

STATE OF MARYLAND



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MARYLAND HEALTH CARE COMMISSION

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April 29, 2021

Via E-mail and USPS

Yehuda Alter
Avenues Recovery Center
211 Boulevard of the Americas, Suite 503
Lakewood, NJ 08701

**Re: Avenues Recovery Center of Chesapeake Bay,
LLC
Establishment of 20 bed Track One Intermediate
Care Facility providing ASAM Level III.7 and
Level III.7-WM services
Matter # 21-09-2449**

Dear Mr. Alter:

Staff of the Maryland Health Care Commission (“MHCC”) has reviewed the Avenues Recovery Center of Chesapeake Bay, LLC, Certificate of Need application for the establishment of 20 bed Track One ASAM Level III.7-WM and Level III.7 medically monitored intensive inpatient treatment program in Cambridge, Maryland (Dorchester County). Staff has a number of questions that need to be answered in order to find the application complete. Please respond to the following request for additional information.

You will find that several of our questions ask the applicant to provide a narrative description of its practices/policies/etc. to supplement its initial response that basically referred staff to exhibits featuring policies, forcing staff to find (and interpret) the relevant passages. It is absolutely appropriate to document your practices and procedures by sharing policies, but what we are essentially asking you to do is to bring those practices and procedures “to life” with a description of how they are implemented. Note that this request is made in the spirit of ensuring that staff has the information it needs to support a thorough report and recommendation to the Commission.

Note: Regarding Tab 6, the presentation of the 26 exhibits without labeling or tabbing is difficult for staff to review your CON application. The applicant needs to separate and identify by labeling or tabbing any future exhibits or attachments to enable staff to facilitate the review of your proposed project.

Part I – Project Identification and General Information

1. Please provide a description of the proposed Level 3.7-WM and Level 3.7 inpatient program, such as:
 - a. Who will own and/or operate the proposed program (i.e., Avenues Recovery Center, Rehab Venture, etc.);
 - b. The current condition of inpatient rooms located in the South Wing of the Cambridge facility;
 - c. Whether the program will initially treat patients in the Level 3.7-WM and then move these individuals either to the Level 3.5 or lower services at the Avenues – Chesapeake Bay facility or to another alcohol and substance abuse provider; and
 - d. The patient’s projected average length of stay at Avenues – Chesapeake Bay Level 3.7-WM and/or Level 3.7 program.
2. Please respond to the following:
 - a. Whether Avenues Recovery Center of Chesapeake Bay has a website;
 - b. Provide a brief history for both the applicant and the Cambridge facility including current services offered; and
 - c. Include the applicant’s experience in providing Level 3.7-WM and Level 3.7 services in its existing alcohol and substance abuse treatment facilities either in Maryland or in other locations across the country.
3. Regarding Tab 6, Exhibit 3, please identify how many of these 20 beds will be dedicated either for detox services only and/or for Level 3.7 inpatient services. Regarding the seventh triple-occupancy patient room next to the “med room” on the South Wing, identify the level of care for these patients. Will the 20 beds designated in the South Wing be dedicated only for Level 3.7-WM and Level 3.7 patients and a closed unit, or will all of the beds in this unit provide Level 3.5 services or lower level of care as well?
4. Regarding Tab 6, Exhibit 1, Organizational Chart, please clarify the following:
 - a. Clarify the relationship of Avenues Recovery Center, LLC, with Rehab Venture, identified as a management company, in the applicant’s organizational structure;
 - b. Clarify the relationship of the owners with the four organizations identified as “property owner” and the eight organizations identified as “facility” in your diagram. Does the applicant own these individual organizations, or is there another entity with ownership interest besides Avenues Recovery Center, LLC.; and

- c. Update the organizational chart to include the Avenues Recovery Center of Oklahoma and the Avenues Recovery Center of Central Jersey identified on p. 10 of your CON application.

Part II – Project Budget

5. Regarding the \$55,000 in legal and consulting fees, please cite the source for the \$55,000 in cash that will fund your project. Provide either documentation or evidence that the applicant has sufficient financial resources to fund and establish the proposed Level 3.7-WM and Level 3.7 inpatient program.

Part IV – Consistency with General Review Criteria

A) STATE HEALTH PLAN: COMAR 10.24.14 STATE HEALTH PLAN FOR FACILITIES AND SERVICES: ALCOHOL AND DRUG ABUSE TREATMENT SERVICES STANDARDS

Provision of Service to Indigent and Gray Area Patients

6. To verify that Avenues Recovery Center of Chesapeake Bay will comply with this standard, will the applicant accept the following condition should staff recommend an approval to its CON application:

Avenues Recovery Center of Chesapeake Bay shall document the provision of a minimum of 15% of patient days of care to indigent and gray area patients, as defined at COMAR 10.24.14.08B(9) and (11), by submitting annual reports auditing its total days of care and the provision of days of care to indigent and gray area patients as a percentage of total days of care. Such audit reports shall be submitted to the Commission following each Avenues fiscal year, from the patient's inception and continuing for five years thereafter.

Information Regarding Charges

7. Please provide a draft of the required posting to the public that provides information concerning the range and types of services provided and the charges for these services.

Location

8. The University of Maryland Shore Medical Center at Dorchester will soon cease to operate as an acute general hospital. When that occurs, will Avenues Recovery Center be within a 30-minute one-way auto trip from an acute care hospital.

Utilization Review and Control Programs

9. While the applicant directed staff to a series of policies included as exhibits, staff requests that the applicant provide some narrative description of how these policies are implemented.

- a) Utilization Review and Control Programs: The policy listed as Exhibit 13 seems to describe the necessary record-keeping and how it is done, but does not seem to describe the practice and focus of the utilization review and control program. Please provide such a description.
 - b) Discharge Planning and Length of Stay: Please discuss how the appropriate length of stay is determined.
 - c) Referrals: The application refers staff to Exhibit 16, entitled “COMMUNICATIONS (REFERRALS).” That content seems to discuss communication practices, many of them internal to the staff. Please discuss how this description governs referral practices, and cite where this is referred to in the document.
10. The applicant cited a statement in its Discharge Planning Policy which states: “Each patient’s treatment plan will include, at least one year of aftercare following discharge from the facility.” Please supplement the policy statement with a description of how the applicant facilitates the aftercare of its patients and any community partners it may involve.

Sources of Referral

11. Please identify and elaborate on the organizations that the applicant expects to receive referrals from, discussing the demographics/socio-economic status of their clientele to provide evidence that at least 15% of applicant’s patient days will be allocated to members of the indigent/gray area population.

Sub-Acute Detoxification

12. Describe the following applicant’s standards for handling sub-acute detoxification:
- a) Admission standards;
 - b) Treatment protocols;
 - c) Staffing standards...
13. Describe how the physical plant configuration will support sub-acute detoxification.

Outpatient Alcohol & Drug Abuse programs

14. Please provide more description and detail on the subparts of this standard as follows.
- a) Subpart 1: The applicant’s response points MHCC staff to Exhibit 23. The text therein speaks to appropriateness of admission, but does not seem to *address needs assessment and evaluation*. Please describe that process.
 - b) Subpart 2 requires the applicant to describe its capacity for continuity of care and appropriate staffing at off-site outpatient programs. Please do so.
 - c) Subpart 4 states that “[o]utpatient programs must demonstrate the ability to provide services in the evening and on weekends.” The applicant points staff to a policy statement that simply says: “Patients may access services on evenings and weekends.” Please describe where and how.

B) NEED

15. Please respond to the following:

- a. Regarding the Track 1 ICF bed need methodology on pp. 32-33, provide a copy of the actual numbers or tables used as the source for both (a) the population projections used and (b) the information on Medicaid eligible populations in your methodology calculations. If available, provide the Excel spreadsheet or the documentation that includes the background numbers and calculations used for the three methodology tables.
- b. Regarding the Prince Frederick County patient origin data on p. 38-39, provide the timeframe and source for the Prince Frederick patient data.
- c. Provide evidence that supports your statement on p. 40 that RCA of Bracebridge does not accept Medicaid patients.
- d. Provide any data or documentation that supports the demand for the proposed services, utilization rate(s), and the relevant population served, and the information that supports the validity of these assumptions.

16. The applicant makes the point that the prevalence data for addiction treatment needs is outdated. Please provide more recent prevalence data you may be relying on in projecting need for such services.

17. The applicant states that RCA-Bracebridge does not have 3.7WM services, apparently relying on an inventory that MHCC staff has been attempting to maintain. Unfortunately this information regarding RCA Bracebridge was not complete; indeed, RCA Bracebridge does include detox (WM) beds, as seen on its web site <https://recoverycentersofamerica.com/substance-abuse-treatment/>. You may wish to restate your position.

C) AVAILABILITY OF MORE COST-EFFECTIVE ALTERNATIVES

18. See our reference to the presence of Level 3.7WM services at RCA-Bracebridge in question 17 above, and provide a more detailed discussion of why existing facilities cannot handle the planning region's need for ICF-alcohol and drug services.

19. See previous question 17 above. Please discuss why existing facilities such as RCA at Bracebridge Hall (Cecil County), Warwick Manor Behavioral Health (Dorchester County), and Hudson Health Services (Wicomico County) do not address the demand for substance abuse treatment on the Eastern Shore. Provide evidence to support the applicant's statement that alcohol and drug abuse treatment services "are not available to all patients, including Medicaid patients, on the Eastern Shore" on p. 41.

20. Please discuss the assumptions and/or evidence to support the statement made by the applicant that "patients clearly are willing to travel from outside of the Eastern Shore to receive services" as stated on p. 41.

21. Demonstrate why the establishment of Avenue's detox and substance abuse program is a more effective alternative than providing these services through the three existing ICF facilities in Eastern Shore.
22. Discuss why the applicant did not consider establishing the proposed Track 1 Level 3.7-WM and Level 3.7 inpatient program at Avenues Recovery Center of Maryland in Prince Frederick, Calvert County.

D) VIABILITY OF THE PROPOSAL

23. As the directions require, please submit audited financial statements for the past two years for the applicant and, if applicable, parent company to demonstrate the financial condition of the entities involved. If not available, please discuss why there are no audited financial statements for the past two years for Avenues Recovery Center, LLC.
24. Regarding Tab 6, Exhibit 25, Roth & Co. states in its letter that "(we) are the accountants for the above-mentioned entity and its member." This does not conform with the CON application's instructions, which instructs the applicant "must document or provide a letter from an independent Certified Public Accountant that includes documentation on the financial information considered by the CPA in reaching the conclusion that adequate funds are available." If audited financial statements for the last two years are not available for Avenues Recovery Center, LLC, then re-submit a letter from an independent CPA that conforms with the instructions stated above.

F) IMPACT ON EXISTING PROVIDERS AND THE HEALTH CARE DELIVERY SYSTEM

25. The Commission identifies three ICF facilities with 148 beds that are designated as Track 1 Level 3.7-WM and/or Level 3.7 beds that operate on the Eastern Shore. Please revise your statement on p. 44 of the CON application and address how the addition of 20 Track 1 Level 3.7-WM and 3.7 beds in Cambridge will not have an adverse impact on the volume of service provided by these three existing health care providers in Cecil, Dorchester, and Wicomico Counties.
26. Regarding Tab 5, Exhibit E, Revenue & Expense Statement – Entire Facility, the applicant shows that the payor mix at the Cambridge facility will decrease the percentage (of total revenue) Medicaid patients by 31.6% and the percentage of commercial insurers will increase by 24.4% from CY 2021 to CY 2023. The table indicates Avenue will serve fewer Medicaid patients with the establishment of your proposed project. Please explain how the payer mix for the three existing Level 3.7 detox and inpatient programs will not either alter or experience an adverse impact with the establishment of Avenue's program.
27. Provide a response to as to how the establishment of Avenues' Level 3.7 – WM and 3.7 inpatient program will improve the access of these services to the population residing in

the Eastern Shore and in the State of Maryland. Please provide the assumptions used as the basis for this response.

Tables under Tab 5

28. Regarding Tables C and D, please clarify whether these tables provide historical and projected utilization and revenue/expenses for all levels of care provided at Avenues Recovery Center of Chesapeake Bay, i.e., Level 3.5, 3.3, partial hospitalization program (PHP), and outpatient care.
29. Regarding Table E, please separate and provide the utilization projections for the Level 3.7-WM and the Level 3.7 programs individually. Should the patient expect to have a maximum ALOS of 14 days at the Cambridge facility should they need both detox and inpatient services?
30. Regarding Tables E and F, please extend the utilization and financial projections to CY 2024, the second full-year of operation.
31. Regarding Table G, please discuss how the applicant will recruit the 8.0 FTEs for the Level 3.7-WM and Level 3.7 programs. Does the applicant anticipate any issues with recruiting and hiring the 8.0 FTEs for the program?

Please submit four copies of the responses to completeness questions and the additional information requested in this letter within ten working days of receipt. Also submit the response electronically, in both Word and PDF format, to Ruby Potter (ruby.potter@maryland.gov). Given the number of questions posed, as well as the time required for staff to compile these questions, we will certainly grant an extension to the ten day target specified in regulation as soon as you would request it.

All information supplementing the applicant 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, feel free to contact me by either e-mail at bill.chan@maryland.gov or phone at (410) 764-3374.

Yehuda Alter
April 29, 2021
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Sincerely,

William D. Chan

William D. Chan
Program Manager

cc: Carolyn Jacobs, Esq. Jacobs & Dembert, P.A.
Paul Parker
Kevin McDonald