

**Department of Legislative Services**  
Maryland General Assembly  
2009 Session

**FISCAL AND POLICY NOTE**

House Bill 89 (Delegate Morhaim, *et al.*)  
Health and Government Operations

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**Hospitals - Certificate of Need and Rate-Setting - High Performance Buildings**

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This bill mandates that regulations adopted by the Maryland Health Care Commission (MHCC) regarding certificate of need (CON) incorporate “high performance building” requirements for hospital projects that include the construction or “major renovation” of a building that is at least 7,500 square feet. Further, the Health Services Cost Review Commission (HSCRC) must take into account the costs of hospital projects that incorporate such requirements in the determination of reasonable hospital rates.

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**Fiscal Summary**

**State Effect:** The bill’s requirements can be handled by MHCC and HSCRC with existing budgeted resources. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** “Major renovation” means renovation of a building where the building shell is to be reused; the HVAC (heating, ventilation, and air conditioning), electrical, and plumbing systems are to be replaced; and the area to be renovated is at least 7,500 square feet.

**Current Law:** MHCC must issue a CON before a health care facility may be built, developed, or established in the State. A CON is the primary method for implementing the State Health Plan and is generally required for capital expenditures, additions, or modifications to existing facilities or services and for new services. The basis for approval of a CON is need, as determined in the State Health Plan.

A “high performance building” meets or exceeds the current version of the U.S. Green Building Council’s LEED (Leadership in Energy and Environmental Design) Green Building Rating System Silver rating or achieves a comparable rating according to a sustainable development rating standard approved by the Secretaries of Budget and Management and General Services.

Chapter 124 of 2008 required most new or renovated State buildings built entirely with State funds and certain new school buildings to be constructed as high performance buildings. A waiver of the requirements is available. Chapter 124 expresses the General Assembly’s intent that, to the extent practicable, the State employ green building strategies in all new and renovated buildings, even those exempt from the Act.

**Background:** As part of the CON review process, hospital construction and renovation projects must follow American Institute of Architects *Guidelines for Design and Construction of Health Care Facilities*. A new chapter of the State Health Plan adopted in January 2009 includes a policy statement that all hospitals will consider smart and sustainable growth policies as well as green design principles (those outlined in the LEED for Healthcare Rating System of the U.S. Green Building Council) in hospital siting decisions and facility design choices.

Under Chapter 124, any State or university hospital funded through the State capital budget is already required to incorporate high performance building features and LEED certification.

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### **Additional Information**

**Prior Introductions:** This bill is similar to HB 1105 of 2006, which passed the House but received an unfavorable report from the Senate Finance Committee. While HB 1105 required MHCC regulations to *provide consideration* for hospital projects that incorporate high performance building requirements, this bill *requires* certain hospital projects to incorporate such requirements.

**Cross File:** None.

**Information Source(s):** Department of General Services, Department of Health and Mental Hygiene, Department of Legislative Services

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