



**MARYLAND HEALTH CARE COMMISSION**

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**TO:** Commissioners

**FROM:** Kevin R. McDonald  
Chief, Certificate of Need

**DATE:** April 16, 2020

**SUBJECT:** University of Maryland Upper Chesapeake Health System Projects

- Upper Chesapeake Health Behavioral Health at Aberdeen, Docket No. 18-12-2436
- Conversion of University of Maryland Harford Memorial to a Freestanding Medical Facility, Docket No. 17-12-EX004
- The Consolidation of University of Maryland Upper Chesapeake Medical Center and University of Maryland Harford Memorial Hospital, Docket No. 17-12-EX003

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Attached is a set of three related and interdependent projects which MHCC is reviewing together because of their close relationship.

The projects result from a plan developed by the University of Maryland Upper Chesapeake Health System (UCHS) to restructure its health care services to reconfigure and modernize the UCHS delivery system to consolidate services to realize cost savings and efficiencies.

The plan would replace University of Maryland Harford Memorial Hospital (HMH), which UCHS asserts is inefficient and at the end of its useful life, with a freestanding medical facility (FMF) to be constructed in Aberdeen; a special psychiatric hospital to be co-located with and constructed on the floor above the FMF; and the relocation of MSGA beds from HMH to University of Maryland Upper Chesapeake Medical Center (UCMC).

The conversion of HMH to a new FMF would move the emergency, imaging, laboratory, and observation services to Aberdeen, and the new, expanded inpatient psychiatric hospital would relocate and augment the 29 psychiatric beds currently operating at HMH. The proposed project at UCMC would add 30 MSGA beds, a dedicated observation unit, and shell space at UCMC in a three-story addition. Two of the floors would be finished, adding a total of 72 MSGA and observation beds. This additional bed capacity is a response to the reduction of bed capacity occurring with the conversion of HMH to an FMF.

The special psychiatric hospital requires Certificate of Need (CON) review; the two related projects involve requests for exemption from CON review.

A thumbnail sketch of the three-project package is shown in Figure 1.

**Figure 1: Proposed Re-Configuration of Upper Chesapeake Health System Facilities**

**Upper Chesapeake Behavioral Health at Aberdeen (a special psychiatric hospital):**

- approximately 75,000 SF of new construction
- 33 beds and shell space that could eventually accommodate 7 more beds
- Total project budget estimate is just under \$63 million.

**UC FMF:**

- Approximately 69,000 SF of new construction (on the first floor of the building that would include the psychiatric hospital)
- 5 triage rooms
- 25 ED treatment spaces
- 17 observation rooms
- A diagnostic imaging suite with related staff and support spaces;
- Non-treatment spaces, including triage/blood draw rooms, consultation rooms, staff support spaces, and offices; and
- A laboratory and pharmacy
- Total project budget estimate is \$56,665,400.

**Expansion of UCMC to accommodate the conversion of HMH to an FMF:**

- Addition of three floors above the current cancer center (approximately 98,000 SF)
- A shelled floor to accommodate actual and anticipated cancer center growth
- One floor with 42 observation beds
- One floor with 30 medical/surgical beds
- Total project budget estimate is \$84.4 million.

Staff notes that UCHS's negotiations with HSCRC resulted in an agreement on a GBR that HSCRC staff estimates would save Maryland rate-payers almost \$10 million in the first year of operation, and about \$15 million annually in subsequent years.

Staff will recommend that the Commission **APPROVE** all three of these projects based on its review and conclusion that each is consistent with the applicable criteria and standards.