



MARYLAND HEALTH CARE COMMISSION

4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215
TELEPHONE: 410-764-3460 FAX: 410-358-1236

October 16, 2019

Via E-mail and USPS

Walter Smith, Director
Encompass Health
9001 Liberty Parkway
Birmingham, Alabama 35242

Re: HealthSouth Chesapeake Rehabilitation Hospital
Matter No. 18-22-2435

Dear Mr. Smith

As staff analyzes the above-referenced application and prepares its recommendation for the Commission we would like to pursue additional information prompted by data that Encompass submitted in another application, i.e., Encompass Health Rehabilitation Hospital - Docket No. 18-16-2423. In that application, on p. 38, Encompass provided the use rate data shown in the attached exhibit.

MHCC staff has excerpted data from that table and created the table shown on page 2 of this letter. Analysis of this data shows that the three Maryland counties Encompass identified as being in Encompass-Salisbury's primary or secondary service area exhibit IRF use rates/1000 that are significantly higher than those of three other mid-to lower Shore counties, the Eastern Shore as a whole, all other Maryland planning regions, and the state as a whole. In fact, looking at just the 65+ age group, the use rate/1000 for the three counties in Encompass-Salisbury's service area is:

- Almost 50% higher than that of the three other mid-to lower Shore counties;
- 278% higher than that of Montgomery County;
- 294% higher than that of Central Maryland;
- 249% higher than that of Western Maryland;
- 435% higher than that of Southern Maryland;
- And 252% higher than that of the State of Maryland.

County or Region	Aged 18-64		Aged 65+		IRF Use rate/1000	
	Discharges	Population	Discharges	Population	18-64	65+
Somerset	18	15,950	66	3,760	1.13	17.55
Wicomico	130	63,537	449	15,035	2.05	29.86
Worcester	63	31,201	264	14,092	2.02	18.73
Total for this 3-county region	211	110,688	779	32,887	1.90	23.68
Caroline	26	20,330	65	5,419	1.28	11.99
Dorchester	40	18,495	111	6,473	2.16	17.15
Talbot	38	20,218	173	10,136	1.88	17.07
Total for this 3-county region	104	59,043	349	22,028	1.76	15.84
Eastern Shore					1.67	17.21
Southern Maryland	845	824,779	687	155,343	1.02	4.42
Montgomery	594	661,182	944	150,858	0.90	6.26
Central Maryland	2270	1,801,325	2510	418,563	1.26	6.00
Western Maryland	285	318,378	540	79,597	0.90	6.78
Maryland	4,346	3,816,208	5,863	873,053	1.14	6.72

Analysis of this data shows that the three Maryland counties Encompass identified as being in Encompass-Salisbury's primary or secondary service area exhibit IRF use rates/1000 that are significantly higher than those of three other mid-to lower Shore counties, the Eastern Shore as a whole, all other Maryland planning regions, and the state as a whole. In fact, looking at just the 65+ age group, the use rate/1000 for the three counties in Encompass-Salisbury's service area is:

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Broadening the analysis to include use rates for 18-64 also shows disparity, although a narrower disparity; e.g., the use rate/1000 for the three counties in Encompass-Salisbury's service area is about 14% higher than that of the Eastern Shore as a whole, and about 66% higher than Maryland as a whole.

This information raises significant questions regarding why the IRF use rate in Encompass-Salisbury's service area is so much higher than the use rates elsewhere in Maryland. We would like you to elaborate on why this disparity exists, and provide an explanation as to why we should not conclude that – for some reason – there is overuse occurring in this market, and that additional beds should not be authorized in such an environment.

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). As usual, extensions are readily available upon request.

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 at (410) 764-5982.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin McDonald". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Kevin McDonald
Chief, Certificate of Need

cc: Carolyn Jacobs, Esquire
Lori Brewster, MS, Health Officer, Wicomico County

Exhibit

Adult Acute Rehabilitation Discharges per 1,000 by County & Age Group Based on SHP definition of acute rehabilitation CY 2016

County	Discharges				Population				Use Rate per 1,000			
	0-17	18-64	65+	18+	0-17	18-64	65+	18+	0-17	18-64	65+	18+
Caroline	1	26	65	91	7,886	20,330	5,419	25,749	0.13	1.28	11.99	3.53
Dorchester	-	40	111	151	6,706	18,495	6,473	24,968	-	2.16	17.15	6.05
Kent	-	14	12	26	4,366	14,141	5,980	20,121	-	0.99	2.01	1.29
Queen Annes	-	23	42	65	9,710	26,672	7,797	34,469	-	0.86	5.39	1.89
Talbot	-	38	173	211	6,812	20,218	10,136	30,354	-	1.88	17.07	6.95
Somerset	-	18	66	84	4,217	15,950	3,760	19,710	-	1.13	17.55	4.26
Wicomico	-	130	449	579	22,275	63,537	15,035	78,572	-	2.05	29.86	7.37
Worcester	1	63	264	327	9,685	31,201	14,092	45,293	0.10	2.02	18.73	7.22
Subtotal: Eastern Shore	2	352	1,182	1,534	71,657	210,544	68,692	279,236	0.03	1.67	17.21	5.49
Charles	8	85	54	139	36,599	98,312	17,854	116,166	0.22	0.86	3.02	1.20
Calvert	2	49	42	91	21,464	58,742	12,748	71,490	0.09	0.83	3.29	1.27
Prince Georges	16	661	559	1,220	206,094	595,173	110,357	705,530	0.08	1.11	5.07	1.73
Saint Marys	3	50	32	82	28,417	72,552	14,384	86,936	0.11	0.69	2.22	0.94
Subtotal: Southern Maryland	29	845	687	1,532	292,574	824,779	155,343	980,122	0.10	1.02	4.42	1.56
Montgomery	23	594	944	1,538	246,181	661,182	150,858	812,040	0.09	0.90	6.26	1.89
Subtotal: Montgomery	23	594	944	1,538	246,181	661,182	150,858	812,040	0.09	0.90	6.26	1.89
Baltimore City	3	878	856	1,734	144,969	431,808	88,133	519,941	0.02	2.03	9.71	3.33
Baltimore	1	650	939	1,589	169,899	494,731	131,970	626,701	0.01	1.31	7.12	2.54
Carroll	1	76	119	195	35,068	102,814	26,796	129,610	0.03	0.74	4.44	1.50
Cecil	-	23	14	37	23,638	64,176	15,029	79,205	-	0.36	0.93	0.47
Harford	-	162	173	335	56,319	156,841	38,009	194,850	-	1.03	4.55	1.72
Howard	-	173	201	374	74,885	204,839	40,647	245,486	-	0.84	4.95	1.52
Anne Arundel	1	308	208	516	125,370	346,116	77,979	424,095	0.01	0.89	2.67	1.22
Subtotal: Central Maryland	6	2,270	2,510	4,780	630,148	1,801,325	418,563	2,219,888	0.01	1.26	6.00	2.15
Allegany	-	34	185	219	13,006	46,453	14,817	61,270	-	0.73	12.49	3.57
Frederick	4	121	115	236	60,409	163,014	34,846	197,860	0.07	0.74	3.30	1.19
Garrett	-	3	16	19	5,274	16,330	5,724	22,054	-	0.18	2.80	0.86
Washington	2	127	224	351	32,618	92,581	24,210	116,791	0.06	1.37	9.25	3.01
Subtotal: Western Maryland	6	285	540	825	111,307	318,378	79,597	397,975	0.05	0.90	6.78	2.07
Total: Maryland	66	4,346	5,863	10,209	1,351,867	3,816,208	873,053	4,689,261	0.05	1.14	6.72	2.18

Sources:

[1] Maryland hospitals: HSCRC Abstract Inpatient Database; CY2016 Final

[2] DC hospitals: DCHA Database; CY2016 Final

[3] Population Data: Nielson-Claritas Population Data; CY2016

Notes:

[a] Acute Rehab: Based on State Health Plan definition (see Technical Notes)