



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

**Re: Atlantic General Hospital Corporation: Request for Emergency Certificate of Need to Expand Licensed Bed Capacity**

Dear Mr. Steffen:

Pursuant to the Maryland Health Care Commission ("Commission") regulations at COMAR 10.24.01.20, I am writing you to request an Emergency Certificate of Need ("ECON") for Atlantic General Hospital Corporation ("AGH") to expand the licensed bed capacity for medical/surgical/gynecological/addictions (MSGA) services at the existing health care facility (hospital), and to annex additional MSGA licensed bed capacity by converting existing space at an existing adjacent health care facility (rehabilitation facility). This request is prompted by the proactive steps initiated by Governor Hogan, Secretary Neal, the Commission and others with the March 5, 2020 Declaration of State of Emergency and Existence of Catastrophic Health Emergency – COVID-19 by Governor Hogan.

Relative to this COVID-19 emergency, the Maryland Department of Health (MDH) performed an acute care hospital bed capacity surge analysis for each Maryland Hospital for the estimated peak of the emergency. According to the MDH analysis, AGH will require up to 40 additional beds beyond the average daily census to serve the COVID-19 patients at the peak of the surge. The following assumptions were used to calculate the potential total bed capacity needed at AGH:

- A. Average Daily Census (ADC) = 28.6
- B. Adjusted ADC (less elective surgery cases) = 26
- C. Peak COVID-19 Beds = 40

***Projected Occupied Beds at Peak = B + C = 66 Beds***

As a general rule, hospitals are considered as operating at full capacity, when their daily census is at 80% of available beds. This variation allows for the daily turnover of beds since the daily census is calculated at midnight. In other words, this "80% rule" accommodates the transition of discharged patients and admitted patients during the day, and the time to turn over the rooms. Also, observation status patients are not considered

in the ADC. Therefore, to ensure adequate capacity at the peak of the COVID-19 surge, the projected total bed need calculation based upon the above assumptions is:

$$(B + C) / 0.80 = 66 / 0.80 = 82.5 \text{ Beds}$$

### **Current AGH Certificate of Need and Licensed Bed Capacity**

AGH was granted a Certificate of Need (CON) by the Maryland Health Resources Planning Commission (predecessor to the Commission) on July 16, 1991 (Docket No. 88-23-1488). This CON approved 62 hospital beds for the new facility. Currently, AGH is licensed for 40 MSGA acute care beds (Maryland Health Care Commission fiscal year 2020, effective July 1, 2019).

### **Expansion of Licensed Bed Capacity at the Hospital**

AGH requests a temporary immediate increase in acute hospital MSGA bed licensure from 40 to 67, to occupy existing physical bed capacity *at the hospital* and convert non-MSGA bed capacity to MSGA bed capacity in existing space *at the hospital*. The *additional* MSGA acute care licensed beds are comprised of: (20) existing private patient rooms immediately available to place in service; and conversion of the current post-anesthesia care unit (PACU) area to accommodate (7) new MSGA acute care beds. The additional licensed beds will be equipped to serve patients with COVID-19 and other patients who need acute hospital services during this State of Emergency. These facility modifications can occur within a 24 hour period.

The expansion of the existing AGH hospital facility to reach 67 MSGA acute hospital beds as described above can be achieved with no projected capital expenditures (\$0.00). AGH represents that this project's capital costs will be below the Commission's statutory Hospital capital threshold under Health—General Article, Section 19-120(a)(4).

### **Annexation of 16 Additional Beds at Adjacent Facility**

AGH hereby also applies for an ECON for the purpose of establishing a temporary remote location of AGH in an existing, currently closed, semi-private, first floor unit at Berlin Nursing and Rehabilitation Center (BNRC), located adjacent to AGH at 9715 Healthway Drive, Berlin, MD 21811. *Attachment 1* is an executed Letter of Agreement between AGH and BNRC, allowing for AGH to rent and utilize the proposed space for this purpose. This unit at BNRC has the capacity for up to 16 semi-private, MSGA acute hospital beds. If this ECON is approved and the additional beds established, AGH intends to operate the temporary remote location as an inpatient hospital department of AGH for

the duration of the State of Emergency declaration by Governor Hogan for the COVID-19 pandemic.

The temporary beds will be occupied by low-acuity medical surgical patients providing more COVID-19 capacity in the hospital. Since the new temporary beds are planned for an existing health care facility, facility modifications are minimal and the medical surgical beds can be available for occupancy by April 30, 2020 – in advance of the projected COVID-19 surge peak. Upon completion and activation of these proposed hospital beds, AGH's bed capacity will increase to the total bed target of 83 described above.

Beginning May 1, 2020, and extending until the Governor declares an end to the State of Emergency declaration, AGH requests a temporary increase in the number of licensed MGSA acute beds from 67 (if approved above) to 83. Since this expansion is planned for an existing medical facility, AGH represents that the capital costs associated with modifications to the facility will be below the Commission's statutory Hospital capital threshold under Health—General Article, Section 19-120(a)(4).

#### **Estimated Project Cost**

The cost of the project will not exceed the hospital capital threshold requiring a CON from the Maryland Health Care Commission under MARYLAND CODE, HEALTH-GENERAL § 19- 120(a)(4). The total project costs, including facilities work, and purchase of equipment, added operational cost due to facility services, etc., are estimated to be approximately \$229,240. This cost is itemized as follows:

##### **Capital Costs:**

Minor equipment (Including IT Equipment):	\$30,000
Other Capital equipment (Code Blue Cart, IV Pumps, etc.):	\$60,000

##### **Capital Leases:**

BNRC Rental Agreement (\$7,750 per month, 12 Months):	\$93,000
Imaging equipment rental (assuming 4 months):	\$4,000

##### **Operating Costs – Facility** (assumes 4 months, full occupancy):

\$22/day per patient x 16 patients x 120 days =	<u>\$42,240</u>
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<b>Total Costs:</b>	<b>\$229,240</b>
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Ben Steffen, Executive Director

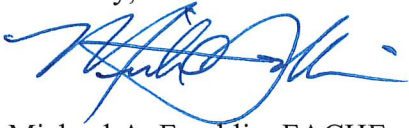
April 8, 2020

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We understand that based on guidance you have issued on the Commission's behalf, the requirement under COMAR 10.24.01.20C for AGH to file a full Certificate of Need application is suspended until at least thirty (30) days after the declared State of Emergency of March 5, 2020 is terminated, and that any ECON does not expire until thirty (30) days after the declared state of emergency of March 5, 2020 is terminated or 165 days after its issuance, whichever is later.

We request issuance of this ECON approval as soon as possible, because it would increase the available acute hospital beds inventory at AGH to match the surge capacity predictions from MDH.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael A. Franklin", with a stylized flourish at the end.

Michael A. Franklin, FACHE  
President/CEO

cc: Katie Wunderlich, Executive Director,

Ben Steffen, Executive Director  
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**Attachment 1**

April ~~13~~ 2020

Atlantic General Hospital Corporation  
9733 Healthway Drive  
Berlin, MD 21811  
Attention: Michael Franklin, FACHE  
President/CEO

Re: Alternate Care Site

Dear Mr. Franklin:

This will confirm the agreement (this "Agreement") between Berlin Health Care, LLC ("Facility Operator") and Atlantic General Hospital Corporation (the "Hospital") regarding the terms and conditions upon which the Hospital shall be permitted to utilize a portion of the Berlin Nursing and Rehabilitation Center, located at 9715 Healthway Drive, Berlin, MD 21811 (the "Facility"), as an alternate care site ("ACS") for the transfer of general medical (non-COVID-19, non-ICU) patients during the current public health emergency.

1. The parties hereby designate that portion of the first floor of the Facility highlighted in yellow on the floor plan attached as Exhibit "A" hereto as the ACS for purposes of this Agreement. Hospital personnel, patients, and visitors shall enter and exit the ACS only through the exit door directly adjoining the ACS as shown on Exhibit "A" and shall not have access to any other areas within the Facility. Hospital has inspected the ACS and accepts the ACS in its "as-is" condition.

2. The ACS shall be made available for use by the Hospital for a term (the "Term") commencing on April 15, 2020 (the "Commencement Date"), and ending on the earlier of (i) the one year anniversary of the date of this Agreement, and (ii) the date as of which this Agreement shall have been terminated by either party as set forth below.

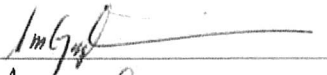
3. The Hospital shall be solely responsible for the medical treatment and care of all patients in the ACS, as well as all ancillary services pertaining to such care, including without limitation, all medications and pharmacy services, x-ray, laboratory, wound care, and patient transportation, all of which treatment and services shall be performed by Hospital staff under Hospital's supervision. All oxygen requirements for the ACS, all medical and non-medical supplies, and all necessary office and medical equipment for the ACS shall be furnished by the Hospital. Hospital also shall be responsible for the proper collection, pickup and disposal of all medical waste generated by the ACS, utilizing bins supplied by the Hospital. Hospital shall identify and designate a Hospital employee to manage the ACS activities, and shall provide the Facility Operator with such employee's contact information.

equipment and supplies, and shall leave the ACS in good, broom-clean condition, reasonable wear and tear excepted. Hospital shall repair any damage beyond normal wear and tear.

Please indicate your agreement with the foregoing by signing and returning to the undersigned a copy of this Agreement. This Agreement may be executed in two counterparts, which taken together shall constitute one and the same instrument and any of the parties or signatories hereto may execute this Agreement by signing any such counterpart. Copies of original signatures sent by facsimile, portable document format (.pdf), or other electronic imaging means shall be deemed to be originals for all purposes of this Agreement.

Very truly yours,

Berlin Health Care, LLC

By:   
Name: Angie Gorali, MD  
Title: President

Accepted and agreed:

Atlantic General Hospital Corporation

By:   
Name: Michael Franklin, FACHE  
Title: President/CEO

