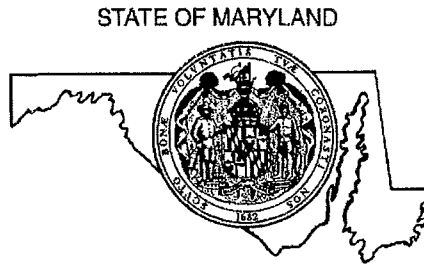


Andrew N. Pollak, M.D.
CHAIR



Ben Steffen
EXECUTIVE DIRECTOR

MARYLAND HEALTH CARE COMMISSION

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

April 18, 2019

Via E-mail and USPS

Dana Farrakhan, FACHE
Senior Vice President
Strategy, Community and Business Development
University of Maryland Medical Center
22 S. Greene Street
Baltimore, MD 21201

**Re: University of Maryland Medical Center
Construction of Addition for Cancer Center
Matter # 19-24-2438**

Dear Ms. Farrakhan:

Staff of the Maryland Health Care Commission (“MHCC”) has reviewed the University of Maryland Medical Center’s Certificate of Need application for the addition of a 228,000 square foot, nine-story tower consisting of both new construction and renovation to the North Hospital building to expand UMMC’s Cancer Center. At this time staff has a number of questions that need to be answered in order to find the application complete. Please respond to the following request for additional information.

Part I – Project Identification and General Information

1. Regarding the Project Schedule, please clarify whether the applicant will sign with only one contractor, or enter into multiple construction contracts for the four phases of this construction project.
2. Please provide some details on how the applicant will logistically schedule construction for the proposed four-phase project covering a potential five-year construction period. How will the applicant coordinate this project to avoid adverse impact on patients and staff as well as the existing operations and services provided at UMMC? Will the applicant have to relocate services or perform some of the construction on off-peak hours or on weekends?

3. Please respond to the following:

- a. Provide some history and background on the current UMMC Greenebaum Comprehensive Cancer Center. Where is the current location and operation of the Cancer Center as well as the current location within UMMC for the existing 62 beds designated for relocation to the proposed addition?
 - b. Provide a broad description on the type of patients and medical oncology treatments currently provided at the Greenebaum Cancer Center.
 - c. Upon project implementation, please provide the future plans for re-purposing both the space previously populated by the cancer center and the inpatient beds. Are the costs and time frames for renovating these existing areas included with this project?
4. Addressing *Rationale for the Project* on p. 5, please provide historical utilization at UMMC's Cancer Center to support the statement that patients served and treatments provided "has tripled in the last eleven years" and "staff/physician and patient/family areas are beyond capacity due to bottlenecks,...inefficiencies and delay." Go into more detail to support the statement "newer treatment options are often curtailed because UMMC lacks the space...to implement them."

Part II – Project Budget

5. Please respond to the following for Table E:

- a. Provide the assumptions or basis for (i) \$15.0 million in Contingency Allowance; (ii) \$8,868,000 in Gross Interest during construction; and (iii) \$9,374,831 in Inflation Allowance.
- b. Regarding Source of Funds, provide evidence that the state has approved \$125.0 million in grants for the proposed Cancer Center.
- c. Provide details on the \$49.3 million that UMMS describes as debt financing for this project. Will the applicant utilize bond financing or a mortgage loan for this portion of the project, and provide details on the terms and length of this debt.

Part IV – Consistency with General Review Criteria at COMAR 10.24.01.08G(3)

Information Regarding Charges

6. Regarding Exhibit 4, the instructions for UMMC's Representative List of Services and Charges states that UMMC updates these tables on a quarterly basis, but the table lists a date of July 1, 2018 when it was last updated. Please provide an updated list of the representative services and charges and provide evidence that this information has been updated on the UMMC website.

Charity Care Policy

7. Please respond to the following:

- a. Quote where in Exhibit 5 of UMMC's Financial Assistance Policy the specific language that describes the determination of probable eligibility (and give a citation to the location within the policy).
- b. Provide copies of any application and/or other forms involved in the process for making a determination of probable eligibility within two business days.
- c. Provide a copy of your procedures, if any, and other documents that detail your process for making a determination of probable eligibility and your procedures, if any, for making a final determination.

Note that requiring the completion of an application with documentation does not comply with this standard, which is intended to ensure that a procedure is in place to inform a potential charity/reduced fee care recipient of his/her probable eligibility within two business days of initial inquiry or application for Medicaid based on a simple and expeditious process.

- d. A two-step process that allows for a probable determination to be communicated within two days based on an abridged set of information, followed by a final determination based on a completed application with the required documentation is permissible. But the policy must include the more easily navigated determination of probable eligibility.
8. Please provide an enlarged copy of Exhibit 6; the UMMC notice on Charity Care Policy is illegible and impossible to read.
9. Regarding Exhibit 7, the applicant's response to subsection .04A(2)(a)(ii)(2) is that this notice is "posted by the registration desk in the hospital's main lobby." Please address whether this Charity Care notice is posted in the admissions office, business office, and emergency department areas within UMMC.

Quality of Care

10. Regarding Exhibit 10, UMMC received a "below average" ranking for two additional quality measures. Please provide UMMC's action plan for the following:

Heart surgeries and procedures
Death rate for CABG

Stroke
Rate of unplanned readmission for stroke patients.

Adverse Impact

11. Has UMMC discussed the potential of renegotiating an increase in reimbursement rates with HSCRC? When did this occur, and what was the outcome of these discussions?

12. Can UMMC sustain and maintain operations for the proposed Cancer Center addition if HSCRC does not approve a rate increase commensurate with the proposed Cancer Center project.

Cost-Effectiveness

13. Please discuss how the construction of a 228,000 SF addition, at a cost of about \$194.3 million, is a cost effective approach for UMMC “to expand the capacity of...the cancer center services.” Identify the savings in costs, manpower, centralization of medical oncology services in one location, or any other cost effective approach as a result of this proposed construction of a nine-floor addition for the Cancer Center.

Efficiency

14. Please quantify the benefit of this proposed new addition in some measure such as dollars, manpower, or time saved as a result of efficiencies in operations, easier accessibility, or improved operational efficiency with regard to staffing, operations, patient safety, etc.

Shell Space

15. Regarding the shell space on the third and fourth floors, please discuss the future plans for these two floors. The applicant briefly states “the third floor will be used for future procedural space, and the fourth floor is for future inpatient clinical space.” What are the future plans for these two floors, i.e., will it become part of the cancer center or address some future inpatient services within UMMC? Does UMMC have likely time frames for the completion and implementation of the shell space for these two floors?

Need

16. Please respond to the following:
 - a. Regarding Tables 3 and 4, please provide an explanation for the decline in historical BMT use rate and total BMT discharge volume between 2016 to 2017, as opposed to the increase in these rates between 2017 to 2018. How can UMMC project an increase in both BMT use rate (26.4%) and total discharges (28.6%) when there was volatility observed during this four year span? Would going back several more years better reflect the growth observed in BMT use rate and total discharges at UMMC? If available, please provide information on the BMT use rate and total discharges between 2018 to year-to-date 2019?
 - b. Regarding Table 8, please provide the assumptions used to support the increase in use rate per 1,000 population from 2018 to 2028. What factors support your assumption that UMMC will maintain a 62.9% market share for BMT patients during this ten year period?
 - c. Regarding Table 9 and CAR-T Cell Therapy patients, please provide the assumptions to support the applicant’s projected 40 patient discharges from 2018 to 2028.

- d. On p. 40, please explain why UMMC Midtown Campus and UM Capital Region Health are not a part of the University of Maryland Cancer Network and are not designated a UMMC partner cancer center.
- e. Provide evidence to support the statement on p. 43 that U.S. News considers UMGCCC one of the top cancer centers in the United States

Availability of More Cost-Effective Alternatives

17. On p. 46, the applicant references the Commission staff to a number of sections within the CON application to address “the need for the proposed project.” The applicant should state in its own words these findings on Need for the construction of a \$194.3 million addition for the Cancer Center.
18. Regarding Alternative #1, please provide a dollar amount associated with constructing the freestanding Cancer Center patient tower on a nearby location.
19. Regarding Alternative #2, please provide further details as to the reason the existing space for the cancer program at UMMC is not sufficient to support the programed growth of the cancer program. Describe the limitations with the existing location with regard to size or other factors. Specify in detail the significant adverse impact on other programs that would be created by renovating these existing areas, and the estimated dollar cost for implementing Alternative #2.

Viability of the Proposal

20. Please provide a copy of the Veterans Administration’s *Mental Health Environment of Care Checklist (MHEOCC)* referenced on p. 49. Why was a checklist related to the mental health environment used with the design and construction of the new addition?

Impact

21. Please respond to the following:
 - a. Identify the assumptions used by Sg2 to project the growth rate in discharges and market share in Tables 18 and 19, respectively.
 - b. State the assumptions for UMMC’s 1.2% growth (125 patients) in medical oncology volumes from 2019 to 2028.
 - c. Regarding Table 19, does UMMC have a transfer agreement or arrangement with all of these hospitals to refer medical oncology patients to UMMC’s Greenebaum Cancer Center?

Tables

22. Clarify the discrepancy between Tables B and C on the total square footage for renovations, i.e., is it 72,981 SF or 72,670 SF. If the former is correct, make revisions to Table C (72,670 SF) identified in this table.
23. For Table D, describe why \$1,300,000 is set aside for Premium for Prevailing Wage.
24. Regarding Table A, please clarify the discrepancy with the 639 MSGA and 35 Obstetric licensed beds reported in this table with the 622 MSGA and 30 Obstetric licensed acute care beds reported in the *Annual Report on Selected Maryland Acute Care and Special Hospital Services, FY 2018*, on Table 1, p. 3, located on MHCC website at:
https://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_hospital/documents/acute_care/chcf_Annual_Rpt_Hosp_Ser_vices_FY2018.pdf.
25. The number of MSGA and ICU/CCU beds after project completion in Table A does not agree with the number of licensed beds listed in Table F. Reconcile whether UMMC will have the 302 MSGA and 310 ICU/CCU beds in Table A, or the 450 MSGA and 241 ICU/CCU beds in Table F by FY 2026. If the applicant revises the number of licensed beds in Table F, then please adjust and correct the statistical projections for this table.
26. Please clarify in Tables G, H, J, and K whether the tables are in thousands (000s), and for either CY or FY.
27. Regarding Tables J and K, UMMC projects that the Cancer Center will not have any revenues from 2024 through 2026, while the cost of operating the Cancer Center addition will continue to increase (from \$21.8 million in 2024 to \$33.7 million on an uninflated basis, an increase of over 54%.) When does the applicant project the costs for the Cancer Center will level off? What type of revenue streams does the applicant expect to offset the costs for the Cancer Center?
28. Regarding Table L, please respond to the following:
 - a. Clarify whether the 162.6 FTEs at a cost of \$11,952,697 is the current number of employees employed by the Cancer Center, or does this represent the number of new employees the applicant anticipates hiring upon project completion and implementation.
 - b. Will the implementation of the new Cancer Center cause efficiencies or benefits in staffing, and if so, please provide numbers to support these efficiencies in the number of personnel and costs to staff the Cancer Center.
 - c. Provide further clarification as to the reasons for the “other expected changes in operations” and the hiring of 535 FTEs at a cost of \$38,829,724.

Dana Farrakhan
April 18, 2019
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Please submit six copies of the responses to completeness questions and the additional information requested in this letter within ten working days of receipt. Also submit the response electronically, in both Word and PDF format, to Ruby Potter (ruby.potter@maryland.gov). Given the number of questions posed, as well as the time required for staff to compile these questions, we will certainly grant an extension to the ten day target specified in regulation as soon as you would request it.

All information supplementing the applicant 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) 764-3374.

Sincerely,



William D. Chan
Program Manager, Certificate of Need

cc: Paul Parker
Kevin McDonald
Letitia Dzirasa, MD, Health Officer, Baltimore City Health Department