



Senate Bill 126- Creation of a State Debt - Maryland Consolidated Capital Loan of 2019
Position: Support with Amendments

Process

MHA has been a dedicated steward of the Private Hospital Facilities Grant Program since its inception in 1993. This year, ten hospitals submitted applications, requesting a total of \$10.4 million. Of the ten applications submitted, nine were recommended by the committee. The funding will enhance health care services throughout the state, with a focus on improving patient safety, providing therapeutic spaces for special needs populations, expanding access to primary care, enhancing chronic disease management, and reducing avoidable emergency department utilization. *Also, several applications focused on increasing capacity to care for individuals experiencing opioid and behavioral health crisis.*

Applications were submitted in June and reviewed by an independent consultant. In August, each applicant presented a proposal to the review committee (composed of peer hospital leaders, Department of Budget & Management staff, the consultant and MHA staff). The review committee evaluates applications using a formal process that aligns with the bond evaluation criteria, weighting and scoring system. The committee takes pride in achieving the state's goal of undertaking a fair and rigorous review process that prioritizes worthy capital projects.

Rationale for Recommendations

Although the program funding projection is \$5.5 million for fiscal year 2020, we urge you to consider fully funding the Review Committee's recommendations, totaling \$7.7 million. Each project was scored on criteria aligned with the goals of *Maryland's Total Cost of Care Model*, including holding cost growth in check across all care settings, improving quality, and improving the health of whole communities. The Private Hospital Facilities Grant Program has remained at the same level of funding since its inception in the 1990's by the General Assembly, with no consideration for inflation or construction costs. We believe the increased funding request would take these considerations into account.

Recommendations

The nine projects recommended for funding are in the following jurisdictions: Anne Arundel County, Baltimore City, Baltimore County, Carroll County, Howard County, Montgomery County, and Wicomico County. These projects improve access and quality of obstetric care delivery, encourage maternal bonding and family involvement for special needs babies, promote the establishment of safe and therapeutic spaces for vulnerable and sensitive emergency department patients (including behavioral health patients, victims of domestic violence/sexual assault and pediatric mental health patients), and connect underserved populations with primary care physicians to promote chronic disease management and reduce avoidable emergency department utilization.

Anne Arundel Medical Center

Recommended Allocation:

\$484,000

The renovation of an area within the North Hospital Pavilion will allow for the co-location of a suite providing services for two of the most vulnerable and sensitive patient populations seen in

the emergency department: domestic violence/sexual assault victims and pediatric mental health patients. Renovations will improve the safety and privacy of these patients and enable the hospital to continue to serve these populations as volume and complexity increase. A private suite for domestic violence/sexual assault patients will create a centralized, comforting, and safe space for this traumatized population and adhere to best practices that recommend a separate waiting area. Renovations will also allow for more forensic nurse examiner training sessions, which will help increase recruitment and retention, combating the national shortage of these specially trained nurses.

Carroll Hospital Center

Recommended Allocation: **\$1,000,000**

The construction of a modern, 12-bed critical care unit will improve patient care by increasing each room's size, as well as provide improved line of sight for nurses, and create a more efficient workspace for staff. Current patient rooms can only accommodate one visitor and one staff member. Increasing the size will accommodate larger, modern technology and allow for in-room services like continuous dialysis. The renovation will also allow for in-room instruction for family members on how to care for their loved ones and eliminate the visitor restrictions due to space constraints.

Holy Cross Hospital

Recommended Allocation: **\$1,000,000**

The renovation of space within Holy Cross Hospital's labor and delivery unit will include the triage and perinatal diagnostic center, the operating rooms and post-anesthesia care unit. These renovations will help accommodate the increased volume of women seeking services and ensure operating rooms meet current standards.

Howard County General

Recommended Allocation: **\$692,900**

Howard County General's construction of a comprehensive breast center within the Berman Pavilion will allow for the co-location of services such as: imaging, radiation oncology services, surgery, and therapeutic services such as yoga and acupuncture. The addition of a patient navigator will help ensure patients receive coordinated care. This renovation is expected to expand not only the services delivered, but also the service hours, reducing gaps in care and allowing patients to avoid having to travel long distances to access these services.

MedStar Southern Maryland

Recommended Allocation: **\$1,000,000**

The construction and renovation of MedStar Southern Maryland's emergency department will improve the patient experience by creating efficiencies and improving operational flow. This project will expand the number and size of emergency department beds from 28 undersized rooms to 36 right-sized spaces; square footage will increase from 12,800 feet to 25,500 feet. The modernization will include flexible space that can be utilized for special populations such as

behavioral health and pediatric patients. Also, the lobby and waiting areas will be expanded to accommodate the annual 49,000 visitors.

MedStar Southern Maryland project was reviewed by the Maryland Health Care Commission for Certificate of Need determination. A project must either not require a CON or have the CON approved to apply to the Private Hospital Bond Program. The hospital's entire project estimated at \$29.8M would require a CON. The applicant did not request increased hospital rates more than \$1.5M, therefore it is exempted from the need for approval of a CON to proceed with the project, therefore the project was approved to apply for bond funding.

**MedStar Union Memorial
Recommended Allocation:**

\$425,000

The renovation of MedStar Union Memorial's clinical space for a multi-provider flex care/primary care practice will increase access to primary and preventive care for the 4,000 members of the hospital's surrounding community. In addition, the practice will provide care for low acuity emergency department patients who would be more appropriately served in a primary care setting. This project will improve the long-term health of the community by connecting patients with primary care providers. Also, the utilization of costly emergency department services is expected to drop, reducing overcrowding and wait times for patients who need emergency care.

**Mercy Medical Center
Recommended Allocation:**

\$1,141,300

The two-level renovation of the Mead building, adjacent to Mercy's hospital campus in downtown Baltimore, will provide obstetrical physician services to an underserved community, increasing the number of women receiving prenatal care. The practice is expected to serve more than 5,000 patients. Additionally, the renovation will allow for the expansion of a population health program focused on complex and rising-risk patients in need of chronic disease management. The expansion of this program will establish a post-discharge clinic, after-hours care, and a wellness center. The program is expected to provide population health interventions to an estimated 100,000 patients.

**Peninsula Regional Medical Center
Recommended Allocation:**

\$1,000,000

The redesign and renovation of the fourth floor of Peninsula Regional Medical Center's east tower will create a special care nursery with single family rooms instead of the current open bay unit. The renovation will improve neonatal outcomes, especially for premature infants and babies diagnosed with neonatal abstinence syndrome, and allow parents to be present 24/7, increasing parent confidence and decreasing the hospital length of stay. The remaining space will be renovated to accommodate the relocation of an eight-bed pediatric unit from the first floor.

University of Maryland St. Joseph Medical Center

Recommended Allocation:

\$1,000,000

The University of Maryland St Joseph Medical Center's emergency department renovation will create a nine-bed emergency care flex area to serve behavioral health patients. The renovation will enhance the safety and security of patients and staff, while enabling staff to meet patient needs within a space conducive to healing. The flexible nature of the space means any or all the nine beds can be used for medical patients if necessary. The space will include a day room for patients to spend time, a seclusion room, a secure medication station, and secure nutrition station.

Certificate of Need Modernization

Under Maryland's unique Total Cost of Care agreement with the federal government, Maryland's hospitals are working to lower costs and improve population health. In addition to treating illness and injury, hospitals are reaching out beyond their four walls to keep people well and improve the health of the communities they serve. Yet, Maryland's State Health Plan, which includes the Certificate of Need (CON) program, contains some policies that are nearly 20 years old.

In June 2017, the chairs of the Senate Finance and House Health and Government Operations Committees asked MHCC to study CON and address two issues: changed incentives under Total Cost of Care, and the complicated, burdensome CON application process. Both MHCC and the Maryland Hospital Association formed diverse and representative work groups. Both groups concluded that CON is a necessary tool to ensure access to quality service and efficient care delivery, and CON with the State Health Plan should align with the goals of Maryland's Total Cost of Care agreement. In addition, a recommendation was made to seek statutory changes to increase the hospital capital threshold to the lesser of: 25 percent of each hospital's annual hospital revenue or capped at \$50 million.

This provision streamlines the CON application process and eliminates the need to file applications for projects that are limited to hospital renovations. Should this statutory recommendation be modified, MHA only anticipates a slight increase of applications for the private hospital bond program. Most hospitals will require CON and need to take the pledge to secure rates for services. These requirements make those programs ineligible for the bond program. MHA recommends that the Health Service Cost Review Commission (HSCRC) should implement a new, clear and transparent capital funding policy. Hospitals need to understand the rules and incentives to fund capital projects through hospital rates.

Report on Prior Year Hospital Associated Projects-Oversight of Program

MHA contacted 27 hospitals regarding 41 projects identified by the Department of General Services (DGS) and the comptroller's office as having unencumbered balances. One of the hospitals, University of Maryland Midtown Campus, requested to return the balance of their grant, \$65,988.44, since the project was complete and there were no additional eligible expenditures expected. While conducting this review, MHA participated in a work group with the Department of General Services and the Department of Budget & Management to respond to a request from the 2018 Joint Chairmen's report to provide recommendations to improve oversight of the Private Hospital Grant Program (PHGP). Through this process, the work group agreed upon several recommendations that are expected to improve internal processes and

communication between the involved state agencies and MHA. Some of these recommendations, including copying MHA staff on electronic correspondence and member training, have been implemented and as a result, communication between the state agencies, MHA and grantees is improving.

Fort Washington Medical Center Emergency Department renovation project is currently starting phase three of seven total phases. A considerable delay occurred at the outset because of factors associated with the construction contract, and the Prince George's County permitting process. The sequencing of various construction phases was necessary to maintain enough and timely patient volume through the Emergency Department. The Fort Washington Medical Center has high patient volume, and it is important that the hospital not limit access for patients that might extend wait time. The project is over 25 percent completed and is expected to be fully completed by the fall of 2019.

Department of Legislative Services' Recommendations

Amendments to concur by DLS include: The 2019 capital Budget Bill includes amendments to two prior authorized PHGP grants. Both pertain to Adventist Healthcare Hospital Shady Grove Medical Center, which was renamed from both the Adventist Behavioral Health in the 2015 authorization and the Adventist Behavioral Health and Wellness in the 2016 authorization. The funding amount has not changed in either instance. The 2015 authorized amount was amended in the 2018 session to extend the matching fund requirement to June 1, 2020.

We thank the committee and ask for consideration of fully funding the proposed projects at the recommended amount with the amendment to address Adventist Health System's name change. We ask the committee for a favorable committee report on ***SB 126 with the proposed amendments.***