

December 6, 2019

VIA EMAIL & HAND DELIVERY

Ms. Ruby Potter
ruby.potter@maryland.gov
Health Facilities Coordination Officer
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: Responses to Additional Information Requests Dated November 7, 2019

Dear Ms. Potter:

On behalf of McCready Foundation, Inc. and Peninsula Regional Medical Center, Inc., as joint applicants, enclosed are four copies of the Applicants' Responses to Additional Information Requests Dated November 7, 2019. A native file Word version of the responses will be sent via email to Kevin McDonald along with a text searchable PDF files of the exhibits.

The Applicants look forward to working with the Maryland Health Care Commission, the Maryland Institute for Emergency Medical Services Systems, the Health Services Resources Cost Review Commission, and other interested stakeholders to effectuate a new and innovative model of health care delivery for the residents of Somerset County.

Please sign and return to our waiting messenger the enclosed acknowledgment of receipt.

Sincerely,



James C. Buck

Enclosures

CC by email without enclosures:

Ben Steffen, Executive Director, Maryland Health Care Commission
Dr. Theodore R. Delbridge, MIEMSS Executive Director
Paul Parker, Director, Center for Health Care Facilities Planning and Development
Kevin McDonald, Chief, Certificate of Need Program
Suellen Wideman, Esq., Assitant Attorney General

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R. Potter
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Moira Lawson, Program Manager
Steven E. Leonard, President and CEO, Peninsula Regional Health System, Inc.
Kathleen Harrison, FACHE, CEO McCready Foundation, Inc.
Bruce Ritcie, Vice President, Finance/CFO, Peninsula Regional Health System, Inc.
Camesha Spence, CFO, McCready Foundation, Inc.
Melvin (Chip) R. Hurley Jr., CPA, FHFMA, CGMA, Berkely Research Group
Andrew L. Solberg, A.L.S. Healthcare Consultant Services
Emily H. Wein, Foley & Lardner LLP

**McCready Foundation d/b/a Edward W. McCready Hospital and
Peninsula Regional Medical Center, Inc.
Joint Applicants**

Modified Request for Exemption from CON Review to Convert
Edward W. McCready Hospital to a Freestanding Medical Facility
Matter No. 19-19-EX010

Applicants' Responses to Additional Information Requests Dated November 7, 2019

COMAR 10.24.19.04C(6) Charity Care Policy

1. The standard states that, "within two business days following a patient's request for charity care services, application for medical assistance, or both, the hospital must make a determination of probable eligibility." Pages 7-8 of the responses to the first completeness questions states "For all other requests, eligibility determinations are made based on documentation of income and family size, including interviews with the patient and/or family and/or prior year's tax returns or other documentation of annual gross income." As MHCC has made clear, charity care policy and/or procedures that require documentation for a determination of probable eligibility will not pass muster with this standard.¹ Please make the necessary changes to the policy/procedures and resubmit a policy that complies, or otherwise provide clarification that the submission of tax returns or documents is not required for the preliminary determination of probable eligibility.

Applicants' response:

As explained on pages 14 and 15 of the Modified Request for Exemption from CON Review ("Modified Exemption Request") and as set forth in Section (c), page 3 of **Revised Exhibit 4**, PRMC's Charity Care / Financial Assistance Policy states that "[p]reliminary eligibility will be made within 2 business days based upon receipt of sufficient information to determine probabl[e] eligibility. A letter will be mailed to patients notifying them of their eligibility status. **Following preliminary approval, patients must submit a completed application and any supporting**

¹ Requiring a completed application with documentation does not comply with this standard, which is intended to ensure that a procedure is in place to inform a potential charity/reduced fee care recipient of his/her probable eligibility within two business days of initial inquiry or application for Medicaid based on a simple and expeditious process.

A two-step process that allows for a probable determination to be communicated within two days based on an abridged set of information, followed by a final determination based on a completed application with the required documentation is permissible. But the policy must include the more easily navigated determination of probable eligibility.

documentation requested (if not done previously). Upon final approval, a financial assistance discount will be applied to the patient’s responsibility.” (emphasis added). The policy is, therefore, clear that a preliminary eligibility determination does not require documentation, including submission of tax returns or other documentation.

The language quoted in additional information request 1 does not exist in PRMC’s operative Charity Care / Financial Assistance Policy previously submitted as **Revised Exhibit 4**.

COMAR 10.24.10.04A(3) Quality of Care

2. In addition to the quality measures discussed in the application, the following measures were found to be below average in the most recent MHCC quality report. Please provide PRMC’s corrective action plan for these measures.

Quality Measure	Corrective Action Plan
How long patients spent in the emergency department after the doctor decided the patient would stay in the hospital before leaving for their hospital room	PRMC implemented a patient flow coordinator in January 2018. This position places a nurse at the point in the patient’s course/flow where an admission order is placed and the patient’s room is assigned. Having a nurse in this position assures proper placement at the time of the admission order. PRMC also has placed admission order to patient arrival on the floor among the ED and inpatient staff/leadership goals. PRMC is also developing a unit within the inpatient tower (3W) to serve as a medical observation unit which will be a hospitalist only unit for medical observation patients. PRMC anticipates streamlining the admission process and cohorting patients should allow for improved flow.
Patients who come to the hospital with low back pain who had an MRI without trying recommended treatments first, such as physical therapy	PRMC will utilize the Clinical Decision Support tool in EPIC, and adjust its processes to allow for same day/next day availability for physical therapy for ED referrals. PRMC will form an internal quality improvement program to evaluate the appropriate utilization of MRI of the lumbar spine in the ED.
Patients who had a low-risk surgery and received a heart-related test, such as an MRI, at least 30 days prior to their surgery though they do not have a heart condition	PRMC will evaluate anesthesia guidelines related to heart related testing if there is no cardiac or vascular history, and develop an anesthesia assessment tool to identify patients needing optimization and testing prior to surgery.

Quality Measure	Corrective Action Plan
Percentage of patients who received appropriate care for severe sepsis and septic shock	PRMC will concurrently review sepsis charts with feedback to responsible clinicians.

COMAR 10.24.19.04C(8)(h) Construction Cost

- Regarding the normal Site Preparation Costs on Table D, please explain why these costs are \$700,000 higher than in the original application?

Applicants' response:

The Site Preparation costs for the project decreased from \$5,200,000 to \$4,800,000 in the Modified Exemption Request. However, the Extraordinary Costs (the costs subtracted from the Site costs to calculate the normal Site costs) also declined. The result is that the Normal Site Preparation Costs is \$696,000 higher in the Modified Exemption Request than in the original Exemption Request, as shown in the table below.

	Original	Revised	Change
Site Costs	\$5,200,000	\$4,800,000	-\$400,000
Site Demolition Costs	\$75,000	\$75,000	\$0
Storm Drains	\$120,000	\$120,000	\$0
Rough Grading	\$200,000	\$200,000	\$0
Wetlands Premium	\$1,700,000	\$1,350,000	-\$350,000
Forest Conservation Premium	\$0	\$110,000	\$110,000
Deep Foundation	\$500,000	\$500,000	\$0
Paving	\$400,000	\$400,000	\$0
Exterior Signs	\$25,000	\$25,000	\$0
Landscaping	\$125,000	\$125,000	\$0
Walls	\$75,000	\$75,000	\$0
Yard Lighting	\$25,000	\$25,000	\$0
Covered Walkway	\$100,000	\$100,000	\$0
Remote Area Premium	\$520,000	\$480,000	-\$40,000
Extending Utilities to Site Line	\$800,000	\$0	-\$800,000
MBE Participation Cost Premium	\$208,000	\$192,000	-\$16,000
Total Extraordinary Costs	\$4,873,000	\$3,777,000	-\$1,096,000
Normal Site Costs (Site Cost Minus Extraordinary Costs)	\$327,000	\$1,023,000	\$696,000

4. The project's cost per square foot exceeds the MVS benchmark by 12.13%. In the original application the cost per square foot only exceeded the MVS benchmark by 3%. Since the actual building design has not changed, explain why the costs per square foot have increased by 9%.

Applicants' response:

The project's cost per square foot increased as a result of two causes. First, at the time of the original Exemption Request, MVS's monthly Update factor was 1.09. At the time of the Modified Request Exemption request was filed, MVS had adjusted the factor to 1.08. This lowered the MVS benchmark against which the project costs are compared by one percent.

Second, the decrease in Extraordinary Costs, as explained above in response to additional information request 3, resulted in significantly higher Revised Site Preparation costs (Site costs minus Extraordinary Costs). These changes also resulted in slightly higher Capitalized Interest and Financing costs being included in the MVS comparison in the revised calculation than in the original Exemption Request.

COMAR 10.24.19.04C(8)(i) More Efficient Health Care Services

5. Please explain why development of an urgent care center that operates, for example, from 8 a.m. to 10 p.m. or 7 a.m. to 11 p.m. – and programmed to also serve as a primary care center – would not better meet the “public interest” and “more effective and efficient” delivery of health care services standards by meeting the vast majority of community needs at a substantially lower cost than would be the case with an FMF.
 - a. In order to analyze this scenario, please prepare an alternate Table F and G from the hospital CON application package.

Applicants' response:

The Applicants will address this question a later date, per a December 5, 2019 call with the Commission staff.

- b. If the need for the subsidization provided by an FMF conversion is the rationale for this choice, specify what kind of subsidization would be necessary to make this alternative feasible.

Applicants' response:

Per a December 5, 2019 call with the Commission staff, the Applicants understand that they do not need to respond to this question.

I hereby declare and affirm under the penalties of perjury that the facts stated in the Applicants' Responses to Additional Information Requests Date November 7, 2019 and its exhibits are true and correct to the best of my knowledge, information, and belief.

12-6-19

Date



Steve Leonard
President/Chief Executive Officer
Peninsula Regional Health System, Inc.

I hereby declare and affirm under the penalties of perjury that the facts stated in the Applicants' Responses to Additional Information Requests Date November 7, 2019 and its exhibits are true and correct to the best of my knowledge, information, and belief.

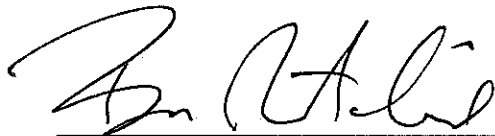
Dec 6, 2019
Date

Kathleen Harrison
Kathleen Harrison
Chief Executive Officer
McCready Foundation, Inc.

I hereby declare and affirm under the penalties of perjury that the facts stated in the Applicants' Responses to Additional Information Requests dated November 7, 2019 and its exhibits are true and correct to the best of my knowledge, information, and belief.

12/5/2019

Date



Bruce Ritchie
Vice President, Finance/Chief Financial
Officer
Peninsula Regional Health System, Inc.

I hereby declare and affirm under the penalties of perjury that the facts stated in the Applicants' Responses to the Additional Information Requests dated November 7, 2019 and its exhibits are true and correct to the best of my knowledge, information, and belief.

12/6/2019

Date

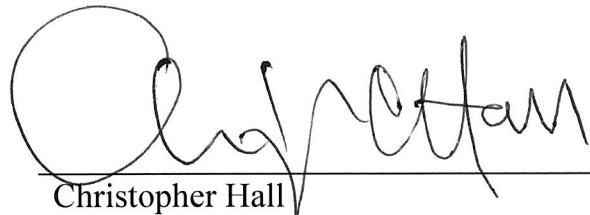
Scott Phillips

Scott Phillips
Executive Director of Supply Chain and
Support Systems
Peninsula Regional Medical Center, Inc.

I hereby declare and affirm under the penalties of perjury that the facts stated in the Modified Request for Exemption from CON Review to Convert McCready Hospital to a Freestanding Medical Facility and its exhibits are true and correct to the best of my knowledge, information, and belief.

12.6.19

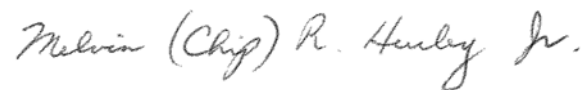
Date



Christopher Hall
Vice President, Strategy and Business
Development/Chief Business Officer
Peninsula Regional Health System, Inc.

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December 6, 2019



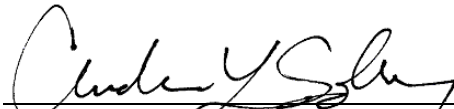
Date

Melvin (Chip) R. Hurley, Jr., CPA
FHFMA, CGMA
Managing Director
Berkeley Research Group

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12/5/2019

Date



Andrew L. Solberg
A.L.S. Healthcare Consultant Services