



MEMORANDUM

TO: Commissioners

FROM: Wynne Hawk Chief, Certificate of Need

DATE: November 18, 2021

SUBJECT: Project Change Adventist Rehabilitation Hospital of Maryland, Inc.
Docket No. 18-15-2428

Background

On March 21, 2019, the Maryland Health Care Commission (Commission) approved a Certificate of Need (CON) filed by two applicants, Adventist Rehabilitation Hospital of Maryland, Inc. d/b/a Adventist HealthCare Rehabilitation (AHR) and Adventist HealthCare Inc. d/b/a Adventist HealthCare White Oak Medical Center (WOMC), a general hospital in Silver Spring, Maryland. WOMC opened in 2019 and replaced Washington Adventist Hospital, which shared a campus in Takoma Park with the Takoma Park operations of AHR until the general hospital relocation. Both entities (AHR and WOMC) are subsidiaries of Adventist HealthCare, Inc. (AHC). The approved CON was to relocate AHR's 42 inpatient rehabilitation beds in Takoma Park to the WOMC campus. The approved project involved new construction of 36,109 square feet to add two new rehabilitation wings to the hospital with a total project budget of \$19,547,323, to be funded with cash.

Project Change Request and Explanation

AHR and WOMC requested a Project Change when it was determined that the final cost of this project will exceed the approved cost by \$2,997,052, an increase of 15.3% over the approved cost. The applicants attribute the overage to unanticipated increases in the cost of building materials, labor and other expenses related to the COVID pandemic. The applicants request approval of the increased project costs. The additional cost will be funded with cash.

This project change is required because there is a requested increase in the approved project budget, a change which requires Commission action.¹ Staff recommends that the Commission approve the request for this change in the approved project.

¹ **Commission Approval Required Before Project Changes.** Any of the following changes that would place the project at variance with its Certificate of Need issued under these regulations...shall receive approval from the Commission: ... (2) Before incurring capital cost increases that exceed the approved capital cost inflated by an amount determined by applying the Building Cost Index published in Health Care Cost Review from the application submission date to the date of the filing of a request for approval of a project change...**COMAR 10:24:01.17B.**