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EXECUTIVE DIRECTOR



MARYLAND HEALTH CARE COMMISSION

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September 22, 2014

Ms. Paula Widerlite
Chief Strategy Officer
Anne Arundel Medical Center
2001 Medical Parkway
Annapolis, MD 21401

**Re: Addition of 30 MSGA beds at Anne Arundel Medical
Center , Docket # 12-02-2338**

Dear Ms. Widerlite:

I am writing in response to your letter dated July 31, 2014 which requested a six-month extension of the first performance requirement for the above-referenced Certificate of Need. Anne Arundel Medical Center (“AAMC”) is required to obligate not less than 51 percent of the approved capital expenditure, as documented by a binding construction contract, within 24 months of the date of the Certificate of Need (“CON”) granted on December 20, 2012.

Your letter states that AAMC’s request to extend this performance requirement stems from the change to Maryland’s all-payer reimbursement model that took place with the January 2014 approval by CMS to shift that payment system in the direction of global budgets that incentivize hospitals to reduce unnecessary utilization and engage in preventive health care.

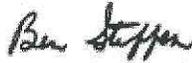
Specifically, AAMC executed its Global Budget Revenue (GBR) agreement this March; now that it is in place AAMC feels the need to “re-evaluate the project in light of its GBR agreement and the dramatically changed hospital rate regulatory system in Maryland.” AAMC believes that this evaluation cannot be done in time to have a binding construction contract in place by December 20, 2014.

COMAR 10.24.01.12E(1) specifies that the Commission’s Executive Director may approve one six-month extension of a performance requirement “for good cause” and if the applicant provides “reasonable assurance that it will meet the performance requirement by the end of the extended period.” “Good cause” is defined as “circumstances completely beyond the control” of the CON holder.

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I find that the environmental change precipitating AAMC's desire to reassess this project was beyond AAMC's control, and that such reassessment is prudent and in the public interest. AAMC has provided assurance that if it chooses to proceed with the project that it will comply with the first performance requirement by June 20, 2015. Therefore I hereby grant a six-month extension of AAMC's first performance requirement on this project.

Sincerely,



Ben Steffen
Executive Director

cc: Patricia Nay, M.D., Office of Health Care Quality
Jinlene Chan, M.D., Anne Arundel County Health Department