

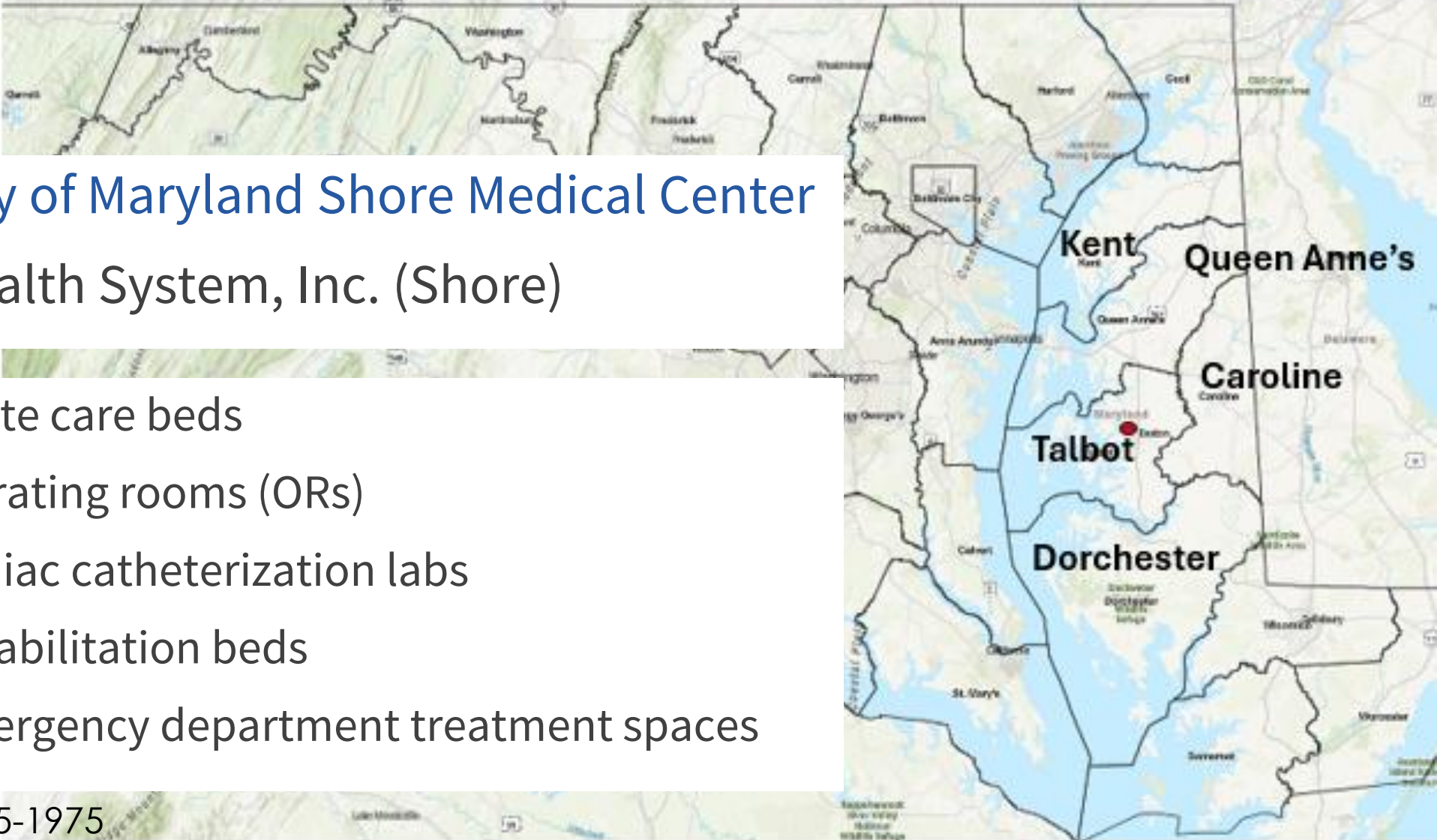


MARYLAND
Health Care
Commission

UNIVERSITY OF MARYLAND SHORE MEDICAL CENTER

REQUEST FOR PROJECT CHANGE
AFTER COMMISSION APPROVAL

FEBRUARY 19, 2026



University of Maryland Shore Medical Center Shore Health System, Inc. (Shore)

- 98 acute care beds
- 6 operating rooms (ORs)
- 2 cardiac catheterization labs
- 20 rehabilitation beds
- 32 emergency department treatment spaces

Built 1955-1975

UM SMC Project



01/2024 – Certificate of Need (CON) Approval
to build a new replacement hospital

- Project cost: \$539.6 million (M)

- 110 acute care beds
- 7 operating rooms (ORs)
- 2 cardiac catheterization labs
- 12 rehabilitation beds
- 27 emergency department treatment spaces
- 25 observation beds
- 3 behavioral health holding rooms



UM SMC Project

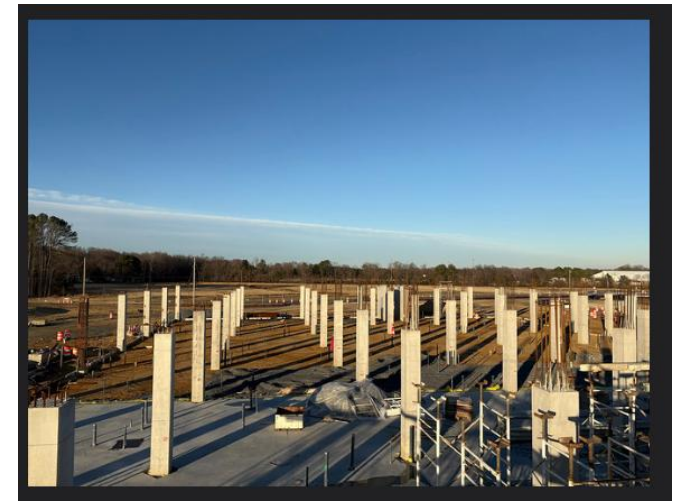


09/2025 - Project Change Approval

- Project cost: \$539.6 M

- 110 acute care beds
- **6** ORs
- **1** cardiac catheterization labs
- 12 rehabilitation beds
- 27 emergency department treatment spaces
- 25 observation beds
- 3 behavioral health holding rooms

Project Underway



Cost-efficiency through Target Value Design



Project Change Request



Market Conditions

- Competition and increase in labor costs for skilled labor (mechanical/electric/plumbing)
- Increase in materials (imported)
- Increase in equipment, IT resources, furniture, design, and permitting costs

Modification to the project budget by \$124,903,000 (23%)



Project Change

Budget: \$539.6 M to \$664.4 M

Additional sources of funding

- \$50M in philanthropy (\$100M total)
- \$68.7M in authorized bonds (\$402M total)
- \$6.2M in interest on bonds (\$23.9M total)

Staff Recommendation



Staff recommends that the Commission **APPROVE** the Request for a Project Change after Commission Approval, bound by the conditions in the original CON and with the addition of the following condition:

If Shore Health System makes future changes to the financing that involve adjustments in rates set by the Health Services Cost Review Commission, it shall exclude \$57,075,815. [Condition 4]

Exclusion



Calculation of Excess Construction Costs over Benchmark

Project square footage (SF) = 428,218	MHCC Calculation	Exclusion Amount
Project Cost per SF [derived from MVS]	\$ 743.11	
MVS Benchmark Cost per SF	\$ 646.63	
Cost per SF over MVS Benchmark	\$ 96.48	\$ 41,314,473
Percentage over MVS Benchmark	14.92%	
Interest – construction cost	\$ 54,770,000	\$ 8,171,684
Contingency – construction cost	\$ 22,128,966	\$ 3,301,642
Inflation allowance – construction costs	\$ 28,740,058	\$ 4,288,016
Total to be excluded from any rate increase proposed by the hospital		\$ 57,075,815

Recognition



MOIRA LAWSON, PhD, MPH

Program Manager



Shore Health System



Conditions from CON

1. The University of Maryland Shore Medical Center at Easton shall provide to the patient, upon inquiry or as required by applicable regulations or law, information concerning an estimate of out-of-pocket charges prior to arrival for surgery.
2. Shore Health System shall provide, in its quarterly project reports, detailed updates on its progress towards obtaining the anticipated State funding, including how much has been obtained and efforts made to secure the remaining funds.
3. If Shore Health System fails to secure the projected State source of funds by July 2027, it shall request a project change to amend the project source of funds.