APPLICANT: Reliant Rehabilitation Hospital
New England, LLC d/b/a New England Rehabilitation Hospital

PROGRAM ANALYST: Jere Page

LOCATION: 2 Rehabilitation Way
Woburn, MA 01801

REGION: HSA IV

DATE OF APPLICATION: June 26, 2015

PROJECT NUMBER: 4-3C44

PROJECT DESCRIPTION: Transfer of ownership of New England Rehabilitation Hospital and its satellite locations arising from the sale of the ownership interests in the Applicant to an indirect subsidiary of HealthSouth Corporation.

ESTIMATED MAXIMUM CAPITAL EXPENDITURE: Not applicable

ESTIMATED FIRST YEAR INCREMENTAL OPERATING COSTS: Not applicable

LEGAL STATUS: A unique application for a Determination of Need filed pursuant to M.G.L. c.111, § 51 and the regulations adopted thereunder.

ENVIRONMENTAL STATUS: No environmental notification form or environmental impact report is required to be submitted for this project since it is exempt under 301 Code of Massachusetts Regulations 10.32 (3) promulgated by the Executive Office of Environmental Affairs pursuant to Massachusetts General Laws, Chapter 20, §§ 61-62H. As a result of this exemption, the project has, therefore, been determined to cause no significant damage to the environment.

OTHER PENDING APPLICATIONS: Project No. 4-3C43 (Change of Ownership of Braintree Rehabilitation Hospital)

COMPARABLE APPLICANT(S): None

COMMENTS BY CENTER FOR HEALTH INFORMATION AND ANALYSIS: None submitted.

COMMENTS BY EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES (“EOHHS”): EOHHS has determined that there is adequate access for Medicaid recipients in New England Rehabilitation Hospital’s service area.

COMMENTS BY INTERESTED PARTIES: Staff notes that a public hearing was held on July 29, 2015 in Woburn. The hearing was attended by approximately 12 people, one of whom testified.

RECOMMENDATION: Approval with a condition.
I. BACKGROUND AND PROJECT DESCRIPTION

Reliant Rehabilitation Hospital New England, LLC (“Applicant,” or “Hospital”) has filed a Determination of Need application with respect to a change of ownership of New England Rehabilitation Hospital (“Hospital”), a 168-bed non-acute care hospital located at 2 Rehabilitation Way in Woburn, its 22-bed inpatient satellite facility located at 1071 Varnum Avenue in Lowell, and its 20-bed inpatient satellite facility previously located in Danvers and now relocating to 800 Cummings Center in Beverly. Also included in the transfer are two outpatient satellites located in Billerica and Framingham.

Specifically, the change of ownership of New England Hospital will result from the sale of the equity interests in the Applicant to Cowboy Holding, LLC, which will be, upon the closing a wholly owned, indirect subsidiary of HealthSouth Corporation (“HealthSouth”). The legal name of the Applicant will change to HealthSouth Rehabilitation Hospital of New England, LLC d/b/a HealthSouth New England Rehabilitation Hospital. No changes in service are contemplated as a result of the change of ownership.

New England Rehabilitation Hospital provides inpatient and outpatient rehabilitation services, mainly to residents of Massachusetts and other New England states. At its main campus in Woburn, the Hospital provides a full range of inpatient services for patients whose function has been impaired by injury or illness. The inpatient programs focus on rehabilitation of amputees, acquired brain injuries, cardiac issues, major multiple traumas, Multiple Sclerosis, neurologic disorders, orthopedics, Parkinson’s disease, pulmonary disease, spinal cord injuries and strokes. The Hospital’s two outpatient satellites provide comprehensive adult and pediatric rehabilitation and wellness programs.

HealthSouth Corporation specializes in post-acute healthcare services and home-based patient care. It currently operates 109 inpatient rehabilitation hospitals, including Fairlawn Rehabilitation Hospital in Worcester and HealthSouth Rehabilitation Hospital of Western Massachusetts in Ludlow, as well as 89 outpatient rehabilitation locations, as well as home health and hospice programs.

II. STAFF ANALYSIS

Based upon a review of the application as submitted and clarification of issues by the Applicant, Staff finds that the application satisfies the requirements for the alternate process for change of ownership found in 105 CMR 100.600 et seq. Staff finds that the Applicant satisfies the standards applied under 105 CMR 100.602 as follows:

A. Individuals residing in the hospital's primary service area or health systems area comprise a majority of the individuals responsible for the following decisions:

(1) Approval of borrowings in excess of $500,000;
(2) Additions or conversions which constitute substantial changes in service;
(3) Approval of capital and operating budgets; and
(4) Approval of the filing of an application for determination of need.

Based on information supplied by the Applicant, three of the four total members of the local Board of Directors will be residents of the Hospital’s service area after the transfer, as indicated below:
B. Evidence that consultation has taken place with the Division of Medical Assistance, prior to submission of the application, regarding access problems of Medicaid recipients to medical services in the facility's primary service area.

The Applicant consulted with EOHHS through its MassHealth Office of Providers and Plans concerning the access of medical services to Medicaid recipients at New England Rehabilitation Hospital and its satellites. EOHHS has determined that there is adequate access for Medicaid recipients in the Hospital’s primary service area (See Attachment 1).

C. Neither the Applicant nor any health care facility affiliates of the applicant have been found to have engaged in a pattern or practice of violating the provisions of M.G.L. c. 111, § 51D.

Staff has searched the List of Excluded Individuals/Entities (“LEIE”) of the Office of Inspector General of the U.S. Department of Health & Human Services, and determined that neither the Applicant nor its affiliates nor individuals representing the Applicant are currently excluded from participation in Medicare, Medicaid and all other federal health care programs.

Staff notes that the Bureau of Health Care Safety and Quality’s Division of Health Care Facility Licensure and Certification (“HCFLC”) is performing a more extensive suitability review of this transaction as part of the licensure process. HCFLC, which must find any applicant suitable before issuing any new license, has not informed DoN staff of any violation by New England Rehabilitation Hospital or HealthSouth Corporation of the provisions of M.G.L. c.111, §51D.

D. If the application is for a transfer of ownership of a hospital, then the applicant is a hospital licensed by the Department or is an affiliate of a hospital licensed by the Department.

The Applicant is a hospital licensed by the Department.

III. COMMENTS BY INTERESTED PARTIES

A public hearing was held on July 29, 2015 at the Crowne Plaza Hotel in Woburn. The hearing was attended by approximately 12 people, only one of whom, Peter Mantegazza, testified.

At the hearing, Peter Mantegazza, HealthSouth Regional President for Northeast Operations, noted that because of the synergy between the two organizations, the change of ownership with HealthSouth will result in a partnership that will continue to promote the delivery of high quality rehabilitation services in the communities the Hospital serves, as well as assure the continued financial stability of the Hospital. The Hospital has a national reputation for treating people with physical disabilities resulting from: stroke, amputation, trauma, brain injury and orthopedics, while HealthSouth is the nation's largest provider of physical rehabilitation services.
IV. Interpreter Services

The Office of Health Equity (“OHE”) recently conducted a review of the interpreter and language access services available to limited- and non-English proficient patients at New England Rehabilitation Hospital. Improvements recommended by OHE at the Hospital are presented in Attachment 2 of this Staff Summary, and have been included as a condition of approval of this project.

V. STAFF RECOMMENDATION

Based upon the above analysis, Staff recommends approval with a condition of Project Number 4-3C44 regarding the transfer of ownership of New England Rehabilitation Hospital and its satellite locations arising from the sale of the ownership interests in the Applicant to an indirect subsidiary of HealthSouth Corporation.

Failure of the Applicant to comply with the condition of approval may result in Department sanctions, including possible fines and/or revocation of the DoN.

The condition of approval is as follows:

1. New England Rehabilitation Hospital shall continue to provide language access services at the Hospital with the improvements described in the document prepared by the Office of Health Equity, as amended from time to time by agreement of the Applicant and OHE, which is attached hereto as Attachment 2 and is incorporated herein by reference.

The Applicant has agreed to this condition of approval.
List of Attachments

1. Letter from Executive Office of Human Services regarding Medicaid access issues
2. Comments by the Office of Health Equity
June 23, 2015

Dear Mr. Plovnick:

This is to confirm consultation between the Executive Office of Health and Human Services, through its MassHealth Office of Long Term Services and Supports, and representatives for Reliant Rehabilitation Hospital Braintree, LLC and Reliant Rehabilitation Hospital New England, LLC, both subsidiaries of Reliant Hospital Partners, LLC, in accordance 105 CMR 100.602(B) regarding the change of ownership of Braintree Rehabilitation Hospital, located at 250 Pond Street, Braintree, Massachusetts 02184 and New England Rehabilitation Hospital, located at 2 Rehabilitation Way, Woburn, Massachusetts 01801. The MassHealth agency is not aware of any specific access problems for MassHealth members that may result from this transaction and anticipates that the hospitals will continue to make access to MassHealth providers and medical care for MassHealth patients a priority.

The new owner must apply for a MassHealth provider participation status for the impacted hospitals by contacting MassHealth Provider Enrollment and Credentialing at 1-800-841-2900 or provider.support@mahealth.net as well as completing a Chronic Disease and Rehabilitation Hospital Request for Application and Contract (RFA). The applications should be filed in advance of the effective date of the change of ownership in order to ensure no interruption in payment of services provided to MassHealth members. The RFA is available on the Commonwealth of Massachusetts Procurement Access and Solicitation System website at www.commbuys.com or by contacting Lenora Mobley at 617-222-7489 or lenora.mobley@state.ma.us.

Thank you for your consideration of this letter.

Sincerely,

Lenora Mobley, Program Manager
MassHealth Office of Long Term Services and Supports

Cc: Daria Niewenhous, Mintz Levin P.C.
August 28, 2015

Abraham Sims
Chief Executive Officer
New England Rehabilitation Hospital
2 Rehabilitation Way
Woburn, MA 01801

Dear Mr. Sims:

Pursuant to New England Rehabilitation Hospital’s Determination of Need (DoN) application for Change of Ownership, the Office of Health Equity has determined that a continuity of the recently imposed conditions with addendum is warranted:

- New England Rehabilitation Hospital shall maintain its capacity to provide quality and timely interpreter services and continue to satisfactorily implement all previously imposed conditions (October 16, 2013).

**Supplemental Conditions:**

New England Rehabilitation Hospital shall:

- Expand its implementation plan of the CLAS standards to include all of its clinics. A proposed plan is to be developed and include specific goals and objectives, action steps, targeted staff/departments, evaluation, and outcomes

- Identify and report on the different mechanisms and/or projects the hospital is currently implementing, and how it will continue to use the data collected on race, ethnicity, and language to improve patient care and achieve health equity

- Post signage at the reception desks informing patients of the availability of interpreter services at no charge and at all its clinics

- Provide ongoing training for all hospital and clinic staff, new hires, and volunteers on the appropriate use of Interpreter Service and emerging issues

- Continue to provide oversight and support to all of its clinics
An implementation plan that addresses the aforementioned conditions and includes anticipated outcomes, evaluation, and **periodic submission of progress reports**, is to be submitted within 30 days of DoN’s approval to:

Samuel Louis, M.P.H.
Massachusetts Department of Public Health
Office of Health Equity
250 Washington Street, 5th Floor
Boston, MA 02108

The overall plan shall include anticipated goals, action steps, anticipated outcomes, evaluation, and periodic submission of progress reports.

If you wish to discuss any of the conditions, or other areas covered at the visit, please contact me at (617) 624-5905 or at samuel.louis@state.ma.us.

Sincerely,

[Signature]

Samuel Louis, M.P.H.
Health Care Interpreter Services Coordinator

Enclosure

Cc: Deborah Rich, BSN, RN, Director, Case Management
    Jere Page, Analyst, Determination of Need Program
    Georgia Simpson May, Director, Office of Health Equity