



May 17, 2023

**Via E-mail and USPS**

Ella R. Aiken, Esq  
Gallagher, Evelius, and Jones  
218 N. Charles Street, Suite 400  
Baltimore, MD 20201

**Re: University of Maryland Medical Center  
Request for Post CON Approval Project  
Change  
Construction of Addition for Cancer Center  
Matter # 19-24-2438**

Dear Ms. Aiken:

Staff of the Maryland Health Care Commission (MHCC) has reviewed the University of Maryland Medical Center's Request for Post Approval Project Change, an increase in capital expenditures, for the addition of a 154,610 square foot (SF), nine-story tower consisting of both new construction and renovation to the North Hospital building to expand UMMC's Cancer Center. At this time staff has a number of questions that need to be answered in order to evaluate this request. Please respond to the following request for additional information.

1. What steps have been taken to minimize the scope of the cost overrun?
2. Regarding Exhibit 2, UMMC indicates that the project will be completed in FY 2024. Is this still the expected project completion date? If not, when will the project be completed?
3. Based on your response to construction timetable, please revise all of the Tables to show (a) the two historical and current utilization (FY 2021 through FY 2023); (b) the years for construction of the UMMC Cancer Center; and (c) the first three years of operation after project completion.
4. Regarding Exhibit 2, Table A, Physical Bed Capacity before and after Proposed Project, please reconcile the difference in the number of licensed hospital beds reported in the applicant's Quarterly Progress Report with the numbers reported in this table and provide

clarification as to any differences in the number of licensed beds operating in the various nursing units.

5. Please provide labeled diagrams and/or floor plans that clearly indicate which areas are new construction and which are renovation of the existing north tower.
6. Regarding Exhibit 4, Line Diagram for Level Two, there is an area identified as “shell space.” How big is this area, and is the cost for constructing this shell space included in the MVS analysis? What is the timeframe for completion and the future use for this shell space? Please provide the linear feet for the perimeter and the floor height.
7. Exh 2, Table E shows 14 floors of new construction, with floors 11-14 not included in any project diagram, and not included in the original CON. What will be housed in this additional square footage? Please provide a diagram of these floors.
8. Please provide the UMMC’s MVS analysis in Excel spreadsheet. Does the MVS analysis account for and include the additional construction costs for the tenth to fourteenth floor of the new patient tower?
9. According to the request, the fifth floor of the north tower will no longer be the location of the infusion treatment area and the pharmacy. These services are being moved to the fourth floor of the shell space that was authorized in the original CON. What is the planned use of this fifth-floor space when construction is complete?
10. On the ninth floor of the building, the mechanical area wall height is 18.7 ft. Will this increased height be limited to the mechanical area? What is the square footage of the mechanical space on the ninth floor?
11. The floor plan in Exhibit 4 and diagram in exhibit 5A show a mechanical penthouse on level 10 of the new tower. It is not mentioned in the original CON nor in this request. Please explain. Will the ninth-floor mechanical area be connected to the mechanical penthouse?
12. In exhibit 4, Levels 4 and 5 (which in table C contain 22,181 and 22,071 SF respectively) are labeled as outpatient clinics, while in the MVS analysis, only 18,012 SF is designated as outpatient space. Please explain this discrepancy.
13. Does the applicant plan to file a partial rate adjustment application to the Health Services Cost Review Commission to offset the cost of the project increases? If so, what is the contingency plan if the rate adjustment is denied?



14. How much of the \$40 million in philanthropy called for in the budget has been raised to date? What is the contingency plan if the funds are not fully realized?
15. What is the status of the \$125 million from the State needed for the project? Please provide a copy of the documentation of this commitment. If the State funds are not fully realized, please describe the contingency plan for raising the funds.
16. Please explain why loan placement fees have gone from \$50,000 in the approved budget to \$933,450 in the request for change. Please provide the name of the institution and the terms for this loan. Please explain the loan placement fees when UMMC indicates the source of funds is philanthropy, authorized bonds and interest income, and state grants.
17. Please explain in detail the basis for the \$1,039,400 in “other” CON related fees.
18. Please explain the significant increase in Non-CON consulting fees (review of documents, third party testing etc.) from \$150,000 in the approved budget to \$764,000 in the request for change.
19. Have all the necessary contracts for completion of the project been signed or do you have maximum price guarantees? If not, provide and describe the budget contingencies on the potential costs for all contract(s) yet to be settled and identify any obligated budget amounts.
20. Please provide the cost of construction for the shell space on floors two and three.

Please submit six copies of the responses to completeness questions and the additional information requested in this letter within ten working days of receipt. Also submit the response electronically, in both Word and PDF format, to Ruby Potter (mhcc.confilings@maryland.gov).

All information supplementing the applicant must be signed by person(s) available for cross-examination on the facts set forth in the supplementary information, who shall sign a statement as follows: “I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief.”



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Should you have any questions regarding this matter, feel free to contact me at (410) 764-3232.

Sincerely,



Moira A. Lawson, Ph.D., MPH  
Program Manager, Certificate of Need

cc: Wynee Hawk, Director, Center for Healthcare Facilities Planning and Development  
Alexa Bertinelli, Assistant Attorney General, MHCC  
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