



February 6, 2019

VIA Email & U.S. MAIL

William D. Chan
Program Manager
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

**Re: Atlantic General Surgical Center
Matter No. 18-14-2431**

Dear Mr. Chan:

On behalf of Atlantic General Hospital Corporation, please accept these responses to the questions outlined in correspondence (letter Chan to Franklin, January 31, 2018) concerning the above-referenced Certificate of Need Application for the development and operation of a freestanding ambulatory surgery facility. In addition to the electronic version of these responses as a readable .pdf file attached to this message, I will be providing the Commission with an electronic file of these responses on a thumb drive in the formats as you have requested and hard copies by hand delivery on Friday, February 8, 2018.

Should you have any questions regarding this Application, please contact me at (410) 641-9600.

Very truly yours,

Michael A. Franklin
President/CEO

cc: Rebecca Jones, R.N., Health Officer, Worcester County Health Officer
Richard J. Coughlan

RESPONSES TO REQUEST FOR ADDITIONAL INFORMATION

Re: Atlantic General Surgical Center, Matter No. 18-14-2431

Charity Care Policy

1. You state in your CON application, Attachment 5, p. 48 that the determination of probable eligibility will be made “on the basis of an interview....with information covering such things as family size, insurance and income.” This determination of probable eligibility would be made in writing within 2 business days.

Provide evidence of the charitable care documents using the language above that illustrate the ASF’s process regarding probable eligibility. How will the ASF post and distribute these notices to the public?

APPLICANT RESPONSE:

We have provided below a link to AGH’s website that takes you to the “Financial Assistance” section. In the paragraph below the five ‘Financial Help’ options on the website, there is a link to our updated Financial Assistance Policy. (We also have a link to a version in Spanish there). On page 4 of the Financial Assistance Policy in the paragraph before “Automatic Eligibility,” we have this language excerpted below that explains our determination of probable eligibility:

Within two business days following a patient’s request for charity care services, application for medical assistance, or both, AGH/HS shall make a determination of probable eligibility and communicate the determination to the patient and/or the patient’s representative. The determination of probable eligibility will be made on the basis of an interview with the patient and/or the patient’s representative. The interview will cover family size, insurance and income. The determination of probable eligibility will be made based on the information provided in the interview. No application form, verification or documentation of eligibility will be requested or required for the determination of probable eligibility to be made. A final eligibility determination for charity care for qualified indigent persons will be provided in writing within 2 business days of receipt of a completed application for FA.

<https://www.atlanticgeneral.org/For-Patients-Visitors/Financial-Assistance.aspx?preview=false&editlayout=false&edit=false>

With regard to evidence of charitable care documents currently available to the public, as mentioned above, we currently describe the availability of our Financial Assistance Policy on the website and in waiting rooms and AGHS offices as per the Attachment 1 poster.

Future issues of AGH’s *Care.Together*, an AGH publication that gets mailed to households located in the AGH service area three times per year, will also address the process. The ASF will have a “brochure rack” to display printed material that will address the charity care policy. All public postings that are found in the Hospital and in AGHS offices addressing the process of charity care will also be placed in the public areas of the ASF.

RESPONSES TO REQUEST FOR ADDITIONAL INFORMATION

AGH will be posting notices to the public and will insert into our other printed publications the updated description of the “probable eligibility” process. These updated notices will also be posted in the ASF and made available to the public with respect to the services to be provided in the ASF through publication in local newspapers, communications with health care professionals in the AGH service area, and through contacts with other relevant stakeholders in the community.

2. The applicant needs to submit a response to Standard .05A(3)(c)(ii) regarding the ASF’s “specific plan for achieving the level of charitable care provision to which it is committed.” Provide details as to who the proposed ASF will contact to inform the public, community businesses, and local government agencies regarding the commitment to provide charitable care. What level of charitable care will the proposed ASF provide annually, and how will the ASF monitor this level of commitment?

APPLICANT RESPONSE:

As stated above, AGH leadership will be contacting all of its relevant stakeholders to alert them to its commitment to providing charity care services in its ASF as set forth in this CON Application. These contacts will include local elected officials, health care professionals in the service area, as well as interested community groups, religious and fraternal organizations, and businesses. AGH has projected and has committed itself to providing \$247,000 of charity care in the ASF in FY 2023 (See CON Application, Attachment One, TABLE K.) This projection approximates the \$2.4 million in charity care (2% of gross Hospital revenues) that was provided in FY 2018 by AGH, thereby reflecting the “need” in the community. (See CON Application, Attachment One, TABLE G.) This 1.5% of projected gross revenues for the ASF level of charity care will be monitored by the administrative staff of AGH as one of ASF’s financial performance measures and routinely reported to the AGH Board of Trustees.

Need-Minimum Utilization for Establishment of a New or Replacement Facility

3. Staff combined the findings from the table on p. 14 for historical utilization with the table on p. 15 for projected utilization by physician name. An excerpt from the combined table is below.

RESPONSES TO REQUEST FOR ADDITIONAL INFORMATION

	Response to Question #21b on p. 14		Response to Questions 21c on p. 15
	2023		Year 3
	Case	Minutes	Cases
Beck	417	44,321	225
Bell	1,262	31,743	1,262
Cherry	870	25,028	870
Constanti	27	845	27
Cuesta	72	7,277	72
Davis	385	10,023	385
Gannon	51	4,252	51
Hooker			36
Huelson	19	855	19
Klepper	813	22,666	846
Lee	79	12,339	52
Musselman	147	16,690	132
Monis	20	4,020	20
Neto	50	3,016	50
Pellegrino*	36	3,000	36
Perrotta*	60	6,200	60
Rano	31	3,087	31
Spinoli	116	10,950	
Spinuzza			61
Zaky			947
Zatry	947	26,437	
Zarif	845	45,521	517
Zong	457	40,275	253
Total	6,704	318,545	5,952
*Did not practice at AGH in FY 2017 or FY 2018			

Staff identifies a number of inconsistencies, which are listed below:

- a. The two tables provide projected FY 2023 cases. The number of cases do not agree for Drs. Beck, Klepper, Lee, Musselman, Spinoli, Spinuzza, Zaky, Zatry, Zarif, and Zong. Please reconcile the number of cases projected for these physicians.

APPLICANT RESPONSE: Shown below is a corrected table of the excerpted survey data. The first column of cases represents the total number cases that we projected the doctors would do at both AGH and the ASF. Where the numbers are the same as in the last column, these doctors are only projected to do cases at the ASF. The numbers in the last column totaling 5,919 are what the doctors

RESPONSES TO REQUEST FOR ADDITIONAL INFORMATION

attested to as the maximum number of cases they projected they could complete at the ASF in FY 2023.

	Response to Question #21b on p. 14		Response to Questions 21c on p. 15
	2023		Year 3
	Case	Minutes	Cases
Beck	417	44,321	225
Bell	1,262	31,743	1,262
Cherry	870	25,028	870
Costantini	27	845	27
Cuesta	72	7,277	72
Davis	385	10,023	385
Gannon	51	4,252	51
Hooker			36
Haueisen	19	855	19
Klepper	846	22,666	813
Lee	79	12,339	52
Musselman	147	16,690	132
Monis	20	4,020	20
Neto	50	3,016	50
Pellegrino*	36	3,000	36
Perrotta*	60	6,200	60
Rano	31	3,087	31
Spinuzza	116	10,950	61
Zaky	947	26,437	947
Zarif	845	45,521	517
Zhong	457	40,275	253
Total	6,737	318,545	5,919
*Did not practice at AGH in FY 2017 or FY 2018			

- b. Verify the projected OR surgical minutes for FY 2023 for these 23 physicians individually. The total number of outpatient surgical minutes should agree with the information provided in your CON application, Attachment 1, Table I.

APPLICANT RESPONSE:

We have reduced the number of actual surveyed physicians to 21 because we had made misspellings of two of the doctors (“Zacky” and “Zatry”; “Spinoli” and “Spinuzza”) names already included in the table, which resulted in double-counting. We also corrected some other misspellings of doctor names in the

RESPONSES TO REQUEST FOR ADDITIONAL INFORMATION

table above. Please also note that these projected minutes of the surveyed surgeons will not tie to the projections in Table I, because the reported survey data included projected volumes for both AGH and the ASF, whose values we did not use exclusively in making the projections for the ASF shown on TABLE I. Our projections of AGH and ASF volumes were never intended to be based exclusively on the number of future cases the surveyed doctors attested to. In carrying out the survey, we asked them for their maximum projected number of cases in the future they would complete in the ASF. We considered these projections to be a “best case” scenario.

4. Reconcile the historical and projected utilization for FY 2017 through FY 2023 for the following:
 - a. Outpatient surgery OR Cases, OR Procedures, and OR Minutes utilization in Completeness Response, Attachment 17, Table F do not agree with your Completeness Response to Question #21, p. 16. Which table is correct?

APPLICANT RESPONSE:

The correct table is on page 66 of the Completeness Response, also labeled Table F Statistical Projections – Entire Facility Revised.

- b. Are the projected utilization numbers for FY 2021 through FY 2023 just for the hospital, or combined for both the hospital and the proposed ASF. If the latter, then please provide two tables that show the following:

APPLICANT RESPONSE:

All of these tables are in the Completeness Response located on the following pages listed in parentheses below:

- i. **AGH’s historical and projected (FY 2017 through FY 2023) INPATIENT SURGERY (Completeness Response, page 18) and Outpatient Surgical Cases and Minutes (Completeness Response, Attachment 17, TABLE F. STATISTICAL PROJECTIONS, ENTIRE FACILITY REVISED, #6); and**
 - ii. **The proposed ASF’s FY 2021 through FY 2023 number of Outpatient Surgical Cases and Minutes (Completeness Response, TABLE I. STATISTICAL PROJECTIONS – NEW FACILITY OR SERVICE (ASF), p. 16) and (Completeness Response, TOTAL SURGERY AGH + ASF ORs, p. 19).**

Construction Costs

5. Regarding your response to Completeness Question #22, response to the following:

RESPONSES TO REQUEST FOR ADDITIONAL INFORMATION

- a. Reconcile the difference reported in Total Square Footage of new construction for the ASF reported in the following: Attachment 17, Exhibit C of 13,866 sq. ft.; and in the Completeness Response, Construction Cost Table on p. 17 of 13,101 sq. ft.

APPLICANT RESPONSE:

The correct estimate of the total square footage of new construction for the ASF is 13,101 sq. ft.

- b. What is included in the \$658,970 identified as Excluded Costs on p. 17, and the basis or reasons for these excluding these costs.

APPLICANT RESPONSE:

The excluded costs on p.17 are the pro-rated off-site and on-site costs to be incurred by the Sina Companies to build the ASF that are not included in the Marshall Valuation Costs (See TABLE D. ONSITE AND OFFSITE COSTS INCLUDED AND EXCLUDED IN MARSHALL VALUATION COSTS, CON Application Table Package, Attachment 1, September 7, 2018). The total excluded cost estimate for the entire 102,124 sq. ft. MOB is approximately \$5,148,203, of which 12.8% of the total square footage is for the ASF. ($\$5,148,203 * 12.8\% = \$658,970$)

- c. Provide the steps that show how AGH arrived at an MVS standard of \$278 cost/sq. ft.

APPLICANT RESPONSES:

Step 1: We selected Average, Class A-B for Outpatient Surgical Centers: \$278 sq. ft. as most applicable to the AGH ASF. It should be noted that certain elements of the construction of the ASF will include features associated with Good, Class A-B Outpatient Surgical Centers: \$379, such as premium interior finishes. (See Attachment 2) Had we selected the higher cost standard, the result would have been \$390/sq. ft., well in excess of the Sina Company estimate for building the space for the ASF.

- d. Explain footnote to Construction Cost Table that states 4,042 sq. ft. of MOB common area/shared space to the ASC for patient waiting and lobby areas that is not included in either total square footage (13,101 sq. ft.) or cost of construction project (\$4,234,660). Who is responsible for these costs of construction – AGH or Sina Companies? If the former, then revise your Project Budget and response to Construction Cost to include the costs for the MOB common area/shared space. Documentation of who is responsible for these costs should be included.

APPLICANT RESPONSES:

The MOB floor plan includes a sizeable allocation of square footage associated with waiting and lobby areas, which we determined should be excluded from the MVS

RESPONSES TO REQUEST FOR ADDITIONAL INFORMATION

computation for the 13,101 sq. ft. ASF. Sina Companies is responsible for all of the construction costs associated with building the MOB, including medical office space, waiting areas, and the AGH ASF that will be housed there. These “common area” costs will be associated with the remainder of the tenants in the building, as the ASF space will be self-supportive for waiting room space, entry and exit space, etc., and not reliant on the common areas to support the patient care delivery in the ASF. It should be understood that floor plan designs and resulting cost estimates for the MOB are currently in the preliminary planning stages and will likely be refined by Sina Companies as more detailed drawings and specifications are made and developed. All changes pertinent to the construction elements of the ASF and its costs will be included in Quarterly Reports to be filed with the Commission following CON Approval. AGH will be responsible for making the annual projected rental payment to Sina Companies of \$690,693 for the ASF space upon completion of the construction and occupancy.

ATTACHMENT 1

CALCULATOR METHOD

SECTION 15 PAGE 25
November 2017

GENERAL HOSPITALS COMPLETE HEATING, VENTILATING, AND AIR CONDITIONING

Because of the higher requirements for hospitals and surgical centers, the average heating and air conditioning costs are listed separately below. The moderate climate cost is included in the base cost in the tables. The basement costs include low quality H.V.A.C. If a cubic foot cost is used, use one-twelfth the difference shown to adjust the base cubic foot cost.

SQUARE METER COSTS

COMPLETE H.V.A.C. Classes A and B	CLIMATE			COMPLETE H.V.A.C. Classes A and B	CLIMATE		
	Mild Climate	Moderate Climate	Extreme Climate		Mild Climate	Moderate Climate	Extreme Climate
Excellent	438.63	559.72	710.42	Excellent	40.75	52.00	66.00
Good	344.44	435.94	548.96	Good	32.00	40.50	51.00
Average	269.10	341.75	433.25	Average	25.00	31.75	40.25
Low cost	210.43	266.94	339.06	Low cost	19.55	24.80	31.50
Classes C, D and S				Classes C, D and S			
Excellent	384.81	487.07	618.92	Excellent	35.75	45.25	57.50
Good	304.08	384.81	487.07	Good	28.25	35.75	45.25
Average	237.34	301.39	382.12	Average	22.05	28.00	35.50
Fair	210.43	266.94	339.06	Fair	19.55	24.80	31.50
Low cost	186.75	235.73	296.01	Low cost	17.35	21.90	27.50

SQUARE FOOT COSTS

OUTPATIENT (SURGICAL) CENTERS (431)

CLASS	TYPE	EXTERIOR WALLS	INTERIOR FINISH	LIGHTING, PLUMBING AND MECHANICAL	HEAT*	Sq. M.	COST Cu. Ft.	Sq. Ft.
A-B	Good	Brick, metal and glass, stone trim, some ornamentation	Plaster or drywall, best enamel or vinyl walls, ceramic, vinyl, rubber, tile	Good lighting and plumbing, best surgical, good imaging center	Complete H.V.A.C.	4079.52	31.57	379.00
	Average	Brick, concrete panels, metal and glass, little ornamentation	Drywall vinyl & tile wall surfaces, good ceilings and floors, some shielding	Adequate lighting and plumbing for surgical facilities, some extras	Complete H.V.A.C.	2992.36	23.16	278.00
C	Excellent	Stone ashlar, best metal or concrete and glass panels	Plaster, vinyl and tile wall surfaces, best ceilings and floors	Best diagnostic and research, best radiation therapy	Complete H.V.A.C.	4779.17	36.99	444.00
	Good	Brick, metal and glass, stone, good concrete, good entrance	Plaster or drywall, best enamel or vinyl walls, ceramic, vinyl, shielding	Good lighting and plumbing, small lab, some extras, good imaging	Complete H.V.A.C.	3315.28	25.66	308.00
	Average	Metal and glass, brick, block, concrete, little ornamentation	Plaster or drywall, acoustic ceilings, vinyl or tile floors, carpet	Adequate lighting and plumbing for surgical or cancer facilities	Complete H.V.A.C.	2303.47	17.83	214.00
	Fair	Brick, ornamental block, some metal and glass and trim	Plaster or drywall, acoustic ceilings, vinyl composition, some carpet	Adequate therapeutic, wellness facility, good dialysis	Complete H.V.A.C.	1926.74	14.91	179.00
D	Low cost	Brick, block, tilt-up, small entrance, very plain	Plaster or drywall, acoustic tile, vinyl composition, minimum detail	Minimum treatment facilities, dialysis, some diagnostic	Complete H.V.A.C.	1603.82	12.41	149.00
	Excellent	Ashlar stone veneer, best metal and glass panels	Plaster, vinyl and tile wall surfaces, best ceilings and floors	Best diagnostic and research, best radiation therapy	Complete H.V.A.C.	4531.60	35.07	421.00
	Good	Face brick or stone veneer, good entrance and trim	Plaster or drywall, best enamel or vinyl walls, ceramic, vinyl, shielding	Good lighting and plumbing, small lab, some extras, good imaging	Complete H.V.A.C.	3164.59	24.49	294.00
	Average	Brick veneer, EIF-S, ornamental stucco, metal and glass	Plaster or drywall, acoustic ceilings, vinyl or tile floors, carpet	Adequate lighting and plumbing for surgical or cancer facilities	Complete H.V.A.C.	2206.60	17.08	205.00
S	Fair	Sliding, brick veneer, some metal and glass and trim	Plaster or drywall, acoustic ceilings, vinyl composition, some carpet	Adequate therapeutic, wellness facility, good dialysis	Complete H.V.A.C.	1851.39	14.33	172.00
	Low cost	Stucco or siding, little trim or ornamentation	Drywall or plaster, acoustic tile, vinyl composition, minimum extras	Adequate lighting and plumbing, minimum diagnostic facilities	Complete H.V.A.C.	1550.00	12.00	144.00
	Average	Insulated panels, some metal and glass	Plaster or drywall, acoustic ceilings, vinyl or tile floors, carpet	Adequate lighting and plumbing for surgical or cancer facilities	Complete H.V.A.C.	2120.49	16.41	197.00
	Fair	Insulated panels, some trim	Plaster or drywall, acoustic ceilings, vinyl composition, some carpet	Adequate therapeutic, wellness facility, good dialysis	Complete H.V.A.C.	1776.04	13.74	165.00
S	Low cost	Insulated panels	Metal or drywall, acoustic tile ceilings, vinyl composition, minimum extras	Minimum treatment facilities, dialysis, some diagnostic	Complete H.V.A.C.	1485.42	11.50	138.00

* Adjust for heat from tables above. For specific simple systems, see Page 36.

NOTE: Unfinished utility and parking basements, see Page 19; diagnostic basements, Page 24.

For parking structures, see Section 14. Pedestrian bridges, see Page 31 or Section 66.

MULTISTORY BUILDINGS – Add .5% (.112%) for each story over three, above ground, to all base costs, including basements, up to 30 stories, over 30 add .4% (.410%) for each additional story.

ELEVATORS AND SPRINKLERS – Costs are not included and should be added from Page 36 and 37.
CANOPIES – Large entrance marquees or carport canopies see Page 37, or they may be computed from the Segregated Costs, Section 45, or from Unit-in-Place Costs
BALCONIES – Exterior balconies see Page 37, or they may be computed from the Segregated Costs or from Unit-in-Place Costs.

ATTACHMENT 2

Atlantic General Health System

Important information for Our Patients

Patient Liabilities and Estimates

Patient liabilities for deductibles, co-insurance, and co-payments are due at the time of service. These payments are estimates based on your insurance plan and an average of the expected charge for your service. The charges on your final bill could differ from the estimate based on the services you actually receive and/or changes in your diagnosis, complications, or other circumstances that require additional tests, procedures, or other services.

Financial Assistance

Atlantic General Health System is committed to providing financial assistance and financial counseling for uninsured and under-insured patients without regard to race, color, national origin, gender identity or expression, language, sexual orientation, disability, or social economic status. For additional information, please call the Financial Counselor at (410)-629-6025 or download the application at www.atlanticgeneral.org/FAP. If your family incurs out-of-pocket medical expenses across the Atlantic General Hospital & Health System that exceed 25% of your household income over the past twelve months, you may be eligible for a Medical Hardship allowance.

Información importante para nuestros pacientes

Cálculos y cargos responsabilidad del paciente

Los cargos que son responsabilidad del paciente en cuanto a deducibles, coseguro y copagos se deben pagar al momento de los servicios sobre la base de un cálculo de buena fe. Los cargos están sujetos a cambios basados en los servicios reales proporcionados al paciente, cambios en los diagnósticos, complicaciones u otras circunstancias que requieran exámenes adicionales, procedimientos u otros servicios.

Asistencia financiera

Atlantic General Health System está comprometido a proporcionar asistencia financiera y asesoría financiera para pacientes sin seguro o con seguro insuficiente sin importar la raza, etnia, género, religión o nacionalidad. Para solicitar asistencia financiera u obtener información adicional, llame al Asesor Financiero al (410) 629-6025, o descargue la solicitud en www.atlanticgeneral.org/FAP, o recoja la solicitud en cualquier área de registro. Además, cualquier familia que en el transcurso de los doce meses previos haya tenido gastos por cuenta propia por costos médicos facturados por Atlantic General Health System, puede solicitar asistencia para pagar por dificultades financieras. También se puede brindar ayuda para solicitar Asistencia Médica a través del estado.

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in these responses to the request for additional information and their Attachments are true and correct to the best of my knowledge, information, and belief.



February 6, 2019

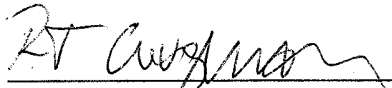
Name and Title

Date

Michael A. Franklin, President/CEO

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in these responses to the request for additional information and their Attachments are true and correct to the best of my knowledge, information, and belief.



Name and Title

February 6, 2019

Date