

STAFF SUMMARY FOR DETERMINATION OF NEED
BY THE PUBLIC HEALTH COUNCIL
February 8, 2017

APPLICANT: Health Alliance Hospital, Inc.

PROGRAM ANALYST: Lynn Conover

LOCATION: 60 Hospital Road
Leominster, MA 04153

REGION: HSA II

DATE OF APPLICATION: November 15, 2016

PROJECT NUMBER: 2-3C59

PROJECT DESCRIPTION: New Construction for ED expansion with dedicated behavioral health space and cogeneration plant expansion. Renovations for ED, CSP relocation, occupational and employee health relocations, creation of a dedicated outpatient diabetes clinic, and façade upgrades.

ESTIMATED MAXIMUM CAPITAL EXPENDITURE:

Requested: \$47,098,512 (November 2016 dollars)

Recommended: \$47,098,512 (November 2016 dollars)

ESTIMATED FIRST YEAR INCREMENTAL OPERATING COST:

Requested: \$3,939,909 (November 2016 dollars)

Recommended: \$3,939,909 (November 2016 dollars)

LEGAL STATUS: A regular application for a substantial capital expenditure and substantial change in service pursuant to M.G.L. c.111, s.25C 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 30, Section 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: None

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

COMMENTS BY THE DIVISION OF MEDICAL ASSISTANCE: None submitted

COMMENTS BY THE HEALTH POLICY COMMISSION: None submitted

TEN TAXPAYER GROUP(S): None formed

RECOMMENDATION: Approval with conditions

I. PROJECT DESCRIPTION AND BACKGROUND

Overview

Health Alliance Hospital, Inc. (“HAH”, or “Applicant”), submitted a Determination of Need application on November 15, 2016 for a substantial capital expenditure. The Applicant is a nonprofit licensed community hospital with campuses in Leominster, Lancaster and Fitchburg (the Burbank Campus) and is a member of UMass Memorial Health Care with an affiliation with UMass Medical School. The Project will address physical plant and operational constraints at the Hospital’s inpatient site in Leominster.

Project Description and Background

The goal of the project is accommodate the increased demand for services, improve the flow of service delivery for patients and staff and to create energy efficiencies. The proposed project includes: new construction to expand the Emergency Department (“ED”), creating additional bays, increasing the size of existing bays, and develop a dedicated space for behavioral health patients; expansion of the power plant to include cogeneration capabilities and improve energy efficiency; and renovations in the ED space which will allow the Applicant to move central sterile processing (“CSP”) from its Burbank campus in Fitchburg to this site in Leominster. Other renovations will enable the development of an outpatient diabetes program, and the move of both occupational and employee health programs as well as the renovation the ED along with its façade.

Applicant reports that, currently, the ED lacks sufficient space to triage patients. There also is a lack of space for patients who are waiting to be seen by a provider in the Emergency Department or who are waiting final instructions prior to discharge. Treatment rooms are undersized and cannot sufficiently accommodate the equipment and staffing needed in the Emergency Department. There also are not enough treatment rooms to handle volume at peak times. Additionally, the location of the Nursing Station creates congestion within the Emergency Department and does not provide adequate space. The Proposed Project will expand the size of existing treatment bays, add six (6) new bays, and provide a dedicated space for behavioral health patients.

The maximum capital expenditure for the project is \$47,089,512. The gross square feet (GSF”) associated with the Project includes 24,884 GSF of new construction and 29,059 GSF of renovations for a total of 53,942 GSF. The table below summarizes the affected clinical and non-clinical services associated with this project at the Leominster campus.

		<u>New</u>	
	<u>Clinical</u>	<u>Construction</u>	<u>Renovation</u>
ED	Y	X	X
Diabetes	Y		X
CSP	Y		X
Façade	N		X
Cogeneration	N	X	

The Leominster campus includes a licensed 122 bed acute care hospital and provides Level IA obstetrical services with 21 well infant bassinets, 82 medical/surgical beds, a 10-bed intensive care unit, and 11

pediatric beds. There are currently 24 treatment bays in the Emergency Department. There will be no changes to the in-patient bed configuration with project approval.

The Applicant has satellites in Burbank, Leominster, Lancaster and Fitchburg. The services offered at each site are listed below:

- Burbank - urgent care center and outpatient clinics, providing medical oncology, radiation oncology, infusion, pathology laboratory, radiology, mammography, OT, PT, speech, and audiology services, as well as a residency clinic, sports medicine, EKG and EMG, and holistic therapy.
- Leominster – Whitney Field Rehabilitation Center: OT, PT and speech therapy
- Leominster- Urgent Care: urgent care, radiology, point of care testing, occupational health, DOT physicals
- Lancaster- Orchard Hills Rehabilitation Center: PT
- Fitchburg- HealthAlliance Fitchburg Family Practice

II. STAFF ANALYSIS

Factor 1- Health Planning Process

The Applicant reports that this project is the result of an extensive planning process to ensure that the needs of the patients in the primary service area are addressed, along with consideration of physical plant constraints. This process focused on ensuring cost-effectiveness, financial feasibility, adherence to current clinical and building standards, and patient programmatic needs.

Prior to filing this application, the Applicant consulted with the Determination of Need Program and MassHealth as well as representatives from long term care, homecare, ambulance services, community organizations, and members of their medical staff. The Department received ten letters of support from these organizations.

Finding

Based on the above information, Staff finds that the Applicant has engaged in a satisfactory health planning process.

Factor 2- Health Care Requirements

1. Service Area & Population

The Applicant identified its primary service area (“PSA”) based on patient origin data compiled by Massachusetts Center for Health Information and Analysis (“CHIA”). The Applicant primarily serves patients from 19 towns in the north central and North West region with over 70% of discharges being from two towns Fitchburg and Leominster, at 38% and 35% respectively.

HealthAlliance Hospital - Patient Discharges

<u>Town</u>	<u>Number</u>	<u>% of Total</u>
Fitchburg	2,723	38%
Leominster	2,486	35%
Lunenburg	387	5%
Gardner	209	3%
Shrewsbury	176	2%
Westminster	169	2%
Ashby	141	2%
Townsend	107	1%
Lancaster	102	1%
Ashburnham	101	1%
Clinton	95	1%
Sterling	95	1%
Shirley	89	1%
Winchendon	79	1%
Athol	62	1%
Ayer	45	1%
Hubbardston	37	1%
Templeton	37	1%
Pepperell	26	0%
TOTAL	7,166	98%

The Applicant performed a review of historical and projected population data for its PSA to help assess the future needs for the Project. The population of the PSA has shown steady and consistent growth since 2000. According to U.S. Census data, the population ages 20-85+ grew 7.6% from 2000 to 2010. Based on projections of the UMass Donahue Institute Population Estimates Program ("Donahue Institute"), the population is expected to increase 8.9% by 2020. From 2010 to 2030 the population is projected to increase by 13.9% as seen below.

HealthAlliance Hospital - Leominster Ages 20-85+ Population Chart

City/Town	2010 (Actual)	% Change 2000-10	2020 Projection	% Change 2010-20	2030 Projection	% Change 2010-30
Ashburnham	4,314	13.5%	4,792	11.1%	5,175	20.0%
Ashby	2,255	14.8%	2,474	9.7%	2,610	15.7%
Athol	8,659	6.4%	9,606	10.9%	10,523	21.5%
Ayer	5,523	3.9%	6,179	11.9%	6,513	17.9%
Clinton	10,332	3.0%	10,680	3.4%	10,800	4.5%
Fitchburg	29,304	5.9%	30,827	5.2%	31,686	8.1%
Gardner	15,511	0.8%	15,544	0.2%	15,056	-2.9%
Hubbardston	3,157	21.0%	3,846	21.8%	4,230	34.0%
Lancaster	6,156	11.0%	7,267	18.1%	7,966	29.4%
Leominster	30,492	2.0%	30,960	1.5%	30,198	-1.0%
Lunenburg	7,545	11.5%	8,212	8.8%	8,568	13.6%

Pepperell	8,291	11.2%	9,543	15.1%	9,813	18.4%
Shirley	5,730	17.5%	7,150	24.8%	8,200	43.1%
Shrewsbury	25,670	11.3%	29,416	14.6%	33,436	30.3%
Sterling	5,738	11.9%	6,280	9.5%	6,381	11.2%
Templeton	5,895	20.6%	7,154	21.4%	8,068	36.9%
Townsend	6,488	5.8%	7,024	8.3%	6,803	4.9%
Westminster	5,375	9.9%	5,750	7.0%	5,977	11.2%
Winchendon	7,337	13.6%	8,240	12.3%	8,782	19.7%
TOTAL	193,772	7.6%	210,944	8.9%	220,785	13.9%

With population growth, demand for efficient high quality healthcare is expected to grow. The Applicant has therefore concluded that the population growth projections of its PSA support the proposed Project.

2. Physical Plant Issues

The hospital is comprised of three clinical buildings and central plants that are aging and are characterized by inefficiencies and deficiencies that affect patients, families and staff. The table below identifies the age and year of the last renovation of each building.

<u>Buildings</u>	<u>Built</u>	<u>Age</u>	<u>Last Renovated</u>
East	2000	17	-
Foster	1970	47	2000
South	1940	77	-
Central Plant	-	-	2000

The Applicant reports that the Foster building which houses the Emergency Department was renovated 17 years ago and no major work has occurred at the Hospital since. The existing footprint of the ED cannot accommodate increased volume, work flow is constrained, and does not meet the unique requirements of the behavioral health patients.

More specifically, there is insufficient patient registration and triage space, and patient flow is hampered by the location of the nursing station. The treatment rooms are undersized and cannot adequately accommodate the equipment and staffing needed in urgent situations, and there are not a sufficient number of rooms to handle volume at peak times. The corridors are used to house equipment, supply carts and at times, even patients. Finally, there is no dedicated space for psychiatric patients while awaiting an inpatient bed. The addition and new design will address the triage, flow, congestion, and room size constraints while creating a dedicated behavioral health space and improving lines of sight as explained below.

The Applicant reports that the façade renovations will solve several problems associated with the current facility. The applicant states that the current facade limits staff's view of patients and visitors approaching the entrance thereby hampering their ability to efficiently receive and assess patients. The Applicant asserts that this presents safety and security issues for the ED. While solving these issues, the renovation will also create a unified look for the Foster and East buildings.

Central Sterile Processing ("CSP") is currently located at the Burbank Campus. Carriers transport clean and dirty equipment to and from both Fitchburg and Leominster. At Leominster an ancillary department that is

used for washing carts is capable of sterilizing equipment in an emergency. The Applicant states that there is now sufficient need on a daily basis for an expanded CSP department onsite and proposes to expand the current sterilization and storage rooms. This service will be located across from the surgical suite. Additionally, a linen prep area and office will be added. The applicant states that this will improve the Applicant's operational efficiency.

With the addition of the dedicated diabetes clinic, a space has been earmarked for renovations that currently houses employee and occupational health. Diabetes patients have been served in a non-cohesive manner throughout the facility. This renovated space, which is contiguous to outpatient services and the Hospital's entrance, will encompass eight exam rooms, a waiting and reception areas, a nurses station rest rooms and a staff lounge.

The Applicant's Central Plant cannot accommodate a cogeneration system which is a combined heating and cooling power ("CCHP") system. These systems capture heat waste from the existing system and will achieve cost savings for the Applicant and generate 2 megawatts of electricity for the Hospital. The new construction will allow for sufficient space for the CCHP equipment. Once operational, the Applicant states that the CCHP will supply almost all of the Hospital's electrical power.

3. Utilization and Demand

At staff's request, the applicant provided detailed data that differentiates emergency, behavioral health, and their satellites' urgent care visits.

Year	Emergency Department	Behavioral Health	Total
2013	41,562	2,303	61,369
2014	41,282	2,859	60,750
2015	42,384	2,335	70,470
2016	43,454	2,709	77,224
2019	44,980	2,722	78,763
2020	46,480	2,812	80,353
2021	48,031	2,906	81,998
2022	49,635	3,003	83,699

On a given day, the Applicant treats between 6 and 8 patients requiring behavioral health services. As the chart above indicates, in 2016, the applicant treated 2,709 behavioral health patients - 16% more than received behavioral health services in 2015. The Applicant projects a growth trend plans to add six (6) dedicated treatment rooms to serve these patients. The Hospital does not have inpatient psychiatry services. Applicant most frequently discharges these patients to one of eleven facilities, four of which are within HSA II, and none of which are owned by the Applicant.

The Applicant is experiencing growth in all types of ED visits. From 2013 through 2016, the ED visit volume grew 4.5%. The applicant expects growth to continue at an annual rate of 2%. The addition of six (6) dedicated BH beds and the expansion of the existing bays and ED, overall, will improve patient and clinical experience, overall.

Outpatient Diabetes Service

<u>Actual Visits</u>		<u>Projected Visits</u>	
<u>Year</u>	<u>#</u>	<u>Year</u>	<u>#</u>
2013	913	2019	2,387
2014	838	2020	3,983
2015	791	2021	4,781
2016	809	2022	5,579

With a dedicated space for diabetes patients, the Applicant projects an increase in volume in visits to address the needs and to account for a shift in volume that has been going to Applicant's other clinics.

Finding

Based on the projected population growth and the utilization data, staff finds these projections to be reasonable and that the applicant meets the health care requirements standards of the DoN Regulations.

Factor 3- Operational Objectives

Health Alliance Hospital reports that it utilizes various quality improvement programs to ensure the delivery of high quality health care services to its patients. It adheres to Joint Commission on Accreditation of Healthcare Organizations (JCAHO") standards for collecting data, monitoring information and analyzing outcomes. Additionally the Applicant continually adheres to CMS and DPH requirements for licensure and certification, including assuring that all clinical staff is appropriately qualified, trained and credentialed to provide care in the ED.

Monitoring in the ED includes sampled chart review, occurrence reporting and follow up, serious incident root cause analysis and patient feedback. Metrics tracked include ED Patient Flow, Acute MI, Chest Pain, Long Bone Fracture Pain Management and Stroke.

The CSP Department is responsible for cleaning, decontamination and high level disinfection and cleaning of medical supplies, devices, instruments and equipment for all in and outpatient services at all sites. Staff undergoes extensive training in compliance with state and federal regulations. Quality control indicators that are audited include: mechanical cleaning of instruments; product identification and traceability; physical, chemical and biological monitoring of steam sterilization cycles; and residual air testing of dynamic air removal sterilizer. Audits and data are reported to the Infection Control Department and Patient Quality and Safety Committee.

Applicant states that it will continue to offer services to patients who are poor, medically indigent, and/or Medicaid eligible and to care for all patients in a non-discriminatory manner.

Staff notes that the Department's Office of Health Equity ("OHE") conducted a review of the policies and operations of the existing language access services at HealthAlliance Hospital on November 2, 2016. OHE believes that it is critical that culturally appropriate language access services are available for new and expanded clinical services. Therefore, in order to ensure an appropriate level of service for limited English

proficient patients in need of treatment at the Hospital, OHE established 13 requirements on the Applicant's language access services which are set forth as a condition of approval and detailed in Attachment 1.

Finding

Based on the above analysis, Staff finds that the proposed project, with adherence to a certain condition, meets the operational objectives requirements of the DoN regulations.

Factor 4- Standards Compliance

As indicated previously, the proposed facility expansion and renovation project involves new construction of 24,884 GSF and renovation of 29,059 GSF for a total of 53,942 GSF at the existing Leominster Hospital site.

Currently the ED has 15,375 GSF. This proposal request is to increase it to 26,517 GSF (72%) with a complete renovation and reconfiguration of the existing space. The current physical facility's ED is undersized relative to modern square footage and architectural requirements. This limits the Applicant's ability to properly care for behavioral health patients, store equipment and provide general acute services in the existing department. The construction and renovations will allow the Applicant to address all physical plant deficiencies and comply with present standards and any plan review requirements of the Division of Health Care Safety and Quality.

This proposal will result in the more than doubling of the CSP located onsite to 8,032 GSF, and will add a mechanical space in the basement of the addition that will benefit the entire facility. In an existing separate building, the Diabetes service will involve the renovation of 3,162 GSF, and renovation of the façade constitutes 7,747 GSF. The CCHP will add 2,876 new GSF.

Finding

Based on the above information provided by the applicant, Staff finds that the proposed project meets the standards compliance factor of the DoN regulations.

Factor 5- Reasonableness of Capital Expenditures

The capital costs of this project were reviewed in accordance with the Regulations and guidelines that require staff to review construction and renovation costs and compare them to the Marshall and Swift Valuation and to other similarly approved projects.

The table below shows the requested and recommended maximum capital expenditure of \$47,098,512 (November 2016 dollars)

Projected Maximum Capital Expenditure

	<u>New Construction</u>	<u>Renovation</u>	<u>Total</u>
Land Costs:			
Land Acquisition Cost	-	-	-
Site Survey & Soil Investigation	\$60,000	-	60,000
Other Non-Depreciable Land Dev.	-	-	-
Total Land	<u>\$60,000</u>	<u>\$ -</u>	<u>\$60,000</u>
Construction Costs:			
Depreciable Land Development	\$1,700,000	\$1,000,000	\$2,700,000
Building Acquisition Cost	-	-	-
Construction Contract	23,600,000	12,355,000	35,955,000
Fixed Equipment not in Contract	700,000	1,100,000	1,800,000
Architectural Cost	1,500,000	1,425,000	2,925,000
Pre-filing Planning & Development	85,000	35,000	120,000
Post-filing Planning & Development	155,000	-	240,000
Other: Contingency	500,000	600,000	1,100,000
Net Interest Expense during Construction	1,030,417	477,444	1,507,861
Major Movable Equipment	-	-	-
Total Construction Costs	<u>\$29,270,417</u>	<u>\$17,077,444</u>	<u>\$46,347,861</u>
Cost of Securing Financing	473,254	217,397	690,651
TOTAL	<u>\$29,803,671</u>	<u>\$17,294,841</u>	<u>\$ 47,098,512</u>

Marshall & Swift Valuation Service does not include a comparable valuation for power plants and cogeneration systems. As a result, Staff has divided the analysis of reasonableness of capital expenditures for this factor into two components after subtracting the square footage and costs associated with the cogeneration construction from the requested total MCE.

For the analysis of the new construction and renovations of the ED, CSP and Diabetes services, staff conducted the standard review of comparison to Marshall & Swift Valuation Service. When compared the requested base construction costs with the most recent comparison Class A "Good" for Hospital construction the costs associated with this project are above M&S by approximately 30%.

	<u>New Construction</u>	<u>Renovation</u>	<u>Total</u>
Total Proposed GSF	22,884 GSF	29,059 GSF	53,943 GSF
GSF less Cogeneration	2,876GSF		
Construction Contract	\$ 15,000,000	\$ 12,355,000	\$35,955,000
Site Survey & Soil Investigation	50,000	-	50,000
Architectural & Engineering Costs	1,300,000	\$ 1,425,000	2,725,000
Fixed Equipment not in Contract	<u>700,000</u>	<u>\$ 1,100,000</u>	<u>1,800,000</u>
Total Construction Costs	\$17,050,000	\$14,880,000	\$31,390,000
Marshall & Swift Comparison Costs	\$ 585.36	\$351.22	
Cost per FT SQ	\$774.22	\$ 512.06	

When asked for an explanation of why these costs are over the M&S valuation, the Applicant offered that the relocation of the mechanical equipment into the basement of the new addition which is necessary for this project, will benefit the entire hospital beyond the scope of this Proposed Project. Other components that benefit the entire hospital that led to increased costs include demolition of the façade and other areas to accommodate the new construction; electric gear replacement and emergency generator room upgrades with an additional primary electrical ductbank and chiller replacement. Additionally there is hazardous materials work and upgrading of the structural system and building fire ratings to conform to the Massachusetts State Building Code, and exterior roadwork to accommodate the vehicular flow around the new addition. Additionally, the Hospital reports that cost for subcontractors is above the regional labor costs since they are union workers and their costs are comparable to a project undertaken in Boston. Below are costs of comparable projects.

<u>Hospital</u>	<u>Project #</u>	<u>Filing Date</u>	<u>Cost/GSG</u>
Mass. General	4-3C45	Aug-15	\$1335
South Shore	4-3C42	May-15	\$763
NSMC	6-3C46	July -16	\$715

NSMC and South Shore included costs associated with less intensive medical services as well which are less costly, while Mass. General’s costs were for a highly intensive perioperative service.

The second part of the analysis shows the cost of construction and equipment of the CCHP system addition as shown below and compares it to that of other similarly approved projects

	New Construction
Proposed GSF	2,876
Construction Contract	\$8,600,000
Site Survey & Soil Investigation	\$10,000
Architectural & Engineering Costs	\$ 200,000
Fixed Equipment not in Contract	-
Total Construction Costs	\$8,810,000
Cost per FT SQ	\$ 3,063.28

North Shore Medical Center, project #6-3C13, was approved for a new central utility plant in 2012 at a cost per square foot of \$2,883. When adjusted for inflation, the cost is approximately \$4,382. While this Application's project costs 30% less than NSMC's it is also less extensive since it does not involve replacement of the entire system.

Staff finds that, these costs are reasonable based on the Applicant's explanation and analysis, and the construction costs of recently approved projects, as shown below.

Incremental Operating Costs

The incremental operating costs of the project are below.

	<u>Incremental Operating Costs</u>
Salaries, Wages & Fringe	1,970,367
Purchased Services	692,983
Supplies & Other Expenses	(1,931,649)
Depreciation	2,970,684
Interest	198,044
Pension	<u>39,480</u>
TOTAL	\$3,939,909

Staff analysis determined that there is a \$1.9M annual savings for Supplies and Other Expenses associated with efficiencies which are gained through the CSP move to the Leominster campus and the energy gained from the addition of cogeneration capabilities. The Applicant states the savings for moving CSP are \$1.5 million in staffing and utility costs over four years. Additionally, the savings associated with adding Cogeneration capabilities are estimated at \$5,524,138.

As shown below, increased costs associated with adding 12.61 FTEs to staff the expansion of ED, Behavioral Health, Diabetes, are reasonable.

Net Staffing Changes

Staffing Changes	Incremental Change
Observer	4.20
CCT	4.21
RN	<u>4.20</u>
Total Staffing changes	12.61

Finding

Based on the information provided by the Applicant and further analysis, staff finds the incremental operating costs to be reasonable.

Factor 6- Financial Feasibility and Capability

The Regulations require, when the Applicant is proposing to finance the project with external funds, that the Applicant maintain a minimum debt service coverage ratio of 1.4 and a current ratio of 1.5 in order to ensure that it can assume additional debt..

The Applicant states that it will finance 98.5% or \$46,734,058 of the project with tax exempt bonds. The ratio of fixed charges covered is 17.37, which well exceeds the minimum standard of the Regulation. Additionally, the Applicant's current ratio exceeds the minimum standard of the Regulation at 2.06.

Finding

Based on this information provided by the applicant, Staff finds the costs associated with the Project are within the Applicant's financial capability and exceed the standards of the Regulation.

Factor 7- Relative Merit

Given the age and inefficiencies of the existing facility, the applicant considered the following:

1. Take No Action- the Applicant did not think that continuing to operate the facility in its present condition with the same level of services was an optimal option to address the needs of the community. In light of and the projected population growth and increased demand for services for behavioral health and other emergency patients, and the increasing needs of diabetic patients, these renovations and expansions are deemed necessary to gain efficiencies in both service delivery and energy production.
2. Renovation and New Construction- Workflow and service delivery will be improved in the ED with and the development of a dedicated behavioral health area, and reconfiguration of the existing space. A partial new and renovated ER will enable better triaging of patients, improved patient and staff flow due to removal of equipment from the hallways into bigger treatment rooms, a relocation of the Nurses station, and better staff sightlines, while providing discrete space for behavioral health patients who are currently interspersed among general ED patients.

Without the new construction, renovations to allow for the development of the discrete Diabetes clinic and relocation of Central Sterile Processing from Burbank would not be possible. Additionally, Cogeneration to recapture lost energy was deemed cost effective and environmentally sound and would not be possible without this new construction.

For these reasons, the applicant determined that this option was the superior alternative.

Finding

Staff finds that the project meets the relative merit requirements of the DoN regulations.

Factor 8- Environmental Impact

Staff notes that HealthAlliance has submitted the most recent available version of the required US Green Building Council checklist, the LEED v.4 Healthcare checklist (“Checklist”), to demonstrate its commitment to green building standards for the proposed project. The Checklist (Attachment 2) shows that the proposed new construction and renovations will achieve 56 out of a possible 110 credit points, meeting the minimum 50% compliance standard of the Department’s DoN Guidelines for Environmental and Human Health Impact (“Environmental Guidelines”). The Applicant reports that it will continue to explore the possibility of achieving an additional credit points through the design and construction process and leverage the intended environmentally sound design and construction planning.

Finding

Based on the above information, Staff finds that the applicant meets the environmental requirements of the DoN regulations.

Factor 9- Community Health Initiatives

HealthAlliance Hospital has agreed to provide a total of \$2,354,926 (November 2016 dollars) to fund community health service initiatives described in Attachment 3. It will be distributed over five (5) years at \$470,985 per year. The Applicant will work with the Office of Community Health Planning, CHNA 9 and other community representatives to ensure that the funds are directed to community health improvement initiatives. The Plan for the provision of primary and preventative health services shall be developed in consultation with the Doyle Foundation utilizing the UMass Memorial Healthcare – HealthAlliance Hospital’s community health assessment to identify health issues in the service area and the initiatives that should be directed toward them.

Finding

Based on the above information, Staff finds that the applicant meets the community health service initiatives requirements of the DoN regulations.

III. STAFF FINDINGS

Based upon the foregoing analysis, Staff finds the following:

1. HealthAlliance Hospital proposes a facility expansion and renovation project that involves new construction of 24,884 GSF and renovation of 29,059 GSF for a total of 53,942 GSF at the existing Leominster Hospital site.
2. The proposed and recommended maximum capital expenditure of of \$47,098,512 (November 2016 dollars) is reasonable, based on similar, previously approved projects.
3. The health planning process was satisfactory and consistent with the DoN regulations.
4. The project meets the health care requirements provisions of the DoN regulations.
5. The project meets the operational objectives of the DoN regulations.
6. The project meets the compliance standards of the DoN regulations.
7. The Applicant shall continue to provide language access services at HealthAlliance Hospital and will implement the requirements described in the document prepared by the Office of Health Equity ("OHE"), as amended from time to time by agreement of the Applicant and OHE, which is attached hereto as Attachment 1 and is incorporated herein by reference.
8. The proposed and recommended incremental operating cost of \$3,939,909 (November 2016 dollars) is reasonable based upon similar, previously approved projects.
9. The project is financially feasible and within the financial capability of the applicant.
10. The project meets the relative merit provisions of the Regulations.
11. The project meets the requirements of the DoN Green Guidelines.
12. The project, with adherence to a certain condition, meets the community health service initiatives of the DoN regulations.

STAFF RECOMMENDATION

Based upon the foregoing analysis and findings, Staff recommends approval with conditions of Project Number 2-3C59 submitted by HealthAlliance Hospital for new construction and renovations to its Leominster facility. Failure of the Applicant to comply with the conditions may result in Department sanctions.

1. HealthAlliance Hospital shall accept the maximum capital expenditure of \$47,098,512 (November 2016 dollars) as the final cost figure, except for those increases allowed pursuant to 105 CMR 100.751 and 100.752.
2. HealthAlliance Hospital shall continue to provide services to patients who are poor, medically indigent, and/or Medicaid eligible and will care for all patients in a non-discriminatory manner.
3. HealthAlliance Hospital shall adopt the requirements of the Office of Health Equity for improvement of policies and procedures related to language access for non-English or limited English proficient ("LEP") patients as detailed in Attachment 1 of this Staff Summary.
4. HealthAlliance Hospital shall achieve green building certification at the silver level or better. (Attachment 2)
5. HealthAlliance Hospital shall contribute a total of \$2,354,926 (November 2016 dollars), or \$470.985 per year for a period of five years, to fund the community health services initiatives (CHI) and detailed in Attachment 3 of the Staff Summary.

Attachments

1. Office of Health Equity
2. Green Guidelines
3. CHI