

Gallagher_{LLP}

January 8, 2026

VIA EMAIL & FEDERAL EXPRESS MAIL

Ms. Deanna Dunn
deanna.dunn4@maryland.gov
Program Manager
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: Shore Health System, Inc.
Responses to Additional Information Questions dated 12-23-2025
CON Granted: January 18, 2024
Docket No. 23-20-2463

Dear Ms. Dunn:

On behalf of the applicant Shore Health System, Inc., we are submitting an electronic version of the Responses to Additional Information Questions dated December 23, 2025 to increase the project budget. By separate email, we will provide a WORD version of these responses.

We hereby certify that a copy of this submission has also been forwarded to the appropriate local health planning agency as noted below.

If you have questions about the information provided above, please contact us at your convenience.

Sincerely yours,



Mallory Regenbogen



Alison B. Lutich

cc: Douglas Jacobs, MD, Executive Director, MHCC
Wynee Hawk, Director, Center for Health Care Planning & Development, MHCC
Ewurama Shaw-Taylor, Chief, Certificate of Need, MHCC

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218 N CHARLES STREET, SUITE 400, BALTIMORE, MD 21201

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Ms. Deanna Dunn

January 8, 2026

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Moira Lawson, Ph.D., MPH, Program Manager, Certificate of Need, MHCC
Alexa Bertinelli, Esq., Assistant Attorney General, MHCC
Caitlin E. Tepe, Esq., Assistant Attorney General, MHCC
Susan Doyle, R.N., Caroline County Health Officer
Daniel Coulter, MPH, Cecil County Acting Health Officer
Casey Scott, MD, Dorchester County Health Officer
Carla Thorpe, MSA, LBSW, Kent County Acting Health Officer
Brice Strang, MSHA, Queen Anne's County Health Officer
Danielle Weber, MSN, RN, Somerset County Health Officer
Fahmi Fahmi, MD, Health Officer, Talbot County
Matthew McConaughey, MPH, Wicomico County Health Officer
Rebecca L. Jones, RN, BSN, MSN, Worcester County Health Officer
Kenneth Kozel, MBA, FACHE, President and CEO, UM SRH
LuAnn Brady, Sr. VP, Chief Operating Officer, UM SRH
Richie Stever, VP, Real Estate and Construction, UMMS
Rebecca Daley, Esq., Chief Transactions & Regulatory Counsel, Office of the General
Counsel, UMMS
Christopher J. Tully, Esq., Associate Counsel, Office of the General Counsel, UMMS
Stephanie Lachell, Construction Project Manager, UMMS
Casey E. Haines, M.S., PMP, LSSGB, EDAC, DML, Senior Program Manager, Covalus

SHORE HEALTH SYSTEM, INC.
RELOCATION OF UNIVERSITY OF MARYLAND SHORE MEDICAL CENTER AT EASTON
Matter No. 23-20-2463
CON Granted: January 4, 2024

Post-Approval Project Change
Responses to Additional Information Questions Dated December 23, 2025

- 1. Explain the Target Value Design model being used in the planning process. Who is involved in the decision-making and what savings have been achieved through its use?**

Applicant Response

Target Value Design (TVD) is a proactive, collaborative lean construction cost control approach. This philosophy integrates cost containment early in the iterative design process, contrasting the traditional, reactive value engineering approach that occurs at the end of design milestones.

For the current project, project leadership set ambitious target costs early in the project lifecycle and empowered the integrated team to achieve these goals through innovative and creative solutions. Multi-disciplinary component teams were established to focus on specific elements and generate ideas to control project costs.

Each cost-saving idea was rigorously scrutinized by the greater project team and leadership for feasibility and impact on cost, schedule, quality, and constructability. Decisions on acceptance or rejection of these measures were made collectively and discussed transparently within the Collaborative Project Delivery leadership, which consists of executives from University of Maryland Medical System, University of Maryland Shore Regional Health, HKS Architects, Whiting-Turner/Mahogany (a joint venture), and Covalus LLC, a construction consulting and management company.

Since the project's inception, the team has evaluated over 475 design components, resulting in savings and cost avoidance exceeding \$76 million.

- 2. Explain the increase of \$9,475,877 (86%) in architect/engineering for the project.**

Applicant Response

Architectural and engineering fees have increased as a result of an intentional focus on TVD exercises to decrease overall costs to the project. Additionally, minor design modifications were implemented to further reduce overall project costs and align the project with the current budget. The adjustments to change from traditional to geothermal power and a premanufactured to stick-built Central Utility Plant generated significant additional design costs as expected, but result in overall project and future operational cost savings. These efforts resulted in increased engineering and consultant fees that were not originally anticipated or included in the original budget.

3. Does SHS plan to seek an increase in its Global Budget Revenue related to this increase in the budget?

Applicant Response

The HSCRC approved a permanent adjustment of \$11,890,372, per its capital methodology, to be provided to UM SMC at Easton when the capital project is completed and the new site is available for use. It also approved a permanent adjustment of \$6,700,000, which will restore funding related to the facility conversion of UM SMC at Dorchester, to be provided to UM SMC at Easton when the capital project is completed and the new site is available for use. UMMS leadership is planning to request additional GBR funding to support the increased cost of the capital project. We will be working with Jon Kromm and the HSCRC Staff to initiate discussions regarding this request.

I hereby declare and affirm under penalties of perjury that the facts stated in this Response to Additional Information Questions dated December 23, 2025 and its attachments are true and correct to the best of my knowledge, information, and belief.

1/7/2026

Date

DocuSigned by:

paul nicholson

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Paul Nicholson, MBA, FHFMA
Senior Vice President for Finance
University of Maryland Shore Regional Health

I hereby declare and affirm under penalties of perjury that the facts stated in this Response to Additional Information Questions dated December 23, 2025 and its attachments are true and correct to the best of my knowledge, information, and belief.

1/6/2026

Date

DocuSigned by:

Brian Sturm

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Brian Sturm

Vice President, Corporate Decision
Support & Capital Planning

University of Maryland Medical System

I hereby declare and affirm under penalties of perjury that the facts stated in this Response to Additional Information Questions dated December 23, 2025 and its attachments are true and correct to the best of my knowledge, information, and belief.

1/6/2026

Date

DocuSigned by:



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Stephanie Lachell

Senior Project Manager - Facilities and
Construction

University of Maryland Medical System