



April 11, 2024

VIA Email & U.S. MAIL

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

**Re: CommuniCare Health Services
Merger and Consolidation
Exemption Request**

Dear Mr. Sollins:

Commission staff has reviewed the Merger and Consolidation Exemption Request for CommuniCare Health Services (CHS or CommuniCare) to relocate 34 comprehensive care facility (CCF) beds from Kensington Healthcare Center (Kensington) to Bel Pre Healthcare Center (Bel Pre). This change will increase the number of CCF beds at Bel Pre from 92 to 126 beds. The total project cost is estimated to be \$7,942,468. 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. Provide a summary of the current condition of The Landings of Silver Spring and the status of any construction or renovation work underway for the relocation of Bel Pre to the site.
2. Briefly describe the renovations that are included in the \$7,942,468 in project costs. Using the Table B's renovation total square footage of 10,359 sq ft and renovation costs of \$7,199,070 in Table C, the renovation cost is approximately \$695 per sq ft. Describe the type of work included in this project and provide the basis or document the need for the high cost of renovations for this project?
3. On page 4, you indicate that CommuniCare will enter into a binding obligation for the project on April 30, 2024, the date planned for the principal renovation project associated with the relocation of Bel Pre. COMAR 10.24.01.15 provides that "A person

may not incur an obligation for a capital expenditure for a project that is subject to review under these regulations until the applicant receives a CON or other required Commission approval.” CommuniCare may not enter into a binding obligation for the project until it receives the Commission’s approval. Please provide a revised date and adjust the remainder of your project timeline accordingly.

4. The exemption request states it is in the public interest to eliminate quad rooms; however, the Bel Pre relocation has already received a determination that a CON was not needed. Given that there are no quads at Kensington, be specific in explaining how this consolidation of Kensington with Bel Pre is in the public interest. Explain how the elimination of Bel Pre’s quad bed rooms from the existing location is related to the consolidation of the 34 CCF beds from Kensington.

Medical Assistance Participation

5. Standard .05A(2) Please provide the status of CHS obtaining the MOUs with Medicaid for Clinton Healthcare Center, Forestville Health Center, and Fort Washington Healthcare Center required by the two prior Commission approvals in Dkt. No. 23-16-EX015 and 22-16-EX014.
6. Standard .05A(2)(e) asks for a written policy that demonstrates the applicant’s commitment to maintaining the required level of admitting Medicaid residents. Please provide this policy.
7. Under Standard .05A(3) Community Based Services, please
 - a. Provide a copy of the handout for the *Money Follows the Person* program.
 - b. Where in the discharge planning policy does it show that reassessment will occur at least every 6 months for the first 24 months?
 - c. To substantiate the Director of Social Services statement please provide a copy of the flyers to the alcohol and drug rehabilitation centers.
 - d. Under Standard .05A(4)(iv), you state that CHS is working with existing physical plants at both facilities. Discuss why the \$7.9 million project cost does not include renovations for a cluster/neighborhood design to either the Bel Pre or Kensington facilities.
8. Under Standard .05A(4) Appropriate Living Environment, please disclose whether the renovations will include temperature controls in each newly renovated inpatient room.



9. **Standard .05A8 Quality Rating** The decisions on CommuniCare’s prior exemption requests, Dkt. No. 23-16-EX015 and 22-16-EX014, indicate that “[the quality] standard should be used to limit the ability of sub-performing facilities or companies from altering their bed capacity until their performance is brought to average or above-average levels. An exemption request involving CCFs with below average composite scores would be inconsistent with the State Health Plan.” Discuss what steps CHS has implemented at all of its CCFs in Maryland, which include both Bel Pre and Kensington, to address the requirement that at least 70 percent of all the CCFs owned or operated by the applicant or a related or affiliated entity for three years or more had an average overall CMS star rating of three or more stars in CMS’s most recent five quarterly refreshes. Submit specific evidence on how each of these steps implemented by CHS will bring the performance of its Bel Pre and Kensington facilities to average or above-average levels.
10. The exemption request indicates CommuniCare is recruiting 1,400 nurses from overseas. However in the April 3, 2024 meeting with the Commission CHS stated the number had been reduced. Please elaborate on what happened with the recruitment. This news indicates that the applicant will not meet its goal of attracting and retaining qualified staff for its long-term care facilities. Discuss whether CHS has addressed any further steps to improve the shortage of registered nurses, licensed practical nurses, and certified nursing assistants at its facilities.
11. Elaborate on CHS efforts in deploying resources such as Convergence, the CommuniCare Family of Companies’ complete telehealth and telemedicine technology platform and service company, and the Medicare Advantage Plan, in improving health inspection ratings. Document how the use of each of these programs will improve CHS’ plans of correction and will make improvements to the Quality Assurance and Performance Improvement process.
12. Document CHS corporate initiatives to improve the quality of care provided at its facilities. What type of corporate reorganization has taken place to improve the reporting by the corporate team? Provide documentation and evidence of the steps taken in monitoring and the oversight of key areas to improve early detection and development of action plans.
13. Document how the use of the “mock survey” process and the LTC Survey Pathways tool has been used to improve the health inspection ratings at CHS facilities. Does the applicant have evidence to show that the use of these tools has resulted in improved health inspection ratings.



14. Exhibit 10 The most recent QAPI sign in sheets provided were Kensington dated 10/30/23, and Bel Pre on 12/19/23. Please provide documentation of QAPI meetings in the first quarter 2024.
15. Provide a response for Standard ,05A(6), Renovation or Replacement of Physical Plant and for Standard .05A9(b), Collaborative Relationships.
16. Per Care Compare data accessed 4/4/23 Kensington reported a 34.1% and Bel Pre achieved 34.4% re-hospitalization rate for short term Residents. For comparison the same rate for Maryland facilities averaged 21.5% and the national average was 23.1%. Please describe the steps taken by CommuniCare to decrease hospital readmissions.

Exhibit 8

17. Provide a cleaner copy of the line diagram for the Bel Pre facility.
18. The line diagram for Kensington indicates only 94 patient beds on the first and second floor. Please show the location for the remaining 12 CCF beds in this facility.
19. Regarding Exhibit 13, Table A, CHS indicates that Kensington's 106 CCF beds will be located in four areas designated Chesapeake, Potomac, Gateway, and Severn. Please clarify how these four designated floors match with the line diagram in Exhibit 8 for Kensington.

Exhibit 9

20. Your architect's letter states that the renovations to Bel Pre will be consistent with 2018 FGI guidelines; please disclose whether the renovations to this facility will comply with the current 2022 FGI guidelines.

Exhibit 13

21. Table C The health care industry has experienced unexpected increases in construction costs in the last three years due to supply chain delays, cost increases, and labor shortages, which may have been exacerbated with the recent collapse of the Francis Scott Key bridge. Please respond to the following:
 - a. Will the expected project cost increases due to the reasons stated above have an impact on CHS' future plans to complete the changes to the nine (9) nursing homes discussed at the 4/3/2024 meeting with the Commission?
 - b. Document the communications between CHS with an architect or general contractor on the impact of the Key bridge collapse on the proposed \$7.9 million project cost for the Bel Pre/Kensington exemption request. Does the applicant expect project costs will increase, and if so, by how much?



- c. 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 that CHS has sufficient funds or financial resources to support the \$7.9 million in cash equity for the proposed project and for any cost increase that may occur due to supply chain delays, cost increases, and labor shortages.
 - d. The Project Budget does not identify either a contingency or inflation allowance in its projected construction costs. What provisions does the applicant have in place to account for any unexpected or unforeseen increase in the Bel Pre/Kensington project costs?
 - e. Does the applicant have the financial resources to handle any unexpected or unforeseen increase in not only the Bel Pre/Kensington project as well as the first three exemptions and relocation for Prince George's County and Baltimore City.
 - f. Discuss why there are no line items in the Project Budget for legal fees or CON assistance.
22. Table D Bel Pre shows 136 beds for FY 2025-FY 2027; please explain or revise this table to show utilization for 126 total CCF beds after project completion.
23. Table F Bel Pre: Provide a response for the following:
- a. Provide the basis or rationale for a total loss in Net Income of \$2,170,572 for the three-year period FY 2022 through FY 2024. Does CHS have sufficient financial resources to support such a significant loss of revenue at the Bel Pre facility.
 - b. The table shows an increase in Net Income from \$112,921 in FY 2025 to \$799,858 in FY 2026, an increase of about 608%. Please document the assumption or basis for this increase in revenue.
24. Table F Bel Pre: Please explain why Managed Medicaid revenue decreases to zero in FY 2026 and FY 2027.
25. Table H: Provide a response for the following:
- a. Discuss why neither Bel Pre nor Kensington shows FTE information for Administrator or Environmental Services as a result of the proposed project.
 - b. Discuss whether all or some of the 33.3 FTE hired by Bel Pre will come from the 27.0 FTEs leaving Kensington after project completion.



Howard L. Sollins, Esq.

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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) and to 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.

Sincerely,

William D. Chan

William Chan, Program Manager
Certificate of Need Division

cc: Ronnie Wilhelm, CommuniCare Health Services
Holli Norelli, CommuniCare Health Services
Richard Odenthal, CommuniCare Health Services
Jack Eller, Esquire
Wynee Hawk, Director, Health Care Facilities Planning and Development
Jeanne Marie Gawel, Acting Chief, Certificate of Need
Alexa Bertinelli, Assistant Attorney General
Kisha Davis, M.D., Health Officer, Prince George's Health Department

