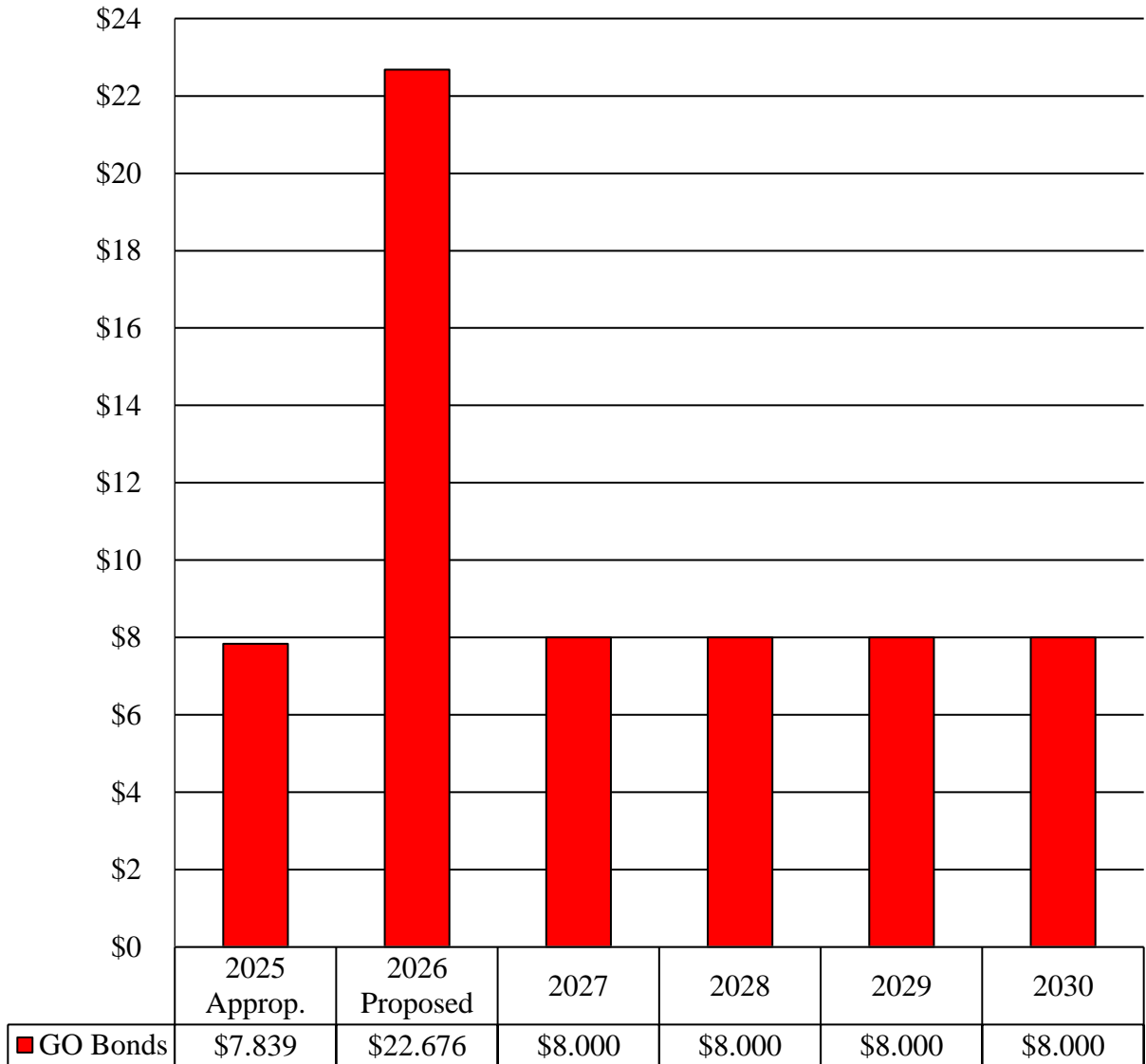


ZA01
Maryland Hospital Association – Capital
Miscellaneous Grant Programs

Capital Budget Summary

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



GO: general obligation

For further information contact: Victoria Martinez

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Key Observations

- Increase in Funding and Projects through the Private Hospital Grant Program (PHGP) Following Chapter 790 of 2024:** The fiscal 2026 capital budget provides \$22.6 million in general obligation (GO) bond funding for 22 PHGP matching fund grants, which is \$14.6 million above the level planned in the 2024 *Capital Improvement Program (CIP)* and \$14.8 million more than what was authorized to support 7 grants in fiscal 2025. The proposed increase in funding is in keeping with Chapter 790, which, in addition to formally establishing the PHGP in statute (Health General Article § 19-310.4), supported an annual \$20 million funding level for the program.

GO Bond Recommended Actions

- Delete State funding for the Atlantic General Hospital project.

ZA01A	Atlantic General Hospital.....	\$ 0
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
79,000	-79,000	0

Explanation: Delete fiscal 2026 funding for this project, as the State funding percentage of 1.9% does not show meaningful investment and prioritization of projects.

- Delete State funding for the Carroll Hospital Center project.

ZA01D	Carroll Hospital Center	\$ 0
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
887,000	-887,000	0

Explanation: Delete fiscal 2026 funding for this project, as the State funding percentage of 9.9% does not show meaningful investment and prioritization of projects.

- Delete State funding for the Frederick Health Hospital project.

ZA01E	Frederick Health Hospital	\$ 0
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
100,000	-100,000	0

Explanation: Delete fiscal 2026 funding for this project, as the State funding percentage of 0.7% does not show meaningful investment and prioritization of projects.

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4. Delete State funding for the Howard County General Hospital project.

ZA01G	Howard County General Hospital.....	\$ 0
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
733,000	-733,000	0

Explanation: Delete fiscal 2026 funding for this project, as the State funding percentage of 2.6% does not show meaningful investment and prioritization of projects.

5. Delete State funding for the MedStar Southern Maryland Hospital Center project.

ZA01I	MedStar Southern Maryland Hospital Center.....	\$ 0
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
100,000	-100,000	0

Explanation: Delete fiscal 2026 funding for this project, as the State funding percentage of 2.5% does not show meaningful investment and prioritization of projects.

6. Delete State funding for the Montgomery General Hospital project.

ZA01K	Montgomery General Hospital.....	\$ 0
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
100,000	-100,000	0

Explanation: Delete fiscal 2026 funding for this project, as the State funding percentage of 4.0% does not show meaningful investment and prioritization of projects.

7. Delete State funding for the Northwest Hospital Center project.

ZA01L	Northwest Hospital Center.....	\$ 0
-------	--------------------------------	------

<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
90,000	-90,000	0

Explanation: Delete fiscal 2026 funding for this project, as the State funding percentage of 1.9% does not show meaningful investment and prioritization of projects.

8. Delete State funding for the St. Agnes Healthcare project.

ZA01M	St. Agnes Healthcare.....	\$ 0
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
1,986,000	-1,986,000	0

Explanation: Delete fiscal 2026 funding for this project, as the State funding percentage of 5.3% does not show meaningful investment and prioritization of projects.

9. Delete State funding for the Sheppard Pratt Health System – Day Hospitals project.

ZA01P	Sheppard Pratt Health System – Day Hospitals.....	\$ 0
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
97,000	-97,000	0

Explanation: Delete fiscal 2026 funding for this project, as the State funding percentage of 9.7% does not show meaningful investment and prioritization of projects.

10. Delete State funding for the Sinai Hospital of Baltimore project.

ZA01Q	Sinai Hospital of Baltimore	\$ 0
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
393,000	-393,000	0

Explanation: Delete fiscal 2026 funding for this project, as the State funding percentage of 3.9% does not show meaningful investment and prioritization of projects.

11. Delete State funding for the Children’s Inn at the National Institute of Health project.

ZA01R	The Children’s Inn at the National Institutes of Health	\$ 0
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
208,000	-208,000	0

Explanation: Delete fiscal 2026 funding for this project, as the State funding percentage of 9.0% does not show meaningful investment and prioritization of projects.

12. Delete State funding for The Johns Hopkins Hospital project.

ZA01S	The Johns Hopkins Hospital	\$ 0
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
172,000	-172,000	0

Explanation: Delete fiscal 2026 funding for this project, as the State funding percentage of 14.7% does not show meaningful investment and prioritization of projects.

Total General Obligation Bonds Reductions/Additions **\$4,945,000**

Program Description

The Maryland Hospital Association (MHA) seeks to advance health care through collective action to shape policies, practices, financing, and performance of Maryland’s hospitals and health systems. MHA has administered the PHGP since the program’s establishment in 1993. The PHGP provides grants to assist private hospitals in the construction and renovation of facilities that improve patient care, promote access to primary and preventive services, and address aging facility issues, with a focus on meeting unmet community health needs. The Hospital Bond Project Review Committee, a committee of hospital trustees and executives from all regions of the State, selects the projects that are included in the budget. Projects must be hospital driven, with at least 50% ownership or interest of the hospital entity. The committee selects projects based on certain criteria, including how the project:

- aligns with the goals of Maryland’s Total Cost of Care model;
- improves patient care by enhancing access to primary and preventive services, focuses on unmet community health and related social needs, and improves the patient safety environment;
- encourages collaboration with other community partners where appropriate; and
- seeks to reduce potentially avoidable hospital utilization, resulting in more efficient and effective services where appropriate.

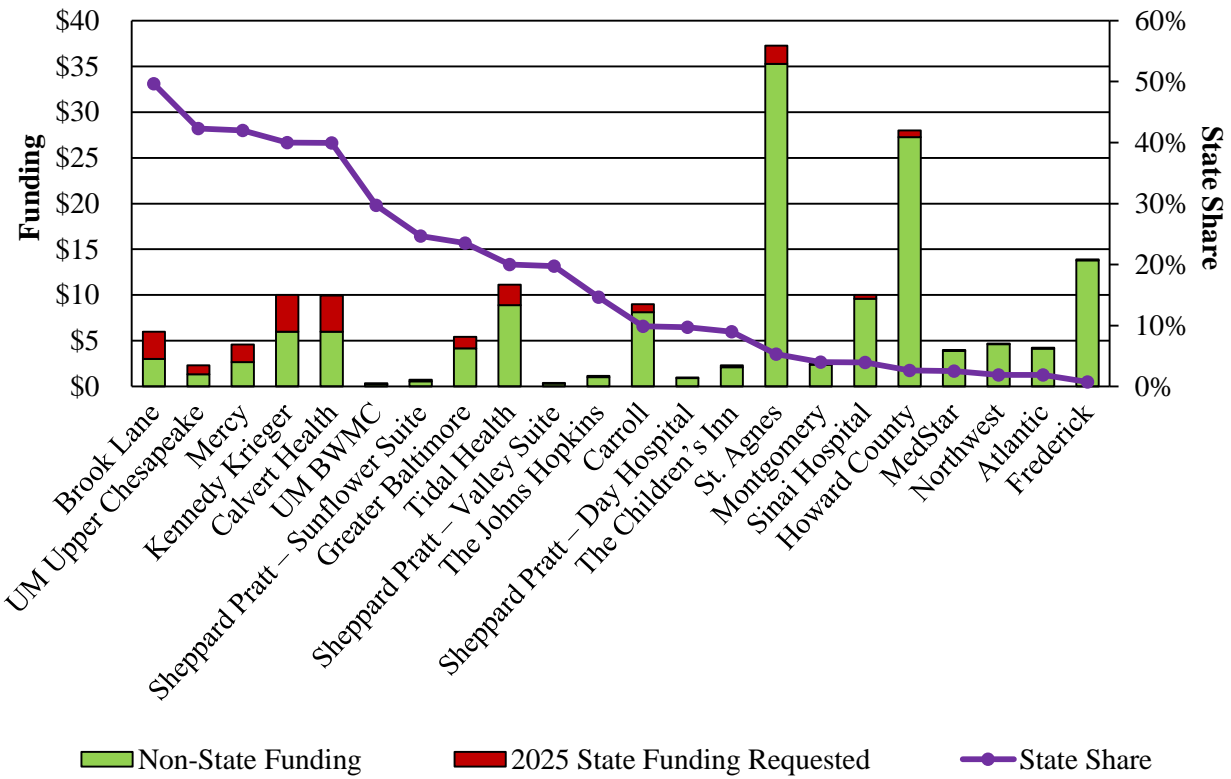
In addition, MHA advises that serious consideration should be given to projects of hospitals that are sole community providers, are located in underserved areas, are of special or statewide significance, and are not requiring multi-year State bond funding.

Budget Overview of Grant and Loan Programs

Each year, the PHGP has a rigorous evaluation and grant award process in which the Hospital Bond Project Review Committee reviews applications and recommends projects for funding. **Exhibit 1** shows how the fiscal 2026 PHGP request of \$22.7 million in GO bonds is distributed across 22 projects located in 12 jurisdictions. The exhibit also illustrates the percentage of project costs that are State funded. The request is \$14.6 million over the anticipated fiscal 2026 authorization of \$8 million. It is noteworthy that although Chapter 790 suggests the program be

funded at \$20 million annually, the 2025 CIP programs out-year funding levels at \$8 million annually through the planning period, consistent with the level of funding programmed in the 2024 CIP before the enactment of Chapter 790. In as much as Chapter 790 does not establish a mandated funding level, out-year funding decisions will in part depend on the volume and amount of eligible grant requests.

Exhibit 1
Hospital Projects by Total Cost and State Share
Fiscal 2026
(\$ in Millions)



UM Upper Chesapeake: University of Maryland Upper Chesapeake Medical Center
 UM BWMC: University of Maryland Baltimore Washington Medical Center

Source: Department of Budget and Management

As shown in Exhibit 1, the fiscal 2026 request includes 22 projects that are funded at varying levels. The following provides a description of each of the projects, ordered by the percentage of the project that is State funded:

Projects with a State Share Greater Than 30%:

- ***Brook Lane Health Services – Therapeutic Recreational Facility (Washington County):*** This project constructs a therapeutic recreational center to allow Brook Lane to implement healthcare programs addressing the mental health and special needs of pediatric and adolescent patients. The proposed fiscal 2026 grant of \$2.9 million is 49.7% of the total project cost estimated at \$6 million.
- ***University of Maryland Upper Chesapeake Medical Center – Addressing Underserved Health Gaps in Primary Care at Aberdeen (Harford County):*** This project relocates and expands the Aberdeen Primary Care Clinic to accommodate 1 additional primary care physician, 2 nurse practitioners, 1 full-time behavioral health consultant, and 1 social worker to improve access to advanced healthcare services. The proposed fiscal 2026 grant of \$973,000 is 42% of the total project cost estimated at \$2.3 million.
- ***Mercy Medical Center – Downtown Primary Care Expansion (Baltimore City):*** This project expands and renovates primary care offices in downtown Baltimore City to accommodate 7 new primary care providers to improve access to high-quality comprehensive healthcare services. The proposed fiscal 2026 grant of \$1.9 million is 42% of the total project cost estimated at \$4.6 million.
- ***Kennedy Krieger Children’s Hospital – Transformation and Expansion of Inpatient Specialty Rehabilitation Unit (Baltimore City):*** This project renovates the inpatient specialty rehabilitation unit by reconfiguring layouts, updating finishes and infrastructure, and integrating smart systems and medical technology to create spacious single occupancy rooms with private accessible bathrooms, increased monitoring, and personalized treatment. The proposed fiscal 2026 grant of \$4 million is 40% of the total project cost estimated at \$10 million.
- ***Calvert Health Medical Center – Family Birth Center Renovation (Calvert County):*** This project renovates the Family Birth Center’s labor and delivery area by modernizing postpartum and labor rooms, including creating a consultation room for breastfeeding or patient follow-up and a reconfiguration of the nurse station and other work areas. The proposed fiscal 2026 grant of \$3.9 million is 39.9% of the total project cost estimated at \$9.9 million.

Projects with a State Share Between 15% and 30%:

- ***University of Maryland Baltimore Washington Medical Center – Forensic Nurse Examiner Program (Anne Arundel County):*** This project constructs a dedicated Forensic Nursing treatment zone, including renovating existing space to deliver trauma-informed, patient-centered care for individuals experiencing violence, assault, or abuse. The proposed fiscal 2026 grant of \$106,000 is 29.7% of the total project cost estimated at \$357,000.
- ***Sheppard Pratt Health System – Inpatient (Sunflower Suite) Renovation Project (Baltimore County):*** This project repairs and upgrades the inpatient adolescent neuropsychiatric unit to improve the therapeutic environment by addressing immediate and ongoing concerns, primarily from wear and tear incurred from the patient population and the need to make the environments more therapeutic. The proposed fiscal 2026 grant of \$185,000 is 24.7% of the total project cost estimated at \$750,000.
- ***Greater Baltimore Medical Center – Radiation Oncology Renovation (Baltimore County):*** This project redesigns and renovates the Radiation Oncology Center to create efficient workflows by reducing and removing limitations of the current layout to improve patient experience and quality of care. The proposed fiscal 2026 grant of \$1.28 million is 23.5% of the total project cost estimated at \$5.4 million.
- ***TidalHealth Peninsula Regional – Family Medicine Residency Clinic (Wicomico County):*** This project constructs a Family Medicine Residency Clinic to provide essential preventive services, screenings, and health education in addition to serving as a training ground for family medicine residents. The proposed fiscal 2026 grant of \$2.2 million is 20% of the total project cost estimated at \$11.1 million.
- ***Sheppard Pratt Health System – Inpatient (Valley Suite) Renovation Project (Baltimore County):*** This project repairs and upgrades the adult neuropsychiatric unit to improve the therapeutic environment by addressing immediate and ongoing concerns, primarily from wear and tear incurred from the patient population and the need to make the environments more therapeutic. The proposed fiscal 2026 grant of \$79,000 is 19.8% of the total project cost estimated at \$400,000.

Projects with a State Share Less Than 15%:

- ***The Johns Hopkins Hospital – Pediatric Emergency Department Psychiatric Unit Expansion/Enhancement (Baltimore City):*** This project renovates the behavioral health/psychiatry unit in the pediatric emergency department to improve pediatric mental health capacity and safety for patients by adding a fourth psychiatric bed and modifying all psychiatric rooms to support the installation of an interactive media wall equipped with a touch screen to offer patients the ability to have personalized lighting, music, video, and

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photos shared in the room. The proposed fiscal 2026 grant of \$172,000 is 14.7% of the total project cost estimated at \$1.17 million.

- ***Carroll Hospital Center – Emergency Department Renovation Project (Carroll County):*** This project renovates and redesigns the emergency department to add a new psychiatric/behavioral health pod, a trauma room, and eight additional triage spaces in addition to an improved ambulance offload area to allow for appropriate diagnosis and treatment plans. The proposed fiscal 2026 grant of \$887,000 is 9.9% of the total project cost estimated at \$9 million.
- ***Sheppard Pratt Health System – Day Hospital Renovations Project (Baltimore County):*** This project repairs and upgrades the Day Hospitals to improve the therapeutic environment by addressing immediate and ongoing concerns, primarily from wear and tear incurred from the patient population and the need to make the environments more therapeutic. The proposed fiscal 2026 grant of \$97,000 is 9.7% of the total project cost estimated at \$1 million.
- ***The Children’s Inn at the National Health Institute – Expanding “A Place Like Home” (Montgomery County):*** This project constructs a community kitchen, dining, and lounge area in a new residential wing that will lodge young patients who are immunocompromised and require contact or respiratory isolation precautions. The proposed fiscal 2026 grant of \$208,000 is 9% of the total project cost estimated at \$2.3 million.
- ***St. Agnes Healthcare – Family Birthing Center (Baltimore City):*** This project renovates the existing Mother/Baby Unit to increase operational efficiency, healthcare access, patient experience, and patient satisfaction by providing new labor and delivery rooms, improved security measures, and dedicated space for prenatal testing and patient education. The proposed fiscal 2026 grant of \$1.9 million is 5.3% of the total project cost estimated at \$37.3 million.
- ***Montgomery General Hospital – Behavioral Health Renovation (Montgomery County):*** This project renovates behavioral health inpatient facilities at MedStar Montgomery Medical Center’s Addiction and Mental Health Center by upgrading worn and outdated infrastructure and furnishings to improve the level of care and access to services. The proposed fiscal 2026 grant of \$100,000 is 4% of the total project cost estimated at \$2.5 million.
- ***Sinai Hospital of Baltimore – Women’s and Children’s Services Renovation (Baltimore City):*** This project renovates the Mother/Baby, Labor/Delivery, and Maternal/Fetal Medicine spaces to improve patient experience by streamlining spaces to allow for more efficient maneuverability for patients, providers, and staff. The proposed fiscal 2026 grant of \$393,000 is 3.9% of the total project cost estimated at \$10 million.

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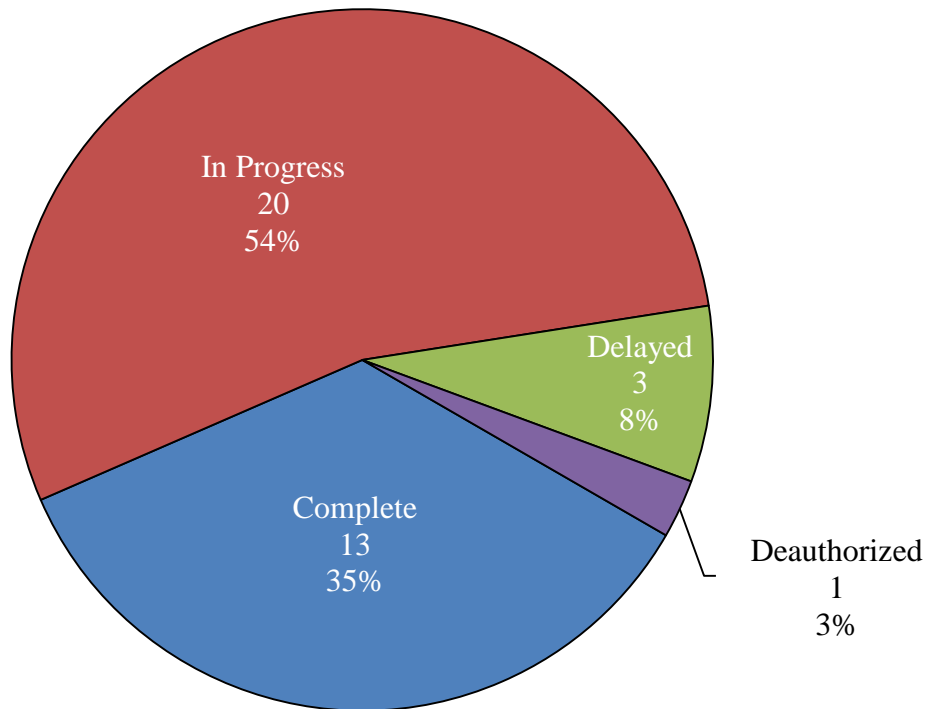
- ***Howard County General Hospital – Observation Service Expansion (Howard County):*** This project converts, alters, and renovates the first floor of the Pavilion wing to create an additional observation unit to improve patient environment and allow for more efficient transfer of patients from the emergency department to the observation unit by addressing limited observation bed capacity issues, including overcrowding and long wait times for patients. The proposed fiscal 2026 grant of \$733,000 is 2.6% of the total project cost estimated at \$28 million.
- ***MedStar Southern Maryland Hospital Center – Renovation and Modernization of Operating Rooms (Prince George’s County):*** This project renovates and expands the dimensions of a urology suite and a single operating room to enhance the surgical environment and facilitate higher-quality, direct, hands-on care by accommodating a growing volume of complex surgeries and deliver new services. The proposed fiscal 2026 grant of \$100,000 is 2.5% of the total project cost estimated at \$4 million.
- ***Northwest Hospital Center – Emergency Department Renovation (Baltimore County):*** This project continues the overarching emergency department renovation project of streamlining throughput of patients by creating a behavioral-health-specific sally port, renovating nurses’ stations and triage areas, and transitioning to a full workstation-on-wheels model of care. The proposed fiscal 2026 grant of \$90,000 is 1.9% of the total project cost estimated at \$4.7 million.
- ***Atlantic General Hospital – Decontamination, Sterile Processing, and Sterile Storage Renovation (Worcester County):*** This project renovates and expands the Central Sterile Processing Department to promote best practices and maximize patient safety by separating decontamination, instrument assembly, and sterile storage to facilitate dirty to clean instrumentation and supplies, prevent passthrough traffic and cross-contamination, and accommodate additional sterilization equipment to accelerate throughput of surgical cases. The proposed fiscal 2026 grant of \$79,000 is 1.9% of the total project cost estimated at \$4.2 million.
- ***Frederick Health Hospital – Operating Suite Renovation (Frederick County):*** This project replaces the HVAC, roof, and isolated power in its operating rooms to improve quality of care and patient safety and health, ensure compliance with regulatory requirements, reduce energy consumption and cost, improve operational efficiency, support technological advancements, and reduce potential liability due to system failures. The proposed fiscal 2026 grant of \$100,000 is 0.7% of the total project cost estimated at \$13.88 million.

Issues

1. Update on the Status of Projects

According to data from MHA’s report on encumbrances and expenditures, there are 37 projects with active unencumbered balances. **Exhibit 2** shows the status of the 37 projects. Of these projects, 13 are complete, 20 are in progress and on track to be completed within the seven-year grant term, 3 are delayed, and 1 will be canceled and funds deauthorized. Of the 3 delayed projects, 2 were delayed due to the COVID-19 pandemic and have had their grants extended through an Act of the General Assembly, and 1 is in the process of requesting a grant extension. The project that is not moving forward is the Atlantic General Hospital – Ambulatory Surgery Facility project authorized in calendar 2020 for \$800,000. The project is not able to move forward due to changes in major payor requirements and inflationary factors following the COVID-19 pandemic impacts on labor resources and material costs.

Exhibit 2
Status of Projects with Reported Unencumbered Balances

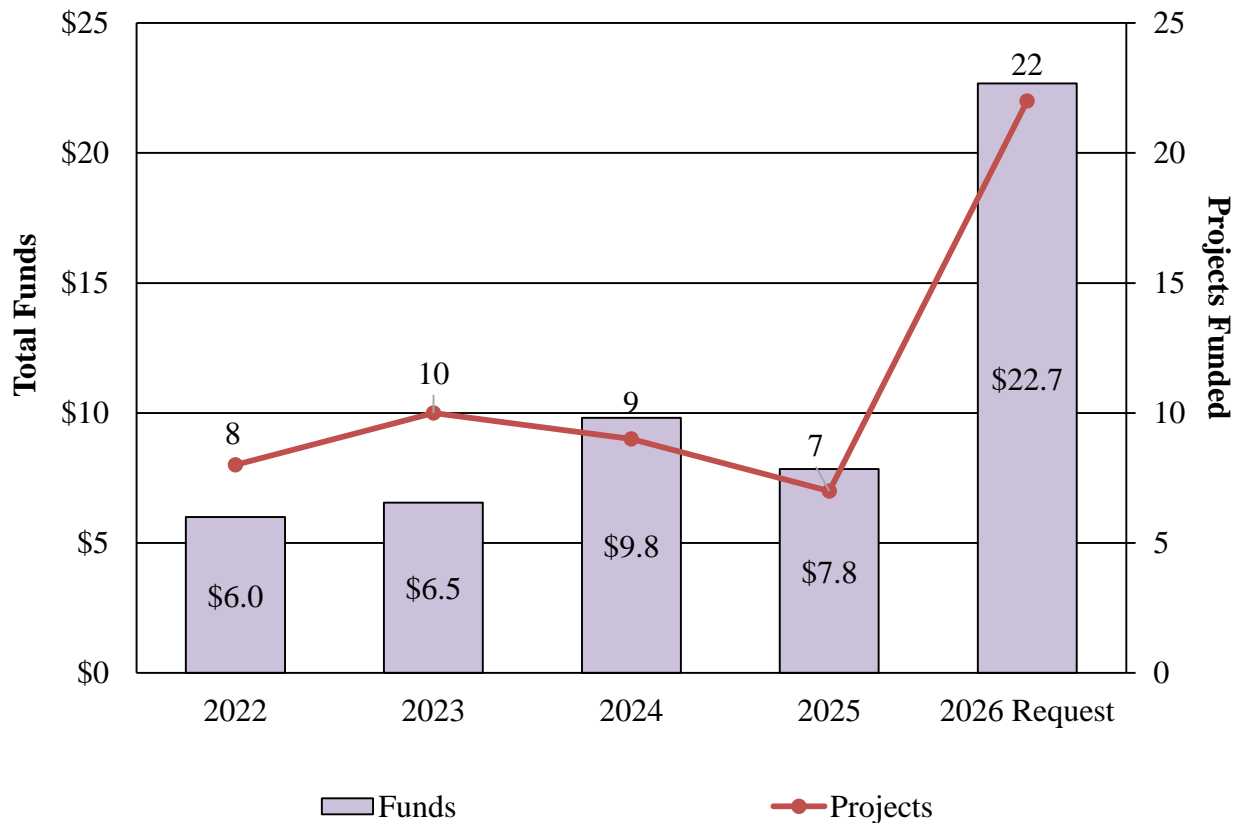


Source: Maryland Hospital Association

2. Increase in Proposed Funding for the Private Hospital Grant Program

Chapter 790 provides that the Governor may include an appropriation of \$20 million for the PHGP for fiscal 2026 and each fiscal year thereafter. The intent of Chapter 790 would increase the amount that is included for the program by \$12 million annually above previously programmed annual funding levels. **Exhibit 3** shows the increase in the total funds and projects funded through the PHGP in fiscal 2026 compared to prior years. The total funds received for the program increased by \$14.8 million from \$7.8 million in fiscal 2025 to \$22.7 million in the fiscal 2026 request. The number of projects funded increased from 7 projects in fiscal 2025 to 22 projects in fiscal 2026.

Exhibit 3
Increase in Total Funds and Projects Funded
Fiscal 2022-2026 Request

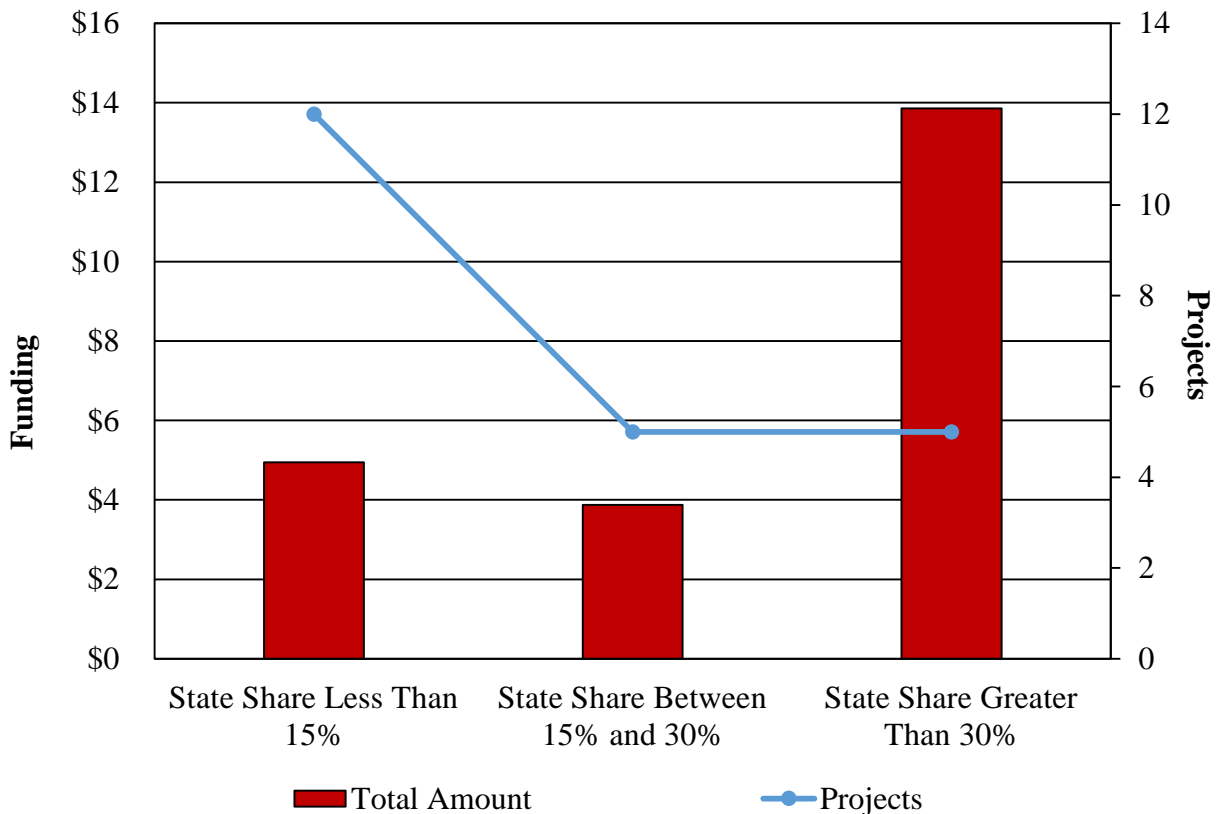


Source: 2025 Capital Improvement Program; Department of Budget and Management

Exhibit 4 shows number of projects and total amounts funded by the percentage of the project that is State funded in the fiscal 2026 request. As shown, 11 projects had a State share less

than 10%, 6 had a State share between 10% and 30%, and 5 received a State share greater than 30%. The percentage of the project that is State-funded reflects the priority order of projects for recommendation based on their score ranking by the committee. Projects ranged from a State share percentage low of 0.7% and high of 49.7%. Funding projects as low as 10% does not reflect meaningful prioritization of funding and allocation of resources. Additionally, projects that receive such little funding are less dependent on State participation to be advanced and completed. **Although Chapter 790 included an intended funding level of \$20 million for the PHGP, the Department of Legislative Services (DLS) observes that funding projects at lower than 15% does not demonstrate meaningful investments in projects based on prioritization. DLS recommends reducing the fiscal 2026 request by \$5 million to prioritize projects funded with a State share greater than 15%. This recommendation would remove funding for the 12 projects funded with a State share percentage lower than 15% and would reduce the total appropriation for MHA to \$17.7 million.**

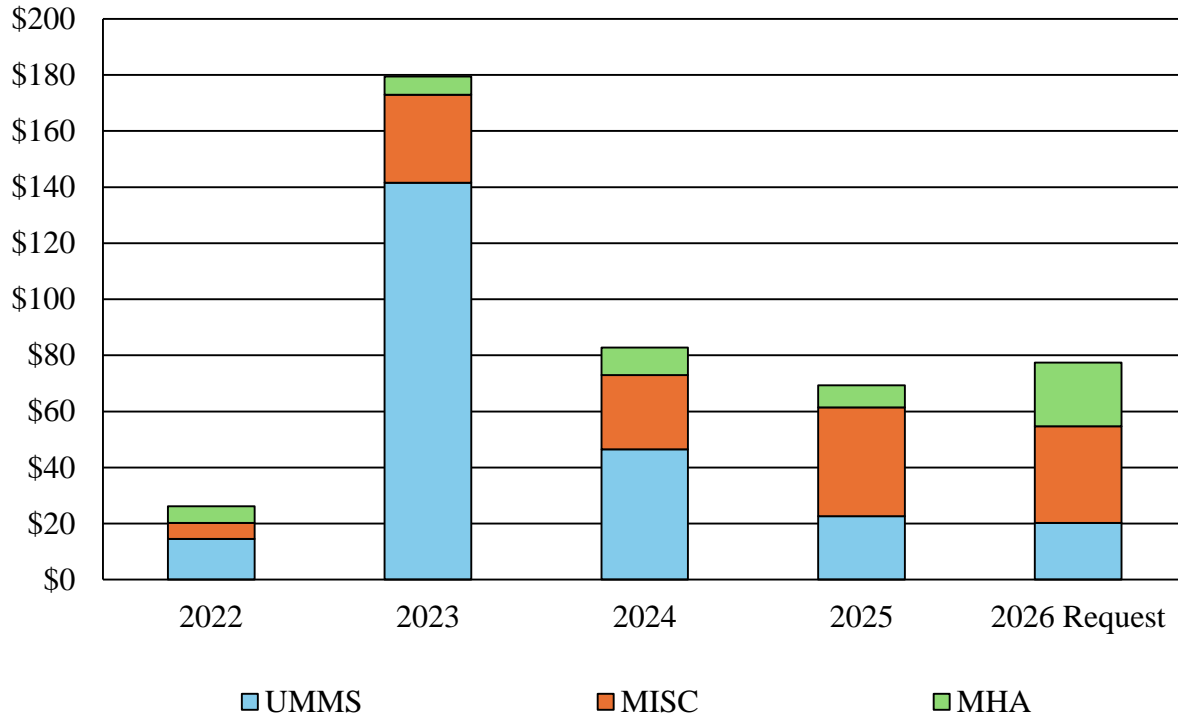
Exhibit 4
Fiscal 2026 Request by State Share
 (\$ in Millions)



Source: 2025 Capital Improvement Program; Department of Budget and Management

In addition to recent increases in funding for projects through MHA, hospitals throughout the State have received additional funding outside of the PHGP process. **Exhibit 5** shows the funding that hospitals have received through the MHA process, through direct funding to the University of Maryland Medical System, and through miscellaneous grants. Particularly noteworthy is that from fiscal 2023 through the proposed fiscal 2026 budget, the State will have provided \$136.88 million to support 45 hospital infrastructure projects through miscellaneous grants.

Exhibit 5
Funding for Hospitals Outside of MHA
Fiscal 2022-2026
(\$ in Millions)



MHA: Maryland Hospital Association
 MISC: miscellaneous
 UMMS: University of Maryland Medical System

Source: Department of Budget and Management; Department of Legislative Services