



January 29, 2025

VIA Email

Darci Smith, Esquire
Gordon Feinblatt, LLC
1001 Fleet Street, Suite 700
Baltimore, MD 21202

Re: Foundations Inpatient, LLC
Application for Certificate of Need to establish
an Intermediate Care Facility

Dear Ms. Smith:

Maryland Health Care Commission (MHCC or Commission) staff has reviewed your January 9, 2025 response to completeness and requires clarification on a number of responses. Please provide additional information or explanations corresponding to the following questions/information.

Please note that this is the applicant's final opportunity to correct the deficiencies in the application and provide complete information. Failure to satisfactorily address each question will lead to the denial of the application. At your request, we would be happy to meet with you to discuss the current deficiencies in the application.

PART I

1. Provide the names of any individual with more than a 5% interest in Lyon Group I Joint Venture, LLC. What, if any, is the relationship among Lyon Group I Joint Venture, LLC, MBM Ventures, LLC, Baruch Rabhan, Amatus Health, LLC, Foundations Recovery Center, LLC, and Foundations Inpatient, LLC? If a relationship exists, provide an organizational chart that illustrates that relationship.
2. Provide an updated Executive Summary that clarifies the total bed capacity of the facility (is it 84? 90?), the requested number for Level III.7, and other requested information in the summary. The number of beds being requested in this Certificate of Need (CON) application must be consistent throughout Foundation's response.
3. Table A shows a total of 40 beds while the application requests 50. Explain the discrepancy.

PART IV/STATE HEALTH PLAN

4. Approval rules related to facility size - Attest that the facility will not expand the capacity of the intermediate care facility (ICF) without prior Commission approval.

5. Information regarding charges – Applicant provided the form used for a patient to agree to pay charges, **not** a draft of the document that inform patients of the charges, as required. Provide a draft of the document that will be used to inform patients of charges at Foundations. The final Foundations document will be required before first use approval is issued.
6. Transfer and referral agreements – First use approval will rely on agreements with categories of treatment as identified in the State Health Plan (i.e., acute care hospitals; halfway houses; therapeutic communities; long term care facilities; local alcohol and drug abuse intensive and other outpatient programs; local community mental health centers, Baltimore County’s mental health and alcohol and drug abuse authorities; BHA; and Baltimore County’s agencies that provide prevention, education, and other services).
7. Outpatient treatment – Identify Baltimore-region outpatient program(s) with which the applicant has an agreement. In accordance with the standard, outpatient programs must at a minimum provide: individual needs assessment and evaluation; individual, family, and group counseling; aftercare; and information and referral. If TruHealing Hagerstown Outpatient will be available to discharged Foundations patients, clarify how transportation to and from the program on an ongoing basis will be provided? Has TruHealing Hagerstown agreed to provide ongoing transportation to and from the Baltimore region?
- 8A Need – Based on the tables and information on BDC, staff calculates that the applicant could expect 43 patients from BDC, which would account for only 23 percent of possible bed days for level 3.7 patients. Identify the expected additional sources of 3.7 patients to the facility?
- 8B According to Foundations’ completeness response to question 22, “although Foundations is applying for Track One beds, it anticipates that the vast majority of its beds will be filled by patients who are covered by Medicaid, which additionally changes the need analysis provided in the SHP, which excludes consideration of the Medicaid population’s needs from the Track One need analysis”. Staff agrees with Foundations that Medicaid patients should be included in the need analysis as well as the current total number of Track Two beds that could be used to treat these patients. Include Track Two providers in Central and Western Maryland in your analysis of need.
9. Impact – Medicaid patients are projected to make up 90% of Foundations’ patient population. Discuss the impact of serving mostly indigent/grey area patients on Track Two providers, in addition to Track One.



10. Health Equity – The applicant has identified Black and Hispanic individuals as underserved in substance use disorders treatment.
 - a) What does Foundations propose to do to target/outreach to these two racial/ethnic populations and to increase their access?
 - b) Once referred or admitted, what is Foundations’ methodology to ensure completeness and accurate tracking of client race/ethnicity? We note that nearly half of BDC’s patients do not have race/ethnicity reported.
 - c) What procedures are in place to assist patients with adverse social determinants of health post-discharge back to the community?
11. Character and Competence - Disclose the following information for any person with 5% or more interest in the real property as identified in question 1:
 - a) any involvement in the ownership, development, or management of another health care facility.
 - b) if any license has been suspended or revoked or been subject to any disciplinary action (such as a ban on admissions) in the last 5 years.
 - c) any inquiries in the last ten (10) years from any federal (e.g., CMS) or state authority, or other regulatory body regarding possible non-compliance with any state or federal requirements for the provision of, the quality of, or the payment for health care services that have resulted in actions leading to the possibility of penalties, admission bans, probationary status, or other sanctions.

TABLES (B-G)

12. Table B does not include working capital startup costs (Line 3). Startup costs are discussed in Foundations’ response to question 5 and should appear as a line-item entry in Table F (Line 2e).
13. Table B totals \$982,130; how does this tally with the startup cost, capital expenditure and operating deficit stated as \$562,817 in the CPA letter (Exhibit 5)? Provide a revised CPA letter accordingly.
14. Table B shows the annual lease cost of \$752,130; however, this figure matches neither *Facility Expenses* (Table F, line-item 2d) nor *Property Expenses* (Exhibit 7, under the Detail of Other Expenses Reported line-item ‘Rent’) for any of the years CY 2025 - 2027. The ‘Rent’ line-item quoted across these years show \$638,848, \$658,014, and \$681,708, respectively.
15. Table C should show utilization of the entire facility (level 3.5 and 3.7 beds) and table D should show the revenues and expenses for the entire facility (level 3.5 and 3.7).



- Table E should show the utilization of only the 3.7 ICF beds and table F should show revenues and expenses for just the 3.7 ICF. Complete Table D for the entire facility and correct tables E and F to reflect numbers only for the ICF.
16. Table C and E show patient days for the ICF at 12,319 in the second and third years of operation, which you calculate at 86%. According to our calculations, 12,319 patient days is equivalent to 67.5% occupancy. [50 beds for 365 days (100% utilization) equal 18,250 patient days]. Explain your calculation and correct the projection, as needed.
 17. Tables C, E, and F show the 'CY 2026' twice. Correct to include CY 2027.
 18. Table F - The numbers given for expenses provided do not match the numbers shown in the assumptions (Exhibit 7). Explain the discrepancy and correct it.
 19. Table F – The table shows that the percent of revenue from Medicaid is 90% and the percent of patient days for Medicaid patients is 80%. This is inconsistent with the 90% Medicaid patient days in the text of the application. Explain the projection or correct.
 20. Table G – The annual salary for the Medical Director, at \$125,000, is considerably lower than at other facilities in the area. Has a director been identified who will work at this salary or how does Foundation plan to recruit a physician at this pay rate?
 21. Table G – The first three columns for (Current Entire Facility) should be for the residential beds only (level 3.5) without the 3.7 service and should show the number of FTEs multiplied by the Average Salary per FTE equaling the Current Year Total. The next three columns (Projected Changes as a Result of the Proposed Project...) are the number of staff that will be added for 3.7 beds. Again, the number of FTEs times the average salary should equal the total cost. The last two columns (Projected Entire Facility...) should include the number of FTEs in the final projected year of the application (CY 2027) and the final cost. These should be consistent with the salary and benefit numbers in the Revenue and Expense Tables. Revise the table with the required information.
 - a) For the following positions, the current year total is greater than their annual salary: Office Manager, Director of Operations, Executive Director, Director of Referral Management, Clinical Director, Supervising Nurse, Behavioral Health Tech Supervisor, and Transportation.
 - b) For the following positions, the current year total is less than the expected annual salary: Alumni Coordinator, Medical Director, Clinical Supervisor, Director of



Nursing, RN and LPN, Med Techs, Intake Coordinator, Behavioral Health Tech,
Case Manager, Therapist, Group Facilitator, Housekeeper, and Maintenance.

Please submit four copies of the responses to this request for additional information within ten (10) working days of receipt. Also, submit the response electronically, in both Word and PDF format, to our CON mailbox at mhcc.confilings@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."

MHCC recommends that the applicant meet with MHCC staff to discuss the application and provision of complete information. Should you have any questions regarding this matter, please contact me at (410) 764-3232.

Sincerely,



Moira Lawson
Program Manager

cc: Baruch Raban, MBM Ventures
Aharon Kibel, Amatus Health
Wynee Hawk, Director, Health Facilities Planning and Development
Ewurama Shaw-Taylor, Chief, Certificate of Need
Vishal Mundlye, Health Planning and Finance Analyst
Caitin Tepe, AAG
Alexa Bertinelli, AAG
Deann Dunn, Health Facilities Coordinator

