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STATE OF MARYLAND



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MARYLAND HEALTH CARE COMMISSION

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July 17, 2018

VIA Email & U.S. MAIL

Greg Warren
Gaudenzia, Inc.
107 Circle Drive
Crownsville, MD 21032

**Re: Gaudenzia-Baltimore
Matter No. 18-24-2420**

Dear Mr. Warren:

Commission staff has reviewed the CON application for the above-referenced project seeking to establish a 30 bed Alcohol and Drug Abuse Intermediate Care Facility by adding 30 level III-7 beds to Gaudenzia's existing facility at 3643 Woodland Avenue, Baltimore, which is currently approved by the Office of Health Care Quality (OHCQ) and Behavioral Health Administration (BHA) to provide 3.3, 3.5 and 3.1 services, and found it incomplete. In fact, the application neglected to respond at all to a number of required State Health Plan standards and CON criteria.

Please respond to the following completeness questions.

Part I- Project Identification and General Information

1. a) Provide a thorough description of the (corporate-wide) facilities and services of Gaudenzia, Inc.
- b) Provide a clear and concise description of this proposed project to add 30 level III-7 beds to the existing facility II-7WM at an existing location at 3643 Woodland Avenue, Baltimore. Describe the current bed complement of the facility and how it will change.
- c) Please explain the project budget (Table B). The executive summary states that the "project costs" amount to "approximately \$475,000.00, which will cover salaries for additional personnel needed to deliver the level 3.7 treatment services." The description of

project costs is meant to include the capital costs of starting up the project, not the operating costs, which appear to be what you are calling project cost. Please clarify. You have stated that there no construction or renovation required, and listed capital cost at zero. Please confirm.

Part III – Consistency with General Review Criteria at COMAR 10.24.01.08G(3)

A) State Health Plan: COMAR 10.24.14 STATE HEALTH PLAN FOR FACILITIES AND SERVICES: ALCOHOL AND DRUG ABUSE TREATMENT SERVICES standards

Identification of Intermediate Care Facility Alcohol and Drug Abuse Bed Need

2. You are applying for 30 beds. How did you arrive at 30? Please explain the basis of and rationale for the number of beds being requested, providing any data underlying this projected need and assumptions regarding demand, length of stay, etc.

Sliding Fee Scale

3. Your response states that exhibit 3 is the sliding fee scale; it is not. It is a diagram of the floor plans.

Information Regarding Charges

4. You failed to address this standard (E) at all. It reads:
E. Information Regarding Charges. An applicant must agree to post information concerning charges for services, and the range and types of services provided, in a conspicuous place, and must document that this information is available to the public upon request.
Please respond, and provide a copy of this document.

Location

5. You also failed to address this standard:
F. Location. An applicant seeking to establish a new intermediate care facility must propose a location within a 30-minute one-way travel time by automobile to an acute care hospital.

Age Groups

6. You failed to address this standard. Staff assumes that this is because you are applying only for adult beds, but please make that statement.

Quality Assurance

7. Please provide documentation showing Gaudenzia – Baltimore’s CARF accreditation.

Utilization Review and Control Programs

8. Gaudenzia responded to both subparts of this standard by stating that it “will comply with this standard,” and references exhibit 4 which it states contains the “policy for our CQI protocols.” It doesn’t. Please provide that policy, and excerpt and cite the wording that documents:
 - a) “the commitment to participate in utilization review and control programs, and have treatment protocols, including written policies governing admission, length of stay, discharge planning, and referral;” and
 - b) “that each patient’s treatment plan includes, or will include, at least one year of aftercare following discharge from the facility.”

Transfer and Referral Agreements

9. Gaudenzia stated that Exhibit 5 contained transfer agreements with facilities capable of managing cases, which exceed, extend, or complement its own capabilities. That is not what a reviewer finds in Exhibit 5. In addition, the applicant did not address subpart (2) of the standard. As that section requires, “provide documentation of transfer and referral agreements, in the form of letters of agreement or acknowledgement” from each of the following types of facilities:
 - (a) Acute care hospitals;
 - (b) Halfway houses, therapeutic communities, long-term care facilities, and local alcohol and drug abuse intensive and other outpatient programs;
 - (c) Local community mental health center or center(s);
 - (d) The jurisdiction’s mental health and alcohol and drug abuse authorities;
 - (e) The Alcohol and Drug Abuse Administration and the Mental Hygiene Administration;
 - (f) The jurisdiction’s agencies that provide prevention, education, driving-while-intoxicated programs, family counseling, and other services; and,
 - (g) The Department of Juvenile Justice and local juvenile justice authorities, if applying for beds to serve adolescents.

Sources of Referral

10. You neglected to respond to this standard. In providing a response please *demonstrate that 50 percent of the facility’s annual patient days will be generated by the indigent or gray area population*. Explain how/why that will be the case and demonstrate how the applicant can make that statement with confidence. Perhaps you can demonstrate this by citing your current referral sources and payor mix at Gaudenzia facilities for the last several years.

In-Service Education

11. Once again you failed to provide a response to this standard, which reads:

L. In-Service Education. An applicant must document that it will institute or, if an existing facility, maintain a standardized in-service orientation and continuing education program for all categories of direct service personnel, whether paid or volunteer.

Please a) provide the required documentation, and; b) briefly summarize the in-service education regimen.

12. The application also did not provide responses to the standards listed immediately below. That must be rectified.

M. Sub-Acute Detoxification. An applicant must demonstrate its capacity to admit and treat alcohol or drug abusers requiring sub-acute detoxification by documenting appropriate admission standards, treatment protocols, staffing standards, and physical plant configuration.

To provide a complete response, concisely describe the (each in turn) applicant's admission standards, treatment protocols, staffing standards, and physical plant configuration which enable it to treat alcohol or drug abusers requiring sub-acute detoxification.

N. Voluntary Counseling, Testing, and Treatment Protocols for Human Immunodeficiency Virus (HIV). An applicant must demonstrate that it has procedures to train staff in appropriate methods of infection control and specialized counseling for HIV-positive persons and active AIDS patients.

O. Outpatient Alcohol & Drug Abuse Programs.

(1) An applicant must develop and document an outpatient program to provide, at a minimum: individual needs assessment and evaluation; individual, family, and group counseling; aftercare; and information and referral for at least one year after each patient's discharge from the intermediate care facility.

(2) An applicant must document continuity of care and appropriate staffing at off-site outpatient programs.

(3) Outpatient programs must identify special populations as defined in Regulation. 08, in their service areas and provide outreach and outpatient services to meet their needs.

(4) Outpatient programs must demonstrate the ability to provide services in the evening and on weekends.

(5) An applicant may demonstrate that outpatient programs are available to its patients, or proposed patient population, through written referral agreements that meet the requirements of (1) through (4) of this standard with existing outpatient programs.

P. Program Reporting. Applicants must agree to report, on a monthly basis, utilization data and other required information to the Alcohol and Drug Abuse Administration's Substance Abuse Management Information System (SAMIS) program, and participate in any comparable data collection program specified by the Department of Health and Mental Hygiene.

B) Need

13. The application states you have "demonstrated the need for the additional 3.7 beds through the description of services found in section F of this application." Staff is puzzled by the reference to "section F." A response to this criterion is needed. Please develop a quantitative case for the addition of level 3.7 beds built around an analysis of supply and demand trends. Letters from referral sources would also be useful.
14. Please decipher the statement: "We were originally requesting an extension of our license 4615 Park Heights Avenue to 3463 Woodland Avenue at the Weinberg Center facility," and explain its the significance or cogency.

C) Availability of More Cost Effective Alternatives

15. You failed to respond to this criterion. As the instructions request, a) specify the project's goals and objectives; b) describe any alternative approaches considered, and why the chosen alternative is the most cost-effective.

D) Viability of the Proposal

16. Your sole response to this criterion was to refer a reviewer to Exhibit 9, which is the required application tables. Your response to this criterion should comment on *the availability of financial and nonfinancial resources, including community support, necessary to implement the project within the time frames set forth in the Commission's performance requirements, as well as the availability of resources necessary to sustain the project.*
17. The instructions say: *Audited financial statements for the past two years should be provided by all applicant entities and parent companies to demonstrate the financial condition of the entities involved and the availability of the equity contribution. If audited financial statements are not available for the entity or individuals that will provide the equity contribution, submit documentation of the financial condition of the entities and/or individuals providing the funds and the availability of such funds. Acceptable documentation is a letter signed by an independent Certified Public Accountant. Such letter shall detail the financial information considered by the CPA in reaching the conclusion that adequate funds are available.*

Please do so.

Statistical and Revenue/Expense Projections (Tables C,D,F)

18. Please put the average length of stay for “residential” care – which was 167 in 2017 and is projected to be 157 starting with the 3.7 beds in context by comparing it to the industry average, and citing any sources for the projection. (Table C.)
19. The FY2016 column of Table D is not complete (i.e, see several cells with #####). Please provide a corrected one.
20. Table D shows a profit margin of almost 63% (net income as a % of total expenses) in 2017, which is projected to grow to over 100% with the addition of 3.7 beds. Please confirm these numbers and comment on how profitability can be so strong and how realistic that is. Add any assumptions behind these numbers that may not have been provided in the original submission.
21. Tables E and F were left vacant. They should show, respectively: the incremental statistical and financial projections associated with the new (i.e., 3.7) services broken out/set apart from the statistics for the entire facility, which were shown in Tables C and D.

Workforce Information (Table G)

22. Note that the Current Year Total Cost cell is not entered (a “value” of ##### is listed instead). Submit a corrected Table G.

Please submit three copies of the responses to the additional information requested in this letter within ten working days of receipt (if needed, don’t hesitate to request an extension). Also submit the response electronically, in both Word and PDF format, to Ruby Potter (ruby.potter@maryland.gov).

All information supplementing the application must be signed by person(s) available for cross-examination on the facts set forth in the supplementary information, who shall sign a statement as follows: “I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief.”

Should you have any questions regarding this matter, feel free to contact me at (410) 764-5982.

Sincerely,



Kevin McDonald
Chief, Certificate of Need Division

cc: Leana S. Wen, MD, Health Officer, Baltimore City