

GALLAGHER

GALLAGHER EVELIUS & JONES
ATTORNEYS AT LAW

March 26, 2020

VIA EMAIL & U.S. MAIL

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

Ruby Potter
Health Facilities Coordination Officer
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

**Re: Emergency Certificate of Need Application – Peninsula Regional
Medical Center, Inc. – Expansion of MSGA (ICU) Bed Capacity**

Dear Mr. Steffen and Ms. Potter:

On behalf of Peninsula Regional Medical Center, Inc. (“PRMC”) and, pursuant to COMAR 10.24.01.20, we write to seek an Emergency Certificate of Need (“CON”) to expand the MSGA physical bed capacity by up to 48 new beds at PRMC, located at 100 East Carroll Avenue, Salisbury, MD 21801.

As you know, due to a world-wide outbreak of a coronavirus known as SARS-CoV-2 (“COVID-19”), the President of the United States has declared a national state of emergency, the Secretary of the United States Department of Health and Human Services has declared a public health emergency, and on March 5, 2020, the Governor of the State of Maryland, Lawrence J. Hogan, Jr., declared a state of emergency and catastrophic health emergency. Additionally, on March 16, 2020, the Governor issued an Executive Order directing the Maryland Department of Health to work with health care facilities and providers to reopen closed hospital facilities across the state and to take other measures necessary to immediately increase statewide hospital capacity. This requires immediate action pursuant to your authority under COMAR 10.24.01.20B and consistent with Governor Hogan’s Executive Order to increase inpatient hospital capacity to accommodate potential surge capacities related to COVID-19.

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Project Descriptions

PRMC hereby applies for an Emergency CON for the purpose of expanding physical bed capacity by up to 48 beds to be located in conference room space and existing office space to establish a temporary intensive care unit (“ICU”) in preparation for an expected surge in hospital admissions related to COVID-19 infection and treatment. The new unit would be known as the “Delmarva/Eastern Shore Regional Critical Care/Pandemic Unit,” and utilize modular equipment that could be assembled and disassembled in times of need. While there are a significant number of existing unused physical beds at PRMC, such beds are typically medical surgical beds in the older inpatient units (with double occupancy) and could not serve as well as an additional/central ICU to care for COVID-19 patients in the immediate near or to meet similar future needs.

The proposed ICU project would involve the modification of approximately 19,800 square feet of conference/office space located on the ground floor below the existing Emergency Room at PRMC, installation of new flooring, medical gases, and assembly of modular equipment such that each ICU bed be fully ventilator capable. While the ICU unit will be capable of being disassembled following the COVID-19 pandemic, the medical gas lines and other building improvements would remain as physical bed capacity to be used in the event of future outbreaks, disasters, or as otherwise needed.

Through a second project, PRMC applies for an Emergency CON for the purpose of converting a former 8-bed inpatient pediatric department adjacent to PRMC’s Emergency Department (“ED”) into an 8-bed isolation unit in preparation for an expected surge in hospital admissions related to COVID-19 infection and treatment. The current space is used for ED overflow space. The project would involve replacement of ductwork and the addition of an exhaust system to establish negative airflow in the unit. This project would also require the addition of walls to divide clean and soiled materials, a second door, and removal of a window to install the ductwork.

Work on both projects would begin immediately upon approval of this application, and are estimated to be completed by May 1, 2020.

Estimated Project Cost

The cost of both projects will not exceed the hospital capital threshold requiring a CON from the Maryland Health Care Commission under MARYLAND CODE, HEALTH-GENERAL § 19-120(a)(4). The total project cost, including facilities work and purchase of equipment, is

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estimated to be approximately \$3.825 million, and PRMC intends to use available cash to pay for the project. The ICU Project to be known as the Delmarva/Eastern Shore Regional Critical Care/Pandemic Unit is project to cost \$3.45 million as follows: (1) \$1.6 million for movable equipment, including 60 ventilators, which PRMC has already ordered with arrival in May 2020; (2) approximately \$550,000 in construction costs; and (3) \$1.3 million in construction and associated costs to relocate the information systems department that currently occupies the conference space.

The Isolation Unit adjacent to PRMC's ED is projected to cost approximately \$375,000 and solely includes construction costs, equipment, and supplies.

PRMC reserves the right to seek rate adjustments from the HSCRC for the costs of both projects in the future.

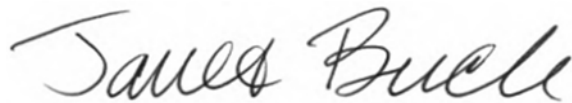
PRMC also seeks a waiver from the Executive Director or designee pursuant to COMAR 10.24.01.10A(2) such that: (1) the requirement under COMAR 10.24.01.20C for the Emergency CON applicant to file a formal CON application be suspended until at least thirty (30) days after the declared state of emergency of March 5, 2020 is terminated; and (2) that any Emergency CON granted pursuant to this Emergency CON application not expire until thirty (30) days after the declared state of emergency of March 5, 2020 is terminated or 165 days after its issuance, whichever is later.

We respectfully request you to act on this request as soon as possible so that Holy Cross Health can begin work on this critically important project. Please let us know if you need any additional information regarding the requested Emergency CON Application.

Sincerely,



Thomas C. Dame



James C. Buck

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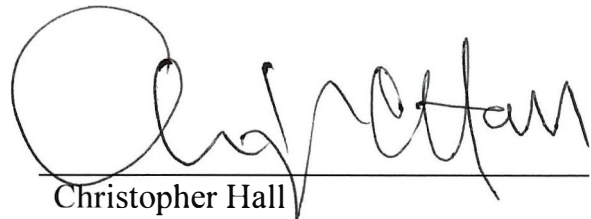
Cc: via email

Robert R. Neall, Secretary, Maryland Department of Health
Dennis R. Schrader, Deputy Secretary for Health Care Financing & Chief Operating Officer
Andrew N. Pollak, M.D. Chairman, Maryland Health Care Commission
Katie Wunderlich, Executive Director, Maryland Health Services Cost Review Commission
Patricia T. (Tricia) Nay, M.D. Director, Office of Health Care Quality
Renee Webster, Assistant Director for Hospitals, Laboratories and Patient Safety, OHCQ
Paul Parker, Director, Center for Health Care Facilities Planning & Development
Kevin McDonald, Chief, Certificate of Need
Suellen Wideman, Esq., Assistant Attorney General
Lori Brewster, MS, APRN/BC, LCADC, Wicomico County Health Officer
Steven E. Leonard, President and Chief Executive Officer, PRHS
Bruce Ritchie, Senior Vice President of Finance and Chief Financial Officer, PRHS
Chris Hall, Vice President Strategy & Business Development, Chief Business Officer, PHS

I hereby declare and affirm under the penalties of perjury that the facts stated in this Emergency Certificate of Need Application and its attachments are true and correct to the best of my knowledge, information, and belief.

3/26/2020

Date



Christopher Hall
Vice President, Strategy and Business
Development/Chief Business Officer
Peninsula Regional Health System, Inc.