

MARYLAND HEALTH CARE COMMISSION

Certificate of Need

TO: Lyle Sheldon
President and Chief Executive Officer
University of Maryland Upper Chesapeake Health System, Inc.
500 Upper Chesapeake Drive
Bel Air, Maryland 21014

April 16, 2020
Date

RE: University of Maryland Upper Chesapeake Health
Behavioral Health Pavilion at Aberdeen

18-12-2436
Docket No.

PROJECT DESCRIPTION

This Certificate of Need authorizes the University of Maryland (UM) Upper Chesapeake Health System, Inc. (UCHS) to establish a new specialty psychiatric hospital, with a total of 33-beds.

This facility will be located at 635 McHenry Road in Aberdeen, Harford County. The site is approximately five miles from the Harford Memorial Hospital (HMH) campus and 12 miles from the Upper Chesapeake Medical Center (UCMC), and will be built as part of a campus that will also include a Freestanding Medical Facility (FMF). The new special psychiatric hospital will encompass 35,204 square feet (SF) of finished department gross square feet (DGSF) for the hospital proper and 5,269 SF of shell space. The site comes with a vacant office building, which will have approximately 15,000 SF to be fitted out for the provision of outpatient behavioral health services, including an intensive outpatient service program.

The total estimated cost of the new building with the FMF is \$119,656,520. The estimated cost of the building space allocated to behavioral health services is \$62,991,120. The project will be funded with debt raised through the sale of bonds and interest earned on the unspent bond proceeds.

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 April 16, 2020, that a Certificate of Need be issued for the project, subject to the following condition:

Prior to requesting first use approval, University of Maryland Upper Chesapeake Health System shall submit written quality assurance programs, program evaluations, and treatment protocols for the special populations of behavioral health patients with a secondary diagnosis of substance abuse, and geriatric patients to be treated at the Upper Chesapeake Behavioral Health Pavilion.

PERFORMANCE REQUIREMENTS

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

1. Obligation of not less than 51 percent of the approved capital expenditure for the project, as documented by a binding construction contract, within 36 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 36 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 service.

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, University of Maryland Upper Chesapeake 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 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 new space within an existing facility. UM UCHS must provide MDH with all information it requires for plan approval or approval to put renovated space within the facility into use, including information pertaining to project design and specifications.

QUARTERLY STATUS REPORTS

UM UCHS must file quarterly status reports on the approved project, beginning July 16, 2020, three months from the date of this Certificate of Need, and continuing through the completion of the project.

REQUEST FOR FIRST USE REVIEW

University of Maryland Upper Chesapeake Health System 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 adolescent psychiatric services, 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 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, University of Maryland Upper Chesapeake 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 renovated space does not occur within 90 days of approval, University of Maryland Upper Chesapeake 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: Patricia T. Nay, MD, Executive Director, Office of Health Care Quality
Katie Wunderlich, Executive Director, HSCRC
Russell Moy, M.D., Health Officer, Harford County
Jack Buck, Esq., Gallagher, Evelius & Jones LLP