

ZA01
Maryland Hospital Association

Capital Budget Summary

Grant and Loan *Capital Improvement Program*
(\$ in Millions)

<i>Program</i>	<i>2013 Approp.</i>	<i>2014 Approp.</i>	<i>2015 Request</i>	<i>2016 Estimate</i>	<i>2017 Estimate</i>	<i>2018 Estimate</i>	<i>2019 Estimate</i>
Private Hospital Grant Program	\$5.000	\$5.764	\$5.193	\$5.000	\$5.000	\$5.000	\$5.000
Total	\$5.000	\$5.764	\$5.193	\$5.000	\$5.000	\$5.000	\$5.000

<i>Fund Source</i>	<i>2013 Approp.</i>	<i>2014 Approp.</i>	<i>2015 Request</i>	<i>2016 Estimate</i>	<i>2017 Estimate</i>	<i>2018 Estimate</i>	<i>2019 Estimate</i>
GO Bonds	\$5.000	\$5.764	\$5.193	\$5.000	\$5.000	\$5.000	\$5.000
Total	\$5.000	\$5.764	\$5.193	\$5.000	\$5.000	\$5.000	\$5.000

The Private Hospital Facilities Grant Program is designed to provide State support for the capital needs of Maryland's independent hospitals. Established in 1994, the program provides grants to assist in new construction and major renovations to hospitals that promote State health objectives. The projects are selected annually for funding by a committee appointed by the Maryland Hospital Association (MHA). MHA represents 67 institutions. The 11-person selection committee consists of 7 hospital trustees and 4 hospital executives from throughout the State.

Each project had customarily been identified through an individual bond bill, although in time, the projects were ultimately folded into the capital bill. Beginning in fiscal 2010, the projects have been included in the capital bill as introduced.

The criteria used to rate applications for funding under this program are:

- how the project will improve patient care, particularly access to primary and preventive services;
- how the project improves the patient safety environment;

For further information contact: Simon G. Powell

Phone: (410) 946-5530

- how the project serves unmet community, health, and related social needs;
- whether project services are supplied by a sole provider;
- whether the project is in an underserved area;
- whether projects are of a regional or statewide significance;
- how the project encourages collaboration and the development of provider networks; and
- whether the community has demonstrated financial support for the project.

Fiscal 2015 Proposed Projects

Exhibit 1 details the eleven projects proposed for funding in fiscal 2015.

**Exhibit 1
Maryland Hospital Association
Private Hospital Grant Program**

<u>Subdivision</u>	<u>Project Title and Purpose</u>	<u>Total Estimated Cost</u>	<u>Fiscal 2015 State Share Amount</u>	<u>State Share (%)</u>
Anne Arundel	Anne Arundel Medical Center: Renovate existing cardiac catheterization laboratories and add an additional laboratory.	\$3,000,000	\$500,000	17%
Baltimore City	MedStar Good Samaritan Hospital: Expand the current space dedicated to the geriatric program.	750,000	375,000	50%
Baltimore City	Sinai Hospital: Renovate and expand the pediatric emergency department.	4,200,000	1,000,000	24%
Baltimore	University of Maryland St. Joseph Medicaid Center: Renovate and upgrade inpatient space.	1,750,000	750,000	43%
Montgomery	Adventist Rehabilitation Hospital of Maryland: Renovate space to create a bariatric program.	500,000	200,000	40%
Montgomery	Holy Cross Hospital: Renovate a pre/post-operative unit.	3,418,112	500,000	14%
Montgomery	MedStar Montgomery Medical Center: Renovate existing emergency department treatment space.	610,663	300,000	49%

ZA01 – Maryland Hospital Association

<u>Subdivision</u>	<u>Project Title and Purpose</u>	<u>Total Estimated Cost</u>	<u>Fiscal 2015 State Share Amount</u>	<u>State Share (%)</u>
Montgomery	Shady Grove Adventist Hospital: Renovate existing emergency department space.	5,169,775	500,000	10%
Montgomery	Washington Adventist Hospital: Renovate space to improve primary and preventive care to the under-insured and uninsured.	979,378	480,000	49%
Prince George's	Doctors Hospital: Expand and renovate pharmacy space.	175,980	88,000	50%
Washington	Meritus Medical Center: Relocate outpatient physical rehabilitation department to become part of a new modern Wellness Center.	2,896,500	500,000	17%
Total		\$23,450,318	\$5,193,000	

Source: Maryland Hospital Association; Department of Budget and Management

The Department of Legislative Services (DLS) would note that there is additional funding for hospitals beyond the MHA program in the fiscal 2015 capital budget – specifically, funding for the University of Maryland Medical System (UMMS) (\$10.0 million); the Prince George's Hospital System (\$30.0 million); Kennedy Krieger (\$1.5 million); and Sinai Hospital (\$1.5 million). UMMS typically does not receive support in the MHA program, the funding for Prince George's Hospital System is tied to a larger State commitment for that system, and Kennedy Krieger's project was ineligible for the MHA program because of the nature of the project. The Sinai hospital project appears to meet the criteria for the MHA program, but any projects that the Governor includes directly in the capital budget are considered distinct from the MHA program.

Amendment of Prior Year Authorization

The fiscal 2015 capital bill also includes an amendment to a 2007 authorization made under the MHA program to the Fort Washington Medical Center in Prince George's County. Specifically, a grant of \$560,000 was made to the center related to work on the emergency department. Those funds needed to be expended or encumbered by the Board of Public Works by June 2014. The amendment provides an additional two years for the expenditure or encumbrance of the funds.

The MHA program includes specific language that requires proposals to be ready to move forward in the fiscal year of the award. However, this particular project was delayed by a change in leadership at the center, issues around the required match, and a change in the scope of a larger expansion project within which the proposed emergency department work is planned. Specifically, the larger project requires approval of the Maryland Health Care Commission (MHCC) through the

certificate of need (CON) process. That approval has yet to be provided, although MHCC is actively working with the center and the Health Services Cost Review Commission on the CON application. **At this time, DLS recommends approval of the two-year extension for the expenditure or encumbrance of the funds.** However, if the CON is not approved by the 2015 session, the availability of the funding will be revisited.

Summary of Recommended Bond Actions

1. Anne Arundel Medical Center
Approve.
2. Holy Cross Hospital
Approve.
3. MedStar Good Samaritan Hospital
Approve.
4. Washington Adventist Hospital
Approve.
5. Meritus Medical Center
Approve.
6. Shady Grove Adventist Hospital
Approve.
7. Adventist Rehabilitation Hospital of Maryland
Approve.
8. Doctors Hospital
Approve.
9. MedStar Montgomery Medical Center
Approve.

ZA01 – Maryland Hospital Association

10. Sinai Hospital of Baltimore

Approve.

11. University of Maryland St. Josephs Medical Center

Approve.

12. SECTION 2 Maryland Hospital Association Fort Washington
Medical Center

Approve.