MEMORANDUM

TO: **Commissioners**

FROM: **Ewurama Shaw-Taylor**
Chief, Certificate of Need

RE: **Anne Arundel – SCA Surgicenter, LLC**
d/b/a AAMC Surgery Center Annapolis
Certificate of Need for an Ambulatory Surgical Facility
In Anne Arundel County
Docket No. 25-02-2473

DATE: **November 20, 2025**

Anne Arundel – SCA Surgicenter, LLC, d/b/a AAMC Surgery Center – Annapolis (AAMCSC) is an existing ambulatory surgery center (ASC)[1] that provides outpatient surgery services with two sterile operating rooms (OR) and zero non-sterile procedure rooms located at 904 Commerce Road in Annapolis, Maryland (Anne Arundel County).

Project Description

AAMCSC seeks a certificate of Need from the Maryland Health Care Commission to add one sterile OR room and one non-sterile procedure room to the existing center, resulting in three sterile ORs and one non-sterile procedure room after project completion and thereby establishing an ambulatory surgical facility (ASF).[2] The applicant states that it will lease available space adjacent to the ASC and renovate to add a third operating room and one procedure room.

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[1] COMAR 10.24.11.07B(2) defines an "ambulatory surgery center" as any center, office, facility, or office of one or more health care practitioners, a group practice, or a non-rate regulated center owned by a hospital that has no more than two operating rooms, that operates primarily for the purpose of providing surgical services to patients who do not require overnight hospitalization, and that seeks reimbursement from payors or the provision of ambulatory surgical services. An ASC-2 is an ambulatory surgery center with two operating rooms.

[2] COMAR 10.24.11.07B(3) defines an "ambulatory surgical facility" as a health care facility that (a) has three or more operating rooms; (b) operates primarily for the purpose of providing surgical services to patients who do not require overnight hospitalization and (c) seeks reimbursement from payors as an ambulatory surgical facility.

The estimated project cost is $4,198,499 for the addition of a third operating room and a procedure room. The sources of funds for the project include $2.2 million in cash generated from the operations of the two existing ASCs operated by Anne Arundel – SCA Surgicenter, LLC[6] and a $2.0 million mortgage loan through Truist Bank.[7]

Staff Recommendation

The relevant State Health Plan (SHP) chapter considered in the review of this project is COMAR 10.24.11, State Health Plan for Facilities and Services, General Surgical Services. Also considered are the general CON review criteria at COMAR 10.24.01.08G(3)(a) through (h).

Staff concludes that AAMC Surgery Center – Annapolis has complied with all applicable SHP standards in COMAR 10,24.11. AAMC- Surgery Center – Annapolis' projected surgical case volume and OR surgical minutes support the need for the addition of a third operating room and the establishment of an ASF. Also, under the review criterion of COMAR 10.24.01.08G(3), staff concludes that the applicant's forecasts are credible, the project is financially viable, and that the project is a cost-effective option for delivering outpatient surgical services for physicians and residents within its service area. The project will have a positive impact on patient access and will not negatively impact the cost of outpatient surgery in the service area, nor will the project have a significant negative impact on existing providers of outpatient surgical services. Staff also concludes that the applicant has appropriately responded to the criteria on Health Equity and Character and Competence.

Based on the conclusion that the proposed project complies with the applicable standards in COMAR 10.24.11, the General Surgical Services chapter of the State Health Plan, and with the Certificate of Need review criteria at COMAR 10.24.01.08G(3)(a) through (h), and as explained more fully in this Staff Report, staff recommends the Maryland Health Care Commission find this applicant has met its burden and **APPROVE** AAMC Surgery Center – Annapolis' application for a Certificate of Need with the following conditions:

> AAMC Surgery Center - Annapolis shall commit to provide an amount of charity care that is equivalent to or greater than the average amount of charity care provided by ASFs in the most recent year reported, measured as a percentage of its total operating expenses.
>
> Prior to First Use, AAMC Surgery Center - Annapolis shall provide its CY 2023 and CY 2024 performance on the ASCQR as compared to other ASCs for the eight quality measures indicated as well as the following Claims-Based measures: ASC-17 (Hospital Visits after Orthopedic Ambulatory Surgical Center Procedures) and ASC-19 (Facility Level 7-Day Hospital Visits after General Surgery Procedures Performed at Ambulatory Surgical Centers).

For the next three years, collect and report annually to the Commission, data on the Enhanced Preoperative Education Pathway. The reporting shall include submission of stratified patient-level sociodemographic data, outcomes from orthopedic procedures, the number of risk assessments conducted; and the connections to community-based resources to mitigate potential negative effects.

IN THE MATTER OF	*	**BEFORE THE**
	*	
	*	
ANNE ARUNDEL –	*	
SCA SURGICENTER, LLC	*	**MARYLAND HEALTH**
	*	
d/b/a AAMC Surgery Center -	*	
Annapolis	*	
	*	**CARE COMMISSION**
Docket No.: 25-02-2473	*	
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STAFF REPORT AND RECOMMENDATION

November 20, 2025

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APPENDICES

I. INTRODUCTION

The Facility and Applicant

The health facility for this project is Anne Arundel – SCA Surgicenter, LLC doing business as (dba) AAMC Surgery Center – Annapolis (AAMC). AAMC is an existing, licensed ambulatory surgery center (ASC)[1] that operates at 904 Commerce Road in Annapolis, Maryland (Anne Arundel County). AAMC opened as an ASC in 2020, with one operating room and one procedure room. In 2021, the ASC converted the one procedure room to an operating room. AAMC continues to function as an ASC-2, with two sterile operating rooms.

AAMC specializes in outpatient total joint, orthopedic spine, sports medicine, and gynecology services. AAMC has a group of 24 physicians who perform orthopedics-hand procedures, orthopedics-total joint (replacement) procedures, general orthopedics, pain medicine procedure, neuro-spine procedures, and gynecological procedures.

AAMC is owned jointly by Anne Arundel–SCA Holdings, LLC (61%) and 27 individual physicians (38.7%). See Appendix 1 for the ownership structure for AAMC. Both Anne Arundel–SCA Holdings, LLC and the 27 physicians share ownership in a second ASC, AAMC Surgery Center – Pasadena (AAMC– Pasadena). AAMC–Pasadena is located at 8109 Ritchie Highway in Pasadena, Maryland (Anne Arundel County), and is licensed to operate with two sterile operating rooms and one non-sterile procedure room. AAMC is managed by SCA Health, a subsidiary of Surgical Care Affiliates, LLC, which is an indirect owner of Anne Arundel-SCA Holdings, LLC.

The Project

AAMC has submitted a Certificate of Need (CON) application proposing to expand its current surgical capacity and establish an ambulatory surgical facility (ASF).[2] AAMC will increase the number of sterile operating rooms by one and also add one non-sterile procedure room, thereby establishing a new ASF. (DI #4, p. 15).

The applicant states that the need for a third operating room is supported by an increase in surgical volumes and surgical time in the operating rooms. The ASC has experienced a 214.7 percent increase in the number of surgical cases from 2021 to 2024. The increase in surgical volumes is driven, in particular, by a significant increase in total joint arthroplasty (TJA) procedures at the ASC. From 2021 to 2024, AAMC experienced a 254.6 percent increase in TJAs.

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[1] COMAR 10.24.11.07B(2) defines an ambulatory surgery center as any center, service, office, facility, or office of one or more health care practitioners, a group practice, or a non-rate-regulated center owned by a hospital that has no more than two operating rooms, that operates primarily for the purpose of providing surgical services to patients who do not require overnight hospitalization, and that seeks reimbursement from payors for the provision of ambulatory surgical services.

[2] COMAR 10.24.11.07B(3) defines an ambulatory surgical facility as a health care facility that: (a) has three or more operating rooms; (b) operates primarily for the purpose of providing surgical services to patients who do not require overnight hospitalization and (c) seeks reimbursement from payors as an ambulatory surgical facility.

(DI #4, p. 13). Accordingly, the applicant expects to add seven additional orthopedic surgeons to its practice. Upon projection completion, thirty-two (32) surgeons will provide surgical services at the ASF, including 19 orthopedic surgeons, 12 obstetricians-gynecologists, and one pain medicine specialist.

The proposed project involves the conversion of an existing pre-operative/post anesthesia bay in the ASC to a procedure room and expansion of AAMC into adjacent, unoccupied space within the medical office building. AAMC will lease 1,993 square feet (sq. ft.) of additional space from the building owner/landlord, The Bernstein Companies. The additional space will include the third operating room as well as a nurses station, several pre-/post-op areas, equipment room, other supportive areas, and mechanical areas. See Appendix 2 for the before and after floor plans. Upon completion of the project, AAMC will have:

- Operating room 1 - 576-sq.ft. (existing)
- Operating room 2 - 576-sq.ft. (existing)
- Operating room 3 - 522 sq. ft. (proposed)
- Procedure room - 182-sq. ft. (proposed).

The estimated cost of the project is $4,198,499. Table I-1 below provides a breakdown of the Project Budget. The sources of funds for the project include $2.2 million in cash, generated from the operations of the two existing ASCs operated by Anne Arundel–SCA Holdings, LLC and the physicians and a $2.0 million mortgage loan through Truist Bank. (DI #4, Exhibit 24, pp. 2-6; DI #32, Exh. 32).

Table I-1: AAMC Surgery Center – Annapolis: Projected Budget

Renovations	
Building	$ 1,960,000
Fixed Equipment (not included in construction)	$ 1,193,582
Architect/Engineering Fees	$ 264,240
Permits (Building, Utilities, etc.)	$ 32,094
Subtotal	**$ 3,449,916**
Other Capital Costs	
Contingency Allowance	$ 292,591
Subtotal	**$ 292,591**
Total Current Capital Costs	$ 3,742,507
Inflation Allowance	$ 57,278
Total Capital Costs	**$ 3,799,785**
Financing Cost and Other Cash Requirements	
Non-CON Consulting Fees	$ 130,000
Other Expenses	
Project Administration	$ 251,100
Testing and Inspection	$ 5,000
Insurance and Taxes	$ 12,614
Subtotal	$ 398,714
Total Uses of Funds	**$ 4,198,499**
Sources of Funds	
Cash	$ 2,198,499
Mortgage Loan	$ 2,000,000
Total Source of Funds	**$ 4,198,499**

Source: DI #4, Exh. 4, Table E - Project Budget

The applicant has planned 72 weeks total for the project, with a goal to begin utilization of the third operating room and new procedure room by September 2026. (DI #4, p. 15; DI #18. p. 2). AAMC states that it will sign a construction contract and begin construction within 120 days of CON approval. (DI #4, p. 15-17). Construction in the adjacent space will occur during normal business hours and on the weekends as necessary, to avoid disruptions to current operations. Construction on the conversion to the procedure room will occur only after hours and on the weekends. Given that the construction schedule is concurrent with ongoing services, the applicant anticipates operational readiness as soon as September 2026.

Staff Recommendation

The relevant State Health Plan chapter considered in the review of this project was COMAR 10.24.11, State Health Plan for Facilities and Services: General Surgical Services. The procedural regulations considered for the project were the general CON review criteria at COMAR 10.24.01.08G(3)(a) through (h).

Staff concludes that AAMC Surgery Center–Annapolis has complied with all applicable State Health Plan standards in COMAR 10.24.11, the General Surgical Services chapter and the CON review criteria at COMAR 10.24.01.08G(3)(a)-(h). The applicant has demonstrated the need for a third operating room and its need for one procedure room. The applicant has demonstrated that the proposed ASF will be financially viable and a cost-effective option for delivering outpatient surgical services for residents within its service area. Staff concludes that the project will have a positive impact on patient access and will not have an adverse impact on the other service providers, the health delivery system, and costs to patients for outpatient surgical services.

Based on the conclusion that the proposed project complies with the applicable standards in the State Health Plan chapter and the criteria for CON review, staff recommends that the Commission **APPROVE** AAMC Surgery Center–Annapolis CON project to establish an ASF. Staff recommends approval with the following conditions:

> AAMC Surgery Center - Annapolis shall commit to provide an amount of charity care that is equivalent to or greater than the average amount of charity care provided by ASFs in the most recent year reported, measured as a percentage of its total operating expenses.
>
> Prior to First Use, AAMC Surgery Center - Annapolis shall provide its CY 2023 and CY 2024 performance on the ASCQR as compared to other ASCs for the eight quality measures indicated as well as the following Claims-Based measures: ASC-17 (Hospital Visits after Orthopedic Ambulatory Surgical Center Procedures) and ASC-19 (Facility Level 7-Day Hospital Visits after General Surgery Procedures Performed at Ambulatory Surgical Centers).
>
> For the next three years, collect and report annually to the Commission, data on the Enhanced Preoperative Education Pathway. The reporting shall include submission of stratified patient-level sociodemographic data, outcomes from orthopedic procedures, the number of risk assessments conducted; and the connections to community-based resources to mitigate potential negative effects.

II. PROCEDURAL HISTORY

Record of the Review

See Appendix 3, Record of the Review.

Interested Parties in the Review

There are no interested parties in this review.

Local Government Review and Comment

No comments were received from a local governmental body.

Community Support

Jessica Ferrar, Vice President of Strategic Planning, Luminis Health, submitted a letter of support for AAMC Surgery Center – Annapolis' project to establish an ambulatory surgical facility. (DI #4, Exh. 24, p. 1).

III. STAFF REVIEW AND ANALYSIS

A. The State Health Plan

COMAR 10.24.01.08G(3)(a) State Health Plan. An application for a Certificate of Need shall be evaluated according to all relevant State Health Plan standards, policies, and criteria.

The relevant State Health Plan Chapter that will be considered in the review of this project is: COMAR 10.24.11, General Surgical Services.

COMAR 10.24.11.05A — General Standards.

The following general standards reflect Commission expectations for the delivery of surgical services by all healthcare facilities in Maryland, as defined in Health-General §19-114(d). Each applicant that seeks a Certificate of Need for a project covered by this Chapter shall address and document its compliance with each of the following general standards as part of its application.

1. Information Regarding Charges and Network Participation. Information regarding charges for surgical services shall be available to the public.

(a) Each ambulatory surgery center, ambulatory surgical facility, and hospital shall provide to the public, upon inquiry or as required by applicable regulations or law, information concerning charges for the full range of surgical services provided.

(b) Each ambulatory surgery center, ambulatory surgical facility, and general hospital shall provide to the public, upon inquiry or as required by applicable regulations, the names of the health carrier networks in which it currently participates.

(c) Each ambulatory surgery center, ambulatory surgical facility, and general hospital shall provide to the public, upon inquiry, the names of the health carrier networks in which each surgeon and other health care practitioner that provides services at the facility currently participates.

(d) The Commission shall consider complaints to the Consumer Protection Division in the Office of the Attorney General of Maryland or to the Maryland Insurance Administration when evaluating an applicant's compliance with this standard in addition to evaluating other sources of information.

(e) Providing a patient with an estimate of out-of-pocket charges prior to arrival for surgery shall be a condition of any CON issued by the Commission.

Applicant Response

AAMC states that it "maintains a full list of charges that it routinely updates and makes this list available to the general public, upon inquiry, information regarding charges for the full range of surgical service that is provided, as required by applicable regulation or law." (DI #4, p. 28).

AAMC states that it "will provide to the public, upon inquiry, the names of all the health network carriers in which each surgeon and other health care practitioners providing services at the facility currently participates." The applicant also provided, in the CON application, the list of the health carrier networks in which the facility participates. (DI #4, p. 28).

In response to paragraph (d), the applicant states that it "is not aware of any complaints that have been filed with the Consumer Protection Division in the Office of the Attorney General of Maryland or to the Maryland Insurance Administration regarding current operations." (DI #4, p. 29).

Lastly, AAMC states that it provides all patients with an out-of-pocket estimate prior to arrival at the surgery center, through [its] centralized billing office and internal business office. The applicant indicates that it is committed to continuing to provide patients with out-of-pocket estimates as an ASF. (DI #4, p. 29).

Staff Analysis

Staff reviewed the applicant's responses that states that AAMC will provide all the information regarding charges and network participation as required by all the subparagraphs of this standard. AAMC and its surgeons and health practitioners participate in the following health

carrier networks: Blue Cross Blue Sheild; Medicare; Cigna; Aetna; Johns Hopkins; United Healthcare; Tricare; Human, Well Point; Maryland Physician Care; Medicaid; and Workers Comp. Staff reviewed the websites at the Consumer Protection Division in the Office of the Maryland Attorney General of Maryland and the Maryland Insurance Administration (both reviewed on 10/24/2025), and did not find any complaints or concerns raised about AAMC.

2. Information Regarding Procedure Volume. Each hospital, ambulatory surgical facility, and ambulatory surgery center shall provide to the public upon inquiry information concerning the volume of specific surgical procedures performed at the location. A hospital, ambulatory surgical facility, or ASC shall provide the requested information on surgical procedure volume for the most recent 12 months available, updated at least annually.

Applicant Response

AAMC states that it "will provide, upon inquiry, information concerning the volume of specific surgical procedures it has performed over the most recent previous 12 months available, updated at least annually." (DI #4, p. 29).

Staff Analysis

The applicant has stated its commitment to provide surgical procedure volumes to the public, upon request. Staff concludes that the applicant complies with this standard.

3. Charity Care and Financial Assistance Policy. Each hospital and ambulatory surgical facility shall have a written policy for the provision of charity care and financial assistance regarding free and reduced-cost care to uninsured, underinsured, or indigent patients and shall provide ambulatory surgical services on a charitable basis to qualified persons consistent with the policy. The policy shall include, as applicable below, at a minimum:

(a) *Determination of Eligibility for Charity Care or Financial Assistance.* Within two business days following a patient's request for charity care services, application for medical assistance, or both, the hospital or ambulatory surgical facility shall make a determination of probable eligibility and notify the patient of that determination.

(b) *Notice of Charity Care and Financial Assistance Policy.* Public notice and information regarding the hospital or ambulatory surgical facility's charity care policy shall be disseminated, on an annual basis, through methods designed to best reach the facility's service area population in a format understandable by the service area population. Notices regarding the facility's charity care policy shall be posted in the registration area and business office of the facility. This notice shall include general information about who qualifies and how to obtain a copy of the policy or may include a posted copy of the policy. Prior to a patient's arrival

for surgery, the facility shall address any financial concerns of the patient, and individual notice regarding the facility's charity care policy shall be provided.

(c) *Criteria for Eligibility.* A hospital shall comply with applicable State statutes and HSCRC regulations regarding financial assistance policies and charity care eligibility. A health maintenance organization, acting as both the insurer and provider of health care services for members, shall have a financial assistance policy for its members that is consistent with the minimum eligibility criteria for charity care required of ambulatory surgical facilities described in these regulations. An ambulatory surgical facility, at a minimum, shall include the following eligibility criteria in its charity care policies:

(i) Persons with family income below 100 percent of the current federal poverty guideline who have no health insurance coverage and are not eligible for any public program providing coverage for medical expenses shall be eligible for services free of charge; and

(ii) Persons with family income above 100 percent of the federal poverty guideline but below 200 percent of the federal poverty guideline shall be eligible for services at a discounted charge, based on a sliding scale of discounts for family income bands.

(d) A hospital with a level of charity care, defined as the percentage of total operating expenses that falls within the bottom quartile of all hospitals, as reported in the most recent HSCRC Community Benefit Report, shall demonstrate that its level of charity care is appropriate to the needs of its service area population.

(e) A hospital shall be able to demonstrate that its historic level of charity care or its projected level of charity care is appropriate to the needs of its actual or projected service area population. This demonstration shall include an analysis of the socio-economic conditions of the hospital's actual or projected service area population, a comparison of those conditions with those of Maryland's overall socio-economic indicators, and a comparative analysis of charity care provision by the applicant hospital and other hospitals in Maryland. The socio-economic indicators evaluated shall include median income and type of insurance by zip code area, when available. The analysis provided may also include an analysis of the social determinants of care affecting use of health care facilities and services and the health status of the actual or projected hospital service area population.

(f) An applicant submitting a proposal to establish or expand an ambulatory surgical facility for which third party reimbursement is available, shall commit to provide charitable surgical services to indigent patients that are equivalent to at least the average amount of charity care provided by ambulatory surgical facilities in the most recent year reported, measured as a percentage of total operating expenses. The applicant shall demonstrate that:

(i) Its track record in the provision of charitable health care facility services supports the credibility of its commitment;

(ii) It has a specific plan for achieving the level of charitable care provision to which it is committed; and

(iii)If an existing ambulatory surgical facility has not met the expected level of charity care for the two most recent years reported to the Commission, the applicant shall demonstrate that its historic level of charity care was appropriate to the needs of its service area population.

(g) A health maintenance organization, acting as both the insurer and provider of health care services for members, if applying for a Certificate of Need for a surgical facility project, shall make a commitment to provide charitable services to indigent patients. Charitable services may be surgical or non-surgical and may include charitable programs that subsidize health plan coverage. At a minimum, the amount of charitable services provided as a percentage of total operating expenses for the health maintenance organization will be equivalent to the average amount of charity care provided statewide by ambulatory surgical facilities, measured as a percentage of total ambulatory surgical facility expenses, in the most recent year reported. The applicant shall demonstrate that:

(i) Its track record in the provision of charitable health care facility services supports the credibility of its commitment; and

(ii) It has a specific plan for achieving the level of charitable care provision to which it is committed.

(iii) If the health maintenance organization's track record is not consistent with the expected level for the population in the proposed service area, the applicant shall demonstrate that its historic level of charity care was appropriate to the needs of the population in the proposed service area.

Applicant Response

The applicant states that it has a Financial Assistance Program that assists qualified patients with payment for services. (DI #4, p. 30). AAMC submitted a copy of its "Financial Assistance and Charity Care Program" policy. (DI #4, Exh. 6). The policy states that "Within two business days following a person's request for assistance AAMC Surgery Center's Business Office Manager, in collaboration with the Medical Executive Committee, shall make a decision about probable eligibility and inform the person and notify the person by telephone or other primary contact noted on the application." (DI #4, Exh. 6, p. 1). The policy includes a plan for disseminating information about its Financial Assistance Program:

1. Public notice and information shall be published on an annual basis on the AAMC website[3] in English and Spanish.
2. The policy and application shall be published on the website for AAMC in English and Spanish.
3. Notices in English and Spanish shall be posted in AAMC Surgery Center's registration and business office and in the reception area of associate surgeons.

[3] Outpatient Surgery Center Financial Assistance. Luminis Health. https://www.luminishealth.org/en/policies/outpatient-surgery-centers-financial-assistance?language_content_entity=en. Accessed October 24, 2025.

4. Notice of the program shall be provided, by staff of associate surgeon's, to patients having surgery along with pre-operative education materials and paperwork about the surgery. (DI #4, p. 31; DI #4, Exh. 6, p. 1).

The applicant included an example of the public notice in English entitled "Notice of Financial Assistance and Charity Care Program". (DI #4, Exh. 7).

The "Financial Assistance and Charity Care Program" policy also includes the criteria for eligibility as follows:

1. Persons with family income below 100 percent of the current poverty guideline, who have no health insurance and are not eligible for public program providing coverage for medical expenses shall be eligible for service free of charge.
2. Persons with family income above 100 percent of the federal poverty guideline but below 200 percent of the federal poverty guideline shall be eligible for services at a discounted charge, based on a sliding scale of discounts for family income bands. (DI #4, pp. 31-32; DI #4, Exh. 6, p. 1).

Paragraph (d) and paragraph (e) are not applicable.

For paragraph (f)(i), AAMC is committed to provide at least one percent of its operating expenses in charity care. (DI #4, p. 33). AAMC states that as an ASC, it has not explicitly tracked the amount of charitable care provided to its patients and does not have the ability to extract charity care from its historical financial records. The applicant believes that the ASC's charity care is reflected in "bad debt." In 2024, AAMC reported $141,200 in bad debt, which it indicates exceeds one percent of ASC's total operating expenses. (DI #4, p. 33).

For paragraph (f)(ii), the applicant states that AAMC is committed to monitoring adherence to achieving the level of charitable care as a standard agenda item at its quarterly Quality Assurance meetings and reported quarterly to its leadership (i.e., "Governing Board, the Medical Executive Committee, and the partnership"). The applicant states that it will extrapolate data on its charity care performance from its healthcare systems and technologies platform. The applicant reiterated its mechanisms to disseminate its charity care and financial assistance policy. (DI #4, p. 33).

Paragraph (f)(iii) and paragraph (g) are not applicable.

Staff Analysis

Staff reviewed the "Financial Assistance and Charity Care Program" policy and concludes that the applicant meets the requirements in paragraphs (a) - (c). The policy includes language that addresses the key components of the charity care standard regarding patients eligibility; public notice of the policy; and criteria for eligibility for charity care for individuals either below 100 percent of the current federal poverty guideline or above 100 percent but below 200 percent of the federal poverty guideline. (DI #4, Exh. 6). Staff verified that the financial assistance policy is posted both on the Luminis Health and the AAMC websites.

Staff acknowledges AAMC's effort to approximate its level of charity care, despite not having to provide charity care as an ASC. However, staff finds that the applicant's commitment of at least one percent of its operating expenses in charity care may not be consistent with the standard. The standard requires commitment to provide at least the average amount of charity care provided by ASFs in the most recent year reported. This expected minimum amount of charity care may fluctuate from year to year, and may be more than one percent that the applicant has committed.

Therefore, staff concludes that AAMC complies with parts of this standard and recommends the Commission impose the following condition:

> AAMC Surgery Center - Annapolis shall commit to provide an amount of charity care that is equivalent to or greater than the average amount of charity care provided by ASFs in the most recent year reported, measured as a percentage of its total operating expenses.

4. Quality of Care. A facility providing surgical services shall provide high quality care.

(a) An existing hospital or ambulatory surgical facility shall document that it is licensed, in good standing, by the Maryland Department of Health.

(b) A hospital shall document that it is accredited by the Joint Commission or other accreditation organization recognized by the Centers for Medicare and Medicaid and the Maryland Department of Health as acceptable for obtaining Medicare certification and Maryland licensure.

(c) An existing ambulatory surgical facility or ASC shall document that it is:

(i) In compliance with the conditions of participation of the Medicare and Medicaid programs;

(ii) Accredited by the Joint Commission, the Accreditation Association for Ambulatory Health Care [AAAHC], the American Association for Accreditation of Ambulatory Surgery Facilities, or another accreditation organization recognized by the Centers for Medicare and Medicaid Services as acceptable for obtaining Medicare certification; and

(iii) A provider of quality services, as demonstrated by its performance on publicly reported performance measures, including quality measures adopted by the Centers for Medicare and Medicaid Services. The applicant shall explain how its ambulatory surgical facility or each ASC, as applicable, compares on these quality measures to other facilities that provide the same type of specialized services in Maryland.

(d) An applicant seeking to establish an ambulatory surgical facility shall:

(i) Demonstrate that the proposed facility will meet or exceed the minimum requirements for licensure in Maryland in the areas of administration, personnel, surgical services provision, anesthesia services provision, emergency services, hospitalization, pharmaceutical services, laboratory and radiologic services, medical records, and physical environment;

(ii) Agree that, within two years of initiating service at the facility, it will obtain accreditation by the Joint Commission, the AAAHC, or the American Association for Accreditation of Ambulatory Surgery Facilities or another

accreditation organization recognized by the Centers for Medicare and Medicaid Services as acceptable for obtaining Medicare certification and approved by the State of Maryland; and

(iii) Acknowledge in writing that, if the facility fails to obtain the accreditation in subparagraph (ii) on a timely basis, it shall voluntarily suspend operation of the facility.

(e) An applicant or a related entity that currently or previously has operated or owned one or more ASCs or ambulatory surgical facilities in or outside of Maryland in the five years prior to the applicant's filing of an application to establish an ambulatory surgical facility, shall provide details regarding the quality of care provided at each such ASC or ambulatory surgical facility including information on licensure, accreditation, performance metrics, and other relevant information.

Applicant Response

AAMC submitted a copy of its license, issued by the Maryland Department of Health on April 24, 2020. (DI #43, Exh. 8).

Paragraph (b) is not applicable.

AAMC submitted documentation from the Centers for Medicare and Medicaid Services (CMS), dated June 15, 2020, that AAMC received certification for participation in the Medicare and Medicaid programs. (DI #4, Exh. 9). The applicant states that it is in compliance with the conditions of participation of the Medicare and Medicaid. (DI #4, p. 35). AAMC submitted a copy of its accreditation certificate from the AAAHC. (DI #4, Exh. 10). The applicant states that the ASC is currently enrolled in the Quality Net Program, and provided copies of reports that affirm that the ASC submitted its data on eight quality measures and on health care personnel COVID-19 vaccination coverage quality measure for calendar year (CY) 2023 and 2024. (DI #4, Exh. 11).

In response to paragraph (d), AAMC states that the existing ASC meets the minimum requirements in the State of Maryland for licensure as an ASC-2 in the following areas: include administration, personnel, surgical services provision, anesthesia services provision, emergency services, hospitalization, pharmaceutical services, laboratory and radiologic services, medical records, and physical environment. The applicant states that it will continue to meet these requirements when the proposed project is complete and when AAMC becomes an ASF.

AAMC is accredited by AAAHC and is committed to renew its accreditation at the end of the current term. AAMC agrees to voluntarily suspend operation of its facility if it fails to renew its accreditation on a timely basis. (DI #4, p. 36).

For paragraph (e), the applicant submitted documentation that AAMC–Pasadena, its other ASC, is licensed by the State of Maryland, accredited by AAAHC with an expiration of April 10, 2028, and enrolled in the Quality Net Program and provided reports of its submission of eight quality measures for three years. (DI #4, Exh. 12, 13, and 14).

Staff Analysis

Staff reviewed AAMC's non-expiring license and verified that AAMC is in good standing. AAMC's accreditation by the AAAHC is current and not due to expire until of April 24, 2026. AAMC provided evidence that it participates in CMS' Ambulatory Surgical Center Quality Reporting (ASCQR) Program, which it referred to as the Quality Net Program. The applicant provided the same types of evidence (i.e., State licensing, AAAHC accreditation, and proof of submission of ASCQR quality measures) for AAMC–Pasadena, as it did for AAMC. Staff find that AAMC provided evidence that suggest its high quality of care; however, AAMC's performance on the quality measures could not be determined. The applicant's report shows submission of data but not its outcomes for measures relevant to services at an ASC.

Staff concludes the applicant complies with parts of this standard and recommends the Commission impose the following condition:

> Prior to First Use, AAMC Surgery Center - Annapolis shall provide its CY 2023 and CY 2024 performance on the ASCQR as compared to other ASCs for the eight quality measures indicated as well as the following Claims-Based measures: ASC-17 (Hospital Visits after Orthopedic Ambulatory Surgical Center Procedures) and ASC-19 (Facility Level 7-Day Hospital Visits after General Surgery Procedures Performed at Ambulatory Surgical Centers).

5. Transfer Agreements.

(a) Each hospital shall have arrangements for transfer of surgical patients to another hospital that comply with the requirements of Health-General Article §19-308.2.
(b) Each ambulatory surgical facility shall have a process for assuring the emergency transfer of surgical patients to a hospital that complies with the requirements of COMAR 10.05.05.09.

Applicant Response

AAMC submitted a copy of its non-exclusive transfer agreement with Luminis Health Anne Arundel Medical Center. (DI #4, Exh. 15). The agreement discusses the responsibilities of AAMC and Luminis Health Anne Arundel Medical Center regarding transfer from its facility to this hospital. AAMC submitted a copy of its policy "Patient Transfer to a Hospital" that outlines the procedures for arranging and transferring a patient between AAMC and a hospital. (DI #4, Exh. 16).

Staff Analysis

Staff reviewed the applicant's transfer policy and the transfer agreement with Luminis Health Anne Arundel Medical Center. The transfer agreement identifies the responsibilities of the AAMC staff in the notification, transportation, and transfer of a patient to the hospital who may need inpatient hospital care or emergency care in accordance with COMAR 10.05.05.09.

Staff concludes that the applicant complies with the standard.

COMAR 10.24.11.05B — Project Review Standards.

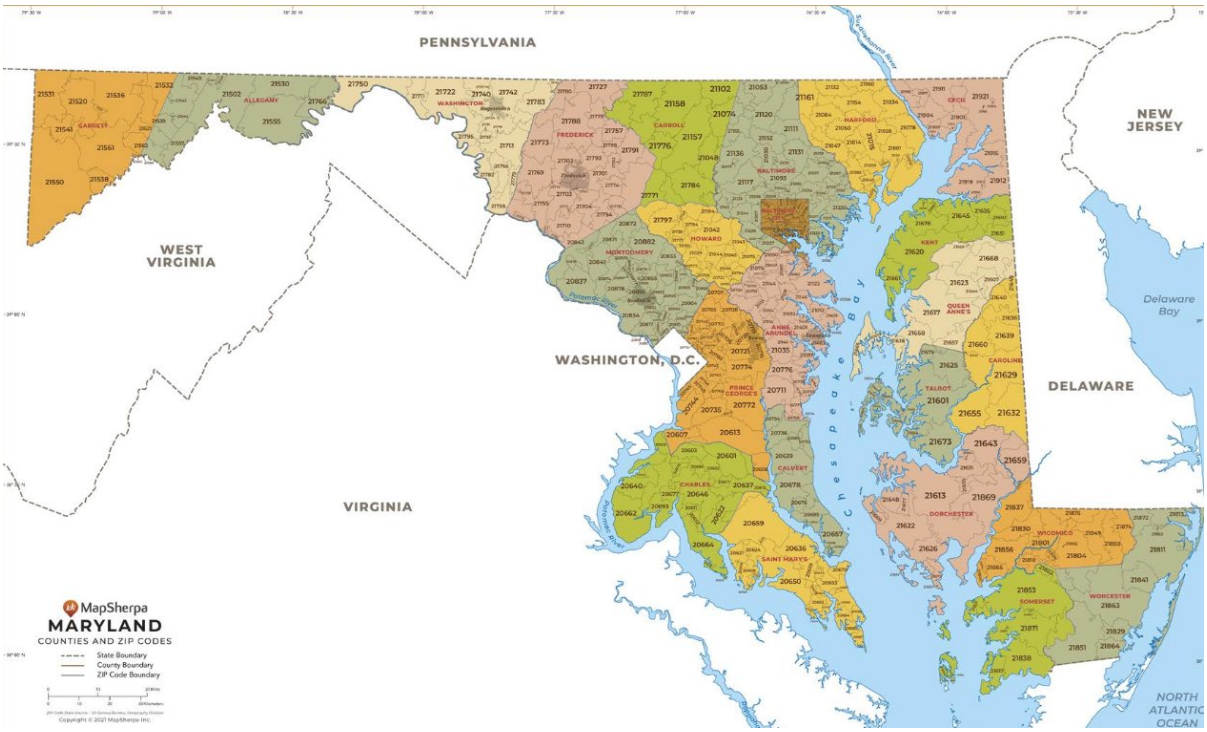
The standards in this regulation govern reviews of Certificate of Need applications involving surgical facilities and services. An applicant for a Certificate of Need shall demonstrate consistency with all applicable review standards.

1. **Service Area. An applicant proposing to establish a hospital providing surgical services or an ambulatory surgical facility shall identify its projected service area. An applicant proposing to expand the number of operating rooms at an existing hospital or ambulatory surgical facility shall document its existing service area, based on the origin of patients served.**

Applicant Response

AAMC operates in Anne Arundel County. The applicant states that the service area and the majority of patients served by AAMC reside within the State of Maryland. Recent patient origin data shows that the patients reside in 184 zip codes located within 21 counties and Baltimore City, accounting for almost 98 percent of the 2,137 surgical cases performed in calendar year 2024 at the ASC. (DI #4, 38).

Below is a map of AAMC's service area. Of the 22 jurisdictions in Maryland served, more than 70 percent of the patients treated at AAMC resided in two jurisdictions, with 58.5 percent from Anne Arundel County and 12.4 percent from Prince George's County. (DI #4, pp. 39-40).



Source: DI #4, p. 40.

Table III-1 below provides a breakdown of the 2,137 patients served at AAMC for calendar year 2024 by county of residence in Maryland or by state of residence.

Table III-1 AAMC Surgery Center - Annapolis
Patient Origin
January 1, 2024 through December 31, 2024

State	County	Case Count	Total
MD	Anne Arundel	1250	58.49%
MD	Baltimore City	16	0.75%
MD	Baltimore County	18	0.84%
MD	Calvert	151	7.07%
MD	Caroline	31	1.45%
MD	Carroll	6	0.28%
MD	Cecil	1	0.05%
MD	Charles	17	0.80%
MD	Dorchester	10	0.47%
MD	Frederick	6	0.28%
MD	Garrett	1	0.05%
MD	Harford	4	0.19%
MD	Howard	25	1.17%
MD	Kent	18	0.84%
MD	Montgomery	15	0.70%
MD	Prince George's	265	12.40%
MD	Queen Annes	163	7.63%
MD	Saint Mary's	28	1.31%
MD	Talbot	49	2.29%
MD	Washington	1	0.05%
MD	Wicomico	6	0.28%
MD	Worcester	5	0.23%
Total Service Area		2086	97.61%
Outside Service Area		51	2.39%
Total Cases		2137	100.00%

MD	2086	97.61%
CA	2	0.09%
Canada	1	0.05%
DC	8	0.37%
DE	16	0.74%
FL	4	0.19%
NC	1	0.05%
NJ	1	0.05%
PA	6	0.28%
SD	1	0.05%
VA	6	0.28%
WV	5	0.23%
	2137	100.00%

Source: Internal Records HST Pathways
Source: DI #4, p. 39.

The applicant provided 2018-2020 data on Anne Arundel County's senior population, age 60-65 and 65 and older. AAMC indicates that the population 60 years and older in Anne Arundel County is expected to increase to over 27 percent between 2020 and 2045.

Staff Analysis

Staff reviewed the applicant's patient origin data and conclude that AAMC's service area is Anne Arundel County, followed by Prince George's County. This service area is likely related to the applicant's affiliation with two Luminis hospitals, Anne Arundel Medical Center and Luminis Health Doctors Community Medical Center that are in Anne Arundel and Prince George's Counties, respectively. AAMC also has a sizable proportion (by comparison to other jurisdictions in Maryland) of patients who reside in Calvert, Queen Anne's, and Talbot counties.

The applicant's population data for the service area only included adults 60 years and older. The applicant presumes that the increase in surgical volume will be driven by the older adult population who historically are more likely to receive TJAs. Recent research show an increase in TJAs in younger adults, less than 60 years of age. Younger adults may also contribute to the demand for primary and revision total joint replacements in the service area.[4,5] The applicant should consider its strategy to recruit younger adult patients in the service area.

Staff recommends the Commission find that the applicant complies with this standard.

2. Need – Minimum Utilization for Establishment of a New or Replacement Facility. An applicant proposing to establish or replace a hospital or ambulatory surgical facility shall:

(a) Demonstrate the need for the number of operating rooms proposed for the facility, consistent with the operating room capacity assumptions and other guidance included in Regulation .06 of this Chapter.

(b) Provide a needs assessment demonstrating that each proposed operating room is likely to be utilized at optimal capacity or higher levels within three years of the initiation of surgical services at the proposed facility, consistent with Regulation .06 of this Chapter.

(c) An applicant proposing to establish or replace a hospital shall submit a needs assessment that includes:

(i) Historic trends in the use of surgical facilities for inpatient and outpatient surgical procedures by the new or replacement hospital's likely service area population;

[4] Bergstein VE, Weinblatt AI, Taylor WL and Long W. Total knee arthroplasty survivorship and outcomes in young patients: a review of the literature and 40-year update to a longitudinal study. *Archives of Orthopaedic and Trauma Surgery.* 2024; 144:4077-4083. doi.org/10.1007/s00402-024-05198-5

[5] Ektiari S, Sefton A, Wood TJ, Petruccelli DT, Winemaker MJ, and de Beer JD. The changing characteristics of arthroplasty patients: a retrospective cohort study. *Journal of Arthroplasty*. 2021; 36(7): 2418-2423. doi.org/10.1016/j.arth.2021.02.051

(ii) The operating room time required for surgical cases projected at the proposed new or replacement hospital by surgical specialty or operating room category; and

(iii) In the case of a replacement hospital project involving relocation to a new site, an analysis of how surgical case volume is likely to change as a result of the relocation.

(d) An applicant proposing the establishment of a new ambulatory surgical facility shall submit a needs assessment that includes the following:

(i) Historic trends in the use of surgical facilities for outpatient surgical procedures by the proposed facility's likely service area population;

(ii) The operating room time required for surgical cases projected at the proposed facility by surgical specialty or, if approved by Commission staff, another set of categories; and

(iii) Documentation of the current surgical caseload of each physician likely to perform surgery at the proposed facility.

Applicant Response

The applicant expects its outpatient orthopedic cases to increase by 6.4 percent in five years, with joint replacement surgery increasing by 35 percent during the same time (2024 to 2029). The applicant states that the need for the third operating room is driven by:

- Its baseline of surgical case volumes performed at AAMC in the current year, and
- Anticipated market growth in the population of adults 60 years and older who reside in AAMC's service area. (DI #4, p. 44). The applicant expects the growth in the number of adults 60 years older to account for 2,600 additional surgical cases in the service area, general. (DI #4, p. 45).

The applicant presented the Table III-2 of the utilization of the additional proposed operating room for four years. (DI #11, p. 24).

Table III-2: Operating Room Capacity and Needs Assessment, Project Only

	Projected			
	CY2026	CY2027	CY2028	CY2029
Total Cases	618	1159	1236	1236
Total Surgical Minutes in OR, including turnaround time at 20 minutes	66,606.9	125,102.5	133,413.8	133,413.8
Total Hours (Total OR minutes/60)	1111.8	2085.0	2223.6	2223.6
OR Need (based on optimal capacity)	68.1%	127.8%	136.2%	136.2%
Utilization, rate	0.68	1.28	1.36	1.36

Paragraph (c) is not applicable.

For paragraph (d), the applicant presented utilization of the ASC's two operating rooms for CY 2023 and CY 2024, projected utilization for 2025, and projected utilization for the next four years through 2029. The applicant assumes 1,632 hours per year for optimal capacity, at 80 percent

of full capacity.[6] AAMC used a turnaround time of 20 minutes between surgical cases in its OR need assessment. (DI #4, p. 42).

Table III-3: AAMC Surgery Center - Annapolis Operating Room Capacity and Needs Assessment, Entire Facility

	Actual		Projected				
Calendar Year	2023	2024	2025	2026	2027	CY28	2029
Total Cases	1,807	2,140	1,943	2,561	3,102	3,179	3,179
Total Surgical Minutes in OR	162,396	182,638	170,867	225,214	272,789	279,561	279,561
OR Turnaround Time Minutes, 20 minutes per case	36,140	42,800	38,860	51,220	62,040	63,580	63,580
Total OR minutes, including Turnover	198,536	225,438	209,727	276,434	334,829	343,141	343,141
Total Hours (minutes/60)	3,301.5	3,751.4	3,495.5	4,607.2	5,580.5	5,719.0	5,719.0
Optimal Capacity, Hours	3,264.0	3,264.0	3,264.0	4,896.0	4,896.0	4,896.0	4,896.0
Utilization Percent	101.1%	114.9%	107.1%	94.1%	114.0%	116.8%	116.8%
OR Need (Total Hours/1,632)	2.0	2.3	2.1	2.8	3.0	3.5	3.5

Source: DI #11, p. 24.

Note: Optimal Capacity is 1,632 hours per year.

The applicant notes that in CY 2024, AAMC accepted cases from AAMC–Pasadena, after AAMC–Pasadena had minor and temporary HVAC issues. To avoid canceling surgical procedures at the AAMC–Pasadena, the cases were moved to AAMC, resulting in an increase in surgical procedures at AAMC in CY 2024. With the resumption of cases at the AAMC–Pasadena in 2025, AAMC's surgical utilization is expected to return to a normal level by the end of CY 2025. (DI #11, p. 26).

Staff Analysis

Staff reviewed the historical and projected surgical volume data. While there are differences in the total surgical cases and surgical volumes between the two tables, the differences are slight and do not obviate the need for the third operating room. The historical utilization, notwithstanding the increase in CY 2024 due to cases from the AAMC–Pasadena, show increasing volumes at AAMC and support the need for an additional OR. The projected utilization show that surgical volumes for the three operating rooms together will meet or exceed optimal capacity by the ASF's second year of operation, in CY 2027.

Staff concludes that the applicant complies with this standard.

(3) Need – Minimum Utilization for Expansion of An Existing Facility. An applicant proposing to expand the number of operating rooms at an existing hospital or ambulatory surgical facility shall:

[6] State Health Plan for Facilities and Services: General Surgical Services COMAR 10.24.11.06A(1)(b)(iii) for a dedicated outpatient general purpose operating room.

(a) Demonstrate the need for each proposed additional operating room, utilizing the operating room capacity assumptions and other guidance included at Regulation .07 of this chapter;
(b) Demonstrate that its existing operating rooms were utilized at optimal capacity in the most recent 12-month period for which data has been reported to the Health Services Cost Review Commission or to the Maryland Health Care Commission; and
(c) Provide a needs assessment demonstrating that each proposed operating room is likely to be utilized at optimal capacity or higher levels within three years of the completion of the additional operating room capacity, consistent with Regulation .06 of this chapter. The needs assessment shall include the following:
(i) Historic and projected trends in the demand for specific types of surgery among the population in the proposed service area;
(ii) Operating room time required for surgical cases historically provided at the facility by surgical specialty or operating room category; and
(iii)Projected cases to be performed in each proposed additional operating room.

This standard is not applicable, as this applicant seeks to establish a new ASF rather than expand an existing ASF.

4. Design Requirements. Floor plans submitted by an applicant must be consistent with the current FGI Guidelines:
(a) A hospital shall meet the requirements in current Section 2.2 of the FGI Guidelines.
(b) An ambulatory surgical facility shall meet the requirements in current Section 3.7 of the FGI Guidelines.
(c) Design features of a hospital or ambulatory surgical facility that are at variance with the current FGI Guidelines shall be justified. The Commission may consider the opinion of staff at the Facility Guidelines Institute, which publishes the FGI Guidelines, to help determine whether the proposed variance is acceptable.

Applicant Response

The only applicable standard is paragraph (b). The applicant submitted a letter signed by a principal of its architectural design firm, Norr. The principal (Ms. Morson) indicates that the schematic design drawings for AAMC comply with the current FGI Guidelines. (DI #4, Exh. 18). AAMC states that the schematic design of the ASF aligns with its clinical needs, regulatory standards, and operational efficiency. (DI #11, pp. 12-13).

Staff Analysis

The applicant submitted a letter from its architect that states that the proposed ASC was designed in compliance with the current FGI Guidelines. The applicant did not disclose any design features of the proposed ASC that are at variance with the current FGI Guidelines.

Staff concludes that the applicant complies with this standard.

5. **Support Services. Each applicant seeking to establish or expand an ambulatory surgical facility shall provide or agree to provide laboratory, radiology, and pathology services as needed, either directly or through contractual agreements, in compliance with COMAR 10.05.05.**

Applicant Response

AAMC states it provides laboratory services for its patients through a contractual agreement with Luminis Health – Anne Arundel Medical Center and through its own laboratory services, granted through a Clinical Laboratory Improvement Amendments waiver. (DI #4, Exh. 19). AAMC has a protocol that requires its staff to notify the surgeon and the licensed independent practitioner of stat/critical laboratory results and to document the results in the electronic health record.

The applicant indicates that staff are educated on the safe handling and labeling of laboratory specimens. AAMC has guidelines that define the process for obtaining a specimen and notification of pick-up of the specimen. (DI #4, p. 47). AAMC staff are assessed annually on specimen management. (DI #4, p. 47). The applicant submitted a copy of its "Competency Verification Tool." (DI #4, Exh. 20). The applicant also submitted copies of the following AAMC policies: "Pathology Specimens", "Formalin Use in the OR", and "Handling of Biohazardous Waste." (DI #4, Exh. 20).

Diagnostic radiology services are provided using a C-Arm mobile x-ray imaging device system, which is available within the operating room suites. Staff also complete annual competencies related to radiation safety using a web-based learning platform, UKG Pro Learning. (DI #4, p. 48). Failure to complete assigned competencies by the specified due date results in the inability to perform clinical tasks until competencies are completed with 100 percent completion. (DI #4, p. 48). The applicant submitted a copy of AAMC's policies "Radiation Safety Program", "Monthly Radiation Exposure Monitoring (Dosimeter)", and "Radiation Exposure – Patients". (DI #4, Exh. 21).

Staff Analysis

Staff reviewed the agreement and the submitted policies regarding laboratory, radiology, and pathology services provided by the applicant. AAMC has a process for assessing staff competencies on the proper use and handling of supportive services.

Staff concludes that applicant complies with this standard.

6. **Patient Safety. The design of proposed surgical facilities or changes to existing surgical facilities shall include features that enhance and improve patient safety. An applicant shall:**

   (a) Document the manner in which the planning of the project took patient safety into account; and
   (b) Provide an analysis of patient safety features included in the design of proposed new, replacement, or renovated surgical facilities.

Applicant Response

The applicant states that AAMC will remain in service and continue to provide surgical services to patients during the construction period. Construction in the existing ASC will occur after business hours and on weekends from 6 am to 4 pm, to avoid interfering with patient care and reduce infection risks in the ASC during the week. Work in the adjacent space will occur during regular business hours (i.e., 6 am to 5 pm, Monday through Friday). When it becomes necessary to integrate the existing and adjacent space, the applicant will install two designated pass-throughs and separate the two areas using zip walls to maintain environmental separation and infection control. (DI #11, pp. 5-6). AAMC will implement the following plan during the construction:

1. Once the construction contract is signed, bi-weekly meetings will be held with all parties involved to include the construction and design team, facility administrator, clinical staff, infection control coordinator, and Direct of Nursing with a standing agenda item for infection control, allowing review of all impacted areas, review of the infection control plan, and address any infection control concerns that arise during the construction/renovations phase.
2. Work in the adjacent space is to be completed prior to opening the wall to provide continuity between the existing space and renovated space. Only after work has been completed in the adjacent space will the opening be cut and the formation of an anteroom wall will be utilized as a temporary barrier.
3. While the anteroom wall barrier is in place, work will be completed on the weekends as to avoid disruption in patient flow and decrease the risk for infection while patients are present in the surgery center.
4. During the construction period, a cleaning will occur each Sunday, with a checklist to verify the areas cleaned.
5. Prior to the resumption of cases on Monday mornings, the facility administrator or designee will complete a walk through the spaces to ensure all areas are free from particulate and harmful debris and ensure air flow and systems are in working order. (DI #4, p. 49).

The applicant indicates that the AAMC is committed to adhering to standards for patient safety as defined by the licensure and accreditation requirements. The applicant states that it will follow all accreditation and Maryland safety standards and guidelines available. (DI #4. p. 49).

Staff Analysis

Staff reviewed the applicant's patient safety plan and finds that it mitigates contamination during the construction phase of the project. The applicant's patient safety contingencies include: the construction of an anteroom wall to separate the existing space and the renovated space; scheduling construction when the existing surgical center is not in operation; instituting a scheduled cleaning process on Sunday nights and walk-throughs before the start of services on Monday; and, bi-weekly meetings with the various parties involved in the construction and ongoing operations at the ASC to review the infection control concerns and address any issues that arise during the construction.

The applicant has contemplated patient safety in the design of the proposed ASF and developed a plan to ensure that construction does not compromise patient safety. Staff concludes that applicant complies with this standard.

7. Construction Costs. The cost of constructing surgical facilities shall be reasonable and consistent with current industry cost experience.

(a) Hospital projects.

(i) The projected cost per square foot of a hospital construction or renovation project that includes surgical facilities shall be compared to the benchmark cost of good quality Class A hospital construction given in the Marshall Valuation Service® guide, updated using Marshall Valuation Service® update multipliers, and adjusted as shown in the Marshall Valuation Service® guide as necessary for site terrain, number of building levels, geographic locality, and other listed factors.

(ii) If the projected cost per square foot exceeds the Marshall Valuation Service® benchmark cost, any adjustment of the hospital's global budget revenue authorized for the hospital related to the capital cost of the project shall not include:

1. The amount of the projected construction cost and associated capitalized construction cost that exceeds the Marshall Valuation Service® benchmark; and

2. Those portions of the contingency allowance, inflation allowance, and capitalized construction interest expenditure that are based on the excess construction cost.

(b) Ambulatory Surgical Facilities.

(i) The projected cost per square foot of new construction shall be compared to the benchmark cost of good quality Class A construction given in the Marshall Valuation Service® guide, updated using Marshall Valuation Service® update multipliers, and adjusted as shown in the Marshall Valuation Service® guide as necessary for site terrain, number of building levels, geographic locality, and other listed factors. This standard does not apply to the costs of renovation or the fitting out of shell space.

(ii) If the projected cost per square foot of new construction exceeds the Marshall Valuation Service® benchmark cost by 25% or more, then the applicant's project shall not be approved unless the applicant demonstrates the reasonableness of the construction costs. Additional independent construction cost estimates or information on the actual cost of recently constructed surgical facilities similar to the proposed facility may be provided to support an applicant's analysis of the reasonableness of the construction costs.

This standard is not applicable. The applicant's project involves renovation of existing spaces.

8. Financial Feasibility. A surgical facility project shall be financially feasible. Financial projections filed as part of an application that includes the establishment or expansion of surgical facilities and services shall be accompanied by a statement containing each assumption used to develop the projections.

(a) An applicant shall document that:

(i) Utilization projections are consistent with observed historic trends in use of each applicable service by the likely service area population of the facility;

(ii) Revenue estimates are consistent with utilization projections and are based on current charge levels, rates of reimbursement, contractual adjustments and discounts, bad debt, and charity care provision, as experienced by the applicant facility or, if a new facility, the recent experience of similar facilities;

(iii) Staffing and overall expense projections are consistent with utilization projections and are based on current expenditure levels and reasonably anticipated future staffing levels as experienced by the applicant facility, or, if a new facility, the recent experience of similar facilities; and

(iv) The hospital or ambulatory surgical facility will generate excess revenues over total expenses for the specific services affected by the project (including debt service expenses and plant and equipment depreciation), if utilization forecasts are achieved for the specific services affected by the project within five years of initiating operations.

(b) A project that does not generate excess revenues over total expenses even if utilization forecasts are achieved for the services affected by the project may be approved upon demonstration that overall facility financial performance will be positive and that the services will benefit the facility's primary service area population.

Applicant Response

For paragraph (a) subparagraph (i), the applicant indicates that the utilization projections are consistent with historical utilization trends reported in the Need standard, *supra* pp. 16-18, and reflects the anticipated population growth within its defined service area. (DI #4, p. 51).

In response to subparagraph (ii), AAMC states that its revenue estimates are based on the utilization projections, current charges, rates of reimbursement, contractual adjustments and discounts, bad debt, and charity care provisions as currently experienced at the ASC. (DI #4, 51).

For subparagraph (iii), AAMC based its projected staffing levels on its current utilization projections and on current expenditure levels and reasonably anticipated future staffing levels as experienced at AAMC. (DI #4, P. 51). Upon the completion of the proposed project, the ASC expects to hire 7.6 full-time equivalent employees (FTEs) at a total cost of $599,039 that will include 3.6 FTEs registered nurses, two FTEs surgical technologists, one FTE sterile processing staff, and one FTE receptionist to accommodate the increase in patients and surgical volume that will result from this project. (DI #11, Exh. 31, Table L – Workforce Information).

For subparagraph (iv), the revenue and expense statements indicate that the proposed project will generate excess revenue over total expenses by CY 2026, the first year of operation upon project completion. For CY 2026, AAMC projects to generate about $6.1 million in Net Income. See Table III-4 below.

Table III-4: AAMC Surgery Center - Annapolis Revenues and Expense Statement Historic CY2023-CY2024 and Projected Utilization CY2025-CY2029

	Two Most Recent Years (Actual)		Projected Years				
	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028	CY2029
OR Cases	1,807	2,140	1,943	2,561	3,102	3,179	3,179
Net Operating Revenue	$12,013,519	$13,868,126	$13,647,363	$16,745,054	$19,455,533	$19,842,745	$19,966,652
Total Operating Expenses	$9,339,859	$9,652,470	$9,346,724	$10,053,631	$11,530,279	$11,741,229	$11,742,576
Net Income (Loss)	$2,673,659	$3,906,589	$3,957,777	$6,051,324	$7,280,379	$7,567,433	$7,567,433

DI #4, pp. 63-64, Table 3
DI #11, p. 24, Table 5.

Paragraph (b) of the standard is not applicable. AAMC projects revenues will exceed total expenses by 2026.

Staff Analysis

AAMC used the historical utilization for CY 2023 and CY 2024 and projected utilization from CY 2025 through CY 2029 to develop its financial projections for the proposed ASF. The applicant's financial feasibility analysis considered the current charge levels, rates of reimbursement, contractual adjustments and discounts, bad debt, charity care, and overall operating expenses including the cost for additional staffing in developing its revenue and expense statement for the proposed ASF.

AAMC submitted positive financial results, as shown in Table III-3, above. Staff considers the utilization projections reasonable, based on the historical volumes and the projected increased demand for surgical procedures, albeit limited to an older adult population. The revenue and expense projections, as well as projected staffing levels are based on current experience, utilization projections and current charges. Finally, AAMC's projections indicate that proposed ASF will break even during the first year of operation after project completion, with projected earnings of approximately $6.1 million in CY 2026 and sustained profitability through CY 2029 are realistic.

Staff concludes that the applicant complies with this standard.

9. Impact.

(a) An application to establish a new ambulatory surgical facility shall present the following data as part of its impact assessment, in addition to addressing COMAR 10.24.01.08G(3)(f):

(i) The number of surgical cases projected for the facility and for each physician and other practitioner;

(ii) A minimum of two years of historic surgical case volume data for each physician or other practitioner, identifying each facility at which cases were performed and the average operating room time per case. Calendar year or fiscal year data may be provided as long as the time period is identified and is consistent for all physicians and other practitioners; and

(iii) The proportion of case volume expected to shift from each existing facility to the proposed facility.

(b) An application shall assess the impact of the proposed project on surgical case volume at hospitals:

(i) If the applicant's needs assessment includes surgical cases performed by one or more physicians who currently perform cases at a hospital within the defined service area of the proposed ambulatory surgical facility that, in the aggregate, account for 18 percent or more of the operating room time in use at that hospital, the applicant shall include, as part of its impact assessment, a projection of the levels of use at the affected hospital for at least three years following the anticipated opening of the proposed ambulatory surgical facility.

(ii) The operating room capacity assumptions in Regulation .06A of this Chapter and the operating room inventory rules in Regulation .06C of this Chapter shall be used in the impact assessment.

Applicant Response

For the 32 physicians who will perform surgical cases at the AAMC upon project completion, the applicant provided total cases performed in CY 2023 and CY 2024, as historical performance, projected total cases for CY 2025, and projected total cases for CY 2026 and 2027. (DI #4, p. 53). The table of physicians and operating room surgical cases is included as Appendix 4.

The applicant provided Individual Physician's Submission forms for each of the 32 physicians that will perform cases at the proposed ASF. (DI #4, Exh. 17; DI #11, Exh. 30). The forms indicate total number of cases, total number of minutes, and the most frequently performed surgeries for CY 2023 and CY 2024. The applicant provided tables showing the cases performed by physician at Luminis Health Arundel Medical Center, Luminis Health Doctors Community Medical Center, and AAMC-Pasadena in CY 2023 and CY 2024. (DI #4, pp. 55-56). The applicant's table also indicates by physician, the number of cases that are eligible to shift to the proposed ASF. (DI #4, pp. 55-56).

The applicant stated that AAMC does not have access to operating room times and surgical minutes per case for the surgeries performed at other facilities. (DI #4, p. 54). The applicant states that it has no intention to migrate surgical cases to the proposed ASF that would account for 18

percent or more of the operating room at a hospital. (DI #4, p. 57). The applicant expects the growth in surgical volume at AAMC to come from anticipated market growth in orthopedic patients and from existing volume increases and utilization, and to a lesser degree, from migration of cases from the acute care hospital setting to the proposed ASF. (DI #4, p. 45)

Staff Analysis

Staff reviewed the applicant's tables on historical surgical volume, projected surgical volume, and proportion of volume shift for the physicians who will perform cases at the proposed ASF, and finds that the applicant addressed the impact on case volume at facilities where the physician's currently perform surgeries. The applicant's need assessment is based primarily on capturing new cases from an increasing population of older adults that are likely to need orthopedic surgeries and some shift in surgeries performed at AAMC-Pasadena, which it owns, rather than a shift in cases at service area hospitals.

Staff concludes that the applicant complies with this standard.

B. Need

COMAR 10.24.01.08G(3)(b) The Commission shall consider the applicable need analysis in the State Health Plan. If no State Health Plan need analysis is applicable, the Commission shall consider whether the applicant has demonstrated unmet needs of the population to be served and established that the proposed project meets those needs.

This criterion directs the Commission to consider the "applicable need analysis in the State Health Plan." The applicable State Health Plan can be found in the Surgical Services Chapter at COMAR 10.24.11.05B(2), Need – Minimum Utilization for Establishment of a New Facility. In review of this need standard, staff concludes that the applicant's projected utilization growth is reasonable, and that AAMC is likely to meet the minimal capacity use standard for a three OR ASF.

Staff recommends that the Commission find that the applicant demonstrates a need for the proposed project.

C. Availability of More Cost-Effective Alternatives

COMAR 10.24.01.08G(3)(c) The Commission shall compare the cost effectiveness of the proposed project with the cost effectiveness of providing the service through alternative existing facilities, or alternative facilities which have submitted a competitive application as part of a comparative review.

Applicant Response

AAMC opened in April 2020 with one sterile OR and one non-sterile procedure room. The applicant notes that the initiation of surgical services at the ASC was at the height of the COVID-

19 pandemic. Table III-5 below reports the total surgical case volume at the ASC by year and percentage increase for total volume cases annually. From 2020 to 2024, the surgical case volume increased by 422.5 percent. (DI #4, p. 60).

Table III-5: Total Surgical Case Volume and Percentage Increase Annually

Year	Case Volume Total	Percentage Change
2020	409	
2021	679	66.0 percent
2022	1,236	82.0 percent
2023	1,802	45.8 percent
2024	2,137	18.6 percent

Source: DI #4, p. 60.

As a result of the growth in utilization, AAMC states that the two operating rooms currently in operation can no longer accommodate the demand for surgical volumes at the ASC. AAMC "undertook a planning process with the goal of identifying the best means to accommodate the increasing volume of cases, while being able to offer timely services and care to[its] identified patient population." (DI #4, p. 60). The applicant considered the following alternatives:

1. Maintain the two operating rooms and maintain current capacity
2. Convert a current space into a procedure room
3. Add an additional operating room.

AAMC determined that maintaining its current capacity would cause delays in scheduling surgical cases. Conversion of a current space to a procedure room would only accommodate lower acuity cases, not utilizing general anesthesia. Any one of these options alone would result in some patients receiving surgical care in the acute care hospital setting, which may be costlier for patients and less convenient. (DI #4, p. 61).

The applicant states that the decision to renovate adjacent, available space to add an additional operating room allows AAMC to accommodate the increased volume experienced at the ASC. The addition of a procedure room will allow AAMC to perform lower acuity cases that do not require general anesthesia in the procedure room, further freeing up operating room capacity. (DI #4, p. 13). With the added capacity from both rooms, AAMC also allow for the timely scheduling of surgical procedures. (DI #4, p. 61).

Staff Analysis

Staff finds that the applicant's project to add a third operating room in an adjacent space and to convert its existing pre-/post-op area into procedure room is a cost-effective approach to meet increase utilization and consider patient costs. Staff recommends that the Commission find that the project is cost effective.

D. Project Financial Feasibility and Facility or Program Viability

COMAR 10.24.01.08G(3)(d) The Commission shall consider the availability of resources necessary to implement the project and the availability of revenue sources and demand for the proposed services adequate to ensure ongoing viability and sustainability of the facility to be established or modified or the service to be introduced or expanded.

Applicant Response

AAMC states that the estimated cost for the proposed project is $4,198,499. The applicant has considered the following cost elements in developing the project budget: (DI #11, pp. 13-15).

- Material Costs – The project budget includes an inflation factor that aligns with the anticipated construction schedule, helping to mitigate the impact of future cost escalation.
- Material Shortages/Supply Chain – Staff may need to monitor lead times and strategically pre-purchase for certain specialty items such as custom finishes, mechanical/electrical equipment, and healthcare-rated materials.
- Tariffs – The project budget includes a contingency to help offset any cost increases due to tariffs.
- Labor Costs – The applicant notes a shortage of skilled workers availability in the labor pool.
- Premium Pricing (Evening/Weekend Work) – Premium pricing was factored into the budget for any required after-hours work.
- Other Market Factors – The applicant has taken into consideration general inflation, insurance, and contractor overhead.
- Value Engineering – Used during the early design development to assist with scope adjustments and material substitutions without compromising functional or aesthetic goals.
- Contract Negotiations – Contract terms were negotiated with an emphasis on fair risk sharing, schedule control, and pre-agreed cost contingencies.

The applicant states that the budget development process is based on recent benchmarking and input from industry professionals with relevant healthcare experience and that the project will be delivered within the established budget parameters. (DI #11, p. 14).

The applicant states that the project will be funded with $2.2 million in cash equity and the $2.0 million in a mortgage loan. An independent accounting firm, HeimLantz, CPAs and Advisers, submitted a letter that stated that AAMC has cash held in the form of investments by Truist Bank that exceeds the $2.2 million cash equity required for the proposed project. The CPAs confirmed that the applicant is applying for a term loan with Truist Bank. (DI #11, Exh. 32). The applicant submitted a letter from Truist Bank committing to 10-year term loan, with a 6 percent interest rate, with Anne Arundel – SCA Surgicenter, LLC for a $2.0 million mortgage loan. (DI #4, Exh. 24, pp. 2-7; DI #4, p. 61).

A copy of AAMC's Revenue and Expense Statement is in Appendix 5. The statement indicates that the proposed project will break even and generate a profit within the first year after completion of construction, which is projected as CY 2026. The applicant indicates in Appendix

6 that it will hire 7.6 FTEs at a cost of $599,039 with the addition of the third operating room and a procedure room. (DI #11, Exh. 11, Table L, Workforce Information).

Staff Analysis

The applicant shows that it has sufficient cash equity on hand from investments and is working with Truist Bank on a mortgage loan to finance the proposed project. The project is financially feasible and expected to break-even and generate a profit during the first year of operation after project completion.

Staff recommends that the Commission find that the proposed project is viable.

E. Compliance with Conditions of Previous Certificates of Need

COMAR 10.24.01.08G(3)(e) An applicant shall demonstrate compliance with all terms and conditions of each previous Certificate of Need granted to the applicant, and with all commitments made that earned preferences in obtaining each previous Certificate of Need or provide the Commission with a written notice and explanation as to why the conditions or commitments were not met.

Applicant Response

Neither of the immediate owners, Anne Arundel – SCA Surgicenter, LLC and the 27 physicians, have received a previous CON from the Commission. However, the indirect owners/parent and affiliates or subsidiaries of AAMC have had previous CONS, over the past 15 years.

SCA Health has been issued the following CON's:

1. Anne Arundel – SCA Surgicenter, LLC d/b/a AAMC Surgery Center – Pasadena
   8109 Ritchie Highway, Suite 250, Pasadena, Maryland 21122
2. 2017 Thomas Johnson Surgery Center – Matter No. 17-10-2410

Luminis Health DCMC has been issued the following CONs since 2000:

3. 2006 CON-Waiver to provide Primary PCI without Cardiac Surgery On-Site – Docket No. 06-16-0011
4. 2007 CON Renewal of the Primary PCI without Cardiac Surgery Waiver – Docket No. 07-16-0025
5. 2021 CON – Application to provide inpatient Mental Health – Docket No. 21-16-2448
6. 2023 CON - Application to provide inpatient Obstetrics - Docket No. 23-16-2466

Luminis Health AAMC has been issued the following CONs since 2000:

7. 2016 CON – Application to build an inpatient Mental Health Hospital – Docket No. 16-02-2375
8. 2015 CON - Application to provide Cardiac Surgery – Docket No. 15-02-2360
9. 2004 CON - Application to Construct a Patient Tower - Docket No. 04-02-2153

To the best of the applicant's knowledge, these projects were completed in compliance with all the terms and conditions.

Staff Analysis

Staff recommends that the Commission find that the applicant meets this criterion.

F. Impact

COMAR 10.24.01.08G(3)(f) Impact on Existing Providers and the Health Care Delivery System. An applicant shall provide information and analysis with respect to the impact of the proposed project on existing health care providers in the health planning region, including the impact on geographic and demographic access to services, on occupancy, on costs and charges of other providers, and on costs to the health care delivery system.

Applicant Response

AAMC states that the proposed project will have minimal impact on the volume of surgical services provided by existing health care providers. The increase in surgical cases will come from an increasing aging population in the service area who are projected to seek orthopedic surgeries and procedures. (DI #4, p. 67). The impact of additional staffing in the form of nurses, surgical technicians, and a receptionist will have minimal impact on the competition for qualified healthcare personnel. (DI #4, 68).

AMCSC states that the proposed ASF has no intention of changing its current charge structure in response to the addition of the third operating space. The applicant indicates that the proposed ASF intends to draw patients from the same sources of payment served historically by the ASC. The project is not expected to alter payor mix for other existing health care providers in this service area. (DI #4, p. 67).

Staff Analysis

Based on the information provided, staff concludes the applicant's project is expected to have minimal impact on existing providers and the health care delivery system. Staff recommends that the Commission find that the applicant meets the standard.

G. Health Equity

COMAR 10.24.01.08G(3)(g) Health Equity. The Commission shall consider how a proposed project will address health care disparities in availability, accessibility, and quality of care among different populations within the service area. The Commission shall consider how social determinants of health within the service area of the proposed project create disparities in the delivery of health care.

Applicant Response

The applicant stated that its service area is racially and ethnically diverse and provided information from the US Census to support this statement. The applicant recognizes the critical importance of providing competency training on unconscious bias, inclusivity, and cultural competence for its staff and medical professionals. AAMC provides training through UKG Pro Learning. These online training modules are mandatory for all staff and are reinforced through annual competency assessments. (DI #4, pp. 71-72, DI #18, p. 3).

Also, AAMC screens patients to determine the need for interpretation or language services. AAMC provides interpreter and language services for all of its patients at no additional cost. The applicant states that AAMC has multi-lingual staff and daily assignments are adjusted to accommodate patients that are identified as needing interpretation services.

The applicant identified small community subsets within Anne Arundel County where many negative social and health indicators are polarized; these include communities in Annapolis, Glen Burnie, Severn, Brooklyn Park, and Lothian, all located in the primary service area. The applicant stated that it is committed to meeting the needs of the identified service area population by way of providing increased access to affordable care and minimizing health disparities in the counties and ZIP codes served, further engaging the community and empowering informed healthcare decision making. (DI #4, p. 70). It plans to work with Luminis Health Anne Arundel Medical Center to identify how it can improve access to care to patients facing barriers.

The applicant states its commitment to advancing access to high-quality care for underserved populations and underserved communities is underscored in its policies and programs. AAMC' Financial Assistance Program serves uninsured patients and patients living in poverty. This program combined with the existing partnership with Luminis Health Anne Arundel Medical Center and the Orthopedic and Sports Medicine practices allows AAMC to identify patients who are uninsured or living in poverty in need of surgical services. In addition, AAMC is exploring the option of expanding these community-based wellness opportunities to surgical patients to improve health literacy and pre-surgical health optimization. The applicant will seek to make increased use of telehealth to reduce travel barriers. (DI #4, p. 73, DI #11, p. 40, Exh. 6 and 7).

AAMC states that it has developed a program, Enhanced Preoperative Education Pathway, to identify and address racial and ethnic disparities in orthopedic procedures, particularly, total joint replacement. In the Enhanced Preoperative Education Pathway model, a nurse navigator performs a risk assessment to identify medical, socioeconomic, and psychological risk factors on a patient-by-patient basis. Minority and high-risk white patients are provided with individualized counseling and connected with community-based resources that are aimed specifically at mitigating potential negative effects of these risk factors prior to surgery. When barriers such as transportation, financial hardship, or lack of caregiver support are identified, the program connects patients with community-based resources, including home health services, financial assistance programs, and social service agencies. (DI #4, p. 74, DI #18, pp. 3-4). The applicant collaborates with Luminis Health's Center for Orthopedic Outcomes and Research. The Center for Orthopedic Outcomes and Research's clinical experts and research teams share data and best practices for optimizing perioperative care and reducing complications. (DI #4, pp. 73-74, DI #18, pp. 3-4). It

uses national and local data sets, with evaluation of treatment outcomes that are stratified by race and ethnicity, to identify where disparities exist.

AAMC is presently collaborating with Luminis Health Anne Arundel Medical Center to identify wellness opportunities aimed at surgical patients. Part of the planned efforts will include targeted outreach initiatives in underserved areas to raise awareness of available services, eligibility requirements for financial assistance, and how to access care, including telehealth services.

Staff Analysis

The applicant has policies and procedures that support its commitment to diversity, equity, and inclusion in delivery of health care services. AAMC participates in community events, local programs, and global initiatives that promote health awareness and delivery of quality surgical care to underserved populations. Staff concludes that AAMC has several promising strategies to address health disparities and promote equitable care, including the Enhanced Preoperative Education Pathway. While Enhanced Preoperative Education Pathway has been in place since 2021, AAMC did not have results or information to show that, through this program, it was addressing health care disparities in availability, accessibility, and quality of care among different populations within its service area.

Staff recommends the Commission find that the applicant complies with this standard with the following condition:

> For the next three years, collect and report annually to the Commission, data on the Enhanced Preoperative Education Pathway. The reporting shall include submission of stratified patient-level sociodemographic data, outcomes from orthopedic procedures, the number of risk assessments conducted; and the connections to community-based resources to mitigate potential negative effects.

H. Character and Competence

COMAR 0.24.01.08G(3)(h) Character and Competence. The Commission shall assess the character and competence of an applicant based upon experience and past performance, including any records of violation in operating a health care service or facility.

The applicant provided a list of individuals who have any involvement in the ownership, development, or management of another health care facility. The applicant provided a table on its ownership structure, which indicates that no physician has a five percent or more ownership interest in the facility. The complete list of owners is included as Appendix 7. All of the individually listed physicians have an investment in a related ASC, is AAMC–Pasadena.

The applicant states that none of the individuals or facilities identified has had their license suspended or revoked or been subject to any disciplinary action (such as a ban on admissions) in the last 5 years. The applicant states that none of the owners and individuals responsible for the

project have ever pleaded guilty to or been convicted of a criminal offense in any way connected with the ownership, development, or management of the applicant facility or any of the health care facilities. (DI #4, p 78).

Staff Analysis

Staff reviewed the applicant's assessment of character and competence. There do not appear to be any disciplinary actions regarding licensing or admission privileges at a hospital. Staff checked the Maryland Board of Physicians website regarding the medical staff. For all physicians, no known disciplinary actions have been reported by the Maryland Board of Physicians or by any other state medical board. There also have not been any convictions for any crime involving moral turpitude. One physician has had one malpractice judgement, settlement or arbitration award reported within the last ten years.

Staff concludes that the information provided is credible and that the applicant has sufficiently documented its character and competence and recommends the Commission find that the applicant complies with this standard.

IV. SUMMARY AND STAFF RECOMMENDATION

Based on the review of applicant's compliance with the Certificate of Need review criteria (COMAR 10.24.01.08G(3)(a) through h) and with the applicable standards in the General Surgical Services Chapter of the State Health Plan (COMAR 10.24.11), Commission staff recommends that the Commission issue a Certificate of Need to AAMC Surgery Center - Annapolis for a Certificate of Need to expand the current surgical capacity and establish an ambulatory surgical facility (ASF) by renovating adjacent space to add a third operating room and one procedure room. Staff concludes that the applicant demonstrated that the project complies with the applicable standards in the General Surgical Services Chapter, and all applicable criteria, as summarized above.

Accordingly, Staff recommends that the Commission **APPROVE** AAMC Surgery Center – Annapolis' application for a Certificate of Need authorizing the addition of one sterile operating room and one non-sterile procedure room to its existing facility located at 904 Commerce Road in Annapolis, Anne Arundel County, thereby creating an Ambulatory Surgical Facility, with the following conditions:

> AAMC Surgery Center - Annapolis shall commit to provide an amount of charity care that is equivalent to or greater than the average amount of charity care provided by ASFs in the most recent year reported, measured as a percentage of its total operating expenses.
>
> Prior to First Use, AAMC Surgery Center - Annapolis shall provide its CY 2023 and CY 2024 performance on the ASCQR as compared to other ASCs for the eight quality measures indicated as well as the following Claims-Based measures: ASC-17 (Hospital Visits after Orthopedic Ambulatory Surgical Center Procedures) and ASC-19 (Facility Level 7-Day Hospital Visits after General Surgery Procedures Performed at Ambulatory Surgical Centers).

For the next three years, collect and report annually to the Commission, data on the Enhanced Preoperative Education Pathway. The reporting shall include submission of stratified patient-level sociodemographic data, outcomes from orthopedic procedures, the number of risk assessments conducted; and the connections to community-based resources to mitigate potential negative effects.

IN THE MATTER OF	*	**BEFORE THE**
	*	
	*	
ANNE ARUNDEL –	*	
SCA SURGICENTER, LLC	*	**MARYLAND HEALTH**
	*	
d/b/a AAMC Surgery Center - Annapolis	*	
	*	
	*	**CARE COMMISSION**
Docket No.: 25-02-2473	*	
	*	

* *

FINAL ORDER

Based on the analysis and conclusions contained in the Staff Report and Recommendation, it is this 20th day of November 2025, by a majority of the Maryland Health Care Commission, **ORDERED**:

That the application by AAMC Surgery Center - Annapolis for a Certificate of Need to establish an ambulatory surgical facility with three sterile operating rooms and one non-sterile procedure room to its facility located at 904 Commerce Road in Annapolis, Anne Arundel County, at an estimated cost of $4,198,499 is hereby **APPROVED**, with the following conditions:

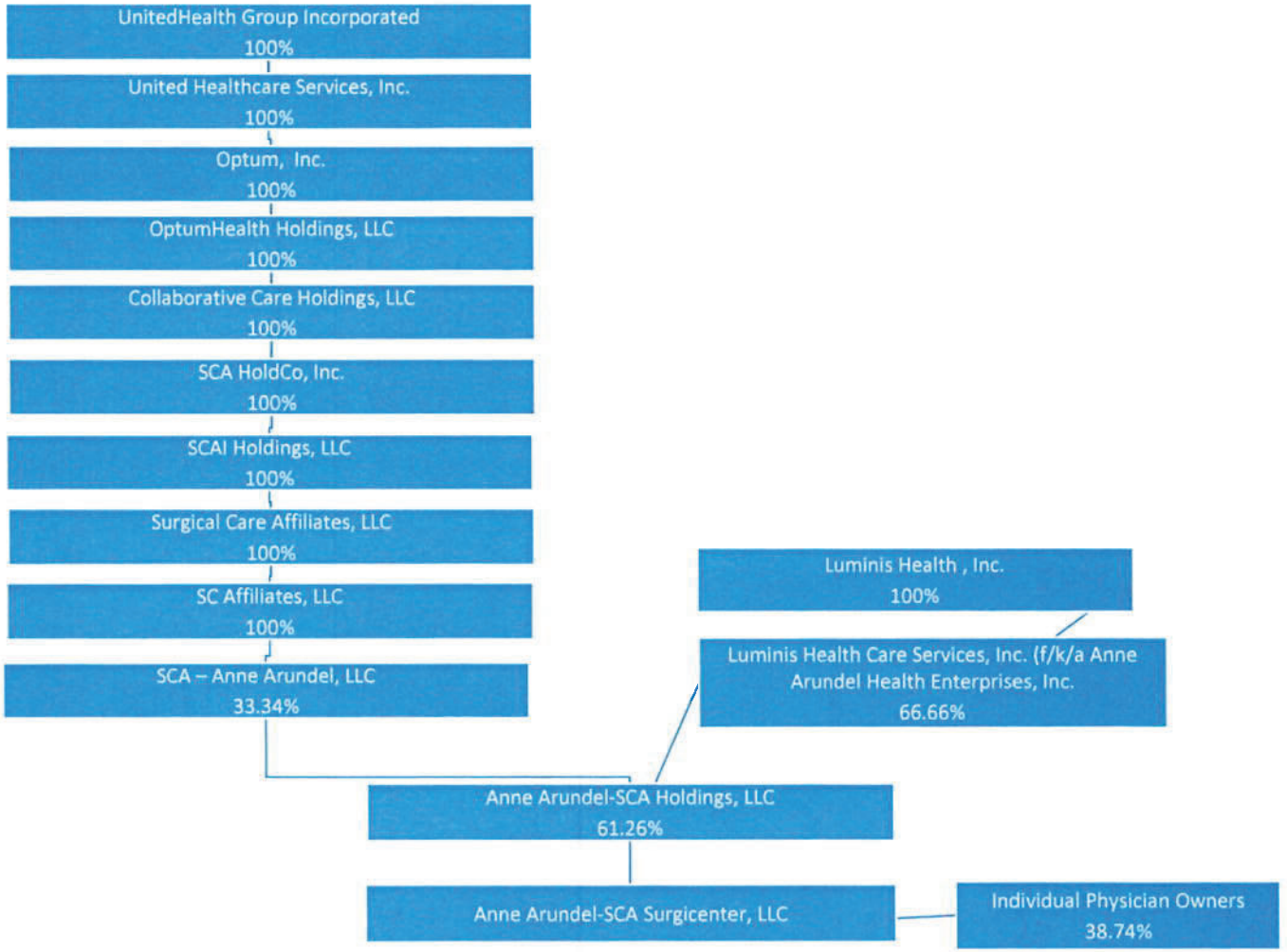
> AAMC Surgery Center - Annapolis shall commit to provide an amount of charity care that is equivalent to or greater than the average amount of charity care provided by ASFs in the most recent year reported, measured as a percentage of its total operating expenses.
>
> Prior to First Use, AAMC Surgery Center - Annapolis shall provide its CY 2023 and CY 2024 performance on the ASCQR as compared to other ASCs for the eight quality measures indicated as well as the following Claims-Based measures: ASC-17 (Hospital Visits after Orthopedic Ambulatory Surgical Center Procedures) and ASC-19 (Facility Level 7-Day Hospital Visits after General Surgery Procedures Performed at Ambulatory Surgical Centers).
>
> For the next three years, collect and report annually to the Commission, data on the Enhanced Preoperative Education Pathway. The reporting shall include submission of stratified patient-level sociodemographic data, outcomes from orthopedic procedures, the number of risk assessments conducted; and the connections to community-based resources to mitigate potential negative effects.

APPENDIX 1

AAMC Surgery Center – Annapolis

Ownership Structure

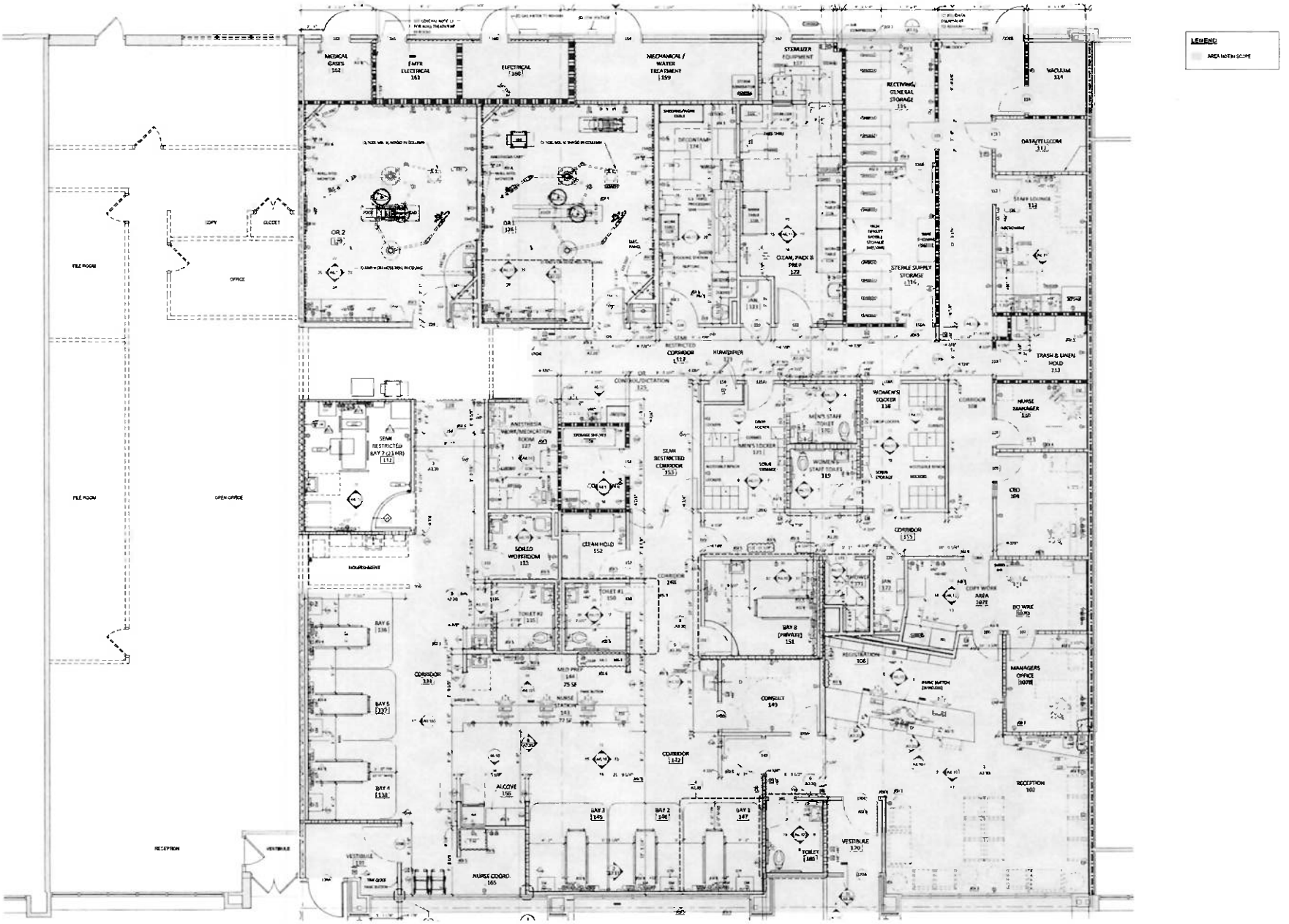
Organization Chart: Anne Arundel—SCA Surgicenter, LLC d/b/a AAMC Surgery Center---Annapolis



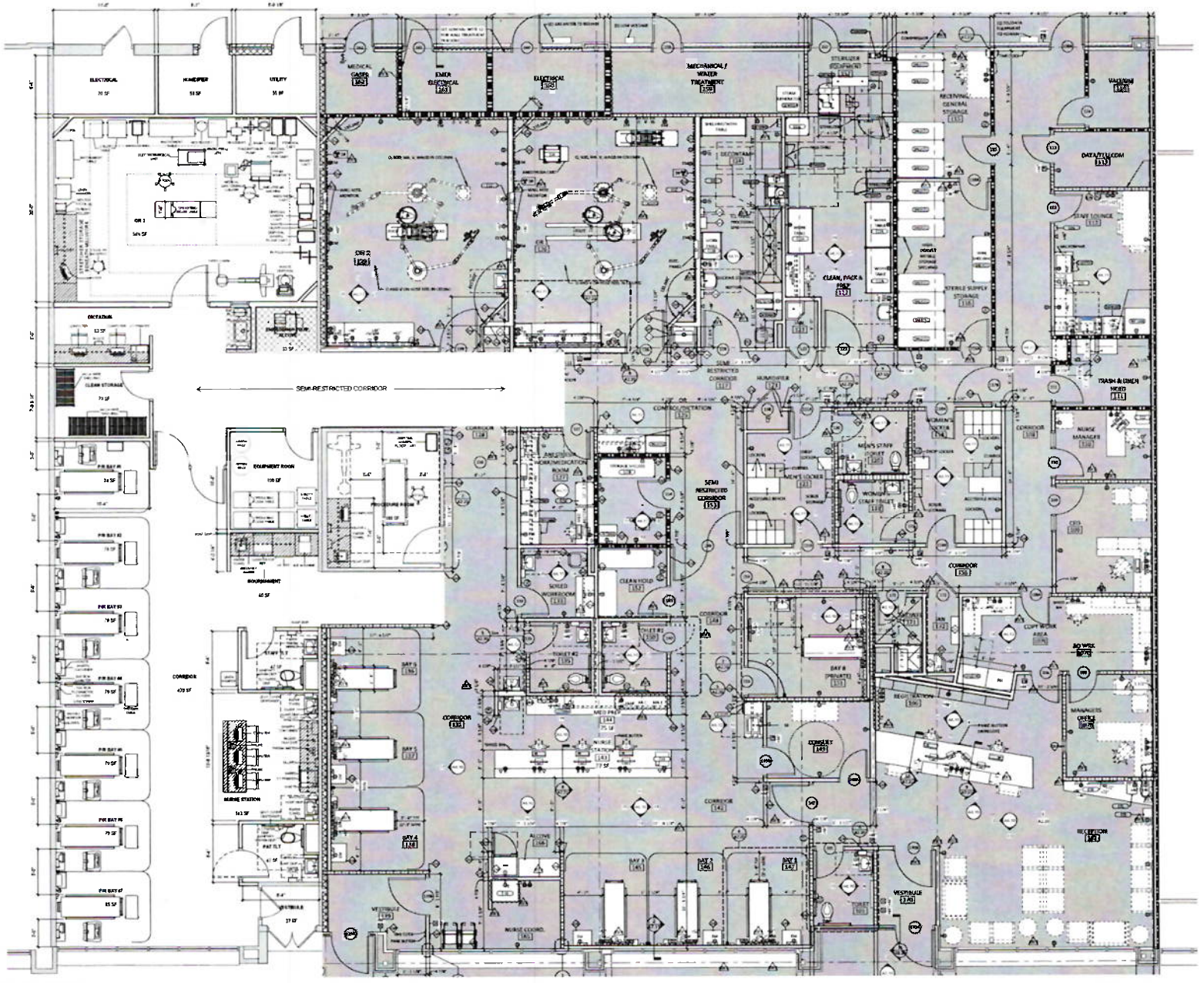
Appendix 2

Floor Plans

FIRST FLOOR DEMOLITION PLAN



OVERALL FIRST FLOOR PLAN



1 OVERALL FIRST FLOOR PLAN
A20-01 SCALE: 1/8" = 1'-0"

Appendix 3

Record of the Review

Docket Item #	Description	Date
1	AAMC Surgery Center – Annapolis submits a Letter of Intent.to establish an ambulatory surgical facility	4/1/2025
2	MHCC acknowledges receipt of Letter of Intent and review and submits notice to *Maryland Register* to initiate a 30-day solicitation period	4/1/2025
3	Agenda and minutes for the Pre-Application Conference	5/30/2025
4	AAMC Surgery Center – Annapolis submits a Certificate of Need (CON) application	6/30/2025
5	*Maryland Register* publishes notice of receipt of CON application	6/30/2025
6	*Baltimore Sun* publishes notice of receipt of CON application	6/30/2025
7	MHCC requests additional information for completeness	7/29/2025
8	Applicant requested clarification on completeness questions	8/6/2025
9	Responses to applicant's request for clarification	8/15/2025
10	Applicant requests extension to completeness	8/18/2025
11	Applicant submits response to completeness	8/25/2025
12	Applicant submits, via email, responses clarifying answers to completeness	9/8/2025
13	MHCC informs applicant of formal start of review on September 19, 2025.	9/9/2025
14	*Maryland Register* publishes notice of formal start of CON review.	9/9/2025
16	CON application sent to the Baltimore City Health Department	9/9/2025
15	*Baltimore Sun* publishes notice of formal start of the CON review	9/17/2025
17	Staff sends, via email, a request for additional information.	11/3/2025
18	Applicant submits responses for additional information	11/4/2025

Appendix 4

Projected Surgery Cases, by Physician

Projected Surgery Cases, by Physician					
Operating Room (Surgical) Cases					
	Historical		Projected		
Physician	2023	2024	2025	2026	2027
Alessandro Speciale	139	143	145	175	180
Alexander Shushan	0	18	21	26	62
Amanda Horton	32	35	40	48	50
Benjamin Petre	265	271	292	353	362
Benjamin Solomon	42	39	56	68	70
Breanne Bears	4	47	40	48	50
Chad Patton	96	103	108	131	134
Christopher Jones	0	42	49	60	61
Cyrus Lashgari	16	24	28	34	35
Daniel Redziniak	15	31	29	36	37
David Keblish	0	1	1	1	1
Frederick Guckes	47	45	42	51	53
Ifeyinwa Stitt	39	57	75	91	93
James MacDonald	150	150	206	249	256
James York	76	52	71	85	88
Janelle Cooper	35	34	41	50	51
Jeffrey Gelfand	0	22	27	33	34
Jennifer Haase	27	26	38	46	47
Julia Lubsky	36	24	39	47	48
Justin Hoover	209	282	329	399	409
Karen Hardart	52	54	41	50	51
Laura Merkel	38	25	34	41	42
Marc Brassard	35	104	132	160	164
Mark Denzine	99	157	173	209	215
Parabh Gill	49	59	66	80	82
Paul King	232	236	292	353	362
Peter Ove	14	14	16	20	20
Risa Reid	0	8	8	10	10
Victoria Moore-Wolfe	24	17	14	17	18
Brittany Acree	26	16	25	30	31
Adrienne Spirt	0	0	41	50	51
Elizabeth Friedman	0	0	40	48	50
Total	1797	2136	2561	3102	3179

Appendix 5

AAMC Surgery Center- Annapolis – Revenue and Expense Statement

AAMC Surgery Center - Annapolis Revenue and Expense Statement - Entire Facility

	Two Most Recent Years Actual		Current Year Projected	Projected Years (ending with first full year at full utilization)			
	2023	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
1. Revenue							
a. Inpatient services	0	0	0	0	0	0	0
b. Outpatient services	1,807	2,140	1,943	3,011	3,946	4,079	4,079
c. Gross Patient Service Revenue	$64,356,301	$75,258,168	$71,126,633	$88,537,791	$102,876,228	$104,924,576	$104,924,576
d. Allowance for Bad Debt	$136,420	$141,213	$148,301	$181,893	$211,455	$215,665	$217,012
e. Contractual Allowance	$52,409,980	$61,934,840	$57,487,502	$71,792,737	$83,420,694	$85,081,831	$85,613,395
f. Charity Care	$93,399	$96,525	$93,467	$100,536	$115,303	$117,412	$117,412
g. Net Patient Services Revenue	$11,946,330	$13,863,328	$13,639,132	$16,736,822	$19,474,302	$19,834,513	$19,958,421
h. Other Operating Revenues (Specify)	$67,189	$4,798	$8,231	$8,231	$8,231	$8,231	$8,231
i. Net Operating Revenue	$12,013,519	$13,868,126	$13,647,363	$16,745,054	$19,455,533	$19,842,745	$19,966,652
2. Expenses							

a. Salaries, Wages, and Professional Fees, (including fringe benefits)	$1,998,672	$1,924,765	$1,830,161	$2,189,033	$2,503,047	$2,547,906	$2,547,906
b. Contractual Services	$498,809	$348,131	$311,586	$179,046	$234,615	$242,554	$242,554
c. Interest on Current Debt	$187,000	$144,828	$93,289	$57,958	$21,685	$144.05	$0
d. Interest on Project Debt	N/A	N/A	N/A	$102,583	$92,476	$81,746	$70,354
e. Current Depreciation	$851,808	$838,615	$763,064	$763,064	$763,064	$763,064	$763,064
f. Project Depreciation	N/A	N/A	N/A	$42,353	$42,353	$42,353	$42,353
g. Current Amortization	$255,174	$255,174	$255,174	$255,174	$255,174	$255,174	$255,174
h. Project Amortization	N/A	N/A	N/A	$52,894	$52,894	$52,894	$52,894
i. Supplies	$4,644,467	$5,332,286	$5,261,166	$6,457,464	$7,504,225	$7,653,762	$7,653,762
j. Other Expenses (Specify)	$588,900	$617,541	$586,647	$817,932	$848,765	$853,169	$853,169
k. Total Operating Expenses	$9,339,859	$9,652,470	$9,346,724	$10,053,631	$11,530,279	$11,741,229	$11,742,576
3. Income							
a. Income from Operation	$3,945,735	$5,275,050	$5,281,329	$6,059,309	$7,288,364	$7,459,778	$7,577,418
b. Non-Operating Income	$25,364	$34,395	$37,548	$34,368	$34,368	$34,368	$34,368

c. Subtotal	$3,971,099	$5,309,445	$5,318,877	$6,093,677	$7,322,732	$7,494,146	$3,611,786
d. Income Taxes	$300,000	$309,068	$342,863	$318,410	$323,186	$328,034	$332,954
e. Net Income (Loss)	$2,673,659	$3,906,589	$3,957,777	$6,051,324	$7,280,379	$7,567,433	$7,567,433

Source: DI #4, pp. 63-64, Table 1.

Appendix 6

Workforce Information

Workforce Information

	CURRENT ENTIRE FACILITY			*PROJECTED CHANGES AS A RESULT OF THE PROPOSED PROJECT THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)*			*PROJECTED ENTIRE FACILITY THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS) **	
Job Category	**Current Year FTEs**	**Average Salary per FTE**	**Current Year Total Cost**	**FTEs**	**Average Salary per FTE**	**Total Cost** *(should be consistent with projections in Table G, if submitted).*	**FTEs**	**Total Cost** *(should be consistent with projections in Table G)*
1. Regular Employees								
Administration								
Director of Nursing	1.0	$59	$117,412	0.0	$59	$0	1.0	$117,412
Charge Nurse	0.8	$46	$77,132	0.0	$46	$0	0.8	$77,132
Receptionist	1.0	$23	$47,840	1.0	$23	$47,840	2.0	$95,680
Total Administration	2.8		$242,383	1.0		$47,840	3.8	$290,223
Direct Care Staff								
RN PAT	1.0	$45	$93,600	0.0	$45	$0	1.0	$93,600
RN PACU	2.1	$44	$191,144	1.0	$44	$91,021	3.1	$282,164
RN PreOp PACU	3.0	$41	$254,592	1.0	$41	$84,864	4.0	$339,456
RN OR	3.2	$46	$303,580	1.6	$46	$151,790	4.8	$455,370
Surgical Tech	4.0	$40	$334,880	2.0	$40	$167,440	6.0	$502,320
Med Assistant	1.0	$24	$49,275	0.0	$24	$0	1.0	$49,275
Sterile Processing	2.7	$27	$151,426	1.0	$27	$56,084	3.7	$207,510
Total Direct Care	17.0		$1,378,497	6.6		$551,199	23.6	$1,929,696
Support Staff								
Materials Manager	1.0	$44	$90,938	0.0	$44	$0	1.0	$90,938
Total Support	1.0		$90,938	0.0		$0	1.0	$90,938
REGULAR EMPLOYEES TOTAL	20.8		$1,711,818	7.6		$599,039	28.4	$2,310,857

Benefits *(State method of calculating benefits below)**:***							
TOTAL COST	***20.8***	***$1,711,818***	***7.6***		***$599,039***	***28.4***	***$2,310,857***
FRINGE BENEFITS							10.26%
TOTAL COST WITH FRINGE BENEFITS							$2,547,906

Source: DI #11, Exh. 31, Table L

Appendix 7

Ownership List

Appendix 6
Ownership List

Owner	Ownership Share (%)
Anne Arundel – SCA Holding, LLC	61.26%
Adreinne Spirt, M.D.	1.50%
Alessandro Speciale, M.D.	2.00%
Alexander Shushan, M.D.	2.00%
Aneesh Goel, M.D.	2.00%
Benjamin Petre, M.D.	2.00%
Benjamin Solomon, M.D.	0.36%
Chad Patton, M.D.	2.00%
Christopher Jones, M.D.	2.00%
Cyrus Lashgari, M.D.	2.00%
Daniel Redziniak, M.D.	2.00%
Davis Keblish, M.D.	2.00%
Frederick Guckes, M.D.	2.00%
Ifeyinwa Stitt, M.D.	0.36%
James MacDonald, M.D.	2.00%
Janelle Cooper, M.D.	0.36%
Jeffrey Gelfand, M.D.	2.00%
Juan Rodriguez Alfonso, M.D.	0.36%
Julia Lubsky, M.D.	0.36%
Justin Hoover, M.D.	2.00%
Karen Hardart, M.D.	0.36%
Laura Merkel, M.D.	0.36%
Marc Brassard, M.D.	2.00%
Mark Denzine, D.O.	2.00%
Parabh Gill, M.D.	0.36%
Paul King, M.D.	2.00%
Peter Ove, M.D.	2.00%
Victoria Moore Wolfe, M.D.	0.36%
Total:	**100%**