

STATE OF MARYLAND

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**MARYLAND HEALTH CARE COMMISSION**

4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215  
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August 27, 2021

**Via E-mail and USPS**

Shannon Magro  
Physicians Surgery Center of Frederick  
81 Thomas Johnson Court, Suite B  
Frederick, Maryland 21702

**Re: Andochick Surgical Center, LLC, d/b/a  
Physicians Surgery Center of Frederick  
Matter # 21-10-2451**

Dear Ms. Magro:

Staff of the Maryland Health Care Commission (“MHCC”) has reviewed the above-referenced Certificate of Need application. Please respond to the following request for additional information.

Several CON standards request a narrative description of practices/policies/etc. to supplement the initial response. If a standard requires a more detailed description, it is insufficient to simply reference exhibits, and policies. The applicant is expected to interpret, describe and explain the relevant passages. The application requires documentation of practices and procedures and to describe implementation. The information is necessary for staff to provide a thorough report and recommendation to the Commission.

*Note:* The CON application instructions require the applicant to separate and identify all exhibits and attachments by labeling or tabbing. Please use this format for any future exhibits or attachments to facilitate the review of the proposed project.

## **Part I – Project Identification and General Information**

1. Please identify whether the center has had problems with either scheduling surgical time or the availability of operating rooms for physicians, and/or the availability of staff for the extended hours of operation.
2. Briefly describe the proposed project's impact on the center's operations and workflow.
3. What type of renovation work is included in the \$167,800 stated in Attachment B?
4. Regarding Required Approvals and Site Control, please respond to the following (on pp. 10-11):
  - a. What is the status of the applicants progress in receiving all necessary State and local approvals, including site plan approval for the project; and
  - b. Please clarify whether Scott E. Andochick, D.D.S., M.D. or Andochick Properties, LLC (as indicated in Attachment F1) owns the center.
5. Please provide an organizational chart that shows the relationship of Scott E. Andochick, D.D.S., M.D., Andochick Properties, LLC, Andochick Surgical Center, LLC, d/b/a Physicians Surgery Center of Frederick, and any other related entities or organizations. The chart should identify the parent and all subsidiaries.
6. Please provide the expected dates and timeframes for the completion of the construction project and implementation of operations in the new addition.
7. Please clarify whether the center will have a total of 17,522 square feet (as indicated on p. 9) or a total of 19,722 square feet (as indicated on p. 13).

## **Part II – Project Budget**

8. Please respond to the following:
  - a. Clarify the cost of renovations: \$127,800 as indicated in Table E, Project Budget, or \$147,800 as reported on p. 15 of the CON application;
  - b. The space proposed for the project is unclear. Clarify the square footage for the proposed project of 11,222 SF, or 12,287 SF as reported in Table E in the middle column (Budget for PSCF liability...).
  - c. Under Table E, the *Total Use of Funds* is \$5,223,701, while the *Total Source of Funds* is reported as \$5,775,000. Please revise Table E, Project Budget, to show a *Total Use of Funds* equivalent to the *Total Source of Funds*.
  - d. Explain the basis for the assumed \$200,000 Contingency Allowance.
  - e. The applicant expects to use \$2.2 million in working capital loans. Explain why there are no financing costs associated with the proposed total project costs.

9. Please clarify and reconcile the difference in costs reported for (a) the Building Landlord and for the PSCF buildout reported in *Table E, Project Budget* with (b) the Shell Building and Interior Build Out reported in *Attachment B, Basis of Design*. It would appear that the cost estimates for these two items should match.
10. Regarding Attachment D, Table C-Construction Characteristics, please state whether the new construction will include a wet or dry sprinkler system and the square footage for this sprinkler system.

#### **Part IV – Consistency with General Review Criteria**

#### **STATE HEALTH PLAN: COMAR 10.24.11 STATE HEALTH PLAN FOR FACILITIES AND SERVICES: GENERAL SURGICAL SERVICES STANDARDS**

##### **Information Regarding Charges**

11. Regarding subparagraph (b), please identify whether any complaints involving the subject ambulatory surgical center have been submitted to either the Consumer Protection Division in the Office of the Attorney General or to the Maryland Insurance Administration. If yes, describe the outcome/resolution to these complaints.

##### **Information Regarding Procedure Volume**

12. On Attachment H, please identify the data source for the physician procedure volume reported on this table.

##### **Charity Care Policy**

13. In Attachments I and PSCF's Charity Care Policy, identify the language in the facility's policy that addresses the provisions in subparagraph (a)(i), (a)(ii), and (a)(iii), cited below.
  - (i) *Determination of Eligibility for Charity Care. Within two business days following a patient's request for charity care services, application for medical assistance, or both, the facility shall make a determination of probable eligibility.*
  - (ii) *Notice of Charity Care Policy. Public notice and information regarding the facility's charity care policy shall be disseminated, on an annual basis, through methods designed to best reach the facility's service area population and in a format understandable by the service area population. Notices regarding the facility's charity care policy shall be posted in the registration area and business office of the facility. Prior to a patient's arrival for surgery, the facility shall address any financial concerns of the patient, and individual notice regarding the facility's charity care policy shall be provided.*

- (iii) *Criteria for Eligibility. An ASF, at a minimum, shall include the following eligibility criteria in its charity care policies. Persons with family income below 100 percent of the current federal poverty guideline who have no health insurance coverage and are not eligible for any public program providing coverage for medical expenses shall be eligible for services free of charge. At a minimum, persons with family income above 100 percent of the federal poverty guideline but below 200 percent of the federal poverty guideline shall be eligible for services at a discounted charge, based on a sliding scale of discounts for family income bands.*

Please revise Attachment I as well as Attachments K and L and PSCF's website to reflect the inclusion of these provisions to your Charity Care Policy.

### **Quality of Care**

14. Please provide evidence that PSCF is certified to participate in the Medicare and Medicaid programs.
15. Please provide copies of the various reports cited in your response to this standard used to measure the quality of care provided at PSCF, such as the CTQ Voyance Patient Satisfaction Survey, benchmarking studies, and the other reports cited on pp. 25-26.

### **Need - Minimum Utilization for Expansion of an Existing Facility**

16. Please resubmit the list of physicians using the attached Addendum B from the MHCC Ambulatory Surgery CON application. Complete this form for each physician currently on staff and for those surgeons recruited to perform surgical cases at PSCF upon project completion. Identify the specialty for all current physicians, and for those physicians anticipated to join the practice. Identify the year in which new practitioners are projected to start performing surgical procedures at PSCF.
17. On p. 32, you state "minute projections are based upon historical average of 60 minutes per case (many cases are greater than 3 hours), and surgical turnaround time will be calculated at an average of 25 minutes (turnover times typically varies between 15-45 minutes)."

As indicated in Question #17 and Addendum B, provide the historical utilization for surgical cases and surgical minutes for the last two years. Please report the historical OR turnaround time for this time period separately.

### **Support Services**

18. Please clarify whether PSCF is licensed to provide, or contract with another provider for the pathology services.

## **Construction Costs**

19. Subparagraph (7)(b) of this standard states “the projected cost per square foot of new construction shall be compared to the benchmark cost of good quality “Class A” construction given in the Marshall Valuation Service guide...”

Both Attachments B and G-1 in your CON application state that construction for the new construction will be good quality “**Class D**” construction type. Using the MVS guide for construction costs, please revise these two attachments, the Project Budget and the response to the Viability of the Proposal, if necessary, to reflect the construction costs for a good quality “**Class A**” ambulatory surgical facility.

20. Regarding Attachment E-1, please provide FCB Bank documentation that includes the proposed terms for a \$2.2 million loan that includes the interest rate, length of the loan, and any terms such as debt service costs or use of funds for working capital for the loan.

## **Financial Feasibility.**

21. A response is required for each of the subparagraphs for this standard.

## **B) NEED**

22. Please respond to the following questions about or requests for clarification of statistical projections found in Tables 1 – Entire Facility and Table 2 – Proposed Project:
- The projected case volumes are the same in Tables 1 and 2 for the years 2022 through 2025. Please clarify. Show the projected case volumes for the entire ASF (four ORs and two PRs) in Table 1-Entire Facility; and provide the projected case volume for the proposed project (the two new ORs and one new procedure room) in Table 2 -Proposed Project;
  - Provide the assumptions used to project the 40% increase in both the future total case volumes and total surgical minutes for the two tables for the years 2022 through 2025.
  - Are the statistical projections in Tables 1 and 2 for the calendar year or fiscal year?

## **C) AVAILABILITY OF MORE COST-EFFECTIVE ALTERNATIVES**

23. The applicant states “relocating to another site within Frederick County” was determined to be too costly and not viable at this time. Please provide the information underlying this finding, including site costs.

## **D) VIABILITY OF THE PROPOSAL**

24. Please document the availability of \$500,000 (Attachment H-1) for the proposed project. Evidence for this standard can be provided by a letter from FCB Bank or an accountant stating the applicant has the cash resources to support the \$500,000 in cash equity.

25. Regarding Tables 3 and 4, PSCF does not include an allowance for bad debt, contractual allowance, or charity care. Please clarify the basis for not including these items in financial projections.
26. Describe how PCSF will comply with subparagraph .05A(3) of the Charity Care Policy standard and the provision of charity care to its patient population.
27. In Table L – Workforce Information, please briefly describe the methods that PSCF will use to recruit the 24.5 FTEs estimated to be needed for the center expansion. Does the applicant anticipate any challenges in recruiting staff?

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

28. The applicant states that one surgeon with privileges at Meritus will have a minimal impact on this hospital. Please identify this physician by name and provide the volume of surgical cases and surgical minutes that will move from Meritus to PSCF for the years 2022 through 2025.
29. Please provide a response on the impact of the proposed project on (a) the payer mix and (b) the costs to the health care delivery system for PSCF as well as other ambulatory surgical facilities in Frederick County.

**Attachments**

30. Regarding Attachment C and the line diagrams:
  - a. On Attachment C-1, the existing PSCF diagram indicates it currently has one sterile operating room and three procedure rooms. This is inconsistent with the Current Capacity and Proposed Changes Table on p. 10, which indicates 2 sterile operating rooms and one non-sterile procedure room. Please clarify the discrepancy in the current inventory for your operating and procedure rooms.
  - b. On Attachments C-3, C-4, and C-6, please identify the proposed use for the space identified in the lower half of the facility as “OR (Procedure) (Class B, Exist).” What is the planned use for this room?

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](mailto:ruby.potter@maryland.gov)).

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](mailto:bill.chan@maryland.gov) or phone at (410) 764-3374.

Sincerely,

*William D. Chan*

William D. Chan  
Program Manager

cc: Scott E. Andochick, M.D.  
Wynne Hawk, Chief, Certificate of Need