

**ZA01**  
**Maryland Hospital Association**

***Capital Budget Summary***

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

<b>Program</b>	<b>2016 Approp.</b>	<b>2017 Approp.</b>	<b>2018 Request</b>	<b>2019 Estimate</b>	<b>2020 Estimate</b>	<b>2021 Estimate</b>	<b>2022 Estimate</b>
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Private Hospital Grant Program	\$3.612	\$4.237	\$5.005	\$5.000	\$5.000	\$6.000	\$6.500
<b>Total</b>	<b>\$3.612</b>	<b>\$4.237</b>	<b>\$5.005</b>	<b>\$5.000</b>	<b>\$5.000</b>	<b>\$6.000</b>	<b>\$6.500</b>

<b>Fund Source</b>	<b>2016 Approp.</b>	<b>2017 Approp.</b>	<b>2018 Request</b>	<b>2019 Estimate</b>	<b>2020 Estimate</b>	<b>2021 Estimate</b>	<b>2022 Estimate</b>
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GO Bonds	\$3.612	\$4.237	\$5.005	\$5.000	\$5.000	\$6.000	\$6.500
<b>Total</b>	<b>\$3.612</b>	<b>\$4.237</b>	<b>\$5.005</b>	<b>\$5.000</b>	<b>\$5.000</b>	<b>\$6.000</b>	<b>\$6.500</b>

GO: general obligation

***Summary of Updates***

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***Report on Prior Year Hospital Association Projects:*** In response to the 2016 *Joint Chairmen's Report* (JCR), the Maryland Hospital Association (MHA) submitted a report containing a status update on all projects funded through the Private Hospital Grant Program from fiscal 2007 to 2016. Of all of the projects previously authorized, only one project still has funding authorized that the report indicated will not be necessary. **Since the JCR stated that the project is no longer going forward, the Department of Legislative Services (DLS) recommends the de-authorization of the project.**

## ***Summary of Recommended Bond Actions***

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### **Funds**

1. Anne Arundel Health System Pathways Treatment Center  
Approve \$118,000 in general obligation bonds.
2. Anne Arundel Health System Rebecca Clatanoff Pavilion for Women's and Children's Services  
Approve \$472,000 in general obligation bonds.
3. Atlantic General Hospital Cancer Care Center  
Approve \$681,000 in general obligation bonds.
4. Baltimore Washington Medical Center Adult Inpatient Psychiatric Unit  
Approve \$577,000 in general obligation bonds.
5. Carroll Hospital Center Family Centered Neonatal Couplet Care  
Approve \$524,000 in general obligation bonds.
6. Garrett County Memorial Hospital  
Approve \$472,000 in general obligation bonds.
7. MedStar Montgomery Medical Center Addiction and Mental Health Center  
Approve \$95,000 in general obligation bonds.
8. Suburban Hospital, Inc. Behavioral Health Crisis Area  
Approve \$283,000 in general obligation bonds.
9. Union Hospital of Cecil County Behavioral Health Crisis Assessment and Stabilization Area  
Approve \$786,000 in general obligation bonds.

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10. University of Maryland Medical Center Midtown Campus

Approve \$577,000 in general obligation bonds.

11. University of Maryland, St. Joseph Medical Center

Approve \$420,000 in general obligation bonds.

12. SECTION 2 – Maryland Hospital Association– Doctors Community Hospital

Approve changes to the prior authorization.

13. SECTION 2 – Maryland Hospital Association – Washington Adventist Hospital \$248,000 DA

De-authorize funds due to project cancellation.

<b>Total De-authorization Additions</b>	<b>\$248,000</b>
<b>Total General Obligation Reductions/Additions</b>	<b>\$0</b>
<b>Total Pre-authorization Reductions/Additions</b>	<b>\$0</b>

## ***Budget Overview***

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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 MHA. MHA represents 66 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;

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- 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 the project is of 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.

**Exhibit 1** details the 11 projects proposed for funding in fiscal 2018.

**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 2018 State Share Amount</u>	<u>State Share (%)</u>
Anne Arundel	<b>Anne Arundel Health System Rebecca Clatanoff Pavilion for Women’s and Children’s Services Renovation:</b> Renovate the first and third floors to better use existing space to accommodate the greater volume of women’s surgical and post-labor and delivery patients.	\$2,525,000	\$472,000	18.7%
Anne Arundel	<b>Anne Arundel Health System – Pathways Treatment Center Renovation:</b> Renovate the dining and patio areas.	790,000	118,000	14.9%
Anne Arundel	<b>Baltimore Washington Medical Center Inpatient Psychiatric Unit Expansion:</b> Expand the current 14-bed general adult unit by 10 beds through the renovation of the second floor of the hospital’s east tower.	3,498,344	577,000	16.5%
Baltimore City	<b>University of Maryland Medical Center Midtown Campus Inpatient Psychiatric Unit Renovation:</b> Relocate and renovate the existing unit, which will double the size of the unit and address patient safety issues through modern construction and design.	9,000,000	577,000	6.4%
Baltimore County	<b>University of Maryland, St. Joseph Medical Center Hybrid Operating Room Construction:</b> Construct a hybrid operating room equipped with an advanced medical	4,275,920	420,000	9.8%

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<u>Subdivision</u>	<u>Project Title and Purpose</u>	<u>Total Estimated Cost</u>	<u>Fiscal 2018 State Share Amount</u>	<u>State Share (%)</u>
	imaging system to allow for minimally invasive and open complex surgeries.			
Carroll	<b>Carroll Hospital Center Obstetrical Room Renovation:</b> Expand and reconfigure the current 20 obstetrical rooms to provide Family Centered Neonatal Couplet Care, a Swedish model designed where parents can stay with their baby 24 hours per day from admission to discharge.	13,500,000	524,000	3.9%
Cecil	<b>Union Hospital of Cecil County Behavioral Health Crisis Assessment and Stabilization Center:</b> Construct a new center containing 16 licensed crisis residential beds to provide services and supports for an immediate mental health crisis for guests 18 years and older.	4,500,000	786,000	17.5%
Garrett	<b>Garrett County Memorial Hospital Operating Room Renovation:</b> Renovate operating rooms and relocate the decontamination and central sterile areas to more efficiently use the existing space.	3,396,137	472,000	13.9%
Montgomery	<b>MedStar Montgomery Medical Center Addiction and Mental Health Center Renovation:</b> Renovate and upgrade the center, including the nurses' station, inpatient adolescent group room and common area, and the older adult inpatient suite.	404,000	95,000	23.5%
Montgomery	<b>Suburban Hospital Behavioral Health Crisis Area Renovation and Expansion:</b> Renovate and expand the area through the addition of six rooms, adequate bathrooms with shower facilities, storage for patient belongings, an interview room to ensure patient confidentiality, a team station, a patient common area, and a private office space for the crisis intervention assessment.	1,242,456	283,000	22.8%
Worcester	<b>Atlantic General Hospital Regional Cancer Care Center:</b> Construct a new center to provide much-needed comprehensive diagnostic, treatment, and support services for cancer patients and their families, and education and prevention for the community.	9,511,709	681,000	7.2%
<b>Total</b>		<b>\$52,643,566</b>	<b>\$5,005,000</b>	

Source: Maryland Hospital Association; Department of Budget and Management

The total amount in the allowance is currently \$5,005,000, which is slightly above the \$5.0 million that is traditionally included for this program in the *Capital Improvement Program (CIP)*.

In previous years, there have been lower authorizations due to concerns surrounding the new All-payer Model Contract, which replaced the State's previous Medicare waiver and requires that hospitals be placed on global budgets to be regulated by the Health Services Cost Review Commission. In response to these changes, hospitals around the State were having to reevaluate how much they can spend under their global budgets for capital needs as well as what capital projects would best help hospitals meet the goals of the waiver. However, beginning with this year, hospitals have once again picked up their capital spending requests, with many of these projects being specifically tied to changes needed under the All-payer Model Contract, specifically those concerning behavioral health needs. Further, the out-years in the CIP have projected increases in the bond authorizations for this program, with total spending increasing from the current \$5.0 million to \$6.0 million beginning in fiscal 2021 and then \$6.5 million in fiscal 2022.

## *Updates*

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### **1. Report on Prior Year Hospital Association Projects**

The 2016 JCR requested a report from MHA containing a status update on all projects funded through the Private Hospital Grant Program from fiscal 2007 to 2016. This report was requested in response to numerous de-authorizations in prior years for projects that were no longer moving forward due to concerns hospitals had about the All-payer Model Contract. On December 15, 2016, MHA submitted this report.

As MHA has only a limited role as a facilitator of the grant program, MHA staff worked with the Comptroller's Office, as well as the Department of General Services to obtain information on the encumbrance and expenditure data of every grant project since fiscal 2007. After obtaining and analyzing this information, MHA then contacted 24 hospitals regarding 32 projects that the State agencies had identified as having unencumbered balances and/or had yet to submit any expenditures. MHA subsequently received status updates from every hospital that they contacted. This is out of a total of 67 various projects. Out of all of these projects, there were 10 that had unexpended balances that were not going to be utilized by the project. All but one of these projects has either had the remaining funds reverted or has been de-authorized in previous sessions through the capital budget bill. The one remaining project, which is \$248,000 for Washington Adventist Hospital from fiscal 2016, was on the Board of Public Works agenda for February 22, 2017, to be canceled but was subsequently pulled. **Since the JCR stated that the project is no longer going forward, DLS recommends the de-authorization of the project.**

## *Prior Authorizations*

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The capital budget bill as introduced also contains amendments to a prior authorization under the MHA Private Hospitals Grant Program. Section 2 of the bill amends a 2015 session grant to Doctors Community Hospital in the amount of \$380,000 to establish a community health care center. The amendments would change the project location and extend the termination date while maintaining the scope of the project.

## ***GO Bond Recommended Actions***

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1. Approve \$118,000 in general obligation bonds for Anne Arundel Health System, Inc. – Pathways Treatment Center.
2. Approve \$472,000 in general obligation bonds for Anne Arundel Health System, Inc. – Rebecca Clatanoff Pavilion.
3. Approve \$681,000 in general obligation bonds for Atlantic General Hospital.
4. Approve \$577,000 in general obligation bonds for the Baltimore Washington Medical Center.
5. Approve \$524,000 in general obligation bonds for Carroll Hospital Center.
6. Approve \$472,000 in general obligation bonds for Garrett County Memorial Hospital.
7. Approve \$95,000 in general obligation bonds for MedStar Montgomery Medical Center.
8. Approve \$283,000 in general obligation bonds for Suburban Hospital.
9. Approve \$786,000 in general obligation bonds for Union Hospital of Cecil County.
10. Approve \$577,000 in general obligation bonds for the University of Maryland Medical Center Midtown Campus.
11. Approve \$420,000 in general obligation bonds for the University of Maryland, St. Joseph Medical Center.
12. Approve changes to the prior authorization for Doctors Community Hospital amending the site authorization and extending the termination date.

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13. De-authorize funds due to project cancellation

ZF1850	SECTION 2 – Maryland Association of Hospitals – Washington Adventist Hospital .....	\$ 248,000
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Add the following language:

<u>(E)</u>	<u>Washington Adventist Hospital. Provide a grant to the Board of Trustees of Adventist HealthCare, Inc., d.b.a., Washington Adventist Hospital to renovate the Center for Advanced Wound Care and Hyperbaric Medicine, subject to the requirement that the grantee provide an equal and matching fund for this purpose, provided that notwithstanding Section 6 of this Act, work may commence on this project prior to the appropriation of all funds necessary to complete this project (Montgomery County).....</u>	[248,000] <b><u>0</u></b>
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**Explanation:** This action de-authorizes funds for Washington Adventist Hospital. A report from the Maryland Hospital Association indicated that the project is no longer going forward, and thus can be de-authorized.

<b>Total De-authorization GO Bonds Additions</b>	<b>\$248,000</b>
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