

IN THE MATTER OF *
CHESTER RIVER HOME CARE AND * **BEFORE THE**
HOSPICE and * **MARYLAND**
SHORE HOME CARE AND * **HEALTH CARE**
HOSPICE * **COMMISSION**

**STAFF REPORT AND RECOMMENDATION
EXEMPTION FROM CERTIFICATE OF NEED REVIEW**

I. INTRODUCTION

The University of Maryland Shore Regional Health, Inc. seeks an exemption from Certificate of Need (“CON”) review for the merger of two general hospices that it acquired in two separate acquisitions in 2006 and 2008. Care Health Services, Inc. d/b/a Shore Home Care and Hospice (“Shore”) and Chester River Home Care and Hospice, LLC d/b/a Chester River Home Care and Hospice (“Chester River”) are both authorized and licensed general hospices that have a common parent, University of Maryland Shore Regional Health. University of Maryland Shore Regional Health and its parent, the University of Maryland Medical System, propose to integrate the hospice services provided by the two agencies under the Chester River legal entity¹, and seeks an exemption from Certificate of Need review under the terms of COMAR 10.24.01.04, which provides that the Commission may exempt from the requirements of CON review the merger or consolidation of two or more hospitals or other health care facilities, if the facilities or an organization that operates the facilities gives the Commission 45 days written notice of their intent to merge or consolidate. Hospices are defined in Maryland CON law as health care facilities.

Shore is authorized to serve Caroline and Talbot Counties. Chester River is authorized to serve Kent and Queen Anne’s Counties. The single general hospice created by this merger, Five Rivers Hospice, will serve all four counties authorized for service, in the aggregate, by the two merging hospices.

The regulations require that notice of intent to seek exemption from CON review be filed at least 45 days before the intended action. The regulations also require the Commission to publish notice of the requested exemption in order to solicit comments and relevant information from the affected public, in evaluating whether the action proposed for exemption is in the public interest. Finally, the regulations direct the Commission to issue a determination of exemption from CON review, if the system has provided the required information and the Commission finds that the proposed action:

¹ Chester River’s legal name will be changed to Five Rivers Hospice, LLC

- (a) is in the public interest;
- (b) is not inconsistent with the State Health Plan; and
- (c) will result in more efficient and effective delivery of health services.

II. Legal Qualification for an Exemption of Certificate of Need Review

The regulations require that facilities or organizations requesting such an exemption give the Commission 45 days written notice. University of Maryland Shore Regional Health (“UM Shore Regional”) filed its intent to consolidate the operation of hospice services provided by Care Health Services, Inc. d/b/a Shore Home Care and Hospice and Chester Home Care and Hospice, LLC on August 30, 2013 giving the Commission the required 45 days notice. Additional information was submitted on October 4, 2013 and October 9, 2013.

III. Notice by the Commission to the Public

On September 4, 2013 staff requested publication of notices of receipt of the request for the exemption in the Kent County News and the Star-Democrat. The notice was published in the Star Democrat on September 10, 2013 and in the Kent County News on September 12, 2013. The notice was also published in the Maryland Register on September 20, 2013 as required. No comments or relevant information were received.

III. Public Information Hearing

A public information hearing is required under certain circumstances when a hospital requests an exemption from CON review for the closure or partial closure of a hospital or for the conversion of a hospital to a limited service hospital. Since the current request involves the consolidation of hospice services, a public information hearing is not required.

IV. Determination of Exemption from Certificate of Need Review

The regulations direct the Commission to issue a determination of exemption from CON review, if the merged asset system has provided the required information and the Commission finds that the proposed action:

- (a) is in the public interest;
- (b) is not inconsistent with the State Health Plan; and
- (c) will result in more efficient and effective delivery of health services.

A. The Public Interest

The consolidation of hospice services for the four county area will create a larger hospice program and should enhance the ability to care for patients with significant medical needs, including those who require skilled nursing care. The consolidation will improve contact with families, patients, and referring medical professionals by having one contact point for all hospice

information and services. The consolidation will expand the availability of the residential hospice facility in Easton, owned by the Talbot Hospice Foundation, to the residents of all four counties. As part of the consolidation, Five Rivers Hospice will lease and operate the residential hospice facility. The consolidation will also expand to residents of all four counties the non-medical pre-hospice services currently provided by Talbot Hospice Foundation to residents of Talbot County.

Commission staff finds that the proposed consolidation is in the public interest because it provides the opportunity for enhancement of services and improved service coordination. The consolidation will not limit competition (both existing agencies are owned by the same parent organization now) or decrease choice because the two hospice agencies do not have overlapping service areas. The new agency will serve all the counties currently served by the two existing hospice agencies. Residents of three of those counties currently have just one hospice choice and will continue to have one choice. Residents of Queen Anne's County have two choices and will continue to have two choices.

B. Is not inconsistent with the State Health Plan or the institution-specific plan developed by the Commission

Commission Staff has reviewed this request for exemption from CON review and finds it is not inconsistent with the new State Health Plan standards at COMAR 10.24.13.

C. Will result in the delivery of more efficient and effective health care services

The proposed consolidation will enable the sharing of resources, particularly the management and administrative resources required to operate the agencies separately. The closer cooperation between the merged agency and the Talbot Hospice Foundation and the Caroline Hospice Foundation, limited license hospices, neither of which provide general hospice services, is likely to enhance education and bereavement counseling throughout the four county area.

V. CONCLUSION AND STAFF RECOMMENDATION

For the reasons set forth in this report, Staff recommends that the Commission **APPROVE** the proposed merger of the hospice services currently provided by Care Health Services, Inc. d/b/a Shore Home Care and Hospice and the hospice services provided by Chester River Home Care and Hospice, LLC, to be renamed Five Rivers Hospice. The merged Hospice Agency will be authorized to serve the residents of Caroline, Kent, Queen Anne's, and Talbot Counties. Staff recommends that the Commission find this action to be **EXEMPT FROM CERTIFICATE OF NEED REVIEW**.

IN THE MATTER OF *
CHESTER RIVER HOME CARE AND * BEFORE THE
HOSPICE and * MARYLAND
SHORE HOME CARE AND * HEALTH CARE
HOSPICE * COMMISSION

ORDER

The Maryland Health Care Commission, having reviewed and considered the information and analysis contained in the Staff Report and Recommendation, this 17th day of October, 2013 hereby **ORDERS** that the request for exemption from Certificate of Need review filed by University of Maryland Shore Regional Health for the proposed consolidation of the hospice agency services currently provided by Care Health Services, Inc. d/b/a Shore Home Care and Hospice and the hospice services provided by Chester River Home Care and Hospice, LLC, to be renamed Five Rivers Hospice, is hereby **GRANTED**.