



Ruby Potter -MDH- &lt;ruby.potter@maryland.gov&gt;

**Re: Request for Completeness - Pyramid Healthcare 22-16-2452 - Second Round**

1 message

Brandon Golder &lt;bgolder@pyramidhc.com&gt;

Mon, May 9, 2022 at 6:42 PM

To: Ruby Potter -MDH- <ruby.potter@maryland.gov>, Jason Hendricks <jhendricks@pyramidhc.com>, "Ernest L. Carter" <ELCarter@co.pg.md.us>, Wynee Hawk -MDH- <wynee.hawk1@maryland.gov>, Moira Lawson -MDH- <moira.lawson1@maryland.gov>, Paul Parker <paul.parker@maryland.gov>

See attached Round #2 Responses. Regarding question #5 we can provide a lender statement if needed. Please reach out if further clarification or documentation is needed.

Thanks,

Brandon J. Golder MFT, MBA  
*Vice President of Operations/Business Development*  
Pyramid Healthcare  
Cell: (240)298-1698  
bgolder@pyramidhc.com  
www.pyramidwalden.com

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**From:** Ruby Potter -MDH- <ruby.potter@maryland.gov>**Sent:** Friday, April 29, 2022 2:50 PM**To:** Brandon Golder <bgolder@pyramidhc.com>; Jason Hendricks <jhendricks@pyramidhc.com>; Ernest L. Carter <ELCarter@co.pg.md.us>; Wynee Hawk -MDH- <wynee.hawk1@maryland.gov>; Moira Lawson -MDH- <moira.lawson1@maryland.gov>; Paul Parker <paul.parker@maryland.gov>**Subject:** Request for Completeness - Pyramid Healthcare 22-16-2452 - Second Round

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Ruby Potter

Health Facilities Coordinator

ruby.potter@maryland.gov

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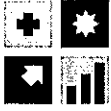
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**Pyramid Healthcare, Inc.**

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 **CON Round #2 Responses.zip**  
178K



April 29, 2022

**VIA Email & U.S. MAIL**

Jonathan Wolf, President  
Pyramid Healthcare, Inc.  
P.O. Box 967  
Duncansville, PA 16635

**Re: Pyramid-Walden, LLC – Bowie ICF  
Facility  
Second Completeness**

Dear Mr. Wolf:

Commission staff has reviewed the application and first completeness responses from the Pyramid Walden, LLC for Certificate of Need (CON) approval to establish a 50-bed Track One Level III.7 medically monitored intensive inpatient treatment program in Bowie, Prince George's County. The total project cost is estimated to be \$9,861,600. The information provided in the original application and supplemented in the first completeness response is incomplete, and therefore staff requests that you provide responses to the following questions:

**Comprehensive Project Description**

1. Please provide the number of beds reserved for male and female clients. Are there separate detox rooms for male and female clients?

**Applicant Response:** We will have 60 total beds for male clients and 40 total beds for female clients. Yes, we separate male and female clients in detox. We do not allow males and females to program or eat together to avoid the distraction of coupling during treatment.

**Identification of Bed Need**

2. Please identify how bed need is being calculated to obtain a need of 742 beds. According to our calculations, 6,360 turndowns/365 days x 14 days would find 244 beds needed statewide. Explain the discrepancy with your calculated bed need of 742 beds.

**Applicant Response:** For this data point we used ALOS from our entire inpatient continuum of Detox to 3.1 LOC to show the real shortfall of beds throughout the state. We use 20.1 as our ALOS for detox/3.7 which comes from our internal data of real experience of Maryland patients over 2021.  $6,360 \text{ turndowns} / 365 \text{ days} \times 20.1 \text{ days}$  would be 350 beds needed statewide just for detox and 3.7 patients. When you include 3.5 LOC, the ALOS is 24 days increasing bed need to 418 beds and when you add 3.1 LOC the ALOS increases to 35.1 which increases **bed need to 612**.

We mistakenly used our 2020 assumptions and updated the above information with 2021 data from our internal system.

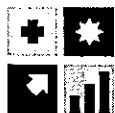
3. Provide the rationale for the selection of Prince George's, Montgomery, and Frederick County in your bed need analysis when Prince George's, Anne Arundel, Charles, and Calvert are geographically closer to the new facility and appear to have greater need based on the number of turndowns?

**Applicant Response:** The state plan and state websites use a different bundling of counties to determine what region Prince George County falls within. Within the state plan (State Plan-COMAR 10.24.14) Prince George's county is within the Southern Maryland Region alongside St. Mary's, Calvert and Charles counties. The Maryland state tourism website bundles Prince George's in the capital region alongside Montgomery and Frederick so that was used for the analysis.

4. In our calculation of bed need for Prince Georges, Montgomery and Frederick Counties,  $926 \text{ turndowns} / 365 \text{ days} \times 14 \text{ days}$  would result in a bed need of 36 beds. Explain your calculation that resulted in 108 beds. What would be the calculated bed need for Prince George's, Anne Arundel, Charles, and Calvert Counties?

**Applicant Response:**  $926 / 365 \times 20.1$  would result in need for 51 beds based on turndowns for PG, Montgomery and Frederick Counties. We are giving a conservative estimate. We did not include our admissions that would be going into this program from PG County. We admitted 292 patients from Prince George County, 56 from Montgomery County and 165 from Frederick County (Totaling 513 admissions). These 513 admissions at 24 days ALOS (including 3.5 LOC) would result in 12,312 patient days resulting in an additional 34 beds needed **totaling 85 beds** for these counties.

Turndowns for calendar year 2021 for Prince George's, Anne Arundel, Charles and Calvert Counties total 1711. Based on our 20.1 ALOS the calculation would be  $1711 / 365 \times 20.1$  equaling **95 beds** needed and this does not take in consideration if a client stays



past 3.7 LOC. Our complete ALOS including 3.5 is 24 days making the real bed need just for these counties  $1711/365 \times 24=113$  beds.

The original 108 bed calculation was based on ALOS assumptions used from 2020. I have updated our ALOS using 2021 information from our internal business intelligence software and also these are the assumptions we used within excel package submission.

### Project Budget (Table B)

5. Please explain what is meant by “Drawdown on PHC current loan facility” (Line B. 8). Are all these funds specifically earmarked for the proposed project?  
**Applicant Response:** Yes, Pyramid currently has a loan facility that has ample capacity to cover this project. We are preapproved to drawdown on the current loan facility for any capital project including this project.

### Revenue and Expenses (Table F)

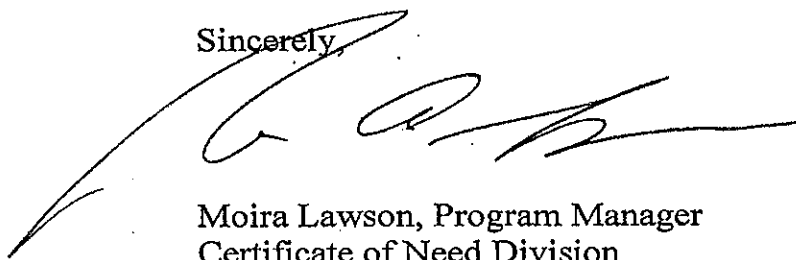
6. Please include revenue and expenses for the outpatient services on Table F.  
**Applicant Response:** Table is attached in response.

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](mailto: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) 764-3232.

Sincerely,



Moira Lawson, Program Manager  
Certificate of Need Division

cc: Jonathan Wolf, President Pyramid Healthcare Inc.  
Paul Parker, Director, Center for Health Care Facilities Planning & Development



Jonathan Wolf, President  
April 29, 2022  
Page 4

Wynee Hawk, Chief - Certificate of Need  
Ernest L. Carter, MD, PhD, Health Officer, Prince George's Health Department



**TABLE F. REVENUES & EXPENSES, UNINFLATED - NEW FACILITY OR SERVICE**

**INSTRUCTION:** After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). Table F should reflect current dollars (no projected revenues and expenses should be consistent with the projections in Table E and with the costs of Manpower listed in Table G. Manpower. Indicate on the table period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used must explain why the assumptions are reasonable. Specify the sources of non-operating income.

Projected Years (ending at least two years after project completion and full occupancy) Add years, if needed in order to document that the hospital will generate revenues over total expenses consistent with the Financial Feasibility standard.

Indicate CY or FY	FY'23 (March to June'23)	FY'24	FY'25		
<b>1. REVENUE</b>					
a. Inpatient Services	\$ 844,287	\$ 9,225,674	\$ 10,322,018		
b. Outpatient Services	\$ 27,850	\$ 238,798	\$ 333,828		
<b>Gross Patient Service Revenues</b>	<b>\$ 872,137</b>	<b>\$ 9,464,472</b>	<b>\$ 10,655,846</b>		
c. Allowance For Bad Debt	\$ 43,607	\$ 473,224	\$ 532,792		
d. Contractual Allowance					
e. Charity Care					
<b>Net Patient Services Revenue</b>	<b>\$ 828,530</b>	<b>\$ 8,991,249</b>	<b>\$ 10,123,053</b>		
f. Other Operating Revenues (Specify)					
<b>NET OPERATING REVENUE</b>	<b>\$ 828,530</b>	<b>\$ 8,991,249</b>	<b>\$ 10,123,053</b>		
<b>2. EXPENSES</b>					
a. Salaries & Wages (including benefits)	\$ 940,310	\$ 5,498,142	\$ 5,615,004		
b. Contractual Services	\$ 12,000	\$ 100,000	\$ 120,000		
c. Interest on Current Debt					
d. Interest on Project Debt	\$ 147,927	\$ 442,302	\$ 437,864		
e. Current Depreciation					
f. Project Depreciation	\$ 119,612	\$ 358,836	\$ 358,836		
g. Current Amortization					
h. Project Amortization					
i. Supplies	\$ 16,913	\$ 182,388	\$ 189,679		
j. Other Expenses (Specify)	\$ 299,686	\$ 1,968,567	\$ 2,185,606		
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,536,448</b>	<b>\$ 8,550,235</b>	<b>\$ 8,906,989</b>		
<b>3. INCOME</b>					
a. Income From Operation	\$ (707,917.85)	\$ 441,013.91	\$ 1,216,064.31		
b. Non-Operating Income					
<b>SUBTOTAL</b>	<b>\$ (707,917.85)</b>	<b>\$ 441,013.91</b>	<b>\$ 1,216,064.31</b>		
c. Income Taxes	\$ (197,139.00)	\$ 121,220.00	\$ 325,485.00		
<b>NET INCOME (LOSS)</b>	<b>\$ (510,778.85)</b>	<b>\$ 319,793.91</b>	<b>\$ 890,579.31</b>		
<b>4. PATIENT MIX</b>					
a. Percent of Total Revenue					
1) Medicare					
2) Medicaid	85.0%	85.0%	85.0%		
3) Blue Cross					
4) Commercial Insurance	12.0%	12.0%	12.0%		
5) Self-pay	3.0%	3.0%	3.0%		

**TABLE F. REVENUES & EXPENSES, UNINFLATED - NEW FACILITY OR SERVICE**

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Projected Years (ending at least two years after project completion and full occupancy) Add years, if needed in order to document that the hospital will generate revenues over total expenses consistent with the Financial Feasibility standard.

Indicate CY or FY	FY'23 (March to June'23)	FY'24	FY'25
6) Other			
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**b. Percent of Equivalent Inpatient Days**

Total MSGA	FY'23 (March to June'23)	FY'24	FY'25
1) Medicare			
2) Medicaid	85.0%	85.0%	85.0%
3) Blue Cross			
4) Commercial Insurance	12.0%	12.0%	12.0%
5) Self-pay	3.0%	3.0%	3.0%
6) Other			
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>





