

MASS GENERAL BRIGHAM INCORPORATED

**DON APPLICATION #MGB-22080909-AM
SIGNIFICANT AMENDMENT
SALEM HOSPITAL**

AUGUST 23, 2022

BY

**MASS GENERAL BRIGHAM INCORPORATED
800 BOYLSTON STREET, SUITE 1150
BOSTON, MA 02199**

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DON APPLICATION #MGB-22080909-AM**

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APPENDIX 1

APPLICATION FORM



Massachusetts Department of Public Health

Determination of Need

Application Form

Version: 11-8-17

Application Type:	Amendment	Application Date:	08/23/2022 11:47 am
Applicant Name:	Mass General Brigham Incorporated		
Mailing Address:	800 Boylston Street, Suite 1150		
City:	Boston	State:	Massachusetts
		Zip Code:	02199
Contact Person:	Andrew Levine	Title:	Attorney
Mailing Address:	One Beacon Street, Suite 1320		
City:	Boston	State:	Massachusetts
		Zip Code:	02118
Phone:	6175986758	Ext:	
E-mail:	andrew.levine@huschblackwell.com		

Facility Information

List each facility affected and or included in Proposed Project

1 Facility Name:	Salem Hospital		
Facility Address:	81 Highland Ave		
City:	Salem	State:	Massachusetts
		Zip Code:	01970
Facility type:	Hospital	CMS Number:	220035
Add additional Facility		Delete this Facility	

1. About the Applicant

1.1 Type of organization (of the Applicant):	nonprofit
1.2 Applicant's Business Type:	<input checked="" type="radio"/> Corporation <input type="radio"/> Limited Partnership <input type="radio"/> Partnership <input type="radio"/> Trust <input type="radio"/> LLC <input type="radio"/> Other
1.3 What is the acronym used by the Applicant's Organization?	MGB
1.4 Is Applicant a registered provider organization as the term is used in the HPC/CHIA RPO program?	<input checked="" type="radio"/> Yes <input type="radio"/> No
1.5 Is Applicant or any affiliated entity an HPC-certified ACO?	<input checked="" type="radio"/> Yes <input type="radio"/> No
1.5.a If yes, what is the legal name of that entity?	Mass General Brigham Incorporated, inclusive of Mass General Brigham ACO, 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)?	<input type="radio"/> Yes <input checked="" type="radio"/> No
1.7 Does the Proposed Project also require the filing of a MCN with the HPC?	<input type="radio"/> Yes <input checked="" type="radio"/> No

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

1.8.a If yes, Please explain.

The HPC has requested a PIP and the Applicant is working collaboratively with HPC staff in the process of complying with this request.

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

7. Ambulatory Surgery

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

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

10.2 This Amendment is: ☐ Immaterial Change ☐ Minor Change ☒ Significant Change

10.3 Original Application number: #6-3C46

10.3.a Original Application Type: Hospital/Clinic Substantial Capital Expenditure

10.3.b Original Application filing date: 10/07/2015

10.3.c Have there been any approved Amendments to the original Application?

☒ Yes ☐ No

10.3.d For each approved Amendment list all Amendment Numbers, Amendment types, and Approval Dates.

Add/Del Row	Amendment Number	Amendment Change Type	Approval Date
<input type="button" value="+"/> <input type="button" value="-"/>	6-3C46.1	Significant	08/09/2017
<input type="button" value="+"/> <input type="button" value="-"/>	PHS-18050912-AM (6-3C46.2)	Significant	09/12/2018

For Significant Amendment Changes:

10.5.a Describe the proposed change.

See attached Narrative.

10.5.b Describe the associated cost implications to the Holder.

See attached Narrative.

10.5.c Describe the associated cost implications to the Holder's existing Patient Panel.

See attached Narrative.

10.5.d Provide a detailed narrative, comparing the approved project to the proposed Significant Change, and the rationale for such change.

See attached Narrative.

☒ **The Holder hereby swears or affirms that the above statements with respect to the proposed Significant Change are True.**

11. Emergency Application

11.1 Is this an application filed pursuant to 105 CMR 100.740(B)?

☐ Yes ☒ No

12. Total Value for Significant Amendments

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 a: Significant Amendment

Filing Fee: \$0

12.1 Proposed increase in total value of this project:

\$14,453,100.00

12.2 Total increase in CHI commitment expressed in dollars: (calculated)

\$722,655.00

12.3 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.

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
- ☒ Electronic copy of Staff Summary for Approved DoN
- ☒ Electronic copy of Original Decision Letter for Approved DoN
- ☒ Electronic Copy of any prior Amendments to the Approved DoN
- ☒ Change in Service Tables Questions 2.2 and 2.3
- ☐ Certification from an independent Certified Public Accountant
- ☒ Articles of Organization / Trust Agreement

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: 08/23/2022 11:47 am

E-mail submission to
Determination of Need

Application Number: MGB-22080909-AM

Use this number on all communications regarding this application.



APPENDIX 2

NARRATIVE

2. Project Description

Mass General Brigham Incorporated (“Holder”) requests approval for a significant change to the previously issued DoN application #6-3C46 for new construction and renovation at Salem Hospital (“Hospital”) located at 81 Highland Avenue, Salem, MA 01970. The proposed change is to build out approved shell space to accommodate 24 medical/surgical beds (“Proposed Change”). With the concurrent closure of 11 medical/surgical beds in multi-bedded rooms, the Proposed Change will result in an additional 13 medical/surgical beds licensed to the Hospital. The Proposed Change will result in a capital expenditure of \$14,453,100, for a new maximum capital expenditure (“MCE”) of \$182,626,939.

10. Amendment

10.5.a Describe the proposed change.

The Holder is the sole corporate member of North Shore Medical Center, Inc., the owner and operator of the Hospital. To meet the needs of the Hospital’s patient panel for timely access to inpatient care, the Holder determined that it was prudent to build out the approved shell space to accommodate 24 private medical/surgical beds, which will provide the needed additional inpatient capacity and help to address emergency department (“ED”) boarding.

10.5.b Describe the associated cost implications to the Holder.

The Holder projects that the Proposed Change will increase the Hospital’s annual operating approximately \$14.5M. The Proposed Change represents a cost-effective measure for adding inpatient capacity by building out existing shell space. This approach is less costly than building a new addition for beds at the Hospital. The increased operating costs and capital cost for the Proposed Change is financially feasible for the Holder.

10.5.c Describe the associated cost implications to the Holder’s existing Patient Panel

The Holder anticipates that its Patient Panel will not experience any impact to cost from the Proposed Change. The Hospital currently provides inpatient medical/surgical services, and the addition of 13 beds will not result in any change to price for the Holder’s existing patient panel.

10.5.d Provide a detailed narrative, comparing the approved project to the proposed Significant Change, and the rationale for such change.

Approved Project

The DoN approval was issued on October 7, 2016 and authorized the construction of a new building to accommodate both a relocated ED and 48 medical/surgical beds in two 24-bed units; construction of a new main entrance/reception/lobby; renovation of the vacated ED building; and renovation of the former Spaulding Hospital-North Shore facility adjacent to the Salem campus to accommodate expanded inpatient psychiatric services for pediatric, adult, and geriatric patients.

The MCE associated with the original DoN approval was \$180,507,208 (2015 dollars).

A significant amendment was approved on August 9, 2017 to reduce the number of additional medical/surgical beds and psychiatric beds in the project and instead create shell space that could be built out in the future as needed to accommodate additional medical/surgical and psychiatry beds. The amendment also eliminated the new main entrance/reception/lobby. The MCE was reduced accordingly to \$168,173,839 (2017 dollars). The Holder did not seek to reduce the Factor 9 community benefit contribution to align with the reduced MCE and elected to make the 5% contribution based on the original MCE of \$180,507,208.

On September 12, 2018, a significant amendment was approved to allow for the build out of shell space authorized by the previous amendment to accommodate 30 psychiatric beds. This amendment did not require a change to the amended MCE due to cost savings achieved during construction of the initial project.

Proposed Change and Rationale

The Hospital proposes to build out existing shell space to accommodate 24 private medical/surgical beds. This will allow the Hospital to close multi-bedded rooms while increasing the total number of medical/surgical beds at the Hospital. As the community hospital serving Salem, Lynn, and the surrounding communities, the Hospital plays a critical role in meeting the health care needs of a service area that includes a significant number of low income and diverse residents. This is evidenced by the Hospital's designation as a high public payer hospital, with a payer mix that includes 22.75% MassHealth and 43.84% Medicare. The Hospital also has implemented a robust interpreter services program to facilitate care and improve patient experience. The Proposed Change will improve the Hospital's ability to ensure timely access to inpatient and ED care for the communities served by the Hospital.

The Hospital has experienced steady, increased demand for medical/surgical admissions, resulting in high occupancy rates and high rates of ED boarding due to the lack of available beds to admit patients from the ED. The Hospital has 199 licensed medical/surgical beds. However, the current number of operating beds is 188. With the Proposed Change, the Hospital's licensed and operational bed count will be 212 beds because it will de-license 11 beds when the 24 beds are added for a net addition of 13 licensed medical/surgical beds. The Hospital's medical/surgical bed occupancy rate for operating beds increased from 79% in 2019 to 88% in 2021.¹ This trend continues with the Hospital's operational beds at 95.4% occupancy from October 2021-March 2022. With an industry standard of 85% occupancy for optimal operating efficiency, the Hospital is operating well above this standard, impacting timely access to inpatient care.

The total number of patient days and average length of stay also have steadily increased from FY19-FY21. Patient days increased 1.6% from FY19-FY21. Based on FY22 patient days through

¹ The Hospital's historical operational bed occupancy rate is higher than its occupancy rate based on licensed beds due to the number of beds that remained on the license but were permanently out of service. Prior to March 2022, the Hospital had 221 m/s beds in FY19 (206 operational) and 203 m/s beds from FY20-February of FY22 (188 operational).

March 2022, the Hospital projects that patient days will increase by 6.9% from FY21-FY22.² In addition, the ALOS for all patients occupying a medical/surgical bed increased from 3.30 to 3.45 days from FY19-FY21³. The length of stay for admitted patients is 4.78 for the first five months of FY22. This data suggests that patients requiring inpatient care at the Hospital are sicker than previously. As a result, beds remain occupied for longer periods each year leading to higher overall occupancy rates.

The Hospital's high and growing medical/surgical utilization also has an adverse impact on the Hospital's ability to efficiently run its ED and provide timely care to all patients presenting to the ED. The Hospital's ED boarder hours for patients awaiting admission to a medical/surgical bed increased from 20,909 hours in FY20 to 27,644 hours just for the five-month period between October 2021-March 2022. When annualized, the Hospital is on track to have 68,368 boarder hours in FY22. The average boarding time also has more than doubled from 2.2 hours in FY20 to 5.6 hours for the first five months of 2022. While ED avoidance due to COVID may have depressed ED utilization in the second half of FY20, the current state of ED boarding at the Hospital must be addressed through additional medical/surgical bed capacity.

With the Proposed Change, the Hospital's medical/surgical bed occupancy rate will fall within the industry standard of 85%. The Hospital projects the following utilization following the implementation of the Proposed Change:

Year	Patient Days	Beds	Occupancy
FY25	63,795	212	82.4%
FY26	64,518	212	83.4%
FY27	65,049	212	84.1%
FY28	65,499	212	84.4%
FY29	65,680	212	84.9%

The Hospital's projections are based on prior year inpatient days and observation patient days, ED boarder days that will be eliminated through the new beds with those days instead becoming an inpatient day, as well as modest forecasted growth in the Hospital's service area. The Proposed Change will allow for the Hospital to have capacity for future growth over time with a ramp up over a five-year period.

In summary, the Proposed Change will meet the needs of the patient panel and the underserved communities that rely on the Hospital. The rising medical/surgical occupancy rates at the Hospital are projected to continue and need to be addressed in order to improve access to inpatient care and ED boarding. Through the Proposed Change, the Hospital will be able to operate at a reasonable occupancy rate while providing capacity to meet future increases in demand. In addition, ED boarding will improve, resulting in timely access to care for patients requiring admission as well as all patients seeking ED services. The Proposed Change will not result in any adverse impacts on price and is a cost-effective means of addressing the identified need for improved access in a lower-cost community hospital setting.

² 64,922 patient days for FY22 when annualized based on 32,461 patient days from October-March.

³ FY19-21 ALOS are based on both admitted patients and observation patients that occupied a medical/surgical bed.

APPENDIX 3

**COMMUNITY HEALTH INITIATIVE
NARRATIVE**

SALEM HOSPITAL DETERMINATION OF NEED AMENDMENT Community Health Initiative Narrative

A. Community Health Initiative Monies

The breakdown of Community Health Initiative (“CHI”) monies for the Proposed Project is as follows. Please note, all totals are presented in the order calculated, beginning with the Maximum Capital Expenditure (“MCE”).

	Total	Description
MCE	\$182,626,939.00	Original MCE, adjusted with subsequent amendments
Total CHI Monies	\$9,131,346.95	(5% of Maximum Capital Expenditure)
Previously Distributed CHI	\$9,025,360.95	Originating from Salem Hospital's Original 2015 DoN
Remaining CHI Monies	\$105,986.00	To be distributed through this Amendment
Administrative Fee	\$4,239.44	(4% of the CHI Monies, retained by Applicant)
Remaining Monies	\$101,746.56	(CHI Monies minus the Administrative fee)
Statewide Initiative	\$10,174.66	(10% of remaining monies, paid to State-wide fund)
Local Initiative	\$91,571.90	(90% of remaining monies)
Evaluation Monies	\$9,157.19	(10% of Local Initiative Monies, retained by Applicant)
CHI Monies for Local Disbursement	\$82,414.71	

B. Overview and Discussion of CHNA/DoN Processes

The CHI processes and community engagement for the proposed Determination of Need (“DoN”) Project¹ will be conducted by Salem Hospital. Salem Hospital, a member of Mass General Brigham, is the North Shore’s largest healthcare provider and one of its largest employers. The Hospital offers a wide range of comprehensive care at its main hospital campus, ambulatory care sites, and physician offices throughout the service area.

In 2021, Salem Hospital led a highly participatory community health needs assessment (“CHNA”) in collaboration with neighboring communities to advance a shared vision of safe, thriving, and healthy neighborhoods. The 2021 CHNA informed a one-year plan in order to prioritize pandemic recovery strategies and to enable Salem Hospital to be in alignment with the triennial cycle of the other Mass General Brigham hospitals, which will allow for leveraging of resources to address common concerns across hospital service areas. To that end, Salem Hospital is currently finalizing its 2022 CHNA which will inform a three-year community health improvement plan for the coming years. Salem Hospital respectfully requests that its 2022 CHNA may serve as the basis for this CHI.

Salem Hospital’s CHNA process serves to:

¹ The proposed project is an amendment to a previously issued DoN, which as amended, approved new construction of a five (5)-story building at the Hospital that included a relocated emergency department, 24 medical/surgical beds, the renovation of another building for the operation of 120 inpatient psychiatric beds, as well as shell space for future build out by the Hospital. Mass General Brigham now requests approval to build out the remaining shell space to accommodate 24 medical/surgical beds as contemplated in the original DoN application.

- Identify and provide an update on the health needs and assets of Salem Hospital's service area - Danvers, Lynn, Lynnfield, Marblehead, Nahant, Peabody, Salem, and Swampscott - including information on social determinants of health;
- Identify the service area's community needs for housing and transportation; and
- Understand how outreach activities may be more effectively coordinated and delivered by Salem Hospital and in collaboration with community partners.

As with the 2021 CHNA, the 2022 CHNA focused on eight communities: Danvers, Lynn, Lynnfield, Marblehead, Nahant, Peabody, Salem, and Swampscott. In 2021, Salem Hospital provided care to 111,922 residents of these priority communities (Danvers, Lynn, Lynnfield, Marblehead, Nahant, Peabody, Salem, and Swampscott), which comprised 61.3% of Salem Hospital patients. The CHNA employed a Social Determinants of Health ("SDoH") framework to examine how factors like income, education, employment, food security, housing, access to affordable and quality health services impact the health of community members, particularly those most likely to experience inequities in SDoH.

The 2022 CHNA utilized updated data from the U.S. Census, Centers for Disease Control and Prevention, Massachusetts Departments of Public Health and Elementary and Secondary Education, the Federal Bureau of Investigation, and Mass General Brigham. Based on lessons learned from the 2021 CHNA, participation in the online 2022 CHNA focus groups was expanded from 50 to over 100 invitees to broaden the scope of organizations included in the process. An additional focus group for immigration issues was established. The nine 2022 focus groups represented the following sectors: Community Health Centers, behavioral health (mental health and substance use disorder) services, youth services, elder services, housing, food security, the faith community, health care advocacy, and immigration. The focus group data were analyzed for common and divergent themes about health concerns and SDoH.

The 2022 CHNA also included a multi-lingual community survey available on-line and in print. The survey was available in 9 different languages to reflect the linguistic diversity of the communities served by Salem Hospital. The purpose of the survey was to get input from community residents on the priority health needs and suggestions for Salem Hospital to address the needs. The Community Affairs and Health Access Committee played a critical role ensuring the survey was distributed to vulnerable, underserved members of the community.

Because Salem Hospital is seeking to permission to rely on its 2022 CHNA, Salem Hospital is similarly requesting an extension to the Self-Assessment Form to be provided to the Department upon approval by the Salem Hospital Board Trustees.

C. Oversight of the CHI Process

For this CHI, Salem Hospital will utilize its existing Community Affairs and Health Access Committee ("CAHAC") to determine the use and oversight of the CHI funds.

The CAHAC of the Salem Hospital Board was established in 2004 to strengthen long-standing community relationships and advance our community health objectives. The Committee is comprised of 20 members including Board Trustees, clinical leaders, members of the Lynn Health Task Force, representatives from the local community health centers, and other community organizations (including local food pantries, YMCAs, children's legal services, educational organizations, and elder services). Together they serve as our Community Benefit Advisory Committee with the responsibilities, functions and procedures outlined in the current Massachusetts Attorney General's Community Benefit Guidelines.

The Committee meets quarterly and is responsible for:

- The review of the community needs assessment and other information related to access and the availability of healthcare
- The oversight, review and evaluation of the community affairs and community benefit programs and activities of Salem Hospital.

D. Advisory Committee Duties

Given that this is a Tier 1 CHI, the scope of work that the CAHAC will carry out includes:

- Ensuring appropriate engagement with residents from targeted communities and community partners around the CHI.
- Determining the Health Priorities for CHI funding based upon the needs identified in the 2022 CHNA/CHIP. The CAHAC will ensure that all Health Priorities are aligned with the Department of Public Health's Health Priorities and the Executive Office of Health and Human Services' Focus Areas.
- Providing oversight to the evaluator that is carrying out the evaluation of CHI-funded projects.
- Conducting a conflict of interest disclosure process to determine which members also will comprise the Allocation Committee (description).
- Reporting to the Department of Public Health on the DoN – CHI.

E. Allocation Committee Duties

The Allocation Committee is comprised of individuals from the CAHAC who do not have a conflict of interest in regard to funding. The scope of work that the Allocation Committee will carry out includes:

- Selecting Strategies for the noted Health Priorities.
- Completing and submitting the Health Priorities and Strategies Selection Form for approval by the Department of Public Health.
- Carrying out a formal request for proposal ("RFP") process (or an equivalent, transparent process) for the disbursement of CHI funds.
- Engaging resources that can support and assist applicants with their responses to the RFP.
- Disbursement of CHI funding.
- Providing oversight to a third-party vendor that is selected to carry out the evaluation of CHI-funded projects.

F. Timeline for CHI Activities

Upon a Notice of Determination of Need being issued by the Public Health Council, the CAHAC will commence meeting and begin the CHI Process. The timeline for CHI activities is as follows:

- Six weeks post-approval: The CAHAC will begin meeting and reviewing the 2022 CHNA/CHIP to commence the process of selecting Health Priorities.

- Three – four months post-approval: The CAHAC has determined Health Priorities for funding.
- Four – five months post-approval: The Allocation Committee is selecting strategies for the Health Priorities.
- Five – six months post-approval: The Allocation Committee is determining the process to award funding, either through a direct funding model, inviting specific organizations to apply, or a public request for proposals (“RFP”).
- Seven months post-approval: The funding process opens.
- Nine months post-approval: Applications are due (depending on award process).
- Ten months post-approval: Funding decisions are made, and the disbursement of funds begins.
- Eighteen months to two years post-approval: Evaluator will begin evaluation work.

G. Evaluation Overview

Salem Hospital is seeking to use 10% of local CHI funding (\$9,157.19) for evaluation efforts. These monies will allow Applicant to utilize an experienced party to carry out technical assistance and ensure appropriate evaluation of the CHI-funded projects.

H. Administrative Monies

Applicants submitting a Tier 1 CHI are eligible for a four percent (4%) administrative fee. Accordingly, Salem Hospital is requesting \$4,239.44 in administrative funding. These monies will help pay for reporting and dissemination of promising practices and lessons learned, facilitation support for the CAHAC and Allocation Committee, costs associated with the development of communication materials and placement of procurement information in community newspapers.

APPENDIX 4

ORIGINAL DON STAFF SUMMARY

STAFF SUMMARY FOR DETERMINATION OF NEED
BY THE PUBLIC HEALTH COUNCIL
July 13, 2016

APPLICANT: North Shore Medical Center, Inc.

PROGRAM ANALYST: Jere Page

LOCATIONS: Salem Hospital Campus
81 Highland Ave.
Salem, MA 01970

REGION: HSA VI

Union Hospital Campus
500 Lynnfield Street
Lynn, MA 01904

DATE OF APPLICATION: October 7, 2015

PROJECT NUMBER: 6-3C46

PROJECT DESCRIPTION: New construction of a 3-story, 115,405 gross square foot ("GSF") building on the Salem Campus, to accommodate a new, relocated emergency department and two 24-bed units of relocated medical/surgical beds. In addition, there will be 137,368 GSF of renovation of the former Spaulding Hospital – North Shore facility adjacent to the Salem Campus to accommodate expanded inpatient psychiatric services. Finally, the vacated emergency department building will be renovated to accommodate a new main entrance/reception/lobby, as well as additional capacity for relocated outpatient cardiac and pulmonary rehabilitation. Also included in the renovation are wellness, ultrasound and infusion services.

ESTIMATED MAXIMUM CAPITAL EXPENDITURE:

Requested: \$180,507,208 (October 2015 dollars)
Recommended: \$180,507,208 (October 2015 dollars)

ESTIMATED FIRST YEAR INCREMENTAL OPERATING COSTS:

Requested: \$1,791,253 (October 2015 dollars)
Recommended: \$1,791,253 (October 2015 dollars)

LEGAL STATUS: A regular application for substantial changes in service pursuant to M.G.L. c.111, s.25C and the regulations adopted thereunder.

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

OTHER PENDING APPLICATIONS: None

COMPARABLE APPLICANT(S): None

COMMENTS BY CENTER FOR HEALTH INFORMATION AND ANALYSIS: None submitted

COMMENTS BY HEALTH POLICY COMMISSION: None submitted

COMMENTS BY TEN TAXPAYER GROUPS: A Determination of Need public hearing was held on January 12, 2016, in Salem at the request of the Michael Toomey, Alan Jackson, and Leslie Greenberg Ten Taxpayer Groups. The hearing was attended by approximately 100 people, 35 of whom testified. Subsequent to the hearing, over 20 written comments and several calls related to the proposed transfer were received by the DoN Office. In addition, an Essential Services hearing was held on January 7, 2016, in Lynn, which was attended by approximately 300 people, 44 of whom testified.

RECOMMENDATION: Approval with conditions.

I. BACKGROUND AND PROJECT DESCRIPTION

North Shore Medical Center ("Applicant" or "NSMC") submitted a Determination of Need application on October 7, 2015 for a substantial capital expenditure and substantial change in service. NSMC is the eighth largest hospital system in Massachusetts and currently operates two campuses, the 268-bed campus in Salem and the 126-bed campus in Lynn. The proposed project will encompass the construction of a new 3-story, 115,405 GSF building on the Salem Campus, which will include a new emergency department on the ground floor and two 24-bed units of new private medical/surgical beds on the above two floors.

The project also involves 137,368 GSF of renovation of the former Spaulding Hospital – North Shore facility ("SNS") adjacent to the Salem Campus. The renovated SNS will accommodate 120 inpatient psychiatric beds, including 18 existing pediatric psychiatric beds and 20 existing geriatric psychiatric beds transferred from the Union Campus, relocation of 26 existing adult psychiatric beds from the Salem Campus, and the expansion of 56 new inpatient beds (12 pediatric, 10 geriatric, and 34 adult psychiatric beds). In addition, the vacated emergency department building will be renovated to accommodate a new main entrance/reception/lobby, as well as additional capacity for relocated outpatient cardiac and pulmonary rehabilitation and wellness from elsewhere on the Salem Campus, and relocated ultrasound and infusion services from the Union Campus.

Salem Campus is a 268-bed acute care hospital located at 81 Highland Avenue in Salem, and currently provides the following services:

- Adult Emergency Medicine
- Pediatric Emergency Medicine
- Adult Hospital Medicine
- Pediatric Hospital Medicine
- Adult Surgical Services
- Pediatric Surgical Services
- Adult Pulmonary and Critical Care
- Obstetrics
- Special Care Nursery
- Laboratory Services
- Radiology
- Sleep Center
- Physical Medicine and Rehabilitation
- Outpatient Adult Specialty Clinics
- Outpatient Pediatric Specialty Clinics
- Inpatient Adult Behavioral Health
- Outpatient Adult Behavioral Health

Union Campus is a 126-bed acute care hospital located at 500 Lynnfield Street in Lynn, and currently provides the following services:

- Adult Emergency Medicine
- Adult Hospital Medicine
- Adult Surgical Services
- Adult Pulmonary and Critical Care
- Laboratory Services
- Radiology

- Outpatient Adult Specialty Clinics
- Inpatient Geriatric Behavioral Health
- Inpatient Pediatric Behavioral Health
- Outpatient Adult Behavioral Health

Chart 1

Service	<u>Current Licensed Beds</u>			<u>Post-Project Licensed Beds</u>		
	<u>Salem</u>	<u>Union</u>	<u>Total NSMC</u>	<u>Salem</u>	<u>Union</u>	<u>Total NSMC</u>
Medical/Surgical	171	76	247	219	0	219
ICU/CCU/SICU	28	12	40	28	0	28
Pediatrics	24	0	24	24	0	24
Adult Psych	26	0	26	60	0	60
Geri Psych	0	20	20	30	0	30
Pedi Psych	0	18	18	30	0	30
Obstetrics	19	0	19	19	0	19
Total	268	126	394	410	0	410

NSMC reports that it developed the proposed project in response to the move to population health management and to the mandates of state and national health reform requiring providers to control costs and provide more efficient care. To meet these demands, NSMC will consolidate all services at the Salem Campus to better accommodate the changing utilization patterns of its service area and the increasing demands for sub-specialization and evolving technology in inpatient care. As a result, all acute care services at the Union Campus will be closed in approximately three years. The chart below shows the changes in bed numbers after the consolidation:

NSMC is a member of the Partners HealthCare System ("Partners"), which was founded in 1994, and consists of two tertiary and six community acute care hospitals, one hospital providing inpatient and outpatient mental health services, four rehabilitation hospitals, other health care related facilities, and the Neighborhood Health Plan, Inc. a licensed health maintenance organization.

NSMC's Primary Service Area ("PSA") Communities

To define NSMC's PSA, Staff selected the communities below that in 2014 cumulatively accounted for 90% of annual discharges at the Salem and Union Campuses when ranked ordinarily. They are:

Danvers	Peabody
Lynn	Revere
Lynnfield	Salem
Marblehead	Saugus
Nahant	Swampscott

Source: Center for Health Information and Analysis (CHIA): NSMC 2013-2014 Hospital Profiles

Staff's findings from the data show that residents of Lynn contributed the largest percentage of discharges to NSMC, almost two and one half times that of either Salem or Peabody in both 2013 and 2014, as indicated below:

Chart 2

	2013			2014		
	Hospital's Discharges	Cumulative % of Hospital's Discharges	% of Town's Discharges	Hospital's Discharges	Cumulative % of Hospital's Discharges	% of Town's Discharges
Lynn	7,524	37.89%	61%	7,026	38.03%	60%
Peabody	3,095	15.58%	42%	2,729	14.77%	39%
Salem	3,051	15.36%	59%	2,796	15.13%	56%
Marblehead	971	4.89%	56%	875	4.74%	52%
Swampscott	766	3.86%	55%	686	3.71%	53%
Danvers	719	3.62%	19%	643	3.48%	17%
Saugus	610	3.07%	18%	584	3.16%	17%
Beverly	500	2.52%	9%	463	2.51%	8%
Lynnfield	305	1.54%	26%	299	1.62%	24%
Nahant				228	1.23%	57%
Revere	219	1.10%	3%			
Total PSA*	17,760	89.43%		16,329	88.39%	
Total Discharges	19,860			18,474		

In 2014, 60% of all the residents of Lynn who were discharged from hospitals went to NSMC. Only slightly more than a third of patients who reside in Lynn were hospitalized at other facilities whereas 44% of Salem residents and 61% of Peabody residents went to other hospitals.

Project Phases

Upon approval by the Department, the project is expected to be accomplished in three distinct phases, as indicated below:

The **first phase** will involve renovation of the former Spaulding Hospital - North Shore ("SNS") facility as well as the construction of a new building on the Salem campus that will house the proposed 48 private medical surgical beds and the new emergency department.

The **second phase** will involve construction of a new main lobby/entrance for the campus which will include reception, security, café and gift shop.

The **third phase** will involve renovation of the space currently occupied by the Hospital's emergency department. The former emergency department space will be renovated to provide outpatient services including infusion, cardiac and pulmonary rehabilitation and wellness services, along with a large phlebotomy draw station.

All of the project's construction and renovation is expected to be completed by December 2019.

Essential Services Process

In January, 2016, the Department held a public hearing regarding the proposed closure of essential services at NSMC's Union Hospital campus in Lynn, at a future date to be determined, but estimated to be within approximately three years. As a result of its review, including testimony presented at the hearing, the Department made a finding that the services provided by NSMC at its Union Hospital campus are in fact necessary for preserving access and health status within NSMC's service area.

NSMC has indicated in writing that it will continue to operate an emergency department at Union Hospital while Union Hospital remains open for approximately the next three years. NSMC has also indicated that it is considering a range of options after closure, one of which is a satellite emergency facility.

Based on the above, the Department required NSMC to prepare a plan that details how access to the emergency services provided at its Union Hospital campus will be maintained for the residents of the service area. The Department instructed NSMC that its plan must include information regarding NSMC's plans to ensure the availability of emergency department services to the residents of Lynn and the surrounding towns; methods under consideration to address transport times to remaining emergency departments in the area, and NSMC's plan, if any, to provide emergency services in Lynn after the closure of the Union Hospital emergency department, including but not limited to establishing a satellite emergency facility ("SEF") of Salem Hospital in Lynn.

II. STAFF ANALYSIS

A. Factor 1 -Health Planning Process

Prior to filing this application, NSMC consulted with the Determination of Need Program, the Bureau of Health Care Quality and Safety, the Division of Medical Assistance, the Department of Mental Health, and Partners Continuing Care. NSMC also reports that it consulted with and received letters of support from the City of Salem, Lynn Community Health Center, North Shore Community Health, Massachusetts Association for Mental Health, CareDimensions, BaneCare Management, Salem State University, Eastern Bank, Massachusetts General Hospital, North Shore Physicians Group, and several physicians and other clinical staff from NSMC.

NSMC further reports that the consolidation of acute care services at the Salem Campus is the result of a multi-year planning process resulting in a strategic plan that responds to the mandates of state and national health reform requiring providers to control costs and provide more efficient care in recognition of the shift of care to outpatient settings and the increasing demand for sub-specialization and evolving technology in inpatient services.

NSMC April 2012 Independent Community Health Needs Assessment ("ICHNA")

NSMC reports that its strategic plan to consolidate acute care services at Salem was complemented by an independent community health needs assessment conducted in April 2012, which determined that the Hospital's PSA needed increased access to primary, specialty and urgent care, behavioral health care and chronic disease management support.

Staff Review of the NSMC ICHNA

The NSMC 2012 independent community health assessment is referred to as a complement to and an integral part of the planning process for consolidation of all acute care services at the Salem Campus. The ICHNA included 18 charts and tables of statistical data related to substantial social determinants in the NSMC service area. In every instance, the data identified Lynn as the community with the greatest healthcare needs and the most vulnerable population. Based on the data in NSMC's community health assessment and other sources, Lynn:

- Lynn is the largest city in NSMC's PSA with a population greater than 90,000, which is almost double the population of the next highest PSA community.
- Lynn has the highest poverty rate in NSMC's PSA (21% of population below the federal poverty level)
- Lynn has the highest population percentage of minorities in NSMC's PSA
- Lynn has the largest population of Limited English Proficient ("LEP") residents in NSMC's PSA (19,000 residents)
- Lynn has the highest level of publicly insured and uninsured residents in NSMC's PSA (47,000 residents with public insurance; 6,000 residents uninsured)
- Lynn has the lowest per capita income in NSMC's PSA (lower than the MA rate by 36%)
- Lynn has the highest number of residents with less than a high school diploma in NSMC's PSA (20% of population)
- Lynn has the highest number of substance abuse admissions in the PSA (2,360 in FY 2014)
- Lynn had the highest number of lung cancer cases in the PSA (365 in FY 2014)
- Lynn had the highest number of teen births in the PSA (150 in FY 2014)
- Lynn had the highest number of sexually transmitted illnesses, including chlamydia in the PSA (178 in FY 2014)

U.S. Census Bureau, Bureau of Labor Statistics (October 2015 Report), Massachusetts Department of Transitional Assistance, Department of Public Health - Bureau of Substance Abuse Services FY2014, Department of Public Health - Cancer Registry Nov. 2015, Department of Public Health MassCHIP (Community Health Information Profiles)

Given the needs of the City of Lynn and NSMC's decision to consolidate all services at Salem, Staff is concerned about the adequacy of the ICHNA report as a planning document for the project, and in particular the lack of involvement by and consultation with Lynn City officials. Staff agrees with Lynn City officials that expanded community and stakeholder input needs to be a part of a meaningful and ongoing dialogue with NSMC. Given this concern, Staff recommends the following condition of approval:

Condition:

To ensure more equitable geographic and socioeconomic access to health care services for Lynn residents, and in recognition of the processes already underway, NSMC shall provide the Department with an updated evaluation of community health needs resulting from the impact of the proposed consolidation on access to services for Lynn residents. This updated evaluation shall be provided in two phases. The initial phase shall reflect the work of the Emergent/Urgent Care Services Planning Group that is meeting regarding how to most appropriately serve the longer term emergent/urgent needs of all NSMC's patients and communities post-consolidation. This initial update shall be provided to the Department within one year of the issuance of DoN approval. Upon completion of Phase One in 2018, the second phase of this updated evaluation of community health needs shall begin and be incorporated into NSMC's existing community health needs planning process. As part of its existing federally mandated community health needs assessment process every three years the hospital must conduct an in-depth community needs assessment and outline a strategy for meeting community-identified needs of underserved populations. This process will be expanded to include a targeted focus on assessing the needs of the general populations throughout the hospital's primary service area, including the City of Lynn. The update shall be done in active consultation and active participation by Lynn City elected officials or their designees, the Lynn Health Taskforce, SEIU, and other stakeholders in the Greater Lynn area. In addition, with respect to the City of Lynn, the community health needs assessment will be inclusive of the diverse socio-economic groups that exist in the city.

NSMC Board of Trustees

NSMC reports that its planning process involved considerable long term participation by its Board of Trustees, Hospital administration, physicians, nurses, managers and others.

However, Staff is concerned that the NSMC Board does not equitably reflect all of the communities in the NSMC PSA, or the priorities and needs of the people within those communities. Staff believes it essential that NSMC ensure that the communities within the PSA, and the more vulnerable patient population within the PSA, are adequately represented in the governance structure for NSMC.

Staff recommends the following condition of approval regarding the NSMC Board.

Condition:

NSMC shall seat, over the next three years, and maintain a board of individuals with cultural, ethnic and gender diversity that is reflective of the communities it serves with a particular emphasis on the needs of the underserved and more vulnerable patient populations. As part of the process of identifying and electing new board members NSMC shall consider the

recommendations of a wide number of sources in the PSA, including other health care organizations, elected officials, advocacy groups and other community organizations.

To ensure compliance with the above conditions, Staff recommends a further condition of approval, as follows:

Condition:

At a minimum, the Department shall review compliance with the above conditions within 1 year of issuance of DoN approval and again after the completion of the project. At each time, NSMC's report of the status of compliance shall be reviewed by the Staff of Department and presented to the Public Health Council (PHC) by Staff of the Department after consultation with NSMC and community parties specified in these conditions. Further, NSMC and the community parties shall have an opportunity to address the PHC in regard to these conditions. Upon consideration of such presentations, the PHC will be the final arbitrator as to compliance with the conditions, and reserves the right to continue the progress reports beyond the specified one year if needed and, if so, decide the timeline for the preparation of said reports to the PHC.

Given NSMC's agreement with the above conditions regarding a reevaluation of the planning process, Board reconfiguration, and the PHC reporting process, Staff finds that NSMC has engaged in a satisfactory health planning process, in keeping with the Department's mission to ensure access and health equity for all people in the Commonwealth.

B. Factor 2 - Health Care Requirements

1. Medical/Surgical Beds

As indicated above, the project will include construction of a new 3-story building on the Salem Campus, which will include two 24-bed units of new private medical/surgical beds on the top two floors.

NSMC is currently licensed to operate 247 medical/surgical beds among its two campuses. The Salem Campus currently operates 171 medical/surgical beds and the Union Campus operates 76 medical/surgical beds.

With consolidation of all acute services at Salem, NSMC reports that its analysis of future medical/surgical bed need focused on historical overall occupancy among both campuses, as well as utilization based on patient acuity. Based on these factors, NSMC concluded that a simple one-to-one replacement of all the existing 247 medical/surgical beds would result in excess capacity and exceed demand in the PSA for the service. In order to ensure that the proposed project results in efficient use of resources, the Hospital determined that a net reduction in beds will allow it to continue to meet the needs of the service area while eliminating unnecessary capacity.

Given the above decision, NSMC plans to relocate 48 of the 76 licensed medical/surgical beds at the Union Campus to the Salem Campus, bringing the total to 219 beds at Salem. This will occur by constructing an addition above the new ED building with two floors of 24 private rooms each. As shown in Table 1 below, this will result in a net reduction of 28 medical/surgical beds from NSMC's license after project implementation.

Table 1
NSMC Medical/Surgical Bed Changes

	Salem	Union	Total
Current	171	76	247
Change	+ 48	-76	-28
Future	219	0	219

In addition, NSMC reports that for both Campuses combined, its average total occupancy rate for inpatients for 2012 through 2014 was 61%. Table 2 below also shows NSMC's medical/surgical occupancy separated by individual campus from 2012 -2015.

Table 2
NSMC Medical/Surgical Service Based on Inpatient Admissions

Year	Admissions			Occupancy Rate		
	Salem	Union	Total	Salem	Union	Total
2012	38,400	16,846	55,246	61%	60%	61%
2013	40,336	16,938	57,274	65%	61%	64%
2014	39,112	14,342	53,454	63%	52%	59%
2015	43,040	13,624	56,664	69%	49%	63%
2016 YTD annualized*	43,162	13,984	57,146	69%	50%	63%

*October 2015 – March 2016

NSMC also reports there are utilization issues resulting from the existence of multi-bed rooms at the Hospital. When there is rooming incompatibility due to gender or the presence of infection, the Hospital often cannot utilize all beds in a room. Therefore, the addition of 48 private rooms will be more efficient, increase privacy for patients and families and provide for improvement in occupancy rates.

The Hospital's occupancy projections following completion of the project are detailed in Table 3 below. Using the utilization data indicated in 2016 YTD, above, and a reduction in beds to 219, NSMC has calculated that in 2019, its medical/surgical occupancy would be 70.8%, as shown below in Table 3. NSMC reports that it would likely retain all its current patients and will have that capacity. However it is likely that a small percentage of patients will choose another provider once services are not available on the Union campus.

Table 3
NSMC Total Actual(A) and Projected (P) Medical/Surgical Occupancy

	Occupancy Rate
2012 (A) (247 beds)	61.29%
2013 (A)	63.53%
2014 (A)	59.29%
2015 (A)	63.00%

2016 (annualized)	63.20%
2019 (P) (219 beds)	71.00%
2020 (P)	70.80%
2021 (P)	71.00%
2022 (P)	71.00%

2. Inpatient Psychiatric Beds

NSMC reports that it currently operates a comprehensive inpatient psychiatric service with a total of 64 beds among the Salem and Union campuses. This includes 26 adult psychiatric beds on the Salem Campus and 18 pediatric and 20 geriatric psychiatric beds on the Union Campus.

The project will involve renovation of the former Spaulding Hospital – North Shore facility (“SNS”) to accommodate 120 inpatient psychiatric beds. When completed, the renovated SNS will accommodate inpatient psychiatric beds as follows:

- The relocation of 18 existing pediatric psychiatric beds and 20 existing geriatric psychiatric beds transferred from the Union Campus.
- The relocation of 26 existing adult psychiatric beds from the Salem Campus.
- The expansion of 56 new inpatient beds (12 pediatric, 10 geriatric, and 34 adult psychiatric beds).

NSMC further reports that its current adult, pediatric, and geriatric beds are regularly close to or at capacity, as detailed in Table 4 below. For example, in FY 2014, based on an occupancy rate of 95% to account for room blocks due to patient incompatibility, the Hospital’s adult unit was at full capacity 50% of the time, the pediatric unit was at capacity 21% of the time and the geriatric unit was at capacity 28% of the time. As a result, NSMC reports that there were 173 days in FY 2014, when there was no bed available at the Hospital for adult psychiatry patients who presented to the Hospital’s Emergency Department (“ED”) and required admission. This trend has continued for FY 2015 –FY 2016, with all units at capacity at least 25% of the time. Because of the high utilization of these units, NSMC is often confronted with daily backlogs in its ED, as patients wait for admission or transfer to another facility with capacity.

Table 4
NSMC Historical Demand for Inpatient Psychiatric Services
FY 2012 – FY 2015

<u>Year</u>	<u>Patient Days</u>	<u>% Change</u>	<u>Occupancy</u>	<u>Beds</u>
Pediatric Psychiatric				
2012	4,880	-	74.07%	18
2013	5,009	2.6%	76.24%	18
2014	5,299	5.1%	80.65%	18
2015	5,153	-2.8%	78.43%	18
Adult Psychiatric				
2012	8,841	-	92.91%	26
2013	8,431	-4.6%	88.84%	26
2014	8,944	6.1%	94.25%	26
2015	8,819	-1.40%	92.93%	26
Geriatric Psychiatric				
2012	5,785	-	79.03%	20
2013	6,038	4.4%	82.71%	20
2014	6,127	1.5%	83.93%	20
2015	6,212	1.39%	85.10%	20

To project demand for its expanded psychiatric services, NSMC has assumed that because historical demand for its existing pediatric, geriatric and adult services is high, projected occupancy will increase due to population growth in the PSA, reduced patient transfers to other facilities, and the elimination of gender incompatibility, as seen in Table 5 below.

Table 5
NSMC Projected Demand for Inpatient Psychiatric Services
FY 2019 – FY 2022

<u>Year</u>	<u>Patient Days</u>	<u>% Change</u>	<u>Occupancy</u>	<u>Beds</u>
Pediatric Psychiatric				
2019	7,665	-	70%	30
2020	8,232	5%	75%	30
2021	8,760	5%	80%	30
2022	9,034	2.5%	82.5%	30
Adult Psychiatric				
2019	18,615	-	85%	60
2020	19,764	5%	90%	60
2021	19,710	0%	90%	60
2022	19,710	0%	90%	60
Geriatric Psychiatric				
2019	8,760	-	80%	30
2020	9,223	4%	84%	30
2021	9,636	4%	88%	30

NSMC states that the renovations to accommodate the above projected demand will also allow an overall psychiatric capacity increase of 82%, as well as more than double the number of adult beds that the Hospital currently operates, and allow for 1,730 additional annual psychiatric admissions by 2020. This expanded capacity will also allow NSMC to admit patients who are currently transferred to other facilities for the service and improve their continuity of care.

NSMC further reports that relocating the 26 adult beds from the Salem Campus to SNS, will also eliminate existing physical plant deficiencies including an inadequate HVAC, limited ability to cohort higher acuity patients, limited physician and social work consultation space, and shortage of private patient rooms and baths. The expanded beds will also allow NSMC to decrease lengths of stay in its ED for patients requiring admission, as well as reduce the delays in care that occur while patients await transfer.

NSMC states that it will collaborate with Massachusetts General Hospital in the operation of the expanded psychiatric services, and the parties are currently developing the specific programming for the services. NSMC reports that the new facility will be committed to improving access to care for patients with comorbid substance use disorders by providing state-of-the-art treatment including group and individual therapies, as well as medically managed withdrawal and psychopharmacologic treatment. NSMC further reports that the plans for the expanded pediatric unit include a specialized area of the unit to focus on and co-locate patients diagnosed with autism spectrum disorders. Also, additional areas of programmatic focus will be explored and refined as planning continues for the facility.

As shown in Table 6 below, the changes in inpatient psychiatric beds after the renovation is completed will be as follows:

Table 6
NSMC Psychiatric Bed Changes

	Salem		Union	
	Current	Future	Current	Future
Adult	26	60	0	0
Pediatric	0	30	18	0
Geriatric	0	30	20	0
Total Beds	26	120	38	

Staff notes that the DoN Guidelines for acute behavioral health services were last updated in 1986. Rather than updating these existing Guidelines, the DoN Program has opted to defer to the expertise of the Department of Mental Health ("DMH") on the need for the proposed 56 additional psychiatric bed capacity at NSMC.

DMH has provided a letter of support (Attachment 1) for the proposed project citing a need for additional psychiatric services to serve the population residing in the NSMC service area. DMH notes that the NSMC proposal will provide specialized behavioral treatment programs such as adults with co-morbid Substance Use Disorders and children with Autism Spectrum Disorders. DMH further notes that it is often difficult to find appropriate clinical placement for such patients, who may incur significant waiting times in emergency departments.

3. Emergency Department

As indicated previously, the project will encompass the construction of a new 3-story, which will include a new emergency department on the ground floor.

NSMC reports that it is a Level III trauma center with a reported high acuity patient population, which in 2014 experienced 85,707 patient visits. As a Level III trauma center, NSMC provides 24-hour-a-day coverage by trauma-trained surgeons, emergency department physicians and nurses, and 24-hour-a-day access to anesthesia, laboratory and radiology services.

The current Emergency Departments at the Salem and Union Campuses are configured as follows:

NSMC Salem Emergency Department

- Gross Square Footage – 22,115 SF (includes Pedi ED)
- Imaging equipment – 1 X-Ray and 1 CT (both permanent)
- Treatment bays – 37 Adult and 7 Pedi
- Specially equipped behavioral health rooms – 1
- Observation rooms – none

NSMC Union Emergency Department

- Gross Square Footage – 13,755 SF
- Imaging equipment – 1 portable X-Ray unit
- Treatment bays – 19
- Specially equipped behavioral health rooms – 1
- Observation rooms – none

NSMC reports that both the Salem and Union ED's were opened in 2002, and both have significant physical space limitations or operational deficiencies based on the 2010 Facility Guidelines Institute Guidelines for Design and Construction of Health Care Facilities and the Department's Plan Review Checklist. The Salem and Union ED deficiencies are listed below, which were compiled by NSMC.

**List of Deficiencies from 2010
DPH Checklist
NSMC Emergency Department – Salem**

- | | | |
|---------------|--|---|
| <u>No. 1</u> | Main waiting room does not have a dedicated exhaust system as per 2010 checklist | (page 3 of 13, Table 7-1)(2.2-3.1.3.4) |
| <u>No. 2</u> | Triage rooms do not have negative pressure @ 12 air changes as per 2010 checklist | (page 2 of 3, Table 7-1) (2.2-3.1.3.3(3)) |
| <u>No. 3</u> | Triage rooms do not have medical gas outlets as per 2010 checklist | (page 2 of 13, Table 2.1-6) (2.2-3.1.3.3(3)) |
| <u>No. 4</u> | Pedi Trauma room is only 184 sq. ft. and does not meet the new 2010 standard of 250 sq. ft. | (page 4 of 13) (2.2-3.1.3.6(6)) |
| <u>No. 5</u> | Pedi Trauma room does not have 15 air changes | (page 4 of 13, Table 7-1) (2.2-3.1.3.6(6)) |
| <u>No. 6</u> | There is no exam room or bay in the Adult or Pedi area that meet the 2010 Bariatric code requirements | (page 5 of 13) (2.2-3.1.3.6(5)) |
| <u>No. 7</u> | There are no ceiling lift systems for bariatric patients | (page 5 of 13) (2.2-3.1.3.6(5)(d)) |
| <u>No. 8</u> | There is no separate treatment room in the fast track area | (page 7 of 13) (2.2-3.1.3.6(10)) |
| <u>No. 9</u> | There is no separate exam/treatment room designed for pelvic exams in the fast track area as required in the 2010 checklist | (page 7 of 13) (2.2-3.1.3.6(10)(c)) |
| <u>No. 10</u> | The current E.D. does not have a dedicated observation unit, nor does it have many of the required support functions as required in the 2010 checklist | (page 8 of 13) (2.2-3.1.4.3) |
| <u>No. 11</u> | The current E.D. does not have a dedicated shower and nourishment station as required in the 2010 checklist for an observation unit | (page 9 of 13) (2.2-3.1.4.3(8)) & (2.1-2.6.7) |
| <u>No. 12</u> | There is not sufficient space in the E.D. for emergency storage as required in the new 2010 checklist | (page 10 of 13) (2.2-3.1.6.11(2)) |
| <u>No. 13</u> | E.D. staff offices are on another floor due to inadequate space in the current E.D. | |
| <u>No. 14</u> | There is no isolation room in the pediatric area as per the 2010 checklist | (page 4 of 13) (2.2-3.1.3.6(4)(b)) |

**List of Deficiencies from 2010
DPH Checklist
NSMC Emergency Department – Union**

<u>No. 1</u>	Main waiting room does not have a dedicated exhaust system as per 2010 checklist	(page 3 of 13 Table 7-1) (2.2-3.1.3.4)
<u>No. 2</u>	Triage rooms do not have negative pressure @ 12 air changes as per 2010 checklist	(page 2 of 3 Table 7-1) (2.2-3.1.3.3(3))
<u>No. 3</u>	There are no exam rooms or bays in the Adult area that meet the 2010 Bariatric code requirements	(page 5 of 13) (2.2-3.1.3.6(5))
<u>No. 4</u>	There are no ceiling lift systems for bariatric patients	(page 5 of 13) (2.2-3.1.3.6(5)(d))
<u>No. 5</u>	The current E.D. does not have a dedicated observation unit, nor does it have many of the required support functions as required in the 2010 checklist	(page 3 of 13) (2.2-3.1.4.3)
<u>No. 6</u>	The current E.D. does not have a dedicated shower and nourishment station as required in the 2010 checklist for an observation unit.	(page 9 of 13) (2.2-3.1.4.3(8)) & (2.1-2.6.7)
<u>No. 7</u>	There is not sufficient space in the E.D. for emergency storage as required in the new 2010 checklist	(page 10 of 13) (2.2-3.1.6.11(2))
<u>No. 8</u>	The current E.D. does not have a decontamination room or decontamination storage	(page 6 of 13) (2.2-3.1.3.6(9))
<u>No. 9</u>	The existing Trauma room does not have the required number of scrub stations	(page 6 of 13) (2.2-3.1.6.5)
<u>No. 10</u>	The E.D. addition is not structurally isolated in all locations for seismic purposes	(781 CMR)
<u>No. 11</u>	The E.D. addition was not separated from the existing structure by a fire barrier having not less than a 2 hr. rating	NFPA 101 (18.1.1.4)
<u>No. 12</u>	Some of the exam/treatment rooms are off of a 6 ft. wide corridor	(page 11 of 13) (2.1-7.2.2.1)
<u>No. 13</u>	Six of the exam bays do not meet the minimum square footage requirements	(page 3 of 13) (2.1-3.2.2.1)

In light of these deficiencies, NSMC reports that the planned new, larger state-of-the-art ED planned for the Salem campus will have capacity to care for high acuity and emergent patients from across the Hospital's service area. With the additional capacity of 2 bays resulting in a total of 65 bays, and improved space for behavioral health patients, the new ED has been planned to account for higher acuity patients and those with conditions that require inpatient admission or surgery, who will present at Salem.

As shown below in Table 7 projected ED patient volume will remain consistent. NSMC reports that their ED volume projections below were held flat due to the significant percentage of patients (patient acuity Level 4 and 5) that could be cared for more efficiently and more effectively in physician office or urgent care in these settings within community.

Table 7

NSMC Actual(A) and Projected (P) ED Volume*,**

	Visits
2012 (A)	90,932
2013 (A)	90,491
2014 (A)	85,707
2015 (A)	87,236
2019 (P)	86,439
2020 (P)	86,439
2021 (P)	86,439
2022 (P)	86,439

*Data excludes patients who left without being seen

**Data includes both adult and pediatric patients

NSMC also reports that ED construction at the Salem Campus has been sized to meet anticipated demand from the communities served, whether admitted from the ED or by a member of the medical staff. Also, as indicated previously, the addition of 56 new inpatient psychiatry beds will increase overall capacity by 82%, more than double the number of current adult beds and allow for 1,730 additional annual admissions.

Staff requested utilization data for the EDs for each NSMC hospital campus for the last five years. Table 8 below shows ED patient origin for both the Salem Campus and Union Campus by zip codes and patient volume for the top ten contributing communities for 2010-2015. The data indicates that total NSMC ED utilization, as well as utilization at each individual Campus has remained consistent during the time period.

Table 8
NSMC ED Patient Origin

Town	Zip	FY11			FY12			FY13			FY14			FY15		
		SH	UH	Total	SH	UH	Total	SH	UH	Total	SH	UH	Total	SH	UH	Total
1) Lynn Total	All Zips	23,491	18,059	41,550	24,304	18,378	42,682	24,529	18,343	42,872	24,238	17,437	41,675	25,793	17,060	42,853
2) SALEM	01970	15,063	418	15,481	15,446	417	15,863	15,071	392	15,463	14,181	403	14,584	14,318	369	14,687
3) PEABODY	01960	9,461	1,829	11,290	9,006	1,840	10,846	9,074	1,797	10,871	7,975	1,602	9,577	8,495	1,475	9,970
4) MARBLEHEAD	01945	3,456	132	3,588	3,493	146	3,639	3,408	137	3,545	3,305	112	3,417	3,289	121	3,410

5) IPSCOTT	01907	3,040	406	3,446	3,013	426	3,439	2,924	301	3,225	2,722	255	2,977	2,617	213	2,830
6) DANVERS	01923	1,766	271	2,037	1,807	279	2,086	1,822	315	2,137	1,603	272	1,875	1,858	261	2,119
7) SAUGUS	01906	889	1,566	2,455	892	1,521	2,413	818	1,475	2,293	788	1,251	2,039	881	1,183	2,064
8) BEVERLY	01915	1,414	112	1,526	1,466	123	1,589	1,398	149	1,547	1,461	116	1,577	1,461	112	1,573
9) LYNNFIELD	01940	397	909	1,306	370	874	1,244	336	851	1,187	324	815	1,139	360	778	1,138
10) REVERE	02151	583	429	1,012	529	422	951	565	397	962	507	370	877	501	312	813

Conclusion on Need

With regard to demand for medical/surgical, inpatient psychiatric, and emergency services, NSMC has documented a trend of consistent significant growth for its inpatient psychiatric services, and consistent demand for medical/surgical and emergency services. There are also documented concerns about current significant operating constraints and space deficiencies associated with inpatient psychiatric and emergency services, as well as multiple bed rooms involved with medical/surgical services.

Therefore, consistent with Factor 2 of the DoN regulations, Staff finds that the project, as proposed, will permit NSMC to improve the service capacity of its existing medical/surgical, ED and psychiatric services with the addition of all private medical/surgical rooms, a new ED and significantly expanded psychiatric beds.

C. Factor 3 - Operational Objectives

NSMC reports that it has a comprehensive utilization review plan in place to ensure quality patient care and efficient utilization of facility services for all of NSMC's acute care services. For example, NSMC's Quality Assurance Performance Improvement Plan ("QAPI") sets goals and objectives to measure the quality, safety, and accessibility of cost-effective health care services at NSMC, monitors performance improvement activities, and ensures that appropriate resources and support are available to all NSMC clinical staff. In addition, NSMC's Patient Care Assessment Committee has consistently been recognized by the Massachusetts Board of Registration in Medicine as a physician-led best practice in the state. NSMC also reports that it has a number of written transfer or affiliation agreements with such varied area providers as Lahey Clinic Hospital, the Lynn Community Health Center, and the New England Home for the Deaf.

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

The Department's Office of Health Equity ("OHE") recently conducted a review of the interpreter and language access services available to limited- and non-English proficient patients at NSMC's Salem and Union Campuses. Improvements recommended by OHE at both Campuses are presented in Attachment 2 of this Staff Summary, and have been included as a condition of approval.

Based on the above analysis, Staff finds that the proposed project meets the operational objectives requirements of the DoN regulations.

D. Factor 4 – Standards Compliance

The total recommended GSF for this project is 252,773 GSF, which will include 115,405 GSF of new construction and 137,368 GSF of renovation, which involves three separate buildings on the Salem Campus. This will be accomplished in three phases, as indicated below:

Phase 1: both the renovation of the former Spaulding North Shore (“SNS”) facility as well as the construction of a new building on the hospital’s campus that will connect to the SNS building. The SNS building will be renovated to house the proposed inpatient psychiatric services and the new building will house the proposed 48 private medical surgical beds, as well as the new emergency department. A physical connector will be constructed to join the SNS building to the new building, as well as to the existing main campus building.

Phase 2: construction of a new main lobby/entrance for the campus which will include reception, security, café and gift shop.

Phase 3: renovation of the space currently occupied by the hospital’s emergency department following the completion of Phase 1 and relocation of ED services to the new building. The former ED space will be renovated to provide outpatient services including infusion, cardiac and pulmonary rehabilitation and wellness services, along with a large phlebotomy draw station.

In addition, the levels below are listed for individual buildings. As the Salem Campus is built on a large hill, the first floors of several existing buildings are on various levels of the campus. Level 1 of the new building, as well as Spaulding and Davenport are consistent.

New Building (5 Floors of New Construction)

- Level 1- Emergency Department including standard exam bays, radiology, trauma rooms, observation pod, psych pod and Pedi pod
- Level 1 – Vertical connector/elevator bank
- Level 2 – Medical/Surgical inpatients
- Level 2 – Vertical connector/elevator bank
- Level 3 – Medical/Surgical inpatients
- Level 3 – Vertical connector/elevator bank
- Level 4 – Mechanical and electrical equipment
- Level 4 – Vertical connector/elevator bank
- Level 5 – Vertical connector/elevator bank

Spaulding Building (“SNS” - 6 Floors of Renovation)

- Level 1 – Emergency Department
 - A portion of the ED is new construction and a portion is renovation, because Spaulding floor will become part of the ED
- Level 2 – Pediatric Psychiatry Inpatients
- Level 3 – Geriatric Psychiatry inpatients
- Level 4 – Adult Psychiatry inpatients
- Level 5 – Adult Psychiatry inpatients
- Level 6 – Mechanical equipment

Davenport Building (1 Partial Floor Renovation)

- Level 3 – Mechanical infrastructure including chiller, cooling tower, and emergency generators to serve the new Building and Spaulding

New Lobby (3 Floors of New Construction)

- Level 1 – Reception, cafe, public restrooms and elevators
- Level 2 – Security, gift shop, meeting rooms, admitting and offices
- Level 3-- Mechanical equipment

Renovated Former Emergency Department Building

- Level 1 – Phlebotomy, Infusion, Cardiac Rehab & Wellness, Reception and Security

As discussed previously, the proposed new construction and renovation will permit NSMC to significantly improve the service capacity of its existing medical/surgical, ED and psychiatric services.

Given this, Staff finds the proposed functional space to be reasonable and is recommending approval of the project's total of 252,773 GSF, which will include 115,405 GSF of new construction and 137,368 GSF of renovation.

NSMC states that the proposed project will meet all Department construction and licensure requirements, in addition to all requirements set forth for such physical facilities by the Medicare Program, including handicap access.

Based on the above analysis, Staff finds that the proposed project meets the standards compliance factor of the DoN regulations.

E. Factor 5 - Reasonableness of Expenditures and Cost

1. Maximum Capital Expenditure ("MCE")

The requested and recommended capital expenditure ("MCE") of \$180,507,208 (October 2015 dollars) is itemized below:

	<u>New Construction</u>	<u>Renovation</u>
<u>Land Costs:</u>		
Site Survey and Soil Investigation	\$ 230,000	0
Other Non-Depreciable Land Development	3,333,683	\$ 1,355,583
Total Land Costs	3,563,683	1,355,583
<u>Construction Costs:</u>		
Depreciable Land Development Cost	3,557,846	
Construction Contract (including bonding cost)	\$ 73,086,772	\$74,027,829
Fixed Equipment Not in Contract	1,700,000	1,080,000
Architectural Cost (including fee, printing, supervision etc.) and Engineering Cost	7,525,000	5,100,000
Pre-filing Planning and Development Costs*	242,500	192,500
Post-filing Planning and Development Costs*	525,000	420,000
Other (See Below**):	1,350,000	365,000
Other (See Below**):	4,517,000	160,000
Total Construction Costs	\$ 92,504,118	\$81,345,330
<u>Financing Costs:</u>		
Cost of Securing Financing (legal, administrative, feasibility studies, mortgage insurance, printing, etc.)	925,041	813,453

Total Financing Costs	925,041	813,453
Estimated Total Capital Expenditure	\$96,992,842	\$83,514,366
Total		\$180,507,208

*Pre- and Post-filing Planning and Development Costs include the following: a construction manager, pre-construction services, MEPA checklist consultation, legal consultation, City Planning Board, A/E Peer Review, Department Plan Review filing fee, and an investigation to aid design (MSP audits and scanning).

**Other Costs: consultant fees for the following: Building commissioning, LEED, geotechnical construction monitoring, DEP Permitting support, waterproofing, construction support, SOC assessment, as well as insurance for builder's risk and pollution and utility charges for temporary services.

***Other Costs: accounting, project management, project support including testing of electrical, concrete, piping balancing and medical gas.

a. New Construction

As noted previously, Staff is recommending approval of 115,405 GSF of new construction. NSMC has requested \$715.24/GSF as calculated below:

Construction Contract	\$73,086,772
Site Survey and Soil Investigation	230,000
Architect and Engineering	7,525,000
Fixed Equipment Not in Contract	<u>1,700,000</u>
TOTAL	\$82,541,772
Total GSF Requested	115,405
Cost/GSF	\$715.24

Marshall Valuation Index for New Construction Cost/GSF

Staff has compared the requested new construction cost of \$715.24/GSF to the most recent Marshall & Swift Valuation Service ("Marshall") Class A "Excellent" base cost/GSF under its General Hospital designation. Staff found the requested new construction cost of \$715.24/GSF to be \$60.84 higher than the comparable Marshall cost estimate (Class A "Excellent"). Taking into account the current regional, local and other multipliers recommended by Marshall, the maximum allowable cost/GSF for new general hospital construction in the Salem area is \$654.40/GSF (October 2015 dollars), as indicated below:

Marshall Valuation Index

Base Cost	\$478.61 (Class A Excellent)
Sprinklers	2.53 (Wet System)
HVAC	<u>13.50</u> (Extreme Climate)
	\$494.64

Multipliers

Height per Story	1.046
Regional	1.02
Local	1.24

Marshall Cost/GSF \$654.40

Staff notes that NSMC's requested new construction cost/GSF is \$60.84 more than the allowable Marshall cost/GSF. However, NSMC reports that the location of the proposed new building that will house the new ED and medical/surgical units will be largely on a "fill" site. As a result, it will need a more expensive foundation system than a simple concrete slab poured on the existing grades. Due to the potential settling of the ground surface, close to 230 mini piles going down as much as 26 feet to reach bedrock, pile caps and grade beams will need to be installed before the concrete slab is poured. NSMC also notes that the site also is very close to wetlands and requires a considerable grade change, which will require filling a portion of the wetlands as well as the construction of a retaining wall.

b. Renovation

As noted previously, Staff is recommending approval of 137,368 GSF of renovation. NSMC has requested \$582.95/GSF as calculated below:

Construction Contract	\$74,027,829
Architect and Engineering	5,100,000
Fixed Equipment Not in Contract	<u>1,080,000</u>
TOTAL	\$80,078,829
Total GSF Requested	137,368
Cost/GSF	\$582.95

The calculated \$582.95/GSF is above the normal DoN standard for renovation cost/GSF, which is normally 60% or \$392.64/GSF of the most recent Marshall class A "Excellent" base cost of \$654.40/GSF for new construction under its General Hospital designation in the Salem area.

However, NSMC reports that the higher renovation costs result from the complete renovation of the SNS Building, which requires almost a full gut of the existing facility, making the renovation cost/GSF closer to those for new construction. For example:

- The entire electrical system needs to be replaced because it was originally built with aluminum wiring and the switchgear is obsolete.
- All of the plumbing drains and vents will need to be replaced because a high percentage of them are rotten/split.
- The air handlers will also be replaced because they do not meet minimum Department air change and filtration requirements.
- The heat/cooling system will be replaced in its entirety because it was originally built as an all-electric system and is extremely inefficient.
- All of the duct work is being replaced because it leaks and will not meet today's Stretch Energy Code (which most of MA has adopted).
- All of the windows will be replaced because a number leak and replacement will ensure that the project meets the Department LEED requirement for thermal efficiency.

In addition, the following factors will also contribute to the higher renovation cost/GSF:

- The inclusion of infrastructure that will serve other portions of the Campus in addition to the new medical/surgical building and SNS building also will result in an increased cost/GSF. The equipment (emergency power generators, electrical switchgear, cooling towers, chiller, pumps, underground conduit, etc.) will not only service the Spaulding North Shore building and the new building and lobby, but it will service a portions of the existing campus as well.
- The NSMC construction contract has a project labor agreement which means that the workforce must be union labor and will draw from the same union labor pool as the Boston hospitals.

To determine the impact of the above factors on the proposed renovation cost/GSF, Staff consulted Marshall regarding the cost impact of these components. After some research, Marshall determined that the financial magnitude of these components could add significantly to the projected renovation cost/GSF for the project, and believes that the requested \$582.95/GSF can be considered reasonable given these factors.

Given the detailed explanations by NSMC and subsequent Marshall findings, Staff finds the requested new construction and renovation costs of the project to be reasonable.

2. Reasonableness of Incremental Operating Costs

The requested incremental operating costs of \$1,791,253 (October 2015 dollars) were calculated by the accounting firm of Feeley & Driscoll ("F&D") for the first full year of operation (FY 2020) following project implementation, and are itemized below:

Salaries, Wages and Fringe	\$ (4,819,142)
Supplies and Other Expenses	(6,090,045)
Purchased Services	(128,077)
Depreciation	5,435,320
Interest	7,950,883
Pension	(557,687)
Total Operating Expenses	\$ 1,791,253

Staff notes that NSMC's overall staffing will be reduced by 69.51 FTE's due to the campus consolidation, and is reflected above in the projected salaries, wages and fringe and pension.

Staff finds the recommended incremental operating costs to be reasonable based on the expected equity funding of the project. All operating costs are subject to review and approval by the Center for Health Information and Analysis and by third party payers according to their policies and procedures.

F. Factor 6 - Financial Feasibility and Capability

Financing of the recommended MCE of \$180,507,208 (October 2015 dollars) will be through debt financing of the entire MCE funded by Partners, NSMC's parent. Partners will secure financing with tax-exempt bonds issued by the Massachusetts Development Finance Agency ("MDFA"), at an anticipated fixed interest rate of 4.500% for 30-year term. Staff notes that the financial covenants

associated with the bond issue will be applicable to Partners. No financial covenants will be applicable to NSMC.

Partners has confirmed in writing (Attachment 3) that it will be the obligator on debt incurred related to the proposed project. As such, Partners will be liable for the repayment of such borrowed funds. Staff has reviewed Partners FY 2013-2014 consolidated audited financial statements and determined that it has sufficient funds to maintain the anticipated debt service coverage ratio set forth by the lender for the project.

In response to Staff's queries about the mechanism employed by Partners to support NSMC's operating losses and capital debt, Partners states that NSMC has received cash and intercompany debt as the primary mechanism for supporting any working capital shortfalls, driven by operating losses or capital investments authorized through the Partners capital budgeting process. Partners further states that the debt on the books of NSMC is therefore reflective of the cumulative leadership and financial commitment to sustaining care in the community. As indicated, all debt is issued by Partners who is ultimately liable for repayment of such funding.

Assuming project approval, F&D projects a loss from operations of \$9,878,816 in FY 2020, the first full year of operation after project implementation. NSMC states that this operational loss will reflect significant savings in operational expenses, largely due to reduction in Union Campus overhead, as services there close when all services are consolidated at the Salem Campus.

Given the claims of operational savings, Staff requested that F&D include this component in the Independent Cost Analysis ("ICA"). NSMC was required to provide an ICA of its DoN application to supplement the evaluation of the application by DoN staff. Feeley & Driscoll was engaged to analyze the costs associated with the DoN. The projected cost savings discussed in the ICA (Attachment 4) is included below.

Feeley & Driscoll determined that the improvement in contribution margin (EBID -the total earnings available to pay for fixed expenses and to generate a profit) with project approval (P1) over project denial (P2) is \$25.3 million, due to the increase in behavioral health volume in P1 and a decrease in salaries and wages, supplies, and other expenses based on cost savings from the campus consolidation. The improvement in operational margin with project approval is \$11.9 million, caused by the additional behavioral health activity and cost savings from consolidation, offset by the depreciation and interest related to the new construction and renovation related to the project. Net patient service revenue increased \$13.1 million because of the increased behavioral health volume with the expansion of the program. Total operating expenses increased \$1.8 million, driven by an increase in depreciation and interest of \$13.4 million offset by a decrease in all other expenses of \$11.6 million.

With project approval (P1), NSMC will save 16% in salaries and wages, 15% in purchased services, 18% in supplies and expense, and 20% in pension expense per adjusted patient day ("APD"), offset by an increase of 12% in depreciation and a 38% increase in interest per APD. Total operating expenses, per APD are 14% less than P2 operating expenses, which supports the Commonwealth's Chapter 224 cost containment goals in the projection years.

NSMC reports that despite the expected financial benefits of services consolidation, there currently is not a clear path to an operational cost breakeven point for NSMC. NSMC states that this is largely due to the high percentage of Medicare and Medicaid patients treated by the Hospital, which will allow the Hospital to partially mitigate its operational losses. The Hospital's financial

status will improve as a result of the project and expenses will be reduced, but the Hospital does not have a projected break-even point.

Based upon the above analysis, including the written guarantee by Partners to be the obligator on the project's debt, Staff finds the project to be financially feasible and within the financial capability of the Applicant.

G. Factor 7 - Relative Merit

NSMC reports that it considered three alternatives to the present project prior to its decision to consolidate all acute care services at the Salem Campus.

The first alternative involved the possible closure of the Salem Campus in its entirety and expansion of services offered at the Union Campus. However, due to the size and expansion limitation of the Union Campus, NSMC decided it could not effectively provide the services needed at Union Campus to accommodate the closure at Salem.

The second alternative involved the consolidation of medical/surgical services at the Salem Campus and Behavioral Health Services at the Union Campus. NSMC reports that this alternative was proposed before the SNS facility at Salem became available for repurposing. NSMC believes that the clinical benefits of having separated full acute services and behavioral health inpatient space at individual facilities was the best option for meeting the medical, surgical, and behavioral health needs of all NSMC patients.

The third alternative was to close the Union Campus in its entirety and continue to operate the Salem Campus as is without any expansion of services or capacity. After review, NSMC decided this option might result in a significant cost savings, but would not meet the needs of its service area.

After review of the above, Staff inquired as to why there was not more information in the application regarding the option of consolidation of services on the Union Campus, and requested some documentation that a thorough review of this option was conducted and deemed infeasible.

In response, NSMC reported that its review process included a physical assessment by an architectural firm of both campuses that examined existing buildings using a variety of criteria, one of which was suitability for major investment. The only building on either campus that received a rating of "good" in that category was the Davenport Building (268,800 sq. ft.) on the Salem Campus.

NSMC further reports that the study also examined expansion zones on both campuses and the distance from the existing vertical core (patient elevator banks). The Salem Campus had four zones of significant size, one of which was recently used for a new power plant and one of which is the site of the proposed new construction. The Union Campus had two potential zones both of very limited size and significantly farther away from the existing vertical core.

Further, the Salem main Campus is 32.2 acres with 615K Sq. Ft. of clinical space and 71K Sq. Ft. of medical office space. Spaulding North Shore (which has become a part of the NSMC Salem facility) encompasses an additional 112K Sq. Ft. of clinical space on a 9.2 acre parcel contiguous

to the Davenport Building. There is also 4.5 acre parcel which is used for parking under a long-term lease. This brings the full campus total to just under 46 acres.

In contrast, the Union main Campus is 10.5 acres with 238K Sq. Ft. of existing clinical space and 29K Sq. Ft. of medical office space. There is also a 9.5 acre non-contiguous parcel across the street which is used for parking. This brings the full campus total to 20 acres. NSMC asserts that the available footprint of the Union Campus clearly cannot accommodate the requisite square footage from Salem and the location of the campus in a dense residential neighborhood makes vertical expansion an unrealistic option.

Based on this further explanation by NSMC, Staff finds that the project meets the relative merit requirements of the Guidelines.

H. Factor 8 Environmental Impact

Staff notes that NSMC has submitted the LEED 2009 for Healthcare: New Construction and Major Renovations project checklist ("Checklist") to demonstrate its commitment to green building standards for the proposed project (Attachment 5). The Checklist shows that the proposed new addition will achieve 57 out of a possible 110 credit points, meeting the minimum 50% compliance standard of the Department's Determination of Need Guidelines for Environmental and Human Health Impact ("Environmental Guidelines"). NSMC reports that it may achieve an additional 14 credit points as the project progresses, because of the project's environmentally sound design.

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

I. Factor 9 - Community Health Initiatives

NSMC has agreed to provide a total of \$9,025,360 (October 2015 dollars) over five years to fund the community health service initiatives described in Attachment 6. Staff will recommend the funding of these initiatives as a condition of approval.

Based on the above information, Staff finds that NSMC meets the community initiatives requirements of the DoN regulations

III. COMMENTS BY TEN TAXPAYER GROUPS ("TTG's") AND OTHER PARTIES

The Allen Jackson, Michael Toomey, Leslie Greenberg and Aikaterina Panagiotakis Koudanis Ten Taxpayer Groups ("TTGs") registered in connection with this project. At the request of the Jackson, Toomey, and Greenberg TTGs, a DoN public hearing was held on January 12, 2016, at the Hawthorne Hotel in Salem. The hearing was attended by approximately 100 people, 35 of whom testified. Subsequent to the hearings, written comments and calls related to the proposed transfer were received by the DoN Office. Comments concerning the proposed DoN project were also made at the Essential Services hearing held in Lynn on January 7, 2016, and are addressed in the Staff Responses below.

The names and affiliations of those testifying at the DoN hearing or submitting subsequent written comments are included as Attachment 7. These include representatives from North Shore Medical Center, State Senator Joan Lovely, State Representative Paul Tucker, Salem Mayor Kim Driscoll, Salem City Councilors Josh Turiel and Stephen Lovely, NSMC clinical staff, North Shore Community Health Center, Lynn Community Health Center, Massachusetts Law Reform Institute, Lynn Health Task Force, 1199 SEIU, Massachusetts Association for Mental Health, National Alliance on Mental Illness in Massachusetts, New American Center, North Shore Physicians Group, and residents of Salem, Lynn, Lynnfield, Danvers, and Swampscott.

The names and affiliations of those testifying at the Essential Services hearing on the proposed DoN project include State Senator Thomas McGee, State Representatives Robert Fennell, Brendan Crighton, Donald Wong and Lori Ehrlich, Lynn Mayor Judith Kennedy, Lynn City Councilors Buzzy Barton, Daniel Cahill, Peter Capano, Diane Chakoutis, Richard Colucci, Darren Cyr, Brian Lapierre, Jay Walsh and Wayne Lozzi. Additionally, Lynnfield Selectmen Phillip Crawford, Thomas Terranova, Lynnfield Fire Chief Mark Tetrault, and residents of Lynn, Lynnfield, and Saugus.

The major issues of the testimony and written comments for both the DoN and Essential Services public hearings, along with Staff's responses, are presented below.

DoN Hearing

The majority of comments presented at the DoN public hearing in Salem or in subsequent written testimony expressed strong support of the proposed consolidation of services at Salem. Many expressed a belief that the project will provide an exceptional system of high-quality, cost effective, accessible health care to serve NSMC communities for many years. It was also frequently noted that the project will result in improved access for patients by keeping the services used most frequently -- primary care, behavioral health and support services-- conveniently located throughout the community, while consolidating some of the most complex care to enable specialization of clinical expertise.

A number of commenters also noted that North Shore residents are lucky to have such a strong medical center in the community, and a project that will take North Shore Medical Center into the future as one of the premier hospitals in Massachusetts.

Essential Services Hearing – Comments on DoN Project

Staff notes that few speakers at the essential services hearing spoke specifically about the proposed NSMC DoN project. However, Lynn City Council President Dan Cahill requested that the Lynn City Council be recorded as a party of record for the DoN application. He reported several substantial concerns regarding the proposed closure of Union Hospital.

Councilor Cahill emphasized the extremely critical nature of the potential loss of full emergency services in Lynn, the difficulty of driving to the ED at the Salem during peak traffic hours, the expensive ambulance rides to Salem that will burden poorer residents of Lynn, the concern among Lynn residents about the adequacy of translation services at Salem Campus, and the loss of wages, seniority rights, and community benefits by NSMC caregivers from Lynn when the Union Campus is closed.

Councilor Cahill further stated that commitments regarding benefits and promises made by NSMC/Partners to Lynn residents need to be fulfilled, and called on the Department to assist in making sure all NSMC/Partners commitments are kept.

Staff Response

NSMC is required, through the Department's Essential Services process, to prepare a plan that addresses the concerns raised at the public hearing, including but not limited to the availability of emergency services in Lynn and to the surrounding municipalities; the impact of the closure of the Union Hospital campus on remaining emergency departments in the area, including but not limited to Salem Hospital; methods under consideration to address transport times to remaining emergency departments in the area, and the increased time out of services for ambulances during return trips; and NSMC's plan, if any, to provide emergency services in Lynn including but not limited to establishing a satellite emergency facility ("SEF") of Salem Hospital in Lynn.

Also, as indicated previously, Staff is recommending, as a condition of approval, that NSMC conduct and complete before project construction an updated evaluation of community health needs resulting from the impact of the proposed consolidation on access to services by Lynn residents. The update must include active participation by Lynn City elected officials or their designees, the Lynn Health Taskforce, SEIU, and other stakeholders in the Greater Lynn area.

In addition, the Department's Office of Health Equity has recently conducted a review of the interpreter and language access services available to limited- and non-English proficient patients at NSMC's Salem and Union Campuses. Improvements recommended by OHE at both Campuses have been incorporated into this Staff Summary as a condition of approval.

The Leslie Greenberg Ten Taxpayer Group

The Greenberg TTG, representing the Lynn Health Task Force ("LHTF"), expressed concern about the adverse consequences of the planned closure of Union Hospital on the residents of Lynn, and is recommending that conditions of approval be written to address these issues as follows:

Residential Support for Patients With Acute Needs:

Lynn needs a short-term residential solution for patients who are well enough to be out of the hospital but lack a safe and healthy place to recuperate or prepare for a procedure. A respite setting would provide a safe and sanitary environment for patients needing to heal from surgery, illness or injury, and also a place for patients who need to prepare for medical testing or surgery in order to identify and/or treat conditions that are exacerbated when left untreated.

Staff Response

Factor 9 - Community Health Initiative monies will provide funding to support the Lynn Health Task Force and the Massachusetts Coalition for the Homeless to

collaborate and build a 10-14 bed medical respite in Lynn serving homeless and at risk individuals in a short-term residential setting allowing people to rest and recover from illness, surgery or injury.

Governance

NSMC must commit to, and DPH must require, that Lynn's population is adequately represented in the governance structure for NSMC and the MGH-operated behavioral health unit that will be located on the Salem campus. Lynn has historically been underrepresented on NSMC's Board of Trustees and remains so at this time. NSMC's 24-member Board of Trustees includes just one resident of Lynn, although Lynn's population represents over 90,000 people of the 313,000 people in the NSMC primary service area. It also indisputably has the greatest unmet medical need. Lynn represents 39% of the usage of North Shore Medical Center and 60% of Lynn discharges come from NSMC, but the Board of Trustees has only one member (4%) representing Lynn. There is no member on the NSMC Board of Trustees with either professional experience or lived experience in health disparities or meeting unmet health care needs.

Staff Response

As a condition of approval, NSMC has agreed to seat, over the next three years, and maintain a board of individuals with cultural, ethnic and gender diversity that is reflective of the communities it serves with a particular emphasis on the needs of the underserved and more vulnerable patient populations. As part of the process of identifying and electing new board members NSMC shall consider the recommendations of a wide number of sources in the PSA, including other health care organizations, elected officials, advocacy groups and other community organizations.

Public Insurance: (NSMC and MGH Behavioral Health Unit)

The LHTF notes that most MassHealth members in Lynn and all ConnectorCare members must participate in one of six managed care plans (MCOs). However, NSMC only accepts two of these plans. It does not accept Tufts (formerly Network Health), which covers 25% of MassHealth patients.

Therefore, to be accessible to the North Shore's many low income residents, NSMC and the MGH Behavioral Health Unit planned for the Salem Campus must be broadly represented in the networks of subsidized insurance programs. The Department should work with the Lynn Health Task Force, NSMC and MGH to determine how to ensure that insurance enrollment issues are not a barrier to care for North Shore residents.

Staff Response

Staff requested an update on the above concern from both the LHTF and NSMC. The LHTF reports that many Lynn residents participate in the public insurance programs available to low income people. There are five such plans available locally: PCC, NHP, BMC, Tufts/Network Health and Celticare.

NSMC reports that 88% of the individuals in Medicaid managed care plans that reside in the area served by NSMC are enrolled in the 3 plans that NSMC accepts (PCC, NHP and BMC). NSMC further reports that government payor/free care patients represent 75% of the payor mix for inpatient behavioral health at NSMC. NSMC also provides waivers to serve other patients who do not participate in the above three plans, to ensure that access to behavioral health care at NSMC is not denied. Based on the above explanation, the LHTF states that it is satisfied with the current progress made by NSMC to make its behavioral health services more accessible to the North Shore's low income residents.

Other Suggested LHTF Conditions:

Staff notes that the following suggested conditions regarding Investment in Lynn, Primary and Urgent Care, Specialty Care, Disparities Reduction, Jobs/Retraining, Transportation, and SANE were not funded by Factor 9 CHI. However, LHTF also reports that discussions are currently underway with NSMC to address funding for several of these conditions outside of the Factor 9 scope.

In addition, as a condition of approval, NSMC will conduct and complete before construction an updated evaluation of community health needs resulting from the impact of the proposed consolidation on access to services by Lynn residents. LHTF involvement in this updated evaluation may also prove beneficial to its goal of mitigating health care impacts on Lynn residents after closure of Union Hospital.

Primary Care: NSMC should establish a plan to support the addition of sufficient primary care resources to serve all Lynn patients in need of such care. NSMC should commit to ensuring that by 2021, Lynn has an adequate supply of primary care providers to meet the needs of its population.

Investment in Lynn: NSMC/Partners needs to commit to significant long-term financial investment in Lynn's health care infrastructure that target the most underserved people and address Lynn's many health disparities. To do this, NSMC should be required to spend at least \$150 million dollars over the next 20 years to address these disparities.

Urgent Care: NSMC must ensure local access to urgent care for Lynn residents. NSMC must also ensure access to Salem Hospital's emergency room without additional costs being imposed on Lynn residents

Specialty Care: Lynn residents face barriers in obtaining specialty care, including the distant location of specialty services and the lack of transportation, as well as lack of insurance or adequate insurance. NSMC must establish practical transportation assistance which enables Lynn residents to get to area specialists without charge, and also ensure that patients with limited or no insurance are able to see specialists as needed without charge.

Disparities Reduction, Community Education and Stigma Reduction

Leadership from North Shore Medical Center and the new MGH Behavioral Health unit located on the Salem campus must commit to participating in MGH's Disparities Leadership Training Program. After being trained, NSMC and MGH leadership should offer trainings to

the wider NSMC community on disparities. It should also lead a behavioral health stigma reduction campaign, both with its own employees and leadership and with the broader community.

Transportation: The closure of Union Hospital will exacerbate this problem, as services move to Salem and with physician practices likely following. NSMC should therefore provide round-trip taxi vouchers to all low income patients who live in Lynn and need to be seen at Partners facilities.

Jobs/Retraining: Planning for the closure of Union Hospital and the Salem Hospital construction and renovation must include job preservation for existing Union Hospital employees. There must also be appropriate retraining of current Hospital employees and expansion of job training opportunities for low income Lynn residents. Jobs for current Union Hospital employees must be guaranteed with no loss of salary, benefits or seniority. All employees of North Shore Medical Center must be trained in best practices related to behavioral health and reduction of stigma and such training must be integrated into orientation for new employees in the future. Further, as Lynn has the highest poverty rate in the area, Partners should expand its Partners in Career and Workforce Development Health Care Training and Employment Program (PCWD) and Student Success Jobs Program (SSJP) to serve students and job seekers in Lynn.

Sexual Abuse Nurse Examiner Program (SANE)

The Sexual Abuse Nurse Examiner (SANE) program is a program of the Massachusetts Department of Public Health which provides 24/7 emergency forensic nursing services by specially trained and certified professionals skilled in performing quality forensic medical-legal exams. However, there is no SANE program on the North Shore. The only SANE program in Essex County is in Lawrence, approximately an hour away.

LHTF strongly recommends that the Department ensure that a SANE program is established on the North Shore. Such a program will enhance the expanded Emergency Department planned as part of this project and will allow North Shore residents who are victims of sexual assault to benefit from the SANE program.

Allen Jackson Ten Taxpayer Group

The Jackson TTG, representing 1199SEIU United Healthcare Workers East, states that it represents 850 caregivers at Union Hospital.

Given the many healthcare disparities that prevail in the Greater Lynn area, the TTG wants to ensure that any closure or movement of services meets the needs of the Lynn community. This would include the frontline workers at Union Hospital.

Therefore, 1199SEIU is calling on NSMC and Partners Healthcare to engage in a productive dialogue about services and jobs. 1199SEIU further states that both it and Partners are currently in discussions on how best to proceed with a community health study to better understand the future healthcare needs of the people of Lynn.

Staff Response

As indicated previously, NSMC has agreed, as a condition of approval, to conduct and complete before construction an updated evaluation of community health needs resulting from the impact of the proposed consolidation on access to services by Lynn residents. The update shall include active participation by Lynn City elected officials or their designees, the Lynn Health Taskforce, SEIU, and other stakeholders in the Greater Lynn area.

Staff believes SEIU involvement in this updated evaluation may prove beneficial to its goal to preserve quality jobs and ensure continued access to appropriate health care services for Lynn residents.

Alkaterina Panagiotakis Koudanis

The Koudanis TTG, representing Save Union Hospital, is opposed to the project. The TTG is concerned that there has been a lack of responsibility regarding the Department's mission in past years, particularly when services were removed from Union Hospital and transferred to Salem Hospital.

The TTG also asserts that when NSMC and Partners received DoN approval to acquire AtlantiCare Medical Center (now Union Hospital) in 1997, Partners promised the Department that an acute care hospital would remain in Lynn.

Finally, the TTG further asserts that the 1997 DoN approval also stipulated that the license was to remain with AtlantiCare Medical Center. However, shortly after the approval, AtlantiCare Medical Center was changed to a different non-profit organization, thereby removing that clause.

Staff Response

Staff has reviewed the 1997 DoN approval (Project No. 6-3942) of the transfer of ownership of AtlantiCare Medical Center, Inc., in which North Shore Medical Center, Inc. became the sole member of AtlantiCare Medical Center, Inc.

Despite the assertions by the TTG, Staff finds no indication in the above DoN approval of any promise to maintain an acute care hospital in Lynn, or any stipulation or condition that the license was to remain with AtlantiCare Medical Center, Inc.

Michael Toomey Ten Taxpayer Group

The Toomey TTG, representing neighbors of Union Hospital, is opposed to the project based on NSMC's failure to meet significant review factors, as discussed below:

Health Planning Process

The TTG asserts that the 2012 independent community health need assessment (ICHNA) referred to as a complement to and an integral part of the planning process because

NSMC planners chose to ignore all of the statistical data and charts presented in the study which identified Lynn as the community with the greatest healthcare needs and the most vulnerable population.

Staff Response

Staff agrees with the TTG that the 2012 ICHNA assessment was not adequate as a planning document for the project, because NSMC chose not to take into account the substantial impact of the proposed consolidation on access to services by Lynn residents. Given this Staff is recommending the following condition of approval:

Condition: To ensure more equitable geographic and socioeconomic access to health care services for Lynn residents, and in recognition of the processes already underway, NSMC shall provide the Department with an updated evaluation of community health needs resulting from the impact of the proposed consolidation on access to services for Lynn residents. This updated evaluation shall be provided in two phases. The initial phase shall reflect the work of the Emergent/Urgent Care Services Planning Group that is meeting regarding how to most appropriately serve the longer term emergent/urgent needs of all NSMC's patients and communities post-consolidation. This initial update shall be provided to the Department within one year of the issuance of DoN approval. Upon completion of Phase One in 2018, the second phase of this updated evaluation of community health needs shall begin and be incorporated into NSMC's existing community health needs planning process. As part of its existing federally mandated community health needs assessment process every three years the hospital must conduct an in-depth community needs assessment and outline a strategy for meeting community-identified needs of underserved populations. This process will be expanded to include a targeted focus on assessing the needs of the general populations throughout the hospital's primary service area, including the City of Lynn. The update shall be done in active consultation and active participation by Lynn City elected officials or their designees, the Lynn Health Taskforce, SEIU, and other stakeholders in the Greater Lynn area. In addition, with respect to the City of Lynn, the community health needs assessment will be inclusive of the diverse socio-economic groups that exist in the city.

Health Care Requirements

The TTG notes that while NSMC describes its Salem ED as "undersized and inefficient", the Union Hospital ED is newly renovated and recognized as highly efficient. The TTG asserts that it does not make sense, either cost-wise or service-wise, to close the newer, more efficient and highly accessible and centrally-located ED and to allocate funds to renovate the inefficient and inaccessible ED.

In addition, the NSMC PSA shows the Union Hospital site is more convenient to residents of the PSA, in close proximity to all major highways and almost directly in the center of the PSA.

Also, none of the additional data or statistics presented in the application identify substantial savings or long term cost-saving measures that justify the \$ 180 million expenditure at Salem Hospital. While alternatives are discussed, none are analyzed. Perhaps the expenditure of \$90 million to upgrade and specialize the service delivery at each facility would provide more economical, more accessible healthcare.

Staff Response

Staff agrees that the Union Hospital site may be in closer proximity to major highways in the NSMC PSA. However, the NSMC project planning included a physical assessment by an architectural firm of both the Salem and Union campuses. The assessment concluded that the available footprint of the Union Campus clearly cannot accommodate the requisite square footage from Salem, and the location of the Campus in a dense residential neighborhood makes vertical expansion an unrealistic option.

Staff also notes that the ICA identified significant costs savings associated with the consolidation of all services at the Salem Campus. This will result from an increase in behavioral health volume and a decrease in salaries and wages and supplies, as well as other cost savings identified in the consolidation.

Financial Feasibility

The TTG questions whether this project properly allocates healthcare resources to address the delivery of inpatient acute care and emergency services within the PSA. The money, resources, and delivery of services are better served with the two facilities in operation. Unfortunately, none of the financial data allows for comparison or analysis of options for renovations at each facility.

Staff Response

Staff notes that the ICA determined that the consolidation of services at Salem would result in a lower cost than the continued provision of hospital services at two campuses, and is within the Commonwealth's health care cost containment goals in the projection years.

After careful consideration of all the above comments, Staff continues to recommend approval of the proposed project to consolidate all acute care services at the Salem Campus.

V. STAFF FINDINGS

1. NSMC is proposing new construction of a 3-story, 115,405 gross square foot ("GSF") building on the Salem Campus, to accommodate a new, relocated emergency department and two 24-bed units of relocated medical/surgical beds, as well as 137,368 GSF of renovation of the former Spaulding Hospital – North Shore adjacent to the Salem Campus to accommodate expanded inpatient psychiatric services, and also renovate the vacated emergency department building to accommodate a new main entrance/reception/lobby, relocated outpatient cardiac and pulmonary rehabilitation wellness, and ultrasound and infusion.
2. The health planning process for the project was satisfactory.
3. The proposed new construction and renovation is supported by current and projected service utilization, as discussed under the Health Care Requirements factor of the Staff Summary.
4. The project, with adherence to certain conditions, meets the operational objectives of the DoN regulations.
5. The project, with adherence to a certain condition, meets the standards compliance factor of the DoN regulations.
6. The recommended maximum capital expenditure of \$180,507,208 (October 2015 dollars) is reasonable based on Marshall & Swift construction cost estimates.
7. The recommended incremental operating costs of \$1,791, 253 (October 2015 dollars) are reasonable based on the expected funding of the project by Partners.
8. The project is financially feasible and within the financial capability of NSMC based on Partners support
9. The project, as clarified by NSMC, satisfies the requirements for relative merit.
10. The proposed community health service initiatives, with adherence to a certain condition, are consistent with the DoN Regulations.
11. NSMC meets the Green Guidelines standards of the Department's Determination of Need Guidelines for Environmental and Human Health Impact ("Environmental Guidelines").

VI. STAFF RECOMMENDATION

Based upon the above analysis, Staff recommends approval with conditions of Project Number 6-3C46 filed by NSMC for new construction of a 3-story, 115,405 gross square foot ("GSF") building on the Salem Campus, to accommodate a new, relocated emergency department and two 24-bed units of relocated medical/surgical beds. The project also involves 137,368 GSF of renovation of the former Spaulding Hospital – North Shore facility ("SNS") adjacent to the Salem Campus to accommodate expanded inpatient psychiatric services. Finally, the vacated emergency department building will be renovated to accommodate a new main entrance/reception/lobby, as well as additional capacity for relocated outpatient cardiac and pulmonary rehabilitation and wellness, and ultrasound and infusion.

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

The conditions of approval are as follows:

1. NSMC shall accept the maximum capital expenditure of \$180,507, 208 (October 2015 dollars) as the final cost figure except for those increases allowed pursuant to 105 CMR 100.751 and 100.752.
2. The total approved gross square feet ("GSF") for this project shall be 252,773 GSF, which will include 115,405 GSF of new construction and 137,368 GSF of renovation.
3. The Applicant shall contribute a total of \$9,025,360 (October 2015 dollars) for a period of five years, to fund community health services initiatives as described in the document prepared by the Office of Community Health Planning and Engagement ("OHPE"), as amended from time to time by agreement of the Applicant and OHPE, which is attached and is incorporated herein by reference (Attachment 6).
4. The Applicant shall continue to provide language access services at both the Salem Campus and the Lynn Campus with the improvements described in the document prepared by the Office of Health Equity ("OHE"), as amended from time to time by agreement of the Applicant and OHE, which is attached hereto as Attachment 2 and is incorporated herein by reference.
5. To ensure more equitable geographic and socioeconomic access to health care services for Lynn residents, and in recognition of the processes already underway, NSMC shall provide the Department with an updated evaluation of community health needs resulting from the impact of the proposed consolidation on access to services for Lynn residents. This updated evaluation shall be provided in two phases. The initial phase shall reflect the work of the Emergent/Urgent Care Services Planning Group that is meeting regarding how to most appropriately serve the longer term emergent/urgent needs of all NSMC's patients and communities post-consolidation. This initial update shall be provided to the Department within one year of the issuance of DoN approval. Upon completion of Phase One in 2018, the second phase of this updated evaluation of community health needs shall begin and be incorporated into NSMC's existing community health needs planning process. As part of its existing federally mandated community health needs assessment process every three years the hospital must conduct an in-depth community needs assessment and outline a strategy for meeting community-identified needs of underserved populations. This process will be expanded to include a targeted focus on assessing the needs of the general populations throughout the hospital's primary service area, including the City of Lynn. The update shall be done in active consultation and active participation by Lynn City elected officials or their designees, the Lynn Health Taskforce, SEIU, and other stakeholders in the Greater Lynn area. In addition, with respect to the City of Lynn, the community health needs assessment will be inclusive of the diverse socio-economic groups that exist in the city.
6. NSMC shall seat, over the next three years, and maintain a board of individuals with cultural, ethnic and gender diversity that is reflective of the communities it serves with a particular emphasis on the needs of the underserved and more vulnerable patient populations. As part of the process of identifying and electing new board members

NSMC shall consider the recommendations of a wide number of sources in the PSA, including other health care organizations, elected officials, advocacy groups and other community organizations.

7. At a minimum, the Department shall review compliance with the above conditions within 1 year of issuance of DoN approval and again after the completion of the project. At each time, NSMC's report of the status of compliance shall be reviewed by the Staff of Department and presented to the Public Health Council (PHC) by Staff of the Department after consultation with NSMC and community parties specified in these conditions. Further, NSMC and the community parties shall have an opportunity to address the PHC in regard to these conditions. Upon consideration of such presentations, the PHC will be the final arbitrator as to compliance with the conditions, and reserves the right to continue the progress reports beyond the specified one year if needed and, if so, decide the timeline for the preparation of said reports to the PHC.

The Applicant has agreed to these conditions of approval.

APPENDIX 5

ORIGINAL DON NOTICE OF APPROVAL



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Public Health
Bureau of Health Care Safety and Quality
Determination of Need (DoN) Program
99 Chauncy Street, Boston, MA 02111

CHARLES D. BAKER
Governor

KARYN E. POLITO
Lieutenant Governor

MARYLOU SUDDERS
Secretary

MONICA BHAREL, MD, MPH
Commissioner

July 18, 2016

VIA EMAIL

Andrew S. Levine
Donoghue Barrett & Singal
One Beacon Street, Suite 1320
Boston, MA 02108-3106
ALevine@dbslawfirm.com

RE: North Shore Medical Center (NSMC)
Project Number 6-3C46
(New Construction/Renovation to Consolidate
all NSMC Acute Care Services on the Salem
Campus)

Dear Mr. Levine:

At their meeting of July 13, 2016, the Commissioner and the Public Health Council, acting together as the Department, voted pursuant to M.G.L. c.111, § 25C and the regulations adopted thereunder, to approve with conditions the above application filed by North Shore Medical Center ("NSMC" or "Applicant"). The approved project will involve new construction of a 115,405 gross square foot ("GSF") building on the Salem Campus, to accommodate a new, relocated emergency department and two 24-bed units of relocated medical/surgical beds. In addition, there will be 137,368 GSF of renovation of the former Spaulding Hospital – North Shore facility adjacent to the Salem Campus to accommodate expanded inpatient psychiatric services. There will also be new construction of an addition to the existing Davenport building on the Salem campus to accommodate a new main entrance/reception/lobby. Finally, the vacated emergency department building will be renovated to accommodate additional capacity for relocated outpatient cardiac and pulmonary rehabilitation, as well as wellness, ultrasound and infusion services.

This Notice of Determination of Need ("DoN") incorporates by reference the Staff Summary, Public Hearings, a Memorandum to the Public Health Council, and the Public Health Council proceedings concerning this application.

The approved maximum capital expenditure ("MCE") of \$180,507,208 (October 2015 dollars) is itemized below:

	<u>New Construction</u>	<u>Renovation</u>
<u>Land Costs:</u>		
Site Survey and Soil Investigation	\$ 230,000	
Other Non-Depreciable Land Development +	3,333,683	\$ 1,355,583
Total Land Costs	3,563,683	1,355,583
<u>Construction Costs:</u>		

Depreciable Land Development Cost	3,557,846	
Construction Contract (including bonding cost)	\$ 73,086,772	\$74,027,829
Fixed Equipment Not in Contract	1,700,000	1,080,000
Architectural Cost (including fee, printing, supervision etc.) and Engineering Cost	7,525,000	5,100,000
Pre-filing Planning and Development Costs*	242,500	192,500
Post-filing Planning and Development Costs*	525,000	420,000
Other (See Below**):	1,350,000	365,000
Other (See Below***):	4,517,000	160,000
Total Construction Costs	\$ 92,504,118	\$81,345,330
Financing Costs:		
Cost of Securing Financing (legal, administrative, feasibility studies, mortgage insurance, printing,	925,041	813,453
Total Financing Costs	925,041	813,453
Estimated Total Capital Expenditure	\$96,992,842	\$83,514,366

Total

\$180,507,208

Financing of the approved MCE of will be through debt financing of the entire MCE funded by Partners, NSMC's parent. Partners will secure financing with tax-exempt bonds issued by the Massachusetts Development Finance Agency ("MDFA"), at an anticipated fixed interest rate of 4.500% for 30-year term. The financial covenants associated with the bond issue will be applicable to Partners. No financial covenants will be applicable to NSMC.

The approved incremental operating costs of \$1,791,253 (October 2015 dollars) for the project's first full year (FY 2020) of operation are indicated below:

Salaries, Wages and Fringe	\$ (4,819,142)
Supplies and Other Expenses	(6,090,045)
Purchased Services	(128,077)
Depreciation	5,435,320
Interest	7,950,883
Pension	(557,687)
Total Operating Expenses	\$ 1,791,253

The reasons for this approval with conditions are as follows:

1. NSMC proposes to undertake new construction of a 115,405 gross square foot ("GSF") building on the Salem Campus, to accommodate a new, relocated emergency department and two 24-bed units of relocated medical/surgical beds. In addition, there will be 137,368 GSF of renovation of the former Spaulding Hospital – North Shore facility adjacent to the Salem Campus to accommodate expanded inpatient psychiatric services. There will also be new construction of an addition to the existing Davenport building on the Salem campus to accommodate a new main entrance/reception/lobby. Finally, the vacated emergency department building will be renovated to accommodate additional capacity for relocated outpatient cardiac and pulmonary rehabilitation, as well as wellness, ultrasound and infusion services.

2. The health planning process for the project was satisfactory.
3. The proposed project is supported by a trend of consistent significant growth for the inpatient psychiatric services, and consistent demand for medical/surgical and emergency services. There are also documented concerns about current significant operating constraints and space deficiencies associated with inpatient psychiatric and emergency services, as well as multiple bed rooms involved with medical/surgical services, as discussed under the Health Care Requirements factor of the Staff Summary.
4. The project, with adherence to certain conditions, meets the operational objectives of the DoN regulations.
5. The project, with adherence to a certain condition, meets the standards compliance factor of the DoN regulations.
6. The recommended maximum capital expenditure of \$180,507, 208 (October 2015 dollars) is reasonable based on the significantly higher than average new construction/renovation costs associated with the consolidation of all acute care services on the Salem Campus.
7. The recommended incremental operating costs of \$1,791,253 (October 2015 dollars) are reasonable based on the expected substantial operational cost savings involved with the project.
8. The project is financially feasible based on the substantial financial support of Partners Healthcare, the Applicant's parent.
9. The project satisfies the requirements for relative merit.
10. The proposed community health service initiatives, with adherence to a certain condition, are consistent with DoN regulations.
11. The Applicant meets the Determination of Need Guidelines for Environmental and Human Health Impact ("Environmental Guidelines").

This Determination is effective upon receipt of this Notice. The Determination is subject to the conditions set forth in Determination of Need Regulation 105 CMR 100.551, including sections 100.551 (C) and (D) which read in part:

- (C) ...such determination shall be valid authorization only for the project for which made and only for the total capital expenditure approved.
- (D) The determination...shall be valid authorization for three years. If substantial and continuing progress toward completion is not made during the three year authorization period, the authorization shall expire if not extended by the Department for good cause shown (see 105 CMR 100.756).... Within the period of authorization, the holder shall make substantial and continuing progress toward completion; however, no construction may begin until the holder has received final plan approval in writing from the Division of Health Care Quality.

This Determination is subject to the following conditions, in addition to the terms and conditions set forth in 105 CMR 100.551. Failure of the Applicant to comply with the conditions may result in Department sanctions, including possible fines and/or revocation of the DoN.

1. NSMC shall accept the maximum capital expenditure of \$180,507, 208 (October 2015 dollars) as the final cost figure except for those increases allowed pursuant to 105 CMR 100.751 and 100.752.
2. The total approved gross square feet ("GSF") for this project shall be 252,773 GSF, which will include 115,405 GSF of new construction and 137,368 GSF of renovation.
3. The Applicant shall contribute a total of \$9,025,360 (October 2015 dollars) for a period of five years, to fund community health services initiatives as described in the document prepared by the Office of Community Health Planning and Engagement ("OHPE"), as amended from time to time by agreement of the Applicant and OHPE, which is attached and is incorporated herein by reference (Attachment 1).
4. The Applicant shall continue to provide language access services at both the Salem Campus and the Lynn Campus with the improvements described in the document prepared by the Office of Health Equity ("OHE"), as amended from time to time by agreement of the Applicant and OHE, which is attached hereto as Attachment 2 and is incorporated herein by reference.
5. To ensure more equitable geographic and socioeconomic access to health care services for Lynn residents, and in recognition of the processes already underway, NSMC shall provide the Department with an updated evaluation of community health needs resulting from the impact of the proposed consolidation on access to services for Lynn residents. This updated evaluation shall be provided in two phases. The initial phase shall reflect the work of the Emergent/Urgent Care Services Planning Group that is meeting regarding how to most appropriately serve the longer term emergent/urgent needs of all NSMC's patients and communities post-consolidation. This initial update shall be provided to the Department within one year of the issuance of DoN approval. Upon completion of Phase One in 2018, the second phase of this updated evaluation of community health needs shall begin and be incorporated into NSMC's existing community health needs planning process. As part of its existing federally mandated community health needs assessment process every three years the hospital must conduct an in-depth community needs assessment and outline a strategy for meeting community-identified needs of underserved populations. This process will be expanded to include a targeted focus on assessing the needs of the general populations throughout the hospital's primary service area, including the City of Lynn. The update shall be done in active consultation and active participation by Lynn City elected officials or their designees, the Lynn Health Taskforce, SEIU, and other stakeholders in the Greater Lynn area. In addition, with respect to the City of Lynn, the community health needs assessment will be inclusive of the diverse socio-economic groups that exist in the city.
6. NSMC shall seat, over the next three years, and maintain a board of individuals with cultural, ethnic and gender diversity that is reflective of the communities it serves with a particular emphasis on the needs of the underserved and more vulnerable patient populations. As part of the process of identifying and electing new board members NSMC shall consider the recommendations of a wide number of sources in the PSA, including other health care organizations, elected officials, advocacy groups and other community organizations.
7. At a minimum, the Department shall review compliance with the above conditions within 1 year of issuance of DoN approval and again after the completion of the project. At each time, NSMC's report of the status of compliance shall be reviewed by the Staff of Department and presented to the Public Health Council (PHC) by Staff of the Department after consultation with NSMC and community parties specified in these conditions. Further, NSMC and the community parties shall have an opportunity to address the PHC in regard to these conditions. Upon consideration of such presentations, the PHC will be the final arbitrator as to compliance with the conditions, and reserves

the right to continue the progress reports beyond the specified one year if needed and, if so, decide the timeline for the preparation of said reports to the PHC.

Sincerely,



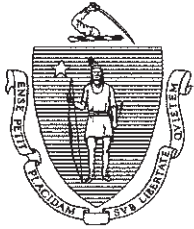
Darrell Villaruz, Interim Manager
Determination of Need Program

DV/jp

cc: Michael Sinacola, Bureau of Health Care Safety and Quality
Rebecca Rodman, Office of General Counsel
Sherman Lohnes, Division of Health Care Facility Licensure and Certification
Mary Byrnes, Center for Health Information and Analysis
Stephen Thomas, MassHealth
Erica Koscher, Health Policy Commission
Daniel Gent, Division of Health Care Facility Licensure and Certification
Ben Wood, Bureau of Community Health and Prevention
Samuel Louis, Office of Health Equity
Katherine Mills, Health Policy Commission
Emily Gabrault, Office of the Attorney General

APPENDIX 6

PRIOR AMENDMENT APPROVALS



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Public Health
250 Washington Street, Boston, MA 02108-4619

CHARLES D. BAKER
Governor

KARYN E. POLITO
Lieutenant Governor

MARYLOU SUDDERS
Secretary

MONICA BHAREL, MD, MPH
Commissioner

Tel: 617-624-6000
www.mass.gov/dph

August 9, 2017

Via E-mail and first class mail

Andrew S. Levine, Esq.
Donoghue Barrett & Singal
One Beacon Street Suite 1320
Boston, MA 02108-3106

RE: Notice of Final Action
Project Number 6-3C46.1
North Shore Medical Center

Dear Mr. Levine:

At their meeting of August 9, 2017 the Commissioner and the Public Health Council ("PHC"), acting together as the Department, voted pursuant to M.G.L. c.111, §25C and the regulations adopted thereunder, to approve, with conditions, the application filed by North Shore Medical Center (NSMC) with respect to its request for a Significant Change or an Amendment (hereinafter used interchangeably) to its previously approved Determination of Need (DoN) Project.

This Notice of Final Action (Notice) incorporates by reference the Staff Summary dated July 18, 2017, as amended, the Notice of Final Action dated July 16, 2016, issued in response to the original DoN application, and the PHC proceedings concerning this Application for Significant Change to Project No. 6-3C46. The conditions of approval as set forth in this Notice reflect the amendments thereto voted by the Department at its meeting.

Those conditions of approval are as follows:

Condition 1

NSMC shall, on a quarterly basis, commencing with the approval of this Amendment and continuing for a period of five years after the later of the commencement of operations of any Satellite Emergency Facility (SEF) in Lynn or the complete cessation of operations of the Union campus as an inpatient facility, provide a report (in native format) to DoN staff setting out the following:

With respect to individuals presenting for care in the Salem campus ED or at any SEF operated by or on behalf of NSMC in Lynn:

Notice of Final Action
Project Number 6-3C46.1
North Shore Medical Center

- a. The occupancy rate, for each of adult psychiatry, pediatric psychiatry, geriatric psychiatry and medical/surgical ("M/S") patients, by month, calculated as follows: the number of actual patient days divided by the capacity defined as the number of operating beds multiplied by thirty days. In each report, please indicate the number of beds being used for each of adult psychiatry and geriatric psychiatry patients;
- b. The average number of people, by month, who are admitted for inpatient psychiatric care to a facility outside of the NSMC system, the facility to which those patients were admitted, and the zip code of origin;
- c. The number of patients, by month, who present at NSMC (either Salem or at any emergency facility Partners operates in Lynn) with psychiatric indications and leave against medical advice;
- d. The primary and secondary diagnoses, including co-occurring substance use disorders, aggregated by quarter, for any psychiatric patients who are either admitted to beds at NSMC or admitted to beds other than at NSMC;
- e. The monthly average number of psychiatric patients and M/S patients who present at either the Salem campus ED or any SEF in Lynn and are boarded for 12 or more hours at either facility;
- f. The average turnaround time, by month, for both psychiatric and M/S patients presenting at either the Salem campus ED or any SEF in Lynn from presentation at either facility to admission to a bed at NSMC or transfer to another facility;
- g. For all of the above reports, subject to HIPAA confidentiality requirements, these reports shall include the following: race, ethnicity, primary language spoken, and insurance type.
- h. With respect to the update to the Community Health Needs Assessment (CHNA) as required by the initial approval of Project 6-3C46:
 - i. the status of the process, including dates of meetings, agendas, and attendance;
 - ii. a description of how the process maintains a targeted focus on assessing the needs, including transportation to care, of the general populations throughout the hospital's primary service area, including the City of Lynn; and
 - iii. evidence that NSMC is working in active consultation with and ensuring the active participation by Lynn City elected officials or their designees, the Lynn Health Taskforce, SEIU, and other stakeholders in the Greater Lynn area.

Condition 2

Review

The DoN program shall review the data received from NSMC in accordance with Condition 1 to determine whether one or more of the following Referral Indicators is present:

- a. material increase in ED boarding or a material increase in average length of stay within the ED for either admitted or transferred M/S or psychiatry patients;

Notice of Final Action
Project Number 6-3C46.1
North Shore Medical Center

- b. material increase in adult psychiatry patients transferred from NSMC to other providers;
- c. material failure to make meaningful progress toward the development of the revised CHNA as contemplated in the initial approval of Project 6-3C46;
- d. material increase in the average turnaround time, by month, for both psychiatric and M/S patients presenting at either the Salem campus ED or any SEF in Lynn from presentation at either facility to admission to a bed at NSMC or transfer to another facility.

Referral

If the DoN Program finds, based upon Reporting by NSMC or otherwise, any one or more of the Referral Indicators, the matter shall be referred to the PHC for review to determine whether NSMC is in violation of one or more of the Referral Indicators.

Upon referral to the PHC based upon any one or more of the Referral Indicators, NSMC shall have an opportunity to show cause why the PHC shall not find one or more of the Referral Indicators.

If the PHC finds that evidence of need for additional adult psychiatry capacity, NSMC agrees that the PHC may require that NSMC show cause why it shall not construct additional capacity in the shell space: at that time, NSMC shall have the opportunity to present to DoN Staff, for referral to the PHC, another option that addresses capacity or occupancy concerns or may present evidence that the purported violation occurred as a result of factors beyond the control of NSMC.

A finding of material failure to make meaningful progress on the revised CHNA may be viewed as a violation of the original DoN or of this Amendment with appropriate consequences.

Condition 3

Prior to submitting any future requests for Significant Change to Project 6-3C46, NSMC shall complete the revised CHNA, as outlined in the Department's initial approval of Project 6-3C46, and align any requests for proposed changes with the findings of the revised CHNA. This condition shall not preclude the filing of a request for Amendment which, in its entirety, addresses adding additional psychiatry capacity in the shell space built for same.

Condition 4

As part of any future requests for Significant Change to Project 6-3C46, NSMC shall provide documentation that the revised CHNA and any proposed deviations from this Project, as amended, have been reviewed with and result from active participation by and consultation with Lynn City elected officials or their designees, the Lynn Health Taskforce, SEIU, other stakeholders in the Greater Lynn area that are inclusive of the diverse socio-economic groups that exist in the city, and other community representatives from the NSMC PSA.

Notice of Final Action
Project Number 6-3C46.1
North Shore Medical Center

Condition 5

NSMC shall return to PHC one year following the opening date of the new psychiatry capacity at Salem Hospital, at the invitation of the PHC, to present an update on the status of NSMC's compliance with the conditions of this DoN.

All other conditions in DoN 6-3C46 remain in effect.

Sincerely,



Nora J. Mann
Director, Determination of Need Program

cc: Sherman Lohnes, Director, Division of Health Care Facility Licensure and Certification
Rebecca Rodman, Deputy General Counsel
Samuel Louis, Office of Health Equity
Mary Byrnes, Center for Health Information and Analysis
Steven Sauter, MassHealth
Katherine Mills, Health Policy Commission
Ben Wood, Office of Community Health Planning
Lynn Health Task Force
SEIU-1199

STAFF SUMMARY FOR DETERMINATION OF NEED
BY THE PUBLIC HEALTH COUNCIL

APPLICANT: North Shore Medical Center 81 Highland Avenue, Salem, MA 01970

PROJECT NUMBER: 6-3C46.1 (Significant Change)

I. Introduction and Background

This memorandum presents, for Public Health Council (PHC) action, the Determination of Need (DoN) Program's recommendation on a request by North Shore Medical Center (NSMC) in Salem, for a Significant Change to its previously approved DoN Project. The terms Significant Change and Amendment will be used interchangeably in this Staff Summary. Because it was submitted before the effective date of the current DoN regulation, the Application will be reviewed under the pre-2017 regulation (Regulation) which provided that: "The request shall contain a detailed description and comparison of the approved project with the proposed change, a description of the cost implications, and the rationale for the proposed change" and that the staff report "summarize the proposed changes to the project, and the comments [of interested parties] if any." See, 105 CMR 100.753 and 100.756.

On October 7, 2015, NSMC submitted a Determination of Need (DoN) Application for a Substantial Capital Expenditure and Substantial Change in Service. At that time, NSMC, a member of the Partners HealthCare System (Partners), operated two campuses, the 268-bed Salem campus (which is the subject of this proposed Amendment) and the 126-bed Union campus in Lynn. The original DoN as approved on July 13, 2016 authorized: construction of 115,405 gross square feet (GSF) a 3-story building to accommodate both a relocated Emergency Department (ED) and 48 medical/surgical (M/S) beds in two 24-bed units; construction of a new main entrance/reception/lobby; renovation of the vacated ED building; and renovation of the former Spaulding Hospital-North Shore (Spaulding) facility adjacent to the Salem campus to accommodate expanded inpatient psychiatric services for pediatric, adult, and geriatric patients.

As part of the same plan, NSMC announced plans to close the Union campus and filed the required notice with the Department of Public Health (Department). The planned closure generated an essential services closure hearing and the development of an essential services closure plan. The essential services closure plan framed important responsibilities of NSMC in connection with how it would continue to serve its patient panel. As a result of Department concerns about the degree to which the proposals in the DoN would accommodate the needs of all NSMC patients, approval of the DoN was conditioned upon NSMC updating and enhancing its Community Health Needs Assessment (CHNA) to specifically address the needs of people and the diversity of the communities in NSMC's primary service area, including Lynn.

NSMC's request for Significant Change proposes the following:

1. Decrease the total GSF of new construction and increase the total GSF that will be renovated.
2. Eliminate plans for the lobby renovation/expansion. The decision to eliminate plans for a new lobby space appears not to have an impact upon access or care and appears reasonable. Because this component of the proposed amendment meets the DoN review criteria for Significant Changes, this portion of the project will not figure further in this analysis.

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3. Decrease the amount of the Project to be financed by including \$10 million in fundraising by NSMC¹. This change appears reasonable and will not figure further in this analysis.
4. Reduce the total number of M/S beds to be relocated from Union from 48 to 32.
5. Reduce the total number of adult psychiatry beds to be added at this time from 34 to four.
6. Create shell space in the new building and the renovated Spaulding building which could be built out in the future as needed and would accommodate, respectively, additional M/S beds and additional adult psychiatry beds.

In accordance with the Regulation, NSMC provided a description of both the approved Project and the proposed change. NSMC offered, as an overarching rationale for its proposed change, what it characterized as “unprecedented and untenable losses in FY2016” to each of Partners and NSMC. These are losses that NSMC asserts will not abate without “changes in how the system operates” and which have resulted in what NSMC characterized as a re-calibration of the Project. Staff requested additional information from NSMC in an effort to understand both the impact of NSMC’s proposed decreases in capacity upon the analysis that NSMC provided in support of its original plan and the impact of the planned changes upon the continuing ability of NSMC to provide care to its patients. NSMC’s rationale is discussed in detail in the remainder of this Staff Summary.

¹ In the original, approved DoN, the NSMC parent, Partners, committed to secure financing, with tax-exempt bonds issued by the Massachusetts Development Finance Agency (“MDFA”), in the total amount of \$180,507,208. In its request for amendment to the DoN, NSMC both proposes to reduce the MCE to \$168,173,839 and to modify the financing methodology by decreasing Partners’ bond financing and by funding \$10,000,000 of the MCE through fundraising by NSMC. NSMC indicates that it has, to date, received a \$5 million pledge payable over five years in equal installments and has raised \$4.5 million to support the oncology suite in the new M/S floor; the remaining \$500,000 is expected by October, 2017.

II. Summary of Proposed Changes

Psychiatry Capacity

NSMC proposed in the original, approved DoN to operate a total of 120 psychiatry beds at Salem: 30 each in geriatric and pediatric psychiatry (GeriPsych and PediPsych, respectively) and 60 in its adult psychiatry service. Through this proposed Amendment, NSMC plans to construct an additional four adult psychiatry beds rather than an additional 34 adult psychiatry beds. The proposed Amendment leaves both the GeriPsych and PediPsych capacity increase unchanged: there will be 30 beds in each unit. Chart 1, below, shows the licensed psychiatry and medical/surgical beds at the two campuses prior to closure of the Union campus; the proposed bed count in the original DoN; and the bed count proposed in this Amendment.

Chart 1 –Licensed Medical/Surgical and Psychiatric Beds at NSMC

Beds	Current	DoN Approved	Amendment
Medical/Surgical	247	219	203
Adult Psych	26	60	30
Geri Psych	20	30	30
Pedi Psych	20	30	30

NSMC notes and Staff acknowledge, that, even under the proposed Amendment, there will be a net increase in psychiatry beds overall as compared to the current number of operating beds. NSMC further notes that the distribution of its psychiatry capacity including GeriPsych and PediPsych, and the fact that NSMC is not proposing to decrease the capacity in either, reflects priorities of the Massachusetts Department of Mental Health (“DMH”). NSMC also points out that the DoN as approved includes a plan to improve the ED layout and design by including a behavioral health area that can accommodate patients awaiting admission and transfer to another facility, and that those plans are unaffected by this proposed Amendment. As noted above, the proposed Amendment includes construction of shell space in the Spaulding building renovation in which, depending upon need and finances, NSMC indicates it can place additional psychiatry capacity.

Inpatient M/S Capacity

Under the proposed Amendment, NSMC proposes to open 16 fewer M/S beds than planned in the approved DoN. The original proposal called for the addition of 48 beds in two newly constructed 24 bed units. In this Amendment, they propose to construct one 24 bed unit and place eight beds in the former cardiac care unit for a total of 32 new beds and a total M/S bed count of 203. In the original DoN, NSMC was approved for a total bed count that was lower than the combined bed count at the two campuses. In the DoN as approved, the projected occupancy for M/S was approximately 72% of licensed beds. With the proposed Amended licensed bed count of 203, the M/S occupancy at Salem is projected to be approximately 77%.

Changes to Approved GSF and Maximum Capital Expenditure (MCE)

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In addition to eliminating the originally planned and approved lobby renovation, this Application for Amendment also proposes changes to NSMC's planned renovations to existing structures and planned construction of a new 3-story building, as approved in the original DoN. These proposed changes include:

1. Relocating the mechanical/electrical level within the new building on the Salem campus;
2. Renovating the Salem campus' former cardiac care unit to accommodate eight M/S beds;
3. Adding an elevator machine room to the new building;
4. Changing the proposed location of the M/S floors within the new building in order to provide for increased floor-to-floor height to accommodate more energy efficient duct work; and
5. Modifying the inpatient connector design due to seismic code requirements².

In total, the proposed Amendment contemplates a net reduction of 2,477 GSF of new construction and an increase of 5,166 GSF of renovation, resulting in an overall 1.06% increase in the GSF for the Project. The requested amended GSF for the Project is 112,928 GSF of new construction and 142,534 GSF of renovation for a total of 255,462 GSF for the Project. These changes, like the decision to eliminate the lobby space, appear reasonable and not to have an impact upon access or care and will not figure further in this analysis.

At the same time, NSMC proposes a reduced Maximum Capital Expenditure (MCE). NSMC states that the reduction in expenditures is a function both of the above-referenced changes in GSF (less new construction, more renovation, and the construction of shell space) and what NSMC describes as an effort to "calibrate the proposed expansion at the Salem campus to implement new beds as demand and capital availability warrant." NSMC ties its decision to reduce the increase in the number of new psychiatry and M/S beds and the decision to construct shell space for potential future capacity, to what it describes as a decline in NSMC's financial capacity. NSMC asserts that in the face of that decline, NSMC re-evaluated the Project and determined to not pursue certain aspects. In its proposal to amend the DoN, NSMC requests a decrease in the total capital expenditure of 6.8% from the approved MCE \$180,507,208 (2015 dollars) to \$168,173,839 (2017 dollars). NSMC will not decrease its contribution to CHI funds despite the decrease in the MCE.

² Many of the changes to the Project result from the development of detailed project designs, commenced after approval.

III. NSMC's Rationale for Proposed Amendment³

In its original DoN Application, NSMC acknowledged annual losses in the amounts of \$11,028,000 in 2012; \$20,272,000 in 2013; and \$22,158,000 in 2014. Assuming approval of the Project, NSMC projected losses in each of the subsequent years as follows: \$18,814,170 in 2019, \$13,787,582 in 2020, \$12,700,489 in 2021, and \$11,931,692 in 2022. (Statement of Revenue and Expenses, Schedule A, Factor 6, Original DoN Application)

NSMC asserts that during the analysis required for plan approval, it “uncovered certain facts that were not reasonably foreseeable at the time of approval [which] result in the need to amend the Project approval.” NSMC also cites “unprecedented and untenable losses in FY2016” to each of Partners and NSMC that NSMC claims will not abate without “changes in how the system operates”. NSMC indicated that it posted a \$48 million loss in FY 2016, which was an increase of \$12 million in losses over FY 2015. In response to questions from Staff about what changed in the period between approval of the DoN in July, 2016 and the fall of that year when NSMC first started to discuss publically its plans to recalibrate, NSMC said “to put [NSMC] on a path to break even following campus consolidation, Partners has set an ambitious goal to reduce NSMC’s operating budget by \$45 million over the next two years – approximately 10% of its operating budget – through improved efficiency in services and programs.”

This proposed justification stands in contrast to NSMC’s acknowledgment in its original DoN Application, as reflected in the Staff Summary, which stated that “despite the expected financial benefits of services consolidation, there currently is not a clear path to an operational cost breakeven point for NSMC...” (Staff Summary page 25) and that while “[NSMC’s] financial status will improve as a result of the project and expenses will be reduced, [NSMC] does not have a projected break-even point.”(Id)

The losses and renewed financial perspective have resulted in what NSMC characterizes as a recalibration of the Project. NSMC asserts that “due to worsening financial conditions, [NSMC] determined that it would be prudent for certain project components to be eliminated or delayed”⁴.

IV. Impact of the Proposed Changes

³ In further support for its Application for Amendment, NSMC states that “since the Project was approved, significant new inpatient psychiatric capacity is planned in the Commonwealth...” NSMC states that the impact of this external inpatient psychiatric capacity may already be manifesting itself. NSMC indicates that inpatient adult psychiatric admissions have decreased by approximately 10% in the first quarter of FY2017 as compared to the same timeframe last year. NSMC further posits that “[as] approximately 12% of [its] adult psychiatric admissions originate from outside of [NSMC’s] primary and secondary service areas...” the off-site capacity that is also located outside of NSMC’s service area may effectively serve those patients.

⁴ Adding to its rationale for the change, NSMC states that the closure of the NSMC cardiac surgery service at the Salem campus resulted in newly available space that could house eight new M/S beds in what NSMC describes as a cost effective manner. As a result, NSMC says it can add some capacity without having to construct the second of the two planned 24-bed units. Instead of opening up two units of 24 beds each, the Amended Project contemplates one new unit of 24 and the eight beds in the former cardiac area for a total new M/S capacity of 32. This is 16 fewer than was originally contemplated. The Applicant indicates that the cardiac surgery service at NSMC resulted in a loss of \$460K in 2015 and therefore that closing this service decreases NSMC’s operating losses.

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In its original DoN Application in the Factor 1 Health Planning section, NSMC described the project as “a major capital expenditure for new construction and renovation at the Salem campus to accommodate the identified service needs and...a redesign of both care delivery and facilities for the future.” (Page 11a, Factor 1 Analysis, original DoN Application) NSMC stated that it planned to consolidate acute care services previously offered at its campus in Lynn to the Salem campus and reported that the decision to consolidate was the result of a multi-year planning process and that, among other things, NSMC sought “to address the urgent need for improved access to inpatient behavioral health services on the North Shore”.(Id) NSMC pointed out that the need “had become a priority focus for state and local officials and [that] the Salem campus expansion represented an 82% increase in NSMC's inpatient psychiatry capacity”.(Id)

Also in the original DoN Application, NSMC documented a consistent trend of growth for its inpatient psychiatric service, and consistent demand for M/S and emergency services. NSMC reported that in its psychiatric service, its adult, pediatric, and geriatric beds operating at the time of the original DoN Application were regularly close to or at capacity. In its original Application, NSMC argued persuasively in support of the need for the full complement of psychiatry beds⁵. In its Factor 1 analysis, NSMC stated: “[NSMC] operates a comprehensive inpatient psychiatric service with a total of 64 beds...Even with this large number of beds, the service is regularly at capacity...Increasing access to psychiatry and behavioral health services is an important component of the Project and is also a priority focus for state and local officials. To address this demand, [NSMC] propose[d] expanding its inpatient psychiatric services to a total of 120 beds through the addition of 56 new beds.”(Page 13e, Factor 2 Analysis, Original DoN Application)

The increased inpatient psychiatry capacity figured into the analysis of financial feasibility of this project when it was approved, as well. NSMC was required to fund an Independent Cost Analysis (“ICA”) in connection with its original Application. A conclusion of the ICA was that “the improvement in margin between the base year 2014 and projection year 2020 is \$11.6 million. This positive change includes an increase in Net Patient Service Revenue (“NPSR”) of \$18.5 million, *from additional behavioral health volume* and increased volume in inpatient and emergency room activity (emphasis added).” (ICA, page 5) The report supported NSMC’s estimates of an increase in NPSR per Adjusted Patient Day (“APD”) as a result of “increased adult behavioral health volume which has a higher acuity level than child behavioral health.”

⁵ “[NSMC] determined demand for inpatient psychiatric beds by evaluating utilization trends in recent fiscal years. In fiscal year 2014, based on an occupancy rate of 95% to account for room blocks due to patient incompatibility, the Hospital's adult [psychiatry] unit was at full capacity 50% of the time, the pediatric [psychiatry] unit was at capacity 21% of the time and the geriatric [psychiatry] unit was at capacity 28% of the time. Viewed another way, this means that there were 173 days where there was no bed available at [NSMC] for adult psychiatry patients who presented to [NSMC's] ED and required admission. This trend has continued for the first eight months of the current fiscal year with all units at capacity a quarter of the time. The high utilization of the units often creates backlogs in [NSMC's] ED daily as patients wait for admission or transfer to another facility with capacity. To accommodate this unmet demand, [NSMC] will add 56 new inpatient psychiatric beds. This will increase overall capacity by 82%, more than double the number of adult beds that [NSMC] currently operates, and allow for 1,730 additional annual admissions by 2020. *This expanded capacity will provide [NSMC] with the capacity to admit patients that are currently transferred to other facilities, thereby improving the continuity of care for these patients as well as providing them with the clinical benefits of inpatient psychiatry connected to a full service acute care hospital.*” (Page 13e-13f, Factor 2 Analysis, Original DoN Application)(Emphasis added)

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Reviewing the revised, proposed adult psychiatry capacity requires several assumptions. In the original project, NSMC proposed to add sufficient capacity to enable it to serve all of the patients who present at the ED but who, historically and currently have to be admitted elsewhere because of lack of bed/space⁶. As amended, the Project will, NSMC asserts, meet the adult psychiatry need for people from within its primary service area (PSA) who present for care but will not provide the capacity to accommodate what NSMC characterized in its original DoN Application as unmet need from outside the PSA. In its original DoN, NSMC projected between 18,600 and 19,700 adult psychiatry patient days. For the amended proposal, NSMC projects 13,804 patient days.

NSMC appears also to have revised its GeriPsych projections: "This plan will result in a reduction in the number of geri[atric] patient days originally projected for the DoN. (...) With the revised plan, [NSMC] will accommodate the historical volume based on FY2016, along with an additional 8% growth [which is] less than the growth originally projected in the DoN application, [but with which NSMC] believes that it will be able to meet the needs of the geri[atric] patients from its service area." NSMC points out that using its projections for GeriPsych the occupancy rate will be 63.3%, leaving 31.7% capacity that NSMC proposes to use for what it calls an "older adult cohort".

Using the adjusted projections for need by GeriPsych patients, NSMC has what it has characterized as excess capacity in its GeriPsych beds. NSMC will locate the GeriPsych beds near to the adult beds and use the excess capacity to accommodate what NSMC describes as an older cohort of the adult psychiatry patients in GeriPsych beds. When fully 10 of the 30 approved GeriPsych beds are used for older adults, the occupancy rate for adult psychiatry patients is about 95%. Without the full 10 GeriPsych beds being used for the adult patients, the occupancy rate for adult psychiatry could be as high as 126%.

Current ED boarding data reflect that about 6% of the average monthly visits to the Salem ED result in boarding (12 hours or longer in the ED) for both M/S and behavioral health (BH) patients. Approximately 3% of the total patients boarding presented with BH indications⁷.

With respect to its M/S capacity, NSMC asserts that by using the former cardiac care unit to house eight new M/S beds, it can accommodate the projected M/S patient days (which have not been revised) with fewer additional M/S beds. NSMC will have a revised, total M/S capacity of 203 beds. With that revised total, as noted above (page 3) the occupancy rate averages out to approximately 77%.

VII. Comments received

A public hearing was held on this Application on March 7, 2017. See, Transcript, Exhibit 1 and List of Speakers at Public Hearing, Exhibit 2. Commenters generally spoke of their frustration and disappointment that the project as originally proposed, which was combined with the loss to the

⁶ NSMC states that it transfers between 1600-1800 behavioral health patients to other facilities for care annually from either the Salem or Union campus. Forty percent of these patients are transferred because NSMC does not currently have the physical capacity to accommodate the psychiatry admissions. NSMC anticipates that after construction of the expanded psychiatry units with additional beds on the Salem campus these patients will remain at NSMC. The remaining 60 percent are currently transferred because they are best served by either a specialty unit, or different level of care such as, but not limited to, DDART (Dual diagnosis Addiction Treatment Services), Enhanced Addiction Treatment services (EATS), or a substance use disorder residential program.

⁷ Note that the boarding data includes all patients whether they ultimately were admitted or left the hospital. And behavioral health data includes both psychiatry and other behavioral health indications including substance use disorders.

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community of the Union campus, was, in their view, being further eroded. In addition, the Department received a letter from the legislative delegation, dated March 7, 2017, Exhibit 3; from the Lynn Health Task Force dated February 7, 2017, Exhibit 4; and from 1199 SEIU dated February 9, 2017, Exhibit 5.

Speakers at the public hearing included current and former elected officials from the city of Lynn; representatives of the National Alliance for Mental Illness – Massachusetts; residents, including from one of the Ten Taxpayer Groups that organized originally in opposition to NSMC's plans to close the Union campus; and staff from each of the Salem and Union campuses, including a nurse on the Telemetry Unit at the Union campus who is also an elected delegate to the 1199 SEIU United Healthcare Workers East. Staff also heard from representatives of NSMC, including an administrator who pointed out that the plan outlined in the proposed Amendment is based on current demand trends and will still result in an increase in its capacity for inpatient psychiatry while also providing NSMC the flexibility to increase capacity in the future while they carefully monitor their census to meet the needs of patients.

Most speakers at the public hearing addressed their lack of trust and sense of betrayal by Partners and NSMC generated by the effect that the proposed changes to the DoN would have on commitments made in the original DoN. Speakers acknowledged that their comments on the proposed amendment to the DoN were made the context of activity at NSMC's Salem campus in the months since approval of the DoN including closure of the cardiothoracic surgical suite and the planned closure of a 24-bed pediatric unit, as well as announced layoffs of employees from both the Salem and the Union campuses. Others addressed the larger context including Partners' construction of a large ambulatory care center in Danvers which, along with the transfer of the cardiac unit to MGH, they assert is part of a plan to move profitable services out of NSMC to other parts of Partners.

The information received in writing and at the public hearing was reviewed by DoN staff and has helped to inform its analysis of the Application for Significant Change. The concerns raised regarding capacity, occupancy rates, and transportation mitigate in favor of certain conditions which Staff recommends below.

VIII. Findings and Recommendation

This Application is presented for review under the regulations in effect at the time of filing and before the 2017 regulations became effective. The Regulation sets out certain requirements for Significant Changes including that they contain a detailed description of the plan, a comparison of the project as approved with the proposed changes, and the rationale for the proposed change⁸. The Application before the PHC today contains a detailed description and comparison of the approved Project with the proposed change. NSMC is forthright in describing the cost implications, indicating that the decisions were informed by, *inter alia*, the financial condition of NSMC and Partners.

When reviewing the proposed Amendments, in particular the decrease in capacity in adult psychiatry beds, Staff is mindful that in making recommendations to approve the underlying DoN, the Regulation

⁸ 105 CMR 100.753 "Changes or modifications which are significant shall not be made unless the Department approves such changes in accordance with the procedures set forth in 105 CMR 100.756."

105 CMR 100.756 "[a] request shall contain a detailed description and comparison of the approved project with the proposed change, a description of the cost implications, and the rationale for the proposed change."

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required a finding that, among other things, the project would result in “the least ... adverse consequences as possible in the circumstances.” Looking at the impact of the decrease in capacity proposed in this Amendment, and seeing that occupancy rates are projected to increase, Staff is concerned about the potential impact the decreased capacity might have on ED boarding as well as on occupancy rates and access to care for the relevant patient population.

NSMC made a compelling case, just under a year ago, that the consolidation of its services at the Salem campus made sense, both financially and from a patient care perspective. In its original DoN, NSMC stated that “this expanded capacity will provide [NSMC] with the capacity to admit patients that are currently transferred to other facilities, thereby improving the continuity of care for these patients as well as providing them with the clinical benefits of inpatient psychiatry connected to a full service acute care hospital.” (Page 13e-13f, Factor 2 Analysis, Original DoN Application)

This amended proposal presumes that some of the patients presenting for psychiatric care to the Salem campus will continue to require transfer to inpatient psychiatry providers outside of NSMC. The proposal also contemplates the construction of shell space which could be built out with adult psychiatry beds if needed. While the proposal will result in increased psychiatric bed capacity as compared to present-day, Staff is concerned about how the current proposal to open only four additional adult psychiatry beds instead of the previously approved addition of 34 new adult psychiatry beds will meet the needs of the patient population without significant negative impact including an increase in ED boarding. Toward that end, in order to address these potential capacity issues Staff recommends certain conditions to any proposed DoN that will allow the Department to track and, potentially address negative impacts on boarding and occupancy.

The approved DoN included certain conditions on which NSMC and the Department contemplated regular review.⁹ These conditions were premised on an effort, “to ensure more equitable geographic and socioeconomic access to health care services for Lynn residents...”; requires that, “*NSMC shall provide the Department with an updated evaluation of community health needs resulting from the impact of the proposed consolidation on access to services for Lynn residents*”; and address “how to most appropriately serve the longer term emergent/urgent needs of all NSMC’s patients and communities post-consolidation.”¹⁰ (Staff Summary, emphasis added) This condition remains in effect, and is of continuing importance because it may support both NSMC’s and the Department’s understanding of the impact of the amended consolidation project (the consolidation of Union and Salem campuses) on the community health needs in the PSA.

In order for Staff to recommend the PHC’s support of the decrease in capacity, Staff recommends that as a part of this DoN approval, the conditions regarding reporting from the original DoN be more finely

⁹ From the Staff Summary: At a minimum, the Department shall review compliance with the above conditions within one year of issuance of DoN approval and again after the completion of the project. At each time, NSMC’s report of the status of compliance shall be reviewed by the Staff of Department and presented to the PHC by Staff of the Department after consultation with NSMC and community parties specified in these conditions. Further, NSMC and the community parties shall have an opportunity to address the PHC in regard to these conditions. Upon consideration of such presentations, the PHC will be the final arbitrator as to compliance with the conditions, and reserves the right to continue the progress reports beyond the specified one year if needed and, if so, decide the timeline for the preparation of said reports to the PHC.

¹⁰ The first update was to be provided to the Department within one year of the issuance of DoN approval and is thus, due shortly. A review of progress in that regard shows that the group charged with addressing emergency services needs in Lynn has met four times: in each of May, June, and October 2016 and again on May 1, 2017.

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tuned to require regular and specific reporting by NSMC to the Department and that additional reporting be required for the purpose of tracking and, potentially addressing any negative impact of the decreased capacity.

Condition 1

NSMC shall, **on a quarterly basis**, commencing with the approval of this Amendment and continuing for a period of five years after the later of the commencement of operations of any Satellite Emergency Facility (SEF) in Lynn or the complete cessation of operations of the Union campus as an inpatient facility, provide a report (in native format) to DoN staff setting out the following:

With respect to individuals presenting for care in the Salem campus ED or at any SEF operated by or on behalf of NSMC in Lynn:

- a. The occupancy rate, for each of adult psychiatry, pediatric psychiatry, and geriatric psychiatry patients, by month, calculated as follows: the number of actual patient days divided by the capacity defined as the number of operating beds multiplied by thirty days. In each report, please indicate the number of beds being used for each of adult psychiatry and geriatric psychiatry patients;
- b. The average number of people, by month, who are admitted for inpatient psychiatric care to a facility outside of the NSMC system, the facility to which those patients were admitted, and the zip code of origin;
- c. The number of patients, by month, who present at NSMC (either Salem or at any emergency facility Partners operates in Lynn) with psychiatric indications and leave against medical advice;
- d. The primary and secondary diagnoses, aggregated by quarter, for any psychiatric patients who are admitted to beds other than at NSMC;
- e. The monthly average number of psychiatric patients and M/S patients who present at either the Salem campus ED or any SEF in Lynn and are boarded for 12 or more hours at either facility;
- f. The average turnaround time, by month, for both psychiatric and M/S patients presenting at either the Salem campus ED or any SEF in Lynn from presentation at either facility to admission to a bed at NSMC or transfer to another facility;
- g. For all of the above reports, subject to HIPAA confidentiality requirements, these reports shall include the following: race, ethnicity, primary language spoken, and insurance type.
- h. With respect to the update to the CHNA as required by the initial approval of Project 6-3C46:
 - i. the status of the process, including dates of meetings, agendas, and attendance;
 - ii. a description of how the process maintains a targeted focus on assessing the needs, including transportation to care, of the general populations throughout the hospital's primary service area, including the City of Lynn; and
 - iii. evidence that NSMC is working in active consultation with and ensuring the active participation by Lynn City elected officials or their designees, the Lynn Health Taskforce, SEIU, and other stakeholders in the Greater Lynn area

Condition 2

Review

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The DoN program shall review the data received from NSMC in accordance with Condition 1 to determine whether one or more of the following Referral Indicators is present:

- a. material increase in ED boarding;
- b. material increase in adult psychiatry patients transferred from NSMC to other providers;
- c. material failure to make meaningful progress toward the development of the revised CHNA as contemplated in the initial approval of Project 6-3C46.

Referral

If the DoN Program finds, based upon Reporting by NSMC or otherwise, any one or more of the Referral Indicators, the matter shall be referred to the PHC for review to determine whether NSMC is in violation of one or more of the Referral Indicators.

Upon referral to the PHC based upon any one or more of the Referral Indicators, NSMC shall have an opportunity to show cause why the PHC shall not find one or more of the Referral Indicators.

If the PHC finds that evidence of need for additional adult psychiatry capacity, NSMC agrees that the PHC may require that NSMC show cause why it shall not construct additional capacity in the shell space: at that time, NSMC shall have the opportunity to present to DoN Staff, for referral to the PHC, another option that addresses capacity or occupancy concerns or may present evidence that the purported violation occurred as a result of factors beyond the control of NSMC.

A finding of material failure to make meaningful progress on the revised CHNA may be viewed as a violation of the original DoN or of this Amendment with appropriate consequences.

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Condition 3

Prior to submitting any future requests for Significant Change to Project 6-3C46, NSMC shall complete the revised CHNA, as outlined in the Department's initial approval of Project 6-3C46, and align any requests for proposed changes with the findings of the revised CHNA. This condition shall not preclude the filing of a request for Amendment which, in its entirety, addresses adding additional psychiatry capacity in the shell space built for same.

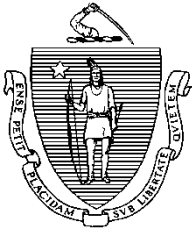
Condition 4

As part of any future requests for Significant Change to Project 6-3C46, NSMC shall provide documentation that the revised CHNA and any proposed deviations from this Project, as amended, have been reviewed with and result from active participation by and consultation with Lynn City elected officials or their designees, the Lynn Health Taskforce, SEIU, other stakeholders in the Greater Lynn area that are inclusive of the diverse socio-economic groups that exist in the city, and other community representatives from the NSMC PSA.

All other conditions in DoN 6-3C46 remain in effect.

Recommendation

With inclusion of the above conditions, Staff recommends approval of this request for Significant Change.



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Public Health
Determination of Need (DoN) Program
250 Washington Street Boston, MA 02108

CHARLES D. BAKER
Governor

KARYN E. POLITO
Lieutenant Governor

MARYLOU SUDDERS
Secretary

MONICA BHAREL, MD, MPH
Commissioner

September 12, 2018

VIA EMAIL - alevine@barrettsingal.com

Andrew Levine, Esq.
Barrett & Singal
One Beacon Street
Suite 1320
Boston, MA 02108-3106

RE: Significant Change PHS-18050912-AM (DoN # 6-3C46.2)
Partners HealthCare System, Inc. – North Shore Medical Center

Dear Mr. Levine:

At their meeting of September 12, 2018, the Commissioner and the Public Health Council, acting together as the Department, voted pursuant to 105 C.M.R. 100.635(A)(3) to approve the request by Partners Healthcare System, Inc. (Partners) for a Significant Change to a previously approved project located at North Shore Medical Center (NSMC) in Salem (the Request). This approval incorporates the Memorandum to the Public Health Council (Memorandum) and the Public Health Council proceedings concerning this Request.

Based upon a review of the materials submitted, the Department found that this Request falls within the definition of Significant Change and that the proposed change is both within the scope of the Notice of Determination of Need and is reasonable. As the Applicant for this Amendment and as the Provider Organization, Partners is the obligated party with respect to, and must comply with all Conditions upon which the DoN and any amendments are approved.

Under 100.635(a)(3)”... Final Actions may include additional terms and Conditions to be attached to the Notice of Determination of Need.” This approval is conditioned as described in the Memorandum, a copy of which is attached hereto and made a part hereof.

Sincerely,

~S~

Nora J. Mann, Esq. Director
Determination of Need Program

cc: Sherman Lohnes, Director, Division of Health Care Facility Licensure and Certification
Rebecca Rodman, Deputy General Counsel
Samuel Louis, Office of Health Equity
Mary Byrnes, Center for Health Information Analysis
Steven Sauter, MassHealth
Katherine Mills, Health Policy Commission
Ben Wood, Office of Community Health Planning
Elizabeth Maffei, Office of Community Health Planning
Eric Gold, Attorney General’s Office

Memorandum to the Public Health Council

APPLICANT: Partners Healthcare System, Inc.
North Shore Medical Center
81 Highland Avenue, Salem, MA 01970

PROJECT NUMBER: 6-3C46.2 (Significant Change)
PHS-18050912-AM

DATE OF APPLICATION: June 7, 2018

Introduction

This memorandum presents, for Public Health Council (PHC) action, the Determination of Need (DoN) Program's recommendation in connection with a request by Partners Healthcare System, Inc. (Partners) for a Significant Change to a previously approved project located at North Shore Medical Center (NSMC) in Salem. Partners, on behalf of NSMC, the current Holder, seeks approval to return planned capacity to the originally approved total of 60 Adult psychiatric beds, resulting in a total of 120 psychiatric beds. NSMC intends to use previously approved shell space for this restored capacity. There will be no change to the CHI contribution associate with this project.

This request falls within the definition for Significant Change that includes "... Any build out of shell space that was subject to a Notice of Determination of Need" and will be reviewed pursuant to 105 C.M.R. 100.635(A)(3), which requires that the proposed change falls within the scope of the Notice of Determination of Need and is reasonable.

Background Overview

On July 13, 2016, the Department approved a Determination of Need for a project at NSMC which authorized new construction to house a relocated Emergency Department (ED), and additional medical/surgical beds in two 24-bed units (the 2016 DoN). The 2016 DoN also authorized renovation of the former Spaulding Hospital-North Shore (Spaulding) to accommodate expanded inpatient psychiatric services for adult, geriatric, and pediatric patients for a total of 120 beds.¹

In January, 2017, NSMC filed a request for Significant Change to the 2016 DoN (the 2017 Amendment). The 2017 Amendment, which was approved by the Department in July 2017,

¹ Concurrently, NSMC filed the required notice to close its Union campus with the Department's Bureau of Health Care Safety and Quality (BHCSQ). As required, hearings were held and an essential services closure plan developed for NSMC to address the continuation of services for its patient panel. Additionally, a DoN condition of approval required NSMC to update and enhance its Community Health Needs Assessment (CHNA) to address the needs and diversity of NSMC's primary service area population, including Lynn.

included a reduction in the number of both psychiatric and Medical/Surgical beds.² In support of its request to decrease capacity, in the 2017 Amendment, NSMC cited unprecedented and untenable financial losses in FY2016 for both Partners and NSMC.³

Proposed Amendment: Psychiatry Capacity Changes and Rationale

NSMC returns to the Department seeking authorization to add back the 30 adult psychiatry beds by using the shell space approved at the time of the 2017 Amendment.⁴ Partners reports that the cost of floor build-out (\$4,133,439) will be covered from already approved funds that will be re-allocated as a result of savings realized during construction planning.⁵ There is no request to change the maximum capital expenditure (MCE) of \$168,173,839 (2017 dollars).

The 2016 DoN approved the addition of 34 Adult psychiatric beds, and 10 additional beds each for Geriatric and Pediatric Psychiatry (GeriPsych and PediPsych) at the former Spaulding site. The 2017 Amendment reduced the total number of Adult psychiatry beds leaving both the GeriPsych and PediPsych approved capacity unchanged, and authorized the construction of shell space in the Spaulding building for future expansion of psychiatric services.

This proposal before the Department at this time is to return planned capacity to the originally approved total of 60 Adult psychiatric beds, resulting in 120 psychiatric beds.

Psychiatric Bed Complement at NSMC

Beds	Currently Operating	DoN Approved 7/16	First Amendment 7/17	Current Amendment Proposed
Adult Psych	26	60	30	60
Geri Psych	20	30	30	30
Pedi Psych	20	30	30	30
Total	66	120	90	120

² As part of the 2017 Amendment, NSMC also eliminated plans to renovate and expand the lobby, decreased the total gross square feet of new and renovated space, and made changes to the method of financing the construction. These amendments to the original plan remain.

³ While the 2016 DoN and 2017 Amendment were approved under the previous DoN Regulations, this Amendment is being reviewed under the January 2017 regulations.

⁴ The 2017 Regulation requires that the Applicant for a DoN or an amendment be the Provider Organization and thus, this request for Significant Change is filed by Partners HealthCare System, LLC.

⁵ This represents 2.5% of the amended approved amount.

In the 2017 Amendment, NSMC argued that delaying the construction of the 30 Adult beds was supportable because of the anticipated addition of 380 new psychiatric beds in the community. Here they assert that since that time only some of those anticipated new beds have come into operation⁶ and that, separately, 120 beds at two unaffiliated facilities (Westwood Lodge and the Lowell Treatment Facility) have closed.⁷ Here, Partners believes that the full complement of 120 beds will accommodate demand within the NSMC service area. Partners states, at the same time, that its system is “experiencing unmet demand for inpatient psychiatric beds at its other facilities” including the Massachusetts General Hospital (“MGH”), and that MGH is increasingly unable to accommodate demand from patients who live in the NSMC service area and who present to MGH for inpatient psychiatric admissions. Partners suggests that by adding back these beds at NSMC, at no additional cost, the system will address unmet demand in a cost effective way. Partners asserts that this will alleviate the outflow of referrals, and reduce both the number of boarders, and the ED admit-to-departure times.

Partners anticipates completion of construction and receipt of the Certificate of Occupancy for all components of the approved project by June 30, 2019, and to begin accepting patients the week of October 14, 2019.

Impact on Costs

NSMC is not requesting an increase in capital expenditures for this amendment and states that the build-out is feasible now due to savings in construction costs that became evident during construction planning. Partners states, as well, that psychiatric care provides a positive per case contribution margin, and that the additional psychiatric floor is projected to provide a “positive return of 11%.” The project, it reports, “will not result in a negative impact in terms of cost on the patient panel.”

Public Comments received

Two of the Ten Taxpayer Groups (TTGs) that had formed for the original DoN Filing commented on this amendment: the Union Hospital TTG and the Lynn Health Task Force (LHTF) TTG. Both had opposed the 2017 Amendment’s scale-back of the 30 psychiatric beds and both support the re-implementation of those beds.

⁶ Exact numbers of operating beds in operation were not available from the Department of Mental Health (DMH) as some are licensed but only gradually opening. The best estimates at this time, based upon information received from DMH that approximately 200 of those anticipated beds are in operation.

⁷ Both the 2016 DoN and the 2017 Amendment required reporting as a condition of approval. NSMC has been complying with reporting required as conditions of the 2016 DoN and the 2017 Amendment. We note that at the time of this analysis, none of the psychiatric bed capacity approved in either the 2016 DoN or the 2016 Amendment has been implemented and NSMC is at pre-DoN capacity.

The LHTF TTG offered additional comments and recommendations: LHTF believes that the 30 beds are needed to serve the existing demand within the NSMC service area, and is concerned that if Partners intends to serve its system's need for the psychiatric beds more broadly than the NSMC patient panel, there will still be an insufficient number of beds overall; LHTF articulated its concern that Health Safety net and MassHealth patients be admitted and treated equally irrespective of payer status; and LHTF stated its concern about discharge planning protocols for patients who are homeless or who have unstable housing, given their increased risk for decompensation and readmission.

Department staff considered this input when recommending conditions to this request for Amendment and responds further that Massachusetts law, GL 151B §4(10), and MassHealth regulations 130 CMR 450.202, prohibit providers from discriminating against individuals based on the fact that they receive MassHealth; and that the Applicant has clarified that this project will serve patients from the NSMC area who may present to MGH for care.

Findings and Recommendation

The 2016 DoN was conditioned on reporting back to the Department and the 2017 Amendment more finely tuned the required reporting to DoN staff and required, specifically, information about ED boarding for behavioral health, occupancy rates, and access to care for the patient population. NSMC has submitted and staff has reviewed all required reports and NSMC is following the approved timelines for completion of the Community Health Needs Assessment and the Essential Services Closure plan with their respective oversight bodies.

Based upon the information submitted, the Department can find that the “the proposed change or modification falls within the scope of the Notice of Determination of Need as previously approved by the Department, and ... is reasonable”, 105 C.M.R. 100.635(A)(3), which are the requirements for approval of an Amendment. As the Applicant for this Amendment and as the Provider Organization, Partners is the obligated party with respect to, and must comply with all Conditions upon which the DoN and any amendments are approved.

Under 100.635(a)(3)” ... Final Actions may include additional terms and Conditions to be attached to the Notice of Determination of Need.” Staff recommends certain changes to the conditions imposed in the 2017 Amendment to reflect the return to the full complement of adult psychiatry beds and to reflect the application of the current regulation to this request for a Significant Change. To those remaining conditions, we also recommend certain additions set out below. Deletions are shown in ~~strike through~~, and additions in **bold, blue**:

Condition 1

The following Standard conditions set out in 105 CMR 100.310 shall apply to this DoN and all amendments thereto:

105 CMR 100.310(H) The Government Agency license of the Health Care Facility or Health Care Facilities for which, and on behalf of, the Holder possesses a valid Notice of

Determination of Need, shall be conditioned with all Standard and Other Conditions attached to the Notice of Determination of Need.

105 CMR 100.310 (K) If the Health Care Facility or Health Care Facilities for which the Notice of Determination of Need has been issued is eligible, the Holder shall provide written attestation on behalf of the Health Care Facility or Health Care Facilities, under the pains and penalties of perjury, of participation, or their intent to participate, in MassHealth pursuant to 130 CMR 400.000 through 499.000.

105 CMR 100.310(L) The Holder shall report to the Department, at a minimum on an annual basis, and in a form, manner, and frequency as specified by the Commissioner. At a minimum, said reporting shall include, but not be limited to, the reporting of measures related to the project's achievement of the Determination of Need Factors, as directed by the Department pursuant to 105 CMR 100.210."

105 CMR 100.310(M) If it is determined by the Department that the Holder has failed to sufficiently demonstrate compliance with one or more Conditions, the Holder shall fund projects which address one or more of the Health Priorities set out in Department Guideline, as approved by the Department, which in total, shall equal up to 2.5% of the total Capital Expenditure of the approved project. Said projects shall address one or more of the Health Priorities set out in Department Guideline, and shall be in addition to those projects approved by the Department in fulfillment of 105 CMR 100.210(A)(6). In making such determination, the Department shall provide written notification to the Holder at least 30 days prior to requiring such funding, and shall provide the Holder the opportunity to appear before the Department. The Department shall consider circumstances external to the Holder that may impact the Holder's ability to demonstrate compliance.

105 CMR 100.310(N) The Holder shall provide to Department Staff a plan for approval by the Office of Health Equity for the development and improvement of language access and assistive services provided to individuals with disabilities, non-English speaking, Limited English Proficiency (LEP), and American Sign Language (ASL) patients.

105 CMR 100.310(O) The Holder shall provide for interpreter services to the Holder's Patient Panel. The Holder shall ensure that all medical and non-medical interpreters, inclusive of staff, contractors, and volunteers providing interpreter services to the Holder's Patient Panel maintain current multilingual proficiency and have sufficient relevant training. Training for non-medical interpreters should include, at a minimum:

- (1) the skills and ethics of interpretation; and
- (2) cultural health beliefs systems and concepts relevant to non-clinical encounters.
- (3) Training for medical interpreters should include, at a minimum:
 - (a) the skills and ethics of interpretation; and

(b) multilingual knowledge of specialized terms, including medical terminology, competency in specialized settings, continuing education, and concepts relevant to clinical and non-clinical encounters.

105 CMR 100.310(P) The Holder shall require and arrange for ongoing education and training for administrative, clinical, and support staff in culturally and linguistically appropriate services (CLAS), including, but not limited to, patient cultural and health belief systems and effective utilization of available interpreter services.

105 CMR 100.310(Q) All Standard and Other Conditions attached to the Notice of Determination of Need shall remain in effect for a period of five years following completion of the project for which the Notice of Determination of Need was issued, unless otherwise expressly specified within one or more Condition.

Condition 1-2

In addition to and as a part of the reporting required under Condition 1, above, NSMC shall, ~~on a quarterly basis~~ **on an annual basis**, commencing with the approval of this Amendment and continuing for a period of five years after the later of the commencement of operations of any Satellite Emergency Facility (SEF) in Lynn or the complete cessation of operations of the Union campus as an inpatient facility, provide a report (in native format) to DoN staff setting out the following:

1. With respect to individuals presenting for care in the Salem campus ED or at any SEF operated by or on behalf of NSMC in Lynn:
 - a. ~~The occupancy rate, for each of adult psychiatry, pediatric psychiatry, and geriatric psychiatry patients, by month, calculated as follows: the number of actual patient days divided by the capacity defined as the number of operating beds multiplied by thirty days. In each report, please indicate the number of beds being used for each of adult psychiatry and geriatric psychiatry patients;~~
 - b. ~~The average number of people, by month, who are admitted for inpatient psychiatric care to a facility outside of the NSMC system, the facility to which those patients were admitted, and the zip code of origin;~~
 - c. ~~The number of patients, by month, who present at NSMC (either Salem or at any emergency facility Partners operates in Lynn) with psychiatric indications and leave against medical advice;~~
 - d. ~~The primary and secondary diagnoses, aggregated by quarter, for any psychiatric patients who are admitted to beds other than at NSMC;~~
 - a. e. The monthly average number of psychiatric patients and M/S patients who present at either the Salem campus ED or any SEF in Lynn and are boarded for 12 or more hours at either facility;

- b. ~~f.~~ The average turnaround time, by month, for both psychiatric and M/S patients presenting at either the Salem campus ED or any SEF in Lynn from presentation at either facility to admission to a bed at NSMC or transfer to another facility;
- ~~g.~~ For all of the above reports, subject to HIPAA confidentiality requirements, these reports shall include the following: race, ethnicity, primary language spoken, and insurance type.
- c. ~~h.~~ With respect to the update to the CHNA as required by the initial approval of Project 6-3C46:
 - i. the status of the process, including dates of meetings, agendas, and attendance;
 - ii. a description of how the process maintains a targeted focus on assessing the needs, including transportation to care, of the general populations throughout the hospital's primary service area, including the City of Lynn; and
 - iii. evidence that NSMC is working in active consultation with and ensuring the active participation by Lynn City elected officials or their designees, the Lynn Health Taskforce, SEIU, and other stakeholders in the Greater Lynn area

Reporting under this Condition 2 shall be made annually. A finding of material failure to make meaningful progress on the revised CHNA may be viewed as a violation of the original DoN or of this Amendment with appropriate consequences.

Condition 2

Review

~~The DoN program shall review the data received from NSMC in accordance with Condition 1 to determine whether one or more of the following Referral Indicators is present:~~

- ~~a. material increase in ED boarding;~~
- ~~b. material increase in adult psychiatry patients transferred from NSMC to other providers;~~
- ~~c. material failure to make meaningful progress toward the development of the revised CHNA as contemplated in the initial approval of Project 6-3C46.~~

Referral

~~If the DoN Program finds, based upon Reporting by NSMC or otherwise, any one or more of the Referral Indicators, the matter shall be referred to the PHC for review to determine whether NSMC is in violation of one or more of the Referral Indicators.~~

~~Upon referral to the PHC based upon any one or more of the Referral Indicators, NSMC shall have an opportunity to show cause why the PHC shall not find one or more of the Referral Indicators.~~

~~If the PHC finds that evidence of need for additional adult psychiatry capacity, NSMC agrees that the PHC may require that NSMC show cause why it shall not construct additional capacity in the shell space: at that time, NSMC shall have the opportunity to present to DoN Staff, for referral to the PHC, another option that addresses capacity or occupancy concerns or may present evidence that the purported violation occurred as a result of factors beyond the control of NSMC.~~

Condition 3

Prior to submitting any future requests for Significant Change to Project 6-3C46, ~~NSMC~~ **the Holder** shall **ensure that NSMC** completes the revised CHNA, as outlined in the Department's initial approval of Project 6-3C46, and align any requests for proposed changes with the findings of the revised CHNA. ~~This condition shall not preclude the filing of a request for Amendment which, in its entirety, addresses adding additional psychiatry capacity in the shell space built for same.~~

~~Condition 4~~ As part of any future requests for Significant Change to Project 6-3C46, ~~NSMC~~ **the Holder** shall provide documentation that the revised CHNA and any proposed deviations from this Project, as amended, have been reviewed with and result from active participation by and consultation with Lynn City elected officials or their designees, the Lynn Health Taskforce, SEIU, other stakeholders in the Greater Lynn area that are inclusive of the diverse socio-economic groups that exist in the city, and other community representatives from the NSMC PSA.

~~This condition shall not preclude the filing of a request for Amendment which, in its entirety, addresses adding additional psychiatry capacity in the shell space built for same.~~

Condition 4

~~As part of any future requests for Significant Change to Project 6-3C46, NSMC shall provide documentation that the revised CHNA and any proposed deviations from this Project, as amended, have been reviewed with and result from active participation by and consultation with Lynn City elected officials or their designees, the Lynn Health Taskforce, SEIU, other stakeholders in the Greater Lynn area that are inclusive of the diverse socio-economic groups that exist in the city, and other community representatives from the NSMC PSA.~~

Condition 5

NSMC shall return to PHC one year following the opening date of the new psychiatry capacity at Salem Hospital, at the invitation of the PHC, to present an update on the status of NSMC's compliance with the conditions of this DoN; **to report on the utilization of the psychiatric beds; and to address and describe discharge planning especially with respect to any patients who are experiencing homelessness or have unstable housing.**

All other conditions in DoN 6-3C46 remain in effect.

Recommendation

With inclusion of the above conditions, Staff recommends approval of this request for Significant Change.

APPENDIX 7

NOTICE OF INTENT

Despite more decline, recession uncertain

By Grace Zokovitch
gzokovitch@bostonherald.com

With inflation soaring and consumer confidence in the gutter, the U.S. economy slumped further in the last quarter, according to the Bureau of Economic Analysis's preliminary estimates released Thursday, stoking fears of a recession.

Gross domestic product fell at a 0.9% annualized rate, following a 1.6% decline in the first quarter, the estimates showed. A common rule of thumb is that two consecutive quarterly declines in GDP indicates a recession. However, economists have said, this may not be true in this case.

"The concept of recession really means there's been a general decline in economic activity, broadly based over a number of indicators," Northeastern University economics professor Alan Clayton-Matthews said. "But one of the most important indicators is jobs. And jobs actually grew at a pretty brisk pace during this quarter. On that score, it's unlikely we're in a recession now." The U.S. currently has 11 million job openings and

a 3.6% unemployment rate. With GDP contracting and continued job growth, the economy is in a highly unusual position. The National Bureau of Economic Research, which officially determines the duration of business cycle the U.S., has not yet indicated the economy is in a recession. The group is likely to conclude a recession has begun, Clayton-Matthews said, once employment begins to fall or if employ-

ment growth slows as spending and output decline further. The Fed raised interest rates by a highly unusual three-quarters of a percent for the second time this year Wednesday in an attempt to control skyrocketing inflation.

The higher interest rates contributed to a steep slowdown in the housing market in the April-June quarter, shown in report Thursday. Declining business investment, inventories and government spending also contributed to the economy's shrinkage.



TOP SHELF PRICES: A man shops at a supermarket on Wednesday in New York.

OBITUARY DEADLINES

4:00 PM TUESDAY - THURSDAY
for next day publication

4:00 PM FRIDAY
for Saturday, Sunday, Monday publication

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Public Announcement Concerning a Proposed Health Care Project

Mass General Brigham Incorporated ("Applicant"), located at 800 Boylston Street, Suite 1150, Boston, MA 02199, intends to file a request with the Massachusetts Department of Public Health for a Significant Change ("Application") by North Shore Medical Center, Inc. d/b/a Salem Hospital ("Hospital"), a licensed hospital located at 81 Highland Avenue, Salem, MA 01970, with respect to the Hospital's previously issued Determination of Need ("DoN") Project #6-3C46. The previously issued DoN, as amended, approved new construction of a five (5)-story building at the Hospital that included a relocated emergency department, 24 medical/surgical beds, the renovation of another building for the operation of 120 inpatient psychiatric beds, as well as shell space for future build out by the Hospital. The Applicant now requests approval to build out the remaining shell space to accommodate 24 medical/surgical beds as contemplated in the original DoN application. With the concurrent closure of 11 beds in multi-bedded rooms, the proposed amendment will result in an additional 13 licensed medical/surgical beds at the Hospital. The costs associated with the Application will increase the total value of the Project based on maximum capital expenditure ("MCE") by \$14,453,100, for a total MCE of \$182,626,939 (August 2022 Dollars). The Applicant does not anticipate any price or service impacts on the Applicant's existing Patient Panel as a result of the requested change.

CLERGY SEXUAL ABUSE

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LEGAL NOTICES

Mass General Brigham Incorporated ("Applicant"), located at 800 Boylston Street, Suite 1150, Boston, MA 02199, intends to file a request with the Massachusetts Department of Public Health for a Significant Change ("Application") by North Shore Medical Center, Inc. d/b/a Salem Hospital ("Hospital"), a licensed hospital located at 81 Highland Avenue, Salem, MA 01970, with respect to the Hospital's previously issued Determination of Need ("DoN") Project #6-3C46. The previously issued DoN, as amended, approved new construction of a five (5)-story building at the Hospital that included a relocated emergency department, 24 medical/surgical beds, the renovation of another building for the operation of 120 inpatient psychiatric beds, as well as shell space for future build out by the Hospital. The Applicant now requests approval to build out the remaining shell space to accommodate 24 medical/surgical beds as contemplated in the original DoN application. With the concurrent closure of 11 beds in multi-bedded rooms, the proposed amendment will result in an additional 13 licensed medical/surgical beds at the Hospital. The costs associated with the Application will increase the total value of the Project based on maximum capital expenditure ("MCE") by \$14,453,100, for a total MCE of \$182,626,939 (August 2022 Dollars). The Applicant does not anticipate any price or service impacts on the Applicant's existing Patient Panel as a result of the requested change.

LEGAL NOTICES

The Boston Redevelopment Authority d/b/a the Boston Planning & Development Agency ("BPDA"), pursuant to the vote of the Board on July 14, 2022, and in accordance with Article 80, Section 80A-2 of the Boston Zoning Code ("Code"), hereby gives notice that it will hold a virtual Public Hearing on Thursday, August 11, 2022 at 5:40 PM, televised on Boston City TV (Xfinity Channel 24, RCN Channel 13, and Verizon FiOS Channel 962) and live streamed on <https://bit.ly/BPDAAugust>, to consider the proposed 24 Drydock Avenue project as a Development Impact Project under Section 80B-7 of the Code, consisting of the demolition of the existing 3 story building and development of the 58,875 SF site with a new building comprising eight (8) stories above grade of approximately 235,500 square feet (sf) of marine, industrial, laboratory/ research and development and other supporting uses, and one level of below grade parking containing approximately 70 parking spaces submitted for review by Drydock LLC, an affiliate of Cronin Development Group, Member of the public may participate in this Public Hearing by registering at <https://bit.ly/BPDAAugust> or emailing your testimony to BRABoard@boston.gov. Emailed testimony will be read aloud during the hearing. The Proposed Project may be viewed at the following link: <https://bit.ly/3PXXJDO>

PROBATE CITATIONS

Commonwealth of Massachusetts
The Trial Court
Probate and Family Court
Middlesex Probate and Family Court
10-U Commerce Way
Woburn, MA 01801
(781)865-4000
Docket No.
MI22C0673CA

CITATION ON PETITION TO CHANGE NAME

In the matter of: **Abebe Mandefro Girma**

A Petition to Change Name of Adult has been filed by Abebe Mandefro Girma of Somerville, MA requesting that the court enter a Decree changing their name to: Abebe Jiru Bogale

IMPORTANT NOTICE

Any person may appear for purposes of objecting to the petition by filing an appearance at: Middlesex Probate and Family Court before **10:00 a.m. on the return day of 08/15/2022**. This is NOT a hearing date, but a deadline by which you must file a written appearance if you object to this proceeding.

WITNESS, Hon. Maureen H Monks,
First Justice of this Court.
Date: July 18, 2022
Tara E. DeCristofaro
Register of Probate

#NY0055135

PROBATE CITATIONS

Commonwealth of
Massachusetts The Trial Court - Probate and Family
Court Docket No. MI22P2751EA Middlesex Probate
and Family Court 10-U Commerce Way, Woburn, MA
01801 (781)865-4000 CITATION ON PETITION FOR
FORMAL ADJUDICATION

Estate of: Paul Eldred Francis Morey, Jr. Also known as: Paul E.F. Morey Date of Death: 05/15/2022,
To all interested persons: A Petition for Formal Adjudication of Intestacy and Appointment of Personal Representative has been filed by Richard H. Morey of Townsend, MA requesting that the Court enter a formal Decree and Order and for such other relief as requested in the Petition. The Petitioner requests that Betty L Morey of Greenville, NH be appointed as Personal Representative(s) of said estate to serve Without Surety on the bond in an unsupervised administration.

IMPORTANT NOTICE: You have the right to obtain a copy of the Petition from the Petitioner or at the Court. You have a right to object to this proceeding. To do so, you or your attorney must file a written appearance and objection at this Court before: 10:00 a.m. on the return day of 08/10/2022. This is NOT a hearing date, but a deadline by which you must file a written appearance and objection if you object to this proceeding. If you fail to file a timely written appearance and objection followed by an affidavit of objections within thirty (30) days of the return day, action may be taken without further notice to you. UNSUPERVISED ADMINISTRATION UNDER THE MASSACHUSETTS UNIFORM PROBATE CODE (MUPC): A Personal Representative appointed under the MUPC in an unsupervised administration is not required to file an inventory or annual accounts with the Court. Persons interested in the estate are entitled to notice regarding the administration directly from the Personal Representative and may petition the Court in any matter relating to the estate, including the distribution of assets and expenses of administration. Witness, Hon. Maureen H Monks, First Justice of this Court, Date: July 13, 2022 . Tara E. DeCristofaro, Register of Probate July 29, 2022 #NY0054809

PROBATE CITATIONS

Commonwealth of
Massachusetts The Trial Court - Probate and Family
Court Docket No. MI22P3894EA Middlesex Probate
and Family Court 10-U Commerce Way, Woburn, MA
01801 (781)865-4000 CITATION ON PETITION FOR
FORMAL ADJUDICATION

Estate of: Thomas Clyde Merchant Also known as: Thomas C. Merchant Date of Death: 04/05/2022, To all interested persons: A Petition for Formal Probate of Will with Appointment of Personal Representative has been filed by Mary T Harrigan of Arlington MA requesting that the Court enter a formal Decree and Order and for such other relief as requested in the Petition. The Petitioner requests that Mary T Harrigan of Arlington MA be appointed as Personal Representative(s) of said estate to serve Without Surety on the bond in an unsupervised administration. IMPORTANT NOTICE: You have the right to obtain a copy of the Petition from the Petitioner or at the Court. You have a right to object to this proceeding. To do so, you or your attorney must file a written appearance and objection at this Court before: 10:00 a.m. on the return day of 08/22/2022. This is NOT a hearing date, but a deadline by which you must file a written appearance and objection if you object to this proceeding. If you fail to file a timely written appearance and objection followed by an affidavit of objections within thirty (30) days of the return day, action may be taken without further notice to you. UNSUPERVISED ADMINISTRATION UNDER THE MASSACHUSETTS UNIFORM PROBATE CODE (MUPC): A Personal Representative appointed under the MUPC in an unsupervised administration is not required to file an inventory or annual accounts with the Court. Persons interested in the estate are entitled to notice regarding the administration directly from the Personal Representative and may petition the Court in any matter relating to the estate, including the distribution of assets and expenses of administration. Witness, Hon. Maureen H Monks, First Justice of this Court, Date: July 25, 2022. Tara E. DeCristofaro, Register of Probate
July 29
#NY0055275

PROBATE CITATIONS

Commonwealth of
Massachusetts The Trial Court - Probate and Family
Court Docket No. M122P3952EA Middlesex Probate
and Family Court 10-U Commerce Way, Woburn, MA
01801 (781)865-4000 CITATION ON PETITION FOR
FORMAL ADJUDICATION

Estate of: SANDRA J. ROTONDI Date of Death: 06/02/2016. To all interested persons: A Petition for LATE AND LIMITED TESTACY AND APPOINTMENT OF PERSONAL REPRESENTATIVE has been filed by GEORGE W. ROTONDI, III of MIDDLETON, MA requesting that the Court enter a formal Decree and Order and for such other relief as requested in the Petition. The Petitioner requests that GEORGE W. ROTONDI, III of MIDDLETON, MA be appointed as Personal Representative(s) of said estate to serve Without Surety on the bond in an unsupervised administration.

IMPORTANT NOTICE: You have the right to obtain a copy of the Petition from the Petitioner or at the Court. You have a right to object to this proceeding. To do so, you or your attorney must file a written appearance and objection at this Court before: 10:00 a.m. on the return day of 08/24/2022. This is NOT a hearing date, but a deadline by which you must file a written appearance and objection if you object to this proceeding. If you fail to file a timely written appearance and objection followed by an affidavit of objections within thirty (30) days of the return day, action may be taken without further notice to you. UNSUPERVISED ADMINISTRATION UNDER THE MASSACHUSETTS UNIFORM PROBATE CODE (MUPC): A Personal Representative appointed under the MUPC in an unsupervised administration is not required to file an inventory or annual accounts with the Court. Persons interested in the estate are entitled to notice regarding the administration directly from the Personal Representative and may petition the Court in any matter relating to the estate, including the distribution of assets and expenses of administration. Witness, Hon. Maureen H Monks, First Justice of this Court, Date: 07/28/2022. Tara E. DeCristofaro, Register of Probate
07/29/2022
#NY0055428

PROBATE CITATIONS

Commonwealth of
Massachusetts The Trial Court - Probate and Family
Court Docket No. M122P3955EA Middlesex Probate
and Family Court 10-U Commerce Way, Woburn, MA
01801 (781)865-4000 CITATION ON PETITION FOR
FORMAL ADJUDICATION

Estate of: DORIS MARIE ROTONDI Also known as: DORIS RUSSO Date of Death: 11/13/2007.
To all interested persons: A Petition for FORMAL ADJUDICATION OF INTESTACY AND APPOINTMENT OF PERSONAL REPRESENTATIVE has been filed by ROBERT D. ROTONDI of MALDEN, MA requesting that the Court enter a formal Decree and Order and for such other relief as requested in the Petition. The Petitioner requests that ROBERT A. ROTONDI of MELROSE, MA be appointed as Personal Representative(s) of said estate to serve Without Surety on the bond in an unsupervised administration. IMPORTANT NOTICE: You have the right to obtain a copy of the Petition from the Petitioner or at the Court. You have a right to object to this proceeding. To do so, you or your attorney must file a written appearance and objection at this Court before: 10:00 a.m. on the return day of 08/24/2022. This is NOT a hearing date, but a deadline by which you must file a written appearance and objection if you object to this proceeding. If you fail to file a timely written appearance and objection followed by an affidavit of objections within thirty (30) days of the return day, action may be taken without further notice to you. UNSUPERVISED ADMINISTRATION UNDER THE MASSACHUSETTS UNIFORM PROBATE CODE (MUPC): A Personal Representative appointed under the MUPC in an unsupervised administration is not required to file an inventory or annual accounts with the Court. Persons interested in the estate are entitled to notice regarding the administration directly from the Personal Representative and may petition the Court in any matter relating to the estate, including the distribution of assets and expenses of administration. Witness, Hon. Maureen H Monks, First Justice of this Court, Date: 07/28/2022. Tara E. DeCristofaro, Register of Probate
ASAP
#NY0055425

MORTGAGE FORECLOSURE	MORTGAGE FORECLOSURE	MORTGAGE FORECLOSURE
<p align="center">MORTGAGEE'S SALE OF REAL ESTATE 120-126 Felton Street, Waltham, MA 02453</p> <p>By virtue and in execution of the Power of Sale contained in a certain mortgage given by Joseph R. Worcester, as Trustee of Key N Lok Trust to GreenPoint Mortgage Funding Inc. dated November 15, 2006, and recorded with the Middlesex County (Southern District) Registry of Deeds in Book 48498, Page 179 as affected by Joint Motion to Approve Stipulation Concerning Mortgage Loan recorded with said Registry of Deeds at Book 79980, Page 108, and assigned through assignments recorded with said Registry of Deeds at Book 53360, Page 294, and , Book 53360, Page 297, of which mortgage the undersigned is the present holder, for breach of the conditions of said mortgage and for the purpose of foreclosing the same will be sold at Public Auction on August 12, 2022 at 11:00AM, at or upon the mortgaged premises more particularly described below, being all and singular the premises described in said mortgage, to wit:</p> <p>The land, together with the buildings thereon, situated in Waltham, Middlesex County, Massachusetts, being known as 120- 126 Felton Street in the present numbering, and being shown as Lot C on a plan of land entitled "Revised Subdivision Plan of Land in Waltham, Mass. Belonging to G. Lacava & A. Camuti" dated February, 1924 and recorded with the Middlesex South Registry of Deeds in Plan Book 348, Plan 21, being bounded and described as follows:</p> <p>NORTHERLY by Felton Street, fifty and 12/100 (50.12) feet; WESTERLY by Williams Street, forty (40) feet; SOUTHERLY by the center line of an 8 foot Right of Way, forty-eight (48) feet; and EASTERLY by the center line of an 8 foot right of way, fifty-four and 34/100 (54.34) feet, together with the right of way of all usual purposes appurtenant to said lot over the 8 foot right of way between Lots A and 8, the 8 foot right of way between Lots B and C extending to Felton Street, all shown on said Plan.</p> <p>For title, see Deed recorded with Middlesex South Registry of Deeds in Book 22223, Page 244.</p> <p>The description of the premises contained in said mortgage shall control in the event of an error in this notice.</p> <p>The Mortgagee reserves the right to postpone the sale to a later date by public announcement at the time and date appointed for the sale and to further postpone at any adjourned sale date by public announcement at the time and date appointed for the adjourned sale date.</p> <p>The premises will be sold subject to and with the benefit of all rights, restrictions, easements, improvements, orders of condition, outstanding tax titles, municipal or other public taxes, assessments, betterments, liens or claims in the nature of liens and existing encumbrances of record created prior to the mortgage, or entitled to precedence over the mortgage, if any, insofar as the same are still in force and applicable to the premises. The premises will be sold without representation or warranty as to its condition or fitness for habitation, or whether it conforms to any applicable state or federal building, zoning, health, or sanitary codes, or compliance with any federal, state, or local environmental statutes, regulations, ordinances, or by-laws.</p> <p>If the premises is a condominium unit, then the premises will also be sold subject to Massachusetts General Laws chapter 183A, as amended, the applicable Master Deed and any and all amounts as may be due, following such sale, to the applicable condominium trust.</p> <p>If the successful bidder at the foreclosure sale defaults in purchasing the property according to the terms of this notice of sale or the terms of the Memorandum of Sale executed at the time of the foreclosure, the Mortgagee reserves the right to, among other things, resell the property under the power of sale contained in such mortgage or sell the property by foreclosure deed to the second highest bidder (or other successive bidders, in the order of their bid) provided that such other bidder deposits with Mortgagee's attorneys, Michienzie & Sawin LLC, the amount of the required deposit as set forth below within ten (10) business days after written notice of default of the previous highest bidder and title shall be conveyed to such other bidder within thirty (30) days of the default, which time periods may be reasonably extended by the Mortgagee in its sole discretion.</p> <p>TERMS OF SALE: Ten Thousand and No/100 Dollars (\$10,000.00) is to be paid in certified check and/or bank cashier's check (dated no more than ninety days before the date of sale) to be paid by the Purchaser at the time and place of sale (the mortgage holder and its designee are exempt from this requirement). The balance of the purchase price is to be paid by the Purchaser by certified check and/or bank cashier's check (dated no more than ninety days before the date of closing) within thirty (30) days thereafter, which time period may be reasonably extended by the Mortgagee in its sole discretion, at the offices of Michienzie & Sawin LLC, 745 Boylston Street, Boston, MA 02116. Other terms to be announced at the sale. This notice may be viewable at https://www.masspublicnotices.org.</p> <p>U.S. National Association, as Trustee of the Lehman Brothers Small Balance Commercial Mortgage Pass-Through Certificates, (Series) 2007-1 present holder of said mortgage by its attorneys, MICHENZIE & SAWIN LLC 745 Boylston Street Boston, MA 02116</p>		
#NY0054116	07/15/2022, 07/22/2022, 07/29/2022	

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APPENDIX 8

CHANGE IN SERVICE



Massachusetts Department of Public Health

Determination of Need

Change in Service

Version: DRAFT
6-14-17

DRAFT

Application Number: MGB-22080909-AM

Original Application Date: 08/23/2022

Applicant Information

Applicant Name: Mass General Brigham Incorporated

Contact Person: Andrew Levine Title: Attorney

Phone: 6175986758 Ext: E-mail: andrew.levine@huschblackwell.com

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

1 Facility Name: Salem Hospital CMS Number: 220035 Facility type: Hospital

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 (Current/ Actual)	Patient Days Projected	Occupancy rate for Operating Beds		Average Length of Stay (Days)	Number of Discharges	Number of Discharges
		Existing	Existing	Licensed	Operating	Licensed	Operating			Current Beds	Projected	(Days)	Actual	Projected
	Acute													
	Medical/Surgical	199	188	13	24	212	212	60,714	65,680	88%	85%	3.45	17,614	19,055
	Obstetrics (Maternity)	19	19			19	19			0%	0%			
	Pediatrics	0	0			0	0			0%	0%			
	Neonatal Intensive Care	12	12			12	12			0%	0%			
	ICU/CCU/SICU	20	20			20	20			0%	0%			
+										0%	0%			
	Total Acute	250	239	13	24	263	263	60,714	65,680	70%	68%	3.45	17,614	19,055
	Acute Rehabilitation									0%	0%			
+										0%	0%			
	Total Rehabilitation									0%	0%			
	Acute Psychiatric													

Add/Del Rows		Licensed Beds	Operating Beds	Change in Number of Beds (+/-)		Number of Beds After Project Completion (calculated)		Patient Days (Current/ Actual)	Patient Days Projected	Occupancy rate for Operating Beds		Average Length of Stay (Days)	Number of Discharges	Number of Discharges
		Existing	Existing	Licensed	Operating	Licensed	Operating			Current Beds	Projected		Actual	Projected
	Adult	60	60			60	60			0%	0%			
	Adolescent									0%	0%			
	Pediatric	30	30			30	30			0%	0%			
	Geriatric	30	30			30	30			0%	0%			
<div>+ -</div>										0%	0%			
	Total Acute Psychiatric	120	120			120	120			0%	0%			
	Chronic Disease									0%	0%			
<div>+ -</div>										0%	0%			
	Total Chronic Disease									0%	0%			
	Substance Abuse													
	detoxification									0%	0%			
	short-term intensive									0%	0%			
<div>+ -</div>										0%	0%			
	Total Substance Abuse									0%	0%			
	Skilled Nursing Facility													
	Level II									0%	0%			
	Level III									0%	0%			
	Level IV									0%	0%			
<div>+ -</div>										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
<div><div>+</div><div>-</div></div>									

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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.

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Date/time Stamp:

E-mail submission to
Determination of Need

APPENDIX 9

AFFILIATED PARTIES FORM



Massachusetts Department of Public Health

Determination of Need

Affiliated Parties

Version: DRAFT
3-15-17

DRAFT

Application Date: 08/23/2022 Application Number: MGB-22080909-AM

Applicant Information

Applicant Name: Mass General Brigham Incorporated

Contact Person: Andrew Levine Title: Attorney

Phone: 6175986758 Ext: E-mail: andrew.levine@huschblackwell.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
<input type="checkbox"/> <input type="checkbox"/>	Finucane	Anne Marie	20 Trapelo Road	Lincoln	MA	Mass General Brigham Incorporated	Director		0%	No	CVS (Minute Clinic in Rhode Island); Brigham and Women's Hospital; Brigham and Women's Faulkner Hospital	Yes
<input type="checkbox"/> <input type="checkbox"/>	Fish	John	776 Boylston Street, PH2A	Boston	MA	Mass General Brigham Incorporated	Director		0%	No	Brigham and Women's Hospital; Brigham and Women's Faulkner Hospital	Yes
<input type="checkbox"/> <input type="checkbox"/>	Hockfield	Susan	4 Berkeley Place	Cambridge	MA	Mass General Brigham Incorporated	Director		0%	No		Yes
<input type="checkbox"/> <input type="checkbox"/>	Holman, III	Albert	29A Chestnut Street	Boston	MA	Mass General Brigham Incorporated	Director		0%	No	Brigham and Women's Hospital; Brigham and Women's Faulkner Hospital	No
<input type="checkbox"/> <input type="checkbox"/>	Klibanski, M.D.	Anne	800 Boylston Street, Suite 1150	Boston	MA	Mass General Brigham Incorporated	President & CEO		0%	No		No
<input type="checkbox"/> <input type="checkbox"/>	Kraft	Jonathan	One Patriot Place	Foxborough	MA	Mass General Brigham Incorporated	Director		0%	No	The General Hospital Corporation (Director)	No
<input type="checkbox"/> <input type="checkbox"/>	Martignetti	Carl	164 Chestnut Hill Road	Chestnut Hill	MA	Mass General Brigham Incorporated	Director		0%	No	The General Hospital Corporation (Director)	Yes
<input type="checkbox"/> <input type="checkbox"/>	Partick	Diane	472 Beacon Street, Apartment 2	Boston	MA	Mass General Brigham Incorporated	Director		0%	No	The General Hospital Corporation (Director)	Yes
<input type="checkbox"/> <input type="checkbox"/>	Reeve	Pamela	35 Swan Road	Winchester	MA	Mass General Brigham Incorporated	Director		0%	No		No

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
 	Sperling	Scott	4 Moore Road	Wayland	MA	Mass General Brigham Incorporated	Chairman		0%	No		Yes
 	Thorndike	Alexander	215 Warren Street	Brookline	MA	Mass General Brigham Incorporated	Director		0%	No	Brigham and Women's Hospital; Brigham and Women's Faulkner Hospital	Yes
 	Atchinson	Robert	115 Commonwealth Ave.	Boston	MA	Mass General Brigham Incorporated	Director		0%	No	Massachusetts Eye and Ear Infirmary	No
 	Ives	David	5 Cherry Hill Street	West Newbury	MA	Mass General Brigham Incorporated	Director		0%	No	North Shore Medical Center	No
 	Ragon	Phillip	8 Follen Street	Cambridge	MA	Mass General Brigham Incorporated	Director		0%	No	The General Hospital Corporation (Director)	Yes
 	Goggin	Maureen	730 Adams Street, Apartment #1	Dorchester	MA	Mass General Brigham Incorporated	Secretary		0%	No		No
 	Casper	Marc	168 Third Avenue	Waltham	MA	TMass General Brigham Incorporated	Director		0%	No		Yes
 	Colson, M.D.	Yolanda	Austen, 265 Charles Street	Boston	MA	Mass General Brigham Incorporated	Director		0%	No	Massachusetts General Hospital	No
 	Cooper, M.D.	Zara	70 Francis Street	Boston	MA	Mass General Brigham Incorporated	Director		0%	No	Brigham and Women's Hospital; Brigham and Women's Faulkner Hospital	No
 	Gomez	Benjamin	48 Cranmore Road	Wellesley	MA	Mass General Brigham Incorporated	Director		0%	No	Newton Wellesley Hospital	Yes
 	Gueye	Tiffany	162 Central Ave	Milton	MA	Mass General Brigham Incorporated	Director		0%	No		No
 	Nohria	Nitin	Harvard Business School	Boston	MA	Mass General Brigham Incorporated	Director		0%	No	The General Hospital Corporation (Director)	No
 	Ness Speers	Paula	187 Grove Street	Wellesley	MA	Mass General Brigham Incorporated	Director		0%	No	Spaulding Rehabilitation Hospital; Spaulding Hospital - Cambridge; Spaulding Rehabilitation Hospital - Cape Cod; Spaulding Nurisng and Therapy Center Brighton	No
 	Taiclet	James	6801 Rockledge Drive, Mail Point 200-5	Bethesda	MD	Mass General Brigham Incorporated	Director		0%	No	Brigham and Women's Hospital; Brigham and Women's Faulkner Hospital	No
 	Vallone	Carol	490 Summer Street	Manchester By-the-Sea	MA	Mass General Brigham Incorporated	Director		0%	No	McLean Hospital	No

		Gandhi	Niyum	800 Boylston Street, Suite 1150	Boston	MA	Mass General Brigham Incorporated	Treasurer		0%	No	The Brigham and Women's Hospital, Inc. Brigham and Women's Faulkner Hospital, Inc. The General Hospital Corporation The Spaulding Rehabilitation Hospital Corporation Spaulding Hospital-Cambridge, Inc. Rehabilitation Hospital of the Cape and Islands Corporation Spaulding Nursing and Therapy Center Brighton, Inc.	Yes
		Higham, Esq.	John	800 Boylston Street, Suite 1150	Boston	MA	Mass General Brigham Incorporated	Assistant Secretary		0%	No		No
		LaLonde	Mary	800 Boylston Street, Suite 1150	Boston	MA	Mass General Brigham Incorporated	Assistant Secretary		0%	No		No
		Weden, III, CFA	David	101 Merrimac Street, Suite 800	Boston, MA 02114	MA	Mass General Brigham Incorporated	Assistant Secretary		0%	No		No
						MA							
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To submit the application electronically, click on the "E-mail submission to Determination of Need" button.

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Determination of Need

APPENDIX 10

ARTICLES OF INCORPORATION

The Commonwealth of Massachusetts

OFFICE OF THE MASSACHUSETTS SECRETARY OF STATE

MICHAEL J. CONNOLLY, Secretary

ONE ASHBURTON PLACE, BOSTON, MASSACHUSETTS 02108

ARTICLES OF ORGANIZATION

(Under G.L. Ch. 180)

ARTICLE I

The name of the corporation is:

MGH/BRIGHAM HEALTH CARE SYSTEM, INC.

ARTICLE II

The purpose of the corporation is to engage in the following activities:

- (i) To organize, operate and support a comprehensive health care system, including without limitation hospital and other health care services for all persons, and education and research for the prevention, diagnosis, treatment and cure of all forms of human illness; (ii) to improve the health and welfare of all persons; (iii) to operate for the benefit of and to support The Massachusetts General Hospital, The Brigham Medical Center, Inc., their respective affiliated corporations and such other charitable, scientific or educational organizations which are or are affiliated with teaching hospitals in the Greater Boston Area; and (iv) to carry on any other activity that may lawfully be carried on by a corporation formed under Chapter 180 of the Massachusetts General Laws which is exempt under section 501(c)(3) of the Internal Revenue Code.

93-349060

C ☐
P ☒
M ☐
R.A. ☐

P.C.

Note: If the space provided under any article or item on this form is insufficient, additions shall be set forth on separate 8 1/2 x 11 sheets of paper leaving a left hand margin of at least 1 inch. Additions to more than one article may be continued on a single sheet so long as each article requiring each such addition is clearly indicated.

ARTICLE III

If the corporation has one or more classes of members, the designation of such classes, the manner of election or appointments, the duration of membership and the qualification and rights, including voting rights, of the members of each class, may be set forth in the by-laws of the corporation or may be set forth below:

The designation of classes of members, if any, the manner of election or appointment, the term of office, and the qualifications and rights of members are set forth in the by-laws of the Corporation.

ARTICLE IV

* Other lawful provisions, if any, for the conduct and regulation of the business and affairs of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the corporation, or of its directors or members, or of any class of members, are as follows:

See Continuation Sheets IV-A through IV-D attached hereto and incorporated herein by reference.

* If there are no provisions, state "None".

Note: The preceding four (4) articles are considered to be permanent and may ONLY be changed by filing appropriate Articles of Amendment.

MGH/BRIGHAM HEALTH CARE SYSTEM, INC.

IV. Other Lawful Provisions for Conduct and Regulation of the Business and Affairs of the Corporation, for its Voluntary Dissolution, and for Limiting, Defining and Regulating the Powers of the Corporation and of its Trustees and Members.

4.1. The corporation shall have in furtherance of its corporate purposes all of the powers specified in Section 6 of Chapter 180 and in Sections 9 and 9A of Chapter 156B of the Massachusetts General Laws (except those provided in paragraph (m) of said Section 9) as now in force or as hereafter amended, and may carry on any operation or activity referred to in Article 2 to the same extent as might an individual, either alone or in a joint venture or other arrangement with others, or through a wholly or partly owned or controlled corporation; provided, however, that no such power shall be exercised in a manner inconsistent with said Chapter 180 or any other chapter of the Massachusetts General Laws or which would deprive it of exemption from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

4.2. The by-laws may authorize the trustees to make, amend or repeal the by-laws in whole or in part, except with respect to any provision thereof which by law, the articles of organization or the by-laws requires action by the members.

4.3. Meetings of the members may be held anywhere in the United States.

4.4. No trustee or officer of the corporation shall be personally liable to the corporation or its members for monetary damages for breach of fiduciary duty as such trustee or officer notwithstanding any provision of law imposing such liability, except to the extent that such exemption from liability is not permitted under Chapter 180 of the Massachusetts General Laws.

4.5.(a) The corporation shall, to the extent legally permissible, indemnify each person who serves as one of its members, trustees or officers, or who serves at its request as a member, trustee or officer of another organization or in a capacity with respect to any employee benefit plan (each such person being called in this Section 4.5 a "Person") against all liabilities and expenses, including amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and

counsel fees, reasonably incurred by such Person in connection with the defense or disposition of any action, suit or other proceeding, whether civil or criminal, in which such Person may be involved or with which such Person may be threatened, while in office or thereafter, by reason of being or having been such a Person, except with respect to any matter as to which such Person shall have been adjudicated in any proceeding not to have acted in good faith in the reasonable belief that his or her action was in the best interests of the corporation or, to the extent that such matter relates to service at the request of the corporation for another organization or an employee benefit plan, in the best interests of such organization or of the participants or beneficiaries of such employee benefit plan. Such best interests shall be deemed to be the best interests of the corporation for the purposes of this Section 4.5.

(b) Notwithstanding the foregoing, as to any matter disposed of by a compromise payment by any Person, pursuant to a consent decree or otherwise, no indemnification either for said payment or for any other expenses shall be provided unless such compromise shall be approved as in the best interests of the corporation, after notice that it involves such indemnification, (a) by a disinterested majority of the trustees then in office; or (b) by a majority of the disinterested trustees then in office, provided that there has been obtained an opinion in writing of independent legal counsel to the effect that such Person appears to have acted in good faith in the reasonable belief that his or her action was in the best interests of the corporation; or (c) by a majority of the disinterested members entitled to vote, voting as a single class.

(c) Expenses, including counsel fees, reasonably incurred by any Person in connection with the defense or disposition of any such action, suit or other proceeding may be paid from time to time by the corporation in advance of the final disposition thereof upon receipt of an undertaking by such Person to repay the amounts so paid if such Person ultimately shall be adjudicated to be not entitled to indemnification under this Section 4.5. Such an undertaking may be accepted without reference to the financial ability of such Person to make repayment.

(d) The right of indemnification hereby provided shall not be exclusive. Nothing contained in this Section shall affect any other rights to indemnification to which any Person or other corporate personnel may be entitled by contract or otherwise under law.

(e) As used in this Section 4.5, the term "Person" includes such Person's respective heirs, executors and administrators, and

a "disinterested" member, trustee or officer is one against whom in such capacity the proceeding in question, or another proceeding on the same or similar grounds, is not then pending.

4.6.(a) No person shall be disqualified from holding any office by reason of any interest. In the absence of fraud, any trustee, officer or member of this corporation, or any concern in which any such trustee, officer or member has any interest, may be a party to, or may be pecuniarily or otherwise interested in, any contract, act or other transaction (collectively called a "transaction") of this corporation, and

(1) such transaction shall not be in any way invalidated or otherwise affected by that fact; and

(2) no such trustee, officer, member or concern shall be liable to account to this corporation for any profit or benefit realized through any such transaction;

provided, however, that such transaction either was fair at the time it was entered into or is authorized or ratified either (i) by a majority of the trustees who are not so interested and to whom the nature of such interest has been disclosed, or (ii) by vote of a majority of each class of members of the corporation entitled to vote for trustees, at any meeting of members the notice of which, or an accompanying statement, summarizes the nature of such transaction and such interest. No interested trustee or member of this corporation may vote or may be counted in determining the existence of a quorum at any meeting at which such transaction shall be authorized, but may participate in discussion thereof.

(b) For purposes of this Section 4.6, the term "interest" shall include personal interest and also interest as a trustee, officer, stockholder, shareholder, director, member or beneficiary of any concern; and the term "concern" shall mean any corporation, association, trust, partnership, firm, person or other entity other than this corporation.

(c) No transaction shall be avoided by reason of any provisions of this paragraph 4.6 which would be valid but for such provisions.

4.7. No part of the assets or net earnings of the corporation shall inure to the benefit of any member, officer or trustee of the corporation or any individual; no substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting, to influence legislation except to the extent permitted by Section 501(h) of the Internal Revenue Code; and the corporation shall not participate in, or

intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office. It is intended that the corporation shall be entitled to exemption from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and shall not be a private foundation under Section 509(a) of the Internal Revenue Code.

4.8. If and so long as the corporation is a private foundation (as that term is defined in Section 509 of the Internal Revenue Code), then notwithstanding any other provisions of the articles of organization or the by-laws of the corporation, the following provisions shall apply:

- A) the income of the corporation for each taxable year shall be distributed at such time and in such manner as not to subject the corporation to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code, and
- B) the corporation shall not engage in any act of self dealing (as defined in Section 4941(d) of the Internal Revenue Code), nor retain any excess business holdings (as defined in Section 4943(c) of the Internal Revenue Code), nor make any investments in such manner as to subject the corporation to tax under Section 4944 of the Internal Revenue Code, nor make any taxable expenditures (as defined in Section 4945(d) of the Internal Revenue Code).

4.9. Upon the liquidation or dissolution of the corporation, after payment of all of the liabilities of the corporation or due provision therefor, all of the assets of the corporation shall be disposed of pursuant to Massachusetts General Laws, Chapter 180, Section 11A, to The Massachusetts General Hospital and The Brigham Medical Center, Inc. if exempt from taxation as organizations described in Section 501(c)(3) of the Internal Revenue Code or, if both are not, to one or more organizations with similar purposes and similar tax exemption.

4.10. All references herein: (i) to the Internal Revenue Code shall be deemed to refer to the Internal Revenue Code of 1986, as now in force or hereafter amended; (ii) to the General Laws of The Commonwealth of Massachusetts, or any chapter thereof, shall be deemed to refer to said General Laws or chapter as now in force or hereafter amended; and (iii) to particular sections of the Internal Revenue Code or said General Laws shall be deemed to refer to similar or successor provisions hereafter adopted.

MGH/BRIGHAM HEALTH CARE SYSTEM, INC.

Continuation Sheet VII(b)

	Name	Residence or Post Office Address
<u>Officers</u>		
Vice-President	J. Robert Buchanan, M.D.	25 Commonwealth Avenue Boston, MA 02116.
President	H. Richard Nesson, M.D.	565 Boylston Street Brookline, MA 02146
Treasurer	Richard A. Spindler	210 Schoolmaster Lane Dedham, MA 02026
Clerk	David M. Donaldson	22 Weston Road Lincoln Center, MA 01773
<u>Trustees</u>		
	W. Gerald Austen, M.D.	163 Wellesley Street Weston, MA 02193
	Eugene Braunwald, M.D.	75 Scotch Pine Road Weston, MA 02193
	J. Robert Buchanan, M.D.	25 Commonealth Avenue Boston, MA 02116
	Francis H. Burr	44 Prince Street Beverly, MA 01915
	Ferdinand Colloredo-Mansfeld	Winthrop Street Hamilton, MA 01982

MGH/BRIGHAM HEALTH CARE SYSTEM, INC.

Continuation Sheet VII(b)

Name	Residence or Post Office Address
John H. McArthur	Fowler 10 Soldiers Field Boston, MA 02134
H. Richard Nesson, M.D.	565 Boylston Street Brookline, MA 02146
Richard A. Spindler	210 Schoolmaster Lane Dedham, MA 02026

ARTICLE V

By-laws of the corporation have been duly adopted and the initial directors, president, treasurer and clerk or other presiding, financial or recording officers, whose names are set out below, have been duly elected.

ARTICLE VI

The effective date of organization of the corporation shall be the date of filing with the Secretary of the Commonwealth or if a later date is desired, specify date, (not more than 30 days after date of filing).

The information contained in ARTICLE VII is NOT a PERMANENT part of the Articles of Organization and may be changed ONLY by filing the appropriate form provided therefor.

ARTICLE VII

a. The post office address of the initial principal office of the corporation IN MASSACHUSETTS is:

c/o Ropes & Gray, One International Place, Boston, MA 02110

b. The name, residence and post office address of each of the initial directors and following officers of the corporation are as follows:

NAME	RESIDENCE	POST OFFICE ADDRESS
------	-----------	---------------------

President:	See Continuation Sheet VII(b) attached hereto and incorporated herein by reference.	
------------	---	--

Treasurer:

Clerk:

Directors: (or officers having the powers of directors).

NAME	RESIDENCE	POST OFFICE ADDRESS
------	-----------	---------------------

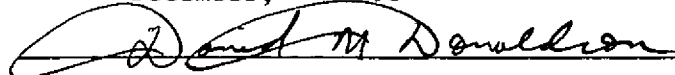
See Continuation Sheet VII(b) attached hereto and incorporated herein by reference.

c. The fiscal year of the corporation shall end on the last day of the month of: September

d. The name and BUSINESS address of the RESIDENT AGENT of the corporation, if any, is:

I/We the below-signed INCORPORATORS do hereby certify under the pains and penalties of perjury that I/We have not been convicted of any crimes relating to alcohol or gaming within the past ten years. I/We do hereby further certify that to the best of my/our knowledge the above-named principal officers have not been similarly convicted. If so convicted, explain.

IN WITNESS WHEREOF and under the pains and penalties of perjury, I/WE, whose signature(s) appear below as incorporator(s) and whose names and business or residential address(es) ARE CLEARLY TYPED OR PRINTED beneath each signature do hereby associate with the intention of forming this corporation under the provisions of General Laws Chapter 180 and do hereby sign these Articles of Organization as incorporator(s) this 9th day of December, 19 93



David M. Donaldson

Ropes & Gray
One International Place
Boston, MA 02110

NOTE: If an already-existing corporation is acting as incorporator, type in the exact name of the corporation, the state or other jurisdiction where it was incorporated, the name of the person signing on behalf of said corporation and the title he/she holds or other authority by which such action is taken.

SECRETARY OF STATE
RECEIVED

1993 DEC 15 PM 1:39

CORPORATION DIVISION

449104

THE COMMONWEALTH OF MASSACHUSETTS

ARTICLES OF ORGANIZATION

GENERAL LAWS, CHAPTER 180

I hereby certify that, upon an examination of the within-written articles of organization, duly submitted to me, it appears that the provisions of the General Laws relative to the organization of corporations have been complied with, and I hereby approve said articles; and the filing fee in the amount of \$35.00 having been paid, said articles are deemed to have been filed with me this 15TH day of December 1993.

Effective date

Michael Joseph Connolly

MICHAEL J. CONNOLLY
Secretary of State

A PHOTOCOPY OF THESE ARTICLES OF ORGANIZATION SHALL BE
RETURNED

TO: David M. Donaldson, Esq.
Ropes & Gray
One International Place, Boston, MA 02110
Telephone: (617) 951-7250

The Commonwealth of Massachusetts

MICHAEL J. CONNOLLY

Secretary of State

ONE ASHBURTON PLACE, BOSTON, MASS. 02108

FEDERAL IDENTIFICATION

NO. 000449109

ARTICLES OF AMENDMENT

General Laws, Chapter 180, Section 7

This certificate must be submitted to the Secretary of the Commonwealth within sixty days after the date of the vote of members or stockholders adopting the amendment. The fee for filing this certificate is \$15.00 as prescribed by General Laws, Chapter 180, Section 11C(b). Make check payable to the Commonwealth of Massachusetts.

H. Richard Nesson
We, David M. Donaldson

, President/~~XXXXXX~~ and
 , Clerk/~~XXXXXX~~ of

MGH/BRIGHAM HEALTH CARE SYSTEM, INC.

(Name of Corporation)

located at One International Place, Boston, MA 02110

do hereby certify that the following amendment to the articles of organization of the corporation was duly adopted at a meeting held on March 14, 1994, by vote of all members/

[illegible]

That the Articles of Organization of this corporation be and they hereby are amended to change the name of the corporation to "Partners HealthCare System, Inc."

Note: If the space provided under any article or item on this form is insufficient, additions shall be set forth on separate 8 1/2 x 11 sheets of paper leaving a left hand margin of at least 1 inch for binding. Additions to more than one article may be continued on a single sheet so long as each article requiring each such addition is clearly indicated.

The foregoing amendment will become effective when these articles of amendment are filed in accordance with Chapter 180, Section 7 of the General Laws unless these articles specify, in accordance with the vote adopting the amendment, a later effective date not more than thirty days after such filing, in which event the amendment will become effective on such later date.

IN WITNESS WHEREOF AND UNDER THE PENALTIES OF PERJURY, we have hereto signed our names this
18th day of March, in the year 1994

H. Richard Vesson

President/~~X~~~~President~~

David M. Donelson

Clerk/~~X~~~~Secretary~~

459052

SECRETARY OF STATE
RECEIVED

1994 MAR 18 PM 4:10

CORPORATION DIVISION

THE COMMONWEALTH OF MASSACHUSETTS

ARTICLES OF AMENDMENT

(General Laws, Chapter 180, Section 7)

I hereby approve the within articles of amendment
and, the filing fee in the amount of \$ 15
having been paid, said articles are deemed to have been
filed with me this 18th
day of March, 1994

Michael Joseph Connolly

MICHAEL J. CONNOLLY

Secretary of State

TO BE FILLED IN BY CORPORATION
PHOTO COPY OF AMENDMENT TO BE SENT

TO:

John E. Beard

Raper & Gray

One International Place, Boston 02110

Telephone

617-951-7411

Copy Mailed

Exercises

Name _____
Approved _____

C	<input type="checkbox"/>
P	<input type="checkbox"/>
M	<input type="checkbox"/>
R.A.	<input type="checkbox"/>

(collectively, the "Partners Affiliated Corporations") and such other charitable, scientific or educational organizations which are or are affiliated with teaching hospitals in the Greater Boston Area; and (iv) to carry on any other activity that may lawfully be carried on by a corporation formed under Chapter 180 of the Massachusetts General Laws which is exempt under Section 501(c)(3) of the Internal Revenue Code; and in furtherance of the foregoing purposes to:

(a) Serve as the controlling and coordinating organization for the Partners Affiliated Corporations in order to assure the consistency and appropriateness of their respective missions, activities, governance and administration;

(b) Solicit and receive devises of real property and grants, donations and bequests of money and other property to be used to further the foregoing purposes and those of the Partners Affiliated Corporations; and

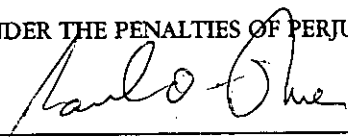
(c) Support the Partners Affiliated Corporations by loan, lease or donation of funds or other assets, by guaranty of obligations or by other action.

2. Delete Section 4.5. of Article IV.

The foregoing amendment(s) will become effective when these Articles of Amendment are filed in accordance with General Laws, Chapter 180, Section 7 unless these articles specify, in accordance with the vote adopting the amendment, a *later* effective date not more than *thirty days* after such filing, in which event the amendment will become effective on such later date.

~~XXXXXX~~

SIGNED UNDER THE PENALTIES OF PERJURY, this 29TH day of MAY, 1998,



, *President ~~XXXXXX~~



Secretary

~~XXXXXX~~

THE COMMONWEALTH OF MASSACHUSETTS

ARTICLES OF AMENDMENT
(General Laws, Chapter 180, Section 7)

I hereby approve the within Articles of Amendment and, the filing fee in
the amount of \$ 1500 having been paid, said articles are deemed
to have been filed with me this 2ND day of JUNE
19 98.

Effective date: _____



WILLIAM FRANCIS GALVIN
Secretary of the Commonwealth

TO BE FILLED IN BY CORPORATION
Photocopy of document to be sent to:

Ernest M. Haddad, Esq.
Partners HealthCare System, Inc.
800 Boylston Street, Ste. 1150
Boston, MA 02199

Telephone: (617) 278-1065

619710

SECRETARY OF
THE COMMONWEALTH

98 JUN -2 AM 9:52

The Commonwealth of Massachusetts

William Francis Galvin

Secretary of the Commonwealth

One Ashburton Place, Boston, Massachusetts 02108-1512

ARTICLES OF AMENDMENT (General Laws, Chapter 180, Section 7)

042

Examiner

Name

Approved

We, Samuel O. Thier, M.D., President / ~~Vice President~~

and Ernest M. Haddad, Secretary / ~~Clerk / Assistant Clerk~~

of Partners HealthCare System, Inc.

(Exact name of corporation)

located at 800 Boylston Street, Suite 1150, Boston, MA 02199

(Address of corporation in Massachusetts)

do hereby certify that these Articles of Amendment affecting articles numbered:

II

(Number those articles 1, 2, 3, and/or 4 being amended)

of the Articles of Organization were duly adopted at a meeting held on May 3 19 99, by vote of:

293 members, ~~XXXXXXXXXXXXXXXXXXXX directors; or XXXXXXXXXXXXXXXXXXXX shareholders;~~

being at least two-thirds of its members/directors legally qualified to vote in meetings of the corporation ~~or in the case of a corporation having capital stock, by the holders of at least two-thirds of the capital stock having the right to vote thereon~~

Delete Article II and insert in place thereof the following:

Article II

The purpose of the corporation is to engage in the following activities:

(i) To organize, operate, coordinate and support a comprehensive integrated health care delivery system (the "System") that provides, without limitation, hospital, physician and other health care services for all persons and education and research for the prevention, diagnosis, treatment and cure of all forms of human illness; (ii) to improve the health and welfare of all persons; (iii) to serve as the controlling and coordinating organization for the System and its member institutions and entities including Brigham and Women's/Faulkner Hospitals, Inc., The Massachusetts General Hospital, The North Shore Medical Center, Inc., Newton-Wellesley Health Care System, Inc., and such other hospital, physician, charitable, scientific, educational,

*Delete the inapplicable words.

Note: If the space provided under any article or item on this form is insufficient, additions shall be set forth on one side only of separate 8 1/2 x 11 sheets of paper with a left margin of at least 1 inch. Additions to more than one article may be made on a single sheet so long as each article requiring each addition is clearly indicated.

660922

THE COMMONWEALTH OF MASSACHUSETTS

ARTICLES OF AMENDMENT
(General Laws, Chapter 180, Section 7)

I hereby approve the within Articles of Amendment and, the filing fee in the amount of \$ 15.00 having been paid, said articles are deemed to have been filed with me this 26th day of May 19 99.

Effective date: _____



WILLIAM FRANCIS GALVIN
Secretary of the Commonwealth

TO BE FILLED IN BY CORPORATION
Photocopy of document to be sent to:

Mary LaLonde

Partners HealthCare System

Office of the General Counsel

50 Staniford St., 10th floor

Boston, MA 02114

Telephone 617-726-5315

99 MAY 26 AM 9:24



The Commonwealth of Massachusetts
William Francis Galvin

Minimum Fee: \$15.00

Secretary of the Commonwealth, Corporations Division
 One Ashburton Place, 17th floor
 Boston, MA 02108-1512
 Telephone: (617) 727-9640

Articles of Amendment

(General Laws, Chapter 180, Section 7)

Identification Number: 043230035

We, BRENT L. HENRY ___ President ☒ Vice President,

and MARY C. LALONDE ___ Clerk ☒ Assistant Clerk ,

of PARTNERS HEALTHCARE SYSTEM, INC.

located at: 800 BOYLSTON ST., SUITE 1150 BOSTON , MA 02199 USA

do hereby certify that these Articles of Amendment affecting articles numbered:

___ Article 1 ☒ Article 2 ___ Article 3 ___ Article 4

(Select those articles 1, 2, 3, and/or 4 that are being amended)

of the Articles of Organization were duly adopted at a meeting held on 4/19/2016 , by vote of: 197 members, 0 directors, or 0 shareholders,
 being at least two-thirds of its members/directors legally qualified to vote in meetings of the corporation (or, in the case of a corporation having capital stock, by the holders of at least two thirds of the capital stock having the right to vote therein):

ARTICLE I

The exact name of the corporation, *as amended*, is:
 (Do not state Article I if it has not been amended.)

ARTICLE II

The purpose of the corporation, *as amended*, is to engage in the following business activities:
 (Do not state Article II if it has not been amended.)

THE PURPOSE OF THE CORPORATION IS TO ENGAGE IN THE FOLLOWING ACTIVITIES: (I) TO ORGANIZE, OPERATE, COORDINATE AND SUPPORT A COMPREHENSIVE INTEGRATED HEALTH CARE DELIVERY SYSTEM (THE "SYSTEM") THAT PROVIDES, WITHOUT LIMITATION, HOSPITAL, PHYSICIAN AND OTHER HEALTH CARE SERVICES FOR ALL PERSONS AND EDUCATION AND RESEARCH FOR THE PREVENTION, DIAGNOSIS, TREATMENT AND CURE OF ALL FORMS OF HUMAN ILLNESS; (II) TO IMPROVE THE HEALTH AND WELFARE OF ALL PERSONS AND TO CONDUCT AND SUPPORT EDUCATION, RESEARCH AND OTHER ACTIVITIES RELATING THERE TO, (III) TO SERVE AS THE CONTROLLING AND COORDINATING ORGANIZATION FOR THE SYSTEM AND ITS MEMBER INSTITUTIONS AND ENTITIES INCLUDING BRIGHAM AND WOMEN'S HEALTH CARE, INC., THE MASSACHUSETTS GENERAL HOSPITAL, NSMC HEALTHCARE, INC., NEWTON WELLESLEY HEALTH CARE SYSTEM, INC., PARTNERS COMMUNITY PHYSICIANS ORGANIZATION, INC., PARTNERS CONTINUING CARE, INC., NEIGHBORHOOD HEALTH PLAN, INC. AND SUCH OTHER HOSPITAL, PHYSICIAN, CHARITABLE, SCIENTIFIC, E

DUCATIONAL, RESEARCH AND OTHER INSTITUTIONS AND ENTITIES THAT ARE CONTROLL
ED, DIRECTLY OR INDIRECTLY, THROUGH SOLE CORPORATE MEMBERSHIP, STOCK OWNER
SHIP OR OTHERWISE, BY THE CORPORATION (COLLECTIVELY, THE "AFFILIATED ORGANIZ
ATIONS"); (IV) TO ASSIST AND SUPPORT THE AFFILIATED ORGANIZATIONS IN FULFILLING
THEIR RESPECTIVE PURPOSES, MISSIONS AND OBJECTIVES IN A MANNER CONSISTENT WI
TH THE PURPOSES, MISSIONS AND OBJECTIVES OF THE CORPORATION AND THE SYSTEM;
AND (V) TO CARRY ON ANY OTHER ACTIVITY THAT MAY LAWFULLY BE CARRIED ON BY A
CORPORATION FORMED UNDER CHAPTER 180 OF THE MASSACHUSETTS GENERAL LAWS
WHICH IS EXEMPT UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE; AND IN F
URTHERANCE OF THE FOREGOING PURPOSES TO: (A) SOLICIT AND RECEIVE DEVICES OF R
EAL PROPERTY AND GRANTS, DONATIONS AND BEQUESTS OF MONEY AND OTHER PROPE
RTY TO BE USED TO FURTHER THE FOREGOING PURPOSES; AND (B) SUPPORT THE AFFILIAT
ED ORGANIZATIONS BY LOAN, LEASE OR DONATION OF FUNDS OR OTHER ASSETS; AND
(C) SUPPORT THE AFFILIATED ORGANIZATIONS BY GUARANTY OF THE OBLIGATIONS OF T
HE AFFILIATED ORGANIZATIONS OR BY OTHER ACTION.

ARTICLE III

A corporation may have one or more classes of members. ***As amended***, the designation of such classes, the manner of election or appointments, the duration of membership and the qualifications and rights, including voting rights, of the members of each class, may be set forth in the by-laws of the corporation or may be set forth below:

ARTICLE IV

As amended, other lawful provisions, if any, for the conduct and regulation of the business and affairs of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the business entity, or of its directors or members, or of any class of members, are as follows:

(If there are no provisions state "NONE")

The foregoing amendment(s) will become effective when these Articles of Amendment are filed in accordance with General Laws, Chapter 180, Section 7 unless these articles specify, in accordance with the vote adopting the amendment, a *later* effective date not more than *thirty days* after such filing, in which event the amendment will become effective on such later date.

Later Effective Date:

**Signed under the penalties of perjury, this 20 Day of April, 2016, BRENT L. HENRY , its ,
President / Vice President,
MARY C. LALONDE , Clerk / Assistant Clerk.**

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:

April 20, 2016 04:09 PM

A handwritten signature in black ink, reading "William Francis Galvin". The signature is written in a cursive, flowing style with a large initial 'W' and 'G'.

WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth

IDENTIFICATION

no. 04-3230035

Filing Fee: \$15.00

Examiner

The Commonwealth of Massachusetts

William Francis Galvin

Secretary of the Commonwealth

One Ashburton Place, Room 1717, Boston, Massachusetts 02108-1512

Name
Approved**ARTICLES OF AMENDMENT**
(General Laws, Chapter 180, Section 7)We, Anne Klibanski, M.D., *President / *Vice President,and Maureen Goggin, *Clerk / *Assistant Clerk,of Partners HealthCare System, Inc.,
(Exact name of corporation)located at 800 Boylston Street, Suite 1150, Boston, Massachusetts 02199,
(Address of corporation in Massachusetts)

do hereby certify that these Articles of Amendment affecting articles numbered:

I, II and IV

(Number those articles 1, 2, 3, and/or 4 being amended)

of the Articles of Organization were duly adopted at a meeting held on April 21, 2020, by vote of:347 members, _____ directors, or _____ shareholders**,☒ Being at least two-thirds of its members legally qualified to vote in meetings of the corporation; OR☐ Being at least two-thirds of its directors where there are no members pursuant to General Laws,
Chapter 180, Section 3; OR☐ In the case of a corporation having capital stock, by the holders of at least two-thirds of the capital stock having
the right to vote therein.

Delete Articles I, II and IV in their entirety and insert in place thereof the following:

Article I

The name of the corporation is:
Mass General Brigham IncorporatedC ☐
P ☐
M ☐
R.A. ☐

*Delete the inapplicable words.

**Check only one box that applies.

Note: If the space provided under any article or item on this form is insufficient, additions shall be set forth on one side
only of separate 8 1/2 x 11 sheets of paper with a left margin of at least 1 inch. Additions to more than one article may be made on a single sheet so
long as each article requiring each addition is clearly indicated.

P.C.

Article II

The purpose of the corporation is to engage in the following activities:

2.1 To organize, operate, direct and coordinate a comprehensive, integrated healthcare delivery system comprising hospital, physician and other healthcare provider organizations, managed care and other health insurance organizations and other charitable, scientific, educational, research and community organizations (i) that are controlled directly or indirectly by the corporation (collectively, the "Affiliated Organizations") and (ii) with which the corporation and the Affiliated Organizations collaborate through clinical and care management, research and other affiliations and contractual arrangements (the "Collaborative Organizations").

2.2 To promote, sponsor, support, conduct and/or provide, either alone or in conjunction with the Affiliated Organizations and/or the Collaborative Organizations, (i) healthcare services to improve the health and welfare of all persons, regardless of their ability to pay; (ii) research for the prevention, diagnosis, treatment and cure of all forms of human illness; (iii) education and training for physicians and other healthcare providers; and (iv) programs and services that address the healthcare needs of the communities served by the corporation, the Affiliated Organizations and/or the Collaborative Organizations.

2.3 To assist and support the Affiliated Organizations and the Collaborative Organizations in fulfilling their respective missions and purposes including, without limitation, by lending, leasing and donating funds and other assets to, and by guaranteeing the obligations of, the Affiliated Organizations and/or the Collaborative Organizations.

2.4 To engage in any activity that may be lawfully carried on by a corporation that is formed under Chapter 180 of the Massachusetts General Laws ("MGL") and that is exempt from federal income tax under Section 501(a) of the Internal Revenue Code ("IRC") as an organization described in Section 501(c)(3) of the IRC.

Article IV

4.1. The corporation shall have in furtherance of its corporate purposes all of the powers specified in Section 6 of MGL Chapter 180 and in Sections 9 and 9A of MGL Chapter 156B (except those powers described in paragraph (m) of said Section 9). The corporation may carry on any operation or activity referred to in Article II of these Articles of Organization to the same extent as might an individual, either alone or in a partnership or joint venture or other arrangement with others, or through a wholly or partly owned or controlled corporation; provided, however, that no such power shall be exercised by the corporation in a manner inconsistent with MGL Chapter 180 or any other chapter of the MGL or with exemption from federal income tax under Sections 501(a) and 501(c)(3) of the IRC.

4.2. The bylaws of the corporation (the "Bylaws") may authorize the Board of Directors to make, amend or repeal the Bylaws in whole or in part, except with respect to any provision thereof which by law, these Articles of Organization or the Bylaws requires action by the members.

4.3. To the fullest extent permitted under Section 3 of MGL Chapter 180, no director or officer of the corporation shall be personally liable to the corporation or its members for monetary damages for breach of fiduciary duty as a director or officer notwithstanding any provision of law imposing such liability.

4.4. The corporation shall have the power to indemnify to the extent specified in the Bylaws (i) its members, directors, officers, employees, agents and volunteers, (ii) persons who serve at its request as a member, director, trustee or officer of another organization and (iii) persons who serve on its behalf in any capacity with respect to any employee benefit plan; provided that any such indemnity shall be limited to the extent necessary to protect the corporation's status as exempt from federal income tax under Sections 501(a) and 501(c)(3) of the IRC.

4.5. No part of the net assets or net earnings of the corporation shall inure to the benefit of, or be distributable to, any member, director, officer or employee of the corporation or to any other person; provided that the corporation shall be authorized and empowered (i) to pay reasonable compensation for services actually rendered and (ii) to make payments and distributions in furtherance of the corporation's purposes set forth in Article II hereof.

4.6 No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting, to influence legislation, except to the extent permitted by Section 501(h) of the IRC. The corporation shall not participate or intervene (including the publishing or distributing of statements) in any political campaign on behalf of (or in opposition to) any candidate for public office.

4.7 It is intended that the corporation shall be entitled to exemption from federal income tax under Section 501(c)(3) of the IRC and shall not be a private foundation under Section 509(a) of the IRC. However, during any period of time in which the corporation is, or is deemed to be, a private foundation (as that term is defined in Section 509 of the IRC), notwithstanding any other provisions of these Articles of Organization or the Bylaws, the corporation shall at all times conduct its affairs as follows:

(i) the income of the corporation for each taxable year shall be distributed at such time and in such manner as not to subject the corporation to the tax on undistributed income imposed by Section 4942 of the IRC; and

(ii) the corporation shall not (1) engage in any act of self-dealing (as defined in Section 4941(d) of the IRC); (2) retain any excess business holdings (as defined in Section 4943(c) of the IRC); (3) make any investments in such manner as to subject the corporation to tax under Section 4944 of the IRC; or (4) make any taxable expenditures (as defined in Section 4945(d) of the IRC).

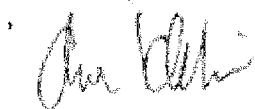
4.8 Upon the liquidation or dissolution of the corporation, after having paid (or made due provision for) all of the liabilities of the corporation, all of the remaining assets of the corporation shall be distributed pursuant to Section 11A of MGL Chapter 180 to Brigham Health, Inc. ("BH") (if at such time BH is exempt from federal income tax under Sections 501(a) and 501(c)(3) of the IRC) and to The Massachusetts General Hospital ("MGH") (if at such time MGH is exempt from federal income tax under Sections 501(a) and 501(c)(3) of the IRC); or, if at such time neither BH nor MGH is so exempt, such distributions shall be made to one or more of the Affiliated Organizations that are then exempt from federal income tax under Sections 501(a) and 501(c)(3) of the IRC.

4.9. All references herein (i) to the IRC or to any section thereof shall be deemed to refer to the IRC of 1986 as now in force or hereafter amended, or to the corresponding provisions of any subsequent federal income tax laws; and (ii) to the MGL or to any chapter or section thereof shall be deemed to refer to said MGL as now in force or hereafter amended, or to the corresponding provisions of any subsequent Massachusetts laws.

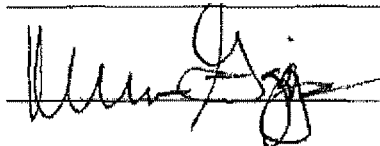
The foregoing amendment(s) will become effective when these Articles of Amendment are filed in accordance with General Laws, Chapter 180, Section 7 unless these articles specify, in accordance with the vote adopting the amendment, a later effective date not more than *thirty* days after such filing, in which event the amendment will become effective on such later date.

Later effective date: May 1, 2020

SIGNED UNDER THE PENALTIES OF PERJURY, this 22nd day of April, 2020



, *President / *Vice President



, *Clerk / *Assistant Clerk.

*Delete the inapplicable words.

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:

April 23, 2020 04:14 PM

A handwritten signature in black ink, reading "William Francis Galvin". The signature is written in a cursive style with a large, stylized initial "W".

WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth

APPENDIX 11

AFFIDAVIT



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: Original Application Date:

Applicant Name:

Application Type: Amendment Significant]

Applicant's Business Type: ☒ Corporation ☐ Limited Partnership ☐ Partnership ☐ Trust ☐ LLC ☐ Other

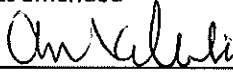
Is the Applicant the sole member or sole shareholder of the Health Facility(ies) that are the subject of this Application? ☒ Yes ☐ No

The undersigned certifies under the pains and penalties of perjury:

1. The Applicant Is the sole corporate member or sole shareholder of the Health Facility(ies) that are the subject of this Application;
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.

Corporation:

Attach a copy of Articles of Organization/Incorporation, as amended

Anne Klibanski, MD  08/07/2022
CEO for Corporation Name: Signature: Date

Scott Sperling
Board Chair for Corporation Name: Signature: Date

*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



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

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Application Number: MGB-22080909-AM

Original Application Date: 08-12-2022

Applicant Name:

Application Type: Hospital/Clinic Substantial Capital Expenditure

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

The undersigned certifies under the pains and penalties of perjury:

1. The Applicant is the sole corporate member or sole shareholder of the Health Facility[ies] that are the subject of this Application;
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;
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 - 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.

Corporation:

Attach a copy of Articles of Organization/Incorporation, as amended

Anne Klibanski, MD

CEO for Corporation Name:

Signature:

Date

Scott Sperling

Board Chair for Corporation Name:

Signature:

Date

*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

This document is ready to print: ☐

Date/time Stamp:

This document is ready to print: ☒

Date/time Stamp: