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March 3, 2017

VIA EMAIL & HAND DELIVERED

Ms. Ruby Potter
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: BAYADA Home Health Care, Inc.
Application to Establish General Hospice in Baltimore City
Docket No. 16-24-2387

Dear Ms. Potter:

Enclosed please find six (6) physical copies of BAYADA Home Health Care, Inc.'s response to the Commission's February 3, 2017 completeness questions regarding the above-referenced application. You should also receive today, via email, a PDF and word copy of the response, as well as a PDF copy of the exhibits to the response.

Please return a date-stamped copy of this letter to the waiting messenger.

Respectfully Submitted,

Jonathan Montgomery

cc: Mr. Kevin McDonald, Chief, Certificate of Need (via email)
Dr. Leana S. Wen, Baltimore City Department of Health
BAYADA Home Health Care, Inc. (internal distribution)

BAYADA HOME HEALTH CARE, INC.

CERTIFICATE OF NEED

Matter No. 16-24-2387

RESPONSE TO COMPLETENESS QUESTIONS

BALTIMORE CITY

March 3, 2017

Our Service Promise to You

The BAYADA Way®

We believe our clients deserve home health care services delivered with compassion, excellence, and reliability.

BAYADA® Hospice

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BAYADA HOME HEALTH CARE, INC.
HOSPICE PROGRAM CERTIFICATE OF NEED APPLICATION
COMPLETENESS RESPONSE

MARCH 3, 2017

EXHIBITS

Revised Exhibit 1	Tables
Revised Exhibit 22	Revised Impact Projection
Revised Exhibit 26	Completed QAPI Table/ 2017 BAYADA QAPI Plan
Exhibit 49	BAYADA's RSA License
Exhibit 50	Description of Adult Nursing and Assistive Care Services
Exhibit 51	Sampling of Brochures, Flyers, etc.
Exhibit 52	BAYADA's Client and Caregiver Teaching and Education Policy
Exhibit 53	Location of Charity Care Policy on the website
Exhibit 54	BAYADA's Charity Care Policy
Exhibit 55	Excerpt from brochure regarding BAYADA's Charity Care Policy
Exhibit 56	BAYADA Hospice CAHPS Scores
Exhibit 57	Screenshot of Self-Directed Learning
Exhibit 58	Hospice Admission Booklet Exam
Exhibit 59	BAYADA's Admission Criteria and Procedure Policy for Hospice Services

Exhibit 60	Client Agreement Form for Hospice Services
Exhibit 61	BAYADA's Admission Booklet
Exhibit 62	BAYADA's Personnel Compliance Handbook
Exhibit 63	Hospice PEPPER "Compare Targets Report"
Exhibit 64	BAYADA's 2014 and 2015 Consolidated Financial Statements

PROJECT IDENTIFICATION AND GENERAL INFORMATION

QUESTION 1:

Will there be a local office located in Baltimore City, and if so, please provide the address?

APPLICANT RESPONSE

Yes, there will be a local Baltimore City office. BAYADA has identified occupancy expenses including lease, office equipment and supplies in its budget for that office (please refer to Table 1 contained within the enclosed Revised Exhibit 1).

An exact address for this local office has not yet been obtained. Should the commission approve BAYADA's CON application, a space will be leased. BAYADA currently has an assistive care program located at 7175 Security Boulevard, Baltimore, MD and a home health care program located at 8600 LaSalle Road, Towson, MD , both of which service Baltimore City.

PROJECT IDENTIFICATION AND GENERAL INFORMATION

QUESTION 2:

Regarding Chart 2 on p. 12, please explain the level of care provided by "adult nursing assistive care."

APPLICANT RESPONSE

BAYADA operates as a residential service agency licensed by the Office of Health Care Quality[1] to provide adult nursing and assistive care services in Maryland. These services include the following:

- Adult Nursing services are nursing care services provided by an RN and/or LPN at home for adults and seniors dealing with chronic illness, injury, or disability. Aide care supervised by an RN is also included in these services.

- Assistive Care services are personal care and companionship services for adults and seniors that deal primarily with activities of daily living, including self-care and household support services. Aide care supervised by an RN is also included in these services.

A more full description of these services is enclosed as Exhibit 50.

[1] A copy of Bayada's RSA license is attached hereto as Exhibit 49.

PROJECT IDENTIFICATION AND GENERAL INFORMATION

QUESTION 3:

Please site the source for the information reported in each of the following exhibits: 7; 8; 22; 44; and 47.

APPLICANT RESPONSE

Exhibit 7 – The Johns Hopkins Hospital & Johns Hopkins Bayview Medical Center "Community Health Needs Assessment & Implementation Strategy", June 2016.

Exhibit 8 – "Maryland State Hospice Profile", 2000-2014, Produced by Health Planning & Development, LLC & Summit Business Group, LLC.

Exhibit 22 – Please see our answer to Question 6 of these Completeness Questions.

Exhibit 44 – This data relating to BAYADA Hospice's internal operations in other states is generated and maintained by BAYADA itself.

Exhibit 47 – The Maryland Department of Health and Mental Hygiene, "Overview of Maryland Medicaid Data", April 1, 2015.

PROJECT BUDGET

QUESTION 4:

Table 1 (Project Budget) does not show sources of funds. Please send a corrected Table 1.

APPLICANT RESPONSE

Below please find a revised Table 1 showing sources of funds. This revised Table 1 is also attached as Revised Exhibit 1, which, for convenience, contains all of the tables submitted in the original Exhibit 1, even though this Table 1 is the only table that has been revised, to respond to this completeness question.

TABLE 1: PROJECT BUDGET
INSTRUCTIONS: All estimates for 1.a.-d., 2.a.-j., and 3 are for current costs as of the date of application submission and should include the costs for all intended construction and renovations to be undertaken. (DO NOT CHANGE THIS FORM OR ITS LINE ITEMS. IF ADDITIONAL DETAIL OR CLARIFICATION IS NEEDED, ATTACH ADDITIONAL SHEET.)

A. Use of Funds

1. Capital Costs (if applicable):

a.	New Construction	$_____	
(1)	Building	_____	
(2)	Fixed Equipment (not included in construction)	_____	
(3)	Land Purchase	_____	
(4)	Site Preparation	_____	
(5)	Architect/Engineering Fees	_____	
(6)	Permits, (Building, Utilities, Etc)	_____	
SUBTOTAL			$_____
b.	Renovations		
(1)	Building	$_____	
(2)	Fixed Equipment (not included in construction)	$27,500.00[2]	
(3)	Architect/Engineering Fees	_____	
(4)	Permits, (Building, Utilities, Etc.)	_____	
SUBTOTAL			$_____
c.	Other Capital Costs		
(1)	Major Movable Equipment	_____	
(2)	Minor Movable Equipment	$27,500.00[3]	

[2] 5 desks at $1,500, 5 laptops at $1,500, 1 copier at $8 ,000, $2,500 reserve, $2,000 for phone installation.

(3)	Contingencies		_____	
(4)	Other (Specify)		_____	
TOTAL CURRENT CAPITAL COSTS (a - c)				$_____
d.	Non Current Capital Cost			
(1)	Interest (Gross)		$_____	
(2)	Inflation (state all assumptions, Including time period and rate)		$_____	
TOTAL PROPOSED CAPITAL COSTS (a - d)				$27,500.00

2. Financing Cost and Other Cash Requirements:

a.	Loan Placement Fees	$_____	
b.	Bond Discount	_____	
c.	Legal Fees (CON Related)	$103,500.00	
d.	Legal Fees (Other)	_____	
e.	Printing	_____	
f.	Consultant Fees		
	CON Application Assistance	_____	
	Other (Specify)	_____	
g.	Liquidation of Existing Debt	_____	
h.	Debt Service Reserve Fund	_____	
i.	Principal Amortization Reserve Fund	_____	
j.	Other (Specify)	_____	
TOTAL (a - j)		$103,500.00	
3.	Working Capital Startup Costs	$_____	
TOTAL USES OF FUNDS (1 - 3)			$131,000.00

B. Sources of Funds for Project:

1.	Cash	$131,000.00	
2.	Pledges: Gross _____, less allowance for uncollectables _____ = Net	_____	
3.	Gifts, bequests	_____	
4.	Interest income (gross)	_____	
5.	Authorized Bonds	_____	
6.	Mortgage	_____	
7.	Working capital loans	_____	
8.	Grants or Appropriation		
	(a) Federal	_____	
	(b) State	_____	
	(c) Local	_____	
9.	Other (Specify)	_____	

[3] 5 desks at $1,500, 5 laptops at $1,500, 1 copier at $8 ,000, $2,500 reserve, $2,000 for phone installation.

TOTAL SOURCES OF FUNDS (1-9) $131,000.00

Lease Costs:			
a. Land	$_____	x _____	= $_____
b. Building	$16.00/sq. foot	x 1200	= $9,600 (1Q18+2Q18)
c. Major Movable Equipment	$_____	x _____	= $_____
d. Minor Movable Equipment	$4583.33	x 6	= $27,500
e. Other (Specify)	$_____	x _____	= $_____

CONSISTENCY WITH GENERAL REVIEW CRITERIA (COMAR 10.24.01.08G(3))

a) The State Health Plan

COMAR 10.24.13.05 - Standards

MINIMUM SERVICES

QUESTION 5:

Please respond to the following:

a. Provide the names of the potential providers for short term inpatient care and respite care. Please document the nature of these contacts.

b. Provide the names of the potential providers who will provide laboratory, radiology, and chemotherapy services.

c. Provide the names of the potential providers who will provide special therapies such as physical therapy, occupational therapy, speech therapy, and dietary services.

APPLICANT RESPONSE

a. Provide the names of the potential providers for short term inpatient care and respite care. Please document the nature of these contacts.

BAYADA has an existing preferred provider relationship with Genesis Healthcare in markets in which we dually operate. The Genesis regional office (located at 515 Fairmount Avenue, Towson, MD 21286) has been notified of our intent, following approval of BAYADA's certificate of need application, to execute agreements with Genesis providing for inpatient and respite care at the following locations:

Caton Manor, 3330 Wilkens Avenue, Baltimore, MD 21229
Homewood Center, 6000 Bellona Avenue, Baltimore, MD 21212
Perring Parkway Center, 1801 Wentworth Road, Baltimore, MD 21234

b. Provide the names of the potential providers who will provide laboratory, radiology, and chemotherapy services.

Laboratory Services will be contracted with:
Laboratory Corporation of America
13900 Park Center Road
Herndon, VA 20171

Radiology Services will be contracted with:
Symphony Diagnostic Services No. 1
D/b/a/ MobilexUSA
101 Rock Road

Horsham, PA 19044

Chemotherapy Services:

BAYADA's practice is to contract with each patient's existing oncologist for the provision of palliative chemotherapy. This practice assures continuity of care for the patient.

c. Provide the names of the potential providers who will provide special therapies such as physical therapy, occupational therapy, speech therapy, and dietary services.

BAYADA Hospice will contract with BAYADA Home Health Care for the provision of PT/OT/ST services. The office which services Baltimore City is located at 8600 LaSalle Road, Suite 335, Towson, MD 21286

Although BAYADA initially indicated that dietary services would be contracted from a third party, BAYADA will in fact use employed personnel to provide such services.

IMPACT

QUESTION 6:

Regarding the market share and projected deaths in Table 22, please provide the assumptions used in developing the projections for no change in utilization vs. change in utilization.

APPLICANT RESPONSE

No Change in Utilization

- **Deaths**: Exhibit 22 assumed that hospice deaths in Baltimore City in this scenario would equal the target year capacity (i.e., hospice deaths) identified in the Commission's May 27, 2016 Maryland hospice need projections for 2019 (i.e. 1522 hospice deaths). The Commission's projection was enclosed as Exhibit 21.

- **Market Share – BAYADA**: For 2019, we assumed that we would gain patients at a rate reflecting BAYADA's previous hospice experience in similar markets. We expect to admit 3.21 patients per week. With an ALOS of 90 days and death rate of 82% (assumptions also in line with historical experience), this rate of admissions translates to 128 total hospice deaths for BAYADA in 2019. In this scenario, those 128 hospice deaths would constitute an approximately 8% market share in 2019.

- **Market Share – Incumbents**: Exhibit 22 assumed that existing hospice providers in Baltimore City would yield market share to BAYADA equally. For example, BAYADA assumed that nearly half (~ 4%) of its market share would come from Gilchrist Hospice, which has nearly half (~ 42%) of existing market share.

Please note: the "no change in utilization scenario" is a worst case scenario in which we asked ourselves "what would happen if the projected hospice utilization rate of .261 deaths per 1000 remained steady despite the increased efforts by BAYADA to increase utilization?" In this scenario, we illustrate that BAYADA, based on its market entry strategy and planning, could serve 128 hospice patients with minimal impact on incumbent providers. However, this is a conservative approach as we firmly believe that as a result of our targeted outreach and education efforts, we can increase appropriate hospice utilization in Baltimore City, which is an underserved jurisdiction in Maryland.

Change in Utilization

- **Deaths**: Exhibit 22 assumed that total deaths in Baltimore City in this scenario would equal approximately 5827, which is implied by the Commission's 2019 hospice need projections.[4] BAYADA then assumed that it could quicken the growth of hospice utilization in Baltimore City through community engagement, education and outreach efforts, from the 26.1% implied for 2019 by current growth rates in hospice deaths, to about 28.3%.[5] This increase is equal to the number of hospice deaths that BAYADA projects to absorb in both scenarios for 2019 (i.e., 128). 5827 total deaths with a 28.3% use rate implies about 1650 hospice deaths, or, 128 deaths more than target year capacity for 2019 under the Commission's projections.

- **Market Share – BAYADA**: In this scenario, we assumed that we would gain patients for 2019 at a rate reflecting BAYADA's previous hospice experience in similar markets, just as in the "no change" scenario. However, because hospice utilization overall would increase over the "no change" scenario, BAYADA's market share would be about 7.75% with the same case load (128/1650).

- **Market Share – Incumbent Providers**: In this scenario, we again assumed that existing hospice providers in Baltimore City would yield market share to BAYADA equally. However, the loss in percentage market share would not cause the same decline in actual caseloads at incumbent providers, because the overall market size increases in the scenario with utilization growth.

  Exhibit 22 contained a calculation error with respect to the "change in utilization" scenario; a Revised Exhibit 22 is enclosed.

[4] That is, the Commission projected 2756 hospice deaths in 2019 at a use rate of 47.3%, which implies total deaths of 5827 (= 2756 / 0.473) for that year.

[5] This modest increase to utilization growth is reasonable and reflects BAYADA's experience in other underserved regions, as discussed in BAYADA's application.

INFORMATION TO PROVIDERS AND THE GENERAL PUBLIC

QUESTION 7:

Please provide any linkages to your website, or copies of brochures, written materials, or presentations that provides general information on the current hospice program that Bayada Hospice provides.

APPLICANT RESPONSE

BAYADA Hospice's website is located here: https://www.bayada.com/hospice/ where ample information about our services and our team can be found. We have also enclosed a sampling of our marketing collateral (brochures, flyers, presentations and the like) for review as Exhibit 51.

INFORMATION TO PROVIDERS AND THE GENERAL PUBLIC

QUESTION 8:

Please discuss the applicant's progress and identify which providers have been notified of Bayada Hospice's impending program.

APPLICANT RESPONSE

BAYADA Home Health Care is currently servicing the Baltimore City market and has established strong relationships with physicians and health care facilities in the area. Some of the top referrals sources to BAYADA are:

- Brinton Woods
- Future Care Sandtown-Winchester
- Keswick Multi-Care Center
- Good Samaritan Hospital of Maryland
- Johns Hopkins Bayview Medical Center
- Johns Hopkins Hospital – Baltimore
- Mercy Medical Center
- Sinai Hospital – Baltimore
- St. Agnes Hospital – Baltimore
- Union Memorial Hospital
- University of Maryland Medical Center

To date, BAYADA Hospice has not notified any providers of its interest in entering the Baltimore City market. These referral sources will be the first point of contact regarding the continuum of care offerings upon receipt of necessary approvals.

CAREGIVERS

QUESTION 9:

This standard was not addressed, please address.

APPLICANT RESPONSE

BAYADA Home Health Care provides extensive caregiver education and support. BAYADA's educational process is interdisciplinary in nature, and designed to cater to the individual caregiver's needs and the individual patient's needs.

Initial Assessment

BAYADA conducts an initial assessment of the patient and the caregiver. This initial assessment collects and analyzes the caregiver's learning needs, preferences, abilities and readiness, including, but not limited to: (1) cultural or religious practices; (2) emotional barriers; (3) desire and motivation to learn; (4) physical and cognitive limitations; and (5) language barriers.

Instruction

Once a caregiver's educational needs are identified, a licensed clinician provides the caregiver with the appropriate instruction. When providing caregiver education, the licensed clinician has an abundance of resources available to him or her, including, but not limited to: (1) clinical policies and procedures; (2) the BAYADA education manual, which can be accessed online and includes information related to common diagnoses; (3) resources in BAYADA's Nursing Office Library (for example, Pritchett & Hull's "The Teaching Book"); (4) inter-office networking, which allows for consultation with clinicians throughout the company; (5)advisory board members and consultants; and (5) telehealth.

A licensed clinician may instruct the patient and/or caregiver on topics including, but not limited to: (1) the safe and effective use of medical and/or telemonitoring equipment and/or supplies; (2) potential drug-food interactions, nutrition intervention, and/or modified diets; (3) rehabilitations techniques to facilitate adaptation to and/or functional independence in the environment; (4) basic home safety; (5) the storage, handling, and access to medication, supplies and medical gases as appropriate to services provided; (6) the identification, handling, and disposal of hazardous materials and wastes in a safe and sanitary manner; (7) standard precautions to be taken to prevent and/or control infection; (8) pain management and/or symptom management needs; and (9) signs and symptoms of approaching death, disease process and palliation of symptoms.

Ongoing Support

BAYADA's caregiver education also provides for ongoing support, whereby caregivers' knowledge, learning needs, capabilities and readiness are monitored and reassessed periodically to ensure BAYADA's caregivers are provided with ample support.

For more information, please see Exhibit 52.

CHARITY CARE AND SLIDING FEE SCALE

QUESTION 10:

Please respond to the following:

a. Discuss how Bayada will disseminate, on an annual basis, the public notice and information regarding the hospice's charity care policy.

b. Discuss whether Bayada will address any financial concerns of patients and patient families, and provide individual notice regarding the hospice's charity care policy to the patient and family.

c. Show where on the Bayada website is the location for the charity care policy.

d. Provide a copy of Bayada's sliding fee schedule and the time payment plan policy.

e. The application states on p. 32 that between 2011 and 2016, Bayada Hospice provided $167,443 in charity care services across its multi-state service area. What percentage of the (a) operating budget(s) and (b) revenues does this $167,443 in charity care services represent over this six year period?

f. Since its inception, how many grants and what dollar value have been disbursed to patient and families by the Bayada Foundation?

g. Discuss whether Bayada has a specific plan for achieving the level of charity care in Baltimore City.

APPLICANT RESPONSE

a. Discuss how Bayada will disseminate, on an annual basis, the public notice and information regarding the hospice's charity care policy.

Per our policy, Public notice is disseminated annually regarding BAYADA Hospice's charity care, and notice of the charity care policy is posted in the BAYADA Hospice office and on the website (see section c below).

b. Discuss whether Bayada will address any financial concerns of patients and patient families, and provide individual notice regarding the hospice's charity care policy to the patient and family.

As part of its admission process and procedures, BAYADA discusses the financial liability portion of care. If any financial concerns are expressed at that time or at any point thereafter, BAYADA will work with the family through its Financial Hardship Policy and Charity Care Policy to help the patient/patient's family cover the cost of care.

Individual notice regarding the hospice's charity care policy will be made available as part of the new admission packet. Additionally, individual notices regarding this policy will be made via our website (See an example attached as Exhibit 53). By clicking through our website, the user will obtain an overview of BAYADA Hospice's Charity Care Policy. (BAYADA Hospice's Charity Care Policy is attached as Exhibit 54).

c. Show where on the Bayada website is the location for the charity care policy.

Please see Exhibit 53.

d. Provide a copy of Bayada's sliding fee schedule and the time payment plan policy.

As stated in the enclosed policy referenced in BAYADA's response to Question 8, BAYADA will use federal poverty guidelines to determine eligibility for charity care, including its sliding fee scale. This will be reviewed and updated annually as the new guidelines are published. BAYADA will adhere to the following:

Scale:
- 100-125 percent of poverty: 100% reduction of per diem fees
- 125-150 percent of poverty: 75% reduction of per diem fees
- 150-175 percent of poverty: 50% reduction of per diem fees

2016 HHS Poverty Guidelines
For all states (except Alaska and Hawaii) and for the District of Columbia

Size of family unit	100 Percent of Poverty	110 Percent of Poverty	125 Percent of Poverty	150 Percent of Poverty	175 Percent of Poverty	185 Percent of Poverty	200 Percent of Poverty
1	$11,880	$13,068	$14,850	$17,820	$20,790	$21,978	$23,760
2	$16,020	$17,622	$20,025	$24,030	$28,035	$29,637	$32,040
3	$20,160	$22,176	$25,200	$30,240	$35,280	$37,296	$40,320
4	$24,300	$26,730	$30,375	$36,450	$42,525	$44,955	$48,600
5	$28,440	$31,284	$35,550	$42,660	*$49770*	$52,614	$56,880
6	$32,580	$35,838	$40,725	$48,870	$57,015	$60,273	$65,160
7	$36,730	$40,403	$45,913	$55,095	$64,278	$67,951	$73,460
8	$40,890	$44,979	$51,113	$61,335	$71,558	$75,647	$81,780

For family units with more than 8 members, add $6,240 for each additional person at 100% of poverty; $6.864 at 110%; $7,800 at 125%; $9,360 at 150%; $10,920 at 175%; $11,544 at 185% and $18,720 at 200% of poverty.

e. The application states on p. 32 that between 2011 and 2016, Bayada Hospice provided $167,443 in charity care services across its multi-state service area. What percentage of the (a) operating

budget(s) and (b) revenues does this $167,443 in charity care services represent over this six year period?

Please see the below chart.

In addition to the charity care identified in BAYADA's application ($167,443), BAYADA has also provided pre-Medicare certification care to patients, including $114,639 of care never billed or collected from patients. The below chart therefore shows that since 2011, BAYADA has provided $282,081.90 in total charity care, representing .42% of gross revenue (2011-2016).

	Revenue (Gross)	Charity Care ($)	% of Gross Revenue	Pre Medicare Cert	Total	% of Gross Revenue
2011	$2,750,188.54	$77,743.12	2.83%		$77,743.12	2.83%
2012	$7,069,095.73	$30,150.00	0.43%		$30,150.00	0.43%
2013	$9,223,751.50	$3,000.00	0.03%		$3,000.00	0.03%
2014	$11,959,924.61	$28,650.00	0.24%	$5,000.99	$33,650.99	0.28%
2015	$16,190,917.67	$24,300.00	0.15%	$109,637.79	$133,937.79	0.83%
2016*	$20,359,424.27	$3,600.00	0.02%		$3,600.00	0.02%
Grand Total	$67,553,302.32	$167,443.12	0.25%	$114,638.78	$282,081.90	0.42%

* 2016 totals are only 1Q and 2Q16 totals

f. Since its inception, how many grants and what dollar value have been disbursed to patient and families by the Bayada Foundation?

The BAYADA Hospice Fund has dispersed 45 grants totaling $20,237.90. BAYADA's client and employee emergency fund, has additionally dispersed $103,511.64 in assistance to help those in need.

g. Discuss whether Bayada has a specific plan for achieving the level of charity care in Baltimore City.

Based on the socio-economic profile of Baltimore City, BAYADA Hospice believes that it will be able to achieve projected charity levels organically. By virtue of serving a demographic that is predominantly low-income and uninsured, and in line with our philosophy of not turning anyone away due to an inability to pay, BAYADA Hospice is confident that it will be able to achieve the level of charity care that has been projected for Baltimore City (1% of revenue)

Attached as Exhibit 55 is an excerpt from our brochure which indicates that we will not turn someone away due to an inability to pay.

Lastly, as stated in our Charity Care Policy, “The provision of charity care is tracked in order to demonstrate commitment to achieving a planned annual level of charity care.”

QUALITY

QUESTION 11:

This standard requires Bayada to document compliance with federal and applicable state standards in all states in which it, or its subsidiaries or related entities, is licensed to provide hospice services. Please report on your participation in the Hospice Experience of Care Survey and/or CAHPS Hsopice Survey Quality Measures, including scores received and any peer comparisons.

APPLICANT RESPONSE

BAYADA Hospice collected data from https://data.medicare.gov/Hospice-Data-Directory/National-CAHPS-Hospice-Survey-data/sj42-4yv4 wherein CMS sets forth the national averages of the quality of care measure scores of Medicare-certified hospices. National average data are available for the Consumer Assessment of Healthcare Providers and Systems (CAHPS®) Hospice Survey.

The CAHPS® Hospice Survey information contains the national average "top-box" scores of Medicare-certified hospices on the eight NQF-endorsed CAHPS® Hospice Survey measures. Top-box scores reflect the proportion of respondents who gave the most favorable response or responses for each measure. Scores are calculated from CAHPS® Hospice Survey responses that reflect care experiences of informal caregivers (i.e., family members or friends) of patients who died while receiving hospice care in Quarter 2 of 2015 through Quarter 1 of 2016 (April 2015 through March 2016).

A copy of BAYADA's scores on these metrics for its existing hospice programs, as compared to the national average, is enclosed as Exhibit 56.

QUALITY

QUESTION 12:

Please document that BAYADA's QAPI is consistent with the requirements of COMAR 10.07.21.09 by responding to the attached table to document how the applicant's QAPI plan meets each of the QAPI elements measured by OHCQ.

APPLICANT RESPONSE

Enclosed as Revised Exhibit 26, please find BAYADA's QAPI Plan, and the completed table documenting how BAYADA's QAPI plan meets each of the QAPI elements measured by OHCQ.

PATIENT RIGHTS

QUESTION 13:

Please discuss how Bayada will "ensure that all employees and volunteers respect the rights of a patient."

APPLICANT RESPONSE

BAYADA will ensure that all personnel and volunteers respect the rights of patients by employing the following tactics:

- Upon hire, personnel and volunteers must complete a mandatory online course about the admission criteria and procedure policy. This is self-directed learning that consists of reading the policy documents and completing an assessment (see Exhibit 57 for a screenshot of the self-directed learning and Exhibit 58 for assessment). Personnel and volunteers must also complete ongoing in-service trainings.

- As part of our admission process, which is governed by policy 0-4567 ADMISSION CRITERIA AND PROCEDURE – HOSPICE SERVICES (see Exhibit 59), the employee must review the "Client Agreement Form" for Hospice Services (see Exhibit 60), which addresses Client Rights and Responsibilities amongst other things:

  III. CLIENT RIGHTS AND RESPONSIBILITIES: I acknowledge that prior to signing this document, I have received and reviewed a copy of my rights and responsibilities (Section 2 of this Admission Booklet) and a representative of BAYADA has explained them to me. I have had an opportunity to ask any additional questions, and my questions have been answered to my satisfaction.

- The Hospice admission booklet contains a section on this that is reviewed by the employee with the client upon admission (see pages 9 and 13 of Exhibit 61)

- The Personnel Compliance Handbook establishes BAYADA's expectation that all personnel/volunteers of BAYADA Hospice respect clients' rights (See Exhibit 62).

- Violations of the Personnel Compliance Handbook or Client Agreement Form may result in disciplinary action and/or dismissal for personnel and volunteers.

AVAILABILITY OF MOST COST EFFECTIVE ALTERNATIVES

QUESTION 14:

Please answer the following:

a. In comparison to current and proposed Hospice programs in Baltimore City, explain how Bayada's Hospice program will be the most cost effective alternative to meet the projected future need?

b. Bayada stated that its "…hospice's size and experience would bring efficiencies to its proposed hospice program in Baltimore City." Please elaborate.

c. How does Bayada's Hospice programs in other states rank against other area Hospice's?

APPLICANT RESPONSE

a. In comparison to current and proposed Hospice programs in Baltimore City, explain how Bayada's Hospice program will be the most cost effective alternative to meet the projected future need.

BAYADA Hospice believes that it can improve access to high value care for hospice eligible beneficiaries at a lower cost than other providers for several reasons.

- Scale Economies: we are able to leverage the size and breadth of BAYADA Home Health Care for several shared services (see below) and as negotiating leverage with vendor partners for better contractual rates and terms.
- Care Plan Appropriateness: as a result of the strong analytical capabilities of the hospice services support team, we are able to run and analyze data to inform optimal care planning practices. This helps our operators more effectively deploy resources and manage their cost drivers.

  Example: This is a snapshot of how our per patient day DME costs fared for each month in 2016 relative to the state averages for our DME benefit provider. As you can see, on average, we came in lower for both NJ and PA. This is directly attributable to the back office analytics and front office management of costs.

Trend Metrics Report - 2016 State Comparison	CPPD												
Row Labels	HL State Avg.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2016 Average
New Jersey	$5.57	$6.77	$6.01	$6.05	$5.56	$5.14	$4.73	$4.91	$5.25	$5.31	$5.10	$5.35	$5.32	$5.46
Pennsylvania	$4.84	$5.65	$1.68	$3.50	$3.78	$4.25	$4.47	$4.66	$4.99	$5.61	$5.21	$5.74	$5.99	$4.63
Grand Total	$5.15	$6.56	$3.37	$4.54	$4.61	$4.72	$4.61	$4.80	$5.14	$5.45	$5.15	$5.53	$5.61	$5.01

- Availability of Hospice Services: Offices can be accessed 24 hours per day, 7 days per week, 365 days per year. Offices are open during business hours: 8:30am-5pm Monday- Friday and a dedicated on-call RN Triage Manager with a regional runner-team is available after business hours. This availability of staff helps ensure that patients, families and primary caregivers can access the support they need instead of calling 911 or heading to the Emergency room.

b. Bayada stated that its, "....hospice's size and experience would bring efficiencies to its proposed hospice program in Baltimore City". Please elaborate.

BAYADA has a 40-year history of successfully starting and growing new home-based care delivery models. BAYADA Hospice is fortunate to draw upon the significant national resources of BAYADA Home Health Care as well as the shared infrastructure in has to support the ten other offices within the hospice practice at BAYADA. Some of the efficiencies that we believe we can capitalize on for our proposed hospice program in Baltimore City include:

- Suite of Corporate Support Services: With BAYADA Hospice being part of a national company, there is a comprehensive suite of support services including centralized EHR management, communications, revenue cycle management, recruiting, communications, legal, compliance, web-design / search engine optimization and marketing to name a few. Any new program within BAYADA, hospice or other, is incorporated into this shared services infrastructure. These resources enable us to quickly and easily plan, react and/or adapt to the ever-evolving hospice industry.

- Dedicated Hospice Support Office (HOS): The HOS office helps to ensure clinical and non-clinical excellence through data collection, evaluation, auditing and on-going monitoring as well as implementing best clinical and business practices. In terms of efficiencies, it manages several vendor relationships with DME, pharmacy and supply providers across the country, using its size, footprint and historical growth/future growth to negotiate the best rates for its offices.

- Comprehensive Electronic Medical Record: We utilize a best in class electronic health record software (homecare homebase) which enables us to deliver services more efficiently and with higher quality. All of our field clinicians are equipped with tablets to access the electronic assessments at point-of-care. The back office team uses the application to manage intake, care planning, interdisciplinary team meetings, payroll, etc. The EHR is managed on the back-end by a dedicated IT team and a 24/7 customer support center. We also have dedicated programmers that can update our forms and assessments as needed to comply with regulatory requirements.

c. How does Bayada's Hospice programs in other states rank against other area Hospice's?

In order to address this question, BAYADA Hospice is using data obtained from the Program for Evaluating Payment Patterns Electronic Report (PEPPER report) for our PA market, which most closely resembles the MD Market.[6] The data below is from the Compare Target Reports for the four quarters

[6] The Hospice PEPPER "Compare Targets Report" is attached hereto as Exhibit 63.

ending 4Q15[7] Below is how we fared in areas that directly pertain to quality of care relative to other hospice's in our jurisdiction (target: <80th percentile).

Live Discharges (no longer terminally ill or revocation): Hospices that discharge alive a high proportion of beneficiaries from the hospice benefit may be admitting beneficiaries who do not meet the hospice eligibility criteria. This may also be an indication of quality of care concerns or that financial concerns are driving hospice services. All three target areas addressing live discharges focus on these issues. Patterns of discharge, hospital admission, and hospice readmission do not provide a comprehensive, coordinated care experience for terminally ill patients. Thus, there is a target area focused on live discharges for beneficiary revocations.

Live discharges (no longer terminally ill) and revocations are both significantly below the 80th percentile for our PA provider.

Target	Description	Target Count	Percent	Hospice National %ile	Hospice Jurisdict. %ile	Hospice State %ile
Live Discharges Not Terminally Ill	Proportion of beneficiary episodes discharged alive, excluding patient discharge status code 50 or 51 (discharged/transferred to a hospice), excluding occurrence code 42 (beneficiary revokes), excluding condition code H2 (beneficiary discharged for cause) or 52 (beneficiary moves out of service area), to all discharges	**22**	**8.3%**	**45.2**	**39.8**	**47.2**

[7] The Compare Targets Report displays statistics for target areas that have reportable data (11+ target count) in the most recent time period. Percentiles indicate how a hospice's target area percent compares to the target area percent's for all hospices in the respective comparison group. For example, if a hospice's national percentile (see below) is 80.0, 80% of the hospices in the nation have a lower percent value than that hospice. The hospice's state percentile (if displayed) and the Medicare Administrative Contractor (MAC) jurisdiction percentile values should be interpreted in the same manner. Percentiles at or above the 80th percentile for any target area indicate that the hospice may be at a higher risk for improper Medicare payments. The greater the percentile value, in particular the national and/or jurisdiction percentile, the greater consideration should be given to that target area.

Target	Description	Target Count	Percent	Hospice National %ile	Hospice Jurisdict. %ile	Hospice State %ile
Live Discharges Revocations	Proportion of beneficiary episodes discharged alive with occurrence code 42 (beneficiary revokes), to all discharges	**16**	**6.0%**	**48.9**	**58.0**	**66.7**

Live Discharges (LOS 61-179 days): Beginning October 1, 2015 (for fiscal year 2016), CMS is implementing a higher routine home care (RHC) payment rate for the first 60 days of care, after which the RHC payment rate decreases. This change in payment rates may be an incentive for hospices to discharge patients after the first 60 days (once the lower payment rate takes effect). Therefore, there is a target area to monitor the percent of all beneficiaries discharged alive with a LOS of 61-179 days. Hospices that have a high proportion of beneficiaries with a long length of stay may be admitting beneficiaries who do not meet the hospice eligibility criteria.

Live discharges for patients with LOS between 61-179 days is well below the 80th percentaile and revocations are both significantly below the 80th percentile for our PA provider.

Target	Description	Target Count	Percent	Hospice National %ile	Hospice Jurisdict. %ile	Hospice State %ile
Live Discharges LOS 61-179	Proportion of beneficiary episodes discharged alive with LOS 61-179 days, to all live discharges	**17**	**36.2%**	**68.0**	**57.4**	**66.7**

Long LOS: This is the proportion of beneficiary episodes discharged (by death or alive) whose combined days of service at the hospice is greater than 180 days, to total number of beneficiary episodes discharged (by death or alive). A high proportion of beneficiaries with a long LOS could indicate inappropriate patients being kept on hospice.

PA is well below the 80th percentile for long length of stay patients indicating appropriate selection and recertification of patients on hospice.

Target	Description	Target Count	Percent	Hospice National %ile	Hospice Jurisdict. %ile	Hospice State %ile
Long LOS	Proportion of beneficiary episodes discharged (by death or alive) whose combined days of service at the hospice is greater than 180 days, to total number of beneficiary episodes discharged (by death or alive)	**26**	**9.8%**	**22.4**	**26.7**	**27.3**

Routine Home Care in Assisted Living Facility/Skilled Nursing Facility Setting: The OIG reviewed hospice services provided to beneficiaries residing in assisted living facilities (ALFs) (see "Medicare Hospices Have Financial Incentives to Provide Care in Assisted Living Facilities," OEI-02-14-00070, January 2015). The OIG found concerns relating to overutilization of hospice services for beneficiaries residing in an ALF. Hospice services to beneficiaries residing in a SNF or NF are also at risk for overutilization. Therefore, there are target areas focusing on these concerns. Similar concerns have been expressed for those receiving routine home care in a Skilled Nursing Facility (SNF) setting.

PA is below the 80th percentile for routine home care in an ALF and/or SNF indicating an appropriate level of utilization in these facilities.

Target	Description	Target Count	Percent	Hospice National %ile	Hospice Jurisdict. %ile	Hospice State %ile
Routine Home Care in Assisted Living Facility	Proportion of Routine Home Care days (revenue code 0651) provided on claims that indicate the beneficiary resided in an assisted living facility (HCPCS code Q5002), to count of all Routine Home Care days (revenue code 0651) provided by the hospice	**4,232**	**21.5%**	**70.9**	**72.1**	**65.8**

Target	Description	Target Count	Percent	Hospice National %ile	Hospice Jurisdict. %ile	Hospice State %ile
Routine Home Care in Skilled Nursing Facility	Proportion of Routine Home Care days (revenue code 0651) provided on claims that indicate the beneficiary resided in a skilled nursing facility (HCPCS code Q5004), to count of all Routine Home Care days (revenue code 0651) provided by the hospice	**994**	**5.1%**	**50.5**	**42.8**	**36.7**

Single Diagnosis Coding: Hospice claims should include the appropriate selection of principal diagnoses as well as other additional and coexisting diagnoses related to the terminal illness and related conditions. Coding guidelines specify that "all of a patient's coexisting or additional diagnoses" related to the terminal illness and related conditions should be reported on the hospice claim. The expectation is that hospices report all diagnoses related to the terminal illness and related conditions on the hospice claim to provide accurate information regarding the hospice beneficiaries receiving services at the hospice. To address this concern there is a target area focused on the percentage of clams with only one diagnosis coded.

PA is below the 80th percentile for the proportion of claims that have only one diagnosis coded, to all claims.

Target	Description	Target Count	Percent	Hospice National %ile	Hospice Jurisdict. %ile	Hospice State %ile
Single Diagnosis Coded	Proportion of claims that have only one diagnosis coded, to all claims	**159**	**17.4%**	**27.9**	**32.2**	**28.6**

Single Diagnosis Coding: Medicare Conditions of Participation require hospices to demonstrate that they are able to provide all four levels of care to be a certified Medicare hospice provider. CMS found that 77% of beneficiaries did not have any General Inpatient Care (GIP) and that 57% of hospices did not bill at least one day of Continuous Home Care (CHC) in 2012 (FY2015 Hospice Final Rule). While there are appropriate circumstances where a hospice provides no GIP or no CHC, there is a concern that beneficiaries may not have adequate access to the necessary level of care. Additionally, there is the risk that the level of hospice care that a beneficiary receives may not always be driven by patient factors. Therefore, there is a target area assessing the percentage of episodes of care where the beneficiary does not receive any GIP or CHC.

PA is below the 80th percentile for episodes that had no GIP or CHC revenue.

Target	Description	Target Count	Percent	Hospice National %ile	Hospice Jurisdict. %ile	Hospice State %ile
No GIP or CHC	Proportion of episodes that had no general inpatient care (revenue code 0656) or continuous home care (revenue code 0652), to all episodes	**260**	**97.7%**	**66.8**	**58.8**	**73.1**

VIABILITY OF THE PROPOSAL

QUESTION 15:

Please provide the audited financial statements for Bayada Hospice for the past two years as the criterion requires.

APPLICANT RESPONSE

Enclosed as Exhibit 64, please find 2014 and 2015 consolidated financial statements for BAYADA Home Health Care, Inc., the applicant, together with the independent auditor's report of PricewaterhouseCoopers, LLP attesting thereto.

VIABILITY OF THE PROPOSAL

QUESTION 16:

Please cite the sources for the funds that will finance the cost of establishing Bayada Hospice in Baltimore City.

APPLICANT RESPONSE

The source of the funds is cash – please see Table 1 attached hereto as Revised Exhibit 1.

COMPLIANCE WITH CONDITIONS OF PREVIOUS CERTIFICATES OF NEED

QUESTION 17:

Has Bayada Home Care received a CON in Maryland? If so, please respond to this criterion for that organization.

APPLICANT RESPONSE

BAYADA Home Health Care, Inc. acquired its Maryland home health program in the 1990s. BAYADA has not received a certificate of need for that program as BAYADA's acquisition was not then subject to the certificate of need requirement.

TABLE 3

QUESTION 18:

Please provide a projected Revenue and Expense Statement for Bayada Home Health Care, Inc. that combines the financial projections for both the home health and hospice program together for CY 2018 through CY 2021.

APPLICANT RESPONSE

Enclosed as Exhibit 63, please find 2014 and 2015 consolidated financial statements for BAYADA Home Health Care, Inc., the applicant, together with the independent auditor's report of PricewaterhouseCoopers, LLP attesting thereto.

TABLE 4

QUESTION 19:

Please provide the footnote identified with “Other Income.”

APPLICANT RESPONSE

Other Operating Revenues (Specify)

Includes (1) Medicaid Room and Board income and (2) Service Intensity add-on revenue.

Medicaid room and board income is a “pass-through” amount relating to dual (Medicare/Medicaid) eligible beneficiaries residing in Skilled Nursing Facilities (SNFs). In Maryland, hospices bill and collect from Medicaid for room and board an amount equivalent to 95% percent of the normal SNF reimbursement for room and board. The hospice, in turn, reimburses the SNF at 100% of the normal SNF reimbursement, resulting in a “pass-through” of the income with a negative margin for the hospice of 5%.

Service intensity add on revenue is revenue that helps offset higher utilization of care in the final week of life. Passed as part of the FY2016 update to the CMS hospice wage index, it pays hospices a rate equivalent to the continuous care unit rate per 15min increment of care provided during the last week of life by an RN. For 2016 YTD, this has been about 1% of total revenue for BAYADA Hospice offices operating in other states.

The footnote identified with “Income Taxes” is as follows:

Income taxes are allocated to hospice service offices via a fixed 6% allocation that includes, amongst other things, all of shared corporate services. This is already factored into the item 2j. Other expenses.