Dear Barry and Harvey:

On August 11, 2001, Washington, D.C. was hit by a severe rainstorm that caused significant water damage to much of the District. Included among the most damaged facilities were MedStar Health’s three Washington based medical complexes: Washington Hospital Center (WHC), National Rehabilitation Hospital (NRH) and Georgetown University Hospital (GUH).

At the NRH, the damage was particularly devastating. An entire 50,000 square foot ground floor was rendered a total loss as the result of being covered by several feet of water. Damage was done to many of the hospital’s vital support functions. The medical records department, the sterile supply room, the main patient kitchen, the finance and accounting department, and all administrative offices were destroyed. Expensive business and personal property was ruined, including: computer equipment; kitchen equipment; and patient equipment and supplies. Irreplaceable business and patient medical records were soaked. Damage also was done to large areas of the upper floors of NRH, including vital patient treatment and inpatient rooms. At WHC and GUH, the damage, although serious, was less concentrated and less severe.

From the very first day, the advice provided by your staff went well beyond insurance adjusting. Your immediate response team helped the NRH staff in their efforts to provide service to patients without interruption. The support you brought to NRH and MedStar allowed us to remain fully operational, despite the problems created by the storm. With the support of your staff, we were able to initiate the restoration process with a sense of purpose and optimism. Your guidance enabled us to take the appropriate steps needed to mitigate our damages. None of us had ever had to deal with property damage of such magnitude. Without your involvement we would have made many costly and unnecessary mistakes. By relying on your expertise, from the very beginning we were able to develop a strategy that positioned us well with our insurer and thus we were able to achieve a full and complete settlement of all claims.
Restoration at NRH took a little over a year to complete. During that time, the members of your staff, particularly Jim Harper, became part of the MedStar family. Jim always sought to do what was in MedStar’s best interest.

Through Jim’s efforts we were able to negotiate to our satisfaction even the most difficult of issues with our insurance carrier and their adjusters. Jim never relented on any important issue that was contested, and each time achieved an outcome that was positive. His skill allowed us to receive full reimbursement for all losses, including reimbursement for a significant business interruption claim that was based on a theory of loss previously unrecognized by this carrier. We owe Jim a great deal for the value he brought to this effort.

The total amount of recovery achieved through insurance and FEMA was over $27 million dollars. The fees we paid your firm were modest compared to the great value you provided us in helping us achieve this outcome.

I hope never to be faced again with the situation we faced on August 11, 2001. But if I do, I know I will not be facing it alone. My first call will be to you and your team. Please convey my thanks to all of your staff for a job so done well.

Sincerely,

Larry L. Smith, Vice President
Risk Management Services

cc: James Harper, Senior Adjuster
Kenneth Samet, President & COO, MedStar Health