MARYLAND
Health Care
Commission

Andrew N. Pollak, MD, Chairman
Ben Steffen, Executive Director

DATE: October 15, 2021

TO: Commissioners

FROM: Wynee E. Hawk
Chief, Certificate of Need

SUBJECT: Conversion of Grace Medical Center to a Freestanding Medical Center
Docket No. 21-24-EX013

Enclosed is the staff report and recommendation for a request for Exemption from Certificate of Need (CON) application filed by joint applicants, Sinai Hospital of Baltimore, Inc. (Sinai) and Grace Medical Center, Inc. (Grace).

Sinai and Grace seek to convert Grace to a Freestanding Medical Facility (FMF) that will occur in two phases and result in the renovation of the existing hospital building, demolition and new construction of outpatient building space that will include 27 emergency treatment spaces, a triage room, a nine-bed observation unit, as well as rate-regulated outpatient surgical services (two operating rooms), diagnostic imaging services, and laboratory services.

The applicants total estimated budget is $61,648,000, which includes approximately $25.5 million for Phase One and $12.6 million for Phase Two. Additional estimated project costs include $5.9 million for demolition of the older portions of the existing hospital, $6.5 million for movable equipment and $11 million for information technology systems and upgrades. The applicant will finance the cost of this project with $50.0 million in bonds and the balance of $11,648,000 as a cash contribution.

Staff recommends that the Commission **APPROVE** the project based on staff's conclusion that the proposed project complies with the applicable CON review standards at COMAR 10.19.04, the State Health Plan for Freestanding Medical Facilities, and the applicable general standards in COMAR 10.24.10.04A, the State Health Plan for Acute Care Hospital Services.

IN THE MATTER OF THE	*	**BEFORE THE**
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CONVERSION OF	*	**MARYLAND**
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GRACE MEDICAL CENTER	*	**HEALTH CARE**
	*	
TO A FREESTANDING	*	**COMMISSION**
	*	
MEDICAL FACILITY	*	
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Docket No. 21-24-EX013	*	
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STAFF REPORT & RECOMMENDATION

October 21, 2021

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I. INTRODUCTION

A. Background

In 2016, Maryland law[1] was amended to grant the Maryland Health Care Commission (the Commission) the authority, under certain circumstances, to issue an exemption from Certificate of Need (CON) review, that permits a licensed acute general hospital that is part of a multi-hospital system to transition from a general hospital to a freestanding medical facility (FMF). COMAR 10.24.19, the State Health Plan for Facilities and Services: Freestanding Medical Facilities (FMF Chapter) governs the establishment of an FMF through CON review or, for the conversion of an acute general hospital to an FMF, through an exemption from CON review. The FMF model created in Maryland is commonly called a "freestanding emergency center" in other states. Currently, there are seven existing or approved FMFs in Maryland: Adventist Healthcare Germantown Emergency Center in Montgomery County; Bowie Health Center in Prince George's County; University of Maryland (UM) Shore Medical Emergency Center at Queenstown (Queen Anne's County); UM Laurel Medical Center in Prince George's County; UM Upper Chesapeake Aberdeen (approved for Harford County); UM Shore Medical Emergency Center at Cambridge (approved for Dorchester County); and McCready Health Pavilion in Somerset County. The Laurel and McCready FMFs are FMFs created through conversion of general hospitals. The Cambridge and Aberdeen FMFs were approved as general hospital conversions and are under development.

A CON is required to establish or operate a freestanding medical facility with the exception of cases in which the facility is established as the result of the conversion of a licensed general hospital. In these cases, the FMF will only retain patients overnight for observation stays, it will remain on the site of or adjacent to the licensed general hospital, with certain exceptions; at least 60 days before the conversion, written notice of intent to convert is filed with the Commission; and the Commission must find that the conversion is consistent with the State Health Plan, will result in the delivery of more efficient and effective health care services, will maintain adequate and appropriate delivery of emergency care as determined by the Emergency Medical Services Board, and is in the public interest.

A freestanding medical facility is an outpatient health care facility licensed by the Maryland Department of Health that: (a) provides medical and health care services; (b) is an administrative part of an acute care general hospital; (c) is physically separated from the hospital or hospital grounds; (d) operates 24 hours a day, seven days a week; (e) complies with the provisions of the Emergency Medical Treatment and Active Labor Act[2] and the Medicare Conditions of Participation; (f) has the ability to rapidly transfer complex cases to an acute care general hospital after the patient has been stabilized; (g) maintains adequate and appropriate delivery of emergency medical care within the statewide emergency medical services system as determined by the Maryland State Emergency Medical Services Board; and (h) may provide observation services. [COMAR 10.24.19.05B(8)].

[1] Chapter 420 (Senate Bill 707), Maryland Laws 2016, effective July 1, 2016
[2] EMTALA, 42 U.S.C. §1395.

B. The Applicants

Grace Medical Center, Inc. (Grace) is a general acute care hospital with 71 licensed beds located at 2000 West Baltimore Street, in Baltimore City. Grace was formerly known as Bon Secours Hospital Baltimore, founded in 1918 by the Sisters of Bon Secours. West Baltimore, where Grace is located, includes a substantial number of low income and minority neighborhoods. Historically, the hospital has played a major role in providing availability and accessibility to general hospital services for this vulnerable part of the City. With demand for general hospital inpatient services declining broadly in Maryland in recent years, Bon Secours Hospital Baltimore was unable to generate income from its operations and the level of negative operating results since 2015 was incompatible with sustained viability. As a result, the Health Services Cost Review Commission (HSCRC) worked with Bon Secours to find a potential partner to acquire the hospital. LifeBridge Health, Inc. (LifeBridge) was invited by HSCRC to participate in the transaction process and was ultimately selected to be the acquiring organization. On November 1, 2019, LifeBridge acquired the hospital and renamed it Grace. LifeBridge is the parent company of an integrated health system, which includes four other hospitals in central Maryland: Sinai Hospital of Baltimore, Inc. (Sinai) in Baltimore City; Northwest Hospital in Randallstown (west Baltimore County); Carroll Hospital in Westminster (Carroll County); and Levindale Hospital (a facility that encompasses two special hospitals, for chronic care and acute rehabilitation, and a comprehensive care facility (nursing home) in Baltimore City, adjacent to the Sinai campus.

Sinai is the largest and most sophisticated hospital within the LifeBridge system and is a joint applicant seeking Commission approval to convert Grace to an FMF. Sinai is a 348-bed general hospital located at 2401 West Belvedere Avenue in Baltimore City. Its general hospital campus includes acute rehabilitation services and is co-located with Levindale Hospital, also providing acute rehabilitation hospital services and other post-acute inpatient care services. Sinai states that it is the largest community teaching hospital in Maryland and offers a full range of services, including neurosurgery, cardiothoracic surgery, joint replacement, emergency/trauma care, wound care, and comprehensive cancer care. It will be the hospital parent of the proposed FMF.

C. The Project

LifeBridge is developing an access point for community-based health care for West Baltimore residents by proposing to convert Grace from an acute care hospital to an FMF with Sinai as the parent hospital. A condition of the planned affiliation is that Sinai and Grace receive all regulatory approvals necessary to convert Grace to an FMF, including approval of this request for exemption from CON review and approval of adequate rate support from HSCRC. The conversion plan will occur in two phases and result in the renovation of an existing hospital building, constructed in 1992 (1992 Wing), building demolition, and new construction of outpatient building space.

Phase One will renovate the 1992 Wing which will house the new emergency department, observation unit, radiology, laboratory, and outpatient surgery and clinic space. The renovation will encompass 20,669 square feet (SF) of existing space and will consist of the following elements:

1. An emergency services unit with twenty-seven total rooms; 14 treatment rooms, four rooms with psychiatric holding beds, and nine observation beds and chairs. The emergency department will continue to operate 24/7 as a base station with the capability of caring for patients categorized in EMS priority levels 2 through 4;
2. Radiology unit, including x-ray, computed tomography (CT), and ultrasound;
3. Laboratory services;
4. A surgical suite with two operating rooms and the necessary surgical support space; and
5. Waiting areas, a morgue and a viewing room.

Elements of the transition plan were initiated in 2019. MHCC authorized the reallocation of Grace's acute psychiatric bed capacity to Sinai and Northwest Hospital. The addition of psychiatric beds at Northwest has been reconsidered and the project was changed by the hospital, a change recently approved by MHCC. The bed addition at Sinai was completed in January 2021. A transfer process is in place for any future patient in need of an acute inpatient admission.

Phase One of construction will eliminate patient room space for hospital inpatient care and inpatient surgical facilities. The existing Grace emergency department, observation space, and space for radiology and laboratory services will continue to operate in their current locations in a small portion of the hospital built in 1918 while this first phase is being implemented.

Phase Two will demolish the oldest remaining hospital structure, built in 1918, for the construction of a new Outpatient Behavioral Health Center. For Phase Two, existing outpatient behavioral health programs will temporarily be housed in the existing Family Wellness Center until completion of the new building.

The applicants state that the proposed FMF will maintain the same level of emergency and observation services currently provided at Grace and will be staffed in accordance with regulations issued by the Department of Health's Office of Health Care Quality (i.e., be staffed at all times by a physician trained in emergency medicine, a sufficient number of registered nurses and other professionals to provide advanced life support, a radiology technologist, and a laboratory technician).[3] Grace will also have a full time Administrative Director, who will act as a liaison with Sinai, and a Medical Director, who will provide clinical oversight. (DI #1, p.4).

Patients requiring acute inpatient services will be transferred from Grace to Sinai or other hospitals, as needed, while those requiring observation stays would be transferred only if Grace's nine-bay observation unit is full, or the patient's condition deteriorates and warrants transfer to a hospital for admission. Inter-facility transfers will be supported by a dedicated commercial ambulance service.

The applicants total estimate for renovation/construction expenses is $27.1 million; $25,500,000 for Phase One and $12,600,000 for Phase Two. Additional estimated project costs include $5.9 million for demolition of the older portions of the existing hospital, $11 million for information technology systems and $6.5 million for movable equipment. The total budget for

[3] COMAR 10.07.08.10.

Phase One and Phase Two is $61,648,000. Most of the project funding will come from debt financing with the sale of bonds by LifeBridge anticipated to provide $50 million. The balance (about $11.6 million) will be provided as a cash contribution.

D. Staff Recommendation

Commission staff recommends that the Commission approve the request for an exemption from CON review to convert Grace Medical Center to a freestanding medical facility that will provide rate-regulated outpatient surgical services, in addition to the FMF core emergency and observation services. Staff believes that the project plan submitted by the applicants and the procedural steps the applicants have used to inform the community about the project and to obtain the required review of the project by the Maryland Institute of Emergency Medical Services Systems and HSCRC have complied with MHCC regulations, as discussed in the body of this report.

II. PROCEDURAL HISTORY

Docket Item #	Description	Date
1	Exemption Request	June 29, 2021
2	Request to publish notice of Exemption Request in the *Maryland Register*	July 1, 2021
3	Request to publish notice of Exemption Request in the *Baltimore Sun*	July 1, 2021
4	MHCC staff requests additional information	August 23, 2021
5	Applicants' request for additional time to answer questions of 8/23/21	August 26, 2021
6	MHCC staff email approves requests for additional time until 9/30/21	August 26, 2021
7	HSCRC memo with approved rates received by MHCC	September 22, 2021
8	Applicants' response to request for additional information questions of 08/23/21	September 30, 2021
9	Commission Staff Communicates with Applicants on Charity Care Guidelines	October 11, 2021
10	Applicants' response with updated charity care policy	October 12, 2021

III. REQUIREMENTS FOR AN EXEMPTION FROM CON REVIEW

Applicants seeking conversion of an acute general hospital to an FMF must satisfy the following requirements in the FMF Chapter of the State Health Plan, at COMAR 10.24.19.04C:

> **(1) A freestanding medical facility created through conversion from a general hospital shall only retain patients overnight for observation stays.**

The applicants state that the proposed freestanding medical facility will not have the capability to admit or retain patients for overnight hospitalization but will only retain patients for overnight observation stays. (DI #1, p.6). Staff concludes that the applicants have met this requirement.

(2) Each notice, documentation, or other information regarding a proposed conversion of a general hospital to a freestanding medical facility that is required by Section C of this regulation or by COMAR 30.08.15.03 shall be provided simultaneously to the Commission and to the Maryland Institute for Emergency Medical Services Systems.

The notice of the proposed conversion of Grace was provided to both the Commission and MIEMSS on July 30, 2019. The request for the hospital conversion was filed nearly two years later, on June 29, 2021, and also in accordance with this requirement.

(3) A notice of intent to seek an exemption from Certificate of Need review to convert a general hospital to an FMF shall:

(a) Be filed in the form and manner specified by the Commission, which may require a pre-filing meeting with Commission staff to discuss the proposed project, publication requirements, and plans for a public informational hearing.

(b) Be filed with the converting hospital and its parent hospital as joint applicants;

A notice to seek an exemption from CON review to convert Grace from a general hospital to an FMF was filed in a form and manner specified by the Commission, and Sinai and Grace have filed as joint applicants. Staff concludes that the applicants have satisfied the requirements of Paragraphs (3)(a) and (b) above.

(c) Only be accepted by the Commission for filing after:

(i) The converting hospital publishes on its website and otherwise makes available to the general public and community stakeholders, at least 14 days before holding a public informational hearing, the hospital's proposed transition plan that addresses, at a minimum, job retraining and placement for employees displaced by the hospital conversion, plans for transitioning acute care services previously provided on the hospital campus to residents of the hospital service area, and plans for the hospital's physical plant and site.

The applicants published notice of the hearing date, time, and location on the LifeBridge website home page and in the print and electronic versions of *The Baltimore Sun* for no fewer than fifteen days prior to the public hearing. (DI #1, exh. 2 and 4). Prior to holding its public

informational meeting on May 7, 2018, it published a transition plan,[4] which addressed plans for conversion of Grace to an FMF and transitioning inpatient care to alternative hospitals, work force retraining and job placement, and plans for disposition of the hospital site and buildings on its website. Staff concludes that the applicants have met this requirement.

> **(ii) The converting hospital, in consultation with the Commission, and after providing at least 14 days' notice on the homepage of its website and in a newspaper of daily circulation in the jurisdiction where the hospital is located, holds a public informational hearing that addresses the reasons for the conversion, plans for transitioning acute care services previously provided by the hospital to residents of the hospital service area, plans for addressing the health care needs of residents of the hospital service area, plans of the hospital or the merged asset system that owns or controls the hospital for retraining and placement of displaced employees, plans for the hospital's physical plant and site, and the proposed timeline for the conversion.**

The applicants held three "electronic town hall" public informational hearings on June 16 and June 18, 2020, and on July 8, 2020. The applicants included meeting summaries in the application. (DI #1, exh. 5). Staff concludes that the applicants have met this requirement.

> **(iii) Within ten working days after the public informational hearing, the converting hospital provides a written summary of the hearing and all written feedback provided by the general public and from community stakeholders to the Governor, Secretary of DHMH, the governing body of the jurisdiction in which the hospital is located, the local health department and local board of health for the jurisdiction in which the hospital is located, the Commission, and the Senate Finance Committee, House Health and Government Operations Committee, and members of the General Assembly who represent the district in which the hospital is located;**

The applicants provided a written summary of the informational meeting to all required recipients on June 30, 2020, and July 15, 2020. (DI #1, exh. 5).

> **(iv) The State Emergency Medical Services Board has determined that the proposed conversion of the general hospital to an FMF will maintain adequate and appropriate delivery of emergency care within the statewide emergency medical services system;**

The applicants submitted a letter from MIEMSS, dated September 14, 2020, documenting that the State EMS Board "unanimously determined that the proposed conversion of the Grace Medical Center to a freestanding medical facility will maintain adequate and appropriate delivery of emergency care within the statewide emergency medical services system." That letter is attached as Appendix 1. Staff concludes that this action satisfies Subparagraph (c)(iv) of the standard.

[4]https://www.lifebridgehealth.org/Uploads/Public/Documents/Grace%20Medical%20Center/transition/Grace_Transition_Plan_ Final.pdf

(v) The applicants receive a determination from HSCRC, issued pursuant to COMAR 10.37.10.07-2D, regarding each outpatient service to be provided at the proposed FMF for which the applicants seek rate regulation.

The applicants stated in the application that HSCRC would not issue rates until the exemption application was filed.

HSCRC staff issued a copy of the rate determination and sent a copy to Commission staff on September 22, 2021. This is attached as Appendix 2. Staff concludes that the applicants have met this requirement**.**

(vi) The applicants receive approved rates from HSCRC for each rate-regulated outpatient service at the proposed FMF; and

HSCRC has approved rates for the FMF, as noted in Appendix 2, for the core FMF emergency and observation services, and an array of additional optional outpatient services, including outpatient surgery, outpatient behavioral health services, and infusion therapy. (See the document at Appendix 2 for the complete list.) Staff concludes that the applicants have met this requirement.

(vii) The applicants provide any additional information determined by Commission staff as necessary for the notice of intent to seek an exemption to convert to an FMF to be complete.

The applicants complied with all staff requests for information and met this requirement. https://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_con/hcfs_con_merger_consolidation.aspx (DI #1, DI #8, DI #10).

(4) The Commission shall require that a freestanding medical facility created through the conversion of a general hospital remain on the site of, or on a site adjacent to, the converting general hospital unless:

(a) The converting general hospital is the only general hospital in the jurisdiction or is one of only two general hospitals in the jurisdiction and both belong to the same merged asset system; and

(b) The site is within a five-mile radius and in the primary service area of the converting general hospital.

The FMF will be developed on the site of the existing Grace Medical Center campus. Staff concludes that the applicants have met this requirement.

(5) The parent hospital shall demonstrate compliance with applicable general standards in COMAR 10.24.10.04A.

There are three applicable general standards in COMAR 10.24.10.04A: (1) Information Regarding Charges; (2) Charity Care Policy; and (3) Quality of Care.

Information Regarding Charges

Information regarding hospital charges shall be available to the public. After July 1, 2010, each hospital shall have a written policy for the provision of information to the public concerning charges for its services. At a minimum, this policy shall include:

(a) Maintenance of a Representative List of Services and Charges that is readily available to the public in written form at the hospital and on the hospital's internet web site;

(b) Procedures for promptly responding to individual requests for current charges for specific services/procedures; and

(c) Requirements for staff training to ensure that inquiries regarding charges for its services are appropriately handled.

This standard is intended to ensure that information regarding the average cost for common inpatient and outpatient procedures is readily available to the public and that policies are in place and employees are trained to address charge-related inquiries. The policy must include requirements to post a current list of charges for common inpatient and outpatient services, procedures for responding to requests and inquiries, and requirements for staff training.

The applicants submitted Sinai's Policy and Procedure on Public Disclosure of Charges. The document provides that information on charges for hospital services are available to the public when requested and are maintained and available on hospital internet sites; that it will be updated quarterly; that its financial counselors are responsible to provide this information to consumers; and that the Patient Financial Services department is responsible to orient and train individuals who will handle this function.

The policy states that "Sinai will provide staff training to ensure that inquiries for its services are appropriately handled." (DI #1, exh. 7). Charges are posted on Sinai's website at the address provided at the end of this paragraph.
https://www.lifebridgehealth.org/Main/PriceTransparency.aspx.

Staff concludes that the applicants have met this standard.

Charity Care Policy

Each hospital shall have a written policy for the provision of charity care for indigent patients to ensure access to services regardless of an individual's ability to pay. COMAR 10.24.10 10

(a) The policy shall provide:

(i) Determination of Probable Eligibility. Within two business days following a patient's request for charity care services, application for medical assistance, or both, the hospital must make a determination of probable eligibility.

(ii) Minimum Required Notice of Charity Care Policy.

1. Public notice of information regarding the hospital's charity care policy shall be distributed through methods designed to best reach the target population and, in a format, understandable by the target population on an annual basis;

2. Notices regarding the hospital's charity care policy shall be posted in the admissions office, business office, and emergency department areas within the hospital; and

3. Individual notice regarding the hospital's charity care policy shall be provided at the time of preadmission or admission to each person who seeks services in the hospital.

The applicants provided Sinai's charity care policy, which provides that a determination of probable eligibility will be made within two days of a request for charity care services. Staff notes that Sinai's policy provides that it will take information necessary for a probable eligibility determination over the telephone. The policy also states that it will publish notice of the availability of financial assistance on a yearly basis in local newspapers; post notices of its availability at appropriate intake locations as well as in the billing office; and insert a plain language summary in the patient's admissions packet. The applicants also provided a copy of Sinai's plain language summary, which staff verified has the required attributes. (DI #1, exh. 8). The applicant's state that notices regarding the availability of financial assistance are posted in all registration areas. (DI #8, exh. 4). The applicants state that written documentation of financial need is only requested after a preliminary determination of eligibility is made. (DI #1, pp. 9-10, DI #1, exh. 8, pg. 5).

In addition, the applicants have provided documentation stating that they have developed a new application form that complies with current requirements in making the final determination of eligibility. (DI #10, pp. 1-2).

Staff concludes that the applicants have met this standard.

(b) A hospital with a level of charity care, defined as the percentage of total operating expenses that falls within the bottom quartile of all hospitals, as reported in the most recent Health Service Cost Review Commission Community Benefit Report, shall demonstrate that its level of charity care is appropriate to the needs of its service area population.

The HSCRC's FY 2019 Community Benefit Report placed Sinai in the bottom quartile for provision of charity care. Sinai reported provision of charity care valued at $5.2 million (0.70% of total operating expenses) while the average for all general hospitals in Maryland was 1.9%. (DI #1, pp. 10-14). The applicants state that its charity care is primarily intended to provide discounted care to uninsured or underinsured patients. Patients who meet the eligibility requirements typically lack sufficient insurance coverage because their income is too high to qualify for Medicaid but too low to afford commercial coverage. The applicants state a much higher percentage of the population served by Sinai qualifies for Medicaid due to the elevated poverty levels in the community, and this results in fewer patients who require, or qualify for, financial assistance. To support this perspective, the applicants provided the numbers, shown below in Table III-1, to illustrate that nearly 34 percent of the Sinai service are population is covered by Medicaid, while the state total is just below 25 percent. (DI #8, pp. 5-6).

Table III-1 Payer Mix in Maryland and in Sinai Primary Service Area (PSA)

Geography	Commercial %	Medicaid %	Medicare %	Other %
Maryland	29.3%	24.5%	41.2%	5.0%
Central MD	27.7%	27.2%	41.5%	3.5%
Sinai PSA	22.1%	33.8%	42.0%	2.1%

Source: DI #8, pg. 5.

Staff concludes that the applicants have met this standard.

Quality of Care

An acute care hospital shall provide high quality care.

(a) Each hospital shall document that it is:

(i) Licensed, in good standing, by the Maryland Department of Health and Mental Hygiene;

(ii) Accredited by the Joint Commission; and

(iii) In compliance with the conditions of participation of the Medicare and Medicaid programs.

The applicants provided documentation that Sinai is: (i) licensed in good standing with the Maryland Department of Health; (ii) accredited by the Joint Commission; and (iii) complies with the conditions of participation of the Medicare and Medicaid programs. (DI #1, exh. 9). Staff concludes that the applicants have met part (a) of this standard.

(b) A hospital with a measure value for a Quality Measure included in the most recent update of the Maryland Hospital Performance Evaluation Guide that falls within the bottom quartile of all hospitals' reported performance measured for that Quality Measure and also falls below a 90% level of compliance with the Quality Measure, shall document each action it is taking to improve performance for that Quality Measure.

Staff notes that Paragraph (b) of this standard has become outdated in recent years, as currently written. There is still a Maryland Hospital Performance Evaluation Guide (HPEG), which is the hospital consumer guide component of the MHCC website. Quality measures are included as a component of that guide. However, since this standard was adopted, the HPEG has been substantially expanded to include many more measures of hospital quality and performance. Moreover, the specific format of the quality measure component of the HPEG no longer consists of a set of measure values that conform with the format of this standard in which each measure is scored as a compliance percentage that can be ranked by quartile. The performance for most of the expanded number of quality measures is now in a comparative context, expressed as "Below Average," "Average," or "Better than Average".

The applicants state that Grace will be a provider-based department of Sinai. Commission staff examined the latest results for Sinai as reported on the Commission's website and found that there are currently 72 quality measures for which comparisons among Maryland hospitals can be drawn. Staff found that Sinai rated above average on eight measures, average on 45 measures, and below average on 15 measures. There were also four measures for which there was insufficient

data to produce a meaningful value. Each measure for which Sinai was rated as less than average was addressed with a corrective action plan. (DI #1, pp. 14-17).

Staff concludes that Sinai has demonstrated substantial compliance with Paragraph (b) of the quality standard by identifying quality measures for which it scored worse than average compared to the other Maryland hospitals and documenting the actions being taken to improve performance in those areas.

(6) The applicants shall document that the proposed FMF will meet licensure standards established by DHMH.

The applicants state that Grace will meet or exceed licensure standards established by the Department of Health. (DI #1, p.22). Staff notes that each of the applicants currently meets the licensure standards established for hospitals. Staff concludes that the applicants have met this standard.

(7) The applicants shall establish and maintain financial assistance and charity care policies at the proposed freestanding medical facility that match the parent hospital's policies and that are in compliance with COMAR 10.24.10.

The applicants state that Grace follows the same financial assistance and charity care policies at the proposed freestanding medical facility that are in effect at Sinai. The compliance of Sinai, the proposed parent hospital, with the charity care standard was discussed above under compliance with COMAR 10.24.10.04A(2) of the Acute Hospital Services Chapter, *supra*, at pp. 7-10.

(8) Applicants seeking to convert a general hospital to a freestanding medical facility, in addition to meeting the applicable requirements in 10.24.01.04, shall:

(a) Provide the number of emergency department visits and FMF visits by residents in the converting hospital's service area for at least the most recent five years;

The applicants identified 12 zip code areas that make up Grace's primary and secondary service area for emergency department ("ED") visits in FY 2020. The applicants stated that there were 281,894 visits to Maryland hospital emergency departments by residents of this ED service area in FY 2020, a 23.5% decline from FY 2016. (DI #1, p.22). Visits to Grace Medical Center's emergency department by residents of its service area over this period declined from 21,213 visits to 14,191 visits (-33.1%), the greatest percentage change among the hospitals that draw patients from the service area.

Table III-2: Emergency Department Visits by Residents of Grace Medical Center's Service Area FY2016 – FY2020

Hospital	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2020 Market Share	FY 2016-2020 Volume Change
St. Agnes	58,496	58,756	54,573	51,782	46,668	16.6%	-11,828
Sinai	45,815	42,982	41,611	40,953	36,463	12.9%	-9,352
UMMC	46,189	47,131	45,916	43,771	33,636	11.9%	-12,553
Johns Hopkins	35,685	36,938	35,427	33,330	29,403	10.4%	-6,282
Mercy	36,439	34,249	31,957	31,471	26,159	9.3%	-10,280
Union Memorial	33,804	32,819	31,616	29,563	24,579	8.7%	-9,225
UMMC-Midtown	23,525	21,461	20,686	20,403	15,941	5.7%	-7,584
Grace	**21,213**	**20,398**	**18,506**	**17,544**	**14,191**	**5.0%**	**-7,022**
Others	67,478	63,951	63,585	62,587	54,854	19.5%	-12,624
Total Service Area ED Visits	**368,644**	**358,685**	**343,877**	**331,404**	**281,894**	**100.0%**	**-86,750**

Source: DI #1, p. 22.

The applicants state that Grace's 14,191 emergency department visits by residents of the service area represented just 5.0% of the total service area emergency department visits in FY 2020. The applicants also note that Sinai had 36,463 patient visits from residents in Grace's service area in FY 2020, nearly 13% of the total for the service area residents and a 0.5% increase in market share over FY 2016.

Staff concludes that the applicants have met this requirement.

(b) Assess the availability and accessibility of emergent, urgent, and primary care services otherwise available to the population to be served, including information on the number and location of other hospital emergency departments, FMFs, and urgent care centers in the service area of the converting hospital or within five miles of any zip code area in the service area of the converting hospital.

Grace currently provides emergent, urgent, and primary care services to the residents of the service area. There are no other FMFs providing emergency medical care near Grace. Many city residents do not have vehicles and must either walk or rely on public transportation to seek care at hospitals or other types of health care providers and will seek the most convenient location. The applicants state that the number of walk-in patients from the zip code areas immediately surrounding Grace, and particularly in zip code area 21223, in which Grace is located, significantly surpasses the number of patients arriving by ambulance.

There are currently four urgent care centers located within five miles of the Grace site. See Table III-3, below. The applicants note that the lack of transportation for patients compounds the lack of access to emergency care for residents within five miles of the Grace service area.

Other primary care providers in the service area include Grace Medical Center Family Health and Wellness, located on the campus of Grace, and the University of Maryland Medical Center Midtown, a general hospital. (DI #1, p.24).

Table III-3. Urgent Care Centers in Grace Medical Center Service Area

Facility	Type	Location	Distance from Grace
Urgent Care UMMC Downtown	Hospital	Baltimore City	1.5 miles
Express Care Urgent Care Center	Urgent Care	Baltimore City	2.7 miles
Concentra Urgent Care Center	Urgent Care	Baltimore City	3.3 miles
Express Care (Sinai)	Hospital	Baltimore City	5.0 miles

Source: DI #1, p. 24.

In addition, there are five federally qualified health centers in the service area, shown in Table III-4 below.

Table III-4. Federally Qualified Health Centers in Grace Medical Center Service Area

FQHC	Address	Location	Distance from Grace
Total Health Care	1501 W. Saratoga St	Baltimore City	0.6 miles
Total Health Care	2449 Frederick Ave.	Baltimore City	0.8 miles
St. Agnes	900 S. Caton Ave.	Baltimore City	2.2 miles
Healthcare for the Homeless	2000 W. Baltimore St.	Baltimore City	Grace Campus
Chase Brexton Health	111N. Charles St	Baltimore City	2.7 miles

Source: DI #1, p. 24.

The applicants state that Grace serves as a critical access point for residents in the immediate surrounding neighborhoods who cannot easily travel several miles for emergency treatment at an urgent care center or another emergency department. (DI #1, p. 23). In addition, the applicants state that it markets and promotes home visits and its ambulatory care clinics for primary care and specialty care. The primary and specialty providers at Grace work with patients and encourage scheduling routine care. Given that many urgent care and ED patients seek treatment for issues that could better be addressed in a primary care setting, the applicant states that outreach efforts to community residents should promote routine care, and this will ultimately help reduce the use of the emergency department for non-emergent care (DI #8, pg. 12).

Staff concludes that the applicants satisfy the information requirements of Paragraph (b) of the standard.

(c) Demonstrate that the proposed conversion is consistent with the converting hospital's most recent community health needs assessment;

The applicants provided the 2019 community health needs assessment completed by LifeBridge for Grace. (DI #1, exh. 10). Following the acquisition of Bon Secours, LifeBridge and Grace conducted a review of the 2019 assessment to prioritize and identify the most significant needs in the Grace community. This review was finalized in March 2020 and an implementation plan was completed and adopted by the Grace Board in June 2020. (DI #1, exh. 11). The following are the top six priorities to be addressed: behavioral health and substance abuse services and use of opioids, convenient access to care providers, treatment of chronic conditions, community engagement and development, crime and related trauma, and transportation to care centers.

Staff's finds the proposed project is consistent with the community health needs assessment developed by LifeBridge and Grace. The plans to convert Grace to an FMF include addressing access to care, behavioral health and chronic disease. Additional services located at Grace will be

primary care, some specialty clinics for chronic care, a behavioral health clinic, a laboratory, an imaging facility, a rehabilitation medicine facility, and a dialysis center.

Staff concludes that the proposed project is consistent with the community health needs assessment developed by the applicants and recommends that the Commission find that the proposed project is consistent with and will contribute to addressing the needs identified in the Community Health Needs Assessment.

(d) Demonstrate that the number of treatment spaces and the size of the FMF proposed by the applicant are consistent with the applicable guidance included in the most current edition of *Emergency Department Design: A Practical Guide to Planning for the Future,* published by the American College of Emergency Physicians, based on reasonably projected levels of visit volume.

(i) Demonstrate that the proposed number of treatment spaces is consistent with the low range guidance, unless, based on the particular characteristics of the population to be served, the applicant demonstrates the need for a greater number of treatment spaces.

(ii) Demonstrate that the building gross square footage is consistent with the low range guidance, unless, based on the particular characteristics of the population to be served, the applicant demonstrates the need for additional building gross square footage.

Subparagraphs (d)(i) and (ii) of this standard require that the number of emergency treatment spaces and space proposed for an FMF be consistent with the guidance set forth in *Emergency Department Design: A Practical Guide to Planning for the Future*, published by the American College of Emergency Physicians (ACEP) and commonly referred to as the "ACEP Guidelines." Its two iterations have been incorporated by reference in chapters of the State Health Plan since 2009. The Commission incorporated these ED planning guidelines in the FMF Chapter to provide a basis for evaluating the appropriate space and service capacity needs for an FMF, even though the guidelines were specifically developed for hospital ED planning and not for freestanding emergency centers.

The ACEP Guidelines set forth estimates of the number of treatment spaces for a range of projected annual ED visit volumes for emergency departments with low to high range operating characteristics. The position of an ED on the low to high range operational spectrum is determined based on 16 factors such as percentage of admitted patients, length of stay in the ED, location of observation space, percentage of behavioral health patients, percentage of non-urgent patients, and age of patients, as well as the presence of specialty units within the ED. If an ED ranks high on more of the factors, space and treatment capacity should be planned for the number of treatment spaces and square footage called for in the high range estimate for a given volume. If an ED ranks on the low range for more factors, the low range guidance should apply. The ACEP Guidelines also identify medium measures for each factor but not space and the number of treatment spaces. If the facility ranks in the mid-range for more factors the number of treatment spaces and the amount of space should fall between the low and high range.

Table III-5: ACEP Guide Recommendations: Number of ED Treatment Spaces Needed at Various Visit Volume Levels

Annual Emergency Department Visits	Low Range ED		High Range ED	
	Total Treatment Spaces	Annual Visits per Treatment Space	Total Treatment Spaces	Annual Visits per Treatment Space
10,000	8	1,250	11	909
15,000	11	1,364	13	1,154
20,000	14	1,429	16	1,250
25,000	18	1,389	20	1,250

Source: Emergency Department Design - A Practical Guide to Planning for the Future (2nd edition) pp.116-117

Although this table shows both low range and high range values, staff notes that the FMF Chapter specifies that FMFs be outfitted according to the ACEP Guidelines for low range unless, based on the particular characteristics of the population to be served, the applicants demonstrate the need for a greater number of treatment spaces or the need for additional building space.

Between fiscal years 2016 and 2020, Grace experienced an average of 18,370 emergency department visits per year from its primary service area. The primary service area has seen a 23.5 percent decline in total visits between 2016 and 2020 and all providers lost volume. Grace had the largest relative visit volume loss, of 33.1 percent, while other hospitals saw declines in ED visit volume ranging from 18 to 32 percent.

ACEP Guidelines estimate the number of treatment spaces needed to accommodate emergency department visits starting at 10,000 visits per year. At a level of 10,000 visits per year, the ACEP Guidelines project a "low range" need for eight treatment spaces. With emergency department visits at between 20,000 and 25,000, a need for 14 to 18 treatment spaces could be imputed as appropriate for a low range ED. Grace has been designed to have a total of twenty-seven emergency department treatment spaces, including two triage rooms, 12 treatment rooms, two of which are designed for isolation, and one resuscitation room. It also includes four rooms for emergency behavioral health care, and nine observation beds. (DI #1, pp.26-28 and exh. 3), and (DI #8, pg.1).

Need for ED Treatment Spaces

To project the number of treatment spaces that would be required, the applicants provided historic and projected ED visit volume for the existing hospital, and projected volume for the FMF. (See Table III-6 below.) Current guidelines allow for patients of all acuity levels to be taken to Grace's emergency department. After conversion, MIEMSS protocols will only permit EMS providers to transport the following classifications of patients to the FMF: (1) Priority 1 patients who are in extremis; (2) Stable Priority 2 patients; (3) All Priority 3 patients; and (4) All Priority 4 patients. Patients at the highest acuity levels not in need of stabilization will go directly to Sinai, or other area hospitals.

Table III-6: Actual and Projected ED Visits, Grace Medical Center and Grace FMF

	Grace Hospital ED – Historic and Projected			Projected for Grace FMF Phase 1		
	2019	2020	Projected 2021	2022	2023	2024
Total Visits	18,579	15,864	17,062	18,250	21,500	23,500

Source: (DI #1, p. 19 and DI #8, p.34).

The applicants state that:

"The existing emergency department at Grace has 25 treatment rooms, as well as 9 observation spaces which are located outside the emergency department on the third floor of the existing structure. As part of the planned renovation, the observation unit will be relocated and integrated into the new emergency department. The new combined emergency department and observation unit will contain a total of 27 treatment spaces, below the existing 34 spaces. While this exceeds the low range guidance from the ACEP Guide, we believe the number of treatment spaces is appropriate given the incorporation of the observation unit into the emergency department, particularly considering the unique needs of the patient population served by Grace." (DI #1, p. 28).

Emergency Treatment Space

The applicants state that the space allotted for emergency services is 15,300 SF. The ACEP Guidelines suggest gross square footage for emergency departments with 25,000 visits per year of between 15,850 and 17,500 square feet (SF). The size of the Grace FMF ED is between the low and high range of what is prescribed for an ED with 25,000 visits per year, and the size of each of the individual components of the ED is in keeping with ACEP Guidelines.

Staff Analysis

ACEP Guidelines outline several different types of treatment spaces that should be part of an Emergency Department design, including care initiation spaces (triage rooms), general spaces (treatment rooms), isolation rooms, resuscitation rooms, and, depending on the population served, behavioral health secure rooms.

While a strict interpretation of ACEP Guidelines through extrapolation of guideline values (Table III-7) would recommend a low range estimate of 14,850 SF for an ED with 25,000 patient visits per year, the 15,300 SF for the FMF is between the low estimate and the high estimate guidance, which is set at 17,500 SF for an ED. Additionally, the size of individual treatment rooms and service spaces proposed for the Grace ED fall within ACEP Guidelines.

Table III-7: ACEP Guidelines Recommendations: Number of ED Treatment Spaces Needed at Various Visit Volume Levels

Annual Emergency Department Visits	Low Range ED		High Range ED	
	Total Treatment Spaces	Departmental Gross SF	Total Treatment Spaces	Departmental Gross SF
10,000	8	6,600	11	9,265
15,000	11	9,075	13	11,375
20,000	14	11,550	16	14,000
25,000	18	14,850	20	17,500
ED treatment spaces and building gross square feet needed, according to ACEP Guidelines, for the number of visits projected for the FMF (23,500 by 2024).	18	14,850	20	17,500

Source: Emergency Department Design - A Practical Guide to Planning for the Future (2nd edition) pp.116-117
and Exemption Request. (DI #1, pg. 28).

Shown below is a staff calculation using an average of the need for treatment spaces between 20,000 and 25,00 visits. This indicates that at the low end there is a need for 17 ED spaces, while the high estimate would provide for 19 ED spaces.

Table III-8: Staff Calculation of ED spaces allowable for a facility with 23,500 ED visits:

Low Range Estimate:	
14 treatment spaces/20,000 visits = 0.00070	14
18 treatment spaces/25,000 visits = 0.00072	18
0.00071 (average of the two results above) x 23,500 visits = 16.69	16.7
Round up to 17 ED spaces	
High Range Estimate:	
16 treatment spaces/20,000 visits = .0008	16
20 treatment spaces/25,000 visits = .0008	20
.0008 (average of the two results above) x 23,500 visits = 18.80	18.8
Round up to 19 ED spaces	

The applicants state that they have designed the size of the emergency department to accommodate the service area population based on historic utilization trends and operations. They point out the following quote from the ACEP Guidelines, which:

> "…eschews an absolute "one size fits all" approach in favor of providing low, mid and high range estimates of the required number of spaces based on the unique characteristics of the population to be served by the facility. To aid in the determination of which estimate is appropriate for a given project, the ACEP Guide includes a table of sixteen factors, together with a range of values for each factor that would contribute to a particular project…".
> (DI #8, pp. 7-8).

The applicants state that the ACEP Guidelines provide a description of 16 factors bearing on characterizing an ED as falling in the low, midrange, or high range regarding treatment room

need. Grace states it falls in the high range in seven of the 16 factors specified. These include the following:

Table III-9. ACEP Guideline Factor and Grace Status

ACEP Guideline Factor	Grace Medical Center Status in the High Range
Average Length of Stay:	Greater than four hours
Private Rooms	All private rooms
Percentage of Behavioral Health Patients	Over seven percent are behavioral health
Percent of "Non-Urgent" Visits	Less than 25 percent are "non-urgent"
Imaging Available with Emergency Department	Grace will include multiple modalities
Location of Observation Beds	Observation beds will be inside the emergency unit
Family Amenities Available	Multiple consult areas, waiting with food, viewing and grieving areas provided in the emergency unit

Source: DI #8, pg. 8, staff review of ACEP Guidelines, pp. 109-112.

The applicants state that the proposed FMF presents a unique situation, in that the number of walk-in patients to the existing emergency room indicates the immediate local community has few alternatives for accessible 24-hour emergency care, and that the new facility, coupled with community outreach, will keep the facility well utilized.

Finally, unlike inpatient bed capacity, the applicant contends that there is no concern that potential excess FMF emergency treatment capacity would produce overutilization of services, because under Maryland's Total Cost of Care Model, there are no financial incentives for a hospital and its affiliated FMFs to increase ED or FMF utilization. Thus, more capacity at the FMF would not create additional emergency visits, but rather improve throughput at peak times.

Staff Analysis and Recommendation

Staff has evaluated the methods and results of the applicants' approach to demonstrating consistency with the ACEP guidelines in terms of the number of treatment spaces and building space. Staff's assessment is that both the number of treatment spaces and square footage planned for the FMF exceed the minimum ACEP planning guidance. The standard permits justification of treatment capacity that exceeds the low range guidance "based on the particular characteristics of the population to be served."

While a strict reading of the requirement may lead to the conclusion that the proposal includes excess ED treatment spaces and total ED space, staff recommends that the Commission find that the proposed FMF is consistent with the requirement, based on an assessment that the needs of the community require a flexible interpretation of the appropriate building size and number of treatment spaces. Despite the calculations that would indicate the project has excessive capacity, when strictly measured against the ACEP guidelines, staff is cognizant of the fact that these were developed as "guidelines," rather than minimum standards, and were developed for hospital EDs and not FMFs, so flexibility in their use is appropriate. Staff is also aware that Maryland hospital EDs are reported to have excessive wait times in recent years and that crowding of an FMF in its early period of establishing and marketing itself to the community may

compromise its ability to be successful in maintaining or growing market share. For these reasons, staff recommends approval of the proposed project's treatment capacity.

(e) Demonstrate that the proposed number and size of observation spaces for the FMF are consistent with applicable guidance included in the most current edition of *Emergency Department Design: A Practical Guide to Planning for the Future,* published by the American College of Emergency Physicians, based on reasonably projected levels of visit volume and average patient time in observation spaces.

(i) Demonstrate that the FMF will achieve at least 1,100 visits per year per observation space, unless, based on the particular characteristics of the population to be served, the applicant demonstrates the need for a greater number of observation spaces;

In fiscal year 2020, Grace had 962 observation cases. The average observation length of stay was 39.8 hours, for a total of 1,597 observation days. At a projected occupancy rate of 70% consistent with COMAR 10.24.11, the Acute Hospital Services Chapter, for a facility with fewer than 50 beds, the applicants project a need for seven observation beds at Grace FMF. See Table III-10 below.

Table III-10. Grace Observation Utilization and Bed Need

FY 2020 Observation Cases	962
FY 2020 Observation Hours	38,323
Average Hours per Case	39.8
Observation Days	1,597
Observation Daily Census	4.37
Occupancy Target	70%
Projected Observation Bed Need	**6.25**

Source: DI #1, p. 30

Although the applicants project a need for seven observation beds, they propose nine observation beds, three if which are smaller and intended for shorter stays.

The applicants provided information showing a decline in observation cases, mirroring the drop in total emergency department visits, though this was adjusted to exclude cases that converted to an inpatient stay. The applicants state they have seen a rebound in visits with the modifications made at Grace, and are currently averaging 1,700 patients per month, which would result in over 20,000 patient visits to the emergency department annually. This rebound in visits is line with the projections submitted by the applicants in Table F, indicating growth in the need for observation beds based on the growth in the emergency cases. (DI #8, Table F, Grace Facility Stats).

Staff Analysis

Staff concludes, even though the total number of observation rooms exceeds the ACEP Guidelines, that having two additional observation rooms at the FMF is reasonable because it will prevent unnecessary transfers to Sinai, allow for treatment at peak volume periods, and will

involve only minimal initial cost. Staff's previous use of this standard has also shown that the ratio in Part (i), adapted from ACEP guidance, is not a useful metric for planning observation space at an FMF and should be revisited in future iterations of this regulation set. Staff recommends that the Commission find that the proposed FMF meets the requirements of Paragraph (e) and Subparagraph (i).

(ii) Demonstrate that the size of each observation space does not exceed 140 square feet, exclusive of any toilet or bathing area incorporated into an individual observation space, unless, based on the particular characteristics of the population to be served, the applicant demonstrates the need for larger observation spaces.

Each of the nine proposed observation rooms are 100 SF in size. (DI #1, p. 30).

Staff concludes that the applicants have met this requirement.

(f) Provide utilization, revenue, and expense projections for the FMF, along with a comprehensive statement of the assumptions used to develop the projections, and demonstrate that:

(i) The utilization projections are consistent with observed historic trends in ED use by the population in the FMF's projected service area;

The applicants presented the data shown in Table III-11, below, projecting that usage at the emergency department would return to near 2019 levels, and then slowly increase through FY 2024.

Table III-11 Statistical Projection for Grace Emergency Department Visits

Visits	FY 2019	FY 2020	FY 2021	First Year of FMF operation
Emergency Department	18,579	15,864	17,062	18,250

Source: DI # 1, exh. 1, Table F

The use projections provided by the applicants are consistent with historical trends, and with the most recent update provided by the applicants. To support the flattening out of visit volume and a return to growth in visit volume, the applicants rely on the assumption that many of the residents in the defined service area closest to the facility will come to the new Grace FMF when experiencing emergency health conditions, especially with the renovation and updates to the facility. In addition, the applicants supplied information indicating that it has recently averaged 1,700 patient visits per month, which will average to over 20,000 visits in fiscal year 2022. (DI #8, pg. 9).

Staff concludes that the application meets the requirements of Subparagraph (f)(i).

(ii) The utilization projections for rate-regulated outpatient services under Health-General Article §19-201(d)(ii) and (iv) and COMAR 10.37.10.07-2 are consistent with the observed historic trends by the population in the FMF's projected service area.

The applicants projected volumes for the rate-regulated outpatient services included in this project, including outpatient clinics, imaging, and observation, are consistent with average historic trends, at just over 21,100 visits between FY 2019 and FY2021. They projected limited growth in demand for those services, with over 27,000 outpatient visits expected by 2024. (DI #1, exh. 1, Table F). Staff concludes that the application meets the requirements of Subparagraph (f)(ii).

(iii) The revenue estimates for emergency services and other outpatient services specified by the HSCRC under Health-General Article §19-201(d)(iv) and COMAR 10.37.10.07-2 are consistent with utilization projections and the most recent HSCRC payment policies for FMFs;

The revenue estimates for emergency services and other outpatient services at Grace were based on Global Budget Revenue (GBR) for Grace that was discussed and agreed upon between LifeBridge and HSCRC staff. The revenue estimates were based on the schedule provided by HSCRC, adjusted for inflation. (Appendix 2).

Staff concludes that the application meets the requirements of Subparagraph (f)(iii).

(iv) The staffing assumptions and expense projections for emergency services and any other rate-regulated outpatient services under Health-General Article §19-201(d)(ii) and (iv) and COMAR 10.37.10.07-2 are based on current expenditure levels, utilization projections, and staffing levels experienced by the applicant hospital's ED and with the recent experience of similar FMFs; and

Grace is projected to require 305.0 full time-equivalent (FTE) staff. (DI #8, exh. 1, Table L). This figure is based on the operation of the emergency suite 24 hours a day and seven days a week. The applicants state that the remaining direct care FTEs are consistent with current levels and based on current salaries. Grace was staffed at 496.7 FTEs prior to the acquisition and conversion efforts, thus, it is anticipated that the conversion will result in a reduction of 191.6 FTEs.

Staff concludes that the applicants meet the requirements of Subparagraph (f)(iv).

(v) Within three years of opening, the combined FMF and parent hospital will generate net positive operating income.

The applicants presented financial performance projections for Sinai and Grace; the system components affected by this project. They projected a net income of $45,987,000 for Sinai in 2024 and a net loss of $2,301,000 for Grace, resulting in a combined positive net operating income of $43,686,000. (DI #1, Table H, Revenue and Expenses, Inflated, Sinai; DI #1, Table H, Revenue and Expenses, Inflated, Total).

Staff concludes that the applicants meet the requirements of Subparagraph (f)(v).

(g) Demonstrate that each operating room at the FMF will be utilized at an optimal level within three years consistent with the standards in COMAR 10.24.11

for operating room capacity and needs assessment for dedicated outpatient operating rooms and that the design is consistent with requirements in COMAR 10.24.11 for health care facilities with surgical capacity.

Grace Medical Center has proposed that outpatient surgery be provided at the FMF and included a two operating room suite in the design for this purpose. The combined impact of COVID-19 and the ongoing construction at Grace has resulted in the operating rooms at the hospital being utilized for only two days a week and 20 hours per week. The applicants state that Grace historically maintained seven operating rooms for inpatient and outpatient surgical services. The applicants project a much more efficient staffing pattern for the provision of outpatient surgical care at the FMF, when compared with the hospital, as the new layout allows nursing staff to cover both pre-operative and post-operative care.

The applicants maintain that access to outpatient surgical treatment remains a critical need for the underserved community of West Baltimore. In meetings with Grace and LifeBridge leadership, community leaders expressed concerns about the impact that the elimination of such services would have on the health outcomes of residents. Maintaining these outpatient operating rooms will allow Grace to continue to support the community by providing essential services and provide a more economic scale of operation to the FMF campus. (DI #1, pg. 32).

The applicant provided projections supporting a rebound in surgeries as the new facility begins to see more patients. This increase in surgical volume is shown in Table III-12 below.

Table III-12 Statistical Projection for Grace Outpatient Surgery Case Volume

	2019	2020	Projected 2021	2022	2023	2024
Outpatient Surgery Cases	504	245	147	200	250	350

DI # 1, exh. 1, Table F

The outpatient operating rooms at Grace are currently providing ophthalmic, orthopedic, endoscopic, and vascular surgical services cases. At this time no additional services are planned to be added. The applicants state that completion of the specialty clinics and the anticipated increase in patient volumes will lead to increased utilization of the outpatient operating rooms. The applicants state that they plan to increase the outpatient surgery schedule to four days per week. (DI #8, pg. 11).

This level of projected case volume will not approach the optimal capacity use assumption of dedicated outpatient operating rooms in COMAR 10.24.11, which is 1,620 hours per room per year, by the third year of operation, given a reasonable assumption with respect to average time per case. However, Staff concludes that, in this project, this is not a basis for denial of the FMF conversion. A single OR operation would not provide the scheduling flexibility desirable and would be unlikely to significantly reduce the cost of this project component. Staff recommends that the Commission find the response acceptable with respect to this standard.

(h) Demonstrate that the proposed construction cost of the FMF is reasonable and consistent with current industry cost experience in Maryland, as provided in Regulation .04B(5) of this chapter.

The applicants responded to this standard by providing an analysis of the project construction cost estimate with a benchmark cost based on the Marshall Valuation Service guidance on hospital costs, given that the facility will be built to hospital standards. Its analysis yielded an adjusted project cost estimate of $276.94 per SF, $41.62 below the calculated MVS benchmark cost of $369.28.

Table III-13 Calculation of Marshall Valuation Service Benchmark for Grace

Construction Class/Quality	Class A/Good
Number of Stories	1
Square Feet	92,078
Perimeter	680
Average Floor to Floor Height	11.4.
Base Cost per SF	$374.00
Sprinkler Add On	$3.15
Adjusted Cost per SF	$377.15
Adjustments for Dept. Cost Differences	0.932
Gross Base Cost per SF	$351.50
Multipliers	
Perimeter Multiplier	0.932
Height Multiplier	1.0
Multi-Story Multiplier	1.0
Refined Cost per SF	$364.84
Adjusted Refine SF Cost	$368.66
Update Location Multipliers	
Current Cost Multiplier	1.03
Location Multiplier	1.02
Final Benchmark MVS Cost per SF	$369.28

Source: DI#1, pp. 32-35

This standard applies to new construction of space regulated by the Commission. The FMF is occupying existing space in a building to be renovated. This major renovation element confounds the use of the MVS benchmark in consideration of project costs, given that MVS is an index for new construction costs.

Based on this analysis, the requirement regarding the construction costs associated with the renovation for conversion to an FMF have been met.

(i) Demonstrate that the conversion to an FMF will result in the delivery of more efficient and effective health care services including an explanation of why the services proposed for the FMF cannot be provided at other area hospital Emergency departments, FMFs, or other health care facilities, and demonstrate why other less expensive models of care delivery cannot meet the need of the population to be served.

The applicants state that Grace, in its current form, is not sustainable, but that residents in the service area need access to the health care infrastructure currently provided by the hospital.

The applicants believe that the transition from Grace Medical Center Hospital to Grace FMF will allow Sinai, as Grace's parent hospital, to provide needed outpatient clinical services integrated with other community providers and agencies. (DI #1, pp. 4-5).

In addition to primary care and behavioral health services, patients and residents who receive outpatient services at Grace will have access to Sinai's community health programs and services to address their health needs. These include programs to identify patients with social determinants weighing heavily in evaluation of their health risk factors, including chronic disease, and who require behavioral health education and support. The patients identified will receive further support from Sinai, including community health initiatives, chronic disease prevention and management programs, and care coordination.

The applicants state that the area's urgent care centers treat the symptoms of illness and injury episodically and are not set up to provide continuing care for chronic disease. The applicants state that the complete spectrum of care and services offered at the Grace campus, consisting of the emergency department, outpatient behavioral health, primary and specialty clinics will provide continuity of care, meeting a community need that the urgent care centers cannot provide.

Staff Analysis

Staff concludes that the applicants have demonstrated the relationship between the proposed project and its likely impact on improving the efficiency and effectiveness of local health care delivery. Staff agrees that closure of the facility would lead to reduced convenience in obtaining service in the community surrounding Grace. The applicants' plan to provide a full range of health care services will support the efforts to improve population health in Baltimore City, thereby reducing residents' reliance on emergency medical care. Additionally, with respect to cost, Grace FMF is a less expensive alternative than maintaining the current hospital facility.

Staff recommends the Commission find the applicants meet the requirements of Paragraph (i).

(j) Demonstrate that the conversion is in the public interest, based on an assessment of the converting hospital's long-term viability as a general hospital through addressing such matters as:

(i) Trends in the hospital's inpatient utilization for the previous five years in the context of statewide trends;

Between fiscal years 2016 and 2020, Grace states it saw a 52.1 percent decline in inpatient utilization while inpatient admissions in the state of Maryland only declined by 9.4 percent. Prior to the acquisition of Grace by LifeBridge, the decline in inpatient utilization created such a financial hardship that Bon Secours Mercy Health (BSMH, Grace's former corporate parent) considered permanently closing the hospital. The continued decline in operating margin as a hospital is not in the public's interest as it threatens the financial viability of Grace. In addition, most of the Grace campus has long outlived the useful life of its physical plant.

Staff agrees with the applicant's response and concludes that the applicants have met the requirements of subparagraph (i).

(ii) The financial performance of the hospital over the past five years and in the context of the statewide financial performance of Maryland hospitals;

Between fiscal years 2015 and 2018, Grace's operating margin ranged from 7.4% to negative 1.65%. Grace did not record a positive operating margin after fiscal year 2015. By comparison, statewide, average hospital operating margins ranged from 2.9% to 3.5%, over the same period.

Staff concludes that the applicants have met the requirements of this subparagraph.

(iii) The age of the physical plant relative to other Maryland hospitals and the investment required to maintain and modernize the physical plant;

The original Bon Secours Hospital was built in 1919, which means that a portion of the physical plant is over 101 years old. Prior to the acquisition of Grace, LifeBridge engaged the engineering firm JMT to study the hospital facilities. The engineers determined that the physical plant is generally beyond its useful life and must be demolished, except for the portion of the main hospital contained in the 1992 Wing. Based upon the current hospital project costs, the estimated cost for new hospital construction would range from $600-$750 per square foot. This estimate includes site work and infrastructure.

To reduce construction costs, the applicants state they elected to relocate the emergency department to the 1992 Wing, which has sufficient square footage to integrate the observation unit into the emergency department. The estimated cost for the renovations required to build out the emergency department and observation unit is $294 per square foot. The existing emergency department, which does not include observation beds, measures 12,616 SF while the new emergency department, including the observation unit, is planned to provide 18,154 SF. The renovations will alleviate many of the functional issues with the existing physical plant caused by its age and design flaws, as the new emergency department is designed in accordance with FGI Guidelines and incorporates the most current guidance of ACEP.

Based on the above, staff recommends that the Commission find that the applicants meet the requirements of subparagraph (iii).

(iv) The availability of alternative sources for acute care inpatient and outpatient services that will no longer be provided on the campus after conversion to a freestanding medical facility; and

The applicants state that all current outpatient services provided by Grace will continue following the conversion. Patients seeking care at the Grace FMF in need of inpatient care will be transported to Sinai, or another appropriate Baltimore City or County hospital. (DI #1, pg. 39).

Staff concludes that the applicants have met the requirements of this subparagraph.

(v) The adequacy and appropriateness of the hospital's transition plan.

The applicants state that they plan to transition the hospital to an FMF as soon as approval for the plan has been granted. (DI #1 p.4). The inpatient areas of the hospital have closed, and patients needing inpatient care are transferred to Sinai or another hospital, as appropriate. In both Phase One and Phase Two, the FMF will be staffed by emergency physicians and clinical staff as required. Current Grace staff will remain, as appropriate, based on years of service and performance evaluations. Every effort has been made to offer positions in the LifeBridge System for any displaced staff. After the new FMF ED is constructed, the existing hospital will be demolished. (DI #1, pg. 4). At that time, the new two-story ambulatory building for outpatient behavioral health services will be constructed. A full transition plan was submitted. (DI #1, exh. 2).

Staff concludes that the transition plan meets the requirements of this subparagraph.

Summary regarding requirements in Paragraph (j).

Staff concludes that the applicants have demonstrated that the Grace conversion is in the public interest. This conclusion is based on the hospital's declining inpatient utilization, financial performance, the physical plant's age and condition, the availability of Sinai as an alternative site for inpatient services, continued and expanded support for outpatient services and community support services, and the appropriateness of the transition plan.

Staff recommends that the Commission find that the applicants have met these requirements.

(k) Demonstrate that the conversion is in the public interest, based on an assessment of the parent hospital's projected financial performance or the projected financial performance of the parent hospital and other health care facilities that share a global budget with the parent hospital.

The proposed FMF is projected to incur operating losses between $18.2 million and $2.3 million per year in the period of 2022 through 2024. The losses will be absorbed by Sinai and offset by the profitable operation of the LifeBridge hospital system. Combined, Sinai and Grace will generate positive net income within the first three years following the conversion of Grace to an FMF, while Grace individually, would continue to post operating losses on a stand-alone basis. Sinai presented actual and projected financial performance for the hospital and the future FMF. It projected a combined net income of more than $39 million for 2020, with a positive bottom-line forecast through 2024, in which it projects a combined net income of $43.7 million. (DI #8, Table H).

While the FMF will not generate a profit in the years projected, Sinai's projected financial performance should continue to be strong after the merger with Grace and its conversion to an FMF.

For this reason, staff concludes that the project satisfies the public interest requirement in Paragraph (k).

(9) The Commission shall grant a requested exemption from Certificate of Need within 60 days of receipt of a complete notice of intent from a general hospital to convert to a freestanding medical facility if the Commission, in its sole discretion, finds that the action proposed:

(a) Is consistent with the State Health Plan;

Based on the information contained in this staff report, staff recommends that the Commission find that the proposed conversion is consistent with the applicable requirements in the State Health Plan.

(b) Will result in more efficient and effective delivery of health care services;

Commission staff concludes that there is a strong basis for finding that the proposed project will be more efficient and effective than retaining Grace in its current configuration. Health care delivery of hospital services and outpatient services will be offered in a less costly venue in an area that has a population in need of conveniently accessible health care services for primary care, chronic specialty care, and behavioral health outpatient services. In addition, accessibility to Sinai for patients with higher acuity will remain an option for the residents of the service area, but the retention of local accessibility to 24-hour emergency care will ensure an efficient and effective delivery of most emergent services.

While an FMF may result in higher charges for patients only seeking urgent and less intensive emergency care, the full 24-hour availability and access to services for more acute emergent care compared to the lower charges possible in an alternative venue is inherent in the development of an FMF. The inclusion of outpatient primary care on the Grace campus and the availability of other urgent care providers in the service area alleviates this concern. The applicants have made a convincing case that this trade-off is necessary for the local community surrounding Grace Medical Center. For this reason, Staff recommends that the Commission find that the proposed conversion will result in more efficient and effective delivery of health care services.

(c) Will maintain adequate and appropriate delivery of emergency care within the statewide emergency medical services system as determined by the State Emergency Medical Services Board; and

A positive determination on this criterion was made by the State Emergency Medical Services Board and is attached as Appendix 1.

(d) Is in the public interest.

Staff concludes that conversion of Grace Medical Center to an FMF, with Sinai as its parent hospital, is in the public interest.

(10) If a general hospital decides that it will close because the Commission denied its request for exemption from Certificate of Need to convert to a freestanding medical facility or because its conversion request was not considered by the Commission as the result of a determination by the State Emergency Medical Services Board that conversion to an FMF would not maintain adequate and appropriate delivery of emergency care within the statewide emergency medical services system, the hospital must provide the notice of closure and hold the public informational hearing required by Health-General §19-120 and Commission regulations adopted pursuant to the statute.

This requirement is not applicable in this review unless the request for an exemption from CON is denied.

IV. RECOMMENDATION

Staff recommends that the Commission approve the request for an exemption from CON to convert Grace to an FMF that will provide rate-regulated outpatient services as well as emergency services and observation care and will be an administrative unit of Sinai Hospital of Baltimore. Staff concludes that the request complies with the applicable standards established for such conversions in the FMF Chapter of the State Health Plan.

Maryland law and the FMF Chapter require substantial inter-agency review, public input, an applicant's demonstration of need for the capacity and space it proposes to develop, and a demonstration of the reasonableness of the project cost. The FMF Chapter incorporates the American College of Emergency Physicians (ACEP) guidance in the development of emergency department space and observation beds, which also permits applicants to explain the basis for higher levels of planned capacity or space. The Commission determines if the public interest is served by the project and whether it will result in more efficient and effective delivery of health care services.

Both MIEMSS and HSCRC have provided support for this proposed conversion. MIEMSS has found that the transition of Grace to an FMF is not anticipated to cause a disruption in the availability and accessibility of emergency medical services that would pose a threat to public safety or health care delivery. HSCRC has agreed to regulated rates for an appropriate array of outpatient services to facilitate this project's feasibility and long-term viability.

The FMF is projected to handle approximately 23,500 visits per year. Commission staff concludes that the treatment capacity for patients presenting at the FMF (18 beds) and the observation bed capacity (9 beds) proposed for development at the FMF is above the ranges indicated by the ACEP guidelines for an ED with approximately 20,000 visits per year, which is the annualized total for ED visits that Grace experienced most recently. The applicants project

that the FMF will experience a stabilization of visit volume with the new facility and outreach efforts to the community. Staff concludes that the savings that would result from marginally reducing the number of treatment spaces in a project such as that proposed would not be great and would come at the cost of less operational flexibility, for handling fluctuations in demand.

Finally, Commission staff concludes that there is a strong basis for finding that the proposed project will be more efficient and effective than retaining Grace in its current configuration. Delivery of inpatient care will occur at much larger hospitals that can achieve lower cost and charges because of their scale. Much of the outpatient service provided will be comparable, with respect to charges, to the services provided at the existing hospital, and reduced costs for producing those services may be obtainable with the new outpatient setting designed for delivering only outpatient care. While charges will be higher for these services than charges at non-rate regulated providers, the area is not one that is likely to attract or adequately support lower charge alternatives. The options for primary care and behavioral health service delivery that would have lower charges than those of the FMF are not as accessible as those to be provided at the FMF location.

For these reasons, Commission staff recommends that the Maryland Health Care Commission approve the proposed conversion of Grace Medical Center to a freestanding medical facility.

IN THE MATTER OF	*	**BEFORE THE**
	*	
CONVERSION OF	*	**MARYLAND**
	*	
GRACE MEDICAL CENTER	*	**HEALTH CARE**
	*	
TO A FREESTANDING	*	**COMMISSION**
	*	
MEDICAL FACILITY	*	
	*	
Docket No. 21-24-EX013	*	

*** ***

FINAL ORDER

Based on the Commission staff's analysis and recommendation, it is ORDERED this day, the 21st day of October 2021

That the request by Grace Medical Center, Inc. and Sinai Hospital of Baltimore, Inc. for an exemption from Certificate of Need to convert Grace Medical Center to a freestanding medical facility campus that includes 27 emergency treatment spaces, a triage room, a nine-bed observation unit, as well as rate-regulated outpatient surgical services (two operating rooms), diagnostic imaging services, and laboratory services, at an approved expenditure of $61,648,080, is hereby **APPROVED.**

MARYLAND HEALTH CARE COMMISSION

Appendix 1: Emergency Medical Services Board Findings

State of Maryland

Maryland Institute for Emergency Medical Services Systems

653 West Pratt Street
Baltimore, Maryland
21201-1536

Larry Hogan
Governor

Clay B. Stamp, NRP
Chairman
Emergency Medical Services Board

Theodore R. Delbridge, MD, MPH
Executive Director

410-706-5074
FAX 410-706-4768

September 14, 2020

Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Mr. Steffen,

As you know, Grace Medical Center, Inc., and Sinai Hospital of Baltimore, Inc., are seeking approval from the Maryland Health Care Commission to convert Grace Medical Center to a freestanding medical facility, as well as for an exemption from Certificate of Need (CON) review for the proposed conversion.

The Maryland Health Care Commission determines whether to approve the request for exemption from the CON requirement based on a number of factors, including whether the conversion "will maintain adequate and appropriate delivery of emergency care within the statewide emergency medical services system as determined by the State Emergency Medical Services (EMS) Board." Health General 19-120 (o)(3)(i)5C. In making this determination, the State EMS Board is required to consider eleven (11) factors specified in regulation. COMAR 30.08.15.03.

Please be advised that at its meeting on September 8, 2020, the State EMS Board reviewed the proposed conversion and considered an analysis of the COMAR-enumerated factors. After consideration of these factors, the State EMS Board determined that the proposed conversion of Grace Medical Center to a freestanding medical facility will maintain adequate and appropriate delivery of emergency care within the statewide emergency medical services system. Attached is a copy of the analysis that provided the basis for the Board's determination.

At the same time, however, the EMS Board also asked me to convey to the Commission its concern that any reduction in hospital capacity or change in patient transfer patterns, by their very nature, can impact EMS in ways unanticipated at the outset and may ultimately affect the ability of our system to maintain adequate capacity for emergency care.

Please let me know if you have any questions or if I may provide any further information.

Sincerely,

Theodore R. Delbridge, MD, MPH, FACEP
Executive Director

Enclosure

MIEMSS Report and Recommendation to the State Emergency Medical Services Board Regarding the Proposed Conversion of Grace Medical Center to a Freestanding Medical Facility without a Certificate of Need (CON):

Whether the Proposed Conversion Will Maintain Adequate and Appropriate Delivery of Emergency Care within the Statewide Emergency Medical Services System

MIEMSS Report and Recommendation to the State Emergency Medical Services Board Regarding the Proposed Conversion of Grace Medical Center to a Freestanding Medical Facility without a Certificate of Need (CON):

Whether the Proposed Conversion will Maintain Adequate and Appropriate Delivery of Emergency Care Within The Statewide Emergency Medical Services System

Executive Summary

Grace Medical Center, Inc. (formerly Bon Secours Hospital of Baltimore, Inc.) and Sinai Hospital of Baltimore, Inc. ("Sinai"), both members of LifeBridge Health, Inc., (jointly, "the Applicants") are seeking approval from the Maryland Health Care Commission (MHCC) to convert Grace Medical Center to a freestanding medical facility (FMF), as well as for an exemption from a Certificate of Need (CON) review for the proposed conversion. Under Health-General 19-120, the MHCC determines whether to approve the request for exemption from the CON requirement based on a number of factors, including whether the conversion "will maintain adequate and appropriate delivery of emergency care within the statewide emergency medical services system as determined by the State Emergency Medical Services Board." Health-General 19-120 (o)(3)(i) 5 C. By regulation, the EMS Board is required to consider eleven (11) factors in making its determination whether the proposed conversion will maintain adequate and appropriate delivery of emergency care within the statewide emergency medical services system (COMAR 30.08.15.03).

MIEMSS has completed an analysis of each of the required factors. Based on its review, MIEMSS recommends that the EMS Board make a determination that the conversion of Grace Medical Center to a freestanding medical facility will maintain adequate and appropriate delivery of emergency care within the statewide emergency medical services system.

Background

Grace Medical Center is an acute care hospital in Baltimore, Maryland, with 34 licensed MSGA (medical/surgical/gynecological/addictions) beds and 35 licensed psychiatric beds, and an average daily census of 20 inpatients. However, Grace stopped admitting inpatients on November 1, 2019. Currently, it is not a MIEMSS-designated Base Station. The Applicants are seeking to convert Grace Medical Center to an FMF in two phases. In Phase One, currently underway, a new emergency department and clinic spaces will be constructed; and in Phase Two, the existing hospital (in an adjacent building) will be demolished and replaced with a 20,000 square foot facility to accommodate outpatient behavioral health programs.

Process

Under COMAR 30.08.15.03 (B), the Applicants notified MIEMSS and the MHCC on July 15, 2020 of their intent to convert Grace Medical Center to a FMF. The Applicants held the required public hearing three times virtually on June 16, June 18, and July 8 (the third meeting included EMS representatives) and provided the required information to MIEMSS within the required timeframe. The Applicants solicited input from the EMS community by publishing a physical address and email address on their website for receipt of comments. Additionally, MIEMSS sought information from the EMS community by soliciting comments on its website as "Opportunity for Comment for Grace Medical Center Conversion to a Freestanding Medical Facility" from June 26 – July 22, 2020. Neither Grace Medical Center, nor MIEMSS, received any comments. Under COMAR 30.08.15.03 (D), the EMS Board is required to issue the determination concerning the proposed hospital conversion under §A of this regulation within 45 days of the required public informational hearing held by the hospital proposing the conversion, in consultation with the MHCC. MIEMSS and the Applicants agreed to extend the deadline for EMS Board to make its determination and to notify the MHCC of its determination which was August 24, 2020.

Required Factors for EMS Board Consideration under COMAR 30.08.15.03(A)

Each of the eleven (11) factors specified for consideration by the EMS Board is discussed below.

(1) The EMS resources in the jurisdictions affected by the proposed hospital conversion, including staffing, equipment, and units.

The primary jurisdiction that will be affected by the conversion is Baltimore City. Baltimore County would be expected to be impacted to a lesser extent because transports to Grace Medical Center from Baltimore County are typically only a very small portion of their total transports (see infra).

Baltimore City Fire Department (BCFD) provides emergency services through 38 stations within the city's response area. Battalion Three provides services in and around the area of Grace Medical Center and includes seven stations. The Hollins Street and Frederick Avenue stations are closest to Grace Medical Center. All locations are staffed 24/7 with career providers. The responding crew generally consists of a paramedic and EMT based upon the severity of the call. Medics 1, 8, 12, 15 and 21 serve Grace while ambulance units 22, 23, 27, 34 and 36 serve Grace's area.

(2) Any additional resources which will be provided by the hospital seeking to convert to augment the resources available in the affected jurisdiction.

Patients transported to the new FMF who require hospitalization will have to be transferred from the FMF to an acute care facility. The applicants reported that Grace Medical Center had 17,544 ED visits in FY 2019, a 17.3% decrease from FY 2016. Since November 1, 2019, Grace has averaged 101 patients per month or ~3.34 patients per day that required transport to an acute care hospital for inpatient admission.[1] Pulse Ambulance is the primary commercial service providing transports from Grace Medical Center to other facilities, primarily Sinai and Northwest. Since November 1, 2019, Pulse has transported 914 patients from Grace Medical Center to Sinai and other acute care facilities. Pulse Ambulance is on-site at Grace Medical Center 24/7, fully staffed and equipped with advanced life support equipment and personnel.

As a result of the conversion, the Applicants project the need to transfer approximately 3.3 patients per day to an acute care hospital. Annualizing the Applicants' projections indicates that the number of interfacility transfers would total approximately 1,219 a year.

Use of public safety resources for these transfers would place an unreasonable burden on the EMS resources in the affected jurisdiction. The Applicants intend to use a commercial ambulance service for interfacility transport of patients, consistent with current practice. Pulse has one dedicated ambulance on-site at Grace Medical Center 24/7, fully staffed and equipped with advanced life support equipment and personnel. A second unit is available onsite if needed.

[1] November 1, 2019 is when Bon Secours officially became Grace Medical Center and stopped admitting patients.

(3) *The EMS call volume of affected jurisdictions by priority.*

EMS Transports from Baltimore City and Baltimore County (selected destinations)					
EMSOPS by Patient Priority and Destination Category					
Calendar Years 2017, 2018, and 2019					
Source: eMEDS®					
Maryland EMSOP	**CY 2017**	**CY 2018**	**CY 2019**	**Grand Total**	**EMSOP Priority Percent**
Batimore City					
Priority 1 - Patient Critically Ill or Injured (Immediate / Unstable)	2,295	2,441	2,708	7,444	6.0%
Grace Medical Center (Bon Secours Hospital – 208)	154	129	152	435	
Midtown (UM) – 206	171	142	202	515	
Sinai Hospital – 210	815	882	913	2,610	
St. Agnes Hospital – 212	474	523	636	1,633	
University of Maryland Medical Center – 215	681	765	805	2,251	
Priority 2 - Patient Less Serious (Urgent / Potentially Life Threatening)	12,630	11,555	10,568	34,753	28.2%
Grace Medical Center (Bon Secours Hospital – 208)	1,346	1,198	886	3,430	
Midtown (UM) – 206	1,628	1,504	996	4,128	
Sinai Hospital – 210	4,245	3,767	3,397	11,409	
St. Agnes Hospital – 212	2,258	2,243	2,703	7,204	
University of Maryland Medical Center – 215	3,153	2,843	2,586	8,582	
Priority 3 - Patient Non-Urgent	28,715	26,792	25,228	80,735	65.5%
Grace Medical Center (Bon Secours Hospital – 208)	5,601	5,407	4,749	15,757	
Midtown (UM) – 206	4,828	4,695	4,139	13,662	
Sinai Hospital – 210	7,264	6,594	5,594	19,452	
St. Agnes Hospital – 212	4,930	4,731	5,302	14,963	
University of Maryland Medical Center – 215	6,092	5,365	5,444	16,901	
Priority 4 - Patient does not require medical attention	99	76	64	239	0.2%
Grace Medical Center (Bon Secours Hospital – 208)	15	10	11	36	
Midtown (UM) – 206	28	22	18	68	
Sinai Hospital – 210	16	23	6	45	
St. Agnes Hospital – 212	16	9	13	38	
University of Maryland Medical Center – 215	24	12	16	52	
Baltimore City Total	**43,739**	**40,864**	**38,568**	**123,171**	100%

Maryland EMSOP	CY 2017	CY 2018	CY 2019	Grand Total	EMSOP Priority Percent
Baltimore County					
Priority 1 - Patient Critically Ill or Injured (Immediate / Unstable)	892	970	1,178	3,040	6.8%
Grace Medical Center (Bon Secours Hospital – 208)		2	3	5	
Sinai Hospital – 210	367	433	555	1,355	
St. Agnes Hospital – 212	501	504	580	1,585	
University of Maryland Medical Center – 215	24	31	40	95	
Priority 2 - Patient Less Serious (Urgent / Potentially Life Threatening)	5,473	5,056	5,704	16,233	36.1%
Grace Medical Center (Bon Secours Hospital – 208)	33	42	31	106	
Midtown (UM) – 206	4	3	1	8	
Sinai Hospital – 210	2,227	2,188	2,239	6,654	
St. Agnes Hospital – 212	2,963	2,639	3,267	8,869	
University of Maryland Medical Center – 215	246	184	166	596	
Priority 3 - Patient Non-Urgent	8,272	8,370	9,028	25,670	57.0%
Grace Medical Center (Bon Secours Hospital – 208)	217	234	174	625	
Midtown (UM) – 206	7	3	7	17	
Sinai Hospital – 210	2,736	2,900	3,305	8,941	
St. Agnes Hospital – 212	5,127	5,010	5,363	15,500	
University of Maryland Medical Center – 215	185	223	179	587	
Priority 4 - Patient does not require medical attention	36	18	12	66	0.1%
Grace Medical Center (Bon Secours Hospital – 208)	1	0	0	1	
Midtown (UM)-206	0	0	0	0	
Sinai Hospital – 210	9	7	3	19	
St. Agnes Hospital – 212	25	10	9	44	
University of Maryland Medical Center – 215	1	1	0	2	
Baltimore County Total	**14,673**	**14,414**	**15,922**	**45,009**	100%
Grand Total	**58,412**	**55,278**	**54,490**	**168,180**	

As would be expected, Baltimore City EMS transports the greatest number of priority 1 and 2 patients to Grace Medical Center, totaling 3,865 during the three-year period from CY17-CY19, with an additional 15,793 priority 3 and 4 patient transports to Grace Medical Center during the same period. Baltimore County transports to Grace Medical Center were minimal during the same period.

(4) The projected number of patients who could require transport to a general acute hospital rather than the proposed freestanding medical facility for appropriate medical care.

After the conversion, all EMS Priority 1 patients and unstable Priority 2 patients will require transport to an acute general hospital, rather than Grace Medical Center, unless the patient requires immediate intervention which Grace Medical Center would provide. As noted above, recent historic data indicates that Baltimore City EMS transported approximately 1,288 patients per year to Grace Medical Center who were priority 1 and 2; data was not available to indicate which of the transported priority 2 patients were unstable. The Applicants project interfacility transfers will be required for approximately 3.3 patients a day, which annualizes to approximately 1,219 patients a year.

(5) EMS transport times in the jurisdictions affected by the proposed hospital conversion and the potential for extended transport and out-of-service times resulting from the proposed conversion to a freestanding medical facility, relative to the current pattern of transport times.

EMS Average Transport *Times from Baltimore City and Baltimore County (for selected destinations)			
EMSOPS by Destination Category			
Calendar Years 2017, 2018, and 2019			
Source: eMEDS®			
Maryland EMSOP	**CY 2017**	**CY 2018**	**CY 2019**
Baltimore City	**0:08:24**	**0:09:05**	**0:09:26**
Bon Secours Hospital – 208	0:07:31	0:08:14	0:08:44
Midtown (UM) – 206	0:08:11	0:08:51	0:09:11
Sinai Hospital – 210	0:09:03	0:09:46	0:09:59
St. Agnes Hospital – 212	0:08:34	0:09:12	0:09:32
University of Maryland Medical Center – 215	0:08:16	0:08:55	0:09:18
Baltimore County	**0:14:33**	**0:14:39**	**0:14:34**
Bon Secours Hospital – 208	0:17:39	0:16:07	0:17:19
Midtown (UM) – 206	0:24:16	0:26:06	0:22:41
Sinai Hospital – 210	0:17:25	0:17:41	0:17:26
St. Agnes Hospital – 212	0:12:25	0:12:16	0:12:21
University of Maryland Medical Center – 215	0:19:42	0:19:42	0:20:41
Grand Total	**0:09:57**	**0:10:33**	**0:10:57**

Average times are reported in hh/mm/ss format.

Baltimore City EMS is within less than a ten minute transport time to Grace Medical Center and the surrounding hospitals. Average transport time is defined as the time the unit left the scene to patient arrival at destination.

(6) *Commercial ambulance services availability and response times in the jurisdictions affected by the proposed hospital conversion.*

Pulse Ambulance is the primary commercial service providing transport from Grace Medical Center to other facilities, primarily Sinai and Northwest hospitals. Pulse has one dedicated ambulance on-site at Grace Medical Center 24/7, fully staffed and equipped with advanced life support equipment and personnel. A second unit is available onsite if needed. Between November 1, 2019 and July 31, 2020, 914 patients were transferred from Grace Medical Center with all but 11.8% being transferred to either Sinai or Northwest. The average transport time from Grace to Sinai is 18 minutes and from Grace to Northwest is 24 minutes.

(7) *The number of general hospitals likely to be affected by the proposed hospital conversion and the distance to the closest general hospital ED for appropriate patients if the hospital converts to a freestanding medical facility relative to current patterns of hospital use.*

The Applicants provided the following list of the hospitals that may be affected by the conversion of Grace Medical Center and the distance from Grace Medical Center to these hospitals:

- Sinai Hospital-5 miles
- Northwest Hospital-10 miles
- University of Maryland Medical Center-2.2 miles
- University of Maryland Midtown-2.2 miles
- St. Agnes Hospital-2.4 miles

It should be noted, however, that the Centers for Medicare & Medicaid Services require freestanding medical facilities to transfer patients to the "parent hospital" in order to maintain provider based status and receive reimbursement, in this case, another Lifebridge Health Facility.
As a result, the hospitals that will be most affected by the conversion will be Sinai and Northwest.

(8) The expected additional ED visit volume and associated increases in admission and observation patient volumes for the general hospitals likely to be affected by the proposed hospital conversion.

Grace Medical Center stopped inpatient admissions in November 2019. Between fiscal years 2015 and 2019, Grace Medical Center reports an inpatient decline of 36.3% compared to a statewide decline of 3.8%. The Maryland Health Care Commission Maryland Hospital Emergency Department and Freestanding Medical Facility data show 2,287 (11.5%) ED patients at Grace Medical Center were admitted to that facility in CY 2019, a decline from 4,595 in CY2012. In the future, these patients will be required to be transported directly to another area hospital or transferred for admission primarily to either Sinai or Northwest Hospitals. In CY 2019, Sinai had 66,979 ED visits, 9,019 (13.5%) of which resulted in inpatient admissions. Northwest had 50,444 ED visits, 7,108 (14%) of which resulted in inpatient admission.

(9) *Recent diversion utilization at the converting hospital and other general hospitals likely to be affected by the proposed hospital conversion and the potential impact of the proposed conversion on diversion utilization.*

Hospital	CY18	CY19	CY20*	CY2018	CY2019	2020*	CY2018	CY2019	2020*	CY17	CY18	CY19*
	Yellow	Yellow	Yellow	Red	Red	Red	ReRoute	ReRoute	ReRoute	Bypass	Bypass	Bypass
Grace	426	512	74	365	1512	0	161	78	21	N/A	N/A	N/A
Northwest	719	2117	773	517	4	12	78	134	16	N/A	N/A	N/A
Sinai	2316	3283	634	2256	1856	225	79	83	51	70	166	18
Midtown	2087	2685	1051	2178	2679	515	78	34	21	N/A	N/A	N/A
UMMC	3389	3062	1060	777	1233	801	272	170	83	N/A	N/A	N/A
St. Agnes	2176	1261	463	1598	432	127	223	305	122	N/A	N/A	N/A

*1/1/20-7/30/20 *Data Source: MIEMSS County Hospital Alert Tracking System (**CHATS**)*

Alert Utilization has declined significantly in 2020 at Grace Medical Center, though utilization of yellow alert was never very high. The applicant noted surrounding hospitals have not seen a dramatic increase in yellow or red alert hours as a result of the recent changes at Grace Medical center and stated that they believe two factors may be impacting the alert hours for 2020: (1) the utilization of a commercial ambulance service (Pulse) which has facilitated throughput at Grace, and (2) the decline in ED visits across the city due to the COVID-19 pandemic. Alerts have decreased to date in 2020 for all of the hospitals that may be affected. Prior to COVID-19 however, alert utilization at most hospitals was relatively frequent and it is likely to go back up when COVID-19 eventually goes away. To get better idea of the amount of time EMS spends in the ED, MIEMSS analyzed 2019 data and found that Baltimore City EMS spends between 33 and 44 minutes, an

average of 40 minutes, in the ED at Grace Medical Center and the surrounding hospitals. The goal for EMS is to be no longer than 30 minutes in the ED. It will be important for the hospitals to closely monitor their utilization of alerts.

(10) The size, scope, configuration, services, and staffing of the proposed project.

The project will be developed in two phases. In Phase One of construction which is currently underway, plans include converting the first floor of the existing building into a brand-new state of the art emergency department. The observation unit which is currently on the third floor will be relocated to the ED. The new ED will contain a total of 27 rooms, 9 of those being observation rooms and 4 being psychiatric holding rooms. Also included in Phase One is the construction of a new clinic space for primary care, specialty care, and Federally Qualified Health Center services on the third floor, a refresh of the second floor surgical suite and a refresh with expansion of six chairs of the outpatient dialysis unit. Other updates include administrative space, additional staff space and a micro market on floors four and five. Phase One's anticipated completion date is December 2020.

In sum, in Phase One, Grace Medical Center ED will consist of:

1. An emergency department for up 27 patients, including four airborne infection isolation rooms, two trauma/resuscitation rooms, a bariatric room, a human decontamination room, four psych rooms and nine observation rooms;

2. Diagnostic imaging with radiography, computed tomography or CT with a new CT scanner, and ultrasound.

3. Pharmaceutical Services.

4. Laboratory Services.

5. Pediatric Telemedicine for pediatric patients transported to Grace.

The emergency department is staffed 24/7 with one fully boarded emergency room doctor and an Advanced Practice Provider, with sufficient nursing staff, laboratory and radiology technicians, and other professionals who are trained to provide advanced life support to patients. All services are provided in accordance with the Department of Health, Office of Health Care Quality Freestanding Medical Facilities regulations and are consistent with guidance from the American College of Emergency Physicians as well as the current guidance published by the Emergency Department Design: A Practical Guide to Planning for the Future. The

emergency department also has a full time Administrative Director for emergency services, as well as a Medical Director for emergency services. The entire Grace Medical Center campus is overseen by an Administrative Executive Director and a Chief Medical Officer.

In Phase Two of the project, the other buildings on the existing hospital campus will receive environmental remediation and demolition, allowing for the construction of a new 20,000 square foot outpatient behavioral health facility and green space for the community. The new on-site outpatient behavioral health facility will house programs which include a children's day school (for children 6-10 years old) operated under the supervision of psychologists, an adult day program, and an outpatient behavioral health counseling program. The demolition of the existing hospital is expected to be complete in September 2021, while the new outpatient behavioral health facility is expected to be constructed by June 2023.

Provision of Acute Care Services

As a freestanding medical facility, Grace Medical Center will continue to provide a range of health and wellness services that are vital to the West Baltimore Community. These services include:

- 24/7 Emergency services
- 24/7 Observation services
- Outpatient dialysis
- Radiology
- Outpatient behavioral health and substance abuse clinics
- Primary care
- Outpatient surgery
- Outpatient Specialty care: pediatrics, OB/GYN, wound care, vascular surgery, orthopedics, ophthalmology, general outpatient surgery, endocrinology, cardiology, gastroenterology, podiatry, urology, neurology
- Diagnostic testing
- 3D Mammography

• Respiratory therapy

• Case management

The applicants indicate that services may be modified over time, based on their ongoing evaluation of community health needs as well as feedback from the community.

(11) Reasonable changes in the EMS system that are planned or can be made to maintain adequate and appropriate delivery of emergency care within the Statewide emergency medical services system if the hospital converts to a freestanding medical facility.

No changes the EMS system are planned as a result of the conversion.

Summary and Discussion

The EMS Board is charged with determining whether the proposed conversion will maintain adequate and appropriate delivery of emergency care within the statewide emergency medical services system. This determination is to be made on 11 specified factors. Each factor and MIEMSS findings are briefly summarized below:

(1) The EMS resources in the jurisdictions affected by the proposed hospital conversion, including staffing, equipment, and units.

The primarily affected EMS jurisdiction is Baltimore City. Baltimore County will be minimally impacted. MIEMSS received no information that would indicate the need for additional EMS resources in these jurisdictions (staffing, equipment, and units) because of the proposed conversion.

(2) Any additional resources which will be provided by the hospital seeking to convert to augment the resources available in the affected jurisdiction.

Timely transfer of patients from the Grace FMF to an acute care hospital without creating a burden for the affected EMS jurisdiction is critical to ensure that conversion does not negatively impact the adequate and appropriate delivery of emergency care. Consistent with current practice, the Applicants intend to use a commercial ambulance service for interfacility transport of patients. To that end, Grace Medical Center has

an agreement with Pulse Ambulance Service for an ambulance to reside onsite and provide interfacility transfers when needed.

(3) The EMS call volume of affected jurisdictions by priority.

There is no evidence to suggest that the EMS call volume, per se, will be affected by the proposed conversion in the affected jurisdictions.

(4) The projected number of patients who could require transport to a general acute hospital rather than the proposed freestanding medical facility for appropriate medical care.

EMS Priority 1 patients and unstable Priority 2 patients, or those that would require admission for inpatient care, will require direct transport to an acute general hospital, rather than the Grace Medical Center FMF. The Applicants project approximately 3.3 patients per day or about 1,219 patients annually will require transfer to an acute care hospital, namely Sinai and Northwest hospitals.

(5) EMS transport times in the jurisdictions affected by the proposed hospital conversion and the potential for extended transport and out-of-service times resulting from the proposed conversion to a freestanding medical facility, relative to the current pattern of transport times

As Grace Medical Center will remain at Grace Medical Center's current location MIEMSS does not project a significant change in the transport times for ambulance-transported patients. Additionally, the surrounding hospitals EMS may transport to are all within 2-5 miles.

(6) Commercial ambulance services availability and response times in the jurisdictions affected by the proposed hospital conversion.

Securing timely transfer of patients from Grace Medical Center to other facilities (namely Sinai and Northwest hospitals) is key to ensuring high quality patient care; however, such transfers must not place a burden on the jurisdictional EMS Operational Programs for such interfacility transfers. The Applicants have an agreement with a commercial ambulance company (Pulse) which resides onsite at Grace 24/7 in order to provide these interfacility transports.

(7) The number of general hospitals likely to be affected by the proposed hospital conversion and the distance to the closest general hospital ED for appropriate patients if the hospital converts to a freestanding medical facility relative to current patterns of hospital use.

Although there are five (5) hospitals that could potentially be somewhat affected by the conversion, because of CMS payment constraints, in reality, the primary hospitals to be affected are Sinai Hospital and Northwest Hospital.

(8) The expected additional ED visit volume and associated increases in admission and observation patient volumes for the general hospitals likely to be affected by the proposed hospital conversion.

Based on information provided by MHCC for inpatient ED visits at Grace in 2019, an additional ED volume of patients requiring admission would be approximately 2,287 per year. However, based on current trends in patients requiring transfer from Grace since November 1, 2019, the applicants project approximately 1,219 patients per year.

(9) Recent diversion utilization at the converting hospital and other general hospitals likely to be affected by the proposed hospital conversion and the potential impact of the proposed conversion on diversion utilization.

The ability of receiving hospitals to accept and timely treat direct transport or transferred patients from Grace Medical Center is critical. Sinai and Northwest hospitals will receive most of the transferred patients, while UMMC, UMMS Midtown, and St. Agnes receive the majority of direct transports that cannot go to Grace Medical Center. Sinai and Northwest Hospitals utilization of diversion declined in 2020. Additionally alerts have decreased to date in 2020 for all of the hospitals that may be affected, possibly because of COVID-19. Prior to COVID-19 however, alert utilization at most hospitals was relatively frequent and it is likely to go back up when COVID-19 eventually goes away. It will be important for the hospitals to closely monitor their utilization of alerts.

(10) The size, scope, configuration, services and staffing of the proposed project.

The size, scope, configuration, services and staffing planned for the Grace FMF are consistent with applicable guidance included in the most current edition of the *Emergency Department Design: A Practical Guide to Planning for the Future,* published by the American College of Emergency Physicians.

Grace Medical Center will be designed in accordance with the Facilities Guidelines Institute, Guidelines for Design and Construction of Hospitals 2018 Edition ("FGI Guidelines"), the 2015 National Fire and Protection Association 101 Life Safety Code, and the 2018 International Building Code. More specifically, Grace Medical Center will be designed considering the FGI Guidelines Part 2 – Hospitals, Section 2.2-3 Diagnostic and Treatment Facilities, and Section 2.3 – Specific Requirements for Freestanding Care Facilities.

(11) Reasonable changes in the EMS system that are planned or can be made to maintain adequate and appropriate delivery of emergency care within the Statewide emergency medical services system if the hospital converts to a freestanding medical facility.

MIEMSS does not anticipate that changes will need to be made to the EMS system as a result of the conversion.

Recommendation

MIEMSS recommends that the EMS Board make a determination that the conversion of Grace Medical Center to a freestanding medical facility will maintain adequate and appropriate delivery of emergency care within the statewide emergency medical services system.

Appendix 2: HSCRC Opinion

maryland
health services
cost review commission

MEMORANDUM

TO: Wynee Hawk, Chief, CON, MHCC
Eric Baker, Program Manager, CON, MHCC

FROM: Katie Wunderlich, Executive Director, HSCRC
Jerry Schmith, Director, Revenue & Regulation Compliance, HSCRC

DATE: September 22, 2021

RE: Conversion of Grace Medical Center to a Freestanding Medical Facility (FMF)

On September 23, 2020 a memorandum was sent to MHCC from HSCRC regarding the conversion of Grace Medical Center to a Freestanding Medical Facility. At the time we sent that memo, we had not finalized the outpatient services that would be regulated by the HSCRC. Since that time, the outpatient services have been set and Rate Orders have been issued. The memorandum from September 23, 2020 and the most recent Rate Order NISI for Grace Medical Center, effective July 1, 2021, are attached to this memorandum for your reference.

Health Services Cost Review Commission
4160 Patterson Avenue, Baltimore, Maryland 21215
Phone: 410-764-2605 · Fax: 410-358-6217
Toll Free: 1-888-287-3229
hscrc.maryland.gov

MEMORANDUM

TO: Kevin McDonald, Chief
Certificate of Need

FROM: Katie Wunderlich, Executive Director, Health Services Cost Review Commission
Jerry Schmith, Director, Hospital Revenue and Regulation Compliance, Health Services Cost Review Commission

DATE: September 23, 2020

RE: Request for Exemption from Certificate of Need Review
Conversion of Grace Medical Center to a Freestanding Medical Facility (FMF)

The Health Services Cost Review Commission (HSCRC) has been asked to provide comments on LifeBridge Health Systems' request for an exemption from CON Review to convert Grace Medical Center to an FMF.

Specifically, it has been requested that we comment on MHCC's standards that requires that the applicant confirm that it has:

- "receive[d] a determination from HSCRC, issued pursuant to COMAR 10.37.10.07-2D, regarding each outpatient service to be provided at the proposed FMF for which the applicants seek rate regulation;" and
- have "receive[d] approved rates from HSCRC for each rate-regulated outpatient service at the proposed FMF."

In response to those standards the applicants stated:

> *Throughout the process of selecting an FMF as the appropriate facility to deliver care to the residents of Baltimore City who utilize the Grace Medical Center facility, representatives of LifeBridge Health have discussed with the HSCRC the regulated service offerings as well as the corresponding Global Budget Revenue cap implications for the remaining services to be offered at Grace Medical Center. Throughout this*

process, the HSCRC confirmed its willingness to extend regulated service recognition to all services described in the Project Description and as set forth below:

- *Emergency Department Services and Supporting Ancillaries*
- *Observation Services and Supporting Ancillaries*
- *Outpatient Surgical Services*
- *Laboratory*
- *Pharmacy*
- *Behavioral Health Clinic (including partial hospitalization program) for adults and pediatrics*
- *Multi-Specialty Disease Clinic for Endocrinology Services*
- *Infusion Therapy Center*
- *Imaging*
    - *o Radiography*
    - *o Computed Tomography (CT)*
    - *o Ultrasound*

The HSCRC staff has previously had discussions with LifeBridge Health the acquisition of Grace Medical Center (formerly Bon Secours Hospital of Baltimore) and subsequent conversion to an FMF. The HSCRC staff had agreed to allow any outpatient services that are currently being provided and considered regulated within the jurisdiction of the HSCRC to continue to be regulated if MHCC approves the conversion to an FMF. The outpatient services identified above are consistent and in-line with services already and currently being provided at Grace Medical Center. However, the final rates that will be approved following any approval by MHCC of the FMF structure have not yet been finalized.

IN RE: THE PERMANENT	*	**BEFORE THE HEALTH SERVICES**	
RATES OF	*	**COST REVIEW COMMISSION**	
GRACE MEDICAL	*	**DOCKET:**	**1999**
CENTER	*	**FOLIO:**	**1347**
BALTIMORE, MARYLAND	*	**PROCEEDING:**	**1547-XXV**

* * * * * * * * * * * * * *

ORDER NISI

In conformance with this hospital's Global Budget Revenue Agreement with the Maryland Health Services Cost Review Commission, it is this **9th day of September, 2021** by the HSCRC:

ORDERED that the following rates of **Grace Medical Center**, as per the attachment, be and they hereby are approved as permanent rates as of the 1st day of July, 2021, unless reasonable cause to the contrary is shown on or before **23rd day of September, 2021**; and it is further

ORDERED, that the newly approved rates as per the attachment are subject to the following conditions:

1. That charges to Medicare and Medicaid shall be paid at a level 7.7 percent below the rates approved as per the attachment;
2. That charges to Managed Care Organizations (MCOs) that subcontract with Medicare shall be paid at a level 7.7 percent below the rates approved as per the attachment;
3. That charges to MCOs that subcontract with Medicaid for the provision of hospital services shall be paid at a level 5.7 percent below the rates approved as per the attachment. For purposes of this provision, MCOs means all managed care organizations -- i.e., HMOs, PPOs, as well as non-HMO MCOs that may be sanctioned by the Medical Assistance Program;
4. That the Hospital shall allow two percent discounts and institute service charges in accordance with the Commission's Rules of Procedure 10.37.10.26.

The Designated Interested Parties in this Proceeding are: CareFirst of Maryland, Inc., Medicare, Medicaid, and Health Insurance Association of America.

Motions raising objections to the above approved rates and/or issues shall be submitted by email to Chris.Konsowski@maryland.gov by the aforementioned due date, identifying the proceeding to which objections are made.

A copy of the Commission's decision and Opinions, if any, as well as the addresses of Designated Interested Parties may be obtained by written request to Andrea.Strong@maryland.gov. The record of the complete proceeding in which the above Order Nisi was passed is open for public inspection upon written request.

HEALTH SERVICES COST REVIEW COMMISSION

DocuSigned by:
Katie Wunderlich

BY: Katie Wunderlich
Executive Director

HEALTH SERVICES COST REVIEW COMMISSION

New Approved Revenue and Unit Rates
for
Grace Medical Center
GLOBAL BUDGET
Effective
7/1/2021

Revenue Center	Service Unit	Unit Rates	Budgeted Volume	Budgeted Annual Revenues
Emergency Services	RVU	$150.4609	89,906	$13,527,329
Clinic Services	RVU	$68.5268	50,034	$3,428,636
Psychiatric Day/Night	Visits	$1,777.3139	357	$633,959
Operating Room	Minutes	$90.6711	7,777	$705,139
Anesthesiology	Minutes	$2.1186	7,777	$16,476
Same Day Surgery	Per Patient	$1,030.0558	92	$94,271
Laboratory	RVU	$3.1551	1,205,599	$3,803,797
Electrocardiography	RVU	$9.3157	53,927	$502,362
Radiology-Diagnostic	RVU	$36.9613	58,245	$2,152,793
CT Scanner	RVU	$6.9614	216,256	$1,505,441
Interventional Cardiology	RVU	$55.3431	289	$15,974
Respiratory Therapy	RVU	$4.1190	81,392	$335,256
Pulmonary	RVU	$3.6681	14,493	$53,162
Physical Therapy	RVU	$27.4872	32,790	$901,310
Renal Dialysis	Treatments	$1,049.6274	164	$172,420
Observation	Hours	$48.5124	24,187	$1,173,379
Med./Surg. Supplies				$918,010
Drugs				$3,235,731
(R) Rebundled Rate	TOTAL			**$33,175,447**

Interim Global Budget Revenue Target Effective December 31, 2021	**$14,351,672**
Impact of 49.73%	**-$89,574**
Impact of FY20 GBR Settle Up	**-$2,146,478**
Seasonality Cap	

CERTIFICATE OF SERVICE
TO INTERESTED PERSONS

I hereby certify that the foregoing Order of the Commission has been sent to the Hospital and to the following interested persons:

Brett McCone
Senior Vice President
Maryland Hospital Association
6820 Deerpath Road
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Annette Anselmi
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Paul Parker
Director – Centers for Health Care Facilities
Planning & Development
Maryland Health Care Commission
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Gene Ransom
Chief Executive Officer
The Maryland Medical Society
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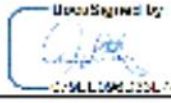
Baltimore, Maryland 21201

Signed  Dated 9/9/2021 | 11:35 AM EDT

Appendix 3: Floor Plan and Plot

New First Floor Emergency Department