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March 26, 2020

Via Electronic Mail

Ben Steffen, Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215
Ben.steffen@maryland.gov

Via Electronic Mail

Ruby Potter
Health Facilities Coordinator
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215
Ruby.potter@maryland.gov

RE: Frederick Health Hospital, Inc. - Emergency Certificate of Need Application

Dear Mr. Steffen:

On behalf of Frederick Health Hospital, Inc. (“FHH”), I write to request an Emergency Certificate of Need (“CON”) to increase FHH’s bed capacity by 72 beds by converting an existing business center located directly across the street from the existing hospital.

As you are aware, the Secretary of Health and Human Services declared a public health emergency on January 31, 2020 under section 319 of the Public Health Service Act, (42 U.S.C. §247d), in response to the novel coronavirus COVID-19. As the rates of infection increased, Maryland Governor Hogan issued a Declaration of State of Emergency and Existence of Catastrophic Health Emergency – COVID-19 on March 5, 2020 (the “State of Emergency”). On March 11, 2020, the World Health Organization declared the COVID-19 to be a pandemic, and two days later, on March 13, 2020, President Donald Trump issued a Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak.

In Governor Hogan’s March 16, 2020 Order Relating to Various Health Care Matters, he noted that health care practitioners and facilities are needed to respond to the catastrophic health emergency, including for treatment, isolation, and quarantine. The Secretary of Health was directed to work collaboratively with health care providers throughout the State to designate and gain access to any and all facilities needed to respond to the crisis; and to suspend various licensing and oversight requirements of health care facilities as necessary to protect the health

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and safety of patients, staff, and other individuals in the State of Maryland. This directive includes taking all efforts necessary to increase immediately statewide hospital capacity.

FHH proposes to transition an existing business center to accommodate inpatient hospital beds. The building, known as the Business Center, located at 700 Toll House Road, is a two-story building, across the street from the main entrance to the hospital. We enclose a map indicating the location of the Business Center for your reference. The building once served as a nursing facility but was converted to office space approximately three years ago. FHH has determined that the Business Center has capacity for 72 beds (36 beds on each floor), but the building will need various equipment, including portable gases, suction, and sinks. It is anticipated that the 72 beds in this physical space would be used for restorative care and lower acuity care. FHH already has started the process of removing existing furniture from the building and estimates that at least 20 beds could be operational for lower acuity patients, as necessary, as early as next week. The balance of the beds should be available within 30 days after approval of this CON.

Note that FHH does have existing unused physical bed space that could be used for inpatients, and to that end, received a temporary licensure increase through the Office of Health Care Quality for 100 additional beds, effective March 24, 2020. For 82 of those beds, space with existing gas and suction located in existing medical/surgical units, Pre-Operative Holding, the Wound Care Center, the Sleep Center, Pre-admission Screening, the Newborn Nursery, and the Pediatric Department, will be used in a medical/surgical capacity. FHH's current PACU space will hold an additional 18 ICU beds, which will double FHH's current ICU capabilities. FHH anticipates that these areas would be prepared for use within a week, or immediately, as necessary.

The capital cost for the project, including facility work and equipment purchase/rental, is estimated to be approximately \$2,500,000. Incremental operating costs for the anticipated surge cannot be realistically estimated at this time. FHH intends to use existing cash, available line of credit, and reimbursement from State/Federal/other sources as it become available. FHH has implemented a COVID-19 cost center to capture incremental expenses. FHH has had discussions with the HSCRC concerning the anticipated emergency funding mechanism to assist hospitals with establishing temporary expansion during this period of crisis. The estimated costs do not exceed the capital threshold amount requiring a CON under the Health-General Art. §19-120(a)(4).

Frederick Health Hospital is the sole community provider in Frederick County. Therefore, FHH formally requests approval of this Emergency Certificate of Need pursuant the Code of Maryland Regulations (COMAR) §10.24.01.20 for an increase in inpatient hospital capacity in order to accommodate the anticipated increase in the demand for health care services as a result of COVID-19. As the requested bed increase is intended to be temporary in nature, FHH understands that no formal CON application will be necessary pursuant to COMAR 10.24.01.20C. To the extent necessary, FHH seeks a waiver of the requirement under COMAR

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10.24.01.20C that an Emergency CON is valid for a maximum of 165 days and continues its validity until 30 days after the termination of the State of Emergency declared by Governor Hogan on March 5, 2020, and permit a formal CON application, if any, to be filed in that same time period.

Frederick Health Hospital respectfully requests prompt attempt to this request and is happy to respond to any questions concerning this Emergency CON request.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Coyne', is positioned above the name Jennifer Coyne.

Jennifer Coyne

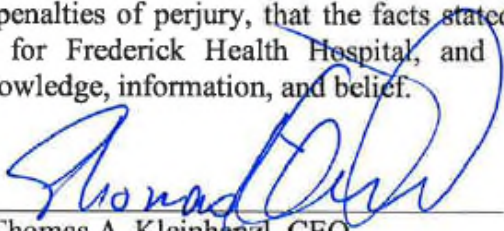
cc: (via electronic mail only)

Robert R. Neall, Secretary, Maryland Department of Health, Robert.neall@maryland.gov
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AFFIRMATION

I HEREBY DECLARE AND AFFIRM, under the penalties of perjury, that the facts stated in this Emergency Certificate of Need Application for Frederick Health Hospital, and any attachments, are true and correct to the best of my knowledge, information, and belief.

3/20/2020
Date



Thomas A. Kleinhanzl, CEO
Frederick Health Hospital, Inc.

