



Ruby Potter -MDH- <ruby.potter@maryland.gov>

Fwd: Shady Grove MVS Analysis Follow Up Questions

1 message

Bill Chan -MDH- <bill.chan@maryland.gov>
To: Ruby Potter -MDH- <ruby.potter@maryland.gov>

Wed, May 10, 2023 at 3:48 PM

----- Forwarded message -----

From: **Laura Hare1 -MDH-** <laura.hare1@maryland.gov>
Date: Fri, Mar 10, 2023 at 9:11 AM
Subject: Shady Grove MVS Analysis Follow Up Questions
To: Andrew Nicklas <ANicklas@adventisthealthcare.com>
Cc: Wynnee Hawk -MDH- <wynnee.hawk1@maryland.gov>, Bill Chan -MDH- <bill.chan@maryland.gov>, Ruby Potter -MDH- <ruby.potter@maryland.gov>

Andrew

Staff are reviewing your calculations and findings for the MVS analysis. In your submitted response on p. 4, last paragraph, you "subtract \$56.32/sf for an "Abnormal Shortage Multiplier."

Please provide needed documentation and details with regard to the following:

- 1) What is the "Abnormal Shortage Multiplier" and the basis for using it? Do you have a source to verify the use of this multiplier? If so, please provide documentation and details on how other organizations use this multiplier. .
- 2) In Exhibit 5, you indicate that this multiplier is "10%" of the MVS Cost/Square Foot. Can you document the use of 10% as an industry standard used to calculate the total construction cost to replace or reproduce the SGMC patient tower. Can this multiplier have a value that is lower than 10%?
- 3) Without the use of this "Abnormal Shortage Multiplier," Shady Grove's MVS benchmark value would be \$563.25 per SF (as indicated in Exhibit 5, MVS calculation) and the dollar difference between the project cost amount and the MVS benchmark would increase significantly from \$44,166,341. Justify the use of this multiplier? Is this a fixed percentage or is there a range? What factors dictate the use of 10%?

Please provide a response to this request for additional information within 10 business days. If you have any questions about this email, please let me know.

Best,

Laura

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Laura Hare Nirschl**Program Manager- Certificate of Need Division**

Pronouns: she/her/hers

New hours: 8:30 AM to 3 PM, Monday-Friday

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