



April 13, 2017

Response to Completeness Questions
Dated 3/31/17

E-mail and Hand Delivered

William D. Chan, Health Policy Analyst
Maryland Healthcare Commission

**Re: CON Application to Establish General Hospice
in Baltimore City
Carroll Hospice – D.N. 16-23-2388**

Dear Mr. Chan:

Below are Carroll Hospice's response to completeness questions pertaining to our Certificate of Need ("CON") application to establish a general hospice in Baltimore City, Maryland.

CHARITY CARE AND SLIDING FEE SCHEDULE

1. In the first round of completeness questions, the applicant was asked to provide Commission staff with the level of charity care services provided over the past five years. In response, the applicant provided a cumulative five year total of \$55,000. Please provide a break down by year of the \$55,000 in charity services, and provide the percentage of Charity Care compared to Carroll Hospice's operating expenses for each of these years.

Response: The table below identifies Carroll Hospice charity care by year for fiscal years 2012 thru 2016 and the percentage of charity care as a % of operating expenses for each year. Carroll Hospice has not denied hospice services to any eligible patient based on their ability to pay for services rendered.



Carroll Hospice
Charity Care by Year: FY 2012 – FY 2016

<u>Fiscal Year</u>	<u>Charity Care Provided</u>	<u>% of Annual Operating Expenses</u>
2012	\$ 15,828	0.34%
2013	\$ 17,381	0.34%
2014	\$ 1,418	0.03%
2015	\$ 10,055	0.19%
<u>2016</u>	<u>\$ 10,226</u>	<u>0.16%</u>
<u>2012-2016</u>	<u>\$ 54,908</u>	<u>0.20%</u>

TABLE 3

2. Question 20 requested that the applicant explain the dramatic loss of income from operations for FY 2016 and the projected turnaround in FY 2017. In response, you explained the financial turnaround being driven by increases in client volume levels, but you did not offer any explanation for the significant operating losses of FY 2016.

- a. What is Carroll Hospice’s fiscal year?

Applicant Response: Carroll Hospice fiscal year is July 1 – June 30.

- b. Provide an “autopsy” describing the reasons for the significant operating loss in FY 2016.

Applicant Response: During Fiscal Year 2016, Carroll Hospice generated an operating loss of (\$387,000), a drop-off from slightly better than break-even results achieved during the prior year. This drop-off in performance is attributable to a 12% increase in revenues that was more than offset by a 20% increase in expenses. The majority of Carroll Hospice expense growth was concentrated in salaries and benefits – which increased 19% or \$720,000. The majority (69%) of the wage growth experienced during FY ’16 can be attributed to growth in administrative and Hospice service support functions (vs direct client care which corresponds more directly with changes in patient volume).

During Fiscal Year ’16, Carroll Hospice was able to successfully recruit (over a period of 15 months) a new full time Executive Director, responsible for the advancement of Carroll Hospice services to the community. Prior to Carroll Hospice’s investment in this expanded Hospice leadership role, this administrative function was provided on a part-



time basis as prior leadership provided shared oversight to Carroll HomeCare (a subsidiary of Carroll Hospital) and Carroll Hospice.

Fiscal Year '16 also marked a transitional year for the Carroll Hospice team. In addition to on-boarding new, full time, executive level leadership, Carroll Hospital (the parent of Carroll Hospice) transferred its home health services (Carroll HomeCare) to HomeCare Maryland, LLC (a business partner of LifeBridge Health). Carroll Hospital and its affiliates became members of LBH in April of 2015. Several Hospice team members provided shared support services to both Carroll HomeCare and Carroll Hospice. These functions included scheduling and medical records oversight, client intake coordination, supply chain and data capture support, client billing and collections, and other administrative support functions. During this transition of services, Carroll Hospice was committed to not displacing any team members that did not relocate with HomeCare Maryland, LLC. Since then, Carroll Hospice has been effectively managing this added cost through attrition and/or repurposing this workforce based on the continued volume growth of Carroll Hospice. These efforts are contributing factors to the improved financial results experienced during the FY 2017.

Carroll Hospice experienced a 15% increase in average daily census during FY 2016, this necessitated the additional investments in other Hospice support functions (bereavement specialist, liaison services, chaplains, and child-life specialist) which had reached capacity to effectively service Carroll Hospice growing client base.

- c. For each of volume measures on Table 2A: Statistical Projections, provide the year-to-date values that the 2017 projections were based on.

Applicant Response: The table below compares FYTD '16 and FYTD '17 values through October – which was the primary basis for FY 2017 projections.



Fiscal Year	FYTD through October		
	FY '16	FY '17	% Chg
Admissions-Unduplicated	220	322	46%
Deaths	232	295	27%
Non-Death discharges	22	20	-9%
Patients served -unduplicated	315	434	38%
Patient Days	10,279	15,000	46%
Average LOS	46.7	46.6	0%
Average Daily Census	83.6	122.0	46%
Visits by discipline			
Skilled Nursing	4,765	5,392	13%
Social Work	1,196	1,542	29%
Hospice Aides	3,722	4,255	14%
Physicians - Paid	372	508	37%
Physicians - Volunteer	-	-	
Chaplain	1,018	1,156	14%
Other clinical - therapy	64	105	64%
Licensed beds			
# of licensed GIP beds	8	8	0%
# of Hospice House beds	-	-	
Occupancy			
GIP (inpatient unit)	67.1%	70.6%	5%
Hospice House	-	-	

We are submitting our responses in both Word and PDF format to Ruby Potter (ruby.potter@maryland.gov). We also have provided affirmation forms for Cris Coleman and myself, as we are responsible for submitting these responses:

Should you have any questions regarding these responses, please contact me at (410) 871-7650.

Sincerely,

Regina S. Bodnar,
 Executive Director, Carroll Hospice

cc: Marta D. Harting, Counsel, Venable LLP

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in the foregoing responses to February 3, 2017 Completeness Questions of Carroll Hospice are true and correct to the best of my knowledge, information and belief.

Regina M. Bodnar

Name: Regina M. Bodnar

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in the foregoing responses to February 3, 2017 Completeness Questions of Carroll Hospice are true and correct to the best of my knowledge, information and belief.



Name: *Chris Coleman*