



DATE: May 16, 2024

TO: Commissioners

FROM: Jeanne-Marie Gawel
Acting Chief, Certificate of Need

SUBJECT: **In the Matter of TidalHealth Peninsula Regional Medical Center
Request for Project Change after Exemption from Certificate of
Need Approval
Docket No. 19-19-EX010**

Enclosed is the staff report and recommendation for a Request for a Project Change after Exemption from Certificate of Need Approval submitted by TidalHealth Peninsula Regional Medical Center (PRMC), a non-profit hospital located in Salsbury, Maryland. In July 2019, Edward W. McCready Memorial Hospital (McCready Hospital) and Peninsula Regional Medical Center jointly filed an Exemption from Certificate of Need to convert the McCready Hospital in Crisfield, Somerset County from an acute care hospital to a Freestanding Medical Facility (FMF). The applicants proposed to eliminate inpatient services at McCready Hospital and establish an outpatient campus providing full-time hospital emergency department and observation services. The FMF (known as TidalHealth McCready Pavilion) would also offer outpatient primary care and behavioral health services, physical rehabilitation services and laboratory and imaging services.

The project as approved was to be completed in two phases. The first phase was an operational conversion of McCready from an acute care hospital to an FMF to be located in the existing hospital building. The cost of Phase I was estimated to be \$133,346 which would be used to create an airborne infection isolation room and modify toilet facilities to remove barriers and ensure compliance with ADA standards.

Phase 2 of the approved project involved the construction of a 23,990 square foot (SF) new FMF at 4660 Crisfield Highway, a site located three miles from the existing hospital. Phase 2 of the project was projected to take 33 months to complete at an estimated capital cost of \$25,589,294. The project would be funded by the sale of bonds by PRMC.

PRMC now requests a post-approval project change to the Exemption from CON review to change the location of the FMF to continue to operate at the former site of McCready Hospital, instead of the previously approved proposed location on Crisfield Highway. PRMC recognizes that any future relocation of TidalHealth McCready Pavilion would require a Certificate of Need. Phase I of the project was completed at a cost of \$97,260 and PRMC will not spend the \$25,589,294 approved for Phase II of the project.



Staff recommends that the Commission **APPROVE** the request for a project change after issuance of an Exemption from Certificate of Need. Staff recommends the following conditions be incorporated in the request by TidalHealth Peninsula Regional Medical Center for changes to its January 16, 2020 Certificate of Need for establishment of a Freestanding Medical Facility:

1. TidalHealth Peninsula Regional Medical Center will submit a new application for a Certificate of Need prior to finalizing any plans to relocate the facility from its current location at 201 Hall Highway, Crisfield.
2. TidalHealth Peninsula Regional Medical Center will inform the Commission and hold a public informational hearing at least 90 days prior to making any changes to the services currently being offered at the TidalHealth McCready Pavilion. In addition to satisfying all other requirements at COMAR 10.24.01.04D, the public informational hearing shall address the plan for transitioning any healthcare services to be discontinued or relocated from the current site.