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MEMORANDUM

TO: Commissioners

FROM: Kevin R. McDonald
Chief, Certificate of Need

DATE: October 17, 2019

SUBJECT: Gaudenzia-Crownsville
Docket No. 18-02- 2421

Enclosed is the staff report and recommendation for a Certificate of Need ("CON") application filed by Gaudenzia, Inc. to establish its inpatient facility in Crownsville as an Intermediate Care Facility for alcohol and drug abuse treatment by adding American Society of Addiction Medicine ("ASAM") Level 3.7 withdrawal management ("WM," also called "detox") and ASAM Level 3.7 treatment services.

Gaudenzia seeks a CON to add 15 ASAM Level 3.7WM beds and 12 3.7 beds to its existing 90-bed residential facility (ASAM Levels 3.1, 3.3 and 3.5). These beds would go into existing space and the only capital expenditure required - $16,325 – is for furnishings.

This would be a "Track Two" – i.e., predominantly publicly funded and serving low income individuals – facility.

Commission staff analyzed the proposed project's compliance with the CON review criteria at COMAR 10.24.01.08G(3) and the State Health Plan standards at COMAR 10.24.14.05, State Health Plan: Alcoholism and Drug Abuse Intermediate Care Facility Treatment Services. Staff recommends that the project be **APPROVED.**

IN THE MATTER OF	*	**BEFORE THE**
	*	
GAUDENZIA, INC.	*	**MARYLAND**
RE: GAUDENZIA-CROWNSVILLE	*	
(License No. BH001065)	*	**HEALTH CARE**
	*	
Docket No. 18-02-2421	*	**COMMISSION**
	*	

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Staff Report and Recommendation

October 17, 2019

Table of Contents

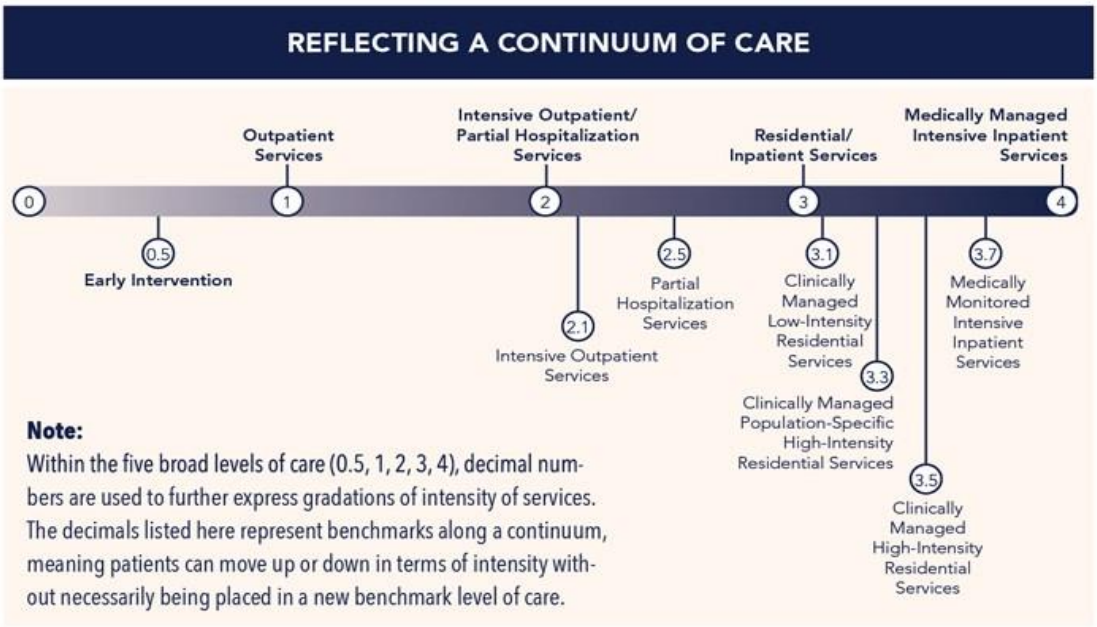
I. INTRODUCTION

A. Background

This review involves Gaudenzia-Crownsville, a facility that provides substance abuse treatment services. In this field there are many levels of treatment spanning outpatient programs, residential programs, and more intensive inpatient programming. The American Society of Addiction Medicine ("ASAM") has developed a continuum as a classification scheme for the various levels of addictions treatment, as illustrated below in Figure 1.

The ASAM continuum is used by the Maryland Department of Health's Behavioral Health Administration ("BHA") to define levels of treatment in Maryland. A Certificate of Need ("CON") is required to establish or expand a type off health care facility known in Maryland law as an alcoholism and drug abuse treatment intermediate care facility ("ICF"). In recent years, it has been the policy of the Maryland Health Care Commission ("Commission") to limit CON regulation of ICFs to ASAM Level 3.7 services, medically monitored intensive inpatient services, and ASAM Level 4.0 services, medically managed intensive inpatient services provided in the hospital setting. The Commission does not regulate establishment or expansion of lower levels of substance use disorder treatment, such as early intervention programs, outpatient care, partial hospitalization programs, or residential services.

Figure 1



Source: The ASAM Criteria - American Society of Addiction Medicine
http://asamcontinuum.org/knowledgebase/what-are-the-asam-levels-of-care/

Gaudenzia, the applicant in this review is a longstanding provider of outpatient and inpatient residential care at ASAM Levels 3.1, 3.3, and 3.5, and seeks to expand its program of

service to include ASAM Levels 3.7 and 3.7WM ("withdrawal management," sometimes referred to as "detox"), and thus requires a Certificate of Need.[1]

There are three other facilities in Anne Arundel County that provide medically monitored intensive inpatient services. Pathways in Annapolis is a 40-bed facility, Hope House in Crownsville is a 49-bed ICF, and Maryland House Detox, in Linthicum, currently operates 16 Level 3.7WM beds, and has notified MHCC of plans to add 24 beds. Pathways and Hope House operate "publicly-funded" or "Track Two" beds, a classification used in the COMAR 10.24.14 ("ICF Chapter") to designate ICFs that are

> operated by the State or substantially funded by the budget process of the State or in ICF substantially funded by one or more jurisdictional governments, which are established jointly by providers and the jurisdiction or jurisdictions to meet the special needs of their residents and that reserve at least 50 percent of their proposed annual adolescent or adult bed capacity for indigent and gray area patients ….

The "gray area population" is defined at COMAR 10.24.14.08B(14) as "those persons who do not qualify for services under the Maryland Medical Assistance Program but whose annual income from any source is no more than 180 percent of the most current Federal Poverty Index, and who have no insurance for alcohol and drug abuse treatment services." The "indigent population" is defined as "persons who qualify for services under the Maryland Medical Assistance Program, regardless of whether Medical Assistance will fully reimburse for alcohol and drug abuse treatment services." COMAR 10.24.14.08B(11)

In contrast, under the ICF Chapter, "private" or "Track One" beds are

> intermediate care facility beds not sponsored by local jurisdictions and without significant funding by the state or local jurisdictions, the need for which is identified in accordance with Regulation .07 of this Chapter[2] to serve patients in a facility providing no less than 30 percent of its annual patient days to the indigent and gray area population for an adolescent intermediate care facility and no less than 15 percent of the facility's annual patient days for an adult intermediate care facility ….
> COMAR 10.24.14.08B(20).

[1] As additional background, staff notes that, in the 2018 session of the General Assembly, the Commission supported proposed legislation that would have eliminated CON regulation of the supply and distribution of alcoholism and drug abuse treatment ICFs. That legislation did not pass. In the CON Modernization Report adopted in December 2018, the Commission recommended that the addition of ICF beds by existing providers of ASAM Level 3.7 services be deregulated and that the Commission undertake further study of the necessity for CON regulation of this service as a mechanism to assure the establishment in Maryland of only competent and qualified providers of substance use disorder treatment services

[2] That is, in accordance with regional bed need methodology included in the ICF Chapter.

Maryland House Detox is a Track One ICF and can be expected to serve significantly fewer low income or Medicaid patients than the other two existing ICFs in Anne Arundel County and the proposed Gaudenzia-Crownsville ICF.

B. The Applicant

The applicant in this matter is Gaudenzia, Inc., a 50-year old non-profit provider of substance abuse treatment services. Gaudenzia operates 169 programs in 101 facilities located in Pennsylvania, Maryland, Delaware, and the District of Columbia. Its corporate offices are located in Norristown, Pennsylvania and its Chesapeake regional office is located in Baltimore. Gaudenzia states that it is the largest substance use provider in Pennsylvania and Maryland, with annual admissions of about 18,000 persons across its system. It operates seven Maryland facilities. Gaudenzia's programming includes prevention services, crisis intervention services, withdrawal management or detoxification, 28-day treatment programs, longer-term treatment, halfway houses, intensive and standard outpatient services, mental health services, day treatment, and sheltered programming for the homeless as well as specialized services for women, children, and clients with criminal justice involvement.

Four of Gaudenzia's Maryland facilities are in Baltimore City. One of these facilities, in the northwest quadrant of the City, is an ICF that provides ASAM Level 3.3 and 3.5 residential programming and 3.7WM services. Gaudenzia also operates a residential treatment program within the Baltimore County Detention Center; two facilities in Anne Arundel County; an outpatient program in Glen Burnie for adults and adolescents; and Gaudenzia-Crownsville, a Track Two facility for adult males that is the subject of this application. Gaudenzia-Crownsville is a 90-bed facility that provides outpatient (ASAM Level 1.0) and residential services (ASAM Levels 3.1, 3.3, and 3.5). In the near future, Gaudenzia also plans to open a halfway house for women that will provide ASAM Level 3.1 services in Crownsville.

C. The Project

Gaudenzia-Crownsville proposes to introduce ASAM Level 3.7 services by adding 27 beds in available building space and programming 15 of those additional beds for ASAM Level 3.7WM services and 12 of the beds for ASAM Level 3.7 treatment. It envisions this project as creating a continuum of services on the site, allowing individuals to "step down" from ASAM Level 3.7 services to longer-term and less intensive residential Level 3.3 and Level 3.5 services. The cost of adding the higher level of service is estimated to be $16,325 and is limited to the purchase of furnishings and some equipment. The project will be funded with cash reserves. (DI #18, Table B, Project Budget). Table I-1 shows the facility bed configuration before and after the proposed project.

Gaudenzia-Crownsville states that its facility has recently had 15 to 20 unused beds on an average day, attributing the openings to "the smaller length of stays … being authorized based on medical necessity criteria established by Beacon Health," but that "the need for 3.7 and 3.7WM level services is expanding exponentially as a result of the state opioid crisis." (DI #10, p.3).

Table I-1: Gaudenzia – Crownsville Bed Configuration
Current and Post-Project

ASAM Level of Care	Current	Post-Project
3.3 and 3.5	90	90
3.7 and 3.7WM	0	27
Total	**90**	**117**

DI #3, CON Application, Table A

D. Summary of Staff Recommendation

Staff recommends approval of Gaudenzia-Crownsville's proposed project based on its conclusion that it complies with the applicable State Health Plan standards and that the applicant demonstrated the need for the project, its cost effectiveness, and its viability. Staff concludes that the impact of the project is positive, primarily because it will improve the availability and accessibility of medically monitored intensive inpatient treatment services that will be broadly available to patients across the full range of income levels. In fact, this application is only the second among the last seven ICF projects considered by the Commission since 2013 that will operate as a Track Two or "publicly-funded" facility.

II. PROCEDURAL HISTORY

A. Record of the Review

Gaudenzia-Crownsville filed its application on March 23, 2018. Staff found that the initial submission failed to provide any response to several standards and criteria, and that others required further explanation. Four iterations of completeness questions and responses ensued. The process included five different submissions by the applicant of tables that projected service volume and revenue and expenses, the last of which was received at the end of May 2019. The application was docketed for review in July 2019.

Please see Appendix 1, Record of the Review.

B. Local Government Review and Comment

No comments on this project were received from the Department of Health or local government entities in the service area.

C. Interested Parties in Review

There are no interested parties in the review.

D. Community Support

The applicant did not provide letters of support in its application, nor did the Commission receive any.

III. REVIEW AND ANALYSIS

A. COMAR 10.24.01.08G(3)(a) THE STATE HEALTH PLAN

An application for a Certificate of Need shall be evaluated according to all relevant State Health Plan standards, policies, and criteria.

The ICF Chapter, COMAR 10.24.14, addresses ICFs and is the relevant State Health Plan chapter in this review. COMAR 10.24.14.05 includes the following sixteen CON approval rules and review standards for new substance abuse treatment facilities and for expansion of existing facilities.

.05A. Approval Rules Related To Facility Size.

Unless the applicant demonstrates why a relevant standard should not apply, the following standards apply to applicants seeking to establish or to expand either a Track One or a Track Two intermediate care facility.

(1) The Commission will approve a Certificate of Need application for an intermediate care facility having less than 15 beds only if the applicant dedicates a special population as defined in Regulation .08.

(2) The Commission will approve a Certificate of Need application for a new intermediate care facility only if the facility will have no more than 40 adolescent or 50 adult intermediate care facility beds, or a total of 90 beds, if the applicant is applying to serve both age groups.

(3) The Commission will not approve a Certificate of Need application for expansion of an existing alcohol and drug abuse intermediate care facility if its approval would result in the facility exceeding a total of 40 adolescent or 100 adult intermediate care facility beds, or a total of 140 beds, if the applicant is applying to serve both age groups.

The proposed project, which will establish a 27-bed ICF program for adults, fits within the specifications outlined in this standard. Staff concludes that the project meets this standard.

.05B. Identification of Intermediate Care Facility Alcohol and Drug Abuse Bed Need.

(1) An applicant seeking Certificate of Need approval to establish or expand an intermediate care facility for substance abuse treatment services must apply under one of the two categories of bed need under this Chapter:

(a) For Track One, the Commission projects maximum need for alcohol and drug abuse intermediate care beds in a region using the need projection methodology in Regulation .07 of this Chapter and updates published in the Maryland Register.

The applicant is a Track Two facility, i.e., it is an ICF that provides over half of its patient days to indigent or gray area patients. Staff concludes that the project satisfies this standard.

(b) For Track Two, as defined at Regulation .08, an applicant who proposes to provide 50 percent or more of its patient days annually to indigent and gray area patients may apply for:

(i) Publicly-funded beds, as defined in Regulation .08 of this Chapter, consistent with the level of funding provided by the Maryland Medical Assistance Programs (MMAP), Alcohol and Drug Abuse Administration, or a local jurisdiction or jurisdictions; and

Subparagraph (b)(i) applies to this project, which will operate as a Track Two ICF. The language in this section of the ICF Chapter is outdated. As of July 1, 2017, Maryland reimburses ICFs through a fee-for-service arrangement using an Administrative Services Organization ("ASO"). According to Kathleen Rebbert-Franklin, Director of Health Promotion and Prevention at BHA, the fee-for-service arrangement is

> a contract held by Medicaid with significant input from BHA. This means that if a provider is willing to serve those with Medicaid, then they can admit to their facility as authorized and submit bills for reimbursement. There's no pre-determined amount of funding for any particular facility. This…is a significant change from the previous system where funds were given to specific ICFs through grants from BHA to the local jurisdiction. The previous payment method only allowed a limited number of ICFs to receive funding, and there was limited to no ability to manage utilization. Under our new reimbursement structure, the ASO, Beacon, authorizes admission for everyone admitted to this level of care. Patients must meet medical necessity criteria to receive that approval.
> (DI #7A).

(ii) A number of beds to be used for private-pay patients in accordance with Regulation .08, in addition to the number of beds projected to be needed in Regulation .07 of this Chapter.

Subparagraph (b)(ii) is not applicable because Gaudenzia is not seeking beds to be used exclusively for private-pay patients, but is seeking beds that are "substantially funded by ... the State," which, as noted earlier, occurs primarily through the Medicaid program.

(2) To establish or to expand a Track Two intermediate care facility, an applicant must:
(a) Document the need for the number and types of beds being applied for;

The applicant is seeking to expand its residential substance abuse treatment services at Gaudenzia-Crownsville to include medically monitored intensive inpatient services, ASAM Levels 3.7 and 3.7WM. It seeks to add 27 beds under that classification (15 Level 3.7WM beds and 12 Level 3.7 residential beds), and would devote an entire floor of the facility to these services.

Gaudenzia-Crownsville states that its request is based on the "growing need for additional ICF/detox beds in Anne Arundel County and the surrounding areas." (DI #3, p.17). It states that the need for these services has increased due to an increasing number of alcohol and/or opioid users. The applicant notes that it added 10 crisis beds to the facility in January 2018 "in an immediate response to those residents suffering from addiction … [who were] seeking immediate

help through the Anne Arundel County Safe Stations program," and has subsequently determined that it needs more access to detox treatment in Anne Arundel County. (DI#3, p.17).

The applicant stated that its medically monitored intensive inpatient services at Park Heights experienced a 38% increase in the most recent fiscal year and is operating at full capacity (DI #10, pp. 3, 4), and that the other two Track Two ICFs in Anne Arundel County that provide this level of care, Hope House and Pathways, have lengthy waiting lists.[3] The applicant provided more recent utilization data for its Park Heights facility, shown in Table III-1 below.

Both the number of admissions and the number on the wait list grew in each of the months from May 2019 through August 2019, with the census exceeding capacity for the four most recent months (i.e., the facility used beds earmarked for other programs to meet the needs of patients needing ASAM Levels 3.7 and 3.7WM treatment).

Table III-1: Monthly Utilization of ASAM Level 3.7/3.7WM Beds
Gaudenzia-Park Heights – January to August 2019

Month	Admissions	Bed Occupancy Rate	Persons on waiting list
January	60	93%	12
February	55	90%	8
March	42	83%	7
April	47	86%	7
May	133	125%	24
June	134	125%	27
July	156	134%	30
August	159	135%	37

(DI #25).

While the Park Heights facility is not the subject of this application, it is an ICF operated by the applicant that shares capacity across facilities to meet community needs. On August 22, 2019, the Commission determined that the Park Heights facility could add 28 ASAM Level 3.7/3.7WM beds to its existing bed complement under the authority of Md. Code Ann, Health General§19-120(h)(2)(v), a new law that allows existing ICFs to expand bed capacity without obtaining a CON.[4] The applicant maintains that the additional beds being put in place at Park Heights will "be filled by Baltimore City and surrounding areas," and would not mitigate the need for 3.7WM and treatment beds at Crownsville, which are expected to serve patients primarily from Anne Arundel and Prince George's Counties and Maryland's Eastern Shore. (DI #26).

Staff concludes that the applicant has documented the need for the proposed project.

[3] As of September 12, 2019, Hope House had a wait list time of four weeks for males and two weeks for females. Pathways' wait list time was approximately one week for males and two weeks for females. (Source: email from applicant to MHCC staff, DI #24.)

[4] Prior to this authorization, Gaudenzia-Park Heights had 30 ASAM Level 3.7WM and 56 ASAM Level 3.7 treatment beds. It will allocate the 28 additional beds to ASAM Level 3.7 treatment services. (DI #27).

(b) Agree to co-mingle publicly-funded and private-pay patients within the facility;
(c) Assure that indigents, including court-referrals, will receive preference for admission, and
(d) Agree that, if either the Alcohol and Drug Abuse Administration, or a local jurisdiction terminates the contractual agreement and funding for the facility's clients, the facility will notify the Commission and the Office of Health Care Quality within 15 days that that the facility is relinquishing* its *certification to operate, and will not use either its publicly- or privately-funded intermediate care facility beds for private-pay patients without obtaining a new Certificate of Need.

Gaudenzia-Crownsville affirmed that: (1) it will co-mingle publicly-funded and private-pay patients within the facility; (2) indigent persons, including court-referrals, will receive preference for admission; and (3) if its contractual agreement and funding is terminated, it will notify the Commission and the Office of Health Care Quality within 15 days, relinquish its certification to operate, and will not use any of its beds for private-pay patients without obtaining a new Certificate of Need.

.05C. Sliding Fee Scale.

An applicant must establish a sliding fee scale for gray area patients consistent with the client's ability to pay.

Gaudenzia-Crownsville states that it uses a worksheet developed and required by BHA to obtain information used to determine ability to pay. It states that it provides financial assistance options to individuals who are uninsured, underinsured, or otherwise unable to pay for medically necessary care based on the individual's financial situation. Its admissions staff are responsible for taking applications for financial assistance, which the applicant states are tracked and processed quickly to ensure timely receipt of services. The State worksheet calculates reduced charges based on client income level, number of individuals in the family, and extraordinary expenses. (DI #3, p. 13 and Exh.5).

The applicant has established a sliding fee scale for gray area patients consistent with the client's ability to pay, as required this standard.

.05D. Provision of Service to Indigent and Gray Area Patients.

(1) Unless an applicant demonstrates why one or more of the following standards should not apply or should be modified, an applicant seeking to establish or to expand a Track One intermediate care facility must:
(a) Establish a sliding fee scale for gray area patients consistent with a client's ability to pay;
(b) Commit that it will provide 30 percent or more of its proposed annual adolescent intermediate care facility bed days to indigent and gray area patients; and
(c) Commit that it will provide 15 percent of more of its proposed annual adult intermediate care facility bed days to indigent or gray area patients.
(2) An existing Track One intermediate care facility may propose an alternative to the standards in Regulation D(1) that would increase the availability of alcoholism and drug abuse treatment to indigent or gray area patients in its health planning region.

(3) In evaluating an existing Track One intermediate care facility's proposal to provide a lower required minimum percentage of bed days committed to indigent or gray area patients in Regulation D(1) or an alternative proposal under Regulation D(2), the Commission shall consider:

(a) The needs of the population in the health planning region; and

(b) The financial feasibility of the applicant's meeting the requirements of Regulation D(1).

(4) An existing Track One intermediate care facility that seeks to increase beds shall provide information regarding the percentage of its annual patient days in the preceding 12 months that were generated by charity care, indigent, or gray area patients, including publicly-funded patients.

This standard is not applicable to this project, because the applicant seeks to establish a Track Two ICF.

.05E. Information Regarding Charges.

An applicant must agree to post information concerning charges for services, and the range and types of services provided, in a conspicuous place, and must document that this information is available to the public upon request.

Gaudenzia-Crownsville states that it posts information regarding its [range and types of] services and charges at all locations, in conspicuous locations that are easily visible. The applicant provided a copy of this posting. (DI #3, p. 19; DI #10, Att. A).

The proposed project is consistent with this standard.

.05F. Location.

An applicant seeking to establish a new intermediate care facility must propose a location within a 30-minute one-way travel time by automobile to an acute care hospital.

The applicant stated that its facility is located approximately five miles from Anne Arundel Medical Center and approximately 12 miles from University of Maryland Baltimore Washington Medical Center, and that each of these hospitals is utilized as a primary location to access emergent care services, specialty provider services, and acute inpatient care if a patient's condition becomes unstable. (DI #3, p. 19).

Staff confirmed via Google Maps that the proposed ICF is within 30 minutes driving time of an acute care hospital, consistent with this standard.

.05G. Age Groups.

(1) An applicant must identify the number of adolescent and adult beds for which it is applying, and document age-specific treatment protocols for adolescents ages 12-17 and adults ages 18 and older.

(2) If the applicant is proposing both adolescent and adult beds, it must document that it will provide a separate physical, therapeutic, and educational environment

consistent with the treatment needs of each age group including, for adolescents, providing for continuation of formal education.

(3) A facility proposing to convert existing adolescent intermediate care substance abuse treatment beds to adult beds, or to convert existing adult beds to adolescent beds, must obtain a Certificate of Need.

Gaudenzia-Crownsville seeks adult beds only, and submitted age-specific treatment protocols. (DI #3, p. 20; DI #10, Att. B).

Staff concludes that applicant has met this standard.

.05H. Quality Assurance.

(1) An applicant must seek accreditation by an appropriate entity, either the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO), in accordance with CFR, Title 42, Part 440, Section 160, the CARF…The Rehabilitation Accreditation Commission, or any other accrediting body approved by the Department of Health and Mental Hygiene. The appropriate accreditation must be obtained before a Certificate of Need-approved ICF begins operation, and must be maintained as a condition of continuing authority to operate an ICF for substance abuse treatment in Maryland.

(a) An applicant seeking to expand an existing ICF must document that its accreditation continues in good standing, and an applicant seeking to establish an ICF must agree to apply for, and obtain, accreditation prior to the first use review required under COMAR 10.24.01.18; and

(b) An ICF that loses its accreditation must notify the Commission and the Office of Health Care Quality in writing within fifteen days after it receives notice that its accreditation has been revoked or suspended.

(c) An ICF that loses its accreditation may be permitted to continue operation on a provisional basis, pending remediation of any deficiency that caused its accreditation to be revoked, if the Office of Health Care Quality advises the Commission that its continued operation is in the public interest.

(2) A Certificate of Need-approved ICF must be certified by the Office of Health Care Quality before it begins operation, and must maintain that certification as a condition of continuing authority to operate an ICF for substance abuse treatment in Maryland.

(a) An applicant seeking to expand an existing ICF must document that its certification continues in good standing, and an applicant seeking to establish an ICF must agree to apply for certification by the time it requests that Commission staff perform the first use review required under COMAR 10.24.01.18.

(b) An ICF that loses its State certification must notify the Commission in writing within fifteen days after it receives notice that its accreditation has been revoked or suspended, and must cease operation until the Office of Health Care Quality notifies the Commission that deficiencies have been corrected.

(c) Effective on the date that the Office of Health Care Quality revokes State certification from an ICF, the regulations at COMAR 10.24.01.03C governing

temporary delicensure of a health care facility apply to the affected ICF bed capacity.

Gaudenzia-Crownsville documented that it received a three-year accreditation in July 2018 and has committed that it "understands and agrees to all of the above referenced standards in .05H …, currently holds a state license issued by the Maryland Department of Health and is in accordance with COMAR 10.63 regulations." (DI #3, p.21; DI#10, Att. C).

.05I. Utilization Review and Control Programs.

(1) An applicant must document the commitment to participate in utilization review and control programs, and have treatment protocols, including written policies governing admission, length of stay, discharge planning, and referral.

Gaudenzia-Crownsville states that it practices and participates in utilization review and control programs and has established treatment protocols and written policies governing admission, length of stay, and discharge planning and referral that are guided by policies that have been "developed in coordination with the best practices developed and published by CARF [Commission on Accreditation of Rehabilitation Facilities'] and SAMHSA [Substance Abuse and Mental Health Services Administration" of the federal government]." (DI #3, Exh. 7). As an example, the passage below is excerpted from the applicant's policy titled *Uniform Data Collection System- CQI Program*:

> On a monthly basis, each program will report on key data points to include, but not limited to:
> - Number of Admissions
> - Number of Discharges
> - Average Length of Stay for all Discharges
> - Number and Rate of Program Completions
> - Average Length of Stay for Individuals who Complete the Program
> - Number and Rate of "Negative" Discharges.
>
> (DI #13, p. 3).

Staff concludes that Gaudenzia-Crownsville has documented its commitment to utilization review and control protocols, consistent with Subsection (1) of this standard.

(2) An applicant must document that each patient's treatment plan includes, or will include, at least one year of aftercare following discharge from the facility.

The applicant submitted a policy entitled "Follow Up" which describes its protocol that it states guides its staff in practices designed to

> ensure that a client who has been referred to another program or service is successfully connected with that program. It is also done in order to document the discharged clients' progress and well-being and if necessary and appropriate, provide an opportunity for re-admission to the program or referral to another appropriate referral.

Gaudenzia-Crownsville states that this protocol is used beginning at 30 days following discharge for up to one year, "based on the client's desire to remain connected." (DI #12, p. 3).

Based on its review of the materials provided, staff concludes that the proposed project is consistent with Subsection (2) of this standard.

.05J. Transfer and Referral Agreements.

(1) An applicant must have written transfer and referral agreements with facilities capable of managing cases which exceed, extend, or complement its own capabilities, including facilities which provide inpatient, intensive and general outpatient programs, halfway house placement, long-term care, aftercare, and other types of appropriate follow-up treatment.

(2) The applicant must provide documentation of its transfer and referral agreements, in the form of letters of agreement or acknowledgement from the following types of facilities:

(a) Acute care hospitals;

(b) Halfway houses, therapeutic communities, long-term care facilities, and local alcohol and drug abuse intensive and other outpatient programs;

(c) Local community mental health center or center(s);

(d) The jurisdiction's mental health and alcohol and drug abuse authorities;

(e) The Alcohol and Drug Abuse Administration and the Mental Hygiene Administration;

(f) The jurisdiction's agencies that provide prevention, education, driving-while-intoxicated programs, family counseling, and other services; and,

(g) The Department of Juvenile Justice and local juvenile justice authorities, if applying for beds to serve adolescents.

Gaudenzia-Crownsville has transfer and referral agreements required by this standard. The details are summarized in Table III-2, below.

Table III-2 Gaudenzia-Crownsville Transfer and Referral Agreement Partners

Provider Category	Agreement(s) with:
Acute care hospitals	University Of Maryland Medical System (BWMC)
Halfway houses, therapeutic communities, long-term care facilities	Arundel House Of Hope Center For Addiction Medicine Healthcare For The Homeless, Inc. House Of Ruth Maryland, Inc. Patrick Allison House, Inc.
Local alcohol and drug abuse intensive and other outpatient programs	Medmark Treatment Centers
Local community mental health center or center(s)	Change Health Systems, Inc.
The jurisdiction's mental health and alcohol and drug abuse authorities	Anne Arundel County Department Of Health
The Behavioral Health Administration of MDH (formerly the Mental Hygiene Administration with its division of Alcohol and Drug Abuse)	Maryland Department Of Health (BHA)

Provider Category	Agreement(s) with:
The jurisdiction's agencies that provide prevention, education, driving-while-intoxicated programs, family counseling, and other services	Maryland Educational Opportunity Center Maryland House Detox Our New House

Source: (DI #13, p.4).

.05K. Sources of Referral.

(1) An applicant proposing to establish a new Track Two facility must document to demonstrate that 50 percent of the facility's annual patient days, consistent with Regulation .08 of this Chapter, will be generated by the indigent or gray area population, including days paid under a contract with the Alcohol and Drug Abuse Administration or a jurisdictional alcohol or drug abuse authority.

Gaudenzia states that it

> has prided itself on treating the poor and disenfranchised as our primary population, [as] eviden[ced] by the clients that we have served and will continue to assist. Currently, 100% of the clients treated at Gaudenzia Crownsville have Medicaid, which is indicative of the indigent and gray area population. We anticipate to continue to treat well more than 50% of that population in the future.
> (DI #13, p.5).

The applicant has demonstrated compliance with Subsection (1) of this standard.

(2) An applicant proposing to establish a new Track One facility must document referral agreements to demonstrate that 15 percent of the facility's annual patient days required by Regulation .08 of this Chapter will be incurred by the indigent or gray area populations, including days paid under a contract with the Alcohol or Drug Abuse Administration or a jurisdictional alcohol or drug abuse authority, or the Medical Assistance program.

Subsection (2) of the standard is not applicable because Gaudenzia-Crownsville does not propose the establishment of a Track One intermediate care facility.

.05L. In-Service Education.

An applicant must document that it will institute or, if an existing facility, maintain a standardized in-service orientation and continuing education program for all categories of direct service personnel, whether paid or volunteer.

The applicant states that its human resources department oversees the Gaudenzia Training Institute which manages the ongoing educational and training needs of all employees, including clinical, management and support staff. It reports that the design of its training is based on the specific staff roles, positions, and tasks to "assure that the highest level of competence and compliance with all federal, state licensure and certification level requirements are maintained." Gaudenzia-Crownsville provided copies of several policies related to new employee orientation and training as well as others related to ongoing staff development, and stated that those policies

have been reviewed and approved by CARF and the Maryland Department of Health. (DI #3, p. 24 and Exh. 7; DI #13, p. 6 and Att. F).

Gaudenzia-Crownsville has complied with this standard.

.05M. Sub-Acute Detoxification.

An applicant must demonstrate its capacity to admit and treat alcohol or drug abusers requiring sub-acute detoxification by documenting appropriate admission standards, treatment protocols, staffing standards, and physical plant configuration.

The applicant provided copies of its policies governing admission standards, treatment protocols, and staffing standards, and maintained that these policies are in accordance with ASAM Patient Placement Criteria and promote compliance with CARF guidelines. The applicant also stated that federal and State level regulations are followed, in particular with regard to patient care and staffing requirements. Gaudenzia reiterated that these policies are approved by CARF and the Maryland Department of Health. (DI #3, p.24 and Exh. 7). In addition, the applicant summarized its policies, practices, and environment, as shown in the following Table III-3.

Table III-3: Gaudenzia Summary Description of Admission Standards, Treatment Protocols, Staffing Standards, and Physical Plant Capacity to Support both ASAM Level 3.7 and 3.7WM Services

	ASAM Level 3.7 Treatment	ASAM Level 3.7WM
Admission Standards	Individuals are admitted according to Gaudenzia's admissions standards. This is based on an updated medical review conducted by the medical department, an updated biopsychosocial history completed by the detox counselor and a review of the patient's individualized treatment plan to assess goals established by the patient while in detox.	Individuals are admitted according to Gaudenzia's admissions standards. This is based on a medical review by the Nurse Manager and Medical Director, a biopsychosocial history review by our admissions department and a review of insurance benefits by our department.
Treatment Protocols	Treatment protocols for individuals in sub-acute detoxification include receiving continued medical oversight (as needed based on nursing assessment), an individualized treatment plan to cover the 28 days of treatment, individual/group counseling sessions with certified counselors and establishing continuing care/discharge planning goals as identified during individual and group counselling sessions. The length of time in 3.7 level of care is 28 days, which allows for continued assessment and planning for the next appropriate level of care.	Treatment protocols for individuals in sub-acute detoxification include a medical exam, medication needs review, complete substance use evaluation, individual treatment plan and 24-hour medical supervision. The average length of time in 3.7WM is currently 3.8 days, which is necessary for medical stabilization and a comprehensive referral to the next appropriate level of care, 3.7.
Staffing Standards	Gaudenzia's staffing standards are congruent with COMAR 10.63 regulations and our accrediting body, CARF. The sub-acute detox unit is staffed 24/7 with licensed medical staff and peer recovery specialists. The patient to certified	Gaudenzia's staffing standards are congruent with COMAR 10.63 regulations and our accrediting body, CARF. The sub-acute detox unit is staffed 24/7 with licensed medical staff and peer recovery specialists. The patient to certified

	counselor ratio is 10:1 and this affords these patients to receive the individualized treatment care needed while they are continuing with their residential treatment.	counselor ratio is 8:1 and this affords the fragility of these patients to receive the individualized treatment care needed while they are stabilizing and detoxing from drugs/alcohol.
Physical Plant Configuration	The unit will consist of three bedrooms that will have five beds in each room (for a total of 15 beds). The unit is directly next to the medical office where medical staff are located 24/7. 24-hour support staff are stationed on the unit and complete 30-minute rounds every hour. There are a total of 43 cameras in the facility, which monitor the medical office, group rooms, hallways and kitchen area. The kitchen is also in close proximity to the unit, which allows limited movement from the patients.	The unit will consist of two bedrooms that will have six beds in each room (for a total of 12 beds). The unit is directly next to the medical office where medical staff are located 24/7. 24-hour support staff are stationed on the unit and complete 30-minute rounds every hour. There are 43 cameras in the facility, which monitor the medical office, group rooms, hallways and kitchen area. The kitchen is also in close proximity to the unit, which allows limited movement from the patients.

Source: DI#10, pp. 7-8

The applicant has demonstrated compliance with this standard.

.05N. Voluntary Counseling, Testing, and Treatment Protocols for Human Immunodeficiency Virus (HIV).

An applicant must demonstrate that it has procedures to train staff in appropriate methods of infection control and specialized counseling for HIV-positive persons and active AIDS patients.

Gaudenzia-Crownsville provided a copy of its *Policy and Procedure on Voluntary Counseling, Testing, and Treatment Protocols for Human Immunodeficiency Virus (HIV)*, the terms of which satisfy this standard. (DI#10, p. 9, Att. G).

Staff concludes that the proposed project is consistent with this standard.

.05O. Outpatient Alcohol & Drug Abuse Programs.

(1) An applicant must develop and document an outpatient program to provide, at a minimum: individual needs assessment and evaluation; individual, family, and group counseling; aftercare; and information and referral for at least one year after each patient's discharge from the intermediate care facility.

(2) An applicant must document continuity of care and appropriate staffing at off-site outpatient programs.

(3) Outpatient programs must identify special populations as defined in Regulation .08, in their service areas and provide outreach and outpatient services to meet their needs.

(4) Outpatient programs must demonstrate the ability to provide services in the evening and on weekends.

(5) An applicant may demonstrate that outpatient programs are available to its patients, or proposed patient population, through written referral agreements that meet the requirements of (1) through (4) of this standard with existing outpatient programs.

The applicant provided copies of licenses for three outpatient facilities it operates in Anne Arundel County (Crownsville, Severna Park, and Glen Burnie), program schedules, and policies and procedures demonstrating compliance with all parts of this standard. (DI #3, p. 25 and Exh. 7 and 8; DI #10, pp. 9, 10).

.05P. Program Reporting.

Applicants must agree to report, on a monthly basis, utilization data and other required information to the Alcohol and Drug Abuse Administration's Substance Abuse Management Information System (SAMIS) program, and participate in any comparable data collection program specified by the Department of Health and Mental Hygiene.

The applicant states its commitment to monthly reporting of utilization data and any other required information, as well as to participation in any comparable data collection program specified by BHA. Gaudenzia states that it submits data to the Outcomes Measurement System administered by Beacon Health Options, the state of Maryland's administrative service organization, as required of publicly funded programs. (DI#3, p. 26).

The applicant complies with this standard.

COMAR 10.24.01.08G(3) Criteria for Review of an Application for Certificate of Need.

B. Need

The Commission shall consider the applicable need analysis in the State Health Plan. If no State Health Plan need analysis is applicable, the Commission shall consider whether the applicant has demonstrated unmet needs of the population to be served, and established that the proposed project meets those needs.

The ICF Chapter has a need analysis standard applicable to Track One ICFs. This standard includes a regional ICF bed need projection. It is not applicable to this project, which involves Track Two, publicly-funded ICF beds.

Earlier in this report, in the discussion related to Identification of Intermediate Care Facility Alcohol and Drug Abuse Bed Need, at COMAR 10.24.14.05B(2)(a), *supra*, pp. 6-7. Gaudenzia provided a variety of information to highlight need, including:

(1) The applicant stated that it added 10 crisis beds in Crownsville in January 2018 that were immediately busy and required detoxification capability as a next step for the patients using this service;

(2) Gaudenzia's ICF in the Park Heights neighborhood of Baltimore City cannot fulfill the level of demand it is seeing for this level of care; and

(3) The other Track Two facilities in Anne Arundel County run at full capacity with waiting lists for admission of one to four weeks.

In addition the applicant noted the relatively high level of opiate and opioid overdose cases in Maryland and Anne Arundel County and the increase in overdoses that were occurring in the 2017 to 2018 period during which the application was being prepared. (DI #10, p. 11; DI #3, p. 28).

Gaudenzia-Crownsville projects that it will provide ICF services to 1,034 patients annually, with an average annual occupancy rate of approximately 85% in its proposed 27 ICF beds. (DI #18, Table C).

Staff recommends that the Commission find that the applicant has demonstrated a need for its proposed project.

C. Availability of More Cost-Effective Alternatives

The Commission shall compare the cost effectiveness of the proposed project with the cost effectiveness of providing the service through alternative existing facilities, or through an alternative facility that has submitted a competitive application as part of a comparative review.

This project involves expansion of a treatment facility providing a lower level of addictions treatment, i.e., outpatient services and clinically managed residential services, so that it can also provide a medically monitored intensive inpatient program with withdrawal management capabilities under medical supervision. It has available building space for this expansion that can be put into use with a very small expenditure.

The applicant defined the goal of the project as "expand[ing] access in Anne Arundel County to include more detox and ICF treatment slots funded by Medicaid for the poor and disenfranchised." It anticipates the ability to reduce the 3.5 days it takes, on average, for Gaudenzia-Crownsville "to place an individual in one of its 10 crisis beds and then into a detox or ICF treatment bed." (DI #10, p. 12). The applicant stresses the importance of having the ability to immediately place a patient in detox so as to capitalize on a client's motivation for recovery.

Gaudenzia states that, currently, there are few option to provide the service through other facilities in a timely manner. Hope House and Pathways, the other Track Two facilities in the county, report lengthy waiting lists and the newest provider in the county, Maryland House Detox, is a Track One facility that operates with a limited allocation of beds for indigent and "gray area" patients. (DI #10, p. 12).

Gaudenzia states that providing the opportunity for a patient immediately to enter detox services and treat the addiction in a medically supervised program is the most cost-effective approach, compared to multiple emergency room visits and failed attempts at lower levels of care. The applicant views this approach as allowing the patient to be assessed holistically and provides an opportunity to stabilize both medical and psychiatric symptoms simultaneously, if needed.

Gaudenzia believes that the alternative it proposes through this project is timely and effective given the life-threatening consequences of opiate and opioid addiction and the critical need for detoxification programs in Maryland. (DI# 10, p. 12).

A possible alternative, detoxification treatment in a local hospital setting, is viewed by Gaudenzia as more expensive and potentially less effective than the alternative of expanding the Crownsville facility. Staff notes that, in recent decades, organized units for detoxification and addictions treatment within hospitals have, for the most part, disappeared and that hospitals have not put forward development of such programming.

Staff recommends that the Commission find that the proposed project is a cost-effective alternative for expanding the availability and accessibility of Track Two ICF beds.

D. Viability of the Proposal

The Commission shall consider the availability of financial and nonfinancial resources, including community support, necessary to implement the project within the time frames set forth in the Commission's performance requirements, as well as the availability of resources necessary to sustain the project.

The cost of this project is modest, just $16,325 for furnishings and equipment. The applicant submitted audited financial statements with the application for the years ending June 30, 2016 and June 30, 2017. It shows current assets to exceed current liabilities (about $21 million in current assets to $12.3 million in current liabilities), a total asset valuation that is significantly greater than total liabilities, and combined total revenues that exceeded total expenses in both FY 2016 and FY 2017.

Operating costs will increase considerably in order to add qualified staff to support the addition of a 27 bed ICF program. Total staffing of the Crownsville facility is projected to increase by 23 full-time equivalents, including a near doubling of direct care staff, and personnel expenses are projected to increase by $1.35 million (+61%).

Table III-4: Staffing, Current and Post-Project

Staffing	Current FTEs	Additional FTEs Resulting from Project	Total Post-Project FTEs
Administrative	5.0	2.0	7.0
Direct Care	20.2	19.0	39.2
Support	18.5	2.0	20.5
Total	43.7	23.0	66.7
Salary and Benefit Expense	$2,231,465	$1,354,432	$3,585,897

Source: DI#18, Table G

Gaudenzia-Crownsville's projected financial performance, limited to residential treatment and inpatient withdrawal management and treatment, is shown in Table III-5 below. It has a recent history of generating a positive operating margin, a situation that is projected to be enhanced by the facility's expansion.

Table III-5: Financial Projections-Uninflated (Select Line Items Only)

	Actual		Projected		
	2017	2018	Projected 2019	Year 1 of ICF Operation	Year 2 of ICF Operation
REVENUE					
Net inpatient services revenue	$2,935,472	$5,031,810	$6,756,039	$9,471,058	$9,471,058
EXPENSES					
Salaries & wages (including benefits)	$1,067,473	$1,278,006	$2,231,465	$3,585,898	$3,585,898
Total Operating Expenses	$1,710,238	$2,553,863	$3,678,297	$5,725,201	$5,752,201
NET INCOME	**$1,225,234**	**$2,477,947**	**$3,077,743**	**$3,745,858**	**$3,745,858**

Source: DI #18, Table D

Staff recommends that the Commission find that the project is viable.

E. Compliance With Conditions of Previous Certificates of Need

An applicant shall demonstrate compliance with all terms and conditions of each previous Certificate of Need granted to the applicant, and with all commitments made that earned preferences in obtaining each previous Certificate of Need, or provide the Commission with a written notice and explanation as to why the conditions or commitments were not met.

Staff has confirmed the applicant's statement that it has not been awarded a Certificate of Need in Maryland in the past 15 years. Thus, this criterion is not applicable.

F. Impact on Existing Providers and the Health Care Delivery System

An applicant shall provide information and analysis with respect to the impact of the proposed project on existing health care providers in the health planning region, including the impact on geographic and demographic access to services, on occupancy, on costs and charges of other providers, and on costs to the health care delivery system.

The applicant states that the demand for detox services has increased, exceeding the capacity of "the limited number of detox beds currently offered by providers in Anne Arundel County … which are able to provide beds to a small portion of the numbers of patients needing/requesting detox services in the county." Gaudenzia-Crownsville states that these other providers often have waiting lists for service, thus "require[ing] patients to search and secure detox services both out of county and often out of state," and asserts that the impact of implementing its proposal would reduce the number of clients on the Hope House and Pathways waiting lists and decrease the outmigration of Anne Arundel County residents for treatment. In addition to this improved access, the applicant also notes that the project should decrease emergency room costs. (DI #3, pp. 31, 32).

Staff believes that Maryland lacks sufficient ICF capacity to fulfill the demand for services by low income persons, based on communication with State agencies and the provider community. Maryland lacks routine and uniform data collection to make reliable findings on demand and use of ICF service capacity, as exists for other types of facility regulated under the CON program. The ICF Chapter assumes that this shortage of available and accessible resources for addictions treatment of low income persons is a long-standing condition of the health care delivery system in

Maryland that is likely to persist. For the near future, at least, the anecdotal information suggests that expansions of service capacity of the size proposed, 27 beds, is unlikely to have a significant negative impact on existing addictions treatment providers located within the urban and suburban core of Maryland, which includes Anne Arundel County.

With respect to impact on costs and charges, expanding the availability of Type Two ICF beds has the potential for increasing public funding requirements for treatment, primarily Medicaid spending. This service is not funded by charges set by the market. Expansion will also increase the demand for staff with the skills needed for medically monitored detoxification and treatment programs, which will be the primary basis for the increased burden on public funds. Costs in other areas of the health care delivery system may be reduced by expanding service capacity of the type proposed. For example, the range of service and human costs related to failure to timely move patients in crisis to detoxification and treatment programs should be mitigated as ICF capacity is expanded. Staff believes that the impact of this project is likely to be positive because it will marginally improve access to alcohol and substance abuse treatment services and this access will include low income persons.

Staff recommends that the Commission find that this project will have a positive impact on the health care delivery system and the equity of access to addiction treatment resources.

IV. STAFF RECOMMENDATION

Staff recommends that the Commission **APPROVE** Gaudenzia-Crownsville's application to establish a 27-bed ASAM Level 3.7 and 3.7WM alcoholism and drug treatment ICF in Crownsville. This recommendation is based on staff's conclusion that the proposed project complies with the applicable State Health Plan standards and that the applicant has demonstrated the need for the project, its cost effectiveness, and its viability. Staff also concludes that the impact of the project is positive, primarily because it will improve access to intensive, medically-monitored inpatient alcohol and drug treatment services and that these services will primarily be used by low income households, who are currently underserved with respect to ASAM Level 3.7 care.

There is a very small capital expenditure associated with the project, which will be implemented in an existing residential facility operated by Gaudenzia.

IN THE MATTER OF	*	**BEFORE THE**
	*	
GAUDENZIA, INC.	*	**MARYLAND**
RE: GAUDENZIA-CROWNSVILLE	*	
(License No. BH001065)	*	**HEALTH CARE**
	*	
Docket No. 18-02-2421	*	**COMMISSION**
	*	

*** ***

FINAL ORDER

Based on Commission Staff's analysis and recommendation, it is this 17th day of October, 2019, **ORDERED:**

That the application of Gaudenzia, Inc. to establish an alcoholism and drug abuse treatment intermediate care facility at Gaudenzia-Crownsville with 12 ASAM Level 3.7 beds and 15 ASAM Level 3.7WM beds at 107 Circle Drive in Crownsville (Anne Arundel County), at a cost of $16,325, is **APPROVED**.

MARYLAND HEALTH CARE COMMISSION

APPENDIX

RECORD OF THE REVIEW
Gaudenzia-Crownsville (Docket No. 18-02-2421)

Docket Item #	Description	Date
1	*Maryland Register* notice – Solicitation of additional Letters of Intent for Substance Abuse Services in Central Maryland	12/08/17
2	MHCC acknowledges receipt of Letters of Intent in response to *Maryland Registe*r Notice	1/26/18
3	Certificate of Need Application	3/23/18
4	Request to publish receipt of application notice in Maryland Register	3/27/18
5	MHCC acknowledges receipt of application	3/28/18
6	Request to publish notice of receipt of application Baltimore Sun	3/28/18
7	Notice of receipt of application as published in the Baltimore Sun	4/03/18
7A	E-mail from Kathleen Rebbert-Franklin, Director of Health Promotion and Prevention at BHA	4/03/18
8	MHCC request for completeness and additional information	7/10/18
9	Gaudenzia email to MHCC: Will be submitting completeness information	7/29/18
10	Gaudenzia submits response to request for completeness information	9/14/18
11	MHCC makes second request for completeness and additional information	10/23/18
12	Gaudenzia submits response to request for completeness information	11/2/18
13	Gaudenzia submits supplemental response to MHCC second request for completeness information	12/21/18
14	MHCC makes third request for completeness information	1/11/19
15	Gaudenzia response to third completeness letter	2/20/19
16	Gaudenzia submits revised Budget Tables	4/04/19
17	MHCC requests information re: the revised budget tables	4/22/19
18	Gaudenzia submits another set of Budget Tables	5/22/19
19	MHCC informs Gaudenzia that the formal start of review of the application will be 7/5/19	6/24/19
20	MHCC request to publish notice of formal start of review in the Baltimore Sun	6/24/19
21	MHCC request to publish notice of formal start of review in Capital	6/24/19
22	Maryland Register – Request to publish notice of formal start of review	6/24/19
23	MHCC seeks Local Health Planning Comments (Anne Arundel County)	6/24/19
24	Email from Gaudenzia reporting wait lists at Hope House and Pathways	9/12/19
25	Email from Gaudenzia reporting utilization and occupancy rates for Park Heights facility	9/13/19
26	Email from Gaudenzia explaining need for Crownsville beds in light of recent authorization to expand at Park Heights	9/19/19
27	Email from Gaudenzia updating bed count at Park Heights	9/23/19