

CERTIFICATE OF NEED APPLICATION
RELOCATION OF SHEPPARD PRATT AT ELLICOTT CITY

“SHEPPARD PRATT AT ELKRIDGE”



Applicant: Sheppard Pratt Health System, Inc.
April 10, 2015

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**MARYLAND
HEALTH
CARE
COMMISSION**

For internal staff use

MATTER/DOCKET NO.

DATE DOCKETED

**HOSPITAL
APPLICATION FOR CERTIFICATE OF NEED**

PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION

1. FACILITY

Name of Facility: Sheppard Pratt at Ellicott City (to be named "Sheppard Pratt at Elkridge" upon relocation) _____

Address:
Route 103 / Route 1 Elkridge 21075 Howard County
Street City Zip County

Name of Owner (if differs from applicant):

2. OWNER

Name of owner: Sheppard Pratt Health System, Inc. _____

3. APPLICANT. *If the application has co-applicants, provide the detail regarding each co-applicant in sections 3, 4, and 5 as an attachment.*

Legal Name of Project Applicant

Sheppard Pratt Health System, Inc. _____

Address:
6501 N. Charles Street Baltimore 21204 MD Baltimore
Street City Zip State County

Telephone: 410-938-3154 _____

Name of Owner/Chief Executive: Steven S. Sharfstein, M.D. _____

4. NAME OF LICENSEE OR PROPOSED LICENSEE, if different from applicant:

5. LEGAL STRUCTURE OF APPLICANT (and LICENSEE, if different from applicant).

Check or fill in applicable information below and attach an organizational chart showing the owners of applicant (and licensee, if different).

- A. Governmental
- B. Corporation
- (1) Non-profit
- (2) For-profit
- (3) Close State & date of incorporation
 Maryland, 1853
- C. Partnership
- General
- Limited
- Limited liability partnership
- Limited liability limited partnership
- Other (Specify): _____
- D. Limited Liability Company
- E. Other (Specify): _____
- To be formed:
- Existing:

6. PERSON(S) TO WHOM QUESTIONS REGARDING THIS APPLICATION SHOULD BE DIRECTED

A. Lead or primary contact:

Name and Title: Bonnie B. Katz, Vice President

Mailing Address: _____

6501 N. Charles St. Baltimore 21204 MD
Street City Zip State

Telephone: 410- 938-3154

E-mail Address (required): bkatz@sheppardpratt.org

Fax: _____

B. Additional or alternate contact:

Name and Title: Thomas C. Dame

Mailing Address:

Gallagher Evelius & Jones LLP

218 N. Charles St. Suite 400

Baltimore

21201

MD

Street

City

Zip

State

Telephone: 410-347-1331

E-mail Address (required): tdame@geilaw.com

Fax: 410-468-2786

Name and Title: Ella R. Aiken

Mailing Address:

Gallagher Evelius & Jones LLP

218 N. Charles St. Suite 400

Baltimore

21201

MD

Street

City

Zip

State

Telephone: 410-951-1420

E-mail Address (required): eaiken@geilaw.com

Fax: 410-468-2786

7. TYPE OF PROJECT

The following list includes all project categories that require a CON under Maryland law. Please mark all that apply.

If approved, this CON would result in:

- (1) A new health care facility built, developed, or established
- (2) An existing health care facility moved to another site
- (3) A change in the bed capacity of a health care facility
- (4) A change in the type or scope of any health care service offered by a health care facility
- (5) A health care facility making a capital expenditure that exceeds the current threshold for capital expenditures found at:
http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_con/documents/con_capital_threshold_20140301.pdf

8. PROJECT DESCRIPTION

A. Executive Summary of the Project: The purpose of this BRIEF executive summary is to convey to the reader a holistic understanding of the proposed project: what it is; why you need/want to do it; and what it will cost. A one-page response will suffice. Please include:

- (1) Brief description of the project – what the applicant proposes to do;
- (2) Rationale for the project – the need and/or business case for the proposed project;
- (3) Cost – the total cost of implementing the proposed project; and

- (4) Master Facility Plans – how the proposed project fits in long term plans.

Sheppard Pratt Health System, Inc. (“Sheppard Pratt”) seeks to replace and relocate its current psychiatric hospital facility at 4100 College Avenue, Ellicott City to a site located near the intersection of Route 103 and Route 1 in Elkridge, Maryland (Howard County). The total project cost is \$102,653,372. A discussion of how the proposed project fits into Sheppard Pratt’s long term plans is included in the Comprehensive Project Description below.

B. Comprehensive Project Description: The description must include details, as applicable, regarding:

- (1) Construction, renovation, and demolition plans;
- (2) Changes in square footage of departments and units;
- (3) Physical plant or location changes;
- (4) Changes to affected services following completion of the project; and
- (5) If the project is a multi-phase project, describe the work that will be done in each phase. If the phases will be constructed under more than one construction contract, describe the phases and work that will be done under each contract.

I. INTRODUCTION TO SHEPPARD PRATT

Sheppard Pratt is a mission driven, private non-profit psychiatric institution borne of the social reforms of the 19th century. Among Sheppard Pratt’s facilities and programs are two specialty hospitals: (1) The Sheppard and Enoch Pratt Hospital, a 322 licensed bed facility located in Towson, Maryland; and (2) Sheppard Pratt at Ellicott City, a 92 licensed bed facility located in Ellicott City, Maryland.

Sheppard Pratt’s founder, Quaker philanthropist Moses Sheppard directed that the institution “do everything for the comfort of the patient” and “meet unmet needs.” This project responds to those directives in the 21st century environment by replacing and relocating Sheppard Pratt at Ellicott City. Today, Sheppard Pratt Health System has nearly 10,000 inpatient admissions annually to its two acute inpatient facilities, including half of all adolescents and a third of all children hospitalized in Central Maryland. Sheppard Pratt at Ellicott City treats nearly 3,000 inpatients annually.

II. CURRENT SHEPPARD PRATT AT ELLICOTT CITY FACILITY

Sheppard Pratt’s existing Psychiatric Hospital in Ellicott City was built in 1968, and Sheppard Pratt has operated the facility since 2002. The current facility is licensed for 92 inpatient beds and Sheppard Pratt staffs 78 inpatient beds. The current facility also provides outpatient behavioral health care in the form of a psychiatric day hospital.

A. Lease Expiration

In 2002, Sheppard Pratt acquired Sheppard Pratt at Ellicott City and entered a lease with the owner of the facility, Taylor Service Company (d/b/a Taylor Manor Hospital). The current lease agreement was entered on November 7, 2007. A copy of the lease agreement is

attached as Exhibit 2. After the exercise of all tenant renewal options, the lease agreement will expire on December 31, 2018. Sheppard Pratt understands the owner intends to redevelop the site of the current facility and the surrounding property into a residential community, and Sheppard Pratt is not a part of the owner's long term plan for the site.

B. Functional Limitations

While the expiration of Sheppard Pratt's lease term is the immediate impetus for this relocation project, the move is also necessary to address the functional limitations of the current facility. The 47 year old facility has become functionally obsolete and inefficient, adversely impacting patient care delivery and patient experience as well as patient care units that no longer meet current standards and requirements established by the FGI Guidelines for Design and Construction of Hospital and Outpatient Facilities. Existing spaces are not adequately configured, sized or designed to meet needs of a modern psychiatric program or to create an optimal environment for safety and security. The existing floor plan and construction limit Sheppard Pratt's flexibility and ability to improve sight-line visibility and electronic surveillance in all areas of the facility.

Sheppard Pratt has renovated portions of the existing facility during its tenancy to address some of these issues. However, there are many space deficiencies and issues that limit its ability to address all of the limitations of the current facility. In particular, the existing patient care units lack the appropriate amount and variety of on-unit activity, consultation, and visitation space. The existing facility is also configured in a way that requires through-unit circulation to move from one unit to another. This can be disruptive to the patient care environment.

The aging infrastructure of the hospital and campus contribute to frequent disruptions of power, water, telephone, and internet access, along with repeated plumbing and sewage problems, flooding, and leaks. In addition, the existing facility is 100% double room occupancy, which results in lower occupancy rates and "bed-blocking," based on patient gender and other factors that limit a patient's ability to have a roommate, including a history of sexual offenses, violence, or other behaviors that could be harmful or disruptive to a roommate.

III. THE PROPOSED RELOCATION PROJECT

The proposed project would replace the existing 92-bed Sheppard Pratt at Ellicott City with a newly constructed replacement facility in Elkridge, Maryland, known as Sheppard Pratt at Elkridge. In addition to relocating the existing 92 licensed beds, Sheppard Pratt intends to seek eight waiver beds pursuant to COMAR 10.24.01.02A(3)(a) prior to opening the new facility. This will bring the total number of licensed beds for the Elkridge facility to 100.

A. Services to be provided at the proposed facility

The proposed Sheppard Pratt psychiatric behavioral health replacement facility (the "proposed facility") will be 171,490 BGSF and will provide 100 inpatient beds and spaces to accommodate the behavioral health care programs and ancillary spaces to support immediate / near term patient volume demand. The 100 beds will be dedicated as follows:

General Adult Unit	17 Beds
Adolescent Unit	17 Beds
Co-Occurring Unit	17 Beds
Fenton Unit (Psychotic Disorders)	17 Beds
Young Adult Unit	17 Beds
Geriatric Unit	15 Beds

Sheppard Pratt currently operates the first 4 of these units – General Adult, Adolescent, Co-Occurring, and Fenton – at its current Ellicott City location. The Young Adult and Geriatric units will be new inpatient services in the relocated facility, although they will be based on similar services offered at Sheppard Pratt’s Towson facility.

The General Adult unit serves adult patients with a range of psychiatric conditions, generally (but not limited to) in the diagnostic realms of mood disorders and anxiety disorders. Admissions are for short term crisis stabilization and referral to ongoing care. Upon discharge, patients may be referred to the Adult Day Hospital for continued treatment.

The Adolescent unit is a coed unit for patients ages 12 through 17, who require crisis stabilization in an inpatient environment. The unit serves a wide range of general psychiatric diagnoses, although patients with Autism Spectrum Disorders would be referred to the specialized Child and Adolescent Neuropsychiatric unit in Towson. Patients may be referred to the Adolescent Day Hospital for continuation of treatment.

The Co-Occurring unit serves adults with a primary psychiatric diagnosis and a secondary substance use disorder. The latter may be an addiction to alcohol or drugs (illicit or prescription). Patients are admitted for stabilization of their psychiatric condition, attention to their addiction, and referral to ongoing care for both conditions. Upon discharge, patients may be referred to the Co-Occurring track of the Adult Day Hospital for continued treatment.

The Fenton unit, named in memory of the late Dr. Wayne Fenton (a local psychiatrist who worked with patients with schizophrenia) will be a unit to serve adults with psychotic disorders. These are frequently patients with some form of schizophrenia or thought disordered illness. This unit would have the highest proportion of patients with involuntary status, as their illnesses frequently interfere with their willingness to seek help. Once stabilized, patients from this unit may continue treatment in the Psychotic Disorders day hospital (Sullivan West). Note that the current Fenton Unit is not a psychotic disorders specialty program. Demand for these services has influenced the change.

The Young Adult unit will serve patients in the 18 to 27 year old age range with a wide range of psychiatric disorders. Frequently, first psychotic episodes, which may be an indicator of schizophrenia or first indications of bipolar disorder, present in this age range. Grouping patients in this age band together works well in terms of age appropriate therapeutic group topics, and also promotes a strong sense of recovery while insulating young adults from being treated with older patients who may be more advanced in the disease process and present a more chronic outlook.

The Geriatric unit will treat patients ages 65 and older who have a wide range of psychiatric diagnoses, which may include behaviors associated with dementia. At the Towson facility, patients are frequently referred from a variety of long term and continuing care settings because their behaviors cannot be safely managed in those settings. The inpatient stay allows for the stabilization of the behaviors so that patients can return to community settings.

B. Facility and Space Design

The proposed facility integrates best practices in facility design, operations, and patient and staff safety for inpatient and outpatient psychiatric care. The Sheppard Pratt Space Program has been developed based on the FGI Guidelines for Design and Construction of Hospitals and Outpatient Facilities and industry benchmarks. The space program for the proposed project is attached as Exhibit 3.

Inpatient and outpatient care areas and milieus are located along designated patient concourses that manage separation of patient circulation and transport. The designated concourses also provide direct and secured connections to outdoor courtyards and terrace areas and recreational areas.

Level 1 serves as the main arrival floor for both inpatients and outpatients. Upon arrival, a two-story main public entrance lobby serves as the primary point of access for outpatients and visitors. The main lobby space also serves as a way-finding point for outpatients and visitors as it is located between inpatient and outpatient corridors with views to exterior courtyards and other outdoor spaces.

Outpatients and authorized visitors can directly access Day Hospitals located on Level 2 via the elevators and stairs located in the lobby space. Inpatient access, such as crisis or involuntary inpatient admits will enter the facility through a separate designated inpatient admissions and “emergency” entrance (with sally port configuration) that is discreetly located on the exterior. Functionally located central to these two entry zones is the Outpatient Crisis Walk-In Clinic (CWIC) and Department of Medicine clinic / ECT, Security, intake functions, laboratory as well as a meditation suite and judiciary suite, which supports inpatients and outpatients. Staff and service areas will have separate designated entrances and zones. Open air landscaped courtyards are the organizing device of the schematic plan, transmitting natural light to interior spaces and providing visibility to nature. Education / conference space and IT services are also located on Level 1 in the administrative wing. Two inpatient units are located on Level 1 with inpatient staff office and work areas located immediately adjacent to the units.

Level 2, connected to first floor by a two story Lobby, provides Outpatient Day Hospital programs for Adult, Adolescent, Eating Disorders PHP/IOP and patients with psychotic disorders. The Day Hospitals provide multiple consult / exam rooms to accommodate high demand outpatient services volume. Administration is also located on Level 2. Two inpatient units are located on Level 2 with inpatient staff offices and work areas located immediately adjacent to the unit.

Level 3 provides one inpatient unit.

The Ground Level provides one inpatient unit with direct access to a patient courtyard. Also located on the Ground Level is the Gymnasium with designated access for inpatients to circulate to this recreation milieu. Based on secure corridors and separate flow patterns for

inpatients, the Gymnasium space can also be utilized for outpatients and community activities when needed.

C. Construction Plan

The proposed facility will be implemented in one phase of construction on a 12.4 acre portion of the 39.1 acre campus site in ElkrIDGE, Maryland. The project consists of the construction of a new four-story freestanding facility that will accommodate a total of 100 inpatient beds provided in six patient units. Five units will operate with 17 patient beds; one unit will operate with 15 patient bed rooms.

The prototypical 17 (& 15) bed inpatient care units are based on the Sheppard Pratt ideal direct caregiver-to-patient ratio, with direct access to secure outdoor areas directly from the patient care unit. The typical 17 bed patient care unit is comprised of 15 private patient bedrooms with in suite bathrooms and one double patient bedroom with an in suite bathroom. Attached as Exhibit 4 is a typical inpatient unit plan for the project.

Each unit provides on-unit space for quiet and noisy activities, on-unit therapy and consultation space and on-unit space for visitation as required by the FGI Guidelines.

The new facility will be supported by a new Central Utility Plant integrated into the new plan. There is no renovation associated with this project.

D. Specialty Features Unique to the Sheppard Pratt Behavioral Health Facility

As part of the behavioral health care facility project requirements, there are many significant features that distinguish this facility from general health care facilities. The following discussion identifies features that emphasize patient and staff safety and security, as well as the behavioral health best practices for the functional design features included in the project.

1. Specialty Hardware

- All patient areas will be designed with anti-ligature, tamper-resistant and vandal-resistant features, including hardware, fasteners, fixtures and furnishings as per the level of supervision in each zone.
- All interior glazing in patient accessed areas is to be tempered, laminated glazing.
- Patient washrooms / toilet rooms will have wall hung integral sinks and counter with sloped millwork below enclosing plumbing.
- All grab bars and handrails will be the non-pass through type and will only be located in bathrooms and in accessible bedrooms.

2. Security

Overall facility design will include secure inpatient zone(s) internally as well as secure outdoor courtyards to allow for maximum patient choice and movement throughout the inpatient zone while eliminating and minimizing elopement risks.

- IT Access Systems / AV: Each zone of the facility will have sophisticated security systems that ensure patient and staff safety. These security systems include electronic card readers for secure staff access. This system also enables patient with privileges to access and flow to designated zones of the facility that they are authorized to use.
- Secure Zones: Facility configuration also ensures safety and security through secured vestibules at all entries and selected entrances and stairs; these secured vestibules allow access by opening / unlocking one set of doors that securely closes before the second set of doors unlock and open to assure management of the flow of patients.
- Sally port: At the ambulance / emergency vehicle entrance a sally port concept is proposed that permits arrival of an emergency vehicle into a locked vehicular zone that enables the transfer of a patient in a contained / secure zone; this zone is unlocked after the patient has safely progressed to the interior secured zone.
- Communications: Staff communication will be supported by communication systems that support clinical need and patient and staff safety.
- Patient Visibility and Monitoring
 - All patient bedrooms will be designed with direct sightlines from bedroom entry and no hiding spots.
 - Direct sightlines will be provided throughout the patient care unit to allow for passive supervision.

3. Exterior Courtyards/ Security Walls Balconies/Terraces & Security Walls

- External courtyards satisfy the requirement for behavioral health inpatients to have access to the external environment. These areas are configured in courtyards and terraces (balconies and porches) on all levels of the facility. These areas are enclosed with safety security walls.
- Facility design will include secure inpatient zone(s) and secure outdoor courtyards to allow for maximum patient choice and movement throughout the inpatient zone while eliminating and minimizing elopement risks.
- The courtyards and terraces will be landscaped to provide a pleasant exterior environment for patient in a secured landscape.

IV. CONCLUSION

Sheppard Pratt plans to continue its 125 year tradition of providing high quality psychiatric care and meeting the needs of the community. In 2002, with the acquisition of Taylor Manor, Sheppard Pratt made a commitment to perpetuate needed mental health services in Howard County. The Elkrige campus will allow Sheppard Pratt to continue fulfilling that commitment and to provide high quality care in a state-of-the-art physical environment. Moses

Sheppard, the benefactor of Sheppard Pratt, admonished the organization to “do everything for the comfort of the patient” and “to meet a need that not otherwise would be met.” This project exemplifies both of those goals.

Over time, it is hoped that the larger campus on which the new facility will be built will evolve into a behavioral health campus with a wide variety of mental health and addictions services provided by Sheppard Pratt and in partnership with a range of community providers. Sheppard Pratt foresees that, like its Towson campus, this location will become a community resource for not only mental health related care, but for other services that respond to community needs.

Complete the DEPARTMENTAL GROSS SQUARE FEET WORKSHEET (Table B) in the CON TABLE PACKAGE for the departments and functional areas to be affected.

Applicant Response:

Please see Exhibit 1, Table B.

9. CURRENT PHYSICAL CAPACITY AND PROPOSED CHANGES

Complete the Bed Capacity (Table A) worksheet in the CON Table Package if the proposed project impacts any nursing units.

Service	Current Physical Beds	Beds to be Added or Reduced	Total Beds if Project is Approved
M/S/G/A	_____ Beds		
Pediatrics	_____ Beds		
Obstetrics	_____ Beds		
ICU/CCU Care	_____ Beds		
Psychiatry	92 Beds	0*	100
Rehabilitation	_____ Beds		
Chronic	_____ Beds		
Other (Specify	_____ Beds		
TOTAL BEDS	_____ Beds		

*At present, Sheppard Pratt at Ellicott City has 92 licensed beds. In addition to relocating its 92 licensed beds, Sheppard Pratt intends to seek eight waiver beds pursuant to COMAR 10.24.01.02A(3)(a) prior to opening the new facility. This will bring Sheppard Pratt's total number of licensed beds for the Elkridge facility to 100. The replacement hospital will have 100 beds. In addition to the chart above, please see Exhibit 1, Table A.

10. REQUIRED APPROVALS AND SITE CONTROL

A. Site size:

Applicant Response:

The overall campus site is 39.1 acres. The portion of the site that will be used for the proposed replacement hospital is 12.4 acres. The site acreage calculation for the replacement Hospital site is defined by North and South property lines and to the centerline of the stream to the east and west.

B. Have all necessary State and local land use approvals, including zoning, for the project as proposed been obtained? YES X , (except site plan approval)
 NO ___ (If NO, describe below the current status and timetable for receiving necessary approvals.)

The proposed project is permitted as a matter of right pursuant to applicable zoning law. The site is currently zoned as M-1 (Manufacturing: Light) under the Howard County Zoning Regulations. Pursuant to Section 122.0B(61) of the Howard County Zoning Regulations, "Special Hospitals – Psychiatric" are permitted as a matter of right in the M-1 zoning district. The prior owner obtained site plan approval from the Howard County Department of Planning and Zoning to develop a project known as the "Corridor 95 Business Park," which allows certain site work to be performed. In order to improve the overall 39.1 acre campus site for development, Sheppard Pratt has constructed an access road and has brought sewer and water lines to the perimeter of the site. Sheppard Pratt will seek approval of a modified site plan for the proposed project after the Commission's approval of the CON.

- C. Form of Site Control (Respond to the one that applies. If more than one, explain.):
- (1) Owned by: Sheppard Pratt Health System, Inc.
Please provide a copy of the deed.

Copies of the two deeds for the land that comprises the site are attached collectively as Exhibit 5.
 - (2) Options to purchase held by: N/A
Please provide a copy of the purchase option as an attachment.
 - (3) Land Lease held by: N/A
Please provide a copy of the land lease as an attachment.
 - (4) Option to lease held by: N/A
Please provide a copy of the option to lease as an attachment.
 - (5) Other: N/A
Explain and provide legal documents as an attachment.

11. PROJECT SCHEDULE

In completing this section, please note applicable performance requirement time frames set forth at COMAR 10.24.01.12B & C. Ensure that the information presented in the following table reflects information presented in Application Item 7 (Project Description).

	Proposed Project Timeline	
<u>Single Phase Project*</u>		
Obligation of 51% of capital expenditure from CON approval date	14	months
Initiation of Construction within 4 months of the effective date of a binding construction contract, if construction project	4	months

Completion of project from capital obligation or purchase order, as applicable	24	months
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*Sheppard Pratt removed the portion of this table that referred to Multi-Phase construction projects from the body of this application.

12. PROJECT DRAWINGS

A project involving new construction and/or renovations must include scalable schematic drawings of the facility at least a 1/16" scale. Drawings should be completely legible and include dates.

Project drawings must include the following before (existing) and after (proposed) components, as applicable:

- A. Floor plans for each floor affected with all rooms labeled by purpose or function, room sizes, number of beds, location of bathrooms, nursing stations, and any proposed space for future expansion to be constructed, but not finished at the completion of the project, labeled as "shell space".
- B. For a project involving new construction and/or site work a Plot Plan, showing the "footprint" and location of the facility before and after the project.
- C. For a project involving site work schematic drawings showing entrances, roads, parking, sidewalks and other significant site structures before and after the proposed project.
- D. Exterior elevation drawings and stacking diagrams that show the location and relationship of functions for each floor affected.

Applicant Response:

Please see Exhibit 6.

13. FEATURES OF PROJECT CONSTRUCTION

- A. If the project involves new construction or renovation, complete the Construction Characteristics (Table C) and Onsite and Offsite Costs (Table D) worksheets in the CON Table Package.

Applicant Response:

Please see Exhibit 1, Tables C and D.

- B. Discuss the availability and adequacy of utilities (water, electricity, sewage, natural gas, etc.) for the proposed project, and the steps necessary to obtain utilities. Please either provide documentation that adequate utilities are available or explain the plan(s) and anticipated timeframe(s) to obtain them.

All required utilities will be available for the proposed project. As part of the overall development of the campus site, Sheppard Pratt has brought water and sewer connections to the perimeter of the 12.4 acre parcel where the project will be located.

The building will require a 4" domestic water services and separate 6" fire protection service with fire pump. The building will also require an 8" sanitary service and multiple storm water outfalls that will be piped to bio retention storm water facilities provided on the site under the civil division.

Natural gas is available on Route 103 and will be brought to the campus if needed. A minimum of 2 psi natural gas service would be required to supply a peak flow of 16,000 mbh. If needed, the natural gas line will be direct buried and extended from Meadowridge Road in grassy areas along the site roadway. The gas line shall be encased in carrier pipe where passing under proposed roadways. Exact routing and configuration to be determined by utility.

Electric service will be provided by BGE, and is available from existing aerial 13.2 KV BGE feeder routed along the north shoulder of Meadowridge Road. Presently, electric lines have not been brought to the site, but this will occur as construction commences. BGE will install a new terminal pole, or reconfigure the existing, to derive underground service laterals to the project site. The BGE service can be routed direct-buried below grade, but will require duct banks with concrete encasement where routed under roadways. It is also possible that BGE may decide to extend the lateral from the existing warehouse / moving facility on the adjacent property.

Telephone line installation will be coordinated with installation of underground electric lines.

PART II - PROJECT BUDGET

Complete the Project Budget (Table E) worksheet in the CON Table Package.

Note: Applicant must include a list of all assumptions and specify what is included in all costs, as well the source of cost estimates and the manner in which all cost estimates are derived.

Applicant Response:

Please see Exhibit 1, Table E.

PART III - APPLICANT HISTORY, STATEMENT OF RESPONSIBILITY, AUTHORIZATION AND RELEASE OF INFORMATION, AND SIGNATURE

1. List names and addresses of all owners and individuals responsible for the proposed project.

Sheppard Pratt Health System, Inc.

2. Is any applicant, owner, or responsible person listed above now involved, or has any such person ever been involved, in the ownership, development, or management of another health care facility? If yes, provide a listing of each such facility, including facility name, address, the relationship(s), and dates of involvement.

Sheppard and Enoch Pratt Hospital, 6501 N. Charles Street, Baltimore MD 21285 (owner)

Berkeley & Eleanor Mann Residential Treatment Center, 6501 N. Charles Street, Baltimore MD 21285 (owner)

The Jefferson Residential Treatment Center, 2940 Point of Rocks Road, Jefferson, MD 21755 (owner)

The Retreat at Sheppard Pratt (assisted living facility), 6501 N. Charles Street, Baltimore, MD 21285 (owner)

Ruxton House (group home) 1605 LaBelle Avenue, Ruxton, MD 21204 (owner)

3. In the last 5 years, has the Maryland license or certification of the applicant facility, or the license or certification from any state or the District of Columbia of any of the facilities listed in response to Question 2, above, ever been suspended or revoked, or been subject to any disciplinary action (such as a ban on admissions) ? If yes, provide a written explanation of the circumstances, including the date(s) of the actions and the disposition. If the applicant(s), owners, or individuals responsible for implementation of the Project were not involved with the facility at the time a suspension, revocation, or disciplinary action took place, indicate in the explanation.

No

4. Other than the licensure or certification actions described in the response to Question 3, above, has any facility with which any applicant is involved, or has any facility with which any applicant has in the past been involved (listed in response to Question 2, above) ever received inquiries from a federal or any state authority, the Joint Commission, or other regulatory body regarding possible non-compliance with Maryland, another state, federal, or Joint Commission requirements for the provision of, the quality of, or the payment for health care services that have resulted in actions leading to the possibility of penalties, admission

bans, probationary status, or other sanctions at the applicant facility or at any facility listed in response to Question 2? If yes, provide, for each such instance, copies of any settlement reached, proposed findings or final findings of non-compliance and related documentation including reports of non-compliance, responses of the facility, and any final disposition or conclusions reached by the applicable authority.

No

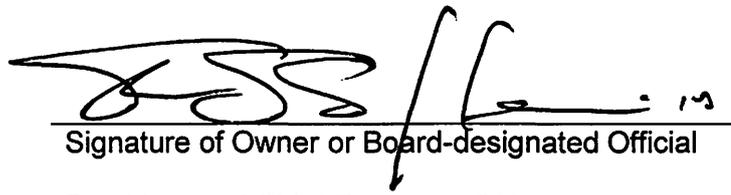
5. Has any applicant, owner, or responsible individual listed in response to Question 1, above, ever pled guilty to, received any type of diversionary disposition, or been convicted of a criminal offense in any way connected with the ownership, development, or management of the applicant facility or any of the health care facilities listed in response to Question 2, above? If yes, provide a written explanation of the circumstances, including as applicable the court, the date(s) of conviction(s), diversionary disposition(s) of any type, or guilty plea(s).

No

One or more persons shall be officially authorized in writing by the applicant to sign for and act for the applicant for the project which is the subject of this application. Copies of this authorization shall be attached to the application. The undersigned is the owner(s), or Board-designated official of the applicant regarding the project proposed in the application.

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.

April 10, 2015
Date



Signature of Owner or Board-designated Official

President and Chief Executive Officer
Position/Title

Steven S. Sharfstein, M.D.
Printed Name

**PART IV - CONSISTENCY WITH GENERAL REVIEW CRITERIA AT COMAR
10.24.01.08G(3):**

INSTRUCTION: Each applicant must respond to all criteria included in COMAR 0.24.01.08G(3), listed below.

An application for a Certificate of Need shall be evaluated according to all relevant State Health Plan standards and other review criteria.

If a particular standard or criteria is covered in the response to a previous standard or criteria, the applicant may cite the specific location of those discussions in order to avoid duplication. When doing so, the applicant should ensure that the previous material directly pertains to the requirement and the directions included in this application form. Incomplete responses to any requirement will result in an information request from Commission Staff to ensure adequacy of the response, which will prolong the application's review period.

10.24.01.08G(3)(a). The State Health Plan.

To respond adequately to this criterion, the applicant must address each applicable standard from each chapter of the State Health Plan that governs the services being proposed or affected, and provide a direct, concise response explaining the project's consistency with each standard. In cases where demonstrating compliance with a standard requires the provision of specific documentation, documentation must be included as a part of the application.

Every acute care hospital applicant must address the standards in **COMAR 10.24.10: Acute Care Hospital Services**. A Microsoft Word version is available for the applicant's convenience on the Commission's website. Use of the *CON Project Review Checklist for Acute Care Hospitals General Standards* is encouraged. This document can be provided by staff.

Other State Health Plan chapters that may apply to a project proposed by an acute care hospital are listed in the table below. A pre-application conference will be scheduled by Commission Staff to cover this and other topics. It is highly advisable to discuss with Staff which State Health Plan chapters and standards will apply to a proposed project before application submission. Applicants are encouraged to contact Staff with any questions regarding an application.

Copies of all applicable State Health Plan chapters are available from the Commission and are available on the Commission’s web site here:

http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_shp/hcfs_shp

10.24. 07	State Health Plan: an overview <ul style="list-style-type: none"> ○ Psychiatric services ○ EMS
10.24. 09	Specialized Health Care Services - Acute Inpatient Rehab Services
10.24. 11	General Surgical Services
10.24. 12	Inpatient Obstetrical Services
10.24. 14	Alcoholism and Drug Abuse Intermediate Care Facility Treatment Services
10.24. 15	Organ Transplant Services
10.24. 17	Cardiac Surgery and Percutaneous Coronary Artery Intervention Services
10.24. 18	Neonatal Intensive Care Services
Capital Projects Exceeding the CON Threshold for Capital Expenditures	Hospital Capital Projects Exceeding the CON Threshold for Capital Expenditures Hospital projects that require CON review because the capital expenditure exceeds the CON threshold for capital expenditures but do not involve changes in bed capacity, the addition of new services, and otherwise have no elements that are categorically regulated should address all applicable standards in COMAR 10.24.10: Acute Care Hospital Services in their CON application. Applicants should consult with staff in a pre-application conference about any other SHP chapters containing standards that should be addressed, based on the nature of the project.

The State Health Plan. Application for Certificate of Need shall be evaluated according to all relevant State Health Plan standards, policies and criteria.

Applicable State Health Plan Chapter includes COMAR 10.24.07, the Overview, Psychiatric Services and Emergency Medical Services Section, and COMAR 10.24.10, the Acute Inpatient Services Section.

COMAR 10.24.07 – PSYCHIATRIC SERVICES

Approval Policies

Availability

AP 1a. The projected maximum bed need for child, adolescent, and adult acute psychiatric beds is calculated using the Commission's statewide child, adolescent, and adult acute psychiatric bed need projection methodologies specified in this section of the State Health Plan. Applicants for Certificates of Need must state how many child, adolescent, and adult acute psychiatric beds they are applying for in each of the following categories: net acute psychiatric bed need, and/or state hospital conversion bed need.

Applicant Response:

The proposed relocated facility will have 17 adolescent beds and 83 adult beds.

There is no current or recent Commission statewide child, adolescent and adult need projection. Furthermore, the methodology set forth in the State Health Plan for Psychiatric Services uses assumptions and steps that are outdated. For example, Step 19 requires that the allocation plans established by Health Service Agencies— which no longer exist—be applied. COMAR 10.24.07, State Health Plan at p. AP-43. However, Sheppard Pratt has projected need for the proposed facility in response to Standard 10.24.01.08G(3)(b), pp. 33 – 42.

AP 1b. A Certificate of Need applicant must document that it has complied with any delicensing requirements in the State Health Plan or in the Hospital Capacity Plan before its application will be considered.

Inapplicable, there are no delicensing requirements applicable to this project.

AP 1c. The Commission will not docket a Certificate of Need application for the "state hospital conversion bed need" as defined, unless the applicant documents written agreements with the Mental Hygiene Administration. The written agreements between the applicant and the Mental Hygiene Administration will specify:

- (i) the applicant's agreement to screen, evaluate, diagnose and treat patients who would otherwise be admitted to state psychiatric hospitals. These patients will include: the uninsured and underinsured, involuntary, Medicaid and Medicare recipients;
- (ii) that an equal or greater number of operating beds in state facilities which would have served acute psychiatric patients residing in the jurisdiction of the applicant hospital will be closed and delicensed, when the beds for the former state patients become operational;
- (iii) that all patients seeking admission to the applicant's facility will be admitted to the applicant's facility and not be transferred to the state psychiatric hospital unless the applicant documents that the patient cannot be treated in its facility; and
- (iv) that the applicant and the Mental Hygiene (MHA) Administration will be responsible for assuring financial viability of the services, including the payment of bad debt by DHMH as specified in the written agreement between MHA and the applicant.

Inapplicable, this project does not involve state hospital conversion beds.

AP 1d. Preference will be given to Certificate of Need applicants applying for the "net adjusted acute psychiatric bed need", as defined, who sign a written agreement with the Mental Hygiene administration as described in part (i) and (iii) of Standard AP 1c.

Inapplicable, this is a not a comparative review.

AP 2a. All acute general hospitals with psychiatric units must have written procedures for providing psychiatric emergency inpatient treatment 24 hours a day, 7 days a week with no special limitation for weekends or late night shifts.

Inapplicable, this project does not involve an acute general hospital.

AP 2b. Any acute general hospital containing an identifiable psychiatric unit must be an emergency facility, designated by the Department of Health and Mental Hygiene to perform evaluations of persons believed to have a mental disorder and brought in on emergency petition.

Inapplicable, this project does not involve an acute general hospital.

AP 2c. Acute general hospitals with psychiatric units must have emergency holding bed capabilities and a seclusion room.

Inapplicable, this project does not involve an acute general hospital.

AP3a. Inpatient acute psychiatric programs must provide an array of services. At a minimum, these specialized services must include: chemotherapy, individual psychotherapy, group therapy, family therapy, social services, and adjunctive therapies, such as occupational and recreational therapies.

Applicant Response:

All Sheppard Pratt inpatient acute psychiatric programs include services required by this standard. All programs are accredited by the Joint Commission on Accreditation of Healthcare Organizations. Sheppard Pratt will continue to provide these services at the proposed relocated facility in Elkridge.

AP 3b. In addition to the services mandated in Standard 3a, inpatient child and adolescent acute psychiatric services must be provided by a multidisciplinary treatment team which provides services that address daily living skills, psychoeducational and/or vocational development, opportunity to develop interpersonal skills within a group setting, restoration of family functioning and any other specialized areas that the individualized diagnostic and treatment process reveals is indicated for the patient and family. Applicants for a Certificate of Need for child and/or adolescent acute psychiatric beds must document that they will provide a separate physical environment consistent with the treatment needs of each age group.

Applicant Response:

Sheppard Pratt considers patients younger than 12 to be "children"; patients ages 12 through 17 are "adolescents." Sheppard Pratt will not offer inpatient child acute psychiatric services at the relocated facility. Sheppard Pratt's inpatient adolescent acute psychiatric programs comply with this standard. All programming and physical spaces for adolescents and adults are separate and discreet. Adolescents are treated by child psychiatrists or by adult psychiatrists who have additional training and/or experience in child psychiatry. See also the response to Standard AP 4b, pp. 23 – 24.

AP 3c. All acute general hospitals must provide psychiatric consultation services either directly or through contractual arrangements.

Inapplicable, this project does not involve an acute general hospital.

AP 4a. A Certificate of Need for child, adolescent or adult acute psychiatric beds shall be issued separately for each age category. Conversion of psychiatric beds from one of these services to another shall require a separate Certificate of Need.

Applicant Response:

Sheppard Pratt at Ellicott City currently operates a 22 bed adolescent inpatient unit. Sheppard Pratt proposes to operate a 17 bed unit in the new Elkridge facility. Based on the history of blocked beds in the Ellicott City facility (i.e., beds that cannot be filled due to the clinical need to care for no more than one patient in a semi-private room), as a practical matter, a unit with all private rooms will provide the same or greater capacity as the current non-private bed configuration.

The license for Sheppard Pratt at Ellicott City is for 92 beds, with no designation of age cohorts. See Exhibit 7.

AP 4b. Certificate of Need applicants proposing to provide two or more age specific acute psychiatric services must provide that physical separations and clinical/programmatic distinctions are made between the patient groups.

Applicant Response:

Sheppard Pratt complies with this standard at present and will continue to do so in the relocated hospital.

The proposed replacement facility includes a 17 bed adolescent unit, which is proposed to be located on the ground floor of the facility and will be the only patient care unit located on that level. This location not only physically separates adolescent patients from adult patients within the building, but also provides adolescents with a dedicated environment. In addition, all therapy, dining, and activity spaces will be located on the patient care units, such that patients will not leave the units, thereby minimizing the potential for mixing adolescent and adult patients.

The adolescent patient care unit also includes its own private courtyard, further ensuring separation from adult populations. The only space off-unit that may be used frequently by the adolescent patients will be the gymnasium, which is proposed to be located immediately adjacent to the adolescent unit. Separation of adolescents from adult patients when traveling to or utilizing the gymnasium for therapeutic activities will be achieved operationally by scheduling gym activities to ensure the adult and adolescent patients do not mix when circulating between the gym and inpatient units.

Each inpatient unit is physically unique. Programming and therapeutic content is also different for each unit, based on population and diagnostic presentations. Programming on the adolescent unit is organized around the clinical and chronological needs of adolescents. The content of the therapeutic groups is tailored to adolescent interest and problems. Clinical services are delivered under the leadership of fellowship trained child psychiatrists. Educational progress is addressed as appropriate, and linkage with home schools is provided.

Unit staff have been trained in the evidence based practice of Dialectical Behavior Therapy (DBT), which has been documented as a highly effective approach to working with adolescents around some of their behavioral symptoms. The use of DBT on the adolescent units has been positively received by staff and patients and has been considered a contributing factor in reduction of seclusion and restraint rates.

Each age band based unit – adolescent, young adult, adult, and geriatric – are clinically directed by psychiatrists trained in working with that population. The programming is focused on the specific needs of each population. Representative daily schedules for each of the units are attached as Exhibit 8 to provide additional illustration.

Accessibility

AP 5. Once a patient has requested admission to an acute psychiatric inpatient facility, the following services must be made available:

- (i) intake screening and admission;**
- (ii) arrangements for transfer to a more appropriate facility for care if medically indicated; or**
- (iii) necessary evaluation to define the patient's psychiatric problem and/or**
- (iv) emergency treatment.**

Applicant Response:

All of the identified services are currently available at the current facility and will continue to be available at the proposed relocated facility following approval of this project.

i. Intake screening and admission – If a patient is being referred from an emergency room, the clinical information provided by the evaluators in the emergency department is reviewed with the psychiatrist screening cases and a decision regarding admission and placement is made. If the patient is being evaluated in Sheppard Pratt's walk in clinic, our evaluator makes a decision about admission and the screening physician is notified.

ii. Arrangements for transfer if medically necessary- If a patient requires medical attention that exceeds the capabilities of Sheppard Pratt's department of medicine, patients are sent to the appropriate medical setting either by 911 ambulance if critical or by private ambulance.

iii. Necessary evaluation to define the patient's psychiatric problem – Once on the inpatient unit, patients receive a nursing assessment, an initial psychiatric evaluation, and a psychosocial evaluation to develop treatment goals as part of a Master Treatment Plan for the patient.

iv. Emergency treatment – For patients who present as a danger to themselves or others, the inpatient stay is designed to be stabilization of an identified emergency medical condition.

Copies of relevant written policies are attached collectively as Exhibit 9.

AP 6. All hospitals providing care in designated psychiatric units must have separate written quality assurance programs, program evaluations and treatment protocols for special populations including: children, adolescents, patients with secondary diagnosis of substance abuse, and geriatric patients, either through direct treatment or referral.

Applicant Response:

All of the quality assurance programs and protocols identified in this standard are currently in use at Sheppard Pratt. One such policy, Sheppard Pratt's Policy on Minors' Right to Consent to Treatment, is attached as Exhibit 10.

All of Sheppard Pratt's Quality Improvement Initiatives are in conformance with the Medicare Condition of Participation regarding Quality Assessment and Performance Improvement. That standard requires Sheppard Pratt to measure, analyze and track the following outcomes and/or processes of care, hospital services and operations for all inpatients (adults and children and adolescents), medication incidents, patient falls, patient injuries, adverse patient incidents, seclusion and restraint use, client satisfaction, infection control surveillance, and patient complaints. In addition, clinical contractual services and documentation of services provided by clinicians is monitored for effectiveness and safety of services. Data are analyzed, reviewed for prevalent trends, used to identify opportunities for improvement and change, and reported to leadership and various committees, including committees of the Board of Trustees.

Performance improvement activities must be in alignment with at least one of the following objectives: 1) Safety, 2) Quality, 3) Service Delivery, 4) Employee Engagement, and 5) Customer Satisfaction. Any high-risk, high volume, or problem prone area is given high priority.

Sheppard Pratt's annual Safety and Performance Improvement Plan for 2015, attached as Exhibit 11, summarizes the prior year's employee engagement in training and participation in performance improvement activities and the number of formal improvement projects. There were 47 projects completed in 2014. The Plan also establishes performance improvement goals for the next year. The Clinical Committee of the Board of Trustees reviews and approves the Safety and Performance Improvement Plan annually.

Sheppard Pratt has selected LEAN as its vehicle for process improvement. LEAN activities are prominent throughout all areas of the organization. Sheppard Pratt will continue to assess, review and implement its safety and performance plan following completion of this new hospital construction project.

AP 7. An acute general or private psychiatric hospital applying for a Certificate of Need for new or expanded acute psychiatric services may not deny admission to a designated psychiatric unit solely on the basis of a patient's legal status rather than clinical criteria.

Applicant Response:

Sheppard Pratt routinely accepts patients who are admitted on certificates. Patients admitted on certificates are considered in observation status until they go to hearing before an Administrative Law Judge. If retained at hearing, the patients are subsequently discharged as involuntary admissions. Sheppard Pratt will continue to accept certified patients in the new facility. A copy of Sheppard Pratt's written policy concerning certified patients is attached as Exhibit 12.

AP 8. All acute general hospitals and private freestanding psychiatric hospitals must provide a percentage of uncompensated care for acute psychiatric patients which is equal to the average level of uncompensated care provided by all acute general hospitals located in the health service area where the hospital is located, based on data available from the Health Services Cost Review Commission for the most recent 12 month period.

Applicant Response:

Sheppard Pratt collected available data for uncompensated care provided by acute general hospitals in the Central Maryland Region in FY 14 and compared the data to the uncompensated care provided by Sheppard Pratt in the same time period. Sheppard Pratt was unable to collect data segregating the amount of uncompensated care provided by acute general hospitals for psychiatric care from all uncompensated care.

As shown in the following table, Sheppard Pratt provided a greater percentage of uncompensated care than the weighted average for the acute general hospitals.

Table 1
Sheppard and Enoch Pratt Hospital
Actual Uncompensated Care - Central MD
FY 2014

	<u>UCC %</u>
Sheppard and Enoch Pratt Health System	6.9%
Anne Arundel County	
Anne Arundel Medical Center	5.1%
UM Baltimore Washington Medical Center	8.0%

	<u>UCC %</u>
Baltimore City	
Bon Secours Baltimore	14.6%
MedStar Good Samaritan Hospital	6.1%
MedStar Harbor Hospital	6.0%
Johns Hopkins Bayview Medical Center	8.8%
Johns Hopkins Hospital	4.2%
Mercy Medical Center	8.1%
Baltimore County	
MedStar Franklin Square Medical Center	5.9%
Greater Baltimore Medical Center	3.4%
Northwest Hospital	7.8%
UM St. Joseph Medical Center	6.3%
Carroll County Hospitals	
Carroll Hospital Center	4.4%
Harford County	
UM Harford Memorial Hospital	9.8%
UM Upper Chesapeake Medical Center	5.2%
Howard County	
Howard County General	5.7%
Central MD Weighted Average	5.9%

AP 9. If there are no child acute psychiatric beds available within a 45 minute travel time under normal road conditions, then an acute child psychiatric patient may be admitted, if appropriate, to a general pediatric bed. These hospitals must develop appropriate treatment protocols to ensure a therapeutically safe environment for those child psychiatric patients treated in general pediatric beds.

Applicant Response:

Inapplicable. Sheppard Pratt considers patients younger than 12 to be "children"; patients ages 12 through 17 are "adolescents." The proposed facility will not have any child acute psychiatric beds. Sheppard Pratt's Towson facility has beds dedicated for child patients. The Towson facility is a 31 minute drive from the proposed facility, without traffic (source: Google Maps).

Cost

AP 10. Expansion of existing adult acute psychiatric bed capacity will not be approved in any hospital that has a psychiatric unit that does not meet the following occupancy standards for two consecutive years prior to formal submission of the application.

<u>Psychiatric Bed Range (PBR)</u>	<u>Occupancy Standards</u>
PBR <20	80%
20 ≤ PBR <40	85%
PBR ≥40	90%

Applicant Response:

Inapplicable, the project does not include a request that the Commission approve more beds than the number of licensed beds for Sheppard Pratt at Ellicott City. In addition to relocating its 92 licensed beds, Sheppard Pratt intends to seek eight waiver beds pursuant to COMAR 10.24.01.02A(3)(a) prior to opening the new facility. This will bring Sheppard Pratt’s total number of licensed beds for the Elkrigde facility to 100.

AP 11. Private psychiatric hospitals applying for a Certificate of Need for acute psychiatric beds must document that the age-adjusted average total cost for an acute (≤ 30 days) psychiatric admission is no more than the age-adjusted average total cost per acute psychiatric admission in acute general psychiatric units in the local health planning area.

Applicant Response:

A comparison was done to psychiatric discharges in 2014 from the acute general hospitals in Maryland with psychiatric units to discharges for the same period from Sheppard Pratt at Ellicott City, with the following results:

<u>Adult Patients:</u>	
Central Maryland General Hospital Psychiatric Units Charge Per Episode:	\$10,584.16
Sheppard Pratt at Ellicott City Charge Per Episode:	\$8,877.59
<u>Adolescent Patients:</u>	
Central Maryland General Hospital Psychiatric Units Charge Per Episode:	\$11,501.56
Sheppard Pratt at Ellicott City Charge Per Episode:	\$9,116.17

This analysis is based on CY14 HSRC discharge data, with the following parameters:

Adult Patients

- Adult: patients 18 to 64
- Hospitals: UM Baltimore Washington Medical Center, Bon Secours Hospital, Carroll Hospital Center, MedStar Franklin Square Medical Center, Harford Memorial Hospital, Howard County General Hospital, Johns Hopkins Hospital, Johns Hopkins Bayview Medical Center, UMMC Midtown Campus, Northwest Hospital Center, Sinai Hospital, UM St. Joseph Medical Center, MedStar Union Memorial Hospital, University of Maryland Medical Center.
- Discharge Codes: DX AHRQ 651 – Anxiety disorders; AHRQ 663 – Screening and Hx of Mental Health; AHRQ 659 – Schizophrenia and other psychotic disorders; AHRQ 662- Suicide and self-inflicted injuries; AHRQ 657 – Mood disorders (encompasses 103 psychiatric diagnoses)

These parameters resulted in 16,411 discharges, with an average charge of \$10,584.16 per discharge.

Adolescent Patients

- Adolescent patients: based on the age bands of the available data, Sheppard Pratt used age bands 10-14 and 15-17, which may include some children. However, Sheppard Pratt believes very few patients younger than 12 are included.
- Hospitals: Johns Hopkins Hospital, MedStar Franklin Square Hospital and Carroll Hospital Center had measurable adolescent cases.
- Discharge Codes: DX AHRQ 663, 662, 659, 657, 651, 652 (Attention Deficit Disorder), and 650 (Adjustment disorders).

These parameters resulted in 1,007 discharges, with an average charge of \$11,501.56 per discharge.

Quality

AP 12a. Acute inpatient psychiatric services must be under the clinical supervision of a qualified psychiatrist.

Applicant Response:

Inpatient psychiatric services at Sheppard Pratt are under the clinical supervision of qualified psychiatrists at all times. Steven S. Sharfstein, M.D., a board-certified psychiatrist, is Sheppard Pratt's President and CEO. Robert P. Roca, M.D., a triple boarded geriatric psychiatrist, is Medical Director for the Health System. There is a medical director for each Sheppard Pratt

service line (Adult, Child and Adolescent and Geriatrics), and a medical director for the Ellicott City campus.

All patients are attended by a psychiatrist daily. Medical leadership on each unit is provided by a board-certified psychiatrist service chief. Based on patient volumes, there may be additional attending psychiatrists. At the current time, six psychiatrists work on the Sheppard Pratt at Ellicott City campus. The medical director and service chief for each unit at the current facility are listed below.

Medical Directors

Sheppard Pratt at Ellicott City

Khizar Khan, M.D.
(B.C. Adult Psychiatrist)

Adult Services

John Boronow, M.D.
(B.C. Adult Psychiatrist)

Child and Adolescent Services

Meena Vimalananda, M.D.
(B.C. Adult and Child Psychiatrist)

Service Chiefs

Adolescent Unit

Arachchige Muthukuda, M.D. (Associate Service Chief)
(B.C. Adult Psychiatrist)

Co-Occurring Unit

Mark Pecevich, M.D.
(B.C. Adult Psychiatrist)

Fenton Unit

Khizar Khan, M.D.
(B.C. Adult Psychiatrist)

Adult Unit

Deeroop Gurprasad, M.D.
(B.C. Adult Psychiatrist)

Adult Day Hospital

Anibal Cravchik
(B.C. Adult Psychiatrist)

Sheppard Pratt will continue to place all services at the relocated facility under the clinical supervision of qualified psychiatrists.

AP 12b. Staffing of acute psychiatric programs should include therapists for patients without a private therapist and aftercare coordinators to facilitate referrals and further treatment. Staffing should cover a seven day per week treatment program.

Applicant Response:

Sheppard Pratt complies with this standard. Each inpatient unit and day hospital has a discharge planner who is responsible for aftercare arrangements. The discharge planner works in concert with the treatment team, particularly the social worker. Post discharge, patients are referred to prescribers and/or therapists, based upon their needs. While on the inpatient unit, patients participate in therapeutic groups that may be led by social workers or trained mental health technicians.

All of Sheppard Pratt's groups are informed by the evidence based practice of Dialectical Behavior Therapy (DBT). On crisis stabilization units such as the ones operating in Howard County, patients do not receive individual therapy in the inpatient or day hospital setting. They do meet individually with their therapist and their attending psychiatrist and address their individual treatment goals.

Each unit has a discharge planner who assures that aftercare is arranged and that information regarding the patient's care is communicated to the community therapist in a timely manner. All units are staffed seven days per week.

Sheppard Pratt will continue to use these staffing practices at the relocated facility.

AP 12c. Child and/or adolescent acute psychiatric units must include staff who have experience and training in child and/or adolescent acute psychiatric care, respectively.

Applicant Response:

The relocated facility will not contain child acute psychiatric units. Sheppard Pratt complies with this standard for its adolescent acute psychiatric units at the current facility, and will continue to do so at the relocated facility. As stated previously, psychiatric leadership is provided by board certified child psychiatrists. Nursing, social work and activities therapy staff are required to have training and/or experience in working with minor patients. Mental health workers receive training at Sheppard Pratt to work with this population.

Continuity

AP 13. Facilities providing acute psychiatric care shall have written policies governing discharge planning and referrals between the program and a full range of other services including inpatient, outpatient, long-term care, aftercare treatment programs, and alternative treatment programs. These policies shall be available for review by appropriate licensing and certifying bodies.

Applicant Response:

The discharge planning policies that are currently in use and that will continue to be used at the relocated facility are attached as Exhibit 13.

Acceptability

AP 14. Certificate of Need applications for either new or expanded programs must include letters of acknowledgement from all of the following:

- (i) the local and state mental health advisory council(s);**
- (ii) the local community mental health center(s);**
- (iii) the Department of Health and Mental Hygiene; and**
- (iv) the city/county mental health department(s).**

Letters from other consumer organizations are encouraged.

Applicant Response:

Sheppard Pratt has received strong support from numerous organizations, institutions, and individuals, including:

- The Mental Health Association of Maryland
- The Howard County Mental Health Authority
- The National Alliance on Mental Health
- State of Maryland Behavioral Health Advisory Council
- Howard County Executive Allan H. Kittleman
- The Anne Arundel County Delegation to the Maryland General Assembly
- Delegate Clarence Lam (District 12 – Howard County and Baltimore County)
- Howard County General Hospital
- UM Baltimore Washington Medical Center
- Anne Arundel Medical Center
- Way Station (a Howard County public mental health clinic affiliated with Sheppard Pratt)
- Treatment Advocacy Center
- Dave Grabowski, Elkridge citizen.

The letters of support are attached collectively as Exhibit 14.

10.24.01.08G(3)(b). Need.

The Commission shall consider the applicable need analysis in the State Health Plan. If no State Health Plan need analysis is applicable, the Commission shall consider whether the applicant has demonstrated unmet needs of the population to be served, and established that the proposed project meets those needs.

INSTRUCTIONS: Please identify the need that will be addressed by the proposed project, quantifying the need, to the extent possible, for each facility and service capacity proposed for development, relocation, or renovation in the project. The analysis of need for the project should be population-based, applying utilization rates based on historic trends and expected future changes to those trends. This need analysis should be aimed at demonstrating needs of the population served or to be served by the hospital. The existing and/or intended service area population of the applicant should be clearly defined.

Fully address the way in which the proposed project is consistent with each applicable need standard or need projection methodology in the State Health Plan.

If the project involves modernization of an existing facility through renovation and/or expansion, provide a detailed explanation of why such modernization is needed by the service area population of the hospital. Identify and discuss relevant building or life safety code issues, age of physical plant issues, or standard of care issues that support the need for the proposed modernization.

Please assure that all sources of information used in the need analysis are identified. Fully explain all assumptions made in the need analysis with respect to demand for services, the projected utilization rate(s), the relevant population considered in the analysis, and the service capacity of buildings and equipment included in the project, with information that supports the validity of these assumptions.

Explain how the applicant considered the unmet needs of the population to be served in arriving at a determination that the proposed project is needed. Detail the applicant's consideration of the provision of services in non-hospital settings and/or through population-based health activities in determining the need for the project.

Complete the Statistical Projections (Tables F and I, as applicable) worksheets in the CON Table Package, as required. Instructions are provided in the cover sheet of the CON package.

Applicant Response:

Sheppard Pratt at Ellicott City is licensed to operate 92 psychiatric beds in FY 2015. Sheppard Pratt proposes to relocate those beds and add eight waiver beds to operate 100 psychiatric beds at the new location.

I. MHCC Demand Methodology

Sheppard Pratt based its need and impact analysis on the methodology for demand and impact analysis that was used in Commissioner Barbara McLean's proposed decision on the CON application for the relocation of Washington Adventist Hospital (Docket No. 09-15-2295)

(See Proposed Decision, pp. 157-162) (the “MHCC Relocation Methodology”). This methodology is the most recent analysis used by a reviewer in a CON review involving the replacement and relocation of a hospital facility. The MHCC Relocation Methodology relies heavily upon drive time and each hospital’s relative proximity to surrounding zip codes. Sheppard Pratt considered the relevance of this methodology as it relates to the relocation a private psychiatric hospital. For the following reasons, Sheppard Pratt opted to use a modified approach for determining demand and impact:

- The MHCC Relocation Methodology was designed for an acute care hospital with an emergency department. Acute care hospitals rely more heavily on proximity to patients and geography than specialty psychiatric hospitals.
- Sheppard Pratt draws a significant portion of its patients through referrals from acute general hospitals that have psychiatric units, for any of the following reasons:
 - Patients are too aggressive to be managed on an unlocked unit or with a general patient population
 - The acute general hospital does not accept involuntary admissions
 - Patient needs specialized services such as eating or trauma disorders
 - Referring hospital does not treat adolescent psychiatric patients
 - Patient needs electroconvulsive therapy (ECT) that the referring hospital does not offer
 - Referring hospital’s psychiatric unit is full
- Through March 2015, FY 2015 referral patterns show 78% of admissions coming from emergency departments or hospitals, 18% coming from Sheppard Pratt programs (such as the Crisis Walk-In Clinic), and 4% coming from direct referrals from outside professionals.

For these factors and because of the nature of the specialty psychiatric hospital business, a demand assessment driven by geography and proximate drive times is not an optimal measure for projecting impact and market share for the proposed facility.

II. Statewide Market Share Methodology

With Sheppard Pratt’s inpatient services driven by referrals, a move from Ellicott City to Elkridge alone would not dramatically impact market share. Additionally, data has not proven that location of the hospital plays a role in the zip codes in which Sheppard Pratt is the dominant provider. Sheppard Pratt receives referrals from throughout the State of Maryland. Thus, Sheppard Pratt elected to use the State of Maryland as its market and analyzed current market share by age cohort. The assumption to use Maryland as the service area was corroborated by the definition of service areas according to the MHCC Relocation Methodology, which is guided by drive time proximity rankings. In that methodology, the defined service area for Sheppard Pratt at Ellicott City reached as far as zip codes where it is the 16th closest hospital. This encompassed about 250 zip codes for each cohort. As such, it proved that Sheppard Pratt reaches throughout the state for its discharges and does not solely depend on relative proximity to the patients requiring psychiatric care. Combined, the two Sheppard Pratt hospitals have almost 20% of the statewide psychiatric market share, and more than 50% of the market share for the adolescent cohort. The following table shows market share in Maryland by hospital in each of the four cohorts in FY 2014:

Table 2FY14 Statewide Psychiatric Market Share
By Cohort

	Ages 12 - 17 Adolescent	Ages 18 - 29 Young Adult	Ages 30 - 64 Adult	Ages 65+ Geriatric	Total
Sheppard Pratt - EC	15.5%	6.2%	5.3%	0.4%	6.2%
Sheppard Pratt - Towson	36.6%	13.4%	7.4%	17.3%	12.8%
Meritus ⁽¹⁾	0.0%	2.4%	2.4%	2.2%	2.1%
U of MD ⁽¹⁾	2.3%	3.4%	3.5%	4.0%	3.4%
PGHC ⁽¹⁾	0.1%	3.7%	3.0%	2.2%	2.9%
Holy Cross	0.2%	0.1%	0.1%	1.4%	0.2%
Frederick Memorial ⁽¹⁾	0.0%	2.9%	2.8%	1.5%	2.5%
Harford Memorial ⁽¹⁾	0.0%	3.7%	3.3%	2.0%	3.0%
Mercy	0.0%	0.0%	0.1%	0.4%	0.1%
Johns Hopkins ⁽¹⁾	8.4%	3.8%	5.2%	5.8%	5.2%
Dorchester General ⁽¹⁾	0.0%	1.5%	1.6%	1.1%	1.4%
St. Agnes	0.0%	0.0%	0.1%	0.7%	0.1%
Sinai ⁽¹⁾	0.0%	2.4%	3.3%	3.1%	2.7%
Bon Secours ⁽¹⁾	0.0%	3.5%	5.1%	1.1%	3.9%
Franklin Square ⁽¹⁾	8.7%	3.7%	4.4%	3.8%	4.6%
Washington Adventist	0.0%	4.2%	3.3%	2.5%	3.1%
Montgomery ⁽¹⁾	4.6%	2.3%	2.1%	2.1%	2.4%
Peninsula ⁽¹⁾	0.0%	2.0%	2.0%	2.1%	1.8%
Suburban	1.5%	2.9%	2.6%	3.6%	2.6%
Anne Arundel	0.0%	0.0%	0.1%	2.2%	0.2%
Union Memorial ⁽¹⁾	0.0%	3.3%	5.2%	2.3%	3.9%
Western Maryland ⁽¹⁾	0.0%	2.2%	2.1%	1.6%	1.9%
St. Mary's ⁽¹⁾	0.4%	1.6%	1.5%	1.1%	1.4%
Bayview ⁽¹⁾	0.0%	1.6%	2.5%	2.5%	2.0%
Union of Cecil ⁽¹⁾	0.0%	1.4%	1.8%	0.9%	1.4%
Carroll County ⁽¹⁾	2.7%	2.7%	2.6%	1.7%	2.5%
Harbor Hospital	0.0%	0.0%	0.0%	0.2%	0.0%
Civista	0.0%	0.0%	0.0%	0.3%	0.0%
Memorial at Easton	0.0%	0.0%	0.0%	0.6%	0.1%
Maryland General ⁽¹⁾	0.0%	1.8%	4.6%	4.0%	3.4%
Calvert ⁽¹⁾	3.8%	1.3%	1.4%	0.6%	1.6%
Northwest ⁽¹⁾	0.0%	2.9%	2.8%	3.6%	2.6%
BWMC	0.0%	1.7%	2.8%	1.5%	2.1%
GBMC	0.0%	0.0%	0.0%	1.5%	0.1%
Howard County ⁽¹⁾	0.0%	3.1%	2.4%	3.5%	2.4%
Upper Chesapeake	0.0%	0.0%	0.0%	1.3%	0.1%
Doctors	0.0%	0.0%	0.0%	0.5%	0.0%
Laurel ⁽¹⁾	0.0%	2.1%	1.9%	1.0%	1.7%
Good Sam	0.0%	0.0%	0.1%	1.4%	0.2%
Shady Grove	0.0%	0.0%	0.1%	0.6%	0.1%
Fort Washington	0.0%	0.0%	0.0%	0.2%	0.0%
Southern Maryland ⁽¹⁾	0.0%	2.6%	1.9%	1.5%	1.9%
Saint Joseph ⁽¹⁾	0.0%	1.6%	2.2%	2.6%	1.8%
Adventist Rehab	0.0%	0.0%	0.0%	0.0%	0.0%
UMD Shock Trauma	0.0%	0.0%	0.0%	0.0%	0.0%
Garrett County	0.0%	0.0%	0.0%	0.1%	0.0%
Chester River	0.0%	0.0%	0.0%	0.1%	0.0%
Johns Hopkins Oncology	0.0%	0.0%	0.0%	0.0%	0.0%
McCready	0.0%	0.0%	0.0%	0.0%	0.0%
Atlantic General	0.0%	0.0%	0.0%	0.0%	0.0%
Adventist BH ⁽²⁾	7.5%	6.6%	5.0%	4.5%	5.7%
Brook Lane ⁽²⁾	4.2%	1.0%	1.0%	0.9%	1.3%
Adventist Dorchester ⁽²⁾	3.2%	0.0%	0.0%	0.0%	0.3%
	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

(1) Acute care hospital with inpatient psychiatric program

(2) Hospital data shown represents Calendar Year 2014

In order to project from FY 2015 to FY 2022, population growth and use rates by age cohort were considered at the statewide level, based on Claritas data and five-year trends, respectively. See the tables below, which show the assumptions incorporated for both population and use rates from FY 2015 – FY 2022.

Table 3**Projected Population (Maryland)**

Cohort	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY14 - FY22 Change
Adolescent	464,041	462,567	463,987	465,410	466,838	468,270	469,707	471,148	472,594	1.8%
Young Adult	967,324	974,697	977,163	979,635	982,114	984,599	987,090	989,587	992,091	2.6%
Adult	2,821,039	2,832,778	2,839,735	2,846,708	2,853,699	2,860,707	2,867,732	2,874,774	2,881,834	2.2%
Geriatric	812,453	840,996	874,101	908,509	944,271	981,441	1,020,074	1,060,228	1,101,962	35.6%
Total	5,064,857	5,111,038	5,154,985	5,200,262	5,246,922	5,295,017	5,344,603	5,395,738	5,448,482	7.6%

Table 4**FY14 Statewide Psychiatric Use Rate**
Historical Calculation FY2010 - FY2014

All Age Cohorts					
	FY2010	FY2011	FY2012	FY2013	FY2014
Population	4,890,579	4,932,645	4,975,693	5,019,753	5,064,857
Discharges	42,732	43,627	44,091	43,164	43,012
Use Rate	8.74	8.84	8.86	8.60	8.49
		1.2%	0.2%	-3.0%	-1.2%

Adolescent					
	FY2010	FY2011	FY2012	FY2013	FY2014
Population	469,984	468,491	467,003	465,520	464,041
Discharges	4,368	4,408	4,686	4,241	4,430
Use Rate	9.29	9.41	10.03	9.11	9.55
		1.2%	6.6%	-9.2%	4.8%

Young Adult					
	FY2010	FY2011	FY2012	FY2013	FY2014
Population	938,384	945,536	952,744	960,006	967,324
Discharges	10,228	10,595	10,931	11,182	11,179
Use Rate	10.90	11.20	11.47	11.65	11.56
		2.8%	2.4%	1.5%	-0.8%

Adult					
	FY2010	FY2011	FY2012	FY2013	FY2014
Population	2,774,566	2,786,112	2,797,706	2,809,348	2,821,039
Discharges	24,585	25,124	25,127	24,441	24,148
Use Rate	8.86	9.02	8.98	8.70	8.56
		1.8%	-0.4%	-3.1%	-1.6%

Geriatric					
	FY2010	FY2011	FY2012	FY2013	FY2014
Population	707,646	732,507	758,241	784,879	812,453
Discharges	3,552	3,501	3,348	3,300	3,255
Use Rate	5.02	4.78	4.42	4.20	4.01
		-4.8%	-7.6%	-4.8%	-4.7%

The assumptions below were made at the cohort level based on the historical (FY 2010 – FY 2014) statewide psychiatric use rates.

Table 5**Maryland Use Rates (per 1,000 pop)**

Cohort	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY14 - FY22 Change
Adolescent	9.55	9.64	9.74	9.74	9.74	9.74	9.74	9.74	9.74	2.0%
Young Adult	11.56	11.56	11.56	11.56	11.56	11.56	11.56	11.56	11.56	0.0%
Adult	8.56	8.52	8.47	8.47	8.47	8.47	8.47	8.47	8.47	-1.0%
Geriatric	4.01	3.97	3.93	3.93	3.93	3.93	3.93	3.93	3.93	-2.0%
Total	8.49	8.45	8.40	8.37	8.35	8.32	8.29	8.26	8.23	-3.1%

Based on the historical market shares presented above (FY 2014), as well as the population and use rate expectations, the baseline utilization for Sheppard Pratt at Elkridge in FY 2022 is shown below before the consideration of any additional factors.

**Table 6
FY2022 Psychiatric Treatment Discharges Statewide**

		Ages 12 - 17	Ages 18 - 29	Ages 30 - 64	Ages 65+	Total
		Adolescent	Young Adult	Adult	Geriatric	
Sheppard Pratt - EC		714	710	1,300	16	2,739
Sheppard Pratt - Towson		1,685	1,539	1,819	750	5,794
Meritus	(1)	1	277	587	94	959
U of MD	(1)	107	392	858	173	1,529
PGHC	(1)	4	429	743	93	1,269
Holy Cross		7	8	35	61	112
Frederick Memorial	(1)	-	333	695	65	1,093
Harford Memorial	(1)	-	429	809	85	1,323
Mercy		-	1	15	17	33
Johns Hopkins	(1)	388	439	1,272	250	2,349
Dorchester General	(1)	-	171	383	48	602
St. Agnes		-	3	16	32	51
Sinai	(1)	-	270	805	136	1,210
Bon Secours	(1)	-	406	1,245	48	1,699
Franklin Square	(1)	401	429	1,073	164	2,066
Washington Adventist		-	482	806	106	1,394
Montgomery	(1)	210	264	521	90	1,085
Peninsula	(1)	-	231	501	90	822
Suburban		70	329	630	157	1,186
Anne Arundel		1	4	14	96	115
Union Memorial	(1)	-	373	1,258	100	1,731
Western Maryland	(1)	-	247	525	69	841
St. Mary's	(1)	20	187	377	47	630
Bayview	(1)	2	184	621	109	916
Union of Cecil	(1)	-	157	432	40	629
Carroll County	(1)	126	305	626	74	1,131
Harbor Hospital		-	-	7	8	15
Civista		-	1	7	13	21
Memorial at Easton		-	1	8	25	34
Maryland General	(1)	-	211	1,120	171	1,502
Calvert	(1)	177	154	343	28	701
Northwest	(1)	-	333	693	156	1,182
BWMC		-	194	673	64	930
GBMC		-	5	6	64	75
Howard County	(1)	-	352	595	152	1,098
Upper Chesapeake		1	-	7	56	64
Doctors		-	-	2	20	22
Laurel	(1)	-	246	472	43	761
Good Sam		-	-	18	62	81
Shady Grove		-	3	20	28	51
Fort Washington		-	-	3	9	12
Southern Maryland	(1)	-	304	475	64	843
Saint Joseph	(1)	2	183	529	113	827
Adventist Rehab		-	-	-	1	1
UMD Shock Trauma		-	-	3	-	3
Garrett County		-	-	2	3	5
Chester River		-	-	4	4	8
Johns Hopkins Oncology		-	-	2	1	3

		Ages 12 - 17	Ages 18 - 29	Ages 30 - 64	Ages 65+	
		Adolescent	Young Adult	Adult	Geriatric	Total
McCready		-	-	-	1	1
Atlantic General		-	-	-	1	1
Adventist BH	(2)	345	761	1,226	193	2,524
Brook Lane	(2)	195	120	241	37	593
Adventist Dorchester	(2)	148	-	-	-	148
		4,602	11,465	24,422	4,327	44,817
Note (1): Acute care hospital with inpatient psychiatric program						
Note (2): Hospital data based on Calendar Year 2014						
		4,602	11,465	24,422	4,327	

III. Impact of Additional Factors

A. Geriatric Program

Currently, Sheppard Pratt at Ellicott City does not offer services to the Geriatric age cohort (65+). As the population shifts in that direction and demand increases for those patients, Sheppard Pratt has elected to offer those services in the proposed facility. The surrounding counties (Howard County, Anne Arundel County, and Montgomery County) especially have populations that will be shifting toward that age cohort over the next five years.

Cohort	Age Range	Projected Population		
		FY2014	FY2022	FY14 - FY22 Change
Adolescent	12-17	464,041	472,594	1.8%
Young Adult	18-29	967,324	992,091	2.6%
Adult	30-64	2,821,039	2,881,834	2.2%
Geriatric	65+	812,453	1,101,962	35.6%
Total		5,064,857	5,448,482	7.6%

In order to determine the expected market share of Sheppard Pratt - Elkridge in FY 2022 in the Geriatric age cohort, the following factors were considered:

- Sheppard Pratt -Towson's market share in the Geriatric age cohort, as it represents a mature Geriatric program offered by the same entity

	Ages 65+ Geriatric
Sheppard Pratt - EC	0.4%
Sheppard Pratt - Towson	17.3%

- Sheppard Pratt at Ellicott City's current market share among its current service offerings (age cohorts), which each exceed 5.0%

FY2014 Market Share			
Statewide			
	Ages 12 - 17	Ages 18 - 29	Ages 30 - 64
	Adolescent	Young Adult	Adult
Sheppard Pratt - EC	15.5%	6.2%	5.3%

- Geriatric cases included on Sheppard Pratt's "No Bed Available" call logs from FY 2012, FY 2013, and FY 2014, which represent referral calls for potential Sheppard Pratt admissions during the year for whom there was not a bed available at the time of the call.

Geriatric Referral Log	Oct-14	Oct-13	Oct-12
Geri	35	31	17
Geri Neuro	14	16	11
Total	49	47	28
Average/31-day Month	41.33		
Average/day	1.33		
15% Redundancy	1.13		
Annualized Range	486.67		
Annualized w/ Redundancy	413.67		

Sheppard Pratt assumed that 15% of the calls are for redundant patients and therefore discounted the average down before annualizing. This would indicate that Sheppard Pratt is unable to accept about 414 geriatric patient referrals on an annual basis.

As a result of the factors above, a FY 2022 Geriatric market share of 5.0% was assumed for Sheppard Pratt - Elkridge.

B. Log of Referrals That Could Not Be Accepted

Sheppard Pratt keeps a log to track the calls received for referrals that cannot be accommodated by the two hospitals because they do not have an appropriate available bed for the referral. This log tracks calls by unit. By building a new facility, Sheppard Pratt aims to be able to accommodate more of these calls, as it will no longer be faced with the issues currently precluding these referrals, such as the following:

- Sheppard Pratt at Ellicott City has double bed rooms that must be booked as same-sex
- Sheppard Pratt at Ellicott City's double bed rooms often preclude the admission of an additional referral due to the aggressive or volatile condition of a pre-existing or new patient

Sheppard Pratt examined the log in the month of October by unit for FY 2013, FY 2014, and FY 2015. While Sheppard Pratt logged calls for all ages throughout the year, for the most part, it expects the proposed new facility will allow Sheppard Pratt to accommodate mostly additional adult patients who cannot be accommodated currently. Based on the log data, the adult discharges that could not be accepted by service unit are shown below. Sheppard Pratt assumed that 15% of the calls are for redundant patients and 40% of the calls would be accepted if the new facility is approved and constructed. These assumptions were used as the basis for the projected increase in market share in the Adult Cohort in FY 2022.

Unit	Oct-14	Oct-13	Oct-12
Gen Adult	73	88	23
Co-Occur	49	85	68
Psychotic D/O	44	99	31
Total	166	272	122
Average/31-day Month	186.67		
Average/day	6.02		
15% Redundancy	5.12		
Annualized Range	2,197.85		
Annualized w/ Redundancy	1,868.17	747.27	@ 40%

The assumption that Sheppard Pratt at Elkridge will be able to accommodate 40% of these cases provides an increase in market share among the Adult cohort as shown below.

	Ages 30 - 64 Adult
FY2014	5.32%
FY2014 w/ Referrals	8.28%

C. Other Factors Considered

Adolescent Seasonality

Adolescent psychiatric services tend to be dramatically seasonal relative to other service offerings. When adolescents attend school (Fall and Spring), they are faced with pressures that cause symptoms to surface, resulting in higher utilization in those months (September-October, April-May) when compared to average utilization for a given year. Therefore, this was considered when projecting bed need. As shown in the table below, Sheppard Pratt at Ellicott City experienced April discharges that were 129% of the average month's utilization in FY 2014. FY 2013 showed a similar trend. This data serves as further support for adolescent beds at Sheppard Pratt at Elkridge; even if market share declined, bed capacity would be needed in these highly utilized months. No additional beds were added to the calculated need to accommodate seasonality.

**Table 7
Adolescent Discharges by Month
FY2013-FY2014**

		FY 2014											
		July	August	September	October	November	December	January	February	March	April	May	June
Ellicott City		50	38	54	65	63	55	56	54	64	76	75	57
Towson		119	115	145	192	136	150	134	138	151	153	145	142
Total		169	153	199	257	199	205	190	192	215	229	220	199
% Change			-9.5%	30.1%	29.1%	-22.6%	3.0%	-7.3%	1.1%	12.0%	6.5%	-3.9%	-9.5%

		FY 2013											
		July	August	September	October	November	December	January	February	March	April	May	June
Ellicott City		52	43	58	71	58	73	68	66	88	78	82	59
Towson		141	146	141	157	141	148	144	158	169	148	157	132
Total		193	189	199	228	199	221	212	224	257	226	239	191
% Change			-2.1%	5.3%	14.6%	-12.7%	11.1%	-4.1%	5.7%	14.7%	-12.1%	5.8%	-20.1%

	Beds in Operation	FY2014			Percent of Average
		Low	Average	High	
Ellicott City	22	38.00	58.92	76.00	129.00%
Towson	55	115.00	143.33	192.00	133.95%

State Psychiatric Institutions

Sheppard Pratt Health System has engaged in ongoing conversations with principals of the Behavioral Health Administration about the availability of psychiatric beds in the State for both forensic and civil cases. Currently, Sheppard Pratt's Towson campus is being considered as a possible site for a forensic unit for competency assessment or restoration of patients. This would, however, require conversion of an existing adult unit. Therefore, with no decline in the demand for adult psychiatric services, it is likely that additional patients would be treated at Sheppard Pratt at Elkridge under this scenario. Given that there is not yet a formal commitment, this potential volume was not added to the demand analysis for Sheppard Pratt at Elkridge, but it was considered as additional support.

IV. Bed Need

Based on the above projections of Sheppard Pratt at Elkridge's Maryland market share by cohort, combined with the determination of the total Maryland market discharges by cohort, Sheppard Pratt arrived at discharges within each cohort as shown below. The Out of Maryland discharges were determined based on the current Out of Maryland experience as a percentage of Maryland experience.

**Table 8
Projected Discharges
FY2022**

	FY2022 Maryland Total		FY2022 Sheppard Pratt Elkridge			
	Proj Population	Proj Discharges	Maryland Market Share	Maryland Discharges	Out of Maryland Discharges	Total Discharges
	Adolescent Ages 12-17	472,594	4,602	15.5%	714	20
<i>% Change</i>						
Young Adult Ages 18-29	992,091	11,465	6.2%	710	27	736
<i>% Change</i>						
Adult Ages 30-64	2,881,834	24,422	8.3%	2,023	87	2,110
<i>% Change</i>						
Geriatric Ages 65+	1,101,962	4,327	5.0% ⁽¹⁾	216	17	233
<i>% Change</i>						
Average/Total	5,448,482	44,817	6.2%	3,663	151	3,813

Sheppard Pratt assumed no change in average length of stay from FY 2014 levels for Adolescents and Adults. For the Young Adult unit, Sheppard Pratt assumed an average of the FY 2014 average lengths of stay at Towson and Ellicott City. While Sheppard Pratt at Ellicott City currently treats patients in the young adult age range (18-29), there is no dedicated unit for young adults like the one at Sheppard Pratt's Towson campus. In a dedicated unit, the lengths of stay are longer as patients are more comfortable. For the new Geriatric program, Sheppard Pratt assumed the same average length of stay experienced in FY 2014 at Sheppard Pratt's Towson campus.

**Table 9
Actual and Projected Length of Stay
and Patient Days**

	Average Length of Stay				Elkridge FY2022 Total Patient Days
	Actual		Proj	FY14-FY22	
	FY2013	FY2014	FY2022	Change	
Adolescent Ages 12-17	7.78	7.71	7.71	0.0%	5,657
<i>% Change</i>		-0.9%			
Young Adult Ages 18-29	8.81	8.99 ⁽¹⁾	8.99 ⁽¹⁾	0.0%	6,621
<i>% Change</i>		2.1%			
Adult Ages 30-64	7.03	7.42	7.42	0.0%	15,652
<i>% Change</i>		5.6%			
Geriatric Ages 65+	17.32	19.88 ⁽²⁾	19.88 ⁽²⁾	0.0%	4,632
<i>% Change</i>		14.8%			
Average/Total	<u>7.20</u>	<u>7.40</u>	<u>8.54</u>	<u>15.4%</u>	<u>32,562</u>
<i>% Change</i>		2.8%			

Notes:

(1) Young Adult ALOS represents blend of Sheppard Pratt - Ellicott City and Towson

(2) SPSHS - Towson ALOS used as SPSHS at Ellicott City does not offer Geriatric services

Sheppard Pratt assumed 85% occupancy, consistent with the Maryland State Health Plan standards.

**Table 10
Bed Need Calculation**

	Elkridge FY2022		Baseline Bed Need	
	Total Patient Days	Occupancy Rate per CON	Projected, With Decimals	Projected, Rounded Up
Adolescent Ages 12-17	5,657	85%	18.23	19
<i>% Change</i>				
Young Adult Ages 18-29	6,621	85%	21.34	22
<i>% Change</i>				
Adult Ages 30-64	15,652	85%	50.45	51
<i>% Change</i>				
Geriatric Ages 65+	4,632	85%	14.93	15
<i>% Change</i>				
Average/Total	<u>32,562</u>		<u>104.95</u>	<u>107</u>

As presented above, the methodology results in a projected bed need in FY 2022 of 107 beds at Sheppard Pratt at Elkridge.

10.24.01.08G(3)(c). Availability of More Cost-Effective Alternatives.

The Commission shall compare the cost effectiveness of the proposed project with the cost effectiveness of providing the service through alternative existing facilities, or through an alternative facility that has submitted a competitive application as part of a comparative review.

INSTRUCTIONS: Please describe the planning process that was used to develop the proposed project. This should include a full explanation of the primary goals or objectives of the project or the problem(s) being addressed by the proposed project. The applicant should identify the alternative approaches to achieving those goals or objectives or solving those problem(s) that were considered during the project planning process, including:

- a) the alternative of the services being provided through existing facilities;
- b) or through population-health initiatives that would avoid or lessen hospital admissions.

Describe the hospital's population health initiatives and explain how the projections and proposed capacities take these initiatives into account.

For all alternative approaches, provide information on the level of effectiveness in goal or objective achievement or problem resolution that each alternative would be likely to achieve and the costs of each alternative. The cost analysis should go beyond development costs to consider life cycle costs of project alternatives. This narrative should clearly convey the analytical findings and reasoning that supported the project choices made. It should demonstrate why the proposed project provides the most effective method to reach stated goal(s) and objective(s) or the most effective solution to the identified problem(s) for the level of costs required to implement the project, when compared to the effectiveness and costs of alternatives, including the alternative of providing the service through existing facilities, including outpatient facilities or population-based planning activities or resources that may lessen hospital admissions, or through an alternative facility that has submitted a competitive application as part of a comparative review.

Applicant Response:

I. Planning Process for the Proposed Project

The entire campus on which Sheppard Pratt at Ellicott City is located is subject to a residential redevelopment plan by the owner, Taylor Service Company and its principal, Dr. Bruce Taylor. Dr. Taylor plans to demolish the hospital building after Sheppard Pratt vacates at the end of the lease term in 2018. Because of this, renting or purchasing the structure was not an option. As a practical matter, based on the site development plan, the only access to the hospital building will be through residential streets and the parking lot will become housing lots. Also, the building is functionally obsolete and it does not offer appropriate space options to add additional services that would contribute to improvements in efficiency.

In June 2009, Sheppard Pratt embarked on a search to find an appropriate location to which the Ellicott City operation could be relocated. Sheppard Pratt did not pursue existing

structures, as experience in other jurisdictions had proven that unless the facility is a modern facility built to be a psychiatric facility, the cost of purchasing and then renovating a facility to make it safe to operate as a psychiatric hospital is generally not a sound economic investment.

The parameters for the new site were that it be in Howard County, that it be zoned to allow a psychiatric hospital as a permitted use, and that the owners would be willing to allow the use. The last criterion drastically limited options in prior real estate searches.

In early June of 2009, Sheppard Pratt explored three sites: the Meadowridge Road site (which was selected), a site in Emerson Corporate Center (near Scaggsville Road and Route I-95) and a site in Columbia Overlook (near Old Waterloo Road and Maryland Route 175). The first choice was the Emerson Corporate Center parcel. However, the owners of the property at the time did not find the intended use compatible with collateral land development plans. The Meadowridge Road site was the second choice because, at the time, a special hospital-psychiatric was not articulated as a permitted use in the land's M-1 zoning category.

Subsequent to a public hearing and meetings with the county council, the zoning board, and the Greater Elkridge Community Council, the M-1 zoning category was amended to allow special hospital-psychiatric as a permitted use in that category.

The Meadowridge site offers tremendous accessibility by virtue of its proximity to Maryland Route 100, U.S. Route 1, I-95, Baltimore Washington Parkway and the Intercounty Connector.

However, one of its most obvious virtues is that its buffering neighbors are the Meadowridge Memorial Park and Kane Movers. Both of the property neighbors have been positive about Sheppard Pratt's ownership of the site.

The Investment Committee of the Board of Trustees of Sheppard Pratt consented to the purchase of the property in 2010, subsequent to the work of the Property and Building Committee of the Board, which oversaw the review of the appraisal and due diligence.

II. Marshall Valuation Service Analysis

The construction cost of the proposed facility is reasonable. Based on the Marshall Valuation Service definition of construction cost, the total construction cost of the proposed SPHS project is \$65,073,145. The total cost is defined as follows:

Building	\$55,672,612
Site and Infrastructure	\$ 315,000
Architect / Engineering Fees	\$5,540,561
Permits (Building, Utilities, Etc.)	\$1,189,000
Gross Interest(during construction period)	\$2,355,972
TOTAL	\$65,073,145

The total square feet / area of the proposed SPHS project is 171,490 bgsf. Total area breakdown as follows:

Ground Floor	41,546 GSF
First Floor	58,783 GSF
Second Floor	56,445 GSF
<u>Third Floor</u>	<u>14,716 GSF</u>
TOTAL AREA	171,490 GSF

The total cost per square foot of the Proposed Construction Budget is \$65,073,145 / 171,490 BGSF = \$379.46

The Marshall Valuation Service Allowable cost per square foot is calculated as follows:

Base Allowable by Marshall Valuation Service	\$354.99
Deduct for no Elevator	\$ 0.00
<hr/> Subtotal	<hr/> \$354.99
Story Height Multiplier (15'-0" floor to floor)	1.069
<hr/> Subtotal	<hr/> \$379.48
Floor Area-Perimeter Multiplier (Avg. perimeter/floor = 1995', avg. area/floor = 42,873 gsf)	948
<hr/> Subtotal	<hr/> \$359.75
Add for Wet Sprinklers	\$ 2.53
<hr/> Subtotal	<hr/> \$362.28
Current Cost Multiplier	1.05
<hr/> Subtotal	<hr/> \$380.40
Local Area Multiplier	1.04
<hr/> Total MVS Allowable Cost per Square Foot	<hr/> \$395.61

Therefore the total Allowable Construction Budget is \$395.61 x 171,490 BGSF = \$67,843,159.

In comparison, the Proposed construction cost per square foot for this SPHS project is \$379.46. The Allowable construction cost per square foot allowed by the Marshall Valuation Service is \$395.61. Therefore, the Proposed construction cost per square foot is \$16.15 below the Marshall Valuation Service Allowable cost per square foot.

10.24.01.08G(3)(d). Viability of the Proposal.

The Commission shall consider the availability of financial and nonfinancial resources, including community support, necessary to implement the project within the time frames set forth in the Commission's performance requirements, as well as the availability of resources necessary to sustain the project.

INSTRUCTIONS: Please provide a complete description of the funding plan for the project, documenting the availability of equity, grant(s), or philanthropic sources of funds and demonstrating, to the extent possible, the ability of the applicant to obtain the debt financing proposed. Describe the alternative financing mechanisms considered in project planning and provide an explanation of why the proposed mix of funding sources was chosen.

- Complete applicable Revenues & Expenses (Tables G, H, J and K as applicable), and the Work Force information (Table L) worksheets in the CON Table Package, as required. Instructions are provided in the cover sheet of the CON package. Explain how these tables demonstrate that the proposed project is sustainable and provide a description of the sources and methods for recruitment of needed staff resources for the proposed project, if applicable.
- Describe and document relevant community support for the proposed project.
- Identify the performance requirements applicable to the proposed project and explain how the applicant will be able to implement the project in compliance with those performance requirements. Explain the process for completing the project design, contracting and obtaining and obligating the funds within the prescribed time frame. Describe the construction process or refer to a description elsewhere in the application that demonstrates that the project can be completed within the applicable time frame.
- Audited financial statements for the past two years should be provided by all applicant entities and parent companies.

Applicant Response:

I. Financial Viability and Recruitment of Staff

The proposed project is financially feasible. Tables G, H, and L are attached as Exhibit 1. Sheppard Pratt did not complete Tables I, J, and K upon receiving guidance from the Commission Staff that the proposed facility should be treated as separate from The Sheppard and Enoch Pratt Hospital in Towson for purposes of completing the tables. Table H shows that at its maturity in 2022, the facility reaches an operating margin of 4.56% and a net excess of \$2,706,029 which is sufficient to cover the annual debt service from the project.

The fundraising consulting firm of Ghiorso and Sorrenti is completing a feasibility study to confirm that a total of \$15 million from public and private sources can be raised to support the replacement hospital project. The firm believes this to be an achievable goal, particularly based on conversations that have taken place regarding several lead gifts. Sheppard Pratt anticipates an equity contribution of \$15 million, \$15 million in fundraising and the balance to borrowed

through a long term Maryland Health and Higher Educational Facilities Authority (MHHEFA) tax exempt bond issuance in the amount of \$70 million. In addition as part of a partial rate application to be filed with the HSCRC, Sheppard Pratt is requesting an increase in rates equal to approximately 50% of the increase in capital costs (principal and interest) associated with the proposed project. Associated with the expected \$70 million bond issuance at an interest rate of 4%, annual principal and interest payments are expected to total about \$4 million. Applying Sheppard Pratt's approved markup (1.0815) to 50% of annual principal and interest results in an estimate of gross revenue related to the project of about \$2.2 million. Given an assumed opening date of December 2018, the allocation of the funding to Sheppard Pratt at Elkridge that is built into the financial projections on Tables G & H is shown below.

Allocation of Capital Funding to SPSHS - Elkridge
Gross Impact

FY 2019	FY 2020	FY 2021	FY 2022
\$ 322,251	\$ 673,920	\$ 689,329	\$ 689,343

The current facility, Sheppard Pratt at Ellicott City, employs approximately 180 FTEs (270 staff). The new hospital is projected to add 178 new FTEs attributable to the additional services [two additional inpatient units, three additional day hospitals, an intensive outpatient unit program (IOP), a walk-in clinic, electroconvulsive therapy (ECT)] and a more robust infrastructure to support a larger operation. The remainder are administrative and support positions, including a larger security presence, more onsite IT staff and larger environmental services, plant operations and nutrition services staffs. The Elkridge hospital will also have a dedicated chaplain, an important resource that is not currently available. The Sheppard Pratt at Elkridge operation is projected to have 358 FTEs (415 staff).

Sheppard Pratt's Human Resources department is confident that these additional staff can be recruited. The Human Resources department relies on a variety of general and discipline specific online recruiting sites on which to advertise vacancies. Sheppard Pratt strives to maintain a low vacancy rate on all positions and has a large recruitment staff to maintain recruitment, hiring and orientation momentum.

Copies of Sheppard Pratt's audited financial statements for the past two fiscal years are attached collectively as Exhibit 15.

II. Community Support

During the past six months, Sheppard Pratt executive leadership have met with the following individuals, all of whom have endorsed and committed their support to the project. Because of respective governmental restrictions on written letters of support, a number of these individuals have not been able to provide written letters of support.

- Van Mitchell, Secretary, Department of Health and Mental Hygiene
- County Councilman Jon Weinstein, Howard County Council (Elkridge District)
- County Council Chair, Dr. Calvin Ball, Howard County Council
- Dr. Gayle Jordan-Randolph, Deputy Secretary, Maryland Behavioral Health Administration
- Dr. Brian Hepburn, Executive Director, Behavioral Health Administration

- County Executive Allan Kittleman, Howard County (letter attached)
- Former County Executive Ken Ulman, Howard County
- Lieutenant Governor Boyd Rutherford
- Dr. Craig Williams, Chief of Staff, Office of Governor Hogan
- Senator Guy Guzzone, District 13, Maryland General Assembly (letter from Howard County Delegation attached)
- Delegate Clarence Lam, M.D., District 12B, Maryland General Assembly (letter attached)

In addition, Sheppard Pratt leadership met with the CEO's of the three hospitals closest to the Elkridge site: Howard County General Hospital, University of Maryland Baltimore Washington Medical Center, and Anne Arundel Medical Center. All three of them acknowledged the need for greater access to inpatient hospital capacity and endorsed the project (letters attached as Exhibit 14).

Lastly, Sheppard Pratt held a community meeting with residential neighbors of the Elkridge site to update them on the status of the plans for the hospital construction. Preliminary meetings had been held with the Greater Elkridge Community Council in 2009 as part of due diligence before entering into an acquisition contract for the property. Delegates Weinstein and Ball organized the recent community meeting and sent invitations to more than 1,000 households in the district. There were 35 individuals in attendance. The tone of the meeting was cordial, with the primary concern of those in attendance being the hospital's impact on traffic on Maryland Route 103. The results of the recently conducted traffic study were shared with residents.

III. Compliance with Performance Requirements

As a new hospital, the proposed project is subject to the performance requirements set forth in COMAR 10.24.01.12C(3)(a). Specifically, if the project is approved, Sheppard Pratt must obligate 51% of the approved capital expenditure within 36 months of approval, and complete the project within 36 months after the effective date of a binding construction contract.

Assuming the project is approved by December 2015, the applicable performance requirements would permit Sheppard Pratt to obligate 50% of the approved capital expenditure no later than December of 2018, and complete the project by December of 2021. Sheppard Pratt intends to complete the project much earlier. In consultation with its design team at Cannon Design, Sheppard Pratt has developed a project schedule that would result in the completion of the project by December of 2018 to coincide with the expiration of the lease term for the existing facility.

10.24.01.08G(3)(e). Compliance with Conditions of Previous Certificates of Need.

An applicant shall demonstrate compliance with all terms and conditions of each previous Certificate of Need granted to the applicant, and with all commitments made that earned preferences in obtaining each previous Certificate of Need, or provide the Commission with a written notice and explanation as to why the conditions or commitments were not met.

INSTRUCTIONS: List all of the Certificates of Need that have been issued to the applicant or related entities, affiliates, or subsidiaries since 2000, including their terms and conditions, and any changes to approved CONs that were approved. Document that these projects were or are being implemented in compliance with all of their terms and conditions or explain why this was not the case.

Applicant Response:

Sheppard Pratt is in compliance with all conditions placed on the CONs granted since 2000, as listed below.

- Relocation of 17 bed Rose Hill RTC from Montgomery County to Baltimore County; CON granted November, 2001. The CON was implemented.
- Closure of Sheppard Pratt at Ellicott City RTC Program and Partial Relocation of RTC Beds to Sheppard Pratt – Towson Campus; CON granted September, 2006. The CON was implemented.
- Construction of new hospital for Sheppard Pratt – Towson; CON granted 2003. The CON was implemented.

10.24.01.08G(3)(f). Impact on Existing Providers and the Health Care Delivery System.

An applicant shall provide information and analysis with respect to the impact of the proposed project on existing health care providers in the health planning region, including the impact on geographic and demographic access to services, on occupancy, on costs and charges of other providers, and on costs to the health care delivery system.

INSTRUCTIONS: Please provide an analysis of the impact of the proposed project:

- a) On the volume of service provided by all other existing health care providers that are likely to experience some impact as a result of this project;¹
- b) On access to health care services for the service area population that will be served by the project. (state and support the assumptions used in this analysis of the impact on access);
- c) On costs to the health care delivery system.

If the applicant is an existing hospital, provide a summary description of the impact of the proposed project on costs and charges of the applicant hospital, consistent with the information provided in the Project Budget, the projections of revenues and expenses, and the work force information.

Applicant Response:

In order to determine the impact of the proposed facility's increases in market share presented above on existing providers, Sheppard Pratt utilized the current market shares in each Cohort of the Maryland market. Given the centralized admission and referral process at Sheppard Pratt and its control over patients admitted to its two hospitals, Sheppard Pratt assumed no impact on the Sheppard Pratt's Towson facility. Thus, any increases in Sheppard Pratt at Elkridge's market share are projected to be absorbed by all other Maryland hospitals according to their pro-rata share of the Maryland psychiatric market by cohort, as shown below.

¹ Please assure that all sources of information used in the impact analysis are identified and identify all the assumptions made in the impact analysis with respect to demand for services, the relevant populations considered in the analysis, and changes in market share, with information that supports the validity of these assumptions.

Table 11

**FY2022 Market Share
Statewide (unadjusted)**

		Ages 12 - 17		Ages 18 - 29		Ages 30 - 64		Ages 65+		Total
		Adolescent	Young Adult	Adult	Geriatric	Adolescent	Young Adult	Adult	Geriatric	
Sheppard Pratt - EC		15.5%	6.2%	5.3%	0.4%					6.1%
Sheppard Pratt - Towson		36.6%	13.4%	7.4%	17.3%					12.9%
Meritus	(1)	0.0%	2.4%	2.4%	2.2%					2.1%
U of MD	(1)	2.3%	3.4%	3.5%	4.0%					3.4%
PGHC	(1)	0.1%	3.7%	3.0%	2.2%					2.8%
Holy Cross		0.2%	0.1%	0.1%	1.4%					0.2%
Frederick Memorial	(1)	0.0%	2.9%	2.8%	1.5%					2.4%
Harford Memorial	(1)	0.0%	3.7%	3.3%	2.0%					3.0%
Mercy		0.0%	0.0%	0.1%	0.4%					0.1%
Johns Hopkins	(1)	8.4%	3.8%	5.2%	5.8%					5.2%
Dorchester General	(1)	0.0%	1.5%	1.6%	1.1%					1.3%
St. Agnes		0.0%	0.0%	0.1%	0.7%					0.1%
Sinai	(1)	0.0%	2.4%	3.3%	3.1%					2.7%
Bon Secours	(1)	0.0%	3.5%	5.1%	1.1%					3.8%
Franklin Square	(1)	8.7%	3.7%	4.4%	3.8%					4.6%
Washington Adventist		0.0%	4.2%	3.3%	2.5%					3.1%
Montgomery	(1)	4.6%	2.3%	2.1%	2.1%					2.4%
Peninsula	(1)	0.0%	2.0%	2.0%	2.1%					1.8%
Suburban		1.5%	2.9%	2.6%	3.6%					2.6%
Anne Arundel		0.0%	0.0%	0.1%	2.2%					0.3%
Union Memorial	(1)	0.0%	3.3%	5.2%	2.3%					3.9%
Western Maryland	(1)	0.0%	2.2%	2.1%	1.6%					1.9%
St. Mary's	(1)	0.4%	1.6%	1.5%	1.1%					1.4%
Bayview	(1)	0.0%	1.6%	2.5%	2.5%					2.0%
Union of Cecil	(1)	0.0%	1.4%	1.8%	0.9%					1.4%
Carroll County	(1)	2.7%	2.7%	2.6%	1.7%					2.5%
Harbor Hospital		0.0%	0.0%	0.0%	0.2%					0.0%
Civista		0.0%	0.0%	0.0%	0.3%					0.0%
Memorial at Easton		0.0%	0.0%	0.0%	0.6%					0.1%
Maryland General	(1)	0.0%	1.8%	4.6%	4.0%					3.4%
Calvert	(1)	3.8%	1.3%	1.4%	0.6%					1.6%
Northwest	(1)	0.0%	2.9%	2.8%	3.6%					2.6%
BWMC		0.0%	1.7%	2.8%	1.5%					2.1%
GBMC		0.0%	0.0%	0.0%	1.5%					0.2%
Howard County	(1)	0.0%	3.1%	2.4%	3.5%					2.4%
Upper Chesapeake		0.0%	0.0%	0.0%	1.3%					0.1%
Doctors		0.0%	0.0%	0.0%	0.5%					0.0%
Laurel	(1)	0.0%	2.1%	1.9%	1.0%					1.7%
Good Sam		0.0%	0.0%	0.1%	1.4%					0.2%
Shady Grove		0.0%	0.0%	0.1%	0.6%					0.1%
Fort Washington		0.0%	0.0%	0.0%	0.2%					0.0%
Southern Maryland	(1)	0.0%	2.6%	1.9%	1.5%					1.9%
Saint Joseph	(1)	0.0%	1.6%	2.2%	2.6%					1.8%
Adventist Rehab		0.0%	0.0%	0.0%	0.0%					0.0%
UMD Shock Trauma		0.0%	0.0%	0.0%	0.0%					0.0%
Garrett County		0.0%	0.0%	0.0%	0.1%					0.0%
Chester River		0.0%	0.0%	0.0%	0.1%					0.0%
Johns Hopkins Oncology		0.0%	0.0%	0.0%	0.0%					0.0%
McCready		0.0%	0.0%	0.0%	0.0%					0.0%
Atlantic General		0.0%	0.0%	0.0%	0.0%					0.0%
Adventist BH	(2)	7.5%	6.6%	5.0%	4.5%					5.6%
Brook Lane	(2)	4.2%	1.0%	1.0%	0.9%					1.3%
Adventist Dorchester	(2)	3.2%	0.0%	0.0%	0.0%					0.3%
		100.0%	100.0%	100.0%	100.0%					100.0%

Note (1): Acute care hospital with inpatient psychiatric program

Note (2): Hospital data based on Calendar Year 2014

Table 12

**FY2022 Market Share
Statewide (adjusted)**

		Ages 12 - 17		Ages 18 - 29		Ages 30 - 64		Ages 65+		Total
		Adolescent	Young Adult	Adult	Geriatric					
Sheppard Pratt - EC		15.5%	6.2%	8.3%	5.0%	8.2%				
Sheppard Pratt - Towson		36.6%	13.4%	7.4%	17.3%	12.9%				
Meritus	(1)	0.0%	2.4%	2.3%	2.1%	2.1%				
U of MD	(1)	2.3%	3.4%	3.4%	3.8%	3.3%				
PGHC	(1)	0.1%	3.7%	2.9%	2.0%	2.8%				
Holy Cross		0.2%	0.1%	0.1%	1.3%	0.2%				
Frederick Memorial	(1)	0.0%	2.9%	2.7%	1.4%	2.4%				
Harford Memorial	(1)	0.0%	3.7%	3.2%	1.9%	2.9%				
Mercy		0.0%	0.0%	0.1%	0.4%	0.1%				
Johns Hopkins	(1)	8.4%	3.8%	5.0%	5.5%	5.1%				
Dorchester General	(1)	0.0%	1.5%	1.5%	1.0%	1.3%				
St. Agnes		0.0%	0.0%	0.1%	0.7%	0.1%				
Sinai	(1)	0.0%	2.4%	3.2%	3.0%	2.6%				
Bon Secours	(1)	0.0%	3.5%	4.9%	1.0%	3.7%				
Franklin Square	(1)	8.7%	3.7%	4.2%	3.6%	4.5%				
Washington Adventist		0.0%	4.2%	3.2%	2.3%	3.0%				
Montgomery	(1)	4.6%	2.3%	2.1%	2.0%	2.4%				
Peninsula	(1)	0.0%	2.0%	2.0%	2.0%	1.8%				
Suburban		1.5%	2.9%	2.5%	3.4%	2.6%				
Anne Arundel		0.0%	0.0%	0.1%	2.1%	0.2%				
Union Memorial	(1)	0.0%	3.3%	5.0%	2.2%	3.8%				
Western Maryland	(1)	0.0%	2.2%	2.1%	1.5%	1.8%				
St. Mary's	(1)	0.4%	1.6%	1.5%	1.0%	1.4%				
Bayview	(1)	0.0%	1.6%	2.5%	2.4%	2.0%				
Union of Cecil	(1)	0.0%	1.4%	1.7%	0.9%	1.4%				
Carroll County	(1)	2.7%	2.7%	2.5%	1.6%	2.5%				
Harbor Hospital		0.0%	0.0%	0.0%	0.2%	0.0%				
Civista		0.0%	0.0%	0.0%	0.3%	0.0%				
Memorial at Easton		0.0%	0.0%	0.0%	0.6%	0.1%				
Maryland General	(1)	0.0%	1.8%	4.4%	3.7%	3.2%				
Calvert	(1)	3.8%	1.3%	1.4%	0.6%	1.5%				
Northwest	(1)	0.0%	2.9%	2.7%	3.4%	2.6%				
BWMC		0.0%	1.7%	2.7%	1.4%	2.0%				
GBMC		0.0%	0.0%	0.0%	1.4%	0.2%				
Howard County	(1)	0.0%	3.1%	2.4%	3.3%	2.4%				
Upper Chesapeake		0.0%	0.0%	0.0%	1.2%	0.1%				
Doctors		0.0%	0.0%	0.0%	0.4%	0.0%				
Laurel	(1)	0.0%	2.1%	1.9%	0.9%	1.7%				
Good Sam		0.0%	0.0%	0.1%	1.4%	0.2%				
Shady Grove		0.0%	0.0%	0.1%	0.6%	0.1%				
Fort Washington		0.0%	0.0%	0.0%	0.2%	0.0%				
Southern Maryland		0.0%	2.6%	1.9%	1.4%	1.8%				
Saint Joseph	(1)	0.0%	1.6%	2.1%	2.5%	1.8%				
Adventist Rehab		0.0%	0.0%	0.0%	0.0%	0.0%				
UMD Shock Trauma		0.0%	0.0%	0.0%	0.0%	0.0%				
Garrett County		0.0%	0.0%	0.0%	0.1%	0.0%				
Chester River		0.0%	0.0%	0.0%	0.1%	0.0%				
Johns Hopkins Oncology		0.0%	0.0%	0.0%	0.0%	0.0%				
McCready		0.0%	0.0%	0.0%	0.0%	0.0%				
Atlantic General		0.0%	0.0%	0.0%	0.0%	0.0%				
Adventist BH	(2)	7.5%	6.6%	4.8%	4.2%	5.5%				
Brook Lane	(2)	4.2%	1.0%	1.0%	0.8%	1.3%				
Adventist Dorchester	(2)	3.2%	0.0%	0.0%	0.0%	0.3%				
		100.0%	100.0%	100.0%	100.0%	100.0%				

Note (1): Acute care hospital with inpatient psychiatric program

Note (2): Hospital data based on Calendar Year 2014

The following table shows the projected impact of the changes in market share above on discharges by provider.

Table 13

**Sheppard Pratt Health System
Changes in Hospital Discharges
FY2014 - FY2022
Maryland Only**

	FY2014 Maryland Discharges	Population/ Use Rate Adjustment	FY2022 Maryland Discharges at Current Mkt Share ⁽¹⁾	Adjustments		FY2022 Maryland Discharges at Proj Mkt Share
				Impact of Elkridge Geriatric Service ⁽²⁾	Impact of Adult Referral Recoupment ⁽³⁾	
Sheppard Pratt - EC	2,676	63	2,739	200	723	3,663
Sheppard Pratt - Towson ⁽¹⁾	5,486	308	5,794	-	-	5,794
Johns Hopkins	2,247	102	2,349	(14)	(43)	2,291
Union Memorial	1,683	48	1,731	(6)	(43)	1,683
Bon Secours	1,663	36	1,699	(3)	(42)	1,654
Adventist BH	2,431	93	2,524	(11)	(42)	2,472
Maryland General	1,442	60	1,502	(10)	(38)	1,455
Franklin Square	1,988	78	2,066	(9)	(36)	2,021
U of MD	1,463	66	1,529	(10)	(29)	1,490
Harford Memorial	1,282	41	1,323	(5)	(27)	1,291
Washington Adventist	1,347	47	1,394	(6)	(27)	1,361
Sinai	1,161	49	1,210	(8)	(27)	1,175
PGHC	1,227	42	1,269	(5)	(25)	1,239
Frederick Memorial	1,061	32	1,093	(4)	(24)	1,066
Northwest	1,127	55	1,182	(9)	(24)	1,149
BWMC	902	28	930	(4)	(23)	904
Suburban	1,129	57	1,186	(9)	(21)	1,156
Carroll County	1,093	38	1,131	(4)	(21)	1,105
Bayview	877	39	916	(6)	(21)	888
Howard County	1,045	53	1,098	(9)	(20)	1,069
Meritus	922	37	959	(5)	(20)	934
Saint Joseph	788	39	827	(6)	(18)	802
Western Maryland	812	29	841	(4)	(18)	819
Montgomery	1,042	43	1,085	(5)	(18)	1,062
Peninsula	788	34	822	(5)	(17)	800
Southern Maryland	814	29	843	(4)	(16)	823
Laurel	739	22	761	(2)	(16)	743
Union of Cecil	610	19	629	(2)	(15)	612
Dorchester General	582	20	602	(3)	(13)	587
St. Mary's	609	21	630	(3)	(13)	615
Calvert	680	21	701	(2)	(12)	688
Brook Lane	571	22	593	(2)	(8)	583
Holy Cross	96	16	112	(3)	(1)	107
Shady Grove	44	7	51	(2)	(1)	49
Good Sam	65	16	81	(4)	(1)	77
St. Agnes	43	8	51	(2)	(1)	49
Mercy	29	4	33	(1)	(1)	32
Anne Arundel	91	24	115	(5)	(0)	109
Memorial at Easton	28	6	34	(1)	(0)	33
Upper Chesapeake	50	14	64	(3)	(0)	61
Civista	18	3	21	(1)	(0)	20
Harbor Hospital	13	2	15	(0)	(0)	14
GBMC	59	16	75	(4)	(0)	71
Chester River	7	1	8	(0)	(0)	8
Fort Washington	10	2	12	(1)	(0)	12
UMD Shock Trauma	3	0	3	-	(0)	3
Doctors	17	5	22	(1)	(0)	21
Garrett County	4	1	5	(0)	(0)	4
Johns Hopkins Oncology	3	0	3	(0)	(0)	3
Adventist Rehab	1	0	1	(0)	-	1
McCready	1	0	1	(0)	-	1
Atlantic General	1	0	1	(0)	-	1
Adventist Dorchester	142	6	148	-	-	148
Total	43,012	1,805	44,817	(0)	(0)	44,817

Notes:

- (1) Current market share reflects FY2014 market share levels applied to projected population and use rates for FY2022.
- (2) SPHS has elected to offer a new Geriatric service in the Elkridge facility to accommodate population shifts and demands for patients in that age cohort.
- (3) SPHS expects to accommodate a greater number of calls for adult inpatient psychiatric beds in Central Maryland.
- (4) SPHS-Towson was held constant, as SPHS has a centralized admissions process whereby they control the admission of referred patients. The increases in market share at SPHS-Elkridge are not expected to draw from utilization at SPHS-Towson.

As shown in Exhibit 14, all of the acute general hospitals in Anne Arundel County and Howard County support the proposed project and have expressed their views that there is need for the new hospital.

Table of Exhibits

Exhibit	Description
1.	MHCC Tables and Statement of Assumptions
2.	Lease agreement (November 7, 2007)
3.	Space program
4.	Typical inpatient unit plan
5.	Deeds
6.	Project drawings
7.	License for Sheppard Pratt at Ellicott City
8.	Representative daily schedules
9.	Treatment policies
10.	Sheppard Pratt Policy on Minors' Right to Consent to Treatment
11.	Sheppard Pratt 2015 Annual Safety and Performance Improvement Plan
12.	Sheppard Pratt written policy re involuntary admissions
13.	Discharge planning policies
14.	Letters of support
15.	Audited financial statements (FY2012-FY2014)

Table of Tables

Table	Description
1.	Sheppard and Enoch Pratt Hospital—Actual Uncompensated Care / Central MD (FY 2014)
2.	FY14 Statewide Psychiatric Market Share by Cohort
3.	Projected Maryland Population
4.	FY14 Statewide Psychiatric Use Rate—Historical Calculation (FY2010-FY2014)
5.	Maryland Use Rates (per 1,000 population)
6.	FY2022 Psychiatric Treatment Discharges Statewide
7.	Adolescent Discharges by Month (FY2013-FY2014)
8.	Projected Discharges (FY2022)
9.	Actual and Projected Average Length of Stay & Patient Days
10.	Bed Need Calculation
11.	FY2022 Market Share Statewide (Unadjusted)
12.	FY2022 Market Share Statewide (Adjusted)
13.	Sheppard Pratt Projected Changes in Hospital Discharges FY2014-FY2022 (Maryland only)

AFFIRMATIONS

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.

April 8, 2015
Date

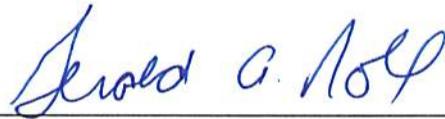
Bonnie Katz

Bonnie Katz
Vice President, Business Development
and Support Operations
Sheppard Pratt Health System, Inc.

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.

4/9/2015

Date



Gerald A. Noll
Vice President and Chief Financial
Officer
Sheppard Pratt Health System, Inc.

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.

APRIL 8, 2015

Date

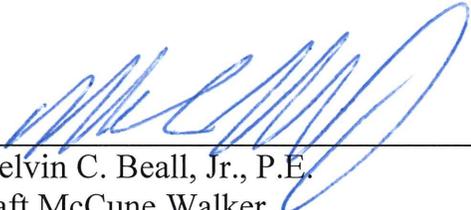


Thomas D. Hess
Special Assistant to the President
Sheppard Pratt Health System, Inc.

I hereby declare and affirm under the penalties of perjury that the facts stated in TABLE D., Onsite and Offsite Costs Included and Excluded in Marshall Valuation Costs, for the Sheppard Pratt Health System Certificate of Need application for a proposed hospital located in Howard County, Maryland are true and correct to the best of my knowledge, information, and belief.

4/8/15

Date



Melvin C. Beall, Jr., P.E.
Daft McCune Walker
Director of Government Services

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.

4/08/2015

Date



Scott R. Thomas
Senior Vice President
CannonDesign