



VIA E-MAIL

MEMORANDUM

TO: Katie Wunderlich, Executive Director, HSCRC
 Jerry Schmith, Deputy Director, Hospital Rate Setting, HSCRC
 Bob Gallion, HSCRC

FROM: Jeanne Marie Gawel CON Analyst, MHCC

DATE: May 10, 2022

RE: Laurel Freestanding Medical Facility-REVISED MEMO
 Project Change
 Docket No. 18-16-EX002

MHCC requests HSCRC’s staff to comment on the following statement on page 7 of the Project Change: "The presentations of projected revenue in tables H and K reflect the approved GBR for UM CRH in total and UM LMC specifically. The GBR is projected to increase with the HSCRC annual update factors, shared savings, demographic adjustments and other adjustments consistent with the HSCRC payment policies. In addition, the applicant states that although the new FMF building is expected to bolster utilization of the emergency department, as an emergency department with ancillary services the new FMF is projected to have operational losses which will be absorbed through the profits of UM-CRH in order for the FMF to be cost-effective. UM-CRH included Table H showing it is projected (through 2027) to have a positive operating income after adding back in depreciation (a non-cash expenditure).

The Applicant

Dimensions Health Corporation (Dimensions) is a not-for-profit health system owned by the University of Maryland Medical System (UMMS). UMMS acquired Dimensions on September 1, 2017. Dimensions does business as the University of Maryland Capital Region Health (UM-CRH). On September 20, 2018, the Maryland Health Care Commission (MHCC) approved an exemption from Certificate of Need (CON) to convert University of Maryland Laurel Regional Hospital (UM-LRH) to a freestanding medical facility (FMF) operating as The University of Maryland Laurel Medical Center (UM-LMC).

The Project

The approved project was two phases. The FMF was originally to be located in the hospital building (Phase 1) and then moved to a new building on the southwestern side of the campus (Phase 2). When the new building was complete, the existing hospital building was to be repurposed or demolished. The FMF was approved for a host of outpatient services including, emergency, observation, diagnostic, imaging, outpatient surgery, behavioral health, primary care, and wound care. Phase 1 was completed in January 2019. Phase 2 remains under construction. The approved Phase 2 building was to have two floors totaling 75,855 square feet. The total approved cost of the project was \$53.1 million.

UM-CRH now requests that the Commission approve an \$18,152,814 increase (35%) in the project, bringing the total capital cost estimate from \$52,222,000 to \$70,500,669. UM-CRH is also requesting to make changes to the physical plant design of the Phase 2 building by increasing the square footage by 7,888 square feet in order to house a community room, more outpatient services (Wound Care Center), more physician specialty clinic space and shell space for additional clinics in future expansions.

Please review and comment on any other aspects of this application pertinent to this request. It would be most helpful to have your response within two weeks on May 24, 2022. If you should have any questions on this matter, please feel free to contact me at (410) 764-3371.

Enclosures:

Revised Project Change

Sincerely,



Jeanne-Marie Gawel, LNHA, MA, MGS
Program Manager, Certificate of Need

cc Thomas C. Dame, Esquire
Wynee Hawk, Chief, Certificate of Need

