



**DATE:** October 15, 2021

**TO:** Commissioners

**FROM:** Wynee E. Hawk  
Chief, Certificate of Need

**SUBJECT:** Conversion of Grace Medical Center to a Freestanding Medical Center  
Docket No. 21-24-EX013

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Enclosed is the staff report and recommendation for a request for Exemption from Certificate of Need (CON) application filed by joint applicants, Sinai Hospital of Baltimore, Inc. (Sinai) and Grace Medical Center, Inc. (Grace).

Sinai and Grace seek to convert Grace to a Freestanding Medical Facility (FMF) that will occur in two phases and result in the renovation of the existing hospital building, demolition and new construction of outpatient building space that will include 27 emergency treatment spaces, a triage room, a nine-bed observation unit, as well as rate-regulated outpatient surgical services (two operating rooms), diagnostic imaging services, and laboratory services.

The applicants total estimated budget is \$61,648,000, which includes approximately \$25.5 million for Phase One and \$12.6 million for Phase Two. Additional estimated project costs include \$5.9 million for demolition of the older portions of the existing hospital, \$6.5 million for movable equipment and \$11 million for information technology systems and upgrades. The applicant will finance the cost of this project with \$50.0 million in bonds and the balance of \$11,648,000 as a cash contribution.

Staff recommends that the Commission **APPROVE** the project based on staff's conclusion that the proposed project complies with the applicable CON review standards at COMAR 10.19.04, the State Health Plan for Freestanding Medical Facilities, and the applicable general standards in COMAR 10.24.10.04A, the State Health Plan for Acute Care Hospital Services.