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October 30, 2020

VIA ELECTRONIC TRANSMISSION

Kevin McDonald, Chief, Certificate of Need Division
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

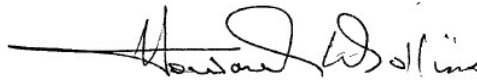
Re: **Adventist Health Care White Oak Medical Center**
(f/k/a Washington Adventist Hospital)
Docket No.: 13-15-2349
Request for Amendment of Condition to Certificate of Need Approval

Dear Mr. McDonald:

On behalf of Adventist HealthCare, Inc. d/b/a Adventist HealthCare White Oak Medical Center ("WOMC")¹, attached is a request that the Maryland Health Care Commission approve a modification to a condition attached to the above-referenced certificate of need ("CON") relating to the hours of operation of the urgent care center in Takoma Park. Please let us know if you have any questions about this request.

Thank you for your assistance.

Sincerely,



Howard L. Sollins

HLS/lam
Enclosure

cc: Mr. Ben Steffen
Mr. Paul Parker

¹ The hospital operated as Adventist HealthCare Washington Adventist Hospital at the time the CON was issued.
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1024v1.....

Kevin McDonald, Chief

October 30, 2020

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Suellen Wideman, Asst. Atty. General

Ms. Ruby Potter

Travis A. Gayles, M.D., Ph.D.

Health Officer - Montgomery County

Andrew Nicklas, Esq., AHC

IN THE MATTER OF

WASHINGTON
ADVENTIST HOSPITAL
(NOW ADVENTIST
HEALTHCARE WHITE OAK
MEDICAL CENTER)

DOCKET NO. 13-15-2349

BEFORE THE MARYLAND

HEALTH CARE

COMMISSION

**REQUEST FOR APPROVAL TO MODIFY A CERTIFICATE OF NEED
CONDITION**

Adventist HealthCare, Inc. d/b/a Adventist HealthCare White Oak Medical Center (“WOMC”), through undersigned counsel, requests the Maryland Health Care Commission (“MHCC”) to approve an action consistent with an urgent care center (“UCC”) condition placed on the certificate of need (“CON”) issued to WOMC (the “Condition”). It states:

Adventist HealthCare, Inc. must open an urgent care center on its Takoma Park campus coinciding with its closure of general hospital operations on that campus. The urgent care center must be open every day of the year, and be open 24 hours a day. Adventist HealthCare, Inc. may not eliminate this urgent care center or reduce its hours of operation without the approval of the Maryland Health Care Commission.

Thus, the Condition contemplates that there may be a request to eliminate or reduce the hours of this UCC. This filing seeks approval to reduce the UCC hours

of operation from 24 hours per day, seven days per week to 12 hours per day (8am to 8pm), still at seven days per week.

A. BACKGROUND

WOMC obtained initial First Use Approval and opened its hospital facility in White Oak in August 2019. This included complying with the condition of opening a UCC on the Takoma Park campus. The UCC opened in the former emergency department (“ED”) space in Takoma Park on August 26, 2019 and has continued to operate on a 24/7 basis.

The Condition permits WOMC to seek approval to reduce the hours of the UCC. Sufficient experience has been gained to test the assumptions in the WOMC CON approval. This experience shows that the UCC will be more sustainable and continue to meet community needs by operating 12 hours daily, consistent with AHC’s three other UCCs.

The CON approval reflected AHC’s effort to project UCC utilization based on historical Washington Adventist Hospital (“WAH”) ED utilization. AHC estimated the proportion of WAH’s ED patients who could reasonably be served by a UCC by stratifying WAH’s 47,918 ED visitors in 2014 using an Emergency Severity Index (“ESI”). AHC estimated that 45% of the visits to the WAH ED could be served in a UCC.

The Reviewer largely agreed, finding that a substantial proportion of WAH’s ED visits, approximately 25%, could be adequately managed in a UCC (p. 35). The

Reviewer noted that because AHC was a known service provider in the area, there was a good chance that the UCC would be well-utilized, with a potential pool of 11,839 individuals at ESI level 4 and 5 (p. 38).

Even with these reasonable forecasts, the projected utilization rates did not materialize. As explained below, the current utilization data does not support operating the UCC 24/7.

B. THE UCC IS NOT NEEDED 24/7/365

AHC is an experienced operator of four UCCs with locations in Rockville, Germantown and Laurel, in addition to Takoma Park. It operates four hospitals with emergency departments, as well as the Germantown Emergency Center, a freestanding medical facility. AHC also has a broad array of primary care locations and extensive experience and knowledge of how these settings can deliver quality, cost effective services. More than most health systems, AHC has the clinical, operational and financial understanding of how emergency and primary care services are delivered.

AHC has acted in good faith, investing nearly \$450,000 in the Takoma Park UCC startup expenses including approximately \$250,000 in equipment such as an x-ray machine and a crash cart. AHC marketed the Takoma Park UCC through multiple forms of media and in multiple languages, including:

- Direct mail sent to local residents;
- Social media promotions (See: <https://www.facebook.com/AdventistUCTakomaPark/>)

- An article in the Takoma Park newsletter;
- Website updates on all AHC related sites;
- Inclusion of the UCC on material announcing the White Oak Medical Center;
- Additional flyers and handouts distributed at public events;
- Inclusion of Takoma Park on AHC Urgent Care outdoor advertising.

Information on the hours of operation and public transportation options to reach the UCC are readily available on the UCC's website:

<https://www.adventisthealthcare.com/locations/profile/urgent-care-takoma-park/>.

Despite these efforts, and the reasonable projections of both AHC and the MHCC, patient volumes at the Takoma Park UCC have been far below what was expected and what is necessary to sustain 24/7 operations. From its opening in August 2019 through July 2020, the Takoma Park UCC saw 5,029 patients. Compare this to AHC's three other UCCs in Germantown, Rockville and Laurel that each treated between 13,000 and 15,000 patients in the same time period (See Exhibit A). Through February of 2020, before the COVID-19 outbreak, the Takoma Park UCC saw an average of 12 patients per day while the other AHC UCCs saw an average of 38 to 46 patients per day (See Exhibit B). It is important to remember that this significant disparity in volumes exists despite the Takoma Park UCC being the only facility of the four that is open 24/7.

Recently, all the UCCs operated by AHC have experienced increased volumes due to the COVID-19 pandemic. The Takoma Park UCC, however, remains far below the others. From March through July of 2020, the Takoma Park UCC saw an average of 18 patients per day, compared to an average of 34 to 37 visits per day at the other AHC UCCs (See Exhibit B). Excluding COVID-19 patients from this time frame, the Takoma Park UCC saw only nine patients per day on average while the other AHC UCCs saw an average of 20 to 24 patients per day (See Exhibit C).

Regardless of COVID-19, the Takoma Park UCC sees the vast majority of its patients between 8am and 8pm – the hours proposed by this filing. Exhibit D demonstrates that patients are simply not using the UCC in a manner that supports 24/7 operations. Over 75% of patients are using the UCC during the hours proposed in this filing, including the vast majority of COVID-19 patients. AHC is prepared to maintain the UCC but needs to be allowed to do so during the hours it is principally being used. It is simply not feasible for AHC to continue to operate the Takoma Park UCC 24/7 with these low patient volumes.

Also, it is important to note that Takoma Park is served by five urgent care centers in addition to the one operated by AHC (See Exhibit E). None of these are open 24/7 and yet utilization at the AHC UCC remains light during the hours that the other urgent care centers are closed. Maintaining 24/7 operations at an underutilized facility is simply not financially sustainable.

C. THE TAKOMA PARK UCC IS NOT FINANCIALLY SUSTAINABLE
24/7/365

The Takoma Park UCC lost \$1,518,666 since opening in August 2019 through July 2020, experiencing six figure losses each month for an average monthly loss of \$125,555. (See Exhibits F). Rather than abating over time, losses have continued totaling \$852,884 for the first seven months of 2020 (See Exhibit G). These losses are in stark contrast to the experience of the other AHC UCCs. From August 2019 through July 2020, the AHC Laurel UCC earned a positive margin of \$213,390 while the UCCs in Rockville and Germantown had a negative margin of \$71,059 and \$82,331 respectively (See Exhibit H). This disparity in financial performance is particularly noteworthy because the Takoma Park property is owned by AHC and has lower building and maintenance costs.

Part of the reason for the significant losses at the Takoma Park UCC is due to the high staffing costs in comparison to the other locations. Not only does staffing the facility 24/7 inherently increase costs, it also makes recruitment more difficult. Recruiting potential staff to work nights is challenging, forcing AHC to hire contract staff at a significantly greater cost. These higher costs exacerbate the financial distress caused by the low patient volumes.

If this petition is not granted, the Takoma Park UCC losses are projected to increase in 2021. Exhibit I shows that without a reduction of hours the UCC is projected to lose \$1,663,755 in 2021, while shifting to a 12-hour day is projected to mitigate these losses by \$672,007. This is a significant savings, especially

considering the UCC will continue to serve the community. Operating 12-hours a day is consistent with how UCCs operate generally and will reduce expenses without materially affecting utilization.

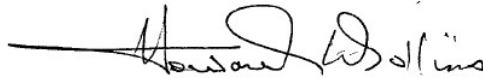
D. CONCLUSION

AHC has served the healthcare needs within the Takoma Park community and beyond since 1907. This commitment remains strong as demonstrated by the recent free COVID-19 Testing Clinic hosted by AHC on September 26, 2020 (Flyer attached as Exhibit J). Additionally, the UCC is just one part of AHC's overall effort to provide community-based care and reduce ED utilization. As the CON approval notes:

Adventist has demonstrated a range of efforts it has taken, sometimes in partnership with other organizations that can be effective in reducing use of its emergency department for non-emergency medical care that can be obtained in physician office and clinic settings. It has been directly involved in development of these kinds of alternatives. In addition, AHC has been involved in health education and screening programs aimed at preventing serious illness, detecting illness at an earlier, more-easily treatable stage, and/or facilitating more effective and less expensive use of health care resources by patients. Finally, AHC has established programs aimed at better management and coordination of patients with chronic illness that frequently used ED facilities or have potential for such usage. (p. 79)

Operating the UCC at Takoma Park 24/7 is simply not sustainable. In order to continue to provide quality, cost effective care AHC must be permitted to reduce the hours of operation at the Takoma Park UCC from 24 to 12 hours per day. Operating

from 8am to 8pm is consistent with how the community is using the UCC, even during the recent increase in activity due to COVID-19. AHC respectfully requests the MHCC approve this petition.



Howard L. Sollins, Shareholder
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hsollins@bakerdonelson.com

Certificate of Service

I hereby certify on this 30th day of the October 2020 a copy of the Request For Approval To Modify A Certificate Of Need Condition was mailed to:

Kevin McDonald, Chief, Certificate of Need Division
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215



Howard L. Sollins, Shareholder

Exhibit A

AHC Urgent Care Centers

Total Visits

August 2019 - July 2020

Year	Month	GERMANTOWN	ROCKVILLE	LAUREL	TAKOMA PARK
		12 HRS (8AM - 8PM)	12 HRS (8AM - 8PM)	12 HRS (8AM - 8PM)	24 Hrs.
2019	August*	1100	1034	1241	72
	September	1143	1025	1295	370
	October	1019	1078	1451	419
	November	1030	1058	1313	279
	December	1422	1378	1508	375
2020	January	1439	1248	1532	349
	February	1373	1255	1398	356
	March	1218	1030	1232	340
	April	574	510	626	314
	May	903	713	708	311
	June	978	962	945	508
	July	2067	1979	1935	1336
Total		14266	13270	15184	5029

*Patients seen at Takoma Park for 6 days in August 2019. The First service date at Takoma Park was August 26, 2019

Exhibit B
AHC Urgent Care Centers
Average Visits
August 2019 - July 2020

Year	Month	GERMANTOWN		ROCKVILLE		LAUREL		TAKOMA PARK			Pre & Post COVID19 Average
		8AM - 8PM	Pre & Post COVID19 Average	8AM - 8PM	Pre & Post COVID19 Average	8AM - 8PM	Pre & Post COVID19 Average	8AM - 8PM	8PM - 8AM	Total	
2019	August*	35	Pre-COVID Avg. 40	33	Pre-COVID Avg. 38	40	Pre-COVID Avg. 46	8	5	12	Pre-COVID Avg. 12
	September	38		34		43		8	4	12	
	October	33		35		47		8	5	14	
	November	34		35		44		7	2	9	
	December	46		44		49		10	2	12	
2020	January	46	Avg. with COVID 37	40	Avg. with COVID 34	49	Avg. with COVID 35	8	3	11	Avg. with COVID 18
	February	47		43		48		9	3	12	
	March	39		33		40		8	3	11	
	April	19		17		21		9	2	10	
	May	29		23		23		9	2	10	
	June	33		32		32		13	4	17	
	July	67		64		62		33	10	43	

*Patients seen at Takoma Park for 6 days in August 2019. The First service date at Takoma Park was August 26, 2019

Exhibit C

AHC Urgent Care Centers

Covid 19 visits vs. Non-Covid19 Visits

March - July 2020

COVID-19 Related Visits Vs Non-COVID19 Related Visits by Month (March - July 2020)						
Description	March-2020	April-2020	May-2020	June-2020	July-2020	March - July 2020 Daily Average
GERMANTOWN						
COVID19 related visits	32	88	364	427	1,463	
<i>Daily Average</i>	1	3	12	14	47	15
Non-COVID19 related visits	1,186	486	539	551	604	
<i>Daily Average</i>	38	16	17	18	19	22
Total visits	1,218	574	903	978	2,067	
<i>Total Daily Average</i>	39	19	29	33	67	37
ROCKVILLE						
COVID19 related visits	25	66	215	392	1,407	
<i>Daily Average</i>	1	2	7	13	45	14
Non-COVID19 related visits	1,005	444	498	570	572	
<i>Daily Average</i>	32	15	16	19	18	20
Total Visits	1,030	510	713	962	1,979	
<i>Total Daily Average</i>	33	17	23	32	64	34
LAUREL						
COVID19 related visits	8	74	144	257	1,237	
<i>Daily Average</i>	0	2	5	9	40	11
Non-COVID19 related visits	1,224	552	564	688	698	
<i>Daily Average</i>	39	18	18	23	23	24
Total Visits	1,232	626	708	945	1,935	
<i>Total Daily Average</i>	40	21	23	32	62	35
TAKOMA PARK						
COVID19 related visits	11	23	100	278	1,081	
<i>Daily Average</i>	0	1	3	9	35	10
Non-COVID19 related visits	329	291	212	229	254	
<i>Daily Average</i>	11	10	7	8	8	9
Total Visits	340	314	312	507	1,335	
<i>Total Daily Average</i>	11	10	10	17	43	18

Exhibit D**Takoma Park Urgent Care***Average Visits**August 2019 - July 2020***Average Visits by Shift**

Year	Month	8AM - 8PM	8PM - 8AM	Total
2019	August*	8	5	12
	September	8	4	12
	October	8	5	14
	November	7	2	9
	December	10	2	12
2020	January	8	3	11
	February	9	3	12
	March	8	3	11
	April	9	2	10
	May	9	2	10
	June	13	4	17
	July	33	10	43

*Patients seen for 6 days in August 2019. The First service date was August 26, 2019

Exhibit F

Urgent Care Centers in the Takoma Park Service Area

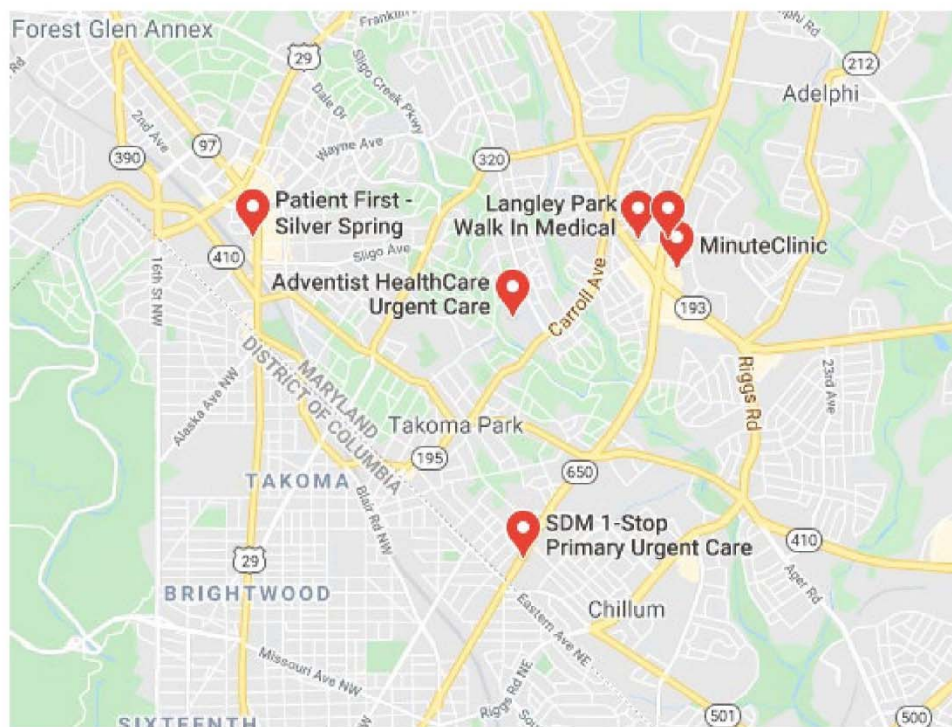


Exhibit F**Takoma Park Urgent Care***Income Statement by Cost Center - Monthly Trend**August 2019 - July 2020*

Ledger Account	Takoma Park			
	August - 2019	September - 2019	October - 2019	November - 2019
Total Operating Revenue	8,924	51,036	58,885	44,487
Operating Expenses				
Salaries & Wages, Employee Benefits, & Professional Fees	115,551	157,239	181,071	149,483
Medical Supplies	7,729	2,229	0	3,089
General and Administrative, Purchased Services, & Building and Maintenance	31,315	20,202	22,939	13,333
Total	154,595	179,670	204,009	165,904
Excess of Revenue Over Expenses from Operations	(145,671)	(128,634)	(145,124)	(121,418)

Takoma Park								
December - 2019	January - 2020	February - 2020	March - 2020	April - 2020	May - 2020	June - 2020	July - 2020	Total
51,604	54,103	38,674	29,828	28,187	41,114	76,806	135,622	619,271
155,546	166,483	136,343	126,570	131,324	142,970	184,692	224,052	1,871,324
460	0	9,412	8,612	16	2,322	2,012	3,847	39,727
20,534	15,088	20,319	14,014	13,041	17,594	17,899	20,609	226,886
176,540	181,571	166,074	149,197	144,381	162,886	204,602	248,508	2,137,936
(124,936)	(127,468)	(127,399)	(119,369)	(116,194)	(121,771)	(127,796)	(112,886)	(1,518,666)

Exhibit G**Takoma Park Urgent Care AHC***Income Statement by Cost Center**August 2019 - July 2020*

Ledger Account	Takoma Park		Total
	Aug 2019 -Dec 2019	Jan 2020 - July 2020	
Total Operating Revenue	214,936	404,335	619,271
Operating Expenses			
Salaries & Wages, Employee Benefits, & Professional Fees	758,890	1,112,434	1,871,324
Medical Supplies	13,506	26,221	39,727
General and Administrative, Purchased Services, & Building and Maintenance	108,322	118,564	226,886
Total	880,718	1,257,219	2,137,936
Excess of Revenue Over Expenses from Operations	(665,782)	(852,884)	(1,518,666)

Exhibit H**AHC Urgent Care Centers***Income Statement by Cost Center**August 2019 - July 2020*

Ledger Account	Germantown	Rockville	Laurel	Takoma Park
Total Operating Revenue	2,239,575	2,024,934	2,111,406	619,271
Operating Expenses				
Salaries & Wages, Employee Benefits, & Professional Fees	1,254,544	1,035,192	1,119,761	1,871,324
Medical Supplies	101,509	90,004	107,913	39,727
General and Administrative, Purchased Services, & Building and Maintenance	965,854	970,798	670,343	226,886
Total	2,321,906	2,095,993	1,898,016	2,137,936
Excess Revenue Over Expenses	(82,331)	(71,059)	213,390	(1,518,666)

Exhibit I**Takoma Park Urgent Care***2021 Projection**8am-8pm Impact*

	Current State 2021 Projection	Adjustment for Reduced Hours 8am-8pm	Adjusted Projection
Total Operating Revenue	550,329	(137,582)	412,747
Operating Expenses			
Professional Fees	105,000		105,000
Salaries & Wages, Employee Benefits, & Professional Fees	1,877,392	(791,071)	1,086,320
Medical Supplies	48,208	(12,052)	36,156
General and Administrative, Purchased Services, & Building and Maintenance	288,485	(6,466)	282,019
Total	2,214,085	(809,590)	1,404,495
Excess of Revenue Over Expenses from Operations	(1,663,755)	672,007	(991,748)

EXHIBIT J

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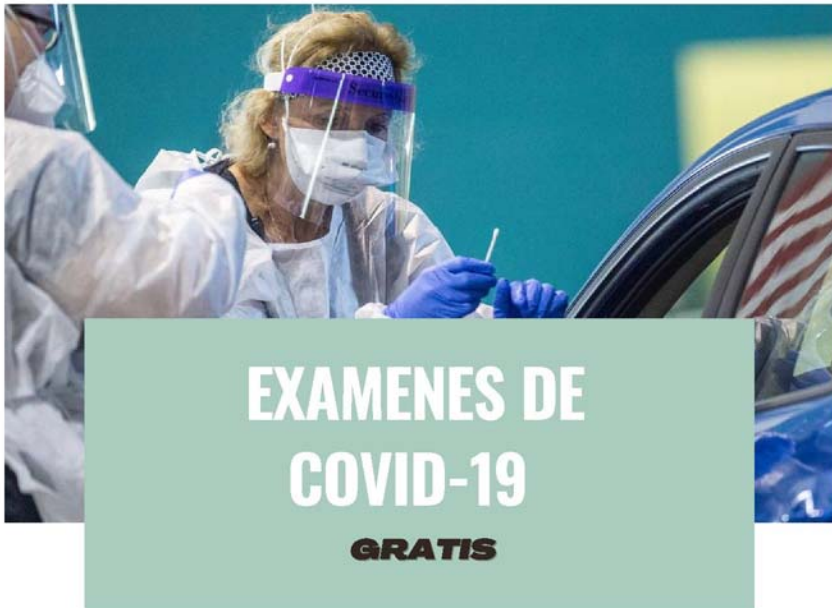
SLIGO CHURCH
&
ADVENTIST HEALTHCARE



SATURDAY, SEPTEMBER 26, 2020 | 11 A.M. - 4 P.M.
7600 CARROLL AVE, TAKOMA PARK

Visit www.sligochurch.org to register

IGLESIA DE SLIGO
Y
CUIDADO DE SALUD
ADVENTISTA



SABADO, 26 DE SEPTIEMBRE, 2020 | 11 A.M. - 4 P.M.
7600 CARROLL AVE, TAKOMA PARK

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IGLESIA DE SLIGO



SABADO, 26 DE SEPTIEMBRE, 2020 | 11 A.M. - 4 P.M.
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