AMSURG BMC, LLC

DON APPLICATION # 19102312-TO
TRANSFER OF OWNERSHIP
PIONEER VALLEY SURGICENTER, LLC

OCTOBER 23, 2019

BY

AMSURG BMC, LLC
251 LITTLE FALLS DRIVE
WILMINGTON, DE 19808

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APPLICATION # 19102312-TO
TRANSFER OF OWNERSHIP
PIONEER VALLEY SURGICENTER, LLC

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ATTACHMENT 1: APPLICATION FORM

Massachusetts Department of Public Health
Determination of Need
Application Form

Version: 11-8-17

Application Type: Transfer of Ownership

Application Date: 10/23/2019 12:05 pm

Applicant Name: AmSurg BMC, LLC

Mailing Address: 251 Little Falls Drive

City: Wilmington State: Delaware Zip Code: 19808

Contact Person: Andrew Levine Title: Attorney

Mailing Address: One Beacon Street, Suite 1320

City: Boston State: Massachusetts Zip Code: 02108

Phone: 6175986700 Ext: E-mail: alevine@barrettsingal.com

Facility Information

List each facility affected and or included in Proposed Project

1 Facility Name: Pioneer Valley Surgicenter, LLC

Facility Address: 3550 Main Street

City: Springfield State: Massachusetts Zip Code: 01107

Facility type: Freestanding Ambulatory Surgery Facility CMS Number: 22C0001043

Add additional Facility Delete this Facility

1. About the Applicant

1.1 Type of organization (of the Applicant): for profit

1.2 Applicant's Business Type: ○ Corporation ○ Limited Partnership ○ Partnership ○ Trust ◉ LLC ○ Other

1.3 What is the acronym used by the Applicant's Organization?

1.4 Is Applicant a registered provider organization as the term is used in the HPC/CHIA RPO program? ○ Yes ◉ No

1.5 Is Applicant or any affiliated entity an HPC-certified ACO? ◉ Yes ○ No

1.5.a If yes, what is the legal name of that entity? Baycare Health Partners, Inc., inclusive of Pioneer Valley Accountable Care, LLC and Baystate Health Care Alliance, LLC

1.6 Is Applicant or any affiliate thereof subject to M.G.L. c. 6D, § 13 and 958 CMR 7.00 (filing of Notice of Material Change to the Health Policy Commission)? ◉ Yes ○ No

1.7 Does the Proposed Project also require the filing of a MCN with the HPC? (●) Yes ( ) No

1.7.a If Yes, has Material Change Notice been filed? (●) Yes ( ) No

1.7.b If yes, provide the date of filing. 06/27/2019

1.8 Has the Applicant or any subsidiary thereof been notified pursuant to M.G.L. c. 12C, § 16 that it is exceeding the health care cost growth benchmark established under M.G.L. c. 6D, § 9 and is thus, pursuant to M.G.L. c. 6D, §10 required to file a performance improvement plan with CHIA? ( ) Yes (●) No

1.9 Complete the Affiliated Parties Form

2. Project Description

2.1 Provide a brief description of the scope of the project.

See Attached Narrative.

2.2 and 2.3 Complete the Change in Service Form

3. Delegated Review

3.1 Do you assert that this Application is eligible for Delegated Review? ( ) Yes (●) No

4. Conservation Project

4.1 Are you submitting this Application as a Conservation Project? ( ) Yes (●) No

5. DoN-Required Services and DoN-Required Equipment

5.1 Is this an application filed pursuant to 105 CMR 100.725: DoN-Required Equipment and DoN-Required Service? ( ) Yes (●) No

6. Transfer of Ownership

6.1 Is this an application filed pursuant to 105 CMR 100.735? (●) Yes ( ) No

6.2 If Yes, Is Applicant's Proposed Project subject to 958 CMR 7.00 (Notices of Material Changes and Cost and Market Impact Reviews)? (●) Yes ( ) No

6.3 Does the Proposed Project constitute the transfer of the Health Care Facility's license in its entirety to a single transferee? ( ) Yes (●) No

6.4 Which of the following most closely characterizes the Proposed Project;

- (●) A transfer of a majority interest in the ownership of a Hospital or Clinic;
- ( ) A transfer of a majority of any class of the stock of a privately-held for-profit corporation;
- ( ) A transfer of a majority of the partnership interest of a partnership;
- ( ) A change of the trustee or a majority of trustees of a partnership;
- ( ) Changes in the corporate membership and/or trustees of a non-profit corporation constituting a shift in control of the Hospital or Clinic;
- ( ) Foreclosure proceedings have been instituted by a mortgagee in possession of a Hospital or Clinic;
- ( ) A change in the ownership interest or structure of a Hospital or Clinic, or of the Hospital or Clinic's organization or parent organization(s), such that the change results in a shift in control of the operation of the Hospital or Clinic.

6.5 Explain why you believe this most closely characterizes the Proposed Project.

AmSurg BMC, LLC ("Applicant") is a newly formed joint venture between Baystate Medical Center, Inc. ("BMC") and AmSurg Holdings, Inc. ("AmSurg"); BMC owns 51% and AmSurg owns 49% of the Applicant. The Applicant is filing a Notice Determination of Need relative to the change in ownership of Pioneer Valley Surgicenter, LLC ("PVSC"), located at 3550 Main Street, Suite 103, Springfield, MA 01107. PVSC is an existing licensed ambulatory surgery center that is currently owned 61% by AmSurg and 39% by individual physicians.

Pursuant to the Proposed Project, the Applicant will acquire the 61% ownership interest in PVSC currently owned by AmSurg and the individual physicians will continue to own their 39% interest in PVSC. In light of the foregoing, it is asserted that the organizational structure of PVSC following the Proposed Project will result in an effective transfer of AmSurg's ownership from 61% to 30% (AmSurg's 49% ownership in the Applicant multiplied by the Applicant's post-transaction 61% interest in PVSC) and an effective acquisition by BMC of a 31% interest in PVSC.

6.6 In context of responding to each of the Required Factors 1, 3, and 4, consider how the proposed transaction will affect the manner in which Applicant serves its existing Patient Panel in the context of value (that is cost and quality), and describe the impact to the Patient Panel in the context of Access, Value (price, cost, outcomes), and Health Disparities.

The Attached Narrative outlines how the Proposed Project will affect the Applicant's Patient Panel in regard to access, value and health disparities.

6.7 **See section on Transfer of Ownership in the Application Instructions**

7. Ambulatory Surgery

7.1 Is this an application filed pursuant to 105 CMR 100.740(A) for Ambulatory Surgery? (●) Yes ( ) No

7.2 If yes, is Applicant or any affiliate thereof a HPC-certified ACO OR in the process of becoming a Certified ACO? (●) Yes ( ) No

7.2.a If yes, Please provide the date of approval and attach the approval letter: 12/29/2017

7.3 Does the Proposed Project constitute: (Check all that apply)

- [ ] Ambulatory Surgery capacity located on the main campus of an existing Hospital **105 CMR 100.740(A)(1)(a)(i)**;
- [ ] An Expansion, Conversion, Transfer of Ownership, transfer of Site, or change of designated Location for Ambulatory Surgery capacity located on a satellite campus of an existing Hospital **105 CMR 100.740(A)(1)(a)(ii)**;
- [ ] A Freestanding Ambulatory Surgery Center within the Primary Service Area of an independent community hospital (Refer to a list that we update regularly with support from HPC) **105 CMR 100.740(A)(1)(a)(iii)**; or
- [x] An Expansion, Conversion, Transfer of Ownership, transfer of Site, or change of designated Location for a Freestanding Ambulatory Surgery Center that received an Original License as a Clinic on or before January 1, 2017 **105 CMR 100.740(A)(1)(a)(iv)**.

7.4 **See section on Ambulatory Surgery in the Application Instructions**

8. Transfer of Site

8.1 Is this an application filed pursuant to 105 CMR 100.745? ( ) Yes (●) No

9. Research Exemption

9.1 Is this an application for a Research Exemption? ( ) Yes (●) No

10. Amendment

10.1 Is this an application for a Amendment? ( ) Yes (●) No

11. Emergency Application

11.1 Is this an application filed pursuant to 105 CMR 100.740(B)? ( ) Yes (●) No

12. Total Value and Filing Fee

Enter all currency in numbers only. No dollar signs or commas. Grayed fields will auto calculate depending upon answers above.

Your project application is for: Transfer of Ownership

12.1 Total Value of this project:	$6,169,990.00
12.2 Total CHI commitment expressed in dollars: (calculated)	$0.00
12.3 Transfer of ownership Filing Fee: (calculated)	$12,339.98
12.4 Maximum Incremental Operating Expense resulting from the Proposed Project:	$1,730,978.00
12.5 Total proposed Construction costs, specifically related to the Proposed Project, If any, which will be contracted out to local or minority, women, or veteran-owned businesses expressed in estimated total dollars.	

13. Factors

Required Information and supporting documentation consistent with 105 CMR 100.210
Some Factors will not appear depending upon the type of license you are applying for.
Text fields will expand to fit your response.

Factor 1: Applicant Patient Panel Need, Public Health Values and Operational Objectives

F1.a.i **Patient Panel:**
Describe your existing Patient Panel, including incidence or prevalence of disease or behavioral risk factors, acuity mix, noted health disparities, geographic breakdown expressed in zip codes or other appropriate measure, demographics including age, gender and sexual identity, race, ethnicity, socioeconomic status and other priority populations relevant to the Applicant's existing patient panel and payer mix.

See Attached Narrative.

F1.a.ii **Need by Patient Panel:**
Provide supporting data to demonstrate the need for the Proposed Project. Such data should demonstrate the disease burden, behavioral risk factors, acuity mix, health disparities, or other objective Patient Panel measures as noted in your response to Question F1.a.i that demonstrates the need that the Proposed Project is attempting to address. If an inequity or disparity is not identified as relating to the Proposed Project, provide information justifying the need. In your description of Need, consider the principles underlying Public Health Value (see instructions) and ensure that Need is addressed in that context as well.

See Attached Narrative.

F1.a.iii **Competition:**
Provide evidence that the Proposed Project will compete on the basis of price, total medical expenses, provider costs, and other recognized measures of health care spending. When responding to this question, please consider Factor 4, Financial Feasibility and Reasonableness of Costs.

See Attached Narrative.

F1.b.i **Public Health Value /Evidence-Based:**
Provide information on the evidence-base for the Proposed Project. That is, how does the Proposed Project address the Need that Applicant has identified.

See Attached Narrative.

F1.b.ii **Public Health Value /Outcome-Oriented:**
Describe the impact of the Proposed Project and how the Applicant will assess such impact. Provide projections demonstrating how the Proposed Project will improve health outcomes, quality of life, or health equity. Only measures that can be tracked and reported over time should be utilized.

See Attached Narrative.

F1.b.iii **Public Health Value /Health Equity-Focused:**
For Proposed Projects addressing health inequities identified within the Applicant's description of the Proposed Project's need-base, please justify how the Proposed Project will reduce the health inequity, including the operational components (e.g. culturally competent staffing). For Proposed Projects not specifically addressing a health disparity or inequity, please provide information about specific actions the Applicant is and will take to ensure equal access to the health benefits created by the Proposed Project and how these actions will promote health equity.

See Attached Narrative.

F1.b.iv Provide additional information to demonstrate that the Proposed Project will result in improved health outcomes and quality of life of the Applicant's existing Patient Panel, while providing reasonable assurances of health equity.

See Attached Narrative.

F1.c Provide evidence that the Proposed Project will operate efficiently and effectively by furthering and improving continuity and coordination of care for the Applicant's Patient Panel, including, how the Proposed Project will create or ensure appropriate linkages to patients' primary care services.

See Attached Narrative.

F1.d Provide evidence of consultation, both prior to and after the Filing Date, with all Government Agencies with relevant licensure, certification, or other regulatory oversight of the Applicant or the Proposed Project.

See Attached Narrative.

F1.e.i Process for Determining Need/Evidence of Community Engagement: For assistance in responding to this portion of the Application, Applicant is encouraged to review *Community Engagement Standards for Community Health Planning Guideline*. With respect to the existing Patient Panel, please describe the process through which Applicant determined the need for the Proposed Project.

See Attached Narrative.

F1.e.ii Please provide evidence of sound Community Engagement and consultation throughout the development of the Proposed Project. A successful Applicant will, at a minimum, describe the process whereby the "Public Health Value" of the Proposed Project was considered, and will describe the Community Engagement process as it occurred and is occurring currently in, at least, the following contexts: Identification of Patient Panel Need; Design/selection of DoN Project in response to "Patient Panel" need; and Linking the Proposed Project to "Public Health Value".

See Attached Narrative.

Factor 3: Compliance

Applicant certifies, by virtue of submitting this Application that it is in compliance and good standing with federal, state, and local laws and regulations, including, but not limited to M.G.L. c. 30, §§ 61 through 62H and the applicable regulations thereunder, and in compliance with all previously issued notices of Determination of Need and the terms and conditions attached therein .

F3.a Please list all previously issued Notices of Determination of Need

Add/Del Rows	Project Number	Date Approved	Type of Notification	Facility Name
+ -				

Factor 4: Financial Feasibility and Reasonableness of Expenditures and Costs

Applicant has provided (as an attachment) a certification, by an independent certified public accountant (CPA) as to the availability of sufficient funds for capital and ongoing operating costs necessary to support the Proposed Project without negative impacts or consequences to the Applicant's existing Patient Panel.

F4.a.i **Capital Costs Chart:**
For each Functional Area document the square footage and costs for New Construction and/or Renovations.

		Present Square Footage		Square Footage Involved in Project				Resulting Square Footage		Total Cost		Cost/Square Footage	
				New Construction		Renovation							
Add/Del Rows	Functional Areas	Net	Gross	Net	Gross	Net	Gross	Net	Gross	New Construction	Renovation	New Construction	Renovation
+ -	Not Applicable.												
+ -													
+ -													
+ -													
+ -													
+ -													
+ -													
+ -													
+ -													
+ -													
+ -													
	Total: (calculated)												

F4.a.ii For each Category of Expenditure document New Construction and/or Renovation Costs.

	Category of Expenditure	New Construction	Renovation	Total (calculated)
	Land Costs			
	Land Acquisition Cost			
	Site Survey and Soil Investigation			
	Other Non-Depreciable Land Development			
	Total Land Costs			
	Construction Contract (including bonding cost)			
	Depreciable Land Development Cost			
	Building Acquisition Cost			
	Construction Contract (including bonding cost)			
	Fixed Equipment Not in Contract			
	Architectural Cost (Including fee, Printing, supervision etc.) and Engineering Cost			
	Pre-filing Planning and Development Costs			
	Post-filing Planning and Development Costs			
Add/Del Rows	Other (specify)			
+ -				
	Net Interest Expensed During Construction			
	Major Movable Equipment			
	Total Construction Costs			
	Financing Costs:			
	Cost of Securing Financing (legal, administrative, feasibility studies, mortgage insurance, printing, etc			
	Bond Discount			
Add/Del Rows	Other (specify			
+ -				
	Total Financing Costs			
	Estimated Total Capital Expenditure			

Documentation Check List

The Check List below will assist you in keeping track of additional documentation needed for your application.

Once you have completed this Application Form the additional documents needed for your application will be on this list. E-mail the documents as an attachment to: DPH.DON@state.ma.us

- ☒ Copy of Notice of Intent
- ☒ Affidavit of Truthfulness Form
- ☒ Scanned copy of Application Fee Check
- ☒ Affiliated Parties Table Question 1.9
- ☒ Change in Service Tables Questions 2.2 and 2.3
- ☒ Certification from an independent Certified Public Accountant
- ☒ Notification of Material Change

Document Ready for Filing

When document is complete click on "document is ready to file". This will lock in the responses and date and time stamp the form. To make changes to the document un-check the "document is ready to file" box. Edit document then lock file and submit Keep a copy for your records. Click on the "Save" button at the bottom of the page.

To submit the application electronically, click on the"E-mail submission to Determination of Need" button.

This document is ready to file: ☒ Date/time Stamp: 10/23/2019 12:05 pm

E-mail submission to Determination of Need

Application Number: -19102312-TO

Use this number on all communications regarding this application.

☐ Community Engagement-Self Assessment form

ATTACHMENT 2: NARRATIVE

2. Project Description

AmSurg BMC, LLC ("Applicant") located at 251 Little Falls Drive, Wilmington, DE 19808 is filing a Notice of Determination of Need ("Application") with the Massachusetts Department of Public Health ("Department") relative to the change in ownership of Pioneer Valley Surgicenter, LLC ("PVSC") located at 3550 Main Street, Suite 103, Springfield, MA 01107. The Applicant is a newly formed joint venture between Baystate Medical Center, Inc. ("BMC" or "the Hospital") and AmSurg Holdings, Inc. ("AmSurg"); BMC owns 51% and AmSurg will own 49% of the Applicant. PVSC is an existing licensed ambulatory surgery center ("ASC") that offers a range of gastroenterology ("GI"), otolaryngology and orthopedic procedures and is currently owned 61% by AmSurg and 39% by individual physicians. Pursuant to the proposed transaction, the Applicant will acquire the 61% ownership interest in PVSC currently owned by AmSurg and the individual physicians will continue to own their 39% interest in PVSC ("Proposed Project").

The need for the Proposed Project is based on the need of the Applicant, and more specifically BMC, to provide its patient panel with a high-quality, convenient, and cost-effective setting for ambulatory surgery. Historically, BMC has provided outpatient surgical services, including GI surgery, ear, nose and throat ("ENT") surgery, and orthopedic hand surgery services, at its main campus. However, following a review of its patient panel projections and related needs, and in recognition of the various benefits associated with ASC-based care, BMC decided that its patients could benefit from access to outpatient surgical services in an ASC setting and, therefore, sought options to expand access to such care for its patients. Through this process, BMC determined that acquisition of ownership in PVSC – an ASC constructed in 2003 and located just one mile from BMC that utilizes industry-defined best practices for quality, efficiency and effectiveness, and offers quality care by providing convenient access to specialized clinical personnel and state-of-the-art technology for GI, ENT, and orthopedic hand surgery services – will allow the Hospital to offer its patients access to a high-quality, convenient low-cost alternative for outpatient surgery.

With regard to the patient panel, in assessing the transaction, the Applicant and BMC conducted an evaluation of the outpatient GI, ENT, and hand surgery service needs of BMC's patients. As detailed throughout this narrative, historical data indicates high volume of GI, ENT and hand surgery services at BMC from CY16-18. Moreover, the data shows that BMC's 65+ age cohort presently compromises approximately 27% of its GI, ENT and hand surgery patient panel, and preliminary data for CY19 and statewide population projections further suggest this number will increase substantially into the future. Given this projected increase in older patients with underlying GI, ENT and hand conditions, BMC anticipates a greater need to provide its patients with increased access to additional options for high-quality, convenient, community-based surgical services for the management of GI, ENT and hand related conditions in the coming years. The Proposed Project will satisfy the identified need in multiple ways.

First, the Proposed Project will allow BMC to improve access to high-quality outpatient surgical services in an ASC setting for all of its patients, including those in the 65+ age cohort. Evidence suggests that ASCs offer high-quality care, even for the most vulnerable patients, with such high-quality being achieved through the provision of a smaller scope of procedures, which allows clinical staff to become highly proficient in providing the surgical services and procedures. In the case of the Proposed Project, post-transaction PVSC will continue to limit its service offering to GI, ENT and hand-related surgical procedures that are clinically appropriate for an outpatient delivery setting, and thereby, will continue to operate as a high-quality ASC facility. Second, the Applicant will transform the care experience for BMC's patients by providing such patients with the opportunity to receive care in a convenient ASC setting. ASCs, such as PVSC, are often preferred by patients and families as they are more accessible and offer an opportunity to bypass

the hassles of dealing with a large, complex hospital campus. Through the Proposed Project, these benefits will be made available to BMC patients who will enjoy increased opportunity to select PVSC for fulfillment of their individual GI, ENT and hand surgical needs. Third, the Proposed Project will allow PVSC to serve as a setting for BMC to manage accountable care organization ("ACO") patients, which will ensure that patients receiving care at PVSC enjoy the benefits of physician/hospital cooperation, clinical integration and medical management services. In total, these benefits demonstrate that the Proposed Project will provide BMC's patients with access to high-quality, convenient, integrated ASC services that will ultimately allow for improved patient outcomes, higher satisfaction levels, and overall better quality of life.

Finally, the Proposed Project will meaningfully contribute to Massachusetts' goals for cost containment by providing high-quality surgical services for clinically appropriate patients in a more cost-effective ASC setting. The services provided at PVSC are provided at lower rates than hospital outpatient departments ("HOPDs"), including at BMC's main campus. Accordingly, the Project will provide access to a lower-cost alternative for BMC's patients, thereby contributing positively to the Commonwealth's goals of containing the rate of growth of total medical expenses ("TME") and total healthcare expenditures.

Factor 1: Applicant Patient Panel Need, Public Health Values and Operational Objectives

F1.a.i **Patient Panel:**

Describe your existing Patient Panel, including incidence or prevalence of disease or behavioral risk factors, acuity mix, noted health disparities, geographic breakdown expressed in zip codes or other appropriate measure, demographics including age, gender and sexual identity, race, ethnicity, socioeconomic status and other priority populations relevant to the Applicant's existing patient panel and payer mix.

A. Overview of Patient Panel Selection

The Applicant is a newly formed joint venture between BMC and AmSurg. As the Applicant is newly formed and does not have its own patient panel, the Applicant relies on patient panel data from BMC and the ASC to determine the need for the Proposed Project. Specifically, the Applicant provides below the demographic and historical utilization data of BMC and PVSC, which is currently managed by AmSurg, to establish the need for the Proposed Project.

B. BMC Patient Panel

BMC is an acute care teaching hospital located at 759 Chestnut Street, Springfield, MA 01199. BMC serves as the flagship hospital for Baystate Health, Inc. ("BH System"), a not-for-profit, multi-institutional, integrated health care organization that serves over one million people throughout western New England and also includes three community hospitals: Baystate Franklin Medical Center, Baystate Noble Hospital, and Baystate Wing Hospital; Baystate Medical Practices, Inc., which includes a network of more than eighty medical practices; a health insurance provider, Health New England, Inc.; and home care and hospice services. The Hospital is an academic medical center affiliated with the University of Massachusetts Medical School; the region's only Level 1 trauma center; and a major referral center for western Massachusetts, providing the highest level of care for conditions such as cancer, acute and chronic cardiovascular illness, nervous system illness, digestive illness, orthopedic injury and disease, disorders of the ear, nose and throat, and other diseases that affect the major organ systems of the body.

Overall Patient Panel

BMC serves a large and diverse patient panel as demonstrated by the utilization data for the 36-month period covering Fiscal Year ("FY") 16-18 and the preliminary data available for FY19.[1] Appendix 3A provides this demographic profile for BMC in table form. The number of patients utilizing BMC's services has increased since FY16, with 191,673 unique patients in FY16, 194,283 unique patients in FY17 and 201,718 unique patients in FY18. Preliminary data for FY19 indicate that from October 1, 2018 – June 30, 2019, BMC had 172,204 unique patients. This data also shows that BMC's patient mix consists of approximately 59% females and 41% males.

In terms of geographic origin, BMC provides care primarily to patients in the greater Springfield area. Approximately 85% of BMC's patients are from 20 communities. The following chart provides a further breakdown of the FY16-18 dependence from each of these 20 cities and towns in BMC's service area. Preliminary data for FY19 shows similar trends.

City/Town	FY16	FY17	FY18
Springfield	69,730 (36.4%)	68,722 (35.4%)	70,420 (34.9%)
Chicopee	17,397 (9.1%)	17,666 (9.1%)	18,243 (9.0%)
West Springfield	9,798 (5.1%)	9,923 (5.1%)	10,496 (5.1%)
Holyoke	8,388 (4.4%)	8,327 (4.3%)	8,484 (4.2%)
Westfield	7,985 (4.2%)	8,491 (4.4%)	8,867 (4.3%)
Ludlow	6,381 (3.3%)	6,709 (3.5%)	6,966 (3.5%)
Agawam	5,586 (2.9%)	5,404 (2.8%)	5,523 (2.8%)
East Longmeadow	4,836 (2.5%)	4,961 (2.6%)	5,320 (2.6%)
Longmeadow	4,664 (2.4%)	4,712 (2.4%)	4,930 (2.5%)
Wilbraham	4,177 (2.2%)	4,287 (2.2%)	4,476 (2.2%)
South Hadley	3,709 (1.9%)	3,705 (1.9%)	3,897 (1.9%)
Indian Orchard	3,647 (1.9%)	3,619 (1.9%)	3,808 (1.9%)
Feeding Hills	3,600 (1.9%)	3,619 (1.9%)	3,822 (1.9%)
Belchertown	2,506 (1.3%)	2,697 (1.4%)	2,829 (1.4%)
Easthampton	2,048 (1.1%)	2,099 (1.1%)	2,075 (1.1%)
Southwick	1,998 (1.0%)	2,043 (1.1%)	2,098 (1.1%)
Enfield, CT	1,976 (1.0%)	2,045 (1.1%)	2,168 (1.1%)
Monson	1,601 (0.8%)	1,714 (0.9%)	1,787 (0.9%)
Pittsfield	1,594 (0.8%)	1,634 (0.8%)	1,881 (0.9%)
Ware	1,518 (0.8%)	1,632 (0.8%)	1,813 (0.9%)

The majority of BMC's patient panel is between the ages of 19-64 (56.1% in FY18). However, there are also a significant number of patients that are 0-18 years of age (22.0% in FY18) and 65+ (22.0% in FY18). Moreover, data indicates that from FY16-18, patients in the 65+ age cohort increased from 19.9% to 22.0%. Based on these data, as well as preliminary data for FY19 and population projections provided by the University of Massachusetts Donahue Institute ("UMDI")

[1] Fiscal year October 1 – September 30. While preliminary data is available for FY19, annual comparisons are calculated using data for FY16-18 as the FY19 data is only for October 1, 2018 – June 30, 2019 and is subject to change over time.

which predict that the principal cities and towns where the majority of BMC's patients reside will experience increases in their aging populations in coming years, it is anticipated that BMC will see continued increases in the number of older adults receiving services into the future.[2]

The Applicant also reviewed race data based on patient self-reporting. Data collected between FY16-18 indicate that BMC's patient panel is comprised of a mix of races. In FY18, 58% of the total patient population identified as White/Caucasian; 27.1% identified as Hispanic/Latino; 9.0% identified as Black/African American; 1.5% identified as Asian; and 0.1% identified as American Indian/Alaska Native. Since patients were grouped into these categories based on how they self-identified, there is a portion of the patient population (4.3% in FY18) that either chose not to report their race or identified as a race that did not align with the above categories. Preliminary data for FY19 shows similar trends.

Finally, in FY18, BMC's public payer mix included 58.1% of all patients, including 18.7% Medicare, 7.5% Medicare Advantage, and 31.9% Medicaid. Additionally, commercial payers represented 36.6% of BMC's patient panel. The remainder of patients (5.3%) were covered by some other form of insurance or were designated as self-pay. Preliminary data for FY19 shows similar trends.

GI, ENT and Hand Surgery Patient Panel

BMC historically has provided the types of surgical services that are provided at PVSC, including GI, otolaryngology (e.g., ENT) and orthopedic procedures. The Proposed Project will effectively result in BMC having ownership of PVSC and, thereby, will allow BMC to offer its patients access to a convenient, low-cost alternative for outpatient surgery. Accordingly, in addition to reviewing the demographic and utilization data for all BMC patients, the Applicant also conducted a focused review of BMC's GI, ENT and hand surgery patient panel's historical use rates and demographic profile to determine the need for the Proposed Project. The information for this focused panel is provided at Appendix 3A.

Historical volume for the three specialties at BMC has changed over the past several years. In Calendar Year ("CY") 16, a combined 13,437 unique patients received GI, ENT and/or hand surgery services at BMC; in CY17, this number dropped to 12,304; and in CY18, this number rose to 12,420. While these data reflect a slight overall reduction in BMC's GI, ENT and hand surgery patients over the last three years, the Applicant notes that such reduction is attributable to various factors. First, a portion of this loss can be attributed to outpatient provider attrition, including specialists in GI, ENT and hand surgery, during the CY16-18 time period at BMC. The Applicant notes that providers left for various reasons and that BH System is ranked among the best Massachusetts employers.[3] Therefore, it is not anticipated that BMC will continue to experience volume reductions due to provider departure. Second, over the last few years, the performance of some ENT procedures has been moved from BMC to PVSC, particularly in pediatric cases. This shift is captured in the PVSC patient panel, which is described below and attached at Appendix 3A. Finally, the Applicant notes that the reduction in GI, ENT and hand surgery volume

[2] UNIVERSITY OF MASSACHUSETTS DONAHUE INSTITUTE, LONG-TERM POPULATION PROJECTIONS FOR MASSACHUSETTS REGIONS AND MUNICIPALITIES (Mar. 2015), *available at* http://pep.donahue-institute.org/downloads/2015/new/UMDI_LongTermPopulationProjectionsReport_2015%2004%20_29.pdf. The Massachusetts Secretary of the Commonwealth contracted with the University of Massachusetts Donahue Institute ("UMDI") to produce population projections by age and sex for all 351 municipalities. *Id.* at 7. With regard to the Lower Pioneer Valley Region, in 2010,14% of the region's population was aged 65 and over, and by 2035 that percentage is expected to grow to 23%. *Id.* at 42.

[3] *Baystate Health Awards and Recognitions*, BAYSTATE HEALTH, https://www.baystatehealth.org/about-us/awards (last visited Oct. 2, 2019).

at BMC is partially attributable to the implementation of Medicaid ACOs across the state and the fact that PVSC has entered into contracts for Medicaid ACO business in recent years. Such contracting has resulted in a shift of GI, ENT and hand surgery patient volume from the hospital setting to PVSC's high-quality, low-cost ASC setting. This shift is demonstrated in the tables provided at Appendix 3A.

Notwithstanding the slight overall decrease in GI, ENT and hand surgery volume at BMC over the last three years, the Applicant notes that BMC's GI, ENT and hand surgery services continue to operate at a high volume that supports the Proposed Project. Moreover, as discussed in further detail in Factor F1.a.ii, demand for these services is expected to increase into the future due to various factors influencing demand. Most significant among these factors is age and increased co-morbidities for patients in the 18-64 and 65+ age cohorts.

With regard to age, the data indicates that the majority of BMC's GI, ENT and hand surgery patients are between the ages of 19-64 (68.0% in CY18), followed by patients 65+ (27.2% in CY18) and patients between the ages of 0-18 (4.8% in CY18). Similar to the larger hospital-wide patient panel, BMC's GI, ENT and hand surgery patient panel data indicates that from CY16-18, patients in 65+ age cohort grew more significantly than any other age cohort; from 24.2% of BMC's GI, ENT and hand surgery patient panel in CY16 to 27.2% in CY18. Based on this data, as well as preliminary data for CY19 and population projections provided by the UMDI, it is expected that BMC will continue to see increases in the number of adults and older adults seeking GI, ENT and hand surgery services into the future.

In the interest of completeness, the Applicant also offers information regarding the other demographic characteristics of BMC's GI, ENT and hand surgery patient panel. Data for BMC's GI, ENT and hand surgery patient panel is largely consistent with the data for BMC's total patient panel in terms of gender and geographic origin. BMC's GI, ENT and hand surgery patient mix consists of approximately 53% females and 47% males based on CY18 data. In regard to patient origin, the data indicates that the majority of BMC's GI, ENT and hand surgery patients originate from the greater Springfield community. Specifically, during the CY16-18 period, approximately 86% of BMC's GI, ENT and hand surgery patients originated from the following 20 communities:

City/Town	CY16	CY17	CY18
Springfield	4,413 (32.8%)	3,897 (31.7%)	3,680 (29.6%)
Chicopee	1,302 (9.7%)	1,169 (9.5%)	1,153 (9.3%)
West Springfield	695 (5.2%)	589 (4.8%)	651 (5.2%)
Westfield	606 (4.5%)	591 (4.8%)	591 (4.8%)
Ludlow	512 (3.8%)	490 (4.0%)	511 (4.1%)
Holyoke	500 (3.7%)	463 (3.8%)	486 (3.9%)
East Longmeadow	436 (3.2%)	417 (3.4%)	436 (3.5%)
Longmeadow	424 (3.2%)	337 (2.7%)	419 (3.4%)
Wilbraham	389 (2.9%)	371 (3.0%)	385 (3.1%)
Agawam	386 (2.9%)	359 (2.9%)	388 (3.1%)
South Hadley	345 (2.6%)	356 (2.9%)	360 (2.9%)
Feeding Hills	270 (2.0%)	246 (2.0%)	289 (2.3%)
Indian Orchard	220 (1.6%)	203 (1.6%)	203 (1.6%)
Belchertown	190 (1.4%)	202 (1.6%)	202 (1.6%)
Granby	176 (1.3%)	167 (1.4%)	152 (1.2%)

Easthampton	172 (1.3%)	178 (1.4%)	157 (1.3%)
Enfield CT	168 (1.3%)	140 (1.1%)	148 (1.2%)
Southwick	159 (1.2%)	147 (1.2%)	154 (1.2%)
Monson	154 (1.1%)	135 (1.1%)	151 (1.2%)
Hampden	127 (0.9%)	136 (1.1%)	149 (1.2%)

The data also demonstrates that BMC's GI, ENT and hand surgery patient population composition is analogous to the larger BMC patient panel in terms of race and payer mix. Race data collected in CY18 based on patient self-reporting demonstrates that 68.6% of BMC combined GI, ENT and hand surgery patient population identified as White/Caucasian; 20.6% identified as Hispanic/Latino; 6.9% identified as Black/African American; 1.3% identified as Asian; 0.1% identified as American Indian/Alaska Native; and 2.6% either chose not to report their race or identified as a race that did not align with the above categories. In regard to payer mix, the breakdown for BMC's GI, ENT and hand surgery patients was as follows in CY18: 50.6% of patients covered by a public payer (21.0% Medicare, 11.9% Medicare Advantage, and 17.8% Medicaid); 17.8% of patients covered by a commercial insurer; and 3.2% of patients covered by some other form of insurance or designated as self-pay. Preliminary data for CY19 shows similar trends.

C. PVSC Patient Panel

Finally, the Applicant reviewed the demographic and service line specific demand data obtained from the existing PVSC ASC to determine the need for the Proposed Project. As outlined in the tables provide at Appendix 3A, PVSC has seen a modest increase in patient volume over the last three years. In the second half of CY16, 3,184 patients received services at PVSC; in CY17, this number increased to 7,016 patients; and in CY18, this number increased again to 7,046 patients.[4]

With regard to demographics, the Applicant reviewed gender, age, patient origin and payer mix information for PVSC's existing patient panel. This data is available at Appendix 3A. In terms of gender, the PVSC panel is roughly half female and half male. In regard to age, the majority of PVSC's patients are 51+. Specifically, in CY18, 76.0% of PVSC's were 51+, broken down as follows: 38.7% between the ages of 51-64, and 37.3% 65 years and older. Subsequently, 13.8% of PVSC's patients are between the ages of 19-50 and 10.2% are ages 0-18, based on CY18 data. Preliminary data for CY19 shows similar trends and is supportive of the Proposed Project; this data indicates that older adults (a population which BMC expects to see increase into the future) require surgery for GI, ENT and hand conditions at higher rates than other age groups.

Like the BMC patient panels, PVSC's existing patient panel indicates that PVSC provides care primarily to patients in the greater Springfield community. During the CY16-18 period, PVSC's top 20 patient origin communities served were: Springfield; Chicopee; West Springfield; Ludlow; Longmeadow; Westfield; East Longmeadow; Wilbraham; Agawam; Feeding Hills; Enfield, CT; Holyoke; South Hadley; Belchertown; Southwick; Hampden; Monson; Easthampton; Suffield, CT; and Indian Orchard. Approximately 87% of PVSC's patients are from these communities. The following chart provides a further breakdown of the CY16-18 numbers and demonstrates the

[4] In CY16, there was a system conversion and a technology overhaul. This resulted in a change in how data is collected. Accordingly, the CY16 data reported here is for the second half of the year only. Annualization of the available CY16 data and comparison of such annualized CY16 data to the CY17-18 data suggests modest increases in patient volume during this time period.

percentage of patients from each of these 20 cities and towns in PVSC's service area. Preliminary data for CY19 shows similar trends.

City/Town	CY16	CY17	CY18
Springfield	621 (19.5%)	1,413 (20.1%)	1,395 (19.6%)
Chicopee	272 (8.5%)	570 (8.1%)	547 (8.1%)
West Springfield	206 (6.5%)	434 (6.2%)	435 (5.6%)
Ludlow	188 (5.9%)	469 (6.7%)	456 (6.5%)
Longmeadow	182 (5.7%)	398 (5.7%)	444 (5.8%)
Westfield	180 (5.7%)	419 (6.0%)	415 (6.0%)
East Longmeadow	169 (5.3%)	390 (5.6%)	382 (5.6%)
Wilbraham	159 (5.0%)	295 (4.2%)	328 (4.4%)
Agawam	158 (5.0%)	297 (4.2%)	306 (4.0%)
Feeding Hills	116 (3.6%)	247 (3.5%)	280 (3.8%)
Enfield CT	82 (2.6%)	175 (2.5%)	170 (2.6%)
Holyoke	77 (2.4%)	233 (3.3%)	198 (2.9%)
South Hadley	70 (2.2%)	150 (2.1%)	127 (2.4%)
Belchertown	59 (1.9%)	102 (1.5%)	134 (2.0%)
Southwick	57 (1.8%)	138 (2.0%)	118 (1.7%)
Hampden	54 (1.7%)	127 (1.8%)	120 (1.9%)
Monson	51 (1.6%)	85 (1.2%)	84 (1.0%)
Easthampton	33 (1.0%)	61 (0.9%)	68 (1.1%)
Suffield CT	33 (1.0%)	0 (0.0%)	0 (0.0%)
Indian Orchard	31 (1.0%)	77 (1.1%)	78 (1.3%)

Finally, PVSC's payer mix indicates that the majority of patients are covered by commercial insurance (60.3% in CY18). Subsequently, 36.4% of PVSC's existing patient panel is covered by a public payer (24.7% Medicare, 2.8% Medicare Advantage, and 8.9% Medicaid in CY18). The remaining patients are covered by some other form of insurance or designated as self-pay (3.3% in CY18).

F1.a.ii **<u>Need by Patient Panel:</u>**

Provide supporting data to demonstrate the need for the Proposed Project. Such data should demonstrate the disease burden, behavioral risk factors, acuity mix, health disparities, or other objective Patient Panel measures as noted in your response to Question F1.a.i that demonstrates the need that the Proposed Project is attempting to address. If an inequity or disparity is not identified as relating to the Proposed Project, provide information justifying the need. In your description of Need, consider the principles underlying Public Health Value (see instructions) and ensure that Need is addressed in that context as well.

The proposed change in ownership of PVSC will enhance the ability of BMC to satisfy both existing and future needs for the management of GI, ENT and hand surgery related conditions for its patients. As discussed throughout this narrative, the need for the Proposed Project is demonstrated by the high volume of GI, ENT and hand surgery services at BMC from CY16-18, and the anticipated growth in the number of patients with underlying GI, ENT and hand surgery

conditions within the 65+ age cohort seeking care at BMC who would benefit from care in an ASC setting. In addition to BMC's patient panel, the Proposed Project will also benefit PVSC's existing patient panel through integration with BMC and the BH System. Further detail is provided below.

A. Providing Care in the ASC Setting

Over the last four decades, the incidence of surgeries performed in ASC settings in the United States has increased considerably.[5] This increase is attributable to several factors, including, but not limited to, medical and technological advancements that have made ambulatory surgery more feasible; advances in medical devices and pharmaceuticals that facilitate the migration of lower-acuity surgical procedures from inpatient to outpatient care and allow for faster recovery and same-day discharge; and changes in the Medicare program that expanded reimbursement to include surgery performed at locations other than a hospital main campus, such as ASCs.[6] Moreover, because ASCs, like PVSC, focus on a subset of specialties and procedures, the personnel in these settings are able to gain high proficiency and efficiency in performing such procedures.[7] Clinical teams in these settings are specially trained and highly skilled for specific types of surgery, have well-suited equipment and supplies at their disposal, and enjoy the opportunity of being able to conveniently schedule procedures in a timely fashion. In turn, this leads to clinical and operational efficiencies that are not attainable in the hospital setting where personnel and operating rooms must be able to accommodate a wide range of medically complex, high-acuity, and emergency procedures.[8]

Moreover, clinical outcomes in the ASC setting are comparable to those of hospital outpatient surgery departments. Studies indicate that surgical procedures performed in ASCs are associated with reduced mortality, morbidity, and hospital admission rates, and that patients also experience shorter surgery and recovery times.[9] Together, these factors contribute to increased patient

[5] *Outpatient Surgeries Show Dramatic Increase*, 3 HEALTH CAPITAL TOPICS 1 (2010), *available at* https://www.healthcapital.com/hcc/newsletter/05_10/Outpatient.pdf; Margaret J. Hall et al., *Ambulatory Surgery Data From Hospitals and Ambulatory Surgery Centers: United States, 2010*, 102 NAT'L HEALTH STATISTICS REPORTS 1 (2017), *available at* https://www.cdc.gov/nchs/data/nhsr/nhsr102.pdf; BERNARD J. HEALEY & TINA MARIE EVANS, *Chapter 5: Ambulatory Care Services, in* INTRODUCTION TO HEALTH CARE SERVICES: FOUNDATIONS AND CHALLENGES 110-14 (Jossey-Bass 1st ed. 2014).

[6] *Outpatient Surgeries Show Dramatic Increase*, *supra* note 5; Hall et al., *supra* note 5; HEALEY & EVANS, *supra* note 5; John Bian & Michael A. Morrisey, *Free-Standing Ambulatory Surgery Centers and Hospital Surgery Volume*, 44 INQUIRY 200 (2007), *available at* http://journals.sagepub.com/doi/pdf/10.5034/inquiryjrnl_44.2.200; Dennis C. Crawford et al., *Clinical and Cost Implications of Inpatient Versus Outpatient Orthopedic Surgeries: A Systematic Review of the Published Literature*, 7 ORTHOPEDIC REVIEW 116 (2015), *available at* https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4703913/pdf/or-2015-4-6177.pdf; Elizabeth L. Munnich & Stephen T. Parente, *Procedures Take Less Time At Ambulatory Surgery Centers, Keeping Costs Down And Ability To Meet Demand Up*, 33 HEALTH AFFAIRS 764 (2014), *available at* https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2013.1281; POSITION STATEMENT: AMBULATORY SURGICAL CENTERS (Am. Ass'n of Orthopaedic Surgeons 2010), *available at* https://www.aaos.org/uploadedFiles/1161%20Ambulatory%20Surgical%20Centers.pdf.

[7] Munnich & Parente, *supra* note 6; POSITION STATEMENT: AMBULATORY SURGICAL CENTERS, *supra* note 6; ASCS: A POSITIVE TREND IN HEALTH CARE (Ambulatory Surgery Center Ass'n), *available at* http://www.ascassociation.org/advancingsurgicalcare/aboutascs/industryoverview/apositivetrendinhealthcare.

[8] Munnich & Parente, *supra* note 6; POSITION STATEMENT: AMBULATORY SURGICAL CENTERS, *supra* note 6; ASCS: A POSITIVE TREND IN HEALTH CARE, *supra* note 7.

[9] Munnich & Parente, *supra* note 6; POSITION STATEMENT: AMBULATORY SURGICAL CENTERS, *supra* note 6; ASCS: A POSITIVE TREND IN HEALTH CARE, *supra* note 7; David Cook et al., *From 'Solution Shop' Model to 'Focused Factor' In Hospital Surgery: Increasing Care Value and Predictability*, 33 HEALTH AFFAIRS 746 (2014), *available at* https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2013.1266; Louis Levitt, *The Benefits of Outpatient Surgical Centers*, THE CTRS. FOR ADVANCED ORTHOPAEDICS (JUN. 15, 2017), https://www.cfaortho.com/media/news/2017/06/the-benefits-of-outpatient-surgical-centers.

convenience and satisfaction, which drive demand for election of services in the ASC setting.[10]

Given the benefits of providing care in the ASC setting, BMC reviewed the demand for certain lower-acuity and less-invasive procedures at BMC's main hospital campus over the last three years. Specifically, BMC staff reviewed its historical volume for those outpatient surgical procedures that are available at PVSC; namely, GI, ENT and hand surgeries. As outlined in Factor F1.a.i above, it is estimated that more than 38,000 patients (13,437 in CY16, in 12,304 CY17, and 12,420 in CY18) may have been eligible to have their surgical procedure at an outpatient facility, such as PVSC. Based on this historical demand, as well as projections that suggest demand for these services is expected to increase into the future and the fact that nearly 86% of these patients originate from the greater Springfield region, BMC clinical staff sought to develop an alternative for patients to provide them with convenient access to surgical services outside of, but still nearby, the main hospital campus. Through this process, staff determined that acquisition of ownership interest in PVSC, located one mile from BMC, would allow appropriate patients to receive high-quality GI, ENT and hand surgery services in a cost-effective, operationally-efficient, community-based and convenient setting.

B. Aging Population and Growing Demand

Growth in Aging Population

The Proposed Project will also allow the Applicant, and specifically BMC, to address the needs of an aging patient panel and the need for access to ambulatory surgical services. According to the UMDI *Long-Term Population Projections for Massachusetts Regions and Municipalities*, the overall Massachusetts population is projected to grow 11.8% from 2010 to 2035.[11] Review of these findings demonstrates that growth is distributed by age and that there is a trend in the state towards toward an aging population. Specifically, the UMDI data demonstrates that from 2010 to 2035, much of the Commonwealth's population growth will be attributable to individuals ages 50 years and older.[12] Additionally, this data indicates that from 2015 to 2035, the state's 65+ population is projected to increase at a higher rate compared to all other age groups.[13] By 2035, the 65+ age cohort will represent nearly a quarter of the state's population.[14]

The general trend towards an aging population appears consistent in the Lower Pioneer Valley, where BMC and PVSC are located.[15] Specifically, the UMDI findings suggest that by 2035, the 65+ age cohort will comprise 23% of the region's population compared with 14% in 2010.[16] The growth in this population cohort will result in increased demand for outpatient surgical services, such as GI, ENT and hand surgery procedures.

Growth in Aging Population's Demand for Surgical Procedures

Over the last 20 years, the rate of surgical procedures in the older population has been rising.[17]

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[10] POSITION STATEMENT: AMBULATORY SURGICAL CENTERS, *supra* note 6; ASCS: A POSITIVE TREND IN HEALTH CARE, *supra* note 7; HEALEY & EVANS, *supra* note 5.
[11] UNIVERSITY OF MASSACHUSETTS DONAHUE INSTITUTE, *supra* note 2.
[12] *Id.*
[13] *Id.*
[14] *Id.*
[15] *Id.*
[16] *Id.*
[17] Judith S. L. Partridge et al., *Frailty in the older surgical patient: a review*, 41 AGE AND AGEING 142 (2012), *available at* https://academic.oup.com/ageing/article/41/2/142/47699; Relin Yang et al., *Unique Aspects of the Elderly Surgical*

Specifically, the 65+ age cohort has experienced the greatest increase in the number of surgical procedures since 1990.[18] This increase is likely related to improved life expectancy rates, the need to treat comorbidities, and changes in anesthetic and surgical techniques.[19] Consequently, recent estimates suggest that roughly 53% of all surgical procedures are performed on patients 65+.[20] Moreover, as further medical advancements are made, it is projected that nearly half of the 65+ population will require surgery once in their lives.[21] Such increases in age-related demand are consistent across the GI, ENT and orthopedic (including hand) specialties.

With regard to GI conditions, national statistics indicate that the prevalence of these conditions increase with age.[22] Consequently, the need for endoscopic procedures to diagnose and treat these conditions is increasing with the aging population as well. According to one report, 48.3 million surgical and nonsurgical procedures were performed during 28.6 million ambulatory surgery visits to hospitals and ASCs combined in 2010.[23] Of these procedures, the most frequently performed included endoscopy of the large intestine, including colonoscopy (4.0 million); and endoscopy of the small intestine (2.2 million).[24] Particularly significant to note, approximately 19% of all procedures were performed on patients between the ages of 65-74, and approximately 14% were performed on patients ages 75+.[25] Accordingly, demand for GI services is growing, especially for the 65+ age cohort. As described in Factor F1.a.i, this trend is similar across BMC's older adult GI patient panel.

Similarly, age is a leading factor in the prevalence of certain ENT conditions.[26] The effects of aging on the ear, nose and throat are the result of various factors including, but not limited to, overuse of the voice, repeated exposure to loud noise, and cumulative effect of infections.[27] Accordingly, adult and older adult patients account for a disproportionately large and increasing number of outpatient ENT visits.[28] According to data from 2010, of an estimated 20 million visits to non-federally employed ENT physicians and surgeons, adults ages 45-64 accounted for 32% of visits and older adults ages 65+ accounted for 21% of visits.[29] As the statewide and BMC-specific aging population continues to grow, it is expected that the number of lives with risk factors for ENT related conditions will continue grow, thereby leading to increases in demand for ENT procedures among older adults.

Finally, the Applicant notes that orthopedic conditions, including those involving the hand increase

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Population: An Anesthesiologist's Perspective, 2 GERIATRIC ORTHOPAEDIC SURGERY & REHABILITATION 56 (2011), *available at* https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3597305/.

[18] Partridge et al., *supra* note 17; Yang et al., *supra* note 17.

[19] Partridge et al., *supra* note 17; Yang et al., *supra* note 17.

[20] Partridge et al., *supra* note 17; Yang et al., *supra* note 17.

[21] Partridge et al., *supra* note 17; Yang et al., *supra* note 17.

[22] Anne Travis et al., *Endoscopy in the Elderly,* 107 AM. J. GASTROENTEROLOGY 1495 (2012).

[23] Hall et al., *supra* note 5.

[24] *Id.*

[25] *Id.*

[26] David M. Kaylie, *Effects of Aging on the Ears, Nose, and Throat*, MERCK & CO., https://www.merckmanuals.com/home/ear,-nose,-and-throat-disorders/biology-of-the-ears,-nose,-and-throat/effects-of-aging-on-the-ears,-nose,-and-throat (last updated May 2019); Karen M. Cost, *Geriatric Otolaryngology: Why It Matters*, 34 CLINICAL GERIATRIC MED IX (2018), *available at* https://www.geriatric.theclinics.com/article/S0749-0690(18)30012-0/pdf; Francis X. Creighton Jr. et al., *The growing geriatric otolaryngology patient population: A study of 131,700 new patient encounters*, 123 LARYNGOSCOPE 97 (2012).

[27] Kaylie, *supra* note 26.

[28] Cost, *supra* note 26; *Factsheet – Otolaryngology*, NAT'L AMBULATORY MED. CARE SURVEY, https://www.cdc.gov/nchs/data/ahcd/NAMCS_2010_factsheet_otolaryngology.pdf (last visited Oct. 2, 2019).

[29] *Factsheet – Otolaryngology*, *supra* note 28.

with age.[30] Specifically, studies suggest that older age is correlated with bone fragility, loss of cartilage resilience, reduced ligament elasticity, loss of muscular strength, and fat redistribution that decreases the ability of the tissues to carry out their normal functions, all of which leads to age-related orthopedic issues such as arthritis, degenerative disc disorders, fractures and fall-related injuries.[31] Consequently, the growing geriatric population with orthopedic conditions is associated with an increase in the number of elderly patients presenting for orthopedic surgeries, including those involving the hand.[32] As the discussion in Factor F1.a.i indicates, this trend is similar across BMC's older adult hand surgery patient panel.

Meeting Growing Demand for Surgical Procedures in ASC Setting

The projected increase in the older adult population in tandem with the volume of older adults seeking lower-acuity GI, ENT and orthopedic surgical services requires additional options for BMC patients to obtain outpatient surgical care. Acknowledging these increases and understanding the benefits of providing care in an ASC setting (particularly for the 65+ population cohort who often finds it difficult to navigate the complex infrastructure of a hospital and finds ASC experiences less complicated and easier to access), BMC seeks to expand access to non- and less-invasive surgical capacity in the community through the acquisition of an ownership interest in the PVSC ASC. The acquisition will allow BMC to improve access to outpatient surgical services in an ASC setting for all of its patients, including those in the 65+ age cohort. This will allow for high-quality surgical services to be provided in a more convenient and cost-effective community setting for appropriate patients and will also allow for improved patient outcomes, higher patient and provider satisfaction.

C. Management of ACO Patients

BMC, as a member of BH System, is an affiliated entity of Baycare Health Partners, Inc. ("BHP"). BHP – inclusive of Pioneer Valley Accountable Care, LLC and Baystate Health Care Alliance, LLC – is a Health Policy Commission ("HPC") certified ACO that provides quality improvement support and resources and managed care contracting services to its members. [33] The mission of BHP is to improve the quality, safety, efficiency and sustainability of health care in western Massachusetts.[34] Moreover, as an HPC-certified ACO, BHP is designed to support patient-centered care and governance, drive quality improvement, and invest in population health.[35] Through its participation in BHP, BMC works to provide and promote value-based cost-effective care across the continuum.

The Proposed Project aligns with the state's goals to accelerate care delivery transformation in Massachusetts and promote a high-quality, efficient health system. Specifically, BMC's

[30] Ramon Gheno et al., *Musculoskeletal Disorders in the Elderly*, 2 J. CLINICAL IMAGING SCI. 1 (2012), *available at* https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3424705/.
[31] *Id.*; AJ Freemont & JA Hoyland, *Morphology, mechanisms and pathology of musculoskeletal ageing*, 211 J. PATHOLOGY 252 (2007).
[32] Gheno et al., *supra* note 30; Sukhminder Jit Singh Bajwa, *Clinical conundrums and challenges during geriatric orthopedic emergency surgeries*, 5 INT'L J. CRITICAL ILLNESS & INJURY SCI. 38 (2015), *available at* https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4366827/.
[33] *The HPC Accountable Care Organization (ACO) Certification Program*, MASSACHUSETTS HEALTH POLICY COMMISSION, https://www.mass.gov/service-details/the-hpc-accountable-care-organization-aco-certification-program (last visited Oct. 2, 2019); BAYCARE HEALTH PARTNERS, INC., http://www.baycarehealth.net/ (last visited Oct. 2, 2019).
[34] *The HPC Accountable Care Organization (ACO) Certification Program*, *supra* note 33*;* BAYCARE HEALTH PARTNERS, INC., *supra* note 33.
[35] *The HPC Accountable Care Organization (ACO) Certification Program*, *supra* note 33*;* BAYCARE HEALTH PARTNERS, INC., *supra* note 33.

acquisition of ownership in PVSC brings the ASC within the BH System. This allows PVSC to serve as a setting for BMC to manage ACO patients and provides such patients with the benefits of physician/hospital cooperation, further clinical integration and medical management services.

D. Integration and Coordination for PVSC's Patient Panel

In addition to benefitting the BMC patient panel, the Proposed Project will also benefit the existing PVSC patient panel. Specifically, because BMC will have ownership in the ASC, PVSC's patients will benefit from integration of PVSC's specialty surgical services with BMC and the larger BH System. Such integration will improve patient access to the BMC and BH System network and providers and will allow for greater coordination and integration of services, information and care management systems, all of which is instrumental in achieving better outcomes and improved quality of life.

F1.a.iii **Competition:**
Provide evidence that the Proposed Project will compete on the basis of price, total medical expenses, provider costs, and other recognized measures of health care spending. When responding to this question, please consider Factor 4, Financial Feasibility and Reasonableness of Costs.

The Proposed Project will not have an adverse effect on competition in the Massachusetts healthcare market on the basis of price, TME, provider costs or other recognized measures of health care spending. Rather, the Applicant anticipates that the Proposed Project will meaningfully contribute to Massachusetts' goals for cost containment.

First, the Proposed Project seeks to promote utilization of the ASC setting for appropriate patients as a high-quality, lower-cost alternative to outpatient surgery performed in a HOPD. On an annual basis, ASCs perform more than 7 million procedures for Medicare beneficiaries requiring same-day procedures.[36] As discussed in Factor F1.a.ii, by specializing in specific procedures, ASCs, like PVSC, are able to maximize efficiency and quality outcomes for patients. These efficiencies lead to cost savings. Specifically, because ASCs perform specialized services more efficiently, Medicare reimburses ASCs as a percentage of the amount paid to HOPDs.[37]

In 2003, Medicare procedures performed in the ASC setting cost 83% of the amount paid to HOPDs for the same services; as of 2016, procedures performed in an ASC cost Medicare just 53% of the amount paid to HOPDs; and according to the HOPD Medicare Fee Schedule, ASC reimbursement rates were just 48% of the amount paid to HOPDs in 2018.[38] On average, the provision of surgical procedures in an ASC setting rather than a HOPD results in savings to the Medicare program and its beneficiaries of $2.3 billion – $2.6 billion.[39] Moreover, studies estimate that Medicare program could save an additional $2.5 billion annual if half of the eligible surgical procedures were shifted from HOPDs to ASCs, and that savings to commercial payers could be even higher (estimated at as much as $55 billion in savings annually).[40]

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[36] *The ASC Cost Differential*, AMBULATORY SURGERY CTR. ASS'N, http://www.ascassociation.org/advancingsurgicalcare/reducinghealthcarecosts/paymentdisparitiesbetweenascsandhopds (last updated Aug. 2016).
[37] *Id.*
[38] *Id.*; 2018 HOPD Medicare Fee Schedule.
[39] ASCS: A POSITIVE TREND IN HEALTH CARE, *supra* note 7; *The ASC Cost Differential, supra* note 36.
[40] ASCS: A POSITIVE TREND IN HEALTH CARE, *supra* note 7; ASCA ET AL., COMMERCIAL INSURANCE COST SAVINGS IN AMBULATORY SURGERY CENTERS, *available at*

Other studies address reimbursement differences between hospital and ASC settings that are attributable to procedure length.[41] Specifically, researchers conducting these studies have found that, due to operating efficiencies, ASCs are substantially faster than hospitals at performing outpatient procedures and that these shorter procedure times lead to cost reductions.[42] According to the data, procedures performed in ASCs take, on average, 31.8 fewer minutes than those performed in hospitals – a 25% difference relative to the mean procedure time.[43] Consequently, for an ASC and a HOPD that have the same number of staff and of operating and recovery rooms, the ASC can perform more procedures per day than the hospital.[44] Researchers estimate the associated cost savings at $363 – $1,000 per outpatient case.[45] These results support the claim that ASCs provide outpatient surgery at lower costs than hospitals.

Overall, the Applicant's Proposed Project aims to lower the cost of GI, ENT and hand surgery services for BMC's patient panel. Through its acquisition of an ownership interest in PVSC, BMC seeks to effect a shift of patients from its hospital campus to its newly-acquired cost-effective ASC. This shift of patients to a lower-cost setting for appropriate non- and less-invasive surgeries will have a positive impact on the Massachusetts healthcare market through the creation of operating efficiencies that lead to cost reductions in overall care and ultimately TME. Finally, the Applicant notes that the Proposed Project will not adversely affect access to PVSC's services for patients outside of BMC. The transaction documents maintain the commitment by all parties to offer access to PVSC's services to patients in other non-BH System networks.

F1.b.i **Public Health Value /Evidence-Based:**

Provide information on the evidence-base for the Proposed Project. That is, how does the Proposed Project address the Need that Applicant has identified.

The need for GI, ENT and hand surgery services in BMC's patient panel is documented in Factor F1.a. To address this need, BMC must focus not only on providing access, but also on the challenge of managing the cost associated with these surgical services. With BMC acquiring an ownership interest in PVSC, the Proposed Project seeks to meet this need by allowing BMC to offer its patients access to ASC care, i.e. a convenient, low-cost, high-quality alternative for outpatient GI, ENT and hand surgery. While the benefits of providing care in an ASC setting are discussed briefly in Factor F1.a.ii, enumerated below are more detailed evidence-based arguments supporting the provision of lower-acuity surgical procedures in an ASC facility. As an overview, this review focuses of quality, efficiency, and convenience. Cost savings are also associated with care in ASCs' however, these arguments are addressed in Factors F1.a.iii and F2.a.

A. High-Quality Care

Today, there are several benefits associated with the provision of services in the ASC setting. In fact, it is widely recognized that ASC facilities provide same-level quality services, as well as excellent access to highly-skilled and specialized physicians, when compared with hospital

https://www.ascassociation.org/HigherLogic/System/DownloadDocumentFile.ashx?DocumentFileKey=829b1dd6-0b5d-9686-e57c-3e2ed4ab42ca&forceDialog=0.

[41] Munnich & Parente, *supra* note 6.

[42] *Id.*

[43] *Id.*

[44] *Id.*

[45] *Id.*

settings.[46] More specifically, the following are examples of ways in which the ASC setting facilitates enhances patient care: by giving physicians the opportunity to focus on a small subset of procedures in a single setting; by allowing physicians to intensify quality control processes, since ASC settings are focused on a smaller space as compared to large hospital campuses; and by providing patients with improved access to physicians, therefore increased ability to bring concerns directly physicians with direct knowledge of their case, rather than hospital administrators who have less-detailed knowledge about individual patient cases.[47]

This assertion that ASCs provide high-quality care is further supported by data and evidence-based research related to high-quality surgical service delivery. For instance, rates of revisit one-week post-surgery are lower for ASC patients and infection rates for procedures performed in ASCs are also lower.[48] Moreover, thirty-day outcomes in the ASC setting are reported to be better, including reductions in pneumonia, renal failure, and sepsis.[49]

With regard to PVSC specifically, as more fully discussed in Factor F1.bii, the ASC is accredited by the Accreditation Association for Ambulatory Health Care ("AAAHC") and additionally is also a member of the Massachusetts Association of Ambulatory Surgery Centers ("MAASC") and the national Ambulatory Surgery Center Association ("ASCA"). Accordingly, PVSC is held to the highest standards of quality care.[50] Following the proposed transaction, PVSC will continue to operate as a high-quality ASC facility with additional oversight from BMC promoting even higher levels of quality care provision.

B. Operational Efficiencies

As discussed in Factor F1.a.ii, ASCs also offer clinical and operational efficiencies. This is due to the fact that ASCs, by design, focus on performing a narrow subset of medical specialties and surgical procedures in a limited number of medical specialties.[51] Moreover, ASCs provide care for specific categories of lower-acuity patients who have less risk for surgical complications.[52] In the case of the Proposed Project, post-transaction PVSC will continue to limit its service offering to GI, otolaryngology and orthopedic surgical procedures that are clinically appropriate for an outpatient delivery setting.

With less variety in surgical cases, schedules are more predictable, and the ASC facility is able to more accurately plan the resources it needs and maintain lower costs for operation.[53] Because ASCs only accommodate routine, scheduled procedures, they are not hampered by the same

[46] Munnich & Parente, *supra* note 6; POSITION STATEMENT: AMBULATORY SURGICAL CENTERS, *supra* note 6; ASCS: A POSITIVE TREND IN HEALTH CARE, *supra* note 7; HEALEY & EVANS, *supra* note 5; HARRY A. SULTZ & KRISTINA M. YOUNG, *Chapter 4: Ambulatory Care, in* HEALTH CARE USA 122-24 (Jones and Bartlett Publishers 6th ed. 2009).
[47] Munnich & Parente, *supra* note 6; POSITION STATEMENT: AMBULATORY SURGICAL CENTERS, *supra* note 6; ASCS: A POSITIVE TREND IN HEALTH CARE, *supra* note 7; ASCS: A POSITIVE TREND IN HEALTH CARE, *supra* note 7; HEALEY & EVANS, *supra* note 5; SULTZ & YOUNG, *supra* note 46.
[48] Munnich & Parente, *supra* note 6; ASCS: A POSITIVE TREND IN HEALTH CARE, *supra* note 7; Levitt, *supra* note 9.
[49] Levitt, *supra* note 9; Cook, et al., *supra* note 9.
[50] ACCREDITATION ASSOCIATION FOR AMBULATORY HEALTH CARE, https://www.aaahc.org/about/ (last visited Oct. 4, 2019); MASSACHUSETTS ASSOCIATION OF AMBULATORY SURGERY CENTERS, https://maasc.org/about/ (last visited Oct. 4, 2019); AMBULATORY SURGERY CENTER ASSOCIATION, https://www.ascassociation.org/aboutus/mission (last visited Oct. 4, 2019).
[51] Munnich & Parente, *supra* note 6; POSITION STATEMENT: AMBULATORY SURGICAL CENTERS, *supra* note 6; Crawford et al., *supra* note 6; ASCS: A POSITIVE TREND IN HEALTH CARE, *supra* note 7.
[52] Munnich & Parente, *supra* note 6; Crawford et al., *supra* note 6.
[53] Munnich & Parente, *supra* note 6; POSITION STATEMENT: AMBULATORY SURGICAL CENTERS, *supra* note 6; Cook, et al., *supra* note 9.

schedule disruptions that hospital surgical departments face.[54] Moreover, while hospital operating rooms must be designed with enough space to handle a wide range of procedures in multiple clinical specialties and house equipment to handle cases ranging from routine elective procedures to emergency surgeries, ASC operating rooms are often designed to accommodate specific types of procedures and are appropriately sized and equipped by clinical staff to meet such needs.[55] Finally, continuous delivery of a relatively limited range of procedures by highly-skilled, specially-trained surgeons allows for refining of techniques and provision of high-quality care in less time.[56] Overall, these factors lead to improved operational efficiency and economies of scale, which in turn facilitate increased productivity, a greater number of patients receiving quality care with shorter wait times, and cost savings.[57]

C. Increased Choice and Improved Satisfaction and Convenience

Finally, ASCs provide patients with greater options to choose from when selecting an appropriate setting for outpatient surgical services, and promote enhanced convenience and satisfaction.[58] In many instances, hospital campuses are characterized by large building complexes that are difficult to navigate.[59] ASCs, such as PVSC, are often preferred by patients and families as they are more accessible and offer an opportunity to bypass the hassles of dealing with a large, complex hospital campus.[60] Generally, and as is the case at PVSC, patients enter the easily navigable ASC facility directly from the free parking lot, a setup that eliminates the need for the ill, injured, or elderly patient to walk through a maze of hallways to reach the correct hospital department.[61] Through the Proposed Project, these benefits will be made available to BMC patients who will enjoy increased opportunity to select the ASC for fulfilment of their individual GI, ENT and hand surgery needs.

F1.b.ii **Public Health Value /Outcome-Oriented:**
Describe the impact of the Proposed Project and how the Applicant will assess such impact. Provide projections demonstrating how the Proposed Project will improve health outcomes, quality of life, or health equity. Only measures that can be tracked and reported over time should be utilized.

A. Improving Health Outcomes and Quality of Life

The Applicant anticipates that the Proposed Project will provide BMC's patient panel with improved access to integrated ASC services, thus providing for improved outcomes and quality of life. As more fully discussed in Factors F1.a.ii and F1.b.i, shifting patients to an ASC setting allows for high-quality and lower-cost care. As a proxy for outcomes and quality, research findings indicate that ASCs offer high-quality care, even for the most vulnerable patients. Specifically, researchers have found that highest-risk Medicare patients are less likely to visit an emergency

[54] Munnich & Parente, *supra* note 6; POSITION STATEMENT: AMBULATORY SURGICAL CENTERS, *supra* note 6; ASCS: A POSITIVE TREND IN HEALTH CARE, *supra* note 7; Cook, et al., *supra* note 9.
[55] Munnich & Parente, *supra* note 6; POSITION STATEMENT: AMBULATORY SURGICAL CENTERS, *supra* note 6; ASCS: A POSITIVE TREND IN HEALTH CARE, *supra* note 7; Cook, et al., *supra* note 9.
[56] Munnich & Parente, *supra* note 6; POSITION STATEMENT: AMBULATORY SURGICAL CENTERS, *supra* note 6; ASCS: A POSITIVE TREND IN HEALTH CARE, *supra* note 7; Cook, et al., *supra* note 9.
[57] Munnich & Parente, *supra* note 6; POSITION STATEMENT: AMBULATORY SURGICAL CENTERS, *supra* note 6; ASCS: A POSITIVE TREND IN HEALTH CARE, *supra* note 7; Cook, et al., *supra* note 9; Levitt, *supra* note 9; *Outpatient Surgeries Show Dramatic Increase*, *supra* note 5.
[58] HEALEY & EVANS, *supra* note 5; Munnich & Parente, *supra* note 6; SULTZ & YOUNG, *supra* note 46.
[59] HEALEY & EVANS, *supra* note 5; Munnich & Parente, *supra* note 6; SULTZ & YOUNG, *supra* note 46.
[60] HEALEY & EVANS, *supra* note 5; Munnich & Parente, *supra* note 6; SULTZ & YOUNG, *supra* note 46.
[61] HEALEY & EVANS, *supra* note 5.

department or be admitted to a hospital following outpatient surgery in an ASC setting.[62] Moreover, provision of care in the ASC setting is associated with efficiencies, convenience, and cost savings, all of which promote patient satisfaction and lead to improved quality of life.[63]

With regard to PVSC specifically, the ASC is accredited by AAAHC and additionally is also a member of MAASC and ASCA. AAAHC advocates for the provision of high-quality health care through the development and adoption of nationally-recognized standards, and the AAAHC Certificate of Accreditation demonstrates an organization's commitment to provide safe, high-quality services to its patients.[64] Similarly, the goals of MAASC is to support the development and operation of ASCs as cost-effective, high-quality providers of ambulatory services in the state, and the mission of ASCA is to assist ASCs in delivering safe, high-quality, cost-effective patient care.[65] Accordingly, high-quality services are currently available at PVSC. Following the proposed transaction, PVSC will continue to operate as a high-quality ASC facility.

Finally, the Applicant anticipates that, in addition to BMC's patient panel, the Proposed Project will also benefit PVSC's patient panel and promote improved outcomes and quality of life for these patients. Specifically, because BMC will have ownership in the ASC, PVSC's patients will benefit from integration of PVSC's specialty surgical services with BMC and the larger BH System. Such integration will allow for greater coordination and integration of services, information and care management systems, all of which is instrumental in achieving better outcomes and improved quality of life.

B. Assessing the Impact of the Proposed Project

To assess the impact of the proposed Project, the Applicant developed the following quality metrics and reporting schematic, as well as metric projections for quality indicators that will measure patient satisfaction and quality of care. The measures are discussed below:

1. **Patient Satisfaction:** Patients that are satisfied with their care are more likely to seek additional treatment when needed. The Applicant and PVSC staff will review patient satisfaction levels with PVSC's surgical services.

   Measure: The Outpatient and Ambulatory Surgery Community Assessment of Healthcare Providers and Systems ("OAS-CAHPS") Survey will be provided to eligible patients. The OAS-CAHPS Survey is a patient experience survey administered to patients of ambulatory and outpatient facilities that includes questions related to six key areas: (1) Before a patient's procedure; (2) Facility and staff; (3) Communications about the procedure; (4) Recovery; (5) Overall experience; and (6) Patient demographics. OAS-CAHPS results are reported as "top-box," "middle-box," and "bottom-box" scores; the top-box is the most positive response to survey items, the middle-box captures intermediate responses, and the bottom-box is the least positive response category.

[62] Munnich & Parente, *supra* note 6; Levitt, *supra* note 9.
[63] HEALEY & EVANS, *supra* note 5; Munnich & Parente, *supra* note 6; POSITION STATEMENT: AMBULATORY SURGICAL CENTERS, *supra* note 6; ASCS: A POSITIVE TREND IN HEALTH CARE, *supra* note 7; Levitt, *supra* note 9; *The ASC Cost Differential, supra* note 36; SULTZ & YOUNG, *supra* note 46; *Health-Related Quality of Life & Well-Being*, HEALTHYPEOPLE.GOV, https://www.healthypeople.gov/2020/topics-objectives/topic/health-related-quality-of-life-well-being (last visited Oct. 4, 2019).
[64] ACCREDITATION ASSOCIATION FOR AMBULATORY HEALTH CARE, *supra* note 50.
[65] MASSACHUSETTS ASSOCIATION OF AMBULATORY SURGERY CENTERS, *supra* note 50; AMBULATORY SURGERY CENTER ASSOCIATION, *supra* note 50.

Projections: As the Proposed Project relates to the change in ownership of PVSC, the Applicant has established a new benchmark for this measure to be implemented post-transaction. Specifically, the Applicant has established a benchmark of 88% for top-box scores for "Overall Experience" at PVSC, which is the top decile for reporting providers.

Monitoring: Results will be reviewed on a quarterly basis and reported to DPH, as required.

2. **Clinical Quality – Hospital Transfers:** This measure evaluates the percentage of admissions (patients) that are transferred or admitted to a hospital upon discharge from PVSC.

   Measure: Percentage of patients who are transferred or admitted to a hospital upon discharge from PVSC, as a rate per 1,000 admissions.

   Projections: Post-change in ownership, PVSC plans to meet or exceed the ASC Quality Collaboration ("ASC-QC") benchmark of 0.923% hospital transfer rates.

   Monitoring: Results will be reviewed on a quarterly basis and reported to DPH, as required.

3. **Clinical Quality – Patient Falls in the ASC:** Falls are an important issue for patients having outpatient procedures or surgery because virtually all patients receive sedatives, anesthetics and/or pain medications as a routine part of their care. The use of these medications increases the likelihood of a fall. This measure evaluates the frequency of ASC admissions experiencing a fall while in the confines of the ASC.

   Measure: Percentage of patients who experience a fall while in the confines of PVSC, as a rate per 1,000 admissions.

   Projections: Post-change in ownership, PVSC plans to meet or exceed the ASC-QC benchmark of 0.112% patient fall rates.

   Monitoring: Results will be reviewed on a quarterly basis and reported to DPH, as required.

F1.b.iii **<u>Public Health Value /Health Equity-Focused:</u>**
For Proposed Projects addressing health inequities identified within the Applicant's description of the Proposed Project's need-base, please justify how the Proposed Project will reduce the health inequity, including the operational components (e.g. culturally competent staffing). For Proposed Projects not specifically addressing a health disparity or inequity, please provide information about specific actions the Applicant is and will take to ensure equal access to the health benefits created by the Proposed Project and how these actions will promote health equity.

Review of BMC's 2016 Community Health Needs Assessment ("CHNA") indicates the strong impact that the underlying SDoH have on the greater Springfield service area. [66] The SDoH are

[66] BAYSTATE MEDICAL CENTER COMMUNITY HEALTH NEEDS ASSESSMENT 2016 (Partners for a Healthier Community, Collaborative for Educational Services, and Pioneer Valley Planning Commission), *available at*

the conditions in the environments in which people live, learn, work, play, worship, and age that affect a wide range of health, functioning, and quality-of-life outcomes and risks.[67] Examples of SDoH that have an impact on the physical and mental well-being of the population include, but are not limited to, socioeconomic status, education and employment opportunities, housing and transportation needs, social protective factors, food security, and health literacy and language barriers. This is also true in BMC and PVSC's service area, where the population experiences a number of barriers that make it difficult to access affordable, quality care.[68] Specifically, social and economic challenges experienced by the population affect access to needed health services and contribute to disparities in health outcomes observed among vulnerable populations, including low-income, racially/ethnically diverse, and older adult cohorts.[69] As detailed below, the Applicant's parties will help to address these challenges by ensuring equal access to the health benefits created by the Proposed Project.

A. Non-Discrimination

Many of the cities and towns in BMC and PVSC's service area struggle with high poverty rates and low levels of income.[70] This service area includes towns in Hampden County that have poverty rates above 17%, a median family income 30% lower than that of the state, and over a third of its population living in households with income at or below 200% of the federal poverty level.[71] Moreover, although unemployment rates have dropped in recent years, they continue to impact the county with rates of 8%, with lower levels of education contributing to unemployment and the ability to earn a livable wage.[72] Given these demographics, residents often face difficulties meeting their basic food, housing, transportation and healthcare needs.[73]

To ensure health equity to all populations, including those deemed underserved, the Proposed Project will not affect accessibility of PVSC's services for poor, medically indigent, and/or Medicaid eligible individuals. The Applicant's parties do not discriminate based on ability to pay or payer source and this practice, and each provider's respective mission to serve all patients, will continue following the transaction. Accordingly, as further detailed throughout this narrative, the Proposed Project will increase access to high-quality surgical services for BMC's patients and will ensure continued access to such services for PVSC's current patient panel.

B. Culturally-Appropriate Care and Language Access

The diversity of BMC's patient panel necessitates that the Proposed Project ensure access to inclusive, culturally appropriate support services that address the unique needs of its patients. This is further evidenced by data from focus groups that were engaged as part of BMC's 2016 CHNA, which indicate the need for health information to be understandable and accessible, as well as the need for increased health literacy, provider education about how to communicate with patients about medical information, and training in cultural humility as a means to deliver culturally

https://www.baystatehealth.org/-/media/files/about-us/community-programs/community-benefits/2016-community-health-needs-assessments/bmc-chna.pdf?la=en.

[67] *Social Determinants of Health: Know What Affects Health*, CTRS. FOR DISEASE CONTROL & PREVENTION, https://www.cdc.gov/socialdeterminants/ (last updated Jan. 29, 2018); BAYSTATE MEDICAL CENTER COMMUNITY HEALTH NEEDS ASSESSMENT 2016, *supra* note 66.

[68] BAYSTATE MEDICAL CENTER COMMUNITY HEALTH NEEDS ASSESSMENT 2016, *supra* note 66.

[69] *Id.*

[70] *Id.*

[71] *Id.*

[72] *Id.*

[73] *Id.*

sensitive care.[74] The Proposed Project will meet these needs by ensuring that patients presenting at PVSC have access to robust health services regardless of any language limitations.

In this regard, the Applicant notes that PVSC provides effective, understandable, and respectful care with an understanding of patients' cultural health beliefs and practices and preferred languages. Specifically, PVSC offers access to interpreter and translation services via Language Services Associates at no cost to limited-English speaking and hearing-impaired patients. Language Services Associates' services are available 24 hours/day, 7 days/week both in person and over the phone, and offer patients access to qualified interpreters skilled in 200+ languages including American Sign Language. Moreover, PVSC offers documents in both English and Spanish and also employs several bilingual staff members. Following the transaction, PVSC will continue to provide these services with an understanding of patients' cultural health beliefs and practices and preferred languages. The Applicant anticipates that these steps will help to eliminate language barriers for patients, promote health equity and ensure equal access to PVSC's services.

F1.b.iv Provide additional information to demonstrate that the Proposed Project will result in improved health outcomes and quality of life of the Applicant's existing Patient Panel, while providing reasonable assurances of health equity.

The Proposed Project will allow BMC patients in need of lower-acuity surgical services to receive care in an ASC setting. This alternative point of access, which boasts similar quality outcomes as outpatient hospital surgical services, is more convenient for many patients and is also a lower-cost option. Moreover, PVSC has systems in place to ensure health equity, which will be continued post-transaction. Accordingly, the Applicant asserts that the Proposed Project will result in improved health outcomes and quality of life while providing reasonable assurances of health equity.

F1.c Provide evidence that the Proposed Project will operate efficiently and effectively by furthering and improving continuity and coordination of care for the Applicant's Patient Panel, including, how the Proposed Project will create or ensure appropriate linkages to patients' primary care services.

As discussed in Factor F1.a.ii, the Proposed Project aligns with the state's goals to accelerate care delivery transformation in Massachusetts and promote a high-quality, efficient health system. Specifically, BMC's acquisition of ownership in PVSC brings the ASC within the BH System. This allows PVSC to serve as a setting for BMC to manage ACO patients and provides such patients with the benefits of physician/hospital cooperation, further clinical integration and medical management services.

Moreover, the Applicant notes that, given that it is a joint venture with a BH System hospital, it is investigating participation of PVSC alongside the BH System in the Pioneer Valley Information Exchange ("PVIX"). PVIX is a health information exchange serving patients and providers across the western Massachusetts region.[75] Specifically, PVIX allows patients and health care providers to access and securely share patient data from separate electronic health records through a "One Patient, One Record" platform.[76] PVSC's participation in PVIX would allow patients receiving care

[74] *Id.*
[75] PIONEER VALLEY INFORMATION EXCHANGE, https://www.pvix.org/aboutpvix (last visited Oct. 4, 2019).
[76] *Id.*

at the ASC to authorize other providers – both in and outside of the BH System – to access their PVSC medical records. Evidence suggests that access to integrated health information technology systems has a direct impact on health outcomes as it leads to improved coordination among care providers, thereby promoting real-time care decisions and reducing duplication of services and unnecessary services.[77] Given these benefits, the Applicant will continue to investigate the possibility of PVSC's participation in PVIX in order to further promote integration of medical record information and effect timely care, improved outcomes, and better quality of life.

F1.d **Provide evidence of consultation, both prior to and after the Filing Date, with all Government Agencies with relevant licensure, certification, or other regulatory oversight of the Applicant or the Proposed Project.**

In planning the Proposed Project, the Applicant sought input from a variety of stakeholders. The Applicant conducted a formal consultative process with individuals at various regulatory agencies with relevant licensure, certification or other regulatory oversight of the Applicant and the Proposed Project. Specifically, the following agencies and individuals are some of those consulted with regard to the Proposed Project:

- Health Policy Commission: David Seltz, Executive Director; Katherine Mills, Senior Director, Market Oversight and Transparency; Megan Wulff, Director, Market Oversight and Monitoring; and Lois Johnson, Esq., General Counsel
- Department of Public Health: Margo Michaels, Director, Determination of Need Program; Rebecca Rodman, Esq., Deputy General Counsel; and Ben Wood, Director, Office of Community Health Planning and Engagement

F1.e.i **<u>Process for Determining Need/Evidence of Community Engagement:</u>**
For assistance in responding to this portion of the Application, Applicant is encouraged to review *Community Engagement Standards for Community Health Planning Guideline.* With respect to the existing Patient Panel, please describe the process through which Applicant determined the need for the Proposed Project.

The need for the Proposed Project is outlined in Factor F1.a. However, to inform and consult the community about the Proposed Project, the Applicant sought to engage the patient panel, family members, community members and local stakeholders that may be impacted by the Proposed Project. Engagement occurred through various initiatives, as are outlined below

As a first step in the engagement process, BMC presented the Proposed Project at its Adult Patient and Family Advisory Council ("PFAC") meeting on September 18, 2019. The PFAC represents the voice of BMC's patients, families and communities and is an important forum for creating partnerships and ensuring the delivery of high-quality, safe and positive memorable health care experiences. The goals of the PFAC are to: (1) Strengthen decision-making by drawing upon the diverse experiences and viewpoints of the people who look to BH System hospitals and primary care locations for care; (2) Offer insight and recommendations for improving quality, service, safety, access, education and patient/family satisfaction and loyalty; (3) Serve as a coordinating group to receive and respond to patient and community input, channeling information, needs and concerns to staff and administration; (4) Enhance relationships between

[77] *Improve Care Coordination*, HEALTHIT.GOV, https://www.healthit.gov/topic/health-it-basics/improve-care-coordination (last updated Sep. 15, 2017); Alain Pinsonneault et al., *Integrated Health Information Technology and the Quality of Patient Care: A Natural Experiment*, 34 J. MANAGEMENT INFORMATION SYSTEMS 457 (2017).

BH System patients and families and the community; (5) Reflect the unique culture of each BH System hospital and primary care location and reflect the socio-demographics of the facility's patient service area; and (6) Ensure that the interests of the Baystate Health affiliated ACO patients, and their families, are met. Based on these goals, and the fact that the Proposed Project will directly impact BMC's patients and families by providing such individuals with increased access to ASC setting care, the Applicant determined that the BMC Adult PFAC was an appropriate forum for engagement.

During the PFAC meeting, Nancy Knadler of BH System's Office of SVP Finance, CFO and Treasurer, informed PFAC members of the need for and the goals of the Proposed Project. Specifically, the presentation sought to provide PFAC members with an overview of the transaction, offer further detail on AmSurg and PVSC, and inform members about the ongoing global shift from inpatient and HOPD to ASC procedures as part of the evolving health care delivery landscape. Information was presented on the improvements that have been made in ASC surgery and recovery, the cost savings and conveniences associated with ASC care, and how the alignment of BMC with AmSurg and PVSC will provide increased access to lower-cost, same-day outpatient surgical services for appropriate patients with GI, ENT and hand surgery needs. The PFAC members also were informed about the nature of the Proposed Project as a collaboration among the ownership partners to strengthen care within the community to meet needs. Following the presentation, PFAC members discussed the benefits of receiving care in an ASC setting and emphasized their view that the outcome of the Proposed Project will be positive given that quality controls are in place to ensure safety and adequate support of patients and families. Overall, feedback from the meeting was positive with PFAC members supportive of the Proposed Project.

In addition to the BMC Adult PFAC meeting presentation, the Applicant's partners worked with PVSC's individual physician owners to inform their patients in the greater Springfield community about the Proposed Project. The Applicant felt it was important to engage these patients as they will benefit from PVSC's increased integration with BMC post-transaction. Accordingly, on October 9, 2019, PVSC hosted an open forum at the ASC regarding the Proposed Project. The forum was publicized at PVSC's individual physicians' practices to provide patients with notice of the forum and inform them of the opportunity to discuss the Proposed Project. Despite best efforts to engage patients, the forum was not well attended with only the two presenters – Linda White, Regional Vice President of AmSurg, and Deborah Fuentes, Administrator of PVSC – in attendance.

Finally, to ensure appropriate awareness within the community about the Proposed Project, BMC and PVSC posted the legal notice associated with the Proposed Project prominently on their websites. This was done to bring awareness of the Proposed Project to all patients, family members, local residents and resident groups. It also provides an opportunity for comment on the Proposed Project.

F1.e.ii **Please provide evidence of sound Community Engagement and consultation throughout the development of the Proposed Project. A successful Applicant will, at a minimum, describe the process whereby the "Public Health Value" of the Proposed Project was considered, and will describe the Community Engagement process as it occurred and is occurring currently in, at least, the following contexts: Identification of Patient Panel Need; Design/selection of DoN Project in response to "Patient Panel" need; and Linking the Proposed Project to "Public Health Value".**

To ensure sound community engagement throughout the development of the Proposed Project, the Applicant took the following actions:

- Presentation to BMC Adult PFAC on September 18, 2019;
- Publicization and holding of forum at PVSC on October 9, 2019; and
- Publication of legal notice to the BMC and PVSC websites.

For detailed information on these activities, see Appendix 3B.

Factor 2: Health Priorities

Addresses the impact of the Proposed Project on health more broadly (that is, beyond the Patient Panel) requiring that the Applicant demonstrate that the Proposed Project will meaningfully contribute to the Commonwealth's goals for cost containment, improved public health outcomes, and delivery system transformation.

F2.a. **Cost Containment:**
Using objective data, please describe, for each new or expanded service, how the Proposed Project will meaningfully contribute to the Commonwealth's goals for cost containment.

In Massachusetts, the goals for cost containment center around providing low-cost care alternatives without sacrificing high quality. The HPC, an independent state agency established in 2012 and charged with monitoring health care spending growth in the state and providing data-driven policy recommendations regarding health care delivery and payment system reform, has set the following goal for cost containment: "Better health and better care – at a lower cost – across the Commonwealth."[78] The Proposed Project aligns with this goal by ensuring continued access to high-quality surgical services in a cost-effective setting for lower-acuity patients.

The pricing for services at PVSC will remain the same following implementation of the Proposed Project. Specifically, the contracted rates under the Applicant's ownership will be the same as those rates currently utilized by PVSC. As outlined at Factor F1.a.iii, ASC rates are substantially lower than hospital-based rates and ASCs are a more cost-effective option for providing high-quality surgical services. Public payers, commercial insurers and patients all benefit from lower prices for services performed in the ASC setting due to lower levels of reimbursement and less coinsurance payments. Given that no change will be occurring to the price of services post-transaction and given that the services at PVSC will continue be provided at lower ASC rates, the Proposed Project will not negatively impact the overall cost growth benchmark set for the state. Rather, the Applicant anticipates that the Proposed Project will meaningfully contribute to Massachusetts' goals for cost containment by promoting utilization of the ASC setting for appropriate BMC patients as a high-quality, lower-cost alternative to outpatient surgery performed in a HOPD.

F2.b. **Public Health Outcomes:**
Describe, as relevant, for each new or expanded service, how the Proposed Project will improve public health outcomes.

The Applicant anticipates that the Proposed Project will improve public health outcomes in several ways. First, the Proposed Project will ensure continued access to PVSC's ASC services for patients in the greater Springfield region. As discussed in Factors F1.aii, F1.b.i and F1.bii, a

[78] MASSACHUSETTS HEALTH POLICY COMMISSION, https://www.mass.gov/orgs/massachusetts-health-policy-commission (last visited Oct. 4, 2019).

variety of benefits are associated with the provision of care in the ASC setting, including but not limited to high-quality, operational efficiencies, convenience and cost savings. More specifically, ASCs offer patients access to expedited surgical care provided in convenient locations by highly-skilled, specially-trained clinical teams that are able to gain high proficiency and efficiency in performing a specific subset of procedures. Consequently, studies indicate that this creates care efficiencies that lead to process improvements as well as cost savings, improved patient experience, and overall better clinical outcomes.

These benefits are available to patients seeking care at PVSC. Moreover, PVSC is accredited by AAAHC and additionally is also a member of MAASC and ASCA. Accordingly, the ASC offers the highest level of ASC services that, in turn, help to improve health outcomes. Following the proposed transaction, PVSC will continue to operate as a high-quality ASC facility with additional oversight from BMC promoting even higher levels of quality care provision.

Finally, the Applicant anticipates that the Proposed Project will improve public health outcomes by promoting integration and care coordination. Specifically, because BMC will have ownership in the ASC, PVSC's patients will benefit from integration of PVSC's specialty surgical services with BMC and the larger BH System. Such integration will improve patient access to the BMC and BH System network and providers and will allow for greater coordination and integration of services, information and care management systems, all of which is instrumental in achieving better outcomes and improved quality of life.

F2.c. **Delivery System Transformation:**

Because the integration of social services and community-based expertise is central to goal of delivery system transformation, discuss how the needs of their patient panel have been assessed and linkages to social services organizations have been created and how the social determinants of health have been incorporated into care planning.

SDoH are the conditions and environments in which people are born, grow, live, eat, work, play and age, that affect access to the healthcare system and a wide range of health risks and outcomes.[79] Socioeconomic status, education, employment, housing, food security, transportation, social protective factors, social support, and language/literacy are all examples of SDoH that have an impact on the physical and mental well-being of the population. As outlined in Factor F1.b.iii, through the Proposed Project, patients will be provided with services designed to address the SDoH and reduce health inequities. Additionally, as is described in Factors F1.a.ii and F1.c, BMC's acquisition of ownership in PVSC will allow PVSC to serve as a setting for BMC to manage ACO patients and provides such patients with the benefits of physician/hospital cooperation, further clinical integration and medical management services. In total, these efforts will ensure patients are linked with appropriate community resources to address SDoH needs.

[79] *Social Determinants of Health: Know What Affects Health*, *supra* note 67.

ATTACHMENT 3: FACTOR 1 SUPPLEMENTAL INFORMATION

ATTACHMENT 3A: PATIENT PANEL INFORMATION

Baystate Medical Center Patient Panel - Overall

1. Number of Patients

Year	# Patients
FY16	191,673
FY17	194,283
FY18	201,718
FY19 June YTD	172,204

2. Gender

Gender	FY16		FY17		FY18		FY19 June YTD	
	Count	%	Count	%	Count	%	Count	%
Female	112,685	58.8%	114,300	58.8%	118,331	58.7%	102,011	59.2%
Male	78,984	41.2%	79,980	41.2%	83,385	41.3%	70,187	40.8%
Unknown	4	0.0%	3	0.0%	2	0.0%	6	0.0%
Total	**191,673**	**100%**	**194,283**	**100%**	**201,718**	**100%**	**172,204**	**100%**

3. Age

Age Range	FY16		FY17		FY18		FY19 June YTD	
	Count	%	Count	%	Count	%	Count	%
0-18	45,037	23.5%	43,352	22.3%	44,288	22.0%	37,301	21.7%
19-30	24,008	12.5%	23,894	12.3%	24,386	12.1%	20,254	11.8%
31-40	20,233	10.6%	20,543	10.6%	21,432	10.6%	18,438	10.7%
41-50	23,680	12.4%	23,450	12.1%	23,521	11.7%	19,734	11.5%
51-64	40,579	21.2%	42,192	21.7%	43,764	21.7%	37,293	21.7%
65+	38,136	19.9%	40,852	21.0%	44,327	22.0%	39,184	22.8%
Total	**191,673**	**100%**	**194,283**	**100%**	**201,718**	**100%**	**172,204**	**100%**

4. Race

Race	FY16		FY17		FY18		FY19 June YTD	
	Count	%	Count	%	Count	%	Count	%
American Indian/Alaska Native	143	0.1%	148	0.1%	187	0.1%	152	0.1%
Asian	2,831	1.5%	2,899	1.5%	2,950	1.5%	2,490	1.4%
Black/African American	18,076	9.4%	17,965	9.2%	18,144	9.0%	15,566	9.0%
Hispanic/Latino	52,962	27.6%	52,425	27.0%	54,764	27.1%	47,542	27.6%

White/Caucasian	110,246	57.5%	113,015	58.2%	116,994	58.0%	98,229	57.0%
Other/Unknown	7,415	3.9%	7,831	4.0%	8,679	4.3%	8,225	4.8%
Total	**191,673**	**100%**	**194,283**	**100%**	**201,718**	**100%**	**172,204**	**100%**

5. Top 20 Patient Origin Cities

City	FY16		FY17		FY18		FY19 June YTD	
	Count	%	Count	%	Count	%	Count	%
Springfield	69,730	36.4%	68,722	35.4%	70,420	34.9%	60,907	35.4%
Chicopee	17,397	9.1%	17,666	9.1%	18,243	9.0%	15,491	9.0%
West Springfield	9,798	5.1%	9,923	5.1%	10,496	5.2%	8,755	5.1%
Holyoke	8,388	4.4%	8,327	4.3%	8,484	4.2%	7,174	4.2%
Westfield	7,985	4.2%	8,491	4.4%	8,867	4.4%	7,379	4.3%
Ludlow	6,381	3.3%	6,709	3.5%	6,966	3.5%	5,958	3.5%
Agawam	5,586	2.9%	5,404	2.8%	5,523	2.7%	4,754	2.8%
East Longmeadow	4,836	2.5%	4,961	2.6%	5,320	2.6%	4,467	2.6%
Longmeadow	4,664	2.4%	4,712	2.4%	4,930	2.4%	4,306	2.5%
Wilbraham	4,177	2.2%	4,287	2.2%	4,476	2.2%	3,828	2.2%
South Hadley	3,709	1.9%	3,705	1.9%	3,897	1.9%	3,312	1.9%
Indian Orchard	3,647	1.9%	3,619	1.9%	3,808	1.9%	3,253	1.9%
Feeding Hills	3,600	1.9%	3,619	1.9%	3,822	1.9%	3,353	1.9%
Belchertown	2,506	1.3%	2,697	1.4%	2,829	1.4%	2,421	1.4%
Easthampton	2,048	1.1%	2,099	1.1%	2,075	1.0%	1,827	1.1%
Southwick	1,998	1.0%	2,043	1.1%	2,098	1.0%	1,868	1.1%
Enfield CT	1,976	1.0%	2,045	1.1%	2,168	1.1%	1,891	1.1%
Monson	1,601	0.8%	1,714	0.9%	1,787	0.9%	1,536	0.9%
Pittsfield	1,594	0.8%	1,634	0.8%	1,881	0.9%	1,601	0.9%
Ware	1,518	0.8%	1,632	0.8%	1,813	0.9%	1,567	0.9%
Other	28,534	14.9%	30,274	15.6%	31,815	15.8%	26,556	15.4%
Total	**191,673**	**100%**	**194,283**	**100%**	**201,718**	**100%**	**172,204**	**100%**

6. Insurance Mix

Insurance	FY16	FY17	FY18	FY19 June YTD
Medicare	18.2%	18.8%	18.7%	18.5%
Medicare Advantage	6.1%	6.7%	7.5%	8.4%
Medicaid	33.8%	32.5%	31.9%	31.7%
Commercial	37.2%	37.1%	36.6%	35.9%
Other	4.7%	4.8%	5.3%	5.5%
Total	**100%**	**100%**	**100%**	**100%**

Notes

Fiscal year October 1 – September 30.

Baystate Medical Center Patient Panel - Combined GI, ENT and Hand Surgery

1. Number of Patients

Year	# Patients
CY16	13,437
CY17	12,304
CY18	12,420
CY19 June YTD	5,520

2. Gender

Gender	CY16		CY17		CY18		CY19 June YTD	
	Count	%	Count	%	Count	%	Count	%
Female	7,255	54.0%	6,584	53.5%	6,547	52.7%	2,956	53.6%
Male	6,182	46.0%	5,720	46.5%	5,873	47.3%	2,564	46.4%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	**13,437**	**100%**	**12,304**	**100%**	**12,420**	**100%**	**5,520**	**100%**

3. Age

Age Range	CY16		CY17		CY18		CY19 June YTD	
	Count	%	Count	%	Count	%	Count	%
0-18	848	6.3%	764	6.2%	600	4.8%	353	6.4%
19-30	872	6.5%	772	6.3%	795	6.4%	339	6.1%
31-40	980	7.3%	865	7.0%	913	7.4%	387	7.0%
41-50	2,140	15.9%	1,919	15.6%	1,881	15.1%	841	15.2%
51-64	5,339	39.7%	4,708	38.3%	4,855	39.1%	2,119	38.4%
65+	3,258	24.2%	3,276	26.6%	3,376	27.2%	1,481	26.8%
Total	**13,437**	**100%**	**12,304**	**100%**	**12,420**	**100%**	**5,520**	**100%**

4. Race

Race	CY16		CY17		CY18		CY19 June YTD	
	Count	%	Count	%	Count	%	Count	%
American Indian/Alaska Native	9	0.1%	11	0.1%	13	0.1%	5	0.1%
Asian	203	1.5%	197	1.6%	163	1.3%	76	1.4%
Black/African American	1,001	7.4%	896	7.3%	859	6.9%	376	6.8%

Hispanic/Latino	3,026	22.5%	2,654	21.6%	2,554	20.6%	1,116	20.2%
White/Caucasian	8,907	66.3%	8,278	67.3%	8,514	68.6%	3,848	69.7%
Other/Unknown	291	2.2%	268	2.2%	317	2.6%	99	1.8%
Total	**13,437**	**100%**	**12,304**	**100%**	**12,420**	**100%**	**5,520**	**100%**

5. Top 20 Patient Origin Cities

City	CY16		CY17		CY18		CY19 June YTD	
	Count	%	Count	%	Count	%	Count	%
Springfield	4,413	32.8%	3,897	31.7%	3,680	29.6%	1,587	28.8%
Chicopee	1,302	9.7%	1,169	9.5%	1,153	9.3%	560	10.1%
West Springfield	695	5.2%	589	4.8%	651	5.2%	276	5.0%
Westfield	606	4.5%	591	4.8%	591	4.8%	267	4.8%
Ludlow	512	3.8%	490	4.0%	511	4.1%	212	3.8%
Holyoke	500	3.7%	463	3.8%	486	3.9%	211	3.8%
East Longmeadow	436	3.2%	417	3.4%	436	3.5%	191	3.5%
Longmeadow	424	3.2%	337	2.7%	419	3.4%	195	3.5%
Wilbraham	389	2.9%	371	3.0%	385	3.1%	77	1.4%
Agawam	386	2.9%	359	2.9%	388	3.1%	151	2.7%
South Hadley	345	2.6%	356	2.9%	360	2.9%	154	2.8%
Feeding Hills	270	2.0%	246	2.0%	289	2.3%	116	2.1%
Indian Orchard	220	1.6%	203	1.6%	203	1.6%	92	1.7%
Belchertown	190	1.4%	202	1.6%	202	1.6%	88	1.6%
Granby	176	1.3%	167	1.4%	152	1.2%	58	1.1%
Easthampton	172	1.3%	178	1.4%	157	1.3%	71	1.3%
Enfield CT	168	1.3%	140	1.1%	148	1.2%	80	1.4%
Southwick	159	1.2%	147	1.2%	154	1.2%	68	1.2%
Monson	154	1.1%	135	1.1%	151	1.2%	70	1.3%
Hampden	127	0.9%	136	1.1%	149	1.2%	69	1.3%
Other	1,793	13.3%	1,711	13.9%	1,755	14.1%	927	16.8%
Total	**13,437**	**100%**	**12,304**	**100%**	**12,420**	**100%**	**5,520**	**100%**

6. Insurance Mix

Insurance	CY16	CY17	CY18	CY19 June YTD
Medicare	21.4%	21.9%	21.0%	20.2%
Medicare Advantage	9.7%	11.2%	11.9%	11.9%
Medicaid	20.5%	19.1%	17.8%	18.3%
Commercial	45.9%	44.9%	46.2%	46.9%
Other	2.5%	3.0%	3.2%	2.8%
Total	**100%**	**100%**	**100%**	**100%**

Pioneer Valley Surgicenter Patient Panel

1. Number of Patients

Year	# Patients
CY16	3,184
CY17	7,016
CY18	7,046
CY19 June YTD	3,300

2. Gender

Gender	CY16		CY17		CY18		CY19 June YTD	
	Count	%	Count	%	Count	%	Count	%
Female	1,658	52.1%	3,556	50.7%	3,495	49.6%	1,664	50.4%
Male	1,526	47.9%	3,460	49.3%	3,551	50.4%	1,636	49.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	**3,184**	**100%**	**7,016**	**100%**	**7,046**	**100%**	**3,300**	**100%**

3. Age

Age Range	CY16		CY17		CY18		CY19 June YTD	
	Count	%	Count	%	Count	%	Count	%
0-18	219	6.9%	631	9.0%	718	10.2%	372	11.3%
19-30	106	3.3%	233	3.3%	261	3.7%	133	4.0%
31-40	113	3.5%	242	3.4%	263	3.7%	109	3.3%
41-50	222	7.0%	483	6.9%	451	6.4%	302	9.2%
51-64	1,194	37.5%	2,701	38.5%	2,728	38.7%	1,263	38.3%
65+	1,330	41.8%	2,726	38.9%	2,625	37.3%	1,121	34.0%
Total	**3,184**	**100%**	**7,016**	**100%**	**7,046**	**100%**	**3,300**	**100%**

4. Top 20 Patient Origin Cities

City	CY16		CY17		CY18		CY19 June YTD	
	Count	%	Count	%	Count	%	Count	%
Springfield	621	19.5%	1,413	20.1%	1,395	19.8%	646	19.6%
Chicopee	272	8.5%	570	8.1%	547	7.8%	266	8.1%
West Springfield	206	6.5%	434	6.2%	435	6.2%	185	5.6%

Ludlow	188	5.9%	469	6.7%	456	6.5%	214	6.5%
Longmeadow	182	5.7%	398	5.7%	444	6.3%	192	5.8%
Westfield	180	5.7%	419	6.0%	415	5.9%	199	6.0%
East Longmeadow	169	5.3%	390	5.6%	382	5.4%	185	5.6%
Wilbraham	159	5.0%	295	4.2%	328	4.7%	146	4.4%
Agawam	158	5.0%	297	4.2%	306	4.3%	131	4.0%
Feeding Hills	116	3.6%	247	3.5%	280	4.0%	125	3.8%
Enfield CT	82	2.6%	175	2.5%	170	2.4%	87	2.6%
Holyoke	77	2.4%	233	3.3%	198	2.8%	96	2.9%
South Hadley	70	2.2%	150	2.1%	127	1.8%	80	2.4%
Belchertown	59	1.9%	102	1.5%	134	1.9%	67	2.0%
Southwick	57	1.8%	138	2.0%	118	1.7%	55	1.7%
Hampden	54	1.7%	127	1.8%	120	1.7%	62	1.9%
Monson	51	1.6%	85	1.2%	84	1.2%	33	1.0%
Easthampton	33	1.0%	61	0.9%	68	1.0%	35	1.1%
Suffield CT	33	1.0%	0	0.0%	0	0.0%	0	0.0%
Indian Orchard	31	1.0%	77	1.1%	78	1.1%	42	1.3%
Other	386	12.1%	936	13.3%	961	13.6%	454	13.8%
Total	**3,184**	**100%**	**7,016**	**100%**	**7,046**	**100%**	**3,300**	**100%**

6. Insurance Mix

Insurance	CY16	CY17	CY18	CY19 June YTD
Medicare	24.8%	24.2%	24.7%	23.4%
Medicare Advantage	0.8%	0.7%	2.8%	3.9%
Medicaid	6.9%	8.9%	8.9%	8.2%
Commercial	65.5%	63.1%	60.3%	61.6%
Other	2.1%	3.2%	3.3%	2.9%
Total	**100%**	**100%**	**100%**	**100%**

Notes

In CY16, there was a system conversion and a technology overhaul. This resulted in a change in how data is collected. Accordingly, the CY16 data reported here is for the second half of the year only.

ATTACHMENT 3B: EVIDENCE OF COMMUNITY ENGAGEMENT FOR FACTOR 1

CHAIRS **FACILITATORS**	Diane Barstow Denise Schoen, RN, Diane Thomas, RN
DATE	September 18, 2019
TIME	5:30-6pm Buffet dinner 6 pm- 8 pm (Meeting)
LOCATION	**Chesnut 3 Conference Room:**

TOPIC	DISCUSSION/CONCLUSION	RESPONSIBILITY	TIME
Welcome	Welcome & Introductions Minute Review	Diane Barstow	5 minutes
New Business [redacted]	Ambulatory Surgery Site-Determination of Need [redacted]	Nancy Knadler, Geoffrey Coffman [redacted]	20 minutes [redacted]

BMC Adult Patient & Family Advisory Council (PFAC)
September 18, 2019, Meeting Minutes
6-8 pm Buffet and Meeting
Room: Chestnut 3 Conference Room

Present: Diane Barstow, Jenny Davies, Susan Lawson, Richard Muise, Lee Nettles, Linda Surprenant, Denise Schoen, Diane Thomas, Maripat Toye

Excused: Dawn Lapierre**,** Linda McShane**,** David Mitowski, Keisha Williams

Co- Facilitator Chairs: Diane Thomas, RN (recorder), Denise Schoen, RN (reader)

AGENDA ITEM	DISCUSSION	ACTION
1.Welcome & Introductions	Diane Barstow welcomed group back after summer break. Time allotted to re-acquaint new members and welcome visiting guests.	
[redacted]	[redacted]	[redacted]
3. Ambulatory Surgery Joint Venture	Nancy Knadler, from the Office of SVP Finance, presented an overview of a joint venture with nationally recognized AmSurg to develop a free standing outpatient surgical center. The goal is to provide high quality, high value same-day surgical services for our community. The site would be located in an existing space at Pioneer Valley Surgery Center, located at 3550 Main St, Springfield. The alignment will provide lower-cost outpatient services for procedures such as ENT and GI (colonoscopy). Brief time was taken to explain that this venture will mirror outpatient surgery care at Baystate Orthopedic Surgery Center (BOSC). Members discussed benefits of receiving personalized care with a team of expert caregivers specializing in meeting their needs. PFAC primary concern is focused on ensuring pre-planning with patients and families is in place to ensure discharge transition, and that family caregiver burden is well supported. Many members have had outpatient surgery procedures with very positive experiences. They feel strongly that if the family is adequately prepared and supported with anticipation of the patient's physical, emotional and pain management needs, the outpatient experience will be positive given that the same quality controls are in place to ensure safety. Overall members feel good patient and family preparation is likely to lessen the perception of drive-through care.	See handouts attached
[redacted]	[redacted]	[redacted]


Care Innovation & Integration
Organizational Engagement

	Next Meeting: October 16, 2019	

Patient and Family Advisory Council

Notification of Joint Venture with AmSurg Corp.

September 18, 2019

Baystate Health | ADVANCING CARE. ENHANCING LIVES.

Free Standing Surgery Center JVs

- Long Term Strategy related to Campus Based Inpatient & Outpatient Surgical Suite Capacity
- Opportunity to decant activity that would be better served in a freestanding Ambulatory Care Setting (ASC)
- AMsurg, a nationally recognized leader in the strategic and operational management of surgery centers that deliver high quality, high value same-day surgical services with a superior patient experience
- Specialty surgery centers are very efficient with lower payment rates.
    - Cost benefit for population health contracts
- Employer groups (GIC) are requiring free standing surgery centers be included in insurance provider networks
- High patient satisfaction.
    - AMsurg centers exceed the industry in patient satisfaction.

AMSurg & Pioneer Valley Surgery Center

The Amsurg Joint Venture will align our strategy with the following Physician Owners :

- Western Massachusetts Gastroenterology (6)
- Ear, Nose & Throat Surgeons of Western New England (2)
- The Hand Center of Western Massachusetts (2)

NEXT STEPS

- Regulatory Process
  - Awaiting Health Policy Commission approval to form Joint Venture
  - Currently in the process of preparing the Determination of Need (DON) application for change of ownership

PLEASE JOIN US FOR

COFFEE

AND

CONVERSATION

DATE: OCTOBER 9, 2019

TIME: 6:30PM

@

Pioneer Valley SurgiCenter
3550 Main St, Suite 103
Springfield, MA 01107

We are hosting an open forum for our patients to discuss Pioneer Valley Surgicenter proposed collaboration with Baystate Health to expand cost effective healthcare services offerings

Pioneer Valley Surgicenter

AmSurg & Baystate Medical Center

Jt. Venture

Meet and Greet

October 9, 2019

Free Standing Surgery Center JVs

- Long Term Strategy related to Baystate Medical Center's Campus Based Inpatient & Outpatient Surgical Suite Capacity

- AMsurg, a nationally recognized leader in the strategic and operational management of surgery centers that deliver high quality, high value same-day surgical services with a superior patient experience. Currently manage over 200 sites.

- Specialty free standing surgery centers, are very efficient with lower payment rates.
    - Cost benefit for population health contracts

- Employer groups (GIC) are requiring free standing surgery centers be included in insurance provider networks

- High patient satisfaction.
    - AMsurg centers exceed the industry in patient satisfaction.

AMSurg & Pioneer Valley Surgery Center

The Baystate/AmSurg Joint Venture will align strategy with the following Physician Owners :

- Western Massachusetts Gastroenterology (6)
- Ear, Nose & Throat Surgeons of Western New England (2)
- The Hand Center of Western Massachusetts (2)

NEXT STEPS

- Regulatory Process
  - The Jt. Venture has received Health Policy Commission approval to form Joint Venture
  - Currently in the process of preparing the Determination of Need (DON) application for change of ownership

ATTACHMENT 4: FACTOR 4 INDEPENDENT CPA ANALYSIS

AmSurg BMC, LLC

Analysis of the Reasonableness of Assumptions Used For and the Feasibility of Projected Financial Information associated with the financial projections of Pioneer Valley Surgicenter ("PVSC"), following a change in ownership by AmSurg BMC, LLC

For the Years Ending December 31, 2020 Through December 31, 2024

AMSURG BMC, LLC

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MeyersBrothersKalicka, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS STRATEGISTS

October 18, 2019

Mr. Dennis Chalke
Senior Vice President and Treasurer
Baystate Health, Inc.
280 Chestnut Street, Room 103
Springfield, MA 01109

Dear Mr. Chalke:

We have performed an analysis of the financial projections prepared by AmSurg Holdings, Inc. ("AmSurg") and Baystate Medical Center, Inc. ("BMC") detailing the projected operations of Amsurg BMC, LLC ("Applicant"), including the projected operations of Pioneer Valley Surgicenter, LLC ("PVSC") following a change in ownership. The Applicant is a newly formed joint venture between AmSurg (49%) and BMC (51%), founded for the purpose of acquiring an ownership interest in PVSC, which is currently owned 61% by AmSurg and 39% by individual physicians. The Applicant is filing a Determination of Need ("DON") to acquire the existing AmSurg's 61% interest in PVSC. This report details our analysis and findings with regards to the reasonableness of assumptions used in the preparation and feasibility of the projected financial information of the Proposed Project as prepared by the management of AmSurg and BMC ("Management"). This report is to be included by the Applicant in its DON application, (see Factor 4(a) of the DON) and should not be distributed or relied upon for any other purpose.

I. Executive Summary

The scope of our analysis was limited to the five-year financial projections (the "Projections") prepared by Management, as well as the analysis of existing results of PVSC for the twelve months ended July 31, 2019, and the related supporting documentation provided by AmSurg. The purpose is to assess the reasonableness of assumptions used in the preparation and feasibility of the projections with regards to the impact of the change in ownership of PVSC.

The addition of BMC is projected to improve the overall cash flow of PVSC. We determined that the projections were not likely to result in a scenario where there are insufficient funds available for the ongoing operating costs required to support the existing multi-specialty ambulatory surgery center. It is not anticipated that PVSC will require any financing associated with this service. It is our conclusion that the projections are financially feasible and within the financial capability of the Applicant and PVSC as detailed below.

II. Relevant Background Information

Refer to Factor 1 of the DON application for a description of the scope of the Applicant, as well as the overall description and rationale of the change in ownership of PVSC.

III. Scope of Report

The scope of this report is limited to an analysis of the five-year financial projections prepared by Management and the supporting documentation in order to assess the reasonableness of assumptions used in the preparation and feasibility of the projections with regards to the Proposed Project. Our analysis of the projections and conclusions contained within this report are based upon our detailed review of all relevant information (see section IV of this report). We have gained an understanding through our review of the information provided by Management, including results of the existing PVSC practice, as well as a review of the internal financial statements of PVSC for the years ended December 31, 2016, 2017 and 2018, as well as the twelve months ended February 28, 2019 and July 31, 2019, and the DON application.

Reasonableness is defined within the context of this report as supportable and proper, given the underlying information. Feasibility is defined as based on the assumptions used, the plan is not likely to result in insufficient funds available for capital and ongoing operating costs necessary to support the proposed project without negative impacts or consequences to the Applicant, its parties, or the patient panel.

This report is based upon historical and prospective financial information provided to us by Management. If Meyers Brothers Kalicka, P.C. had audited the underlying data, matters may have come to our attention that would have resulted in our using amounts that differ from those provided. Accordingly, we do not express an opinion or any other assurances on the underlying data presented or relied upon in this report. We do not provide assurance on the achievability of the results forecasted by Management because events and circumstances frequently do not occur as expected, and the achievement of the forecasted results is dependent on the actions, plans, and assumptions of Management. We reserve the right to update our analysis, if we are provided with additional information.

IV. Primary Sources of Information Utilized

In formulating our opinions and conclusions contained in this report, we obtained and reviewed various documents obtained from Management. The documents and information we used and relied on are noted below and/or referenced in this report:

- Historical revenue and expenses for existing results of PVSC for the twelve months ended July 31, 2019.
- PVSC internal financial statements as of and for the years ended December 30, 2016, 2017, and 2018.
- Projected pro-forma revenue and expenses for the five years ending December 31, 2020, 2021, 2022, 2023 and 2024.
- PVSC internal financial and statistical report of procedures performed for the twelve months ended February 28, 2019.
- Historical volume of PVSC procedures performed by physicians for the years ended December 31, 2016, 2017, and 2018.
- Historical volume of BMC ENT, GI, and Orthopedic procedures performed for the years ended December 31, 2016, 2017 and 2018.
- Building rental agreement and rental amendments between 3500 Main Street, LLP ("Lessor") and PVSC as of October 25, 2002, and as amended on December 31, 2010, which extended the lease through December 31, 2028.

IV. Primary Sources of Information Utilized (continued)

- Determination of Need Application Instructions dated March 2017.
- Draft DON, provided October 11, 2019.

V. Review of the Projections

This section of the report summarizes our review of the reasonableness of the assumptions used and feasibility of the projections. The tables that follow summarize the historical results of PVSC and projected results of PVSC following the change in ownership by the Applicant. Based on discussions with Management and a review of the information, there is an overall improvement in the net earnings of PVSC following the change in ownership by the Applicant.

Revenues

We reviewed and analyzed the net operating revenues in the historical and projected financial information. We reviewed the actual historical results of PVSC. The overall results were reviewed in relation to the profit and loss reporting based on the number of procedures currently being performed.

The table below provides a summary of some of the key information for the historical and projected volume and revenues by year:

		As reported by for PVSC for the year ended December 31, 2018	As reported by PVSC for 12 months ended July 31, 2019	Projected/ pro-forma under new joint venture 2020	Projected/ pro-forma under new joint venture 2021	Projected/ pro-forma under new joint venture 2022	Projected/ pro-forma under new joint venture 2023	Projected/ pro-forma under new joint venture 2024
Volume								
Total procedures performed		9,120	8,453	11,484	13,318	13,417	13,417	13,417
Total cases		7,211	6,865	9,354	10,857	10,937	10,937	10,937
			% change in revenue results compared to prior period					
Revenues								
Total Revenue	$	6,168,990	-2.21%	33.81%	15.10%	0.71%	0.00%	0.00%

We analyzed the projected/pro-forma revenue for fiscal years 2020 through 2024 in relation to the historical results for twelve months ended July 31, 2019 in order to assess the reasonableness of the pro-forma statements of the Proposed Project. Based on our analysis, the pro-forma operating revenues are reasonable. Per discussions with Management, the estimated maximum capacity of procedures to be performed at this facility is approximately 15,000 per year. The volume increase of approximately 5,000 procedures from the 12 months rolling figure of 8,453 as of July 2019 to the year 2021 volume was specifically discussed with Management and we reviewed the procedures currently being provided by BMC that are eligible to be moved to PVSC. We noted that the historical volume of patients seen by BMC on a yearly basis would allow PVSC to maximize procedures performed at a volume of approximately the capacity. Management has estimated that 1.23 procedures will be performed for every individual case. MBK noted that pro-forma projected revenue is based on average revenue per procedure performed for the 12 months ended July 31, 2019.

V. Review of the Projections (continued)

Expenses

We analyzed each of the categorized expenses for reasonableness and feasibility as it relates to the projected revenue. We reviewed the historical actual results for the twelve months ended July 31, 2019.

The table below provides a summary of some of the key information for the historical and projected expenses by year:

	As reported by for PVSC for the year ended December 31, 2018	As reported by PVSC for 12 months ended July 31, 2019	Projected/ pro-forma under new joint venture 2020	Projected/ pro-forma under new joint venture 2021	Projected/ pro-forma under new joint venture 2022	Projected/ pro-forma under new joint venture 2023	Projected/ pro-forma under new joint venture 2024
Expenses							
Salaries, wages and benefits (1)	41.09%	41.46%	45.16%	46.72%	46.77%	46.73%	46.70%
Supplies and drugs (1)	19.20%	18.45%	20.10%	20.79%	20.81%	20.80%	20.79%
Other expenses (2)	18.83%	19.48%	18.14%	17.62%	17.58%	17.57%	17.56%
Facility expenses (3)	16.50%	16.36%	13.19%	11.83%	11.82%	11.88%	11.94%
Depreciation and amortization (4)	4.38%	4.25%	3.41%	3.04%	3.02%	3.02%	3.01%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
		% change in expense results compared to prior period					
Total Expenses	$ 4,004,642	-2.56%	24.72%	12.10%	0.65%	0.07%	0.07%

(1) Expenses are based on average cost per procedure for the 12 months ended July 31, 2019. Management anticipates these expenses to increase in congruence with anticipated procedures performed. Salaries, wages and benefits are projected at a rate of approximately $191, supplies and drugs a rate of approximately $85 and other expenses at a rate of approximately $90 per procedure performed.

(2) We noted that all but one line item included in other expenses are based on average cost per procedure for the 12 months ended July 31, 2019. Billing services is based on 2.52% of total revenues for the 12 months ended July 31, 2019. Billing expenses for 2020 through 2024 are equal to 2.52% of facility revenues.

(3) Approximately 91% of the Facility expenses represents rent, common area maintenance, utilities and property taxes being paid to the Lessor. We noted that the total square footage of the building under lease is 10,645. Management anticipates there will be no changes in the total square footage. We reviewed the lease agreement and corresponding amendments and noted that the lease term is through December 31, 2028.

(4) Consists of fees for existing property and equipment being used by the original joint venture. Per discussion with Management there are no anticipated need for additional capital expenditures, therefore depreciation and amortization costs are anticipated to remain consistent with the historical expense over the five-year proforma period ending December 31, 2024.

V. Review of the Projections (continued)

We analyzed the projected/pro-forma expenses for fiscal years 2020 through 2024 in relation to the historical volume for the years ended December 31, 2016, 2017, and 2018, as well as the rolling 12 months ended February 28, 2019 and July 31, 2019 to assess the reasonableness of the pro-forma statements. Based on our analysis, the pro-forma total expenses are reasonable.

Net Income

The table below provides a summary of the net income by year as a percentage of net revenue:

	As reported by PVSC for 12 months ended July 31, 2019	Projected/ pro-forma under new joint venture 2020	Projected/ pro-forma under new joint venture 2021	Projected/ pro-forma under new joint venture 2022	Projected/ pro-forma under new joint venture 2023	Projected/ pro-forma under new joint venture 2024
Procedural revenue, net	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Total expenses	64.68%	60.29%	58.71%	58.67%	58.71%	58.75%
Net earnings	35.32%	39.71%	41.29%	41.33%	41.29%	41.25%

Cash Flows

The table provides a summary of cash flow by year as a percentage of net revenue:

	As reported by PVSC for 12 months ended July 31, 2019	Projected/ pro-forma under new joint venture 2020	Projected/ pro-forma under new joint venture 2021	Projected/ pro-forma under new joint venture 2022	Projected/ pro-forma under new joint venture 2023	Projected/ pro-forma under new joint venture 2024
Net earnings	35.32%	39.71%	41.29%	41.33%	41.29%	41.25%
Depreciation and amortization	2.75%	2.05%	1.78%	1.77%	1.77%	1.77%
Net cash increase before management fee	38.06%	41.77%	43.07%	43.10%	43.06%	43.02%
Management fee (1)	(0.00%)	(3.47%)	(3.01%)	(2.99%)	(2.99%)	(2.99%)
Net cash increase before distributions	38.06%	38.30%	40.06%	40.11%	40.07%	40.02%

(1) Per discussion with Management, AmSurg and BMC will charge the joint venture a management fee amount not to exceed $250,000 and $30,000 per year, respectively. There is no formal agreement in place, however Management is working on finalizing an agreement. Management fees are not attributed to patients or payers.

Based on our discussions with Management and the information above, the Applicant will not require any capital contributions throughout the years of 2020 through 2024.

Capital Expenditures

Per discussion with Management, it is anticipated that there will be no requirement for additional capital expenditures for the years ending 2020 through 2024.

VI. Feasibility

We analyzed the projected operations, including volume of procedures, revenue and expenses for PVSC. In performing our analysis, we considered multiple sources of information including historical and projected financial information. It is important to note that the projections do not account for any anticipated changes in accounting and regulatory standards. These standards, which may have a material impact on individual future years, are not anticipated to have a material impact on the aggregate projections.

We determined that the projections were not likely to result in insufficient funds available for ongoing operating costs necessary to support the PVSC. Based upon our review of the projections and relevant supporting documentation, we determined the change in ownership by the Application and PVSC's continued operating income are reasonable and based upon feasible financial assumptions.

Meyers Brothers Kalicka, P.C.

Holyoke, Massachusetts
October 18, 2019

ATTACHMENT 5: AFFILIATED PARTIES FORM

Massachusetts Department of Public Health
Determination of Need
Affiliated Parties

Version: DRAFT 3-15-17

DRAFT

Application Date: 10/23/2019 Application Number: 19102312-TO

Applicant Information

Applicant Name: AmSurg BMC, LLC

Contact Person: Andrew Levine Title: Attorney

Phone: 6175986700 Ext: E-mail: alevine@barrettsingal.com

Affiliated Parties

1.9 **Affiliated Parties:**
List all officers, members of the board of directors, trustees, stockholders, partners, and other Persons who have an equity or otherwise controlling interest in the application.

Add/ Del Rows	Name (Last)	Name (First)	Mailing Address	City	State	Affiliation	Position with affiliated entity (or with Applicant)	Stock, shares, or partnership	Percent Equity (numbers only)	Convictions or violations	List other health care facilities affiliated with	Business relationship with Applicant
+ -	Casey	Elizabeth	117 Brookmoor Road	West Hartford	CT	Baystate Medical Center, Inc.	Board of Directors Member			No		No
+ -	Coffman	Geoffrey	10 Bowker Road	Hopkinton	MA	Baystate Medical Center, Inc.	Board of Directors Member			No		No
+ -	Gandhi	Tejas	95 Pinewood Hills	Longmeadow	MA	Baystate Medical Center, Inc.	Board of Directors Member			No		No
+ -	Peel	John	162 Hedgelawn Drive	Hendersonville	TN	AmSurg Holdings, Inc.	Board of Directors Member			No		No
+ -	White	Linda	211 Bryson Place	Mount Juilet	TN	AmSurg Holdings, Inc.	Board of Directors Member			No		No

Document Ready for Filing

When document is complete click on "document is ready to file". This will lock in the responses and date and time stamp the form. To make changes to the document un-check the "document is ready to file" box.
Edit document then lock file and submit Keep a copy for your records. Click on the "Save" button at the bottom of the page.

To submit the application electronically, click on the"E-mail submission to Determination of Need" button.

This document is ready to file: ☒ Date/time Stamp: 10/23/2019 12:10 pm

E-mail submission to Determination of Need

ATTACHMENT 6: CHANGE IN SERVICE FORM

Massachusetts Department of Public Health
Determination of Need
Change in Service

Version: DRAFT 6-14-17

DRAFT

Application Number: 19102312-TO Original Application Date: 10/23/2019

Applicant Information

Applicant Name: AmSurg BMC, LLC

Contact Person: Andrew Levine Title: Attorney

Phone: 6175986700 Ext: E-mail: alevine@barrettsingal.com

Facility: Complete the tables below for each facility listed in the Application Form

1 Facility Name: Pioneer Valley Surgicenter, LLC CMS Number: 22C0001043 Facility type: Freestanding Ambulatory Surgery capacity

Change in Service

2.2 Complete the chart below with existing and planned service changes. Add additional services with in each grouping if applicable.

Add/Del Rows		Licensed Beds	Operating Beds	Change in Number of Beds (+/-)		Number of Beds After Project Completion (calculated)		Patient Days	Patient Days	Occupancy rate for Operating Beds		Average Length of Stay	Number of Discharges	Number of Discharges
		Existing	Existing	Licensed	Operating	Licensed	Operating	(Current/ Actual)	Projected	Current Beds	Projected	(Days)	Actual	Projected
	Acute													
	Medical/Surgical									0%	0%			
	Obstetrics (Maternity)									0%	0%			
	Pediatrics									0%	0%			
	Neonatal Intensive Care									0%	0%			
	ICU/CCU/SICU									0%	0%			
+ -										0%	0%			
	Total Acute									0%	0%			
	Acute Rehabilitation									0%	0%			
+ -										0%	0%			
	Total Rehabilitation									0%	0%			
	Acute Psychiatric													

Add/Del Rows		Licensed Beds Existing	Operating Beds Existing	Change in Number of Beds (+/-) Licensed	Operating	Number of Beds After Project Completion (calculated) Licensed	Operating	Patient Days (Current/ Actual)	Patient Days Projected	Occupancy rate for Operating Beds Current Beds	Projected	Average Length of Stay (Days)	Number of Discharges Actual	Number of Discharges Projected
	Adult									0%	0%			
	Adolescent									0%	0%			
	Pediatric									0%	0%			
	Geriatric									0%	0%			
+ -										0%	0%			
	Total Acute Psychiatric									0%	0%			
	Chronic Disease									0%	0%			
+ -										0%	0%			
	Total Chronic Disease									0%	0%			
	Substance Abuse													
	detoxification									0%	0%			
	short-term intensive									0%	0%			
+ -										0%	0%			
	Total Substance Abuse									0%	0%			
	Skilled Nursing Facility													
	Level II									0%	0%			
	Level III									0%	0%			
	Level IV									0%	0%			
+ -										0%	0%			
	Total Skilled Nursing									0%	0%			

2.3 Complete the chart below If there are changes other than those listed in table above.

Add/Del Rows	**List other services** if Changing e.g. OR, MRI, etc	Existing Number of Units	Change in Number +/-	Proposed Number of Units	Existing Volume	Proposed Volume
+ -	ASC Services (Unit = # of Operating/Procedure Rooms; Volume = # of procedures)	6	0	6	8,453	13,417

Document Ready for Filing

When document is complete click on "document is ready to file". This will lock in the responses and date and time stamp the form. To make changes to the document un-check the "document is ready to file" box.
Edit document then lock file and submit Keep a copy for your records. Click on the "Save" button at the bottom of the page.

To submit the application electronically, click on the"E-mail submission to Determination of Need" button.

This document is ready to file: ☒ Date/time Stamp: 10/23/2019 12:09 pm

E-mail submission to Determination of Need

ATTACHMENT 7: NOTICE OF INTENT

RETURN OF PUBLICATION

I, the undersigned, hereby certify under the pains and penalties of perjury, that I am employed by the publishers of the *Springfield Republican* and the following Public/Legal announcement was published in two sections of the newspaper on October 9, 2019 accordingly:

1) "Public Announcement Concerning a Proposed Health Care Project" page P17, Legal Notice Section.

2) "Public Announcement Concerning a Proposed Health Care Project" page A5, Main Section.

Kathy Portier
Signature

Kathy Portier
Name

Legal Advertising Rep.
Title

DAVID BRIAN EVANS
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
August 8, 2025

665564.1

Public Announcement Concerning a Proposed Health Care Project

AmSurg BMC, LLC ("Applicant") located at 251 Little Falls Drive, Wilmington, DE 19808 intends to file a Notice of Determination of Need ("Application") with the Massachusetts Department of Public Health relative to the change in ownership of Pioneer Valley Surgicenter, LLC ("PVSC"), a licensed ambulatory surgery center located at 3550 Main Street, Suite 103, Springfield, MA 01107 currently owned by Amsurg Holdings, Inc. ("AmSurg") and individual physicians. The Applicant's ownership is held by AmSurg and Baystate Medical Center, Inc. Pursuant to the proposed transaction, the Applicant will acquire the ownership interest in PVSC that is currently owned by AmSurg ("Project"). The Total Value of the Project based on the net patient service revenue of PVSC is $6,169,990. The Applicant does not anticipate any price or service impacts on the Applicant's existing Patient Panel as a result of the Project. Any ten Taxpayers of Massachusetts may register in connection with the intended Application by no later than November 22, 2019 or 30 days from the Filing Date, whichever is later, by contacting the Department of Public Health, Determination of Need Program, 250 Washington Street, 6th Floor, Boston, MA 02108.

(October 9, 2019)

Jobs

Jobs
Jobs - Medical & Dental
Employment Agencies & Services
Job Information
Instruction/Schools
Instruction/Dramatic Arts
Situations Wanted
Wanted - Instruction

Jobs

Allergist/Immunologist
Allergy and Immunology Associates of New England LLC (AIANE) has a position available in Greenfield, MA for a BE/BC (Board Eligible of Board Certified) allergist/immunologist to provide diagnosis and treatment of allergic and immunologic diseases using diagnostic and therapeutic techniques including, but not limited to, skin testing, pulmonary function testing, immunotherapy, and medical management with pharmacotherapeutics. Willingness to travel to other clinical location in Western MA as needed, required. Apply: Timothy Forrester, AI19,

Jobs

Licensed Sl
Installer & R
Piper
Experience &
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(413) 7

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Holyoke

REQUEST FOR PROPOSALS

The CDC activated its Emergency Operations Center to better coordinate activities and assist states with the diagnosis and reporting of confirmed and probable cases, which now stand at 1,080 in 48 states and the U.S. Virgin Islands,

In an Oct. 3 briefing with the press, Dr. Anne Schuchat, CDC principle deputy directory, said the 18 vaping-related fatalities from 15 states confirmed and reported to the CDC at the time ranged from people in their 20s up to age 70, with a

Public Announcement
Concerning a Proposed Health Care Project

AmSurg BMC, LLC ("Applicant") located at 251 Little Falls Drive, Wilmington, DE 19808 intends to file a Notice of Determination of Need ("Application") with the Massachusetts Department of Public Health relative to the change in ownership of Pioneer Valley Surgicenter, LLC ("PVSC"), a licensed ambulatory surgery center located at 3550 Main Street, Suite 103, Springfield, MA 01107 currently owned by Amsurg Holdings, Inc. ("AmSurg") and individual physicians. The Applicant's ownership is held by AmSurg and Baystate Medical Center, Inc. Pursuant to the proposed transaction, the Applicant will acquire the ownership interest in PVSC that is currently owned by AmSurg ("Project"). The Total Value of the Project based on the net patient service revenue of PVSC is $6,169,990. The Applicant does not anticipate any price or service impacts on the Applicant's existing Patient Panel as a result of the Project. Any ten Taxpayers of Massachusetts may register in connection with the intended Application by no later than November 22, 2019 or 30 days from the Filing Date, whichever is later, by contacting the Department of Public Health, Determination of Need Program, 250 Washington Street, 6th Floor, Boston, MA 02108.

ATTACHMENT 8: HPC NOTICES OF MATERIAL CHANGE FORM

MASSACHUSETTS
HEALTH POLICY COMMISSION

NOTICE OF MATERIAL CHANGE FORM

Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

619140

GENERAL INSTRUCTIONS

The attached form should be used by a Provider or Provider Organization to provide a Notice of Material Change ("Notice") to the Health Policy Commission ("Commission"), as required under M.G.L. c. 6D, § 13 and 958 CMR 7.00, Notices of Material Change and Cost and Market Impact Reviews. To complete the Notice, it is necessary to read and comply with 958 CMR 7.00, a copy of which may be obtained on the Commission's website at www.mass.gov/hpc. Capitalized terms in this Notice are defined in 958 CMR 7.02. Additional sub-regulatory guidance may be available on the Commission's website (e.g., Technical Bulletins, FAQs). For further assistance, please contact the Health Policy Commission at HPC-Notice@state.ma.us. This form is subject to statutory and regulatory changes that may take place from time to time.

REQUIREMENT TO FILE

This Notice must be submitted by any Provider or Provider Organization with $25 million or more in Net Patient Service Revenue in the preceding fiscal year that is proposing a Material Change, as defined in 958 CMR 7.02. Notice must be filed with the Commission not fewer than 60 days before the consummation or closing of the transaction (i.e., the proposed effective date of the proposed Material Change).

SUBMISSION OF NOTICE

One electronic copy of the Notice, in a portable document form (pdf), should be submitted to the following:

Health Policy Commission HPC-Notice@state.ma.us;

Office of the Attorney General HCD-6D-NOTICE@state.ma.us;

Center for Health Information and Analysis CHIA-Legal@state.ma.us

PRELIMINARY REVIEW AND NOTICE OF COST AND MARKET IMPACT REVIEW

If the Commission considers the Notice to be incomplete, or if the Commission requires clarification of any information to make its determination, the Commission may, within 30 days of receipt of the Notice, notify the Provider or Provider Organization of the information or clarification necessary to complete the Notice.

The Commission will inform each notifying Provider or Provider Organization of any determination to initiate a Cost and Market Impact Review within 30 days of its receipt of a completed Notice and all required information, or by a later date as may be set by mutual agreement of the Provider or Provider Organization and the Commission.

CONFIDENTIALITY

Information on this Notice form itself shall be a public record and will be posted on the Commission's website. Pursuant to 958 CMR 7.09, the Commission shall keep confidential all nonpublic information and documents obtained in connection with a Notice of Material Change and shall not disclose the information or documents to any person without the consent of the Provider or Payer that produced the information or documents, except in a Preliminary Report or Final Report of a Cost and Market Impact Review if the Commission believes that such disclosure should be made in the public interest after taking into account any privacy, trade secret or anti-competitive considerations. The confidential information and documents shall not be public records and shall be exempt from disclosure under M.G.L. c. 4, § 7 cl. 26 or M.G.L. c. 66, § 10.

NOTICE OF MATERIAL CHANGE

DATE OF NOTICE: June 27 , 2019

1. Name: Baystate Medical Center, Inc.

2.

Federal TAX ID #	MA DPH Facility ID #	NPI #
04-2790311	2339	1487655064

CONTACT INFORMATION

3. Business Address 1: 759 Chestnut Street
4. Business Address 2:
5. City: Springfield State: MA Zip Code: 01199
6. Business Website: http://baystatehealth.org
7. Contact First Name: Nancy Contact Last Name: Shendell-Falik
8. Title: President
9. Contact Phone: 413-794-5516 Extension:
10. Contact Email: Nancy.Shendell-Falik@baystatehealth.org

DESCRIPTION OF ORGANIZATION

11. *Briefly* describe your organization.

Baystate Medical Center, Inc. ("BMC") is the lead hospital in the healthcare system known as Baystate Health, Inc. which primarily serves Western Massachusetts. BMC is a 734 bed academic medical center and a training site for the University of Massachusetts Medical School. BMC is the community's major referral hospital, providing the highest level of care for conditions including, but not limited to, cancer, acute and cardiovascular illness, behavioral health, nervous system illness and pediatric care.

TYPE OF MATERIAL CHANGE

12. Check the box that most accurately describes the proposed Material Change involving a Provider or Provider Organization:

- ☐ A Merger or affiliation with, or Acquisition of or by, a Carrier;
- ☐ A Merger with or Acquisition of or by a Hospital or a hospital system;
- ☐ Any other Acquisition, Merger, or affiliation (such as a Corporate Affiliation, Contracting Affiliation, or employment of Health Care Professionals) of, by, or with another Provider, Providers (such as multiple Health Care Professionals from the same Provider or Provider Organization), or Provider Organization that would result in an increase in annual Net Patient Service Revenue of the Provider or Provider Organization of ten million dollars or more, or in the Provider or Provider Organization having a near-majority of market share in a given service or region;
- ☐ Any Clinical Affiliation between two or more Providers or Provider Organizations that each had annual Net Patient Service Revenue of $25 million or more in the preceding fiscal year; provided that this shall not include a Clinical Affiliation solely for the purpose of collaborating on clinical trials or graduate medical education programs; and
- ☑ Any formation of a partnership, joint venture, accountable care organization, parent corporation, management services organization, or other organization created for administering contracts with Carriers or third-party administrators or current or future contracting on behalf of one or more Providers or Provider Organizations.

13. What is the proposed effective date of the proposed Material Change? Upon receipt of all regulatory approvals

MATERIAL CHANGE NARRATIVE

14. *Briefly* describe the nature and objectives of the proposed Material Change, including any exchange of funds between the parties (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of Health Care Services) and whether any changes in Health Care Services are anticipated in connection with the proposed Material Change:

BMC, together with AmSurg Holdings, Inc. ("AmSurg"), is forming a limited liability company ("LLC") to acquire a 62% ownership interest in an existing ambulatory surgery center, Pioneer Valley Surgicenter, LLC ("PVS"). The to-be-acquired 62% ownership interest in PVS is currently owned by AmSurg, and PVS is 38% owned by individual physicians. Following the transaction, Baystate will own 51% of the interests in the LLC, and AmSurg will be a 49% owner of the LLC. The individual physicians will continue to own their 38% interest in PVS. Capital contributions, allocations and distributions will be made in accordance with ownership percentages. No health care services will be diminished as a result of the acquisition of the 62% interest in PVS by the LLC.

15. *Briefly* describe the anticipated impact of the proposed Material Change, including but not limited to any anticipated impact on reimbursement rates, care referral patterns, access to needed services, and/or quality of care:

BMC does not anticipate that the material change will have any negative impact on reimbursement rates, care referral patterns, access to needed services, and/or quality of care.

DEVELOPMENT OF THE MATERIAL CHANGE

16. Describe any other Material Changes you anticipate making in the next 12 months:

At present, BMC is evaluating potential further material changes to be effective in the next 12 months and will provide any required filings to appropriate agencies in the event of such changes.

17. Indicate the date and nature of any applications, forms, notices or other materials you have submitted regarding the proposed Material Change to any other state or federal agency:

BMC will provide any notices and filings with other government agencies as may be required in support of this material change, including but not limited to the Department of Public Health.

Supplemental Materials

18. Submit the following materials, if applicable, under separate cover to HPC-Notice@state.ma.us.

The Health Policy Commission shall keep confidential all nonpublic information, as requested by the parties, in accordance with M.G.L. c. 6D, § 13(c), as amended by 2013 Mass. Acts, c. 38, § 20 (July 12, 2013).

a. Copies of all current agreement(s) (with accompanying appendices and exhibits) governing the proposed Material Change (e.g., definitive agreements, affiliation agreements);
b. A current organizational chart of your organization
c. Any analytic support for your responses to Questions 14 and 15 above.

[Remainder of this page intentionally left blank]

This signed and notarized Affidavit of Truthfulness and Proper Submission is required for a complete submission.

Affidavit of Truthfulness and Proper Submission

I, the undersigned, certify that:

1. I have read 958 CMR 7.00, Notices of Material Change and Cost and Market Impact Reviews.
2. I have read this Notice of Material Change and the information contained therein is accurate and true.
3. I have submitted the required copies of this Notice to the Health Policy Commission, the Office of the Attorney General, and the Center for Health Information and Analysis as required.

Signed on the 21 day of May, 2019, under the pains and penalties of perjury.

Signature: Nancy Shendell-Falik

Name: Nancy Shendell-Falik

Title: President

FORM MUST BE NOTARIZED IN THE SPACE PROVIDED BELOW:

Nancy Ocasio
Notary Signature

Copies of this application have been submitted electronically as follows:

Office of the Attorney General (1)

Center for Health Information and Analysis (1)

EXPLANATIONS AND DEFINITIONS

1.	Name	Legal business name as reported with Internal Revenue Service. This may be the parent organization or local Provider Organization name.
2.	Federal TAX ID #	9-digit federal tax identification number also known as an employer identification number (EIN) assigned by the internal revenue service.
	MA DPH Facility ID #	If applicable, Massachusetts Department of Public Health Facility Identification Number.
	National Provider Identification Number (NPI)	10-digit National Provider identification number issued by the Centers for Medicare and Medicaid Services (CMS). This element pertains to the organization or entity directly providing service.
3.	Business Address 1	Address location/site of applicant
4.	Business Address 2	Address location/site of applicant continued often used to capture suite number, etc.
5.	City, State, Zip Code	Indicate the City, State, and Zip Code for the Provider Organization as defined by the US Postal Service.
6.	Business Website	Business website URL
7.	Contact Last Name, First Name	Last name and first name of the primary administrator completing the registration form.
8.	Title:	Professional title of the administrator completing the registration form.
9.	Contact Telephone and Extension	10-digit telephone number and telephone extension (if applicable) for administrator completing the registration form
10.	Contact Email	Contact email for administrator
11.	Description of Organization	Provide a brief description of the notifying organization's ownership, governance, and operational structure, including but not limited to Provider type (acute Hospital, physician group, skilled nursing facilities, independent practice organization, etc.), number of licensed beds, ownership type (corporation, partnership, limited liability corporation, etc.), service lines and service area(s).
12.	Type of Material Change	Indicate the nature of the proposed Material Change. *Definitions of terms:* "Carrier", an insurer licensed or otherwise authorized to transact accident or health insurance under M.G.L. c. 175; a nonprofit Hospital service corporation organized under M.G.L. c. 176A; a nonprofit medical service corporation organized under M.G.L. c. 176B; a health maintenance organization organized under M.G.L. c. 176G; and an organization entering into a preferred provider arrangement under M.G.L. c. 176I; provided, that this shall not include an employer purchasing coverage or acting on behalf of its employees or the employees of one or more subsidiaries or affiliated corporations of the employer; provided that, unless otherwise noted, the term "Carrier" shall not include any entity to the extent it offers a policy, certificate or contract that provides coverage solely for dental care services or visions care services.

		"Hospital", any hospital licensed under section 51 of chapter 111, the teaching hospital of the University of Massachusetts Medical School and any psychiatric facility licensed under section 19 of chapter 19. "Net Patient Service Revenue", the total revenue received for patient care from any third party Payer net of any contractual adjustments. For Hospitals, Net Patient Service Revenue should be as reported to the Center under M.G.L. c. 12C, § 8. For other Providers or Provider Organizations, Net Patient Service Revenue shall include the total revenue received for patient care from any third Party payer net of any contractual adjustments, including: (1) prior year third party settlements; and (2) premium revenue, which means per-member-per-month amounts received from a third party Payer to provide comprehensive Health Care Services for that period, for all Providers represented by the Provider or Provider Organization in contracting with Carriers, for all Providers represented by the Provider or Provider Organization in contracting with third party Payers.. "Provider", any person, corporation, partnership, governmental unit, state institution or any other entity qualified under the laws of the Commonwealth to perform or provide Health Care Services. "Provider Organization", any corporation, partnership, business trust, association or organized group of persons, which is in the business of health care delivery or management, whether incorporated or not that represents one or more health care Providers in contracting with Carriers or third-party administrators for the payments of Heath Care Services; provided, that a Provider Organization shall include, but not be limited to, physician organizations, physician-hospital organizations, independent practice associations, Provider networks, accountable care organizations and any other organization that contracts with Carriers for payment for Health Care Services.
13.	Proposed Effective Date of the Proposed Material Change	Indicate the effective date of the proposed Material Change. NOTE: The effective date may not be fewer than 60 days from the date of the filing of the Notice.
14.	Description of the Proposed Material Change	Provide a brief narrative describing the nature and objectives of the proposed Material Change, including any exchange of funds between the parties (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of Health Care Services). Include organizational charts and other supporting materials as necessary to illustrate the proposed change in ownership, governance, or operational structure.
15.	Impact of the Proposed Material Change	Provide a brief description of any analysis conducted by the notifying organization as to the anticipated impact of the proposed Material Change including, but not limited to, the following factors, as applicable: • Costs • Prices, including prices of the Provider or Provider Organization involved in the proposed Merger, Acquisition, affiliation or other proposed Material Change • Utilization • Health Status Adjusted Total Medical Expenses • Market Share • Referral Patterns • Payer Mix • Service Area(s) • Service Line(s) • Service Mix

16.	Future Planned Material Changes	Provide a brief description of the nature, scope and dates of any pending or planned Material Changes, occurring between the notifying organization and any other entity, within the 12 months following the date of the notice.
17.	Submission to Other State or Federal Agencies	Indicate the date and nature of any other applications, forms, notices or other materials provided to other state for federal agencies relative to the proposed Material Change, including but not limited to the Department of Public Health (e.g., Determination of Need Application, Notice of Intent to Acquire, Change in Licensure), Massachusetts Attorney General (e.g., notice pursuant to G.L. c. 180, §8A(c)), U.S. Department of Health and Human Services (e.g., Pioneer ACO or Medicare Shared Savings Program application) and Federal TradeCommission/Department of Justice (e.g., Notification and Report Form pursuant to 15 U.S.C. sec. 18a).

MASSACHUSETTS
HEALTH POLICY COMMISSION

NOTICE OF MATERIAL CHANGE FORM

Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

GENERAL INSTRUCTIONS

The attached form should be used by a Provider or Provider Organization to provide a Notice of Material Change ("Notice") to the Health Policy Commission ("Commission"), as required under M.G.L. c. 6D, § 13 and 958 CMR 7.00, Notices of Material Change and Cost and Market Impact Reviews. To complete the Notice, it is necessary to read and comply with 958 CMR 7.00, a copy of which may be obtained on the Commission's website at www.mass.gov/hpc. Capitalized terms in this Notice are defined in 958 CMR 7.02. Additional sub-regulatory guidance may be available on the Commission's website (e.g., Technical Bulletins, FAQs). For further assistance, please contact the Health Policy Commission at HPC-Notice@state.ma.us. This form is subject to statutory and regulatory changes that may take place from time to time.

REQUIREMENT TO FILE

This Notice must be submitted by any Provider or Provider Organization with $25 million or more in Net Patient Service Revenue in the preceding fiscal year that is proposing a Material Change, as defined in 958 CMR 7.02. Notice must be filed with the Commission not fewer than 60 days before the consummation or closing of the transaction (i.e., the proposed effective date of the proposed Material Change).

SUBMISSION OF NOTICE

One electronic copy of the Notice, in a portable document form (pdf), should be submitted to the following:

Health Policy Commission HPC-Notice@state.ma.us;

Office of the Attorney General HCD-6D-NOTICE@state.ma.us;

Center for Health Information and Analysis CHIA-Legal@state.ma.us

PRELIMINARY REVIEW AND NOTICE OF COST AND MARKET IMPACT REVIEW

If the Commission considers the Notice to be incomplete, or if the Commission requires clarification of any information to make its determination, the Commission may, within 30 days of receipt of the Notice, notify the Provider or Provider Organization of the information or clarification necessary to complete the Notice.

The Commission will inform each notifying Provider or Provider Organization of any determination to initiate a Cost and Market Impact Review within 30 days of its receipt of a completed Notice and all required information, or by a later date as may be set by mutual agreement of the Provider or Provider Organization and the Commission.

CONFIDENTIALITY

Information on this Notice form itself shall be a public record and will be posted on the Commission's website. Pursuant to 958 CMR 7.09, the Commission shall keep confidential all nonpublic information and documents obtained in connection with a Notice of Material Change and shall not disclose the information or documents to any person without the consent of the Provider or Payer that produced the information or documents, except in a Preliminary Report or Final Report of a Cost and Market Impact Review if the Commission believes that such disclosure should be made in the public interest after taking into account any privacy, trade secret or anti-competitive considerations. The confidential information and documents shall not be public records and shall be exempt from disclosure under M.G.L. c. 4, § 7 cl. 26 or M.G.L. c. 66, § 10.

NOTICE OF MATERIAL CHANGE

DATE OF NOTICE: June 27, 2019

1. Name: AmSurg Holdings, Inc.

	Federal TAX ID #	MA DPH Facility ID #	NPI #
2.	62-1595888		

CONTACT INFORMATION

3. Business Address 1: 1A Burton Hills Blvd
4. Business Address 2:
5. City: Nashville State: TN Zip Code: 37215
6. Business Website: www.amsurg.com
7. Contact First Name: Paige Contact Last Name: Reber
8. Title: Vice President
9. Contact Phone: 615-665-3525 Extension:
10. Contact Email: paige.reber@amsurg.com

DESCRIPTION OF ORGANIZATION

11. *Briefly* describe your organization.

AmSurg owns and/or operates ambulatory surgery centers throughout the United States, including both single-specialty and multi-specialty ASCs providing, among others, endoscopy, ophthalmology and orthopedic procedures. AmSurg has ownership interests in several ASCs in Massachusetts.

TYPE OF MATERIAL CHANGE

12. Check the box that most accurately describes the proposed Material Change involving a Provider or Provider Organization:

- ☐ A Merger or affiliation with, or Acquisition of or by, a Carrier;
- ☐ A Merger with or Acquisition of or by a Hospital or a hospital system;
- ☐ Any other Acquisition, Merger, or affiliation (such as a Corporate Affiliation, Contracting Affiliation, or employment of Health Care Professionals) of, by, or with another Provider, Providers (such as multiple Health Care Professionals from the same Provider or Provider Organization), or Provider Organization that would result in an increase in annual Net Patient Service Revenue of the Provider or Provider Organization of ten million dollars or more, or in the Provider or Provider Organization having a near-majority of market share in a given service or region;
- ☐ Any Clinical Affiliation between two or more Providers or Provider Organizations that each had annual Net Patient Service Revenue of $25 million or more in the preceding fiscal year; provided that this shall not include a Clinical Affiliation solely for the purpose of collaborating on clinical trials or graduate medical education programs; and
- ☑ Any formation of a partnership, joint venture, accountable care organization, parent corporation, management services organization, or other organization created for administering contracts with Carriers or third-party administrators or current or future contracting on behalf of one or more Providers or Provider Organizations.

13. What is the proposed effective date of the proposed Material Change? Upon receipt of all regulatory approvals

MATERIAL CHANGE NARRATIVE

14. *Briefly* describe the nature and objectives of the proposed Material Change, including any exchange of funds between the parties (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of Health Care Services) and whether any changes in Health Care Services are anticipated in connection with the proposed Material Change:

AmSurg Holdings, Inc. ("AmSurg"), together with Baystate Medical Center, Inc. ("Baystate") is forming a limited liability company ("LLC") to acquire a 62% ownership interest in an existing ambulatory surgery center, Pioneer Valley Surgicenter, LLC ("PVS"). The to-be-acquired 62% ownership interest in PVS is currently owned by AmSurg, and PVS is 38% owned by individual physicians. Following the transaction, Baystate will own 51% of the interests in the LLC, and AmSurg will be a 49% owner of the LLC. The individual physicians will continue to own their 38% interest in PVS. Capital contributions, allocations and distributions will be made in accordance with ownership percentages. No health care services will be diminished as a result of the acquisition of the 62% interest in PVS by the LLC.

15. *Briefly* describe the anticipated impact of the proposed Material Change, including but not limited to any anticipated impact on reimbursement rates, care referral patterns, access to needed services, and/or quality of care:

AmSurg does not anticipate that the Material Change will have any negative impact on reimbursement rates, care referral patterns, access to needed services, and/or quality of care.

DEVELOPMENT OF THE MATERIAL CHANGE

16. Describe any other Material Changes you anticipate making in the next 12 months:

AmSurg does not currently anticipate further material changes to be effective in the next 12 months

17. Indicate the date and nature of any applications, forms, notices or other materials you have submitted regarding the proposed Material Change to any other state or federal agency:

AmSurg will provide any notices and filings with other governmental agencies as may be required in support of this Material Change, including but not limited to the Department of Public Health.

SUPPLEMENTAL MATERIALS

18. Submit the following materials, if applicable, under separate cover to HPC-Notice@state.ma.us.

The Health Policy Commission shall keep confidential all nonpublic information, as requested by the parties, in accordance with M.G.L. c. 6D, § 13(c), as amended by 2013 Mass. Acts, c. 38, § 20 (July 12, 2013).

a. Copies of all current agreement(s) (with accompanying appendices and exhibits) governing the proposed Material Change (e.g., definitive agreements, affiliation agreements);
b. A current organizational chart of your organization
c. Any analytic support for your responses to Questions 14 and 15 above.

[Remainder of this page intentionally left blank]

This signed and notarized Affidavit of Truthfulness and Proper Submission is required for a complete submission.

AFFIDAVIT OF TRUTHFULNESS AND PROPER SUBMISSION

I, the undersigned, certify that:

1. I have read 958 CMR 7.00, Notices of Material Change and Cost and Market Impact Reviews.
2. I have read this Notice of Material Change and the information contained therein is accurate and true.
3. I have submitted the required copies of this Notice to the Health Policy Commission, the Office of the Attorney General, and the Center for Health Information and Analysis as required.

Signed on the 27th day of June, 20 19, under the pains and penalties of perjury.

Signature: _____

Name: Paige Reber

Title: Vice President

FORM MUST BE NOTARIZED IN THE SPACE PROVIDED BELOW:

NICOLE F BRACKETT
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY
MY COMMISSION EXPIRES JANUARY 3, 2022

_____
Notary Signature

Copies of this application have been submitted electronically as follows:

Office of the Attorney General (1)

Center for Health Information and Analysis (1)

EXPLANATIONS AND DEFINITIONS

1.	Name	Legal business name as reported with Internal Revenue Service. This may be the parent organization or local Provider Organization name.
2.	Federal TAX ID #	9-digit federal tax identification number also known as an employer identification number (EIN) assigned by the internal revenue service.
	MA DPH Facility ID #	If applicable, Massachusetts Department of Public Health Facility Identification Number.
	National Provider Identification Number (NPI)	10-digit National Provider identification number issued by the Centers for Medicare and Medicaid Services (CMS). This element pertains to the organization or entity directly providing service.
3.	Business Address 1	Address location/site of applicant
4.	Business Address 2	Address location/site of applicant continued often used to capture suite number, etc.
5.	City, State, Zip Code	Indicate the City, State, and Zip Code for the Provider Organization as defined by the US Postal Service.
6.	Business Website	Business website URL
7.	Contact Last Name, First Name	Last name and first name of the primary administrator completing the registration form.
8.	Title:	Professional title of the administrator completing the registration form.
9.	Contact Telephone and Extension	10-digit telephone number and telephone extension (if applicable) for administrator completing the registration form
10.	Contact Email	Contact email for administrator
11.	Description of Organization	Provide a brief description of the notifying organization's ownership, governance, and operational structure, including but not limited to Provider type (acute Hospital, physician group, skilled nursing facilities, independent practice organization, etc.), number of licensed beds, ownership type (corporation, partnership, limited liability corporation, etc.), service lines and service area(s).
12.	Type of Material Change	Indicate the nature of the proposed Material Change. *Definitions of terms:* "Carrier", an insurer licensed or otherwise authorized to transact accident or health insurance under M.G.L. c. 175; a nonprofit Hospital service corporation organized under M.G.L. c. 176A; a nonprofit medical service corporation organized under M.G.L. c. 176B; a health maintenance organization organized under M.G.L. c. 176G; and an organization entering into a preferred provider arrangement under M.G.L. c. 176I; provided, that this shall not include an employer purchasing coverage or acting on behalf of its employees or the employees of one or more subsidiaries or affiliated corporations of the employer; provided that, unless otherwise noted, the term "Carrier" shall not include any entity to the extent it offers a policy, certificate or contract that provides coverage solely for dental care services or visions care services.

		"Hospital", any hospital licensed under section 51 of chapter 111, the teaching hospital of the University of Massachusetts Medical School and any psychiatric facility licensed under section 19 of chapter 19. "Net Patient Service Revenue", the total revenue received for patient care from any third party Payer net of any contractual adjustments. For Hospitals, Net Patient Service Revenue should be as reported to the Center under M.G.L. c. 12C, § 8. For other Providers or Provider Organizations, Net Patient Service Revenue shall include the total revenue received for patient care from any third Party payer net of any contractual adjustments, including: (1) prior year third party settlements; and (2) premium revenue, which means per-member-per-month amounts received from a third party Payer to provide comprehensive Health Care Services for that period, for all Providers represented by the Provider or Provider Organization in contracting with Carriers, for all Providers represented by the Provider or Provider Organization in contracting with third party Payers.. "Provider", any person, corporation, partnership, governmental unit, state institution or any other entity qualified under the laws of the Commonwealth to perform or provide Health Care Services. "Provider Organization", any corporation, partnership, business trust, association or organized group of persons, which is in the business of health care delivery or management, whether incorporated or not that represents one or more health care Providers in contracting with Carriers or third-party administrators for the payments of Heath Care Services; provided, that a Provider Organization shall include, but not be limited to, physician organizations, physician-hospital organizations, independent practice associations, Provider networks, accountable care organizations and any other organization that contracts with Carriers for payment for Health Care Services.
13.	Proposed Effective Date of the Proposed Material Change	Indicate the effective date of the proposed Material Change. NOTE: The effective date may not be fewer than 60 days from the date of the filing of the Notice.
14.	Description of the Proposed Material Change	Provide a brief narrative describing the nature and objectives of the proposed Material Change, including any exchange of funds between the parties (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of Health Care Services). Include organizational charts and other supporting materials as necessary to illustrate the proposed change in ownership, governance, or operational structure.
15.	Impact of the Proposed Material Change	Provide a brief description of any analysis conducted by the notifying organization as to the anticipated impact of the proposed Material Change including, but not limited to, the following factors, as applicable: • Costs • Prices, including prices of the Provider or Provider Organization involved in the proposed Merger, Acquisition, affiliation or other proposed Material Change • Utilization • Health Status Adjusted Total Medical Expenses • Market Share • Referral Patterns • Payer Mix • Service Area(s) • Service Line(s) • Service Mix

16.	Future Planned Material Changes	Provide a brief description of the nature, scope and dates of any pending or planned Material Changes, occurring between the notifying organization and any other entity, within the 12 months following the date of the notice.
17.	Submission to Other State or Federal Agencies	Indicate the date and nature of any other applications, forms, notices or other materials provided to other state for federal agencies relative to the proposed Material Change, including but not limited to the Department of Public Health (e.g., Determination of Need Application, Notice of Intent to Acquire, Change in Licensure), Massachusetts Attorney General (e.g., notice pursuant to G.L. c. 180, §8A(c)), U.S. Department of Health and Human Services (e.g., Pioneer ACO or Medicare Shared Savings Program application) and Federal TradeCommission/Department of Justice (e.g., Notification and Report Form pursuant to 15 U.S.C. sec. 18a).

ATTACHMENT 9: HPC ACO CERTIFICATE APPROVAL LETTER

The Commonwealth of Massachusetts
HEALTH POLICY COMMISSION
50 MILK STREET, 8TH FLOOR
BOSTON, MASSACHUSETTS 02109
(617) 979-1400

STUART H. ALTMAN
CHAIR

DAVID M. SELTZ
EXECUTIVE DIRECTOR

December 29, 2017

Andréa Carey
Baycare Health Partners, Inc.
101 Wason Avenue, Suite 200
Springfield, MA 01107

RE: ACO Certification

Dear Ms. Carey:

Congratulations! The Health Policy Commission (HPC) is pleased to inform you that Baycare Health Partners, Inc. meets the requirements for ACO Certification. This certification is effective from the date of this letter through December 31, 2019.

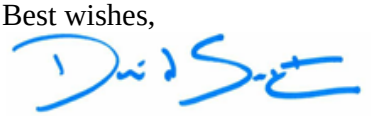
The ACO Certification program, in alignment with other state agencies including MassHealth, is designed to accelerate care delivery transformation in Massachusetts and promote a high quality, efficient health system. ACOs participating in the program have met a set of objective criteria focused on core ACO capabilities including supporting patient-centered care and governance, using data to drive quality improvement, and investing in population health. Baycare Health Partners, Inc. meets those criteria.

The HPC will promote Baycare Health Partners, Inc. as a Certified ACO on our website and in our marketing and public materials. In addition, a logo is enclosed for your use in accordance with the attached Terms of Use. We hope you will use the logo to highlight the ACO Certification to your patients, payers, and others.

The HPC looks forward to your continued engagement in the ACO Certification program over the next two years. In early 2018, HPC staff will contact you to discuss any updates to your submission and to plan a site visit for later in the year.

Thank you for your dedication to providing accountable, coordinated health care to your patients. If you have any questions about this letter or the ACO Certification program, please do not hesitate to contact Catherine Harrison, Deputy Policy Director, at HPC-Certification@state.ma.us or (617) 757-1606.

Best wishes,



David Seltz
Executive Director

ATTACHMENT 10: CERTIFICATE OF ORGANIZATION

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "AMSURG BMC, LLC", FILED IN THIS OFFICE ON THE THIRD DAY OF OCTOBER, A.D. 2019, AT 2:27 O`CLOCK P.M.

Jeffrey W. Bullock, Secretary of State

7639564 8100
SR# 20197369057

Authentication: 203720393
Date: 10-03-19

You may verify this certificate online at corp.delaware.gov/authver.shtml

State of Delaware
Secretary of State
Division of Corporations
Delivered 02:27 PM 10/03/2019
FILED 02:27 PM 10/03/2019
SR 20197369057 - File Number 7639564

CERTIFICATE OF FORMATION
OF
AMSURG BMC, LLC

This Certificate of Formation of AmSurg BMC, LLC is to be filed with the Secretary of State of the State of Delaware pursuant to Section 18-201 of the Delaware Limited Liability Company Act.

1. The name of the limited liability company is AmSurg BMC, LLC.

2. The name and street and mailing address of the initial registered office and the registered agent for service of process of the limited liability company in the State of Delaware are as follows: Corporation Service Company, 251 Little Falls Drive, City of Wilmington, County of New Castle, State of Delaware 19808.

Dated as of this 3rd day of October, 2019.

Paige Reber, Authorized Person

F

The Commonwealth of Massachusetts

William Francis Galvin
Secretary of the Commonwealth
One Ashburton Place, Room 1717, Boston, Massachusetts 02108-1512

Foreign Limited Liability Company
Application for Registration
(General Laws Chapter 156C, Section 48)

Federal Identification No.: _____

(1a) The exact name of the limited liability company:

AmSurg BMC, LLC

(1b) If different, the name under which it proposes to do business in the Commonwealth of Massachusetts:

_____

(2) The jurisdiction* where the limited liability company was organized:

Delaware

(3) The date of organization in that jurisdiction: 10/03/2019

(4) The general character of the business the limited liability company proposes to do in the Commonwealth:

To operate outpatient surgery facilities and related healthcare services and engage in and carry on any lawful business, trade, purpose or activities permitted by the laws of the Commonwealth of Massachusetts

(5) The business address of its principal office:

1A Burton Hills Boulevard
Nashville, TN 37215

(6) The business address of its principal office in the Commonwealth, if any:

(7) The name and business address, if different from principal office location, of each manager:

AmSurg Holdings, Inc.

(8) The name and business address of each person authorized to execute, acknowledge, deliver and record any recordable instrument purporting to affect an interest in real property recorded with a registry of deeds or district office of the land court:

NAME	ADDRESS
Paige Reber	1A Burton Hills Boulevard Nashville, TN 37215

(9) The name and street address of the resident agent in the Commonwealth:

Corporation Service Company	84 State Street Boston, MA 02109

(10) The latest date of dissolution, if specified: _____

(11) Additional matters:

Signed by *(by at least one authorized signatory)* _____*

I Corporation Service Company

resident agent of the above limited liability company, consent to my appointment as resident agent pursuant to G.L. c156C § 48 (or attach resident agent's consent hereto).

** Attach a certificate of existence or good standing issued by an officer or agency properly authorized in home state.*

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "AMSURG BMC, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FOURTH DAY OF OCTOBER, A.D. 2019.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "AMSURG BMC, LLC" WAS FORMED ON THE THIRD DAY OF OCTOBER, A.D. 2019.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN ASSESSED TO DATE.

Jeffrey W. Bullock, Secretary of State

7639564 8300

SR# 20197381537

Authentication: 203725468

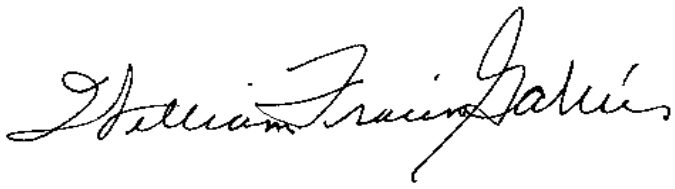
Date: 10-04-19

You may verify this certificate online at corp.delaware.gov/authver.shtml

THE COMMONWEALTH OF MASSACHUSETTS

I hereby certify that, upon examination of this document, duly submitted to me, it appears that the provisions of the General Laws relative to corporations have been complied with, and I hereby approve said articles; and the filing fee having been paid, said articles are deemed to have been filed with me on:

October 04, 2019 05:08 PM



WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth

ATTACHMENT 11: AFFIDAVIT OF TRUTHFULNESS AND COMPLIANCE

Massachusetts Department of Public Health
Determination of Need
Affidavit of Truthfulness and Compliance with Law and Disclosure Form 100.405(B)

Version: 7-6-17

Instructions: Complete Information below. When complete check the box "This document is ready to print:". This will date stamp and lock the form. Print Form. Each person must sign and date the form. When all signatures have been collected, scan the document and e-mail to: **dph.don@state.ma.us** Include all attachments as requested.

Application Number: 19102312-TO

Original Application Date: 10/23/2019

Applicant Name: AmSurg BMC, LLC

Application Type: Transfer of Ownership

Applicant's Business Type: ○ Corporation ○ Limited Partnership ○ Partnership ○ Trust ◉ LLC ○ Other

Is the Applicant the sole member or sole shareholder of the Health Facility(ies) that are the subject of this Application? ○ Yes ◉ No

Describe the role /relationship: / will be co-owner (61%) of Pioneer Valley Surgicenter, LLC

The undersigned certifies under the pains and penalties of perjury:

1. The Applicant is / will be co-owner (61%) of Pioneer Valley Surgicenter, LLC;
2. I have ~~read~~* 105 CMR 100.000, the Massachusetts Determination of Need Regulation;
3. I understand and agree to the expected and appropriate conduct of the Applicant pursuant to 105 CMR 100.800;
4. I have ~~read~~* this application for Determination of Need including all exhibits and attachments, and ~~certify that~~** all of the information contained herein is accurate and true;
5. I have submitted the correct Filing Fee and understand it is nonrefundable pursuant to 105 CMR 100.405(B);
6. I have submitted the required copies of this application to the Determination of Need Program, and, as applicable, to all Parties of Record and other parties as required pursuant to 105 CMR 100.405(B);
7. I have caused, as required, notices of intent to be published and duplicate copies to be submitted to all Parties of Record, and all carriers or third-party administrators, public and commercial, for the payment of health care services with which the Applicant contracts, and with Medicare and Medicaid, as required by 105 CMR 100.405(C), et seq.;
8. I ~~have caused~~** proper notification and submissions to the Secretary of Environmental Affairs pursuant to 105 CMR 100.405(E) and 301 CMR 11.00; will be made if applicable
9. If subject to M.G.L. c. 6D, § 13 and 958 CMR 7.00, I have submitted such Notice of Material Change to the HPC - in accordance with 105 CMR 100.405(G);
10. Pursuant to 105 CMR 100.210(A)(3), I certify that both the Applicant and the Proposed Project are in material and substantial compliance and good standing with relevant federal, state, and local laws and regulations, as well as with all ~~previously issued~~ Notices of Determination of Need ~~and the terms and Conditions attached therein~~***;
11. I have ~~read~~* and understand the limitations on solicitation of funding from the general public prior to receiving a Notice of Determination of Need as established in 105 CMR 100.415;
12. I understand that, if Approved, the Applicant, as Holder of the DoN, shall become obligated to all Standard Conditions pursuant to 105 CMR 100.310, as well as any applicable Other Conditions as outlined within 105 CMR 100.000 or that otherwise become a part of the Final Action pursuant to 105 CMR 100.360;
13. Pursuant to 105 CMR 100.705(A), I certify that the Applicant has Sufficient Interest in the Site or facility; and
14. Pursuant to 105 CMR 100.705(A), I certify that the Proposed Project is authorized under applicable zoning by-laws or ordinances, whether or not a special permit is required; or,
    a. If the Proposed Project is not authorized under applicable zoning by-laws or ordinances, a variance has been received to permit such Proposed Project; or,
    b. The Proposed Project is exempt from zoning by-laws or ordinances.

LLC

All parties must sign. Add additional names as needed.

Name:	Signature:	Date
Geoffrey Coffman	Geoffrey Coffman	10/21/19

*been informed of the contents of

**have been informed that

***issued in compliance with 105 CMR 100.00, the Massachusetts Determination of Need Regulation effective January 27, 2017 and amended December 28, 2018