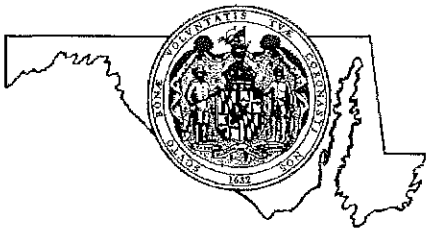
Craig P. Tanio, M.D.
CHAIR

STATE OF MARYLAND



Ben Steffen
EXECUTIVE DIRECTOR

MARYLAND HEALTH CARE COMMISSION

4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215
TELEPHONE: 410-764-3460 FAX: 410-358-1236

March 21, 2014

VIA E-MAIL & U.S. MAIL

John A. O'Brien, Chief Operating Officer
Dimensions Healthcare System
Prince George's Hospital Center
3001 Hospital Drive
Cheverly, Maryland 20785

Mary Miller
Chief Financial Officer and Vice President of Finance and Business Development
Mount Washington Pediatric Hospital
1708 West Rogers Avenue
Baltimore, Maryland 21209

Re: Dimensions Health Corporation d/b/a/ Prince George's Hospital Center and Mount Washington Pediatric Hospital, Inc. Relocation of a General Acute Care Hospital and a Special Hospital-Pediatric Matter No. 13-16-2351

Dear Ms. Miller and Mr. O'Brien:

Staff has reviewed your March 7, 2014 response to its' completeness letter of January 30, 2014 regarding the Certificate of Need ("CON") application referenced above. As noted in my January 30th letter and earlier correspondence, MHCC will not be able to docket hospital CON applications until Global Budgets or Modified CPE agreements with a Volume Governor have been struck with HSCRC, as the *financial feasibility* standard and *viability* criterion will be impossible to evaluate in the absence of this information. Your response to question 10(a) indicates that Dimensions is in discussion with HSCRC regarding global budget revenue ("GBR") agreement for Prince George's Hospital Center, but no final agreement has been reached. Therefore, MHCC staff will not be able to docket the application referenced above at this time and requests a response to the following questions once such an agreement is signed.

1. Please respond to the previous question 10b and 10c by submit revised Table 3s with and without inflation based on the GBR agreement accompanied by a statement of all assumptions and a reconciliation of FY 2014 revenues and projected revenue with the GBR agreement. Submit revisions to any other aspects of the application that change as a result of the budget agreement such as Table 5, Manpower Information.

2. Regarding your response to question 5 in our January 30 letter, which was concerned with space and cost of the proposed project compared to benchmarks:

   a. On page 26 under "Education Space Strategy" you state that each patient unit will contain approximately 750 departmental square feet (650 net square feet) of education-related space, as well as student support areas – described as lockers, lounge, training rooms. This is in addition to conference rooms (pr esumably centrally located). Further, you state that while the conference space should be expected to be comparable to that of teaching community hospitals, those other hospitals would not be expected to contain the education space described at the unit level. Please explain why that is. Going back to the way the question was originally asked in the January 30 letter (5-b) *Please elaborate on the academic level and role the proposed PGRMC is envisioned to play, and how that differs from institutions with a similar service and bed composition in a way that justifies additional space.*

   b. The table on page 32 should be resubmitted with the "# beds" column accurately listed.

   c. Also on p.32, you state that the project budget is being revised to reclassify $109,200,000 in "working capital start-up costs" because "...the budgeted amount represents a short-term source of funds to be available upon opening of the new facility to pay operating expenses of the proposed facility before revenues are collected. It reflects operating expenses going forward, rather than true start-up costs associated with the new healthcare project." Please resubmit a Project Budget reflecting this change.

   d. With regard to the above-referenced need for working capital, please explain the nature of the transition from the existing facility to the new one, specifically, isn't the business ongoing and thus don't the financial resources "travel" to the new facility?

Please submit ten copies of the responses to the additional information questions in this letter. All information supplementing the application must be signed by the person(s) available for cross examination on the facts set forth in the supplementary information, who shall sign a statement as follows: "I hereby declare and affirm under the penalties of perjury that the facts

stated in this additional information and its attachments are true and correct to the best of my knowledge, information, and belief."

Should you have any questions regarding this matter, please contact me at 410-764-5596 or Kevin McDonald at 410 764-5982.

Sincerely,

Joel Riklin, Program Manager
Certificate of Need

cc: Thomas C. Dame, Esquire
Jack C. Tranter, Esquire
Andrew L. Solberg
Richard G. McAlee, MedStar So. MD Hospital Center
Peter Parvis, Counsel to Doctors Community Hospital
Camille R. Bash, CFO, Doctors Community Hospital
Howard Sollins, Esquire
Kevin McDonald
Suellen Wideman, A.A.G.