

GALLAGHER

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ATTORNEYS AT LAW

April 13, 2023

VIA EMAIL & HAND DELIVERY

Ms. Eileen Fleck
eileen.fleck@maryland.gov
Chief, Acute Care Policy and Planning
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: Shore Health System, Inc.
Certificate of Conformance Responses to Additional
Information Question dated March 3, 2023

Dear Ms. Fleck:

On behalf of the applicant Shore Health System, Inc., we are submitting an electronic version and four (4) hard copies of its Certificate of Conformance Responses to Additional Information Questions dated March 3, 2023 for the Replacement and Relocation of University of Maryland Shore Medical Center at Easton. We will be providing a WORD version of the responses under separate email.

We hereby certify that a copy of this submission has also been forwarded to the appropriate local health planning agency as noted below.

If you have questions about the information provided above, please contact us at your convenience.

Very truly yours,



Thomas C. Dame



Mallory Regenbogen



Alison Lutich

cc: Ruby Potter, Health Facilities Coordination Officer, MHCC
Ben Steffen, Executive Director, MHCC
Paul Parker, Director, Center for Health Care Planning & Development, MHCC
Wynee Hawk, RN, JD, Chief, Certificate of Need, MHCC
Alexa Bertinelli, Esq., Assistant Attorney General, MHCC

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**UNIVERSITY OF MARYLAND SHORE MEDICAL CENTER AT EASTON.
CERTIFICATE OF CONFORMANCE FOR PRIMARY AND ELECTIVE
PERCUTANEOUS CORONARY INTERVENTION SERVICES
Matter No. 23-20-2463**

Responses to Additional Information Questions Dated March 3, 2023

- 1. For Question 11 on the application, please provide the current budget numbers for each line on Form B. Many of the assumptions reference the current expenses, and it would be helpful to have the starting numbers for projections provided. In addition, please provide the actual FY 2022 numbers for each line on Form B.**

[Applicant Response](#)

An updated Form B is provided as **Exhibit 16**.

- 2. For Question 29b, the response of the hospital indicates that case review meetings and multi-disciplinary meetings involve the same people and occur simultaneously. Previously, MHCC staff understood these two groups to be distinct. Please clarify and provide updated information on meeting dates and attendees, if applicable.**

[Applicant Response](#)

For the convenience of its meeting attendees, some of whom sit on both committees, UM SMC at Easton holds its monthly Cardiac Steering Committee and PCI Internal Case Review Committee meetings back-to-back. UM SMC at Easton schedules these meetings concurrently and divides the agenda, with the first half dedicated to a multi-disciplinary care area group discussion of issues related to the primary PCI system, identification of problem areas, and development of solutions, and the second half dedicated to STEMI tracking and interventional case reviews. Attendees who participate in the multi-disciplinary care area group portion of the meeting include representatives of the UM SMC at Easton ED, ICU, hospitalist group, telemetry team, cardiac catheterization lab, interventional cardiologists, and EMS. The interventional case review portion of the meeting includes members of the PCI patient care team and, if relevant to the cases being presented and discussed, representatives of EMS.

- 3. For Question 30b, an external review report for the period from July to December 2020 was not included, and the information included in the CY 2021 report appears to include only the review of a six-month period. Please provide the missing documents.**

[Applicant Response](#)

A copy of the MACPAQ Executive Summary reports covering the period July 2020 through December 2020 and July 2021 through December 2021 have been submitted via secure upload under separate cover.

4. **For Question 31b, UM SMC-E refers to the external review by MACPAQ to demonstrate compliance with the requirement to evaluate the individual performance of interventionalists. However, the applicable standard requires that the higher of ten cases or ten percent of cases be reviewed each year, whether through an annual, semiannual, or quarterly review of cases. This requirement may be met through internal review, external review, or a combination of internal and external review. Based on MHCC staff's analysis of the CathPCI data, in CY 2021, a total of ten cases should be reviewed annually for Dr. Etherton, 11 cases for Dr. Pena-Sing, and ten cases for Dr. Sardi. Complete information on the number of cases reviewed per interventionalist for the external review of cases performed in CY 2021 is missing. In addition, the external review reports submitted for 2020 and 2021 do not cover the full year.**

[Applicant Response](#)

Please see the response to Question number 3 regarding the availability of external review reports for CY 2020 and CY 2021. UM SMC at Easton intends to satisfy the requirement to evaluate the individual performance of interventionalists as part of its semi-annual external review of randomly selected PCI cases by MACPAQ. The MACPAQ reports submitted with the Certificate of Conformance application and in response to these Additional Information questions demonstrate that during each semi-annual period, between 10-12% of all of UM SMC at Easton's PCI cases have been reviewed, including at least three cases per physician. Since UM SMC at Easton first entered into a relationship with MACPAQ pursuant to which MACPAQ provides external review services, MACPAQ has determined the volume of cases it reviews based on the external review requirements set forth in COMAR 10.24.17.07C(4)(c). In prior years, this review volume has been sufficient to satisfy the external review and performance evaluation requirements, due to the lower volumes of PCI cases that UM SMC at Easton performed as a new PCI center. Due to increases in PCI case volumes, UM SMC at Easton has determined that the number of cases reviewed by MACPAQ during CY 2020 and CY 2021 were lower than required by the performance evaluation standard. UM SMC at Easton and MACPAQ have mutually agreed that MACPAQ will increase the volume of cases it reviews during each semi-annual period going forward to ensure that the greater of three cases or 10% of PCI cases performed by each physician will be reviewed.

5. **For Question 32a, in Form C, the total sum of the PCI volume reported for the period ending December CY 2021, is 60 cases less than the number of cases included in the ACC CathPCI registry for UM SMC-E. Please explain this discrepancy. The difference appears to be driven by cases attributed to Dr. Sardi and Dr. Pena-Sing. MHCC staff's count of total PCI cases for Dr. Etherton was 85, only slightly higher than reported in Form C (83) for CY 2021.**

[Applicant Response](#)

Please see **Exhibit 17** for an updated Form C for each interventionalist that resolves this discrepancy.

Table of Exhibits

<u>Exhibit</u>	<u>Description</u>
16.	Updated Form B
17.	Updated Form C

I hereby declare and affirm under the penalties of perjury that the facts stated in this Response to Additional Information Questions dated March 3, 2023 and its attachments are true and correct to the best of my knowledge, information, and belief.

April 13, 2023

Date

DocuSigned by:

JoAnne Hahey

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JoAnne Hahey, CPA
Senior Vice President and Chief
Financial Officer
University of Maryland Shore
Regional Health

I hereby declare and affirm under the penalties of perjury that the facts stated in this Response to Additional Information Questions dated March 3, 2023 and its attachments are true and correct to the best of my knowledge, information, and belief.

April 13, 2023

Date

DocuSigned by:

Hilary Cassel

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Hilary Cassel, MBA, BSN, RN
Regional Heart & Vascular Center
Director
University of Maryland Shore
Regional Health

EXHIBIT 16

REVISED**Form B: REVENUES AND EXPENSES – Percutaneous Coronary Intervention Services**

INSTRUCTIONS: Specify whether data are for calendar year or fiscal year. All projected revenue and expense figures should be presented in current dollars. Specify sources of non-operating income. This table must be accompanied by a statement of all assumptions used in projecting all revenues and expenses. Please assure that the revenue and expenses figures in this table are consistent with the historic and project utilization of PCI services at the applicant hospital and the information on staffing of this service provided elsewhere in this application.

Revenues and Expenses – PCI Services	Actual	Budget	Projected Years (ending with third full year in which the applicant projects provision of primary PCI services)			
			CY or FY (Circle) 2022	2023	2029	2030
1. Revenue						
a. Inpatient Services	\$1,582,482	\$1,596,725	\$1,684,885	\$1,700,049	\$1,715,348	\$1,730,781
b. Outpatient Services	\$3,403,156	\$3,433,784	\$3,623,376	\$3,655,986	\$3,688,885	\$3,722,075
c. Gross Patient Services Revenues	\$4,985,638	\$5,030,509	\$5,308,261	\$5,356,035	\$5,404,233	\$5,452,856
2. Adjustments to Revenue						
d. Allowance for Bad Debt	\$38,254	\$35,062	\$36,998	\$37,331	\$37,667	\$38,006
e. Contractual Allowance	\$970,533	\$889,548	\$938,663	\$947,111	\$955,634	\$964,232
f. Charity Care	\$11,323	\$10,378	\$10,951	\$11,050	\$11,149	\$11,250
g. Net Patient Services Revenue	\$3,965,527	\$4,095,520	\$4,321,649	\$4,360,543	\$4,399,783	\$4,439,368
h. Other Operating Revenues (Specify)						
i. Net Operating Revenue	\$3,965,527	\$4,095,520	\$4,321,649	\$4,360,543	\$4,399,783	\$4,439,368
3. Expenses						
a. Salaries, Wages, and Professional Fees, (including fringe benefits)	\$877,355	\$648,682	\$718,926	\$731,352	\$743,993	\$756,852
b. Contractual Services						

REVISED

Revenues and Expenses – PCI Services	Actual	Budget	Projected Years (ending with third full year in which the applicant projects provision of primary PCI services)			
6) Other ⁽³⁾	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
7) TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note (1): Total Operating Expenses includes direct departmental expense only and does not include expenses related to depreciation, interest, or allocated overhead.

Note (2): Income from Operation reflects Contribution Margin only.

Note (3): Other includes Title V, Other Government Programs, Workmen’s Compensation, Charity, Donor, HMO, and Unknown.

REVISED

ASSUMPTIONS:

Project Description:

Analysis looks at moving UM SMC at Easton's Percutaneous Coronary Intervention (PCI) program, to the replacement hospital when it opens in fiscal year 2029. This projection was developed using the same assumptions from the hospital financial plan, applied to actual revenue expenses generated by the existing PCI program.

Total Equipment and Construction Cost:

These costs are included in the main project budget submitted with the CON application. There will be two cardiac catheterization labs at the replacement hospital.

Volume

Volumes were assumed to be as projected in the PCI Application and are explained therein. Inpatient/Outpatient mix is consistent with fiscal year 2022 actual experience.

Payor Mix

Based on patients seen at UM SMC at Easton in fiscal year 2022:

Medicare: 55.7%

Medicaid: 18.5%

Blue Cross: 8.4%

Commercial: 6.7%

Self-Pay: 0.2%

Other ⁽¹⁾: 10.5%

Note (1): Other includes Title V, Other Government Programs, Workmen's Compensation, Charity, Donor, HMO, and Unknown

Reimbursement %

Revenue is projected based on fiscal year 2023 budget and grows by 0.9% annually, with volumes, through the projection period. To be conservative, the Applicant does not assume any revenue inflation in the projection.

Deductions as a percent of gross revenue through the projection period are consistent with the assumptions used for the Replacement Facility deductions assumptions. Bad debts are assumed to be 3.75% of charges, charity care is assumed to be 1.11% of charges, and contractual allowances are assumed to be 13.73% of charges.

REVISED

Expenses

Expenses are based on fiscal year 2023 budget. Expense assumptions are consistent with the assumptions used for the Replacement Facility financial projection through fiscal year 2032.

Salaries

FTEs are projected based on fiscal year 2023 budget of 5.4 FTEs, which grow with volumes at a variability factor of 25%. Projected FTEs for fiscal years 2029 through 2032 are 5.5.

Consistent with the Replacement Facility financial projection, salary inflation is assumed to be 1.5% annually and volume variability is assumed to be 25%.

Fringe benefits are assumed to be 23% throughout the projection, consistent with the Replacement Facility financial projection.

Supplies

Consistent with the Replacement Facility financial projection supply inflation is assumed to be 3.6% annually and volume variability is assumed to be 80%.

Other (Purchased Services)

Consistent with the Replacement Facility financial projection purchased services inflation is assumed to be 2.0% annually and volume variability is assumed to be 50%.

Contribution Margin

Analysis is incremental only. This is not a reflection of the program's profitability but rather the net financial impact to the system.

Pro forma contribution margin includes only direct departmental expenses. Direct allocated and indirect overhead expense associated with Administration / Corporate functions are not allocated / reflected.

EXHIBIT 17

REVISED

Form C. Please use this form to identify for each physician and quarter the volume of primary and non-primary PCI cases performed by the physician.

Interventionalist: Sardi, G.

Quarter Ending	PCI Cases at Applicant Hospital			PCI Cases at Other Hospitals			Total PCI Cases- All Hospitals
	pPCI	npPCI	Total	pPCI	npPCI	Total	
March 2020	3	5	8				
June 2020	5	7	12				
September 2020	11	14	25				
December 2020	2	8	10				
March 2021	3	12	15				
June 2021	10	15	25				
September 2021	4	7	11				
December 2021	9	9	18				

Source of Data: QCentrix, NCDR, Raw data collection

Affidavit

I solemnly affirm under penalties of perjury that the information contained in the above table is true and correct to the best of my knowledge, information, and belief.



Date: 3/28/23

Signature of Physician: _____

REVISED

Form C. Please use this form to identify for each physician and quarter the volume of primary and non-primary PCI cases performed by the physician.

Interventionalist: Etherton, J.

Quarter Ending	PCI Cases at Applicant Hospital			PCI Cases at Other Hospitals			Total PCI Cases- All Hospitals
	pPCI	npPCI	Total	pPCI	npPCI	Total	
March 2020	8	21	29				
June 2020	5	11	16				
September 2020	3	16	19				
December 2020	5	18	23				
March 2021	3	15	18				
June 2021	10	14	24				
September 2021	6	14	20				
December 2021	3	20	23				

Source of Data: QCentrix, NCDR, Raw Data Collection

Affidavit

I solemnly affirm under penalties of perjury that the information contained in the above table is true and correct to the best of my knowledge, information, and belief.

Date: 3/28/23

Signature of Physician:  _____

REVISED

Form C. Please use this form to identify for each physician and quarter the volume of primary and non-primary PCI cases performed by the physician.

Interventionalist: Pena, I.

Quarter Ending	PCI Cases at Applicant Hospital			PCI Cases at Other Hospitals			Total PCI Cases- All Hospitals
	pPCI	npPCI	Total	pPCI	npPCI	Total	
March 2020	6	15	21				
June 2020	4	19	23				
September 2020	10	22	32				
December 2020	5	12	17				
March 2021	5	14	19				
June 2021	7	22	29				
September 2021	7	28	35				
December 2021	6	25	31				

Source of Data: QCentrix, NCDR, Raw data collection

Affidavit

I solemnly affirm under penalties of perjury that the information contained in the above table is true and correct to the best of my knowledge, information, and belief.

Date: 3/28/23

Signature of Physician:

