

**RQ00A**  
**University of Maryland Medical System**

***Trauma, Critical Care, and Emergency Medicine Services  
Expansion Project (Baltimore City)***

---

<b>General Obligation Bonds</b>	<b>\$10,000,000</b>	<b>Recommendation:</b>	<b>Concur with Governor's Allowance</b>
<b>Nonbudgeted</b>	<b>\$32,761,000</b>		

**Bill Text:** Provide a grant to the University of Maryland Medical System to assist in the construction and equipping of the University of Maryland Medical Center – Trauma, Critical Care, and Emergency Medical Services Expansion project.

**Program Description:** The University of Maryland Medical System (UMMS), a private nonprofit corporation, provides tertiary care to the State and surrounding areas and serves as the primary site for health care education and research for the University System of Maryland.

The fiscal 2011 allowance includes \$10 million in State general obligation (GO) bonds to support the construction of an expansion project for trauma, critical care, and emergency medicine services at UMMS.

***Program Analysis and Performance***

---

The fiscal 2011 capital budget includes \$10.0 million in GO bonds to continue with the construction of a seven-story patient care building that will connect to and expand the R Adams Cowley Shock Trauma Center (STC) and the Weinberg Building. Prior year authorizations have been used for acquisition and planning and will be used for the beginning costs for construction once the certificate of need is approved. When finished, the new building will include an expansion of the Emergency Department, a surgical suite with 10 new operating rooms, a simulation center/training lab, 12 surgical intensive care beds, and 48 trauma beds. The total cost of the project is expected to be \$160.0 million between fiscal 2010 and 2014. The State's commitment to this project, according to the *Capital Improvement Program* (CIP), is \$50.0 million. UMMS will provide \$97.0 million for the project. Finally, UMMS expects to receive \$13.0 million in federal funding through the Department of Defense. To date, UMMS has received \$2.4 million of the \$13.0 million total. **Exhibit 1** shows the uses of funds and distribution of source funding for the project.

**Exhibit 1**  
**Capital Funding Uses and Sources**  
**Fiscal 2010-2014**  
**(\$ in Thousands)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Total</u>
<b>Uses of Funds</b>						
Acquisition	\$4,657	\$0	\$0	\$0	\$0	\$4,657
Design	8,671	0	0	0	0	8,671
Construction	7,000	37,761	35,000	14,000	2,277	96,038
Equipment	0	5,000	20,000	20,000	5,634	50,634
<b>Total</b>	<b>\$20,328</b>	<b>\$42,761</b>	<b>\$55,000</b>	<b>\$34,000</b>	<b>\$7,911</b>	<b>\$160,000</b>
<b>Sources</b>						
State GO Bonds	\$15,000	\$10,000	\$10,000	\$10,000	\$5,000	\$50,000
Matching Funds	5,328	32,761	45,000	24,000	2,911	110,000
<b>Total</b>	<b>\$20,328</b>	<b>\$42,761</b>	<b>\$55,000</b>	<b>\$34,000</b>	<b>\$7,911</b>	<b>\$160,000</b>

GO: general obligation

Source: University of Maryland Medical System

## Background

Due to the high level of trauma and specialty care offered at STC, annual admissions have doubled since it was opened 20 years ago. One of the factors contributing to the increase in demand for services at STC is the increase in interhospital transfers. A decline in the availability of specialized physicians as well as a decline in the capability of providing trauma care to critically injured patients in other local hospitals has caused an influx of patients being transferred to STC.

The building that houses STC was built in 1987 and was designed to accommodate 3,500 patients annually. In fiscal 2010, UMMS expects to treat approximately 7,700 Shock Trauma patients. By fiscal 2016, UMMS estimates that the number of individuals treated will increase by 21%, from 7,700 to 9,344 patients. The current facility is at capacity and additional space is needed to accommodate the influx of patients.

## Revised Phase IV Capital Project

The State was in the midst of a multi-year commitment to build an Ambulatory Care Center on the UMMS campus. However, in 2009, UMMS made the decision to postpone the construction of the ambulatory care center in favor of the proposed expansion to STC and the Weinberg Building that would address the system's projected shortfall in inpatient capacity and operating rooms.

Of the original \$27.5 million in GO bonds authorized for the ambulatory care building, only \$12.5 million was used for acquiring the site. The 2009 capital budget included language that repurposed the remaining \$15.0 million originally authorized for the construction of the ambulatory care building and repurposed those funds to be used for the revised Phase IV project to expand capacity at STC.

### **Certificate of Need**

Before capital projects for hospitals are approved, the hospital must receive a certificate of need (CON) from the Maryland Health Care Commission. The CON process is in place to properly plan for health care expansion and to ensure that health care facilities remain economically viable. UMMS applied for a CON in August of 2009 and expects to receive approval in March 2010. UMMS is prohibited from entering into a construction contract for the new project until the CON is approved.

### **Increased Project Scope, Cost**

In the fiscal 2010 capital budget analysis, the original plans for this expansion project accounted for a 125,000 square foot building addition at a total cost of \$150 million. Since that time, the project scope has increased to account for a 140,660 square foot addition, at a total cost of \$160 million. The main driver in the increased building space is a cantilever feature which enables the building's second through sixth floors to extend past the building's footprint and over Penn Street. This enables the building to provide sufficient size and proportion to accommodate the expansion of the surgical suites, allow for proper clearance from the Weinberg Building, and shelter the ambulance access on Penn Street. The increased cost of the project will be borne by UMMS operating budget cash flow and will cover the costs of construction, equipment, and infrastructure associated with the increased space.

### **Leveraging Federal Funds**

UMMS expects to receive \$13 million in federal funding for this project from the United States Department of Defense. The funds are in recognition of the simulation center/training lab that will be included as part of the expansion project. The simulation center is designed to be a national trauma and emergency medicine training center which will be available to train military and civilian health care workers. Currently, STC and the Air Force have a training program for military doctors and nurses who rotate in and out of STC each month.

To date, UMMS has secured \$2.4 million in federal funds. These funds are part of a larger, multiyear request totaling \$13.0 million. **UMMS should comment on the efforts to secure the remaining funds for the project and whether the federal funds will be replaced with funding from UMMS for the project should the remaining funds not be obtained or delayed.**

## ***Updates***

---

### **1. State Support for Shock Trauma Renewal Deferred in 2011 budget**

Beginning in fiscal 2009, the State's support of Shock Trauma's annual equipment and capital renewal expenses was moved from the operating budget to the capital budget. Prior to fiscal 2009, funding was included in the operating budget from the Maryland Emergency Medical System Operations Fund (MEMSOF) in the amount of \$3.5 million per year. The funding for this renewal was moved to the capital budget to preserve the fiscal integrity of the MEMSOF fund, which was predicted to run a negative balance by the end of fiscal 2011. Budget bill language was included in the 2008 capital budget bill to recognize the legislature's intent to continue funding equipment and capital renewal expenditures at STC through fiscal 2011. However, funding for STC was not included in the proposed fiscal 2011 capital budget. Instead, the CIP defers the funding until fiscal 2012.

## ***Recommended Actions***

---

Approve.