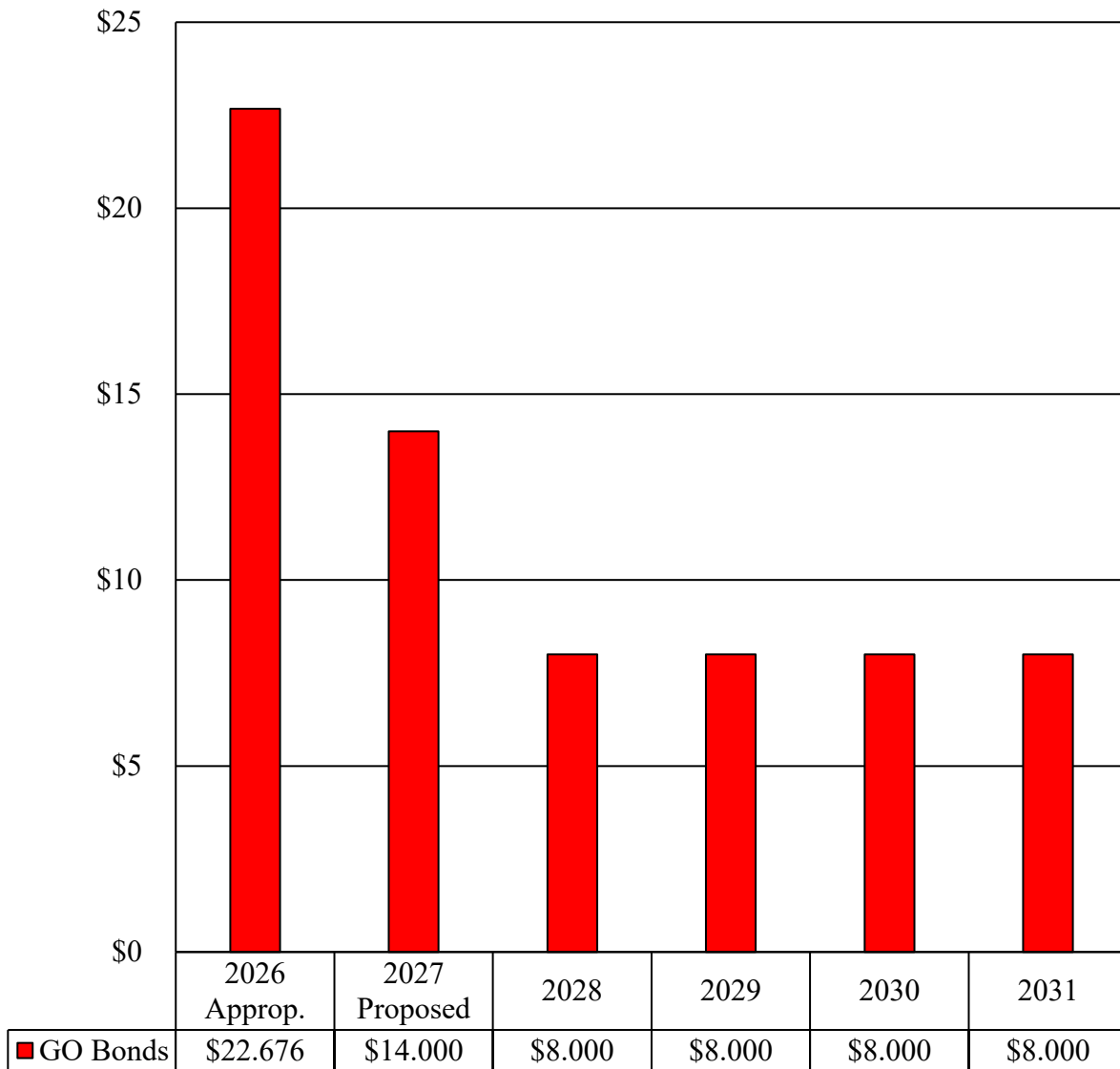


ZA01
Maryland Hospital Association – Capital
Miscellaneous Grant Programs

Capital Budget Summary

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



GO: general obligation

Key Observations

- ***Funding through the Private Hospital Grant Program (PHGP) Below Preauthorized Level:*** The fiscal 2027 capital budget provides \$14.0 million in general obligation (GO) bond funding for 14 PHGP matching fund grants, which represents a \$8.7 million decrease from the \$22.7 million authorized in fiscal 2026. Although the funding level in the fiscal 2027 request decreases from the fiscal 2026 authorized amount, the funding level is \$6.0 million above the level planned in the 2025 *Capital Improvement Program (CIP)*. Chapter 790 of 2024 formally established the PHGP in statute (Health General Article §19-310.4) and supported an annual \$20 million funding level for the program. Although the fiscal 2026 funding level exceeded the suggested funding level by \$2.6 million, the fiscal 2027 funding level is below the suggested funding level by \$6.0 million. Although there is no mandate or required funding level for the PHGP, the funding level is below the \$20.0 million preauthorized in the Maryland Consolidated Capital Bond Loan (MCCBL) of 2025 (Chapter 603).

GO Bond Recommended Actions

1. Approve all general obligation bond authorizations and amendments to prior authorizations for the Maryland Hospital Association.

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;

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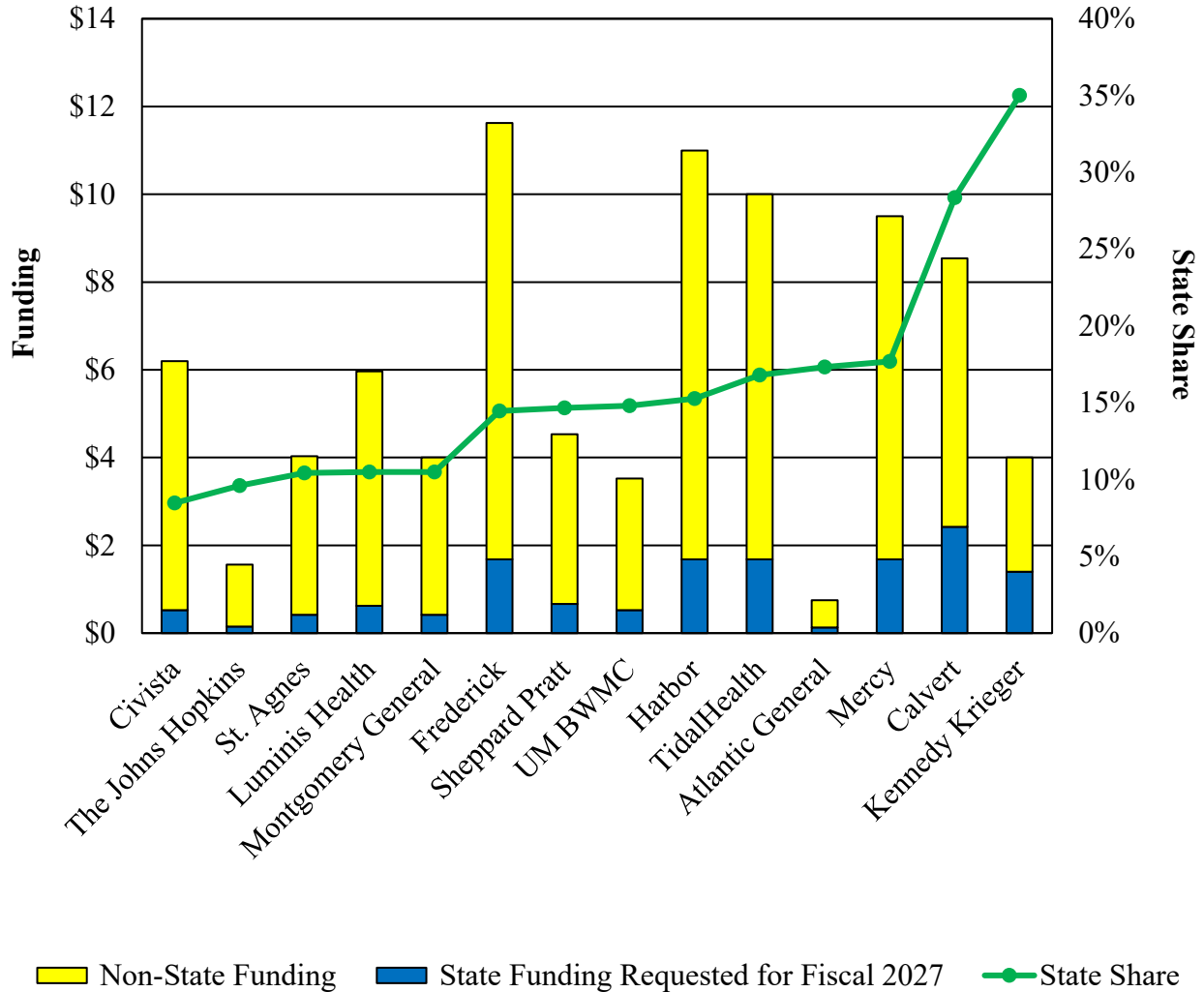
- encourages collaboration with other community partners where appropriate; and
- seeks to reduce potentially avoidable hospital utilization, resulting in more efficient and effective services where appropriate.

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 2027 PHGP request of \$14.0 million in GO bonds is distributed across 14 projects located in 10 jurisdictions. The exhibit also illustrates the percentage of project costs that are State funded. Funding decreases by \$8.7 million from \$22.7 million in fiscal 2026 to \$14.0 million in the fiscal 2027 request. However, the request is \$6.0 million over the anticipated fiscal 2027 authorization of \$8.0 million in the 2025 CIP. For most projects (11 of the 14 total projects), the share of the total project cost that is State funded is between 10% and 20%. However, there are two projects funded with a higher State-funding share including one project funded at a 28% State share and another funded at a 35% State share. All 14 of the projects reviewed by the committee receive some level of State funding, and the committee's recommendation to the Department of Budget and Management provided grant allocations at the \$20 million recommended and preauthorized funding level. The amount included in the budget reflects an across the board 30% reduction from what the committee recommended.

**Exhibit 1
Hospital Projects by Total Funding and State Share
Fiscal 2027
(\$ in Millions)**



UM BWMC: University of Maryland Baltimore Washington Medical Center

Source: Department of Budget and Management

As shown in Exhibit 1, the fiscal 2027 request includes 14 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 20%

- ***Kennedy Krieger Children’s Hospital – Outpatient Healthcare Hub (Prince George’s):*** This project constructs and equips a new outpatient healthcare hub dedicated to neurodevelopmental and neurorehabilitation services that offers specialized neurodevelopmental care, intensive rehabilitation therapies, behavioral health support, and trauma-informed mental health services. The proposed fiscal 2027 grant of \$1.4 million is 35% of the total project cost estimated at \$4.0 million.
- ***CalvertHealth Medical Center – Primary Care Renovation (Calvert):*** This project renovates and expands primary care practices by upgrading aging infrastructure, expanding clinical space, and integrating support services to address gaps in primary care access, chronic disease management, and behavioral health. The proposed fiscal 2027 grant of \$2.4 million is 28% of the total project cost estimated at \$8.5 million.

Projects with a State Share Between 10% and 20%

- ***Mercy Medical Center – Emergency Department Modernization (Baltimore City):*** This project renovates the emergency department including expanding triage capacity, creating fast-track area for lower-acuity patients, centralizing care team workstations, and implementing advanced monitoring and infection control systems to enhance patient experience, optimize throughput, and improve the safety of patients and staff. The proposed fiscal 2027 grant of \$1.7 million is 18% of the total project cost estimated at \$9.5 million.
- ***Atlantic General Hospital – Intensive Care Unit Renovation (Worcester):*** This project renovates and modernizes six Intensive Care Unit patient rooms and the central nursing station by upgrading patient rooms with new flooring, headwalls, medical gas systems, bariatric-capable lifts, and improved plumbing, in addition to reconfiguring nursing stations to enhance patient safety, infection prevention, and comfort. The proposed fiscal 2027 grant of \$130,000 is 17% of the total project cost estimated at \$750,000.
- ***TidalHealth Peninsula Regional – Inpatient Units Modernization (Wicomico):*** This project renovates and reconfigures three inpatient units to modernize aging infrastructure with upgraded lighting, HVAC, electrical, and plumbing support, in addition to reorganizing staff workspace and other rooms to support modern clinical technology and improve environmental safety. The proposed fiscal 2027 grant of \$1.7 million is 17% of the total project cost estimated at \$10.0 million.
- ***Harbor Hospital – Emergency Department Renovation (Baltimore City):*** This project expands treatment capacity and enhances the safety of patients and staff by renovating the front end of the emergency department including the Lobby and Reception in addition to

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the Triage and Intake spaces to accommodate more patients. The proposed fiscal 2027 grant of \$1.7 million is 15% of the total project cost estimated at \$11.0 million.

- ***University of Maryland Baltimore Washington Medical Center – Primary Care Access Relocation (Anne Arundel):*** This project relocates the existing senior primary care practice to a new location and renovates the ground floor of the primary care practice to expand the primary care clinical space and enhance access to primary care. The proposed fiscal 2027 grant of \$522,000 is 15% of the total project cost estimated at \$3.5 million.
- ***Sheppard Pratt Health System – Towson Campus Renovation (Baltimore County):*** This project renovates the Day Hospital, three Inpatient Units nurses' stations, and bathrooms to address growing health and safety concerns including mildew, inadequate lighting, unsafe and worn flooring, and wear on multiple surfaces, in addition to upgrading the kitchen with new equipment and HVAC Basement Chiller system. The proposed fiscal 2027 grant of \$665,000 is 15% of the total project cost estimated at \$4.5 million.
- ***Frederick Health Hospital – BirthPlace Renovation (Frederick):*** This project renovates the hospital's BirthPlace, which includes Labor and Delivery, Newborn Nursery, and the Postpartum/Antepartum units by upgrading the HVAC system, bathroom fixtures, and lighting and finishes in patient rooms to improve operational efficiency and patient safety. The proposed fiscal 2027 grant of \$1.7 million is 14% of the total project cost estimated at \$11.6 million.
- ***Montgomery General Hospital – Emergency Department Renovation (Montgomery):*** This project renovates the emergency department, including improving the front-end and back-end areas, streamlining operational efficiency, and increasing opportunities for clinical observation to provide a safer and higher level of care. The proposed fiscal 2027 grant of \$420,000 is 11% of the total project cost estimated at \$4.0 million.
- ***Luminis Health Doctors Community Medical Center – Cardiac Catheterization Lab and Radiology Suite Renovation (Prince George's):*** This project renovates procedure rooms in the Cardiac Catheterization Lab, Interventional Radiology Suite, and associated clinical support spaces to accommodate modern surgical environment standards and install countertops and construction materials to enhance current infection prevention and control measures, including reconfiguring nursing stations, workspaces, storage, and triage to create workflow efficiencies and increase throughput. The proposed fiscal 2027 grant of \$626,000 is 10% of the total project cost estimated at \$6.0 million.
- ***Saint Agnes Healthcare – Emergency Department Renovation (Baltimore City):*** This project improves patient experience, quality of care, and operational efficiency by renovating the emergency department, including creating an open and designated space for each level of treatment, enabling immediate patient assessment at entrance, and providing adequate space for low acuity patients to be treated without occupying beds. The proposed fiscal 2027 grant of \$420,000 is 10% of the total project cost estimated at \$4.0 million.

- ***The Johns Hopkins Hospital – Comprehensive Pediatric Sedation Unit (Baltimore City):*** This project modifies existing space to support the installation of equipment needed to construct a dedicated pediatric sedation unit to improve patient care and address increasing demand for sedation, in addition to converting existing space into a private space that can be used for pre-procedure radiology patient assessment. The proposed fiscal 2027 grant of \$150,000 is 10% of the total project cost estimated at \$1.6 million.

Projects with a State Share Below 10%

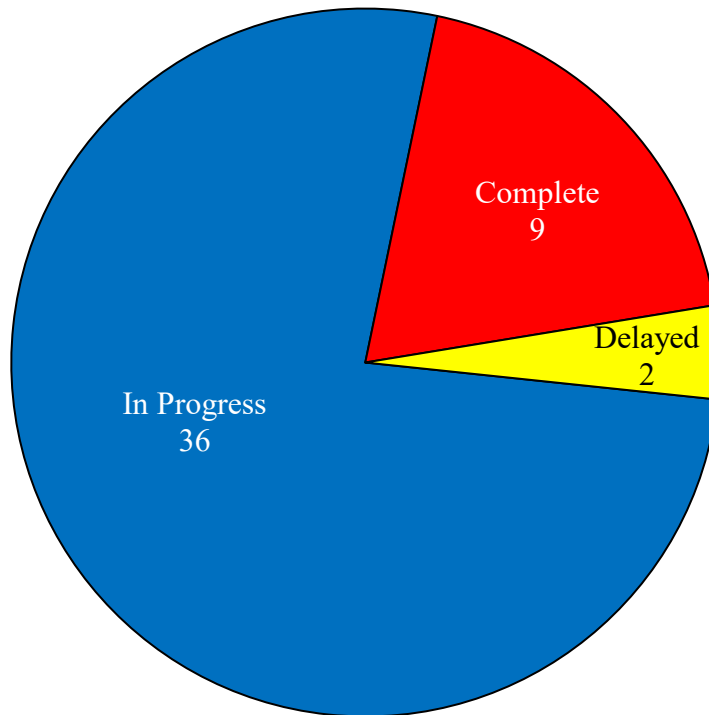
- ***Civista Medical Center – Interventional Radiology Laboratory (Charles):*** This project constructs a new Interventional Radiology Laboratory and expands storage spaces for Surgical Services, including reconfiguring the ground floor to relocate Nuclear Medicine into the former Interventional Radiology Laboratory and expand Materials Management Storage into the former Nuclear Medicine to improve clinical care, safety of patients and staff, operational efficiency, and disaster preparedness. The proposed fiscal 2027 grant of \$525,000 is 8% of the total project cost estimated at \$6.2 million.

Issues

1. Update on the Status of Projects

According to data from MHA's report on encumbrances and expenditures, there are 47 projects with active unencumbered balances. **Exhibit 2** shows the status of the 47 projects. Of these projects, 9 are complete, 36 are in progress and on track to be completed within the seven-year grant term, and 2 are delayed. Of the 36 projects in progress, 22 projects are new grants awarded in calendar 2025. The first delayed project is the Sheppard Pratt Health System's Adolescent Residential Treatment Center Renovation authorized for \$500,000 in calendar 2024, which is delayed due to the project's permit still being reviewed by the county. However, the project is estimated to be completed within the grant term. The second delayed project is the Union Hospital of Cecil County Behavioral Health Crisis Assessment and Stabilization Center project authorized in calendar 2017 for \$786,000. The project is planned to be deauthorized in the CIP due to no longer being able to move forward, as the grant was awarded prior to the hospital being merged with ChristianaCare.

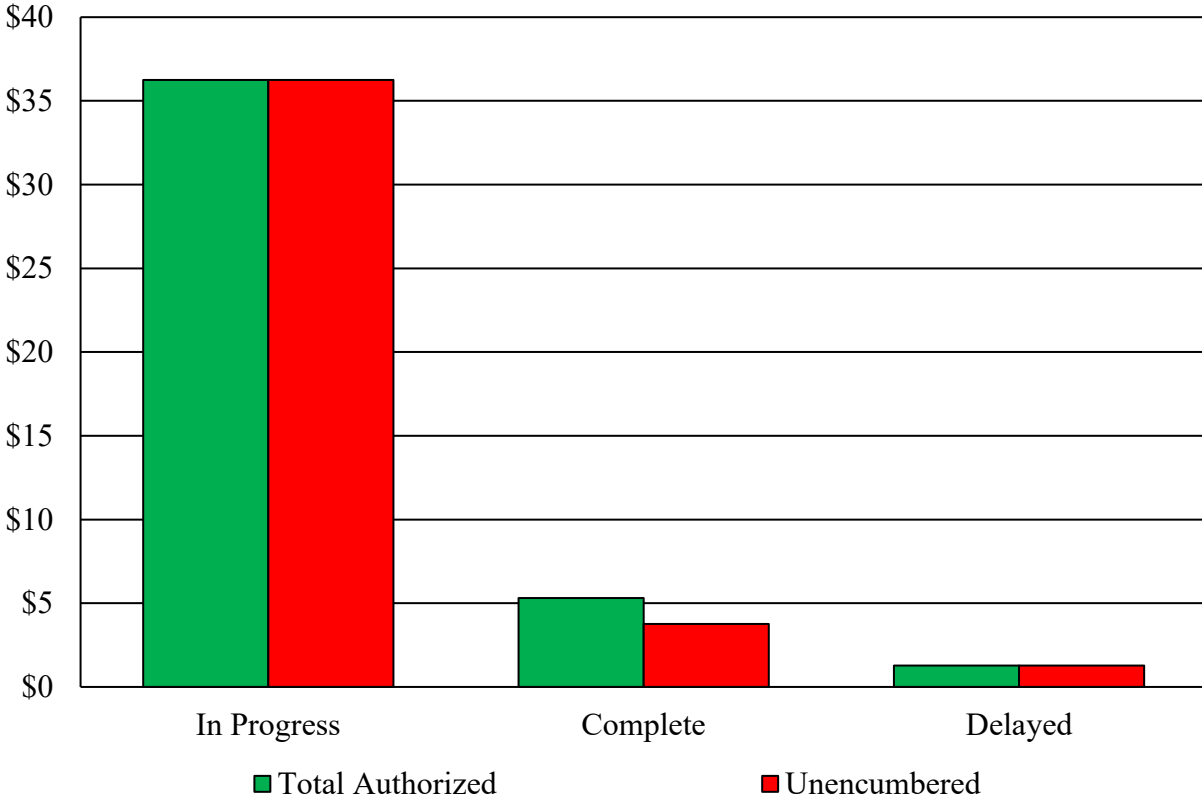
Exhibit 2
Status of Projects with Reported Unencumbered Balances



Source: Maryland Hospital Association

Exhibit 3 compares the total authorized funding to the total unencumbered amount for projects with reported unencumbered balances, showing that most projects in progress remain completely unencumbered. For instance, the 36 projects with reported unencumbered balances whose status was in progress represent \$36.3 million in total authorized funds, 100% of which remain unencumbered. For the 9 projects with reported unencumbered balances whose status was complete, 71% of the total \$5.3 million in authorized funds remain unencumbered. MHA reported that hospitals oftentimes wait until a project is complete before submitting contracts to the Department of General Services (DGS) to encumber these funds. However, MHA reported that it would begin encouraging hospitals to encumber funds as the project progresses, as hospitals have reported experiencing delays throughout the process partly attributed to DGS’ processing timelines.

Exhibit 3
Unencumbered Amounts for Projects with Reported Unencumbered Balances
(\$ in Millions)



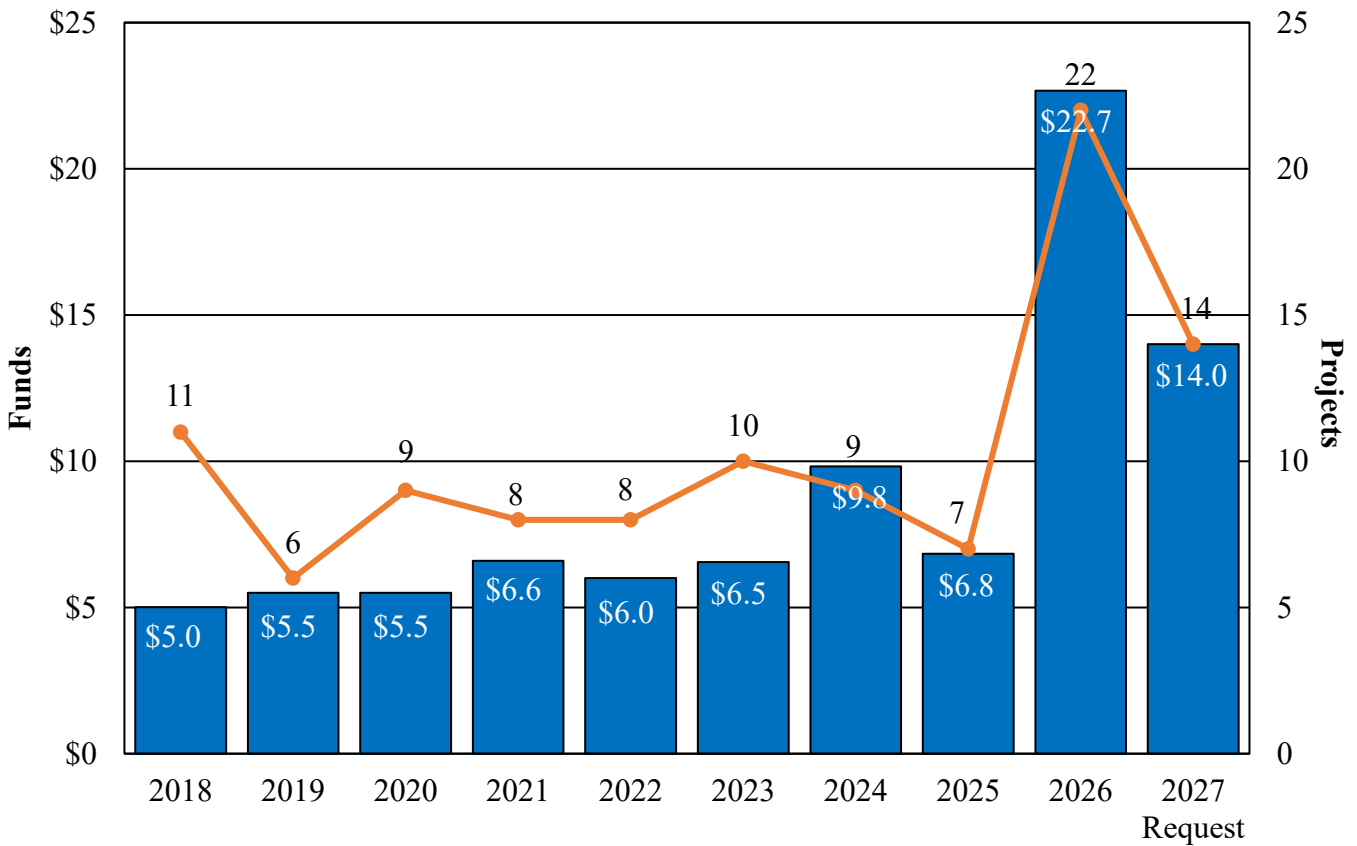
Source: Maryland Hospital Association

2. Proposed Funding for the Private Hospital Grant Program Decreases in Fiscal 2027 but Remains Higher Than in Prior Years

Chapter 790 provides that the Governor may include an appropriation of \$20 million for the PHGP for fiscal 2026 and each fiscal year thereafter. **Exhibit 4** shows the increase in the total funds received and projects funded through the PHGP in fiscal 2027 compared to prior years. Prior to Chapter 790, the total funds received through the PHGP since fiscal 2018 ranged from a low of \$5.0 million in fiscal 2018 to a high of \$9.8 million in fiscal 2024. Funding significantly increased beginning in fiscal 2026, with a total of \$22.7 million to fund 22 projects, which surpassed the intended funding level in Chapter 790 by \$2.7 million. The fiscal 2027 capital budget plan is \$6.0 million lower than intended funding level of \$20.0 million suggested by Chapter 790, and the preauthorized amount in the MCCBL of 2025 (Chapter 603). However, the funding level in

fiscal 2027 still reflects a significant increase from the funds approved for the PHGP from fiscal 2017 through 2025. The CIP still programs outyear funding levels at \$8.0 million in fiscal 2028 through 2031, consistent with the level of funding programmed in the 2024 CIP before the enactment of Chapter 790. As Chapter 790 does not establish a mandated funding level, out-year funding decisions remain in part dependent on the volume and amount of eligible grant requests.

**Exhibit 4
Total Funds and Projects Funded
Fiscal 2018-2027 Request
(\$ in Millions)**



Source: Department of Budget and Management