

GALLAGHER

GALLAGHER EVELIUS & JONES
ATTORNEYS AT LAW

April 28, 2023

VIA EMAIL & FEDERAL EXPRESS MAIL

Ms. Ruby Potter
ruby.potter@maryland.gov
Health Facilities Coordination Officer
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: Shore Health System, Inc. Responses to Completeness Questions
Following Finalized State Budget dated April 14, 2023 for Replacement
And Relocation of University of Maryland Shore Medical Center at Easton

Dear Ms. Potter:

On behalf of the applicant Shore Health System, Inc., we are submitting an electronic version of the Responses to Completeness Questions Following Finalized State Budget dated April 14, 2023 and related exhibit. By separate email, we will provide a WORD version of the responses.

We hereby certify that a copy of this submission has also been forwarded to the appropriate local health planning agency as noted below.

If you have questions about the information provided above, please contact us at your convenience.

Very truly yours,



Thomas C. Dame

Mallory Regenbogen

Alison Lutich

cc: Ben Steffen, Executive Director, MHCC
Wynee Hawk, RN, JD, Director, Ctr for Health Care Planning & Development, MHCC
Alexa Bertinelli, Esq., Assistant Attorney General, MHCC
Caitlin E. Tepe, Esq., Assistant Attorney General, MHCC
Bob Gallion, Associate Director, Revenue and Regulation Compliance, HSCRC
Robin Cahall, Caroline County Health Officer
Lauren Levy, JD, MPH, Cecil County Health Officer
Roger L. Harrell, MHA, Dorchester County Health Officer
Bill Webb, MPH, Kent County Health Officer

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Joseph A. Ciotola, Jr., M.D., Queen Anne's County Health Officer
Danielle Weber, MSN, RN, Somerset County Health Officer
Maria A. Maguire, MD, Health Officer, Talbot County
Brandy Wink, Acting Health Officer, Wicomico County Health Officer
Rebecca L. Jones, RN, MSN, Worcester County Health Officer
Kenneth Kozel, MBA, FACHE, President and CEO, UM SRH
JoAnne Hahey, CPA, Senior VP and CFO, UM SRH
Arvin Singh, EdD, MBA, MPH, MS, FACHE, VP Strategic Planning &
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Kristin Jones Bryce, Chief External Affairs Officer, UMMS
Brian Sturm, Vice President, Corporate Decision Support and Capital
Planning, UMMS
Aaron Rabinowitz, Esq., Senior VP and General Counsel, UMMS
Andrew L. Solberg, A.L.S. Healthcare Consultant Services
Garo Ghazarian Jr., KPMG LLP
Brendan Long, KPMG LLP

SHORE HEALTH SYSTEM, INC.
RELOCATION OF UNIVERSITY OF MARYLAND SHORE MEDICAL CENTER AT EASTON
Matter No. 23-20-2463

Response to Completeness Question Following Finalized State Budget
Dated April 14, 2023

Commission staff has reviewed HB 200, the Budget Bill for FY 2024 and found the fiscal 2024 appropriation for the University of Maryland Shore Medical Center at Easton (UM SMC) for \$10M. In your Certificate of Need application, sources of funds for UM SMC include \$100.0M from the State. Now that the legislative session has concluded, please update the sources of funds for the project budget (Table E) and Revenues and Expenses (Tables G and H) for the Easton hospital, and the consolidated applicant.

[Applicant Response](#)

As mentioned in the Applicant's response to question 46 of MHCC's Additional Information questions dated January 25, 2023, while the prior Administration recommended the inclusion of \$100 million in Capital funds in the State CIP for the UM SMC at Easton Regional Medical Center, the Moore Administration indicated that the funding was not included in the budget as submitted as it lacked the time necessary to independently vet the project. With the new Administration and relevant cabinet members in place for three months, UMMS and UM SRH executives have continued to meet with the Moore Administration, regularly, to facilitate their analysis of the project and consideration of the funding request.

The State of Maryland has a long history of partnering with UMMS to address health disparities and market failures that have led to insufficient health care infrastructure in vulnerable communities, with recent examples including significant investments in Baltimore City and Prince George's County. We remain steadfast that this partnership should and will naturally extend to address disparities related to the provision of health care in rural areas on the Eastern Shore.

Recently, we have seen the State take this step by committing \$10 million in pay-as-you-go (PAYGO) funds for FY 2024 and a pre-authorization of \$20 million for the new Regional Medical Center in FY 2025. Please see **Exhibit 46** for relevant excerpts of Maryland House Bill 201, Chapter 102 of the 2023 Laws of Maryland (page 132 cites the FY 2025 pre-authorization of \$20 million for the Regional Medical Center). This \$30 million assurance demonstrates the progress and willingness of the Administration to meet the needs of our community and project request. Over the next fiscal year, UM SRH expects to work with the Administration and leaders in Annapolis who have expressed interest in and a commitment to investing public funds in rural health care, including the new Regional Medical Center in Easton.

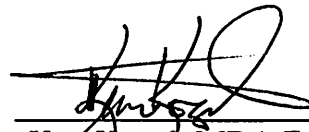
Table of Exhibit

Exhibit	Description
46.	Excerpt of the Maryland House Bill 201, Chapter 102 of the 2023 Laws of Maryland

I hereby declare and affirm under the penalties of perjury that the facts stated in the Responses to Completeness Questions Following Finalized State Budget dated April 14, 2023 and its attachments are true and correct to the best of my knowledge, information, and belief.

4/29/2023

Date

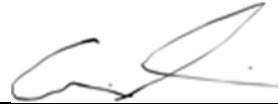


Ken Kozel, MBA FACHE
President and Chief Executive Officer
University of Maryland Shore
Regional Health

I hereby declare and affirm under the penalties of perjury that the facts stated in the Responses to Completeness Questions Following Finalized State Budget dated April 14, 2023 and its attachments are true and correct to the best of my knowledge, information, and belief.

4/28/2023

Date



Arvin Singh, EdD, MBA, MPH, MS,
FACHE, VP, Strategic Planning &
Communications
University of Maryland Shore
Regional Health

EXHIBIT 46

Chapter 102

(House Bill 201)

AN ACT concerning

**Creation of a State Debt – Maryland Consolidated Capital Bond Loan of 2023,
and the Maryland Consolidated Capital Bond Loans of 2011, 2012, 2013, 2014,
2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022**

FOR the purpose of authorizing the creation of a State Debt in the amount of ~~One Billion, Two Hundred Six Million, Six Hundred Thirty Nine Thousand Dollars (\$1,206,639,000)~~ ~~One Billion, Two Hundred and Sixteen Million, Six Hundred and Thirty Nine Thousand Dollars (\$1,216,639,000)~~ ~~One Billion, Two Hundred and Seventeen Million, Five Hundred and Eighty Six Thousand and Five Hundred Dollars (\$1,217,586,500)~~ One Billion, Two Hundred and Eighteen Million, Six Hundred and Thirty-Nine Thousand Dollars (\$1,218,639,000), the proceeds to be used for certain necessary building, construction, demolition, planning, renovation, conversion, replacement, and capital equipment purchases of the State, for acquiring certain real estate in connection therewith, and for grants to certain subdivisions and other organizations for certain development and improvement purposes, subject to certain requirements that certain matching funds be provided and expended by certain dates; providing generally for the issuance and sale of bonds evidencing the loan; imposing a certain tax on all assessable property in the State; requiring that certain grantees convey certain easements under certain circumstances to the Maryland Historical Trust; providing that the proceeds of certain loans must be expended or encumbered by a certain date; authorizing the Board of Public Works, under certain circumstances, to approve certain appropriations, notwithstanding certain technical differences; authorizing certain unexpended appropriations in certain prior capital budgets and bond loans to be expended for other public projects; altering certain requirements for certain programs in certain prior capital budgets and bond loans; reducing prior authorizations of State Debt; requiring that certain projects be constructed at certain locations; adding, altering, and repealing certain requirements for certain appropriations; specifying the use of certain project funds; altering and expanding the authorized purpose of certain grants; providing that certain grants may not terminate before certain dates; authorizing premiums from the sale of State bonds in certain fiscal years to be used for certain purposes; requiring the Comptroller to make certain transfers, adjustments, and reconciliations; authorizing, in a certain fiscal year, the fund balance of a certain fund to exceed a certain limit; repealing certain Maryland Consolidated Capital Bond Loan Preauthorization acts; specifying the use of certain project funds; authorizing the creation of State Debt in certain years to be used for certain purposes; clarifying the use of certain bond proceeds; making certain provisions of this Act subject to certain contingencies; altering certain reporting requirements for the Construction Contingency Fund; and generally relating to the financing of certain capital projects.

BY repealing and reenacting, with amendments,

SECTION 10. AND BE IT FURTHER ENACTED, That no portion of the proceeds of a loan or any of the matching funds provided for a project funded under this Act may be used for the furtherance of an essentially religious endeavor. Upon the request of the Board of Public Works, a recipient of the proceeds of a loan under this Act shall submit evidence satisfactory to the Board that none of the proceeds of the loan or any matching funds has been or is being used for a purpose prohibited by this Act.

SECTION 11. AND BE IT FURTHER ENACTED, That the Comptroller may advance funds to any loan funds account established pursuant to a general obligation bond loan enabling Act for any expenditure authorized by that Act, provided that if general obligation bonds have not been issued under the authority of that Act, the next ensuing sale of general obligation bonds shall include the issuance of bonds under the authority of that Act in an amount at least equivalent to the amount of the funds so advanced.

SECTION 12. AND BE IT FURTHER ENACTED, That Section(s) 13, 14, and 15 of Chapter 344 of the Acts of the General Assembly of 2022 be repealed.

SECTION 13. AND BE IT FURTHER ENACTED, That:

(1) The Board of Public Works may borrow money and incur indebtedness on behalf of the State of Maryland through a State loan to be known as the Maryland Consolidated Capital Bond Loan Preauthorization Act of 2024 in the total principal amount of ~~\$481,480,000~~ ~~\$525,039,000~~ ~~\$584,889,000~~ \$629,689,000. These loans shall be evidenced by the issuance, sale, and delivery of State general obligation bonds authorized by a resolution of the Board of Public Works and issued, sold, and delivered in accordance with §§ 8–117 through 8–124 and 8–131.2 of the State Finance and Procurement Article.

(2) The bonds to evidence these loans or installments of these loans may be sold as a single issue or may be consolidated and sold as part of a single issue of bonds under § 8–122 of the State Finance and Procurement Article.

(3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer and first shall be applied to the payment of the expenses of issuing, selling, and delivering the bonds, unless funds for this purpose are otherwise provided, and then shall be credited on the books of the Comptroller and expended, on approval by the Board of Public Works, for the following public purposes, including any applicable architects' and engineers' fees:

DA01.01 MARYLAND DEPARTMENT OF EMERGENCY
MANAGEMENT
(Baltimore County)

(A) Maryland Department of Emergency Management Headquarters Renovation and Expansion. Provide funds to complete construction of renovations and an addition to the Maryland Department of Emergency Management Headquarters at the Camp Fretterd Military Reservation in

	County)	8,485,000
(3)	Prince George’s Community College – Marlboro Hall Renovation and Addition (Prince George’s County)	16,382,000
(4)	<u>Montgomery College – Germantown</u> <u>– Student Services Center</u> <u>(Montgomery County)</u>	<u>4,800,000</u>

RM00

MORGAN STATE UNIVERSITY
(Baltimore City)

(A)	Campus Expansion Phase I – Lake Clifton High School Demolition. Provide funds to complete the demolition of the vacant Lake Clifton High School buildings, remove and preserve public artwork, and stabilize the historic valve house	9,425,000
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UNIVERSITY OF MARYLAND MEDICAL SYSTEM

(A)	<u>University of Maryland Shore Regional Hospital. Provide a grant to the University of Maryland Medical System to assist in the design, construction, and equipping of the University of Maryland Shore Regional Hospital (Talbot County)</u>	10,000,000 <u>20,000,000</u>
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DEPARTMENT OF THE ENVIRONMENT

UA01

OFFICE OF THE SECRETARY

(A)	Comprehensive Flood Management Program. Provide funds to local governments for projects that reduce the risk of loss of life and property from flooding. Grant funds may be used to acquire flood-prone properties for demolition or relocation, install flood warning systems, and construct flood control projects, including engineering studies required to support the design of these projects. Capital projects that assist with flood management techniques may include but are not limited to: flood control dams, levees and dikes, stormwater detention or retention structures, and flood proofing	3,000,000
(1)	Annapolis City Dock Stormwater and Flood Mitigation Phase 2 (Anne Arundel County)	3,000,000