GENERAL HOSPITALS AND FREESTANDING MEDICAL FACILITIES

<u>Current scope of CON regulation of general hospitals and freestanding medical facilities (FMFs)</u>

1. Projects requiring a CON:
   - Establishment of a general hospital or an FMF
   - Relocation of a general hospital or an FMF
   - Addition of beds or operating rooms (mixed use or dedicated outpatient)
   - Introduction of new services

     Inpatient MSGA services
     Inpatient obstetric services
     Inpatient pediatric services
     Inpatient psychiatric services
     Inpatient rehabilitation services (special hospital)
     Inpatient chronic care (special hospital)
     Comprehensive care (nursing home) services
     Extended care services
     Intermediate care services
     Residential treatment center services
     Cardiac surgery services
     Organ transplantation surgery services
     Burn treatment services
     Neonatal intensive care unit (NICU) services
   - Capital project in excess of $12.3 million for general hospital and $6.15 million for FMF*

   *Unless expenditure is the only basis for CON requirement and hospital takes the "pledge"

2. Projects eligible for review as a request for exemption from CON review:
   - Conversion of a general hospital to an FMF
   - Merger or consolidation of two or more hospitals;
   - Relocation of a hospital owned or controlled by a merged asset system (two or more health care facilities) subject to geographic limitations and only if the type or scope of services offered does not change and the relocation does not require a qualifying capital expenditure that exceeds the capital review threshold;
   - A change in the bed capacity of a hospital pursuant to consolidation or merger of two or more hospitals;
   - A change in the type or scope of the health care services offered by a hospital if the proposed change is pursuant to the consolidation or merger or two or more hospitals or conversion of a hospital to a limited service hospital; and
   - A capital expenditure that exceeds the review threshold made as part of a consolidation or merger of two or more hospitals

3. Projects eligible of review as a certificate of conformance review:
   - Introduction of percutaneous coronary intervention (PCI) services
   - Relocation of PCI services

KEY policy objective of current CON regulation of general hospitals

Maintain high use of bed and operating room capacity and acceptable use of cardiac surgery, PCI, organ transplant, and NICU programs by limiting the number of beds and ORs put into service and limiting the number of cardiac surgery, PCI, organ transplant, and NICU programs in operation

SPECIAL HOSPITALS

<u>Current scope of CON regulation of special hospitals</u>

4. Projects requiring a CON:
   - Establishment
   - Relocation

- Addition of beds
- Introduction of new medical services
  It is likely that comprehensive care (nursing home) services (by, e.g., a chronic care hospital) or residential treatment center services (by, e.g., a psychiatric hospital) would be the only projects of this type, but any defined medical service (see list on GENERAL HOSPITALS sheet) would apply
- Capital project in excess of $12.3 million*

*Unless expenditure is the only basis for CON requirement and hospital takes the "pledge"

5. Projects eligible for review as a request for exemption from CON review:
   - Merger or consolidation of two or more hospitals;
   - Relocation of a hospital owned or controlled by a merged asset system (two or more health care facilities) subject to geographic limitations and only if the type or scope of services offered does not change and the relocation does not require a qualifying capital expenditure that exceeds the capital review threshold;
   - A change in the bed capacity of a hospital pursuant to consolidation or merger of two or more hospitals;
   - A change in the type or scope of the health care services offered by a hospital if the proposed change is pursuant to the consolidation or merger or two or more hospitals or conversion of a hospital to a limited service hospital; and
   - A capital expenditure that exceeds the review threshold made as part of a consolidation or merger of two or more hospitals

KEY policy objective of current CON regulation of special hospitals

Maintain high use of bed capacity by limiting the number of special hospitals put into operation and the number of beds in operation

Hospital Fact Sheet
CON Modernization Task Force
2018 (updated)

Inventory:

- There are 47 general hospitals and 32 special hospitals currently operating in Maryland.
- There are 9,355 licensed acute care beds in general hospitals in FY 2018. This number is determined by a formula based on 140% of observed average daily census (i.e., the licensed bed capacity has an allowance for approximately 29% of beds at each hospital to be empty on an average day, based on the observed average daily census used in the formula). General hospitals reported total physical bed capacity for 11,635 acute care beds in 2016.
- There are 17 freestanding special hospitals currently operating in Maryland.
  - Nine are psychiatric hospitals. Five of these are operated by the state and are licensed to operate 1,658 beds. They reported staffing 957 beds in 2016. Four are private psychiatric hospitals. These four have 586 licensed beds. They reported staffing 508 beds in 2016.
  - Two are freestanding medical rehabilitation hospitals with 146 licensed beds.
  - Three are chronic care hospitals operated by the state with 226 licensed beds and 140 beds reported as staffed in 2016.
  - Three are pediatric hospitals with 100 licensed beds and 91 beds reported as staffed in 2016.

- There are four additional chronic care hospitals (238 licensed beds/141 staffed beds) and 11 medical rehabilitation hospitals (362 licensed beds) operated on general hospital campuses. There is one facility in Maryland that has a chronic hospital (100 beds) and a medical rehabilitation hospital (20 beds) that does not function as a general acute care hospital.

Use:

- The formula used for licensing acute care bed capacity means that the overall average annual occupancy rate of licensed beds for most general hospitals, that have the ability to set up and staff beds equal to their licensed capacity if sufficient demand warrants, will typically be around 70 to 72%. Statewide, the average daily census used to establish licensed acute care bed capacity for FY 2018 is equivalent to 59% of the physical bed capacity reported in 2016. Staffed bed occupancy can be higher for particular categories of acute care bed (e.g., staffed bed occupancy statewide for acute psychiatric beds licensed as part of general hospital bed complements was reported to be 81% in 2015.)
- Six general hospitals reported having more licensed bed capacity than physical bed capacity in 2016.
- The average occupancy rate of licensed bed capacity in state psychiatric and chronic care hospitals is low (as evidenced by the disparity reported between licensed bed capacity and staffed bed capacity).
- Special rehabilitation hospital bed capacity (freestanding and on general hospital campuses) is estimated to have experienced an average annual occupancy rate of 67% in CY 2016.

Maryland vs. the U.S. [Source: AHA Hospital Statistics]

These supply and use comparisons are for general hospitals only. They exclude separate nursing home units within hospitals.

Supply – 2015

Hospitals per 100,000 population	*Average Beds per Hospital*	*Hospital Beds per 1,000 Population*
-Maryland – 0.8	-Maryland – 229	-Maryland – 1.9
-U.S. – 1.5	-U.S. – 152	-U.S. – 2.3

Bed Use -2015

Average Annual Occupancy Rate of Hospital Beds	Average Length of Stay
-Maryland – 70.5%	-Maryland – 5.0 days
-U.S. – 62.4%	-U.S. – 5.1 days

Population Use and Average Length of Stay (General Hospitals)

Chart 6: Hospital Admissions per 1,000 Population
All Hospital Unit Admissions (Excludes NH Unit Admissions)
U.S. and Maryland
1996-2016

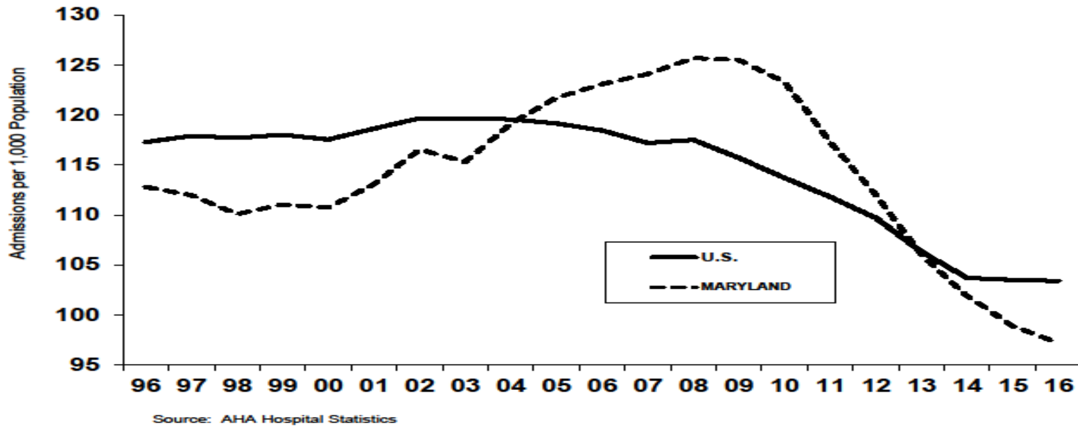

Chart 7: Hospital Average Length of Stay
All Hospital Unit Admissions (Excludes NH Unit Admissions)
U.S. and Maryland
1996-2016