

MARYLAND HEALTH CARE COMMISSION

Modified Certificate of Need

TO: Bonnie B. Katz, Vice President
Sheppard Pratt Health System
6501 N. Charles Street
Baltimore, Maryland 21204

March 18, 2021
Date

RE: Replacement and Relocation
of Sheppard Pratt at Ellicott City

15-13-2367
Docket No.

PROJECT DESCRIPTION

This Certificate of Need authorizes Sheppard Pratt Health System (“Sheppard Pratt”) to relocate its special hospital-psychiatric with a 78 bed capacity at 4100 College Avenue in Ellicott City, to a 39.1 acre site located at the intersection of Route 103 and Route 1 in Elkridge.

Sheppard Pratt will construct a three level replacement facility designed to provide five discrete units – adolescent, young adult, general adult, co-occurring (i.e., for adults with a primary psychiatric diagnosis and a secondary substance use disorder), and a unit to serve adults with psychotic disorders. Each of these units will have 16 rooms with a bed capacity of 17.

As approved, the total cost of constructing a 155,507 square feet (SF) was \$96,532,907. Sources of funds include cash of approximately \$15 million; philanthropy of about \$7.5 million, authorized bonds of \$66.7 million and state grant funds of \$7.5 million.

As modified, the total approved project cost is increased to \$105,638,412. Sources of funds include cash of approximately \$15 million; philanthropy of about \$16.5 million, authorized bonds of \$66.7 million and state grant funds of \$7.5 million. The increased cost is attributable to finalization of the design, increases in construction costs, and increases in architect and engineering costs.

ORDER

The Maryland Health Care Commission reviewed the Staff’s Report and Recommendation and, based on that analysis and the record in the review, ordered, on March 18, 2021, that a Modified Certificate of Need be issued for the project.

PERFORMANCE REQUIREMENTS

In accordance with the conditions of the Certificate of Need set forth above and COMAR 10.24.01.12B and C(1),(2) and (3)(b), the project is subject to the following performance requirements:

1. Obligation of not less than 51 percent of the capital expenditure, as documented by a binding construction contract, within 36 months of this Certificate of Need;
2. Initiation of construction within four months of the effective date of the binding construction contract; and
3. Completion of project within 36 months after the effective date of the binding construction contract.

PROPOSED CHANGES TO APPROVED PROJECT

Before making any changes to the facts in the Certificate of Need application and other information provided to the Commission, Sheppard Pratt Health System 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 CMS 2006 based PPS Hospital Capital Building Cost Index published on a quarterly basis by IHS Economics in *Health-Care Cost Review*, unless it 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:

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 other divisions of the Department of Health and Mental Hygiene ("DHMH") to construct and operate a new health care facility or to operate new space within an existing facility. Sheppard Pratt Health System must provide DHMH with all information it requires for plan approval or approval to put new or renovated space within the facility into use, including information pertaining to project design and specifications.

QUARTERLY STATUS REPORTS

Sheppard Pratt Health System must file quarterly status reports on the approved project, beginning June 18, 2021, three months from the date of this Certificate of Need, and continuing through the completion of both the replacement hospital and the renovations for the special hospital-psychiatric.

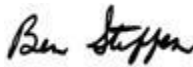
REQUEST FOR FIRST USE REVIEW

Sheppard Pratt Health System must request in writing, not less than 60 days but not more than 120 days before the first use of the replacement hospital, 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 HealthCare, Inc.. 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 is in conformance with the Certificate of Need. First use approval does not constitute a license or replace any approvals required by OHCQ or others within DHMH to operate a new health care facility or new space within an existing facility. Therefore, Sheppard Pratt Health System 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 building space does not occur within 90 days of approval, Sheppard Pratt Health System 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: Tom Dame, Esquire
Patricia Tomsco Nay, M.D., Office of Health Care Quality
Katie Wunderlich, Executive Director, HSCRC
Maura Rossman, MD, Health Officer, Howard County