



MEMORANDUM

TO: Commissioners

FROM: Wynnee Hawk Chief, Certificate of Need

DATE: July 21, 2022

SUBJECT: Dimensions Health Corporation dba University of Maryland Capital Regional Health and Laurel Regional Hospital Conversion to a Freestanding Medical Facility Request for Post-Approval Project Change (Docket No.18-16-EX002)

Dimensions Health Corporation (Dimensions) is a not-for-profit health system owned by the University of Maryland Medical System (UMMS). On September 20, 2018, the Maryland Health Care Commission (MHCC) approved an exemption from Certificate of Need (CON) review to convert the University of Maryland Laurel Regional Hospital (LRH) to a freestanding medical facility (FMF). That FMF initiated operations in January 2019 as University of Maryland Laurel Medical Center (LMC) with UM Prince George's Hospital Center (PGHC) in Cheverly as the parent hospital. PGHC was replaced in 2021 by UM Capital Region Medical Center (CRMC) in Largo, which now serves as the FMF's parent hospital.

The Laurel FMF was approved to provide, on a rate-regulated basis, outpatient services beyond the standard FMF services including ambulatory services, diagnostic services, outpatient behavioral health and wound care. Maryland law gives the Health Services Cost Review Commission (HSCRC) discretion in determining whether outpatient services beyond the standard should be subject to rate regulation. HSCRC exercised its discretion in approving rate-regulation of these additional outpatient services at LMC when this project was approved in 2018.

Phase Two construction is underway. The approved plan for Phase Two was a new building with two floors totaling 75,855 square feet (SF). The authorized capital expenditure for the project is \$53,225,855. Project funding was to be sourced from debt (\$38.1 million in tax exempt bonds), \$500,000 in interest earnings on the bonds, and \$14.5 million in grant funding from the State of Maryland.

Dimensions now requests that the Commission approve additional spending of \$18,354,366 for this project (+34.5%), bringing the total expenditure from \$53,225,855 to \$71,580,221. Dimensions is also requesting approval of changes in its physical plant design. The FMF building has been redesigned to include 7,888 additional SF of space. The expansion is designed for more space for a community room, wound center, physician clinics and shell space.