



DATE: February 22, 2024

TO: Commissioners

FROM: Eric Baker
Program Manager Certificate of Need

SUBJECT: Consolidation of University of Maryland Upper Chesapeake Medical Center with the University of Maryland Harford Memorial Hospital:
Request for Post Approval Project Change
Docket No. 17-12-EX003

Enclosed is the staff report and recommendation for a request post approval project change for the Exemption from Certificate of Need (CON) application previously filed by joint applicants, of the University of Maryland Upper Chesapeake Medical Center (UCMC) and of the University of Maryland Harford Memorial Hospital (HMH), for the merger and consolidation of HMH and UCMC.

The project approved by the Commission in April of 2020 authorized relocation of MSGA beds from HMH to UCMC, and for UCMC to construct a 78,870 square foot three-story bed tower (26,290 square feet per floor) above the existing two-story UM Kaufman Cancer Center to house 30 MSGA beds on the fifth floor, a 42-bed observation unit on the fourth floor, and shell space on the third floor. The project included 21,250 square feet of renovations at the existing main hospital to support the expanded services. The applicants total estimated budget approved by the Commission in April of 2020 was \$84,406,807. In December 2023, the applicants submitted a request for an additional \$13,379,892 due to increased total project costs, attributed to the third-floor shell space and the renovations to the main building, resulting in a total construction expenditure of \$97,786,699. The applicant will finance the cost of this project with bonds, interest from the bonds, and cash.

Staff recommends that the Commission **APPROVE** this request for project change based on staff's conclusion that the proposed project is a permissible modification as it does not include material changes to the nature of the project, the location, or the immediate capacity, and that this requested change would not alter the findings that the Commission made in 2020 concerning the need and the positive impact converting HMH to an FMF and moving its MSGA beds to the campus of UCMC.