

Craig P. Tanio, M.D.
CHAIR

STATE OF MARYLAND



Ben Steffen
EXECUTIVE DIRECTOR

MARYLAND HEALTH CARE COMMISSION

4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215
TELEPHONE: 410-764-3460 FAX: 410-358-1236

January 14, 2015

Kathleen McCollum
Chief Operating Officer and
Senior Vice President, Clinical Integration
Baltimore Washington Medical Center
301 Hospital Drive
Glen Burnie, Maryland 21061

**Re: Baltimore Washington Medical Center Fit Out
of Shell Space for Three Operating Rooms**

Dear Ms. McCollum:

I write regarding Baltimore Washington Medical Center's ("BWMC") request for a determination of coverage with respect to the proposed fit out of shell space to create three additional operating rooms ("ORs") made via email on November 18, 2014 and the subsequent November 24, 2014 filing, via regular mail, of the request accompanied by a larger scale drawing of the BWMC surgical department.

You have stated that this project is estimated to cost \$5,157,915; that these additional ORs will be offset by the removal from service of three existing operating rooms; and that the rooms being taken out of service will be used for storage. Further, in response to Paul Parker's observation in correspondence of December 4, 2014 that the drawings submitted showed 17 ORs, you have stated that the room labeled as "OR 9" in those drawings is actually a dedicated cystoscopy room.

Based on the information provided MHCC staff finds that this project will not require a Certificate of Need, as the capital expenditure falls below the expenditure threshold and OR capacity is not being increased.

Kathleen McCollum

January 14, 2015

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Should you have questions, please don't hesitate to contact Kevin McDonald, Chief, CON Division, at 410-764-5982.

Sincerely,



Ben Steffen,
Executive Director

cc: Donna Kinzer, Health Services Cost Review Commission
Patricia Nay, M.D., Office of Health Care Quality
Jinlene Chan, M.D., Anne Arundel County Health Department



UNIVERSITY of MARYLAND
BALTIMORE WASHINGTON
MEDICAL CENTER

301 Hospital Drive
Glen Burnie, Maryland 21061
mybwmc.org

CHS 6480

November 18, 2014

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NOV 23 2014

MARYLAND HEALTH
CARE COMMISSION

Mr. Ben Steffen
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: University of Maryland Baltimore Washington Medical Center; Request for Determination of Non-Coverage for a \$5,157,915 Capital Expenditure to Fit Out Shell Space for Three Replacement Operating Rooms.

Dear Mr. Steffen:

I write on behalf of the University of Maryland Baltimore Washington Medical Center (UM BWMC) to request a determination that UM BWMC may spend \$5,157,915 to fit out previously approved shell space in order to replace three mixed-use general operating rooms without obtaining a Certificate of Need (CON). The reasons for this request are related below.

On December 17, 2009, the Commission authorized a new construction/renovation project at UM BWMC which added three mixed-use, general purpose operating rooms to the hospital, created shell space for up to three operating rooms in the future, and expanded and renovated surgical support space. The space was built on top of the hospital's Emergency Department. While no condition was attached to the fit-out of the shell space, UM BWMC is seeking a determination of non-coverage because the request concerns mixed-use general operating room capacity.

The fit-out of the shelled space with three operating rooms will not add operating room capacity. UM BWMC will remove from service three of its oldest and smallest operating rooms once the project is complete. These rooms are currently 407 sq. ft., 382 sq. feet, and 406 sq. ft. respectively. UM BWMC currently has 16 mixed use general OR's. This project would retain the current number of OR's, replacing the small rooms with larger modern OR's to meet the demands of our current surgical program and the associated mix of cases.

Md. Ann. Code Section 19-120(k) provides that a CON must be obtained before a hospital makes a capital expenditure in excess of \$10,000,000.00. As provided in Section 19-120(k)(i)(1), the \$10 million CON threshold is subject to "adjustment for inflation as provided in the regulations of the Commission." Pursuant to this authority, the Commission has increased the CON threshold to \$11,750,000.00. The capital expenditures associated with fitting out the operating room shell space (\$5,157,915) is well below the current capital expenditure threshold (\$11,750,000.00).

For the reasons related above, UM BWMC respectfully requests that the Commission issue a determination that UM BWMC may implement this project without obtaining a CON.

If you have questions about this request, please contact me at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Kathleen McCollum". The signature is written in a cursive, flowing style.

Kathleen McCollum
Chief Operating Officer and
Senior Vice President, Clinical Integration

cc: Paul Parker
Karen Olscamp
Suellen Wideman, Esq.
Tom Dame, Esq.
Andy Solberg

Attachments:

1. Architectural Floor Plans
2. Project Budget

PART II: PROJECT BUDGET

(INSTRUCTION: All estimates for 1.a.-d., 2.a.-h., and 3 are current costs as of the date of application submission and should not include the costs for all intended construction and renovations to be undertaken. DO NOT CHANGE THIS FORM OR ITS LINE ITEMS. IF ADDITIONAL DETAIL OR CLARIFICATION IS NEEDED, ATTACH ADDITIONAL SHEET.)

A. Use of Funds

1. Capital Costs

a. New Construction

(1) Building	_____
(2) Fixed Equipment (not included in construction)	_____
(3) Land Purchase	_____
(4) Site Preparation	_____
(5) Architect/Engineering Fees	_____
(6) Permits (Building, Utilities, Etc.)	_____

SUBTOTAL

b. Renovations

(1) Building	\$ 952,957.00
(2) Fixed Equipment (not included in construction)	_____
(3) Architect/Engineering Fees	\$ 249,903.00
(4) Permits (Building, Utilities, Etc.)	_____

SUBTOTAL

\$ 1,202,860.00

c. Other Capital Costs

(1) Major Movable Equipment	\$ 3,300,000.00
(2) Minor Movable Equipment	_____
(3) Contingencies	\$ 373,896.00
(4) Other (I.T., Admin, Signage, Escalation costs)	\$ 281,159.00

TOTAL CURRENT CAPITAL COSTS (a-c)

\$ 5,157,915.00

d. Non Current Capital Costs

(1) Interest (Gross)	_____
(2) Inflation (state all assumptions, including time period and rate)	_____

TOTAL PROPOSED CAPITAL COSTS (a-d)

\$ 5,157,915.00

2. Financing Cost and Other Cash Requirements

- a. Loan Placement Fees _____
- b. Bond Discount _____
- c. Legal Fees (CON related) _____
- d. Legal Fees (other) _____
- e. Printing _____
- f. Consultant Fees _____
- CON Application Assistance _____
- Other (Specify) _____
- g. Liquidation of Existing Debt _____
- h. Debt Service Reserve Fund _____
- i. Principal Amortization _____
- Reserve Fund _____
- j. Other (Specify) _____

TOTAL (a - j)

3. Working Capital Startup Costs

TOTAL USES OF FUND (1 - 3) \$ 5,157,915.00

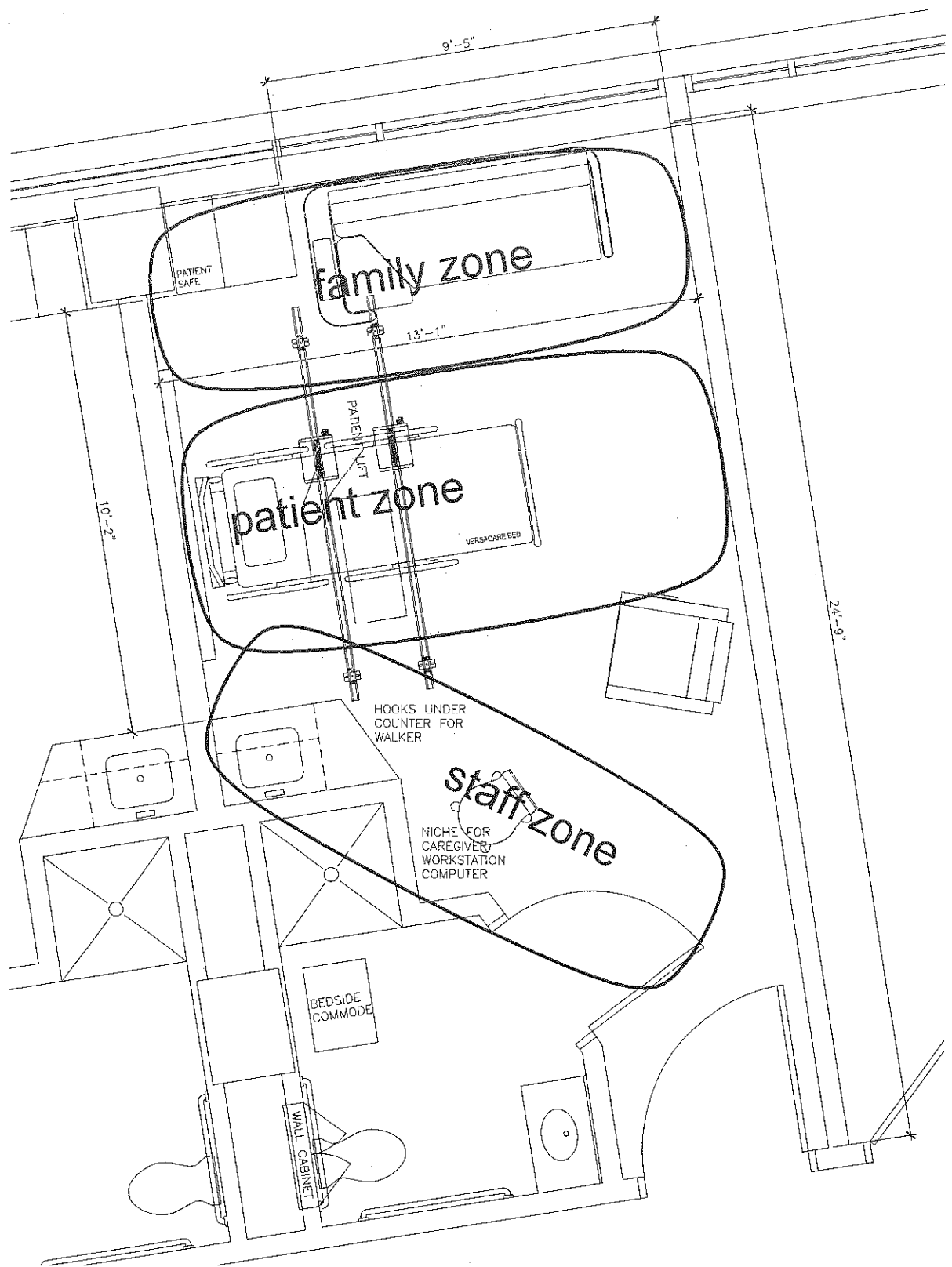
B. Sources of Funds for Project:

- 1. Cash \$ 5,157,915.00
- 2. Pledges: Gross _____
 less allowance for
 uncollectibles _____ = Net _____
- 3. Gifts, bequests _____
- 4. Interest income (gross) _____
- 5. Authorize Bonds _____
- 6. Mortgage _____
- 7. Working capital loans _____
- 8. Grants or Appropriations _____
- (a) Federal _____
- (b) State _____
- (c) Local _____
- 9. Other (Specify) _____

TOTAL SOURCES OF FUNDS (1 - 9) \$ 5,157,915.00

Lease Costs:

- a. Land \$ _____ x _____ = \$ _____
- b. Building \$ _____ x _____ = \$ _____
- c. Major Movable Equipment \$ _____ x _____ = \$ _____
- d. Minor Movable Equipment \$ _____ x _____ = \$ _____
- e. Other (Specify) \$ _____ x _____ = \$ _____



PATIENT ROOM - TYPICAL



301 Hospital Drive
Glen Burnie, Maryland 21061
mybwmc.org

CAS-6505

December 5, 2014

Mr. Paul Parker
Director, Health Care Facilities Planning and Development
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: Baltimore Washington Medical Center Fit Out of Shell Space for Three Operating Rooms

Dear Mr. Parker:

In response to your letter of December 4, 2014, I am submitting clarification about the number of mixed use general OR's. On the diagram you received, there is a room labeled as "OR 9". This is actually a dedicated cystoscopy room and consistent with our 2014 report to the MHCC.

The existing operating room space which will be taken out of service will be used as much needed storage rooms.

Thank you for consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "K. McCollum".

Kathleen McCollum
Chief Operating Officer and
Senior Vice President, Clinical Integration

cc: Kevin McDonald
Christine Parent
Karen Olscamp
Suellen Wideman, Esq.
Tom Dame, Esq.
Andy Solberg

December 30, 2014

Mr. Paul Parker
Director, Health Facilities Planning and Development
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: University of Maryland Baltimore Washington Medical Center (UM BWMC) Fit Out of Shell Space for 30-Bed General Medical/Surgical Unit

Dear Mr. Parker:

In response to your letter of December 9, 2014 regarding the above project, please find UM BWMC's responses below:

- 1) **Please describe the reconfiguration proposed for the 4 South unit that will alter it from a 25-room unit to a 22-room unit.** There is no reconfiguration of the unit. In order to remove the required number of beds from the 4 South unit, UM BWMC is planning to convert three existing patient rooms to non-patient care use, eliminating six semi-private beds. This leaves 22 physical rooms to be used as bed capacity, with one bed in each of those 22 rooms for a total of 22 private rooms on the 4 South unit.
- 2) **Does the estimated cost of this project include expenses for physically altering semi-private patient rooms so they can be set up as private rooms? Please provide an itemization of the specific construction/renovation work and equipment expenditures in the estimated project expenditure.** The project budget includes \$49,500 to physically alter the rooms. An estimate of \$1,650 per bed for the removal 30 bed-spaces was used, to account for plumbing, painting and patching, and third-party recertification if required. That estimate was included in the line item for major equipment, but probably should have been included in renovations. A line item budget is attached, as well as a revised project budget. UM BWMC has not yet identified every individual piece of equipment that would be required on the new unit. Rather, the line item for equipment is an allowance. These are conservative estimates, as some of the current equipment on the current 4 South unit can be relocated (including beds, computers, etc.).

Please let me know if you have any further questions or would like any additional information.

Sincerely,



Kathleen McCollum
Chief Operating Officer and
Senior Vice President, Clinical Integration

cc: Kevin McDonald
Christine Parent

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Attached Exhibits:

1. Detailed Line Item Budget
2. Revised project budget

JAN 02 2015

MARYLAND HEALTH
CARE COMMISSION

BWMC – 7TH FLOOR WEST

BWMC – 7TH FLOOR WEST – CONSTRUCTION BUDGET	COST
27,600 S.F. Patient Floor @ \$189/S.F.	\$ 5,216,400
4,000 S.F. Concourse/Elevator Lobby/Seating Area @ \$100/S.F.	\$ 400,000
Escalation – 4%	\$ 224,656
TOTAL CONSTRUCTION COSTS	\$ 5,841,056

BWMC – 7TH FLOOR WEST – OWNER COSTS	COST
Medical Equipment – 30%	\$ 876,159
I.T. Costs - \$25/S.F.	\$ 382,500
Furniture/Art Work - \$10/S.F.	\$ 306,000
Signage/Wayfinding/Graphics - \$1.50/S.F.	\$ 45,900
Tests/Inspections/Admin Costs – 2%	\$ 116,821
Architect & Engineer Fee – 8%	\$ 706,168
Owner’s Contingency – 10%	\$ 953,326
Capping off headwalls	\$ 49,500
TOTAL OWNER COSTS	\$ 3,436,374

PROJECT TOTAL BUDGET	\$ 9,277,430
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PART II: PROJECT BUDGET

(INSTRUCTION: All estimates for 1.a.-d., 2.a.-h., and 3 are current costs as of the date of application submission and should not include the costs for all intended construction and renovations to be undertaken. DO NOT CHANGE THIS FORM OR ITS LINE ITEMS. IF ADDITIONAL DETAIL OR CLARIFICATION IS NEEDED, ATTACH ADDITIONAL SHEET.)

A. Use of Funds

1. Capital Costs

a. New Construction

- (1) Building _____
- (2) Fixed Equipment (not included in construction) _____
- (3) Land Purchase _____
- (4) Site Preparation _____
- (5) Architect/Engineering Fees _____
- (6) Permits (Building, Utilities, Etc.) _____

SUBTOTAL _____

b. Renovations

- (1) Building \$ 5,890,556.00
- (2) Fixed Equipment (not included in construction) _____
- (3) Architect/Engineering Fees \$ 706,168.00
- (4) Permits (Building, Utilities, Etc.) _____

SUBTOTAL \$ 6,596,724.00

c. Other Capital Costs

- (1) Major Movable Equipment \$ 1,727,380.00
- (2) Minor Movable Equipment _____
- (3) Contingencies \$ 953,326.00
- (4) Other (Specify) _____

TOTAL CURRENT CAPITAL COSTS (a-c) \$ 9,277,430.00

d. Non Current Capital Costs

- (1) Interest (Gross) _____
- (2) Inflation (state all assumptions, including time period and rate) _____

TOTAL PROPOSED CAPITAL COSTS (a-d) \$ 9,277,430.00

2. Financing Cost and Other Cash Requirements

- a. Loan Placment Fees _____

- b. Bond Discount _____
- c. Legal Fees (CON related) _____
- d. Legal Fees (other) _____
- e. Printing _____
- f. Consultant Fees _____
- CON Application Assistance _____
- Other (Specify) _____
- g. Liquidation of Existing Debt _____
- h. Debt Service Reserve Fund _____
- i. Principal Amortization _____
- Reserve Fund _____
- j. Other (Specify) _____

TOTAL (a - j)

3. Working Capital Startup Costs _____

TOTAL USES OF FUND (1 - 3)

\$ 9,277,430.00

B. Sources of Funds for Project:

- 1. Cash \$ 9,277,430.00
- 2. Pledges: Gross _____,
 less allowance for
 uncollectibles _____ = Net _____
- 3. Gifts, bequests _____
- 4. Interest income (gross) _____
- 5. Authorize Bonds _____
- 6. Mortgage _____
- 7. Working capital loans _____
- 8. Grants or Appropriations _____
- (a) Federal _____
- (b) State _____
- (c) Local _____
- 9. Other (Specify) _____

TOTAL SOURCES OF FUNDS (1 - 9)

\$ 9,277,430.00

Lease Costs:

- a. Land \$ _____ x _____ = \$ _____
- b. Building \$ _____ x _____ = \$ _____
- c. Major Movable Equipment \$ _____ x _____ = \$ _____
- d. Minor Movable Equipment \$ _____ x _____ = \$ _____
- e. Other (Specify) \$ _____ x _____ = \$ _____