

December 21, 2018

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,

Please accept the attached revised completeness review of questions 10-14, based on the email exchange and telephone conference review held this morning, 12/21/2018.

Thank you again for the opportunity to provide additional information in support of this certificate of need application.

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

**Statistical and Revenue/Expense Projections (Tables C, D, E,)(see attached)**

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).

**The average length of stay for levels of care 3.3 and 3.5 for Gaudenzia were 116 (2016), 138.8 (2017) and 133 (2018). The comparison in Maryland industry average for level 3.3 was 88 days. This is based on the most up to date Maryland Behavioral Health Administrations Outlook and Outcomes in Substance-Related Disorders Treatment FY14 report.**

**Additionally, the average length of stay at our Park Heights 3.7WM program was 7.0 days (2016), &.2 days (2017) projected at 6.87 days (2018). The average length of stay in the 3.7 program was 26.07 days (2016), 27.7 days (2017) and are projected at 26.91 days (2018). The comparison in Maryland industry average for level 3.7WM was 6 days and 15 days for level 3.7. This information is also based on the most up to date Maryland Behavioral Health Administrations Outlook and Outcomes in Substance-Related Disorders Treatment FY14 report.**

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 year's data shown on Tables C and D).

1. We anticipate opening by April 1, 2018 which would result in a quarter of revenue and expenses for the remainder of FY 2018.
2. Since April 1<sup>st</sup> will be the opening of this brand new 3.7WM and 3.7 levels of care we are projecting a gradually increasing utilization of these 27 beds over April, May and June.
  - a. The average utilization of these new beds over the first quarter will be 50%.



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.*

**Our revenue projections are based on the Medicaid rates published by Beacon Health Options (ASO) and our existing contracts with the Behavioral Health**

**Administration (BHA 8-507 contract) as well as Anne Arundel County Health Department of Health (crisis beds and halfway house contract). Our expenses are based on a combination of our existing program at Crownsville and what we know the expenses are for 3.7 and 3.7WM at our similar sized program in Baltimore. The facility expenses for this upcoming fiscal year however are not completely known as of yet. Based on the new COMAR 10.63 regulations, we will be adding mental health therapists and urinalysis testing to the facilities budget. In addition, until now, there have been many unknowns for us still based on the new regulations, 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 before the increase in residential rates took effect. In the next few months, we anticipate adjusting our salaries significantly to hire the additional staff we need to appropriately manage our programs and our expenses will increase significantly.**

**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	
<b>1. DISCHARGES</b>												
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)												
<b>TOTAL DISCHARGES</b>		<b>86</b>	<b>160</b>	<b>451</b>	<b>571</b>	<b>571</b>	<b>571</b>	<b>571</b>	<b>571</b>	<b>571</b>	<b>571</b>	<b>571</b>
<b>2. PATIENT DAYS</b>												
a. Residential		9,976	22,214	27,930	34,580	34,580	34,580	34,580	34,580	34,580	34,580	34,580
b. III.7 and III.7D		0	0	4,850	7,952	7,952	7,952	7,952	7,952	7,952	7,952	7,952
c. Other (Specify/add rows of needed)												
<b>TOTAL PATIENT DAYS</b>		<b>9,976</b>	<b>22,214</b>	<b>32,780</b>	<b>42,532</b>	<b>42,532</b>	<b>42,532</b>	<b>42,532</b>	<b>42,532</b>	<b>42,532</b>	<b>42,532</b>	<b>42,532</b>
<b>3. AVERAGE LENGTH OF STAY (patient days divided by discharges)</b>												
a. Residential		116.0	138.8	133.0	133.0	133.0	133.0	133.0	133.0	133.0	133.0	133.0
b. III.7 and III.7D		0.0	0.0	20.1	25.6	25.6	25.6	25.6	25.6	25.6	25.6	25.6
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!
<b>TOTAL AVERAGE LENGTH OF STAY</b>		<b>116.0</b>	<b>138.8</b>	<b>72.7</b>	<b>74.5</b>	<b>74.5</b>	<b>74.5</b>	<b>74.5</b>	<b>74.5</b>	<b>74.5</b>	<b>74.5</b>	<b>74.5</b>
<b>4. NUMBER OF LICENSED BEDS</b>												
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
<b>TOTAL LICENSED BEDS</b>		<b>95</b>	<b>95</b>	<b>140</b>	<b>140</b>	<b>140</b>	<b>140</b>	<b>140</b>	<b>140</b>	<b>140</b>	<b>140</b>	<b>90</b>
<b>5. OCCUPANCY PERCENTAGE *IMPORTANT NOTE: Leap year formulas should be changed by applicant to reflect 366 days per year.</b>												
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%
<b>TOTAL OCCUPANCY %</b>		<b>28.8%</b>	<b>64.1%</b>	<b>64.1%</b>	<b>83.2%</b>	<b>83.2%</b>	<b>83.2%</b>	<b>83.2%</b>	<b>83.2%</b>	<b>83.2%</b>	<b>83.2%</b>	<b>129.5%</b>
<b>6. OUTPATIENT VISITS</b>												
a. Residential												
b. III.7 and III.7D												
c. Other (Specify/add rows of needed) PHP												
<b>TOTAL OUTPATIENT VISITS</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* 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
<b>1. DISCHARGES</b>											
a. Residential	87	184	252	252	252	252	252	252	252	252	252
b. III.7 and III.7D				421	843	843	843	843	843	843	843
c. Other (Specify)											
<b>TOTAL DISCHARGES</b>	<b>87</b>	<b>184</b>	<b>252</b>	<b>673</b>	<b>1,095</b>	<b>1,095</b>	<b>1,095</b>	<b>1,095</b>	<b>1,095</b>	<b>1,095</b>	<b>1,095</b>
<b>2. PATIENT DAYS</b>											
a. Residential	10,092	21,344	29,232	29,232	29,232	29,232	29,232	29,232	29,232	29,232	29,232
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)											
<b>TOTAL PATIENT DAYS</b>	<b>10,092</b>	<b>21,344</b>	<b>29,232</b>	<b>34,473</b>	<b>39,685</b>	<b>39,685</b>	<b>39,685</b>	<b>39,685</b>	<b>39,685</b>	<b>39,685</b>	<b>39,685</b>
<b>3. AVERAGE LENGTH OF STAY (patient days divided by discharges)</b>											
a. Residential	116.0	116.0	116.0	116.0	116.0	116.0	116.0	116.0	116.0	116.0	116.0
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)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>TOTAL AVERAGE LENGTH OF STAY</b>	<b>116.0</b>	<b>116.0</b>	<b>116.0</b>	<b>51.2</b>	<b>36.2</b>	<b>36.2</b>	<b>36.2</b>	<b>36.2</b>	<b>36.2</b>	<b>36.2</b>	<b>36.2</b>
<b>4. NUMBER OF LICENSED BEDS</b>											
f. Rehabilitation											
g. Comprehensive Care											
h. Other (Specify)											
<b>TOTAL LICENSED BEDS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>5. OCCUPANCY PERCENTAGE *IMPORTANT NOTE: Leap year formulas should be changed by applicant to reflect 366 days per year.</b>											
a. Residential	65.0%	72.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
b. III.7 and III.7D	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)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
<b>TOTAL OCCUPANCY %</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
<b>6. OUTPATIENT VISITS</b>											
a. Residential											
b. III.7 and III.7D											
c. Other (Specify)	0	0	30	30	30	30	30	30	30	30	30
<b>TOTAL OUTPATIENT VISITS</b>	<b>0</b>	<b>0</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>

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