



Maryland  
Hospital Association

**Senate Bill 191 –  
Creation of a State Debt - Maryland Consolidated Capital Bond Loan of 2020, and the  
Maryland Consolidated Capital Bond Loans of 2013, 2014, 2016, 2017, and 2019**

**Position: *Support with Amendments***

February 18, 2020

Senate Budget & Taxation Committee- Capital Budget Subcommittee

**MHA Position**

**Process for Selecting and Recommending Projects**

MHA has been a dedicated steward of the Private Hospital Facilities Grant Program since its inception in 1993. This year, nine hospitals submitted applications—requesting \$10.2 million. The Hospital Bond Program Review Committee recommended eight of the nine. These important projects will enhance and expand access to health care in Maryland, including critical services, such as behavioral health and cancer care. Many of these projects are focused on meeting the unique needs of pediatric and geriatric patients and victims of violence.

Applications were submitted in June and reviewed by an independent consultant. In August, each applicant presented a proposal to the Hospital Bond Program Review Committee, which includes hospital leaders, trustees, Department of Budget & Management staff, Department of Legislative Services staff, an independent consultant and MHA staff. The committee evaluates applications using a formal process that aligns with the bond evaluation criteria, weighting and scoring system. The committee undertakes a fair and rigorous review process that prioritizes worthy capital projects that benefit Marylanders.

**Rationale for Recommendations**

We urge you to fully fund the committee’s recommendations, totaling \$6.6 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 enhancing the health of whole communities. Investing in health care delivery means more than investing in fixed assets. As hospitals work to meet the goals of the Total Cost of Care Model, their focus goes beyond their four walls, which is reflected in the projects the review committee recommends.

**Recommendations**

The eight projects recommended for funding will improve health and bolster health care services in Baltimore City and Baltimore, Frederick, Montgomery, Washington and Worcester counties.

**Atlantic General Hospital**

**Recommended Allocation:**

**\$800,000**

The establishment of the first multispecialty ambulatory surgery facility in Worcester County will provide outpatient surgical services to residents of the lower Eastern Shore and Southern

Delaware. The facility will be in a soon-to-be constructed medical office building and will complement Atlantic General Hospital's inpatient and outpatient surgical services.

**Frederick Health Hospital**

**Recommended Allocation:** **\$2.5 million**

A new three-story renovation/expansion Critical Care Pavilion will redesign the emergency department to accommodate adult and pediatric patients, modernize the intensive care unit, and relocate cardiac diagnostic and therapeutic services to address current facility constraints. The addition of a dedicated elevator will streamline the transport of emergency department patients to critical care and cardiac service units. The project also includes relocating pediatric inpatient services to the first floor to improve integration with the emergency department.

**The Johns Hopkins Hospital**

**Recommended Allocation:** **\$691,000**

Construction and renovation of two contiguous row homes in East Baltimore to provide access to residential crisis services (RCS)—short-term, intensive mental health services, co-occurring substance use disorder treatment and other essential services provided in a community-based, non-hospital, residential setting 24/7. These services will prevent some psychiatric inpatient admissions, provide an alternative to psychiatric inpatient admissions, and shorten the length of inpatient stays for an individual experiencing a mental health crisis.

**Kennedy Krieger Children's Hospital**

**Recommended Allocation:** **\$450,000**

Renovation of existing inpatient space to create a state-of-the-art pediatric epilepsy monitoring unit for children and adolescents with refractory epilepsy, who are candidates for innovative neurosurgical interventions at the Johns Hopkins Hospital Bloomberg Children's Center. The epilepsy monitoring unit will include two new, specially-designed inpatient rooms/suites on the third floor of Kennedy Krieger's inpatient hospital. The new unit is expected to be a national and international destination providing expertise, resources and therapies not available in other epilepsy centers.

**MedStar Montgomery Medical Center**

**Recommended Allocation:** **\$400,000**

Construction of an acute care for elderly unit and a geriatric emergency department to serve as a regional geriatric program with a comprehensive team approach. This will provide a space specially-designed for geriatric patients, helping them remain as independent as possible.

**Meritus Medical Center**

**Recommended Allocation:** **\$509,000**

Renovation of the John R. Marsh Cancer Center to improve care for those who need oncology infusion and radiation oncology services. The completed project will address the growing need for oncology services while shortening wait times—significantly decreasing the distance

between treatment rooms and waiting areas and enhancing accommodations for patients with limited mobility.

**Mt. Washington Pediatric Hospital**

**Recommended Allocation:** **\$750,000**

Construction of a new, state-of-the-art 3,000-square-foot rehabilitation gymnasium and treatment space to meet the demand for expanded and integrated therapies for children who have suffered injuries and/or face disabilities. The new ability center will include outpatient clinics and a rehabilitation day program and is expected to bring an additional 15,000 patient visits including 1,200 new patients. The center will be between the inpatient and outpatient buildings to provide maximum access and will be surrounded by smaller, more private areas to accommodate a variety of treatment options. Center providers focus on therapies that enhance motor and cognitive recovery of pediatric patients, leading to significant improvements in health and independence.

**Sinai Hospital of Baltimore**

**Recommended Allocation:** **\$500,000**

Construction of a new facility, the Center for Hope, to house multiple partner agencies responsible for a variety of violence prevention and intervention programs working collaboratively to address the root causes and intersections between violence and trauma. This colocation and collaboration incorporate core elements of the Children’s Advocacy Center, Family Justice Center and Cure Violence national models for a comprehensive response to crimes against children, domestic violence and community violence, with an innovative multidisciplinary approach. The creation of this facility will lead to better outcomes, a healthier community, and a safer Baltimore.

**Department of Legislative Services’ (DLS) Recommendations**

DLS recommends funding for Frederick Health Hospital’s renovation of their Critical Care Pavilion be reduced by \$600,000. We strongly recommend the committee reject this amendment and fund this project at the level proposed by the Department of Budget Management. As a sole community hospital and only provider of acute and emergency services in the county, this renovation is necessary for Frederick Health to addresses community needs and improve care delivery. The project co-locates critical care services in a more efficient, vertical integration. These changes will allow for optimum door-to-cardiac intervention times, which will improve patient outcomes. For example, early cardiac interventions can avoid or delay the need for more invasive procedures. The project also includes modifications to the emergency department to reconfigure space for behavioral health patients, which will address increased demand and improve patient safety, privacy, and care. Frederick Health has not applied for funding through the Private Hospital Grant Program in more than 15 years. This project has the support of the Frederick County Delegation.

We concur with the two amendments referenced in DLS' analysis to: rename Adventist Healthcare Shady Grove Medical Center in the 2016 capital budget bill and extend the matching fund certification date for funds authorized in 2017 for Union Hospital of Cecil County.

DLS' analysis asked for comments on the role the Private Hospital Grant Program can play in encouraging innovation and care transformation. MHA along with the Bond Review Committee recognized the opportunity to modify the program's scoring criteria and program scope to better align with the state's new Maryland Total Cost of Care Model. The new model encourages focus on population health improvements and community-based services. MHA has noted a trend of applications submitted for non-traditional projects over the last couple of years. MHA anticipates future applications to promote novel approaches to care delivery. MHA recognizes the value in traditional hospital-based projects as assets age, capacity need changes and efficiencies are realized through modifications to existing units. The Private Hospital Grant Program should strike a balance between innovative projects compared to traditional hospital-based projects.

#### **Oversight of the Program by MHA**

Since 2016, MHA has submitted annual reports on the encumbrances and expenditures of active grants. Using data provided by the Department of General Services (DGS) and the Office of the Comptroller, every hospital with an unencumbered balance is contacted and asked to provide a status report on the progress of their grant. This report allowed us to identify and suggest improvements to this process, which involves coordination with multiple state agencies. We also engaged with DGS on their transition to an online system, which should streamline this process and improve communication between the grantees and involved state agencies.

With regard to Sinai Hospital's 2014 grant project to renovate their pediatric emergency department, it is important to note that at the time MHA's November 2018 annual report was submitted, construction of the project was completed. The hospital was aware the project was under budget and was in the process of submitting additional expenditures to DGS to encumber their funds. The problem arose because the project was partially funded by Maryland Health and Higher Educational Facilities Authority (MHHEFA) funds, which are tax-exempt bond funds not eligible to satisfy the matching requirement.<sup>1</sup> The specific policy had not been articulated to MHA or clearly stated in corresponding capital bond guidance. MHA modified all application documents to note this prohibition, so hospitals are informed for future approved projects.

In response to DLS' question about Sinai Hospital's unencumbered balance in MHA's October report, it reflects the same unencumbered balance because that was the amount recorded on the spreadsheet DGS provided. MHA does not modify the balances unless the Comptroller's office provides information on state expenditures. Given these unique and unforeseen circumstances, MHA submitted a request to reallocate Sinai Hospital's \$1 million in funding for a new project instead of deauthorizing funds. A request was submitted to reallocate funding for renovation of the neonatal intensive care unit, since the target population and goals of the project were similar.

This renovation project met the criteria for requesting funds through the bond program and did not require a certificate of need.

We thank the committee and ask for consideration of fully funding the proposed projects at the recommended amount with the amendments addressed above.

For more information, please contact:  
Jennifer Witten  
Jwitten@mhaonline.org

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<sup>i</sup> State Finance and Procurement §8-117, Section 2(d)(1)(3)  
<http://mgaleg.maryland.gov/mgawebsite/laws/StatuteText?article=gsf&section=8-117&enactments=false>



## Summary of 2020 Funding Recommendations

Facility	Project	Total Project Cost	Total Requested Funds	Committee Recommendation
The Johns Hopkins Hospital	Residential Crisis Services	\$ 1,381,559	\$ 690,780	\$ 691,000
Mt. Washington Pediatric Hospital	The Ability Center	\$ 4,000,000	\$ 750,000	\$ 750,000
Kennedy Krieger Institute	Epilepsy Monitoring Unit Renovation	\$ 900,000	\$ 450,000	\$ 450,000
Sinai Hospital of Baltimore	Center for Hope	\$ 11,500,000	\$ 1,000,000	\$ 500,000
Atlantic General Hospital	Ambulatory Surgery Facility	\$ 4,245,823	\$ 2,122,911	\$ 800,000
Frederick Memorial Hospital	Critical Care Pavilion	\$ 45,800,000	\$ 2,900,000	\$ 2,500,000
MedStar Montgomery Medical Center	Expansion of Geriatric Services	\$ 2,131,075	\$ 1,000,000	\$ 400,000
Meritus Medical Center	John R Marsh Cancer Center Renovation	\$ 4,267,887	\$ 750,000	\$ 509,000
<b><u>TOTAL</u></b>		<b><u>\$ 74,226,344</u></b>	<b><u>\$ 9,663,691</u></b>	<b><u>\$ 6,600,000</u></b>



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Department of Budget & Management

**Staff & Support**

**Jane Krienke**

Legislative Analyst, Government Affairs  
Maryland Hospital Association

**Brett McCone**

Senior Vice President, Health Care Payment  
Maryland Hospital Association

**Sarah Swam**

Consultant  
Schiavi, Wallace & Rowe

**Jennifer Witten**

Vice President, Government Affairs  
Maryland Hospital Association



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## HOSPITAL BOND PROGRAM: PROJECT SELECTION AND SCORING GUIDELINES

### *Guideline Narratives*

#### 1. **Improve patient care by enhancing access to primary and preventive services.**

A) This criterion will be viewed as improving direct patient care.

Scores in this category will **relate to the breadth and depth of services provided**. For example, a high score could be obtained for an in-depth program in the patient care area or for a program that was less in-depth but focused on primary and preventive services.

**As a direct result of the project, establishing new services which provide direct, hands-on care** should be scored higher than indirect support such as patient education. These **services would relate to a meaningful patient contact**.

Maximum points in this category are attained for a project where new, hands-on services are broad-based innovative, across several departments, or across multiple medical disciplines. Points can also be attained if a project for existing services improves direct, hands-on care. If an existing service, the committee may differentiate between significant and limited project impact. No points are awarded if unrelated to patient care.

B) **Primary care** includes the following services: OB, pediatrics, family medicine, internal medicine, and behavioral health.

**Preventive services** includes programs such as: wellness programs, pre- and postnatal care, screening, and early-detection programs.

C) **Uninsured**--Scores in this category will relate to how the **specific project** significantly enhances access to services for the uninsured/underinsured, such as creative new strategies and action plans (e.g., expanding service times/staff/specialties; increasing special counseling and coordination for those needing assistance, etc.). New strategies are defined as ones which will be put in place during the grant cycle, not those which are presently being conducted. Scores will be determined based on new, innovative impact, not new but expansive impact, and little or no impact.

D) **Social Service integration** is defined as enhancing, expanding or improving social services as a **specific result** of the project. Projects that affect a population or subset of patients with significant social services requirement may receive partial credit. These may include social services related to:

- ◆ Particular community health problems;

- ◆ Self-assessment and chronic disease management;
- ◆ Patient education programs;
- ◆ Behavioral health
- ◆ Violence prevention
- ◆ Social determinants of health

E) **Training** means the project specifically enhances programs that improve the supply of primary care physicians, nurses and other allied health professionals.

2. **Focus on unmet community health needs (*Distinct from underserved as defined in #7 below*).**

**Unmet** implies that **new services will be provided** or that **these services are not readily available from other community sources**. Services that are not readily available, and that will be provided by the project should be specified and demonstrated. **A wide-range of services will be viewed favorably.**

**Scoring in this category will relate to evidence of defined and needed services and to the lack of availability of these services** from other sources in the community.

Evidence of service requests or endorsements of the project from the community, community agencies, businesses, and insurers will be favorably considered. Consideration may be given to the project's correlation with unmet community health needs as identified in the hospital's most recent Community Health Needs Assessment required by the Affordable Care Act.

3. **Alignment with Maryland's Total Cost of Care Model** includes projects that reduce variable costs by reducing potentially avoidable hospital utilization. This may reflect expanded primary and preventive services, or other services that have a positive return on overall service utilization. Consideration is also given for projects that promote efficiency gains by reducing variable cost as utilization declines.

4. **Improve the patient environment.**

**Improve the patient environment** means to enhance the efficiency and effectiveness of the delivery of patient care; i.e., redesign of nurses' station(s) to streamline workflow and access to patients; redesign of patient rooms, operating rooms and treatment areas (consistent with the most recent industry guidelines), to accommodate new technology and enhance traffic flow and safety, etc.

Concurrent with a renovation there may be improvements in the patient environment, which are not presently in place. Some may be substantial, while others may be more restricted/limited in scope.

Substantive enhancements are those which are **multifaceted**. In such cases, the benefits

should be enumerated, described, and demonstrated.

Examples of substantive enhancements include multiple benefits to patients through improved technology, security, observation; increased access to patients through improved visibility and consolidation of services; reduced patient movements among services and medical professionals; lessened wait times; safety code issues; decreased number of patients leaving the emergency department without being seen; and/or improved workflow issues.

Examples of limited enhancements include those for a single service or those where technology improvements, etc. are secondary to the main project.

**5. Last renovations.**

Points in this category are attained if the project is new construction, or if the project is for a unit(s) or part of a unit(s) that has not been upgraded/renovated in the last five years or more. ***If the upgrade/renovation is for a project that received state funding within the last 15 years, it is not eligible for funding.***

Points in this category will be allocated as follows:

0 – 4 years	None*
5 – 9 years	Low
10 – 30 years	Medium
New construction, 30+ years	High

**\* Projects that affect a unit or part of a unit that has been upgraded within the last five years will be scrutinized by the committee and may be grounds for disqualification.**

**6. Sole community provider and sole provider of a service.**

The intent of this category is to give extra credit to a hospital that is a **sole provider**. A sole provider is defined as being the only hospital in the county.

It is not intended that a sole provider hospital also be given additional credit for providing sole services.

For hospitals that are not the sole provider in a county, the committee also will consider subjectively whether a project meets **sole provider of a service** criteria, given the committee’s limited ability to identify whether the service is available from other providers in the county.

**7. Serious consideration should be given to underserved areas (*Distinct from unmet needs as defined in #2 above*).**

An *underserved area* means that a **federal, state or local agency has deemed the area as underserved. Dated documentation must be provided** on federal, state, or city evidence of areas which are deemed to be medically underserved. Consideration will be given to “**moderately served**” areas if information is supplied to support this description. This information may relate to **inadequate capacity, withdrawn services, or patient travel** to such services.

**8. Serious consideration should be given to projects of statewide or regional significance.**

*Statewide* means a unique/specialized service(s) to be provided by the project which will draw patients from around the State of Maryland and from out-of-state. This does not include general services provided by a hospital to out-of-state patients by virtue of the fact the hospital is a border-state hospital.

*Regional* designation means beyond the primary and secondary service areas.

**9. Encourage collaboration with other community partners.**

Collaboration would include, but is not limited to, a shared patient service, an avoidance of patient service duplication, a consolidation, or a merger. Activities should be those which, are a **direct result of the project** and specifically *not activities* which are presently underway. Consideration also will be given to downsizing and other cost efficiencies. Scoring will be based on the scope of activities undertaken with outside partners, as well as how the dollars are applied. Projects of the nature described here that specifically demonstrate collaboration with other existing providers or entities in the community **for this project** will be evaluated favorably.

Consideration may be given to projects that are part of the Health Services Cost Review Commission’s regional transformation grants or other related initiatives. However, hospitals may not use any regional transformation grant monies that were used for capital spending as a source of hospital matching funds

**10. Demonstrate community financial support for the project.**

The intent of this category is to give weight to demonstrated financial support from the community. An amount of support equal to or greater than five percent (5%) of the requested project funds would be classified as support. It is recommended that the financial support actually be in hand. Special consideration will be given to mitigating circumstances presented by a hospital when an active fundraising effort did not raise the five percent amount. Community support is an amount equal to or greater than five percent of the requested project funds, not total project cost.