



GAUDENZIA, INC.

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Michael Harle, M.H.S.
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February 20, 2019

Mr. Kevin McDonald
Chief, Certificate of Need
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: Gaudenzia Crownsville – Matter No. 18-24-2421

Dear Mr. McDonald,

Attached, please find Gaudenzia Inc.'s response to the Commission's completeness review in the above-referenced application.

Thank you for the opportunity to provide additional information in support of this application. We look forward to continuing to work with you and your office during this review process.

Respectfully,

Kristy Blalock, LCPC-S, LCADAS, NCC, BCPC, CADS
Division Director II
Gaudenzia Inc. - Anne Arundel County

Cc: Greg Warren, MBA, Regional Director, Gaudenzia Inc.
Billie Penley, MBA, Acting Health Officer, Anne Arundel County

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Table Package

- 1. As there has been multiple submissions of the application tables through the course of this review, please provide a complete set that includes revisions submitted earlier, so as to eliminate any risk that the wrong “generation” of tables is analyzed as part of the staff recommendation.**

See attached revised tables.

- 2. Please define (a) “Entire facility”; and (b) “New facility” in the submitted tables package. Include the number of beds by ASAM level assumed in each of the *entire facility* and *new facility* definitions.**

(a.) “Entire facility” refers to the total of beds after the completion of the project. This will total 127 beds. The breakdown is as follows:

- i. (90) beds for ASAM levels 3.5 and 3.3
- ii. (27) beds for ASAM levels 3.7 and 3.7WM
- iii. (10) beds for crisis services

(b.) “New facility” refers to the addition of 27 beds in total. This number includes (15) ASAM level 3.7 beds and (12) ASAM 3.7WM beds.

- 3. You still have not answered the question asked in the two previous completeness letters. That is: *Table D projects a profit margin that grows from 2.3% of expenses to 74% of expenses in 2020. Please comment on how profitability can be so strong and comment on how realistic that is. Add any assumptions behind these numbers that may not have been provided in the original submission.***

There are several reasons why our profitability is artificially strong as we submitted the revenue and expense projections in this CON application.

The following are the bullet point reasons for this artificially high level of profitability:

1. The CON application was submitted with our old salary scale which had not been updated for years.
 - a. Our corporate office was unable to increase our salary scale based on the existing contractual rates we had with our jurisdictional and state contracts which had not been increased in years.

- b. The second reason our corporate office was resistant to increase our salary scale was that we were unsure of how successful we would be in the new authorization process with Beacon Health Systems and the length of stays we would be able to obtain.
 - c. Our revenue projections are based on the Medicaid rates published by Beacon Health Options. Our existing contracts with the Behavioral Health Administration and jurisdictions, Baltimore City, Baltimore County and Anne Arundel County all flipped over to Beacon overseeing the authorization process and with new higher rates.
2. The COMAR 10.63 changes which also occurred at the same time demanded that:
- a. Urinalysis testing fees were to be included (bundled) within the new rates. Previously these costs were not bundled in the COMAR 10.47 regulations
 - b. Mental health evaluation and individual therapy were now to be included and paid for under the new rates. Previously mental health services could be billed separately for the services they provided. The salary and fringe of mental health therapists now have to be funded by the revenue of the new Medicaid per diem rates.
4. **Following up on your response to question 22 on our original completeness letter and reiterated in our second completeness letter (October 23):**
- a) **Your response set Gaudenzia’s average length of stay for Park Heights 3.7WM in 2017 at “&.2” days; staff suspects that you meant “7.2” or “8.2.” What should it be?**

“&.2” was in fact an error. The correct average length of stay is 7.2 days.

The table immediately below is drawn from your responses. The following questions are based on that data.

Average length of Stay by ASAM Level, Gaudenzia and Maryland Facility Average

ASAM Level	Gaudenzia (3 year average, 2016-2018)	Maryland Facility Average
3.3/3.5	129.3	88 days (level 3.3)
3.7WM	7 days*	6
3.7	26.9	15

* assumes that the a ALOS for 2017 was 7.2 days

- b) **Gaudenzia's ALOS for ASAM 3.3/3.5 is almost 50% longer than the Maryland Average. Please explain why, including any differences in programming or outcomes. Any references to outcomes should be well documented.**

Gaudenzia has been very successful in treating individuals who have criminal justice involvement. We have had a contract with the Behavioral Health Administration (now the Maryland Department of Health) for many years, and this contract is commonly known as the BHA HG 8-507 contract. Patients who are treated under this contract represent 75% of the total patients cared for at the Crownsville facility. This population's average length of stay is 162 days. Gaudenzia is one of three providers in the state of Maryland who are recipients of this contract. Patients receiving treatment under this contract typically are in residential ASAM level of care 3.5 treatment for 4-6 months, thus lengthening the average length of stay. As a comparison to patients treated under this contract, the average length of stay for Medical Assistance patients is 93 days. We cannot speak to the average length of stay that other providers are experiencing with either the 8-507 contract or the treatment of Medical Assistance patients. The only known source of information to discern other providers' outcomes is published by BHA and has not been updated since 2014.

- c) **Gaudenzia's ALOS for ASAM 3.7 is almost 80% longer than the Maryland Average. Please explain why, including any differences in programming or outcomes. Any references to outcomes should be well documented.**

We are not able to explain why Gaudenzia's average length of stay for ASAM 3.7 is almost 80% longer than the Maryland Average. However, for all of our patients, all of our lengths of stay are based on medical necessity criteria and ultimately approved by Beacon Health Options. The symptoms our patients have and that we describe on the monthly Beacon Health claims forms are approved by the medical team at Beacon, thus determining our patient's ultimate length of stay in treatment.

TABLE A. PHYSICAL BED CAPACITY BEFORE AND AFTER PROJECT

INSTRUCTIONS: Identify the location of each nursing unit (add or delete rows if necessary) and specify the room and bed count before and after the project in accordance with the definition of physical capacity noted below. Applicants should add columns and recalculate formulas to address rooms with 3 and 4 bed capacity. **NOTE:** Physical capacity is the total number of beds that could be physically set up in space without significant renovations. This should be the maximum operating capacity under normal, non-emergency circumstances and is a physical count of bed capacity, rather than a measure of staffing capacity. A room with two headwalls and two sets of gasses should be counted as having capacity for two beds, even if it is typically set up and operated with only one bed. A room with one headwall and one set of gasses is counted as a private room, even if it is large enough from a square footage perspective to be used as a semi-private room, since renovation/construction would be required to convert it to semi-private use. If the hospital operates patient rooms that contain no headwalls or a single headwall, but are normally used to accommodate one or more than one patient (e.g., for psychiatric patients), the physical capacity of such rooms should be counted as they are currently used.

Service Location (Floor/Wing)	Current Licensed Beds	Before the Project				After Project Completion							
		Based on Physical Capacity			Location (Floor/ Wing)*	Based on Physical Capacity							
		Private	Semi-Private	Total Rooms		Room Count	Private	Semi-Private	Total Rooms	Bed Count Physical Capacity			
		III.7 AND III.7D											
				0				same			6	27	
				0							0	0	
				0							0	0	
				0							0	0	
				0							0	0	
				0							0	0	
Subtotal III.7 AND III.7D	0	0	0	0	0	0	0		0	0	6	27	
		RESIDENTIAL											
2nd floor East, West and Annex	3.5			17							17	85	
Annex	3.3			1							1	5	
Subtotal Residential	6.8	0	0	18	0	0	0		0	0	18	90	
TOTAL	6.8	0	0	18	0	0	0		0	0	24	117	
Other: Annex	Crisis beds			3				Crisis Beds			3	10	
TOTAL OTHER	0	0	0	3	0	0	0		0	0	3	10	
FACILITY TOTAL	6.8	0	0	21	0	0	0		0	0	27	127	

TABLE B. PROJECT BUDGET - NOT APPLICABLE

INSTRUCTION: Estimates for Capital Costs (1.a-e), Financing Costs and Other Cash Requirements (2.a-g), and Working Capital Startup Costs (3) must reflect current costs as of the date of application and include all costs for construction and renovation. Explain the basis for construction cost estimates, renovation cost estimates, contingencies, interest during construction period, and inflation in an attachment to the application. If the project involves services other than level III.7 and III.7D explain the allocation of costs between the levels. NOTE: Inflation should only be included in the Inflation allowance line A.1.e. The value of donated land for the project should be included on Line A.1.d as a use of funds and on line B.8 as a source of funds

	III.7 and III.7D	RESIDENTIAL	TOTAL
A. USE OF FUNDS			
1. CAPITAL COSTS			
a. New Construction			
(1) Building	\$0		\$0
(2) Fixed Equipment	\$0		\$0
(3) Site and Infrastructure	\$0		\$0
(4) Architect/Engineering Fees	\$0		\$0
(5) Permits (Building, Utilities, Etc.)	\$0		\$0
SUBTOTAL	\$0	\$0	\$0
b. Renovations			
(1) Building	\$0		\$0
(2) Fixed Equipment (not included in construction)	\$0		\$0
(3) Architect/Engineering Fees	\$0		\$0
(4) Permits (Building, Utilities, Etc.)	\$0		\$0
SUBTOTAL	\$0	\$0	\$0
c. Other Capital Costs			
(1) Movable Equipment Office and lounge furniture)	\$16,325		\$16,325
(2) Contingency Allowance	\$0		\$0
(3) Gross interest during construction period	\$0		\$0
(4) Other (Specify/add rows if needed)	\$0		\$0
SUBTOTAL	\$16,325	\$0	\$16,325
TOTAL CURRENT CAPITAL COSTS	\$16,325	\$0	\$16,325
d. Land Purchase	\$0		
e. Inflation Allowance	\$0		\$0
TOTAL CAPITAL COSTS	\$16,325	\$0	\$16,325
2. Financing Cost and Other Cash Requirements			
a. Loan Placement Fees	\$0		\$0
b. Bond Discount	\$0		\$0
c. CON Application Assistance	\$0		\$0
c1. Legal Fees	\$0		\$0
c2. Other (Specify/add rows if needed)	\$0		\$0
d. Non-CON Consulting Fees	\$0		\$0
d1. Legal Fees	\$0		\$0
d2. Other (Specify/add rows if needed)	\$0		\$0
e. Debt Service Reserve Fund	\$0		\$0
i. Other (Specify/add rows if needed)	\$0		\$0
SUBTOTAL	\$0	\$0	\$0
3. Working Capital Startup Costs			
TOTAL USES OF FUNDS	\$16,325	\$0	\$16,325
B. Sources of Funds			
1. Cash	\$0		\$0
2. Philanthropy (to date and expected)	\$0		\$0
3. Authorized Bonds	\$0		\$0
4. Interest Income from bond proceeds listed in #3	\$0		\$0
5. Mortgage	\$0		\$0
6. Working Capital Loans	\$0		\$0
7.			0
a. Federal	\$0		\$0
b. State	\$0		\$0
c. Local	\$0		\$0
8. Other (Specify/add rows if needed)	\$0		\$0
TOTAL SOURCES OF FUNDS			\$0
	III.7 and III.7D	RESIDENTIAL	TOTAL
Annual Lease Costs (if applicable)			
1. Land	\$0		\$0
2. Building	\$0		\$0
3. Major Movable Equipment	\$0		\$0
4. Minor Movable Equipment	\$0		\$0
5. Other (Specify/add rows if needed)	\$0		\$0

* Describe the terms of the lease(s) below, including information on the fair market value of the item(s), and the number of years, annual cost, and the interest rate for the lease.

TABLE C. STATISTICAL PROJECTIONS - ENTIRE FACILITY

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable.

Indicate CY or FY	Two Most Recent Years (Actual)			Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H.						
	FY 16	FY 17	FY 18		FY 19	FY 20	FY 21	FY 22	FY 23	FY 25	FY 26
1. DISCHARGES											
a. Residential	86	160	210	260	260	260	260	260	260	260	260
b. III.7 and III.7D	0	0	241	311	311	311	311	311	311	311	311
c. Other (Specify/add rows of needed)											
TOTAL DISCHARGES	86	160	451	571	571	571	571	571	571	571	571
2. PATIENT DAYS											
a. Residential	9,976	22,214	27,922	27,922	27,922	27,922	27,922	27,922	27,922	27,922	27,922
b. III.7 and III.7D	0	0	0	2,792	8,376	8,376	8,376	8,376	8,376	8,376	8,376
c. Other (Specify/add rows of needed)											
TOTAL PATIENT DAYS	9,976	22,214	27,922	30,714	36,298	36,298	36,298	36,298	36,298	36,298	36,298
3. AVERAGE LENGTH OF STAY (patient days divided by discharges)											
a. Residential	116.0	138.8	133.0	107.4	107.4	107.4	107.4	107.4	107.4	107.4	107.4
b. III.7 and III.7D	0.0	0.0	0.0	9.0	26.9	26.9	26.9	26.9	26.9	26.9	26.9
c. Other (Specify/add rows of needed)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
TOTAL AVERAGE LENGTH OF STAY	116.0	138.8	61.9	53.8	63.6	63.6	63.6	63.6	63.6	63.6	63.6
4. NUMBER OF LICENSED BEDS											
f. Rehabilitation	0	0									
g. Comprehensive Care	0	0									
h. Other 3.5 and 3.3	90	90	90	90	90	90	90	90	90	90	90
Crisis beds	0	10	10	10	10	10	10	10	10	10	10
Halfway House	5	5	25	25	25	25	25	25	25	25	20
TOTAL LICENSED BEDS	95	95	140	140	140	140	140	140	140	140	90
5. OCCUPANCY PERCENTAGE *IMPORTANT NOTE: Leap year formulas should be changed by applicant to reflect 366 days per year.											
a. Residential	78.9%	78.9%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
b. III.7 and III.7D	#DIV/0!	#DIV/0!	70.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
c. Other (Specify/add rows of needed)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL OCCUPANCY %	28.8%	64.1%	54.6%	60.1%	71.0%	71.0%	71.0%	71.0%	71.0%	71.0%	110.5%
6. OUTPATIENT VISITS											
a. Residential											
b. III.7 and III.7D											
c. Other (Specify/add rows of needed) PHP											
TOTAL OUTPATIENT VISITS	0	0	0	0	0	0	0	0	0	0	0

* Include beds dedicated to gynecology and addictions, if separate for acute psychiatric unit.

TABLE E. STATISTICAL PROJECTIONS - NEW FACILITY OR SERVICE

INSTRUCTION: After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable.

Fiscal Year	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H.							
	2016	2017		2018	2019	2020	2021	2022	2023	2024	2025
1. DISCHARGES											
a. Residential											
b. III.7 and III.7D				421	843	843	843	843	843	843	843
c. Other (Specify)											
TOTAL DISCHARGES	0	0	0	421	843	843	843	843	843	843	843
2. PATIENT DAYS											
a. Residential											
b. III.7 and III.7D				5,241	10,453	10,453	10,453	10,453	10,453	10,453	10,453
c. Other (Specify)											
TOTAL PATIENT DAYS	0	0	0	5,241	10,453	10,453	10,453	10,453	10,453	10,453	10,453
3. AVERAGE LENGTH OF STAY (patient days divided by discharges)											
a. Residential											
b. III.7 and III.7D	0.0	0.0	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4
c. Other (Specify)											
TOTAL AVERAGE LENGTH OF STAY	#DIV/0!	#DIV/0!	#DIV/0!	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4
4. NUMBER OF LICENSED BEDS											
f. Rehabilitation											
g. Comprehensive Care											
h. Other (Specify)											
TOTAL LICENSED BEDS	0	0	0	0	0	0	0	0	0	0	0
5. OCCUPANCY PERCENTAGE *IMPORTANT NOTE: Leap year formulas should be changed by applicant to reflect 366 days per year.											
a. Residential											
b. III.7 and III.7D	0.0%	0.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
c. Other (Specify)											
TOTAL OCCUPANCY %	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
6. OUTPATIENT VISITS											
a. Residential											
b. III.7 and III.7D											
c. Other (Specify)	0	0	30	30	30	30	30	30	30	30	30
TOTAL OUTPATIENT VISITS	0	0	30	30	30	30	30	30	30	30	30

* Include beds dedicated to gynecology and addictions, if separate for acute psychiatric unit.

TABLE F. REVENUES & EXPENSES, UNINFLATED - NEW FACILITY OR SERVICE

INSTRUCTION: After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). Table F should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table E and with the costs of Manpower listed in Table G. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.

Projected Years (ending at least two years after project completion and full occupancy) Add years, if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.

FY	2018	2019	2020	2021	2022
1. REVENUE					
a. Inpatient Services	\$ 441,639	\$ 2,991,759	\$ 3,051,594	\$ 3,112,626	\$ 3,174,878
b. Outpatient Services					
Gross Patient Service Revenues	\$ 441,639	\$ 2,991,759	\$ 3,051,594	\$ 3,112,626	\$ 3,174,878
c. Allowance For Bad Debt (10%)	\$ 44,163	\$ 299,175	\$ 305,159	\$ 311,262	\$ 317,487
d. Contractual Allowance					
e. Charity Care					
Net Patient Services Revenue	\$ 397,476	\$ 2,692,584	\$ 2,746,435	\$ 2,801,364	\$ 2,857,391
f. Other Operating Revenues (Specify)					
NET OPERATING REVENUE	\$ 397,476	\$ 2,692,584	\$ 2,746,435	\$ 2,801,364	\$ 2,857,391
2. EXPENSES					
a. Salaries & Wages (including benefits)	\$ 388,566	\$ 1,554,265	\$ 1,580,952	\$ 1,580,978	\$ 1,607,700
b. Contractual Services	\$ 54,900	\$ 219,600	\$ 219,600	\$ 219,600	\$ 219,600
c. Interest on Current Debt					
d. Interest on Project Debt					
e. Current Depreciation					
f. Project Depreciation					
g. Current Amortization					
h. Project Amortization					
i. Supplies	\$ 126,767	\$ 507,071	\$ 507,071	\$ 507,071	\$ 507,071
j. Other Expenses (Specify) (Indirect Cost is 8% of salary and fringe)	\$ 35,477	\$ 141,909	\$ 144,044	\$ 144,046	\$ 146,184
TOTAL OPERATING EXPENSES	\$ 605,710	\$ 2,422,845	\$ 2,451,667	\$ 2,451,695	\$ 2,480,555
3. INCOME					
a. Income From Operation	\$ (208,234.00)	\$ 269,739.00	\$ 294,768.00	\$ 349,669.00	\$ 376,836.00
b. Non-Operating Income					
SUBTOTAL	\$ (208,234.00)	\$ 269,739.00	\$ 294,768.00	\$ 349,669.00	\$ 376,836.00
c. Income Taxes					
NET INCOME (LOSS)	\$ (208,234.00)	\$ 269,739.00	\$ 294,768.00	\$ 349,669.00	\$ 376,836.00
4. PATIENT MIX					
a. Percent of Total Revenue					
1) Medicare					
2) Medicaid	100.0%	95.0%	90.0%	85.0%	85.0%
3) Blue Cross					
4) Commercial Insurance		5.0%	10.0%	15.0%	15.0%

TABLE F. REVENUES & EXPENSES, UNINFLATED - NEW FACILITY OR SERVICE

INSTRUCTION: After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). Table F should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table E and with the costs of Manpower listed in Table G, Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.

Projected Years (ending at least two years after project completion and full occupancy) Add years, if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.

FY	2018	2019	2020	2021	2022
5) Self-pay					
6) Other (BHA 8507 contract)					
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
b. Percent of Equivalent Inpatient Days					
Total MSGA					
1) Medicare					
2) Medicaid	100.0%	95.0%	90.0%	85.0%	85.0%
3) Blue Cross					
4) Commercial Insurance					
5) Self-pay					
6) Other					
TOTAL	100.0%	95.0%	90.0%	85.0%	85.0%

Gaudenzia Inc. - Crownsville

TABLE G. WORKFORCE INFORMATION

INSTRUCTION: List the facility's existing staffing and changes required by this project. Include all major job categories under each heading provided in the table. The number of Full Time Equivalents (FTEs) should be calculated on the basis of 2,080 paid hours per year equals one FTE. In an attachment to the application, explain any factor used in converting paid hours to worked hours. Please ensure that the projections in this table are consistent with expenses provided in uninflated projections in Tables F and G.

Job Category	CURRENT ENTIRE FACILITY			PROJECTED CHANGES AS A RESULT OF THE PROPOSED PROJECT THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			OTHER EXPECTED CHANGES IN OPERATIONS THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			PROJECTED ENTIRE FACILITY THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)		
	Current Year FTEs	Average Salary per FTE	Current Year Total Cost	FTEs	Average Salary per FTE	Total Cost (should be consistent with projections in Table D, if submitted).	FTEs	Average Salary per FTE	Total Cost	FTEs	Total Cost (should be consistent with projections in Table D)	
1. Regular Employees												
<i>Administration (List general categories, add rows if needed)</i>												
Division Director II	0.8	\$72,000	\$72,000	1.0	\$90,000	\$105,000			\$0	1.0	\$105,000	
Program Director	1.0	\$70,000	\$70,000	2.0	\$140,000	\$140,000			\$0	3.0	\$210,000	
Administrative Coordinator	2.0	\$33,000	\$66,000	3.0	\$36,000	\$72,000			\$0	5.0	\$330,000	
Clinical Director	2.0	\$55,000	\$110,000	3.0	\$55,000	\$110,000			\$0	5.0	\$275,000	
Total Administration	5.8	\$230,000	\$318,000	9.0	\$321,000	\$427,000			\$0	12.0	\$920,000	
<i>Direct Care Staff (List general categories, add rows if needed)</i>												
Addiction Counselors	7.0	\$38,000	\$266,000	15.0	\$45,000	\$585,000			\$0	22.0	\$990,000	
Mental Health Therapists	2.0	\$55,000	\$110,000	2.0	\$55,000	\$110,000			\$0	4.0	\$440,000	
Intake Specialists	1.0	\$41,000	\$41,000	4.0	\$41,000	\$164,000			\$0	5.0	\$205,000	
Nurses	1.5	\$97,500	\$97,500	10.0	\$65,000	\$650,000			\$0	11.5	\$1,121,250	
Total Direct Care	11.5		\$514,500	31.0		\$1,509,000			\$0	39.0	\$2,756,250	
<i>Support Staff (List general categories, add rows if needed)</i>												
House Managers	10.5	\$24,960	\$262,080	17.0	\$24,960	\$423,810			\$0	27.5	\$686,400	
Cooks	2.0	\$29,000	\$58,000	1.0	\$29,000	\$29,000			\$0	3.0	\$87,000	
Billing Specialists	1.0	\$41,000	\$41,000	1.5	\$61,500	\$135,000			\$0	2.5	\$102,500	
Peer Recovery Specialists	2.0	\$33,000	\$66,000	8.0	\$33,000	\$264,000			\$0	10.0	\$330,000	
Director of Admissions				1.0	\$65,000	\$65,000				1.0	\$65,000	
IT Support				1.0	\$45,000	\$45,000				1.0	\$45,000	
Total Support	15.5		\$427,080	29.5	\$258,460	\$258,460			\$0	45.0	\$1,315,900	
REGULAR EMPLOYEES TOTAL	32.8		\$1,009,500	69.5		\$0			\$0	102.3	\$4,992,150	
2. Contractual Employees												
<i>Administration (List general categories, add rows if needed)</i>												
			\$0			\$0			\$0	0.0	\$0	
			\$0			\$0			\$0	0.0	\$0	
			\$0			\$0			\$0	0.0	\$0	
			\$0			\$0			\$0	0.0	\$0	
Total Administration			\$0			\$0			\$0	0.0	\$0	
<i>Direct Care Staff (List general categories, add rows if needed)</i>												
Nurse Practitioner	0.0		\$0	1.0	\$95,000	\$95,000			\$0	2.0	\$190,000	
Medical Director	0.2	\$68,460	\$68,460	0.3	\$102,960	\$102,960			\$0	0.5	\$171,420	
Psychiatrist	0.1	\$40,560	\$40,560	0.4	\$202,780	\$202,780			\$0	0.5	\$243,340	
			\$0			\$0			\$0	0.0	\$0	
Total Direct Care Staff	1.9		\$0			\$0			\$0	1.9	\$604,760	
<i>Support Staff (List general categories, add rows if needed)</i>												
			\$0			\$0			\$0	0.0	\$0	
			\$0			\$0			\$0	0.0	\$0	
			\$0			\$0			\$0	0.0	\$0	
			\$0			\$0			\$0	0.0	\$0	
Total Support Staff			\$0			\$0			\$0	0.0	\$0	
CONTRACTUAL EMPLOYEES TOTAL			\$0			\$0			\$0	1.9	\$604,760	
<i>Benefits (State method of calculating benefits below):</i>												
32% of Salary and Fringe												
TOTAL COST	32.8		\$1,009,500	69.5		\$0	0.0		\$0		\$5,596,910	

Explanations for the Tables

- Table B: The building is leased to Gaudenzia for \$1 per year for 15 years (3-5 year renewable terms). Gaudenzia has renovated the building almost entirely at its own expense, approximately \$750,000. Anne Arundel County has financially contributed \$265,000 over the past 2 years, in two grants. We have no debt on the property and we maintain utilities and landscaping.
- Table C: The census assumptions are based on 17 years of experience managing a 3.7 and 3.7D program in Baltimore City very similar in size to what we hope to open in Crownsville. Until this fiscal year of length of stay 6.8 days for 3.7 D and 25 days for 3.7 care are based on that experience. In addition we can anticipate our completion and premature discharge numbers for Crownsville also from that experience and are staffing model is based on optimizing length of stay.
- Table D Our revenue projections are based on the medicaid rates published by Beacon Health and our existing contracts with BHA (8507 Contract) as well as Anne Arundel County (Crisis beds and Halfway House). Our expenses are based on a combination of our existing program at Crownsville what we know the expenses to be for 3.7 and 3.7D at a similar sized program in Baltimore. The expenses for this upcoming fiscal year however are not completely known yet. Based on the new COMAR 10.63 regs we will be adding mental health therapists and urinalysis testing to the facility's budget. In addition until now there are many unknowns for us still based on the new regs, adjusting to fee for service billing via Beacon and understanding the increased flow of individuals into treatment from our recent addition of 10 Crisis beds. We must increase our salaries to regain competitive salaries with outpatient programs who received rate increases prior to the residential programs. In the next few months we anticipate adjusting our salaries significantly to hire the additional staff we will need to staff our programs and our expenses will increase significantly.
- Table E Our staffing projections are based on the patient counselor ratios that exceed best practice expectations for each level of care. Eight to one for the 3.7D and 3.7 and 12 to one for 3.5 and 3.3 levels of care. A position that needs 24 hour staffing is calculated at 5.5 FTE's for a 24 hour period. We also always have male and female staff scheduled for every shift and have same sex staff for gender specific units such as the female Halfway house. There are staffing savings based on sharing Cooks, House Managers, Medical staff and billing specialists.

Gaudenzia, Inc. - Crownsville
Matter No. 18-24-2421

Statement:

I hereby declare and affirm under the penalties of perjury what the facts stated in this application and its attachments are true and correct to the best of my knowledge, information and belief.

K. Blalock

Kristy Blalock, Division Director

2/21/19

Date