

MARYLAND HEALTH CARE COMMISSION

Certificate of Need

TO: Mohan Suntha, M.D., President/CEO
University of Maryland Medical Center, LLC
22 S. Greene Street
Baltimore, MD 21201

August 20, 2020
Date

RE: University of Maryland Medical Center
Construction of nine-story addition
Consolidate oncology services within Greenebaum Comprehensive Cancer Center

19-24-2438
Docket No.

PROJECT DESCRIPTION

This Certificate of Need authorizes the University of Maryland Medical Center (“UMMC”) to construct a new nine-story addition constructed above the main hospital entrance on the east side of the North Hospital building at the corner of Greene and Baltimore streets. The proposed project will consist of approximately 155,000 square feet (SF) of new construction and about 73,000 SF in renovations to contiguous existing space within the North Hospital.

The newly-constructed nine story addition consists of a two-story entrance, two floors of shell space, the relocation and creation of additional space for the inpatient and outpatient cancer programs on four floors, and space for the Cancer Center’s administrative offices and mechanical/electrical space. The renovations include changes to the lobby and fifth floor of the existing hospital, the addition of two elevators, and connecting the new addition to the existing building on floors three through nine. Finally, the project will add 62 beds to the hospital’s physical capacity.

The total estimated project cost is approximately \$194.4 million, which the applicant will finance with \$95.8 million in State grants from the State of Maryland, \$78.5 million in taxable bonds, \$20 million in philanthropic donations, and \$100,000 in cash

ORDER

The Maryland Health Care Commission reviewed the Staff Report and Recommendation and, based on that analysis and the record of the review, ordered on August 20, 2020, that a Certificate of Need be issued for the project with the following three conditions:

1. Prior to its request for first use approval, UMMC will submit an assessment of the need for surge bed capacity at UMMC and its plan to maintain and deploy adequate surge bed capacity when needed.
2. Any future change to the financing of this project involving adjustments in revenue must exclude \$2,210,850 in shell space-related costs, which includes

the estimated new construction costs of the proposed shell space and portions of the contingency allowance, inflation allowance, and capitalized construction interest expenditure related to the estimated cost of the shell space.

3. UMMC will not finish the shell space on either the third or fourth floor without giving notice to the Commission and obtaining all required Commission approvals. UMMC will not request any adjustment in budgeted revenue by the Health Services Cost Review Commission (HSCRC) that includes depreciation or interest costs associated with construction of the proposed shell space unless UMMC has obtained either CON approval for finishing the shell space or a determination of coverage from the Maryland Health Care Commission that CON approval is not required.
4. In calculating any future adjustment to budgeted revenues related to the costs of this project, HSCRC shall exclude the capital costs associated with the shell space until the space is finished and put to use in a regulated activity. In calculating any revenue adjustment that includes an accounting for capital costs associated with the shell space, the rate shall only account for depreciation and interest expenses going forward through the remaining useful life of the space

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, as documented by a binding construction contract, within twenty four (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. Documentation that the approved project has been completed, has been licensed, and has met all legal requirements and is providing the approved services no later than twenty four (24) months after the effective date of the binding construction contract.

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

PROPOSED CHANGES TO THE APPROVED PROJECT

Before making any changes to the facts in the Certificate of Need application and other information provided to the Commission, UMMC 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 IHS Economics in the Healthcare Cost Review unless CSI 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/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 or others within the Maryland Department of Health ("MDH") to construct and operate new space within an existing facility. UMMC must provide MDH with all information it requires for plan approval, facility licensure, and putting into operation renovated space within its existing facility, including information pertaining to project design and specifications.

QUARTERLY STATUS REPORTS

UMMC must submit quarterly status reports on the approved project to the Commission, beginning November 20, 2020, three months from the date of this Certificate of Need, and continuing, at three-month intervals, until the completion of the project.

REQUEST FOR FIRST USE REVIEW

UMMC must request in writing, not less than 60 days but not more than 120 days before the first use of the approved operating room, 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 conforms 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, UMMC 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 operating room does not occur within 90 days of approval, UMMC 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.

Docket No. 19-24-2438

August 20, 2020

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MARYLAND HEALTH CARE COMMISSION

A handwritten signature in black ink that reads "Ben Steffen". The signature is written in a cursive, slightly slanted style.

Ben Steffen
Executive Director

cc: Patricia T. Nay, M.D., Executive Director, Office of Health Care Quality
Letitia Dzirasa, M.D., Health Commissioner, Baltimore City Health Department