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April 25, 2018

VIA E-MAIL AND FEDEX

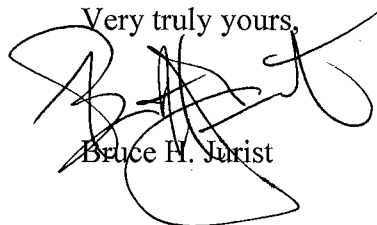
Kevin McDonald
Chief
Maryland Health Care Commission
Center for Health Care Facilities
Planning & Development
4160 Patterson Avenue
Baltimore, MD 21215

**Re: In The Matter Of Visiting Nurse Association Of Maryland's CON
Application To Expand A Home Health Agency In The Lower Easter Shore
Docket No. 17-R4-2407
Modification of Application for CON to Expand a Home Health Agency in
the Lower Eastern Shore**

Dear Mr. McDonald:

On behalf of our client, Visiting Nurse Association of Maryland, LLC ("VNA"), enclosed please find a Modification of its Application for CON to Expand a Home Health Agency in the Lower Eastern Shore in the above-captioned matter.

Very truly yours,



Bruce H. Jurist

BHJ
Enclosures

cc: Mariama Gondo
William Chan

DUANE MORRIS LLP

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Maryland Health Care Commission
April 25, 2018
Page 2

Ruby Potter (*via email*)

Suellen Wideman, Esq. (*via email*)

J. Craig Stofko, Health Officer for Somerset County (*via email and regular mail*)

Lori A. Brewster, Health Officer for Wicomico County (*via email and regular mail*)

Rebecca L. Jones, R.N., Health Officer for Worcester County (*via email and regular mail*)

Roger L. Harrell, Health Officer for Dorchester County (*via email and regular mail*)

BEFORE THE MARYLAND HEALTH CARE COMMISSION

IN THE MATTER OF

**THE APPLICATION OF
VISITING NURSE ASSOCIATION OF
MARYLAND, LLC**

**CON APPLICATION TO EXPAND A
HOME HEALTH AGENCY IN THE
LOWER EASTERN SHORE**

Docket No. 17-R4-2407

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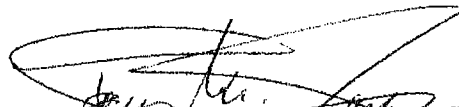
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**MODIFICATION OF VISITING NURSE ASSOCIATION OF MARYLAND
APPLICATION FOR CON TO EXPAND A HOME HEALTH AGENCY IN THE
LOWER EASTERN SHORE**

April 24, 2018

Visiting Nurse Association of Maryland, LLC, ("VNA") submitted its application for a certificate of need (the "VNA CON Application"), for expansion of its home health agency into the "Lower Eastern Shore Region" comprised of Dorchester, Somerset, Wicomico and Worcester Counties in Maryland, to the Maryland Health Care Commission on September 5, 2017. Pursuant to COMAR §10.24.01.08E(2), VNA hereby modifies the VNA CON Application by reducing the geographical scope set forth in (a) Section 11, and (b) Part II, Item (1) of the VNA CON Application so that the VNA CON Application, following modification, only relates to VNA's requested home health agency expansion into Dorchester County, Maryland. Accordingly, the VNA CON Application is modified, reducing the level or services requested therein, and VNA is no longer applying for a Certificate of Need for expansion of its home health agency into Somerset, Wicomico and Worcester Counties in Maryland.

Respectfully submitted,



Barry M. Ray, Authorized Person and
Authorized Person and Managing Member of the
entities owning VNA Home Health, LLC, the sole
member of Visiting Nurse Association of
Maryland, LLC

TABLE 1: Project Budget

Instructions: All estimates for 1a- d; 2a- 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):	
New Construction	
• Building	\$
• Fixed Equipment (not included in construction)	
• Land Purchase	
• Site Preparation	
• Architect/Engineering Fees	
• Permits, (Building, Utilities, Etc.)	
a. SUBTOTAL	
Renovations	
• Building	\$
• Fixed Equipment (not included in construction)	
• Architect/Engineering Fees	
• Permits, (Building, Utilities, Etc.)	
b. SUBTOTAL	\$
Other Capital Costs	
• Major Movable Equipment	
• Minor Movable Equipment	\$15,000
• Contingencies	\$5,000
• Other (Specify)	
c. SUBTOTAL	
TOTAL CURRENT CAPITAL COSTS (sum of a - c)	\$20,000
Non Current Capital Cost	
• Interest (Gross)	
• Inflation (state all assumptions, including time period and rate)	
d. SUBTOTAL	
TOTAL PROPOSED CAPITAL COSTS (sum of a - d)	\$20,000
2. FINANCING COST AND OTHER CASH REQUIREMENTS	
a. Loan Placement Fees	
b. Bond Discount	
c. Legal Fees (CON Related)	\$20,000
d. Legal Fees (Other)	
e. Printing	\$2,000
f. Consultant Fees CON Application Assistance	\$5,000
Other (Specify)	
g. Liquidation of Existing Debt	
h. Debt Service Reserve Fund	
i. Principal Amortization Reserve Fund	
j. Other (Specify)	
TOTAL (a - j)	\$27,000
3. WORKING CAPITAL STARTUP COSTS	\$0
TOTAL USES OF FUNDS (sum of 1 - 3)	\$47,000

B. SOURCES OF FUNDS FOR PROJECT	
1. Cash	\$3,079,534
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)	
TOTAL SOURCES OF FUNDS (sum of 1-9)	\$3,079,534.23
ANNUAL LEASE COSTS (if applicable)	
• Land	
• Building	
• Major Moveable equipment	
• Minor moveable equipment	
• Other (specify) (Office Space)	\$15,000

TABLE 2A: STATISTICAL PROJECTIONS – HISTORIC AND PROJECTED HOME HEALTH AGENCY SERVICES IN MARYLAND

Instructions: Table 2A applies to an applicant that is an existing home health agency, and should be completed showing historic and projected utilization *for all home health agency services provided in Maryland.*

Table should report an *unduplicated count of clients*, and should indicate whether the reporting period is Calendar Year (CY) or Fiscal Year (FY).

(CY) or FY (circle)	Two Most Current Actual Years		Projected years – ending with first year at full utilization			
	2016	2017	2018	2019	2020	
Client Visits						
Billable	200,272	214,530	232,588	248,869	266,290	
Non-Billable	7,403	7,755	8,350	8,935	9,560	
TOTAL	207,675	222,285	240,938	257,804	275,850	
# of Clients and Visits by Discipline						
Total Clients (Unduplicated Count)	11,625	12,511	13,094	13,618	14,162	
Skilled Nursing Visits	88,300	93,984	96,572	103,332	110,565	
Home Health Aide Visits	14,442	13,906	13,448	14,389	15,397	
Physical Therapy Visits	77,393	82,509	93,040	99,553	106,521	
Occupational Therapy Visits	14,704	18,410	22,512	24,088	25,774	
Speech Therapy Visits	2,568	2,983	3,976	4,254	4,552	
Medical Social Services Visits	2,864	2,738	3,040	3,253	3,480	
Other Visits (Please Specify)						

TABLE 2B: STATISTICAL PROJECTIONS - PROJECTED HOME HEALTH AGENCY SERVICES IN THE PROPOSED PROJECT

Instructions: All applicants should complete Table 2B for the proposed project, showing projected utilization *only for the jurisdiction(s) which is the subject of the application*. **As in Table 2A above, this table should report an unduplicated count of clients, and should indicate whether the reporting period is Calendar Year (CY) or Fiscal Year (FY).**

CY or FY (circle)	Projected years – ending with first year at full utilization		
	2018	2019	2020
Client Visits			
Billable	762	2,304	3,450
Non-Billable	32	96	150
TOTAL	794	2,401	3,600
# of Clients and Visits by Discipline			
Total Clients (Unduplicated Count)	85	175	270
Skilled Nursing Visits	338	1,023	1,524
Home Health Aide Visits	74	225	351
Physical Therapy Visits	300	906	1,341
Occupational Therapy Visits	58	176	275
Speech Therapy Visits	10	31	48
Medical Social Services Visits	13	39	61
Other Visits (Please Specify)	794	2,401	3,600

TABLE 3: REVENUES AND EXPENSES – HISTORIC AND PROJECTED HOME HEALTH AGENCY SERVICES IN MARYLAND (including proposed project)

Instructions: an existing home health agency must complete Table 3, showing historic and projected revenues and expenses for all home health agency services provided *in Maryland*.

Projections should be presented in current dollars. Medicaid revenues for all years should be calculated on the basis of Medicaid rates and ceilings in effect at the time of submission of this application.

Specify sources of non-operating income. State the assumptions used in projecting all revenues and expenses. Please indicate on the Table if the reporting period is Calendar Year (CY) or Fiscal Year (FY).

CY or FY (Circle)	Two Most Recent Years -- Actual		Current Year Projected	Projected Years (ending with first full year at full utilization)			
	2016	2017	2018	2019	2020	20XX	20XX
1.							
Revenue							
Gross Patient Service Revenue	\$35,064,872	\$37,577,281	\$39,875,000	\$42,575,000	\$45,600,000		
Allowance for Bad Debt	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000		
Contractual Allowance	\$1,055,010	\$1,199,272	\$1,393,729	\$1,586,229	\$1,778,729		
Charity Care	\$63,638	\$69,458	\$75,000	\$82,500	\$90,000		
Net Patient Services Revenue	\$33,798,224	\$36,158,552	\$38,256,271	\$40,756,271	\$43,581,271		
Other Operating Revenues (Specify)							
Net Operating Revenue	\$33,798,224	\$36,158,552	\$38,256,271	\$40,756,271	\$43,581,271		
2.							
Expenses							
Salaries, Wages, and Professional Fees, (including fringe)	\$23,960,461	\$25,821,092	\$26,721,092	\$28,171,092	\$29,971,092		

CY or FY (Circle)	Two Most Recent Years -- Actual		Current Year Projected	Projected Years (ending with first full year at full utilization)			
	2016	2017	2018	2019	2020	20XX	20XX
benefits)							
Contractual Services (please specify)	\$52,182	\$56,920	\$70,000	\$80,000	\$90,000		
Interest on Current Debt	\$13,939	\$10,310	\$10,000	\$10,000	\$10,000		
Interest on Project Debt							
Current Depreciation	\$110,036	\$112,245	\$115,000	\$115,000	\$115,000		
Project Depreciation							
Current Amortization							
Project Amortization							
Supplies	\$394,035	\$552,540	\$600,000	\$650,000	\$700,000		
Other Expenses (Specify)	\$7,801,7502	\$9,205,275	\$9,500,000	\$10,250,000	\$11,000,000		
Total Operating Expenses	\$32,332,403	\$35,758,383	\$37,016,092	\$39,276,092	\$41,886,092		
3. Income							
Income from Operation	\$1,641,978	\$400,169	\$1,240,179	\$1,480,179	\$1,695,179		
Non- Operating Income	\$(202,084)	\$(10,452)	\$25,000	\$25,000	\$25,000		
Subtotal	\$1,439,894	\$389,717	\$1,265,179	\$1,505,179	\$1,720,179		
Income Taxes							
Net Income (Loss)	\$1,439,894	\$389,717	\$1,265,179	\$1,505,179	\$1,720,179		

Table 3 Cont.	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization)			
	CY or FY (Circle)	2016	2017	2018	2019	2020	20XX
4A. Payor Mix as Percent of Total Revenue							
Medicare	72.45%	70.48%	67.69%	67.49%	67.00%		
Medicaid	1.17%	1.07%	1.45%	1.45%	1.45%		
Blue Cross	14.84%	15.87%	16.21%	16.41%	16.90%		
Commercial Insurance	11.53%	12.58%	14.35%	14.35%	14.35%		
Self-Pay	0.004%	0.004%	0.003%	0.003%	0.003%		
Other (Specify)							
TOTAL REVENUE	100%	100%	100%	100%	100%		
4B. Payor Mix as Percent of Total Visits							
Medicare	71.72%	66.24%	67.69%	67.49%	67.00%		
Medicaid	1.71%	1.59%	1.45%	1.45%	1.45%		
Blue Cross	15.49%	17.04%	16.21%	16.41%	16.90%		
Other Commercial Insurance	11.08%	15.13%	14.35%	14.35%	14.35%		
Self-Pay	0.004%	0.004%	0.003%	0.003%	0.003%		
Other (Specify)							
TOTAL VISITS	100%	100%	100%	100%	100%		

NOTE: ALL EXISTING FACILITY APPLICANTS MUST SUBMIT AUDITED FINANCIAL STATEMENTS.

TABLE 4: REVENUES AND EXPENSES – PROJECTED HOME HEALTH AGENCY SERVICES FOR PROPOSED PROJECT

Instructions: Complete Table 4 for the proposed project, showing projected revenues and expenses *for only the jurisdiction(s) which is the subject of the application*.

Projections should be presented in current dollars. Medicaid revenues for all years should be calculated on the basis of Medicaid rates and ceilings in effect at the time of submission of this application.

Specify sources of non-operating income. State the assumptions used in projecting all revenues and expenses. Please indicate on the Table if the reporting period is Calendar Year (CY) or Fiscal Year (FY).

*VNA is funding this project with available cash. So no debt will be incurred as a result of this project.

CY or FY (Circle)	*Projected Years (ending with first full year at full utilization)			
	2018	2019	2020	20XX
1. Revenue				
Gross Patient Service Revenue	\$246,618	\$542,559	\$830,115	
Allowance for Bad Debt	\$2,394	\$5,267	\$7,900	
Contractual Allowance	\$3,780	\$8,316	\$12,474	
Charity Care	\$378	\$832	\$1,247	
Net Patient Services Revenue	\$240,066	\$528,114	\$808,493	
Other Operating Revenues (Specify)				
Net Operating Revenue	\$240,066	\$528,114	\$808,493	
2. Expenses				
Salaries, Wages, and Professional Fees, (including fringe benefits)	\$151,220	\$354,537	\$530,032	
Contractual Services	\$ -	\$ -	\$ -	
Interest on Current Debt	\$ -	\$ -	\$ -	
Interest on Project Debt				
Current Depreciation	\$ -	\$ -	\$ -	
Project Depreciation				
Current Amortization				
Project Amortization				
Supplies	\$7,500	\$14,000	\$25,000	
Other Expenses (Specify) Management Fee	\$60,000	\$130,000	\$200,000	

Total Operating Expenses	\$461,793	\$498,537	\$755,032	
3. Income				
Income from Operation	\$21,346	\$29,607	\$53,461	
Non-Operating Income	\$ -	\$ -	\$ -	
Subtotal	\$21,346	\$39,607	\$53,461	
Income Taxes	\$ -	\$ -	\$ -	
Net Income (Loss)	\$21,346	\$39,607	\$53,461	

Table 4 Cont.	Projected Years (ending with first full year at full utilization)			
(C) or FY (Circle)	2018	2019	2020	
4A. Payor Mix as Percent of Total Revenue				
Medicare	67.69%	67.49%	67.00%	
Medicaid	1.45%	1.45%	1.45%	
Blue Cross	16.21%	16.41%	16.90%	
Other Commercial Insurance	14.35%	14.35%	14.35%	
Other (Specify) Self Pay	0.003%	0.003%	0.003%	
TOTAL	100%	100%	100%	
4B. Payor Mix as Percent of Total Visits				
Medicare	62.670%	62.670%	62.670%	
Medicaid	2.11%	2.11%	2.11%	
Blue Cross	17.08%	17.08%	17.08%	
Other Commercial Insurance	18.14%	18.14%	18.14%	
Self-Pay	0.003%	0.003%	0.003%	
Other (Specify)				
TOTAL	100%	100%	100%	

TABLE 5. STAFFING INFORMATION

Instructions: List by service the staffing changes (specifying additions and/or deletions and distinguishing between employee and contractual services) required by this project. FTE data shall be calculated as 2,080 paid hours per year. Indicate the factor to be used in converting paid hours to worked hours. **NOTE: PROVIDE A TABLE 5 FOR EACH PROJECTED YEAR.**

YEAR 2018

Position Title	Current No. of FTEs		Change in FTEs (+/-)		Average Salary		TOTAL SALARY EXPENSE	
	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff
*Administrative Personnel			.5		\$100,000		\$50,000	
Registered Nurse			.4		\$72,800		\$29,353	
Licensed Practical Nurse			-		-		-	
Physical Therapist			0.35		\$84,500		\$29,812	
Occupational Therapist			0.08		\$78,000		\$5,897	
Speech Therapist			0.06		\$104,000		\$6,552	
Home Health Aide			0.09		\$31,200		\$2,752	
Medical Social Worker			0.02		\$93,600		\$1,651	
**Other (Please specify.) Scheduler			-		-		-	
Benefits							\$25,203	
TOTAL							\$151,220	

* An additional charge of approximately 25% of revenue for the management fee is included.

**Other expenses includes the following items: accounting, advertising and marketing, HR, computer software, insurance, legal, office supplies, payroll processing, phones, postage, printing, rent, training and travel.

Staffing and Benefits Calculations: All staffing and benefits assumptions and calculations are based upon historical data from servicing other counties within the same jurisdiction. Per Diem base visit rates are higher than full-time staff rates, but do not have benefits associated with them. Benefited employees have a lower base visit rate, but include a 20% factor for benefits.

YEAR 2019

Position Title	Current No. of FTEs		Change in FTEs (+/-)		Average Salary		TOTAL SALARY EXPENSE	
	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff
*Administrative Personnel			.75		\$100,000		\$75,000	
Registered Nurse			1.17		\$72,800		\$85,124	
Licensed Practical Nurse			-		-		-	
Physical Therapist			1.02		\$84,500		\$86,454	
Occupational Therapist			0.22		\$78,000		\$17,101	
Speech Therapist			0.18		\$104,000		\$19,001	
Home Health Aide			0.26		\$31,200		\$7,980	
Medical Social Worker			0.05		\$93,600		\$4,788	
**Other (Please specify.) Scheduler			-		-		-	
Benefits							\$59,089	
TOTAL							\$354,537	

* An additional charge of approximately 25% of revenue for the management fee is included.

**Other expenses includes the following items: accounting, advertising and marketing, HR, computer software, insurance, legal, office supplies, payroll processing, phones, postage, printing, rent, training and travel.

Staffing and Benefits Calculations: All staffing and benefits assumptions and calculations are based upon historical data from servicing other counties within the same jurisdiction. Per Diem base visit rates are higher than full-time staff rates, but do not have benefits associated with them. Benefited employees have a lower base visit rate, but include a 20% factor for benefits.

YEAR 2020

Position Title	Current No. of FTEs		Change in FTEs (+/-)		Average Salary		TOTAL SALARY EXPENSE	
	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff
*Administrative Personnel			1		\$100,000		\$100,000	
Registered Nurse			1.81		\$72,800		\$131,942	
Licensed Practical Nurse			-		-		-	
Physical Therapist			1.59		\$84,500		\$134,003	
Occupational Therapist			0.34		\$78,000		\$26,506	
Speech Therapist			0.28		\$104,000		\$29,451	
Home Health Aide			0.40		\$31,200		\$12,370	
Medical Social Worker			0.08		\$93,600		\$7,422	
**Other (Please specify.) Scheduler			-		-		-	
Benefits							\$88,339	
TOTAL							\$530,032	

* An additional charge of approximately 25% of revenue for the management fee is included.

**Other expenses includes the following items: accounting, advertising and marketing, HR, computer software, insurance, legal, office supplies, payroll processing, phones, postage, printing, rent, training and travel.

Staffing and Benefits Calculations: All staffing and benefits assumptions and calculations are based upon historical data from servicing other counties within the same jurisdiction. Per Diem base visit rates are higher than full-time staff rates, but do not have benefits associated with them. Benefited employees have a lower base visit rate, but include a 20% factor for benefits.