in the County. The data in Table 14 compare the payor mix of the existing home health agencies to the experience of AHHS in the counties it currently serves. AHHS believes that it will have a more diverse payor mix and greater charity care than the average among the current Carroll County providers.

Payment rates for home health services are established by the payors responsible for the individual client. The expansion of AHHS into Carroll County will not affect

the cost of care for clients. It will, however, provide an additional home health alternative for the clients and thereby improve access to home health care services in Carroll County.

Table 14

Payor Mix

Home Health Agencies in Carroll County

2019

Agency	County	Medicare Traditional	Medicare Advantage	Maryland Medicaid Traditional	Maryland Medicaid Managed Care	Commercial Insurance**	Self Pay/Other	Total Pct
Amedisys Home Health (Westminster)	Carroll	93.5%	0.0%	0.0%	0.0%	6.5%	0.0%	100.0%
Bayada Home Health Care	Carroll	72.2%	7.6%	0.5%	1.1%	14.9%	3.7%	100.0%
Community Home Health of Maryland	Carroll	71.2%	7.7%	3.8%	0.0%	9.6%	7.7%	100.0%
Comprehensive Home Health Services	Carroll	0.0%	0.0%	11.1%	22.2%	66.7%	0.0%	100.0%
Frederick Memorial Hospital (FMH) Home Health Services	Carroll	62.5%	2.8%	0.0%	11.1%	23.6%	0.0%	100.0%
HomeCall – Westminster	Carroll	81.7%	5.3%	0.0%	0.0%	13.0%	0.0%	100.0%
HomeCare Maryland, LLC	Carroll	84.6%	0.0%	0.4%	0.0%	14.9%	0.1%	100.0%
HomeCentris Home Health II	Carroll	9.1%	18.2%	0.0%	0.0%	72.7%	0.0%	100.0%
Johns Hopkins Home Health Services, Inc.	Carroll	62.9%	4.1%	0.0%	2.1%	28.9%	2.1%	100.0%
Johns Hopkins Pediatrics at Home, Inc.	Carroll	0.0%	0.0%	12.2%	36.6%	48.8%	2.4%	100.0%
Kindred at Home	Carroll	86.0%	0.0%	1.8%	0.0%	12.3%	0.0%	100.0%
MedStar Health Visiting Nurse Association – Calverton	Carroll	53.3%	0.0%	0.0%	0.0%	46.7%	0.0%	100.0%
MedStar Health Visiting Nurse Association-Baltimore	Carroll	43.8%	2.7%	0.0%	3.6%	49.1%	0.9%	100.0%
SpiriTrust Lutheran Home Care & Hospice	Carroll	19.9%	14.5%	2.5%	17.2%	45.3%	0.5%	100.0%
Stella Maris, Inc.	Carroll	77.3%	4.5%	4.5%	0.0%	13.6%	0.0%	100.0%
Visiting Nurse Association of Maryland, LLC	Carroll	6.9%	0.3%	0.0%	0.0%	92.7%	0.0%	100.0%
Total		66.6%	3.6%	0.8%	3.1%	25.2%	0.7%	100.0%
Adventist Home Health Services, Inc.	All Currently Approved Counties	64.9%	3.8%	1.0%	2.0%	15.4%	13.0%	100.0%

Source: Maryland Health Care Commission, Maryland Home Health Agency Annual Survey for Fiscal Year 2019, Table 13

10.24.16.08H. Financial Solvency.

An applicant shall document the availability of financial resources necessary to sustain the project. Documentation shall demonstrate an applicant's ability to comply with the capital reserve and other solvency requirements specified by CMS for a Medicare-certified home health agency.

APPLICANT RESPONSE:

Adventist HealthCare's most recent Audited Financial Statements are

attached as Exhibit 7. It demonstrates the availability of financial resources necessary to sustain the project and the ability to comply with the capital reserve and other solvency requirements specified by CMS for a Medicare-certified home health agency.

10.24.16.08I. Linkages with Other Service Providers.
An applicant shall document its links with hospitals, nursing homes, continuing care retirement communities, hospice programs, assisted living providers, Adult Evaluation and Review Services, adult day care programs, the local Department of Social Services, and home delivered meal programs located within its proposed service area.

(1) A new home health agency shall provide this documentation when it requests first use approval.

(2) A Maryland home health agency already licensed and operating shall provide documentation of these linkages in its existing service area and document its work in forming such linkages before beginning operation in each new jurisdiction it is authorized to serve.

APPLICANT RESPONSE:

As an existing agency which provides services in eight counties, AHHS has many existing linkages, both formal and informal. The following list reflects just some of the facilities and agencies to which AHHS refers residents or from which it receives referrals. AHHS will develop comparable linkages in Carroll County.

Comprehensive Care Facilities
Althea Woodlands Nursing and Rehab
Arcola Health and Rehab
Bel Pre Nursing & Rehab
Bethesda Health and Rehab
Brighten Gardens-Tuckerman Ln
Brook Grove Nursing & Rehab Ctr.
Carriage Hill Bethesda
CCNRC Family of Care
Clinton Nursing & Rehab
Collingswood Nursing Center
Collington Episcopal Life Care Community
Forrestville Health & Rehab
Fort Washington Nursing & Rehab
Fox Chase
Friends House Retirement Community/Assisted Living
Future Care Pineview
Genesis - Bradford Oaks Nursing & Retirement Ctr
Genesis - Fairland Nursing & Rehab Center
Genesis - Shady Grove Adventist Nursing & Rehab
Genesis - Sligo Creek Nursing & Rehab
Genesis - Springbrook Nursing & Rehab Center
Genesis Crescent Cites Center
Genesis Eldercare La Plata Center
Genesis Eldercare Magnolia Center
Genesis Eldercare Woodside Center
Genesis Layhill Center
Genesis Waldorf
Hadley Hospital Skilled Nursing Home

Heartland Healthcare Center Adelphi
Heartland Healthcare Center Hyattsville
Hebrew Home of Greater Washington
Hillhaven Nursing Center
Holy Cross Nursing & Rehab/Sanctuary
Kensington Nursing and Rehab
ManorCare Chevy Chase
ManorCare Health - Adelphi
ManorCare Health Services Bethesda
ManorCare Health Services Largo
ManorCare Health Services Potomac
ManorCare Health Services Silver Spring
ManorCare Health Services Wheaton
Montgomery Village Nursing & Rehab
Patuxent Nursing and Rehab
Potomac Valley Nursing & Rehab
Renaissance Gardens at Riderwood Village
Restore Health
Rockville Nursing Home
Sibley Renaissance
St. Thomas Moore
Villages of Rockville
Wilson (Herman M) Health Care Center
Woodbine Nursing Center

Hospitals
Adventist HealthCare Fort Washington Medical Center
Adventist Rehabilitation Hospital .-- Rockville
Adventist Rehabilitation Hospital. – White Oak
Adventist HealthCare Shady Grove Medical Center
Adventist HealthCare White Oak Medical Center
Anne Arundel Medical Center
Arlington Hospital Center
Calvert Memorial Hospital
Children’s National Medical Center
Civista Medical Center
Doctors Community Hospital
George Washington University Hospital
Georgetown University Hospital
Greater Baltimore Medical Center
Holy Cross - Germantown
Holy Cross Hospital
Howard County General Hospital
Howard University Hospital
Inova Alexandria Hospital
Inova Fairfax Hospital
Inova Mount Vernon Hospital
Johns Hopkins Bayview Medical Center
Johns Hopkins Hospital
Kernan Hospital
Laurel Regional Hospital
Mercy Medical Center
Medstar Montgomery Medical Center
Mount Washington Pediatric Center
National Institutes of Health
National Rehabilitation Hospital

Providence Hospital
Sibley Hospital
Sinai Hospital
Southern MD Hospital
St Joseph Medical Center
St. Agnes Hospital
St. Mary's Hospital
Suburban
Union Memorial Hospital
University of Maryland Medical Center
University of Maryland Capital Region Medical Center
Veteran Affairs Medical Center
Walter Reed National Naval Med Ctr
Washington Hospital Center

Other
Anne Arundel County - Department of Aging and Disabilities
Calvert County Office on Aging
Charles County Department of Community Services
Home Health Total
Homecare - Home Call
Howard County Aging Office
John Hopkins Home Care Group Connection
Kaiser
Montgomery County Aging Unit
Network Health Services
Other Home Health Agency
Physician Practices
Potomac Home Health
Prince George's County Department of Aging
St. Mary's County Department of Aging & Human Services

10.24.16.08J. Discharge Planning.
An applicant shall document that it has a formal discharge planning process including the ability to provide appropriate referrals to maintain continuity of care. It will identify all the valid reasons upon which it may discharge clients or transfer clients to another health care facility or program.

APPLICANT RESPONSE:

AHHS is an existing home health agency and has an existing Discharge Planning Policy which complies with this standard. Please see Exhibit 8 (Adventist Home Health Assessment Planning and Coordination: Discharge Planning Policy #5.1210).

10.24.16.08K. Data Collection and Submission.
An applicant shall demonstrate ongoing compliance or ability to comply with all applicable federal and State data collection and reporting requirements including, but not limited to, the Commission's Home Health Agency Annual Survey, CMS' Outcome and Assessment Information Set (OASIS), and CMS' Home Health Consumer Assessment of Healthcare Providers (HHCAHPS).

APPLICANT RESPONSE:

AHHS is an existing home health agency and complies with all applicable federal and State data collection and reporting requirements including, but not limited to, the Commission's Home Health Agency Annual Survey, CMS' Outcome and Assessment Information Set (OASIS), and CMS' Home Health Consumer Assessment of Healthcare Providers (HHCAHPS).

10.24.16.09 Certificate of Need Preference Rules in Comparative Reviews.
Consistent with COMAR 10.24.01.09A(4)(b), the Commission shall use the following preferences, in the order listed, to limit the number of CON applications approved in a comparative review.

10.24.16.09A. Performance on Quality Measures.
Higher levels of performance will be given preference over lower levels of performance.

APPLICANT RESPONSE:

Not applicable. While this is a comparative review for Carroll county, the following statement from the Western Maryland CON review applies: "Although this is a comparative review the CON preference rules defined in COMAR 10.24.16.09 are not applied as the number of applicants does not exceed the permitted number of additional home health agencies for Western Maryland region as provided in COMAR 10.24.16.10." (page 7 In the Matter of the Western Maryland Home Health Agency Review, January 17, 2019)

10.24.16.09B. Maintained or Improved Performance.
An applicant that demonstrates maintenance or improvement in its level of performance on the selected process and outcome measures during the most recent three-year reporting period will be given preference over an applicant that did not maintain or improve its performance.

APPLICANT RESPONSE:

Not applicable. While this is a comparative review for Carroll county, the following statement from the Western Maryland CON review applies: "Although this is a comparative review the CON preference rules defined in COMAR 10.24.16.09 are not applied as the number of applicants does not exceed the permitted number of additional home health agencies for Western Maryland region as provided in COMAR 10.24.16.10." (page 7 In the Matter of the Western Maryland Home Health Agency Review, January 17, 2019)

10.24.16.09C. Proven Track Record in Serving all Payor Types, the Indigent and Low Income Persons.
An applicant that served a broader range of payor types and the indigent will be given preference over an applicant that served a narrower range of payor types and provided less service to the indigent and low income persons.

APPLICANT RESPONSE:

Not applicable. While this is a comparative review for Carroll county, the following statement from the Western Maryland CON review applies: "Although this is a comparative review the CON preference rules defined in COMAR 10.24.16.09 are not applied as the number of applicants does not exceed the permitted number of additional home health agencies for Western Maryland region as provided in COMAR 10.24.16.10." (page 7 In the Matter of the Western Maryland Home Health Agency Review, January 17, 2019)

10.24.16.09D. Proven Track Record in Providing a Comprehensive Array of Services. An applicant that provided a broader range of services will be given preference over an applicant that provided a narrower range of services.

APPLICANT RESPONSE:

Not applicable. While this is a comparative review for Carroll county, the following statement from the Western Maryland CON review applies: "Although this is a comparative review the CON preference rules defined in COMAR 10.24.16.09 are not applied as the number of applicants does not exceed the permitted number of additional home health agencies for Western Maryland region as provided in COMAR 10.24.16.10. (page 7 In the Matter of the Western Maryland Home Health Agency Review, January 17, 2019)

10.24.16.09E. These preferences will only be used in a comparative review of applications when it is determined that approval of all applications that fully comply with standards in Regulation .08 of this Chapter would exceed the permitted number of additional HHAs provided for in a jurisdiction or multi-jurisdictional region as provided in Regulation .10.

APPLICANT RESPONSE:

Not applicable. While this is a comparative review for Carroll county, the following statement from the Western Maryland CON review applies: "Although this is a comparative review the CON preference rules defined in COMAR 10.24.16.09 are not applied as the number of applicants does not exceed the permitted number of additional home health agencies for Western Maryland region as provided in COMAR 10.24.16.10." (page 7 In the Matter of the Western Maryland Home Health Agency Review, January 17, 2019)

10.24.01.08G(3)(b). The "Need" Review Criterion

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.

Please discuss the need of the population served or to be served by the Project. Recognizing that the State Health Plan has identified need to establish an opportunity for review of CON

applications in certain jurisdictions based on the determination that the identified jurisdiction(s) has insufficient consumer choice of HHAs, a highly concentrated HHA service market, or an insufficient choice of HHAs with high quality performance (COMAR 10.24.16.04), applicants are expected to provide a quantitative analysis that, at a minimum, describes the Project's expected service area; population size, characteristics, and projected growth; and, projected home health services utilization.

APPLICANT RESPONSE:

MHCC has acknowledged the need for additional home health care capacity in Carroll County. The proposed expansion of AHHS into Carroll County will provide residents of Carroll County with a needed alternative source of home care and will improve access to health care services generally in Carroll County.

In the Applicant's response to State Health Plan standard 10.24.16.08G (Impact) a quantitative analysis was presented. The analysis considered anticipated population growth in Carroll County, the historical use rate of home services in the county, and the utilization of existing providers.

The population of Carroll County is increasing. Data presented in Table 4 of the response to State Health Plan standard 10.24.16.08B (Population and Services) showed that while the population of Carroll County is anticipated to increase by 1.6% during the five years from 2020 to 2025, the population of the age 65 and over population cohort is anticipated to increase by 22.6% over the same period. The 65 and over age cohort has the greatest proportion of home health clients generally and in Carroll County, particularly.

Table 12 in the response to State Health Plan standard 10.24.16.08G (Impact) provided projections of growth in home health clients in Carroll County from 2019 to the years 2023, 2024, and 2025. The projections indicate that in 2024 there will be an increase of 701 home health clients from the number of clients in 2019. This increase represents a 16.6% change from the 4,244 clients in 2019 during the five-year period.

Table 13 of standard 10.24.16.08G provides the projections of utilization for the AHHS expansion into Carroll County. These projections have taken into account the overall need for additional home health care services in Carroll County and, in particular, the perceived need for residents of Carroll County to enjoy a broader array of home health providers from which to choose. AHHS, by expanding its services to Carroll County, will offer an alternative to the expanding population.

It is demonstrated in this application that AHHS serves the same spectrum of payors that is reflected in the population of Carroll County. AHHS also makes available a full array of home health services, including Skilled Nursing Services, Home Health Aide, Occupational Therapy, Speech and Language Therapy, Physical Therapy, Medical Social Services, Home Infusion, Wound Care, Dietician, and Chaplaincy Services.

10.24.01.08G(3)(c). The "Availability of More Cost-Effective Alternatives" Review Criterion

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.

Please explain the characteristics of the Project which demonstrate why it is a less costly and/or a more effective alternative for meeting the needs identified than other types of projects or approaches that could be developed for meeting those same needs or most of the needs.

A clear statement of project objectives should be outlined. Alternative approaches to meeting these objectives should be fully described. The effectiveness of each alternative in meeting the project objectives should be evaluated and the cost of each alternative should be estimated.

For applications proposing to demonstrate superior patient care effectiveness, please describe the characteristics of the Project that will assure the quality of care to be provided. These may include, but are not limited to: meeting quality measures and performance benchmarks established by the Commission; meeting accreditation standards, personnel qualifications of caregivers, special relationships with public agencies for patient care services affected by the Project, the development of community-based services or other characteristics the Commission should take into account.

APPLICANT RESPONSE:

Adventist Home Health Services has a 4.5-star quality of patient care star rating with Medicare compared with a 4.0 star rating for Maryland Average and 3.5 star rating for the National average. (https://www.medicare.gov/care-compare/details/home-health/217032?state=MD&measure=home-health-quality-of-patient-care)

AHH, a CMS 4.5-star quality rated home health agency, delivers home health care services to patients of all ages and incomes to support better health outcomes and prevent hospital readmissions. With services currently established in neighboring Montgomery, Frederick, and Howard Counties, extending our services into Carroll County will be a natural progression. This expansion can be accomplished with a minimum of added staff and very low capital or project costs. AHHS plans to operate Carroll County services from the Rockville location and the minimal staff required will facilitate staff recruitment. By operating out of an existing branch office and requiring minimal additional staff recruitment, AHSS proposal is the least cost-effective alternative for providing comprehensive home care services in Carroll County. A perennial HomeCare Eilte® agency rated agency, AHHS will provide the residents of Carroll County with increased choice of a quality provider with a broad range of services and a very diverse series of payor contracts.

10.24.01.08G(3)(d). The "Viability of the Proposal" Review Criterion.
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.

Please include in your response:

a. Audited Financial Statements for the past two years. In the absence of audited financial statements, provide documentation of the adequacy of financial resources to fund this project signed by a Certified Public Accountant who is not directly employed by the applicant. The availability of each source of funds listed in Part IV, Table 1 B. Sources of Funds for Project, must be documented.

APPLICANT RESPONSE:

Audited financial statements for Adventist HealthCare 2019 and 2020 are provided in Exhibit 7

b. **Existing home health agencies shall provide an analysis of the probable impact of the project on its costs and charges for the services it provides**. Non-home health agency applicants should address the probable impact of the project on the costs and charges for core services they provide.

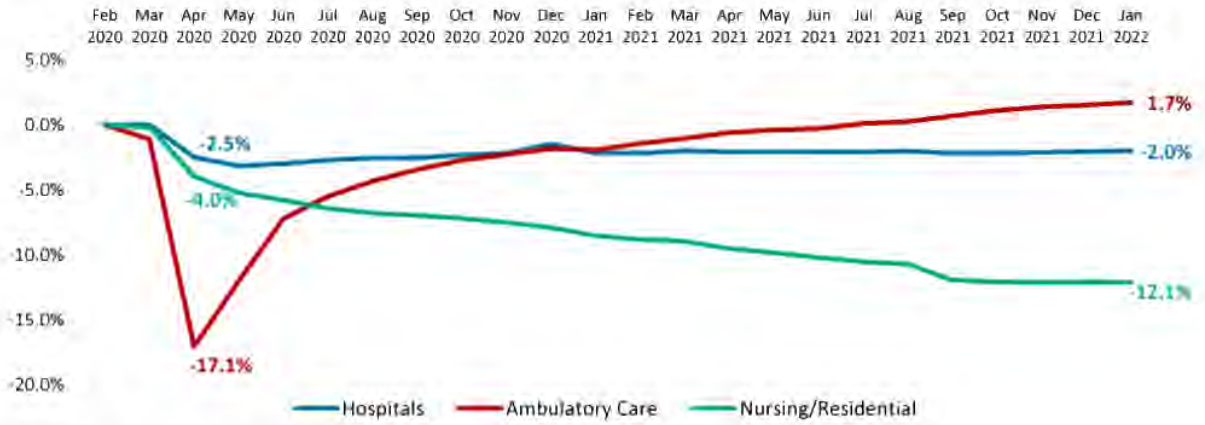
APPLICANT RESPONSE:

Explanation of reduced operating margin performance projected for 2022

During the pandemic, the high demand and short supply of nursing and therapy staff greatly affected the AHHS financial performance. AHC began to see a lot of clinical turnover starting July of 2021. This turnover was throughout the healthcare sector as demonstrated by an article in Becker Healthcare: "Staffing strains affected hospitals and health systems across the U.S. during the COVID-19 pandemic."

An Altarum analysis of U.S. Bureau of Labor Statistics data through September 2021, reported hospital employment declined by nearly 94,000 since February 2020.

Exhibit 3. Change in Health Employment Compared to February 2020 by Major Setting of Care



Source: Altarum analysis of monthly BLS Current Employment Statistics data.

Exhibit 5. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Feb 2020
Non-Health Care	449.0	6,437.1	-2,149.6	-2,496.6
Health Care	18.0	174.9	-349.4	-378.4
Ambulatory Health Care Services	14.7	286.5	159.3	135.3
Offices of Physicians	9.7	94.9	67.6	59.8
Offices of Dentists	3.7	47.2	28.9	24.9
Offices of Other Health Care Practitioners	1.5	76.2	53.1	47.5
Outpatient Care Centers	0.2	28.3	10.5	10.7
Medical and Diagnostic Labs	-0.2	12.8	21.8	22.8
Home Health Care Services	-1.7	20.6	-17.7	-26.3
Other Ambulatory	1.3	6.5	-4.9	-4.0
Hospitals	3.4	8.7	-98.1	-104.6
Nursing and Residential Care Facilities	-0.1	-120.3	-410.6	-409.1
Nursing Care Facilities	2.1	-69.5	-237.9	-237.6
Other Nursing and Residential	-2.2	-50.8	-172.7	-171.5
Annualized Percent Change	**One Month**	**12 Months**	**24 Months**	**Since Feb 2020**
Non-Health Care	4.1%	5.1%	-0.8%	-1.0%
Health Care	1.4%	1.1%	-1.1%	-1.2%
Ambulatory Health Care Services	2.2%	3.7%	1.0%	0.9%
Offices of Physicians	4.3%	3.5%	1.2%	1.1%
Offices of Dentists	4.5%	4.9%	1.4%	1.3%
Offices of Other Health Care Practitioners	1.7%	7.8%	2.6%	2.4%
Outpatient Care Centers	0.2%	2.9%	0.5%	0.6%
Medical and Diagnostic Labs	-0.8%	4.3%	3.7%	4.1%
Home Health Care Services	-1.3%	1.4%	-0.6%	-0.9%
Other Ambulatory	5.1%	2.1%	-0.8%	-0.7%
Hospitals	0.8%	0.2%	-0.9%	-1.0%
Nursing and Residential Care Facilities	0.0%	-3.9%	-6.3%	-6.5%
Nursing Care Facilities	1.9%	-4.9%	-7.8%	-8.1%
Other Nursing and Residential	-1.6%	-3.0%	-4.9%	-5.1%

Source: Altarum analysis of BLS Current Employment Statistics data. Change since February 2020 represents comparison to pre-pandemic peak employment.

Additionally, Viventium Health reported that according to Home Care Pulse turnover for caregivers in the U.S. for Home Care is 65.2% and for industry leaders it's only 54%, AHHS had a turnover rate of 24.8% in 2021.

Most of this turnover was due to higher pay and sign-on bonuses from other home health agencies. Some staff went to local agencies and some staff became travel

nurses due to more lucrative pay. AHHS lost staff and it has been difficult to attract new talent at our compensation rates; however, new compensation rates have recently been implemented and AHC is actively negotiating with commercial payers to increase managed care rates that are in-line with this new cost structure

Even though Medicare admissions are more lucrative in terms of revenue than commercial payers, with the average revenue per visit for Medicare being $237.97 vs $183.67 for commercial payers in 2021, AHHS has made a choice to take all payors. While other agencies may have a higher Medicare portion of their business, estimated at 70-90%, most payors are accepted at AHC to ensure our acute hospitals and the community have access to care. The mix of Medicare patients has gone from 75% in 2019 to around than 60% in 2022. Increased workforce costs and less Medicare patients affect the AHHS operating income and margin for 2022. The projected operating margin for 2022 is -$80K or -0.4%.

AHHS has a strong management infrastructure and proven profitability and averaged an operating margin of 5.1% from 2017 to 2021. AHHS is, therefore, confident that it can expand into Carroll County and return to positive overall margins in the years to come.

c. A discussion of the probable impact of the project on the cost and charges for similar services provided by other home health agencies in the area.

APPLICANT RESPONSE:

This project entails minimal costs and does not require financing.

As the CON Application Table Package (Exhibit 5, Part IV) shows, AHHS is financially viable and will remain so after it implements this new project.

d. All applicants shall provide a detailed list of proposed patient charges for affected services.

APPLICANT RESPONSE:

Exhibit 9 includes a list of proposed patient charges.

e. A discussion of the staffing and workforce implications of this proposed project, including:

- An assessment of the sources available for recruiting additional personnel;
- A description of your plans for recruitment and retention of personnel believed to be in short supply;
- A report on the average vacancy rate and turnover rates for affected positions in the last year.
- Completion of Table 5 in the *Charts and Tables Supplement (Part IV)*.

APPLICANT RESPONSE:

This project entails minimal costs and does not require financing.

As the CON Application Table Package (Exhibit 5, Part IV) shows, AHHS is financially viable and will remain so after it implements this project.

The most recent audited financial statements can be found in Exhibit 7.

In 2021, AHHS's turnover rate was 24.8%, slightly up from 24.0% in 2020 and 16.1% in 2019. Vacancies should be filled within 90 days of posting, per the AHC standard.

As can be seen from Table 5 (Exhibit 5, Part IV), adding Carroll County to the jurisdictions in which AHHS is able to provide services will only add 0.36 FTE Registered Nurse, 0.38 FTE Physical Therapist, 0.10 FTE Occupational Therapist, 0.03 FTE Speech Therapist, 0.04 FTE Home Health Aide, 0.02 FTE Medical Social Worker and 0.20 FTE Administrative Personnel.

10.24.01.08G(3)(e). The "Compliance with Conditions of Previous Certificates of Need" Review Criterion.

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.

List all prior Certificates of Need that have been issued since 1990 to the project applicant or to any entity which included, as principals, persons with ownership or control interest in the project applicant. Identify the terms and conditions, if any, associated with these CON approvals and any commitments made that earned preferences in obtaining any of the CON approvals. Report on the status of the approved projects, compliance with terms and conditions of the CON approvals and commitments made.

APPLICANT RESPONSE:

Adventist HealthCare, Inc. was issued a CON by the Commission to build a rehabilitation hospital on April 14, 1995.

Adventist Health Care, Inc. was issued a CON by the Commission on September 10, 1996 to create the Shady Grove Adventist Hospital Neonatal Intensive Care Unit (NICU).

Adventist HealthCare, Inc. was issued a CON by the Commission on November 12, 1996 to establish a 20-bed hospital-based subacute care unit. This unit operated as Care-Link at Washington Adventist Hospital.

Adventist HealthCare, Inc. was issued a CON by the Commission on February 20, 2003 for 15 of the 20 comprehensive care beds operated at Care-Link at Washington Adventist Hospital to be consolidated and relocated with the existing 82 bed complement at Fairland Nursing and Rehabilitation Center, expanding its bed capacity to 97 beds. The remaining five beds were relinquished.

Adventist HealthCare, Inc. was issued a CON by the Commission on June 19, 2003 for 22 rehabilitation beds.

Adventist HealthCare, Inc. was issued a CON on February 16, 2005 to expand the patient tower at Shady Grove Adventist Hospital.

Washington Adventist Hospital was issued a CON on November 18, 2005 to establish the Washington Adventist Surgery Center. The CON was relinquished on August 18, 2006.

Adventist HealthCare, Inc. was issued a CON on December 17, 2015 to relocate Washington Adventist Hospital from Takoma Park to Silver Spring (Docket No.: 13-15-2349). Progress on the construction is on schedule and on budget. Compliance with the conditions of this CON have been met.

Adventist Rehabilitation Hospital of Maryland was issued a CON on March 21, 2019 to relocate 42 inpatient rehabilitation beds to expanded building space within the general hospital being constructed in Silver Spring, MD as a replacement of AHC Washington Adventist Hospital (Docket No.: 18-15-2428). Compliance with the conditions of this CON have been met.

The MHCC has found that Adventist HealthCare, Inc. has complied with all conditions applicable to the preceding list of Certificates of Need as part of its First Use Reviews.

Adventist HealthCare White Oak Medical Center was issued an Emergency CON on April 4, 2020 to establish additional inpatient bed capacity consisting of 23 medical/surgical/gynecological/addictions that are in existing, nonclinical spaces located on floors 2, 3, 4, 5, 6 and 7. This E-CON was extended through April 30, 2023 on April 18, 2022.

Adventist HealthCare Fort Washington Medical Center was issued an Emergency CON to establish additional inpatient bed capacity consisting of 30 medical/surgical/gynecological/addictions beds to be located in three temporary field hospital inpatient at the Hospital.

Adventist HealthCare, Inc. d/b/a Adventist HealthCare Fort Washington Medical Center was issued an Emergency Certificate of Need on April 17, 2020 to establish additional inpatient bed capacity consisting of 16 intensive care unit (ICU) beds to be located in two temporary modular buildings at Fort Washington Medical Center, 11711

Livingston Road, Fort Washington (Prince George's County) (the Site). This E-CON was extended through April 30, 2023 on April 18, 2022.

Adventist HealthCare White Oak Medical Center was issued an Emergency CON on May 20, 2020 to establish additional inpatient bed capacity consisting of 200 medical/surgical/gynecological/addictions (MSGA) beds as an Alternate Care Site in a temporary remote location on the first through fifth floors and the lower level 1 floor of the former Washington Adventist Hospital Construction of the Alternate Care Site space is being overseen by the Department of General Services, in coordination with White Oak, and the cost of the project will be borne by the State of Maryland. [2] This E-CON was extended through April 30, 2023 on April 18, 2022.

Adventist HealthCare, Inc. d/b/a Adventist HealthCare White Oak Medical Center (White Oak) was issued an Emergency CON on January 10, 2021 to establish an intensive care unit (ICU) comprised of 16 medical/surgical/gynecological/addictions beds at its remote location, an Alternate Care Site located at the former Washington Adventist Hospital, 7600 Carroll Avenue, Takoma Park (Montgomery County), Maryland. The ICU will be located on the first floor of the Site in space that was an ICU at the former hospital. This E-CON was extended through April 30, 2023 on April 18, 2022.

Adventist HealthCare Shady Grove Medical Center was issued a CON (Docket number 20-15-2443) on April 15, 2021, to modernize the hospital, adding 74 MSGA beds at an estimated project cost of $180,011,359, subject to the following conditions: 1. Prior to its request for first use approval, Adventist HealthCare Shady Grove Medical Center shall identify bed capacity it will retain in operational status, the physical bed capacity it will repurpose but retain as physical bed capacity, and the physical bed capacity it will eliminate. This plan shall specifically address the hospital's assessment of the need for surge bed capacity and its plan to maintain and deploy adequate surge capacity when needed. 2. Any future change to the financing of this project involving adjustments in rates set by the Health Services Cost Review Commission must exclude $21,226,090, which includes the estimated new construction costs that exceed the Marshall Valuation Service guideline cost and portions of the contingency allowance and inflation allowance that are based on the excess construction cost. This project is in progress.

10.24.01.08G(3)(f). The "Impact on Existing Providers" Review Criterion.

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

[2] This Emergency CON superseded the one issued on April 4, 2020 to establish additional inpatient bed capacity consisting of 63 MSGA beds at a temporary remote location on the former Washington Adventist Hospital site.

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 provider, submit 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.

APPLICANT RESPONSE:

Please see the response to State Health Plan standard 10.24.16.08G (Impact).

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

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

1. List the name and address of each owner or other person responsible for the proposed project and its implementation. If the applicant is not a natural person, provide the date the entity was formed, the business address of the entity, the identify and percentage of ownership of all persons having an ownership interest in the entity, and the identification of all entities owned or controlled by each such person.

   Marya de la Cruz Sabalbado
   12041 Bournefield Way Suite B
   Silver Spring, MD 20904

2. Is the applicant, or any person listed above now involved, or ever been involved, in the ownership, development, or management of another health care facility or program? If yes, provide a listing of each facility or program, including facility name, address, and dates of involvement.
   ___No

3. Has the Maryland license or certification of the applicant home health agency, or any of the facilities or programs listed in response to Questions 1 and 2, above, ever been suspended or revoked, or been subject to any disciplinary action (such as a ban on admissions) in the last 5 years? If yes, provide a written explanation of the circumstances, including the date(s) of the actions and the disposition. If the applicant, owner or other person responsible for implementation of the Project was not involved with the facility or program at the time a suspension, revocation, or disciplinary action took place, indicate in the explanation.
   __No

4. Is any facility or program with which the applicant is involved, or has any facility or program with which the applicant or other person or entity listed in Questions 1 & 2, above, ever been found out of compliance with Maryland or Federal legal requirements for the provision of, payment for, or quality of health care services (other than the licensure or certification actions described in the response to Question 3, above) which have led to an action to suspend, revoke or limit the licensure or certification at any facility or program. If yes, provide copies of the findings of non-compliance including, if applicable, reports of non-compliance, responses of the facility or program, and any final disposition reached by the applicable governmental authority.
   __No

5. Has the applicant, or other person listed in response to Question 1, above, ever pled guilty to or been convicted of a criminal offense connected in any way with the ownership, development or management of the applicant facility or program or any health care facility or program listed in response to Question 1 & 2, above? If yes, provide a written explanation of the circumstances, including the date(s) of conviction(s) 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 authorized agent of the applicant for the proposed home healthy agency service.

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.

5/4/22
Date

Signature of Owner or Board-designated Official

President Post-Acute Services,
Adventist HealthCare, Inc.
Position/Title

Brent Reitz
Printed Name

PART IV - HOME HEALTH AGENCY APPLICATION: CHARTS AND TABLES SUPPLEMENT

PART IV - HOME HEALTH AGENCY APPLICATION: CHARTS AND TABLES SUPPLEMENT

TABLE 1 - PROJECT BUDGET

TABLE 2A: STATISTICAL PROJECTIONS – FOR HHA SERVICES IN MARYLAND

TABLE 2B: STATISTICAL PROJECTIONS – FOR PROPOSED JURSIDICTIONS

TABLE 3: REVENUES AND EXPENSES - FOR HHA SERVICES IN MARYLAND

TABLE 4: REVENUES AND EXPENSES - PROPOSED PROJECT

TABLE 5: STAFFING INFORMATION

TABLE 1: Project Budget

Instructions: All estimates for 1a- d; 2a- f; and 3 are for current costs as of the date of application submission and should include the costs for all intended construction and renovations to be undertaken. Inflation from date of submission of project completion should only be included on the Inflation line 1e. (DO NOT CHANGE THIS FORM OR ITS LINE ITEMS. IF ADDITIONAL DETAIL OR CLARIFICATION IS NEEDED, ATTACH ADDITIONAL SHEET.)

A. USE OF FUNDS	
1. CAPITAL COSTS (if applicable):	
a. New Construction	
1) Building	$
2) Fixed Equipment (not included in construction)	
3) Architect/Engineering Fees	
4) Permits, (Building, Utilities, Etc)	
a. SUBTOTAL New Construction	**$0**
b. Renovations	
1) Building	$
2) Fixed Equipment (not included in construction)	
3) Architect/Engineering Fees	
4) Permits, (Building, Utilities, Etc.)	
b. SUBTOTAL Renovations	**$0**
c. Other Capital Costs	
1) Movable Equipment	
2) Contingency Allowance	$11,870
3) Gross Interest During Construction	
4) Other (Specify)	
c. SUBTOTAL Other Capital Cost	**$11,870**
TOTAL CURRENT CAPITAL COSTS (sum of a - c)	**$11,870**
Non-Current Capital Cost	
d. Land Purchase Cost or Value of Donated Land	$
e. Inflation (state all assumptions, including time period and rate	$
TOTAL PROPOSED CAPITAL COSTS (sum of a - e)	**$11,870**
2. FINANCING COST AND OTHER CASH REQUIREMENTS	
a. Loan Placement Fees	$
b. Bond Discount	
c. CON Application Assistance	
c1. Legal Fees	$ 47,475
c2 Other (Specify and add lines as needed)	$35,000
d. Non-CON Consulting Fees	
d1. Legal Fees	
d2. Other (Specify and add lines as needed)	
e. Debt Service Reserve Fund	
f. Other (Specify)	
TOTAL (a - e)	**$82,475**
3. WORKING CAPITAL STARTUP COSTS	**$94,345**
TOTAL USES OF FUNDS (sum of 1 - 3)	**$94,345**
B. SOURCES OF FUNDS FOR PROJECT	
1. Cash	$94,345
2. Pledges: Gross _____,less allowance for uncollectables _____= Net	

3. Gifts, bequests	
4. Authorized Bonds	
5. Interest income (gross)	
6. Mortgage	
7. Working capital loans	
8. Grants or Appropriation	
a. Federal	
b. State	
c. Local	
9. Other (Specify)	
TOTAL SOURCES OF FUNDS (sum of 1-9)	**$94,345**
ANNUAL LEASE COSTS (if applicable)	
• Land	
• Building	
• Moveable equipment	
• Other (specify)	

TABLE 2A: STATISTICAL PROJECTIONS – HISTORIC AND PROJECTED HOME HEALTH AGENCY SERVICES IN MARYLAND

Instructions: Table 2A applies to an applicant that is an existing home health agency, and should be completed showing historic and projected utilization *for all home health agency services provided in Maryland*.

Table should report an *unduplicated count of clients*, and should indicate whether the reporting period is Calendar Year (CY) or Fiscal Year (FY).

	Two Most Current Actual Years		**Projected years – ending with first year at full utilization**		
CY or FY (circle)	2020	2021	2023__	2024__	2025__
Client Visits					
Billable	110,774	94,995	88,498	94,865	99,394
Non-Billable	13,719	9,900	10,084	10,809	11,325
TOTAL	124,493	104,895	98,582	105,674	110,719
# of Clients and Visits by Discipline					
Total Clients (Unduplicated Count)	**10,092**	**9,036**	**8,236**	**8,829**	**9,250**
Skilled Nursing Visits	45,629	34,108	31,775	34,061	35,687
Home Health Aide Visits	2,936	3,037	2,829	3,033	3,178
Physical Therapy Visits	46,510	43,836	40,838	43,776	45,866
Occupational Therapy Visits	11,921	10,517	9,798	10,503	11,004
Speech Therapy Visits	906	618	576	617	647
Medical Social Services Visits	2,872	2,879	2,682	2,875	3,012
Total Visits	**110,774**	**94,995**	**88,498**	**94,865**	**99,394**

TABLE 2B: STATISTICAL PROJECTIONS - PROJECTED HOME HEALTH AGENCY SERVICES IN THE PROPOSED PROJECT

Instructions: All applicants should complete Table 2B for the proposed project, showing projected utilization *only for the jurisdiction(s) which is the subject of the application*. **As in Table 2A above, this table should report an unduplicated count of clients, and should indicate whether the reporting period is Calendar Year (CY) or Fiscal Year (FY).**

	Projected years – ending with first year at full utilization			
CY or FY (circle)	20__	2023_	2024__	2025__
Client Visits				
Billable		1,148	2,373	2,942
Non-Billable		131	270	335
TOTAL		1,279	2,643	3,277
# of Clients and Visits by Discipline				
Total Clients (Unduplicated Count)		119	246	305
Skilled Nursing Visits		412	852	1,056
Home Health Aide Visits		37	76	94
Physical Therapy Visits		530	1,095	1,358
Occupational Therapy Visits		127	263	326
Speech Therapy Visits		7	15	19
Medical Social Services Visits		35	72	89
Total Billable Visits		1,148	2,373	2,942

TABLE 3: REVENUES AND EXPENSES – HISTORIC AND PROJECTED HOME HEALTH AGENCY SERVICES IN MARYLAND (including proposed project)

Instructions: an existing home health agency must complete Table 3, showing historic and projected revenues and expenses for all home health agency services provided *in Maryland.*

Projections should be presented in current dollars. Medicaid revenues for all years should be calculated on the basis of Medicaid rates and ceilings in effect at the time of submission of this application.

Specify sources of non-operating income. State the assumptions used in projecting all revenues and expenses. Please indicate on the Table if the reporting period is Calendar Year (CY) or Fiscal Year (FY).

	Two Most Recent Years -- Actual		**Current Year Projected**	**Projected Years (ending with first full year at full utilization)**		
CY or FY (Circle)	2020___	2021___	2022___	2023___	2024__	2025___
1. Revenue						
Gross Patient Service Revenue	26,174,740	23,324,607	19,898,302	21,589,077	22,823,023	23,952,740
Allowance for Bad Debt	158,342	76,035	66,537	72,191	74,534	77,140
Contractual Allowance	3,275,717	2,206,596	1,916,813	2,079,510	2,145,565	2,219,354
Charity Care	138,224	72,896	69,644	75,562	79,881	83,835
Net Patient Services Revenue	22,602,458	20,969,080	17,845,308	19,361,815	20,523,044	21,572,412
Other Operating Revenues (Specify)	131,590	45,402	14,591	14,591	14,591	14,591
Net Operating Revenue	22,734,048	21,014,482	17,859,899	19,376,406	20,537,635	21,587,002
2. Expenses						
Salaries, Wages, and Professional Fees, (including fringe	16,945,441	13,803,069	11,107,858	11,645,545	12,081,779	12,510,596

benefits)						
Contractual Services (please specify)	93,388	145,571	283,866	289,544	295,334	301,241
Interest on Current Debt						
Interest on Project Debt						
Current Depreciation	257,614	242,153	242,605	242,605	242,605	242,605
Project Depreciation						
Current Amortization	8,976	8,976	8,481	8,481	8,481	8,481
Project Amortization						
Supplies	520,267	381,866	421,369	466,182	504,121	540,476
Other Expenses - Medical Supplies, Gen & Admin, Purchased Services, Building and Maint., IT & Corporate Allocation	3,432,287	5,730,643	5,875,720	6,010,599	6,360,533	6,723,433
Total Operating Expenses	**21,257,973**	**20,312,277**	**17,939,899**	**18,662,954**	**19,492,852**	**20,326,832**
3. Income						
Income from Operation	1,476,075	702,205	(80,000)	713,451	1,044,783	1,260,171
Non-Operating Income	276,157	270,474	71,224	71,224	71,224	71,224
Subtotal	1,752,232	972,679	(8,776)	784,676	1,116,007	1,331,395
Income						

Taxes						
Net Income (Loss)	1,752,232	972,679	(8,776)	784,676	1,116,007	1,331,395
Table 3 Cont.	**Two Most Actual Ended Recent Years**		**Current Year Projected**	**Projected Years (ending with first full year at full utilization)**		
CY or FY (Circle)	2020___	2021___	2022___	2023___	20_24__	2025___
4A. - Payor Mix as Percent of Total Revenue						
Medicare	83%	80%	60%	60%	60%	60%
Medicaid	2%	4%	3%	3%	3%	3%
Blue Cross	7%	9%	8%	8%	8%	8%
Commercial Insurance	7%	6%	28%	27%	27%	27%
Self-Pay	0%	0%	0%	0%	0%	0%
Other (Specify)	0%	0%	0%	0%	0%	0%
TOTAL REVENUE	100%	100%	100%	100%	100%	100%
4B. Payor Mix as Percent of Total Visits						
Medicare	82%	79%	60%	60%	60%	60%
Medicaid	3%	3%	3%	3%	3%	3%
Blue Cross	7%	10%	8%	8%	8%	8%
Other Commercial Insurance	7%	7%	28%	27%	27%	27%
Self-Pay	0%	0%	0%	0%	0%	0%
Other (Specify)	0%	0%	0%	0%	0%	0%
TOTAL VISITS	100%	100%	100%	100%	100%	100%

NOTE: ALL EXISTING FACILITY APPLICANTS MUST SUBMIT AUDITED FINANCIAL STATEMENTS.

TABLE 4: REVENUES AND EXPENSES – PROJECTED HOME HEALTH AGENCY SERVICES FOR PROPOSED PROJECT

Instructions: Complete Table 4 for the proposed project, showing projected revenues and expenses *for only the jurisdiction(s) which is the subject of the application*.

Projections should be presented in current dollars. Medicaid revenues for all years should be calculated on the basis of Medicaid rates and ceilings in effect at the time of submission of this application.

Specify sources of non-operating income. State the assumptions used in projecting all revenues and expenses. Please indicate on the Table if the reporting period is Calendar Year (CY) or Fiscal Year (FY).

	Projected Years (ending with first full year at full utilization)			
CY or FY (Circle)	2023__	2024___	2025__	20___
1. Revenue				
Gross Patient Service Revenue	258,098	532,150	658,777	
Allowance for Bad Debt	863	1,779	2,203	
Contractual Allowance	24,686	49,645	60,557	
Charity Care	903	1,863	2,306	
Net Patient Services Revenue	231,645	478,863	593,712	
Other Operating Revenues (Specify)	-	-	-	
Net Operating Revenue	231,645	478,863	593,712	
2. Expenses				
Salaries, Wages, and Professional Fees, (including fringe benefits)	176,484	268,646	343,069	
Contractual Services	-	-	-	
Interest on Current Debt	-	-	-	
Interest on Project Debt	-	-	-	
Current Depreciation	-	-	-	
Project Depreciation	-	-	-	
Current Amortization				

Project Amortization	-	-	-	
Supplies	5,465	11,754	14,865	
Other Expenses (medical supplies, mileage)	8,424	17,762	22,463	
Total Operating Expenses	190,378	298,167	380,402	
3. Income				
Income from Operation	41,267	180,695	213,310	
Non-Operating Income	-	-	-	
Subtotal	41,267	180,695	213,310	
Income Taxes		-	-	
Net Income (Loss)	41,267	180,695	213,310	

Table 4 Cont.	**Projected Years (ending with first full year at full utilization)**			
CY or FY (Circle)	2023_	2024_	2025__	20___
4A. - Payor Mix as Percent of Total Revenue				
Medicare	60%	60%	60%	
Medicaid	3%	3%	3%	
Blue Cross	8%	8%	8%	
Other Commercial Insurance	28%	28%	28%	
Other (Specify)	0%	0%	0%	
TOTAL	100%	100%	100%	
Medicare	60.0%	60.0%	60.0%	
Medicaid	3 %	3 %	3 %	
Blue Cross	8%	8%	8%	
Other Commercial Insurance	28%	28%	28%	
Self-Pay	0%	0%	0%	
Other (Specify)	0%	0%	0%	
TOTAL	100%	100%	100%	

TABLE 5. STAFFING INFORMATION

Instructions: List by service the staffing changes (specifying additions and/or deletions and distinguishing between employee and contractual services) required by this project. FTE data shall be calculated as 2,080 paid hours per year. Indicate the factor to be used in converting paid hours to worked hours. **NOTE: PROVIDE A TABLE 5 FOR EACH PROJECTED YEAR.**

Position Title	Current No. of FTEs		Change in FTEs (+/-)		Average Salary		TOTAL SALARY EXPENSE	
	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff
Administrative Personnel	28.59		0.20		$ 43.57		$ 2,591,333	
Registered Nurse	23.13		0.36		$ 45.93		$ 2,244,267	
Licensed Practical Nurse	6.47		0		$ 31.54		$ 424,394	
Physical Therapist	32.06		0.39		$ 46.53		$ 3,140,060	
Occupational Therapist	8.63		0.10		$ 46.44		$ 833,276	
Speech Therapist	2.36		0.03		$ 47.17		$ 231,885	
Home Health Aide	3.10		0.04		$ 20.15		$ 129,707	
Medical Social Worker	1.44		0.02		$ 36.64		$ 109,699	
Other (Please specify.)								
						Salaries & Wages, without Benefits	$9,704,621	
						Benefits	$ 1,940,924	
						TOTAL Salaries & Wages and Benefits	$ 11,645,545	

* Indicate method of calculating benefits cost

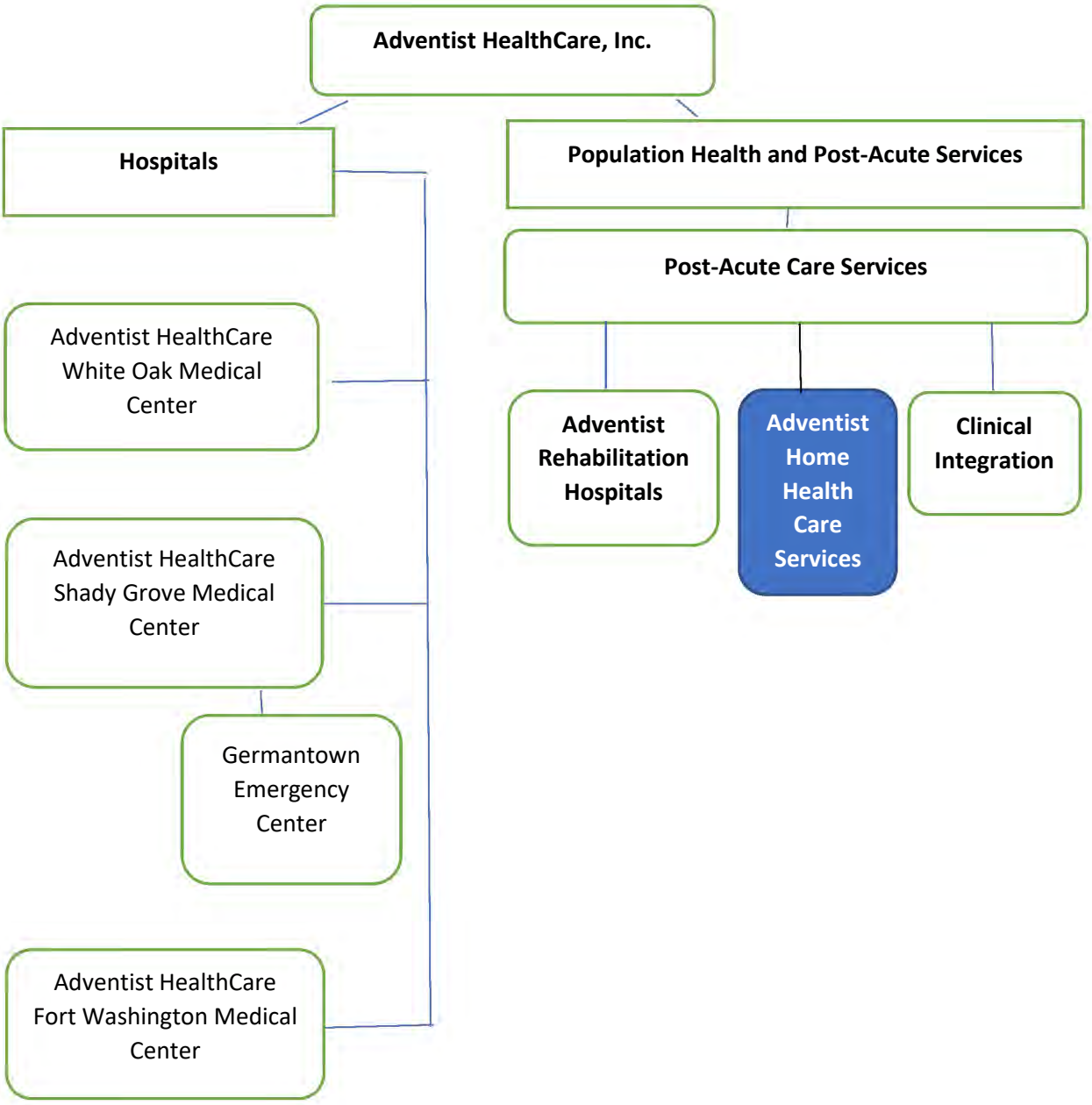
Benefits are 20% of S&W, this is consistent with historical trends
Benefits include FICA, unemployment insurance, health insurance - medical, dental & vision, workers compensation, retirement, disability insurance and etc.

Adventist Home Health Care Services
Carroll County CON Application
List of Exhibits

1. Organization Charts
2. AHHS Finance Policy Charity Care Assessment and Medicaid Determination Policy #3.1040
3. Confirmation of Charity Care posting Washington Post
4. Confirmation of Charity Care posting Baltimore Sun
5. Part IV Tables
6. Letters of Support
7. Adventist HealthCare Financial Audit 2019 and 2020
8. AHHS Assessment Planning and Coordination: Discharge Planning Policy #5.1210
9. List of AHHS Patient Charges
10. Affirmations

EXHIBIT 1

Adventist HealthCare Corporate Organization Chart
Adventist Home Health Services Organization Chart


Adventist HealthCare, Inc.
Hospitals
Population Health and Post-Acute Services
Post-Acute Care Services
Adventist HealthCare White Oak Medical Center
Adventist HealthCare Shady Grove Medical Center
Germantown Emergency Center
Adventist HealthCare Fort Washington Medical Center
Adventist Rehabilitation Hospitals
Adventist Home Health Care Services
Clinical Integration

Adventist HealthCare

Home Care Services
Home Health and Home Assistance
January 2022

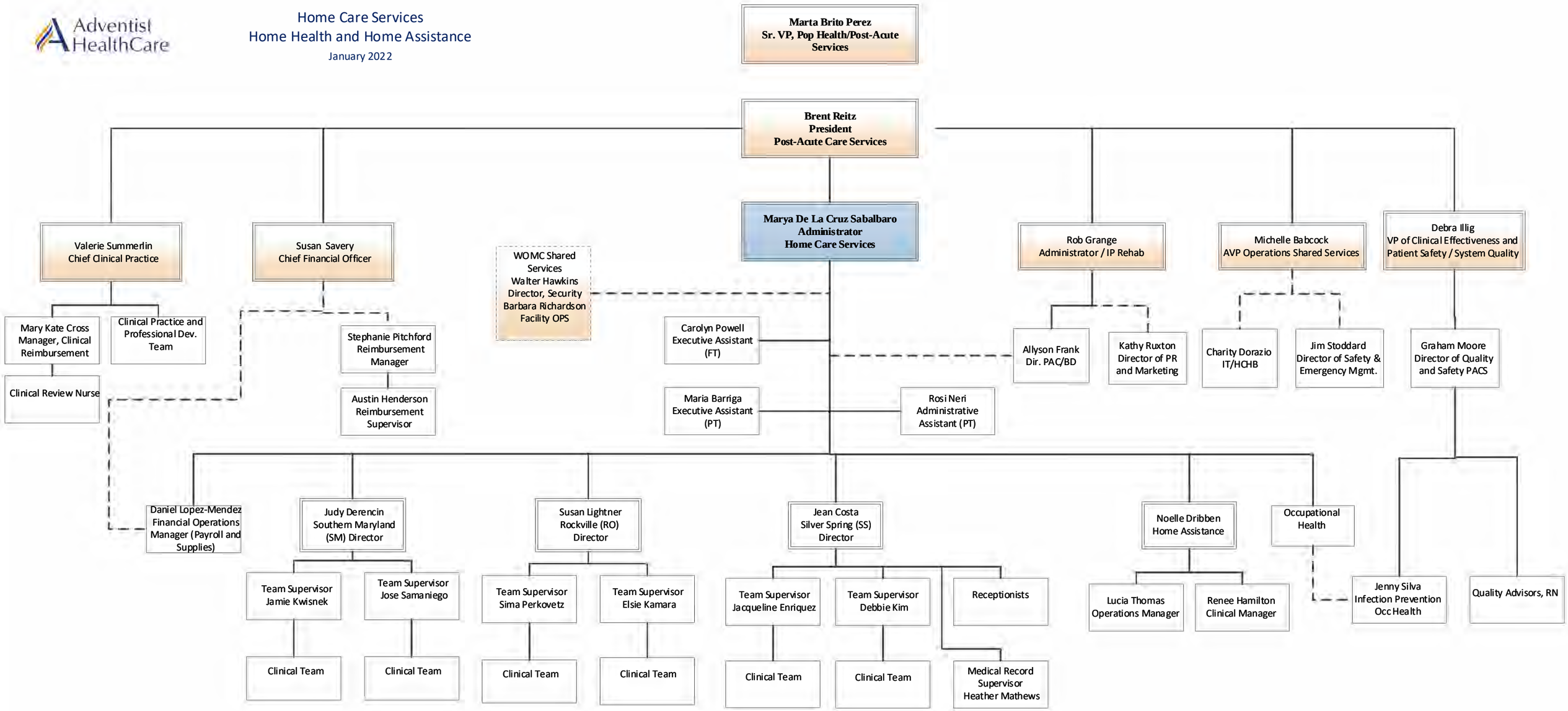


EXHIBIT 2

AHHS Finance Policy Charity Care Assessment and Medicaid Determination Policy #3.1040

Adventist HealthCare
Home Care Services

PUBLIC DISCLOSURE OF FINANCIAL ASSISTANCE

Adventist Home Health, Inc. ("AHH") will make available to all patients home health care regardless of race, creed, gender, age, sexual orientation, national origin, or financial statuses that are uninsured, underinsured, or have experienced a catastrophic event and lack adequate resources to pay for services. If there is no medical insurance for reimbursement, the patient (or the patient's guarantor, if any) is responsible for payments. However, if the patient or guarantor does not have the ability to pay AHH for services, they may apply for charity care, a sliding fee scale, or attain a time payment plan. Probable eligibility will be decided within two business days of the initial request for these services or an application for Medical Assistance ("Medicaid") or both.

(Full Financial Assistance Policy Continues Below)

Adventist HealthCare
Home Care Services

ADVENTIST HOME HEALTH
FINANCE POLICY

Effective Date: 2/92 | Policy No: 3.1040
Comments: | Section:
Reviewed:9/20, 9/21, 12/21 | Approval:
Revised: 2/00, 5/01, 2/02, 9/02, 10/02, 5/04, 5/06, 6/10, 8/10, 6/11, 6/15, 4/17, 6/17, 3/18, 3/22

CHARITY CARE ASSESSMENT AND MEDICAID DETERMINATION POLICY

PURPOSE

To provide a systematic and equitable mechanism and to define guidelines for accepting charity patients who do not have medical insurance or the ability to pay.

POLICY

Adventist Home Health, Inc. ("AHH") will make available to all patients home health care regardless of race, creed, gender, age, sexual orientation, national origin, or financial status who are uninsured, underinsured, or have experienced a catastrophic event and lack adequate resources to pay for services. If there is no medical insurance for reimbursement, the patient (or the patient's guarantor) is responsible for payment. However, cases arise whereby the patient or guarantor does not have the ability to pay AHH for services rendered and may apply for charity care, a sliding fee scale or time payments.

Printed public notification regarding the AHH charity care and sliding fee scale policies will be made annually in newspapers in AHH service areas. The notification will also be posted in the AHH business offices and website.

Within two business days following a client's initial request for charity care services, application for medical assistance, or both, AHH shall make a determination of probable eligibility for medical assistance, charity care, and reduced fees, and communicate this probable eligibility determination to the client.

Patients who are not eligible for insurance, Medicaid, or Charity are expected to pay for AHH services. Current AHH practice is that patients owing any financial balance to AHHS are sent an invoice over three months informing them of the balance. They receive a call after the second letter. They are provided the option on their billing statement to pay their balance by credit card or by monthly payments. AHH provides patients with a time payment plan in which they pay a minimum payment of as little as $10.00 monthly and allow up to 18 months to pay off the balance.

AHH will supply the patient and the patient's family with the AHH charity care policy and review the arrangements for payment and/or the provision of charity care for services at the initial meeting with the patient.

Probable Eligibility Determination Process

1. Either from the referral source or during the first meeting with the patient or the patient's family (whichever comes first), AHH will discuss the family size, insurance status, and income of the patient, which will be used to make a determination of probable eligibility for medical assistance, charity care and/or reduced fees within two business days.
    a. If the patient has applied for medical assistance, AHH will consider the patient to be

insured by medical assistance, unless a denial is issued.

b. If the patient (1) does not have insurance, (2) is not eligible for medical assistance, and (3) does not have the resources to pay based on the information obtained from the referral source or patient, the patient will be deemed to have probable eligibility for charity care and/or reduced fees.

2. Within two business days following a client's initial request for charity care services, application for medical assistance, or both, AHH shall make a determination of probable eligibility for medical assistance, charity care, and reduced fees, and communicate this probable eligibility determination to the client within that timeframe.

Final Eligibility Determination Process

1. The patient's charity eligibility must be determined by AHH, not by the patient or referral source. A patient's signed declaration of his inability to pay his medical bills cannot be considered final proof of indigence.

2. If the patient already filed for Community Medicaid while in an AHC hospital and has completed the charity care process, AHH will accept the patient as Medicaid pending. The Reimbursement Department will track the patient's progress in obtaining Medicaid. No AHH charity form will be required.

3. AHH will take into account a patient's total resources which can include, but are not limited to, an analysis of disposable income and current expenses.

4. AHH must determine that no source other than the patient would be legally responsible for the patient's medical bill (guarantor).

5. Charity Care will be provided according to the Federal Poverty Guidelines as described in this policy (see Addendum 1).

6. If a patient does not qualify for Charity Care under the Federal Poverty Guidelines, but has extraordinary expenses, such as high medical bills, Charity Care may be approved. Director of Finance must approve Charity Care in these cases.

7. If the patient qualifies for Medicaid, but has not completed all documentation, the patient will be deemed provisionally eligible for charity and the Social Worker will track and follow up with the patient. The progress of the Medicaid application will be communicated to the Reimbursement Department.

8. If the patient is deemed not eligible for Medicaid or charity care because their household income exceeds the charity care threshold, they may be eligible for a sliding scale fee or a time payment schedule. (See Sliding Fees Schedule, Addendum 1)

Adventist HealthCare
Home Care Services

CHARITY FINANCIAL HARDSHIP APPLICATION

I have requested Charity Care for services I will receive or have received from Adventist Home Health. I understand that if I do not fill this form out truthfully, this request will automatically be denied. If my request for Charity Care is approved based on incorrect information, I will be responsible for paying for all services provided by Adventist Home Health.

Please describe why charity services should be granted. (to be completed by Medical Social Worker)

_____

_____

_____

_____

Patient Name: _____ DOB: _____

Spouse Name: _____ DOB: _____

MONTHLY INCOME

Monthly Household Income:	Gross $ _____	Net $ _____
Other Monthly Income:	Gross $ _____	Net $ _____
Total Monthly Income:	Gross $ _____	Net $ _____

MONTHLY EXPENSES

Rent/Mortgage:	_____	Cable:	_____
Other Medical Expenses:	_____	Furniture/Appliance Payment:	_____
Medical Insurance:	_____	Clothing Expenses:	_____
Life Insurance:	_____	Educational Expenses:	_____
Car Payment:	_____	Charitable Donations (church, etc):	_____
Car Insurance:	_____	Subscriptions/Magazines:	_____
Groceries:	_____	Other Expenses:	_____
Utilities:	_____	Telephone:	_____
Other Assets:			

Credit Card 1 Name _____ Balance _____ Number _____

Credit Card 2 Name _____ Balance _____ Number _____

Credit Card 3 Name _____ Balance _____ Number _____

(Please use the back of this form if you need additional space to list other expenses)

Total Monthly Expenses: $

Please attach W2s, tax returns, and returns, recent pay stubs, and/or bank statements, etc.
If you have additional information that may be helpful in our decision, please attach to this form.

Recommendation: _____

_____

MSW Signature: _____ **Date:** _____

Adventist HealthCare
Home Care Services

CHARITY CARE AGREEMENT

Patient Name _____ Discharge Date _____

Adventist Home Health, Inc. ("AHH") will make available to all patients home health care regardless of race, creed, gender, age, sexual orientation, national origin, or financial statuses that are uninsured, underinsured, or have experienced a catastrophic event and lack adequate resources to pay for services. If there is no medical insurance for reimbursement, the patient (or the patient's guarantor, if any) is responsible for payments. However, if the patient or guarantor does not have the ability to pay AHH for services, they may apply for charity care, a sliding fee scale, or attain a time payment plan. Probable eligibility will be decided within two business days of the initial request for these services or an application for Medical Assistance ("Medicaid") or both.

Our short-term goal is to provide services to educate you about your health care needs and how best for you to manage those needs in a home setting. If you are unable to manage your treatment plan alone, you will be required to authorize someone to do this on your behalf.

Patient Acknowledgement:

I understand and agree that in order for AHH to provide home health services, I am responsible for:

1. Learning to manage my care independently or authorizing someone to learn on my behalf.

2. Providing accurate financial information (on an on-going basis) to assist in determining my eligibility for community resources and Charity Care. **Should my financial information prove inaccurate, my care will be billed retroactive for all services provided and for future care.**

3. Completing initial application processes for available community resources.

4. Continuing to follow up with community resources in a timely manner.

5. Agreeing to release information on Medicaid application to AHH.

6. Charity Care will not cover third party liability cases. If litigation is involved, I will be billed retroactive for the services that were provided for free and will be billed for all future services.

I accept responsibility for compliance with the above stated requirements and acknowledge that failure to comply could result in discharge from AHH. If I do not comply and AHH continues to support my care, this in no way affects the right of AHH to discharge me in the event of a subsequent failure on my part to comply with the terms of this agreement.

Date of Authorization	Signature of Patient
Witness/Relationship	Legal Representative if patient is unable to sign/Relationship to Patient
If patient signs by making an "X"	Witness/Relationship

Adventist HealthCare
Home Care Services

Addendum 1
2021 Poverty Guidelines / Sliding Scale Table

Family Size	2021 Annual Income Limits	Income Guideline	Annual Income	AHC Responsibility	Patient Responsibility
1	$ 12,880.00	100%	$ 12,880.00	100%	0%
2	$ 17,420.00	100%	$ 17,420.00	100%	0%
3	$ 21,960.00	100%	$ 21,960.00	100%	0%
4	$ 26,500.00	100%	$ 26,500.00	100%	0%
5	$ 31,040.00	100%	$ 31,040.00	100%	0%
6	$ 35,580.00	100%	$ 35,580.00	100%	0%
7	$ 40,120.00	100%	$ 40,120.00	100%	0%
8	$ 44,660.00	100%	$ 44,660.00	100%	0%
Family Size	**2021 Annual Income Limits**	**Income Guideline**	**Annual Income**	**AHC Responsibility**	**Patient Responsibility**
1	$ 12,880.00	200%	$ 25,760.00	100%	0%
2	$ 17,420.00	200%	$ 34,840.00	100%	0%
3	$ 21,960.00	200%	$ 43,920.00	100%	0%
4	$ 26,500.00	200%	$ 53,000.00	100%	0%
5	$ 31,040.00	200%	$ 62,080.00	100%	0%
6	$ 35,580.00	200%	$ 71,160.00	100%	0%
7	$ 40,120.00	200%	$ 80,240.00	100%	0%
8	$ 44,660.00	200%	$ 89,320.00	100%	0%
Family Size	**2021 Annual Income Limits**	**Income Guideline**	**Annual Income**	**AHC Responsibility**	**Patient Responsibility**
1	$ 12,880.00	225%	$ 28,980.00	80%	20%
2	$ 17,420.00	225%	$ 39,195.00	80%	20%
3	$ 21,960.00	225%	$ 49,410.00	80%	20%
4	$ 26,500.00	225%	$ 59,625.00	80%	20%
5	$ 31,040.00	225%	$ 69,840.00	80%	20%
6	$ 35,580.00	225%	$ 80,055.00	80%	20%
7	$ 40,120.00	225%	$ 90,270.00	80%	20%
8	$ 44,660.00	225%	$ 100,485.00	80%	20%
Family Size	**2021 Annual Income Limits**	**Income Guideline**	**Annual Income**	**AHC Responsibility**	**Patient Responsibility**
1	$ 12,880.00	250%	$ 32,200.00	60%	40%
2	$ 17,420.00	250%	$ 43,550.00	60%	40%
3	$ 21,960.00	250%	$ 54,900.00	60%	40%
4	$ 26,500.00	250%	$ 66,250.00	60%	40%
5	$ 31,040.00	250%	$ 77,600.00	60%	40%
6	$ 35,580.00	250%	$ 88,950.00	60%	40%
7	$ 40,120.00	250%	$ 100,300.00	60%	40%
8	$ 44,660.00	250%	$ 111,650.00	60%	40%

Adventist HealthCare
Home Care Services

Addendum 1 – Continued

2021 Poverty Guidelines / Sliding Scale Table

Family Size	2021 Annual Income Limits	Income Guideline	Annual Income	AHC Responsibility	Patient Responsibility
1	$ 12,880.00	275%	$ 35,420.00	40%	60%
2	$ 17,420.00	275%	$ 47,905.00	40%	60%
3	$ 21,960.00	275%	$ 60,390.00	40%	60%
4	$ 26,500.00	275%	$ 72,875.00	40%	60%
5	$ 31,040.00	275%	$ 85,360.00	40%	60%
6	$ 35,580.00	275%	$ 97,845.00	40%	60%
7	$ 40,120.00	275%	$ 110,330.00	40%	60%
8	$ 44,660.00	275%	$ 122,815.00	40%	60%
Family Size	**2021 Annual Income Limits**	**Income Guideline**	**Annual Income**	**AHC Responsibility**	**Patient Responsibility**
1	$ 12,880.00	300%	$ 38,640.00	20%	80%
2	$ 17,420.00	300%	$ 52,260.00	20%	80%
3	$ 21,960.00	300%	$ 65,880.00	20%	80%
4	$ 26,500.00	300%	$ 79,500.00	20%	80%
5	$ 31,040.00	300%	$ 93,120.00	20%	80%
6	$ 35,580.00	300%	$ 106,740.00	20%	80%
7	$ 40,120.00	300%	$ 120,360.00	20%	80%
8	$ 44,660.00	300%	$ 133,980.00	20%	80%
Family Size	**2021 Annual Income Limits**	**Income Guideline**	**Annual Income**	**AHC Responsibility**	**Patient Responsibility**
1	$ 12,880.00	325%	$ 41,860.00	0%	100%
2	$ 17,420.00	325%	$ 56,615.00	0%	100%
3	$ 21,960.00	325%	$ 71,370.00	0%	100%
4	$ 26,500.00	325%	$ 86,125.00	0%	100%
5	$ 31,040.00	325%	$ 100,880.00	0%	100%
6	$ 35,580.00	325%	$ 115,635.00	0%	100%
7	$ 40,120.00	325%	$ 130,390.00	0%	100%
8	$ 44,660.00	325%	$ 145,145.00	0%	100%

Source:2021 Poverty Guidelines |ASPE (hhs.gov)

Adventist HealthCare
Home Care Services

Addendum 2
2021 Per Visit Fee Schedule

Discipline	Per Visit Fee
Skilled Nursing	$ 200
Physical Therapy	$ 220
Occupational Therapy	$ 220
Speech Therapy	$ 220
Medical Social Worker	$ 360
Home Health Aide	$ 100

EXHIBIT 3

Confirmation of Charity Care posting Washington Post

Ad # 12371966 Name ADVENTIST HEALTHCARE ROCKVILLE ATTN: COS Size 59 Lines T0001
Class 820 PO# Authorized by Account 1010062971

PROOF OF PUBLICATION

District of Columbia, ss., Personally appeared before me, a Notary Public in and for the said District, Bonnie Majdak well known to me to be ACCOUNTING SPECIALIST of The Washington Post, a daily newspaper published in the City of Washington, District of Columbia, and making oath in due form of law that an advertisement containing the language annexed hereto was published in said newspaper on the dates mentioned in the certificate herein.

I Hereby Certify that the attached advertisement was published in The Washington Post, a daily newspaper, upon the following date(s) at a cost of $730.92 and was circulated in the Washington metropolitan area.

Published 1 time(s). Date(s):21 of January 2022

Account 1010062971

Bonnie Majdak

Witness my hand and official seal this 21st day of January 2022

My commission expires 11/30/26

NICOLE MORTON-MCCLELLAN NOTARY PUBLIC DISTRICT OF COLUMBIA EXP. 11/30/2026

PUBLIC NOTICE Adventist HealthCare, Inc., and its entities provide access to all persons requiring
care regardless of their ability to pay. Patients unable to pay for any portion of their bill may qualify for financial assistance even if they are employed and/or insured. An application for financial assistance can be completed by any patient. The amount of assistance will be based on current Federal Income Poverty Guidelines. Applications are available throughout the Hospital or by
calling (301) 315-3660. Further, no persons shall, on the grounds of race, color, religion, age, sex, national origin, ancestry, sexual orientation, or disability be excluded from participation in,
be denied benefits of, or otherwise be subjected to discrimination in the provision of any care, service or employment. NOTIFICACION PUBLICA Adventist HealthCare, Inc., y sus entidades proporcionan accesso todas las personas que necesiten atencion sin importar su capacidad de pago. Los pacientes que no pueden pagar cualquier porcion de su factura podrian callficar para recibir asistencia financiera incluso si esta empleados y/o cuentan con seguro. Cualquier paciente puede presentar una solicitude de asistencia financiara. El monto de asistencia se basara en las pautas federales de probeza sigun el ingreso. Las solicitudes estan a disposicion del publico por todo el
hospital o al llamar al (301) 315-3660. Adicionalmente, ninguna persona sera excluida de participar, o rechazada recibir beneficios, ni de otro manera se vera sujeta a discriminacion para
de prestacion de cualquier atencion, servicio or empledo sobre la base de su raza, color, religion,
edad sexo, origen nacional, ascendencia, orientacion sexual o discapacidad.

EXHIBIT 4

Confirmation of Charity Care posting Baltimore Sun

THE BALTIMORE SUN MEDIA GROUP

300 E. Cromwell Street
Baltimore, Maryland 21230
tel: 410/332-6000
800/829-8000

WE HEREBY CERTIFY, that the annexed advertisement of Order No 7132888

Sold To:
Adventist HealthCare - CU00602604
820 W Diamond Ave, Ste 600
Gaithersburg,MD 20878-1469

Bill To:
Adventist HealthCare - CU00602604
820 W Diamond Ave, Ste 600
Gaithersburg,MD 20878-1469

Was published in "The Baltimore Sun", "Daily", a newspaper printed and published in Baltimore City on the following dates:

Jan 24, 2022

The Baltimore Sun Media Group

By _____

THE BALTIMORE SUN MEDIA GROUP
300 E. Cromwell Street
Baltimore, Maryland 21230
tel: 410/332-6000
800/829-8000

PUBLIC NOTICE

Adventist Home Health Services, Inc., will make available to all patients (or their guarantors) the highest quality of medical care possible within the resources available regardless of race, creed, gender, age, sexual orientation, national origin or financial status who are uninsured, underinsured, have experienced a catastrophic event and lack adequate resources to pay for services. If there is no medical insurance for reimbursement, the patient (or the patient's guarantor) is responsible for payment. However, if the patient or guarantor does not have the ability to pay AHH for services rendered they may apply for charity care, a sliding fee scale or time payments. Probable eligibility will be decided within two business days after receipt of the application. The amount of assistance will be based on current Federal Income Poverty Guidelines. Applications are available by calling 301-592-4400 ask for Finance Dept or on our website http://www.adventisthealthcare.com/locations/adventist-home-care/about/#.WQDyikUrLcs.

01/24/2022 7132888

300 E. Cromwell Street
Baltimore, Maryland 21230
tel: 410/332-6000
800/829-8000

EXHIBIT 5

Part IV Tables

Financial Assumptions used for Adventist Home Health Services Carroll CON Application

Table 2a	*AHH Projected Stats without Carroll County*				
		2022	2023	2024	2025
	Total Clients (Unduplicated Count)	8,236	8,829	9,250	9,681
	based on historical trends of 10.51-10.98 Billable Visits/Client				
	Total Billable Visits	88,498	94,865	99,394	104,024
	calculated based on annualized Net Rev/Visit of $201.81				
	Billable Visit per Discipline	2022	2023	2024	2025
	Skilled Nursing Visits	31,775	34,061	35,687	37,350
	Home Health Aide Visits	2,829	3,033	3,178	3,326
	Physical Therapy Visits	40,838	43,776	45,866	48,003
	Occupational Therapy Visits	9,798	10,503	11,004	11,517
	Medical Social Services Visits	576	617	647	677
	Speech Therapy Visits	2,682	2,875	3,012	3,153
	Total Visits	88,498	94,865	99,394	104,024
	based on 2021 Discipline % at AHH				

Table 2b	*Carroll County Projected Stats:*			
		2023	2024	2025
AHH	Total Clients (Unduplicated Count)	119	246	305
	based on demand analysis - 2.4%, 4.8% and 5.8% growth rates			
AHH	Total Billable Visits	1,148	2,373	2,942
	based on demand analysis - 1.5%, 3.1% and 3.8% growth rates			
AHH	Billable Visits/Client - calculated	9.65	9.65	9.65
	inline with historical trends of 10.51-10.98 Billable Visits/Client			
2021 Discip %	Billable Visit per Discipline	2023	2024	2025
36%	Skilled Nursing Visits	412	852	1,056
3%	Home Health Aide Visits	37	76	94
46%	Physical Therapy Visits	530	1,095	1,358
11%	Occupational Therapy Visits	127	263	326
1%	Medical Social Services Visits	7	15	19
3%	Speech Therapy Visits	35	72	89
	Total Visits	1,148	2,373	2,942
	based on 2021 Discipline % at AHH			

Table 3	*see CON for Explanation of reduced operating margin performance projected for 2022* current data from Feb22 YTD reflects inflationary trends 1st year of utilization of Carroll County = 2023
REV	Gross Revenue per Visit is expected to be constant and Visits are expected to increase by 7.2% in 2023, 4.8% in 2024 and 4.7% in 2025 Bad Debt estimated at ~0.33% of Gross Revenue in 2023-2025 Contractual Adjustments estimated at ~9.6% of Gross Revenue in 2023-2025 Charity estimated at 0.35% of Gross Revenue in 2023-2025, based on 2022 Budget Other Operating Revenue is flat in 2023-2025, based on annualization of Feb22 YTD
EXP	S&W and Benefits (see Table 5 assumptions below) Contract Labor estimated at ~2.5% of S&W, Benefits and Professional Fees in 2023 Depreciation and Amortization is flat in 2023-2025, based on annualization of Feb22 YTD Medical Supplies estimated to increase proportional to Revenue growth, based on Feb22 YTD Medical Supplies/Visit Other Expenses estimated to increase by 2.3% in 2023 and ~5.8% each in 2024-2025
Payor Mix	2022-2025: payor mix experience reflects actual Adventist Home Health experience based on Feb22 YTD across all services

Table 4	P&L for Carroll County driven by projected Stats current data from Feb22 YTD reflect inflationary trends
REV	Gross Revenue per Visit is expected to be constant and Visits are expected to increase by 107% in 2024 and 24% in 2025 Bad Debt estimated at ~0.33% of Gross Revenue in 2023-2025 Contractual Adjustments estimated at ~9.4% of Gross Revenue in 2023-2025 Charity estimated at 0.35% of Gross Revenue in 2023-2025, based on 2022 Budget No Other Operating Revenue has been projected in 2023-2025
EXP	S&W and Benefits (see Table 5 assumptions below) No Contract Labor has been projected in 2023-2025 No Depreciation and Amortization has been projected in 2023-2025 Medical Supplies are expected to increase portional to Revenue growth, based on Feb22 YTD Medical Supplies/Visit Other Expenses are expected to increase by 2% each in 2024 and 2025
Payor Mix	same payor mix as Table 3

Table 5	*AHH Staffing without Carroll County* Current # of FTEs - based on 2021 data (calculated based on clinical pts and assume 240 clinical days per FTE) and adjusted for staffing shortage in RNs and PTs Average Salary - based on 2021 data and adjusted by 5% due to compensation increases

Staffing for Carroll County
Change in FTEs - based on 2021 data (visit/FTE)
Average Salary - same as above

Benefits is 20% of S&W, this is consistent with historical trends
Benefits include FICA, unemployment insurance, health insurance - medical, dental & vision, workers compensation, retirement, disability insurance and etc.

TABLE 1. PROJECT BUDGET				TABLE 1. PROJECT BUDGET			
Instructions: All estimates for 1a- d; 2a- f; and 3 are for current costs as of the date of application submission and should include the costs for all intended construction and renovations to be undertaken. Inflation from date of submission of project completion should only be included on the Inflation line 1e. (DO NOT CHANGE THIS FORM OR ITS LINE ITEMS. IF ADDITIONAL DETAIL OR CLARIFICATION IS NEEDED, ATTACH ADDITIONAL SHEET.)				*Instructions: All estimates for 1a- d; 2a- f; and 3 are for current costs as of the date of application submission and should include the costs for all intended construction and renovations to be undertaken. Inflation from date of submission of project completion should only be included on the Inflation line 1e. (DO NOT CHANGE THIS FORM OR ITS LINE ITEMS. IF ADDITIONAL DETAIL OR CLARIFICATION IS NEEDED, ATTACH ADDITIONAL SHEET.)*			
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				*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*			
A.	**USE OF FUNDS**			**A.**	**USE OF FUNDS**		
	1.	**CAPITAL COSTS**			**1**	**CAPITAL COSTS**	
		a.	**New Construction**			**a.**	**New Construction**
		(1)	Building			-1	Building
		(2)	Fixed Equipment			-2	Fixed Equipment
		(3)	Site and Infrastructure			-3	Site and Infrastructure
		(4)	Architect/Engineering Fees			-4	Architect/Engineering Fees
		(5)	Permits (Building, Utilities, Etc.)			-5	Permits (Building, Utilities, Etc.)
			SUBTOTAL	**$0**			***SUBTOTAL***	**$0**
		b.	**Renovations**			**b.**	**Renovations**
		(1)	Building			-1	Building
		(2)	Fixed Equipment (not included in construction)			-2	Fixed Equipment (not included in construction)
		(3)	Architect/Engineering Fees			-3	Architect/Engineering Fees
		(4)	Permits (Building, Utilities, Etc.)			-4	Permits (Building, Utilities, Etc.)
			SUBTOTAL	**$0**			***SUBTOTAL***	**$0**
		c.	**Other Capital Costs**			**c.**	**Other Capital Costs**	
		(1)	Movable Equipment			-1	Movable Equipment	
		(2)	Contingency Allowance	**$11,870**		-2	Contingency Allowance	**$11,870**
		(3)	Gross interest during construction period			-3	Gross interest during construction period	
		(4)	Other *(Specify/add rows if needed)*			-4	Other *(Specify/add rows if needed)*	
			SUBTOTAL	***$11,870***			***SUBTOTAL***	***$11,870***
			TOTAL CURRENT CAPITAL COSTS	**$11,870**			***TOTAL CURRENT CAPITAL COSTS***	**$11,870**
		d.	***Land Purchase***			**d.**	***Land Purchase***	
		e.	**Inflation Allowance**			**e.**	**Inflation Allowance**	
			TOTAL CAPITAL COSTS	**$11,870**			***TOTAL CAPITAL COSTS***	**$11,870**
	2.	**Financing Cost and Other Cash Requirements**			**2**	**Financing Cost and Other Cash Requirements**	
		a.	Loan Placement Fees			a.	Loan Placement Fees	
		b.	Bond Discount			b.	Bond Discount	
		c	CON Application Assistance			c	CON Application Assistance	
			c1. Legal Fees	**$47,475**			*c1. Legal Fees*	**$47,475**
			c2. Other (Specify/add rows if needed)	**$35,000**			*c2. Other (Specify/add rows if needed)*	**$35,000**
		d.	Non-CON Consulting Fees			d.	Non-CON Consulting Fees	
			d1. Legal Fees				*d1. Legal Fees*	
			d2. Other (Specify/add rows if needed)				*d2. Other (Specify/add rows if needed)*	
		e.	Debt Service Reserve Fund			e.	Debt Service Reserve Fund	
		f	Other *(Specify/add rows if needed)*			f	Other *(Specify/add rows if needed)*	
			SUBTOTAL	***$82,475***			***SUBTOTAL***	***$82,475***
	3.	**Working Capital Startup Costs**			**3**	**Working Capital Startup Costs**		
			TOTAL USES OF FUNDS	***$94,345***			***TOTAL USES OF FUNDS***	***$94,345***
B.	**Sources of Funds**				**B.**	**Sources of Funds**	
	1.	**Cash**		**$94,345**		**1**	**Cash**	**$94,345**
	2.	**Philanthropy (to date and expected)**				**2**	**Philanthropy (to date and expected)**	
	3.	**Authorized Bonds**				**3**	**Authorized Bonds**	
	4.	**Interest Income from bond proceeds listed in #3**				**4**	**Interest Income from bond proceeds listed in #3**	
	5.	**Mortgage**				**5**	**Mortgage**	
	6.	**Working Capital Loans**				**6**	**Working Capital Loans**	
	7.	**Grants or Appropriations**				**7**	**Grants or Appropriations**	
		a.	**Federal**			**a.**	**Federal**	
		b.	**State**			**b.**	**State**	
		c.	**Local**			**c.**	**Local**	
	8.	**Other *(Specify/add rows if needed)***				**8**	**Other *(Specify/add rows if needed)***	
			TOTAL SOURCES OF FUNDS	***$94,345***			***TOTAL SOURCES OF FUNDS***	***$94,345***
				Hospital Building				***Hospital Building***
Annual Lease Costs (if applicable)					**Annual Lease Costs (if applicable)**			
	1.	**Land**				**1**	**Land**	
	2.	**Building**				**2**	**Building**	
	3.	**Major Movable Equipment**				**3**	**Major Movable Equipment**	
	4.	**Minor Movable Equipment**				**4**	**Minor Movable Equipment**	
	5.	**Other *(Specify/add rows if needed)***				**5**	**Other *(Specify/add rows if needed)***	
* 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.					* 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 2A	Two Most Current Actual Years		Projected Years - ending with first year at full Utilization				
CY or FY (circle)	2020	2021	2022	2023	2024	2025	
Client Visits							Total %
Billable	110,774	94,995	88,498	94,865	99,394	104,024	90%
Non-Billable	13,719	9,900	10,084	10,809	11,325	11,853	10%
TOTAL	124,493	104,895	98,582	105,674	110,719	115,877	
# of Clients and Visits by Discipline							
Total Clients (Unduplicated Count)	**10,092**	**9,036**	**8,236**	**8,829**	**9,250**	**9,681**	2021 Discip %
Skilled Nursing Visits	45,629	34,108	31,775	34,061	35,687	37,350	36%
Home Health Aide Visits	2,936	3,037	2,829	3,033	3,178	3,326	3%
Physical Therapy Visits	46,510	43,836	40,838	43,776	45,866	48,003	46%
Occupational Therapy Visits	11,921	10,517	9,798	10,503	11,004	11,517	11%
Medical Social Services Visits	906	618	576	617	647	677	1%
Speech Therapy Visits	2,872	2,879	2,682	2,875	3,012	3,153	3%
Total Billable Visits	**110,774**	**94,995**	**88,498**	**94,865**	**99,394**	**104,024**	
Billable Visits/Client	10.98	10.51	10.74	10.74	10.74	10.74	

Table 2B			
CY or FY (circle)	2023	2024	2025
Client Visits			
Billable	1,148	2,373	2,942
Non-Billable	131	270	335
TOTAL	1,279	2,643	3,277
# of Clients and Visits by Discipline			
Total Clients (Unduplicated Count)	119	246	305
Skilled Nursing Visits	412	852	1,056
Home Health Aide Visits	37	76	94
Physical Therapy Visits	530	1,095	1,358
Occupational Therapy Visits	127	263	326
Medical Social Services Visits	7	15	19
Speech Therapy	35	72	89

Table 3	Two Most Current Actual Years			Projected Years		
CY or FY (circle)	2020	2021	2022	2023	2024	2025
1. Revenue				1st year of utilization of Carroll County		
Gross Patient Service Revenue	26,174,740	23,324,607	19,898,302	21,589,077	22,823,023	23,952,740
Gross Rev/Visit						
Allowance for Bad Debt	158,342	76,035	66,537	72,191	74,534	77,140
Contractual Allowance	3,275,717	2,206,596	1,916,813	2,079,510	2,145,565	2,219,354
Charity Care	138,224	72,896	69,644	75,562	79,881	83,835
Net Patient Services Revenue	22,602,458	20,969,080	17,845,308	19,361,815	20,523,044	21,572,412
Other Operating Revenue Donations, Rental Income	131,590	45,402	14,591	14,591	14,591	14,591
Net Operating Revenue	**22,734,048**	**21,014,482**	**17,859,899**	**19,376,406**	**20,537,635**	**21,587,002**
Net Rev/Visit	$ 204.04	$ 220.74	$ 201.65	$ 201.66	$ 201.67	$ 201.68
Visit	110,774	94,995	88,498	96,012	101,766	106,966
2. Expenses						
Salaries, Wages and Professional Fees (including fringe benefits)	16,945,441	13,803,069	11,107,858	11,645,545	12,081,779	12,510,596
Contractual Services	93,388	145,571	283,866	289,544	295,334	301,241
Interest on Current Debt	-	-	-	-	-	-
Interest on Project Debt			-	-	-	-
Current Depreciation	257,614	242,153	242,605	242,605	242,605	242,605
Project Depreciation			-	-	-	-
Current Amortization	8,976	8,976	8,481	8,481	8,481	8,481
Project Amortization			-	-	-	-
Supplies	520,267	381,866	421,369	466,182	504,121	540,476
Med Supplies/Visit	$ 4.70	$ 4.02	$ 4.76	$ 4.86	$ 4.95	$ 5.05
Other Expenses - Medical Supplies, Gen & Admin, Purchased Services, Building and Maint., IT & Corporate Allocation	3,432,287	5,730,643	5,875,720	6,010,599	6,360,533	6,723,433
Other Expense/Visit	$ 30.98	$ 60.33	$ 66.39	$ 62.60	$ 62.50	$ 62.86
Total Operating Expenses	**21,257,973**	**20,312,277**	**17,939,899**	**18,662,954**	**19,492,852**	**20,326,832**
3. Income						
Income from Operation	1,476,075	702,205	(80,000)	713,451	1,044,783	1,260,171
Non-Operating Income	276,157	270,474	71,224	71,224	71,224	71,224
Subtotal	1,752,232	972,679	(8,776)	784,676	1,116,007	1,331,395
Income Taxes						
Net Income (Loss)	1,752,232	972,679	(8,776)	784,676	1,116,007	1,331,395
Op Margin %	6.5%	3.3%	-0.4%	3.7%	5.1%	5.8%
Net Margin %	7.7%	4.6%	0.0%	4.0%	5.4%	6.2%

Table 3 Cont.	**Years**		**Current Year Projected**	**Projected Years (ending with first full year at full utiliztion)**		
CY or FY (circle)	2020	2021	2022	2023	2024	
4A. - Payor Mix as Percent of Total Revenue						
Medicare	83%	80%	60%	60%	60%	60%
Medicaid	2%	4%	3%	3%	3%	3%
Blue Cross	7%	9%	8%	8%	8%	8%
Commerical Insurance	7%	6%	28%	27%	27%	27%
Self-Pay	0%	0%	0%	0%	0%	0%
Other (Specify)	0%	0%	0%	0%	0%	0%
TOTAL REVENUE	100%	100%	100%	100%	100%	100%
Visits						
Medicare	82%	79%	60%	60%	60%	60%
Medicaid	3%	3%	3%	3%	3%	3%
Blue Cross	7%	10%	8%	8%	8%	8%
Commerical Insurance	7%	7%	28%	27%	27%	27%
Self-Pay	0%	0%	0%	0%	0%	0%
Other (Specify)	0%	0%	0%	0%	0%	0%
TOTAL REVENUE	100%	100%	100%	100%	100%	100%

Table 4	Projected Years - ending with first year at full Utilization		
CY or FY (circle)	2023	2024	2025
1. Revenue			
Gross Patient Service Revenue	258,098	532,150	658,777
Allowance for Bad Debt	863	1,779	2,203
Contractual Allowance	24,686	49,645	60,557
Charity Care	903	1,863	2,306
Net Patient Services Revenue	231,645	478,863	593,712
Other Operating Revenue (Specify)	-	-	-
Net Operating Revenue	**231,645**	**478,863**	**593,712**
Net Revenue/Visit	$ 201.81	$ 201.81	$ 201.81
Visit	1,148	2,373	2,942
2. Expenses			
Salaries, Wages and Professional Fees (including fringe benefits)	176,484	268,646	343,069
Contractual Services	-	-	-
Interest on Current Debt	-	-	-
Interest on Project Debt	-	-	-
Current Depreciation	-	-	-
Project Depreciation	-	-	-
Current Amortization	-	-	-
Project Amortization	-	-	-
Supplies	5,465	11,754	14,865
Med Supplies/Visit	$ 4.76	$ 4.95	$ 5.05
Other Expenses Medical Supplies, Mileage	8,424	17,762	22,463
Other Expense/Visit	$ 7.34	$ 7.49	$ 7.64
Total Operating Expenses	**190,373**	**298,162**	**380,397**
3. Income			
Income from Operation	41,272	180,700	213,315
Non-Operating Income	-	-	-
Subtotal	41,272	180,700	213,315
Income Taxes	-	-	-
Net Income (Loss)	41,272	180,700	213,315
Op Margin %	17.8%	37.7%	35.9%
Net Margin %	17.8%	37.7%	35.9%

Table 3 Cont.	**Projected Years (ending with first full year at full utiliztion)**	
CY or FY (circle)	2023	2024
4A. - Payor Mix as Percent of Total Revenue		
Medicare	60%	60%	60%
Medicaid	3%	3%	3%
Blue Cross	8%	8%	8%
Commerical Insurance	28%	28%	28%

Self-Pay	0%	0%	0%
Other (Specify)	0%	0%	0%
TOTAL REVENUE	100%	100%	100%
4B. Payor Mix as Percent of Total Visits			
Medicare	60%	60%	60%
Medicaid	3%	3%	3%
Blue Cross	8%	8%	8%
Commerical Insurance	28%	28%	28%
Self-Pay	0%	0%	0%
Other (Specify)	0%	0%	0%
TOTAL REVENUE	100%	100%	100%

Table 5 Staffing Information

For 2023

Position Title	Current No. of FTEs		Change in FTEs (+/-)		Average Salary		Total Salary Expense	
	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff
Administrative Personnel	28.59		0.20		$ 43.57		$ 2,591,333	
Registered Nurse	23.13		0.36		$ 45.93		$ 2,244,267	
Licensed Practical Nurse	6.47		-		$ 31.54		$ 424,394	
Physical Therapist	32.06		0.39		$ 46.53		$ 3,140,060	
Occupational Therapist	8.63		0.10		$ 46.44		$ 833,276	
Speech Therapist	2.36		0.03		$ 47.17		$ 231,885	
Home Health Aide	3.10		0.04		$ 20.15		$ 129,707	
Medical Social Worker	1.44		0.02		$ 36.64		$ 109,699	
Physical Therapist Asst	-		-		$ -		$ -	
							$ 9,704,621	
						S&W without Benefits	$ 9,704,621	
						Benefits	$ 1,940,924	
						TOTAL	$ 11,645,545	

Benefits is 20% of S&W, this is consistent with historical trends
Benefits include FICA, unemployment insurance, health insurance - medical, dental & vision, workers compensation, retirement, disability insurance and etc

EXHIBIT 6

Letters of Support

SENATOR JUSTIN READY

DELEGATE SUSAN W. KREBS
DELEGATE APRIL ROSE
DELEGATE HAVEN SHOEMAKER

THE MARYLAND GENERAL ASSEMBLY
LEGISLATIVE DISTRICT 5
CARROLL COUNTY

April 22, 2022

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

Dear Mr. Steffen,

We write in support of Adventist Home Health's application for a Certificate of Need (CON) to serve patients in Carroll County.

Adventist Home Health would be a welcome addition to the home health providers serving Carroll County. Adventist Home Health would benefit our residents, especially our elderly population, by expanding access to quality essential services, including nursing care, physical therapy, occupational therapy, speech therapy, social work, dietary services, home health aides, and chaplaincy.

Recognized by CMS as 4.5-Star rated home care agency, Adventist Home Health has a reputation of providing exceptional care to patients across Maryland since 1973. We welcome the addition of Adventist Home Health to Carroll County.

We fully support approving Adventist Home Health's CON application.

Sincerely,

Senator Justin Ready

Delegate Susan Krebs

Delegate April Rose

Delegate Haven Shoemaker

Mrs. Marya De La Cruz Sabalbaro
12041 Bournefield Way
Suite B
Silver Spring, MD 20904

Dear Mrs. De La Cruz Sabalbaro,

I am writing in support of Adventist Home Care's request for a Certificate of Need (CON) to serve patients in Carroll County.

Adventist Home Care has a reputation of providing essential quality services to patients in seven Maryland counties, including neighboring Frederick and Montgomery County, since 1973. Adventist Health Care would help our aging population access such services as nursing care, physical therapy, occupational therapy, speech therapy, social work, dietician, home health aide and chaplaincy.

I am sure that CMS has recognized Adventist Home Care as a 4.5-Star rated home care agency. Adventist Home Care would be a welcome addition to the services offered to Carroll County residents.

I fully support the CON application of Adventist Home Care and look forward to working with them in the future.

Sincerely,

Chrissy Kanther

Chrissy Kanther, MS, MBA, CADDCT, CDP
Owner, Sun Valley Communities

110 Terrapin Drive
Sykesville, MD 21784
Phone: 410-795-6003 * Fax: 410-795-6009

EXHIBIT 7

Adventist HealthCare Financial Audit 2019 and 2020

bakertilly

Adventist HealthCare, Inc. and Controlled Entities

Consolidated Financial Statements
and Supplementary Information

December 31, 2019 and 2018

Independent Auditors' Report

To the Board of Trustees of
Adventist HealthCare, Inc. and Controlled Entities

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Adventist HealthCare, Inc. and Controlled Entities (collectively, the Corporation), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Adventist HealthCare, Inc. and Controlled Entities as of December 31, 2019 and 2018, and the results of their operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2 to the consolidated financial statements, in 2019, the Corporation adopted new accounting guidance related to the accounting for leases and the presentation of amounts generally described as restricted cash and restricted cash equivalents in the consolidated statement of cash flows. Our opinion is not modified with respect to these matters.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplemental pro forma information for the acquisition of Fort Washington Medical Center for the years ended December 31, 2019 and 2018 on page 21 be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basis consolidated financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating and combining information presented on pages 42 to 46 is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Wilkes-Barre, Pennsylvania
April 30, 2020

Adventist HealthCare, Inc. and Controlled Entities

Consolidated Balance Sheets
December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	$ 25,807,370	$ 41,673,365
Short-term investments	226,700,054	196,069,788
Assets whose use is limited	3,716,230	3,573,229
Patient accounts receivable	117,498,048	94,756,571
Other receivables	13,764,346	12,096,855
Inventories	12,418,380	8,611,875
Prepaid expenses and other current assets	8,074,200	8,337,954
Total current assets	407,978,628	365,119,637
Property and Equipment, Net	724,843,830	652,882,719
Financing Lease Right-of-Use Asset	2,965,826	-
Operating Lease Right-of-Use Asset	73,138,407	-
Assets Whose Use is Limited		
Under trust indentures and capital lease purchase financing facilities, held by trustees and banks	40,290,848	139,004,400
Professional liability trust fund	13,948,336	11,128,261
Deferred compensation fund	1,537,921	1,300,086
Cash and Cash Equivalents Restricted for Capital Acquisitions	922,325	1,512,793
Investments and Investments in Unconsolidated Subsidiaries	22,555,200	17,057,997
Land Held for Healthcare Development	48,091,039	45,404,765
Intangible Assets, Net	7,918,711	8,127,689
Deposits and Other Noncurrent Assets	3,677,673	4,592,743
Assets Held for Sale	15,939,824	-
Total assets	$ 1,363,808,568	$ 1,246,131,090

See notes to consolidated financial statements

Adventist HealthCare, Inc. and Controlled Entities

Consolidated Balance Sheets
December 31, 2019 and 2018

	2019	2018
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 110,337,646	$ 86,631,393
Accrued compensation and related items	45,674,609	37,155,567
Interest payable	9,916,230	9,775,665
Due to third party payors	19,589,154	19,981,019
Estimated self-insured professional liability	1,929,261	1,795,731
Current maturities of:		
Long-term obligations	14,070,657	9,151,220
Financing lease obligations	1,053,932	-
Operating lease obligations	13,242,576	-
Total current liabilities	215,814,065	164,490,595
Construction Payable	10,894,297	33,038,715
Long-Term Obligations, Net		
Bonds payable	536,331,645	546,699,908
Notes payable	30,888,657	21,295,957
Capital lease obligations	-	10,096,187
Financing Lease Obligations	1,747,777	-
Operating Lease Obligations	60,968,875	-
Derivative Financial Instrument	236,291	503,251
Other Liabilities	13,552,593	10,257,050
Estimated Self-Insured Professional Liability	16,138,921	14,929,354
Total liabilities	886,573,121	801,311,017
Net Assets		
Net assets without donor restrictions	471,275,984	439,571,362
Net assets with donor restrictions	5,959,463	5,248,711
Total net assets	477,235,447	444,820,073
Total liabilities and net assets	$ 1,363,808,568	$ 1,246,131,090

See notes to consolidated financial statements

Adventist HealthCare, Inc. and Controlled Entities

Consolidated Statements of Operations
Years Ended December 31, 2019 and 2018

	2019	2018
Revenues		
Net patient service revenue	$ 821,575,609	$ 779,303,420
Other revenues	40,928,213	41,246,589
Total revenues	862,503,822	820,550,009
Expenses		
Salaries and wages	384,439,065	366,176,376
Employee benefits	73,675,888	72,221,612
Contract labor	38,699,033	35,754,655
Medical supplies	107,737,246	104,580,658
General and administrative	127,423,342	122,362,912
Building and maintenance	44,000,964	41,344,766
Insurance	6,950,972	9,113,009
Interest	16,586,180	11,951,282
Depreciation and amortization	41,582,280	38,120,194
Loss on disposal of property and equipment	3,265,295	-
Total expenses	844,360,265	801,625,464
Income from operations	18,143,557	18,924,545
Other Income (Expense)		
Investment income	14,156,295	2,284,965
Other (loss) income	(1,510,714)	143,382
Inherent contribution on business combination	7,045,520	-
Total other income	19,691,101	2,428,347
Revenues in excess of expenses from continuing operations	37,834,658	21,352,892
Change in net unrealized gains and losses on investments in debt securities	8,144,221	(3,582,832)
Change in net unrealized gain on derivative financial instrument	700,697	700,697
Net assets released from restriction for purchase of property and equipment	1,777,624	2,656,339
Deferred compensation plan liability adjustment	(789,431)	1,609,635
Other net asset activity	(24,248)	(494,344)
Increase in net assets without donor restrictions from continuing operations	47,643,521	22,242,387
Loss from discontinued operations	(14,841,272)	-
Increase in net assets without donor restrictions	$ 32,802,249	$ 22,242,387

See notes to consolidated financial statements

Adventist HealthCare, Inc. and Controlled Entities

Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2019 and 2018

	2019	2018
Net Assets Without Donor Restrictions		
Revenues in excess of expenses from continuing operations	$ 37,834,658	$ 21,352,892
Change in net unrealized gains and losses on investments in debt securities	8,144,221	(3,582,832)
Change in net unrealized gain on derivative financial instrument	700,697	700,697
Net assets released from restriction for purchase of property and equipment	1,777,624	2,656,339
Deferred compensation plan liability adjustment	(789,431)	1,609,635
Other net asset activity	(24,248)	(494,344)
Increase in net assets without donor restrictions from continuing operations	47,643,521	22,242,387
Loss from discontinued operations	(14,841,272)	-
Increase in net assets without donor restrictions	32,802,249	22,242,387
Net Assets With Donor Restrictions		
Restricted gifts and donations	6,174,849	4,077,505
Net assets released from restriction for purchase of property and equipment	(1,777,624)	(2,656,339)
Net assets released from restriction used for operations	(3,516,369)	(3,519,841)
Change in value of beneficial interest in trusts and charitable gift annuity obligation	(204,626)	(69,836)
Change in discount of pledges receivable and provision for doubtful pledges	25,622	(508,987)
Donor restricted investment income	8,900	37,584
Increase (decrease) in net assets with donor restrictions	710,752	(2,639,914)
Increase in net assets	33,513,001	19,602,473
Net Assets, Beginning	444,820,073	425,217,600
Cumulative Effect of Change in Accounting Principle	(1,097,627)	-
Net Assets, Ending	$ 477,235,447	$ 444,820,073

See notes to consolidated financial statements

Adventist HealthCare, Inc. and Controlled Entities

Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018 (As Adjusted)
Cash Flows From Operating Activities		
Increase in net assets	$ 33,513,001	$ 19,602,473
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	41,582,280	38,120,194
Operating lease right-of-use asset amortization	12,458,746	-
Amortization of deferred financing costs	228,770	212,496
Deferred compensation plan liability adjustment	789,431	(1,609,635)
Restricted contributions and grants	(4,767,614)	(1,151,766)
Earnings recognized from unconsolidated subsidiaries and affiliates	(2,197,709)	(1,943,590)
Amortization of physician income guarantees	98,362	26,348
Inherent contribution on business combination, net of cash received	(8,338,485)	-
Cumulative effect of change in accounting principle	1,097,627	-
Loss on disposal of property and equipment	14,670,635	-
Net realized and unrealized gains and losses on investments	(7,381,743)	3,128,140
Change in net unrealized gains and losses on investments in debt securities	(8,144,221)	3,582,832
Change in net unrealized gain on derivative financial instrument	(700,697)	(700,697)
Change in value of beneficial interest in trusts and charitable gift obligation	204,626	69,836
Change in discount on pledges receivable and provision for doubtful pledges	(25,622)	508,987
Changes in assets and liabilities:		
Patient accounts receivable	(20,225,577)	(1,546,625)
Other receivables	(405,066)	3,947,778
Inventories, prepaid expenses and other current assets	(1,915,020)	113,996
Accounts payable and accrued expenses	17,732,171	(186,791)
Accrued compensation and related items	7,242,684	(104,879)
Interest payable	140,565	28,371
Estimated self-insured professional liability	1,343,097	2,462,540
Due to third party payors	(971,611)	2,162,617
Operating lease obligations	(15,961,759)	-
Other noncurrent assets and liabilities	474,929	397,341
Net cash provided by operating activities	60,541,800	67,119,966

See notes to consolidated financial statements

Adventist HealthCare, Inc. and Controlled Entities

Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018 (As Adjusted)
Cash Flows From Investing Activities		
Purchase of property and equipment	$ (157,328,472)	$ (159,276,923)
Increase in investments and investments in unconsolidated subsidiaries	(15,129,013)	(4,779,492)
Additions to land held for healthcare development	(2,686,274)	(2,309,960)
Proceeds from sale of land for healthcare development	-	4,565,265
Distributions from investments in unconsolidated subsidiaries	9,608,328	2,524,000
Purchase of investment in unconsolidated subsidiary	(3,781,111)	(1,182,000)
Cash received in the acquisition of Fort Washington	1,292,965	-
Decrease in trustee held funds and restricted cash	57,057,942	105,751,759
Net cash used in investing activities	(110,965,635)	(54,707,351)
Cash Flows From Financing Activities		
Payment of financing costs	(589,794)	-
Repayments on long-term obligations, net	(9,235,873)	(13,360,724)
Repayment of financing lease obligations	(1,088,539)	-
Proceeds from restricted contributions and grants	4,767,614	1,151,766
Net cash used in financing activities	(6,146,592)	(12,208,958)
Net (decrease) increase in cash, cash equivalents and restricted cash and cash equivalents	(56,570,427)	203,657
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	100,073,953	99,870,296
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 43,503,526	$ 100,073,953
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 18,918,874	$ 12,464,520
Supplemental Disclosure of Noncash Investing and Financing Activities		
Financing/capital lease obligation incurred for equipment	$ -	$ 3,203,212
Land contributed to investment in unconsolidated subsidiary	$ 8,627,000	$ 1,153,672
Construction payable for property and equipment	$ 10,894,297	$ 33,038,715
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 25,807,370	$ 41,673,365
Cash and cash equivalents restricted for capital acquisitions	922,325	1,512,793
Cash and cash equivalents included in the current portion of assets whose use is limited	3,716,230	3,573,229
Cash and cash equivalents included in the noncurrent portion of assets whose use is limited	13,057,601	53,314,566
Total cash, cash equivalents and restricted cash and cash equivalents	$ 43,503,526	$ 100,073,953

See notes to consolidated financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Adventist HealthCare, Inc. (AHC) is a nonstock membership corporation organized to effectuate coordinated administration of hospitals and other health care organizations through the provision of key management and administrative services. The mission of AHC is to extend God's care through the ministry of physical, mental and spiritual healing. AHC is tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC). AHC is not exempt from income taxes for unrelated business income. AHC's sole corporate member is Mid-Atlantic Adventist HealthCare, Inc. AHC is comprised of several operating divisions and controlled entities, as follows:

Shady Grove Medical Center (SGMC) is a 248-bed acute care hospital located in Rockville, Maryland. Effective August 1, 2018, Behavioral Health & Wellness Services (BH&WS) became a department of SGMC and as a result is reimbursed under SGMC's global budget revenue agreement. BH&WS is comprised of BH&WS - Rockville, a 117-bed psychiatric hospital.

White Oak Medical Center (WOMC) is a 191-bed acute care hospital located in Silver Spring, Maryland. On August 25, 2019, the newly constructed WOMC opened.

Rehabilitation (Rehab) operates one inpatient hospital with two sites in Maryland, as well as two outpatient locations. Rehab - Rockville is a 55-bed rehabilitation facility and Rehab - Takoma Park is a 42-bed rehabilitation facility. The Rehab – Takoma Park facility is scheduled to relocate to WOMC in late 2020.

Adventist HealthCare Imaging (Imaging) operates seven clinical sites and provides inpatient and outpatient imaging services at SGMC and WOMC.

Clinical Integration Services (CIS) is comprised of Adventist Medical Group (AMG). AMG is a not-for-profit entity that provides primary care and specialty care physician professional health services to the communities it serves. AHC contracted with Medical Faculty Associates, Inc. (MFA) to employ the AMG employees, through a wholly owned affiliate of MFA, in exchange for certain economic support to facilitate the growth by MFA of the AMG physician practices. In December 2017, however, AHC terminated its contract with MFA as it relates to the primary care, physiatry and endocrinology practices. The termination was effective July 2018, at which time AHC began operating the primary care, physiatry and endocrinology practices. The remaining specialty care practices will continue to be operated by MFA, with the respective operating results recorded in SGMC and WOMC. CIS also includes the administration needed to facilitate the coordination of patient care across conditions, providers and settings.

The Other Health Services operating division is comprised of two entities. Lifework Strategies (LWS) provides employee assistance and employee wellness programs to client employees. LWS's mission is to help individuals live healthier, happier and more productive lives. Capital Choice Pathology Lab (CCPL) provides full pathology production services to client hospitals.

The Support Center is comprised of the Corporate Office (CO) and the AHC benefit business unit. The CO provides corporate and centralized shared service functions that benefit the entire AHC system. The AHC benefit business unit administers the self- insurance health benefit program including health insurance, dental and vision coverage for AHC and controlled entities.

In October 2019, Adventist HealthCare Fort Washington Medical Center, Inc., a subsidiary of AHC, acquired Fort Washington Medical Center (FWMC) (Note 3). FWMC is a 27-bed acute care hospital located in Fort Washington, Maryland.

The Lourie Center for Infants and Young Children (Lourie Center) is a not-for-profit organization that specializes in the diagnosis, treatment and prevention of developmental and emotional disorders in children from birth through ten years of age.

Adventist Home Care Services, Inc. (AHCS) is a nonstock membership corporation organized to provide home health services in Maryland and includes Adventist Home Assistance (AHA). AHA provides non-clinical assistance to homebound patients who cannot perform certain daily activities on their own.

Adventist HealthCare Urgent Care Center, Inc. (Urgent Care) is comprised of three urgent care centers located in Germantown, Laurel and Rockville, Maryland. These centers provide ambulatory services to patients without life threatening conditions, as well as occupational health screenings to the community.

One Health Quality Alliance (OHQA) is a physician-led clinically integrated network designed to deliver value to payors, employers and consumers through the highest quality care at a lower cost. Through this alliance, participating physicians gain access to resources to support the transition to value-based care, while maintaining their independence. Through this collaboration, OHQA aims to improve the health of patient populations and communities, while enhancing the patient experience and reducing the costs of health care. The OHQA currently has over 450 physician members, most of whom are on the medical staff of AHC, including primary care, orthopedics and other community and hospital based specialists.

The Foundations operating division is comprised of Washington Adventist Hospital Foundation, Inc., d/b/a White Oak Medical Center Foundation Inc. and Shady Grove Medical Center Foundation, Inc. (collectively, the Foundations). Each are separate nonstock corporations that operate for the furtherance of each named hospital's health care objectives primarily through the solicitation of contributions, gifts and bequests. The Foundations also exist to help fund new equipment purchases and capital improvement projects for their respective hospitals.

All of the operating divisions and controlled entities mentioned above are tax-exempt under Section 501(c)(3) of the IRC.

Principles of Consolidation

The consolidated financial statements for 2019 and 2018 include the accounts of AHC, the controlling parent, SGMC, WOMC, Rehab, Imaging, CIS, LWS, CCPL, the Support Center, FWMC, the Lourie Center, AHCS, Urgent Care, OHQA, and the Foundations, which include their majority-owned subsidiaries and controlled affiliates (collectively, the Corporation). All significant intercompany balances and transactions have been eliminated in the consolidated financial statements of the Corporation.

Subsequent Events

The Corporation evaluated subsequent events for recognition or disclosure through April 30, 2020, the date the consolidated financial statements were issued.

During the first several months of 2020, the Coronavirus disease (COVID 19), an infectious disease caused by the SARS-CoV-2 virus, spread globally, resulting in a pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. The Corporation's evaluation of the effects of these events is ongoing as of the date the accompanying consolidated financial statements were issued. COVID-19 may impact various parts of the Corporation's 2020 operations and financial performance including, but not limited to, additional costs for emergency preparedness, disease control and containment, potential shortages of personnel, supply chain disruption, closure of certain facilities or service lines, or declines in revenue related to decreases in volumes of certain revenue streams. The extent of the impact is unknown and will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

Numerous government programs at the federal, state and local levels are currently being developed to provide relief funds to healthcare providers on the front lines of the COVID-19 pandemic. In April 2020, the Centers for Medicare & Medicaid Services (CMS) delivered relief funds to healthcare providers through the Accelerated and Advance Payment Program. The advance and accelerated payments range from three to six months-worth of a providers Medicare reimbursement and represent a loan that providers must pay back via offsets to future claims. The offsets begin 120 days after disbursement of the accelerated/advance payments and require full repayment within 365 days (210 days for certain providers). The payments are available to all Medicare Part A providers, including hospitals, and all Medicare Part B suppliers, including doctors, non-physician practitioners and durable medical equipment suppliers. In April 2020, the Corporation received advanced payments of approximately $141,100,000 under the Accelerated and Advance Payment Program.

In April 2020, the United States Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which also provides relief funds to healthcare providers on the front lines of the COVID-19 pandemic. This funding is to be used to support healthcare-related expenses or lost revenue attributable to COVID-19 and to ensure uninsured Americans can get testing and treatment for COVID-19. In April 2020, approximately 30 percent of the relief funds were distributed based on the healthcare providers share of total Medicare FFS reimbursements in 2019. All healthcare providers that received Medicare fee-for-service (FFS) reimbursements in 2019 are eligible for the relief funds. The Corporation is required to make certain certifications and has certain reporting requirements as a condition of receiving the funds. In addition, healthcare providers must agree not to seek collection of out-of-pocket payments from a COVID-19 patient that are greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network provider. In April 2020, the Corporation received approximately $20,191,000 of relief funds under the CARES Act.

The Corporation intends to take the necessary steps to maximize relief under all possible federal, state and local government programs.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Maryland Health Services Cost Review Commission

Certain hospital charges are subject to review and approval by the Maryland Health Services Cost Review Commission (HSCRC). The HSCRC has jurisdiction over hospital reimbursement in Maryland by agreement with the Centers for Medicare and Medicaid Services (CMS). This agreement is based on a waiver from the Medicare Prospective Payment System reimbursement principles granted under Section 1814(b) of the Social Security Act. Management has filed the required forms with the Commission and believes all entities that fall under the HSCRC's jurisdiction are in compliance with applicable requirements.

In January 2014, the Centers for Medicare and Medicaid Services approved a modernized waiver that grants Maryland (via the HSCRC) the authority to regulate hospital revenue within a rigorous per capita expenditure limit. Maryland's All Payer Model Agreement builds on decades of innovation and equity in healthcare payment and delivery - with an aim to enhance patient care, improve health outcomes and lower costs.

As a result of the waiver, the HSCRC introduced revenue arrangements, including the Global Budget Revenue (GBR) model. The GBR methodology encourages hospitals to focus on population health strategies by establishing a fixed annual revenue cap for each GBR hospital. The agreement establishes a fixed amount of charging authority (i.e. revenue) at the beginning of the rate year. It is evergreen in nature and covers both regulated inpatient and outpatient revenues. Annual revenue is calculated from a base year and is adjusted annually for inflation, infrastructure requirements, population changes, performance in quality-based programs and changes in levels of uncompensated care. Revenue may also be adjusted annually for market levels and shifts of services from one health system to another and from a regulated setting to an unregulated setting (or vice versa).

In 2014, AHC entered into GBR Agreements with the HSCRC for SGMC, WOMC and Shady Grove Germantown Emergency Center. FWMC entered into a GBR agreement with the HSCRC in 2014. The agreements set an initial fixed amount of revenue for each entity for the period July 1, 2013 through June 30, 2014 and is subsequently updated on an annual basis every July 1.

The HSCRC requires rate-regulated hospitals under its jurisdiction to calculate the amount of revenue lost or gained due to variances from approved rates. Revenue lost due to undercharges in rates is recouped through increases in prospective rates. Similarly, revenue gained due to overcharges in rates is paid back, wholly or in part, through reductions in prospective rates. The Corporation reported net overcharges of $1,022,206 as of December 31, 2019 and net undercharges of $1,289,841 as of December 31, 2018. These price variances reflect the variance between actual patient charges and the pro-rata share of approved rate orders. The net amounts are reported as a component of net patient service revenue and patient accounts receivable in the accompanying consolidated financial statements. Since the HSCRC's rate year extends from July 1 through June 30, these amounts will continue to fluctuate until the end of the rate year as actual patient charges deviate from the total approved charging authority. At the conclusion of the rate year, any over/under charges are amortized on the straight-line basis over the following rate year when the price variance adjustments are actually built into each entity's rate order.

Under Maryland law, charges of specialty hospitals such as Rehab are subject to review and approval by the HSCRC. HSCRC regulations also include a provision whereby a hospital may apply for an exemption from the requirements to charge for services in accordance with HSCRC regulations. Certain conditions regarding the percentage of revenue related to Medicare and Medicaid patients and total revenues must be met to receive the initial exemption and must be met each year thereafter. Reporting requirements as established by the HSCRC continue even if an exemption regarding charging for services is received. The Corporation's management believes Rehab met the conditions for exemption during 2019 and 2018.

BH&WS-Rockville is subject to HSCRC rate setting. For the period January 1, 2018 through July 31, 2018, BH&WS-Rockville did not enter into a Global Budget Revenue Agreement. Instead, BH&WS-Rockville continues to generate charging authority based on the volume of services it provides to patients. Unit rates are set for all payors, however Medicare and Medicaid are not required to reimburse at HSCRC rates. Services provided to Medicare beneficiaries are reimbursed under the Inpatient Psychiatric Facility Prospective Payment System. Services provided to Medicaid patients are cost-settled for outpatient services and reimbursed for inpatient services at a rate of 94 percent of charges (as set forth in the Code of Maryland Regulations 10.09.06.09). Effective August 1, 2018, BH&WS became a department of SGMC and is reimbursed under their Global Budget Revenue Agreement.

Cash and Cash Equivalents

Cash and cash equivalents include investments in money market funds and certificates of deposit purchased with original maturities of less than 90 days, excluding assets whose use is limited. For purposes of the statements of cash flows, cash, cash equivalents and restricted cash and cash equivalents include investments purchased with an initial maturity of three months or less.

Patient Accounts Receivable

The Corporation assesses collectability on patient contracts prior to the recognition of net patient service revenues. Patient accounts receivable are reported at their net realizable value. Accounts are written off through bad debt expense when the Corporation has exhausted all collection efforts and determines accounts are impaired based on changes in patient credit worthiness. Patient accounts receivable also includes management's estimate of the impact of certain undercharges to be recouped or overcharges to be paid back for inpatient and outpatient services in subsequent years rates as discussed earlier.

Other Receivables

Other receivables represent amounts due to the Corporation for charges other than providing health care services to patients and pledges from donors and are reported at their net realizable value. These services include, but are not limited to, fees from educational programs, rental of health care facility space, interest earned and management services provided to unconsolidated subsidiaries. Other receivables are written off when they are determined to be uncollectible based on management's assessment of individual accounts.

Assets Whose Use Is Limited

Assets whose use is limited includes assets held by bond trustees under trust indentures, assets set aside as required by the Corporation's self-funded professional liability trust, assets set aside for deferred compensation agreements and those set aside in accordance with the United States Department of Housing and Urban Development (HUD) mortgage loan payable. Amounts available to meet current liabilities of the Corporation have been reclassified as current assets in the accompanying consolidated balance sheets.

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. Cash and cash equivalents and certificates of deposit are carried at cost which approximates fair value. Investments in joint ventures are accounted for using the equity or cost method of accounting depending on the Corporation's ownership interest. Investment income or loss (including realized and unrealized gains and losses on investments, write-downs of the cost basis of investments in debt securities due to an other-than-temporary decline in fair value, interest and dividends) is included in the determination of revenues in excess of expenses from continuing operations unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments in debt securities are excluded from the determination of revenues in excess of expenses from continuing operations unless the investments are trading securities. Donor-restricted investment income is reported as an increase in net assets with donor restrictions. Investments available for current operations have been classified as short-term investments in the accompanying consolidated balance sheets.

The Corporation's investments are comprised of a variety of financial instruments. The fair values reported in the consolidated balance sheets are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying consolidated financial statements could change materially in the near term.

Inventories

Inventories of drugs, medical supplies and surgical supplies are valued at the lower of cost or net realizable value. Cost is determined primarily by the weighted average cost method.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Equipment under capital leases is amortized on the straight-line method over the shorter period of the lease term or estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the accompanying consolidated statements of operations. As discussed in Note 2 to the consolidated financial statements, the Corporation adopted new accounting standards guidance related to the accounting for leases in 2019.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment losses are recognized in the consolidated statements of operations as a component of revenues in excess of expenses from continuing operations as they are determined. The Corporation reviews its long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In that event, the Corporation calculates the estimated future net cash flows to be generated by the asset. If those future net cash flows are less than the carrying value of the asset, an impairment loss is recognized for the difference between the estimated fair value and the carrying value of the asset. There were no impairment losses reported in 2019 or 2018.

Leases and Right-of-Use Assets

Under Topic 842, the Corporation evaluates at contract inception whether a lease exists and recognizes a lease obligation and right-of-use (ROU) asset for all leases with a term greater than 12 months. Leases are classified as either financing or operating. All lease liabilities are measured as the present value of the future lease payments using a discount rate. The future lease payments used to measure the lease liability include fixed payments, as well as the exercise price of any options to purchase the underlying asset that have been deemed reasonably certain of being exercised, if applicable. Future lease payments for optional renewal periods that are not reasonably certain of being exercised are excluded from the measurement of the lease liability. For all leases, the ROU asset is initially derived from the measurement of the lease liability and adjusted for certain items, such as initial direct costs and lease incentives received. ROU assets are subject to long-lived impairment testing.

Amortization of financing lease ROU assets, which is recognized on a straight-line basis over the lesser of the lease term and the estimated useful life of the asset, is included within depreciation and amortization expense in the consolidated statements of operations. Interest expense associated with financing lease obligations is included within interest expense in the consolidated statements of operations. Operating lease expense is recognized on a straight-line basis over the lease term and is included within building and maintenance in the consolidated statements of operations. The lease term is determined based on the date the Corporation acquires control of the leased premises through the end of the lease term. Optional renewal periods are initially not included in the lease term unless they are deemed to be reasonably certain of being exercised at lease commencement.

Intangible Assets

The Corporation's intangible assets primarily include costs in excess of net assets acquired related to certain business acquisitions. The Corporation is amortizing certain intangible assets over a period not to exceed 40 years. Amortization of these intangible assets was $230,622 in 2019 and $218,792 in 2018. Accumulated amortization of intangible assets was $4,057,430 and $3,826,808 as of December 31, 2019 and 2018, respectively.

Goodwill, which is included in intangible assets in the accompanying consolidated balance sheets, is reviewed annually for impairment or more frequently if events or circumstances indicate the carrying amount of the goodwill will not be recoverable.

Deferred Financing Costs

Costs incurred in connection with the issuance of long-term obligations have been deferred and are being amortized over the term of the related obligation using the straight-line method. Deferred financing costs remaining as of December 31, 2019 and 2018 totaled $5,212,539 and $4,850,301, respectively, and are included in the consolidated balance sheets as a reduction of bonds payable.

Amortization expense was $228,770 and $212,496 in 2019 and 2018, respectively, and is included as a component of interest expense in the consolidated statements of operations. Accumulated amortization of deferred financing costs was $3,303,088 and $3,074,318 at December 31, 2019 and 2018, respectively, and is included as a component of bonds payable in the consolidated balance sheets.

Due to Third Party Payors

The Corporation receives advances from third party payors to provide working capital for services rendered to the beneficiaries of such services. These advances are principally determined based on the timing differences between the provision of care and the anticipated payment date of the claim for service in accordance with HSCRC's rate regulations. These advances are subject to periodic adjustment.

Settlements with third party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on reimbursable costs, the terms of the payment agreement with the payor, correspondence with the payor and the Corporation's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information become available), or as years are settled or no longer subject to such audits, reviews and investigations. Adjustments arising from a change in the transaction price, were not significant in 2019 or 2018.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result, health care entities, may from time to time and in the ordinary course of business, receive requests for information and notices from government agencies regarding alleged noncompliance with those laws and regulations, some of which may result in settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties and potential exclusion from the related programs. Management is not aware of any material incidents of noncompliance; however, there can be no assurance that regulatory authorities will not challenge the Corporation's compliance in the future.

Derivative Financial Instruments

The Corporation has an interest rate swap agreement, which is considered a derivative financial instrument, to manage its interest rate exposure on certain long-term obligations (Note 13). The interest rate swap agreement is reported at fair value in the accompanying consolidated balance sheets. The interest rate swap agreement is not designated as a cash flow hedge. Changes in fair value are reported as a component of other nonoperating income (expense).

Estimated Self-Insured Professional Liability

The provision for estimated self-insured professional liability includes estimates of the ultimate costs for both reported claims and claims incurred but not reported, including costs associated with litigating or settling claims. Anticipated insurance recoveries associated with reported claims are reported separately in the Corporation's consolidated balance sheets at net realizable value.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions includes amounts available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions includes amounts subjected to donor imposed restrictions which are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Net assets were released from donor restriction by satisfying their restricted purposes in the amount of $5,293,993 in 2019 and $6,176,180 in 2018.

Net assets with donor restrictions includes those whose use by the Corporation has been limited by donors to specific purposes in the amount of $5,618,042 and $4,907,290 as of December 31, 2019 and 2018, respectively. Net assets with donor restrictions that have been restricted by donors to investments to be held in perpetuity was $341,421 as of December 31, 2019 and 2018.

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received or when the underlying conditions have been substantially met. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Restricted funds to be used for capital acquisitions have been reported as noncurrent assets in the accompanying consolidated balance sheets, while other restricted cash and investments are included with the cash and cash equivalents of net assets without donor restrictions.

Measure of Operations

The consolidated statements of operations reflects all changes in net assets without donor restrictions, including changes from both operating and nonoperating activities. Operating revenues and expenses consist of those items that are an integral part of the Corporation's provision of healthcare and related supporting activities. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Revenues in Excess of Expenses from Continuing Operations

The consolidated statements of operations include the determination of revenues in excess of expenses from continuing operations. Revenues in excess of expenses from continuing operations is the Corporation's performance indicator. Changes in net assets without donor restriction which are excluded from the determination of revenues in excess of expenses from continuing operations, consistent with industry practice, include the change in net unrealized gains and losses on investments in debt securities, the effective portion of the net unrealized gain on derivative financial instruments, the deferred compensation plan liability adjustment, contributions of long-lived assets (including contributions which by donor restriction were to be used for the purpose of acquiring such long-lived assets), other net asset without donor restriction activity, and the loss from discontinued operations.

Net Patient Service Revenue

Net patient service revenues are recognized at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. These amounts are due from patients, third party payors (including commercial and governmental programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the Corporation bills the patients and third party payors after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenues for performance obligations satisfied over time are recognized based on actual charges incurred in relation to total expected (or actual) charges, ultimately adjusted in accordance with the charging authority awarding at the beginning of every year by the HSCRC. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in our hospitals receiving services over multiple days. The Corporation measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time are generally recognized when goods or services are provided and the Corporation does not believe it is required to provide additional services to the patient. Generally, performance obligations satisfied at a point in time relate to patients receiving outpatient services in a single day. The Corporation measures the performance obligation from the commencement of the outpatient service, to the point when it is no longer required to provide services to that patient, which is generally the completion of the outpatient service.

All of the Corporation's performance obligations generally relate to contracts with a duration of less than one year, therefore the Corporation has elected to apply the optional exemptions provided in FASB ASC 606-10-50-14(a) and as a result is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The Corporation determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third party payors, financial assistance provided to uninsured or underinsured patients in accordance with the Corporation's policies, and/or implicit price concessions provided to uninsured or underinsured patients. The Corporation determines its estimates of contractual adjustments based on contractual agreements, its financial assistance policies and historical experience. The Corporation determines its estimates of implicit price concessions based on its historical collection experience with a respective class of patient. Certain amounts categorized as implicit price concessions under ASC 606 were previously categorized as provision for doubtful accounts. The Corporation pursues collection of amounts defined as implicit price concessions.

The Corporation has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third party payors for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a patient and the time that the patient or a third party payor pays for that service will be one year or less.

Income Taxes

The Corporation accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2019 or 2018.

The Corporation's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in operating expenses.

Charity Care

The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Such patients are identified based on financial information obtained from the patient (or their guarantor) and subsequent analysis which includes the patient's ability to pay for services rendered. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as a component of net patient service revenue or patient accounts receivable.

The Corporation maintains records to identify and monitor the level of charity care it provides. The costs associated with the charity care services provided are estimated by applying a cost-to-charge ratio to the amount of gross uncompensated charges for the patients receiving charity care. The level of charity care provided by the Corporation amounted to approximately $13,819,000 in 2019 and $8,958,000 in 2018.

Advertising Costs

The Corporation expenses advertising costs as they are incurred.

2. Adoption of Accounting Standards

Financial Instruments

During 2019, the Corporation prospectively adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. The provisions of ASU No. 2016-01 require marketable equity securities to be reported at fair value with changes in fair value recognized within the performance indicator, establishes a qualitative factor in evaluating impairment on equity investments without readily determinable fair values, and eliminates the requirement to disclose the fair value on financial instruments measured at amortized cost. The Corporation has adjusted the presentation of the consolidated financial statements accordingly.

Restricted Cash

In 2019, the Corporation retrospectively adopted the FASB ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this update require that a consolidated statement of cash flows explain the change during the period in total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The decrease in trustee held funds and restricted cash was decreased $754,824 and cash and cash equivalents, beginning was increased $58,400,588 on the consolidated statements of cash flows for the year ended December 31, 2018 as a result of this change in accounting principle.

Lease Accounting

Effective January 1, 2019, the Corporation adopted the FASB's ASU No. 2016-02, *Leases (as amended) (Topic 842)*. ASC 842 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the provisions of ASC 842, a lessee is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the remaining lease payments, in the consolidated balance sheets. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Corporation's leasing activities.

The Corporation elected the option to apply the transition requirements at the effective date of January 1, 2019, which allows the effects of initially applying ASU No. 2016-02 (as amended) to be recognized as a cumulative effect adjustment to net assets without donor restrictions in the period of adoption. Consequently, the consolidated financial statements and disclosures required under ASC 842 have not been updated as of and for year ending December 31, 2018. The Corporation also elected the package of practical expedients, which permits the Corporation to not reassess prior conclusions about lease identification, classification and initial direct costs. In addition, the Corporation elected the short-term lease recognition exemption for all leases that qualify under Topic 842.

The adoption of ASU No. 2016-02 (as amended) had a material effect on the Corporation's consolidated financial statements. The most significant effects relate to the recognition of new right-of-use assets and lease liabilities on its consolidated balance sheets for operating leases and providing significant new disclosures about leasing activities. Upon adoption, the Corporation recognized operating lease obligations of $86,694,778 based on the present value of the remaining minimum rental payments as determined in accordance with Topic 842 for leases that had historically been accounted for as operating leases under Topic 840. The Corporation recognized the corresponding right-of-use assets of approximately $85,597,151 based on the operating lease liabilities. The resulting net impact of $1,097,627 associated with this change in accounting was recognized as a reduction to net assets without donor restrictions as of January 1, 2019.

Goodwill

During January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*. ASU No. 2017-04 simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. ASU No. 2017-04 is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Corporation does not believe that the adoption of ASU No. 2017-04 will have a material effect on its consolidated financial statements.

3. Business Combination

On October 27, 2019, AHC and Adventist Healthcare Fort Washington Medical Center, Inc. entered into an asset purchase agreement (the Purchase Agreement) with Fort Washington Medical Center, Inc., Fort Washington Ambulatory Services, LLC, Nexus Health, Inc. (owner of Fort Washington Medical Center, Inc. and Fort Washington Ambulatory Services, LLC) and Carolyn Boone Lewis Health Care Center (former subsidiary of Nexus Health, Inc.) (collectively, Fort Washington). In accordance with the terms of the Purchase Agreement, substantially all assets and liabilities of Fort Washington were acquired in exchange for no consideration. The contractual amounts of accounts receivable approximate fair value due to their short-term nature.

In accordance with the authoritative guidance, the assets and liabilities of Fort Washington were recorded at fair market value as of the date of acquisition as follows:

Assets Acquired	
Cash and cash equivalents	$ 1,292,965
Accounts receivable	2,515,900
Trustee held funds	1,659,265
Property and equipment	17,273,239
Other assets	2,201,189
Inventories	1,299,245
Total assets acquired	26,241,803
Liabilities Assumed	
Accounts payable and accrued expenses	7,160,047
Other liabilities	5,072,362
Long-term obligations	6,856,874
Total liabilities assumed	19,089,283
Net Assets Assumed	$ 7,152,520
Inherent Contribution Without Donor Restrictions	$ 7,045,520
Inherent Contribution With Donor Restrictions	$ 107,000

The following table summarizes the operating results of Fort Washington for the years ended December 31 (unaudited):

	2019	2018
Revenues	$ 46,075,099	$ 45,830,699
Expenses	46,038,904	44,440,761
Income from operations	36,195	1,389,938
Inherent contribution on business combination	7,045,520	-
Revenues in excess of expenses from continuing operations	$ 7,081,715	$ 1,389,938

The following table summarizes the operating results of Fort Washington for the period October 27, 2019 through December 31, 2019:

Revenues	$ 8,420,176
Expenses	8,124,077
Income from operations	296,099
Inherent contribution on business combination	7,045,520
Revenues in excess of expenses from continuing operations	$ 7,341,619

4. Discontinued Operations and Assets Held for Sale

In July 2019, AHC entered into an agreement to sell the Takoma Park campus to an unrelated third party for $12,000,000. The opportunities for growth and expansion at the Takoma Park campus were limited, and the Corporation wanted to expand access to care throughout the Washington DC region, leading to the decision to sell the campus. The closing will take place on the later of July 31, 2020 or the date that the rehabilitation hospital located on the Takoma Park campus relocates to WOMC.

The current operations on the Takoma Park Campus consist of a walk -in clinic, which began in August 2019, are included in the loss from discontinued operations in the accompanying consolidated statements of operations.

As a result of entering into the sale agreement, a significant amount of property and equipment (other than real estate) was disposed of and a loss of approximately $11,576,000 was recognized in 2019 and included in the loss from discontinued operations in the accompanying consolidated statements of operations.

Assets held for sale in the accompanying consolidated balance sheets is comprised of land and improvements of $330,152 and building and improvements of $15,609,672 at December 31, 2019 that will be sold as part of the agreement. No gain or loss on sale has been recognized in 2019.

The following amounts related to discontinued operations are included in the loss from discontinued operations in the accompanying consolidated statements of operations in 2019:

Total revenues	$ 308,312
Total expenses, including loss on disposal of approximately $11,576,000	(15,149,584)
Loss on discontinued operations	$ (14,841,272)

5. Net Patient Service Revenues

The Corporation routinely obtains assignments of (or is otherwise entitled to receive) patient benefits receivable under their health insurance programs, plans or policies (i.e. third party payors). Third party payors include both government payors, which include Medicare, Medicaid and Management Care Organizations and commercial insurance carriers. Agreements with third party payors typically provide for payments at amounts less than established charges. A summary of payment arrangements with third party payors, by service type, is as follows:

- Global budget revenue - SGMC, WOMC and FWMC have entered into agreements by which the third party payors pay a percentage of approved HSCRC charges. A reduced percentage can be obtained if the payor advances a certain amount of working capital.

- Rehabilitation services - Rehab has entered into agreements by which the third party payors pay at a contract rate per day or visit.

- Physician practice services - AMG has entered into agreements by which the third party payors pay negotiated rates per procedures as defined in the term sheet of the agreements.

- Imaging services - Imaging has entered into agreements by which the third party payors pay negotiated rates per procedures as defined in the term sheet of the agreements.

- Home health services - AHCS has entered into agreements by which the third party payors pay negotiated rates on a per visit basis.

Generally, patients who are covered by third party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients, and offers those uninsured or underinsured patients financial assistance, by either policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charges by any contractual adjustment, financial assistance and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustment to net patient service revenues in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Consistent with the Corporation's mission, care is provided to patients regardless of their ability to pay. Therefore, the Corporation has determined it has provided implicit price concessions to uninsured patients and other patient balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Corporation expects to collect based on its collection history with those patients.

The Corporation disaggregates revenue from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. Tables providing details of these factors are presented below.

Net patient service revenues disaggregated by service type for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Global budget revenue	$ 673,535,497	$ 636,611,309
Rehabilitation services	51,093,067	46,385,493
Physician practice services	29,281,063	30,529,693
Imaging services	29,653,620	29,948,092
Home health services	29,741,785	28,779,161
Other health services	8,270,577	7,049,672
Total	$ 821,575,609	$ 779,303,420

Net patient service revenues disaggregated by payor for the years ended December 31, 2019 and 2018 are as follows:

	Medicare	Medicaid	Other Third Party Payors	Self-Pay and Other	Total
December 31, 2019	$ 312,084,164	$ 85,808,181	$ 391,026,645	$ 32,656,619	$ 821,575,609
December 31, 2018	$ 292,876,720	$ 85,066,955	$ 368,341,417	$ 33,018,328	$ 779,303,420

6. Investments

Short-Term Investments

The Corporation's short-term investments at December 31, 2019 and 2018 are comprised of the following:

	2019	2018
Cash and cash equivalents	$ 17,760,607	$ 4,671,466
Corporate bonds	66,538,726	70,694,426
Asset backed securities	49,013,159	58,864,628
U.S. government securities, U.S. treasury notes	61,879,184	36,563,482
Mutual funds:		
Equity, balanced	19,696,954	16,628,693
Equity, growth	11,811,424	8,647,093
Total	$ 226,700,054	$ 196,069,788

Assets Whose Use is Limited

The composition of assets whose use is limited at December 31, 2019 and 2018 is set forth in the following tables:

	2019	2018
Under trust indentures and capital lease purchase financing facilities, held by trustees and banks:		
Cash and cash equivalents	$ 14,586,051	$ 55,754,102
U.S. government securities:		
U.S. treasury notes	26,293,806	82,672,276
U.S. government agency notes	1,197,960	2,355,520
Total	42,077,817	140,781,898
Less funds held for current liabilities	1,786,969	1,777,498
Noncurrent portion of assets held under trust indentures and capital lease purchase financing facilities	$ 40,290,848	$ 139,004,400

	2019	2018
Professional liability trust fund:		
Cash and cash equivalents	$ 2,187,780	$ 1,133,693
Mutual funds:		
Equity, large value	4,189,348	3,618,514
Equity, growth	1,745,440	1,179,972
Fixed income, intermediate	3,820,847	3,907,005
Fixed income, multi-sector	1,957,923	921,591
Fixed income, short-term	1,976,259	2,163,217
Total	15,877,597	12,923,992
Less funds held for current liabilities	1,929,261	1,795,731
Noncurrent portion of professional liability trust fund	$ 13,948,336	$ 11,128,261
Deferred compensation fund:		
Mutual funds:		
Equity, growth	$ 299,960	$ 203,128
Equity, large value	276,730	226,707
Equity, midcap value	111,786	111,635
Equity, other	423,336	313,022
Fixed income, intermediate	426,109	445,594
	$ 1,537,921	$ 1,300,086

The indenture requirements of certain tax-exempt financings provide for the establishment and maintenance of various accounts with a trustee (Note 12). These arrangements require the trustee to control the payment of interest and the ultimate repayment of respective debt to bondholders.

The composition of trustee held and escrow funds at December 31, 2019 and 2018 is as follows:

	2019	2018
Debt service reserve funds	$ 28,803,898	$ 28,401,140
Principal and interest funds	9,179,467	17,902,335
Project fund	2,435,187	94,478,423
Mortgage reserve funds	1,659,265	-
Total	$ 42,077,817	$ 140,781,898

Investment income and gains and losses for investments, assets whose use is limited and cash and cash equivalents without donor restrictions are comprised of the following in 2019 and 2018:

	2019	2018
Investment income:		
Interest and dividends, net	$ 5,821,027	$ 5,292,594
Interest on trustee held funds	953,525	120,511
Net realized and unrealized gains and losses on investments	7,381,743	(3,128,140)
Total	$ 14,156,295	$ 2,284,965
Other changes in net assets without donor restriction,		
Change in net unrealized gains and losses on investments in debt securities	$ 8,144,221	$ (3,582,832)

7. Fair Value Measurements and Financial Instruments

The Corporation measures its short-term investments, assets whose use is limited, investments, beneficial interest in trusts and derivative financial instrument at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America.

Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Corporation for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets and other observable inputs.

Level 3 - Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

The fair value of the Corporation's financial instruments was measured using the following inputs at December 31:

	2019			
	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Reported at Fair Value				
Assets:				
Mutual funds:				
Fixed income, intermediate	$ 4,246,956	$ 4,246,956	$ -	$ -
Fixed income, multi-sector	1,957,923	1,957,923	-	-
Fixed income, short-term	1,976,259	1,976,259	-	-
Equity, growth	13,856,824	13,856,824	-	-
Equity, large value	4,466,078	4,466,078	-	-
Equity, balanced	19,696,954	19,696,954	-	-
Equity, midcap value	111,786	111,786		
Equity, other	423,336	423,336		
U.S. government securities:				
U.S. treasury notes	88,172,990	-	88,172,990	-
U.S. government agency notes	1,197,960	-	1,197,960	-
Asset backed securities	49,013,159	-	49,013,159	-
Corporate bonds	66,538,726	-	66,538,726	-
Beneficial interest in trusts	566,205	-	-	566,205
Total assets measured at fair value	252,225,156	$ 46,736,116	$ 204,922,835	$ 566,205
Cash and cash equivalents	35,449,101			
Total	$ 287,674,257			
Liabilities, Derivative financial instrument	$ 236,291	$ -	$ 236,291	$ -

	2018			
	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Reported at Fair Value				
Assets:				
Mutual funds:				
Fixed income, intermediate	$ 4,352,599	$ 4,352,599	$ -	$ -
Fixed income, multi-sector	921,591	921,591	-	-
Fixed income, short-term	2,163,217	2,163,217	-	-
Equity, growth	10,030,193	10,030,193	-	-
Equity, large value	3,845,221	3,845,221	-	-
Equity, balanced	16,628,693	16,628,693	-	-
Equity, midcap value	111,635	111,635	-	
Equity, other	313,022	313,022	-	
U.S. government securities:				
U.S. treasury notes	119,235,758	-	119,235,758	-
U.S. government agency notes	2,355,520	-	2,355,520	-
Asset backed securities	58,864,628	-	58,864,628	-
Corporate bonds	70,694,426	-	70,694,426	-
Beneficial interest in trusts	977,231	-	-	977,231
Total assets measured at fair value	290,493,734	$ 38,366,171	$ 251,150,332	$ 977,231
Cash and cash equivalents	62,449,848			
Total	$ 352,943,582			
Liabilities,				
Derivative financial instrument	$ 503,251	$ -	$ 503,251	$ -

The following table presents the fair value measurements for beneficial interest in trusts that have unobservable inputs at December 31, 2019 and 2018:

Balance, December 31, 2017	$ 1,052,891
Distributions	(5,824)
Decrease in value, included in changes in net assets with donor restrictions	(69,836)
Balance, December 31, 2018	977,231
Distributions	(206,400)
Decrease in value, included in changes in net assets with donor restrictions	(204,626)
Balance, December 31, 2019	$ 566,205

The following represents a reconciliation of the assets reported at fair value included in the fair value table within the accompanying consolidated balance sheets at December 31:

	2019	2018
Short-term investments (Note 6)	$ 226,700,054	$ 196,069,788
Assets whose use is limited (Note 6):		
Current portion	3,716,230	3,573,229
Under trust indentures and capital lease purchase financing facilities, held by trustees and banks	40,290,848	139,004,400
Professional liability trust fund	13,948,336	11,128,261
Deferred compensation fund	1,537,921	1,300,086
Investments held by foundations (Note 9)	914,663	890,587
Beneficial interest in trusts, included in deposits and other noncurrent assets	566,205	977,231
	$ 287,674,257	$ 352,943,582

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used at December 31, 2019 and 2018.

Mutual funds: Valued based on quoted market prices.

U.S. government securities, asset backed securities, and corporate bonds: Valued based on estimated quoted market prices of similar securities.

Beneficial interest in trusts: Beneficial interest in trusts are valued based on the fair value of the trusts underlying assets which represents a proxy for discounted present value of future cash flows. Beneficial interest in trusts are included in deposits and other noncurrent assets in the accompanying consolidated balance sheets.

The Corporation measures its derivative financial instrument at fair value based on proprietary models of an independent third party valuation specialist. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instrument and considers the credit risk of the Corporation and counterparty. The method used to determine the fair value calculates the estimated future payments required by the derivative financial instrument and discounts these payments using an appropriate discount rate. The value represents the estimated exit price the Corporation would pay to terminate the agreement.

8. Property and Equipment, Accumulated Depreciation and Amortization

Property and equipment and accumulated depreciation and amortization at December 31, 2019 and 2018 consist of the following:

	2019	2018
Land and improvements	$ 35,832,732	$ 31,408,104
Buildings and improvements	704,920,261	469,717,964
Office furniture and equipment	205,545,207	201,151,320
Computer software and hardware	131,686,833	137,906,569
Equipment under capital leases	-	27,952,929
Total	1,077,985,033	868,136,886
Less accumulated depreciation and amortization	(367,926,785)	(512,122,004)
Total	710,058,248	356,014,882
Construction in progress	14,785,582	296,867,837
	$ 724,843,830	$ 652,882,719

Interest incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. During 2019 and 2018, the Corporation incurred interest expense, including amortization expense related to deferred financing costs, of approximately $17,533,000 and $12,679,000, respectively, of which approximately $763,000 was capitalized in 2019 and $727,400 was capitalized in 2018.

Depreciation expense, including amortization of equipment under capital leases, was approximately $38,264,000 in 2018. Accumulated amortization of equipment under capital lease as of December 31, 2018 was approximately $21,515,000. As discussed in Note 2 to the consolidated financial statements, the Corporation adopted new accounting standards guidance related to the accounting for leases in 2019. See Note 14 for further information on the Corporation’s financing and operating right-of-use assets and lease obligations.

Construction in progress as of December 31, 2019 consists primarily of major renovation and expansion projects of clinical facilities. Purchase commitments related to these and other miscellaneous projects were approximately $15,418,000 at December 31, 2019. The cost of these projects is expected to be funded through operations, as well as transfers from the Corporation's related foundations.

9. Investments and Investments in Unconsolidated Subsidiaries

The Corporation's investments and investments in unconsolidated subsidiaries include the following at December 31, 2019 and 2018:

	2019	2018
Investment in healthcare entities	$ 19,673,109	$ 6,417,119
Investment in Premier	2,047,709	9,831,206
Investments held by foundations	834,382	809,672
Total	$ 22,555,200	$ 17,057,997

Investment in Healthcare Entities

The Corporation recognized earnings of $431,407 and $521,675 during 2019 and 2018, respectively, related to its ownership interest in the healthcare entities accounted for under the equity method. A brief description of these investments is presented below:

Chesapeake Potomac Regional Cancer Center (CPRCC) - CPRCC provides outpatient radiation oncology services to patients in Maryland. The Corporation has a 20 percent ownership interest in CPRCC.

Doctors Regional Cancer Center (DRCC) - DRCC provides outpatient radiation oncology services to patients in Bowie and Lanham, Maryland. The Corporation has a 20 percent ownership interest in DRCC.

Shady Grove Medical Building, LLC (SGMB) - SGMB was organized for the purpose of developing and constructing a cancer care center on the campus of SGMC. The Corporation has a 50 percent ownership interest in SGMB.

White-Oak AHF-1 Manager, LLC (White-Oak) - White-Oak was organized for the purpose of developing and constructing a medical office building on the White Oak campus of WOMC. The Corporation has a 50 percent ownership in White-Oak.

The Corporation has invested $259,100 in Advanced Health Collaborative, LLC for a 25 percent ownership interest. This organization was formed to share ideas and explore opportunities to enhance quality of healthcare in the state of Maryland.

The Corporation has invested $3,884,672 in Advanced Health Collaborative II, LLC (AHC II) for a 25 percent interest. AHC II was formed to hold a 24 percent interest in Maryland Health Advantage, LLC which is a Medicare preferred provider network providing health services to its members.

The Corporation has invested $450,000 in CoreLife Adventist, LLC (CoreLife) for a 50 percent interest. CoreLife was formed to provide weight loss services.

FWMC has invested $475,000 in Fort Washington Urgent Care, Now, LLC. The purpose of Fort Washington Urgent Care, Now, LLC is to provide urgent and primary care and other health services to the community served by FWMC.

Summarized financial information related to these entities is presented below:

	2019	2018
Net revenue	$ 20,939,803	$ 18,786,903
Revenues in excess of expenses	1,844,746	1,919,276
Total assets	84,299,897	49,884,592
Total liabilities	44,571,905	24,630,109

Investment in Premier

The Corporation is a partner in Premier, Inc. (Premier), a health care system group purchasing organization. In 2013, the Corporation recorded its Premier investment under the cost method of accounting. In October 2013, Premier converted from a privately held company to a public company through the issuance of an Initial Public Offering. At the time of conversion, the Corporation was issued 493,810 Class B common units of which 78,946 units were sold.

The remaining 414,864 Class B common units held by the Corporation are exchangeable for Class A common stock over a 7-year quarterly vesting period. The Corporation recognized a gain of $1,824,832 and $1,421,915 during 2019 and 2018, respectively, based on the market value of the units available for exchange. In addition, the Corporation recognized earnings of $871,757 and $669,776 during 2019 and 2018, respectively, related to distributions. The Corporation sold 296,330 shares in 2019, resulting in a gain on sale of $1,855,686. Both the gains and the distributions are included in other revenues in the accompanying consolidated statements of operations.

Investments Held by Foundations

The Foundations also hold marketable debt and equity securities for funds not required to be expended in less than 90 days. These marketable securities are subject to credit and market risks.

10. Land Held for Healthcare Development

From 2002 through 2011, the Corporation acquired various parcels of land in Clarksburg, Maryland totaling approximately 200 acres. Several parcels of the land are fully owned by the Corporation, and the remainder is owned by Cabin Branch Commons, LLC (Cabin Branch), of which the Corporation owns 45 percent.

In May 2013, the Corporation and Cabin Branch entered into a purchase and sale agreement with an unrelated third party to sell 48.8 acres of the land located in Clarksburg. In June 2015, the Corporation and Cabin Branch closed on the sale of the land at a purchase price of $28,250,000. The Corporation's portion of the proceeds was $25,101,980. As of December 31, 2015, the Corporation received $13,225,064 of their portion of the purchase price, with the additional proceeds being held in escrow to be received upon the completion of certain infrastructure improvements to the property, for which the Corporation and Cabin Branch are collectively responsible. Those infrastructure improvements were completed during 2017, and the Corporation received the remaining proceeds from the escrow as reimbursement for the infrastructure improvements made to the property.

In April 2017, the Corporation entered into a purchase and sale agreement with an unrelated third party to sell 1.6 acres of the land located in Clarksburg. The Corporation closed on the sale of the land in April 2017 at a purchase price of $1,330,000 and the proceeds were received in April 2017.

In April 2017, the Corporation entered into a purchase and sale agreement with an unrelated third party to sell 9.95 acres of the land located in Clarksburg at a purchase price of $7,250,792. The Corporation's share of $4,565,265 was received in November and December of 2018.

The total proceeds received related to the parcels of land sold by the Corporation through December 31, 2019 was $30,997,245. No gain or loss was recognized on the sale of the parcels of land as of December 31, 2019 and 2018. Total remaining land held for healthcare development in Clarksburg as of December 31, 2019 and 2018, was $48,091,039 and $45,404,765, respectively.

11. Short-Term Financing

The Corporation has a $3,000,000 unsecured line of credit with a commercial bank, with interest at LIBOR plus 1.50 percent (3.2 percent at December 31, 2019). There were no borrowings outstanding under this line of credit as of December 31, 2019 or 2018. In January 2020, the line of credit was increased to $10,000,000.

12. Long-Term Obligations

Long-term obligations as of December 31, 2019 and 2018 are comprised of the following:

	2019	2018
Fixed rate revenue bonds	$ 520,240,447	$ 523,782,204
Variable rate revenue bonds	21,165,000	21,985,000
Note payable	21,295,957	22,089,282
Mortgage loan payable	6,838,270	-
Other long-term liabilities	7,181,371	14,092,321
Total obligations	576,721,045	581,948,807
Plus bond premium	9,782,453	10,144,766
Less:		
Current maturities	(14,070,657)	(9,151,220)
Deferred financing costs	(5,212,539)	(4,850,301)
Noncurrent portion of long-term obligations, net	$ 567,220,302	$ 578,092,052

Fixed Rate Revenue Bonds

Fixed rate revenue bonds consist of the Maryland Health and Higher Educational Facilities Authority Refunding Revenue Bonds. Fixed rate revenue bonds consist of the following at December 31:

	Par Amounts	Interest Rates	2019	2018
Adventist Healthcare, Inc.:				
Series 2011A	$ 57,205,000	5-6.25%	$ 57,205,000	$ 57,205,000
Series 2013	15,623,500	3.21%	6,750,447	8,342,204
Series 2014A	24,280,000	3.56%	21,315,000	22,090,000
Series 2016A	269,750,000	5.00%	269,750,000	269,750,000
Series 2016B	126,395,000	3.72%	126,395,000	126,395,000
Series 2017	40,000,000	2.77%	38,825,000	40,000,000
Total			$ 520,240,447	$ 523,782,204

The above bond issues are subject to trust indentures which impose various covenants on SGMC, WOMC, Rehab, Imaging, CIS, Other Health Services and the Support Center (collectively, the Obligated Group) which include restrictions on the transfer or disposition of property, the incurrence of additional liabilities and the achievement of certain pre-established financial indicators. Management believes it has complied with these required financial covenants for the years ended December 31, 2019 and 2018. Debt service reserve funds are required on the Series 2011A, Series 2016A and Series 2017 bonds.

Variable Rate Revenue Bonds

The variable rate revenue bonds consist of the Maryland Health and Higher Educational Facilities Authority Revenue Refunding Bonds, Series 2014B, Adventist HealthCare, Inc. which had an outstanding balance of $21,165,000 and $21,985,000 as of December 31, 2019 and 2018, respectively. The Series 2014B Bonds bear interest at a variable rate of one month LIBOR plus 2.3 percent (4.0 percent at December 31, 2019). The Series 2014B bonds are subject to an Amended and Restated Master Trust Indenture that imposes various covenants on the Obligated Group which include restrictions on the transfer or disposition of property, the incurrence of additional liabilities, and the achievement of certain pre-established financial indicators. Management believes it has complied with these required financial covenants for the years ended December 31, 2019 and 2018.

The bonds subject to the Amended and Restated Master Trust Indenture are secured by the unrestricted revenues of the Obligated Group as well as a mortgage interest in the facilities of SGMC, WOMC, and Rehab.

Note Payable

In December 2014, the corporation entered into a taxable term note for $25,000,000 with a commercial bank, which is secured by a Master Note issued under the Amended and Restated Master Trust Indenture dated as of February 1, 2003. The note bears interest at one month LIBOR plus 2.45 percent (4.1 percent as of December 31, 2019). The amortization on the note extends to December 18, 2034, however, the note matures on December 18, 2024. As of December 31, 2019 and 2018, the outstanding balance was $21,295,957 and $22,089,282, respectively.

Mortgage Loan Payable

On December 23, 2004, FWMC entered into an $11,055,000 taxable mortgage loan insured by HUD through its Federal Housing Administration (FHA). The loan provided for the satisfaction of FWMC's previous bond obligation and for construction, new equipment and financing costs.

During the year ended December 31, 2013, the loan was refinanced through the same lender to lower the interest from 6.125 percent to 3.95 percent per annum payable in monthly installments. The term of the loan was not changed and the last payment is due in 2030.

As of December 31, 2019, the outstanding balance on the loan was $6,838,270 and payable in $63,098 monthly installments including interest at 3.95 percent. The loan is subject to restrictive covenants, including restrictions on additional long-term borrowings and prepayment of the outstanding obligation. In accordance with the terms of the Regulatory Agreement with HUD, FWMC is required to meet certain financial covenants in order to distribute assets to affiliates or incur additional indebtedness. Under the terms of the HUD-insured mortgage loan, FWMC is required to maintain certain deposits with a trustee. Such deposits are included in assets whose use is limited. The loan is secured by the FWMC premises and all the assets and cash flows contained therein.

Other Long-Term Liabilities

This category consists of several capital lease obligations on various types of medical and IT equipment and other long-term obligations. The financed equipment serves as security on these leases. Interest rates on these other long-term liabilities range from 2.70 percent - 3.40 percent.

Scheduled principal repayments of long-term obligations, excluding financing and operating lease obligations at December 31, 2019 are as follows:

Years ending December 31:	
2020	$ 14,070,657
2021	13,760,601
2022	14,257,932
2023	13,664,023
2024	13,476,022
Thereafter	507,491,810
Total	$ 576,721,045

13. Derivative Financial Instrument

The Corporation has an interest rate swap agreement, which is considered a derivative financial instrument. The agreement is for a notional amount of $18,780,000 and requires the Corporation to pay a fixed interest rate of 3.457 percent while receiving variable interest rates based upon 67 percent of LIBOR, maturing January 2021. The agreement was entered into in order to manage interest rate exposure. The principal objective of the swap agreement is to minimize the risks associated with financing activities by reducing the impact of changes in interest rates on its debt portfolio. The notional amount of the swap agreement is used to measure the interest to be paid or received and does not represent the amount of exposure to credit loss. Exposure to credit loss is limited to the receivable, if any, which may be generated as a result of the swap agreement. The interest rate swap agreement is reported at fair value in the consolidated balance sheets. At December 31, 2019 and 2018, the fair value of the Corporation's derivative financial instrument was $236,291 and $503,251, respectively.

During 2016, the Corporation terminated one of its interest rate swap agreements with a notional amount of $78,000,000 that was designated as a cash flow hedge with the counterparty for $16,875,000. The Corporation borrowed the termination fee, which was included as a component of the proceeds for the 2016B bonds. No gain or loss was recognized on the termination of the swap. As of December 31, 2019 and 2018, $10,923,435 and $11,606,149, respectively, remained in net assets without donor restriction and is being amortized over the remaining term of the hedge, or through January 2035.

The net cash paid or received under the swap agreement is recognized as either an adjustment to interest expense or other income. The net cash paid under the interest rate swap agreement was $368,462 in 2019 and $582,142 in 2018. The remaining amounts for 2019 and 2018 are reported as a component of other income (expense) in the accompanying consolidated statements of operations, which is related to the swap agreement that does not qualify for hedge accounting.

The fair value of the interest rate swap agreement is estimated to be the amount the Corporation would receive or pay to terminate the swap agreements at the reporting date and was based on information supplied by an independent third party valuation agent (Note 7). Additionally, the fair value reflects a credit risk adjustment required under accounting principles generally accepted in the United States of America. Gains or losses resulting from the interest rate swap agreement are entirely recognized as a component of revenues in excess of expenses from continuing operations. The impact on the consolidated statements of operations were gains of $266,960 in 2019 and $642,052 in 2018.

On October 3, 2008, the counterparty for the Corporation's fixed pay swap maturing in January 2035, Lehman Brothers, Inc., commenced proceedings under Chapter 11 of the Bankruptcy Code. This action triggered an Event of Default under the ISDA Master Agreement in effect with said party and gave the Corporation the right to terminate the transaction.

On October 16, 2008, the Corporation terminated this agreement and concurrently entered into an agreement with a new counterparty that assumed all existing terms and conditions of the original agreement. The termination of the original swap agreement resulted in a loss of $472,023 which is included in net assets without donor restriction in the consolidated balance sheets. This loss is being amortized over the remaining term of the designated period of the hedge, or through January 2035. As of December 31, 2019 and 2018, accumulated amortization of $219,615 and $201,632, respectively, is included in other changes in net assets without donor restriction and interest expense in the consolidated statements of operations and changes in net assets.

14. Leases

The Corporation leases office space and equipment used in operations. For many of these leases, the Corporation is responsible for paying property taxes, insurance, as well as maintenance and repair costs. The Corporation’s real estate leases generally have initial lease terms of 3 to 20 years or more and typically include one or more options to renew, with renewal terms that generally extend the lease term for an additional five to ten years or more. The Corporation assesses renewal options using a "reasonably certain" threshold, which is understood to be a high threshold, and therefore the majority of its leases’ terms do not include renewal periods for accounting purposes. For leases where the Corporation is reasonably certain to exercise its renewal option, the option periods are included within the lease term and, therefore, the measurement of the right-of-use asset and lease liability. The payment structure of the Corporation’s leases generally include annual escalation clauses that are either fixed or variable in nature, some of which are dependent upon published indices. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets and expenses for these leases are recognized on a straight-line basis over the lease term as an operating expense.

Certain leases include an option to purchase the leased assets. The Corporation assesses the likelihood of exercising the purchase option using a "reasonably certain" threshold, which is understood to be a high threshold and, therefore, purchase options are generally accounted for when a compelling economic reason to exercise the option exists. Certain leases include an option to terminate the lease, the terms and condition of which vary by contract. These options allow the parties to the contract to terminate their obligations typically in return for an agreed upon financial consideration amount. The Corporation’s lease agreements do not contain material residual value guarantees.

The Corporation makes certain assumption and judgements in determining the discount rate, as most leases do not provide an implicit rate. The Corporation uses a risk-free discount rate based on information available at the commencement date in determining the present value of lease payments. In order to apply discount rate, a portfolio approach was utilized to group assets based on similar lease terms in a manner whereby the Corporation reasonably expects that the application does not differ materially from application to individual leases.

Subsequent to the lease commencement date, the Corporation reassesses lease classification when there is a contract modification that is accounted for as a separate contract, a change in the lease term, or a change in the assessment of whether the lessee is reasonably certain to exercise an option to purchase the underlying asset or terminate the lease.

Future minimum payments under operating lease obligations as of December 31, 2019 were as follows:

Years ending December 31:	
2020	$ 16,161,098
2021	15,133,534
2022	14,183,765
2023	13,091,393
2024	8,033,413
Thereafter	17,229,976
Total	83,833,179
Lease amount representing interest	9,621,728
Total operating lease obligations	74,211,451
Less current portion	13,242,576
Long-term obligation	$ 60,968,875

Future minimum payments under financing lease obligations as of December 31, 2019 were as follows:

Years ending December 31:	
2020	$ 1,124,746
2021	850,712
2022	745,208
2023	230,745
2024	31,357
Total	2,982,768
Less amount representing interest	181,059
Total financing lease obligations	2,801,709
Less current portion	1,053,932
Total	$ 1,747,777

Total lease costs are comprised of the following in 2019:

Financing lease cost:	
Amortization of right-of-use asset	$ 1,126,052
Interest on lease obligations	103,857
Operating lease cost	17,034,804
Total lease cost	$ 18,264,713

Other supplemental information as of and for the year ended December 31, 2019 is as follows:

Weighted-average remaining lease term:	
Financing lease obligations	3.03 years
Operating lease obligations	6.12 years
Weighted-average discount rate:	
Financing lease obligations	3.19%
Operating lease obligations	4.44%

Certain lease agreements contain a number of restrictive covenants that, among other things, and subject to certain exemptions, impose operating and financial restrictions on the Corporation. These leases also require the Corporation to meet financial covenants, including a liquidity ratio and maximum net leverage ratio.

15. Retirement, Health Plan and Life Insurance

Defined Contribution Retirement Plan

The Corporation sponsors a 401(a) defined contribution retirement plan, which covers substantially all full-time employees. After twelve months of full-time or regular part-time employment of at least 1,000 base hours, the Corporation will contribute a total of 2 percent of eligible employees' compensation, plus a matching employer contribution equal to 50 percent of employee contributions (to the 403(b) plan) up to 6 percent of base salary. The Corporation also has a 403(b) retirement savings plan for employees. Employee contributions are made to the 403(b) retirement savings plan. Retirement plan expense was $11,087,036 in 2019 and $10,101,533 in 2018.

Supplemental Executive Retirement Plan

The Corporation also has a Supplemental Executive Retirement Plan (SERP) that became effective in 2015 and covers a group of key executives. SERP expense was $201,322 in 2019 and $236,635 in 2018. In addition, a SERP liability adjustment was recorded for $789,431 in 2019 and $(1,609,635) in 2018, which was recognized in net assets without donor restriction in the consolidated statements of changes in net assets. At December 31, 2019 and 2018, the Corporation's liability for the SERP was $2,619,727 and $2,418,405, respectively, which is included in other liabilities in the consolidated balance sheets.

Executive Retention 457(F) Plan

Effective January 1, 2015, the Corporation established the Executive Retention 457(F) Plan (the 457(F) Plan). The 457(F) Plan is a tax-deferred plan offered to key executives, whereby annual employer contributions are made to the Plan. Plan participants become vested in the contributions and receive plan payments in the second calendar year after the contribution is made, if the participant is still employed. The final contribution will be made to the Plan for the year in which the plan participant becomes 62. The 457(F) plan expense was $2,198,352 in 2019 and $1,305,693 in 2018. The Corporation's liability for the 457(F) plan at December 31, 2019 and 2018 was $2,468,554 and $2,549,173, respectively, which is included in other liabilities in the consolidated balance sheets.

Salary Deferral (457(b)) Plan

Employees who contribute the maximum allowable amount to the 403(b) retirement plan have an opportunity to contribute additional funds on a tax-deferred basis to a 457(b) retirement plan up to the maximum tax-sheltered opportunity. There are no employer contributions to this plan.

Health Plan

The Corporation maintains a self-insurance employee program for its health insurance coverage. The Corporation accrues the estimated costs of incurred and reported and incurred but not reported claims, after consideration of its stop-loss insurance coverage, based upon data provided by the third party administrator of the program and historical claims experience.

Life Insurance

Full-time and part-time employees are insured, through a third party carrier, for an amount equal to one times their base salary at time of enrollment up to $450,000 for full-time employees and $10,000 for part-time employees. In addition, if death is caused by accident, the employee is insured for an additional benefit equal to the amount of their life insurance.

16. Commitments and Contingencies

Litigation and Claims

The Corporation is subject to asserted and unasserted claims (in addition to litigation) encountered in the ordinary course of business. In the opinion of management and after consultation with legal counsel, the Corporation has established adequate reserves related to all known matters. The outcome of any potential investigative, regulatory or prosecutorial activity that may occur in the future cannot be predicted with certainty. However, any associated potential future losses resulting from such activity could have a material adverse effect on the Corporation's future financial position, results of operations and liquidity.

Insurance

The Corporation's primary coverage for professional liability is provided through a self-funded insurance retention trust (the Trust) established on January 1, 1993. The Trust is funded based on actuarial estimates and provides coverage of $4,000,000 per occurrence with no annual aggregate limitation. The Trust also provides general liability coverage up to $1,000,000 per occurrence and $3,000,000 in the aggregate. The Corporation also carries umbrella excess liability insurance on a claims made basis with a commercial carrier, with limits of $20,000,000 per occurrence and in aggregate.

It is the Corporation's policy to accrue for the ultimate cost of uninsured asserted and unasserted malpractice claims, if any, when incidents occur. Based on a review of the Corporation's prior experience and incidents occurring through December 31, 2019, management determined that the fully-funded professional liability reserve reported at December 31, 2019 and 2018 is adequate in light of the program's excess umbrella policy currently in force and historical claims experience. The estimated professional liability for both asserted and unasserted claims was $18,068,182 and $16,725,085 at December 31, 2019 and 2018, respectively. The discount rate used in determining these liabilities was 2.5 percent at both December 31, 2019 and 2018.

The Corporation is self-insured for unemployment and workers' compensation benefits. The liability for unemployment and worker's compensation claims payable is an estimate based on the Corporation's past experience and is included in the accompanying consolidated balance sheets. It is reasonably possible that the estimates used could change materially in the near term.

Remediation

Certain buildings, which were constructed prior to the passage of the Clean Air Act, contain encapsulated asbestos material. Current law requires that this asbestos be removed in an environmentally safe fashion prior to demolition and renovation of these buildings. At this time, the Corporation has no plans to demolish or renovate these buildings and, as such, cannot reasonably estimate the fair value of the liability for such asbestos removal.

17. Business and Credit Concentrations

The Corporation grants credit to patients, substantially all of whom are local residents. The Corporation generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits receivable under their health insurance programs, plans or policies.

At December 31, 2019 and 2018, concentrations of gross receivables from third party payors and others are as follows:

	2019	2018
Medicare	21 %	22 %
Medicaid	13	12
Other third party payors	46	41
Self-pay and others	20	25
	100 %	100 %

The Corporation maintains its cash and cash equivalents with several financial institutions. Cash and cash equivalents on deposit with any one financial institution are insured up to $250,000.

18. Liquidity and Availability

The Corporation's financial assets available for general expenditure within one year of the consolidated balance sheet date, consist of the following at December 31:

	2019	2018
Cash and cash equivalents	$ 25,807,370	$ 41,673,365
Short-term investments	226,700,054	196,069,788
Patient accounts receivable, net	117,498,048	94,756,571
Other receivables, net	13,764,346	12,096,855
Assets whose use is limited, Professional liability trust fund	13,948,336	11,128,261
Total	$ 397,718,154	$ 355,724,840

The Corporation has designated certain assets as available for settling professional liability claims however these assets could be used for general expenditure if necessary and therefore have been included in the information above.

As part of the Corporation's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Corporation invests excess cash in short-term investments.

19. Functional Expenses

A summary of the Corporation's operating expenses by function for the year ended December 31, 2019 is as follows:

	Hospital Acute and Ambulatory Services	Home Care Services	Other Health Care Services	Other, Including General and Administrative	Fundraising	Total
Salaries and wages	$ 237,701,341	$ 19,811,693	$ 88,846,505	$ 38,079,526	$ -	$ 384,439,065
Employee benefits and payroll taxes	46,478,154	3,414,470	15,608,146	8,175,118	-	73,675,888
Contract labor	35,780,089	479,361	2,167,499	272,084	-	38,699,033
Medical supplies	101,992,687	406,656	5,369,499	(31,596)	-	107,737,246
General and administrative	56,215,257	1,136,904	21,347,473	46,741,649	1,982,059	127,423,342
Building and maintenance	29,982,952	688,095	11,153,982	2,175,935	-	44,000,964
Insurance	4,777,573	117,608	2,007,774	48,017	-	6,950,972
Interest	13,355,155	-	535,784	2,695,241	-	16,586,180
Depreciation and amortization	26,247,404	321,948	4,108,322	10,904,606	-	41,582,280
Loss on disposal of property and equipment	-	-	-	3,265,295	-	3,265,295
Total	$ 552,530,612	$ 26,376,735	$ 151,144,984	$ 112,325,875	$ 1,982,059	$ 844,360,265

In 2019, the Corporation also incurred other health care services expenses of $15,149,584 related to the Takoma Park campus that were included in the loss from discontinued operations in the consolidated statements of operations. These expenses were comprised of the loss on disposal of $11,575,977, building and maintenance of $1,173,959, interest of $1,860,402 and miscellaneous other operating expenses related to the operations of the walk-in clinic.

A summary of the Corporation's operating expenses by function for the year ended December 31, 2018 is as follows:

	Hospital Acute and Ambulatory Services	Home Care Services	Other Health Care Services	Other, Including General and Administrative	Fundraising	Total
Salaries and wages	$ 220,718,693	$ 18,731,190	$ 88,625,657	$ 38,100,836	$ -	$ 366,176,376
Employee benefits and payroll taxes	47,966,466	3,553,383	13,110,485	7,591,278	-	72,221,612
Contract labor	32,343,445	245,199	2,963,787	202,224	-	35,754,655
Medical supplies	98,202,724	458,492	5,875,860	43,582	-	104,580,658
General and administrative	55,707,950	1,215,423	17,182,465	48,146,794	110,280	122,362,912
Building and maintenance	30,686,995	704,542	7,821,497	2,131,732	-	41,344,766
Insurance	4,741,326	105,956	1,861,698	2,404,029	-	9,113,009
Interest	8,724,197	-	530,114	2,696,971	-	11,951,282
Depreciation and amortization	22,503,068	314,415	4,087,192	11,215,519	-	38,120,194
Total	$ 521,594,864	$ 25,328,600	$ 142,058,755	$ 112,532,965	$ 110,280	$ 801,625,464

Adventist HealthCare, Inc. and Controlled Entities

Consolidating Schedule, Balance Sheet
December 31, 2019

	Shady Grove Medical Center	White Oak Medical Center	Rehabilitation	Imaging Services	Clinical Integration Services	Other Health Services	Support Center	Eliminating Entries	Total Combined Obligated Group	Fort Washington Medical Center	Lourie Center	Adventist Home Care Services	Urgent Care Centers	One Health Quality Alliance	Adventist HealthCare, Inc. Foundations	Eliminating Entries	Consolidated Adventist HealthCare, Inc.
Assets																	
Current Assets																	
Cash and cash equivalents	$ 213,113,631	$ (113,924,577)	$ 23,994,274	$ (23,719,381)	$ (36,213,052)	$ (1,023,315)	$ (33,841,725)	$ -	$ 28,385,855	$ 1,478,359	$ 373,750	$ 9,311,478	$ (14,085,019)	$ (3,278,261)	$ 3,621,208	$ -	$ 25,807,370
Short-term investments	-	-	-	-	-	-	226,700,054	-	226,700,054	-	-	-	-	-	-	-	226,700,054
Assets whose use is limited	-	-	-	-	-	-	3,716,230	-	3,716,230	-	-	-	-	-	-	-	3,716,230
Patient accounts receivable	56,963,630	40,524,481	5,839,124	2,554,761	838,474	(15,305)	150	-	106,705,315	5,246,936	-	4,965,569	580,228	-	-	-	117,498,048
Other receivables	2,887,460	3,382,019	68,345	1,071,529	173,389	546,234	4,335,747	(782,297)	11,682,426	(959,034)	2,329,485	19,406	-	-	692,063	-	13,764,346
Inventories	5,024,652	5,708,507	95,929	-	-	138,909	-	-	10,967,997	1,450,231	-	152	-	-	-	-	12,418,380
Prepaid expenses and other current assets	867,991	569,290	111,820	122,538	137,032	61,056	5,287,534	-	7,157,261	774,424	42,915	49,710	49,890	-	-	-	8,074,200
Total current assets	278,857,364	(63,740,280)	30,109,492	(19,970,553)	(35,064,157)	(292,421)	206,197,990	(782,297)	395,315,138	7,990,916	2,746,150	14,346,315	(13,454,901)	(3,278,261)	4,313,271	-	407,978,628
Property and Equipment, Net	180,743,158	426,431,717	9,290,726	6,722,931	2,011,625	153,335	74,058,769	-	699,412,261	16,942,558	1,324,794	1,064,185	6,100,032	-	-	-	724,843,830
Financing Lease Right-of-Use Asset	-	-	-	2,711,291	-	-	-	-	2,711,291	254,535	-	-	-	-	-	-	2,965,826
Operating Lease Right-of-Use Asset	38,502,293	3,962,433	785,412	5,081,361	2,563,571	705,809	9,029,531	-	60,630,410	198,798	2,268,005	2,199,183	7,842,011	-	-	-	73,138,407
Assets Whose Use is Limited																	
Under trust indentures and capital lease purchase financing facilities, held by trustees and banks	1,362,948	33,432,715	456,266	-	-	-	3,379,654	-	38,631,583	1,659,265	-	-	-	-	-	-	40,290,848
Professional liability trust fund	-	-	-	-	-	-	13,948,336	-	13,948,336	-	-	-	-	-	-	-	13,948,336
Deferred compensation fund	-	-	-	-	-	-	1,537,921	-	1,537,921	-	-	-	-	-	-	-	1,537,921
Cash and Cash Equivalents Restricted for Capital Acquisitions	333,897	-	112,854	-	-	-	-	-	446,751	598	365,923	-	-	-	109,053	-	922,325
Investments and Investments in Unconsolidated Subsidiaries	(1,942,436)	12,769,669	-	-	-	-	17,867,204	-	28,694,437	475,000	-	-	-	-	834,382	(7,448,619)	22,555,200
Land Held for Healthcare Development	-	-	-	-	-	-	48,091,039	-	48,091,039	-	-	-	-	-	-	-	48,091,039
Intangible Assets, Net	1,547,663	-	781,077	5,435,091	-	11,204	-	-	7,775,035	-	-	143,676	-	-	-	-	7,918,711
Deposits and Other Noncurrent Assets	1,291,161	31,351	43,000	51,351	21,371	32,754	416,891	-	1,887,879	44,097	5,054	30,828	200,582	-	1,509,233	-	3,677,673
Assets Held for Sale	-	-	-	-	-	15,939,824	-	-	15,939,824	-	-	-	-	-	-	-	15,939,824
Total assets	$ 500,696,048	$ 412,887,605	$ 41,578,827	$ 31,472	$ (30,467,590)	$ 16,550,505	$ 374,527,335	$ (782,297)	$ 1,315,021,905	$ 27,565,767	$ 6,709,926	$ 17,784,187	$ 687,724	$ (3,278,261)	$ 6,765,939	$ (7,448,619)	$ 1,363,808,568

Adventist HealthCare, Inc. and Controlled Entities

Consolidating Schedule, Balance Sheet
December 31, 2019

	Shady Grove Medical Center	White Oak Medical Center	Rehabilitation	Imaging Services	Clinical Integration Services	Other Health Services	Support Center	Eliminating Entries	Total Combined Obligated Group	Fort Washington Medical Center	Lourie Center	Adventist Home Care Services	Urgent Care Centers	One Health Quality Alliance	Adventist HealthCare, Inc. Foundations	Eliminating Entries	Consolidated Adventist HealthCare, Inc.
Liabilities and Net Assets																	
Current Liabilities																	
Accounts payable and accrued expenses	$ 37,047,302	$ 27,374,311	$ 2,202,028	$ 1,353,322	$ 1,463,814	$ 1,105,357	$ 30,029,204	$ -	$ 100,575,338	$ 7,093,724	$ 572,604	$ 1,377,738	$ 470,821	$ 212,713	$ 34,708	$ -	110,337,646
Accrued compensation and related items	16,032,365	9,618,707	3,089,449	226,519	723,109	257,413	11,254,762	(782,297)	40,420,027	2,100,781	767,217	2,003,217	383,367	-	-	-	45,674,609
Interest payable	-	-	-	-	-	-	9,648,902	-	9,648,902	267,328	-	-	-	-	-	-	9,916,230
Due to third party payors	11,383,135	8,024,033	(465,307)	-	-	-	67,547	-	19,009,408	579,746	-	-	-	-	-	-	19,589,154
Estimated self-insured professional liability	-	-	-	-	-	-	1,929,261	-	1,929,261	-	-	-	-	-	-	-	1,929,261
Current maturities of:																	
Long-term obligations	4,835,201	6,299,663	-	-	-	-	2,252,990	-	13,387,854	499,670	-	-	183,133	-	-	-	14,070,657
Financing lease obligations	-	-	-	996,874	-	-	-	-	996,874	57,058	-	-	-	-	-	-	1,053,932
Operating lease obligations	6,899,728	799,049	298,105	1,475,879	486,033	200,009	1,386,194	-	11,544,997	105,478	620,101	417,594	554,406	-	-	-	13,242,576
Total current liabilities	76,197,731	52,115,763	5,124,275	4,052,594	2,672,956	1,562,779	56,568,860	(782,297)	197,512,661	10,703,785	1,959,922	3,798,549	1,591,727	212,713	34,708	-	215,814,065
Construction Payable	2,421,408	8,104,689	3,620	13,750	-	-	350,830	-	10,894,297	-	-	-	-	-	-	-	10,894,297
Long-Term Obligations, Net																	
Bonds payable	125,177,952	369,180,227	4,299,099	-	-	-	37,687,813	-	536,345,091	-	-	-	(13,446)	-	-	-	536,331,645
Notes payable	1,497,700	703,997	-	-	-	-	18,651,916	-	20,853,613	5,883,532	-	-	4,151,512	-	-	-	30,888,657
Financing lease obligations	-	-	-	1,537,415	-	-	-	-	1,537,415	210,362	-	-	-	-	-	-	1,747,777
Operating lease obligations	32,192,898	3,216,970	491,983	3,676,838	2,116,351	516,461	7,808,544	-	50,020,045	93,320	1,670,477	1,817,611	7,367,422	-	-	-	60,968,875
Derivative Financial Instrument	-	-	-	-	-	-	236,291	-	236,291	-	-	-	-	-	-	-	236,291
Other Liabilities	1,605,154	-	-	-	464,689	-	8,218,894	-	10,288,737	3,216,258	-	-	-	-	47,598	-	13,552,593
Estimated Self-Insured Professional Liability	-	-	-	-	-	-	16,138,921	-	16,138,921	-	-	-	-	-	-	-	16,138,921
Total liabilities	239,092,843	433,321,646	9,918,977	9,280,597	5,253,996	2,079,240	145,662,069	(782,297)	843,827,071	20,107,257	3,630,399	5,616,160	13,097,215	212,713	82,306	-	886,573,121
Net Assets (Deficit)																	
Net assets (deficit) without donor restrictions	261,786,691	(21,243,431)	31,386,196	(9,274,125)	(35,721,586)	14,471,265	228,222,993	-	469,628,003	7,351,510	2,666,176	12,168,027	(12,409,491)	(3,490,974)	2,704,352	(7,341,619)	471,275,984
Net assets (deficit) with donor restrictions	(183,486)	809,390	273,654	25,000	-	-	642,273	-	1,566,831	107,000	413,351	-	-	-	3,979,281	(107,000)	5,959,463
Total net assets (deficit)	261,603,205	(20,434,041)	31,659,850	(9,249,125)	(35,721,586)	14,471,265	228,865,266	-	471,194,834	7,458,510	3,079,527	12,168,027	(12,409,491)	(3,490,974)	6,683,633	(7,448,619)	477,235,447
Total liabilities and net assets (deficit)	$ 500,696,048	$ 412,887,605	$ 41,578,827	$ 31,472	$ (30,467,590)	$ 16,550,505	$ 374,527,335	$ (782,297)	$ 1,315,021,905	$ 27,565,767	$ 6,709,926	$ 17,784,187	$ 687,724	$ (3,278,261)	$ 6,765,939	$ (7,448,619)	$ 1,363,808,568

Adventist Healthcare, Inc. and Controlled Entities

Consolidating Schedule, Statement of Operations
Year Ended December 31, 2019

	Shady Grove Medical Center	White Oak Medical Center	Rehabilitation	Imaging Services	Clinical Integration Services	Other Health Services	Support Center	Eliminating Entries	Total Combined Obligated Group	Fort Washington Medical Center	Lourie Center	Adventist Home Care Services	Urgent Care Centers	One Health Quality Alliance	Adventist HealthCare, Inc. Foundations	Eliminating Entries	Consolidated Adventist HealthCare, Inc.
Revenues																	
Net patient service revenue	$ 418,126,760	$ 266,594,362	$ 53,718,379	$ 29,653,620	$ 8,645,083	$ -	$ -	$ (62,038)	$ 776,676,166	$ 8,514,690	$ 801,425	$ 29,741,785	$ 6,535,352	$ -	$ -	$ (693,809)	$ 821,575,609
Other revenues	11,740,940	4,670,930	610,188	1,811,592	867,448	6,773,596	7,736,877	(9,439,612)	24,771,959	87,846	16,216,023	258,521	80	157,548	2,055,876	(2,619,640)	40,928,213
Total revenues	429,867,700	271,265,292	54,328,567	31,465,212	9,512,531	6,773,596	7,736,877	(9,501,650)	801,448,125	8,602,536	17,017,448	30,000,306	6,535,432	157,548	2,055,876	(3,313,449)	862,503,822
Expenses																	
Salaries and wages	152,430,057	100,783,017	29,956,596	16,172,790	8,011,835	2,829,676	38,079,526	(310,681)	347,952,816	4,070,934	8,726,097	19,811,693	3,871,526	5,999	-	-	384,439,065
Employee benefits	30,113,310	18,601,084	5,564,034	2,921,792	1,209,595	515,328	8,175,118	(48,025)	67,052,236	831,168	1,740,098	3,414,470	634,614	3,302	-	-	73,675,888
Contract labor	22,859,819	14,425,581	903,894	(1,712,712)	100,000	626,834	272,084	(71,100)	37,404,400	635,598	249,333	479,361	135,433	100,307	-	(305,399)	38,699,033
Medical supplies	55,997,110	45,770,940	1,846,157	1,495,224	426,710	743,573	(31,596)	(42,796)	106,205,322	697,972	117,289	406,656	310,007	-	-	-	107,737,246
General and administrative	37,326,733	27,910,464	3,503,927	4,255,890	1,914,893	1,374,937	49,494,413	(6,164,536)	119,616,721	1,356,322	4,145,495	1,136,904	1,218,247	656,518	1,982,059	(2,688,924)	127,423,342
Building and maintenance	25,407,813	7,955,502	1,873,442	4,027,383	1,955,535	1,701,847	2,175,935	(4,269,405)	40,828,052	315,099	999,554	688,095	1,192,891	300	-	(23,027)	44,000,964
Insurance	3,251,156	2,171,984	311,358	428,688	398,762	5,366	48,017	-	6,615,331	133,133	10,633	117,608	74,267	-	-	-	6,950,972
Interest	6,241,238	7,056,513	189,569	125,479	-	1,860,402	2,695,241	(1,860,402)	16,308,040	57,404	-	-	220,736	-	-	-	16,586,180
Depreciation and amortization	16,411,917	9,749,295	1,047,674	2,280,351	64,532	59,624	10,904,606	-	40,517,999	208,807	171,341	321,948	362,185	-	-	-	41,582,280
Loss (gain) on disposal of property and equipment	-	-	-	-	-	11,575,977	3,265,295	(11,575,977)	3,265,295	-	-	-	-	-	-	-	3,265,295
IT depreciation	6,346,694	2,985,655	464,189	85,777	-	27,534	(9,985,325)	-	(75,476)	-	-	75,476	-	-	-	-	-
IT services	21,497,051	11,673,974	2,111,537	1,179,465	119,613	135,074	(37,412,027)	-	(695,313)	-	-	695,313	-	-	-	-	-
Shared services	19,213,206	10,681,284	1,634,724	492,538	756,952	73,496	(33,626,500)	-	(774,300)	-	310,355	410,472	53,473	-	-	-	-
Management fees	9,940,544	5,716,347	1,417,193	494,121	492,538	145,592	(19,571,019)	-	(1,364,684)	-	338,708	875,479	150,497	-	-	-	-
Total expenses	407,036,648	265,481,640	50,824,294	32,246,786	15,450,965	21,675,260	14,483,768	(24,342,922)	782,856,439	8,306,437	16,808,903	28,433,475	8,223,876	766,426	1,982,059	(3,017,350)	844,360,265
Income (loss) from operations	22,831,052	5,783,652	3,504,273	(781,574)	(5,938,434)	(14,901,664)	(6,746,891)	14,841,272	18,591,686	296,099	208,545	1,566,831	(1,688,444)	(608,878)	73,817	(296,099)	18,143,557
Other Income (Expense)																	
Investment income	6,527,427	844,601	615,581	-	-	44,644	5,889,110	-	13,921,363	-	11,847	223,085	-	-	-	-	14,156,295
Other income (expense)	(237,480)	(180,058)	(8,665)	19,615	560	-	(1,102,030)	-	(1,508,058)	-	(272)	(2,384)	-	-	-	-	(1,510,714)
Inherent contribution on business combination	-	-	-	-	-	-	7,045,520	-	7,045,520	7,045,520	-	-	-	-	-	(7,045,520)	7,045,520
Total other income (expense)	6,289,947	664,543	606,916	19,615	560	44,644	11,832,600	-	19,458,825	7,045,520	11,575	220,701	-	-	-	(7,045,520)	19,691,101
Revenues in excess of (less than) expenses from continuing operations	29,120,999	6,448,195	4,111,189	(761,959)	(5,937,874)	(14,857,020)	5,085,709	14,841,272	38,050,511	7,341,619	220,120	1,787,532	(1,688,444)	(608,878)	73,817	(7,341,619)	37,834,658
Change in net unrealized gains and losses on investments in debt securities	3,375,542	621,438	314,694	-	-	21,361	3,689,557	-	8,022,592	-	1,485	109,906	-	-	10,238	-	8,144,221
Change in net unrealized gain on derivative financial instrument	-	-	-	-	-	-	700,697	-	700,697	-	-	-	-	-	-	-	700,697
Transfers from (to) subsidiaries	(40,578)	(16,396,175)	-	(1,041,352)	2	29,541,589	(12,063,487)	-	(1)	-	2	(1)	-	-	-	-	-
Net assets released from restriction for purchase of property and equipment	106,859	1,670,807	-	-	-	-	(42)	-	1,777,624	-	-	-	-	-	-	-	1,777,624
Deferred compensation plan liability adjustment	-	-	-	-	-	-	(789,431)	-	(789,431)	-	-	-	-	-	-	-	(789,431)
Other net asset activity	-	-	-	-	-	(2,174,643)	2,150,395	-	(24,248)	-	-	-	-	-	-	-	(24,248)
Increase (decrease) in net assets (deficit) without donor restrictions from continuing operations	32,562,822	(7,655,735)	4,425,883	(1,803,311)	(5,937,872)	12,531,287	(1,226,602)	14,841,272	47,737,744	7,341,619	221,607	1,897,437	(1,688,444)	(608,878)	84,055	(7,341,619)	47,643,521
Loss from discontinued operations	-	-	-	-	-	-	-	(14,841,272)	(14,841,272)	-	-	-	-	-	-	-	(14,841,272)
Increase (decrease) in net assets (deficit) without donor restrictions	$ 32,562,822	$ (7,655,735)	$ 4,425,883	$ (1,803,311)	$ (5,937,872)	$ 12,531,287	$ (1,226,602)	$ -	$ 32,896,472	$ 7,341,619	$ 221,607	$ 1,897,437	$ (1,688,444)	$ (608,878)	$ 84,055	$ (7,341,619)	$ 32,802,249

Adventist HealthCare, Inc. - Foundations

Combining Schedule, Balance Sheet
December 31, 2019

	Shady Grove Medical Center Foundation, Inc.	White Oak Medical Center Foundation, Inc.	Eliminating Entries	Combined Adventist HealthCare, Inc. Foundations
Assets				
Current Assets				
Cash and cash equivalents	$ 3,093,500	$ 527,708	$ -	$ 3,621,208
Current portion of pledges receivable, less allowance for doubtful pledges	241,315	450,748	-	692,063
Total current assets	3,334,815	978,456	-	4,313,271
Cash and Cash Equivalents Restricted for Capital Acquisitions	-	109,053	-	109,053
Investments	834,382	-	-	834,382
Beneficial Interest in Trusts	180,282	428,036	-	608,318
Noncurrent Portion of Pledges Receivable	147,054	753,861	-	900,915
Total assets	$ 4,496,533	$ 2,269,406	$ -	$ 6,765,939
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	$ 34,708	$ -	$ -	$ 34,708
Liability to Charitable Gift Annuitants	47,598	-	-	47,598
Total liabilities	82,306	-	-	82,306
Net Assets				
Net assets without donor restrictions	2,555,227	149,125	-	2,704,352
Net assets with donor restrictions	1,859,000	2,120,281	-	3,979,281
Total net assets	4,414,227	2,269,406	-	6,683,633
Total liabilities and net assets	$ 4,496,533	$ 2,269,406	$ -	$ 6,765,939

Adventist HealthCare, Inc. - Foundations

Combining Schedule, Statement of Operations and Changes in Net Assets
Year Ended December 31, 2019

	Shady Grove Medical Center Foundation, Inc.	White Oak Medical Center Foundation, Inc.	Eliminating Entries	Combined Adventist HealthCare, Inc. Foundations
Changes in Net Assets Without Donor Restrictions				
Revenues, Gains, and Other Support				
Contributions, net	$ 326,611	$ 177,708	$ -	$ 504,319
Net assets released from restrictions	63,861	1,487,696	-	1,551,557
Total revenues, gains, and other support	390,472	1,665,404	-	2,055,876
Expenses				
General and administrative expenses	42,955	45,013	-	87,968
In-kind gifts expended	17,678	6,625	-	24,303
Total expenses before transfers to the hospitals	60,633	51,638	-	112,271
Transfers to the hospitals	188,189	1,681,599	-	1,869,788
Total expenses	248,822	1,733,237	-	1,982,059
Revenues in excess of (less than) expenses	141,650	(67,833)	-	73,817
Change in net unrealized gains and losses on investments in debt securities	10,238	-	-	10,238
Increase (decrease) in net assets without donor restrictions	151,888	(67,833)	-	84,055
Net assets without donor restrictions, beginning	2,403,339	216,958	-	2,620,297
Net assets without donor restrictions, ending	$ 2,555,227	$ 149,125	$ -	$ 2,704,352
Changes in Net Assets With Donor Restrictions				
Contributions, net	$ 962,695	$ 847,849	$ -	1,810,544
Net assets released from restrictions	(63,861)	(1,487,696)	-	(1,551,557)
Change in value of beneficial interest in trusts	-	11,949	-	11,949
Change in discount of pledges receivable and provision for doubtful pledges	3,698	21,924	-	25,622
Investment income (loss) and change in unrealized gains and losses on investments	14,572	(5,672)	-	8,900
Increase (decrease) in net assets with donor restrictions	917,104	(611,646)	-	305,458
Net assets with donor restrictions, beginning	941,896	2,731,927	-	3,673,823
Net assets with donor restrictions, ending	$ 1,859,000	$ 2,120,281	$ -	$ 3,979,281

Adventist HealthCare, Inc. and Controlled Entities

Consolidated Financial Statements
and Supplementary Information

December 31, 2020 and 2019

Independent Auditors' Report

To the Board of Trustees of
Adventist HealthCare, Inc. and Controlled Entities

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Adventist HealthCare, Inc. and Controlled Entities (collectively, the Corporation), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Adventist HealthCare, Inc. and Controlled Entities as of December 31, 2020 and 2019, and the results of their operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

Wilkes-Barre, Pennsylvania
May 17, 2021

Adventist HealthCare, Inc. and Controlled Entities

Consolidated Balance Sheets
December 31, 2020 and 2019
(In Thousands)

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	$ 55,444	$ 25,807
Medicare advance and accelerated payments	140,112	-
Short-term investments	250,502	226,700
Assets whose use is limited	3,795	3,716
Patient accounts receivable	117,816	117,498
Other receivables	41,574	13,764
Inventories	11,567	12,418
Prepaid expenses and other current assets	10,089	8,076
Total current assets	630,899	407,979
Property and Equipment, Net	729,007	724,844
Financing Lease Right-of-Use Asset	10,364	2,966
Operating Lease Right-of-Use Asset	99,334	73,138
Assets Whose Use is Limited		
Under trust indentures and mortgage loan agreement, held by trustees and banks	43,266	40,291
Professional liability trust fund	16,361	13,948
Deferred compensation fund	1,405	1,538
Cash and Cash Equivalents Restricted for Capital Acquisitions	1,075	922
Investments and Investments in Unconsolidated Subsidiaries	29,021	22,555
Land Held for Healthcare Development	49,430	48,091
Intangible Assets, Net	7,717	7,919
Deposits and Other Noncurrent Assets	6,104	3,678
Assets Held for Sale	12,029	15,940
Total assets	$ 1,636,012	$ 1,363,809

See notes to consolidated financial statements

Adventist HealthCare, Inc. and Controlled Entities

Consolidated Balance Sheets
December 31, 2020 and 2019
(In Thousands)

	2020	2019
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 124,674	$ 108,334
Accrued compensation and related items	55,350	45,675
Interest payable	9,312	9,916
Deferred revenues	52,512	2,003
Due to third party payors	20,897	19,589
Medicare advance and accelerated payments	60,771	-
Estimated self-insured professional liability	1,942	1,929
Current maturities of:		
Long-term obligations	13,991	14,071
Financing lease obligations	1,922	1,054
Operating lease obligations	15,042	13,243
Total current liabilities	356,413	215,814
Construction Payable	3,878	10,894
Long-Term Obligations, Net		
Bonds payable	526,600	536,332
Notes payable	26,529	30,889
Financing Lease Obligations	8,347	1,748
Operating Lease Obligations	86,228	60,969
Other Liabilities	9,893	13,789
Medicare Advance and Accelerated Payments	79,341	-
Estimated Self-Insured Professional Liability	17,995	16,139
Total liabilities	1,115,224	886,574
Net Assets		
Net assets without donor restrictions	513,402	471,276
Net assets with donor restrictions	7,386	5,959
Total net assets	520,788	477,235
Total liabilities and net assets	$ 1,636,012	$ 1,363,809

See notes to consolidated financial statements

Adventist HealthCare, Inc. and Controlled Entities

Consolidated Statements of Operations
Years Ended December 31, 2020 and 2019
(In Thousands)

	2020	2019
Revenues		
Net patient service revenue	$ 873,273	$ 821,576
Other revenues	57,416	40,927
COVID-19 grant income	44,222	-
Total revenues	974,911	862,503
Expenses		
Salaries and wages	414,329	384,439
Employee benefits	78,553	73,676
Contract labor	67,926	38,699
Medical supplies	125,485	107,737
General and administrative	132,269	127,423
Building and maintenance	51,311	44,001
Insurance	10,357	6,951
Interest	25,414	16,586
Depreciation and amortization	45,906	41,582
Loss on disposal of property and equipment	-	3,265
Total expenses	951,550	844,359
Income from operations	23,361	18,144
Other Income (Expense)		
Investment income	14,346	14,156
Other loss	(612)	(1,511)
Loss on extinguishment of debt	(281)	-
Inherent contribution on business combination	-	7,046
Total other income	13,453	19,691
Revenues in excess of expenses from continuing operations	36,814	37,835
Change in net unrealized gains and losses on investments in debt securities	4,271	8,144
Net assets released from restrictions for purchase of property and equipment	5,687	1,778
Deferred compensation plan liability adjustment	860	(789)
Other net asset activity	2,070	675
Increase in net assets without donor restrictions from continuing operations	49,702	47,643
Loss From Discontinued Operations	(7,576)	(14,841)
Increase in net assets without donor restrictions	$ 42,126	$ 32,802

See notes to consolidated financial statements

Adventist HealthCare, Inc. and Controlled Entities

Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2020 and 2019
(In Thousands)

	2020	2019
Net Assets Without Donor Restrictions		
Revenues in excess of expenses from continuing operations	$ 36,814	$ 37,835
Change in net unrealized gains and losses on investments in debt securities	4,271	8,144
Net assets released from restrictions for purchase of property and equipment	5,687	1,778
Deferred compensation plan liability adjustment	860	(789)
Other net asset activity	2,070	675
Increase in net assets without donor restrictions from continuing operations	49,702	47,643
Loss from discontinued operations	(7,576)	(14,841)
Increase in net assets without donor restrictions	42,126	32,802
Net Assets With Donor Restrictions		
Restricted gifts and donations	9,623	6,175
Net assets released from restrictions for purchase of property and equipment	(5,687)	(1,778)
Net assets released from restrictions used for operations	(2,564)	(3,516)
Change in value of beneficial interest in trusts and charitable gift annuity obligation	47	(205)
Change in discount of pledges receivable and provision for doubtful pledges	-	26
Donor restricted investment income	8	9
Increase in net assets with donor restrictions	1,427	711
Increase in net assets	43,553	33,513
Net Assets, Beginning	477,235	444,820
Cumulative Effect of Change in Accounting Principle	-	(1,098)
Net Assets, Ending	$ 520,788	$ 477,235

See notes to consolidated financial statements

Adventist HealthCare, Inc. and Controlled Entities

Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019
(In Thousands)

	2020	2019
Cash Flows From Operating Activities		
Increase in net assets	$ 43,553	$ 33,513
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	45,906	41,582
Change in operating lease right-of-use asset and obligations	18,214	12,459
Amortization of deferred financing costs	212	229
Deferred compensation plan liability adjustment	(860)	789
Loss on extinguishment of debt	281	-
Restricted contributions and grants	(7,907)	(4,768)
Earnings recognized from unconsolidated subsidiaries and affiliates	(300)	(2,198)
Inherent contribution on business combination, net of cash received	-	(8,338)
Cumulative effect of change in accounting principle	-	1,098
Loss on disposal of property and equipment	4,763	14,671
Net realized and unrealized gains and losses on investments	(1,682)	(7,382)
Change in net unrealized gains and losses on investments in debt securities	(4,271)	(8,144)
Change in value of beneficial interest in trusts and charitable gift obligation	(47)	205
Change in discount on pledges receivable and provision for doubtful pledges	-	(26)
Changes in assets and liabilities:		
Patient accounts receivable	(318)	(20,226)
Other receivables	(27,810)	(307)
Inventories, prepaid expenses and other current assets	(1,162)	(1,915)
Accounts payable and accrued expenses	16,340	16,706
Accrued compensation and related items	9,675	7,243
Interest payable	(604)	141
Deferred revenues	50,509	1,026
Estimated self-insured professional liability	1,869	1,343
Due to third party payors	1,308	(972)
Medicare advance and accelerated payments	140,112	-
Operating lease obligations	(17,352)	(15,962)
Other noncurrent assets and liabilities	(5,415)	(226)
Net cash provided by operating activities	265,014	60,541

See notes to consolidated financial statements

Adventist HealthCare, Inc. and Controlled Entities

Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019
(In Thousands)

	2020	2019
Cash Flows From Investing Activities		
Purchase of property and equipment	$ (56,946)	$ (157,328)
Increase in investments and investments in unconsolidated subsidiaries	(157,148)	(15,129)
Additions to land held for healthcare development	(1,339)	(2,686)
Distributions from investments in unconsolidated subsidiaries	583	9,608
Purchase of investment in unconsolidated subsidiary	(7,562)	(3,781)
Cash received in the acquisition of Fort Washington	-	1,293
Decrease in trustee held funds and restricted cash	5,199	57,058
Net cash used in investing activities	(217,213)	(110,965)
Cash Flows From Financing Activities		
Payment of financing costs	(206)	(590)
Proceeds from issuance of long-term obligations, net	314	-
Repayments on long-term obligations, net	(14,435)	(9,236)
Repayment of financing lease obligations	(1,058)	(1,089)
Proceeds from restricted contributions and grants	7,907	4,768
Net cash used in financing activities	(7,478)	(6,147)
Net increase (decrease) in cash, cash equivalents and restricted cash and cash equivalents	40,323	(56,571)
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	43,503	100,074
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 83,826	$ 43,503
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 25,476	$ 18,919
Supplemental Disclosure of Noncash Investing and Financing Activities		
Financing lease obligation incurred for equipment	$ 8,525	$ -
Operating lease obligations incurred for right-of-use asset	$ 40,961	$ -
Land contributed to investment in unconsolidated subsidiary	$ -	$ 8,627
Construction payable for property and equipment	$ 3,878	$ 10,894
Long-term debt refinanced	$ 20,500	$ -
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 55,444	$ 25,807
Cash and cash equivalents restricted for capital acquisitions	1,075	922
Cash and cash equivalents included in the current portion of assets whose use is limited	3,795	3,716
Cash and cash equivalents included in the noncurrent portion of assets whose use is limited	23,512	13,058
Total cash, cash equivalents and restricted cash and cash equivalents	$ 83,826	$ 43,503

See notes to consolidated financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Adventist HealthCare, Inc. (AHC) is a nonstock membership corporation organized to effectuate coordinated administration of hospitals and other health care organizations through the provision of key management and administrative services. The mission of AHC is to extend God's care through the ministry of physical, mental and spiritual healing. AHC is tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC). AHC is not exempt from income taxes for unrelated business income. AHC's sole corporate member is Mid-Atlantic Adventist HealthCare, Inc. AHC is comprised of several operating divisions and controlled entities, as follows:

Shady Grove Medical Center (SGMC) is a 329-bed acute care hospital located in Rockville, Maryland. Behavioral Health & Wellness Services (BH&WS) is a department of SGMC and as a result is reimbursed under SGMC's global budget revenue agreement. BH&WS is comprised of BH&WS - Rockville, a 117-bed psychiatric hospital.

White Oak Medical Center (WOMC) is a 178-bed acute care hospital located in Silver Spring, Maryland. On August 25, 2019, the newly constructed WOMC opened.

Rehabilitation (Rehab) operates one inpatient hospital with two sites in Maryland, as well as two outpatient locations. Rehab - Rockville is a 55-bed rehabilitation facility and Rehab - Takoma Park is a 42-bed rehabilitation facility. The Rehab - Takoma Park facility plans to relocate to WOMC in 2021.

Adventist HealthCare Imaging (Imaging) operates seven clinical sites and provides inpatient and outpatient imaging services at SGMC and WOMC.

Clinical Integration Services (CIS) is comprised of Adventist Medical Group (AMG). AMG is a not-for-profit entity that provides primary care and specialty care physician professional health services to the communities it serves. AHC contracted with Medical Faculty Associates, Inc. (MFA) to employ the AMG employees, through a wholly owned affiliate of MFA, in exchange for certain economic support to facilitate the growth by MFA of the AMG physician practices. In December 2017, however, AHC terminated its contract with MFA as it relates to the primary care, physiatry and endocrinology practices. The termination was effective July 2018, at which time AHC began operating the primary care, physiatry and endocrinology practices. The remaining specialty care practices will continue to be operated by MFA, with the respective operating results recorded in SGMC and WOMC. CIS also includes the administration needed to facilitate the coordination of patient care across conditions, providers and settings.

The Other Health Services (OHS) operating division is comprised of two entities. Lifework Strategies (LWS) provides employee assistance and employee wellness programs to client employees. LWS's mission is to help individuals live healthier, happier and more productive lives. Capital Choice Pathology Lab (CCPL) provides full pathology production services to client hospitals.

In May 2020, an alternate care site (ACS) opened to increase the number of beds available in the State of Maryland to care for COVID-19 patients as a result of the following sequence of events. In March 2020, the Secretary of Health within the State of Maryland identified the Takoma Park campus as a potential location for the treatment, isolation and quarantining of COVID-19 patients. On April 4, 2020, the Maryland Health Care Commission approved an Emergency Certificate of Need to establish a 200 bed ACS. In accordance with the terms of the agreement with the State of Maryland, all costs to open, operate and close and decommission the campus will be reimbursed.

The Corporation has amount due from the State of Maryland of $12,297 as of December 31, 2020 which is included in other receivables in the accompanying consolidated balance sheets. Any reimbursement received by the Corporation for services provided to patients is required to be remitted to the State of Maryland. The Corporation has amounts due to the State of Maryland of $6,054 as of December 31, 2020 which is included in accounts payable and accrued expenses in the accompanying consolidated balance sheets. The agreement will remain in effect until the earlier of the determination by the State of Maryland and the Corporation that the ACS is no longer needed or the termination of the State of Emergency and a Catastrophic Health Emergency proclamation by the Governor of Maryland. The financial results of the ACS are included in OHS.

The Support Center is comprised of the Corporate Office (CO) and the AHC benefit business unit. The CO provides corporate and centralized shared service functions that benefit the entire AHC system. The AHC benefit business unit administers the self-insurance health benefit program, including health insurance, dental and vision coverage for AHC and controlled entities.

In October 2019, Adventist HealthCare Fort Washington Medical Center, Inc., a subsidiary of AHC, acquired Fort Washington Medical Center (FWMC) (Note 3). FWMC is a 28-bed acute care hospital located in Fort Washington, Maryland.

The Lourie Center for Infants and Young Children (Lourie Center) is a not-for-profit organization that specializes in the diagnosis, treatment and prevention of developmental and emotional disorders in children from birth through ten years of age.

Adventist Home Care Services, Inc. (AHCS) is a nonstock membership corporation organized to provide home health services in Maryland and includes Adventist Home Assistance (AHA). AHA provides nonclinical assistance to homebound patients who cannot perform certain daily activities on their own.

Adventist HealthCare Urgent Care Center, Inc. (Urgent Care) is comprised of three urgent care centers located in Germantown, Laurel and Rockville, Maryland. These centers provide ambulatory services to patients without life threatening conditions, as well as occupational health screenings to the community.

One Health Quality Alliance (OHQA) is a physician-led clinically integrated network designed to deliver value to payors, employers and consumers through the highest quality care at a lower cost. Through this alliance, participating physicians gain access to resources to support the transition to value-based care, while maintaining their independence. Through this collaboration, OHQA aims to improve the health of patient populations and communities, while enhancing the patient experience and reducing the costs of health care. The OHQA currently has over 1,180 physician members, most of whom are on the medical staff of AHC, including primary care, orthopedics and other community and hospital based specialists.

The Foundations operating division is comprised of Washington Adventist Hospital Foundation, Inc., d/b/a White Oak Medical Center Foundation Inc. and Shady Grove Medical Center Foundation, Inc. (collectively, the Foundations). Each are separate nonstock corporations that operate for the furtherance of each named hospital's health care objectives primarily through the solicitation of contributions, gifts and bequests. The Foundations also exist to help fund new equipment purchases and capital improvement projects for their respective hospitals.

All of the operating divisions and controlled entities mentioned above are tax-exempt under Section 501(c)(3) of the IRC.

Principles of Consolidation

The consolidated financial statements include the accounts of AHC, the controlling parent, SGMC, WOMC, Rehab, Imaging, CIS, LWS, CCPL, the Support Center, FWMC, the Lourie Center, AHCS, Urgent Care, OHQA, and the Foundations, which include their majority-owned subsidiaries and controlled affiliates (collectively, the Corporation). All significant intercompany balances and transactions have been eliminated in the consolidated financial statements of the Corporation.

Reclassification

Certain 2019 amounts have been reclassified to conform to the 2020 consolidated financial statements presentation.

Subsequent Events

The Corporation evaluated subsequent events for recognition or disclosure through May 17, 2021, the date the consolidated financial statements were issued.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Maryland Health Services Cost Review Commission

Certain hospital charges are subject to review and approval by the Maryland Health Services Cost Review Commission (HSCRC). The HSCRC has jurisdiction over hospital reimbursement in Maryland by agreement with the Centers for Medicare and Medicaid Services (CMS). This agreement is based on a waiver from the Medicare Prospective Payment System reimbursement principles granted under Section 1814(b) of the Social Security Act. Management has filed the required forms with the HSCRC and believes all entities that fall under the HSCRC's jurisdiction are in compliance with applicable requirements.

In January 2014, the Centers for Medicare and Medicaid Services approved a modernized waiver that grants Maryland (via the HSCRC) the authority to regulate hospital revenue within a rigorous per capita expenditure limit. Maryland's All Payer Model Agreement builds on decades of innovation and equity in healthcare payment and delivery - with an aim to enhance patient care, improve health outcomes and lower costs.

As a result of the waiver, the HSCRC introduced revenue arrangements, including the Global Budget Revenue (GBR) model. The GBR methodology encourages hospitals to focus on population health strategies by establishing a fixed annual revenue cap for each GBR hospital. The agreement establishes a fixed amount of charging authority (i.e. revenue) at the beginning of the rate year. It is evergreen in nature and covers both regulated inpatient and outpatient revenues. Annual revenue is calculated from a base year and is adjusted annually for inflation, infrastructure requirements, population changes, performance in quality-based programs and changes in the levels of uncompensated care. Revenue may also be adjusted annually for market levels and shifts of services from one health system to another and from a regulated setting to an unregulated setting (or vice versa).

In 2014, AHC entered into GBR Agreements with the HSCRC for SGMC, WOMC and Shady Grove Germantown Emergency Center. FWMC entered into a GBR agreement with the HSCRC in 2014. The agreements set an initial fixed amount of revenue for each entity for the period July 1, 2013 through June 30, 2014 and is subsequently updated on an annual basis every July 1.

HSCRC requires rate-regulated hospitals under its jurisdiction to calculate the amount of revenue lost or gained due to variances from approved rates. Revenue lost due to undercharges in rates is recouped through increases in prospective rates. Similarly, revenue gained due to overcharges in rates is paid back, wholly or in part, through reductions in prospective rates. The Corporation reported net undercharge of $801 and a net overcharge of $1,022 as of December 31, 2020 and 2019, respectively. These price variances reflect the variance between actual patient charges and the pro-rata share of approved rate orders. The net amounts are reported as a component of net patient service revenue and patient accounts receivable in the accompanying consolidated financial statements. Since the HSCRC's rate year extends from July 1 through June 30, these amounts will continue to fluctuate until the end of the rate year as actual patient charges deviate from the total approved charging authority. At the conclusion of the rate year ended June 30, 2019, any over/under charges are amortized on the straight-line basis over the following rate year when the price variance adjustments are actually built into each entity's rate order. Due to unique funding made available by the Coronavirus Aid, Relief and Economic Security (CARES) Act during 2020, net patient service revenue for hospital under the HSCRC jurisdiction were recognized as actual charges and no accrual for net overcharges or undercharges were made for the period July 1, 2019 through December 31, 2020. The variance between the HSCRC approved Global Budget and the amount charged for services during this period was calculated as lost revenues covered by the CARES Act Provider Relief Fund and reported as other revenues in the accompanying consolidated statements of operations.

Under Maryland law, charges of specialty hospitals such as Rehab are subject to review and approval by the HSCRC. HSCRC regulations also include a provision whereby a hospital may apply for an exemption from the requirements to charge for services in accordance with HSCRC regulations. Certain conditions regarding the percentage of revenue related to Medicare and Medicaid patients and total revenues must be met to receive the initial exemption and must be met each year thereafter. Reporting requirements as established by the HSCRC continue even if an exemption regarding charging for services is received. The Corporation's management believes Rehab met the conditions for exemption during 2020 and 2019.

Cash and Cash Equivalents

Cash and cash equivalents include investments in money market funds and certificates of deposit purchased with original maturities of less than 90 days, excluding assets whose use is limited. For purposes of the consolidated statements of cash flows, cash, cash equivalents and restricted cash and cash equivalents include investments purchased with an initial maturity of three months or less.

Patient Accounts Receivable

The Corporation assesses collectability on patient contracts prior to the recognition of net patient service revenue. Patient accounts receivable are reported at their net realizable value. Accounts are written off through bad debt expense when the Corporation has exhausted all collection efforts and determines accounts are impaired based on changes in patient credit worthiness. Patient accounts receivable also includes management's estimate of the impact of certain undercharges to be recouped or overcharges to be paid back for inpatient and outpatient services in subsequent years rates as discussed earlier.

Other Receivables

Other receivables represent amounts due to the Corporation for charges other than providing health care services to patients and pledges from donors and are reported at their net realizable value. These services include, but are not limited to, fees from educational programs, rental of health care facility space, interest earned and management services provided to unconsolidated subsidiaries. Other receivables are written off when they are determined to be uncollectible based on management's assessment of individual accounts.

Assets Whose Use Is Limited

Assets whose use is limited includes assets held by bond trustees under trust indentures, assets set aside as required by the Corporation's self-funded professional liability trust, assets set aside for deferred compensation agreements and those set aside in accordance with the United States Department of Housing and Urban Development (HUD) mortgage loan payable. Amounts available to meet current liabilities of the Corporation have been reclassified as current assets in the accompanying consolidated balance sheets.

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. Cash and cash equivalents and certificates of deposit are carried at cost which approximates fair value. Investments in joint ventures are accounted for using the equity or cost method of accounting depending on the Corporation's ownership interest. Investment income or loss (including realized and unrealized gains and losses on investments, write-downs of the cost basis of investments in debt securities due to an other-than-temporary decline in fair value, interest and dividends) is included in the determination of revenues in excess of expenses from continuing operations unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments in debt securities are excluded from the determination of revenues in excess of expenses from continuing operations. Donor restricted investment income is reported as an increase in net assets with donor restrictions. Investments available for current operations have been classified as short-term investments in the accompanying consolidated balance sheets.

The Corporation's investments are comprised of a variety of financial instruments. The fair values reported in the consolidated balance sheets are subject to various risks, including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying consolidated financial statements could change materially in the near term.

Inventories

Inventories of drugs, medical supplies and surgical supplies are valued at the lower of cost or net realizable value. Cost is determined primarily by the weighted average cost method.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Gifts of long-lived assets such as land, buildings or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment losses are recognized in the consolidated statements of operations as a component of revenues in excess of expenses from continuing operations as they are determined. The Corporation reviews its long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In that event, the Corporation calculates the estimated future net cash flows to be generated by the asset. If those future net cash flows are less than the carrying value of the asset, an impairment loss is recognized for the difference between the estimated fair value and the carrying value of the asset. There were no impairment losses reported in 2020 or 2019.

Leases and Right-of-Use Assets

Under Topic 842, the Corporation evaluates at contract inception whether a lease exists and recognizes a lease obligation and right-of-use (ROU) asset for all leases with a term greater than 12 months. Leases are classified as either financing or operating. All lease liabilities are measured as the present value of the future lease payments using a discount rate. The future lease payments used to measure the lease liability include fixed payments, as well as the exercise price of any options to purchase the underlying asset that have been deemed reasonably certain of being exercised, if applicable. Future lease payments for optional renewal periods that are not reasonably certain of being exercised are excluded from the measurement of the lease liability. For all leases, the ROU asset is initially derived from the measurement of the lease liability and adjusted for certain items, such as initial direct costs and lease incentives received. ROU assets are subject to long-lived impairment testing.

Amortization of financing lease ROU assets, which is recognized on a straight-line basis over the lesser of the lease term or the estimated useful life of the asset, is included within depreciation and amortization expense in the consolidated statements of operations. Interest expense associated with financing lease obligations is included within interest expense in the consolidated statements of operations. Operating lease expense is recognized on a straight-line basis over the lease term and is included within building and maintenance in the consolidated statements of operations. The lease term is determined based on the date the Corporation acquires control of the leased premises through the end of the lease term.

Intangible Assets

The Corporation's intangible assets primarily include costs in excess of net assets acquired related to certain business acquisitions. The Corporation is amortizing certain intangible assets over a period not to exceed 40 years. Amortization of these intangible assets was $202 in 2020 and $231 in 2019. Accumulated amortization of intangible assets was $4,259 and $4,057 as of December 31, 2020 and 2019, respectively.

Goodwill, which is included in intangible assets in the accompanying consolidated balance sheets, is reviewed annually for impairment or more frequently if events or circumstances indicate the carrying amount of the goodwill will not be recoverable.

Deferred Financing Costs

Costs incurred in connection with the issuance of long-term obligations have been deferred and are being amortized over the term of the related obligation using the straight-line method. Deferred financing costs remaining as of December 31, 2020 and 2019 totaled $5,024 and $5,213, respectively, and are included in the consolidated balance sheets as a reduction of bonds payable. Amortization expense was $212 and $229 in 2020 and 2019, respectively, and is included as a component of interest expense in the consolidated statements of operations.

Due to Third Party Payors

The Corporation receives advances from third party payors to provide working capital for services rendered to the beneficiaries of such services. These advances are principally determined based on the timing differences between the provision of care and the anticipated payment date of the claim for service in accordance with HSCRC's rate regulations. These advances are subject to periodic adjustment.

Settlements with third party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on reimbursable costs, the terms of the payment agreement with the payor, correspondence with the payor and the Corporation's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information become available), or as years are settled or no longer subject to such audits, reviews and investigations. Adjustments arising from a change in the transaction price, were not significant in 2020 or 2019.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result, health care entities, may from time to time and in the ordinary course of business, receive requests for information and notices from government agencies regarding alleged noncompliance with those laws and regulations, some of which may result in settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties and potential exclusion from the related programs. Management is not aware of any material incidents of noncompliance, however, there can be no assurance that regulatory authorities will not challenge the Corporation's compliance in the future.

Medicare Advance and Accelerated Payments

The CARES Act included provisions to expand the Centers for Medicare and Medicaid Services (CMS) Accelerated and Advance Payment Program in order to improve cash flows for providers impacted by the COVID-19 pandemic. In April 2020, the Corporation received $140,112 in advance payments under this program, of which $60,771 is classified as a current liability and $79,341 is classified as a long-term liability in the accompanying consolidated balance sheets. The proceeds received were invested in short-term investments and are separately classified on the accompanying consolidated balance sheets.

Repayment of the advances is scheduled to begin one year after receipt of the advances and end 17 months later (29 months from initial payment), at which time the advances are required to be repaid in full. The Corporation began repaying the Medicare advance during April 2021 and has recorded an estimated current portion based on historical Medicare payment trends. The repayments are expected to occur automatically through a partial offset in Medicare payments due to the Corporation for services rendered to Medicare program beneficiaries.

Estimated Self-Insured Professional Liability

The provision for estimated self-insured professional liability includes estimates of the ultimate costs for both reported claims and claims incurred but not reported, including costs associated with litigating or settling claims. Anticipated insurance recoveries associated with reported claims are reported separately in the Corporation's consolidated balance sheets at net realizable value.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets with donor restrictions include amounts available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - Net assets with donor restrictions include amounts subjected to donor imposed restrictions which are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Net assets were released from donor restriction by satisfying their restricted purposes in the amount of $8,251 in 2020 and $5,294 in 2019.

Net assets with donor restrictions includes those whose use by the Corporation has been limited by donors to specific purposes in the amount of $7,386 and $5,618 as of December 31, 2020 and 2019, respectively.

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received or when the underlying conditions have been substantially met. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Restricted funds to be used for capital acquisitions have been reported as noncurrent assets in the accompanying consolidated balance sheets, while other restricted cash and investments are included with the cash and cash equivalents of net assets without donor restrictions.

Measure of Operations

The consolidated statements of operations reflect all changes in net assets without donor restrictions, including changes from both operating and nonoperating activities. Operating revenues and expenses consist of those items that are an integral part of the Corporation's provision of healthcare and related supporting activities. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Revenues in Excess of Expenses From Continuing Operations

The consolidated statements of operations include the determination of revenues in excess of expenses from continuing operations. Revenues in excess of expenses from continuing operations is the Corporation's performance indicator. Changes in net assets without donor restriction which are excluded from the determination of revenues in excess of expenses from continuing operations, consistent with industry practice, include the change in net unrealized gains and losses on investments in debt securities, the effective portion of the net unrealized gain on derivative financial instruments, the deferred compensation plan liability adjustment, contributions of long-lived assets (including contributions which by donor restriction were to be used for the purpose of acquiring such long-lived assets), other net asset without donor restriction activity and the loss from discontinued operations.

Net Patient Service Revenue

Net patient service revenue is recognized at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. These amounts are due from patients, third party payors (including commercial and governmental programs) and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the Corporation bills the patients and third party payors after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenues for performance obligations satisfied over time are recognized based on actual charges incurred in relation to total expected (or actual) charges, ultimately adjusted in accordance with the charging authority awarding at the beginning of every year by the HSCRC. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in our hospitals receiving services over multiple days. The Corporation measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point-in-time are generally recognized when goods or services are provided and the Corporation does not believe it is required to provide additional services to the patient. Generally, performance obligations satisfied at a point-in-time relate to patients receiving outpatient services in a single day. The Corporation measures the performance obligation from the commencement of the outpatient service, to the point when it is no longer required to provide services to that patient, which is generally the completion of the outpatient service.

All of the Corporation's performance obligations generally relate to contracts with a duration of less than one year, therefore, the Corporation has elected to apply the optional exemptions provided in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-50-14(a) and as a result is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The Corporation determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third party payors, financial assistance provided to uninsured or underinsured patients in accordance with the Corporation's policies, and/or implicit price concessions provided to uninsured or underinsured patients. The Corporation determines its estimates of contractual adjustments based on contractual agreements, its financial assistance policies and historical experience. The Corporation determines its estimates of implicit price concessions based on its historical collection experience with a respective class of patient. Certain amounts categorized as implicit price concessions under ASC 606 were previously categorized as provision for doubtful accounts. The Corporation pursues collection of amounts defined as implicit price concessions.

The Corporation has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third party payors for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a patient and the time that the patient or a third party payor pays for that service will be one year or less.

COVID-19 Grant Income and Deferred Revenues

COVID-19 grant income includes amounts received from federal, state and local funding sources related to the COVID-19 pandemic. The Corporation accounts for this funding in accordance with the FASB ASC 958-605 guidance for conditional contributions and, accordingly, revenues are measured and recognized when barriers are substantially met which occurs when the Corporation complies with the terms and conditions related to the purpose of the grant rather than those that are administrative in nature.

In March 2020, the CARES Act was signed into law to combat the financial effects of COVID-19. The CARES Act created a Provider Relief Fund to provide financial support for hospitals and other healthcare providers. The Company received $96,102 in the year ended December 31, 2020 related to this funding. In accordance with the terms and conditions in place at December 31, 2020, the Corporation could apply the funding against eligible expenses, and then lost revenues. The Corporation's methodology for calculating lost revenues was based on the difference between charges and the prospective Global Budget allowed by the HSCRC for hospitals falling under jurisdiction of HSCRC rate setting and the difference between 2020 budgeted and actual 2020 net patient service revenues for revenues not subject to HSCRC rate setting. The Corporation also received COVID-19 related assistance of $4,756 from various other sources in the year ended December 31, 2020.

Noncompliance with the terms and conditions could result in repayment of some or all of the support, which can be subject to government review and interpretation. The Department of Health and Human Services (HHS) has indicated Provider Relief Fund payments are subject to future reporting and audit requirements. These matters could cause reversal or claw-back of amounts previously recognized, however, an estimate of the possible effects cannot be made as of the date these financial statements were issued. In addition, it's unknown whether there will be further developments in the regulatory guidance.

The Corporation has incurred lost revenues and eligible expenses in accordance with the terms and conditions of the Provider Relief Fund and other funding sources that were applicable as of December 31, 2020 of $44,222, which were recognized and included in COVID-19 grant income in the accompanying consolidated statements of operations for the year ended December 31, 2020. A portion of the funding was also applied to eligible capital expenditures of $5,839 and is included in net assets released from restriction for purchase of property and equipment in the accompanying consolidated statements of operations for the year ended December 31, 2020.

Deferred revenues are primarily comprised of funding received related to the above funding sources which the Company has not overcome the barriers for recognition and, therefore, are reflected as a refundable advance in the accompanying consolidated balance sheets as of December 31, 2020. In 2021, the Corporation also received additional funding of $2,322 to combat the ongoing financial effects of COVID-19.

Income Taxes

The Corporation accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2020 or 2019.

The Corporation's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in operating expenses.

Charity Care

The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Such patients are identified based on financial information obtained from the patient (or their guarantor) and subsequent analysis which includes the patient's ability to pay for services rendered. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as a component of net patient service revenue or patient accounts receivable.

The Corporation maintains records to identify and monitor the level of charity care it provides. The costs associated with the charity care services provided are estimated by applying a cost-to-charge ratio to the amount of gross uncompensated charges for the patients receiving charity care. The level of charity care provided by the Corporation amounted to $15,302 in 2020 and $13,819 in 2019.

Advertising Costs

The Corporation expenses advertising costs as they are incurred.

2. Accounting Standards

Disclosure Requirements for Fair Value Measurement

During 2020, the Corporation adopted the FASB's Accounting Standards Update (ASU) No. 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. ASU No. 2018-13 modifies the disclosure requirements for fair value measurements in Topic 820, *Fair Value Measurement*. The amendments are based on concepts in the FASB's Concepts Statement, *Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements*, which the Board finalized on August 28, 2018. The adoption of ASU No. 2018-13 did not result in a change in the Corporation's net assets, however, certain disclosures related to fair value measurements have been revised accordingly.

Goodwill

During January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*. ASU No. 2017-04 simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. ASU No. 2017-04 is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Corporation does not believe that the adoption of ASU No. 2017-04 will have a material effect on its consolidated financial statements.

Contributed Nonfinancial Assets

During September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. The Corporation has not yet determined the impact adoption of ASU No. 2020-07 will have on its consolidated financial statements.

3. Business Combination

On October 27, 2019, AHC and Adventist Healthcare Fort Washington Medical Center, Inc. entered into an asset purchase agreement (the Purchase Agreement) with Fort Washington Medical Center, Inc., Fort Washington Ambulatory Services, LLC, Nexus Health, Inc. (owner of Fort Washington Medical Center, Inc. and Fort Washington Ambulatory Services, LLC) and Carolyn Boone Lewis Health Care Center (former subsidiary of Nexus Health, Inc.) (collectively, Fort Washington). In accordance with the terms of the Purchase Agreement, substantially all assets and liabilities of Fort Washington were acquired in exchange for no consideration. The contractual amounts of accounts receivable approximate fair value due to their short-term nature.

(In Thousands)

In accordance with the authoritative guidance, the assets and liabilities of Fort Washington were recorded at fair market value as of the date of acquisition as follows:

Assets Acquired		
Cash and cash equivalents	$	1,293
Accounts receivable		2,516
Trustee held funds		1,659
Property and equipment		17,273
Other assets		2,202
Inventories		1,299
Total assets acquired		26,242
Liabilities Assumed		
Accounts payable and accrued expenses		7,160
Other liabilities		5,072
Long-term obligations		6,857
Total liabilities assumed		19,089
Net Assets Assumed	$	7,153
Inherent Contribution Without Donor Restrictions	$	7,046
Inherent Contribution With Donor Restrictions	$	107

4. Discontinued Operations and Assets Held for Sale

In July 2019, AHC entered into an agreement to sell the Takoma Park campus to an unrelated third party for $12,000. The opportunities for growth and expansion at the Takoma Park campus were limited, and the Corporation wanted to expand access to care throughout the Washington DC region, leading to the decision to sell the campus. The closing is expected to take place in 2021 upon the closure of the ACS (Note 1) and the relocation of Rehab to WOMC.

The current operations on the Takoma Park Campus consist of a walk-in clinic, which began in August 2019, which is included in the loss from discontinued operations in the accompanying consolidated statements of operations.

As a result of entering into the sale agreement, a significant amount of property and equipment (other than real estate) was disposed of and a loss of $11,576 was recognized in 2019 and included in the loss from discontinued operations in the accompanying consolidated statements of operations. During 2020, an additional loss on disposal of $4,822 was recognized and included in the loss from discontinued operations in the accompanying consolidated statements of operations.

Assets held for sale in the accompanying consolidated balance sheets is comprised of land and improvements of $264 and $330 and building and improvements of $11,765 and $15,610 at December 31, 2020 and 2019, respectively, that will be sold as part of the agreement.
No gain or loss on sale has been recognized in 2020 or 2019.

(In Thousands)

The following amounts related to discontinued operations are included in the loss from discontinued operations in the accompanying consolidated statements of operations:

	2020	2019
Total revenues	$ -	$ 308
Total expenses, including loss on disposal of $4,822 in 2020 and $11,576 in 2019	(7,576)	(15,149)
Loss on discontinued operations	$ (7,576)	$ (14,841)

5. Net Patient Service Revenue

The Corporation routinely obtains assignments of (or is otherwise entitled to receive) patient benefits receivable under their health insurance programs, plans or policies (i.e. third party payors). Third party payors include both government payors, which include Medicare, Medicaid and Management Care Organizations and commercial insurance carriers. Agreements with third party payors typically provide for payments at amounts less than established charges. A summary of payment arrangements with third party payors, by service type, is as follows:

- Global budget revenue - SGMC, WOMC and FWMC have entered into agreements by which the third party payors pay a percentage of approved HSCRC charges. A reduced percentage can be obtained if the payor advances a certain amount of working capital.

- Rehabilitation services - Rehab has entered into agreements by which the third party payors pay at a contract rate per day or visit.

- Physician practice services - AMG has entered into agreements by which the third party payors pay negotiated rates per procedures as defined in the term sheet of the agreements.

- Imaging services - Imaging has entered into agreements by which the third party payors pay negotiated rates per procedures as defined in the term sheet of the agreements.

- Home health services - AHCS has entered into agreements by which the third party payors pay negotiated rates on a per visit basis.

Generally, patients who are covered by third party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients, and offers those uninsured or underinsured patients financial assistance, by either policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charges by any contractual adjustment, financial assistance and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustment to net patient service revenues in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Consistent with the Corporation's mission, care is provided to patients regardless of their ability to pay. Therefore, the Corporation has determined it has provided implicit price concessions to uninsured patients and other patient balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Corporation expects to collect based on its collection history with those patients.

(In Thousands)

The Corporation disaggregates revenue from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. Tables providing details of these factors are presented below.

Net patient service revenues disaggregated by service type for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Global budget revenue	$ 737,799	$ 673,535
Rehabilitation services	47,781	51,093
Physician practice services	24,775	29,281
Imaging services	25,605	29,654
Home health services	27,917	29,742
Other health services	9,396	8,271
Total	$ 873,273	$ 821,576

Net patient service revenues disaggregated by payor for the years ended December 31, 2020 and 2019 are as follows:

	Medicare	Medicaid	Other Third Party Payors	Self-Pay and Other	Total
December 31, 2020	$ 323,111	$ 87,327	$ 419,171	$ 43,664	$ 873,273
December 31, 2019	$ 312,084	$ 85,808	$ 391,027	$ 32,657	$ 821,576

6. Investments

Short-Term Investments

The Corporation's short-term investments at December 31, 2020 and 2019 are comprised of the following:

	2020	2019
Cash and cash equivalents	$ 25,011	$ 17,761
Corporate bonds	107,316	66,539
Asset backed securities	80,143	49,013
Marketable equity securities	22,564	-
U.S. government securities:		
U.S. treasury notes	93,033	61,879
Mutual funds:		
Fixed income	50,195	-
Equity, balanced	6,457	19,697
Equity, growth	5,895	11,811
Total	390,614	226,700
Less Medicare advance and accelerated payments	(140,112)	-
Total short-term investments	$ 250,502	$ 226,700

(In Thousands)

Assets Whose Use is Limited

The composition of assets whose use is limited at December 31, 2020 and 2019 is set forth in the following tables:

	2020	2019
Under trust indentures and mortgage loan agreement, held by trustees and banks:		
Cash and cash equivalents	$ 24,781	$ 14,586
U.S. government securities:		
U.S. treasury notes	20,338	26,294
U.S. government agency notes	-	1,198
Total	45,119	42,078
Less funds held for current liabilities	1,853	1,787
Noncurrent portion of assets held under trust indentures and mortgage loan agreement	$ 43,266	$ 40,291
Professional liability trust fund:		
Cash and cash equivalents	$ 2,526	$ 2,188
Mutual funds:		
Equity, large value	2,962	4,189
Equity, growth	3,275	1,745
Fixed income, intermediate	3,026	3,821
Fixed income, multi-sector	2,504	1,958
Fixed income, short-term	4,010	1,976
Total	18,303	15,877
Less funds held for current liabilities	1,942	1,929
Noncurrent portion of professional liability trust fund	$ 16,361	$ 13,948
Deferred compensation fund:		
Mutual funds:		
Equity, growth	$ 292	$ 300
Equity, large value	237	277
Equity, midcap value	110	112
Equity, other	298	423
Fixed income, intermediate	468	426
	$ 1,405	$ 1,538

The indenture requirements of certain tax-exempt financings provide for the establishment and maintenance of various accounts with a trustee (Note 12). These arrangements require the trustee to control the payment of interest and the ultimate repayment of respective debt to bondholders.

(In Thousands)

The composition of trustee held and escrow funds at December 31, 2020 and 2019 is as follows:

	2020	2019
Debt service reserve funds	$ 28,804	$ 28,804
Principal and interest funds	9,185	9,179
Project fund	5,471	2,436
Mortgage reserve funds	1,659	1,659
Total	$ 45,119	$ 42,078

Investment income and gains and losses for investments, assets whose use is limited and cash and cash equivalents without donor restrictions are comprised of the following in 2020 and 2019:

	2020	2019
Investment income:		
Interest and dividends, net	$ 12,126	$ 5,820
Interest on trustee held funds	538	954
Net realized and unrealized gains and losses on investments	1,682	7,382
Total	$ 14,346	$ 14,156
Other changes in net assets without donor restriction:		
Change in net unrealized gains and losses on investments in debt securities	$ 4,271	$ 8,144

7. Fair Value Measurements and Financial Instruments

The Corporation measures its short-term investments, assets whose use is limited, investments, beneficial interest in trusts and derivative financial instrument at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America.

Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Corporation for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets and other observable inputs.

(In Thousands)

Level 3 - Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

The fair value of the Corporation's financial instruments was measured using the following inputs at December 31:

	2020			
	Fair Value	**Quoted Prices in Active Markets (Level 1)**	**Other Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
Reported at Fair Value				
Assets:				
Mutual funds:				
Fixed income, intermediate	$ 3,494	$ 3,494	$ -	$ -
Fixed income, multi-sector	2,504	2,504	-	-
Fixed income, short-term	54,205	54,205	-	-
Equity, growth	9,463	9,463	-	-
Equity, large value	3,199	3,199	-	--
Equity, balanced	6,457	6,457	-	-
Equity, midcap value	110	110	-	-
Equity, other	298	298	-	-
Marketable equity securities	22,564	22,564		
U.S. government securities:				
U.S. treasury notes	113,372	-	113,372	-
Asset backed securities	80,143	-	80,143	-
Corporate bonds	107,316	-	107,316	-
Beneficial interest in trusts	554	-	-	554
Total assets measured at fair value	403,679	$ 102,294	$ 300,831	$ 554
Cash and cash equivalents	53,242			
Total	$ 456,921			

(In Thousands)

	2019			
	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Reported at Fair Value				
Assets:				
Mutual funds:				
Fixed income, intermediate	$ 4,247	$ 4,247	$ -	$ -
Fixed income, multi-sector	1,958	1,958	-	-
Fixed income, short-term	1,976	1,976	-	-
Equity, growth	13,857	13,857	-	-
Equity, large value	4,466	4,466	-	-
Equity, balanced	19,697	19,697	-	-
Equity, midcap value	112	112		
Equity, other	423	423		
U.S. government securities:				
U.S. treasury notes	88,173	-	88,173	-
U.S. government agency notes	1,198	-	1,198	-
Asset backed securities	49,013	-	49,013	-
Corporate bonds	66,539	-	66,539	-
Beneficial interest in trusts	566	-	-	566
Total assets measured at fair value	252,225	$ 46,736	$ 204,923	$ 566
Cash and cash equivalents	35,449			
Total	$ 287,674			
Liabilities:				
Derivative financial instrument	$ 236	$ -	$ 236	$ -

The following represents a reconciliation of the assets reported at fair value included in the fair value table within the accompanying consolidated balance sheets at December 31:

	2020	2019
Short-term investments (Note 6)	$ 250,502	$ 226,700
Medicare advance and accelerated payments (Note 6)	140,112	-
Assets whose use is limited (Note 6):		
Current portion	3,795	3,716
Under trust indentures and mortgage loan agreement, held by trustees and banks	43,266	40,291
Professional liability trust fund	16,361	13,948
Deferred compensation fund	1,405	1,538
Investments held by foundations (Note 9)	926	915
Beneficial interest in trusts, included in deposits and other noncurrent assets	554	566
	$ 456,921	$ 287,674

(In Thousands)

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used at December 31, 2020 and 2019.

Mutual funds and marketable equity securities are valued based on quoted market prices.

U.S. government securities, asset backed securities and corporate bonds are valued based on estimated quoted market prices of similar securities.

Beneficial interest in trusts are valued based on the fair value of the trusts underlying assets which represents a proxy for discounted present value of future cash flows. Beneficial interest in trusts are included in deposits and other noncurrent assets in the accompanying consolidated balance sheets.

The Corporation measures its derivative financial instrument at fair value based on proprietary models of an independent third party valuation specialist. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instrument and considers the credit risk of the Corporation and counterparty. The method used to determine the fair value calculates the estimated future payments required by the derivative financial instrument and discounts these payments using an appropriate discount rate. The value represents the estimated exit price the Corporation would pay to terminate the agreement.

8. Property and Equipment, Net

Property and equipment, net at December 31, 2020 and 2019 consist of the following:

	2020	2019
Land and improvements	$ 38,263	$ 35,833
Buildings and improvements	742,391	704,920
Office furniture and equipment	204,016	205,545
Computer software and hardware	136,769	131,687
Total	1,121,439	1,077,985
Less accumulated depreciation and amortization	(409,895)	(367,927)
Total	711,544	710,058
Construction in progress	17,463	14,786
	$ 729,007	$ 724,844

Interest incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. During 2020 and 2019, the Corporation capitalized $365 and $763, respectively.

Construction in progress as of December 31, 2020 consists primarily of major renovation and expansion projects of clinical facilities. Purchase commitments related to these and other miscellaneous projects were $17,794 at December 31, 2020. The cost of these projects is expected to be funded through operations, as well as transfers from the Corporation's related foundations.

(In Thousands)

9. Investments and Investments in Unconsolidated Subsidiaries

The Corporation's investments and investments in unconsolidated subsidiaries include the following at December 31, 2020 and 2019:

	2020	2019
Investment in healthcare entities	$ 28,171	$ 21,721
Investments held by foundations	850	834
Total	$ 29,021	$ 22,555

Investment in Healthcare Entities

The Corporation recognized earnings of $313 and $431 during 2020 and 2019, respectively, related to its ownership interest in the healthcare entities accounted for under the equity method. A brief description of these investments is presented below:

Chesapeake Potomac Regional Cancer Center (CPRCC) - CPRCC provides outpatient radiation oncology services to patients in Maryland. The Corporation has a 20 percent ownership interest in CPRCC.

Doctors Regional Cancer Center (DRCC) - DRCC provides outpatient radiation oncology services to patients in Bowie and Lanham, Maryland. The Corporation has a 20 percent ownership interest in DRCC.

Shady Grove Medical Building, LLC (SGMB) - SGMB was organized for the purpose of developing and constructing a cancer care center on the campus of SGMC. The Corporation has a 50 percent ownership interest in SGMB.

White-Oak AHF-1 Manager, LLC (White-Oak) - White-Oak was organized for the purpose of developing and constructing a medical office building on the White Oak campus of WOMC. The Corporation has a 50 percent ownership in White-Oak.

The Corporation has invested $259 in Advanced Health Collaborative, LLC for a 25 percent ownership interest. This organization was formed to share ideas and explore opportunities to enhance quality of healthcare in the state of Maryland.

The Corporation has invested $3,885 in Advanced Health Collaborative II, LLC (AHC II) for a 25 percent interest. AHC II was formed to hold a 24 percent interest in Maryland Health Advantage, LLC which is a Medicare preferred provider network providing health services to its members.

The Corporation has invested $450 in CoreLife Adventist, LLC (CoreLife) for a 50 percent interest. CoreLife was formed to provide weight loss services.

The Corporation has invested $6,000 in CoreLife Management Services, Inc. (CoreLife Management) for a 15 percent interest. CoreLife Management was formed to develop, manage and coordinate the provision of a comprehensive scope of integrated medical, nutrition, behavioral and exercise services to treat obesity and it related chronic illnesses.

(In Thousands)

Summarized financial information related to these entities is presented below:

	2020	2019
Net revenue	$ 25,109	$ 20,940
Revenues (less than) in excess of expenses	(429)	1,845
Total assets	99,632	84,300
Total liabilities	59,153	44,572

Investments Held by Foundations

The Foundations also hold marketable debt and equity securities for funds not required to be expended in less than 90 days. These marketable securities are subject to credit and market risks.

10. Land Held for Healthcare Development

From 2002 through 2011, the Corporation acquired various parcels of land in Clarksburg, Maryland totaling approximately 200 acres. Several parcels of the land are fully owned by the Corporation, and the remainder is owned by Cabin Branch Commons, LLC (Cabin Branch), of which the Corporation owns 45 percent.

In May 2013, the Corporation and Cabin Branch entered into a purchase and sale agreement with an unrelated third party to sell 48.8 acres of the land located in Clarksburg. In June 2015, the Corporation and Cabin Branch closed on the sale of the land at a purchase price of $28,250. The Corporation's portion of the proceeds was $25,102.

In April 2017, the Corporation entered into a purchase and sale agreement with an unrelated third party to sell 1.6 acres of the land located in Clarksburg. The Corporation closed on the sale of the land in April 2017 at a purchase price of $1,330 and the proceeds were received in April 2017.

In April 2017, the Corporation entered into a purchase and sale agreement with an unrelated third party to sell 9.95 acres of the land located in Clarksburg at a purchase price of $7,251. The Corporation's share of $4,565 was received in November and December 2018.

The total proceeds received related to the parcels of land sold by the Corporation through December 31, 2020 was $30,997. No gain or loss was recognized on the sale of the parcels of land as of December 31, 2020 and 2019. Total remaining land held for healthcare development in Clarksburg as of December 31, 2020 and 2019, was $49,340 and $48,091, respectively.

11. Short-Term Financing

The Corporation has a $10,000 unsecured line of credit with a commercial bank, with interest at LIBOR plus 1.50 percent (1.65 percent at December 31, 2020). There were no borrowings outstanding under this line of credit as of December 31, 2020 or 2019.

(In Thousands)

12. Long-Term Obligations

Long-term obligations as of December 31, 2020 and 2019 are comprised of the following:

	2020	2019
Fixed Rate Revenue Bonds	$ 509,232	$ 520,240
Variable Rate Revenue Bonds	20,300	21,165
Note payable	20,481	21,296
Mortgage loan payable	6,247	7,105
Other long-term liabilities	4,521	7,184
Total obligations	560,781	576,990
Plus bond premium	11,363	9,515
Less:		
Current maturities	(13,991)	(14,071)
Deferred financing costs	(5,024)	(5,213)
Noncurrent portion of long-term obligations, net	$ 553,129	$ 567,221

Fixed Rate Revenue Bonds

Fixed Rate Revenue Bonds consist of the Maryland Health and Higher Educational Facilities Authority Refunding Revenue Bonds. Fixed Rate Revenue Bonds consist of the following at December 31:

	Par Amounts	Interest Rates	2020	2019
Adventist Healthcare, Inc.:				
Series 2011A	$ 57,205	5-6.25%	$ 57,205	$ 57,205
Series 2013	15,623	3.21%	6,037	6,750
Series 2014A	24,280	3.56%	-	21,315
Series 2016A	269,750	5.00%	267,315	269,750
Series 2016B	126,395	3.72%	122,350	126,395
Series 2017	40,000	2.77%	37,600	38,825
Series 2020	18,725	4.00%	18,725	-
Total			$ 509,232	$ 520,240

In December 2020, the Maryland Health and Higher Educational Facilities Authority issued $18,725 of Hospital Revenue Bonds on behalf of the Corporation. The proceeds of the Series 2020 Bonds were used for the purpose of refunding the Series 2014A Bonds and expenses incurred in connection with the issuance. The Bonds are due in varying annual installments of principal and interest through January 2038. In conjunction with the refunding, a loss on refinancing was recognized in the accompanying consolidated statements of operations, which is comprised of the following:

Write-off of unamortized deferred financing costs	$ 183
Redemption premium	98
Loss on refinancing	$ 281

The Corporation also entered into a forward bond delivery purchase agreement with the Maryland Health and Higher Educational Facilities Authority related to the expected issuance of the Series 2021 Revenue Bonds of $48,120 in October 2021 for the purpose of refunding the Series 2011A and expenses incurred in connection with the issuance.

The above bond issues are subject to trust indentures which impose various covenants on SGMC, WOMC, Rehab, Imaging, CIS, Other Health Services and the Support Center (collectively, the Obligated Group) which include restrictions on the transfer or disposition of property, the incurrence of additional liabilities and the achievement of certain pre-established financial indicators. Management believes it has complied with these required financial covenants for the years ended December 31, 2020 and 2019. Debt service reserve funds are required on the Series 2011A, Series 2016A and Series 2017 Bonds.

Variable Rate Revenue Bonds

The Variable Rate Revenue Bonds consist of the Maryland Health and Higher Educational Facilities Authority Revenue Refunding Bonds, Series 2014B, Adventist HealthCare, Inc. which had an outstanding balance of $20,300 and $21,165 as of December 31, 2020 and 2019, respectively. The Series 2014B Bonds bear interest at a variable rate of one month LIBOR plus 2.3 percent (2.45 percent at December 31, 2020). The Series 2014B Bonds are subject to an Amended and Restated Master Trust Indenture that imposes various covenants on the Obligated Group which include restrictions on the transfer or disposition of property, the incurrence of additional liabilities and the achievement of certain pre-established financial indicators. Management believes it has complied with these required financial covenants for the years ended December 31, 2020 and 2019.

The Bonds subject to the Amended and Restated Master Trust Indenture are secured by the unrestricted revenues of the Obligated Group as well as a mortgage interest in the facilities of SGMC, WOMC and Rehab.

Note Payable

In December 2014, the corporation entered into a taxable term note for $25,000 with a commercial bank, which is secured by a Master Note issued under the Amended and Restated Master Trust Indenture dated as of February 1, 2003. The note bears interest at one month LIBOR plus 2.45 percent (2.6 percent as of December 31, 2020). The amortization on the note extends to December 18, 2034, however, the note matures on December 18, 2024. As of December 31, 2020 and 2019, the outstanding balance was $20,481 and $21,296, respectively.

Mortgage Loan Payable

On December 23, 2004, FWMC entered into an $11,055 taxable mortgage loan insured by HUD through the Federal Housing Administration. The loan provided for the satisfaction of FWMC's previous bond obligation and for construction, new equipment and financing costs.

During the year ended December 31, 2013, the loan was refinanced through the same lender to lower the interest from 6.125 percent to 3.95 percent per annum payable in monthly installments. The term of the loan was not changed and the last payment is due in 2030.

As of December 31, 2020 and 2019, the outstanding balance on the loan was $6,247 and $7,105, respectively, and payable in monthly installments, including interest at 3.95 percent. The loan is subject to restrictive covenants, including restrictions on additional long-term borrowings and prepayment of the outstanding obligation. In accordance with the terms of the Regulatory Agreement with HUD, FWMC is required to meet certain financial covenants in order to distribute assets to affiliates or incur additional indebtedness. Under the terms of the HUD-insured mortgage loan, FWMC is required to maintain certain deposits with a trustee. Such deposits are included in assets whose use is limited. The loan is secured by FWMC's premises and all the assets and cash flows contained therein.

(In Thousands)

Other Long-Term Liabilities

This category consists of other long-term obligations. Interest rates on these other long-term liabilities range from 2.70 percent - 3.40 percent.

Scheduled principal repayments of long-term obligations, excluding financing and operating lease obligations at December 31, 2020 are as follows:

Years ending December 31:		
2021	$	13,991
2022		14,195
2023		13,545
2024		13,361
2025		13,167
Thereafter		492,522
Total	$	560,781

13. Leases

The Corporation leases office space and equipment used in operations. For many of these leases, the Corporation is responsible for paying property taxes, insurance, as well as maintenance and repair costs. The Corporation's real estate leases generally have initial lease terms of 3 to 20 years or more and typically include one or more options to renew, with renewal terms that generally extend the lease term for an additional five to ten years or more. The Corporation assesses renewal options using a "reasonably certain" threshold, which is understood to be a high threshold and, therefore, the majority of its leases' terms do not include renewal periods for accounting purposes. For leases where the Corporation is reasonably certain to exercise its renewal option, the option periods are included within the lease term and, therefore, the measurement of the right-of-use asset and lease liability. The payment structure of the Corporation's leases generally include annual escalation clauses that are either fixed or variable in nature, some of which are dependent upon published indices. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets and expenses for these leases are recognized on a straight-line basis over the lease term as an operating expense.

Certain leases include an option to purchase the leased assets. The Corporation assesses the likelihood of exercising the purchase option using a "reasonably certain" threshold, which is understood to be a high threshold and, therefore, purchase options are generally accounted for when a compelling economic reason to exercise the option exists. Certain leases include an option to terminate the lease, the terms and condition of which vary by contract. These options allow the parties to the contract to terminate their obligations typically in return for an agreed upon financial consideration amount. The Corporation's lease agreements do not contain material residual value guarantees.

The Corporation makes certain assumptions and judgements in determining the discount rate, as most leases do not provide an implicit rate. The Corporation uses a risk-free discount rate based on information available at the commencement date in determining the present value of lease payments. In order to apply discount rate, a portfolio approach was utilized to group assets based on similar lease terms in a manner whereby the Corporation reasonably expects that the application does not differ materially from application to individual leases.

Subsequent to the lease commencement date, the Corporation reassesses lease classification when there is a contract modification that is accounted for as a separate contract, a change in the lease term or a change in the assessment of whether the lessee is reasonably certain to exercise an option to purchase the underlying asset or terminate the lease.

(In Thousands)

Future minimum payments under operating lease obligations as of December 31, 2020 were as follows:

Years ending December 31:		
2021	$	18,538
2022		18,452
2023		17,224
2024		11,653
2025		9,255
Thereafter		41,783
Total		116,905
Lease amount representing interest		15,635
Total operating lease obligations		101,270
Less current portion		15,042
Long-term obligation	$	86,228

Future minimum payments under financing lease obligations as of December 31, 2020 were as follows:

Years ending December 31:		
2021	$	2,199
2022		2,093
2023		1,579
2024		1,379
2025		1,348
Thereafter		2,694
Total		11,292
Less amount representing interest		1,023
Total financing lease obligations		10,269
Less current portion		1,922
Total	$	8,347

Total lease costs are comprised of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Financing lease cost:		
Amortization of right-of-use asset	$ 1,127	$ 1,126
Interest on lease obligations	72	104
Operating lease cost	18,214	17,035
Total lease cost	$ 19,413	$ 18,265

(In Thousands)

Other supplemental information as of and for the years ended December 31, 2020 and 2020 is as follows:

	2020	2020
Weighted-average remaining lease term:		
Financing lease obligations	6.20 years	3.03 years
Operating lease obligations	8.50 years	6.12 years
Weighted-average discount rate:		
Financing lease obligations	3.03 %	3.19 %
Operating lease obligations	3.81 %	4.44 %

Certain lease agreements contain a number of restrictive covenants that, among other things, and subject to certain exemptions, impose operating and financial restrictions on the Corporation.

14. Retirement, Health Plan and Life Insurance

Defined Contribution Retirement Plan

The Corporation sponsors a 401(a) defined contribution retirement plan, which covers substantially all full-time employees. After 12 months of full-time or regular part-time employment of at least 1,000 base hours, the Corporation will contribute a total of 2 percent of eligible employees' compensation, plus a matching employer contribution equal to 50 percent of employee contributions (to the 403(b) plan) up to 6 percent of base salary. The Corporation also has a 403(b) retirement savings plan for employees. Employee contributions are made to the 403(b) retirement savings plan. Retirement plan expense was $12,023 in 2020 and $11,087 in 2019.

Supplemental Executive Retirement Plan

The Corporation also has a Supplemental Executive Retirement Plan (SERP) that became effective in 2015 and covers a group of key executives. SERP expense was $161 in 2020 and $201 in 2019. In addition, a SERP liability adjustment was recorded for ($860) in 2020 and $789 in 2019, which was recognized in net assets without donor restriction in the consolidated statements of changes in net assets. At December 31, 2020 and 2019, the Corporation's liability for the SERP was $2,312 and $3,010, respectively, which is included in other liabilities in the consolidated balance sheets.

Executive Retention 457(F) Plan

Effective January 1, 2015, the Corporation established the Executive Retention 457(F) Plan (the 457(F) Plan). The 457(F) Plan is a tax-deferred plan offered to key executives, whereby annual employer contributions are made to the Plan. Plan participants become vested in the contributions and receive plan payments in the second calendar year after the contribution is made, if the participant is still employed. The final contribution will be made to the Plan for the year in which the plan participant becomes 62. The 457(F) plan expense was $2,142 in 2020 and $2,198 in 2019. The Corporation's liability for the 457(F) plan at December 31, 2020 and 2019 was $3,480 and $2,993, respectively, which is included in other liabilities in the consolidated balance sheets.

Salary Deferral (457(b)) Plan

Employees who contribute the maximum allowable amount to the 403(b) retirement plan have an opportunity to contribute additional funds on a tax-deferred basis to a 457(b) retirement plan up to the maximum tax-sheltered opportunity. There are no employer contributions to this plan.

Health Plan

The Corporation maintains a self-insurance employee program for its health insurance coverage. The Corporation accrues the estimated costs of incurred and reported and incurred but not reported claims, after consideration of its stop-loss insurance coverage, based upon data provided by the third party administrator of the program and historical claims experience.

Life Insurance

Full-time and part-time employees are insured, through a third party carrier, for an amount equal to one times their base salary at time of enrollment up to $450,000 for full-time employees and $10,000 for part-time employees. In addition, if death is caused by accident, the employee is insured for an additional benefit equal to the amount of their life insurance.

15. Commitments and Contingencies

Litigation and Claims

The Corporation is subject to asserted and unasserted claims (in addition to litigation) encountered in the ordinary course of business. In the opinion of management and after consultation with legal counsel, the Corporation has established adequate reserves related to all known matters. The outcome of any potential investigative, regulatory or prosecutorial activity that may occur in the future cannot be predicted with certainty. However, any associated potential future losses resulting from such activity could have a material adverse effect on the Corporation's future financial position, results of operations and liquidity.

Insurance

The Corporation's primary coverage for professional liability is provided through a self-funded insurance retention trust (the Trust) established on January 1, 1993. The Trust is funded based on actuarial estimates and provides coverage of $4,000,000 per occurrence with no annual aggregate limitation. The Trust also provides general liability coverage up to $1,000,000 per occurrence and $3,000,000 in the aggregate. The Corporation also carries umbrella excess liability insurance on a claims made basis with a commercial carrier, with limits of $20,000,000 per occurrence and in aggregate.

It is the Corporation's policy to accrue for the ultimate cost of uninsured asserted and unasserted malpractice claims, if any, when incidents occur. Based on a review of the Corporation's prior experience and incidents occurring through December 31, 2020, management determined that the fully-funded professional liability reserve reported at December 31, 2020 and 2019 is adequate in light of the program's excess umbrella policy currently in force and historical claims experience. The estimated professional liability for both asserted and unasserted claims was $19,937 and $18,068 at December 31, 2020 and 2019, respectively. The discount rate used in determining these liabilities was 2.5 percent at both December 31, 2020 and 2019.

The Corporation is self-insured for unemployment and workers' compensation benefits. The liability for unemployment and worker's compensation claims payable is an estimate based on the Corporation's past experience and is included in the accompanying consolidated balance sheets. It is reasonably possible that the estimates used could change materially in the near term.

Remediation

Certain buildings, which were constructed prior to the passage of the Clean Air Act, contain encapsulated asbestos material. Current law requires that this asbestos be removed in an environmentally safe fashion prior to demolition and renovation of these buildings. At this time, the Corporation has no plans to demolish or renovate these buildings and, as such, cannot reasonably estimate the fair value of the liability for such asbestos removal.

(In Thousands)

COVID-19

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. The Corporation's evaluation of the effects of these events is ongoing as of the date the accompanying consolidated financial statements were issued. COVID-19 may impact various parts of the Corporation's 2021 operations and financial performance. The extent of the impact will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

16. Business and Credit Concentrations

The Corporation grants credit to patients, substantially all of whom are local residents. The Corporation generally does not require collateral or other security in extending credit, however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits receivable under their health insurance programs, plans or policies.

At December 31, 2020 and 2019, concentrations of gross receivables from third party payors and others are as follows:

	2020	2019
Medicare	19 %	21 %
Medicaid	16	13
Other third party payors	30	46
Self-pay and others	35	20
	100 %	100 %

The Corporation maintains its cash and cash equivalents with several financial institutions. Cash and cash equivalents on deposit with any one financial institution are insured up to $250,000.

17. Liquidity and Availability

The Corporation's financial assets available for general expenditure within one year of the consolidated balance sheets date, consist of the following at December 31:

	2020	2019
Cash and cash equivalents	$ 55,444	$ 25,807
Medicare advance and accelerated payments (Note 1)	140,112	-
Short-term investments	250,502	226,700
Patient accounts receivable	117,816	117,498
Other receivables	41,574	13,764
Assets whose use is limited:		
Professional liability trust fund	16,361	13,948
Total	$ 621,809	$ 397,717

The Corporation has designated certain assets as available for settling professional liability claims, however, these assets could be used for general expenditure if necessary and, therefore, have been included in the information above.

As part of the Corporation's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Corporation invests excess cash in short-term investments.

(In Thousands)

18. Functional Expenses

A summary of the Corporation's operating expenses by function for the year ended December 31, 2020 is as follows:

	Hospital Acute and Ambulatory Services	Home Care Services	Other Health Care Services	Other, Including General and Administrative	Fundraising	Total
Salaries and wages	$ 263,923	$ 18,146	$ 88,188	$ 44,072	$ -	$ 414,329
Employee benefits	51,944	3,198	15,270	8,141	-	78,553
Contract labor	55,010	106	12,507	303	-	67,926
Medical supplies	116,966	529	7,614	376	-	125,485
General and administrative	60,105	969	21,907	47,550	1,738	132,269
Building and maintenance	34,321	814	13,782	2,394	-	51,311
Insurance	5,350	117	1,775	3,115	-	10,357
Interest	22,675	-	480	2,259	-	25,414
Depreciation and amortization	32,351	267	4,031	9,257	-	45,906
Total	$ 642,645	$ 24,146	$ 165,554	$ 117,467	$ 1,738	$ 951,550

In 2020, the Corporation also incurred other health care services expenses of $7,576 related to the Takoma Park campus that were included in the loss from discontinued operations in the consolidated statements of operations. These expenses were comprised of the loss on disposal of $4,822 and miscellaneous other operating expenses related to the operations of the walk-in clinic.

A summary of the Corporation's operating expenses by function for the year ended December 31, 2019 is as follows:

	Hospital Acute and Ambulatory Services	Home Care Services	Other Health Care Services	Other, Including General and Administrative	Fundraising	Total
Salaries and wages	$ 237,700	$ 19,812	$ 88,847	$ 38,080	$ -	$ 384,439
Employee benefits	46,479	3,414	15,608	8,175	-	73,676
Contract labor	35,781	479	2,167	272	-	38,699
Medical supplies	101,993	407	5,369	(32)	-	107,737
General and administrative	56,215	1,137	21,347	46,742	1,982	127,423
Building and maintenance	29,983	688	11,154	2,176	-	44,001
Insurance	4,778	118	2,007	48	-	6,951
Interest	13,355	-	536	2,695	-	16,586
Depreciation and amortization	26,247	322	4,108	10,905	-	41,582
Loss on disposal of property and equipment	-	-	-	3,265	-	3,265
Total	$ 552,531	$ 26,377	$ 151,143	$ 112,326	$ 1,982	$ 844,359

In 2019, the Corporation also incurred other health care services expenses of $15,150 related to the Takoma Park campus that were included in the loss from discontinued operations in the consolidated statements of operations. These expenses were comprised of the loss on disposal of $11,576, building and maintenance of $1,174, interest of $1,860 and miscellaneous other operating expenses related to the operations of the walk-in clinic.

Adventist HealthCare, Inc. and Controlled Entities

Consolidating Schedule, Balance Sheet
December 31, 2020
(In Thousands)

	Shady Grove Medical Center	White Oak Medical Center	Rehab	Imaging Services	Clinical Integration Services	Other Health Services	Support Center	Eliminating Entries	Total Combined Obligated Group	Fort Washington Medical Center	Lourie Center	Adventist Home Care Services	Urgent Care	One Health Quality Alliance	Foundations	Eliminating Entries	Consolidated Adventist HealthCare, Inc.
Assets																	
Current Assets																	
Cash and cash equivalents	$ 315,949	$ (90,072)	$ 34,108	$ (28,371)	$ (41,454)	$ (8,001)	$ (141,539)	$ -	$ 40,620	$ 9,612	$ 643	$ 18,381	$ (14,680)	$ (3,546)	$ 4,414	$ -	$ 55,444
Medicare advance and accelerated payments	-	-	-	-	-	-	140,112	-	140,112	-	-	-	-	-	-	-	140,112
Short-term investments	-	-	-	-	-	-	250,502	-	250,502	-	-	-	-	-	-	-	250,502
Assets whose use is limited	-	-	-	-	-	-	3,795	-	3,795	-	-	-	-	-	-	-	3,795
Patient accounts receivable	61,401	38,254	4,912	2,250	192	-	432	-	107,441	6,150	-	3,050	1,175	-	-	-	117,816
Other receivables	3,074	5,313	127	2,603	1,165	19,170	8,752	(2,388)	37,816	1,100	1,623	29	(20)	-	1,026		41,574
Inventories	5,001	5,164	96	-	-	133	-	-	10,394	1,173	-	-	-	-	-	-	11,567
Prepaid expenses and other current assets	1,084	639	143	69	127	155	7,617	-	9,834	214	-	38	77	(74)	-	-	10,089
Total current assets	386,509	(40,702)	39,386	(23,449)	(39,970)	11,457	269,671	(2,388)	600,514	18,249	2,266	21,498	(13,448)	(3,620)	5,440	-	630,899
Property and Equipment, Net	170,831	446,674	10,349	6,847	2,980	121	64,296	-	702,098	19,090	1,235	850	5,734	-			729,007
Financing Lease Right-of-Use Asset	5,251	601	736	2,783	-	-	493	-	9,864	500	-	-	-	-	-	-	10,364
Operating Lease Right-of-Use Asset	32,685	39,255	640	4,381	2,053	501	7,538	-	87,053	1,665	1,638	1,761	7,217	-	-	-	99,334
Assets Whose Use is Limited																	
Under trust indentures and mortgage loan agreement, held by trustees and banks	1,361	36,402	454	-	-	-	3,390	-	41,607	1,659	-	-	-	-	-	-	43,266
Professional liability trust fund	-	-	-	-	-	-	16,361	-	16,361	-	-	-	-	-	-	-	16,361
Deferred compensation fund	-	-	-	-	-	-	1,405	-	1,405	-	-	-	-	-	-	-	1,405
Cash and Cash Equivalents Restricted for Capital Acquisitions	-	-	138	-	-	-	-	-	138	-	361	-	-	-	576	-	1,075
Investments and Investments in Unconsolidated Subsidiaries	(1,690)	13,967	-	-	-	-	25,692	-	37,969	-	-	-	-	-	850	(9,798)	29,021
Land Held for Healthcare Development	-	-	-	-	-	-	49,430	-	49,430	-	-	-	-	-	-	-	49,430
Intangible Assets, Net	1,391	1	749	5,435	-	6	-	-	7,582	-	-	135	-	-	-	-	7,717
Deposits and Other Noncurrent Assets	741	31	43	233	21	33	2,875	-	3,977	445	5	31	201	-	1,445	-	6,104
Assets Held for Sale	-	-	-	-	-	12,029	-	-	12,029	-	-	-	-	-	-	-	12,029
Total assets	$ 597,079	$ 496,229	$ 52,495	$ (3,770)	$ (34,916)	$ 24,147	$ 441,151	$ (2,388)	$ 1,570,027	$ 41,608	$ 5,505	$ 24,275	$ (296)	$ (3,620)	$ 8,311	$ (9,798)	$ 1,636,012

Adventist HealthCare, Inc. and Controlled Entities

Consolidating Schedule, Balance Sheet
December 31, 2020
(In Thousands)

	Shady Grove Medical Center	White Oak Medical Center	Rehab	Imaging Services	Clinical Integration Services	Other Health Services	Support Center	Eliminating Entries	Total Combined Obligated Group	Fort Washington Medical Center	Lourie Center	Adventist Home Care Services	Urgent Care	One Health Quality Alliance	Foundations	Eliminating Entries	Consolidated Adventist HealthCare, Inc.
Liabilities and Net Assets (Deficit)																	
Current Liabilities																	
Accounts payable and accrued expenses	$ 42,798	$ 24,403	$ 2,665	$ 1,019	$ 1,440	$ 13,485	$ 30,841	$ -	$ 116,651	$ 6,313	$ 247	$ 522	$ 511	$ 412	$ 18	$ -	$ 124,674
Accrued compensation and related items	18,156	11,764	3,559	370	1,006	391	16,090	(2,388)	48,948	3,036	1,068	1,787	509	2	-	-	55,350
Interest payable	-	-	-	-	-	-	9,312	-	9,312	-	-	-	-	-	-	-	9,312
Deferred revenues	-	-	-	-	164	-	50,071	-	50,235	2,061	216	-	-	-	-	-	52,512
Due to third party payors	11,929	8,303	(44)	-	-	-	68	-	20,256	641	-	-	-	-	-	-	20,897
Medicare advance and accelerated payments	-	-	-	-	-	-	57,675	-	57,675	3,096		-					60,771
Estimated self-insured professional liability	-	-	-	-	-	-	1,942	-	1,942	-	-	-	-	-	-	-	1,942
Current maturities of:																	
Long-term obligations	2,972	8,637	-	-	-	-	1,673	-	13,282	520	-	-	189	-	-	-	13,991
Financing lease obligations	684	78	96	900	-	-	64		1,822	100	-	-	-	-	-	-	1,922
Operating lease obligations	7,326	2,348	271	970	450	213	1,533	-	13,111	318	614	415	584	-	-	-	15,042
Total current liabilities	83,865	55,533	6,547	3,259	3,060	14,089	169,269	(2,388)	333,234	16,085	2,145	2,724	1,793	414	18	-	356,413
Construction Payable	974	2,397	163	29	-	10	16	-	3,589	289	-	-	-	-	-	-	3,878
Long-Term Obligations, Net																	
Bonds payable	122,684	362,059	4,302	-	-	-	37,555	-	526,600	-	-	-	-	-	-	-	526,600
Notes payable	-	-	-	-	-	-	17,096	-	17,096	5,484	-	-	3,949	-	-	-	26,529
Financing Lease Obligations	4,565	522	640	1,778	-	-	428	-	7,933	414	-	-	-	-	-	-	8,347
Operating Lease Obligations	26,319	37,156	376	3,520	1,667	304	6,276	-	75,618	1,368	1,056	1,402	6,784	-	-	-	86,228
Other Liabilities	1,477	27	-	-	422	-	7,508	-	9,434	411	-	-	-	-	48	-	9,893
Medicare Advance And Accelerated Payments	-	-	-	-	-	-	71,093	-	71,093	8,248	-	-	-	-	-	-	79,341
Estimated Self-Insured Professional Liability	-	-	-	-	-	-	17,995	-	17,995	-	-	-	-	-	-	-	17,995
Total liabilities	239,884	457,694	12,028	8,586	5,149	14,403	327,236	(2,388)	1,062,592	32,299	3,201	4,126	12,526	414	66	-	1,115,224
Net Assets (Deficit)																	
Net assets (deficit) without donor restrictions	356,849	37,776	40,143	(12,356)	(40,065)	9,744	113,257	-	505,348	9,202	2,081	20,149	(12,822)	(4,034)	3,169	(9,691)	513,402
Net assets with donor restrictions	346	759	324	-	-	-	658	-	2,087	107	223	-	-	-	5,076	(107)	7,386
Total net assets (deficit)	357,195	38,535	40,467	(12,356)	(40,065)	9,744	113,915	-	507,435	9,309	2,304	20,149	(12,822)	(4,034)	8,245	(9,798)	520,788
Total liabilities and net assets (deficit)	$ 597,079	$ 496,229	$ 52,495	$ (3,770)	$ (34,916)	$ 24,147	$ 441,151	$ (2,388)	$ 1,570,027	$ 41,608	$ 5,505	$ 24,275	$ (296)	$ (3,620)	$ 8,311	$ (9,798)	$ 1,636,012

Adventist Healthcare, Inc. and Controlled Entities

Consolidating Schedule, Statement of Operations
Year Ended December 31, 2020
(In Thousands)

	Shady Grove Medical Center	White Oak Medical Center	Rehab	Imaging Services	Clinical Integration Services	Other Health Services	Support Center	Eliminating Entries	Total Combined Obligated Group	Fort Washington Medical Center	Lourie Center	Adventist Home Care Services	Urgent Care	One Health Quality Alliance	Foundations	Eliminating Entries	Consolidated Adventist HealthCare, Inc.
Revenues																	
Net patient service revenue	$ 419,808	$ 287,096	$ 50,771	$ 25,605	$ 7,486	$ 22	$ -	$ (353)	$ 790,435	$ 47,127	$ 1,053	$ 27,917	$ 6,792	$ -	$ -	$ (51)	$ 873,273
Other revenues	9,870	2,927	317	1,919	1,047	26,367	9,520	(10,157)	41,810	389	15,566	290	1,082	724	2,201	(4,646)	57,416
COVID-19 grant income	19,401	10,369	3,726	189	279	487	5,747	-	40,198	3,817	16	108	83	-	-	-	44,222
Total revenues	449,079	300,392	54,814	27,713	8,812	26,876	15,267	(10,510)	872,443	51,333	16,635	28,315	7,957	724	2,201	(4,697)	974,911
Expenses																	
Salaries and wages	155,095	102,933	30,155	14,628	7,155	4,379	44,072	-	358,417	25,117	9,069	18,146	3,507	73	-	-	414,329
Employee benefits	30,850	19,121	5,805	2,551	1,107	757	8,141	-	68,332	4,497	1,878	3,198	634	14	-	-	78,553
Contract labor	28,823	22,866	467	(1,654)	77	10,878	303	-	61,760	5,569	171	106	160	656	-	(496)	67,926
Medical supplies	59,742	52,120	2,397	1,277	436	2,786	376	-	119,134	5,366	111	529	345	-	-	-	125,485
General and administrative	37,339	25,919	4,272	3,718	1,788	4,992	49,639	(7,282)	120,385	6,440	2,885	1,009	1,096	523	1,738	(1,807)	132,269
Building and maintenance	27,005	8,572	1,990	4,179	1,598	2,360	2,394	(3,228)	44,870	2,364	2,028	814	1,279	1	-	(45)	51,311
Insurance	3,280	2,074	294	453	229	5	3,115	-	9,450	706	11	117	73	-	-	-	10,357
Interest	5,915	16,430	181	145	-	-	2,259	-	24,930	330	-	-	154	-	-	-	25,414
Depreciation and amortization	15,756	15,927	1,089	2,085	174	53	9,257	-	44,341	771	160	267	367	-	-	-	45,906
IT depreciation	5,630	2,648	412	76	-	24	(8,857)	-	(67)	-	-	67	-	-	-	-	-
IT services	21,458	11,653	2,108	1,177	119	131	(37,340)	-	(694)	-	-	694	-	-	-	-	-
Shared services	19,812	11,914	1,686	508	781	76	(35,575)	-	(798)	-	320	423	55	-	-	-	-
Management fees	9,941	5,716	1,417	494	493	146	(19,571)	-	(1,364)	-	339	875	150	-	-	-	-
Total expenses	420,646	297,893	52,273	29,637	13,957	26,587	18,213	(10,510)	848,696	51,160	16,972	26,245	7,820	1,267	1,738	(2,348)	951,550
Income (loss) from operations	28,433	2,499	2,541	(1,924)	(5,145)	289	(2,946)	-	23,747	173	(337)	2,070	137	(543)	463	(2,349)	23,361
Other Income (Expense)																	
Investment income	5,365	443	598	-	-	31	7,561	-	13,998	-	22	326	-	-	-	-	14,346
Other (loss) income	(221)	(93)	(5)	-	-	-	257	-	(62)	-	-	-	(550)	-	-	-	(612)
Loss on extinguishment of debt	-	-	-	-	-	-	(281)	-	(281)	-	-	-	-	-	-	-	(281)
Total other income (expense)	5,144	350	593	-	-	31	7,537	-	13,655	-	22	326	(550)	-	-	-	13,453
Revenues in excess of (less than) expenses from continuing operations	33,577	2,849	3,134	(1,924)	(5,145)	320	4,591	-	37,402	173	(315)	2,396	(413)	(543)	463	(2,349)	36,814
Change in net unrealized gains and losses on investments in debt securities	2,201	66	250	-	-	14	1,613	-	4,144	-	3	124	-	-	-	-	4,271
Transfers from (to) subsidiaries	57,522	78,473	5,373	(1,158)	802	(23,369)	(122,854)	-	(5,211)	-	(273)	5,461	-	-	-	23	-
Net assets released from restrictions for purchase of property and equipment	1,762	3,515	-	-	-	-	123	-	5,400	287	-	-	-	-	-	-	5,687
Deferred compensation plan liability adjustment	-	-	-	-	-	-	860	-	860	-	-	-	-	-	-	-	860
Other net asset activity	-	-	-	-	-	-	701	-	701	1,390	-	-	-	-	2	(23)	2,070
Increase (decrease) in net assets (deficit) without donor restrictions from continuing operations	95,062	84,903	8,757	(3,082)	(4,343)	(23,035)	(114,966)	-	43,296	1,850	(585)	7,981	(413)	(543)	465	(2,349)	49,702
Loss from discontinued operations	-	-	-	-	-	(7,576)	-	-	(7,576)	-	-	-	-	-	-	-	(7,576)
Increase (decrease) in net assets (deficit) without donor restrictions	$ 95,062	$ 84,903	$ 8,757	$ (3,082)	$ (4,343)	$ (30,611)	$ (114,966)	$ -	$ 35,720	$ 1,850	$ (585)	$ 7,981	$ (413)	$ (543)	$ 465	$ (2,349)	$ 42,126

EXHIBIT 8

AHHS Assessment Planning and Coordination: Discharge Planning Policy #5.1210

ADVENTIST HOME HEALTH
ASSESSMENT PLANNING AND COORDINATION

Effective Date:	02/88	Policy No.:	5.1210
Comments:	HH:2-012	Section:	
Reviewed:	09/19, 09/20, 12/21	Approval:	
Revised:	05/01, 01/03, 05/06, 06/07, 05/10, 12/18, 3/22		

DISCHARGE PLANNING

PURPOSE

To promote patient independence, safety, and use of community resources prior to patient discharge from the organization.

POLICY

Discharge planning will be initiated for every patient upon admission to the organization. Patients will not be discharged without appropriate preparation. The patient's continuing care needs will be assessed on an ongoing basis, as well as at discharge. Information will be provided to assist the patient in planning his/her discharge, including referral and transfer.

PROCEDURE

1. During the initial assessment, the clinician will:

    A. Assess the following and identify:

        1. Anticipated date of discharge

        2. Resources available, including persons and finances

        3. Anticipated changes in living situation

        4. Areas that might require assistance

    B. Document the patient discharge potential on the plan of care.

    C. Provide information regarding the patient discharge potential in care coordination notes with other team members, as appropriate.

2. Clinicians will assist patients regarding their discharge by:

    A. Consulting with the patient and family/caregiver regarding the need for discharge from the organization

B. Serving as a referral source for patient and family/caregiver in obtaining follow-up support services

C. Consulting with the patient and family/caregiver regarding the provision of discharge information

D. Participating in a conference with the patient and family/caregiver regarding the patient discharge plans, if requested

E. Sending a discharge summary to the patient's physician

3. Clinicians will inform the appropriate Team Supervisor in the event that problems arise in discharge planning and obtain appropriate assistance.

4. All communication and information regarding discharge planning will be documented in the clinical record.

(See "Discharge Criteria and Process" Policy No. 5.1250.)

(See "Patient Education Related to Discharge Planning" Policy No. 5.5013.)

EXHIBIT 9

List of AHHS Patient Charges

Adventist HealthCare Home Health Services

Proposed Charges

Visit Type	Charge
Physical Therapy	$225.00
Occupational Therapy	$225.00
Speech Therapy	$225.00
Skilled Nursing	$204.00
Home Health Aide	$102.00
Social Work	$368.00

EXHIBIT 10

Affirmations

Adventist Home Health Services

Carroll County CON

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

Andrew R Nicklas

Andrew Nicklas
Deputy General Counsel
Adventist HealthCare

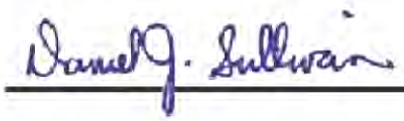
4/27/22

Date

Adventist Home Health Services

Carroll County CON

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.



Signature

Name Daniel J. Sullivan

Title President,
Sullivan Consulting Group

4/28/22

Date

Adventist Home Health Services

Carroll County CON

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.

Signature 

Name Lucy Downey

Title Manager of Finance
Adventist HealthCare Post-Acute Services

04/28/2022

Date

Adventist Home Health Services

Carroll County CON

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.

Linda Beth Berman

Signature

Name Linda Beth Berman

Title Certificate of Need Consultant
Adventist HealthCare

April 29, 2022

Date

Adventist Home Health Services

Carroll County CON

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.

Signature

Name Marya de la Cruz Sabalbaro

Title Administrator
Adventist HealthCare Home Health Services

4/27/2022

Date

Adventist Home Health Services

Carroll County CON

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.

Signature 

Name Susan Savery

Title AVP, of Finance
Adventist HealthCare Post-Acute Services

Date 5/3/2022

Adventist Home Health Services

Carroll County CON

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.

John T. Hill

Signature

Name John Hill
Sullivan Consulting Group

April 27, 2022

Date

Adventist Home Health Services

Carroll County CON

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.

Signature 

Name Martha Velez

Title AVP of Reimbursement and Strategic Analytics
Adventist HealthCare

5/2/2022

Date