



DATE: November 16, 2023

TO: Commissioners

FROM: Jeanne-Marie Gawel
Acting Chief, Certificate of Need

SUBJECT: In the Matter of Baltimore Detox Center, LLC
Request for Project Change after Project Approval
Docket No. 18-03-2419

Enclosed is the staff report and recommendation for a Request for a Project Change after Project Approval submitted by Baltimore Detox Center, LLC (BDC), for its Intermediate Care Facility (ICF). On March 19, 2020, the Maryland Health Care Commission approved a certificate of need (CON) to establish a 24-bed ICF at 1825 Woodlawn Drive, Baltimore County. The project included the renovation of a 5,944 sq foot portion of an existing office building at a total cost of \$585,982. The project was funded with cash. First use was issued on May 19, 2023 and BDC initiated services on May 21, 2023.

On July 25, 2023, BDC provided notice to the Maryland Health Care Commission (MHCC or Commission) of its intent to add 21 Level 3.7 Beds. Receipt of this notice prompted a review of the floor plan approved in the CON, and Commission staff discovered that the project had been substantially modified without the knowledge or approval of the Commission. In accordance with COMAR 10.24.01.18, MHCC's Executive Director issued a Revocation of First Use on October 20, 2023, staying the enforcement until November 17, 2023. BDC has been given the opportunity to present an updated project change request to be considered at the November 16, 2023 Commission meeting to explain the significant plant design changes and increase in capital expenditures.

BDC filed a project change to increase the capital costs associated with the project, and to make changes in the physical plant design. The capital costs of the project have increased by \$673,574 or approximately 206%. BDC states that the project cost increase was due to increases in costs related to the COVID-19 pandemic, required changes that were not identified during the CON review, and changes in the overall plant design. This increase has already been paid for in cash.

Since the approval of the CON, BDC made significant changes to the plant design. BDC expanded into the entire 10,548 sq. foot building. The facility which was approved to house 24 patients in 12 semi-private rooms, now has the capacity to house 39 patients in 13 rooms. BDC also added three toilets and two additional showers to accommodate the additional patients. The facility, which did not contain a kitchen in the improved plans, now contains a kitchen and an enlarged dining hall.



Staff recommends that the Commission **APPROVE** the request for a project change after issuance of a Certificate of Need. Staff recommends the following condition be incorporated in the request by BDC for changes to its March 19, 2020 Certificate of Need for the establishment of an ICF:

1. Baltimore Detox Center shall document the provision a minimum of 15% of patient days of care to indigent and gray area patients, as defined at COMAR 10.24.14.08B(9) and (11), by submitting annual reports auditing its total days of care and the provision of days of care to indigent and gray area patients as a percentage of total days of care. Such audit reports shall be submitted to the Commission following each BDC fiscal year, from the project's inception and continuing for five years thereafter.
2. Baltimore Detox Center shall address its non-compliance with its March 2020 CON should Baltimore Detox Center or an affiliated entity seek approval from the Commission for a future project.
3. If Baltimore Detox Center seeks to add additional intermediate care beds to its facility, it shall provide the Commission with evidence that it has appropriate staffing levels and bed and bathroom configurations that afford patient privacy and safety.

**IN THE MATTER OF
BALTIMORE
DETOX CENTER, LLC**

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**BEFORE THE
MARYLAND HEALTH
CARE COMMISSION**

Docket No. 18-03-2419

**STAFF REPORT
REQUEST FOR PROJECT CHANGE
AFTER CERTIFICATE OF NEED APPROVAL**

I. INTRODUCTION

On March 19, 2020, Baltimore Detox Center (BDC) was awarded a Certificate of Need (CON) to establish a new Track One Intermediate Care Facility (ICF) with 24 adult Level 3.7 Withdrawal Management (WM) beds at 1825 Woodlawn Drive, Baltimore County. The original approved cost for the project was \$585,982.00. BDC requested first use approval in March 2023, and it was issued on May 19, 2023. In July 2023, BDC provided notice of its intent to add 21 additional Level 3.7 beds. Receipt of this notice prompted a review of the floor plan approved in the CON, and it was discovered that the project had been substantially modified without the knowledge or approval of the Commission. In accordance with COMAR 10.24.01.18, MHCC’s Executive Director issued a Revocation of First Use on October 20, 2023, staying the enforcement until November 17, 2023. BDC has been given the opportunity to present an updated project change request to be considered at the November 16, 2023, Commission meeting to explain the significant plant design changes and increase in capital expenditures.

Background

BDC submitted a Certificate of Need application in March 2018. The proposed project sought to establish 24 Level 3.7 beds in 12 semi-private rooms. The original floor plan depicted a two-story building, with 12 bedrooms on the second floor and general communal space and offices on the first floor. BDC asserted the building only needed minor renovations to become operational and the renovation work could be completed within a few months. After numerous inconsistent submissions during the original CON review, BDC filed a CON modification in March 2020, clarifying: “The Center will be operated as a 24-bed licensed inpatient detox center, and the original ‘residential beds’ or ‘flex’ beds are no longer being proposed for the Center. All of BDC’s 24 beds will be utilized for patients who require ASAM level 3.7 WM services exclusively.”

On July 27, 2022, BDC, through counsel, submitted a project change request stating, “it was recently identified that contracted construction costs exceeded the approved CON budget.” (Appendix 2). The project cost increased to approximately \$875,000, a 206% increase over the approved budget. After Commission staff requested more detail, BDC further adjusted the total capital costs to \$969,556. In that request, BDC asserted that the excessive expenditures were related to increases in costs of material and labor during the COVID-19 pandemic and issues with contractors. Of note, BDC affirmatively stated that the project design had not changed. BDC failed to submit a request in accordance with COMAR 10.24.01.17 and had already obligated the funds

before seeking approval. The project change request was dismissed as untimely.

On March 21, 2023, BDC outlined compliance with the performance requirements and conditions and requested first use approval. Notwithstanding the failure to submit a timely project change request, BDC's compliance with the March 2020 CON conditions were deemed sufficient to grant first use approval. It was noted that BDC's failure to seek a timely project change in accordance with the regulations would be considered during the review of any future CON submission. Unaware that BDC had made changes to the facility design, first use was approved on May 19, 2023. BDC initiated Level 3.7WM services on May 21, 2023.

Notice to add 21 Level 3.7 Beds

In July 2023, BDC provided notice to the Commission of its intent to convert 21 of its residential Level 3.5 beds to Level 3.7/3.7WM beds. This is the first time the Commission became aware that residential beds had been added to the facility. Staff were concerned that the original floor plan only accommodated 12 semi-private rooms for 24 beds and could not reasonably accommodate 45 beds. Receipt of the notice to add beds prompted a review of the floor plan approved in the CON. Commission staff discovered that the project had been substantially modified without the knowledge or approval of the Commission.

Revocation of First Use Approval

It was determined that the project implemented by BDC deviated substantially from the project approved in its CON. BDC repeatedly failed to provide accurate information in the progress reports throughout the project's implementation and upon completion. BDC acknowledges that changes were made without first notifying the Commission. BDC claims they were unable to determine when and why the changes were made to the project from the original submission because of staff turnover.

Because the project does not conform with its CON, a Revocation of First Use Approval was issued with a stay of the effective date of that Order until November 17, 2023. BDC was given the opportunity to submit a project change request in accordance with COMAR 10.24.01.17 by November 3, 2023, to be considered at the November 16, 2023 Commission meeting. Should the Commission approve the project change request at the November 16, 2023 meeting, BDC may submit a new request for first use approval, which will be considered prior to the effective date of the Order.

Summary of Requested Project Changes

BDC is requesting a project change based on an increase in capital costs and significant changes in the project plant design. The Commission originally approved a 5,944 sq foot facility in a portion of a leased building. The original floor plan shows one side of the building designated as "tenant suites" which were occupied by other tenants in the building. BDC now seeks approval to expand the footprint to 10,548 sq. feet, which expands the length of the entire building. This is a 77% increase in the size of the facility.

The approved project included 12 semi-private rooms on the second floor to serve 24 Level 3.7 patients. Since the CON approval, BDC added 15 Level 3.5 residential beds for a total of 39 beds. The new room configurations include six (6) semi-private rooms, two (2) triple rooms, four (4) quad rooms, and one (1) room with five beds. Each of the rooms could be used for either 3.7 WM or 3.5 patients as needed.

BDC's expansion on the first floor adds one additional toilet and staff office. The expansion into what was previously labeled as "other tenant suites", includes a large dining room, and a prep kitchen. (See Appendix 5).

On the second floor, the original floor plan included four toilets and three showers (six patients per toilet and eight patients per shower). BDC's project change seeks to add three additional showers and two additional toilets and a urinal on the second floor. (6.5 patients per toilet and 7.8 patients per shower). Additionally, they seek to relocate and enlarge the nursing station on the second floor. (See Appendix 5).

II. APPLICABLE REGULATIONS

If an applicant desires to make a permissible change from a project that has received a certificate of need approval, it must seek approval from the Commission under COMAR 10.24.01.17. Any of the following changes would place a project at variance with its CON, and require Commission approval:

- (1) Before making a significant change in physical plant design;
- (2) Before incurring capital cost increases that exceed the approved capital cost inflated by an amount determined by applying the Building Cost Index published in Health Care Cost Review from the application submission date to the date of the filing of a request for approval of a project change;
- (3) When total projected operating expenses or revenue increases exceed the projected expenses or revenues in the approved Certificate of Need Application, inflated by 10 percent per year;
- (4) Before changing the financing mechanisms of the project;
- (5) Before changing the location or address of the project.¹

This project requires Commission action because it seeks to make changes that would put the project at variance with its CON. The project changes resulted in an increase in capital costs under B(2) and significant changes to the physical plant design under B(1).

BDC indicates that the project, as changed, required an additional capital expenditure of \$675,970. CON regulations provide for an inflation allowance, calculated using the Building Cost Indices published on a quarterly basis by IHS Markit in the *Healthcare Cost Review*.² However,

¹ COMAR 10.24.01.17B

² https://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_con/documents/con_cap_cost_index_20210503.pdf.

project cost increases that exceed this inflation allowance are required to obtain Commission approval. Using the building cost inflation index noted above, the calculated allowable capital costs after factoring in the inflation allowance is \$317,154, or an inflationary allowance of \$31,172 (an approximately 10.9% increase from the original CON-approved project costs). This inflationary allowance is well below the estimated capital cost increase projected by BDC (\$683,574 or about a 206% increase) for the completion of the project as now configured.

Under COMAR 10.24.01.17D(3), the Commission may approve the requested change, approve the change in part or approve with conditions, not approve the change with explanation, or require a complete CON review due to the scope of the requested change.

III. COST INCREASE AND FINANCIAL IMPACT OF THE REQUEST

Table 1 compares the approved costs of this project (March 2020) and BDC's final costs for the project (November 2023). BDC asserts the increase in costs was a result of the changes in the floor plan and the changes and challenges identified in the prior project change request.

Table 1 - Revised Project Budget - Baltimore Detox Center

	CON- approved Costs	Increase/ Decrease (+/-)	FINAL TOTAL COSTS
USE OF FUNDS			
CAPITAL COSTS			
Renovations			
Building	\$155,000	\$668,970	\$823,970
Architect/Engineering Fees	\$30,000	\$0	\$30,000
Permits (Building, Utilities, Etc.)	\$4,500	\$0	\$4,500
SUBTOTAL	\$189,500	\$668,970	\$858,470
Other Capital Costs			
Movable Equipment <i>(Beds, Nurse Station, Furnishings)</i>	\$65,000	\$9,800	\$74,800
Contingency Allowance	\$28,300	(\$2,800)	\$25,500
Gross interest during construction period	\$0	\$0	\$0
Other <i>(Specify/add rows if needed)</i>	\$0	\$0	\$0
SUBTOTAL	\$93,300	\$7,000	\$100,300
TOTAL CURRENT CAPITAL COSTS	\$282,800	\$675,970	\$958,770
Land Purchase	\$0	\$0	
Inflation Allowance (1.5% annually over 9 months)	\$3,182	\$7,604	\$10,786
TOTAL CAPITAL COSTS	\$285,982	\$683,574	\$969,556
Financing Cost and Other Cash Requirements			
<i>Legal Fees</i>	\$35,000	\$0	\$35,000
<i>Other Fees</i>	\$40,000	\$0	\$40,000
SUBTOTAL	\$75,000	\$0	\$75,000
Working Capital/Start up Costs	\$225,000	\$0	\$225,000
TOTAL USES OF FUNDS	\$585,982	\$683,574	\$1,269,556
Sources of Funds			
Cash	\$585,982	\$683,574	\$1,269,556
TOTAL SOURCES OF FUNDS	\$585,982	\$683,574	\$1,269,556

Source: Table B of the November 3, 2023 Project Change Request

BDC’s explanation for the major increases in the estimated project cost can be summarized as follows:

1. Costs increased due to inflation and product shortages that were not anticipated.
2. BDC had complications with contractors who started the work but did not complete it. New contractors had to be brought in to complete the work.
3. The renovations required rewiring of the building, a modification of the fire suppression system, a surveillance system and an IT system that were not included in the original budget.
4. Higher than expected costs for demolition, framing, finishes, and painting.

Impact on Financial Performance

The data provided in Table 2 shows positive operating results for the facility in its first full year of operation (CY 2024). BDC does not anticipate an impact of the increased costs of implementing the project as the project was funded by cash.

Table 2. Utilization and Financial Statistics and Projections (Uninflated) 2023-2025*

	Current Year Projected		
Indicate CY or FY	2023 CY	2024 CY	2025 CY
Admissions	404	1,238	1,238
Patient days	4,395	15,139	15,139
Average annual bed occupancy rate	82%	94.3%	94.3%
Medicaid patient days (% of total)	22%	22%	22%
NET OPERATING REVENUE			
	\$2,237,584	\$6,218,818	\$6,218,818
TOTAL OPERATING EXPENSES			
	\$3,716,717	\$4,765,457	\$4,815,086
NET INCOME (LOSS)			
	\$(1,479,133)	\$1,453,361	\$1,388,191

*Table includes both level 3.7 and level 3.5 services

Also, to note, the increase in capital expenditures, change in the floor plan and addition of Level 3.5 beds did not impact the Global Budget Revenue or the Total Cost of Care because ICFs are not rate regulated.

IV. PLANT DESIGN CHANGES

Despite the changes in the facility's design, BDC still meets all State Health Plan standards. BDC also obtained accreditation from the Joint Commission and licensure from the Behavioral Health Administration, as required by COMAR 10.24.14.05H–Quality Assurance.

COMAR 10.24.14.05M requires an applicant to “demonstrate its capacity to admit and treat alcohol or drug abusers requiring sub-acute detoxification by documenting appropriate admission standards, treatment protocols, staffing standards, and physical plant configuration.” While Staff has concerns that the original floor plan provided semi-private rooms, the updated room configurations are in line with other ICF expansions in the industry and were approved by

the licensing agency. *See, In the Matter of DWI Services, Inc.*, Dkt. No. 22-04-2455 (Nov. 17, 2022)(two quad and two triple rooms); *In the Matter of Hygea Detox at Camp Meade, LLC*, Dkt. No. 23-02-2468 (Sept. 21, 2023)(one single, three double, and three triple rooms); *In the Matter of Pascal Crisis Services, Inc.*, Dkt. No. 22-02-2459 (Apr. 26, 2023)(three semi-private, two triples, and two quad rooms). As noted in *the Matter of DWI Services, Inc.*, Facility Guidelines Institute (FGI) requirements only address the design of “long-term residential substance abuse treatment facilities,” described as typically having an average length of stay of 18 to 24 months. Dkt. No. 22-04-2455, at 15-16 (Nov. 17, 2022)(quoting The Facility Guidelines Institute, Guidelines for Design and Construction of Residential Health, Care and Support Facilities, 2018 edition, Section 4.3 Specific Requirements for Long-Term Residential Substance Abuse Treatment Facilities, pp. 219-234). In addition, there is no SHP standard that requires an ICF project to adhere to FGI guidelines.

V. STAFF RECOMMENDATION

The project implemented by BDC deviated substantially from the project approved in its CON. BDC repeatedly failed to provide accurate information throughout the project’s implementation and upon completion regarding substantial changes to the facility’s plant design. Additionally, first use approval was based on the false information that the only project change was changes in capital expenditures. Staff is recommending several conditions to address these failures, but ultimately, is recommending approval of this project change request.

Staff concludes that the project change request is a permissible change under COMAR 10.24.01.17B. There are no material changes to the nature of the project, or changes that require extensions of time to meet the applicable performance requirements. The changes also did not increase the total licensed bed capacity of Level 3.7 beds as originally approved. Staff find there is a need for these services as demonstrated by BDC’s projections of 94% occupancy rate. The requested change would not alter the findings that the Commission made in March 2020 concerning the need and positive long-term impact of the project.

Staff also finds the proposed changes to the cost of the project are financially feasible and the project remains viable. BDC already obligated the funds in cash and completed the proposed changes. BDC provided evidence that shows positive operating results for the facility in its first full year of operation (CY 2024). Based on these findings, MHCC staff find that the project remains financially feasible.

BDC has satisfied the following conditions placed on its original CON:

1. Baltimore Detox Center must receive preliminary accreditation by the Commission on the Accreditation of Rehabilitation Services (“CARF”) prior to receipt of First Use Approval and must timely receive final accreditation by CARF.
2. Baltimore Detox Center shall provide written transfer and referral agreements with the following entities or organizations prior to first use approval: acute care hospitals; halfway houses, therapeutic communities, long-term care facilities, and

local alcohol and drug abuse intensive and other outpatient programs; local community mental health center or center(s); Baltimore County's mental health and alcohol and drug abuse authorities; the Behavioral Health Administration; and Baltimore County's agencies that provide prevention, education, driving-while intoxicated programs, family counseling, and other services.

3. Baltimore Detox Center shall provide written referral agreements with outpatient alcohol and drug abuse programs that meet the requirements of (1) through (4) of COMAR 10.24.14.05O.

BDC provided evidence that it received accreditation from the Joint Commission and provided the required transfer and referral agreements with its request for first use approval in March 2023.

Staff recommends that the following new conditions be added to BDC's CON:

1. Baltimore Detox Center shall address its non-compliance with its March 2020 CON should Baltimore Detox Center or an affiliated entity seek approval from the Commission for a future project.
2. If Baltimore Detox Center seeks to add additional intermediate care beds to its facility, it shall provide the Commission with evidence that it has appropriate staffing levels and bed and bathroom configurations that afford patient privacy and safety.

ORDER

Having reviewed and considered the information and analysis in the Staff Report Project Change Request after Certificate of Need approval, it is this 16th day of November 2023:

ORDERED, that that the findings of fact and conclusions of law included in the Staff Report are adopted by the Maryland Health Care Commission and incorporated into this order; and it is further;

ORDERED, that the Commission finds that Baltimore Detox Center failed to comply with the terms and conditions of its March 2020 Certificate of Need (CON) by making significant changes to its project without first seeking Commission approval; and it is further

ORDERED, that despite its non-compliance,

Baltimore Detox Center's requested changes to the March 19, 2020 CON to establish a new Track One ICF with 24 adult Level 3.7 WM beds, with significant changes in the physical plant design and an increased total cost of \$969,556 is **APPROVED**, with the following conditions:

1. Baltimore Detox Center shall provide a minimum of 15% of patient days of care to indigent and gray area patients, as defined at COMAR 10.24.14.08B(9) & (11) and shall document the provision of such charity care by submitting annual

reports auditing its total days of care and the provision of days of care to indigent and gray area patients as a percentage of total days of care. Such audit reports shall be submitted to the Commission following each BDC fiscal year, from the project's inception and continuing for five years thereafter.

2. Baltimore Detox Center shall address its non-compliance with its March 2020 CON should Baltimore Detox Center or an affiliated entity seek approval from the Commission for a future project.
3. If Baltimore Detox Center seeks to add additional intermediate care beds to its facility, it shall provide the Commission with evidence that it has appropriate staffing levels and bed and bathroom configurations that afford patient privacy and safety.

Appendix

Appendix 1: Revised Project Budget

Appendix 2: July 2022 Project Change Request

Appendix 3: Revocation of First Use Approval

Appendix 4: Changes to Physical Plant

Appendix 5: Floor Plans

Appendix 6: Project Change Request: November 2023

APPENDIX 1

REVISED PROJECT BUDGET

REVISED PROJECT BUDGET – BALTIMORE DETOX CENTER

	CON-approved Costs	Increase/ Decrease (+/-)	FINAL TOTAL COSTS
USE OF FUNDS			
CAPITAL COSTS			
Renovations			
Building	\$155,000	\$668,970	\$823,970
Architect/Engineering Fees	\$30,000	\$0	\$30,000
Permits (Building, Utilities, Etc.)	\$4,500	\$0	\$4,500
SUBTOTAL	\$189,500	\$668,970	\$858,470
Other Capital Costs			
Movable Equipment <i>(Beds, Nurse Station, Furnishings)</i>	\$65,000	\$9,800	\$74,800
Contingency Allowance	\$28,300	(\$2,800)	\$25,500
Gross interest during construction period	\$0	\$0	\$0
Other <i>(Specify/add rows if needed)</i>	\$0	\$0	\$0
SUBTOTAL	\$93,300	\$7,000	\$100,300
TOTAL CURRENT CAPITAL COSTS	\$282,800	\$675,970	\$958,770
Land Purchase	\$0	\$0	
Inflation Allowance <i>(1.5% annually over 9 months)</i>	\$3,182	\$7,604	\$10,786
TOTAL CAPITAL COSTS	\$285,982	\$683,574	\$969,556
Financing Cost and Other Cash Requirements			
<i>Legal Fees</i>	\$35,000	\$0	\$35,000
<i>Other Fees</i>	\$40,000	\$0	\$40,000
SUBTOTAL	\$75,000	\$0	\$75,000
Working Capital/Start up Costs	\$225,000	\$0	\$225,000
TOTAL USES OF FUNDS	\$585,982	\$683,574	\$1,269,556
Sources of Funds			
Cash	\$585,982	\$683,574	\$1,269,556
TOTAL SOURCES OF FUNDS	\$585,982	\$683,574	\$1,269,556

CAPITAL COST OVERAGES (ORIGINAL CAPITAL BUDGET OF \$155,00)

Company	Item	Actual Cost
Fireline	Fire Alarm	\$38,950.00
Noels	Fire Suppression	\$22,000.00
JM Taylor	HVAC	\$20,600.00
Airtrom	HVAC (Original/Departed)	\$75,000.00
Powercom	Electrical	\$163,379.00
Ruben	General Contracting	\$163,900.00
CCCC	Painting	\$60,000.00
Maximum Plumping	Plumbing	\$53,500.00
Custom Concepts	Tile Install	\$19,721.03
Atdeco	Concrete Cutting	\$7,650.00
Restaurant Store	Kitchen Material	\$14,878.14
Mercer	Flooring Material	\$23,115.00
B&K Distribution	Finishes	\$27,500.00
Northwest Refuse	Dumpster	\$6,500.00
Reliance Fire Protection	Inspector	\$1,690.00
Pro General Service	Finishes	\$ 1,600.00
Dorn Electric	Demo Electric	\$2,135.00
Specprint	Copy Drawings	\$90.00
SOS Potty	Bathrooms	\$ 3,000.00
Ferguson	Plumbing Supply	\$14,898.00
Northeastern Supply	Plumbing Supply	\$964.00
Home Depot	Plumbing Supply	\$400.00
Systematic Connection	Camera/Fob System/Cable/Alarm	\$30,000.00
Laundry	Laundry	\$8,000.00
IT Services	Services and Equipment	\$35,000.00

APPENDIX 2

JULY 2022 PROJECT CHANGE REQUEST

EXHIBIT A

IN THE MATTER OF

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BEFORE THE

BALTIMORE DETOX CENTER, LLC

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MARYLAND HEALTH
CARE COMMISSION

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Docket No. 18-03-2419

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REQUEST FOR PROJECT CHANGE AFTER CERTIFICATION

Baltimore Detox Center, LLC (“BDC”) by their undersigned counsel, asks the Maryland Health Care Commission (the “Commission”) to approve a change to the above-referenced project.

On March 19, 2020, the Commission issued a certificate of need (“CON”) for this project. This CON authorized BDC to establish a new Track One Intermediate Care Facility (“ICF”) in Woodlawn, Baltimore County. The proposed program will operate 24 adult detoxification beds at Level 3.7-WM, Medically Monitored Intensive Inpatient Withdrawal Management (“Detoxification”) program at 1825 Woodlawn Drive, at a cost of \$585,982.00, with cash as the source of funds.

The design of the project has not changed. The source of funds has not changed and remains cash. Substantial progress has been made in implementing the project. This includes approximately 95% completion, scheduled inspection by the Office of Health Care Quality and planned submission of the First Use approval request by September 2022, well within applicable performance requirements under the Commission’s regulations.

It was recently identified that contracted construction costs exceeded the approved CON budget. There has not been a change in the design of the project. This increase in contracted cost is the result of significant increases in the costs of materials and labor during the COVID-19 pandemic and multiple issues with contractors, some who were unable to complete the work contracted for and were replaced by new contractors at an additional cost to BDC. Additionally, during the performance of the CON, BDC retained a new Vice President of Operations, Christopher Foster, who identified several quality and safety improvements that should be included in the building, such as enhanced security systems.

The impact of inflation increases experienced during 2020 and 2021 exceeded the inflation index used by the Commission.¹ As a result, the project’s contracted budget now exceeds the CON budget, as adjusted for inflation, using the Commission’s inflation index. This was completely inadvertent and resulted from the focus on completing the project in a timely manner and changes in staffing at BDC. We fully appreciate that this request should have preceded contracting in excess of the budget in the CON. The attached Exhibit A details the cost increases to the building expenses and the movable equipment.

¹ Of note, the Commission has not yet published the inflation index for 2022.

Importantly, the increase capital expenditures will not impact the Global Budget Revenue or the Total Cost of Care. First, the ICF is not a rate regulated entity. Second, the Total Cost of Care is impacted by the total cost to Medicare for enrollees in Maryland. Medicare rates are set by the Centers for Medicare and Medicaid and are not impacted by this increase in capital expenditures.

The budgeted increase is from \$585,982.00 to \$875,000.00. Using the Commission's inflation index \$625,201.78,² the net increase for which the Commission's approval is requested is \$249,798.22. We request that pursuant to COMAR 10.24.01.10A(2) the applicable deadline be extended for making this project change request.

The Commission's regulations at COMAR 10.24.01.17A require notification of any proposed project changes. Certain types of proposed project changes are impermissible, including the following (§.17C):

1. Changes in the fundamental nature of a facility or the services to be provided in the facility from those that were approved by the Commission;
2. Increases in the total licensed bed capacity or medical service categories from those approved;
3. Any change that requires an extension of time to meet the applicable performance requirements specified under Regulation .12 of this chapter, except as permitted under Regulation .12E of this chapter.

The proposed change identified in this filing do not alter the fundamental nature of the project; will not result in an increase in the total licensed bed capacity as previously approved; and will not require any extension of time beyond what is permitted under Regulation .12E or as otherwise would be applicable pursuant to the Commission's July 30, 2021 Guidance to meet applicable performance requirements.

Though all project changes require notification to the Commission, only the following types of changes to a project require formal Commission approval (§.17B):

1. Before making a significant change in physical plant design;
2. Before incurring capital cost increases that exceed the approved capital cost inflated by an amount determined by applying the Building Cost Index published in Health Care Cost Review from the application submission date to the date of the filing of a request for approval of a project change;

² As previously noted, the 2022 index has not been published. BDC calculated this number assuming the same inflation index for 2022 as 2021.

3. When total projected operating expenses or revenue increases exceed the projected expenses or revenues in the approved Certificate of Need Application, inflated by 10 percent per year;
4. Before changing the financial mechanisms of the project;
5. Before changing the location or address of the project.

Of these changes, only §.17B(2) is applicable because the contracted capital costs of the project increased as itemized in Exhibit A. These project changes did not affect the design of the project, therefore §.17B(1) is not applicable. Since operating revenues and expenses will not increase above those projected in the approved CON inflated by 10 percent per year, §.17B(3) is not applicable. §17B(4) is not applicable because the financing mechanisms for the project identified in the CON application did not change – this project is being paid for in cash. The location or address of the project is not change, hence §.17B(5) is not applicable.

CONCLUSION

For these reasons, BDC respectfully request that the Commission approve the change in capital budget described above. Thank you for your consideration.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify on this 27th day of July, 2022 a copy of the Request for Project Change After Certification was mailed via email and first class mail to:

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

Mr. Paul Parker
Director, Health Care Facilities Plan. & Dev.
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Baltimore County Department of Health
6401 York Rd
Baltimore, MD, 21212



Darci Smith, Associate

Exhibit A

Amendment to Table B. Project Budget

A.1.b.(1) - Building

The original budget in BDC's CON application was \$155,000. Below you will find the overages and explanation of the expenses.

Company	Item	Actual Contractual Cost
Fireline	Fire Alarm	\$ 38,950.00
Noels	Fire Suppression	\$ 22,000.00
JM Taylor	HVAC	\$ 20,600.00
Airtrom	HVAC (Original/Departed)	\$ 75,000.00
Powercom	Electrical	\$ 163,379.00
Ruben	General Contracting	\$ 163,900.00
CCCC	Painting	\$ 60,000.00
Maximum Plumbing	Plumbing	\$ 53,500.00
Custom Concepts	Tile Install	\$ 19,721.03
Atdeco	Concrete Cutting	\$ 7,650.00
Restaurant Store	Kitchen Material	\$ 14,878.14
Mercer	Flooring Material	\$ 23,115.00
B&K Distribution	Finishes	\$ 27,500.00
Northwest Refuse	Dumpster	\$ 6,500.00
Reliance Fire Protection	Inspector	\$ 1,690.00
Pro General Service	Finishes	\$ 1,600.00
Dorn Electric	Demo Electric	\$ 2,135.00
Specprint	Copy Drawings	\$ 90.00
SOS Potty	Bathrooms	\$ 3,000.00
Ferguson	Plumbing Supply	\$ 14,898.00
Northeastern Supply	Plumbing Supply	\$ 964.00
Home Depot	Plumbing Supply	\$ 400.00
Systematic Connection	Camera/Fob System/Cable/Alarm	\$ 30,000.00
Laundry	Laundry	\$ 8,000.00
IT Services	Services and Equipment	\$ 35,000.00

Fireline

- Per NFPA, the building required a full fire alarm system.

Noels

Exhibit A

- Per NFPA, the building was required to modify the fire suppression system to meet code based on the building modifications.

Airtron

- This company started the work but did not finish. BDC had massive complications with the contractor. Due to their departure and unfinished work, it cost BDC more to have a new company come to complete.

JM Taylor

- This company took over the work that Airtron was unable to complete. All MEP work was impacted by COVID causing workforce and supply inflation. This cost was not completely factored into the original quote.

Powercom

- The entire building had to be rewired, including service lines and panels. This cost was not provided in the original quote.

Ruben

- Ruben provided most of the original quote. They managed the demo, framing, finishes, etc.

CCCC

- Painting of the entire space. This cost was not added to the original quote.

Plumbing and Supply

- All the plumbing labor and supply increased substantially due to COVID and shortages.

B&K Distribution

- BDC added additional finishes to the bathroom and throughout the facility for infection control and privacy.

Systematic Connection

- BDC decided to add cameras and a fob system for the safety and security of the patients.

Laundry

- BDC did not anticipate the cost of laundry being as high due to inflation and shortages.

IT Services

- BDC didn't add IT services to the original quote. Now with the cost of inflation, BDC are looking at 100-150% higher costs.

A.1.c.(1) Movable Equipment

BDC estimates that an additional \$100,000 over the approved \$93,300 (including \$28,300 in contingency allowance) will be required to complete the project in order to account for inflation and shortages. It has been extremely difficult to obtain local furniture.

APPENDIX 3

REVOCACTION OF FIRST USE APPROVAL

MARYLAND HEALTH CARE COMMISSION

Revocation of First Use Approval

TO: Baruch Rabham, Chief Investment Officer
Casey Bright, Chief Executive Officer
Amatus Health, LLC
1825 Woodlawn Drive
Baltimore, MD 21207

October 20, 2023
(Date)

RE: Baltimore Detox Center
Establish 24 bed Level 3.7-WM
Medically Monitored Intensive Inpatient
Withdrawal Management (Detoxification)
Program in Woodlawn, Maryland

18-03-2419
(Docket No.)

PROJECT DESCRIPTION

On March 19, 2020, Baltimore Detox Center (BDC) was awarded a Certificate of Need (CON) to establish a new Track One Intermediate Care Facility (“ICF”) with 24 adult detoxification Level 3.7 WM beds at 1825 Woodlawn Drive, Baltimore County. BDC requested First Use approval in March 2023, which was issued on May 19, 2023. In July 2023, BDC provided notice to the Maryland Health Care Commission (MHCC or Commission) of its intent to add 21 Level 3.7 Beds. Receipt of the notice to add beds prompted a review of the floor plan approved in the CON, and Commission staff discovered that the project had been substantially modified without the knowledge or approval of the Commission.

BACKGROUND

Certificate of Need Application

BDC submitted a Certificate of Need application in March 2018. The proposed project sought to establish 24 Level 3.7 beds in 12 semi-private rooms. The original floor plan depicted a two-story building, with 12 bedrooms on the second floor and general communal space and offices on the first floor. The floor plan showed three showers and four toilets upstairs, with two additional toilets on the first floor. One side of the building was designated as “tenant suites” which were occupied by other tenants in the building. The space proposed to be occupied by BDC was 5,944 sq feet. BDC asserted the building only needed minor renovations to become operational and the renovation work could be completed within a few months. The original approved cost for the project was \$585,982.

Commission staff scheduled a project status conference with BDC on February 21, 2020. An area of concern was BDC’s inconsistent statements regarding the proposed bed complement. In some submissions, BDC indicated that all beds would be Level 3.7 beds while other submissions

indicated a mix of Level 3.7 and residential Level 3.5 beds.¹ Following the project status conference, BDC, through its counsel at Gordon Feinblatt, clarified that:

“The Center will be operated as a 24-bed licensed inpatient detox center... Previously designed ‘residential beds’ or ‘flex’ beds are no longer being proposed for the Center. All of the Center’s 24 beds will be utilized by patients who require ASAM level 3.7 WM services exclusively.” (Attachment 9, Page 3).

BDC further indicated that the 24 beds would be located in 12 semi-private rooms. BDC again described the renovations as “minor” and stated that it “anticipates the renovation work can be completed by the end of this calendar year.” (Page 4), The Commission treated this letter as a second modification of BDC’s CON application.

The Commission approved the CON in March 2020 for BDC to establish an ICF consisting of 24 Level 3.7 WM beds in 12 semi-private rooms for an estimated budget of \$585,982.

Post Project Change Request

On July 27, 2022, BDC, through counsel at Gordon Feinblatt, submitted a project change request stating “it was recently identified that contracted construction costs exceeded the approved CON budget.” (Attachment 17). The project cost increased to approximately \$875,000, a 206% increase over the approved budget. After Commission staff requested more detail on the increased costs, BDC further adjusted the total capital costs to \$969,556. Additionally, BDC had already obligated the funds, without Commission knowledge or approval.

The original estimated cost for building renovations was \$155,000. The revised total cost for building renovations was \$823,970. (Attachment 19). BDC stated that the increase in costs were:

“Due to COVID-19, increased costs in supplies and labor, changes in contractors, and a rise in inflation costs estimated in our CON application have increased. Additionally, the organization has restructured the leadership department.”

Further, BDC asserted the increase in costs, “was completely inadvertent and resulted from the focus on completing the project in a timely manner and changes in staffing at BDC.” (Attachment 17). BDC affirmatively stated that “the project change did not affect the design of the project.” While BDC’s project change request was pending, BDC submitted a quarterly progress report on September 6, 2022 (Attachment 19). The report included updated project costs at Table 3 indicating that the project included 5,944 SF of renovation.

The Commission’s regulations at COMAR 10.24.01.17B require notification and approval before making certain changes that would place the project at variance with its issued CON. Under COMAR 10.24.01.17B (1)- (2), one must seek Commission approval before:

- (1) Making significant changes in physical plant design, or

¹ Only Level 3.7 beds and above are subject to CON review. See COMAR 10.24.14.08(13).

(2) Incurring capital cost increases that exceed the approved capital cost inflated by an amount determined by applying the Building Cost Index published in the Health Care Cost Review from the application submission date to the date of the filing of a request for approval of a project change.

BDC asserted that the only project change applicable was .17B(2) due to increased costs over the permissible threshold. BDC failed to submit a request in accordance with COMAR 10.24.01.17, because it had already incurred the costs and spent the funds before seeking approval. Commission staff dismissed the Project Change Request as untimely. At that time, Staff determined that BDC's failure to seek a timely project change in accordance with the regulations would be considered during the review of BDC's request for first use approval.

Request for First Use Approval: March 2023

On March 21, 2023, BDC submitted a Request for First Use Approval (Attachment 23). BDC outlined each performance requirement and condition. The request included nine attachments including contracts, proof of licensure, and other various agreements. Of note, Attachment C includes an architect contract dated June 2, 2020, three months after the issuance of the CON. The project scope included 8,500 SF of renovation space, which is at variance with, and significantly more, than the 5,900 SF proposed in the CON application. This suggests that BDC made plans to significantly expand the scope of its project before the initiation of construction, and only months after CON approval.

Notwithstanding the failure to submit a timely Project Change request, I deemed BDC's compliance with the four conditions in the March 19, 2020 CON sufficient to grant first use approval. I noted that BDC's failure to seek a timely Project Change in accordance with the regulations would be considered during the review of any future CON submission. Unaware that BDC had made changes to the facility design, first use was approved on May 19, 2023.

Notice to add 21 Level 3.7 Beds: July 2023

On July 25, 2023, Counsel for BCD from Gordon Feinblatt informed MHCC that BDC planned to convert 21 of its residential Level 3.5 beds to Level 3.7/3.7WM beds. This is the first-time staff became aware that residential beds had been added to the facility. Staff were concerned that the original floor plan only accommodated 12 semi-private rooms for 24 beds and could not accommodate 45 beds total. In addition, staff questioned the sufficiency of the bathrooms and were concerned that 45 Level 3.7 patients would be expected to share 3 showers and 4 upstairs toilets.

Staff consulted with the Behavioral Health Administration who confirmed that BDC requested licensing for 21 residential Level 3.5 beds in December 2022 at the same time it requested licensing of the 24 CON approved Level 3.7 WM beds. Accordingly, staff requested that BDC provide an updated floor plan.

BCD submitted a facility floor plan which showed significant changes in the plant design from what the Commission had approved. (Attachment 25). The new floor plan showed

renovations for the entire building, not just the suite BDC initially intended to occupy. The floor plan indicated that the facility now contained 15 rooms. Unlike the initial project which included only semi-private rooms, the new floor plan included multiple triples and quads and one room that contains 5 beds. In addition, the new floor plan included 3 additional showers and 2 additional upstairs toilets. Based on these significant changes, and concerns about the validity of BDC's submissions, MHCC staff and counsel conducted a site visit to investigate the facility. Staff observed that the updated floor plan matched the new facility design.

On September 28, 2023, MHCC counsel and staff met with BDC leadership and counsel to discuss MHCC's concerns. In attendance from BDC was Casey Bright, CEO of Amatus Health, LLC², Baruch Rabham, owner of BDC and President of Amatus Health, and Darci Smith, counsel from Gordon Feinblatt. BDC stated that changes in management and poor communication through the transition contributed to its failure to notify the Commission of the changes. Mr. Bright stated that he joined as CEO of Amatus Health only three months prior. Although Mr. Rabham has always been an owner of BDC, he indicated that he only recently became involved in the oversight of this facility.

ANALYSIS AND CONCLUSION

COMAR 10.24.01.17 requires a person holding a CON to seek approval from the Commission prior to making a significant change in physical plant design or before incurring capital cost increases that exceed allowable inflation. The regulatory requirements related to budgetary and design project changes are specifically outlined in the CON, as well as the quarterly progress reports that are issued by the Commission upon approval. BDC failed to seek approval from the Commission prior to making any of these changes.

While BDC informed the Commission prior to requesting first use approval that it had already incurred substantial increases in its capital costs, BDC denied that those increases were related to changes in the design of the facility. Staff reviewed each filing to confirm that the substantial changes in project design were not communicated to MHCC at any point during the pre and post project approval. BCD submitted the following documents after CON approval that affirmatively stated that it had not made any changes to the facility design:

- Quarterly progress reports:
 - September 2020: "We currently have not had any plant design changes relative to the submitted plans on the CON."
 - December 2020: "We currently have not had any plant design changes relative to the submitted plans on the CON."
 - July 2021: "We currently have not had any plant design changes relative to the submitted plans on the CON." "We have no new services planned that would affect the revenues or expenses of the project."
 - March 2022: "We currently have not had any plant design changes relative to the submitted plans on the CON." "We have no new services planned that would affect the revenues or expenses of the project."

² Amatus Health, LLC shares common ownership with BDC and provides business management and operational services to BDC.

- June 2022: "We currently have not had any plant design changes relative to the submitted plans on the CON." "We have no new services planned that would affect the revenues or expenses of the project."
- September 2022: "We currently have not had any plant design changes relative to the submitted plans on the CON." "We have no new services planned that would affect the revenues or expenses of the project. We do not have new services, but the depreciation changed from \$50,000 over 60 months, which was submitted in the original application, to \$102,700 over 120 months, based on the increase in cost for renovations and movable equipment."
- December 2022: "BDC has not changed the plant design relative to the submitted plans on the CON."
- March 2023: "BDC has not changed the physical plant design relative to the submitted plans on the CON."
- Project Change Request: July 2022: "The design of the project has not changed." "These project changes did not affect the design of the project, therefore §.17B(1) is not applicable."

Almost all of these documents were affirmed under the penalties of perjury by Yitzchok (Mark) Gold as president and partial owner of BDC and Amatus Health, LLC, the same leadership involved in the filing of BDC's CON application. While Baruch Rabham may have only recently become involved in BDC's oversight, he has been an owner of BDC since its inception. In addition, BDC has been represented by the law firm Gordon Feinblatt since at least 2019, prior to the issuance of BDC's CON. Based on the overwhelming documentation and numerous opportunities to disclose the design changes, I find BDC's justifications for its failure to properly notify the Commission of the changes in its project unsatisfactory.

Pursuant to COMAR 10.24.01.18, a CON holder is required to request final review of its project prior to first use of any portion of the facility. If I find a project does not conform to its CON, the project may not proceed to licensure or first use until I issue a written finding that the project conforms with its CON. If I find that a project varies significantly from the project that was granted a CON, I can invoke the full CON review process to reexamine the project.

ORDER

I have determined that the project implemented by BDC deviates substantially from the project approved in its CON. BDC repeatedly failed to provide accurate information throughout the project's implementation and upon completion regarding substantial changes to the facility's plant design. I granted first use approval based on the false information that the only change in the project was due to the change in capital expenditure. Because the project does not conform with its CON, I am revoking First Use Approval and invoking the full CON review process to reexamine this project in accordance with COMAR 10.24.01.18.

The effective date of this Order is stayed until November 17, 2023. BDC may submit a project change request in accordance with COMAR 10.24.01.17 by November 3, 2023 to be considered at the November 16, 2023 Commission meeting. Any project change request should

address in detail all changes in the project that put it at variance with the CON that was issued. Should the Commission approve the project change request at the November 16, 2023 meeting, BDC may submit a new request for first use approval, which will be considered prior to the effective date of this Order.

MARYLAND HEALTH CARE COMMISSION



Ben Steffen
Executive Director

cc: Alyssa Lord, Deputy Secretary, Behavioral Health Administration, MDH
Spencer Gear, Deputy Director for Managed Care and Quality Improvement, BHA
Gregory Wm. Branch, M.D., Health Officer, Baltimore County

Attachments

1. BDC CON application (3/23/18)
2. Original floor plan
3. 1st MHCC Completeness Questions (6/26/18)
4. 1st BDC Completeness Responses (7/25/18)
5. 2nd MHCC Completeness Questions (9/29/18)
6. 2nd BDC Completeness Responses (10/9/18)
7. 1st BDC Modification to CON application (1/9/19)
8. Project Status Conference Summary (2/21/20)
9. 2nd BDC Modification to CON application (3/2/20)
10. Recommended Decision (3/19/20)
11. CON (3/19/20)
12. QPR (9/17/20)
13. QPR (12/18/20)
14. QPR (7/22/21)
15. QPR (3/02/22)
16. QPR (6/2/22)
17. Project Change Request (7/27/22)
18. Project Change Response to Questions (9/2/22)
19. QPR (9/6/22)
20. Project Change After Certificate of Need Approval (10/25/22)
21. QPR (12/2/22)
22. QPR (3/3/23)
23. First Use Request (2/21/23)
24. First Use Approval (5/19/23)
25. Updated floor plan

APPENDIX 4

CHANGES TO PHYSICAL PLANT

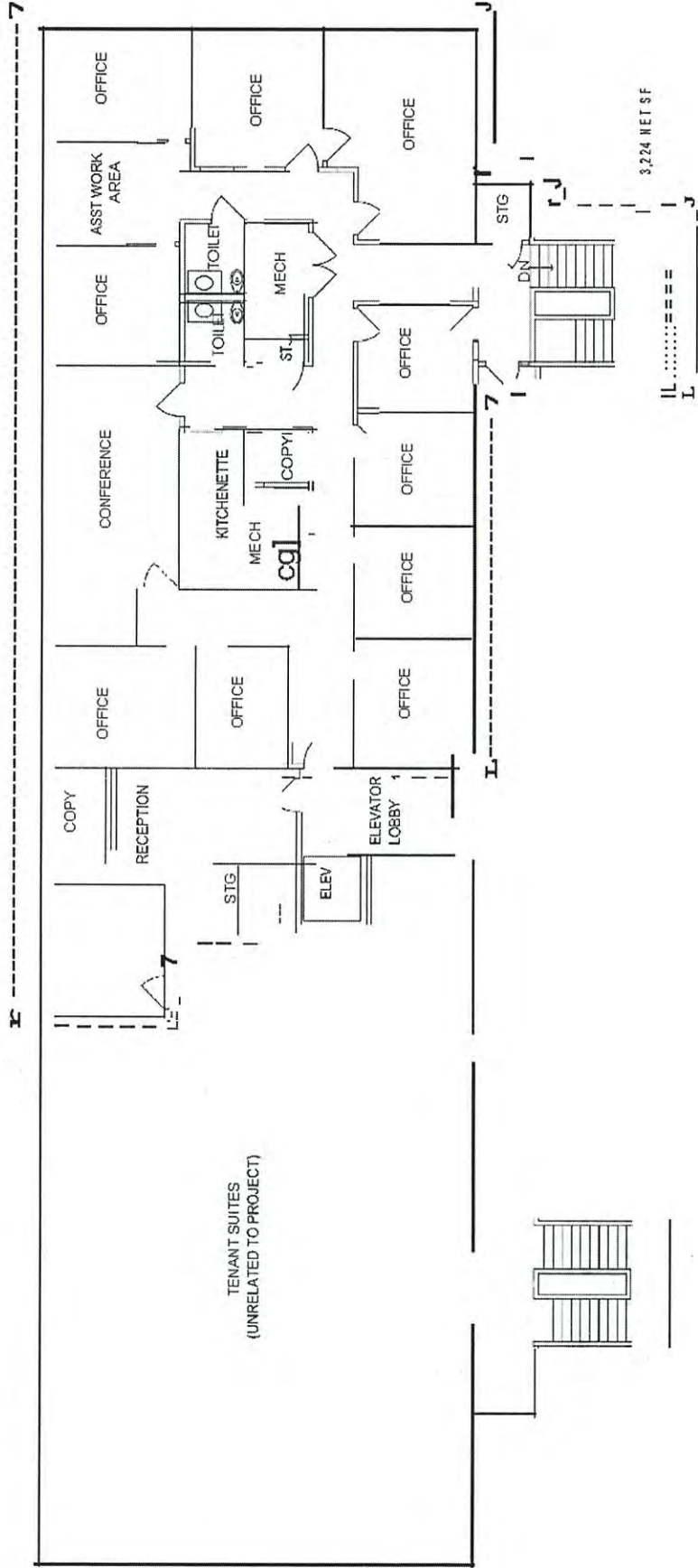
Chart of Project Changes

Modified CON Application- March 2020	Current State- November 2023
Facility Size	
5,944 Sq. Feet	10,548 Sq. Feet
Second Floor	
24 Level III.7 Beds	24 Level III.7 Beds 20 Level III.5 Beds
12 Semi-Private Rooms	13 Bedrooms total (39 beds total) 6 Semi-Private Rooms 2 Three-Bed Rooms 4 Four-Bed Rooms 1 Five-Bed Room
Three Showers	Six Showers
Four toilets	Six toilets One urinal
Nursing station	Nursing station moved and enlarged.
Zero staff offices	Two staff offices
First Floor	
Two toilets	Three toilets
No Kitchen	Prep Kitchen
Three offices	Four offices
Small dining area	Dining area moved and enlarged
Game Room	Game Room removed

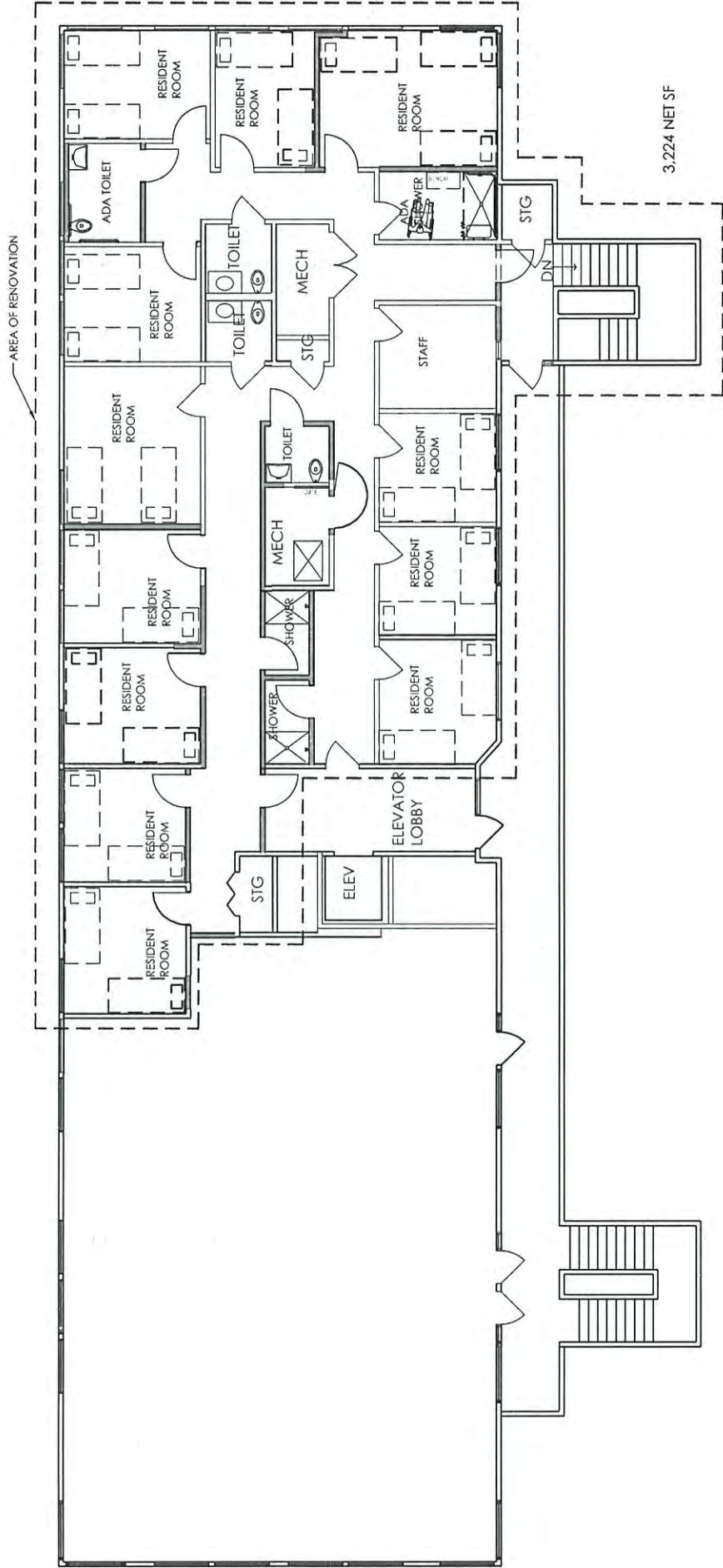
APPENDIX 5

FLOOR PLANS

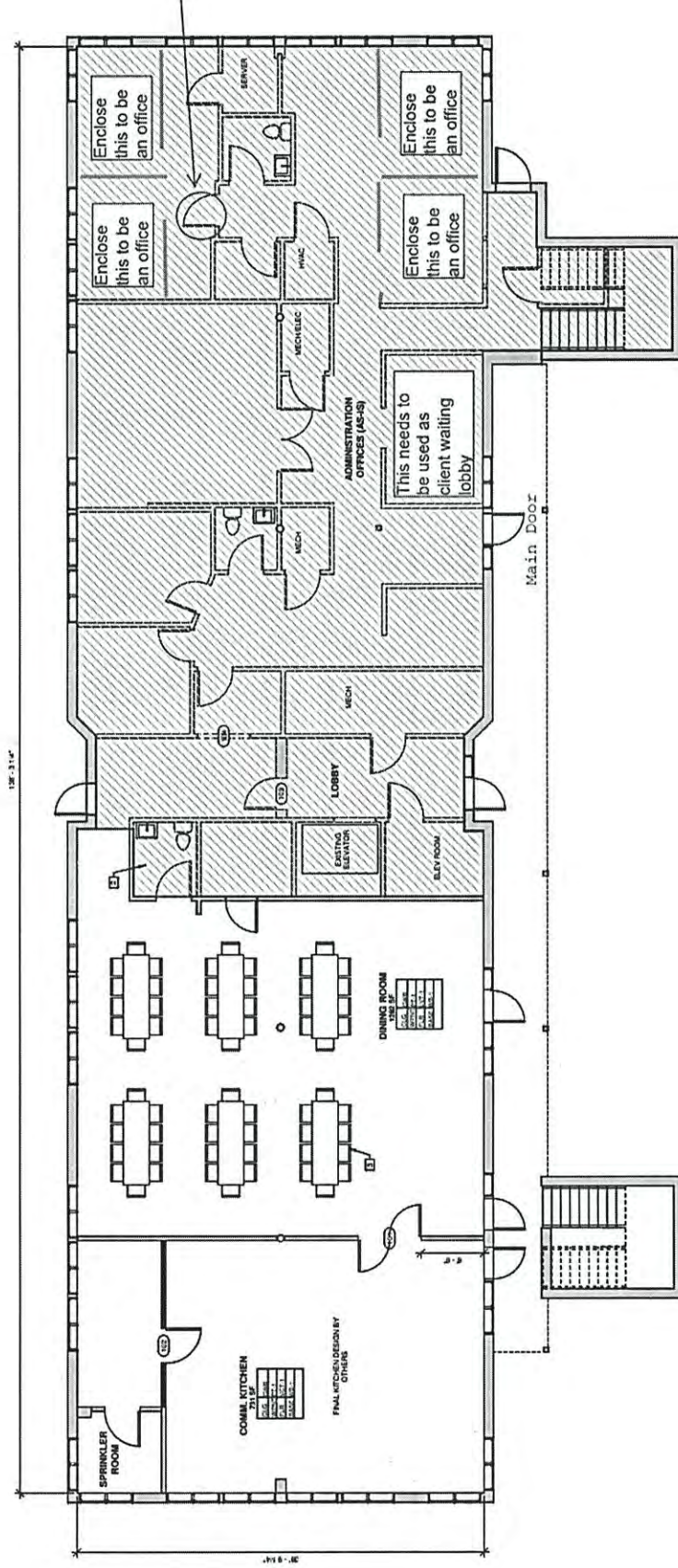
Original First Floor



Original Second Floor



First Floor After Change



APPENDIX 6

PROJECT CHANGE REQUEST: NOVEMBER 2023

**REQUEST FOR PROJECT CHANGE
AFTER CERTIFICATION**

GORDON • FEINBLATT^{LLC}
ATTORNEYS AT LAW

DARCI SMITH
PHONE/FAX 410.576.4153
dsmith@gflaw.com

1001 FLEET STREET
SUITE 700
BALTIMORE, MD 21202-4346
410.576.4000
www.gflaw.com

November 3, 2023

Wynee E. Hawk, Esquire
Chief - Certificate of Need Division
Center for Health Care Facilities Planning &
Development
Maryland Health Care Commission
4160 Patterson Ave.
Baltimore, MD 21215

Re: **Baltimore Detox Center, LLC (BDC)**
CON Docket No. 18-03-2419
Project Change After Certification and Revocation of
First Use Approval

Dear Ms. Hawk:

Attached is a Project Change request pertaining to the above-referenced certificate of need relating to the construction of a new Track One Intermediate Care Facility (ICF) in Woodlawn, Baltimore County. We are submitting this request following the receipt of an order from the Commission, dated October 20, 2023, revoking Baltimore Detox Center's ("BDC") First Use Approval for reason that "the project had been substantially modified without the knowledge or approval of the Commission" ("Order"). The Order stays the revocation of First Use Approval and provides BDC the opportunity to file a Project Change request addressing the modifications to the project.

Additionally, the attached Project Change request includes a notice to the Commission pursuant to Maryland Health General, Code Ann. § 19-120(h)(2)(v) of BDC's intent to increase the number of adult detoxification beds at its Level 3.7-W, Medically Monitored Intensive Inpatient Withdrawal Management (Detoxification) program at 1825 Woodlawn Drive, should the Commission approve its Project Change Request and revoke the Order.

BDC would like to express its sincere appreciation for the opportunity to file this Project Change request for consideration by the Commission at its November 2023 meeting. BDC acknowledges the regretful fact that changes were made to the project without prior notification to the Commission, but maintains that this was inadvertent and an oversight of those at BDC who have since been removed from their positions. BDC intends for this filing to address the Commission's questions and concerns about the changes to the project and looks forward to

cooperating with and answering any additional questions that the Commission may have when reviewing this Project Change request.

BDC has been busy serving the Baltimore County community since opening its doors on May 21, 2023, providing a much needed substance use disorder withdrawal management service in the area. BDC hopes to continue serving this community following the Commission's review of its Project Change request.

Yours truly,



Darci Smith

Enclosures

cc: Mr. Ben Steffen, Executive Director
Ms. Ruby Potter
Mr. Spencer Gear, Behavioral Health Administration, Deputy Director, Managed Care & Quality Improvement
Mr. Gregory Wm. Branch, M.D., Health Officer, Baltimore County

IN THE MATTER OF

*

BEFORE THE

BALTIMORE DETOX CENTER, LLC

*

MARYLAND HEALTH
CARE COMMISSION

*

Docket No. 18-03-2419

* * * * *

REQUEST FOR PROJECT CHANGE AFTER CERTIFICATION

Baltimore Detox Center, LLC (“BDC”) by their undersigned counsel, asks the Maryland Health Care Commission (the “Commission”) to approve a change to the above-referenced project.

I. Summary

On March 19, 2020, the Commission issued a certificate of need (“CON”) for this project. This CON authorized BDC to establish a new Track One Intermediate Care Facility (“ICF”) in Woodlawn, Baltimore County. The proposed program would operate 24 adult detoxification beds at Level III.7-WM, Medically Monitored Intensive Inpatient Withdrawal Management (“Detoxification”) program at 1825 Woodlawn Drive, at a cost of \$585,982.00, with cash as the source of funds.

On July 27, 2022, BDC submitted a Project Change request identifying an increase in construction costs that exceeded the approved CON budget (“July 2022 Project Change”). *See* Exhibit A. In that request, BDC maintained that the design of the project had not changed. The Commission declined to approve the July 2022 Project Change.

On March 21, 2023, BDC submitted a request for First Use Approval, which was granted by the Commission on May 19, 2023. BDC began providing Level III.7 detox services to the community on May 21, 2023.

Since opening its doors, BDC’s Level III.7 detox beds have been consistently full. Comparatively, BDC’s Level III.5 residential beds have not been as in demand because of the other Level III.5 providers available in the area. Based on need that BDC is seeing in the community, BDC is confident in its ability to fill an additional 21 detox beds. On July 25, 2023, BDC notified the Commission that it was increasing its Level III.7-W, Medically Monitored Intensive Inpatient Withdrawal Management (Detoxification) beds from the 24 approved through the CON to 44 total Level III.7 beds. The notice informed the Commission that BDC would be converting beds from its Level III.5 Residential program operated at the same location. This notice sparked additional inquiry from the Commission including requesting a copy of BDC’s floor plan which revealed significant changes from the floor plan submitted with BDC’s CON application in March 2018.

As a result of this discovery, MHCC staff and counsel conducted a site visit to view the facility in person. On September 28, 2023, MHCC staff and counsel met with BDC leadership and counsel to discuss MHCC's concerns.

On October 20, 2023, BDC received an order from MHCC revoking its First Use Approval for the reason that "the project had been substantially modified without the knowledge or approval of the Commission" ("Order"). The Order stays the revocation of First Use Approval and provides BDC the opportunity to file this Project Change request addressing the modifications to the project.

Following receipt of the Order, BDC conducted a review of emails sent and received by staff that were managing the CON project but are no longer with the company to attempt to determine when and why changes were made to the floor plans for the project after submission to MHCC with the CON application. BDC was unable to determine this information despite its efforts. There is some indication that residential level beds were being considered by BDC in 2020 as part of the 24 total beds in its plans, but in March 2020 the BDC stated that it was no longer proposing residential beds as part of the CON project. *See* March 2, 2020 Letter for Gordon Feinblatt to MHCC- Response to Project Status Conference.

II. Project Changes Since CON Approved in March 2020

The BDC's CON Application, submitted in March 2018, requested approval for 24 Level III.7 beds, in 12 semi-private rooms on the second floor of the building. The application included floor plans showing a 5,944 sq ft two story suite, with three showers and four toilets upstairs, and two toilets on the first floor. *See* Exhibit B. The original plans did not include a kitchen and had one fewer staff office. An updated floor plan was submitted to MHCC on July 25, 2018, as Attachment 17 with no significant changes other than to clarify the number of beds BDC was applying for approval. *See* Exhibit C.

Currently, the BDC uses the entire building (10,548 sq ft) to provide Level III.5 Residential Treatment in 20 beds and Level III.7 detox in 24 beds. There are 13 bedrooms total, six (6) of which have two beds each, two (2) of which have three beds each, four (4) of which have 4 beds each, and one (1) of which has five beds. *See* Exhibit D. This accounts for a total of 39 physical beds that are used for residential or detox treatment as needed.

There are now three additional showers and two additional toilets and a urinal on the Second Floor to account for the additional beds. The nursing station was relocated and enlarged from the initial floor plan. Additionally, two staff offices were added to the Second Floor.

Downstairs on the First Floor an additional toilet and staff office were added as well as a kitchen to receive outside catering. The dining room in the original plans was relocated and enlarged and the separate game room was subsumed into the dining area. All changes from the original floor plan until now are documented in the attached Exhibit E chart.

As a result of these changes to the floor plan and the changes and challenges identified in the prior Project Change request submitted to MHCC on July 27, 2022, the budget for the building

renovations increased from the approved \$155,000 to \$823,970 with a final total cost of \$969,556 for the project.

Importantly, the increase capital expenditures, change to the floor plan, and addition of Level III.5 beds did not impact the Global Budget Revenue or the Total Cost of Care. First, the ICF is not a rate regulated entity. Second, the Total Cost of Care is impacted by the total cost to Medicare for enrollees in Maryland. Medicare rates are set by the Centers for Medicare and Medicaid and are not impacted by this increase in capital expenditures.

The Commission's regulations at COMAR 10.24.01.17A require notification of any proposed project changes. Certain types of proposed project changes are impermissible, including the following (§.17C):

1. Changes in the fundamental nature of a facility or the services to be provided in the facility from those that were approved by the Commission;
2. Increases in the total licensed bed capacity or medical service categories from those approved;
3. Any change that requires an extension of time to meet the applicable performance requirements specified under Regulation .12 of this chapter, except as permitted under Regulation .12E of this chapter.

The changes identified in this filing do not alter the fundamental nature of the project; did not result in an increase in the total licensed bed capacity as previously approved for types of beds that are subject to CON review (Level III.7); and did not require any extension of time beyond what is permitted under Regulation .12E or as otherwise would be applicable pursuant to the Commission's July 30, 2021 Guidance to meet applicable performance requirements.

Though all project changes require notification to the Commission, only the following types of changes to a project require formal Commission approval (§.17B):

1. Before making a significant change in physical plant design;
2. Before incurring capital cost increases that exceed the approved capital cost inflated by an amount determined by applying the Building Cost Index published in Health Care Cost Review from the application submission date to the date of the filing of a request for approval of a project change; When total projected operating expenses or revenue increases exceed the projected expenses or revenues in the approved Certificate of Need Application, inflated by 10 percent per year;
3. Before changing the financial mechanisms of the project;
4. Before changing the location or address of the project.

Of these changes, only §.17B(1) and (2) are applicable because the floor plan changed as detailed in Exhibit E and the contracted capital costs of the project increased as itemized in Exhibit F. Since operating revenues and expenses will not increase above those projected in the

approved CON inflated by 10 percent per year, §.17B(3) is not applicable. §17B(4) is not applicable because the financing mechanisms for the project identified in the CON application did not change – this project was paid for in cash. The location or address of the project is not change, hence §.17B(5) is not applicable.

III. Notice of Increase In Beds

Pursuant to Maryland Health General, Code Ann. § 19-120(h)(2)(v), BDC is required to notify the Commission of BDC's intent to increase the number of adult detoxification beds at its Level III.7-W, Medically Monitored Intensive Inpatient Withdrawal Management (Detoxification) program at 1825 Woodlawn Drive. BDC is currently approved for 24 beds and is planning to increase that number to 44 beds, subject to MHCC's approval of BDC's above noted Project Change request.

If this conversion occurs, BDC will convert one of the offices on the Second Floor of the facility to an additional semi-private room (2 beds) so that BDC is offering a total of 41 detox beds (though they will be licensed for 44 beds). BDC will be able to convert that office once BDC is only providing one level of care (Level III.7) at the BDC facility, as this will reduce the staff space that is needed to run two different levels of care out of one facility.

This bed increase will not require any capital expenditure. BDC is converting beds from its licensed Level III.5 Residential program at its Woodlawn Drive location to become the additional 21 licensed beds for its licensed Level III.7 Detox program at that location.

Based on BDC's experience, the community has sufficient Level III.5 residential beds and would benefit from BDC solely providing detox services. In addition to a residential facility in Hagerstown, a new residential facility, Rutherford, is being built 1.5 miles away from BDC and plans to open in March 2024. The Rutherford facility will have 98 Level III.5 beds.

By converting to full detox, BDC will be able to more efficiently maximize its bed space and better serve the community and other providers who are looking for detox beds for their patients.

IV. CONCLUSION

BDC respectfully request that the Commission approve the changes described above and revoke its Order.

BDC sincerely appreciates the opportunity to file this Project Change request for consideration by the Commission at its November 2023 meeting. BDC acknowledges the regretful fact that changes were made to the project without prior notification to the Commission, but maintains that this was inadvertent and an oversight of those at BDC who have since been removed from their positions. BDC intends for this filing to address the Commissions questions and concerns about the changes to the project and looks forward to cooperating with and answering any additional questions that the Commission may have when reviewing this Project Change request and Notice of Bed Increase.

BDC has been busy serving the Baltimore County community since opening its doors on May 21, 2023, providing a much needed substance use disorder withdrawal management service in the area. BDC hopes to continue serving this community following the Commission's review of its Project Change request and Notice of Bed Increase.

Thank you for your consideration.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Darci Smith", is positioned above a horizontal line.

Darci M. Smith
Gordon Feinblatt
100 Light Street
Baltimore, MD 21202
410-576-4153
Dsmith@gflaw.com

CERTIFICATE OF SERVICE

I hereby certify on this 3rd day of November, 2023 a copy of the Request for Project Change After Certification was mailed via email and first class mail to:

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

Ms. Wynee E. Hawk, Esquire
Chief - Certificate of Need Division
Center for Health Care Facilities Planning &
Development
Maryland Health Care Commission
4160 Patterson Ave.
Baltimore, MD 21215

Ms. Ruby Potter
Maryland Health Care Commission
Health Facilities Coordination Office
4160 Patterson Avenue
Baltimore, MD 21215

Mr. Spencer Gear
Behavioral Health Administration
Maryland Department of Health
3333 N. Calvert St
Baltimore, MD 21218

Mr. Gregory Wm. Branch
Baltimore County Department of Health
6401 York Rd
Baltimore, MD, 21212



Darci Smith

TABLE B. PROJECT BUDGET

INSTRUCTION: Estimates for Capital Costs (1.a-e), Financing Costs and Other Cash Requirements (2.a-g), and Working Capital Startup Costs (3) must reflect current costs as of the date of application and include all costs for construction and renovation. Explain the basis for construction cost estimates, renovation cost estimates, contingencies, interest during construction period, and inflation in an attachment to the application. If the project involves services other than level III.7 and III.7D explain the allocation of costs between the levels. NOTE: Inflation should only be included in the inflation allowance line A.1.e. The value of donated land for the project should be included on Line A.1.d as a use of funds and on line B.8 as a source of funds

	III.7 and III.7D	RESIDENTIAL	TOTAL
A. USE OF FUNDS			
1. CAPITAL COSTS			
a. New Construction			
(1) Building			\$0
(2) Fixed Equipment			\$0
(3) Site and Infrastructure			\$0
(4) Architect/Engineering Fees			\$0
(5) Permits (Building, Utilities, Etc.)			\$0
SUBTOTAL	\$0	\$0	\$0
b. Renovations			
(1) Building	\$823,970		\$823,970
(2) Fixed Equipment (not included in construction)	\$0		\$0
(3) Architect/Engineering Fees	\$30,000		\$30,000
(4) Permits (Building, Utilities, Etc.)	\$4,500		\$4,500
SUBTOTAL	\$858,470	\$0	\$858,470
c. Other Capital Costs			
(1) Movable Equipment	\$41,140	\$33,660	\$74,800
(2) Contingency Allowance	\$25,500		\$25,500
(3) Gross interest during construction period	\$0		\$0
(4) Other (Specify/add rows if needed)	\$0		\$0
SUBTOTAL	\$66,640	\$33,660	\$100,300
TOTAL CURRENT CAPITAL COSTS	\$925,110	\$33,660	\$958,770
d. Land Purchase	\$0		
e. Inflation Allowance	\$10,786		\$10,786
TOTAL CAPITAL COSTS	\$935,896	\$33,660	\$969,556
2. Financing Cost and Other Cash Requirements			
a. Loan Placement Fees			\$0
b. Bond Discount			\$0
c. CON Application Assistance			\$35,000
c1. Legal Fees	\$35,000		
c2. Other (Specify/add rows if needed)	\$40,000		
d. Non-CON Consulting Fees			\$0
d1. Legal Fees			\$0
d2. Other (Specify/add rows if needed)			\$0
e. Debt Service Reserve Fund			\$0
i. Other (Specify/add rows if needed)			\$0
SUBTOTAL	\$75,000	\$0	\$75,000
3. Working Capital Startup Costs	\$225,000		\$225,000
TOTAL USES OF FUNDS	\$1,235,896	\$33,660	\$1,269,556
B. Sources of Funds			
1. Cash	\$1,235,896	\$33,660	\$1,269,556
2. Philanthropy (to date and expected)			\$0
3. Authorized Bonds			\$0
4. Interest Income from bond proceeds listed in #3			\$0
5. Mortgage			\$0
6. Working Capital Loans			\$0
7. Grants or Appropriations			
a. Federal			\$0
b. State			\$0
c. Local			\$0
8. Other (Specify/add rows if needed)			\$0
TOTAL SOURCES OF FUNDS			\$0
	III.7 and III.7D	RESIDENTIAL	TOTAL
Annual Lease Costs (if applicable)			
1. Land			\$0
2. Building			\$0
3. Major Movable Equipment			\$0
4. Minor Movable Equipment			\$0
5. Other (Specify/add rows if needed)			\$0

* Describe the terms of the lease(s) below, including information on the fair market value of the item(s), and the number of years, annual cost, and the interest rate for the lease.

The BDC facility offers treatment to Level III.5 and Level III.7 patients in the same shared areas and by the same staff. This means that the expenses included in the tables are often not broken out into Level III.5 and Level III.7 because these expenses are at the facility level and staff level, not the patient level. BDC could provide tables where the expenses are broken out by the percentage of licensed beds that are Level III.5 (45%) and Level III.7 (55%), but that is not necessarily accurate as some expenses would be assumed fully by either level of care even if the other level of care was not operating in the facility.

TABLE C. STATISTICAL PROJECTIONS - ENTIRE FACILITY

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are

	Two Most Recent Years (Actual)		Current Year Projected			
			2023 CY	2024 CY	2025 CY	
Indicate CY or FY						
1. DISCHARGES						
a. Residential			95	228	228	
b. III.7 and III.7D			309	1,186	1,186	
c. Other (Specify/add rows of needed)						
TOTAL DISCHARGES	0	0	404	1,238	1,238	0
2. PATIENT DAYS						
a. Residential			2,850	6,840	6,840	
b. III.7 and III.7D			1,545	8,299	8,299	
c. Other (Specify/add rows of needed)						
TOTAL PATIENT DAYS	0	0	4,395	15,139	15,139	0
3. AVERAGE LENGTH OF STAY (patient days divided by discharges)						
a. Residential	#DIV/0!	#DIV/0!	30.0	30.0	30.0	#DIV/0!
b. III.7 and III.7D	#DIV/0!	#DIV/0!	5.0	5.0	5.0	#DIV/0!
c. Other (Specify/add rows of needed)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
TOTAL AVERAGE LENGTH OF STAY	#DIV/0!	#DIV/0!	35.0	35.0	35.0	#DIV/0!
4. NUMBER OF LICENSED BEDS						
f. Residential			20	20	20	
g. III.7 and III.7D			24	24	24	
h. Other (Specify/add rows of needed)						
TOTAL LICENSED BEDS	0	0	#REF!	44	44	0
5. OCCUPANCY PERCENTAGE *IMPORTANT NOTE: Leap year formulas should be changed by applicant to reflect 366						
a. Residential**	#DIV/0!	#DIV/0!	39.0%	93.7%	93.7%	#DIV/0!
b. III.7 and III.7D**	#DIV/0!	#DIV/0!	17.6%	94.7%	94.7%	#DIV/0!
c. Other (Specify/add rows of needed)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
TOTAL OCCUPANCY %	#DIV/0!	#DIV/0!	#REF!	94.3%	94.3%	#DIV/0!
6. OUTPATIENT VISITS						
a. Residential				N/A	N/A	
b. III.7 and III.7D				N/A	N/A	
c. Other (Specify/add rows of needed)						
TOTAL OUTPATIENT VISITS	0	0	0	0	0	0

* Include beds dedicated to gynecology and addictions, if separate for acute psychiatric unit.

**2023 CY are hard numbers based on opening in May 2023, but the calculation is built on a 365 day CY, which is resulting in the low occupancy %. Actual occupancy is averaging 82% since opening.

TABLE C. STATISTICAL PROJECTIONS - ENTIRE FACILITY

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are

Indicate CY or FY	Two Most Recent Years (Actual)		Current Year Projected			
			2023 CY	2024 CY	2025 CY	
1. DISCHARGES						
a. Residential			95	228	228	
b. III.7 and III.7D			309	1,186	1,186	
c. Other (Specify/add rows of needed)						
TOTAL DISCHARGES	0	0	404	1,238	1,238	0
2. PATIENT DAYS						
a. Residential			2,850	6,840	6,840	
b. III.7 and III.7D			1,545	8,299	8,299	
c. Other (Specify/add rows of needed)						
TOTAL PATIENT DAYS	0	0	4,395	15,139	15,139	0
3. AVERAGE LENGTH OF STAY (patient days divided by discharges)						
a. Residential	#DIV/0!	#DIV/0!	30.0	30.0	30.0	#DIV/0!
b. III.7 and III.7D	#DIV/0!	#DIV/0!	5.0	5.0	5.0	#DIV/0!
c. Other (Specify/add rows of needed)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
TOTAL AVERAGE LENGTH OF STAY	#DIV/0!	#DIV/0!	35.0	35.0	35.0	#DIV/0!
4. NUMBER OF LICENSED BEDS						
f. Residential			20	20	20	
g. III.7 and III.7D			24	24	24	
h. Other (Specify/add rows of needed)						
TOTAL LICENSED BEDS	0	0	#REF!	44	44	0
5. OCCUPANCY PERCENTAGE *IMPORTANT NOTE: Leap year formulas should be changed by applicant to reflect 366						
a. Residential**	#DIV/0!	#DIV/0!	39.0%	93.7%	93.7%	#DIV/0!
b. III.7 and III.7D**	#DIV/0!	#DIV/0!	17.6%	94.7%	94.7%	#DIV/0!
c. Other (Specify/add rows of needed)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
TOTAL OCCUPANCY %	#DIV/0!	#DIV/0!	#REF!	94.3%	94.3%	#DIV/0!
6. OUTPATIENT VISITS						
a. Residential				N/A	N/A	
b. III.7 and III.7D				N/A	N/A	
c. Other (Specify/add rows of needed)						
TOTAL OUTPATIENT VISITS	0	0	0	0	0	0

* Include beds dedicated to gynecology and addictions, if separate for acute psychiatric unit.

**2023 CY are hard numbers based on opening in May 2023, but the calculation is built on a 365 day CY, which is resulting in the low occupancy %. Actual occupancy is averaging 82% since opening.

TABLE D. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY

INSTRUCTIONS: Complete this table for the entire facility, including the proposed project. Table D should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table C and with the costs of Manpower listed in Table G. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.

	Two Most Recent Years (Actual)		Current Year Projected		
Indicate CY or FY			2023 CY	2024 CY	2025 CY
1. REVENUE					
a. Inpatient Services			\$1,934,315	\$7,098,522	\$7,098,522
b. Outpatient Services			N/A	N/A	N/A
Gross Patient Service Revenues	\$ -	\$ -	\$ 1,934,315	\$ 7,098,522	\$ 7,098,522
c. Allowance For Bad Debt			\$96,716	\$354,926	\$354,926
d. Contractual Allowance					
e. Charity Care			\$29,015	\$1,064,778	\$1,064,778
Net Patient Services Revenue	\$ -	\$ -	\$ 1,808,584	\$ 5,678,818	\$ 5,678,818
f. Other Operating Revenues (Specify/add rows if needed)			\$429,000	\$540,000	\$540,000
NET OPERATING REVENUE	\$ -	\$ -	\$ 2,237,584	\$ 6,218,818	\$ 6,218,818
2. EXPENSES					
a. Salaries & Wages (including benefits)			\$1,735,235	\$2,485,853	\$2,485,853
b. Contractual Services			\$ 78,000	\$ 117,000	\$ 117,000
c. Interest on Current Debt					
d. Interest on Project Debt					
e. Current Depreciation					
f. Project Depreciation (120 Months)			\$102,700	\$102,700	\$102,700
g. Current Amortization					
h. Project Amortization			\$ 100,000	\$ 100,000	\$ 100,000
i. Supplies					
j. Other Expenses (Specify/add rows if needed)			\$1,700,782	\$1,959,904	\$2,009,533
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ 3,716,717	\$ 4,765,457	\$ 4,815,086
3. INCOME					
a. Income From Operation	\$ -	\$ -	\$ (1,479,133)	\$ 1,453,361	\$ 1,403,732
b. Non-Operating Income					
SUBTOTAL	\$ -	\$ -	\$ (1,479,133)	\$ 1,453,361	\$ 1,388,191
c. Income Taxes					
NET INCOME (LOSS)	\$ -	\$ -	\$ (1,479,133)	\$ 1,453,361	\$ 1,388,191
4. PATIENT MIX					
a. Percent of Total Revenue					
1) Medicare			0.0%	0.0%	0.0%
2) Medicaid			22.0%	22.0%	22.0%
3) Blue Cross			41.4%	41.4%	41.4%
4) Commercial Insurance			20%	20%	20%
5) Self-pay			1.5%	1.5%	1.5%
6) Charity Care			15.0%	15.0%	15.0%
7) Other			0.05%	0.05%	0.05%
TOTAL	0.0%	0.0%	100.0%	100.0%	100.0%
b. Percent of Equivalent Inpatient Days					
1) Medicare			0.0%	0.0%	0.0%
2) Medicaid			22.0%	22.0%	22.0%
3) Blue Cross			41.4%	41.4%	41.4%
4) Commercial Insurance			20%	20%	20%
5) Self-pay			1.5%	1.5%	1.5%
6) Charity Care			15.0%	15.0%	15.0%
7) Other			0.05%	0.05%	0.05%
TOTAL	0.0%	0.0%	100.0%	100.0%	100.0%

ASSUMPTIONS:

- 1. a. Inpatient Services
accounts for contractual allowances, which is why they are not listed separately in 1.d.
- 1. c. Allowance for Bad Debt
Projected at 5% of Inpatient Revenue.
- 1. e. Charity Care
Projected at 15% of Inpatient Revenue.
- 1. f. Other Operating Revenues (Toxicology - Urinalysis)
Projected at \$45,000 per month.
- 2. a. Wages and Salaries
See TABLE G. Workforce
- 2. f. Project Depreciation (60 months)
Project cost of \$277,250 depreciated over 5 years (term of lease) equals \$55,450 per year.

TABLE D. 1. OTHER EXPENSE DETAILS

OTHER EXPENSES	ASSUMPTIONS	Cost	Fixed/ Variable	2021 CY	2022 CY	2023 CY	2024 CY	2025 CY
	Variable Expense Increase %: Same as Occupancy Growth			N/A	50.0%	10.2%	5.9%	5.9%
	Total Days			6125	6793	4395	15139	15139
Food								
Meals	6.50 a meal x 3 / Per Patient	\$19.50	F	\$119,438	\$132,454	\$85,703	\$295,211	\$295,211
Snacks	2k a month	\$2,000.00	V	\$24,000	\$36,000	\$39,672	\$42,013	\$44,491
Referral Development - Luncheons & Open House	2k a month	\$2,000.00	F	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
Total - Food Expenses				\$167,438	\$192,454	\$149,375	\$361,223	\$363,702
Meds								
Medical Supply Detox	3500 per month	\$3,500.00	V	\$42,000	\$63,000	\$69,426	\$73,522	\$77,860
Total - Meds Expenses				\$42,000	\$63,000	\$69,426	\$73,522	\$77,860
Patient Services								
Cable TV - Common Areas / Netflix	1000 per month	\$1,000.00	F	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Activities Contracted	5k per month	\$5,000.00	F	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Patient Ground Transportation (2 Vehicle Expense)	3k per month	\$3,000.00	F	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000
Total - Patient Services Expenses				\$108,000	\$108,000	\$108,000	\$108,000	\$108,000
Building Services								
Real Estate Rent Expense	20,000 per month	\$20,000.00	F	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000
Utilities	3500 per month	\$3,500.00	F	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000
Linens & Laundry	800 PER MONTH materials	\$800.00	V	\$9,600	\$14,400	\$15,869	\$16,805	\$17,797
Security Services (Fire Alarm / Cameras / Secured Entry)	650 per month	\$650.00	F	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800
Common Area Cleaning & Room Cleaning Services	550 per month materials	\$550.00	F	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600
Repairs & Maintenance	materials only maint. Tech	\$2,500.00	V	\$30,000	\$45,000	\$49,590	\$52,516	\$55,614

Total - Building Services Expenses				\$336,000	\$355,800	\$361,859	\$365,721	\$369,811
Marketing								
Advertising - Industry Publications	1250 per month	\$1,250.00	F	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Conference Sponsorship	1650 per month	\$1,650.00	F	\$19,800	\$19,800	\$19,800	\$19,800	\$19,800
Internet / SEO / PPC/ Client Marketing	8,500 per month	\$8,500.00	F	\$102,000	\$102,000	\$102,000	\$102,000	\$102,000
Postage & Mailing	1850 per month	\$1,850.00	V	\$22,200	\$33,300	\$36,697	\$38,862	\$41,155
Marketing & Promotional Materials	5,000 per month	\$5,000.00	V	\$60,000	\$90,000	\$99,180	\$105,032	\$111,228
Travel & Lodging	5000 per month	\$5,000.00	F	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Total - Marketing Expenses				\$279,000	\$320,100	\$332,677	\$340,693	\$349,183
Administrative								
Advertising Employment (Job Boards)		\$600.00	F	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200
Computer Printer & Equipment		\$850.00	F	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200
Backend System / EMR - Retain Inactive Files	Kipu (fee per patient + 500)	\$500.00	V	\$30,063	\$32,125	\$34,875	\$37,625	\$37,625
Telephone / Internet	450 per month	\$450.00	F	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400
Insurance	1,000 per month	\$1,000.00	F	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Unforeseen / Miscellaneous Expenses	1,000 per month	\$1,000.00	F	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Office Supplies		\$2,000.00	F	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
Copiers - Network		\$500.00	F	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Postage & Shipping		\$300.00	F	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
Total - Administrative Expenses				\$110,463	\$112,525	\$115,275	\$118,025	\$118,025
Professional Services								
Billing & Utilizations Review (U/R)	9%		V	\$292,723	\$439,085	\$483,871	\$512,420	\$542,652
Accounting Fees (Audit & Tax)	30,000 a year	\$2,500.00	F	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
IT Support - Contract Services	3600 a year	\$300.00	F	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
Legal Fees	18,000 Year	\$1,500.00	F	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
Professional Dues - Individuals		\$350.00	F	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200
Staff Training & Supervisor	12500 year	\$1,042.00	F	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500

Total - Professional Services Expenses				\$361,023	\$507,385	\$552,171	\$580,720	\$610,952
Licensing								
Licenses & On Site Survey Fees	1,000 per month	\$1,000.00	F	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Total - Licensing Expenses				\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Total - Other Expenses				\$1,415,923	\$1,671,263	\$1,700,782	\$1,959,904	\$2,009,533

TABLE E. STATISTICAL PROJECTIONS - NEW FACILITY OR SERVICE

INSTRUCTION: After consulting with Commission staff, complete this table for the new facility or service (the proposed project). Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable.

	Two Most Recent Years (Actual)		Current Year Projected		
Indicate CY or FY			2023 CY	2024 CY	2025 CY
1. DISCHARGES					
a. Residential					
b. III.7 and III.7D			309	1,186	1,186
c. Other (Specify)					
TOTAL DISCHARGES	0	0	#REF!	1,186	1,186
2. PATIENT DAYS					
a. Residential					
b. III.7 and III.7D			1,545	8,299	8,299
c. Other (Specify)					
TOTAL PATIENT DAYS	0	0	#REF!	8,299	8,299
3. AVERAGE LENGTH OF STAY (patient days divided by discharges)					
a. Residential	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
b. III.7 and III.7D	#DIV/0!	#DIV/0!	5.0	7.0	7.0
c. Other (Specify)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
TOTAL AVERAGE LENGTH OF STAY	#DIV/0!	#DIV/0!	#REF!	7.0	7.0
4. NUMBER OF LICENSED BEDS					
f. Rehabilitation					
g. Level III.7 and III.7D			24	24	24
h. Other (Specify)					
TOTAL LICENSED BEDS	0	0	#REF!	24	24
5. OCCUPANCY PERCENTAGE *IMPORTANT NOTE: Leap year formulas should be changed by					
a. Residential	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
b. III.7 and III.7D	#DIV/0!	#DIV/0!	17.6%	94.7%	94.7%
c. Other (Specify)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
TOTAL OCCUPANCY %	#DIV/0!	#DIV/0!	#REF!	94.7%	94.7%
6. OUTPATIENT VISITS					
a. Residential					
b. III.7 and III.7D					
c. Other (Specify)					
TOTAL OUTPATIENT VISITS	0	0	0	0	0

* Include beds dedicated to gynecology and addictions, if separate for acute psychiatric unit.

2023 CY are hard numbers based on opening in May 2023, but the calculation is built on a 365 day CY, which is resulting in the low occupancy %. Actual occupancy is averaging 82%.

TABLE G. WORKFORCE INFORMATION

INSTRUCTION: List the facility's existing staffing and changes required by this project. Include all major job categories under each heading provided in the table. The number of Full Time Equivalents (FTEs) should be calculated on the basis of 2,080 paid hours per year equals one FTE. In an attachment to the application, explain any factor used in converting paid hours to worked hours. Please ensure that the projections in this table are consistent with expenses provided in unaffiliated projections in Tables F and G.

Job Category	CURRENT ENTIRE FACILITY			PROJECTED CHANGES AS A RESULT OF THE PROPOSED PROJECT THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			OTHER EXPECTED CHANGES IN OPERATIONS THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			PROJECTED ENTIRE FACILITY THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS) *		
	Current Year FTEs	Average Salary per FTE	Current Year Total Cost	Table	Average Salary per FTE	Total Cost (should be consistent with projections in Table D, if submitted)	FTEs	Average Salary per FTE	Total Cost	FTEs	Total Cost (should be consistent with projections in Table D)	
1. Regular Employees												
Administration (List general categories, add rows if needed)												
CEO			\$0	1.0	\$130,000	\$130,000			\$0	1.0	\$130,000	
COO			\$0	1.0	\$95,000	\$95,000			\$0	1.0	\$95,000	
Clinical Director			\$0	1.0	\$82,000	\$82,000			\$0	1.0	\$82,000	
Compliance Officer / QA / HR			\$0	1.0	\$65,000	\$65,000			\$0	1.0	\$65,000	
Director of Admissions			\$0	1.0	\$80,000	\$80,000			\$0	1.0	\$80,000	
Outreach Coordinators			\$0	3.0	\$45,000	\$135,000			\$0	3.0	\$135,000	
Total Administration				8.0		\$587,000			\$0	8.0	\$587,000	
Direct Care Staff (List general categories, add rows if needed)												
Medical Director			\$0	1.0	\$240,000	\$240,000			\$0	1.0	\$240,000	
Director of Nursing RN			\$0	1.0	\$115,000	\$115,000			\$0	1.0	\$115,000	
Nurse RN			\$0	6.0	\$82,500	\$495,000			\$0	6.0	\$495,000	
Clinician			\$0	1.0	\$95,000	\$95,000			\$0	1.0	\$95,000	
Total Direct Care				9.0		\$945,000			\$0	9.0	\$945,000	
Support Staff (List general categories, add rows if needed)												
Admission / Insurance			\$0	1.0	\$55,000	\$55,000			\$0	1.0	\$55,000	
Intake Coordinator			\$0	1.0	\$40,000	\$40,000			\$0	1.0	\$40,000	
Case Manager			\$0	1.0	\$44,000	\$44,000			\$0	1.0	\$44,000	
Maintenance Tech			\$0	1.0	\$55,000	\$55,000			\$0	1.0	\$55,000	
Behavioral Health Tech			\$0	11.0	\$35,000	\$385,000			\$0	11.0	\$385,000	
Total Support			\$0	15.0		\$579,000			\$0	15.0	\$579,000	
REGULAR EMPLOYEES TOTAL			\$0	32.00		\$2,111,000			\$0	32.0	\$2,111,000	
2. Contractual Employees												
Administration (List general categories, add rows if needed)			\$0			\$25,000			\$0	0.0	\$25,000	
Dietician (per diem)			\$0			\$25,000			\$0	0.0	\$25,000	
Total Contractual			\$0			\$25,000			\$0	0.0	\$25,000	

