STATE OF MARYLAND

MARYLAND HEALTH CARE COMMISSION

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

March 10, 2015

Kathleen McCollum, Sr. Vice President
Clinical Integration and COO
University of Maryland
Baltimore Washington Medical Center
301 Hospital Drive
Glen Burnie, Maryland 21061

Re: University of Maryland Baltimore Washington Medical Center
Proposal to Change the Type and Scope of Health Care Services Offered to Include Cardiac Surgery
Matter No. 15-02-2361

VIA E-MAIL AND REGULAR MAIL

Dear Ms. McCollum:

Staff of the Maryland Health Care Commission ("MHCC") has reviewed the Certificate of Need application filed on February 20, 2015. We have the following questions and requests for additional information concerning this application. Please respond to this request, following the rules at COMAR 10.24.01.07. The application will be docketed if the response is complete.

PART I – PROJECT IDENTIFICATION AND GENERAL INFORMATION

1. Please provide the following additional information and clarifications of the comprehensive project description:

   a. On page 21the application states that one operating room ("OR") will be available for emergency procedures at all time. Will a back up OR be needed?

   b. The project description cites a January 14, 2015 determination that a CON is not required for the fit out of shell space for 3 ORs to replace 3 existing ORs at an

estimated cost of $5,157,915 (page 23). Will the OR to be used for the cardiac surgery service be one of these ORs?

c. Quantify the impact of the cardiac surgery services on the utilization of Hospital's other ORs?

d. On page 22 the application states that following cardiac surgery a patient will be transported to the Cardiovascular Recovery Room. Does this room currently exist? If yes, how is it currently used and how will it be able to accommodate the additional volume? If no, what will be the cost of creating the room?

e. On page 24 the application states that the Emergency Department at UM BWMC serves as primary receiver for Anne Arundel County ambulances covering the north, central and western sections of the County. Please provide a more specific identification of the areas included in the north, central and western sections of the County, preferably by zip code.

f. It also states that ambulances are received from Eastern Howard County. Please define Eastern Howard County, preferably by zip code.

g. On page 28, the application states that establishment of an operating room satellite pharmacy is an effective way to recover lost revenue. Please explain how.

2. Table A submitted in response to question 9 reports 36 ICU/CCU beds but annual survey reports 30 such beds. Please correct or explain this apparent discrepancy.

3. In response to question 12, Project Drawings, please submit drawings of the Surgery Department as it currently exists and functions and how it would look following implementation of a cardiac surgery program, if approved. This drawing should show what spaces will be used for the cardiac surgery program and any spaces that would be dedicated to cardiac surgery.

PART II – PROJECT BUDGET

4. Please describe the $1,042,217 in equipment that will be purchased.

PART IV - CONSISTENCY WITH GENERAL REVIEW CRITERIA

THE STATE HEALTH PLAN STANDARDS

Acute Care Hospital Standards – General Standards

Information Regarding Charges

5. According to the definition of representative charges, COMAR 10.24.10.06(29)(b), the charge list should be updated at least quarterly. While the list on the UM BWMC website is current (January 2015), there is no provision in the written policy (Exhibit 14) for maintenance of the lists. Please submit a revised policy that makes it clear that the lists of charges will be updated at least quarterly.

6. Regarding the representative list of services and charges, the list submitted and available on the website does not comply fully with the definition of representative list of services and charges as specified in the Definitions section of the Acute Care Hospital Services chapter (COMAR 10.24.10.06(29)(b)). The definition is "at a minimum, a list containing:
   (a) The average charge per case for the ten most frequently occurring inpatient diagnoses (determined by DRG) for discharged medical/surgical patients, and also for discharged obstetric patients, discharged pediatric patients, and discharged acute psychiatric patients, if the hospital operates an inpatient unit for any of these latter three services; and
   (b) The average charge per procedure for the ten most frequently occurring outpatient procedures (defined by CPT codes) in three clinical areas: diagnostic imaging; outpatient surgery; and laboratory services. This list should be updated, with respect to DRGs, CPT codes, and charges, at least quarterly."

   Therefore please update the web listing of charges to reflect the charges per case to include at a minimum for inpatients the average charge per case for the 10 most frequently occurring diagnoses for discharged medical/surgical patients, the 10 most frequently occurring diagnosis for discharged obstetric patients, the 10 most frequently occurring diagnosis for discharged pediatric patients, and the 10 most frequently occurring diagnosis for discharged psychiatric patients all as determined by DRG. Pages submitted as Exhibit 15 and website pages include outpatient charges for laboratory and radiology as required and a list for outpatients that may or may not be limited to outpatient surgery as required. Please ensure that these lists include at least the 10 most common outpatient surgery procedures.

Cardiac Surgery State Health Plan Chapter Standards

(1) Minimum Volume Standard

7. The FY 2016 column of Table 2 (page 44) totals 84 not 81 and the 84 total matches the total shown in Exhibit 23. Please correct this apparent discrepancy.

8. On page 44 the application states that patients with extreme severity were excluded from the projections. Explain how extreme severity is identified in patients prior to cardiac surgery and how it is identified from the Maryland MSA Database?

9. With respect to Exhibit 23, please provide the following clarifications:

   a. Since MHCC's projected adult cardiac surgery cases covers the years 2014 through 2019, what is the basis for the projected 2.3% decline in cases from FY19 to FY20 and the 2.0% decline from FY20 to FY21 as shown on the first page of the exhibit?

   b. Please explain the market share shift numbers at the top of the pages beginning with the third page of Exhibit 23. What is the basis for each year's market share shift for UMMC and for the other hospitals?

(2) Impact

10. Subpart (a) of the impact standard requires an applicant that is projecting a shift in volume from existing cardiac surgery hospitals to quantify the shift and estimate the financial impact on the cardiac surgery program of each such hospital. While UM BWMC has quantified the expected shift in volume, the estimated financial impact on hospitals outside the Univeristy of Maryland Medical System was not submitted. Please submit estimates of the financial impact of the shift in volume from existing programs as required by subpart (a) and demonstrate that the shift will not compromise the financial viability of the cardiac services at the affected hospitals as required by subpart (b)(i).

(3) Quality

11. What are the indications for surgery that would lead to the surgery being performed at UMMC instead of UM BWMC?

12. Regarding the mechanism for monitoring long-term outcomes of discharged patients, has UMMC established a more specific mechanism or policy that would or could be adopted by UM BWMC? If yes, please describe it and submit the policy, if it exists.

13. Explain why benchmarking to the University Hospitals Consortium described as large urban, medical teaching hospitals with greater than 500 beds, as referenced on page 53, would be reasonable for the proposed service at UM BWMC?

(4) Cost Effectiveness

14. The response to this standard on pages 54 and 55 compares UM BWMC's FY14 charges to the FY14 charges at Maryland hospitals from which most of its cardiac surgery cases will transfer. The description of this comparison states that the data is case mix adjusted to only include the types of cases that are expected to transfer and exclude the types of cases that would likely remain at UMMC. Please provide the following additional information:

    a. What is the source of the data used in the analysis as detailed in Exhibit 26?

    b. Submit a detailed description of how this analysis was prepared including a clear statement of all assumptions made in its preparation.

15. The analysis of how the cost cardiac surgery services would change as result of the establishment of a new service at UM BWMC focuses on the impact on charges. Please address the impact on costs especially the cost of staffing and operating the new service and any reductions in the costs of operating the service at the hospitals, which will lose volume, particularly at UMMC.

16. What will be the impact on the utilization of operating rooms at UMMC?

17. The response to subpart (c) describes UMMS's initiatives to improve quality performance and how it will be measured. The response does not address how the availability of cardiac surgery at UM BWMC will alter the effectiveness of cardiac surgery services for cardiac surgery patients in the proposed service area with respect to the quality of care and care outcomes especially compared to the current delivery system. Please respond to this part of the standard.

(5) Access

18. In addressing how the establishment of the new service at UM BWMC will alter the effectiveness with respect to access, the response focuses on the primary service area population that does not have access to a vehicle and compares such data to AAMC's primary service area population. Please: a) quantify to the extent possible the percentage of UMMC's cardiac surgery patients whose immediate family member's visits relied on public transportation and on taxis; and b) compare the accessibility of the proposed service using public transportation to the access to existing providers. Compare the time and cost of such trips to UMMC with the cost of such trips to UM BWMC.

(6) Need

19. Regarding the response to subpart (c), how many of the patients referred to cardiac surgery would have been good candidates to have their surgery performed at UM BWMC and how many would have still been referred to UMMC.

(7) Financial Feasibility

20. Regarding the impact of the expected lower length of stay at UM BWMC compared to UMMC as detailed on page 63, wouldn't the average length of stay and cost per case at UMMC increase as it would lose some of its less severe cases and thus experience an increase in overall case complexity? Please address this assumption in the analysis of system impact.

21. Explain how it will be possible for UMMC to run two fewer cardiac surgery teams when UM BWMC will only run one team.

Other Criterion

Availability of More Cost-Effective Alternatives

22. Why can't there be expanded and enhanced outreach programs for cardiovascular disease prevention and treatment without the establishment of a new cardiac surgery service at UM BWMC?

Viability of the Proposal

23. The response does not address the sustainability of the proposed services nor did it describe the sources and methods for recruitment of needed staff resources for the new service. Please address these subjects as requested in the application form.

24. In addition, the response does not identify the performance requirements under COMAR 10.24.01.12C(3) that would apply to the proposed project and explain how the project will be implemented in compliance with such performance requirements. Please respond to this part of the Viability criterion.

25. Please resubmit the MHCC tables F through K (Exhibit 1) labeling each column specifying the year for each column. Clearly indicate whether the year is calendar or fiscal year.

26. Instructions for completing Tables G, H, J, and K specify that attachments to the application be provided explaining the basis for the projections and all assumptions used

in making the projections. Please specify the assumptions and explain the basis and why they are reasonable. Also, specify the sources of other operating revenue and non-operating income.

27. It does not appear that the workforce costs reported and projected in Table L are consistent with the salary and wage expense line in Table G for the current year and a projected year on Table J for the proposed service. Please explain and reconcile the amounts reported in the Workforce table for the current year and for total cost with the salary and wages reported on Table G for the current year and a projection year. Please explain and reconcile the amounts reported in the Workforce table for the projected changes as a result of the proposed project with a projected year on Table J.

Please submit six copies of the responses to completeness questions and the additional information requested in this letter within ten working days of receipt. Also submit the response electronically, in both Word and PDF format, to Ruby Potter (ruby.potter@maryland.gov).

All information supplementing the applicant must be signed by person(s) available for cross-examination on the facts set forth in the supplementary information, who shall sign a statement as follows: "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."

Should you have any questions regarding this matter, feel free to contact either me at (410)764-5596 or Kevin McDonald at (410) 764-5982.

Sincerely,

Joel Riklin, Program Manager
Certificate of Need

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