

MA01
Maryland Department of Health – Capital

Capital Budget Summary

State-owned Capital Improvement Program
(\$ in Millions)

Projects	Prior Auth.	2022 Request	2023 Est.	2024 Est.	2025 Est.	2026 Est.	Beyond CIP
Renovation of the Clifton T. Perkins North Wing	\$2.672	\$0.106	\$6.664	\$17.764	\$12.209	\$0.000	\$0.000
Demolish Various Decommissioned Buildings at the Maryland Department of Health Facilities	0.000	0.000	\$1.261	\$3.172	\$5.798	\$5.798	\$2.897
Future Master Plan Projects	0.000	0.000	0.000	0.000	\$15.000	\$20.000	n/a
Total	\$2.672	\$0.106	\$7.925	\$20.936	\$33.007	\$25.798	\$2.897

Fund Source	Prior Auth.	2022 Request	2023 Est.	2024 Est.	2025 Est.	2026 Est.	Beyond CIP
GO Bonds	\$2.672	\$0.106	\$7.925	\$20.936	\$33.007	\$25.798	\$2.897
Total	\$2.672	\$0.106	\$7.925	\$20.936	\$33.007	\$25.798	\$2.897

CIP: *Capital Improvement Program*
GO: general obligation

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

Program	2020 Approp.	2021 Approp.	2022 Request	2023 Est.	2024 Est.	2025 Est.	2026 Est.
Community Health Facilities Grant Program	\$6.500	\$6.500	\$6.500	\$6.500	\$6.500	\$6.500	\$6.500
Federally Qualified Health Centers Grant Program	2.500	2.500	2.500	2.500	2.500	2.500	2.500
Total	\$9.000	\$9.000	\$9.000	\$9.000	\$9.000	\$9.000	\$9.000

Fund Source	2020 Approp.	2021 Approp.	2022 Request	2023 Est.	2024 Est.	2025 Est.	2026 Est.
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GO Bonds	\$9.000	\$9.000	\$9.000	\$9.000	\$9.000	\$9.000	\$9.000
Total	\$9.000	\$9.000	\$9.000	\$9.000	\$9.000	\$9.000	\$9.000

GO: general obligation

Key Observations

- Further delays in funding for the Clifton T. Perkins (Perkins) North Wing Renovation.
- The department is still finalizing the facilities master plan, which was previously expected in April 2020. The *Capital Improvement Program* (CIP) programs funding for both the decommissioning and demolition of vacant building and a placeholder for the construction of new facilities to be identified by the master plan.

Summary of Recommended Bond Actions

1. Community Health Facilities Grant Program
Approve \$6,500,000 in general obligation bonds.
2. Federally Qualified Health Centers Grant Program
Approve \$2,500,000 in general obligation bonds.
3. Clifton T. Perkins Hospital North Wing Renovation
Approve \$106,000 in general obligation bonds.
4. SECTION 2 – Maryland Department of Health – Clifton T. Perkins Hospital
Approve amendment to the prior authorization.
5. SECTION – 2 – Maryland Department of Health – Clifton T. Perkins Hospital II
Approve amendment to the prior authorization.

Summary of Issues

The department’s facility master plan is still outstanding, while funding in the out-years represents projects directed from the plan’s findings.

The renovation of the Perkins North Wing is continuing to experience delays, with project expenditures now extending into fiscal 2025.

Budget Overview

Changes to Funding Limits for the Maryland Department of Health Grant Programs

Chapter 386 of 2019 went into effect on October 1, 2019, and impacts both the Community Health Facilities Grant Program (CHFGP) and the Federally Qualified Health Centers (FQHC) grant program. This legislation increases the State funding limits for both programs from 75% to 90%. Fiscal 2022 is the first year that this increased funding limit has been implemented by the Maryland Department of Health (MDH). This increased funding levels applied to both the FQHC grant program and the CHFGP. Even with this increased funding levels being implemented, only one FCHQ project and two CHFGP projects ultimately use 90% State funds. However, the CHFGP does have one other project that exceeds the former funding threshold.

Community Health Facilities Grant Program

The fiscal 2022 capital budget provides \$6.5 million for the CHFGP, which is consistent with what was programmed for fiscal 2022 in the 2020 CIP. The CHFGP is funded at \$6.5 million annually through fiscal 2026, which is also consistent with programmed funding levels in the 2020 CIP.

MDH has selected 10 projects for capital grant funding between 8 jurisdictions, outlined in **Exhibit 1**. Eight of the projects were recommended by the Behavioral Health Administration, and the remaining two were recommended by the Developmental Disabilities Administration.

Although the total value of the fiscal 2022 grant is slightly over \$7 million, the department intends to use \$581,000 of available unencumbered funds that reduces the amount needed to the \$6.5 million proposed. This cash flow adjustment allows the department to make grant awards in excess of available funds and accounts for the time that it takes for grant recipients to begin to draw down grant awards.

**Exhibit 1
CHFGP Proposed Projects
Fiscal 2022**

<u>County</u>	<u>Project</u>	<u>Total Estimated Cost</u>	<u>Prior Authorization</u>	<u>Fiscal 2022 Request</u>	<u>Future Request</u>	<u>Total State Share</u>
Anne Arundel	People Encouraging People, Inc.: Acquire and renovate two to three affordable rental housing units to provide housing to nonelderly, low-income individuals with mental health, substance use, and co-occurring disabilities.	\$1,235,000		\$500,000	\$550,000	85%
Anne Arundel	Serenity Sistas, Inc.: Create a new recovery residence and recovery community center to serve high-risk women in Annapolis and Anne Arundel County. The new recovery residence will increase the organizations bed capacity by 15 and will operate as a level III recovery residence. The facility will house women who predominately face opioid use disorders for up to their first 120 days of sobriety.	1,499,000	573,000	547,000		75%
Baltimore City	Tuerk House, Inc.: The third phase of the renovation for the Tuerk House main campus in Baltimore City. Space will be reconfigured to increase bed capacity and upgrades will be made to heating, plumbing, and electrical work. The dining room will also be expanded, and kitchens and bathrooms renovated.	5,910,000	2,837,000	1,300,000		70%

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<u>County</u>	<u>Project</u>	<u>Total Estimated Cost</u>	<u>Prior Authorization</u>	<u>Fiscal 2022 Request</u>	<u>Future Request</u>	<u>Total State Share</u>
Baltimore County	Key Point Health Services, Inc.: Purchase one supportive housing home with three individual bedrooms to serve individuals suffering from mental health disorders. The property purchased will be within the immediate vicinity of Key Point Health Service's current outpatient locations, either in Dundalk or Catonsville.	350,000		315,000		90%
Baltimore County	Main Street Housing, Inc.: Purchase and renovate properties to provide housing for at least four individuals with mental health disorders and limited income. The targeted properties will be multi-units with a focus on the Catonsville area.	350,000		307,000		88%
Carroll	Way Station, Inc.: Replacing of HVAC equipment in two buildings that house the residential transitional program. This program provides housing and transitional support for patients discharged from Springfield Hospital Center, but not yet ready for community placements. The buildings themselves are located on the Springfield campus.	1,600,000		1,200,000		75%
Howard	Mission First Housing Development Corporation: Construct eight affordable housing units for individuals with intellectual and developmental disabilities. The project will be located within the construction of a new 76-unit Patuxent Commons project located in Columbia.	3,636,000		800,000	800,000	44%

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<u>County</u>	<u>Project</u>	<u>Total Estimated Cost</u>	<u>Prior Authorization</u>	<u>Fiscal 2022 Request</u>	<u>Future Request</u>	<u>Total State Share</u>
Montgomery	Cornerstone Montgomery, Inc.: Renovate and improve three to four houses in Cornerstone Montgomery's Residential Rehabilitation Program and Residential Crisis Program. These renovations will expand the capacity to serve clients with physical needs and sustained care to those with needs for ADA compliant facilities.	1,016,000		457,000	457,000	90%
Washington	The Arc of Washington County, Inc.: Renovate 30-year old main campus buildings, totaling 37,000 square feet, where integrated comprehensive services and support that are provided to children and adults with a wide array of intellectual and developmental disabilities. The renovations include a more contemporary floor plan and the repair of deteriorated facilities.	5,500,000	750,000	750,000		27%
Wicomico	Lower Shore Clinic, Inc.: Construction of a new facility to provide space for a day program, mental health and substance disorder counseling services, and food distribution.	2,600,000		905,000	905,000	70%
Statewide	Available Funds Adjustment	-581,000		-581,000		100%
Total		\$23,115,000	\$4,160,000	\$6,500,000	\$2,712,000	

ADA: Americans with Disabilities Act
 CHFPG: Community Health Facilities Grant Program

Source: Fiscal 2022 *Capital Improvement Program*

Much like previous grant cycles of the CHFPG, many of the projects focus on expanding housing opportunities, adding units or beds for individuals with either behavioral health or

developmental disabilities diagnoses. **Exhibit 2** below highlights the projects adding treatment capacity to the State.

Exhibit 2
Additional Beds and Housing Units through CHFPG
Fiscal 2022

<u>Focus Population</u>	<u>Project Name</u>	<u>Units of Service Increase</u>
DDA	Mission First Housing Development Corporation	8 Units
BHA	People Encouraging People	2-3 Units
BHA	Serenity Sistas, Inc.	15 Beds
BHA	Tuerk House, Inc.	16 Beds
BHA	Key Point Health Services, Inc.	3 Units
BHA	Main Street Housing, Inc.	4 Units

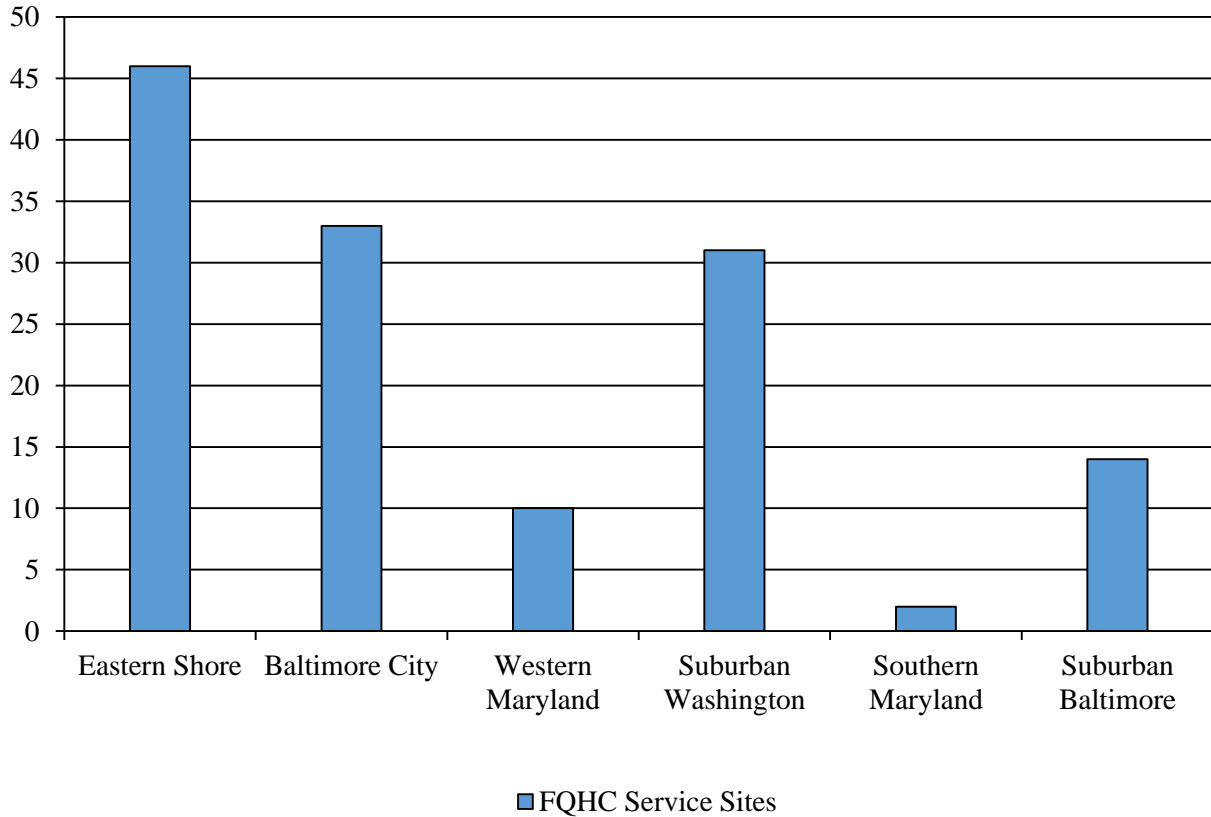
BHA: Behavioral Health Administration
CHFPG: Community Health Grant Program
DDA: Developmental Disabilities Administration

Source: Fiscal 2022 *Capital Improvement Program*

Federally Qualified Health Centers Grant Program

There are 21 FQHC organizations in Maryland with 136 delivery sites statewide, including 1 urban Native American clinic in Baltimore City. To qualify for designation as an FQHC, an area must first be designated by the federal government as a medically underserved area or serve a medically underserved population based on criteria established by the U.S. Department of Health and Human Services. Baltimore City contains 33 of the 136 FCHQ service sites in Maryland. The distribution of FQHC service sites by region and the number per 100,000 residents is shown in **Exhibit 3**, below. The only counties without a single FQHC service site are Calvert and Carroll.

Exhibit 3
FQHC Service Site Distribution



FQHC: Federally Qualified Health Centers

Source: U.S. Department of Health and Human Services

As shown in **Exhibit 4**, the fiscal 2022 request for the FQHC grant program has four projects selected in four jurisdictions. The Maryland Consolidated Capital Bond Loan of 2021 includes \$2.5 million in general obligation bonds for this program.

**Exhibit 4
FCHC Grant Program Selections
Fiscal 2022**

<u>County</u>	<u>Project</u>	<u>Total Estimated Cost</u>	<u>Prior Auth</u>	<u>Fiscal 2022 Request</u>	<u>Future Request</u>	<u>Total State Share</u>
Baltimore City	Park West Health System, Inc.: Construct and equip a 17,030 square foot (SF) new addition to the building and renovate 12,606 SF of the existing second and third floors to provide comprehensive primary, preventive, medical, specialty, behavioral health, and dental services.	\$8,438,000		\$1,100,000	\$650,000	21%
Baltimore County	Baltimore Medical System, Inc.: Construct and equip a dental clinic	1,268,000		800,000	341,000	90%
Garrett	Western Maryland Health Care Corp. dba Mountain Laurel Medical Center: Renovate and equip a 1,506 SF facility to expand exam rooms for medical services and provide behavioral health consultations and tele-psychiatry services. The project will also introduce imaging services on site and create education areas for nurse care coordination.	505,000		374,000		74%

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<u>County</u>	<u>Project</u>	<u>Total Estimated Cost</u>	<u>Prior Auth</u>	<u>Fiscal 2022 Request</u>	<u>Future Request</u>	<u>Total State Share</u>
Montgomery	Mary’s Center for Maternal and Child Care, Inc.: Renovate building systems at the organization’s main headquarters building to provide comprehensive primary, preventative, medical, specialty, behavioral health, and dental services.	385,000		289,000		75%
Statewide	Available Funds Adjustment	-\$63,000		-\$63,000		100%
Total		\$10,533,000	\$0	\$2,500,000	\$991,000	

FQHC: Federally Qualified Health Centers

Source: Fiscal 2022 *Capital Improvement Program*

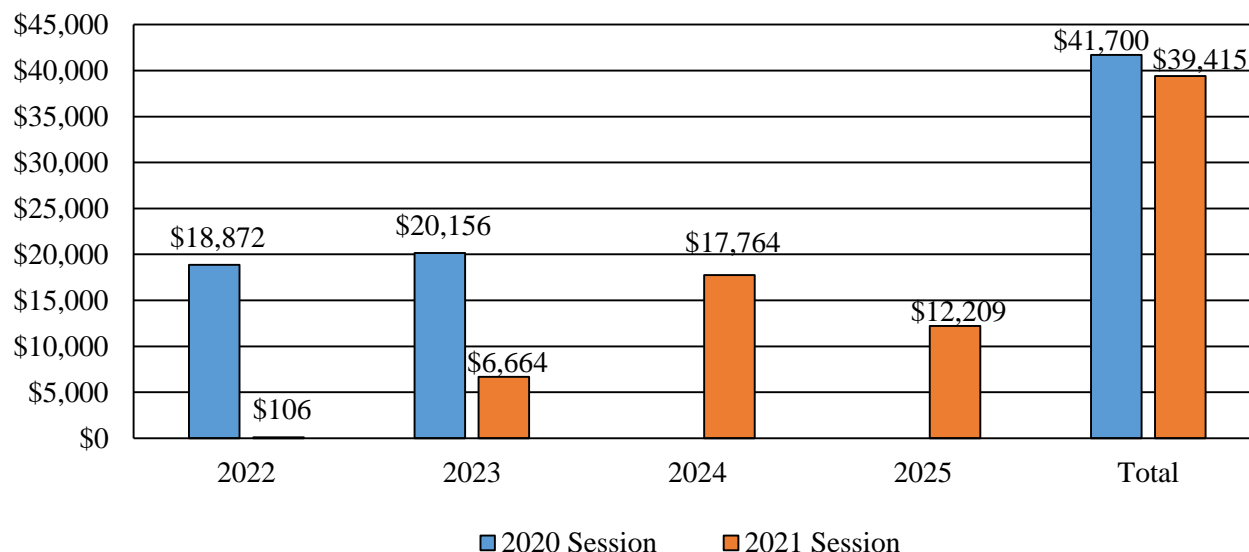
The funding for the fiscal 2021 FQHC grant program includes \$63,000 of additional funding available due to anticipated carryover available from prior year commitments. This carryover allows the fiscal 2022 projects to total \$2,563,000.

Issues

1. Further Delays in the Perkins North Wing Renovation

Perkins is the State’s only maximum-security forensic facility. Currently, the 80-bed north wing of Perkins is comprised of four 20-bed medium/minimum-security units. The proposed renovations will transition this unit into additional maximum-security units, reducing the bed capacity from 80 to 68 beds. The renovations will also create a new admissions unit with a secured sally port for the maximum-security population. The renovation will also address infrastructure deficiencies such as updating the kitchen and security system in the unit. As shown in **Exhibit 5**, this project has been delayed from what was anticipated at this time last year. This is the second such delay as last session’s CIP reflected a similar one-year deferral resulting from delays in finalizing the project scope and awarding a design contract. Other than a small design authorization, the schedule now reflects construction funding to take place over three fiscal years, beginning in fiscal 2023.

Exhibit 5
Perkins Renovation Delays
Fiscal 2022-2025
(\$ in Thousands)



Source: *Capital Improvement Program*

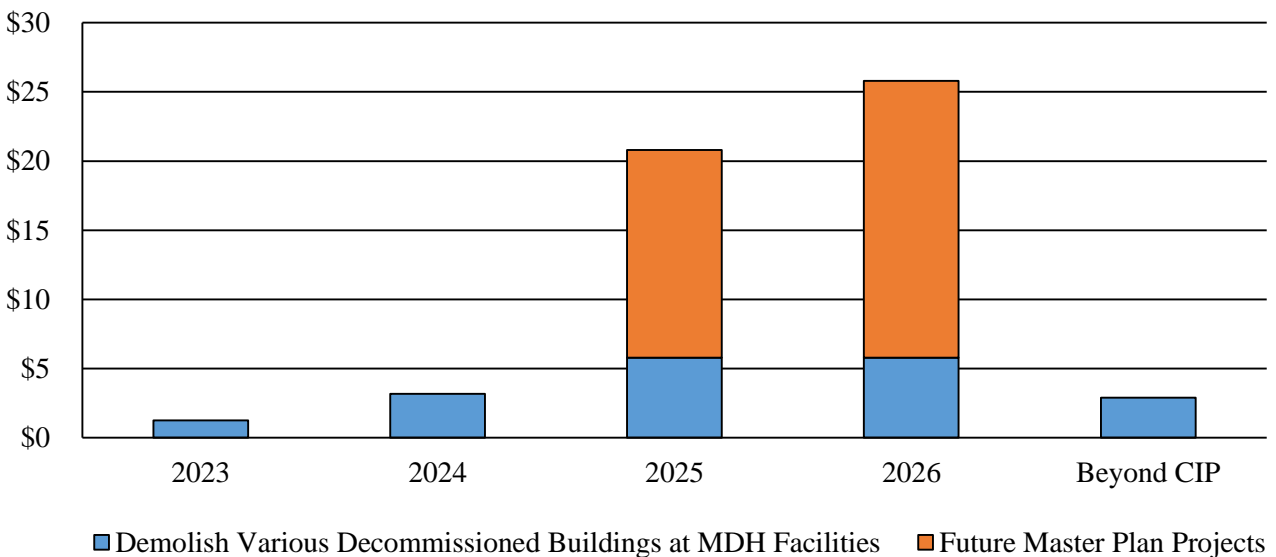
Although the project is experiencing delays, total costs are anticipated to decrease by \$2.3 million. Previously, the department anticipated presenting the Board of Public Works (BPW) with an Architectural and Engineering solicitation contract early in calendar 2021, however, at the time of this writing, that has yet to appear before BPW. **MDH should comment on the status of the design**

contract to be submitted to BPW and other factors contributing to the delays of the North Wing renovation project.

2. Facility Master Plan Delay Due to COVID-19

Originally requested in the 2018 *Joint Chairmen’s Report* (JCR) and due on October 1, 2018, after two extensions granted by the budget committees, the master plan was anticipated to be submitted by April 15, 2020. The department cited the growing scope of the project and comprehensive nature of this undertaking for the cause of these initial extensions. The submission of the plan was further delayed to October 2020, given staff resources dedicated to COVID-19 response. At present, the report has yet to be submitted. As previously discussed, the CIP contains funding in the out-years to address projects identified, beginning in fiscal 2023. The current plan for these capital funding needs is shown in **Exhibit 6**.

Exhibit 6
Funding Informed by Facilities Master Plan
Fiscal 2023-2026
(\$ in Millions)



CIP: Capital Improvement Program
MDH: Maryland Department of Health

Source: Capital Improvement Program

It is worth highlighting that the out-year funding for projects informed by the facilities master plan are not specific projects currently outlined in the CIP. Rather, funding is currently reflected as a

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placeholder for projects when those are ultimately determined. Because of this preliminary nature of the funding requests in the CIP, the Department of Legislative Services (DLS) would anticipate the amounts fluctuating as projects are selected. Further, the 2020 JCR requested specific information on the future of unused buildings and space at the Springfield Hospital Center. This report was granted an extension by DLS to January 1, 2021, with MDH citing alignment with the facilities master plan, as well as staff resources focused on COVID-19 capacity as cause for the delays. At the time of this analysis, this report has also yet to be submitted. **MDH should comment on the status of the Springfield Hospital Center report as well as the facilities master plan. MDH should further comment when these reports will be submitted to the General Assembly.**

GO Bond Recommended Actions

1. Approve \$6,500,000 in general obligation bonds for the Community Health Facilities Grant Program.
2. Approve \$2,500,000 in general obligation bonds for the Federally Qualified Health Centers Grant Program.
3. Approve \$106,000 in general obligation bonds for Clifton T. Perkins Hospital Center.
4. Approve amendment to the prior authorization for Clifton T. Perkins Hospital Center.
5. Approve amendment to the prior authorization for Clifton T. Perkins Hospital Center.

Program Description

CHFGP: Provides capital grants for the acquisition, design, construction, renovation, and equipping capital expenses of facilities that provide mental health, developmental disabilities, and substance use treatment services. This program plays a key role in the deinstitutionalization of individuals with behavioral health diagnoses and builds residential capacity within the community.

FQHC Grant Program: Provides grants to private nonprofit organizations that have been designated by the federal government as FQHCs. FQHCs provide services to all persons regardless of their ability to pay, including primary, preventive, and specialty health care services in medically underserved areas throughout the State. MDH’s grant program provides funding for the acquisition, design, construction, renovation, and equipping of FQHC facilities. The FQHC grant enhances access to care by developing health care facilities that are operating in medically underserved areas.