

May 11, 2023

**VIA Email & U.S. MAIL**

Howard L. Sollins, Esquire  
Baker Donelson  
100 Light Street  
Baltimore, Maryland 21202

**Re: CommuniCare Health Services  
Request for Exemption from  
Certificate of Need Review  
Matter No. 23-16-EX015**

Dear Mr. Sollins:

Commission staff has reviewed CommuniCare Health Services (CHS) Request for Exemption from Certificate of Need Review (Exemption) to relocate 46 beds from Clinton Health Care Center (Clinton) to Ft. Washington Health Center (Ft. Washington). The proposed Exemption will result in Ft. Washington adding bed capacity from 150 to 196 beds and eliminating all quadruple rooms. The total project cost is estimated to be \$21,748,758. There are areas in the application which were found by staff to be incomplete, and therefore staff requests that you provide responses to the following questions:

**Introduction**

1. In the previous exemption request CHS provided a “high level overview” concerning a series of projects throughout its 18 Maryland facilities with the objective of eliminating all 3- and 4-bed rooms in CHS Maryland facilities. Please provide an update with more details of the broader plans.
2. Regarding the architectural drawings in Exhibit 1, pp.7– 11, the figures are illegible and do not show the specific changes to each CCF. Please provide the following line diagrams that are legible and can fit on 8 ½” x 11” page:
  - a. A line diagram for Clinton showing the layout for the 184 CCF beds before and after project completion. Please clearly show on the line diagrams the location for the 44 private and 70 semi-private rooms as well as the areas identified in Figures 2 – 8 of your exemption request.

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- b. A line diagram of Ft. Washington with the current layout for the 150 CCF beds and the location for the twelve quad-(4-bed) rooms at this facility.
- c. A line diagram for Ft. Washington showing the location for the 196 CCF beds after project completion. Please clearly show on the line diagrams the 20 private and 88 semi-private rooms as well as the areas identified in Figures 2-8 of your exemption request.

## **Comprehensive Care Facility Standards**

### **Medical Assistance Participation**

3. Staff records indicate that Ft. Washington does not have a Memorandum of Understanding (MOU) with Medicaid. CHS will be required to pursue an MOU as part of this project. Please confirm the applicant's willingness to pursue an MOU for Ft. Washington. In addition, please provide the status of obtaining the MOUs with Medicaid for the prior exemption.
4. Subpart (e) asks for a continued commitment to admit Medicaid residents, and a written policy substantiating its commitment to continuing to admit Medicaid residents. Please provide this policy.

### **Community Based Services**

5. Provide a discharge policy that includes a timeframe for resident discharge plan assessments for at least six-month intervals for the first 24 months.
6. Provide documentation (education/outreach flyers, sign in sheets etc.) to substantiate that the facilities maintain access to all long-term care home and community-based services education and outreach efforts approved by the Maryland Department of Health and the Maryland Department of Disabilities to provide education and outreach for residents and their families regarding home and community-based alternatives.

### **Quality Rating**

7. There are slight discrepancies in the quality table submitted. Staff review of the same time period resulted in a slightly lower overall quality score. Please re-check the calculation and if the overall quality score is lower than the previous exemption request provide an explanation for the lack of progress over the last six months. Only the overall score is needed, please do not single out the quality metrics portion.

## **Exhibit 1 CON Tables**



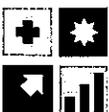
8. On p. 3, you state that Ft. Washington will renovate 1,575 SF, however Table B shows a total of 8,596 SF to be renovated. Please reconcile this difference.

**Ft. Washington Table C – Project Budget**

9. Please respond to the following:
- What is the basis for the \$2,755,539 in Contingency Allowance and \$317,184 in Inflation Allowance?
  - What is the basis for the \$3,923,458 identified as Gross Interest during Construction Period? Explain “4.5% x 12mos. (5-9%)” for this expense.
  - Please explain the basis for the \$214,000 identified as Loan Placement Fees. Provide the name of the financial institution and the terms for the approximately \$17.4 million in mortgage loan identified under Source of Funds.
  - Please explain the use for the \$27,000 identified in 2.c2.as CON Application Assistance and “Other” \$5,000 in 2.d.d2 Non-CON Consulting Fees “Other.”
  - Provide either audited financial statements for the past two years or documentation such as a letter signed by an independent Certified Public Accountant that affirms the entities and/or individuals have sufficient funds or financial resources to support the \$4.4 million in cash equity for the proposed project.

**Clinton Table C – Project Budget**

10. Please respond to the following:
- Explain the use for the \$15,000 identified as CON Application Assistance “Other” and \$5,000 in Non-CON Consulting Fees “Other.”
  - Please cite the source for the \$225,107 in cash that will fund this project. Provide either audited financial statements for the past two years or documentation such as a letter signed by an independent Certified Public Accountant that affirms the entities and/or individuals have sufficient funds or financial resources to support the \$225,107 in cash equity for the proposed project.
  - Please document the source and terms for the \$200,000 in Working Capital Loans.
11. On p. 3, the applicant states the scheduled date of the project’s completion is 24 months following the signing of the construction contract. Therefore, the earliest the proposed addition to Ft. Washington and the renovations to Clinton Healthcare Center will be completed will not be until Fall 2025 or early 2026. For both facilities Tables D, E, F, and G Utilization and Revenue and Expense statements are incomplete. Please resubmit these tables to show (a) the two years historical and the current year (FY 2021-2023); (b) the two years during construction for the new addition (FY 2024-2025); and the first three years after project completion (FY 2026-2028).



12. Will Clinton operate with 183 or 184 CCF beds upon project completion? This is inconsistent in the prose and the tables throughout the exemption request. Please clarify this discrepancy.
13. On p. 3, the applicant states the scheduled date of the project's completion is 24 months following the signing of the construction contract (Late 2025 or 2026). However, Tables D and F indicate the bed increase at Ft. Washington will occur in 2024. Please reconcile this discrepancy.
14. For Table F – Revenues & Expenses, Entire Facility. In FY 2021, Ft. Washington's Revenue and Expense Statement indicates the facility operated with a net loss of almost \$12.9 million. Please respond to the following: (a) Explain the reasons for this loss in revenue during FY 2021 and (b) Did the applicant experience the same financial losses for all CommuniCare CCFs operated in Maryland?
15. For Table K Onsite and Offsite Costs included and excluded in MVS Costs. Provide all of the Allowable and Non-allowable MVS Costs for the \$13,158,416 in New Construction Costs reported in the Ft. Washington Project Budget.

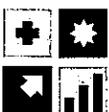
#### **Exhibit 7**

16. Please resubmit Exhibit 7 to substantiate whether both facilities (new construction/renovation) will meet the **2022** FGI Guidelines for Design and Construction of Residential Health, Care and Support Facilities.
17. Please submit Tables F – Revenues and Expenses, H - Workforce, and I – Scheduled Staff for Typical Work Week for Clinton showing changes both before and after project completion.

Please submit four copies of the responses to the above questions and requests for additional information within ten working days of receipt. Also submit the response electronically, in both Word and PDF format, to Ruby Potter ([ruby.potter@maryland.gov](mailto:ruby.potter@maryland.gov)) and to [mhcc.cofilings@maryland.gov](mailto:mhcc.cofilings@maryland.gov). If additional time is needed to prepare a response, please let me know at your earliest convenience.

As with the request itself, all information supplementing the request must be signed by person(s) available for cross-examination on the facts set forth in the supplementary information, who shall sign a statement as follows: "I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief."

Should you have any questions regarding this matter, please contact me by phone at (410) 764-3374 or by email at [bill.chan@maryland.gov](mailto:bill.chan@maryland.gov).



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Sincerely,



William Chan, Program Manager  
Certificate of Need Division

cc: Mr. Ronnie Wilhelm, CommuniCare Health Services  
Mr. Charles Stoltz, CommuniCare Health Services  
Mr. Richard Odenthal, CommuniCare Health Services  
Jack Eller, Esquire  
Wynee Hawk, Director, Health Planning and Development  
Caitlin Tepe, Asst. Attorney General, MHCC  
Sanmi Areola, PhD, Health Officer, Prince George's Health Department

