

Andrew N. Pollak, M.D.
CHAIR

STATE OF MARYLAND

Ben Steffen
EXECUTIVE DIRECTOR



MARYLAND HEALTH CARE COMMISSION

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

October 25, 2019

Via E-Mail and USPS

Laurie Beyer, Chief Financial Officer
GBMC Hospital
6701 N. Charles Street
Towson, Maryland 21204

Re: GBMC Hospital Proposed Addition
Matter No. 19-03-2439

Dear Ms. Beyer:

Staff of the Maryland Health Care Commission (“MHCC”) has reviewed your completeness response filed on October 4, 2019, and has follow-up questions to the information presented in that response.

Construction Cost of Hospital Space

1. Your construction project estimates that the cost of the project will exceed the MVS benchmark by \$61.24 per square foot. Please:
 - a) Explain what factors are responsible for a project cost estimate that exceeds the calculated benchmark by about 17%.
 - b) Justify the need for and merits of each factor.

Availability of Cost Effective Alternatives

2. Our original completeness question was:

Note that the criterion requires that an applicant compare the cost effectiveness of the proposed project with the cost effectiveness of providing the service through alternative existing facilities. The applicant's response compared the proposal to its existing facilities; a proper interpretation of the criterion requires GBMC to provide an analysis of other existing facilities that provide the same services as

GBMC (other acute care hospitals) and why they are or are not an appropriate alternative to this modernization project.

Your response failed to address the question, which essentially asks you to justify the continuing need for these beds in the service area GBMC serves. One way to meet the expectations of this criterion would be to provide an analysis of supply and demand for inpatient hospital admissions in the service area. For example, providing an analysis of the occupancy rates at other existing facilities in the service area to assess whether the service area's need could be met by those facilities, obviating the need for this project. Or, given the occupancy rates, might a more cost-effective alternative approach be for GBMC to renovate in place, increasing the size of existing rooms by building fewer but larger patient rooms without new construction. Another way of asking the question is, ***is the need in the service area great enough to require the retention of the current number of MSGA beds, or would the area be adequately served with fewer beds in a modernized space -- a modernization of existing units without construction of a new building?***

Viability of the Proposal

3. Our original question (#19) asked you to explain why there was such a stark difference in operating results between the uninflated (-\$2.2 million in Table G) and inflated (\$11.17 million in '26 in Table H) revenue/expense projections for the hospital.

In the completeness response you stated that the difference was “due to a significant projected cumulative revenue growth through rate increase in GBMC Healthcare’s unregulated subsidiaries...not related to the proposed project.” Are you saying that the Table H projections included the results from these subsidiaries, while the Table G projections did not? If so, that is not an apples to apples comparison, and needs to be corrected. In fact, these projections should project the operations of GBMC, separate from its subsidiaries.

Charity Care

4. Subpart (a) (i) of this standard requires an applicant to have a policy and procedure which will ensure that a determination of probable eligibility within two business days occurs. MHCC’s interpretation of this standard has been to ensure that said applicant’s administration of this policy has been explained to applicants thusly:

Note that requiring a completed application with documentation does not comply with this standard, which is intended to ensure that a procedure is in place to inform a potential charity/reduced fee care recipient of his/her probable eligibility within two business days of initial inquiry or application for Medicaid based on a simple and expeditious process.

A two-step process that allows for a probable determination to be communicated within two days based on an abridged set of information, followed by a final determination based on a completed application with the required documentation is permissible. But the policy must include the more easily navigated determination of probable eligibility.

GBMC's response to this standard (as found in the CON application and completeness response) is: *"Following a patient's request for financial assistance, application for medical assistance, or both, GBMC will render and communicate to the patient a probable eligibility determination within two (2) business days,"* with reference this wording in the policy:

Probable Eligibility: GBMC will provide the patient a probable eligibility determination within two (2) business days of request. To provide a probable eligibility determination, GBMC will utilize the patient's completed and submitted Maryland Uniform Financial Assistance Application (**Exhibit B**). Please note that supporting documentation with the application will assist in the probable determination, but is not required. However, supporting documentation will be required for the final determination.

Final eligibility determination will be based on all criteria and requirements set forth in this policy.

With regard to GBMC's administration of this policy as it relates to decision on probable eligibility, our questions are:

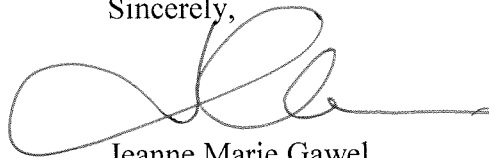
- a) Must the Maryland Uniform Financial Assistance Application be completed in its entirety in order to obtain a determination of probable eligibility?
- b) Are there procedures in place to assist those applying for financial assistance who may need help completing the Maryland Uniform Financial Assistance Application?

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).

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) 764-3371.

Sincerely,



Jeanne Marie Gawel
Health Analyst, Certificate of Need

Cc: Tom Dame, Esquire
Gregory Branch, M.D., Baltimore County Health Department