



**Maryland Department of Health (MDH) Capital Budget**  
**MA01**  
**Fiscal Year 2024 Capital Budget**  
**Response to Department of Legislative Services Analysis**

**Senate Budget and Taxation Committee**  
**Capital Budget Subcommittee**  
**Senator Craig Zucker**  
**March 7, 2023**

**House Appropriations Committee**  
**Capital Budget Subcommittee**  
**Delegate Mark Chang**  
**March 8, 2023**

The Department thanks the Governor, the Department of Budget and Management, and the Budget Committees for their support. We thank the Department of Legislative Services for its insightful budget analysis.

**[Renovation of Clifton T. Perkins Hospital North Wing] MDH and the Department of General Services should advise the committees on the availability of the 95% construction document estimate and whether the proposed authorizations and preauthorizations will be sufficient to award the construction contract in July 2023 as scheduled. (pg. 5)**

**MDH Response:** The Clifton T. Perkins (CTP) North Wing project is actively moving forward at this time with a 95% Construction Document (CD) submission anticipated in late May 2023. The submission will include an updated cost estimate at the time of submission. The CTP project is anticipated to reach design completion and be ready for bid by early August 2023. Construction start is anticipated to occur in early November 2023. MDH is working with DGS to determine whether the proposed authorizations and pre-authorizations will be sufficient to award the construction contract in FY 2024.

**[Community Health Facilities Grants Program] MDH should comment on what barriers exist to further increasing project load and funding and reasons for concentration of new funding in fiscal 2024. (pg. 9)**

**MDH Response:**

MDH does not foresee any barriers to further increasing project administration load. Funding for the Community Health Facilities Grant Program is tied to applicant requests and ability of applicants to provide matching funding in accordance with regulations. The concentration of new funding in fiscal year 2024 is based on the applications submitted by qualified applicants.

MDH is committed to meeting the needs of the community providers to support the expansion of services in the community setting to support those with criminal-justice system involvement and integrate behavioral health services that promote prevention, crisis and diversion services. MDH believes funding projects at higher percentages will have a positive impact on the expansion of community provider services, and the State's ability to provide care in less restrictive care environments.

**MDH should brief the committees on the department's plans to update the FMP in line with the new Administration's priorities, especially with respect to moving patients out of State-run facilities and into community-based care, and potential privatization options. (pg. 17)**

**MDH Response:** In Fall 2021, the Maryland Department of Health (MDH) released the Maryland Department of Health 2041 Facilities Master Plan ("Plan"), a 20-year plan to align MDH's projected patient care needs with health care services offered or provided by MDH. With implementation of this Plan, the State will progressively transform health care delivery at state healthcare facilities with the goal of improving health and quality of care while reducing costs. Another objective of creating the Plan was to create a comprehensive set of recommendations to drive MDH's capital budget submission. For further information please see the attached JCR which was submitted on January 4, 2023.

MDH in coordination with the Department of General Services, will work to formally update the Plan. Over the next year, MDH intends to conduct various workgroups with internal and external stakeholders to update the plans to meet the priorities of the new Administration and to ensure the Plan aligns with the needs of the State.

**MDH should comment on whether the plan to transition care to community-based providers is still a priority, whether an assessment on the capacity of HCBS providers to accept an influx of patients has been completed, and how transitioning consumers to private providers will impact State employees. (pg. 17)**

**MDH Response:** Please see the above response.



Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Secretary

January 04, 2023

The Honorable Guy Guzzone  
Chair, Senate Budget and Taxation Committee  
3 West Miller Senate Office Bldg.  
Annapolis, MD 21401-1991

The Honorable Ben Barnes  
Chair, House Appropriations Committee  
121 Taylor House Office Bldg.  
Annapolis, MD 21401-1991

**RE: 2022 Joint Chairmen's Report (p. 334) – Facilities Master Plan Update**

Dear Chairmen Guzzone and Barnes:

In keeping with the requirements of the 2022 Joint Chairmen’s Report (p. 334), the Maryland Department of Health (MDH) respectfully submits its report on the 2041 Facilities Master Plan.

In Fall 2021, the Maryland Department of Health (MDH) released the Maryland Department of Health 2041 Facilities Master Plan (“Plan”)<sup>1</sup>, a 20-year plan to align MDH's projected patient care needs with health care services offered or provided by MDH. With implementation of this Plan, the State will progressively transform health care delivery at state healthcare facilities with the goal of improving health and quality of care while reducing costs. Another objective of creating the Plan was to create a comprehensive set of recommendations to drive MDH’s capital budget submission.

Key accomplishments that MDH achieved during the first year of its release are:

1. **Spring Grove Hospital Center:** In spring 2022, MDH and University of Maryland Baltimore County (UMBC) entered into an agreement for the future of Spring Grove Hospital Center (SGHC). The SGHC campus was transferred to UMBC with a 10 year lease back to MDH with two five year options with the approval of the Board of Public Works. This time will let UMBC do their facility master planning while MDH undertakes program planning for current programs at Spring Grove Hospital Center. Key components of this program planning in 2022 included:
  - a. Establishment of a working group with UMBC for ongoing planning activities;
  - b. Clinical programming to relocate patient housing (“red brick cottages”) off-campus;
  - c. Approval of the MDH move from 201 W. Preston Street to a new location, which enables consolidation of the Behavioral Health Administration from SGHC; and
  - d. Working with the Department of General Services (DGS) to identify and meet patient care requirements.

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<sup>1</sup> MDH Facilities Master Plan. <https://health.maryland.gov/Pages/Master-Facilities-Plan.aspx>

2. **Crownsville Hospital Center:** On July 6, 2022, the Board of Public Works approved the transfer of Crownsville Hospital Center to Anne Arundel County. Crownsville Hospital had been a facility closed in 2004 that had been maintained ‘in stasis’ for 18 years without a disposition plan.
3. **Capital Budget Submission:** MDH was able to use the Plan to guide its budget process and worked with the Department of Budget and Management and DGS to submit a substantive and comprehensive set of capital budgetary requests for further discussion and inclusion.
4. **Joint MDH & DGS Program Office:** MDH and DGS successfully launched a joint program office that provides funding, creates a governance committee, establishes the responsibilities of the office , and provides the framework for further implementation of the Plan. This program office will be supported by a project executive and support staff. Specifically, the Program Office’s responsibilities include:
  - a. Divestiture of MDH facilities;
  - b. Organization of the clinical program planning process;
  - c. Management of licensing, accreditation, and certificate of need requirements;
  - d. Capital construction of infrastructure to support the development of a State-wide Crisis Stabilization System, including recommending construction of a minimum of four 24-hour regional crisis centers as part of that system;
  - e. Analysis and identification of inpatient behavioral health capacity in the Central Maryland region including the identification of strategic partners for the delivery of patient care services;
  - f. Construction of new facilities and renovation of existing facilities; and
  - g. Additional needs as the Plan evolves.
5. **Crisis Services Planning:** On July 2, 2022, MDH issued a Request for Expression of Interest (REOI) for Comprehensive Crisis Systems – Western Maryland to begin the planning for Maryland’s comprehensive crisis system as outlined in the Facilities Master Plan. The REOI was issued to identify providers interested in collaborating with MDH in the development of the comprehensive crisis services system for the Western Maryland region. This REOI is one example of how MDH plans to engage community providers through the implementation of the Master Facilities Plan.

The Plan was created to be a guiding document that will enable Maryland to progressively transform systemwide health care delivery, improve health and quality of care and reduce costs. The release of the Plan was meant to start a conversation with stakeholders about the plans for the facilities. The Plan will continue to evolve during the twenty-year period to align with the State’s health care needs. Throughout the implementation of the Plan, MDH will continue to assess the Plan’s impact and will ensure appropriate alternative employment opportunities for impacted personnel.

MDH has fourteen facility campuses located throughout the State. Three (3) of those facilities are closed or leased. For the remaining eleven (11) operating facilities, services are provided

within a large number of buildings - many of these buildings, due to their age, do not align with evolving patient care models and are reaching or are at the end of their useful life. Due to the age of many MDH facilities, the cost to provide care consistently exceeds comparable locations and national benchmarks for similar services.

Throughout the development of the MDH Facilities Master Plan, the following guiding principles were followed:

- Realign health care delivery to support evolving care models and trends;
- Improve the patient care environment;
- Implement efficiencies in service through utilization of all appropriate health care assets available throughout Maryland - not just those owned and operated by MDH; and
- Fulfill the requirements associated with the Maryland Total Cost of Care Model.

The Plan also recognizes the following key projected outcomes from the implementation of the Plan:

- Utilize available capacity at State and community facilities to provide services in a modern health care setting in line with the current standards of care; and
- Implement cumulative cost avoidance of \$321.6 million by implementation of the Plan over the twenty-year term, including and a one-time cost avoidance of \$24.1 million through the transition of services from four (4) facilities.

More information on these and other accomplishments can be found in the appendix. If you have any questions about this report, please contact Megan Peters, Acting Director, Office of Governmental Affairs, at [megan.peters@maryland.gov](mailto:megan.peters@maryland.gov).

Sincerely,



Dennis R. Schrader  
Secretary

Enclosure

cc: Atif Chaudry, Deputy Secretary of Operations  
Megan Peters, Acting Director, Office of Governmental Affairs  
Sarah Albert, Department of Legislative Services (5 copies)

## APPENDIX

### Key Planned Activities by Phase

The MDH Facilities Master Plan includes three phases for the duration of the 20-year plan. Phase one covers fiscal years 2022-2026. Phase two covers fiscal years 2027-2031. Phase three covers fiscal years 2032-2041. The MDH Facilities Master Plan is meant to be a guiding document that can evolve over the twenty-year period. As outlined in the Plan, the following activities are contemplated in each of the three phases:

#### A. Phase 1 Recommendation Summary (FY 2022-2026)

- a. Divestiture of Non-Operating Facilities
  - i. Crownsville Hospital Center (Anne Arundel)
  - ii. Regional Institute for Children & Adolescents Southern Maryland (Prince George's)
  - iii. Upper Shore Community Mental Health Center (Kent) ([Please see the 2022 JCR \(pg. 92\) Report on Divestiture for Upper Shore Community Mental Health Center for more information](#))
- b. Construction:
  - i. Construct four (4) 24-hour crisis centers located in each region of the State (Western Maryland, Central Maryland, Southern Maryland, Eastern Shore)
- c. Strategic Partnerships
  - i. Identify and develop strategic partnerships to transition the location of MDH managed services currently provided at Deer's Head Hospital Center and Western Maryland Hospital Center
  - ii. Consolidate MDH Behavioral Health Administration office spaces into the Department's relocation to the Baltimore Central Business District
  - iii. Perform an assessment of the Central Maryland Inpatient Behavioral Health Capacity

#### B. Phase 2 Recommendation Summary (FY 2027 - 2031)

- a. Construction
  - i. Construct two (2) facilities:
    1. Facility for Children (Central Maryland)
    2. Secure Evaluation Therapeutic Treatment (SETT) Facility (Jessup)
  - ii. Construct a replacement hospital building at Springfield Hospital Center (Sykesville)

#### C. Phase 3 Recommendation Summary (FY 2032 - 2041)

- a. Construction
  - i. Renovate the Holly Center
  - ii. Community Integration

1. Identify and develop strategic partnerships and integration plans to transition services currently provided at Potomac Center and Spring Grove Hospital Center

### **Key Accomplishments to Date**

Since the announcement of the Plan in September 2021, the Department has accomplished the following:

- Divestiture of Spring Grove Hospital Center to University of Maryland Baltimore County (UMBC) with a 10 Year Leaseback of Spring Grove Hospital Center (SGHC) to MDH;
  - Transfer to UMBC ([51-LL 5/11/2022](#))
  - Leaseback to MDH ([50-LL 5/11/2022](#))
- Divestiture approval for Crownsville Hospital Center to Anne Arundel County  
*Pending survey and deed recordation*
  - Surplus of Property ([38-RP 3/9/2022](#))
  - Transfer to Anne Arundel County ([21-RP 7/6/2022](#))
- Publication of Requests for Expression of Interest (“REOIs”) for Comprehensive Crisis Systems, Brain Injury (“BI”) / Long Term Acute Care Hospital (“LTACH”) Services and Skilled Nursing Facility (“SNF”) Services in Western Maryland;
- Development of a Joint Program Office with UMBC for ongoing planning at SGHC; and
- Development of a Joint Program Office with the Department of General Services (“DGS”) for ongoing Facilities Master Plan implementation.

As MDH continues to implement the Facilities Master Plan, the Department looks forward to continued accomplishments regarding the implementation of the Plan.