

GAUDENZIA, INC.

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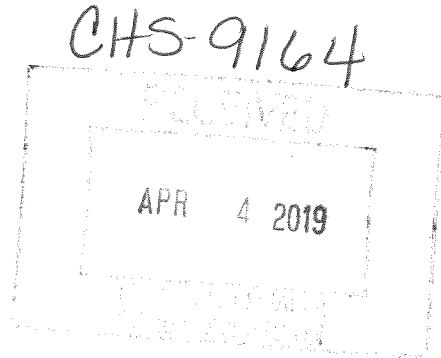
Richard Z. Freeman, Jr., Esq.
Chairman of the Board
Gaudenzia, Inc.

Michael Harle, M.H.S.
President/Chief Executive Officer

April 4, 2019

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

Re: Gaudenzia Crownsville – Matter 18-24-2421



Dear Mr. McDonald,

Attached, please find Gaudenzia Inc.'s revised budget tables for the above mentioned Certificate of Need application, per your request.

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

Respectfully submitted,

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

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

Helping people help themselves since 1968

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			Service Location (Floor/Wing)	Location (Floor/ Wing)*	After Project Completion		
		Based on Physical Capacity					Based on Physical Capacity		
		Private	Semi-Private	Total Rooms			Room Count	Semi- Private	Total Rooms
III.7 AND III.7D									
					First floor, west wing	same			
							6	0	27
								0	0
								0	0
								0	0
								0	0
								0	0
Subtotal III.7 AND III.7D	0	0	0	0	Subtotal III.7 and III.7 D		0	0	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	Subtotal Residential		0	0	90
TOTAL	6.8	0	0	18	TOTAL		0	0	117
Other: Annex beds				3	Other (Specify/add rows as needed)	Chris Beds		3	10
TOTAL OTHER	0	0	0	3	TOTAL NON-ACUTE		0	0	10
FACILITY TOTAL	6.8	0	0	21	FACILITY TOTAL		0	0	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		
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.

	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.												
Indicate CY or FY	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	260	260	260	260	260
b. III.7 and III.7D	0	0	241	311	311	311	311	311	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	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	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	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	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	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	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!	#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	63.6	63.6	63.6	63.6	63.6
4. NUMBER OF LICENSED BEDS																
f. Rehabilitation	0	0	0													
g. Comprehensive Care	0	0	0													
h. Other 3.5 and 3.3	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90
Christ beds	0	0	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Halfway House	5	5	25	25	25	25	25	25	25	25	25	25	25	25	25	20
TOTAL LICENSED BEDS	95	95	140	140	140	140	140	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%	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%	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%	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%	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	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					843	843	843	843	843	843	843	843
c. Other (Specify)												
TOTAL DISCHARGES	0	0	0	0	843	843	843	843	843	843	843	843
2. PATIENT DAYS												
a. Residential												
b. III.7 and III.7D					10,453	10,453	10,453	10,453	10,453	10,453	10,453	10,453
c. Other (Specify)												
TOTAL PATIENT DAYS	0	0	0	0	10,453	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!	#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	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!	#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	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			\$ 2,849,340	\$ 2,849,340	\$ 2,849,340
b. Outpatient Services					
Gross Patient Service Revenues	\$ -	\$ -	\$ 2,849,340	\$ 2,849,340	\$ 2,849,340
c. Allowance For Bad Debt (10%)			\$ 98,274	\$ 98,274	\$ 98,274
d. Contractual Allowance					
e. Charity Care					
Net Patient Services Revenue	\$ -	\$ -	\$ 2,751,065	\$ 2,751,065	\$ 2,751,065
f. Other Operating Revenues (Specify)					
NET OPERATING REVENUE	\$ -	\$ -	\$ 2,751,065	\$ 2,751,065	\$ 2,751,065
2. EXPENSES					
a. Salaries & Wages (including benefits)			\$ 4,540,485	\$ 4,540,485	\$ 4,540,485
b. Contractual Services			\$ 547,182	\$ 547,182	\$ 547,182
c. Interest on Current Debt			\$ -	\$ -	\$ -
d. Interest on Project Debt			\$ -	\$ -	\$ -
e. Current Depreciation			\$ -	\$ -	\$ -
f. Project Depreciation			\$ -	\$ -	\$ -
g. Current Amortization			\$ -	\$ -	\$ -
h. Project Amortization			\$ -	\$ -	\$ -
i. Supplies			\$ 38,663	\$ 38,663	\$ 38,663
j. Other Expenses (Specify) (Indirect Cost)			\$ 652,364	\$ 652,364	\$ 652,364
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ 5,778,694	\$ 5,778,694	\$ 5,778,694
3. INCOME					
a. Income From Operation	\$ -	\$ -	\$ (3,027,628.61)	\$ (3,027,628.61)	\$ (3,027,628.61)
b. Non-Operating Income					
SUBTOTAL	\$ -	\$ -	\$ (3,027,628.61)	\$ (3,027,628.61)	\$ (3,027,628.61)
c. Income Taxes					
NET INCOME (LOSS)	\$ -	\$ -	\$ (3,027,628.61)	\$ (3,027,628.61)	\$ (3,027,628.61)
4. PATIENT MIX					
a. Percent of Total Revenue					
1) Medicare					
2) Medicaid			90.0%	85.0%	85.0%
3) Blue Cross					
4) Commercial Insurance			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	0.0%	0.0%	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	4.0	\$45,000	\$180,000			\$0	11.0	\$446,000	
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	\$146,250	10.0	\$65,000	\$650,000			\$0	11.5	\$796,250	
Total Direct Care	11.5		\$563,250	20.0		\$1,104,000			\$0	39.0	\$1,887,250	
<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	\$4,123,150	
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>												
37.5% of Salary and Fringe											\$1,546,181	
Total Salary & Fringe	32.8		\$1,009,500	69.5		\$0	0.0		\$0		\$6,274,091	