

**ADDENDUM TO STAFF SUMMARY FOR DETERMINATION OF NEED
BY THE PUBLIC HEALTH COUNCIL
January 2, 2019**

Introduction

On December 5, 2018, and pursuant to 105 CMR 100.510, the Massachusetts Department of Public Health (DPH or Department) Staff for the Determination of Need (DoN) Program (Staff) forwarded to all Parties of Record its written Staff Report relative to DoN application 18060613-AS filed by Medford Surgery Center, LLC with respect to a transaction in which it would construct a five room (three outpatient operating rooms, and two procedure rooms) freestanding ambulatory surgery center (ASC) to be located on the grounds of MelroseWakefield Healthcare's Lawrence Memorial Hospital in Medford, MA

In accordance with the regulation, Parties of Record were authorized to submit written comments related to the Staff's recommendation and any other conditions recommended in the Staff report.

A timely response from the Applicant was received which requested clarification of a statement relative to the continued utilization by Lawrence Wakefield Hospital of its Operating and Procedure rooms as well as adjustments to the timing for compliance with Condition 4 relative to the Community Health Initiative process as well as Condition 6/Attachment 2, the CHI Timeline. The request was reviewed and, as appropriate, incorporated in the staff report that is presented to the Public Health Council (PHC) for review at its January 9, 2019 meeting.

A sentence is added on page 2 and a sentence is deleted on page 3. The text, from pages 2, and 3 of the Staff Report is reprinted below: New language *in bold blue* , language removed ~~in strikethrough~~.

Lawrence Memorial Hospital currently operates 11 operating and procedure rooms. The Applicant states that the rooms are at the end of their useful life and need significant renovation in order to meet current standards of care. **The Department is informed that these are not currently in use.** The Applicant asserts that renovation of the existing rooms is expensive and costlier than providing low-acuity surgical services to clinically appropriate patients in an outpatient setting. The Applicant is proposing construction of an ASC with three outpatient operating rooms and two procedure rooms on the Lawrence Memorial Hospital campus to specialize in orthopedic surgery; ear nose and throat (ENT) surgery; endoscopy; and plastic surgery. The ASC will serve patients from MelroseWakefield Healthcare, TMCPO through Wellforce ACO, and other patients in the service area seeking cost-effective surgical services. The Applicant states that it will shift low-acuity procedures that would normally take place in a hospital-outpatient department (HOPD) to the ASC where it is less costly, more operationally efficient, and more convenient for the Applicant's patient panel. The Applicant argues that the proposed project will lead to the highest quality outcomes and patient satisfaction levels.

Analysis

This analysis and recommendation reflect the purpose and objective of DoN which is "to encourage competition and the development of innovative health delivery methods and population health strategies within the health care delivery system to ensure that resources will be made reasonably and equitably available to every person within the Commonwealth at the

lowest reasonable aggregate cost advancing the Commonwealth's goals for cost containment, improved public health outcomes, and delivery system transformation" 105 CMR 100.001.

All DoN factors are applicable in reviewing a Proposed Project for Ambulatory Surgery. This Staff Report addresses each of these factors in turn.

Factors 1 and 2

Factor 1 of the DoN regulation asks that the Applicant address patient panel need, public health value, and operational objectives of the Proposed Project, while factor 2 focuses on health priorities. Under factor 1, the Applicant must provide evidence of consultation with government agencies who have licensure, certification or other regulatory oversight which, in this case, has been done and so will not be addressed further in this staff report. This analysis will approach the remaining requirements of factors 1 and 2 by describing each element of the Proposed Project and how each element complies with those parts of the regulation.

Patient Panel, Need, and Projected Growth

The Applicant is a newly-formed joint venture and does not have its own patient panel. Therefore, Applicant relies on patient panel data from its joint venture partners to determine need for the proposed project. The Applicant's patient panel will encompass patients from MelroseWakefield Healthcare, TMCPO through the Wellforce ACO, along with other patients in the ASC's primary service area in need of the surgical services that will be offered by the proposed ASC. Staff agrees that this is an acceptable way to identify a potential patient panel.

MelroseWakefield Healthcare Patient Panel

The MelroseWakefield Healthcare patient panel consisted of 363,042 unique patients from FY15-FY17. The Applicant's patient mix is 41% male and 59% female. The age profile of the patient panel is as follows: 9.0% are in the 0-17 age cohort, 67% in the 18-64 age cohort, and 24% in the 65 and over cohort. Based on self-reported data on race, 79% of the patient panel is White/Caucasian. The top ten cities served by MelroseWakefield Healthcare during FY15-FY17 are: Medford (15%), Malden (13%), Melrose (10%), Wakefield (8%), Saugus (7%), Revere (4%), Everett (4%), Stoneham (4%), Reading (3%), and Somerville (2%). Applicant states that approximately 50% of the patient panel is insured by third party commercial payers, 42% is insured through government programs, and 6% qualifies for free care, self-pay, or have some other form of insurance.

The Applicant also predicts that volume for the proposed ASC will also originate from the Wellforce Care Plan's patient panel that resides in the ASC's primary service area (PSA). ~~Upon approval of this project, Lawrence Memorial will cease using the 11 ORs and procedure rooms on its campus.~~ The Applicant provided patient panel data for Wellforce ACO members who reside in the towns of the proposed PSA. The Applicant states that information is available for Wellforce patients who participate in MassHealth ACO, Medicare Shared Savings Program, and those covered by risk-based commercial contracts. The Applicant reported that in 2017, there were 4,366 MassHealth ACO members, 2,100 Medicare Shared Savings Program ACO members, and 27,618 Commercial members for a total of 34,084 patients. The gender profile of the Wellforce patient panel is roughly 50% female and 50% male, and the age profile is as follows: 45% are 0-17 years, 47% are 18 -64 years, and 8% are ages 65 and older. Reported languages

spoken by the Wellforce ACO patient panel include Chinese (167), Spanish (148), Haitian/Creole (40), Hindi (42), Arabic (37), and Vietnamese (111).

The Staff Report is, otherwise, unchanged. The Findings and Recommendations are unchanged other than to reflect the changes in CHI timeline set out in Condition 4 and Condition 6/CHI Timeline.

Presented for PHC Vote:

Findings and Recommendations

The Applicant demonstrated that the proposed project will lead to increased access to high-quality, community-based surgical services in a more efficient and cost-effective setting. The Applicant provided evidence that the project will improve health outcomes and increase patient satisfaction levels. These findings, along with ongoing compliance with the Other Conditions set out below, support a determination that the Applicant meets the requirements of Factors 1 and 2.

The Applicant meets factor 3; based upon the CPA analysis, the Proposed Project is financially feasible in the context of factor 4; provision of surgical services in an ambulatory surgery setting is, on balance, the superior alternative for meeting the existing Patient Panel needs from the perspective of quality, efficiency, and operating costs as required by factor 5; and the Applicant is in compliance with the requirements of the CHI planning process for the purposes of factor 6 subject to the CHI Conditions and Timeline and pursuant to 105 CMR 100.310(J).

CHI Conditions to the DoN:

1. Of the total required CHI contribution of \$733,778, \$177,941 will be directed to the CHI Statewide Initiative, \$533,824 will be dedicated to local approaches to the DoN Health Priorities (includes resources for evaluation of strategies), and \$22,013 is allowed to be used for administrative purposes to implement community engagement activities and management of CHI processes such as a issuing RFPs, etc. To comply with the Holder's obligation to contribute to the Statewide CHI Initiative, the Holder must submit a check for \$177,941 to Health Resources in Action (the fiscal agent for the CHI Statewide Initiative). The Holder must submit the funds to HRiA within one month from the date of the Notice of Approval. The Holder must promptly notify DPH (CHI contact staff) when the payment has been made.
2. Funds will be distributed over a 2-5 year period subject to choice of Health Priority strategies and final Department approval.
3. Additional members of the CHI Advisory Committee will be recruited and a list of members and their affiliations provided to the Department. These members shall represent, at a minimum, local health, housing, planning and transportation, private business and community health centers. Further, to ensure that community members or representatives of small and less resourced community organizations are part of this recruitment effort, the Applicant will develop and submit additional plans for membership and leadership development for new members. A listing of new members, their affiliations and plans for leadership development will be submitted to the department within two months from the date of the Notice of Approval.

4. Either as part of initial plans for the 2019 Melrose Wakefield Community Health Needs Assessment or as a separate activity specific to the selection of Health Priority Strategies, key informant interviews with stakeholders from sectors representing the six DoN Health Priorities will be completed prior to selecting Health Priority Strategies for submittal to the Department. The Applicant will submit plans for these interviews to the Department within ~~one~~ **two** months from the date of the Notice of Approval.
5. All activities described in the Community Engagement Plan (attached) are considered conditions of approval.
6. CHI timeline (see Attachment 2).

Other Condition:

7. The Holder will report to the Department on its ongoing community engagement activities including publicity of and attendance at scheduled meetings and community events. Reporting on Community Advisory Group activities will include submittal of a Group Charter, plans for recruitment of members, and member participation in ongoing events.
 - a. The reporting under this Condition 7 shall commence on issuance of the Notice of DoN and shall continue, semi-annually until implementation of the proposed project.

Based upon a review of the materials submitted, Staff finds that the Applicant has met each DoN factor and recommends that the Department approve this Determination of Need application for construction of a freestanding ambulatory surgery center (ASC) subject to all standard conditions (105 CMR 100.310).

In compliance with the provisions of 105 CMR 100.310(L) and (Q), which require a report to the Department, at a minimum on an annual basis, including the measures related to achievement of the DoN factors for a period of five years from completion of the project, the Holder shall address its assertions with respect to the cost benefits of the provision of surgical services in an ASC as well as the metrics provided in Attachment 1.

Amended Attachment 2

Timeline for CHI Activities: Melrose Wakefield HealthCare

- One-month post-approval: The Advisory Committee will begin meeting to review the CHNA priorities, assist with developing plans for additional member recruitment and leadership development and help determine the process of conducting key informant interviews required as conditions of approval.
- **Two months post-approval the Applicant will submit plans for the following** ~~Plans for leadership development of and key informant interviews submitted to the Department.~~ **and Plans for the establishment of an Allocation Committee determined.**
- Two months post-approval: New members recruited and list submitted to Department.
- **Three to six months post-approval: The Applicant is conducting the community engagement activities outlined in the Community Engagement Plan Form.**
- **One to six months post-approval: Melrose Wakefield Healthcare is working on its 2019 community health needs assessment.**
- **Three to six months post-approval: The Applicant will hire an evaluator to evaluate engagement activities, as well as CHI processes and projects funded through CHI monies.**
- **Five to six months post-approval: The Applicant will update the Department staff on progress on Melrose Wakefield Healthcare's 2019 community health needs assessment.**
- **Eight months post-approval: Melrose Wakefield Healthcare's 2019 community health needs assessment is complete.**
- **Nine to ten months post-approval: The Advisory Committee reviews the 2019 community health needs assessment and selects the health priorities and strategies for the CHI.**
- **Ten months post-approval: The Applicant submits the Health Priorities and Strategies**
- **Eleven to twelve months post-approval: The Allocation Committee develops a solicitation process based on the selected Health Priorities and Strategies.**
- **Thirteen months post-approval: The request for proposal is released.**
- **Fourteen months post-approval: Bidders conferences are held on the request for proposal.**
- **Fifteen months post-approval: The request for proposal responses are due.**
- **Sixteen to Seventeen months post-approval: The Allocation Committee reviews the request for proposal responses.**
- **Seventeen months post-approval: Disbursement of the initial CHI funding.**
- **Eleven months post-approval: The Advisory Committee conducts a conflict of interest process. Members without a conflict of interest will move on to the Allocation Committee**
- ~~Four months post-approval: The Advisory Committee has determined priorities for funding and the Allocation Committee chosen specific strategies. Melrose Wakefield Healthcare submits Health Priorities form to the Department for review.~~

- ~~5 months post approval: The Allocation Committee develops RFP process and works to determine how to combine with ongoing community benefits efforts or grant opportunities.~~
- ~~5 months post approval: Allocation Committee chooses an evaluator to assist with RFP development and to serve as a technical resource for grantees and develop/implement the evaluation plan.~~
- ~~6-7 months post approval: RFP for funding released.~~
- ~~7 months post approval: Bidders conferences held.~~
- ~~8-9 months post approval: responses to RFPS due.~~
- ~~10 months post approval: funding decisions made.~~
- Ongoing: evaluation, monitoring and reporting.