

MARYLAND HEALTH CARE COMMISSION

Certificate of Need

TO: Chris Hall
Vice President, Chief Business Officer
Peninsula Regional Medical Center
100 East Carroll Street
Salisbury, Maryland 21801

May 16, 2019
Date

RE: Establishment of Inpatient Child and Adolescent
Psychiatric Services

18-22-2417
Docket No.

PROJECT DESCRIPTION

This Certificate of Need authorizes Peninsula Regional Medical Center to add a new service, acute inpatient psychiatric services for children and adolescents (ages 0-18), in a new, renovated section in the hospital. The proposed unit will have five beds for children and ten beds for adolescents, and will manage them as separate populations. It will be located on the third floor of the South Tower of the general hospital, adjacent to the existing 13-bed adult psychiatric unit.

The project will renovate 9,983 square feet (“SF”) of existing space, including 571 SF in the adjacent adult psychiatric unit to accommodate overlapping staff functions. The space is currently used for offices and support services, which will move to vacant space on the fourth floor of the East Tower of Peninsula Regional Medical Center. This relocation will require additional renovation of 8,038 SF. The new psychiatric unit will be created in conjunction with the addition of new air handlers in the South Tower, which will involve new construction of 1,374 SF on the Tower roof. Thus, the project includes renovation of just over 18,000 SF of new space and new mechanical space construction to service the building component in which the new psychiatric unit will be housed.

The project is approved at an estimated cost of \$8,520,716, which includes: \$3.76 million for building renovations; \$2.0 million for new construction to install air handlers; \$1,005,000 for equipment; \$1.036 million for a contingency allowance; \$644,000 for permits and building fees; and \$75,000 in legal fees and other cash requirements. Peninsula Regional Medical Center will fund the project with cash reserves and philanthropy.

ORDER

The Maryland Health Care Commission reviewed the Staff Report and Recommendation and, based on that analysis and the record in the review, ordered, on May 17, 2019, that a Certificate of Need be issued for the project.

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 for the entire project, 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 four months after the effective date of the binding construction contract; and
3. Up to 24 months after the effective date of the binding construction contract to complete the construction and to document that the approved project has been completed, has met all legal requirements and is providing the approved new services.

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

CHANGES TO APPROVED PROJECT

Before making any changes to the facts in the Certificate of Need application and other information provided to the Commission, Peninsula Regional Medical Center 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 Global Insight 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 at:

http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_con/documents/con_cap_cost_index_1st_qtr_2015.pdf

DESIGN APPROVAL AND FACILITIES LICENSURE BY MARYLAND DEPARTMENT OF HEALTH

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 Maryland Department of Health ("MDH") to operate a new health care service in renovated space within an existing facility. Peninsula Regional Medical Center must provide MDH 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

Peninsula Regional Medical Center must file quarterly status reports on the approved project, beginning August 16, 2019, three months from the date of this Certificate of Need, and continuing through the completion of the project.

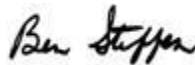
REQUEST FOR FIRST USE REVIEW

Peninsula Regional Medical Center must request in writing, not less than 60 days but not more than 120 days before the first use of the renovated space and initiation of inpatient child and/or adolescent psychiatric service, 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 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 MDH to operate new space within an existing health care facility. Therefore, Peninsula Regional Medical Center 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 renovated space does not occur within 90 days of approval, Peninsula Regional Medical Center 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, MD, Executive Director, Office of Health Care Quality
Katie Wunderlich, Executive Director, HSCRC
Lori Brewster, Health Officer, Wicomico County