

# MARYLAND HEALTH CARE COMMISSION

## Certificate of Need

TO: Dana Farrakhan, Senior Vice President  
Strategy, Community and Business Development  
University of Maryland Medical Center  
22 S. Greene Street, Executive Office  
Baltimore, MD 21201

October 15, 2020

Date

RE: University of Maryland Midtown SurgiCenter, LLC  
Establish an Ambulatory Surgical Facility

20-24-2442

Docket No.

### PROJECT DESCRIPTION

This Certificate of Need authorizes the University of Maryland Midtown SurgiCenter, LLC (UMMSC) to establish an ambulatory surgical facility (ASF). UMMSC is located at 800 Linden Avenue in Baltimore. UMMSC will own and operate the proposed ambulatory surgical facility (ASF). UMMSC is owned by the University of Maryland Midtown Health, Inc. (UM Midtown Health), which holds a 95% ownership interest, and the University of Maryland Faculty Physicians, Inc. (FPI), which owns the remaining five percent.

The authorized project is the construction of three operating rooms and two procedure rooms, created by fitting out approximately 13,268 SF of shell space on the first floor of the Midtown Ambulatory Care Building (MACB). The authorized project cost is \$9,326,107, which includes about \$4.7 million for construction, renovations, and permits and fees, \$4.1 million for movable equipment, and contingency allowance, \$360,000 for an inflation allowance, and \$100,000 for consulting and legal fees. The applicant will finance the cost of this project with cash (from both UMMS and FPI) in the year of construction, which will be fiscal year 2022.

### ORDER

The Maryland Health Care Commission reviewed the Staff Report and Recommendation on this project and, based on that report and the record of the project review, ordered, on October 15, 2020, that a Certificate of Need is hereby approved, with the following conditions:

1. The University of Maryland Midtown SurgiCenter shall provide to the public, upon inquiry or as required by applicable regulations or law, information concerning charges for the full range of surgical services provided; and

2. The University of Maryland Midtown SurgiCenter shall provide, at a minimum, an amount of charity care with a value equivalent to 0.35% of its operating expenses.

## **PERFORMANCE REQUIREMENTS**

In accordance with COMAR 10.24.01.12C(3)(b), the project is subject to the following performance requirements:

1. Obligation of not less than 51 percent of the approved capital expenditure, as documented by a binding construction contract, within 24 months of the date of this Certificate of Need;
2. Initiation of construction no later than 4 months after the effective date of the binding construction contract; and
3. Documentation that the approved project has been completed, has been licensed, and has met all legal requirements and is providing the approved services no later than twenty-four (24) months after the effective date of the binding construction contract.

Failure to meet these performance requirements will render this Certificate of Need void, subject to the requirements of COMAR 10.24.01.12 F through I.

## **PROPOSED CHANGES TO THE APPROVED PROJECT**

Before making any changes to the facts in the Certificate of Need application and other information provided to the Commission, UMMSC must notify the Commission in writing and receive Commission approval of each proposed change, including the obligation of any funds above those approved by the Commission in this Certificate of Need, in accordance with COMAR 10.24.01.17. Pursuant to COMAR 10.24.01.17B(2), the project cannot incur capital cost increases that exceed the approved capital cost inflated by an amount determined by applying the Building Cost Index published on a quarterly basis by IHS Economics in the Healthcare Cost Review unless UMMSC obtains a modification of this Certificate of Need from the Commission. Instructions for determining the threshold that necessitates Commission review and approval of changes to the capital cost approved in this Certificate of Need are located on the Commission's website at: [http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs\\_con/hcfs\\_con.aspx](http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_con/hcfs_con.aspx)

## **DESIGN APPROVAL AND FACILITIES LICENSURE BY DHMH**

This Certificate of Need does not constitute a license or replace any approvals required by the Office of Health Care Quality (OHCQ) or others within the Maryland Department of Health (MDH) to construct and operate renovated space within an existing facility. UMMSC must provide MDH with all information it requires for plan approval, facility licensure, and putting into operation renovated space within its existing facility, including information pertaining to project design and specifications.

## **QUARTERLY STATUS REPORTS**

UMMSC must submit quarterly status reports on the approved project to the Commission, beginning January 15, 2021, three months from the date of this Certificate of Need, and continuing, at three-month intervals, until the completion of the project.

## **REQUEST FOR FIRST USE REVIEW**

UMMSC must request in writing, not less than 60 days but not more than 120 days before the first use of the approved operating room, a first use review from the Commission, specifying the anticipated date of first use and documenting that the project has been substantially completed and will be completed, within 120 days or less, in a manner and at a cost consistent with this Certificate of Need. Commission staff will review the request in consultation, as necessary, with OHCQ, and in accordance with COMAR 10.24.01.18 to determine whether the project conforms to the Certificate of Need. First use approval does not constitute a license or replace any approvals required by OHCQ or others within MDH to operate renovated space within an existing health care facility. Therefore, UMMSC should assure that OHCQ is notified of the imminent completion of the project and should arrange for completion of any inspections and or approvals required by OHCQ in a timely manner. First use approval remains in effect for 90 days. If first use of the new operating room does not occur within 90 days of approval, UMMSC shall reapply for first use approval.

## **ACKNOWLEDGEMENT OF RECEIPT OF CERTIFICATE OF NEED**

Acknowledgement of your receipt of this Certificate of Need, stating acceptance of its terms and conditions, is required within thirty (30) days.

### **MARYLAND HEALTH CARE COMMISSION**



Ben Steffen  
Executive Director

cc: Patricia T. Nay, M.D., Executive Director, Office of Health Care Quality  
Letitia Dzirasa, M.D., Health Officer, Baltimore City