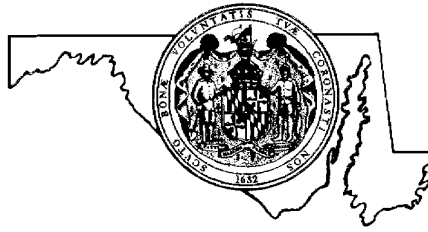


STATE OF MARYLAND

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CHAIRMAN



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EXECUTIVE DIRECTOR

MARYLAND HEALTH CARE COMMISSION

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TELEPHONE: 410-764-3460 FAX: 410-358-1236

March 9, 2021

Via E-Mail

Thomas C. Dame, Esquire
Hannah L. Perng, Esquire
Gallagher Evelius & Jones LLP
218 North Charles Street, Suite 400
Baltimore, Maryland 21201

Re: Crescent Cities SNF LLC
d/b/a Crescent Cities Nursing and Rehabilitation Center
Application for Certificate of Need
Matter No. 21-16-2446

Dear Counsel:

Staff of the Maryland Health Care Commission (Commission) received the above-referenced Certificate of Need application from Crescent Cities SNF LLC, d/b/a Crescent Cities Nursing and Rehabilitation Center (Crescent Cities) on January 4, 2021. Crescent Cities is an existing comprehensive care facility (CCF) that is owned by Crescent Cities Health Holdco LLC and operated/managed by Vita Healthcare Group, LLC (Vita), which is described as providing the applicant with marketing, clinical, and operational consulting services.

In its application, in response to Paragraph (c) of the quality ratings standard, COMAR 10.24.20.05A(8), Crescent Cities stated that

[t]here is also a robust quality assurance program functioning in *each of the Maryland comprehensive care facilities currently owned or operated by the owners of Crescent Cities, including: Elkton Nursing and Rehabilitation Center; Shady Grove Nursing and Rehabilitation Center; Layhill Nursing and Rehabilitation Center; Potomac Valley Nursing and Wellness; The Nursing and Rehabilitation Center at Stadium Place [Stadium Place]; Adelphi Nursing and Rehabilitation Center; Hyattsville Nursing and Rehabilitation Center; and Largo Nursing and Rehabilitation Center.*

(application, pp. 23-24)(emphasis added).

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One of these CCFs, the Green House Residence Care and Rehabilitation Center, LLC, d/b/a The Nursing & Rehabilitation Center at Stadium Place (Stadium Place)¹ was acquired on August 1, 2017.

During its review of Crescent Cities' 2021 application, Commission staff identified a significant issue regarding compliance with COMAR 10.24.20.05A(8), the quality rating standard in the Comprehensive Care Facility Services chapter (CCF Chapter) of the State Health Plan, which provides as follows:

(8) Quality Rating.

(a) An applicant shall demonstrate, at the time of letter of intent submission, that at least 70 percent of all the comprehensive care facilities 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 for which CMS data is reported.

(i) If the applicant or a related or affiliated entity owns or operates one or more comprehensive care facilities in Maryland, the CMS star ratings for Maryland facilities shall be used.

...

(b) An applicant that is an existing Maryland comprehensive care facility shall document, at the time of letter of intent submission, that it had an average overall star rating of three or more stars in CMS's most recent five quarterly refreshes for which CMS data is reported, unless the facility has been owned or operated by the applicant for fewer than three years.

The application included the following response regarding compliance with the quality rating standard in the CCF Chapter:

The Commission has already determined that Crescent Cities complies with this standard. *See* Exhibit 9, a May 29, 2020 e-mail from Commission staff to counsel for Crescent Cities.
(application, p. 23).

In its May 29, 2020 e-mail, referenced by the applicant, Commission staff stated:

Since the individuals with ownership of Crescent Cities have owned ... the above listed Maryland facilities for less than three years ... the standard does not call for the applicant to present CMS star data for the other facilities per subpart 8(a).

¹ The acquisition dates for the other nursing homes owned and/or operated by the owners of Crescent Cities are: Elkton Nursing & Rehabilitation Center (acquired 11/01/18); Potomac Valley Rehabilitation & Healthcare (acquired 1/01/19); Layhill Nursing & Rehabilitation Center (acquired 8/01/19); Shady Grove Nursing & Rehabilitation Center (acquired 8/01/19); Manor Care Health Services Adelphi (acquired 2/01/20); Manor Care Health Services Hyattsville (acquired 2/01/2020); and Manor Care Health Services Largo (acquired 2/01/2020).

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(application, Exh. 9).

I note that the statement made by Commission staff in its May 29, 2020 email applied to the proposed project described in Crescent Cities' March 6, 2020 letter of intent to add 32 beds and does not apply to the letter of intent submitted on December 31, 2020, which proposed a 16-bed addition. The project described in the December 31, 2020 letter of intent to add 16 beds is the proposed project that is the subject of the application currently under review.

Crescent Cities is required to demonstrate compliance with the quality rating requirement in COMAR 10.24.20.05A(8)(a), specifically that all the comprehensive care facilities in Maryland that it or a related or affiliated entity had owned or operated "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 for which CMS data is reported." On December 31, 2020, when Crescent Cities submitted its "revised letter of intent," a related or affiliated entity had owned or operated Stadium Place for more than three years (since August 1, 2017). CMS data show that the star ratings for Stadium Place in the last five CMS quarterly refreshes were all "1" or "2," averaging 1.4 stars, as shown below.

**CMS Star Ratings of Stadium Place
Over Five Quarterly Refresh Dates**

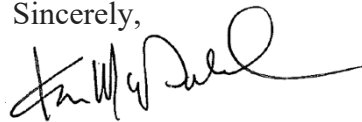
10/19	1/20	4/20	7/20	10/20	Five Quarter Average
2	1	1	1	2	1.4

Source: Provider Download CMS Nursing Home
Compare Archives October 2019-October 2020

Based on this data, Stadium Place's average overall CMS star rating is 1.4 in the five most recent quarterly refreshes prior to the December 31, 2020 letter of intent. Because Crescent Cities cannot demonstrate compliance with the quality ratings requirement in the CCF Chapter, it is impossible for staff to recommend the application for approval. I regret that neither the applicant nor Commission staff foresaw this obstacle earlier in the review process. Crescent Cities may wish to consider withdrawing its application pursuant to COMAR 10.24.01.16.

Please call Suellen Wideman, Assistant Attorney General, at 443-986-3162 if you have any questions or would like to discuss the information in this letter.

Sincerely,



Kevin McDonald
Chief, Certificate of Need Division

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Hannah L. Perng, Esquire
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cc: Paul Parker, Director, Center for Health Care Facilities Planning and Development
Linda Cole, Chief, Long Term Care Policy and Planning
Ernest L. Carter, M.D., Ph.D., Health Officer, Prince George's County
Jeanne Marie Gawel, Program Manager
Suellen Wideman, AAG
Sarah E. Pendley, AAG
Henry Schwartz, Esquire