



MARYLAND HEALTH CARE COMMISSION

4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215
TELEPHONE: 410-764-3460 FAX: 410-358-1236

July 10, 2018

VIA Email & U.S. MAIL

Kristy Blalock, Division Director
Gaudenzia, Inc.
107 Circle Drive
Crownsville, MD 21032

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

Dear Ms. Blalock:

Commission staff has reviewed the CON application for the above-referenced project seeking to establish a 27 bed Alcohol and Drug Abuse Intermediate Care Facility and found it incomplete. Please respond to the following completeness questions.

Part I- Project Identification and General Information

1. a) Provide a thorough description of the facilities and services of Gaudenzia, Inc.
b) Provide a clear and concise description of this proposed project to establish 27 level III-7/III-7WM at an existing location in Crownsville. Describe the current bed complement of the facility and how it will change. Staff is confused by the depictions derived from the application tables. Table A shows an addition of 6 rooms and 25 beds. First, this is inconsistent with the 27 in your description; second, the addition of 27 (or 25?) beds appears to be incompatible with a project cost (Table B) of zero. Is there no construction, renovation or equipment purchase involved?
2. As described in your response to question 12 (p.11) the 27 beds would be located in 5 rooms, allowing between 50 and 60 square feet (SF) per bed. How does this comport with licensing standards?

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

3. You are applying for 27 beds. How did you arrive at 27? 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

4. Your response includes a reference to and exhibit (Exhibit 5) which is headed with an identifier as being a document of the ALCOHOL AND DRUG ADMINISTRATION, not a Gaudenzia document. Please explain.

Information Regarding Charges

5. Please provide a copy of this document, which you have stated is posted in conspicuous locations.

Age Groups

6. Your response sends reviewers to a lengthy Policy and Procedures exhibit without identifying a page number or policy number, making your reference very difficult to find. Please give the title and number of the policy that addresses this standard.

Quality Assurance

7. Please provide documentation showing Gaudenzia Crownsville's CARF accreditation.

Utilization Review and Control Programs

8. Gaudenzia responded by stating that it participates in utilization review practices and control programs; has written policies governing admission, length of stay, discharge planning, and referrals, referring the reviewer to a lengthy Policy and Procedures exhibit without identifying a page number or policy number, making this reference very difficult to find. Please give the title and number of the policy that addresses this standard.
9. Similarly, the applicant should identify a policy number or page number where its policy specifying 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

10. Gaudenzia stated that Exhibit 8 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 8. As subpart (2) of the standard 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.

In-Service Education

11. Once again the application refers the reviewer to a lengthy Policy and Procedures exhibit without identifying a page number or policy number, making this reference very difficult to find. Please a) give the title and number of the policy that addresses this standard, and b) briefly summarize the in-service education regimen.

Sources of Referral

12. This standard does not ask an applicant to demonstrate that 50 percent of the facility’s annual patient days have been generated by the indigent or gray area population (after the fact) but instead to project that that will be the case and demonstrate how/why 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.

Sub-Acute detoxification

13. Please 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.

Voluntary Counseling, Testing, and Treatment Protocols

14. The applicant failed to respond to this standard (.05N). Please rectify that omission.

Outpatient Alcohol & Drug Abuse Programs

15. Re: subpart 2 of this standard, please explain how Exhibit 8 *documents continuity of care and appropriate staffing at off-site outpatient programs*. The documents provided therein do not make this self-evident.
16. Re: subpart 5 of the standard, please explain the nature of and working relationship with Maryland State Care Coordination.

Program Reporting

17. Please explain more fully what is meant by “Gaudenzia complies with Beacon Health Options” and describe what that compliance entails. Is data currently shared? What is the nature of that data?

B) Need

18. The application states (p. 28) that between November 2017 and February 2018 “*our regular admissions numbers from that same time period as 315 for detox with 101 clients being admitted to 3.7 from 3.7WM treatment.*”
 - a) That passage must include typos, as it is not comprehensible. Please restate it.
 - b) The applicant is currently applying for a CON to provide level 3.7 and 3.7WM beds, but the response to this criterion seems to suggest it is currently being offered. Please explain.
19. Please develop a quantitative case for the addition of level 3.7 and 3.7WM beds built around an analysis of supply and demand trends. Letters from referral sources would also be useful.

C) Availability of More Cost Effective Alternatives

20. 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

Project Budget

21. As noted in question the addition of 27 (or 25?) beds appears to be incompatible with a project cost (Table B) of zero. Is there no construction, renovation or equipment purchase involved?

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

22. Please put the average length of stay for “residential” care of 116 (2016) and 138.8 (2017) and 133 (2018 projected) in context by comparing it to the industry average, and cite the sources of such an average. (Table C.)

23. Table E was left vacant. It should show the incremental statistical projections associated with the new (i.e., III.7/III.7WM services broken out/set apart from the statistics for the entire facility, i.e., Table C.
24. Under the "patient mix" section of Table D, the application shows "other" as providing 100% of both total revenue and total patient days in 2017, but does not provide a response for 2016 (from 2018 onward Medicaid is projected as filling 60% - 70% of both revenue and patient days, while "other" fills the balance of each of these).
- (a) Explain, or submit a corrected Table D.
 - (b) Explain or describe "other."
25. 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.

Workforce Information (Table G)

26. Note that the Regular Employees and Total Cost lines have cells with a value of #####. Submit a corrected Table G with those cells completed.

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: Frances Phillips, Health Officer, Anne Arundel County