MARYLAND Health Care Commission

Randolph S. Sergent, Esq, Chairman
Ben Steffen, Executive Director

June 16, 2022

VIA Email

Ella R. Aiken
Gallagher Evelius & Jones
218 North Charles Street Suite 4000
Baltimore, Maryland 21201

Re: Encompass Health Rehabilitation Hospital of Southern Maryland, LLC Addition of 10 Beds

Dear Ms. Aiken:

Commission staff has reviewed the Certificate of Need application to increase the previously approved 60-bed inpatient rehabilitation hospital in Southern Maryland by 10 beds. The total project cost is estimated to be $13,109,242. There are areas in the original application which were found by staff to be incomplete, and therefore staff requests that you provide responses to the following questions:

Part I

1. Will the originally approved 60-bed hospital be open during the construction of the 10-bed unit addition? If so, what will be the impact of the ongoing construction to existing patients at the hospital located on the same wing or in close proximity to the proposed expansion?

2. What is the anticipated date that Encompass Health and UMMS will enter into its joint affiliation agreement becoming 50/50 owners of the Encompass Health Rehabilitation Hospital of Southern Maryland, LLC?

Charity Care

3. As a point of comparison, please provide the amount of Charity Care provided by Encompass Salisbury from 2019 to current.

4. Please provide a copy of the sliding-scale that will be used by the hospital for charity care purposes.

Quality of Care

5. Staff conducted an analysis using data from the Medicare compare site which shows that for Encompass Salisbury the rate of potentially preventable hospital admissions during the IRF stay was 5.29% which is worse than the national rate. Please explain this discrepancy with the quality information that you provided. The data on the Medicare site was last updated April 28, 2022.

6. Please provide a detailed explanation of why the data for Encompass Salisbury in Table 1, p. 25 is risk-adjusted, as opposed to averaged, consistent with the other data in the Table?

7. As a point of comparison in Figure 4, please provide the average acute rehabilitation discharge rate in the State.

Access

8. Your application states that residents in the HPR have access to acute care hospitals but when they are ready for discharge there are too few IRF beds available to them. What are the options or where do the current hospital discharges go for rehabilitation?

9. What is the typical wait time for an IRF bed within the service area?

Need

10. The application states that inpatient rehabilitation use rates are low and continue to decline, in light of this trend how do you expect to fill the additional 10 beds that you are proposing?

11. Please provide utilization trends for the beds before they became delicensed in 2018, include the most recent three years of data available (2016-2018).

Impact

12. The Impact analysis discusses the impact on UM Rehab & Orthopedic Institute stating they discharged 119 residents residing in the Southern Maryland HPR in 2021. The chart below is from the original 60-bed hospital approval. Please update this chart with the most recent data available and discuss the impact of the potential loss of discharges to other providers.

Hospital	Calvert County Discharges	Charles County Discharges	Prince George's County Discharges	St. Mary's County Discharges	Anne Arundel County Discharges	Total Discharges from Selected Counties	Percent of Discharges
Maryland Hospitals							
AHC Rehabilitation	13	12	342	11	11	389	19.6%
Encompass-Salisbury			1		2	3	0.2%
Good Samaritan	1	1	8		30	40	2.0%
Johns Hopkins	4	2	16	1	49	72	3.6%
Johns Hopkins Bayview	2	3	12	2	70	89	4.5%
Laurel	1	1	101	2	52	157	7.9%
Meritus		1	1			2	0.1%
Sinai	1	1	10	2	28	42	2.1%
UM Memorial at Easton					3	3	0.2%
UM Rehabilitation and Orthopedic Institute	6	8	48	5	215	282	14.2%
Western Maryland	1					1	0.1%
Subtotal	1,080						54.7%
District of Columbia Hospitals							
Washington University	7	8	50	1	4	70	3.5%
MedStar National Rehabilitation	43	94	600	55	39	831	41.8%
Subtotal	901						45.3%
Total	1,981						100%

Source: HSCRC discharge abstract data and chronic files; D.C. discharge abstract data.

13. In the Impact analysis, please include the impact on average length of stay, and case mix.

Construction Costs

14. The construction cost has increased from $289 per square foot in the original 60 bed project to a current estimate of $1381 per square foot. Please explain all the factors contributing to this increase.

Financial Feasibility

15. Please provide an analysis of your staffing expense projections as compared to other similar hospitals.

Minimum Size Requirements

16. Please provide your average daily census projections for at least 3 years as required by part (b) of the standard.

Transfer and Referral Agreements

17. Please provide a status on the condition in the original CON for the 60-bed hospital related to transfer and referral agreements. Also describe how this will continue with the 10-bed addition.

Availability of More Cost-Effective Alternatives

18. During your planning process for the 10-bed addition what were the primary goals/objectives that were established?

19. You state on average IRF patients receive 3 hours of therapy a day, which is more that SNFs or home health. How many hours of therapy a day are averaged in these other two care settings?

Viability

20. Your application states that you will reach a 94% occupancy by the fifth year of operation, how do you plan to achieve this high occupancy rate?

21. Please provide the job descriptions and/or describe the positions in the added 2.2 FTE's under "Other Support"?

Table E Budget

22. What is included in the $100,000 expense for pre-opening costs line 2d?

23. There is no inflation allowance in the budget, please explain.

Table G Revenues and Expenses

24. In the original 60 bed application the assumption used for Medicaid percent of total revenue was approximately 3%. Please explain the lower utilization (less than 1%) of the Medicaid population in the current application.

Please submit four copies of the responses to 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). 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 at (410) 764-3371.

Sincerely,

Jeanne Marie Gawel, Program Manager
Certificate of Need Division

cc: Alison J.B. Lutich, Gallagher Evelius & Jones
Alexa Bertinelli, Esquire, Assistant Attorney General
Wynee Hawk, Chief - Certificate of Need
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