

ZA01
Maryland Hospital Association

Maryland Hospital Association Overview (Statewide)

General Obligation Bonds: \$5,000,000

Summary of Recommended Bond Actions

	<u>Funds</u>
1. Kennedy Krieger Children’s Hospital Approve.	
2. Howard County General Hospital Approve.	
3. Franklin Square Hospital Center Approve.	
4. Brook Lane Health Services Approve.	
5. Northwest Hospital Center Approve.	
6. Union Memorial Hospital Approve.	
7. Upper Chesapeake Medical Center Approve.	
8. Maryland Hospital Association – Carroll Hospital Center Reduce funds by \$200,000 to reflect a revised project estimate.	-\$200,000 DA
Total Reductions	-\$200,000

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Program Description: 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 recent years, the projects have been 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;
- 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.

Program Analysis

Exhibit 1 details the seven projects proposed for funding in fiscal 2013.

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 2013 State Share Amount</u>	<u>State Share (%)</u>
Baltimore City	Kennedy Krieger Children’s Hospital: Renovate vacant clinic space for a Pediatric Rehabilitation and Pediatric Feeding Disorders Nursing Unit to address space limitations and infrastructure deficiencies.	\$2,500,000	\$500,000	20%
Baltimore City	Union Memorial Hospital: Renovate and expand the renal dialysis unit to address space limitations.	722,850	242,500	34%
Baltimore	Franklin Square Hospital: Construct a new neonatal intensive care unit to improve patient care (for example, improved infection control, medication safety, emergency resuscitation, and air quality).	5,993,300	1,00,000	17%
Baltimore	Northwest Hospital Center: Renovate and expand the emergency department to address space limitations and better meet the needs of geriatric patients.	3,544,980	700,000	20%
Harford	Upper Chesapeake Medical Center, Inc.: Renovate and expand the existing cancer wing to consolidate treatment delivery.	30,524,274	750,000	3%
Howard	Howard County General Hospital: Renovate and expand the existing inpatient psychiatric facility to improve patient privacy, accessibility, and safety.	1,905,354	707,500	37%
Washington	Brook Lane Health Services, Inc.: Renovate and expand the hospital to address space limitations.	2,400,000	1,100,000	46%
Total		\$47,590,758	\$5,000,000	

Source: Maryland Hospital Association; Department of Budget and Management

The Department of Legislative Services (DLS) also notes that two other hospitals – Sinai and Kennedy Krieger – each receive \$1 million in funding in the fiscal 2013 capital budget¹. Sinai’s project was not considered eligible for the MHA program because it is a multi-year project, and Kennedy Krieger’s project was also ineligible because of the nature of the project.

Prior Authorization and Capital Improvement Program

Authorization Request (\$ in Millions)

<i>Fund Source</i>	<i>2012 Approp.</i>	<i>2013 Allowance</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>	<i>2016 Estimate</i>	<i>2017 Estimate</i>
GO Bonds	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000
Total	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000

Issues

1. Access Carroll, Inc.

The fiscal 2013 capital budget includes an amendment to a prior appropriation under the MHA program. Specifically, a grant made by Chapter 483 of 2010 to Carroll Hospital Center for \$700,000 is amended to change the grantee to Access Carroll, Inc.

Access Carroll, Inc. is a 501(c)(3) not-for-profit organization established by Carroll Hospital Center and other community partners for the purpose of providing free health care to the uninsured. The original project was to make a grant to Carroll Hospital Center in order to renovate space at the center where Access Carroll could provide care. The total project cost was \$1.4 million, with the State providing a 50% share. The proposed change in the grantee is because Carroll Hospital Center is pursuing other hospital capital expansion projects and needs to reduce its debt obligation as it seeks funding for those projects. Material from Access Carroll, Inc. indicates that it has almost \$555,000 in matching capital funds:

- \$404,500 in Community Development Block Grant funds from Carroll County;

¹ The University of Maryland Medical System (UMMS) (\$13.5 million) and the Prince George’s Hospital System (\$10.0 million) also receive funds in the fiscal 2013 capital budget. UMMS typically does not receive support in the Maryland Hospital Association program, and the funding for Prince George’s Hospital System is ostensibly tied to a commitment to transfer the system to new ownership.

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- almost \$96,000 in cash reserves dedicated for capital spending; and
- almost \$56,000 in capital campaign pledges.

DLS would also make two other points:

- The project location is apparently also changing which will necessitate an additional amendment. **DLS recommends amending the project description to reflect the location change.**
- The new project location reduces the cost of the project to \$1 million. **As a result, DLS recommends reducing the State grant by \$200,000.**

GO Bond Recommended Actions

1. Approve Kennedy Krieger Children’s Hospital.
2. Approve Howard County General Hospital.
3. Approve Franklin Square Hospital Center.
4. Approve Brook Lane Health Services.
5. Approve Northwest Hospital Center.
6. Approve Union Memorial Hospital.
7. Approve Upper Chesapeake Medical Center.
8. Carroll Hospital Center, reduce funds by \$200,000 to reflect a revised project estimate.

ZF3100 Maryland Hospital Association – Carroll Hospital Center.....

Add the following language:

ZA01 MARYLAND HOSPITAL ASSOCIATION

(C) [Carroll Hospital Center] **ACCESS CARROLL, INC.** Provide a grant to the Board of Directors of the [Carroll Hospital Center] **ACCESS CARROLL, INC.** to assist in the **RELOCATION**, construction and renovation of ~~the Carroll Hospital Center to create additional~~ space for the Access Carroll program, subject to the requirement that the grantee provide an equal and matching fund for this purpose. Notwithstanding the provisions of Section 1(5) of this Act, the matching fund may consist of funds expended prior to the effective date of this Act (Carroll County).....

700,000
500,000

Explanation: The amendment reduces the State grant by \$200,000 to reflect a revised project estimate and authorizes funding to be spent on space other than at Carroll Hospital Center.