

State of Maryland

Bond Bill Fact Sheet

1. Senate Bill #	House Bill #	2. Name of Bill
SB995	HB1595	Creation of a State Debt - Baltimore City - John Hopkins Medicine - Pediatric Trauma Center and Cardiovascular and Critical Care Tower
3. Senate Bill Sponsors		House Bill Sponsors
Currie, Ulysses		
4. Jurisdiction (County or Baltimore City)		5. Requested Amount
Baltimore City		\$10,000,000 in FY 2006
6. Purpose of Bill		
<p>The bill would provide Johns Hopkins Medicine \$10 million in FY 2006, which is part of a \$50 million state commitment over five years to support the construction of two replacement clinical towers. The \$10 million would provide \$5 million in FY 2006 for the Children's & Maternal Hospital and \$5 million in FY 2006 for an interconnected Cardiovascular & Critical Care Tower. These projects are part of a \$1.2 billion campus redevelopment effort and state support will only total approximately 4% of total costs.</p>		
7. Matching Fund Requirements		
<p>Prior to the payment of any funds, the grantee shall provide and expend a matching fund. No part of the fund may consist of real property or in kind contributions. The fund may consist of funds expended prior to the effective date of this Act.</p>		
8. Special Provisions		
NA		

9. Description and Purpose of Grantee Organization

Since 1992, the Johns Hopkins Hospital has been ranked by US News and World Report as the nation's premier hospital. In addition to receiving the top ranking again in 2004, Johns Hopkins was ranked in the top ten in 16 of the 17 specialty categories reviewed, to include #1 in Gynecology, Otolaryngology and Urology; #2 in Geriatrics, Kidney Disease, Neurology/Neurosurgery, Ophthalmology and Rheumatology; #3 in Cancer, Digestive Disorders, Hormonal Disorders, Pediatrics, Psychiatry and Respiratory Disorders; and #4 in Heart/Heart Surgery and Orthopedics. In addition to the hospital rankings, Johns Hopkins has also been the highest recipient of National Institutes of Health research grants since 1992, and has one of the nation's leading medical schools (ranked third by US News and World Report).

While Johns Hopkins Medicine has been very successful in its tripartite mission of teaching, research, and patient care, these accomplishments come in spite of severe fiscal challenges because the current health care system does not fully recognize the uniqueness of academic medical centers. For example, Johns Hopkins provides more than \$150 million in uncompensated care annually, of which only a portion can be recovered through the HSCRC rate-setting methodology. Furthermore, Johns Hopkins' Medicaid volume is nearly double that of the average Maryland hospital, adding additional financial pressures due to requirements of additional social services and the abysmal physician reimbursement rates currently paid by the Medicaid program.

While Johns Hopkins provides the most advanced care possible and competes against other national research-intensive academic medical centers for faculty, staff, patients, and grants, the HSCRC uses state community hospitals to set Johns Hopkins Hospital reimbursement rates. The HSCRC peer group, with the exception of the University of Maryland, does not provide the breadth and depth of services offered by Johns Hopkins. Even though Johns Hopkins provides extensive services and shoulders tremendous social costs, the institution is very efficient. For example, when comparing the adjusted cost per admission (adjusting for medical education, patient case mix, and uncompensated care), Johns Hopkins Hospital is currently 3.45% below our HSCRC peer grouping. Furthermore, a study completed by the National Association of Children's Hospitals and Related Institutions (NACHRI) shows that Johns Hopkins Children Center's average case mix and wage-adjusted charge per case for CY 2003 was \$9,144 compared to the NACHRI average of \$17,972.

Johns Hopkins Hospital is an efficiently run hospital, but the low hospital reimbursement rates have placed tremendous financial pressure on operations and resulted in operating margins below the national average. This has serious implications because Moody's Investment Services downgraded Johns Hopkins bond rating for the first time in the institution's history due to insufficient margins. For FY 2003, Moody's expects a double "A"-rated hospital like Johns Hopkins to achieve an excess margin of 6.30%, however, Johns Hopkins Hospital's excess margin, adjusted for the pension credit, was only 0.90%. Besides holding margins below national averages, neither Johns Hopkins nor the Maryland hospital average has been able to achieve the financial targets established by the HSCRC.

10. Description and Purpose of Project

Johns Hopkins Medicine has completed a master plan for the East Baltimore campus showing that, in order to maintain its position as one of the nation's leading academic medical centers, investments must be made to replace aging clinical facilities. Many of its facilities were constructed in the late 19th and early 20th centuries and pose numerous challenges, including:

- 50% of all beds are in buildings constructed prior to 1963
- Electrical/mechanical systems are forced to operate beyond design standards
- Outages of elevators serving inpatient units and critical patient services because parts are unavailable for older systems
- Buildings constructed before air conditioning existed resulting in ventilation issues and heating/cooling challenges, and
- Deteriorating plumbing systems resulting in floods disrupting patient care

To address these issues, the master plan calls for the investment of \$1.2 billion over nine years, replacing some of the oldest clinical facilities on the campus, constructing facilities to support the teaching and research missions, and the development of infrastructure to include a parking garage, a central kitchen, a loading dock, a power plant, and patient housing.

The proposed \$194.5 million Children’s & Maternal Hospital (CMH) will comprise 538,000 GSF and will allow for the replacement of the outdated Children’s Center that was designed and built in the early 1960’s. The new facility will house 35 obstetrics beds and 205 pediatric inpatient beds and bassinets. The facility will house all related obstetrics and pediatric services to include: Maryland’s only dedicated pediatric trauma service, Pediatric Emergency Department, acute care programs in Oncology, Psychiatry, Intensive Care, and Neonatal Intensive Care, outpatient Pediatric Clinical Research Unit, and interventional services for surgery, endoscopy/bronchoscopy, and cystoscopy.

The new \$312.5 million Cardiovascular & Critical Care Tower (CCCT) will be located between the existing Comprehensive Cancer Center (Weinberg Building) and the proposed Children’s and Maternal Hospital (CMH). The 864,650 GSF CCCT facilities will allow Johns Hopkins to relocate many of its adult inpatient beds to a modern building and demolish outdated facilities. The new CCCT will house 320 beds, 20 operating rooms and numerous procedure suites to support various programs such as: the Heart Institute (integrating services from Departments of Medicine and Surgery), a Level I adult trauma program, adult Emergency Department, Neurological Sciences, Adult Endoscopy, and Pathology.

Round all amounts to the nearest \$1,000. The totals in Items 11 (Estimated Capital Costs) and 12 (Proposed Funding Sources) must match. The proposed funding sources must not include the value of real property unless an equivalent value is shown under Estimated Capital Costs.

11. Estimated Capital Costs

Acquisition	\$0
Design	\$92,314,338
Construction	\$702,695,946
Equipment	\$404,989,717
Total	\$1,200,000,000

12. Proposed Funding Sources – (List all funding sources and amounts.)

Source	Amount
State Grant	\$50,000,000
Johns Hopkins Medicine Operating Support	\$74,000,000

Johns Hopkins Medicine Fundraising Target		\$183,000,000	
Johns Hopkins Medicine Gift Assessment		\$83,000,000	
Debt Financing		\$602,000,000	
MHHEFA and Other		\$208,000,000	
Total		\$1,200,000,000	
13. Project Schedule			
Begin Design	Complete Design	Begin Construction	Complete Construction
November 2004	June 2006	April 2005	July 2008
14. Total Private Funds and Pledges Raised as of January 2005		15. Current Number of People Served Annually at Project Site	
1113,000,000		Total Patient Days FY 2003 257,589	
		16. Number of People to be Served Annually After the Project is Complete	
		Est. Patient Days FY 2008 271,898	
17. Other State Capital Grants to Recipients in Past 15 Years			
Legislative Session	Amount	Purpose	
1993-1998	\$26.5 million	Construct Comprehensive Cancer Center	
1997-2001	\$20.0 million	Construct Cancer Research Building	
2000-2004	\$24.8 million	Construct Broadway Research Building	
18. Legal Name and Address of Grantee		Project Address (If Different)	
Johns Hopkins Health System 600 North Wolfe Street Baltimore MD 21787		Parcel bounded by Orleans Street, North Wolfe Street, and Broadway	
19. Contact Name and Title		Contact Phone	Email Address
Jim Kaufman, Director Government Affairs		410-269-0057	jkaufma@jhmi.edu
20. Legislative District in Which Project is Located			44
21. Legal Status of Grantee (Please Check one)			
Local Govt.	For Profit	Non Profit	Federal
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Grantee Legal Representative		23. If Match Includes Real Property:	
Name:	Ronald R. Peterson	Has An Appraisal Been Done?	Yes/No
Phone:	410-955-9540		NA
Address:		If Yes, List Appraisal Dates and Value	
President			
Johns Hopkins Health System			
733 N. Broadway			
Broadway Research Building 104			
Baltimore MD 21205			
24. Impact of Project on Staffing and Operating Cost at Project Site			

Current # of Employees	Projected # of Employees	Current Operating Budget	Projected Operating Budget
JHM East Baltimore Campus FY 2003 17,442	JHM East Baltimore Campus FY 2005 21,496	JHM East Baltimore Campus FY 2003 \$2,021,000,000	JHM East Baltimore Campus FY 2005 \$2,517,880,000
25. Ownership of Property (Info Requested by Treasurer's Office for bond issuance purposes)			
A. Will the grantee own or lease the property to be improved?			Own
B. If owned, does the grantee plan to sell within 15 years?			No
C. Does the grantee intend to lease any portion of the property to others?			No
D. If property is owned by grantee and any space is to be leased, provide the following:			
Lessee	Terms of Lease	Cost Covered by Lease	Square Footage Leased
E. If property is leased by grantee – Provide the following:			
Name of Leaser	Length of Lease	Options to Renew	
26. Building Square Footage:			
Current Space GSF	Johns Hopkins Hospital (JHH) NSF 1,419,818		
Space to Be Renovated GSF			
New GSF	JHH Net Increase NSF 405,741		
27. Year of Construction of Any Structures Proposed for Renovation, Restoration or Conversion		These projects are part of a multi-year campus redevelopment program	
28. Comments:			