

**ZA01**  
**Maryland Hospital Association**  
**Miscellaneous Grant Programs**

***Capital Budget Summary***

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

<i>Program</i>	<i>2014 Approp.</i>	<i>2015 Approp.</i>	<i>2016 Request</i>	<i>2017 Estimate</i>	<i>2018 Estimate</i>	<i>2019 Estimate</i>	<i>2020 Estimate</i>
Private Hospital Grant Program	\$5.764	\$5.193	\$3.612	\$5.000	\$5.000	\$6.000	\$6.000
<b>Total</b>	<b>\$5.764</b>	<b>\$5.193</b>	<b>\$3.612</b>	<b>\$5.000</b>	<b>\$5.000</b>	<b>\$6.000</b>	<b>\$6.000</b>

<i>Fund Source</i>	<i>2014 Approp.</i>	<i>2015 Approp.</i>	<i>2016 Request</i>	<i>2017 Estimate</i>	<i>2018 Estimate</i>	<i>2019 Estimate</i>	<i>2020 Estimate</i>
GO Bonds	\$5.764	\$5.193	\$3.612	\$5.000	\$5.000	\$6.000	\$6.000
<b>Total</b>	<b>\$5.764</b>	<b>\$5.193</b>	<b>\$3.612</b>	<b>\$5.000</b>	<b>\$5.000</b>	<b>\$6.000</b>	<b>\$6.000</b>

GO: general obligation

## ***Summary of Recommended Bond Actions***

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1. Adventist Behavioral Health Potomac Unit Renovations  
Approve.
2. Doctors Community Hospital Crescent Cities Center Renovation  
Approve.
3. Mercy Medical Center  
Approve.
4. University of Maryland Medical Center Midtown Campus Renal Dialysis Unit  
Add Maryland General Hospital, Inc., as a co-grantee to the project.
5. Washington Adventist Hospital Center for Advanced Care  
Approve.
6. Section 2 – Maryland Hospital Association – Union Memorial Hospital  
Approve the de-authorization of funds remaining from a prior authorization.
7. Section 2 – MedStar – Good Samaritan Hospital  
Provide a two-year extension for a prior authorization.

## ***Budget Overview***

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The Private Hospital Facilities Grant Program is designed to provide State support for the capital needs of Maryland’s independent hospitals. Established in 1994, the program provides grants to assist in new construction and major renovations to hospitals that promote State health objectives. The projects are selected annually for funding by a committee appointed by the Maryland Hospital Association (MHA). MHA represents 66 institutions. The 11-person selection committee consists of 7 hospital trustees and 4 hospital executives from throughout the State.

Each project had customarily been identified through an individual bond bill, although in time, the projects were ultimately folded into the capital bill. Beginning in fiscal 2010, the projects have been included in the capital bill as introduced.

The criteria used to rate applications for funding under this program are:

- how the project will improve patient care, particularly access to primary and preventive services;
- how the project improves the patient safety environment;
- how the project serves unmet community, health, and related social needs;
- whether project services are supplied by a sole provider;
- whether the project is in an underserved area;
- whether projects are of a regional or statewide significance;
- how the project encourages collaboration and the development of provider networks; and
- whether the community has demonstrated financial support for the project.

**Exhibit 1** details the five projects proposed for funding in fiscal 2016.

**Exhibit 1**  
**Maryland Hospital Association**  
**Private Hospital Grant Program**

<u>Subdivision</u>	<u>Project Title and Purpose</u>	<u>Total Estimated Cost</u>	<u>Fiscal 2016 State Share Amount</u>	<u>State Share (%)</u>
Baltimore City	<b>Mercy Medical Center:</b> Renovate a building in downtown Baltimore City to provide primary care services.	\$4,044,386	\$1,900,000	47.0%
Baltimore City	<b>University of Maryland Medical Center Midtown Campus:</b> Provide a new location for the existing Renal Dialysis Unit.	1,937,400	750,000	38.7%
Montgomery	<b>Adventist Behavioral Health:</b> Renovate the Potomac Unit.	680,577	334,000	49.1%
Montgomery	<b>Washington Adventist Hospital:</b> Renovate the Center for Advanced Wound Care and Hyperbaric Medicine.	504,551	248,000	49.2%
Prince George's	<b>Doctors Community Hospital:</b> Renovate the Crescent Cities Center to establish the Doctors Community Healthcare Center.	760,000	380,000	50.0%
<b>Total</b>		<b>\$7,926,914</b>	<b>\$3,612,000</b>	

Source: Maryland Hospital Association; Department of Budget and Management

The total amount in the allowance is currently at \$3.6 million, which is below the \$5.0 million that is traditionally included for this program in the *Capital Improvement Program*. MHA notes that due to concerns surrounding the new Medicare waiver, hospitals around the State were having to reevaluate how much they could spend under their global budgets for capital needs. As such, these are the only five requests that MHA received for the program for the current year. Moving forward, MHA expects that they will continue to receive more requests for funding.

The Department of Legislative Services (DLS) also notes that there is additional funding for hospitals beyond the MHA program in the fiscal 2016 capital budget – specifically, funding for the University of Maryland Medical System (UMMS) (\$9.0 million), and the Prince George's Hospital System (\$30.0 million). UMMS typically does not receive support in the MHA program; however, as noted in Exhibit 1, UMMS is included in the MHA program in fiscal 2016 for a separate project. The funding for Prince George's Hospital System is tied to a larger State commitment for that system.

## ***Prior Authorizations and De-authorizations***

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The fiscal 2016 capital bill also includes an amendment to a 2012 authorization made under the MHA program to Union Memorial Hospital in Baltimore City. Specifically, a grant of \$242,500 was made to assist in the renovation and expansion of the renal dialysis unit. However, once Union Memorial Hospital was ready to begin the project, they discovered that the space for the unit was within a building that falls under the Maryland Historical Building guidelines. As such, the project was going to be more involved and more expensive than previously estimated. Union Memorial Hospital subsequently decided that they were no longer going to move forward with this project, and thus, the funding is being de-authorized.

There is also a project that requires an extension to a prior authorization from 2013. MedStar Good Samaritan Hospital was authorized a grant for \$375,000 to renovate its cancer center. This particular project was delayed due to concerns the hospital had about the appropriate scope and nature of this renovation stemming from concerns about how the hospital would have to operate under the new Medicare waiver and the global budgets. After reevaluating the project, the hospital has decided to once again move forward. While the MHA program includes specific language that requires proposals to be ready to move forward in the fiscal year of the award, it is apparent that concerns regarding the Medicare waiver have caused all hospitals in the State to reevaluate their capital priorities. **Thus, DLS recommends adding language to extend the period for expenditure or encumbrance of funds for this project by two years.**

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### **Exhibit 2 De-authorizations**

<b>Project</b>	<b>De-authorized Amount</b>	<b>Reason</b>
Union Memorial Hospital	\$242,500	Unable to move forward with project.

Source: Department of Budget and Management, 2015 *Capital Improvement Program*

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***GO Bond Recommended Actions***

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1. Approve the \$334,000 general obligation bond authorization for Adventist Behavioral Health.
2. Approve the \$380,000 general obligation bond authorization for Doctors Community Hospital.
3. Approve the \$1,900,000 general obligation bond authorization for Mercy Medical Center.
4. Add Maryland General Hospital, Inc., as a co-grantee to the project.

ZA01D	University of Maryland Medical Center Midtown Campus Renal Dialysis Unit.....	\$ 750,000
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Add the following language:

University of Maryland Medical Center Midtown Campus. Provide a grant to the governing board of the University of Maryland Medical Center Midtown Campus, and to Maryland General Hospital, Inc., to renovate the University of Maryland Medical Center’s Midtown Campus to provide a new location for the existing Renal Dialysis Unit, subject to the requirement that the grantee provide an equal and matching fund for this purpose, provided that notwithstanding Section 6 of this Act, work may commence on this project prior to the appropriation of all funds necessary to complete this project (Baltimore City) .....

**Explanation:** This language adds Maryland General Hospital, Inc. as a co-grantee to the project.

5. Approve the \$248,000 general obligation bond authorization for Washington Adventist Hospital.
6. Approve the de-authorization of funds remaining from a prior authorization for Union Memorial Hospital.

*ZA01 – MISC – Maryland Hospital Association*

7. Provide a two-year extension for a prior authorization.

ZF3850                      Section 2 – MedStar – Good Samaritan Hospital .....                      \$ 0

Add the following language:

ZA01    MARYLAND HOSPITAL ASSOCIATION

(F)                      MedStar Good Samaritan Hospital. Provide a grant to the Board of Directors of The Good Samaritan Hospital of Maryland, Inc. to assist in the expansion of the Cancer Center at MedStar of Good Samaritan Hospital in Baltimore City, subject to the requirement that the grantee provide an equal and matching fund for this purpose. Notwithstanding the provisions of Section 1(5) of this Act, the matching fund may consist of funds expended prior to the effective date of this Act AND THE GRANTEE HAS UNTIL JUNE 1, 2017, TO PRESENT EVIDENCE THAT A MATCHING FUND WILL BE PROVIDED. NOTWITHSTANDING SECTION 1(7) OF THIS ACT, THIS GRANT MAY NOT TERMINATE BEFORE JUNE 1, 2022 (Baltimore City) .....    375,000

**Explanation:** This language amends a prior authorization to extend the date upon which the grantee must certify availability of matching funds, and extends the termination date.