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

October 23, 2018

VIA Email & U.S. MAIL

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

Re: Gaudenzia-Crownsville
Matter No. 18-02-2421

Dear Ms. Blalock:

Commission staff has reviewed your responses to our completeness letter of July 10 and found them to incomplete. Please respond to the following completeness questions.

Part I- Project Identification and General Information

1. Following up on your response to question 1b.

a) At various times the application refers to adding 25 beds and 27 III-7/III-7WM beds; Table A shows an addition of 6 rooms and 25 beds. This is inconsistent with the 27 in your description. Which is it? (Note that if it is 27, a corrected Table A will be required.)

b) Describe the current bed complement of the facility and how it will change.

c) The proposed 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?

d) Your response states: "Our plan is to add 12 beds for 3.7WM level service and 15 beds for 3.7 level of service, (totaling 27 beds) and utilize the available capacity (a separate unit) already within the Crownsville facility." Are you proposing to add beds or convert license levels?

2. Question 2 was not answered. The question is: *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?*

Identification of Intermediate Care Facility Alcohol and Drug Abuse Bed Need

3. Following up on your response to question 3. You refer to 3.7WM, the "Park Heights ICF program," "detox program," 3.7D, and 3.7 levels of care. Please define and distinguish each of these.

Age Groups

4. Following up on your response to question 6. Please give the title and number of the policy that addresses this standard. Excerpting the relevant language (if applicable) is useful, and you should cite the section of the policy where the referenced language can be found.

Utilization Review and Control Programs

5. Question 8 asked that the applicant *give the title and number of the policy that addresses this standard.* In addition, please directly quote the statement in the policy that addresses the requirement in the standard.

6. Question 9 asked that the applicant *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

7. Following up on the response to question 10, Gaudenzia should indicate which of the transfer agreements it attached as exhibits match the required category of provider. Staff has prepared a table that should make such submission clear.

Category	Agreement(s) with:
Acute care hospitals	
Halfway houses, therapeutic communities, long-term care facilities	
local alcohol and drug abuse intensive and other outpatient programs	
Local community mental health center or center(s)	
The jurisdiction's mental health and alcohol and drug abuse authorities	
The Alcohol and Drug Abuse Administration (i.e., BHA)	
Mental Hygiene Administration (i.e., DHMH)	
The jurisdiction's agencies that provide prevention, education, driving-while-intoxicated programs, family counseling, and other services	

Sources of Referral

8. Following up on your response to question 12, please offer evidence suggesting that the applicant will comply with the standard's requirement that 50 percent of the facility's annual patient days will be generated by the indigent or gray area population.

Need

9. Following up on your response to question 18:
   a) Please restate thes passage immediately below (from p. 28 in the CON application) to delineate the need case more clearly:

      Gaudenzia has a crisis center for opioid addicted people to received treatment which opened in November 2017. From November 2017 through February 2018, we have services 241 clients, with 70% of those admissions being male. These clients are referred through the crisis program and are in need of ICF/detox treatment. In addition, 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.

   b) The applicant is currently applying for a CON to provide level 3.7 and 3.7WM beds, but the statement: "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" seems to suggest it is currently being offered. Please explain.

   c) Does the statement *our regular admissions numbers from that same time period [w]as 315 for detox with 101 clients being admitted to 3.7 from 3.7WM treatment"* mean that 315 were admitted for detox (3.7WM), with 101 of them following up with 3.7 level of care?

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

10. Question 22 asked Gaudenzia to *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.* The response spoke to the ALOS for 3.7WM and 3.7, but was silent on residential (which was the question).

11. Question 23 noted that Table E -- which 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 – was not provided. It still hasn't been. In addition Table F was also not provided, and must be. Note that the purpose of these tables is to isolate the incremental impact of the new service (and those projections should also --- and appear to be -- inherently part of the projected years data shown on Tables C and D).

12. The "patient mix" section of Table D, the application shows "other" as providing 100% of both total revenue and total patient days in 2016 and 2017, thereafter moving to 40% and stabilizing at 30%. If these are not Medicare, Medicaid, Blue Cross, commercial insurance, or self-pay, what is it? Explain or describe "other."

13. Your response to question 25 did not address the question asked, which was: *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.*

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: Billie Penley, Acting Health Officer, Anne Arundel County