



MEMORANDUM

TO: Commissioners

FROM: Wynnee Hawk, Chief, Certificate of Need

DATE: October 20, 2022

SUBJECT: 10 Bed Addition to Encompass Health Rehabilitation Hospital of Southern Maryland, LLC
Docket No. 22-16-2458

Enclosed is the staff report and recommendation for a ten-bed addition to the previously approved 60-bed Encompass Health Rehabilitation Hospital of Southern Maryland, LLC (or Encompass-Southern Maryland). On May 21, 2020, the Maryland Health Care Commission (or Commission) approved a Certificate of Need for Encompass-Southern Maryland, to establish a 60-bed special rehabilitation hospital in Bowie, Maryland. The applicant now proposes to add ten beds to the originally approved 60-bed hospital. The additional ten beds were acquired from University of Maryland Capital Regional Health. The beds were previously located at University of Maryland Laurel Regional Hospital before it converted to a freestanding medical facility. In a March 2018 determination of coverage, the Commission approved the relocation of the inpatient rehabilitation facility from University of Maryland Laurel Regional to the now closed University of Maryland Prince George's Hospital Center who then requested temporary delicensure of 18 of the 28 total beds at University of Maryland Laurel Regional because it could not accommodate more than ten rehabilitation beds and subsequently sold those 18 beds to Encompass Health as a contribution to the original hospital project.

The proposed ten bed addition would add 5,899 square feet of new construction including ten private patient rooms, a nursing unit, storage space, a day room and general circulation. The additional ten bed unit will be prebuilt, brought onsite and then joined to a corridor of the original 60-bed design. Only minimal changes in the approved design at the point of connection will be required. The estimated total project budget to complete the ten-bed addition is \$13,109,242 which the applicant will fund with a cash loan from its parent company, Encompass Health.

Based on the review of the proposed project's compliance with the Certificate of Need review criteria, COMAR 10.24.01.08G(3)(a)-(f), and with the applicable standards in COMAR 10.24.09, the Acute Inpatient Rehabilitation Chapter of the State Health Plan, staff concludes

that the project complies with the applicable standards, is needed, is a cost-effective approach to meeting the project's objectives, is viable and will have an impact that is positive with respect to the applicant's ability to provide inpatient rehabilitation services demanded in its service area.

The conditions of the CON are as follows:

1. In its request for first use approval, provide information, acceptable to Commission staff, that details the activities it has undertaken for outreach to the community regarding the availability of charitable services;
2. Maintain compliance with the provisions of COMAR 10.24.09.04A(1) regarding the availability of charity care and a sliding scale of discounted charges for low-income individuals who do not qualify for full charity care; and
3. Prior to first use, provide written transfer and referral agreements, acceptable to Commission staff, with facilities, agencies, and organizations that can manage cases that exceed its own capabilities and/or provide alternative treatment programs appropriate to the needs of the persons it serves.

