

GALLAGHER
EVELIUS & JONES LLP
ATTORNEYS AT LAW

May 23, 2016

VIA EMAIL AND FIRST-CLASS MAIL

Robert E. Moffit, Ph.D.
Commissioner
c/o Ruby Potter, Administrator
ruby.potter@maryland.gov
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: In the Matter of Dimensions Health Corporation *d/b/a* Prince
George's Hospital Center; Mt. Washington Pediatric Hospital, Inc.
Docket No. 13-16-2351

Dear Commissioner Moffit:

On behalf of applicants Dimensions Health Corporation ("Dimensions") and Mt. Washington Pediatric Hospital ("MWPH"), we write to advise that, pursuant to COMAR § 10.24.01.08E(2), the applicants intend to modify their pending Certificate of Need application as a result of the project status conference convened on May 17, 2016.

The applicants thank you for taking time to review the project and express your concerns. They are pleased that you recognize the need for a modern hospital to revitalize the healthcare delivery system in Prince George's County, the most diverse and the second most populous county in the State. Today, most residents of Prince George's County seek inpatient care outside the County, and they have few local opportunities for primary health care services relative to the residents of neighboring jurisdictions. The proposed Prince George's Regional Medical Center ("PGRMC") is a vital component of a larger strategic plan to transform the County's healthcare delivery system. The applicants also appreciate that you share their view that the Largo Town Center is an excellent choice for the proposed PGRMC based on its direct access from many geographic points.

However, the applicants respectfully do not agree with some of the concerns you expressed during the project status conference and as set forth in your report entitled "Areas of Non-Compliance with State Health Plan Standards and Certificate of Need Criteria, and Recommended Modifications." In particular, Dimensions and its project partners are concerned that your conclusion that the proposed project is too large and too costly may conflict with their vision to adequately address the health care needs of Prince George's County and throughout the Southern Maryland region. Your concern about size and cost seems to be that the proposed PGRMC appears not to compare favorably with the recently approved relocation of Washington Adventist

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Hospital (“WAH”) project, an untested facility that has yet to be constructed, much less operated as a hospital.

As explained in Dimensions’ written submissions, the WAH project is materially different from the existing Prince George’s Hospital Center (“PGHC”) and the proposed PGRMC in several respects. One example is that WAH is not a trauma center and PGHC operates as the second busiest Level II Trauma Center in the State (with a 97% survival rate). Continuing this important tertiary medical service for the residents of Southern Maryland requires additional space and construction features at PGRMC. Also, the planned WAH building does not include a central utility plant (“CUP”) because WAH intends to outsource the provision of utilities, thereby shifting capital costs to operating costs. The inclusion of the CUP at PGRMC adds significant building space and capital cost relative to the WAH project. At this point, Dimensions does not believe that a third-party outsourcing arrangement for utilities would be cost-effective at PGRMC in the long term because the future operating costs likely would exceed the present cost of building and operating the CUP, but it will analyze the option further in response to your recommendations. Another significant cost difference between the two projects is that, because of restrictions connected to public funding sources, the construction of the proposed PGRMC will be subject to the payment of prevailing wage rates and Minority Business Enterprise requirements. In the application, Dimensions projected that these restrictions will add approximately 15% to the estimated construction cost.

Notwithstanding the present difference of views about the appropriate size and cost of the proposed PGRMC, the applicants wish to gain your recommended approval for the proposed project, so they will endeavor to modify the application to try to address your concerns. To ensure the applicants fully understand your recommendations as they proceed to undertake the work required to modify the application, we request the following clarifications:

1. You recommend that the estimated “construction cost of the hospital” should not exceed \$225 million. We assume that the expense items included in “construction cost of the hospital” on Table E (Exhibit 50) are the expenses for “Building” and “Fixed Equipment” (lines A.1.b(1) and(2)). Please confirm that our understanding is correct. Also, if the “Movable Equipment” associated with the CUP is reclassified as “Fixed Equipment,” as you suggest, do you expect the amount (\$32,496,000) to be included as part of the recommended \$225 million budget for the construction cost of the hospital?
2. As noted above, the projected cost of complying with prevailing wage and Minority Enterprise requirements will be approximately 15% of the construction cost. Given

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that the WAH project, which you used as a comparison, was not subject to these requirements, would you consider increasing your recommended costs by 15%?

3. You recommend that the bed capacity of the proposed hospital should not exceed 219 inpatient beds, including 204 general acute care beds and 15 special hospital – pediatric beds. You also recommend that the applicants reduce the MSGA bed count by eleven beds and the obstetric bed count by three beds. However, as shown below, these recommendations result in a bed count of 202 general acute care beds

	Applicants' CON Proposal	Recommended Reduction	Resulting Bed Count
MSGA	165	-11	154
Obstetrics	22	-3	19
Psychiatric	28	N/A	28
Pediatric	1	N/A	1
TOTALS	216		202

Please clarify the recommended bed count of general acute care beds; it seems the recommendation should be for a reduction of nine, not eleven, MSGA beds, especially since Dimensions intends to eliminate inpatient capacity at Laurel Regional Hospital prior to the opening of the proposed PGRMC.

4. Table A in the pending application (Exhibit 50) erroneously shows that the proposed facility will include 20 observation beds. In fact, the application and the project drawings describe and depict 24 observation beds: 20 beds in the proposed Clinical Decision Unit and 4 beds within the Pediatric Emergency Department. *See* Modified Application at pp. 26, 86, and 90. The applicants intend to modify Table A to reflect the additional four beds that were inadvertently omitted in Table A. In light of this correction, will the amount of your recommended project cost increase? If so, what is the revised recommended hospital construction cost and total project cost?

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The applicants propose to submit modifications to the application no later than August 31, 2016. Please let us know if that deadline is acceptable. The applicants already have begun the planning process. In light of the significant work that will be required and in order to meet the proposed deadline, we respectfully request your clarification of the issues described above as soon as possible.

Thank you for your continued consideration of this matter. The applicants look forward to receiving your guidance.

Sincerely,



Thomas C. Dame



Ella R. Aiken

cc: Paul Parker, Director, Center for Health Planning and Development
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