

MARYLAND HEALTH CARE COMMISSION

PROJECT CHANGE AFTER CERTIFICATE OF NEED APPROVAL

To: Brent Reitz, President Post-Acute Services
Adventist HealthCare
9909 Medical Center Drive
Rockville, MD 20850

Date: November 18, 2021

Docket No.: 18-15-2428

Re: Relocation of A Special Rehabilitation Hospital

On March 21, 2019, the above-referenced CON authorized Adventist Rehabilitation Hospital of Maryland, Inc. d/b/a Adventist HealthCare (AHC) Rehabilitation and Adventist HealthCare, Inc. d/b/a Washington Adventist Hospital (WAH) to relocate and replace a special rehabilitation hospital operating on the campus of AHC Washington Adventist Hospital in Takoma Park. The approved replacement hospital has 42 beds and is located on the campus of AHC White Oak Medical Center in Silver Spring, a general hospital which replaced AHC WAH in 2019. The approved cost of the project was \$19,547,323. The source of funds for the project was cash.

In 2021, AHC requested a change in the approved cost of the project. AHC determined that the actual project costs would exceed the approved cost by \$2,997,052. The additional expenditure is attributed to unanticipated increases in the cost of building materials and construction, related in part to the impact of the COVID pandemic. The applicants requested the Maryland Health Care Commission (MHCC) approve this larger project expenditure. The larger project expenditure would continue to be funded from cash reserves.

On November 18, 2021, the Commission approved the requested change, increasing the approved project expenditure from \$19,547,323 to \$22,544,375. No other changes were requested by AHC.

ORDER

The Commission reviewed and considered the information provided by the applicants and found that the proposed project change after CON approval did not cause any material changes to the nature of the original project, its location, or its capacity. It also did not change the findings that the Commission made when the CON was issued in 2019 and **ORDERED** that:

The request by Adventist Rehabilitation Hospital of Maryland, Inc. d/b/a Adventist HealthCare Rehabilitation and Adventist HealthCare Inc. d/b/a Adventist HealthCare White Oak Medical Center for changes to the March 21, 2019, Certificate of Need to relocate the existing 42-bed ARH rehabilitation hospital operated in Takoma Park to the White Oak Medical Center

campus in Silver Spring, at a total project cost of \$22,544,375 is hereby **APPROVED**. This CON has the following condition:

Prior to first use approval, Adventist Health Care will obtain two separate special hospital licenses for the ARH rehabilitation hospital facilities in Rockville and the ARH rehabilitation hospital facilities in Takoma Park.

PERFORMANCE REQUIREMENTS

In accordance with the conditions of the Certificate of Need set forth above and COMAR 10.24.01.12C(2) and (3), the project is subject to the following performance requirements:

1. A binding construction contract obligating not less than 51% of the approved capital expenditure no later than March 21, 2021.
2. Documentation that the project is complete no later than 24 months after the effective date of the binding construction contract.

Failure to meet these performance requirements will render this Certificate of Need void, subject to the requirements of COMAR 10.24.01.12F through I.

PROPOSED CHANGES TO THE APPROVED PROJECT

Before making any additional changes to the project or the facts in the request for project change, the applicants must notify the Commission in writing and receive Commission approval, if applicable, of each proposed change, including the obligation of any funds, in accordance with COMAR 10.24.01.17. Pursuant to COMAR 10.24.01.17B(2), the project cannot incur capital cost increases that exceed the approved capital cost inflated by an amount determined by applying the Building Cost Index published on a quarterly basis by IHS Economics in *Healthcare Cost Review*, without approval of such a change. Instructions for determining the threshold that necessitates Commission review and approval of changes to the capital cost are located on the Commission's website at:

http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_con/hcfs_con.aspx

DESIGN APPROVAL AND FACILITIES LICENSURE BY MDH

This CON approval does not constitute a license or replace any approvals required by the Office of Health Care Quality (OHCQ) or others within the Maryland Department of Health (MDH) to put the approved replacement special rehabilitation hospital into operation. The applicants must provide MDH with all information it requires for plan approval and putting the replacement hospital into operation, including information pertaining to project design and specifications.

QUARTERLY STATUS REPORTS

In accordance with COMAR 10.24.01.13B., the applicants must submit quarterly status reports to the Commission, beginning June 21, 2019, three months from the date of the original CON, and continuing at three-month intervals, until the completion of the project.

REQUEST FOR FIRST USE REVIEW

The applicants must request approval of first use, specifying the anticipated date of first use. Such a request must be in writing, not less than 60 days but not more than 120 days before the first use. Commission staff will review the request in consultation, as necessary, with OHCQ, and in accordance with COMAR 10.24.01.18 to determine whether the project is in conformance with the CON. First use approval does not constitute a license or replace any approvals required by OHCQ or others within MDH to put the replacement special hospital into operation. Therefore, the applicants should assure that OHCQ is notified of the imminent completion of the project and should arrange for completion of any inspections and or approvals required by OHCQ in a timely manner. First use approval remains in effect for 90 days. If first use does not occur within 90 days of first use approval, the applicants shall reapply for first use approval.

ACKNOWLEDGEMENT OF RECEIPT OF AN APPROVAL OF A PROJECT CHANGE AFTER CERTIFICATE OF NEED

Acknowledgement of your receipt of this project change after CON approval, stating acceptance of its terms and conditions, is required within thirty (30) days.

MARYLAND HEALTH CARE COMMISSION



Ben Steffen
Executive Director

cc: Patricia T. Nay, M.D., Executive Director, Office of Health Care Quality
James C. Bridgers, Jr., Ph.D., Deputy Health Officer, Montgomery County
Katie Wunderlich, Executive Director HSCRC
Howard L. Sollins, Esquire
Andrew R. Nicklas, Deputy General Counsel, AHC