

March 10, 2023

Marta D. Harting
t 410.244.7542
f 410.244.7742
MDHarting@Venable.com

VIA ELECTRONIC MAIL

Ms. Moira Lawson
Program Manager
Certificate of Need Division
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Re: Alpas Wellness La Plata, LLC
Matter No. 22-04-2462

Dear Ms. Lawson:

Attached please find the Applicant's Response to February 13, 2023 Completeness Questions.

Please let me know if you have any questions.

Sincerely,



Marta D. Harting

Enclosure

Applicant's Response to Completeness Questions
Dated February 13, 2023

1. Exhibit 15 is not legible. Please provide a copy of the floor plan that is legible, defining the men's and women's rooms, and the number of rooms designated for each gender.

Applicant Response: Please refer to Exhibit 20 for revised floor plans

2. Your application and response to completeness references only one owner or responsible individual who has ever been involved in the "ownership, development, or management of a healthcare facility". According to our research, Sean Smith has been involved in 2 proposed health related facilities in Pennsylvania, Alpas Memory Center, and Alpas Wellness Retreat. What is the status of these projects? Please provide any information on any health-related projects for all of the named individuals involved in the proposed facility.

Applicant Response: The Alpas Wellness Retreat and Alpas Memory Center were proposed facilities to be located on property owned by the SKAOS team in Quakertown, Pennsylvania. The noted projects have been placed on pause and are awaiting further development in the future. There is not currently a timetable for further development of the noted projects.

3. The organizational chart provided in exhibit 17 shows Sean Smith, John Beecroft and Michael Martin all having linkage to SKAOS LLC. This does not align with the organizational structure described in completeness response #9. Please explain the discrepancy and provide an amended organization chart.

Applicant Response: The organizational chart has been corrected to reflect that Sean Smith, John Beecroft, and Michael Martin to not have linkage to SKAOS LLC. Please see Exhibit 21 for revised organizational chart

4. Please provide a floorplan showing the location of the "refresh" and "research" rooms.

Applicant Response: Please see Exhibit 20 for the revised floor plan to include 2nd floor refresh room identification.

5. Your completeness response indicates that patients at the proposed facility will be the subjects of research overseen by a researcher at the University of Pennsylvania. What approvals will be required to perform the proposed research on clients in the facility and what steps have been taken to obtain these approvals?

Applicant Response: Dr. Chatterjee advises that the research will parallel the research that is already being done regarding veterans with PTSD vets at Walter Reed. This involves getting de-identified data which cannot be tracked or identified to any patient. Dr. Chatterjee intends to add Alpas LaPlata as a site on the IRB protocols that he informed us are written broadly such that he believes they should permit the addition of this site.

Beyond the IRB, no other regulations exist. Informed patient and staff consent will be obtained and all involvement is voluntary. If there are other stipulations that the Department of Health would request, Alpas will take them into consideration.

6. Please provide the audited financial statement or letter from an independent Certified Public Accountant.

Applicant Response: Please see Exhibit 22 for the requested letter from a CPA.

7. Please provide more detail and background information on the local ICF that has had staffing cuts and layoffs and will be a source of staffing for the proposed ICF.

Applicant Response: Alpas Wellness has received unsolicited resumes from current and former employees of a local ICF. Alpas staff has spoken to these candidates, who reported that the facility is undergoing staffing cuts and employees are being laid-off from various departments.

8. The budget shows that construction costs for the entire facility will total \$7.5 million dollars, yet the construction drawdown provided shows an expenditure of more than \$13 million. Explain the discrepancy. Specifically, provide detail on the \$29.8 million loan from SKAOS, and what that is funding? Please provide a budget which shows a source of funds line for the \$29.8 million loan.

Applicant Response: The draw down as provided by Colliers in Alpas' previous CON response includes all draw downs, not simply construction related draw downs. Please see Exhibit 23 for project budget related to Colliers financing.

9. COMAR 10.24.01.08G(3)(d) states that the applicant is required to describe and document relevant community support for the proposed project. Please provide letters of support from relevant community organizations.

Applicant Response: Please see Exhibit 24 for additional community support letters, including a letter from the chaplain of the Jude House Substance Abuse Treatment Facility and founder of Point of Change Jail and Street Ministry in LaPlata and another local pastor serving this community. .

10. Please provide the assumptions used in table E regarding ALOS for 3.7 and 3.7WM clients. Explain the projected 18.3ALOS for 3.7WM patients in light of the industry standard ALOS of approximately 5 days.

Applicant Response: Similar to our response to Question 30 in the first completeness responses, the projected length of stay is based around the expectation is that patient acuity will continue to increase incrementally in the coming years. This has been an observed trend at facilities overseen by John Beecroft. We have continued to see more significant medical comorbidities, the after-effects of COVID complicating treatment interventions,

and more dangerous patterns of drug use. With increased presenting patient acuity, the potential for extended lengths of stay at more acute levels of care arises.

11. Please provide the assumptions used in the revenue estimates in Table F. Specifically address the identical patient days and revenue amounts for the residential treatment unit and the ICF, when ICF reimbursement rates are significantly higher than for residential clients.

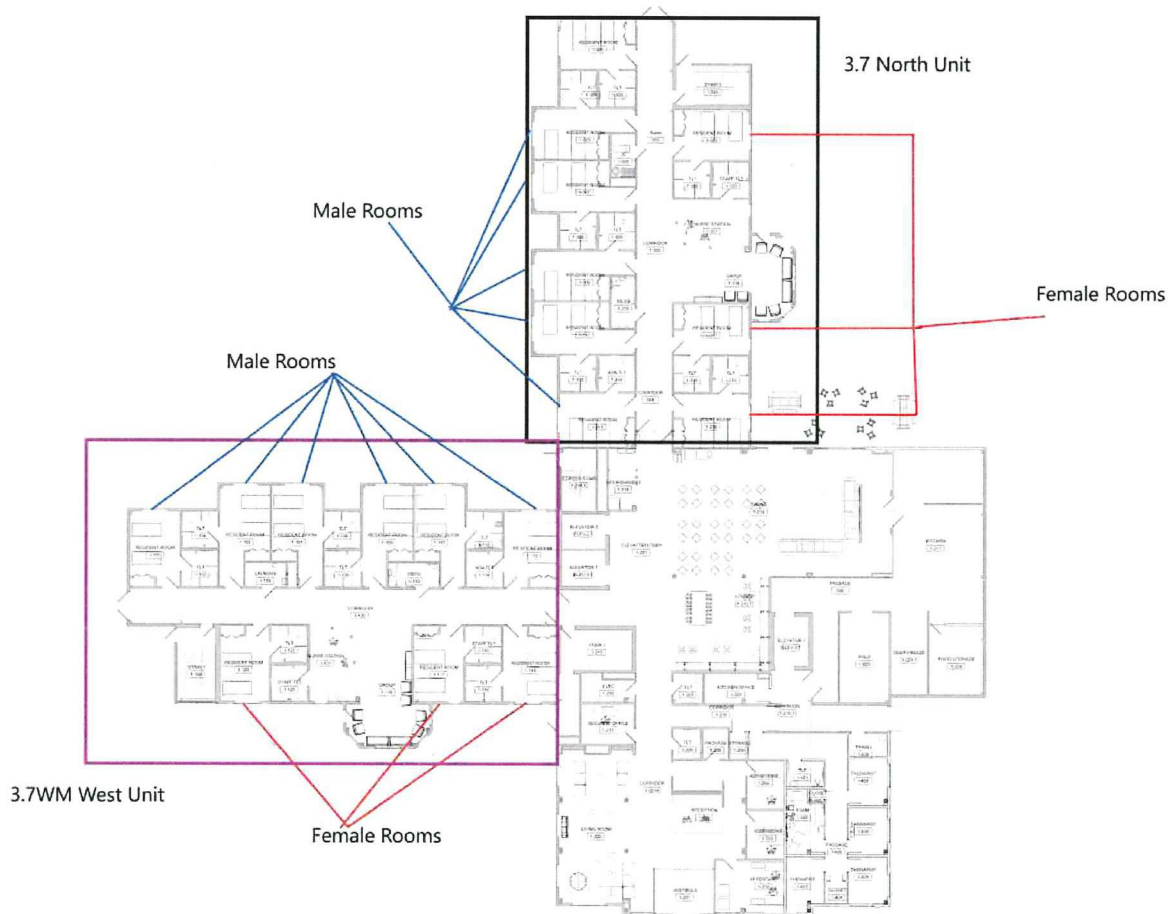
Applicant Response: We project similar patient days between residential levels of care and the 3.7 levels of care assuming increasing lengths of stay for this level of care over the projection period and significantly higher service line utilization and occupancy rates of the 3.7 beds as compared to the residential levels of care. We believe this assumption is reasonable and consistent with our market research and ongoing conversations with hospital and other community providers showing continued significant demand for available 3.7 beds in the area. While our goal is to step down patients from the 3.7 beds into residential care when appropriate, third party payor constraints will often not permit this and require these patients to be transitioned to outpatient care.

As to the revenue estimates, we project similar revenues for the ICF beds and the residential beds taking into account the higher reimbursement rates for the ICF level of care but recognizing that there will be twice as many residential beds as ICF beds.

12. In Table F, please specify what is included in other expenses (Row j).

Applicant Response: In Table F, Row J represents the total of rows K-S. Rows K-S are representative of and included in the cumulative "other expenses" Row J

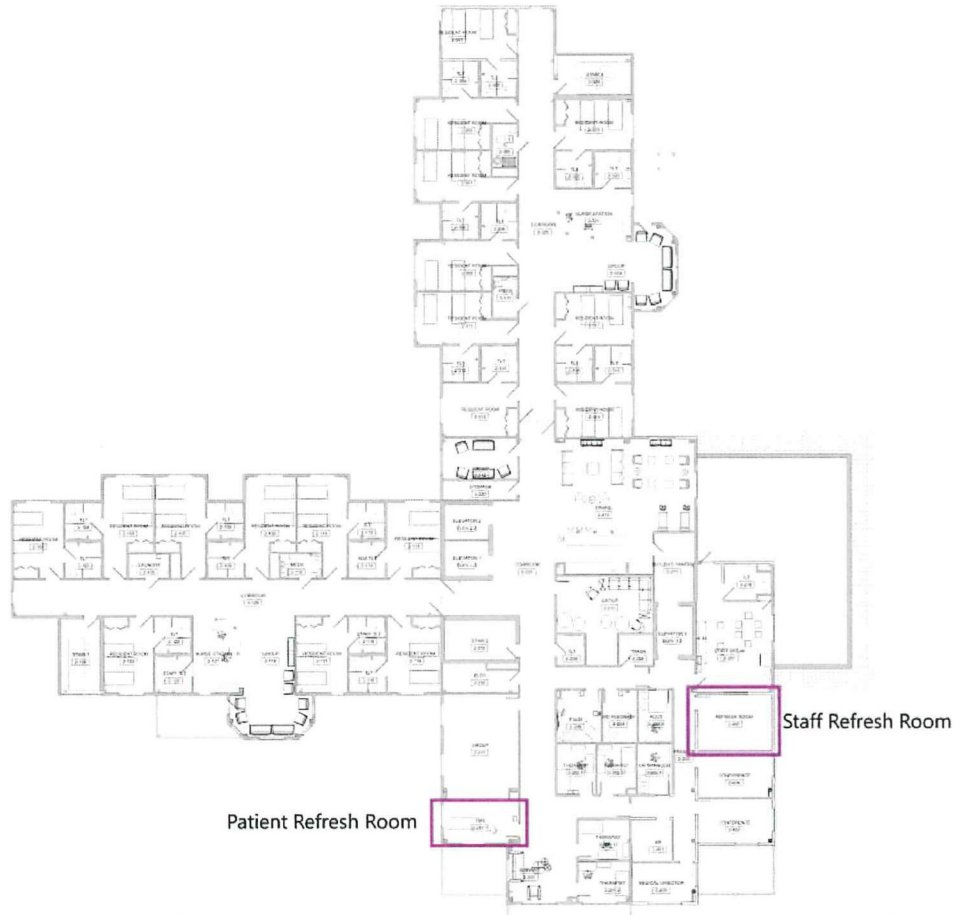
EXHIBIT 20



5/13/2022

LEVEL 1 - NEW WORK P2
1/8" = 1'-0"

WILMOTSANZ
ARCHITECTURE
PLANNING



5/13/2022

LEVEL 2 - NEW WORK P2
1/8" = 1'-0"

WILMOTSANZ
ARCHITECTURE
PLANNING

EXHIBIT 21

Alpas Wellness La Plata Organizational Chart

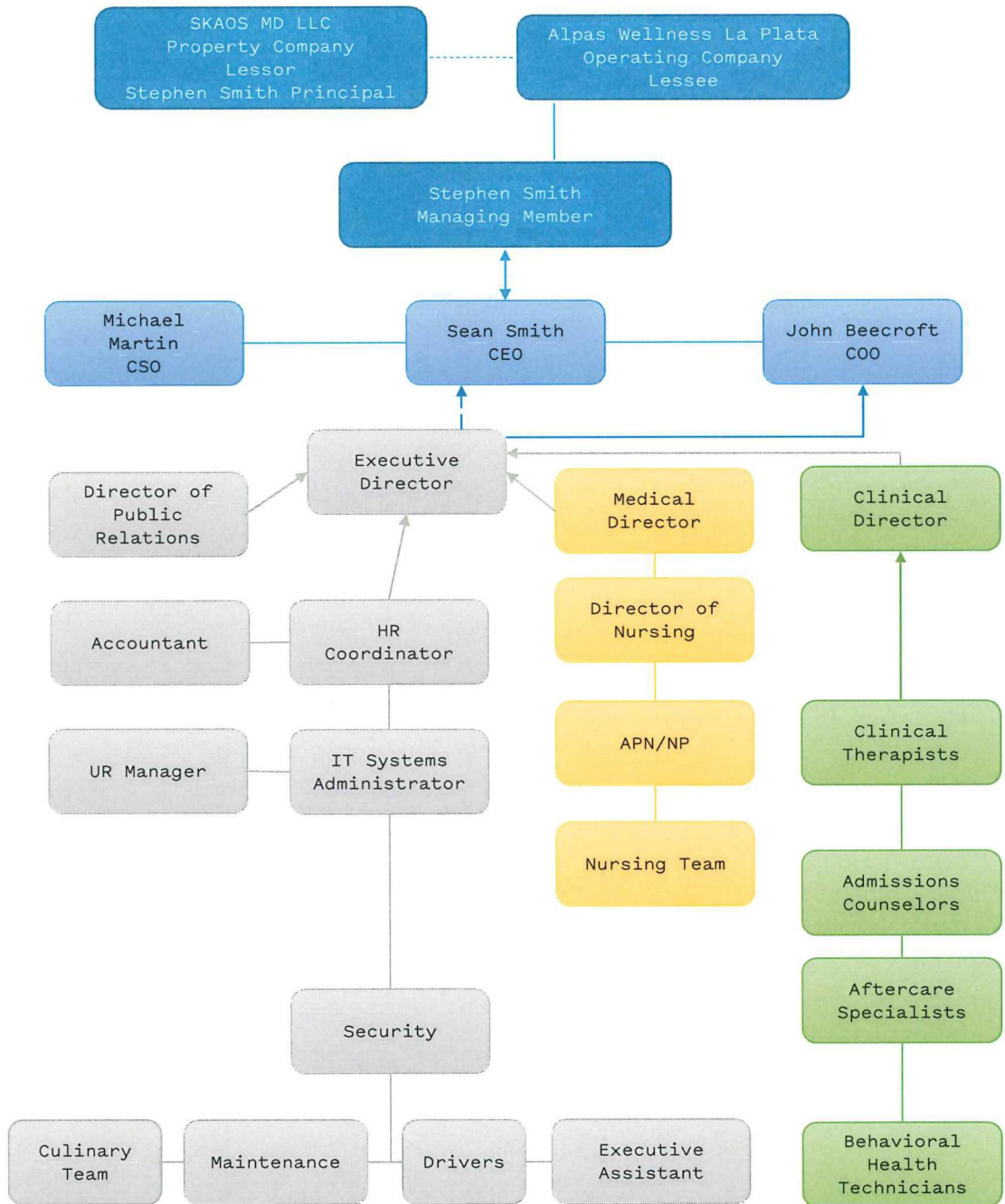


EXHIBIT 22

March 8, 2023

Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Re: Alpas Wellness La Plata LLC

Dear Madam or Sir:

We are writing to you at the request of Alpas Wellness La Plata LLC.

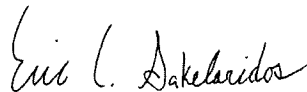
The AICPA AT section 9101, paragraph .27 of Interpretation No. 2 states that a practitioner is precluded from giving any form of assurance on matters relating to solvency or any financial presentation of matters relating to solvency. In accordance with paragraph .25 such matters include having the ability to pay debts as they mature.

Consequently, we are not able to respond directly to your request to reach a conclusion that adequate funds are available.

Management has provided us with a January 2023 bank account statement which indicates that Alpas Wellness La Plata LLC has \$493,376 of cash in its checking account at January 31, 2023. Management has also provided us with a Draw History Statement, as of January 31, 2023, that indicates Alpas Wellness La Plata LLC has \$15,852,357 available under its financing agreement.

We did not audit or review this financial information, nor were we required to perform any procedures to verify the accuracy, or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this information.

Very truly yours,



Eric C. Sakelaridos
Director

ECS:mgc

EXHIBIT 23

ALPAS WELLNESS TREATMENT CENTER

La Plata, Maryland

| | ORIGINAL BUDGET | Changes This Draw | Total CHANGES |
|-------------------------------------|----------------------------|------------------------------|--------------------------|
| Land | | | |
| Land Acquisition | 16,000,000.00 | | |
| Direct Construction Costs | | | |
| Renovation / Conversion Buildout | 5,200,000.00 | | - |
| FF&E | 2,000,000.00 | | - |
| Project CONTINGENCY | 300,000.00 | | - |
| | <u>7,500,000.00</u> | - | - |
| Indirect Costs | | | |
| PreDevelopment Costs Paid to Date | 3,200,000.00 | | (351,930.35) |
| Pre-Opening / Branding | 4,079,031.00 | | - |
| Startup / Working Capital RESERVE | 6,053,469.00 | | - |
| Marketing RESERVE | 3,000,000.00 | | - |
| INTEREST RESERVE | 1,500,000.00 | | - |
| Insurance | 419,000.00 | | - |
| Real Estate Taxes | 300,000.00 | | - |
| Professional Fees | 86,000.00 | | - |
| Financing / CLOSING Costs | 500,000.00 | | 351,930.35 |
| Total Indirect Costs | 19,137,500.00 | - | - |
| Total Project - Use of Funds | <u>42,637,500.00</u> | - | - |
| SOURCES | | | |
| Colliers First Deed of Trust Loan | 29,800,000.00 | | |
| Borrower Notes | 2,000,000.00 | | |
| Borrower Cash Equity | 10,837,500.00 | | |
| | <u>42,637,500.00</u> | | |

EXHIBIT 24

Point of Change Jail and Street Ministry Inc.,



pocserving@gmail.com
301-542-9709

March 8, 2023

Michael Martin
Chief Strategy Officer Alpas Wellness
1014 Washington Ave
La Plata, Maryland 20646

Dear Mr. Martin,

As a Pastor of Servants of Christ Church, founder of Point of Change Jail and Street Ministry Inc., Chaplain of the Jude House Substance Abuse Treatment Facility, past Chaplain of Charles County Detention Center and Chaplaincy Coordinator and the Charles County Department of Social Services. I have spent more than three decades caring for individuals challenged with mental health deficits, alcohol and substance abuse disorders as well as those with co-occurring disorders, and I strongly support and express the need for the Alpas Wellness Center in La Plata, MD.

There is a growing need for more residential treatment and support services for patients and families facing substance use disorders and behavioral health concerns. The Alpas Wellness Center will meet this need for our community.

It is critical to have the resources like Alpas Wellness in our community for individuals and families, but also for the betterment of our community as a whole. I often reach out to the resources available in Southern Maryland to fill the needs of our great community. Charles County needs more resources with well trained professionals so that we can build a stronger foundation for all.

Alpas Wellness Center will provide the innovative and collaborative residential treatment that our families desperately need. Unfortunately, the need continues to grow.

I strongly express the need for the Alpas Wellness facility in La Plata as a much-needed resource for improved mental health resources and substance abuse treatment in Charles County.

Physical Address:
9690 Shepherds Creek Place
LaPlata, MD. 20646

Post Office Box:
PO Box 1509
LaPlata, MD. 20646

Point of Change Jail and Street Ministry Inc.,



pocservng@gmail.com
301-542-9709

Respectfully,

Sincerely,
Pastor John Lewis

Physical Address:
9690 Shepherds Creek Place
LaPlata, MD. 20646

Post Office Box:
PO Box 1509
LaPlata, MD. 20646

March 8, 2023

Michael Martin
Chief Strategy Officer Alpas Wellness
1014 Washington Ave
La Plata, Maryland 20646

Dear Mr. Martin,

As a Pastor serving the resilient families in Southern Maryland area for more than 30 years and a member of the United Ministers Coalition of Southern Maryland, I am writing to express our need in this region for a high-quality addiction treatment and in-patient recovery center, the Alpas Wellness Center located in La Plata.

There is a growing need for more residential treatment and support services for patients and families facing substance use disorders and behavioral health concerns. The Alpas Wellness Center will meet this need with their personalized, traditional, and alternative holistic approaches to healing.

I am blessed to work with many families helping with health and behavioral issues, housing, transportation, and education with the Lord's guidance. I often reach out to the resources available in Southern Maryland to fill the needs of our great community so that others may heal and be whole again. Unfortunately, we need more resources to address substance abuse and treatment.

We want a healthy, productive society promoting inclusion, diversity, and acceptance in our community. We want families to come and grow, to be able to get the help they need whether it be drug addiction or eating disorders. Alpas Wellness Center will allow the folks of our region to obtain high-quality treatment and support in a place of shared community that has so much potential for all, not just for a few.

I strongly express the need for the Alpas Wellness facility in La Plata as it will offer additional resources in the fight for improved mental health resources and substance abuse treatment in Charles County and Southern Maryland.

Respectfully,

A handwritten signature in black ink, appearing to read "Willie R. Hunt". The signature is stylized and cursive.

Pastor; Superintendent Willie R. Hunt