**Massachusetts Department of Public Health**

**Determination of Need
Application Form**

Application Type: Hospital/Clinic Substantial Capital Expenditure Application Date: 02/28/2022 12:20 pm

Applicant Name: New England Rehabilitation Services of Central Massachusetts, Inc., d/b/a Fairlawn Rehabilitation Hospital

Mailing Address: 189 May Street

City: Worcester State: Massachusetts Zip Code: 01602

Contact Person: Daria Niewenhous Title: Attorney

Mailing Address: One Financial Center

City: Boston State: Massachusetts Zip Code: 02111

Phone: 6173484865 Ext: E-mail: DNiewenhous@mintz.com

**Facility Information**

**List each facility affected and or included in Proposed Project**

1 Facility Name: Fairlawn Rehabilitation Hospital, an affiliate of Encompass Health

Facility Address: 189 May Street

City: Worcester State: Massachusetts Zip Code: 01602

Facility type: Hospital CMS Number: 1225002983

**1. About the Applicant**

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

1.2 Applicant's Business Type: Corporation

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

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

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

1.6 Is Applicant or any affiliate thereof subject to M.G.L. c. 6D, § 13 and 958 CMR 7.00 (filing of Notice of Material Change to the Health Policy Commission)? Yes

1.7 Does the Proposed Project also require the filing of a MCN with the HPC? 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? No

1.9 Complete the Affiliated Parties Form

**2. Project Description**

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

Please 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? No

**4. Conservation Project**

4.1 Are you submitting this Application as a Conservation Project? 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? No

**6. Transfer of Ownership**

6.1 Is this an application filed pursuant to 105 CMR 100.735? No

**7. Ambulatory Surgery**

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

**8. Transfer of Site**

8.1 Is this an application filed pursuant to 105 CMR 100.745? No

**9. Research Exemption**

9.1 Is this an application for a Research Exemption? No

**10. Amendment**

10.1 Is this an application for a Amendment? No

**11. Emergency Application**

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

**12. Total Value and Filing Fee**

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

**Your project application is for:** Hospital/Clinic Substantial Capital Expenditure

12.1 Total Value of this project: $42,514,011.00

12.2 Total CHI commitment expressed in dollars: (calculated) $2,125,700.55

12.3 Filing Fee: (calculated) $85,028.02

12.4 Maximum Incremental Operating Expense resulting from the Proposed Project: $2,926,000.00

12.5 Total proposed Construction costs, specifically related to the Proposed Project, If any, which will be contracted out to local or minority, women, or veteran-owned businesses expressed in estimated total dollars.

**13. Factors**

Required Information and supporting documentation consistent with 105 CMR 100.210

Some Factors will not appear depending upon the type of license you are applying for.

Text fields will expand to fit your response.

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

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

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

Please see attached narrative.

F1.a.ii **Need by Patient Panel**:

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

Please see attached narrative.

F1.a.iii **Competition**:

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

Please see attached narrative.

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

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

Please see attached narrative.

F1.b.ii **Public Health Value/Outcome-Oriented**:

Describe the impact of the Proposed Project and how the Applicant will assess such impact. Provide projections demonstrating how the Proposed Project will improve health outcomes, quality of life, or health equity. Only measures that can be tracked and reported over time should be utilized.

Please see attached narrative.

F1.b.iii **Public Health Value/Health Equity-Focused**:

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

Please see attached narrative.

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

Please see attached narrative.

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

Please see attached narrative.

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

Please see attached narrative.

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

Please see attached narrative.

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

Please see attached narrative.

**Factor 2:Health Priorities**

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

F2.a **Cost Containment**:

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

Please see attached narrative.

F2.b **Public Health Outcomes**:

Describe, as relevant, for each new or expanded service, how the Proposed Project will improve public health outcomes.

Please see attached narrative.

F2.c **Delivery System Transformation**:

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

Please see attached narrative.

|  |
| --- |
| **Factor 3: Compliance** |
| Applicant certifies, by virtue of submitting this Application that it is in compliance and good standing with federal, state, and local laws and regulations, including, but not limited to M.G.L. c. 30, §§ 61 through 62H and the applicable regulations thereunder, and in compliance with all previously issued notices of Determination of Need and the terms and conditions attached therein. |
| F3.a Please list all previously issued Notices of Determination of Need |
| Add/Del Rows | Project Number | Date Approved | Type of Notification | Facility Name |
| + -  | N/A |   |   |   |

**Factor 4: Financial Feasibility and Reasonableness of Expenditures and Costs**

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

|  |
| --- |
| **Factor 4: Financial Feasibility and Reasonableness of Expenditures and Costs** |
| Applicant has provided (as an attachment) a certification, by an independent certified public accountant (CPA) as to the availability of sufficient funds for capital and ongoing operating costs necessary to support the Proposed Project without negative impacts or consequences to the Applicant's existing Patient Panel. |
| F4.a.i **Capital Costs Chart**:For each Functional Area document the square footage and costs for New Construction and/or Renovations. |
|   | Present Square Footage | Square Footage Involved in Project | Resulting Square Footage | Total Cost | Cost/Square Footage |
|  | New Construction | Renovation |  |  |  |
| Add/Del Rows | Functional Areas | Net | Gross | Net | Gross | Net | Gross | Net | Gross | NewConstruction | Renovation | NewConstruction | Renovation |
| + - | Nursing Units (incl. patient rooms, support space) | 30,242 | 36,737 | 13,135 | 15,956 | 26,374 | 32,038 | 43,377 | 52,693 | $12,537,797.72 | $12,183,159.88 | $785.79 | $380.27 |
|   |
| + - | Dining/Recreation/Dayroom | 3,474 | 4,221 | 4,591 | 5,578 | 6,608 | 8,028 | 8,065 | 9,799 | $4,383,306.23 | $3,052,900.38 | $785.79 | $380.27 |
|   |
| + - | Physical Therapy | 5,646 | 6,859 |   |   | 3,966 | 4,818 | 5,646 | 6,859 |   | $1,832,281.74 |   | $380.27 |
|   |
| + - | Pharmacy | 924 | 1,123 | 585 | 711 |   |   | 1,509 | 1,834 | $559,077.86 |   | $785.79 |   |
|   |
| + - | Plant Services (Mechanical/Electrical) | 3,580 | 4,349 | 1,216 | 1,478 |   |   | 4,796 | 5,827 | $1,161,088.32 |   | $785.79 |   |
|   |
| + - | Administration/Reception | 3,768 | 4,577 | 742 | 901 |   |   | 4,510 | 5,478 | $707,910.87 |   | $785.79 |   |
|   |
| + - |   |   |   |   |   |   |   |   |   |   |   |   |   |
|   |
| + - |   |   |   |   |   |   |   |   |   |   |   |   |   |
|   |
| + - |   |   |   |   |   |   |   |   |   |   |   |   |   |
|   |
| + - |   |   |   |   |   |   |   |   |   |   |   |   |   |
|   | Total: (calculated) | 47,634 | 57,866 | 20,269 | 24,624 | 36,948 | 44,884 | 67,903 | 82,490 | $19,349,181.00 | $17,068,342.00 | $3,928.95 | $1,140.81 |

|  |
| --- |
| F4.a.ii For each Category of Expenditure document New Construction and/or Renovation Costs. |
|   | Category of Expenditure | New Construction | Renovation | Total(calculated) |
|   | **Land Cost**s |
| Land Acquisition Cost |   |   |   |
| Site Survey and Soil Investigation | $51980 |   | $51980 |
| Other Non-Depreciable Land Development |   |   |   |
|   | Total Land Costs | $51980 |   | $51980 |
|   | **Construction Contract (including bonding cost)** |
|   | Depreciable Land Development Cost | $794389 |   | $794389 |
|   | Building Acquisition Cost |   |   |   |
|   | Construction Contract (including bonding cost) | $19349181 | $17068342 | $36417523 |
|   | Fixed Equipment Not in Contract | $989524 | $306001 | $1295525 |
|   | Architectural Cost (Including fee, Printing, supervision etc.) and Engineering Cost | $1122257 | $990143 | $2112400 |
|   | Pre-filing Planning and Development Costs | $300000 | $200000 | $500000 |
|   | Post-filing Planning and Development Costs |   |   |   |
| Add/Del Rows | Other (specify) |
| + - |   |   |   |   |
|   | Net Interest Expensed During Construction | $713128 | $629066 | $1342194 |
|   | Major Movable Equipment |   |   |   |
|   | Total Construction Costs | $23268479 | $19193552 | $42462031 |
|   | **Financing Costs:** |
|   | Cost of Securing Financing (legal, administrative, feasibility studies, mortgage insurance, printing, etc |   |   |   |
|   | Bond Discount |   |   |   |
| Add/Del Rows | Other (specify |
| + - |   |   |   |   |
|   | Total Financing Costs |   |   |   |
|   | **Estimated Total Capital Expenditure** | $23320459 | $19193552 | $42514011 |

**Factor 5: Relative Merit**

F5.a.i Describe the process of analysis and the conclusion that the Proposed Project, on balance, is superior to alternative and substitute methods for meeting the existing Patient Panel needs as those have been identified by the Applicant pursuant to 105 CMR 100.210 (A)(1). When conducting this evaluation and articulating the relative merit determination, Applicant shall take into account, at a minimum, the quality, efficiency, and capital and operating costs of the Proposed Project relative to potential alternatives or substitutes, including alternative evidence-based strategies and public health interventions.

|  |
| --- |
| **Proposal:** |
| Please see attached narrative. |
| **Quality:** |
| Please see attached narrative. |
| **Efficiency:** |
| Please see attached narrative. |
| **Capital Expense:** |
| Please see attached narrative. |
| **Operating Costs:** |
| Please see attached narrative. |
| List alternative options for the Proposed Project:**Alternative Proposal:** |
| Please see attached narrative. |
| **Alternative Quality:** |
| Please see attached narrative. |
| **Alternative Efficiency:** |
| Please see attached narrative. |
| **Alternative Capital Expense:** |
| Please see attached narrative. |
| **Alternative Operating Costs:** |
| Please see attached narrative. |

F5.a.ii Describe the process of analysis and the conclusion that the Proposed Project, on balance, is superior to alternative and substitute methods for meeting the existing Patient Panel needs as those have been identified by the Applicant pursuant to 105 CMR 100.210(A)(1). When conducting this evaluation and articulating the relative merit determination, Applicant shall take into account, at a minimum, the quality, efficiency, and capital and operating costs of the Proposed Project relative to potential alternatives or substitutes, including alternative evidence-based strategies and public health interventions.

Please see attached narrative.

**Factor 6: Community Based Health Initiatives**

F6 Does your existing CHNA/CHIP meet the minimum standards outlined in the Community Engagement Standards for Community health Planning Guideline? No

Not applicable. Applicant will pay into the CHI Statewide Initiative Fund.

**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

X Copy of Notice of Intent

X Affidavit of Truthfulness Form

X Scanned copy of Application Fee Check

X Affiliated Parties Table Question 1.9

X Change in Service Tables Questions 2.2 and 2.3

X Certification from an independent Certified Public Accountant

 Notification of Material Change

X Articles of Organization / Trust Agreement

 Current IRS Form, 990 Schedule H CHNA/CHIP and/or Current CHNA/CHIP submitted to Massachusetts AGO's Office

 Community Engagement Stakeholder Assessment form

 Community Engagement-Self Assessment form

**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**: X Date/time Stamp: 02/28/2022 12:20 pm

E-mail submission to

Determination of Need

**Application Number: N/A-22022810-HE**

**Use this number on all communications regarding this application.**

Community Engagement-Self Assessment form

**NEW ENGLAND REHABILITATION SERVICES OF CENTRAL MASSACHUSETTS,
INC. D/B/A FAIRLAWN REHABILITATION HOSPITAL, an affiliate of ENCOMPASS
HEALTH
DON APPLICATION #N/A-22022810-HE**

**NARRATIVE RESPONSES**

**HOSPITAL/CLINIC SUBSTANTIAL CAPITAL EXPENDITURE**

**FAIRLAWN REHABILITATION HOSPITAL, an affiliate of ENCOMPASS HEALTH**

NEW ENGLAND REHABILITATION SERVICES OF CENTRAL MASSACHUSETTS D/B/A FAIRLAWN REHABILITATION HOSPITAL, an affiliate of ENCOMPASS HEALTH

DON APPLICATION #N/A-22022810-HE

Determination of Need Narrative Responses

* Exhibit A – Community Engagement Materials
* Exhibit B – Illustrative exhibit and summary regarding Joan E. DaVanzo, Ph.D., M.S.W., Al Dobson, Ph.D., Audrey El-Gamil, Justin W. Li, and Nikolay Manolov, Ph.D.; Assessment of Patient Outcomes of Rehabilitative Care Provided in Inpatient Rehabilitation Facilities and After Discharge; 2014
* Exhibit C – Successful treatment of patients recovering from COVID-19

**2. Project Description***The Applicant*

New England Rehabilitation Services of Central Massachusetts, Inc., d/b/a Fairlawn Rehabilitation Hospital, a business corporation organized and existing under the laws of the Commonwealth of Massachusetts (the “Applicant”), holds a hospital license for Fairlawn Rehabilitation Hospital, an affiliate of Encompass Health (the “Hospital”), located at 189 May Street, Worcester, Massachusetts 01602. The Applicant is jointly owned by Encompass Health Fairlawn Holdings, LLC and UMass Memorial Health Ventures, Inc.

Encompass Health Fairlawn Holdings, LLC is a wholly owned subsidiary of Encompass Health Corporation (“Encompass”), one of the United States’ largest providers of post-acute services and operates the nation’s largest system of rehabilitation hospitals. Encompass holds three additional hospital licenses in Massachusetts: Encompass Health Rehabilitation Hospital of Braintree, located in Braintree, which is licensed to operate 187 Rehabilitation Service beds; Encompass Health Rehabilitation Hospital of New England, having a main campus in Woburn and satellite campuses in Beverly and Lowell, which is licensed to operate a total of 179 Rehabilitation Service beds, and Encompass Health Rehabilitation Hospital of Western Massachusetts, located in Ludlow, which is licensed to operate 53 Rehabilitation Service beds.

UMass Memorial Health Ventures, Inc. is a wholly controlled subsidiary of UMass Memorial Health Care, Inc. (“UMMHC”). UMass Memorial Health Ventures, Inc. is a Massachusetts non­profit corporation that serves as a holding company for UMMHC business ventures, which serves the UMass Memorial Health system.

*The Hospital*

The Hospital has 110 licensed Rehabilitation Service beds, where patients are provided the intensive inpatient rehabilitation necessary to help them regain independence after a life-changing illness or injury. Using clinical collaboration and advanced technologies, the Hospital provides a personalized care plan designed to meet each patient’s unique needs and to help each patient achieve their individual goals. The Hospital provides services to patients with a wide variety of medical conditions. The Hospital holds the following Disease-Specific Care Certifications from The Joint Commission:

* Amputee Rehabilitation;
* Brain Injury Rehabilitation;
* Parkinson’s Disease Rehabilitation; and
* Stroke Rehabilitation.

The Hospital uses an interdisciplinary team approach that includes physical, speech and occupational therapists, rehabilitation physicians, rehabilitation nurses, case managers, dietitians and more, combined with advanced technology and expertise. Each patient receives at least three hours of therapy five days per week while under the constant care of registered nurses, many of whom specialize in rehabilitation.

The Hospital has adopted an open medical staff model, which ensures that community-based physicians are available to care for established patients alongside the specialists providing rehabilitation services at the Hospital. The Hospital’s full time physician staff includes physiatrists and consulting specialists, who are employed by UMass Memorial Medical Group, and internal medicine physicians employed by a local group practice. In addition, neurologists affiliated with UMass Memorial Medical Center and other UMass Memorial affiliated acute-care hospitals are credentialed members of the Hospital’s medical staff. This provides strong continuity of care, allowing the neurologists to follow their patients, many of whom are recovering from a stroke or other neurological illness, post-acute discharge, through rehabilitation at the Hospital, and after their discharge from the Hospital. Credentialing other UMass Memorial specialists, such as orthopedists, to round at the Hospital is under consideration.

*The Proposed Project*

As more particularly described in this Application, the Proposed Project will expand and upgrade the Hospital’s current physical plant, improving the care environment for the Hospital’s patients. There will be no change to the Hospital’s licensed bed capacity or current scope of services as a result of the Proposed Project. The Hospital will remain operational during the pendency of the Proposed Project, which will be managed in phases designed to minimize potential impacts on patient care and Hospital census.[[1]](#footnote-1)

The Hospital is located on property initially known as the Fairlawn Estate. The original building, which still houses certain administrative offices and other non-patient areas, such as the employee cafeteria and food preparation area, storage and materials management, was constructed in 1893. The building that currently houses the Hospital’s inpatient facility was constructed in the 1960s, and reflects the characteristics of hospital facilities designed during that era, including semi-private rooms, three to four bed rooms, and community showers. Each floor has its own gym area and dinette area, where patients can have meals outside of their room. As discussed in Factor F1.a.ii, the current physical plant lacks many of the features found in more recently constructed hospital facilities and does not meet the expectations of today’s rehabilitation patients or facilitate today’s rehabilitation model. In addition to bed utilization, scheduling and patient flow issues, the current design poses special concerns for infection control and social distancing among patients, staff and visitors, which has become a pressing concern during the COVID-19 pandemic.

The Proposed Project will involve renovating approximately 38,000 square feet of the existing physical plant, including the conversion of 25 multi-bed and semi-private rooms to private rooms with individual showers. Additionally, a 23,114 square foot four-story expansion off the existing inpatient wing will include 29 new private patient rooms, including one combined bariatric/negative-pressure isolation room on each patient care floor. The first floor of the expansion will also include a new entrance to the lobby with a canopy and an upgraded ambulance bay.

Upon completion, the Proposed Project will include the following new or enhanced features:

* 54 beds in private patient rooms, 56 beds in 28 semi-private patient rooms[[2]](#footnote-2)
* 23,114 square foot expansion and 38,000 square foot renovation
* State of the art technology
* Isolation rooms
* Enhanced bariatric care
* Dayroom/activity space
* Meeting space for training and education
* Updated laboratory
* Updated examination rooms
* Enhanced dialysis suite.

The Proposed Project will enable the Hospital’s dedicated staff to continue to provide the high quality care that our patients have come to expect in a state-of-the-art facility that offers a more efficient and welcoming environment.

**13. Factors**

Required Information and supporting documentation consistent with 105 CMR 100.210

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

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

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

*Summary Profile of Patients*

The Hospital cares for a large and diverse Patient Panel as demonstrated by the utilization data for the 36-month period covering February 2019 through January 2022. The vast majority of the Applicant’s patients reside in Worcester County, where the Hospital is located. The proximity of the Hospital to the patients’ homes allows the patients’ families and caregivers to actively participate in the patients’ recovery and restorative process, including preparation for the patients’ return home or other discharge plan. Family and caregiver involvement has been shown to improve outcomes, so it is important that the Hospital maintains an appropriate number of available and accessible beds to allow patients to continue receiving IRF services close to home.[[3]](#footnote-3)

The Applicant’s Patient Panel (the “Patient Panel”) skews older, which is consistent with Encompass Health’s experience across its inpatient rehabilitation facilities (“IRFs”) nationally as well as for all IRFs (regardless of ownership) across the U.S. Approximately two-thirds (65.4%) of the Patient Panel is age 65 and older.

Consistent with Encompass Health’s IRFs across the nation, the Hospital provides a comprehensive array of specialized restorative and rehabilitation services, caring for patients with conditions including the following:

* Stroke
* Neurological
* Orthopedic
* Brain injury
* Joint replacement
* Multiple Trauma Injury
* Cardiac
* Amputation
* Pulmonary/respiratory
* Spinal cord injury
* Pain management
* Arthritis
* Burns

Details specific to the Applicant’s Patient Panel follow.

*The Applicant’s Patient Origin*

As shown below, nearly 85% of Applicant’s patients for the period February 2019 through January 2022 reside in Worcester County, which is thus considered the Hospital’s primary service area. When residents from Worcester County are combined with patients from Middlesex County, those two counties alone account for approximately nine out of ten patients admitted to the Hospital. As shown below, fewer than 5% of the Hospital’s admissions are patients from out-of-state.

|  |
| --- |
| **Table 1 Fairlawn Rehabilitation Hospital Admissions by Patient County of Origin February 2019 – January 2022** |
| **Patient County** | **2/2019 -****1/2020** | **2/2020 -****1/2021** | **2/2021-****1/2022** | **% of Total** | **% of Total** | **% of Total** |
| Worcester County | 2,005 | 1,592 | 1,566 | 85.7% | 83.6% | 83.7% |
| Middlesex County | 134 | 121 | 123 | 5.7% | 6.4% | 6.6% |
| Unknown/Out-of-State | 112 | 83 | 75 | 4.8% | 4.4% | 4.0% |
| Norfolk County | 31 | 40 | 36 | 1.3% | 2.1% | 1.9% |
| Hampden County | 17 | 25 | 21 | 0.7% | 1.3% | 1.1% |
| Other Massachusetts[[4]](#footnote-4)  | 41 | 43 | 50 | 1.5% | 2.2% | 2.7% |
| **Total** | **2,340** | **1,904** | **1,871** | **100.0%** | **100.0%** | **100.0%** |
| Source: Fairlawn Rehabilitation Hospital Internal Data.Note: Percentage totals may not equal 100% due to rounding. |

In addition to the majority of the Patient Panel who reside in Worcester County, the Hospital’s location offers convenience to the approximately 15% of its patients who reside outside of the primary service area and who nonetheless choose the Hospital due to the Applicant’s high quality of care and variety of specialized services.

The Hospital’s easily accessible central location in Worcester County and proximity to interstates and major roadways make the Hospital convenient for the Patient Panel. There are no Worcester Regional Transit Authority (“WRTA”) public transportation routes that stop directly at the Hospital, but the Hospital is near three bus lines that have stops within walking distances to the Hospital of between approximately six to fifteen minutes.[[5]](#footnote-5) There are several options available for those individuals who may have difficulty using bus transportation. The WRTA offers an ADA Paratransit Service Program, which is an origin to destination service for ADA eligible riders that services areas within a 3/4 mile area surrounding each of the WRTA’s fixed routes. Depending on the location of the interested individual, the ADA Paratransit Service Program is a potential transportation resource to the Hospital. The Worcester Senior Center offers transportation services through their Senior Support Team, facilitated by St. Paul’s Elder Outreach.

While the total number of patients able to timely access needed intensive inpatient rehabilitation services from the Hospital is expected to increase following completion of the Proposed Project, the relative percentage of patients by county (*i.e.*, the Applicant’s Patient Panel origin distribution) has remained fairly constant year over year. Because the Proposed Project will not change Hospital’s licensed bed capacity or scope of services offered, the Applicant does not anticipate that the Proposed Project will affect the Hospital’s patient origin profile.

*Patients by Age and Gender*

As shown below, persons identifying as female represent 47% of the Applicant’s Patient Panel while persons identifying as male represent 53% of patients served.

|  |
| --- |
| **Table 2.1 Fairlawn Rehabilitation Hospital Admissions by Patient Age February 2019 – January 2020** |
| **Age Group in Years** | **Female Patients** | **Male Patients** | **All****Patients** | **Female % of Total** | **Male % of Total** | **All****Patient****% of Total** |
| 0 to 34 | 26 | 38 | **64** | 2.2% | 3.2% | **2.7%** |
| 35 to 49 | 65 | 90 | **155** | 5.6% | 7.6% | **6.6%** |
| 50 to 64 | 251 | 310 | **561** | 21.6% | 26.3% | **24.0%** |
| 65 to 74 | 274 | 331 | **605** | 23.6% | 28.1% | **25.9%** |
| 75 to 84 | 305 | 278 | **583** | 26.3% | 23.6% | **24.9%** |
| 85 and Older | 240 | 132 | **372** | 20.7% | 11.2% | **15.9%** |
| **Total** | **1,161** | **1,179** | **2,340** | **100.0%** | **100.0%** | **100.0%** |
| **% of Total****Patients** | **49.6%** | **50.4%** | **100.0%** |   |
| Source: Fairlawn Rehabilitation Hospital Internal Data.Note: Percentage totals may not equal 100.0% due to rounding. |

|  |
| --- |
| **Table 2.2 Fairlawn Rehabilitation Hospital Admissions by Patient Age February 2020 - January 2021** |
| **Age Group in Years** | **Female Patients** | **Male Patients** | **All****Patients** | **Female % of Total** | **Male % of Total** | **All****Patient****% of Total** |
| 0 to 34 | 17 | 39 | **56** | 2.0% | 3.7% | **2.8%** |
| 35 to 49 | 56 | 86 | **142** | 6.5% | 8.3% | **7.5%** |
| 50 to 64 | 209 | 282 | **491** | 24.0% | 27.2% | **25.8%** |
| 65 to 74 | 211 | 307 | **518** | 24.3% | 29.6% | **27.2%** |
| 75 to 84 | 212 | 206 | **418** | 24.5% | 19.9% | **22.0%** |
| 85 and Older | 162 | 117 | **279** | 18.7% | 11.3% | **14.7%** |
| **Total** | **867** | **1,037** | **1,904** | **100.0%** | **100.0%** | **100.0%** |
| **% of Total****Patients** | **45.5%** | **54.5%** | **100.0%** |   |
| Source: Fairlawn Rehabilitation Hospital Internal Data.Note: Percentage totals may not equal 100.0% due to rounding. |

|  |
| --- |
| **Table 2.3 Fairlawn Rehabilitation Hospital Admissions by Patient Age February 2021 – January 2022** |
| **Age Group in Years** | **Female Patients** | **Male Patients** | **All****Patients** | **Female % of Total** | **Male % of Total** | **All****Patient****% of Total** |
| 0 to 34 | 22 | 41 | **63** | 2.6% | 4.0% | **3.4%** |
| 35 to 49 | 62 | 81 | **143** | 7.3% | 7.9% | **7.6%** |
| 50 to 64 | 211 | 280 | **491** | 24.9% | 27.3% | **26.2%** |
| 65 to 74 | 218 | 296 | **514** | 25.8% | 28.9% | **27.5%** |
| 75 to 84 | 200 | 218 | **418** | 23.6% | 21.3% | **22.4%** |
| 85 and Older | 133 | 109 | **242** | 15.7% | 10.6% | **12.9%** |
| **Total** | **846** | **1,025** | **1,871** | **100.0%** | **100.0%** | **100.0%** |
| **% of Total****Patients** | **45.2%** | **54.8%** | **100.0%** |   |
| Source: Fairlawn Rehabilitation Hospital Internal Data.Note: Percentage totals may not equal 100.0% due to rounding. |

The vast majority of the Applicant’s patients (89.8%) are ages 50 years and older, and approximately two-thirds (64.6%) of the Applicant’s patients are ages 65 and older. As such, the majority of the Applicant’s patients are enrolled in the Medicare program, either through the traditional Medicare Fee-For-Service (“FFS”) program or Medicare Advantage. Nationally, IRFs care for an older patient population, with the Medicare Payment Advisory Commission (“MedPAC”) reporting that in 2019, on average, the traditional Medicare (“FFS”) program accounted for about 58 percent of IRF discharges.[[6]](#footnote-6)

The average age of the Applicant’s patients during the period from Februrary 1, 2019 through January 31, 2022 was 69, while the average age of its Medicare FFS patients was 74. For context, we note that the age distribution of the Applicant’s patients is consistent with the Patient Panel age distribution across Encompass Health’s affiliated hospitals’ patient panels, which is currently age 71 for all patients, and age 76 for Medicare FFS patients.[[7]](#footnote-7)

As with the patient origin profile, because the Proposed Project will not change Hospital’s licensed bed capacity or scope of services offered, the Applicant does not anticipate that the Proposed Project will have an effect upon the Patient Panel distribution by age and gender.

*Patients by Race and Ethnicity*

As indicated below, the Applicant’s Patient Panel includes individuals representing a mix of races and ethnicities.[[8]](#footnote-8) Race/ethnicity are self-reported, and 15.1% of the Applicant’s patients either chose not to report their race/ethnicity or identified in a manner that did not align with the categories listed below.

|  |
| --- |
| **Table 3 Fairlawn Rehabilitation Hospital Admissions by Patient Race/Ethnicity February 2019 – January 2022** |
| **Patient Race/Ethnicity[[9]](#footnote-9)** | **2/2019 -****1/2020** | **2/2020 -****1/2021** | **2/2021-****1/2022** | **% of Total** | **% of Total** | **% of Total** |
| White | 1,875 | 1,502 | 1,311 | 80.1% | 78.9% | 70.1% |
| Other and Unknown | 293 | 233 | 396 | 12.6% | 12.2% | 21.2% |
| Black or African American | 79 | 81 | 84 | 3.4% | 4.3% | 4.5% |
| Hispanic or Latino, BlackHispanic | 72 | 67 | 53 | 3.1% | 3.5% | 2.8% |
| Asian, Native American,Biracial | 21 | 21 | 27 | 0.8% | 1.1% | 1.4% |
| **Total** | **2,340** | **1,904** | **1,871** | **100.0%** | **100.0%** | **100.0%** |
| Source: Fairlawn Rehabilitation Hospital Internal Data.Note: Percentage totals may not equal 100% due to rounding. |

The Patient Panel distribution by patient race/ethnicity is not expected to change following completion of the Proposed Project.

Accounting for the fact that inpatient rehabilitation care specifically, and healthcare services generally, are utilized predominantly by older individuals, the Applicant’s Patient Panel reflects the demographic profile of the Worcester County, particularly with respect to percentage of those identifying as white, as shown below.

|  |
| --- |
| **Table 4 Worcester County Demographic Overview U.S. Census Bureau** |
| **Population** |
| Total Population - 2020 | 862,111 |
| **Gender** |
| Percent Population Female - 2019 | 50.7% |
| Percent Population Male - 2019 | 49.3% |
| **Race - Percent of Total Population** |
| White Alone | 85.7% |
| Black or African American Alone | 6.1% |
| Asian Alone | 5.4% |
| American Indian and Alaska Native Alone | 0.4% |
| Native Hawaiian and Other Pacific Islander Alone | 0.1% |
| Two or More Races | 2.3% |
| **Ethnicity - Percent of Total Population** |
| Hispanic or Latino 12.2% |
| **Age - Percent of Total Population** |
| 65 Years and Older | 16.1% |
| Younger Than 65 Years | 83.9% |
| Source: U.S. Census Bureau, Population Estimates Program (PEP) and American Community Survey (ACS). 2020 Population sourced from 2020 U.S. Census (4/1/2020 base). |

*Patients by Medical Condition*

As an affiliate of Encompass Health, the Applicant has the opportunity to utilize advanced technologies, innovative therapies, customized treatment plans, coordinated care teams and specially-designed facilities to deliver the highest level of rehabilitative care in order to enable patients to regain independence. The Applicant treats patients with a wide range of medical conditions, as shown below.

|  |
| --- |
| **Table 5 Fairlawn Rehabilitation Hospital Patients by Medical Service/Condition February 2019 – January 2022** |
| **Patient Medical Services/Conditions** | **2/2019 -****1/2020** | **2/2020 -****1/2021** | **2/2021-****1/2022** | **% of Total** | **% of Total** | **% of Total** |
| Stroke Program | 443 | 380 | 368 | 19.0% | 19.1% | 19.7% |
| Other Conditions[[10]](#footnote-10) | 392 | 341 | 340 | 16.8% | 18.3% | 18.2% |
| Neurological Conditions | 326 | 192 | 266 | 13.9% | 9.9% | 14.2% |
| Orthopedic - Other | 270 | 168 | 169 | 11.5% | 9.8% | 9.0% |
| Brain Injury - Non-Traumatic | 188 | 196 | 167 | 8.0% | 9.8% | 8.9% |
| Orthopedic - Hip | 127 | 150 | 87 | 5.4% | 7.3% | 4.6% |
| Multiple Trauma - No Brain/Spinal Cord Injury | 119 | 124 | 102 | 5.1% | 6.6% | 5.5% |
| Traumatic Brain Injury | 108 | 95 | 77 | 4.6% | 4.9% | 4.1% |
| Cardiac Program | 94 | 58 | 77 | 4.0% | 3.3% | 4.1% |
| Amputee - Lower Extremity | 65 | 59 | 61 | 2.8% | 3.0% | 3.3% |
| Multiple Trauma - Brain/Spinal Cord Injury | 68 | 52 | 51 | 2.9% | 2.9% | 2.7% |
| Spinal Cord Injury - Non-Traumatic | 47 | 42 | 47 | 2.0% | 2.2% | 2.5% |
| Pulmonary Program | 55 | 28 | 28 | 2.4% | 1.6% | 1.5% |
| Orthopedic - Joint | 38 | 19 | 31 | 1.6% | 1.1% | 1.7% |
| **Total** | **2,340** | **1,904** | **1,871** | **100.0%** | **100.0%** | **100.0%** |
| Source: Fairlawn Rehabilitation Hospital Internal Data.Note: Percentage totals may not equal 100% due to rounding. |

The Applicant’s focus on providing high-quality care to patients with a wide array of medical conditions is evidenced by the Hospital’s **Disease-Specific Care Certifications** from The Joint Commission, which include:

* Amputee Rehabilitation;
* Brain Injury Rehabilitation;
* Parkinson’s Disease Rehabilitation; and,
* Stroke Rehabilitation.

Because the Proposed Project will not change Hospital’s licensed bed capacity or scope of services offered, the Patient Panel distribution by medical condition is not expected to change following completion of the Proposed Project.

*Payer Mix*

As noted above, because a significant portion of the Applicant’s patients are ages 65 and older, the majority of the Applicant’s patients (72.8%) are enrolled in traditional Medicare or Medicare Advantage. Patients enrolled in Medicaid comprise 12%. Patients enrolled in commercial plans comprise 13%. A small portion of the Applicant’s patients are either self-pay or have received workers compensation or other reimbursement. We do not expect the Proposed Project to affect the Applicant’s payer mix.

|  |
| --- |
| **Fairlawn Rehabilitation Hospital Payor Mix by Admission****February 2019 – January 2022** |
| **Payor Mix** | **2/2019 -****1/2020** | **2/2020 -****1/2021** | **2/2021-****1/2022** | **% of Total** | **% of Total** | **% of Total** |
| Medicare | 1,598 | 1,086 | 926 | 68.3% | 57.0% | 49.5% |
| Medicare Advantage | 220 | 270 | 350 | 9.4% | 14.2% | 18.7% |
| Medicaid | 221 | 262 | 250 | 9.4% | 13.8% | 13.4% |
| Commercial | 248 | 252 | 295 | 10.6% | 13.2% | 15.7% |
| Self-Pay/Workers Comp/Other | 53 | 34 | 50 | 2.3% | 1.8% | 2.7% |
| **Total** | **2,340** | **1,904** | **1,871** | **100.0%** | **100.0%** | **100.0%** |
| Source: Fairlawn Rehabilitation Hospital Internal Data.Note: Percentage totals may not equal 100% due to rounding. |

**F1.a.ii Need by Patient Panel:**

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

*The Lack of Private Rooms Negatively Impacts Patients in Need of Admission*

The proposed renovation and expansion project is needed to allow the Applicant’s patients with increased access to private rooms. As discussed elsewhere, the Hospital has no private rooms and is currently comprised entirely of multi-bed and semi-private rooms. Consequently, the Hospital’s admissions are often limited due to considerations including the patient’s gender, medical complexity and comorbidities, mental status, need for isolation / infection control issues, and patient preference.

Patient access to necessary, physician-ordered, inpatient intensive rehabilitative services has been adversely affected by the Hospital’s lack of private rooms. As shown in Table 7 below, for the period January 2020 through January 2022, the Hospital was unable to admit 337 patients due to the lack of an available, appropriate bed when the patient’s gender, medical complexity and comorbidities, mental status, need for isolation / infection control issues, and preference were considered. Of note is the high number of patients unable to access care at the Hospital in December 2020 through February 2021, and again in December 2021. The high number of admissions denials during those winter months reflects the impact of COVID-19 and the particular need during the pandemic and seasonal flu season to care for patients in private rooms.

|  |
| --- |
| **Table 7 Fairlawn Admission Denials Due to Lack of Appropriate Bed January 2020 - January 2022** |
| **Month/Year** | **Denials** |
| Jan-20 | 5 |
| Feb-20 | 0 |
| Mar-20 | 1 |
| Apr-20 | 3 |
| May-20 | 28 |
| Jun-20 | 9 |
| Jul-20 | 12 |
| Aug-20 | 7 |
| Sep-20 | 2 |
| Oct-20 | 17 |
| Nov-20 | 5 |
| Dec-20 | 61 |
| **Total CY2020** | **150** |
| Jan-21 | 92 |
| Feb-21 | 23 |
| Mar-21 | 5 |
| Apr-21 | 9 |
| May-21 | 2 |
| Jun-21 | 0 |
| Jul-21 | 20 |
| Aug-21 | 4 |
| Sep-21 | 0 |
| Oct-21 | 1 |
| Nov-21 | 0 |
| Dec-21 | 24 |
| **Total CY2021** | **180** |
| Jan-22 | 7 |
| Source: Fairlawn Rehabilitation Hospital Data.Note: tracking of this data began in January 2020, thus information presented here is all available data. |

The lack of private rooms also negatively impacts the Hospital’s occupancy rates. Operationally, the maximum occupancy that the Hospital can achieve in its multi-bed and semi-private rooms is an average daily census of 80 patients, or an average annual occupancy rate of approximately 73%. Notably, the Hospital last reached its maximum operational occupancy in calendar year 2019, the last full pre-pandemic calendar year after an increase in admissions and patient days from the prior year.

|  |
| --- |
| **Table 8****Fairlawn Rehabilitation Hospital*****Occupancy Trends Demonstrate Need for the Proposed Project*** |
| **Indicator** | **CY18** | **CY19** | **CY20** | **CY21** |
| Patient Days | 27,875 | 29,221 | 27,256 | 25,122 |
| Discharges | 2,345 | 2,378 | 2,007 | 1,861 |
| Avg. Length of Stay | 11.9 | 12.3 | 13.6 | 13.5 |
| Licensed Beds | 110 | 110 | 110 | 110 |
| Average Daily Census | 76.4 | 80.1 | 74.5 | 68.9 |
| **Occupancy** | **69.4%** | **72.8%** | **67.7%** | **62.6%** |
| Source: Fairlawn internal records. |

However, in calendar years 2020 and 2021, the Hospital’s occupancy has declined due to the inability to admit patients in need of isolation and/or separation in a private room. The Proposed Project will result in 54 private rooms out of the Hospital’s 110-licensed bed complement, reducing the need to deny admission to patients in need of IRF services due to the lack of an available appropriate bed.

*Proposed Private Rooms Will Benefit Patients and Their Families*

The building that currently houses the Hospital’s inpatients was constructed in the 1960s and lacks many of the features found in more recently constructed hospitals. The Hospital’s three- to four-bed rooms and lack of private rooms make it difficult to optimize bed utilization, and result in a maximum realistic occupancy rate of approximately 73%. During the pandemic, the lack of private rooms and isolation rooms has created additional challenges, making it difficult to implement necessary social-distancing. Community showers on the patient floors have also resulted in scheduling and patient flow issues. For the above reasons, many multi-bed rooms are currently only able to accommodate one patient, thus further limiting the total number of beds that the Applicant is able to utilize.

The healthcare industry’s move to private rooms across care settings supports the need for the construction of private rooms by the Applicant. Private rooms are most often constructed in new facilities because, for example, the use of semi-private and multi-bed rooms increase the risk of spreading infectious diseases and does not promote patient privacy or family participation in patient care. Moreover, shared rooms negatively impact patients’ ability to fully rest and relax during the day and sleep through the night, which is important for optimal recovery for the Hospital’s rehabilitation patients.

The Department of Public Health’s (“DPH”) plan review checklist makes clear that the preference is that new construction be comprised of private rooms, though DPH does provide an allowance for semi-private rooms for existing patient care space undergoing renovation. Notably, a maximum of 2 patients are allowed per renovated patient care room. Similarly, the Facility Guidelines Institute (“FGI”) of the American Institute of Architects (“AIA”), which the Department utilizes as its standard of review of architectural plans, have specified since 2006 that single-bed rooms should be the standard in new construction. As noted in the 2006 Guidelines:

Perhaps the most widely anticipated change in the text in the General Hospitals chapter (now Chapter 2.1) is the change in room capacity in medical/surgical (including postpartum) units. *The 2006 edition specifies that the single-bed room is the minimum standard in new construction.* Approval of a two-bed arrangement is still permitted if a facility’s functional program demonstrates it is necessary. In addition, when an organization undertakes a major renovation, the patient room bed compliment is permitted to remain the same. [Emphasis added.][[11]](#footnote-11)

Beyond the Department’s and FGI construction guidelines recognizing the need for private rooms in new construction, a number of studies document the benefits of private rooms, some of which are referenced below.

Select research documenting the benefits of private rooms to patients, with key findings noted, include the following:

*Do Cost Savings From Reductions in Nosocomial Infections Justify Additional Costs of Single- Bed Rooms in Intensive Care Units? A Simulation Case Study*; Hessam Sadatsafavi, PhD, Bahar Niknejad, MD, Rana Zadeh, PhD, Mohsen Sadatsafavi, MD, PhD; Journal of Critical Care, 2015. http://dx.doi.org/10.1016/j.jcrc.2015.10.010

“Conclusions: This case study shows that although single-patient rooms are more costly to build and operate, they can result in substantial savings compared to open- bay rooms by avoiding costs associated with nosocomial infections.”

*Single-Patient Rooms for Safe Patient-Centered Hospitals;* Michael E. Detsky, MD, Edward Etchells, MD, MSc, JAMA, August 27, 2008.

The physician authors highlight the benefits of private rooms when it comes to safety, dignity, privacy and ensuring patient-centered care. The benefits of facility design in reinforcing patient safety, including the ability to clean and decontaminate a private room compared to the challenges associated with the same activities in a partially occupied semi-private room, are discussed.

*The Use of Single Patient Rooms versus Multiple Occupancy Rooms in Acute Care Environments*; Habib Chaudhury, PhD, Atiya Mahmood, PhD, Maria Valente of Simon Fraser University, Vancouver, BC, Canada, 2004.

This study’s comprehensive and extensive review of existing literature identifies a number of clinically beneficial outcomes associated with private rooms including enhanced infection control, the ability to isolate patients who are contagious or may be a high-risk for infection. The study also highlights improved communication between patients, family members and providers, which is critical in the inpatient rehabilitation setting where family members actively participate in the patient’s recovery, rehabilitation, and discharge planning.

This study also identifies other beneficial characteristics of private patient rooms that enhance the patient healing environment. These characteristics include increased patient privacy, noise reduction, fewer sleep disturbances, and an overall increase in patient satisfaction. In sum, the study showed that a patient’s sense of control of their environment in a private room results in a significant reduction in overall stress during their stay.

*The Role of the Physical Environment in the Hospital of the 21st Century: A Once-in-a-Lifetime Opportunity*; Roger Ulrich of Texas A&M University and Craig Zimring of the Georgia Institute of Technology and reported to The Center for Health Design; September 2004.

“To summarize briefly, there is a convincing pattern of evidence across many studies indicating that single-bed rooms lower nosocomial infection rates. Singles appear to limit person-to-person and person-surface-person spread of infection in part because they are far easier to decontaminate thoroughly than multibed rooms after patients are discharged. Also, single rooms with a conveniently located sink or alcohol-gel dispenser in each room may heighten hand washing compliance compared to multibed rooms with few sinks. Finally, single rooms are clearly superior to multi-bed rooms with respect to reducing airborne transmission of pathogens.”

*The Growing Population will Increase Patients in Need of IRF Services*

Growth in the city and county’s population is occurring, making Worcester the Commonwealth’s second largest city, with 206,518 residents in 2020 per the U.S. Census Bureau’s 2020 Census data.[[12]](#footnote-12) Worcester County’s population has also increased to 862,111 residents as of the 2020 Census, an eight percent (8.0%) increase from the 2010 Census population of 798,552, positioning Worcester County as the Commonwealth’s second-most populated county.[[13]](#footnote-13)

Notably, the actual 2020 Census population is 2.8% higher than the estimated 2020 population, per UMass Donahue Institute (“UMDI”) 2018 projections, as shown below.

|  |
| --- |
| **Table 9****Worcester County****2020 Actual Population Compared to Prior Projection** |
| **Indicator** | **2020** |
| Actual Population (U.S. Census, 2020) | 862,111 |
| Estimated Population, per 2018 UMDI Projection | 838,577 |
| Actual Population is Higher than Previous (2018) Estimated Population | 2.8% |
| Sources: U.S. Census Bureau and UMDI-DOT Vintage 2018 Projections.[[14]](#footnote-14) |

According to the U.S. Census Bureau’s 2020 Census, 16.1% of Worcester County’s total population, or 138,800 residents, is aged 65 and over. As discussed elsewhere, the majority of IRF patients are over age 65, thus the significant elderly population in Worcester County is an important indicator of increasing need for inpatient rehabilitation services.

In terms of previously projected population growth in Worcester County (based on 2018 estimates from UMDI), the population is projected to increase 4.6% between 2020 and 2030, and increase by an additional 2.4% by 2040 for a total 7.18% estimated growth between 2020 and 2040. Given the underestimated 2020 projection by the UMDI discussed above, it is reasonable to expect that the Institute’s projected 2030 and 2040 populations shown below are also underestimates.

|  |
| --- |
| **Table 10****Worcester County Total Population Growth****Based on 2018 Population Estimates** |
| **County** | **Total Population** |
| **2020 Estimate** | **2030****Projection** | **2040****Projection** |
| Worcester | 838,577 | 876,966 | 898,111 |
| Increase over prior year | 38,389 | 21,145 |
| % Increase over prior year | 4.6% | 2.4% |
| Source: UMass Donahue Institute UMDI-DOT Vintage 2018 Projections.[[15]](#footnote-15)  |

**F1.a.iii Competition:**

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

The Hospital has a longstanding history of providing high-quality, cost-effective inpatient rehabilitation services. Following completion of the Proposed Project, the Hospital will continue to compete on the basis of price, total medical expenses, provider costs, quality outcomes and other recognized measures of health care spending, both in central Massachusetts and in the Commonwealth as a whole. Notably, the Hospital’s prices will not increase due to the Proposed Project.

The Hospital will, however, realize operating and staffing efficiencies resulting from the Proposed Project, through improved facility design that includes enhanced staff sight lines to patients, more efficient staff workflow areas, a new nurse call system, and more optimally sized and located support areas such as pharmacy.

Moreover, the Proposed Project will ensure that patients seeking access to needed IRF services at the Hospital can receive admission to the facility in a more timely manner. As discussed above, the addition of private and semi-private rooms will allow the Hospital to admit more patients, which will result in an overall reduction in health care costs because more beds will be available to patients awaiting discharge from higher cost, general acute care hospitals.

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

**Provide information on the evidence-base for the Proposed Project. That is, how does the**

**Proposed Project address the Need that Applicant has identified.**

The Proposed Project addresses the Patient Panel’s need for intensive physical rehabilitation care by enabling the Hospital to more efficiently and effectively utilize its inpatient beds with no change in licensed bed capacity. The Proposed Project will also provide a more efficient patient care environment that enhances outcomes and promotes healing, while enhancing the patient experience.

The Proposed Project seeks to remediate the significant design issues related to the Hospital’s exclusively multi-bed rooms that have ongoing operational impacts at the Hospital. By converting nearly half of the Applicant’s beds from semi-private to private rooms, the Applicant is also able to enhance infection control in the Hospital by reducing the total number of shared rooms and reducing the number of patients in a shared room to a maximum of two. Private rooms will also allow patients the opportunity to more fully rest and recover, while encouraging and facilitating family involvement in patient care.

Inpatient rehabilitation facilities offer valuable therapeutic care in an acute care setting in order to enable patients to regain independence after a life-changing illness or injury. The Commonwealth of Massachusetts’ recently developed action plan, *ReiMAgine: Planning Together to Create an Age-Friendly Future for Massachusetts*, highlights the importance of independence and mobility of the Medicare-eligible population:

Today, there are more residents over the age of 60 than under the age of 20, and this growing population of older people offers an opportunity to develop new ways to help residents age and thrive in the places where they live, work, and volunteer. The Commonwealth benefits from the involvement, experience, and knowledge of older people in every aspect of the community and economy. According to AARP, 87% of adults aged 65 and older want to remain in their current home and community as they age. The Commonwealth is committed to supporting these wishes.

Inpatient rehabilitative care consists of intensive therapy services provided for at least three hours, five days a week. This focused level of therapy enables individuals to recover from illness or injury and return to the community engaging in activities in which they had previously participated. The Applicant utilizes advanced technology and best practices to deliver the optimal outcomes for patients. As an experienced provider of inpatient rehabilitative care, the Applicant is focused on enabling more of its patients to remain in their current home and community as they age.

**F1.b.ii Public Health Value /Outcome-Oriented:**

**Describe the impact of the Proposed Project and how the Applicant will assess such impact. Provide projections demonstrating how the Proposed Project will improve health outcomes, quality of life, or health equity. Only measures that can be tracked and reported over time should be utilized.**

The Proposed Project will positively impact public health, is outcome-oriented, and can be measured and tracked in two primary ways:

**1. Efficient Use of Licensed Beds.**

The addition of private rooms, including dedicated negative-pressure isolation rooms, will significantly enhance the Hospital’s ability to fully utilize its licensed bed capacity. Thus, the Proposed Project is expected to result in increased annual occupancy rates above the current operational maximum of approximately 73%, which is not an efficient use of the Hospital’s licensed bed capacity.

**2. Enhanced patient quality.**

The enhanced patient quality can be measured via publicly-available data reported by the Centers for Medicare & Medicaid Services (“CMS”) and the Center for Health Information and Analysis (“CHIA”). Each of these measures can be viewed and trended online, enhancing the transparency of the Hospital’s current performance and, following implementation, the impact of the Proposed Project on the Hospital’s ability to continue to deliver high-quality services to its patients.

A. Health Outcomes and Quality of Life – Successful Return To Home And Community

The Successful Return to Home and Community metric reflects the rate at which patients returned to home or community from the Applicant and remained alive without any unplanned hospitalizations in the 31 days following discharge. For the current period, the Applicant’s successful return to home and community metric is approximately 64%, and is consistent with the national average.[[16]](#footnote-16) This measure is sourced from Medicare enrollment and claims data and is reported on the Medicare.gov Care-Compare site. Updates are provided quarterly. The successful rate of return reflects the Applicant’s ability to return patients to independence following their inpatient stay at the hospital.

B. Health Outcomes and Quality of Life – Effective Care

This outcome measurement consists of three separate quality indicators:

* Percentage of patients whose functional abilities were assessed and functional goals were included in their treatment plan.
* Percentage of patients who are at or above an expected ability to care for themselves at discharge.
* Percentage of patients who are at or above an expected ability to move around at discharge.

The Applicant’s rates for the first two quality indicators listed above are consistent with the national average, and the Applicant’s rates for the third quality indicator exceeds the national average (63% compared to 53.7%.)[[17]](#footnote-17)

These three measures relate to improving functional abilities, which is an important goal for IRF patients. For example, the percentage of patients who are at or above an expected ability to care for themselves at discharge estimates the percentage of the Applicant’s patients whose self-care score at discharge is at or above the expected discharge score, adjusting for key patient characteristics. This is another measure that is reported with quarterly updates on the Medicare.gov Care-Compare site. This measure reflects a patient’s improvement with self-care activities as a result of the therapy and treatment provided during their stay at the Applicant’s hospital.

C. Health Equity – Payer Mix of Patients with State or Federal Insurance Coverage

The Commonwealth’s Center for Health Information and Analysis (“CHIA”) currently collects data on the financial performance of all Massachusetts hospitals. According to CHIA, approximately 2.5 million residents in Massachusetts had primary medical coverage under Medicare (including Medicare Advantage) and/or MassHealth (Medicaid) in March of 2021. That represents approximately 38.5% of all Massachusetts residents with primary medical insurance coverage from the private commercial market, Medicare or MassHealth. Specific to the Hospital’s primary service area of Worcester County, a total of 163,267 residents were enrolled in Medicare plans (both traditional and Medicare Advantage) in August of 2021. Access to the Applicant’s inpatient rehabilitation care for residents of Worcester County who are economically disadvantaged or elderly is demonstrated by the Applicant’s payer mix of Medicare and MassHealth members, shown in Table 6, above.

**F1.b.iii Public Health Value /Health Equity-Focused:**

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

The Proposed Project will enable the Applicant’s Patient Panel to continue to receive beneficial intensive inpatient rehabilitation services in their own community. As discussed above, the Applicant’s existing inpatient care unit bed configuration, without private rooms, places operational limitations on the Hospital’s occupancy levels, which limits access to care for members of the Patient Panel.

The Applicant, like all affiliates of Encompass Health and UMass Memorial, does not discriminate on the basis of race, color, national origin, sex, age, or disability in the delivery of healthcare to its patients. Notably, Encompass Health operates in diverse communities across the nation and is committed to ensuring that inclusion and diversity are incorporated into day-to-day business practices at all levels within the organization and its affiliated hospital facilities, including at the Hospital. Encompass Health’s Inclusion and Diversity Program was established in 2008 to address both community and workplace needs.

Encompass Health embraces inclusion and diversity, and accordingly seeks to employ talented individuals across diverse backgrounds to ensure a realization of the guiding principle of a better way to care, and that Encompass Health continues to be a provider of choice in every community served. The Applicant, as an affiliate of Encompass Health and UMass Memorial, operates consistent with the Encompass Health Way, in which diversity plays an integral role in how business is conducted. An open and inclusive environment enables the Applicant to learn and leverage differences to offer the maximum value to employees, patients, business partners, and the local communities in which our team members live and work. The workplace environment is one in which employees who may be of varying age, race, color, national origin, religions, sex (including pregnancy, sexual orientation, and transgender status), disability, genetic information, and backgrounds can contribute to the Hospital’s success.

Inclusion and diversity is inherent in the work at Encompass Health and of the Applicant, which is committed:

* To set the standard for diversity by being statistically diverse.
* To lead with empathy by increasing awareness and acknowledging the lived experiences and realities of each employee.
* To do what is right by providing equal compensation and equal opportunity for all.
* To focus on the positive by celebrating the differences and strengths employees bring.
* To be stronger together by creating a culture of belonging in the workplace.

The National CLAS Standards (the “Standards”) include 15 actions that advance health equity and eliminate healthcare disparities, leading to enhanced access to care for all members of the community and advances in health outcomes and quality. The Applicant, as an affiliate of Encompass Health and UMass Memorial, focuses its efforts to achieve these standards through the following actions as they relate to the broader goals of the Standards:

1) Provision of Quality Care that is Responsive to the Diversity of the Community

* Cultivating relationships with community organizations that can assist in improving the workforce and health needs of the diverse communities served.
* Developing a diversity calendar to promote monthly multicultural observances.

2) Governance, Leadership and Workforce

* Recognizing the importance of diversity and seeking to employ individuals of all backgrounds.
* Attracting, developing and retaining a uniquely talented workforce which fosters an open and inclusive work environment and is knowledgeable and responsive to the diverse communities of the patients served.
* Launching ‘Aware for Care’ campaign, including resources to develop and enhance culturally competent knowledge and skills among hospital staff.
* Creation of the quarterly Inclusion & Diversity Digest newsletter.
* Mandatory diversity awareness training for all employees annually and at time of hire.

3) Communication and Language Assistance

* Providing free language services to community members whose primary language is not English, such as qualified interpreters.
* Providing patient care information written in other languages.
* Implementation of technology to enhance communication.
* “Stratus” video language translation assistance system, which provides assistance in 18 languages.

4) Engagement, Continuous Improvement and Accountability

* Partnering with diverse organizations with shared common goals.
* Culturally competent patient care assessment includes as part of the Employee Engagement Survey.
* Publication of Diversity Annual Report.

A concrete example of the dynamic and goal-oriented approach to diversity and inclusions is the mandatory diversity training at time of hire and biannually for all Encompass Health employees. Consistent with this approach, the Hospital’s employees also complete mandatory diversity training at time of hire and annually.. Two recent additions to the curriculum were “Unconscious Bias and You” and “Success Through Inclusion” training sessions. These and other programs ensure that the Applicant provides patients with culturally responsive care.

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

Intensive inpatient rehabilitative care provides a significant benefit to individuals recovering from an injury or illness. As patients are receiving three hours of therapy, five days a week from a team of speech, occupational and physical therapists, they are provided with the care that will enable them to participate in many of the activities in which they were engaged prior to the onset of their current health condition. The Applicant currently returns 63.7% of patients to a home or community setting without an unplanned hospitalization in the 31 days following discharge, as reported on Medicare’s Care-Compare site and further discussed above. The Applicant’s successful return to home and community rate closely mirrors the national average of 64.7%.

Stroke is one of the leading conditions treated in inpatient rehabilitation programs, representing 18.2% of the Applicant’s Patient Panel. The numerous benefits of inpatient rehabilitation care for stroke patients are best demonstrated by the *2016 American Heart Association/American Stroke Association (AHA/ASA)* joint guidance issued for adult stroke rehabilitation.[[18]](#footnote-18) The joint guideline from the Associations strongly recommends that stroke survivors should preferentially receive care in the inpatient rehabilitation setting immediately following their acute care stay rather than a nursing home. As stated in the AHA/ASA guidelines, patients discharged from general acute care hospitals who suffered from a stroke should be discharged to an inpatient rehabilitation facility because “stroke rehabilitation requires a sustained and coordinated effort from a large team, including the patient and his or her goals, family and friends, other caregivers (*e.g*., personal care attendants), physicians, nurses, physical and occupational therapists, speech-language pathologists, recreation therapists, psychologists, nutritionists, social workers, and others. Communication and coordination among these team members are paramount in maximizing the effectiveness and efficiency of rehabilitation and underlie this entire guideline. Without communication and coordination, isolated efforts to rehabilitate the stroke survivor are unlikely to achieve their full potential.....The provision of comprehensive rehabilitation programs with adequate resources, dose, and duration is an essential aspect of stroke care and should be a priority in these redesign efforts”.[[19]](#footnote-19)

As displayed in Table 5, the Applicant’s Patient Panel includes individuals with a variety of medical conditions in addition to stroke. Patients recovering from an orthopedic injury or surgical procedure often have the ability to recover with limited impact on their quality of life. By comparison, patients recovering from traumatic brain or spine injuries and amputees are faced with a long-term health condition that has a significant impact on their lives. The ability to return approximately two-thirds of all inpatient rehabilitation patients to a community setting highlights the beneficial nature of the care provided by the Applicant.

The Applicant provides necessary services for all patients, ultimately improving the level of independence and functioning of the Patient Panel as demonstrated by the high rate of return to home/community. The Applicant does not discriminate based on a patient’s ability to pay and will not deny admission or care to a patient who unable to pay at the time of admission or whose benefits expire during a hospital stay.

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

The Applicant recognizes the importance of continuity and coordination of care. The Hospital’s open medical staff model ensures that community-based physicians are available to care for patients’ medical needs alongside the physiatrists or physical medicine and rehabilitation physicians attending to their physical rehabilitative needs. The Applicant works with community- based internal medicine physicians, hospitalists, and other specialties (e.g., neurology) to ensure that inpatients have access to medical specialists as needed during their inpatient stay. The open medical staff model and direct communication between the Hospital and community-based physicians means that patients return to their primary and specialty care physicians upon discharge with no interruption or gap in care, thus improving the coordination of patient care.

Given the proximity of the Hospital to UMass Memorial Medical Center and other hospitals within the UMass Memorial Health system, many of the Hospital’s patients are admitted from UMass Memorial Health affiliated facilities. The Hospital is initiating and expanding telehealth services with UMass Memorial Health, which has received recognition for its innovative work in telehealth. The Hospital is exploring telehealth opportunities to include appropriate consultations and follow-up appointments in a variety of specialties, including behavioral health. For example, accomplishing consultations or follow-up appointments via telehealth that would typically be done via an in-person appointment requiring ambulance transport to/from the Hospital, would be more cost effective, less disruptive to the patient’s scheduled therapies at the Hospital, and less taxing for the patient.

Similarly, the Applicant’s discharge planning improves the coordination of patient care through an interdisciplinary team process involving physicians, hospital clinical staff and patients along with family members, caregivers and community resources. The discharge planning process begins during the preadmission screening of patients and continues throughout the inpatient rehabilitation stay. Engaging a patient’s community-based providers during the inpatient rehabilitation stay maximizes the patient’s outcomes by enabling all providers to share in the patient care, which promotes greater success once the patient is discharged to the community.

The Applicant also utilizes technology to facilitate communications with community-based providers. Care collaboration is enabled utilizing Encompass Health Connection, Encompass’ secure web-based portal, which allows physicians and clinical care teams to review patient diagnoses, orders, medications and overall progress.

The Proposed Project will allow the Hospital to continue to operate efficiently and effectively by providing continuity and coordination of care for the Applicant's Patient Panel, while enabling a higher occupancy level for the Hospital’s existing licensed bed capacity through the reconfiguration of the inpatient areas to allow for private patient rooms.

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

A broad range of input is valuable in the planning of a project. Therefore, the Applicant carried out a diverse consultative process with individuals at various regulatory agencies regarding the Proposed Project. The following individuals are some of those consulted regarding this Proposed Project:

State Agencies:

* Lara Szent-Gyorgyi, MPA, Director, Determination of Need Program, Department of Public Health
* Rebecca Rodman, Esq. General Counsel, Department of Public Health
* Stephen Davis, Division Director (Sherman Lohnes, J.D., former Division Director), Division of Health Care Facility Licensure and Certification, Department of Public Health
* Daniel Gent, Project Engineer, Plan Review Manager, Division of Health Care Facility Licensure and Certification, Department of Public Health
* Michael Nelson, Regional Coordinator, Office of Preparedness and Emergency Management, Massachusetts Department of Public Health
* Jim Philbrook, Chairman, Region 2 Public Health Emergency Preparedness Program (PHEP) and Aligning Resources for CentralMass Health Emergencies (ARCHE)
* Elizabeth Maffei, Community Health Planning and Engagement Program Coordinator, Massachusetts Department of Public Health
* Jennica Allen, MPH, Community Health Planning and Engagement Specialist, Massachusetts Department of Public Health

City of Worcester:

* Joseph M. Petty, Mayor of Worcester
* Sarai Rivera, District 4 Councilor, Worcester City Council
* Matthew E. Wally, District 5 Councilor, Worcester City Council
* Matilde Castiel, M.D., Commissioner of Health and Human Services, City of Worcester
* Karyn Clark, Department of Public Health Director, City of Worcester
* Marisa Lau, Senior Planner, Worcester Planning Board (Economic Department)
* Worcester Historical Commission - Diane Long, Vice-Chair, Janet Therrman, Clerk,
* Tomi Stefani, Commissioner, Erika Helnarski, Alternate Member, Steven Taylor, Alternate Member

**F1.e.i Process for Determining Need/Evidence of Community Engagement:**

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

As noted in Factor 1.a.ii, the Applicant determined that the Hospital’s physical plant required modification to enable the Hospital to continue to provide excellent inpatient rehabilitation services to its patients. Although no changes to the licensed bed count or scope of services were contemplated in connection with the Proposed Project, the Applicant recognized the need to invest in the facility to provide an improved physical environment for patients and staff alike.

In developing the plan for the Proposed Project, the Applicant turned to the expertise and experience of Encompass Health. Encompass Health designs its new hospitals and hospital renovations to enable the rehabilitation team to deliver high-quality rehabilitation care in the most effective environment based on its extensive national experience. Encompass draws from experience of operating 145 hospitals, more than 25 of which were constructed within the last 6 years. In 2021, Encompass opened eight new hospitals and renovated numerous others. Encompass continually improves its designs based on feedback from hospital operations, clinicians, patients and family members, developments in technology, and code changes. The Proposed Project reflects feedback on the current state of the rehabilitation hospital inpatient experience, generally, and with respect to the Hospital, specifically. The design of the improvements associated with the Proposed Project reflects feedback on the current state of the patient experience and how design methods may take into account opportunities to identify and address patient care experience challenges.

In contrast to an acute care community hospital, a rehabilitation hospital’s community is not primarily defined by a general population oriented to the hospital through geography. Although place of residence in proximity to the Hospital is an important factor, the Hospital’s Patient Population is based upon a broader geographic population that may from time to time require inpatient rehabilitation services at the Hospital. (See, Patient Panel, Factor 1.a.i.) Accordingly, the Applicant’s community engagement plan incorporated a broad spectrum of individuals representative of its Patient Panel, based on age, gender, sexual identity, race, ethnicity, disability status, socioeconomic status, and health status.

As an important step in the community engagement process, the Applicant sought to engage its patients, local residents, as well as those community groups whose members may be likely to require inpatient rehabilitation hospital services. Accordingly, Hospital representatives held the following open community meetings regarding the Proposed Project:

**Table 11**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Name of Organization** | **Location** | **Attendees** |
| 9.10.21 | Home Instead Home Care | Worcester | 4 |
| 9.20.21 | Cornerstone Assisted Living | Milford | 1 |
| 9.21.21 | Worcester Elder Networking Group | Virtual Central Mass | 25 |
| 9.22.21 | BayPath Regional Vocational School | Charlton | 10 |
| 9.23.21 | UMASS Memorial Health | Worcester | 1 |
| 9.24.21 | Saint Vincent Hospital | Worcester | 20 |
| 9.24.21 | Heywood Hospital | Gardner | 10 |
| 9.24.21 | Harrington Hospital | Southbridge | 8 |
| 9.24.21 | Baystate Medical Center | Springfield | 15 |
| 9.24.21 | Milford Regional Hospital | Milford | 12 |
| 9.24.21 | Nashoba Valley Hospital | Ayer | 10 |
| 9.24.21 | Day Kimball Hospital | Putnam, CT | 5 |
| 9.24.21 | LifeSpan Rhode Island | Providence, RI | 8 |
| 9.24.21 | Marlboro Hospital | Marlboro | 10 |
| 9.24.21 | Metro West Medical Center | Framingham | 12 |
| 9.27.21 | Tenet Health | Regional (Worcester, Framingham, Natick) | 2 |
| 9.27.21 | UMASS Stroke Council | Virtual – Worcester | 25 |
| 10.7.21 | Public Health Emergency Preparedness Regional Meeting[[20]](#footnote-20) | Multiple Communities (70) In Massachusetts | 35 |
| 10.12.21 | Barre Family Practice | Barre | 5 |
| 10.12.21 | Day Kimball Home Health Care | Virtual Putnam CT | 3 |
| 10.14.21 | Branches of Marlboro Assisted Living | Marlboro | 1 |
| 10.15.21 | Montachusett Internal Medicine | Leominster | 12 |
| 10.19.21 | Worcester Elder Networking Group | Virtual – attendees from Central Mass | 35 |
| 10.19.21 | Worcester Senior Center – Balance Screenings | Worcester | 10 |
| 10.25.21 | Milford Regional Neurology Group | Milford | 10 |
| 10.26.21 | Christopher Heights Assisted Living | Webster | 14 |
| 11.1.21 | Tatnuck Park Assisted Living | Worcester | 3 |
| 11.8.21 | Greater Milford Neurology Group | Milford | 12 |
| 11.15.21 | Artisan Assisted Living | Hudson | 4 |
| 11.16.21 | VNA Care Network and Hospice | Worcester/Central MA | 3 |
| 11.18.21 | Coverdell Stroke Systems of Care | Virtual all of Massachusetts | 25 |

These community meetings were publicized through newsletters and other publications and the Hospital’s social media.

The goal of these community meetings was to educate and seek input from as many community members as possible about the Hospital and the Proposed Project. In order to increase the number of people whom the Hospital could reach through these meetings, the Hospital took opportunities to coordinate with the host organizations to be included on the agenda of regularly scheduled meetings. In addition, the Hospital combined community outreach about the Proposed Project with a value-add proposition for attendees, such as a balance screening at a large assisted living residence. A copy of the materials distributed at these meetings is attached as Exhibit A.

In addition, the Applicant sought and received input from attendees regarding their needs and the Proposed Project. At each meeting, attendees who voiced comments were supportive of the Proposed Project. In addition, attendees were keen to learn about how the Hospital would look following the completion of the Proposed Project. Questions asked at the community meetings focused on the timing of the Proposed Project and the availability of the additional private rooms.

The Applicant’s representatives addressed all questions and comments at these community meetings. Attendees were also provided information about how they could ask additional questions or provide further input concerning the Proposed Project. In total, 362 attendees participated in these community meetings.

The Applicant anticipates continuing community engagement and outreach to community groups within the primary service area of the Hospital to build upon the enhanced lines of communications established through this effort, which will facilitate communication regarding how the Hospital can continually strive to meet the needs of its Patient Panel and the greater community in a manner consistent with the Hospital’s scope of services.

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

The value of the inpatient rehabilitation hospital services that the Applicant provides in terms of improved health outcomes and quality of life of the Applicant’s existing Patient Panel is at the core of the Public Health Value proposition of the Proposed Project.

**(1) Other post-acute care services, including nursing homes, are not an appropriate substitute for inpatient rehabilitation care.**

The differences between comprehensive inpatient rehabilitation services in an inpatient rehabilitation facility (“IRF”) such as the Hospital and therapies offered in a skilled nursing facility (“SNF”) are illustrated below. As shown, two significant differences are the much higher number of therapy hours per day that a patient receives in the IRF setting compared to a SNF and the involvement and direction of a physician leading the multidisciplinary team. The national average discharge rates further demonstrate significant differences between the two settings, with rehab hospitals returning approximately 76% of patients to the community compared to nursing homes returning only 40% to the community.[[21]](#footnote-21)

**Table 12**

|  |  |  |
| --- | --- | --- |
| **Required by Medicare** | **Inpatient Rehabilitation Hospital** | **Nursing Home** |
| Minimum Stay at the Acute | None | 3 days |
| Physician Visits | Minimum 3 times per week | Minimum 1x/month or every 30days |
| Rehabilitation Program | Minimum 3 hours per day, 5 days a week or 15 hours over 7days | Not required |
| Multi-Disciplinary Team Approach/Coordinated Program of Care | Required | Not required |
| MD or DO Rehabilitation Director | Required | No required |
| RN Oversight and Availability | 24 hours per day | Minimum 8 consecutive hours per day |
| Nursing Training and Expertise | Rehabilitation Specialty Expertise | None |
| Discharge to Community (Industry Avg.) | 76.0% | 40.0% |
| *Sources:* CMS regulations, MedPAC March 2019 Report to Congress |

That same 2019 MedPAC study found that 10.9% of Medicare SNF patients experienced potentially avoidable re-hospitalizations during their patient stay compared with 2.4% of Medicare IRF patients.[[22]](#footnote-22)

The differences between the comprehensive IRF setting, such as the Hospital, and the nursing home setting is also documented by a 2014 study which found that “when patients are matched on demographic and clinical characteristics, rehabilitation in IRFs leads to lower mortality, fewer readmissions and ER visits, and more days at home (not in a hospital, IRF, SNF or LTCH) than rehabilitation in SNFs for the same condition. **This suggests that the care delivered is not the same between IRFs and SNFs. Therefore, different post-acute care settings affect patient outcomes**.”[[23]](#footnote-23) [Emphasis added.] (*See* Exhibit B for an illustrative exhibit regarding the study and a two-page summary of the findings, supplementing the full report also included.)

Although SNFs play an important role in post-acute care, less intensive SNF rehabilitation services are not an appropriate substitute for the more comprehensive, intensive inpatient rehabilitation care provided in an IRF when such intensive inpatient rehabilitation care is needed.

As stated previously, the Applicant, New England Rehabilitation Services of Central Massachusetts, Inc., is a joint venture between UMass Memorial Health Ventures and Encompass Health, a national leader in inpatient rehabilitation services with 145 inpatient rehabilitation hospitals in 35 states and Puerto Rico. Encompass Health brings to the Hospital the resources and experience of a national company that has proven high quality, cost-effective programs and services along with the financial strength to ensure that its patients and specialized staff members have access to an extensive array of rehab-specific clinical equipment and technology.

Notably, Encompass Health’s sole purpose is to own and operate post-acute care facilities and services, including IRF, home health and hospice. As a leading provider and operator of health care facilities, Encompass Health has a proven long-term commitment to caring for patients. The Applicant leverages the strength Encompass Health and the clinical expertise of UMass Memorial Health Ventures’ affiliates to meet the needs of the local community by developing programs, services, facility amenities, and community relationships specific to the local market. Thus the Patient Panel and the communities that the Hospital serves benefit form the best of both worlds: strength of a national healthcare company that implements proven high quality, cost-effective programs and a leading healthcare system.

As noted in Factor 1.b.ii, the Proposed Project will not change the licensed bed complement or the scope of services that the Hospital provides. The Hospital will continue its programs and services that provide state-of-the-art rehabilitative care to patients recovering from a wide array of injuries and illnesses.

Specific ***programs and services*** offered at the Hospital address a wide range of diagnosis including, but not limited to, the following.

* Stroke
* Brain injury
* Neurological conditions
* Joint replacement
* Orthopedic
* Hip fracture
* Spinal cord injury
* Amputee
* Parkinson’s Disease
* Multiple sclerosis
* Burns
* Pulmonary/respiratory
* Pain management

The success of these programs and services is due in large part to the highly-qualified and specially-trained ***physicians and staff members*** who comprise a **comprehensive, multidisciplinary team** including:

* **Medical Director:** A Physical Medicine and Rehabilitation (“PMR”) physician who frequently meets with the patient during the patient’s inpatient stay, and is ultimately responsible for implementing the patient’s care plan as the multidisciplinary team leader.
* **Rehabilitation nursing:** Implements each patient’s medical care program as directed by his or her physician.
* **Occupational therapy:** Designs and delivers activity-based therapy to promote independence in the areas of self-care, home management and community reintegration.
* **Physical therapy:** Evaluates and designs a treatment program to address limitations in physical function, mobility and safety.
* **Respiratory therapy:** Ensures proper respiratory function through services such as oxygen supplements and aerosol treatments.
* **Speech-language pathology:** Assesses and treats individuals with communication and comprehension disorders, cognitive difficulties and swallowing disorders.
* **Dietary and nutritional counseling:** Supervises all meals to ensure patients meet their required nutritional needs.
* **Pharmacist:** On-site pharmacists educate the patients regarding their medicines, including post-discharge care.
* **Case management:** Coordinates with the physician to ensure the patient’s needs are met and involves the family and other caregivers in the patient’s rehabilitation. The Case Manager is also responsible for:
	1. Working with the family prior to the patient’s discharge to provide training to help family members care for patients after discharge.
	2. Visiting the patient’s home prior to discharge to identify and then address any special needs (such as equipment) the patient will have upon returning home.
	3. Coordination and collaboration of services between the patient and community service providers who will be responsible for providing care to the patient post-discharge.

Patients benefit not only from the Hospital’s multidisciplinary staff, but also from the patient-centric programs staff members use to ensure that each patient receives personalized, high quality care.

As noted above, the benefits of inpatient rehabilitation hospital services are well supported, both generally and with respect to specialized inpatient rehabilitation programs designed to address certain diseases or conditions. In addition to its Joint Commission Hospital Accreditation, the Hospital maintains Joint Commission Accreditation for the following specialized rehabilitation programs: Stroke, Brain Injury, Amputation and Parkinson’s.[[24]](#footnote-24)

* **Stroke Rehabilitation**

By using an interdisciplinary team approach, which includes physical therapists, occupational therapists, speech-language pathologists, rehabilitation physicians, case managers, pharmacists and dietitians, the Hospital’s team of experts works together to create a customized care plan designed with each patient’s unique goals in mind. The Hospital uses advanced technologies to treat patients affected by stroke, such as Bioness H200 (an electrical stimulation device that reeducates muscles and reduces spasticity, helping patients improve hand function and voluntary movement), SaeboStretch (a dynamic resting hand splint that help neurologically impaired clients maintain, or improve motion while minimizing joint pain and damage), VitalStim® Therapy (an innovative technology that electrically stimulates swallow functions), and Experia (a personalized swallowing treatment that works with VitalStim® Therapy to help patients learn to swallow again).

According to the 2016 Adult Stroke Rehabilitation Guidelines released by the American Heart Association (the “Stroke Rehabilitation Guidelines”),[[25]](#footnote-25) whenever possible, stroke patients should be treated at an inpatient rehabilitation facility (“IRF”) rather than a skilled nursing facility, as “... the consistency of the findings in favor of IRF referral suggests that stroke survivors who qualify for IRF services should receive this care in preference to [skilled nursing facility]-based care.”[[26]](#footnote-26)

By way of illustration, for a patient who suffers a stroke, physician-driven, multi-disciplinary intensive inpatient rehabilitation therapy (provided at a minimum 3 hours per day) offers the best chance of the patient returning to his/her highest level of functioning. As formally stated in the Stroke Rehabilitation Guideline, “The provision of comprehensive rehabilitation programs with adequate resources, dose, and duration is an essential aspect of stroke care and should be a priority”.[[27]](#footnote-27)

The Hospital’s participates in Encompass Health’s national partnership with the American Heart Association/American Stroke Association to increase patient independence after a stroke and reduce stroke mortality through community outreach and information campaigns. This multi-year project is designed to accelerate adoption of the AHA/ASA Stroke Rehabilitation Guidelines, increase patient awareness of post-stroke options, and provide practical support to patients and their families to improve recovery outcomes.

* **Spinal Cord Injury Rehabilitation**

The Hospital understands and addresses the unique challenges caused by spinal cord injury. Its staff is committed to providing the most advanced spinal cord injury rehabilitation programs. The Hospital’s multidisciplinary team including a rehabilitation physician, therapists, dietician, nurses and other specialists develops individualized treatment programs for spinal cord injury patients to help them regain strength and movement to achieve maximum mobility and independence. Rehabilitation may include use of the advanced technologies described under Stroke Rehabilitation, above.

* **Orthopedic Rehabilitation**

The Hospital offers extensive, comprehensive orthopedic rehabilitation and trauma rehabilitation programs that keep pace with a wide range of orthopedic injuries, fractures and disabilities including amputations, joint replacements, hip fractures, hip and knee replacements, neck and lower back disorders and other orthopedic complications. Joint replacement rehabilitation is a key part of recovering from hip, knee or shoulder joint replacements.

The Hospital’s **joint replacement rehabilitation** focuses on building strength and promotes healing to help maximize your range of motion. Led by a rehabilitation physician, the Hospital’s team works closely with patients, formulating targeted strategies to improve each patient’s condition and address pain management.

The Hospital’s team of experts offers tremendous knowledge in the latest technologies and treatments for **amputee rehabilitation**, providing the clinical, technical and professional resources needed to help patients progress toward total independence. The amputee rehabilitation program focuses on the unique needs of each individual, with objectives including instruction in skin care, pre-prosthetic conditioning and instruction, prosthetic mobility training and limb maintenance. Each patient’s treatment plan is designed to accomplish their therapeutic goals through a sequence of measurable, achievable steps: improving general and specific muscle strength; educating patients and their families on skin care and prosthesis care; shaping residual limb for prosthetic fit; teaching independence in ambulation with and without prosthesis; increasing independence in daily living skills; developing coping skills for patient and family as they adjust to new challenges; and facilitating community re-entry.

Through a combination of physical therapy and occupational therapy using the most advanced technologies, including the Bioness H200 and SaeboStretch, the Hospital works with its patients to increate strength, flexibility, mobility and endurance for those recovering from joint replacements.

The Hospital offers a specialized **trauma rehabilitation program**, which utilizes an interdisciplinary rehabilitation team to evaluate the patient’s needs and goals. The team then meets weekly to re-evaluate the patient’s progress and further develop goals based upon changing needs, focusing on better care for a maximized recovery. The patient and the family are the team’s most important members, which is why the Hospital offers family training. As discussed in F1.a.i, it is particularly important for patients to be close to their support system of friends and family throughout recovery, and our convenient visitation hours (currently with COVID-19 appropriate safeguards) make this possible throughout the patient’s stay. Conditions treated in trauma rehabilitation include: multiple fractures; multi-trauma with brain injury; multi-trauma with spinal cord injury; traumatic brain injury; and traumatic spinal cord injury.

An interdisciplinary team of rehabilitation professionals provides a seamless approach to care using the latest technologies and innovative treatments to help patients reach their goals.

* **Neurological Rehabilitation**

The Hospital’s neurological rehabilitation program address brain injuries or other neurological disorders such as Parkinson’s disease, multiple sclerosis (“MS”), Guillain-Barre syndrome, balance and muscle disorders and Lou Gehrig’s disease (“ALS”). Each program utilizes innovative technologies and proven therapy techniques to create individualized programs.

The Parkinson's disease program focuses on a number of goals, including improving strength, dexterity, flexibility, balance, voice and swallowing through one-on-one therapy sessions with a physical, occupational and speech therapist; optimizing medication with both pharmacy and nursing educating patients and their caregivers on the proper dosing and timing of each medication; developing customized programs to meet each patient’s specific needs; providing tips and education to lessen symptoms and improve function and safety and attention to the patient’s psychological well-being, offering hope and encouragement.

In addition to the activities described in Section F1.e.i, the Hospital has taken steps to inform and seek input from its patients (and their families) and staff, as well as from the acute care hospitals and other providers whose patients require inpatient rehabilitation hospital services.

The Hospital benefits from several of Encompass Health’s national partnerships, including with the Association of Rehabilitation Nurses to ensure that the Hospital’s highly-specialized nurses have ongoing training and access to ever-evolving best practices.

**(2) The Applicant has effectively engaged with the surrounding community and other stakeholders throughout the development of the Proposed Project.**

The Hospital’s Patient and Family Advisory Council (“PFAC”) is an important part of the Hospital’s operations and culture. Although COVID-19 has impacted the ability of the PFAC to regularly meet in person, the Hospital emailed information regarding the Proposed Project to the PFAC members on December 30, 2021. During the January PFAC meeting, which was conducted virtually, the Hospital’s CEO provided an in-depth description of the proposed project, which was received positively, with the PFAC agreeing that the proposed project is needed. The Hospital welcomes feedback from the PFAC and plans to continue to keep the PFAC apprised of developments during the PFAC’s monthly meetings as the Proposed Project progresses.

The Hospital’s staff is, of course, an important constituency with respect to planning for the Proposed Project. The Hospital’s leadership held multiple Town Hall meetings with staff (with opportunity for in-person or virtual participation). Participation in these meetings, which included updates on the Proposed Project timelines and an overview of the proposed floor plans, was voluntary, and a copy of the informational presentation used at the Town Hall meetings was emailed to all Hospital employees. Those attending were given the opportunity to offer input and to ask questions. The exchanges were helpful, with the Hospital obtaining insight from staff and staff learning about the framework within which the Proposed Project must be planned. For example, staff thought that having a clean and soiled storage area in the gym space was not a good use of space, but it is required by the FGI Guidelines that the Department uses to review hospital design and construction plans. Following the conversation about the process of developing the plans for the Proposed Project, therapy staff realized that therapy equipment would also be cleaned in the soiled storage area, which helped the staff recognize the value of this portion of the plan. In addition, the Hospital’s Therapy Council, led by the Hospital’s Director of Therapy with participation of staff from speech therapy, occupational therapy, respiratory therapy and nutrition therapy, reviewed the draft floor plans. The Council offered input and some of their suggestions were implemented.

**Factor 2: Health Priorities**

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

**F2.a Cost Containment:**

**Using objective data, please describe, for each new or expanded service, how the Proposed**

**Project will meaningfully contribute to the Commonwealth's goals for cost containment.**

Although the Proposed Project does not include any new or expanded services, the existing intensive inpatient rehabilitative care offered by the Hospital provides a significant benefit to individuals suffering from a variety of illnesses and injuries. As discussed in F1.e.ii above, Patients treated in an inpatient rehabilitation facility experience significant improvement in their ability to participate in activities of daily living, are able to maintain a greater level of independence, are more likely to return to the community setting, and are therefore less likely to be readmitted to the hospital. The ability to avoid additional healthcare expenses associated with readmission and return to a lifestyle that requires less assistance with daily tasks directly furthers the goals of cost containment.

**F2.b Public Health Outcomes:**

**Describe, as relevant, for each new or expanded service, how the Proposed Project will**

**improve public health outcomes.**

Though the Applicant is not proposing a new or expanded service, the Proposed Project will benefit the members of the Patient Panel and the larger Worcester community by enabling residents to maintain a higher quality of life and greater independence following injury or illness. While all residents in need of inpatient rehabilitation services will benefit from the Proposed Project, patients age 65 years and older will be particularly benefitted because this population generally experiences more health-related issues, including cardiac, pulmonary, orthopedic and neurological disorders and reduced functionality, as compared to younger populations. As the population experiences these conditions, residents may lose independence and become socially isolated and unable to accomplish important tasks such as grocery shopping or scheduling medical appointments. Improved access to inpatient rehabilitation care will enable residents to return to independence with greater functionality, thereby leading to improved health outcomes for the Worcester community.

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

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

The Hospital has a number of programs, processes, and protocols to connect patients with social services agencies. (See, Section F.1.b.ii.) Hospital patients have access to clinical social workers, who can assess patient needs and work with patients and their families to implement appropriate services during the patient’s stay and as part of discharge planning.

Behavioral health is an important component of the rehabilitation services provided by the Hospital. The Hospital assesses patients’ behavioral health needs, so these needs may be addressed during their stay and in discharge planning. Staff are attuned to behavioral health issues that may present during the patient’s stay so that the right resources can be implemented to address them. Neuropsychiatric physicians in private practice currently provide consultations at the Hospital. Additionally, the Hospital has plans leverage telehealth to increase access to behavioral health providers for the Hospital’s patients. However, the Hospital is not a psychiatric facility and acute behavioral health issues that present during a patient’s stay are appropriately referred to emergency behavioral health providers.

Investment in the Future

The Hospital depends upon its staff to provide services to its patients. To assure its ongoing ability to meet the needs of its Patient Panel, the Hospital is investing in the future of health care in the Worcester area by coordinating with local educational and training programs. For example, the Hospital has engaged with Baypath Regional Vocational Technical High School to employ high school students with hybrid work schedules, with the goal of orienting students to the hospital environment and encouraging interest in health services.

The Hospital maintains clinical teaching affiliations with local universities, colleges, and technical schools to provide physical therapy, occupational therapy, speech language pathology, and nursing students the opportunity to participate in clinical and technical rotations at its facilities around the country. These include:

* UMass Chan Medical School physiatry students
* Worcester State University nursing students
* Westfield State University physician assistant students
* Quinsigamond Community College nursing students
* BayPath University allied health and practical nursing students
* Anna Maria College nursing students

COVID-19

The COVID-19 pandemic has challenged the health care delivery system in unprecedented ways that we all recognize. The Hospital cares for patients who are positive for COVID-19, as well as patients who previously had this highly contagious disease and are recovering from the effects of it. The Hospital mobilized to treat patients with COVID-19, setting up flexible COVID-19 units and implementing policies and procedures to safely care for those patients. Through the Proposed Project, the Hospital will have private rooms which will enable the admission of patients with conditions that require isolation for appropriate infection control. The Hospital has provided care to a significant number of patients recovering from COVID-19. These patients often experience general myopathy (weakness) requiring inpatient rehabilitation services including occupational therapy, physical therapy, and speech therapy as needed. The Hospital’s proven programs, services, facility design, infrastructure and resources, and cost-effective care benefit the Patient Panel by offering intensive inpatient rehabilitative care, including for individuals recovering from COVID-19. The successful treatment of patients recovering from COVID-19 is illustrated by information included in Exhibit C.

The Hospital’s patients and their families benefit from the Hospital’s acceptance and rehabilitation of patients recovering from COVID-19 in several ways, including for example:

i. direct care and rehabilitation services received at the Hospital enable patients to recover to their highest functioning level;

ii. the Hospital’s care model facilitates coordination of care between the Hospital’s caregivers and the patient’s community-based physicians, ensuring continuity of care for patients discharged from the Hospital; and

iii. enhanced access to general acute care beds and services. The Hospital’s acceptance of COVID-19 patients allows general acute care hospitals to discharge patients to the Hospital as soon as possible, freeing up much-needed resources to admit patients in need of general acute care services.

Although the current pandemic is hopefully temporary, the ability of the Hospital to accept and care for a patient population with a highly contagious disease – and assist the general acute care hospitals in discharging these patients as quickly as is medically appropriate – is illustrative of the many benefits that the Hospital brings to its Patient Panel and the surrounding communities.

**Factor 5: Relative Merit**

**F5.a.i Describe the process of analysis and the conclusion that the Proposed Project, on balance, is superior to alternative and substitute methods for meeting the existing Patient Panel needs as those have been identified by the Applicant pursuant to 105 CMR 100.210(A)(1). When conducting this evaluation and articulating the relative merit determination, Applicant shall take into account, at a minimum, the quality, efficiency, and capital and operating costs of the Proposed Project relative to potential alternatives or substitutes, including alternative evidence-based strategies and public health interventions.**

**Proposal:**

The Applicant proposes a four-story addition to the existing hospital facility that will create private rooms for nearly half of the Hospital’s existing licensed beds. The Proposed Project will remedy numerous operational challenges and also enhance infection control throughout the Hospital. The Proposed Project will include the following:

* The construction of 29 private patient rooms, with showers in each room, to relocate existing beds currently in semi-private rooms. These new 29 private patient rooms include 3 combined bariatric/negative-pressure isolation rooms, with 1 room located on each of the three patient unit floors.
* The conversion of 25 existing semi-private rooms into private rooms, with the addition of a shower in each of these rooms.
* An upgrade of the Hospital’s nurse call system.
* Establishment of a dedicated ambulance entrance.
* Creation of a new public entry with a canopy.
* Finish and paint work throughout the patient tower building.
* Americans with Disabilities Act (ADA) upgrades for both interior and exterior areas of the building.

The Hospital’s patient tower building was constructed almost 60 years ago. The provision of inpatient rehabilitation hospital services has improved significantly over the past six decades, with new technology and new approaches to care changing the design requirements of hospital environments. The Proposed Project provides significant enhancements in the care environment at the Hospital, including the following benefits related to patient care and operational efficiency.

**Quality:**

Private rooms provide a significant benefit for acute care patients. Numerous published studies have identified the benefits of private, single-occupancy acute care patient rooms, which include a reduction in the risk of infection, reduction in patient stress, and enhancement of patient privacy and communication. Please refer to Factor F1.a.ii, Proposed Private Rooms will Benefit Patients and their Families for select studies identifying the benefits of private patient rooms.

**Efficiency:**

The Applicant’s addition of private rooms will significantly enhance the Hospital’s ability to more efficiently utilize its existing licensed bed capacity. Numerous operational challenges exist when a hospital is exclusively a semi-private or multi-bed facility. Oftentimes, the hospital experiences limitations in admissions of new patients due to considerations of the patient’s gender, medical complexity and comorbidities, mental status, need for isolation/infection control issues, and patient preference. The Applicant’s patient tower was constructed in the 1960s and lacks many of the features found in hospitals constructed more recently. With only semi-private and multi-bed rooms with up to 4 beds, optimizing bed utilization on a daily basis is difficult. Community showers on the patient floors also have resulted in scheduling and patient flow issues. The ability to convert almost half of the patient rooms to private rooms will enable the Applicant to optimize bed utilization.

As discussed in F1.a.iii above, the Hospital expects to realize operating and clinical staffing efficiencies as a result of the Proposed Project, thanks to the improved, modernized facility design.

**Capital Expense:**

The capital expense is necessary to provide a redesigned floor plan for the Applicant’s inpatient care units. The addition of private rooms with dedicated toilets and showers is only possible through the addition of square footage at the Hospital. Integrating the new rooms with the existing patient care units enables the Applicant to leverage existing areas such as nursing stations, medication rooms, elevators and operational support (such as clean and dirty utility rooms and janitor closets) and focus the cost of new construction primarily on the addition of private patient rooms.

**Operating Costs:**

Incremental operating costs for staffing and supplies due to increased census will be offset by the revenue generated by the optimal utilization of existing licensed beds and the opportunities for operating efficiencies. Moreover, as an Encompass Health affiliated-hospital, the Hospital is a cost-effective provider of inpatient rehabilitative care, as illustrated by lower Medicare payments to Encompass Health, on average, for patients with a comparable acuity at other IRF providers.[[28]](#footnote-28) Additionally, the Hospital is able to maintain a competitive cost structure through ‘best practice’ clinical protocols, supply chain efficiencies, sophisticated management information systems and overall economies of scale.

**List alternative options for the Proposed Project:**

The primary goal of the Proposed Project is to create a significant number of private patient rooms and eliminate three and four bed patient rooms at the Applicant in order to ensure timely admission and access to patients in need of IRF services. In evaluating less-expensive alternatives for the Proposed Project, the Applicant undertook an evaluation of the existing patient tower, the only building on the hospital campus currently providing inpatient rehabilitation services to patients.

The patient tower is a four-story structure with inpatient units located on the top three floors (first, second and third floors). The entirety of the top three floors houses patient rooms, acute care support and acute therapy services. Therefore, no existing expansion space on these floors is available to create new patient rooms. The ground floor of the Hospital consists of offices, building infrastructure (including a large boiler room, electrical rooms, the Hospital switchboard and an elevator mechanical room) and outpatient therapy. The ground floor is also the main public entrance and the ambulance entrance for the patient tower. Only a portion of the floor space on the ground floor could be allocated to create a limited number of patient rooms.

As existing space in the Hospital is not able to accomplish the scope of conversion to private patient rooms, the proposed patient tower addition is the only option available to convert nearly half of the Hospital’s rooms to private rooms, maintain the Hospital’s existing licensed bed capacity, and utilize the layout and infrastructure of the existing patient care units.

Thus, no viable alternatives exist for the Proposed Project. The creation of a substantial number of private rooms while maintaining the current licensed capacity of 110 beds cannot be achieved at the Applicant without new construction.

**Alternative Proposal:**

As noted above, there are no viable options for converting nearly half of the existing licensed semi­private beds in the Hospital into private rooms while maintaining the existing number of licensed beds without new construction. The proposed patient tower addition is the only option that maximizes the number of private patient rooms, maintains the Applicant’s existing licensed bed capacity, and can be constructed within a reasonable capital cost.

**Alternative Quality:**

Considering the benefits of private patient rooms, any alternative proposal that results in fewer converted rooms or new rooms would result in a limitation to the quality enhancements associated with private patient rooms and continue to result in underutilized beds and low occupancy rates at the Hospital.

**Alternative Efficiency:**

Productivity and efficiency of any alternative approach or design would not reach the level of integration associated with the extension of existing nursing units associated with the Proposed Project.

**Alternative Capital Expense:**

New construction to add new square footage at the facility is required to establish private rooms at the Applicant and maintain the Hospital’s current licensed bed capacity. Thus, any alternative to the Proposed Project would result in similar capital expense in order to maintain the current bed capacity while converting semi-private and multi-bed rooms to private rooms.

**Alternative Operating Costs:**

As labor expense is a main component of patient’s stay (specifically Registered Nurses, Rehabilitation Nursing Techs, Occupational and Physical Therapists), any alternative that proposes to serve the same patient population would incur similar operating costs.

**Exhibit A**

**Community Engagement Materials**

**Laying the foundation for better rehabilitation outcomes**

Coming Soon

Fairlawn Rehabilitation Hospital is proud to announce plans to expand and upgrade our current physical plant, to better care for patients in an inpatient rehabilitation setting. There will be no change to the number of licensed beds or types of services currently provided.

**Proposed features:**

* **54** private rooms, 56 semi-private rooms
* 23,114 square foot expansion and 38,000 square foot renovation
* State of the art technology
* Isolation rooms
* Enhanced bariatric care
* Dayroom/activity space
* Meeting space (training/education)
* Updated lab and exam rooms
* Enhanced dialysis suite

Visit fairlawnrehab.org for exciting details on the project. (Please note that this project may not begin until we receive all necessary permits and approvals from the Massachusetts Department of Public Health and other agencies.)

Fairlawn

Rehabilitation

Hospital

An affiliate of Encompass Health

189 May Street, Worcester, MA 01602

508.791.6351

Fairlawnrehab.org

**Exhibit B**

**Illustrative exhibit and summary regarding Joan E. DaVanzo, Ph.D., M.S.W., Al Dobson, Ph.D., Audrey El-Gamil, Justin W. Li, and Nikolay Manolov, Ph.D.; Assessment of Patient Outcomes of Rehabilitative Care Provided in Inpatient Rehabilitation Facilities and After Discharge; 2014**

Dobson | DaVanzo

*Assessment of Patient Outcomes of Rehabilitative Care Provided in
Inpatient Rehabilitation Facilities and After Discharge*

Study Highlights

Authors; Joan E. DaVanzo, Ph.D., M.S.W., Al Dobson, Ph.D., Audrey EI-Gamil, Justin W. Li, Nikolay Ma nolov, Ph.D. Contact: Joan E. DaVanzo, joan.davanzo@dobsondavanzo.com; 703-260-1761

Synopsis of Key Findings

We found that patients treated in IRFs had better long-term clinical outcomes than those treated in SNFs following the implementation of the revised 60% Rule. We used Medicare feet-service claims data to compare the clinical outcomes and Medicare payments for patients who received rehabilitation in an inpatient rehabilitation facility (IRF) to clinically similar matched patients who received services in a skilled nursing facility (SNF).

Over a two-year study period. IRF patients who were

clinically comparable to SNF patients, on average:'

* Returned home from their initial stay two weeks earlier
* Remained home nearly two months longer
* Stayed alive nearly two months longer Of matched patients treated:2
* IRF patients experienced an 8% lower mortality rate during the two-year study period than SNF patients

1RF patients experienced 5% fewer emergency room (ER) visits per year than SNF patients For five of the 13 conditions, IRF patients experienced significantly fewer hospital readmissions per year than SNF patients

Better clinical outcomes could be achieved by treating

patients in an IRF with an additional cost to Medicare

of $12.59 per day (while patients are alive during the

two-year study period), across all conditions.'

Matched IRF and SNF Patients: Number of Days during Initial Rehabilitation Stay and Number of Days Treated in the home.\*1

This study serves as the most comprehensive national analysis to date examining the long-term clinical outcomes of clinically similar patient populations treated in IRFs and SNFs, utilizing a sample size of more than 100,000 matched pairs drawn from Medicare administrative claims.

The focused, intense, and standardized rehabilitation led by physicians in IRPs is consistent with patients achieving significantly better outcomes in a shorter amount of time than patients treated in SNFs.

When patients are matched on demographic and clinical characteristics, rehabilitation in IRFs leads to lower mortality, fewer readmissions and ER visits, and more days at home (not in a hospital, IRF, SNF, or LTCH) than rehabilitation in SNFs for the same condition. This suggests that the care delivered is not the same between IRFs and SNFs. Therefore, different post-acute care settings affect patient outcomes.

**Matched IRF and SNF Patients: Difference in Mortality Rate1 across Two-Year Study Period and Resulting Additional Days Alive3 During Episode\***



\*Difference in the mortality rate of matched IRF patients to matched SNF patients over the two-year study period. As a result of the lower mortality rate, additional average days of life represent the difference in the average episode length (after accounting for mortality across groups (IRF average episode length in days minus SNF).

1 Differences are statistically significant at p<0.0001.

2 Differences are statistically significant at p<0.0001 with the exception of the number of readmissions per year, which are significant at p<0.01 for five of the 13 conditions.

3 Differences are statistically significant at p<0.0001 with the exception of major multiple trauma, which is significant at p<0.01.

Source: Dobson|DaVanzo analysis of research identifiable 20% sample of Medicare beneficiaries, 2005-2009.

Dobson DaVanzo & Associates, LLC 450 Maple Avenue East, Suite 303, Vienna, VA 22180 703.260.1760 [www.dobsondaYanzo.com](http://www.dobsondaYanzo.com)

O 2014 Dobson DaVanzo &Mines, LLC. All Rights Reserved.

08/14/2020 July 10, 2014

**Exhibit C**

**Successful treatment of patients recovering from COVID-19**

Encompass Health

IN THE NEWS: COVID-19 SUCCESS STORIES

Northeast Region

**After 74 days on ventilator, COVID survivor walks out of Encompass Health of Toms River|** [**Ashbury Park Press**](https://www.app.com/story/news/health/2021/05/13/covid-miracle-jersey-shore-medical-center/5022020001/) **– May 13, 2021**

**Saxophonist who played with Springsteen spends 103 days in hospital, rehab recovering from COVID|** [**Ashbury Park Press**](https://www.app.com/story/news/health/2020/08/10/coronavirus-survivor-sensational-soul-cruisers-springsteen/5571411002/) **– Aug. 10, 2020**

**COVID survivor learns to walk again at Encompass Health of Nittany Valley |** [**Encompass Health Connect blog**](https://blog.encompasshealth.com/2020/07/17/lynn-shaefers-story-coming-back-from-covid-19/) **– July 17, 2020**

**Retired police officer receives visit from family while recovering from COVID at Encompass Health of Braintree|** [**CBS Boston**](https://encompasshealth.com/news-and-events/2021/04/28/18/01/braintree-police-family-visit) **– April 26, 2021**

**Encompass Health of New England nurse recognized for her efforts during COVID-19 pandemic|** [**Boston 25 News**](https://encompasshealth.com/news-and-events/2020/08/14/19/32/newenglandrehab-nurse-recognized-for-covid-efforts) **– Aug. 11, 2020**

**91-year-old recovers from COVID at Encompass Health of Toms River |** [**Encompass Health Connect blog**](https://blog.encompasshealth.com/2020/05/06/at-91-years-young-jean-powell-survives-and-recovers-from-covid-19/) **– May 6, 2020**

South Atlantic Region

**47-year-old released from Tidelands Health Rehabilitation Hospital after long battle with COVID-19 |** [**WTBW News 13**](https://www.wbtw.com/news/grand-strand/horry-county-covid-19-survivor-released-from-hospital-after-months-on-ventilator/) **– May 28, 2021**

**Walton Rehabilitation Hospital helps post-COVID patients get back to everyday routines |** [**WRDW 12/26 News**](https://www.wrdw.com/2021/08/23/local-rehab-centers-help-post-covid-patients-get-back-everyday-routine/) **– Aug. 23, 2021**

**Florence man goes home after 300 days in hospital recovering from COVID |** [**WTBW News 13**](https://www.wbtw.com/news/pee-dee/florence-man-hospitalized-300-days-from-covid-19-returns-home/) **– June 4, 2021**

Southwest Region

**Austin police officer discharged from Encompass Health of Round Rock after fighting COVID for nearly four months|** [**KVUE**](https://www.kvue.com/article/news/community/austin-police-officer-hospitalized-covid-motorcade/269-94cc8fbb-d294-41fc-b8d7-f3fe85665625) **– June 18, 2021**

**Patient Isaac Cary dances while leaving Encompass Health of Austin after months recovering from COVID |** [**KCEN**](https://www.kcentv.com/article/news/local/austin-man-hospitalized-temple-covid-19-recovers/500-b97b1020-f192-49d7-b0f8-c6f89207c8a9) **– Sept. 16, 2021**

**San Angelo Police Sergeant returns home after COVID-related stroke |** [**Concho Valley News**](https://www.conchovalleyhomepage.com/news/news-connection/san-angelo-police-sergeant-returns-home-after-covid-related-stroke/) **- Sept. 14, 2021**

**Central Region**

**Tom Howser leaves Cardinal Hill Rehabilitation Hospital after 300 days in hospital recovering from COVID |** [Lex18 News](https://www.lex18.com/community/positively-lex-18/berea-man-discharged-from-hospital-after-battling-covid-19-for-109-days) **– May 3, 2021**

**Tennessee lawmaker thanks Vanderbilt Stallworth Rehabilitation Hospital staff, other care teams after eight months recovering from COVID|** [NBC News](https://www.nbcnews.com/news/us-news/tennessee-lawmaker-once-coronavirus-skeptic-now-urging-everyone-get-vaccinated-n1275803) **– Aug. 3, 2021**

**Local man diagnosed with COVID, Guillian-Barre syndrome recovers at Encompass Health of Cincinnati |** [Local 12 News](https://local12.com/health/medical-edge-reports/road-to-recovery-local-man-diagnosed-with-covid-19-guillain-barr-syndrome-cincinnati) **– Aug. 17, 2021**

**Columbia man learns to walk again at Rusk Rehabilitation Hospital after long battle with COVID-19 |**[KTVO](https://ktvo.com/news/dnu/after-almost-losing-his-life-to-covid-19-columbia-man-encourages-vaccinations) **– Sept. 1, 2021**

**After delivering baby while in hospital recovering from COVID, Susie completes rehabilitation at Encompass Health of Memphis |** [Encompass Health Connect blog](https://blog.encompasshealth.com/2021/05/25/susies-story-pregnant-with-covid-19/) **– May 25, 2021**

**Nashville woman partially paralyzed from rare COVID vaccine reaction learns to walk again at Vanderbilt Stallworth|** [WKRN](https://www.wkrn.com/news/nashville-woman-partially-paralyzed-after-rare-reaction-to-covid-vaccine-walks-again/) **– May 11, 2021**

**Southeast Region**

**Patient returns to Sea Pines Rehabilitation Hospital to thank therapy teams for his COVID recovery care|** [Florida Today](https://www.floridatoday.com/story/news/2021/04/30/cape-canaveral-hospitals-1st-covid-patient-glad-survive-cliffhanger-brush-death/4887554001/) **– April 30, 2021**

**Patient overcomes COVID recovery obstacles at Encompass Health of Miami|** [Miami’s Community News](https://communitynewspapers.com/inspire-health/ivan-has-made-significant-progress-in-recovering-from-the-effects-of-covid-19-with-the-help-of-the-staff-at-encompass-health-rehabilitation-hospital-of-miami-in-cutler-bay/) **– June 11, 2021**

**Jack returns home after 221 days in hospital recovering from COVID|** [News 6](https://www.clickorlando.com/news/local/2021/08/17/nearly-dead-from-covid-melbourne-man-back-home-after-coma-221-days-of-hospital-care/) **– Aug. 17, 2021**

**Man returns home from Encompass Health of Ocala after months in hospital recovering from COVID-19|** [WESH](https://www.wesh.com/article/central-florida-man-recovers-covid-19-6-months-hospital/37213733) **– Aug. 3, 2021**

**Midatlantic Region**

**COVID survivor leaves Novant Rehabilitation Hospital, reunites with family |** [WXII News 12](https://www.wxii12.com/article/winston-salem-covid-19-survivor-reunites-with-family/36679058) **– June 9, 2021**

**Greenville police officer shares COVID recovery story|** [WJHL](https://www.wjhl.com/local-coronavirus-coverage/they-need-to-get-this-shot-greeneville-police-officer-who-survived-covid-urging-folks-to-get-vaccinated/) **– Aug. 30, 2021**

**South Central Region**

**COVID survivor recovers at St. John Rehabilitation Hospital, returns home after five weeks in hospital |** [Tulsa World](https://tulsaworld.com/community/sandsprings/news/sand-springs-familys-covid-battle-leaves-uncertainty-in-its-wake/article_e31dce9e-1f4d-11ec-b1ea-eb6d96838477.html) **– Sept. 27, 2021**

**West Region**

**56-year-old veteran awaits double lung transplant while recovering from COVID-19 at Encompass Health of Northwest Tucson |** [Encompass Health Connect blog](https://blog.encompasshealth.com/2021/01/29/darryls-story-awaiting-a-double-lung-transplant-and-battling-covid-19/) **– Jan. 29, 2021**

**NEW ENGLAND REHABILITATION SERVICES OF CENTRAL MASSACHUSETTS,
INC. D/B/A FAIRLAWN REHABILITATION HOSPITAL, an affiliate of ENCOMPASS
HEALTH
DON APPLICATION #N/A-22022810-HE**

**ATTACHMENTS**

**HOSPITAL/CLINIC SUBSTANTIAL CAPITAL EXPENDITURE**

**FAIRLAWN REHABILITATION HOSPITAL, an affiliate of ENCOMPASS HEALTH**

NEW ENGLAND REHABILITATION SERVICES OF CENTRAL MASSACHUSETTS D/B/A FAIRLAWN REHABILITATION HOSPITAL, an affiliate of ENCOMPASS HEALTH

DON APPLICATION #N/A-22022810-HE
TABLE OF CONTENTS

Attachments

1. Change in Service Tables Questions 2.2 and 2.3
2. Affiliated Parties Table
3. Factor 4 Independent CPA Analysis
4. New England Rehabilitation Services of Central Massachusetts, Inc., d/b/a Fairlawn Rehabilitation Hospital Articles of Organization, as amended
5. Affidavit of Truthfulness and Compliance
6. Notice of Intent
7. Filing Fee

**Attachment 1**

**Massachusetts Department of Public Health**

**Determination of Need**

**Change in Service**

**Version: DRAFT 6-14-17**

DRAFT

Application Number: N/A-22022810-HE Original Application Date: 02/28/2022

Applicant Information: New England Rehabilitation Services of Central Massachusetts, Inc. d/b/a Fairlawn Rehabilitation Hospital

Contact Person: Daria Niewenhous Title: Attorney

Phone: 6173484865 Ext.: E-mail: DNiewenhous@mintz.com

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

1 Facility Name: Fairlawn Rehabilitation Hospital, an affiliate of Encompass Health CMS Number: 1225002983 Facility Type: Hospital

Change in Service

|  |
| --- |
| 2.2 Complete the chart below with existing and planned service changes. Add additional services within each grouping if applicable. |
| AAdd/Del Rows |  | Licensed BedsExisting | Operating BedsExisting | Change in Number of Beds( -+-/-)Licensed Operating | Number of Beds After Project Completion (calculated)Licenses OperatingLicensed Operating | Patient Days(Current/ Actual | Patient DaysProjected | Occupancy rate for Operating BedsCurrent Beds | Average Length of Stay (Days) | Number of DischargesActual | Number of DischargesProjected |
|  | **Acute** |  |  |  |  |  |  |  |  |  |  |  |  |  |
|   | Medical/Surgical | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
|   | Obstetrics (Maternity) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
|   | Pediatrics | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
|   | Neonatal Intensive Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
|   | ICU/CCU/SICU | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
| + - - |   |   |   |   |   |   |   |   |   | 0% | 0% |   |   |   |
|   | Total Acute | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
|   | **Acute Rehabilitation** | 110 | 110 | 0 | 0 | 110 | 110 | 25,122 | 29,721 | 63% | 74% | 13.5 | 1,861 | 2,246 |
| + - |   |   |   |   |   |   |   |   |   | 0% | 0% |   |   |   |
|   | Total Rehabilitation | 110 | 110 | 0 | 0 | 110 | 110 | 25,122 | 29,721 | 63% | 74% | 13.5 | 1,861 | 2,246 |
|   | **Acute Psychiatric** |   |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Add/Del Rows |   | Licensed BedsExisting | Operating BedsExisting | Change in Number of Beds( +/-)Licensed Operating | Number of Beds After Project Completion (calculated)Licensed Operating | Patient Days(Current/ Actual) | Patient DaysProjected | Occupancy rate for OperatingBedsCurrent Beds Projected | AverageLength ofStay(Days) | Number of DischargesActual | Number of DischargesProjected |
|   | Adult | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
|   | Adolescent | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
|   | Pediatric | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
|   | Geriatric | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
| + - |   |   |   |   |   |   |   |   |   | 0% | 0% |   |   |   |
|   |   | Total Acute Psychiatric | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
|   |   | **Chronic Disease** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
| + - |   |   |   |   |   |   |   |   |   | 0% | 0% |   |   |   |
|   |   | Total Chronic Disease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
|   |   | **Substance Abuse** |   |
|   |   | detoxification | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
|   |   | short-term intensive | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
| + - |   |   |   |   |   |   |   |   |   | 0% | 0% |   |   |   |
|   |   | Total Substance Abuse | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
|   |   | **Skilled Nursing Facility** |   |
|   |   | LevelII | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
|   |   | LevelIII | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
|   |   | LevelIV | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 0 | 0 |
| + - |   |   |   |   |   |   |   |   |   | 0% | 0% |   |   |   |
|   |   | Total Skilled Nursing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% | 0 | 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 |
| +  | -  |   |   |   |   |   |   |
|   |

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.

**Attachment 2**

**Massachusetts Department of Public Health**

**Determination of Need**

**Affiliated Parties**

Version: DRAFT 3-15-17

Application Date: 02/28/2022 Application Number: N/A-22022810-HE

Applicant Information

Applicant Name: New England Rehabilitation Services of Central Massachusetts, Inc. d/b/a/ Fairlawn Rehabilitation Hospital

Contact Person: Daria Niewenhous Title: Attorney

Phone: 6173484865 Ext. E-mail: DNiewenhous@mintz.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) | Convictionsorviolations | List other health care facilities affiliated with | Business relationship with Applicant |
|  |  |  | 111 Speen Street | Framingham | MA | Encompass Health Fairlawn Holdings, LLC | Board of Directors, President of Applicant |   |   | No | Encompass Health Rehabilitation Hospital of New England at Beverly; Encompass Health Rehabilitation Hospital of Braintree; Encompass Health Rehabilitation Hospital of Braintree at Framingham; Encompass Health Rehabilitation Hospital of New England at Lowell; Encompass Health Rehabilitation Hospital of Western Massachusetts | No |
| + - | Tuer | Patrick |
| + - | Tosi | Stephen | 365 Plantation Street, Suite 300 | Worcester | MA | UMass Memorial Health Ventures, Inc. | Board of Directors of Applicant |   |   |  No | UMass Memorial Medical Center | No  |
| + - | Huggins | Birian | 306 Belmont Street | Worcester | MA | UMass Memorial Health Ventures, Inc. | Board of Directors, Secretary of Applicant |  |  | No | UMass Memorial Health Care, Inc. | No |
| + - | Pollard | Mallory | 111 Speen Street, Suite 510 | Framingham | MA | Encompass Health Fairlawn Holdings, LLC | Board of Directors, Treasurer of Applicant |  |  | No | Encompass Health Rehabilitation Hospital of New England at Beverly; Encompass Health Rehabilitation Hospital of Braintree; Encompass Health Rehabilitation Hospital of Braintree at Framingham; Encompass Health Rehabilitation Hospital of New England at Lowell; Encompass Health Rehabilitation Hospital of Western Massachusetts | No |
| + - | Michaels | Melissa | 111 Speen Street, Suite 510 | Framingham | MA | Encompass Health Fairlawn Holdings, LLC | Board of Directors of Applicant |  |  | No | Encompass Health Rehabilitation Hospital of New England at Beverly; Encompass Health Rehabilitation Hospital of Braintree; Encompass Health Rehabilitation Hospital of Braintree at Framingham; Encompass Health Rehabilitation Hospital of New England at Lowell; Encompass Health Rehabilitation Hospital of Western Massachusetts | No |
| + - | Lancette | Peter | 189 May Street | Worcester | MA | New England Rehabilitation Services of Central Massachusetts, Inc. | Board of Directors ofApplicant, Hospital CEO |  |  | No | None | No |

Document Ready for Filing

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

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

**Attachment 3**

**New England Rehabilitation Services of
Central Massachusetts, Inc.
d/b/a Fairlawn Rehabilitation Hospital,
an affiliate of Encompass Health**

**Analysis of the Reasonableness of
Assumptions Used For and
Feasibility of Projected Financials of
Fairlawn Rehabilitation Hospital
For the Years Ending December 31, 2025
Through December 31, 2029**

**TABLE OF CONTENTS**

Page

1. EXECUTIVE SUMMARY 1
2. RELEVANT BACKGROUND INFORMATION 2
3. SCOPE OF REPORT 2
4. PRIMARY SOURCES OF INFORMATION UTILIZED 2
5. REVIEW OF THE PROJECTIONS 3
6. FEASIBILITY 6

BERNARD L. DONOHUE, III, CPA

One Pleasure Island Road
Suite 2B

Wakefield, MA 01880

(781) 569-0070
Fax (781) 569-0460

February 18, 2022

Mr. Peter J. Lancette, MBA, MSN, RN, NE-BC

Chief Executive Officer

New England Rehabilitation Services

of Central Massachusetts, Inc.

d/b/a Fairlawn Rehabilitation Hospital,

an affiliate of Encompass Health

189 May Street

Worcester, MA 01602

**RE: Analysis of the Reasonableness of Assumptions and Projections Used to Support the**

**Financial Feasibility and Sustainability of the Proposed Construction and Renovation Project of Fairlawn Rehabilitation Hospital in Worcester, MA**

Dear Mr. Lancette:

I have performed an analysis of the financial projections prepared by New England Rehabilitation Services of Central Massachusetts, Inc. d/b/a Fairlawn Rehabilitation Hospital, an affiliate of Encompass Health (“Fairlawn” or “FRH”), detailing the projected hospital construction and renovation project. This report details my analysis and findings with regards to the reasonableness of assumptions used in the preparation and feasibility of the projected financial information of Fairlawn Rehabilitation Hospital as prepared by the management of FRH (“Management”). This report is to be used by Fairlawn in its Determination of Need (“DoN”) Application – Factor 4(a) and should not be distributed or relied upon for any other purpose.

**I. EXECUTIVE SUMMARY**

The scope of my analysis was limited to the five-year financial projections (the “Projections”) prepared by FRH as well as the actual operating results for Fairlawn for the fiscal years ended 2019, 2020 and 2021, and the supporting documentation in order to render an opinion as to the reasonableness of assumptions used in the preparation and feasibility of the Projections with regards to the impact of the construction and renovation project at Fairlawn Rehabilitation Hospital.

Within the projected financial information, the Projections exhibit a net pre-tax profit margin ranging from 16.60% to 16.13% for years ending 2025 through 2029. Based on my review of the relevant documents and analysis of the projected financial statements, I determined the project and continued operating surplus are reasonable expectations and are based on feasible financial assumptions. Accordingly, I determined that the Projections are feasible and sustainable and not likely to have a negative impact on the patient panel or result in a liquidation of assets of Fairlawn Rehabilitation Hospital.

*Member: American Institute of CPA’s
Massachusetts Society of CPA’s*

1. **RELEVANT BACKGROUND INFORMATION**

New England Rehabilitation Services of Central Massachusetts, Inc. d/b/a Fairlawn Rehabilitation Hospital is a 110-bed rehabilitation hospital located in Worcester, Massachusetts. Fairlawn is jointly owned by Encompass Health Fairlawn Holdings, LLC (80%) and UMass Memorial Health Ventures, Inc. (20%). Encompass Health Fairlawn Holdings, LLC is a wholly owned subsidiary of Encompass Health Corporation, and UMass Memorial Health Ventures, Inc. is a wholly controlled subsidiary of UMass Memorial Health Care, Inc.

Please refer to the DoN application for a further description of the proposed project and the rationale for the expenditures.

1. **SCOPE OF REPORT**

The scope of this report is limited to an analysis of the Projections, prior year financials and the supporting documentation in order to render an opinion as to the reasonableness of assumptions used in the preparation and feasibility of the Projections with regards to the impact of the capital project involving and ancillary to Fairlawn Rehabilitation Hospital. My analysis of the Projections and conclusions contained within this report are based upon my detailed review of all relevant information (see Section IV which references the sources of information). I have gained an understanding of Fairlawn Rehabilitation Hospital through my review of the information provided as well as a review of the FRH website, annual reports, and the DoN application.

Reasonableness is defined within the context of this report as supportable and proper, given the underlying information. Feasibility is defined as based on the assumptions used, the plan is not likely to result in insufficient “funds available for capital and ongoing operating costs necessary to support the proposed project without negative impacts or consequences to Fairlawn Rehabilitation Hospital’s existing patient panel” (per Determination of Need, Factor 4(a)).

This report is based upon historical and prospective financial information provided to me by Management. I have not audited or performed any other form of attestation services on the projected financial information. If I had audited the underlying data, matters may have come to my attention that would have resulted in my using amounts that differ from those provided. Accordingly, I do not express an opinion or any other assurances on the underlying data presented or relied upon in this report. I do not provide assurance on the achievability of the results forecasted by FRH because events and circumstances frequently do not occur as expected, and the achievement of the forecasted results are dependent on the actions, plans, and assumptions of management. I reserve the right to update my analysis in the event that I am provided with additional information.

1. **PRIMARY SOURCES OF INFORMATION UTILIZED**

In formulating my conclusions contained in this report, I reviewed documents produced by Management. The documents and information upon which I relied are identified below or are otherwise referenced in this report:

1. Five-Year Financial Forecast (Projections), including related assumptions for Fairlawn Rehabilitation Hospital for the years ending 2025 through 2029, initially provided February 3, 2022;
2. Balance sheet, income statement and statement of cash flow analysis, including detailed assumptions for historical years 2019 through 2021 and projected for the years 2022 through 2029, initially provided February 3, 2022;
3. Schedule of Estimated Total Capital Expenditure provided February 3, 2022;
4. Presentation to Worcester Historical Commission of the proposed construction and renovation project, provided February 8, 2022;
5. Audited Financial Statements of Fairlawn Rehabilitation Hospital as of and for the year ended December 31, 2020 and as of and for the year ended December 31, 2019, provided December 17, 2021;
6. Fairlawn Rehabilitation Hospital website – <https://www.encompasshealth.com/fairlawnrehab> ;
7. Encompass Health Corporation website – <https://www.encompasshealth.com> ;
8. Various news publications and other public information about the hospital;
9. Determination of Need Application Instructions dated March 2017; and
10. Draft Determination of Need Factor 1, provided February 2, 2022.

**V. REVIEW OF THE PROJECTIONS**

This section of my report summarizes my review of the reasonableness of the assumptions used and feasibility of the Projections. The following table presents the Key Metrics, as defined below, of Fairlawn which compares the results of the Projections for the years ending 2025 through 2029 to Fairlawn’s historical results for the years ended 2020 and 2021.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | **Fairlawn, as Reported** |   | **Key Metrics for Projected Periods** |   |
| **2020** | **2021** | **2025** | **2026** | **2027** | **2028** | **2029** |
| EBITDA ($) | 11,378,981 | 7,745,700 | 12,245,321 | 12,829,564 | 13,173,970 | 13,519,008 | 13,861,815 |
| EBITDA Margin ( %) | 26.87% | 19.82% | 23.70% | 23.28% | 22.84% | 22.39% | 21.93% |
| Operating Margin (%) | 24.67% | 17.33% | 16.60% | 16.63% | 16.49% | 16.32% | 16.13% |
| Total Margin (%) | 17.91% | 12.36% | 11.95% | 11.97% | 11.87% | 11.75% | 11.61% |
| Current Ratio | 1.81 | 2.12 | 0.52 | 1.61 | 1.84 | 2.10 | 2.38 |
| Cash Days on Hand | 1.14 | 0.72 | 3.22 | 1.75 | 11.03 | 21.30 | 32.33 |
| Cash ($) | 96,505 | 61,553 | 347,686 | 203,162 | 1,345,076 | 2,734,825 | 4,371,107 |
| Days in Accounts Receivable | 37.45 | 47.38 | 45.09 | 45.08 | 45.08 | 45.08 | 45.07 |
| Total Assets ($) | 23,063,433 | 22,115,858 | 55,322,828 | 52,807,453 | 50,920,692 | 49,297,316 | 47,936,808 |
| Total Equity ($) | 15,940,755 | 17,767,614 | 40,953,724 | 47,553,070 | 45,400,389 | 43,496,135 | 41,838,702 |

The Key Metrics fall into three primary categories: profitability, liquidity, and solvency. Profitability metrics, such as EBITDA, EBITDA Margin, Operating Margin and Total Margin are used to assist in the evaluation of management performance in how efficiently resources are utilized. Liquidity metrics, such as Current Ratio, Cash Days on Hand and Days in Accounts Receivable measure the quality and adequacy of assets to meet current obligations as they come due. Solvency metrics, such as Total Assets and Total Equity measure the company’s ability to service debt obligations. Additionally, certain metrics can be applicable in multiple categories.

The following table shows how each of the Key Metrics is calculated.

Key Metric Definition

(Earnings before interest, taxes, depreciation and amortization expenses) - Operating

EBITDA ($) income (loss) ± interest expense ± depreciation expense ± amortization expense

EBITDA expressed as a % of total operating revenues. EBITDA / net operating

EBITDA Margin (%)

revenues

Operating Margin (%) Income (loss) from operations / net operating revenues

Total Margin (%) Net income / net operating revenues

Current Ratio Current assets divided by current liabilities

(Cash and equivalents) / ((Total operating expenses - depreciation & amortization) /

Cash Days on Hand YTD days)

Cash ($) Cash and cash equivalents

Days in Accounts Receivables Accounts receivables divided by (net patient service revenue divided by 365 days)

Total Assets ($) Total assets of the company

Total Equity ($) Total shareholders' equity of the company

**1. Revenues**

The only revenue category on which the proposed capital project would have an impact is Net Patient Service Revenue (NPSR). Therefore, I have analyzed Net Patient Service Revenue identified by Fairlawn Rehabilitation Hospital in both their historical and projected financial information. The proposed capital project seeks to create 54 private rooms through a combination of new construction and renovation of existing multi-bed rooms to result in 54 private rooms and 56 semi-private (2-bed) rooms. Total licensed beds would remain the same (110). The creation of private rooms and semi-private rooms would make for a more efficient use of beds and add to overall admissions and patient days. In order to determine the reasonableness of the projected NPSR, I reviewed the underlying assumptions upon which management relied.

I first reviewed the projections to determine the reasonableness of the projected volume. FRH provided historical data of patient days and discharges as well as data showing admissions that were lost due to space considerations because of the multi-bed rooms. Covid-19 also played a part in the lower admissions to FRH as the acute hospitals in the region, the main source of FRH’s admissions, curtailed elective surgeries, including orthopedic surgeries. The need for rehab hospitalizations decreased as a result. The ramp up of patient days was done starting with the historical patient day data and adding a general increase of 2.4% per year from 2023 to 2024, the year construction is substantially complete. Then days and discharges were added by both the general 2.4% and a percent of the lost admissions now being able to be accommodated due to the new bed configuration. The average daily census is projected to grow from 80 in 2019, the year before Covid-19 and the old bed configuration, to 91 in 2029 with the new bed configuration.

Next, I reviewed the projections to determine the reasonableness of the payer mix and reimbursement rates selected for the first five years of operations after completion of the project. I compared the payor mix in the projection years to the historical data and found that it was similar. The reimbursement rates used in the projection years were based on the historical data. I compared the NPSR by payor class to the audited financial statements for 2019 and 2020. The payment rates were then calculated by dividing the NPSR by payor by historical patient days or, in Medicare’s case, by discharges, to obtain a payment rate per day or per discharge. The payment rates were then inflated by 2.3% each of the succeeding years.

It is my opinion that the revenue growth projected by Management reflects a reasonable estimation based primarily on historical operations and improvements in bed configuration.

**Operating Expenses**

I analyzed the Salaries and Benefits, as well as the Other Operating Expenses and Depreciation Expense for reasonableness and feasibility as related to the projection of FRH. Salaries and benefits were calculated as a function of Full Time Equivalents (FTE’s) per occupied bed. Thus, as the patient population increases, the number of FTE’s required will also be increased. The FTE’s were also increased as a function of the amount of new square feet of the new addition and the amount of additional housekeeping service needed. Salaries and benefits costs were increased each year by a rate of 3%.

Supplies were calculated as an historical cost per patient day, and then inflated by $.50 per patient day during the projection years. Included in Other Operating Expenses are management fees. Management fees are calculated at 5% of NPSR and remain as such through the projection years. The remaining Other Operating Expenses were calculated as an historical cost per patient day.

Depreciation expense reflects the incremental expense related to the proposed project. The projections reflect building and building improvements depreciated over an average life of 20 years and equipment depreciated over an average life of 8 years.

It is my opinion that the growth in operating expenses projected by Management reflects a reasonable estimation based primarily upon Fairlawn’s historical operations.

1. **Other Income and Income Tax Expense**

The final categories of Fairlawn Rehabilitation Hospital Projections are Other Income and Income Tax Expense. There were no increases projected for Other Income items. Income Tax Expense was calculated by multiplying Operating Income (income before income tax expense) by 28% each year, which represents a combined federal and state corporate tax rate. Accordingly, it is my opinion that the pro-forma Other Income and Income Tax Expense are reasonable.

1. **Capital Expenditures and Cash Flows**

I reviewed the projected capital expenditures and future cash flows of Fairlawn Rehabilitation Hospital in order to determine whether sufficient funds would be available to support the payment of the construction and renovation project and whether the cash flow would be able to support the continued operations of FRH. The project will be financed by a combination of the annual cash flows of FRH and borrowings from FRH’s parent company, Encompass Health, which will be repaid during the projection period.

Based upon my discussions with Management and my review of the information provided, I considered the current and projected capital projects and loan financing obligations included within the Projections and the impact of those projected expenditures on Fairlawn Rehabilitation Hospital’s cash flow. Based upon my analysis, it is my opinion that the pro-forma capital expenditures and resulting impact on Fairlawn’s cash flows are reasonable.

**VI. FEASIBILITY**

I analyzed the historical operations for Fairlawn Rehabilitation Hospital for the years 2019, 2020 and 2021, and the Key Metrics as well as the impact of the proposed construction and renovation project at Fairlawn Rehabilitation Hospital upon the Projections and Key Metrics. In performing my analysis, I considered multiple sources of information including historical financial information for Fairlawn Rehabilitation Hospital and projected financial information for Fairlawn. It is important to note that the Projections do not account for any anticipated changes in accounting standards. These standards, which may have a material impact on individual future years, are not anticipated to have a material impact on the aggregate Projections.

Based upon my review of the Projections and relevant supporting documentation, I determined the project and continued operating surplus are reasonable and based upon feasible financial assumptions. Therefore, the proposed renovation project at Fairlawn Rehabilitation Hospital is financially feasible and within the financial capability of Fairlawn Rehabilitation Hospital.

Respectively submitted,

//s//

Bernard L. Donohue, III, CPA

**Attachment 4**

**Articles of Organization**

**New England Rehabilitation Services of Central Massachusetts, Inc.**

**Available at**

[**https://corp.sec.state.ma.us/CorpWeb/CorpSearch/CorpSummary.aspx?sysvalue=vsle\_iBnbKAM1hFVW7LNohmr3PftR01KcwlRNxIIKWM-**](https://corp.sec.state.ma.us/CorpWeb/CorpSearch/CorpSummary.aspx?sysvalue=vsle_iBnbKAM1hFVW7LNohmr3PftR01KcwlRNxIIKWM-)

**Attachment 5**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **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: 22022810-HE Original Application Date: 2/28/2022

|  |  |
| --- | --- |
| Applicant Name: Application Type: | New England Rehabilitation Services of Central Massachusetts, Inc., d/b/a Fairlawn Rehabilitation Hospital |
|  |  |
| Hospital/Clinic Substantial Capital Expenditure |  |

Applicant's Business Type: Corporation

Is the Applicant the sole member or sole shareholder of the Health Facility(ies) that are the subject of this Application? Yes

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;
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 CMR100.210(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,
15. 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,
16. The Proposed Project is exempt from zoning by-laws or ordinances.

**Corporation:**

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

**Peter Lancette //S// 25FEB2022**

**CEO for Corporation Name: Signature: Date:**

**Patrick Tuer //S// 28FEB2022**

**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.

**Attachment 6**

Worcester Telegram & Gazette Published February 14, 2022

Public Announcement Concerning a Proposed Health Care Project

New England Rehabilitation Services of Central Massachusetts, Inc. d/b/a Fairlawn Rehabilitation Hospital (“Applicant”) located at 189 May Street, Worcester, MA 01602 intends to file a Notice of Determination of Need (“Application”) with the Massachusetts Department of Public Health for a substantial capital expenditure by Fairlawn Rehabilitation Hospital, an affiliate of Encompass Health (“Fairlawn”) located at 189 May Street, Worcester, MA 01602. This Application includes the following: (A) renovation of the existing physical plant, including the conversion of 25 multi-bed and semi-private rooms to private rooms and (B) construction of a 4-story addition to Fairlawn’s existing hospital facility that will contain the following: (1) 29 new private patient rooms, including one combined bariatric/negative-pressure isolation room on each patient care floor, (2) and a new entrance to the lobby with a canopy and an upgraded ambulance bay (collectively, the “Proposed Project”). The number of licensed beds will not change as a result of the Proposed Project. The total value of the Proposed Project based on the maximum capital expenditure is $42,514,011. The Applicant does not anticipate any price or service impacts on the Applicant’s existing Patient Panel as a result of the Proposed Project. Any ten Taxpayers of Massachusetts may register in connection with the intended Application by no later than March 30, 2022 or 30 days from the Filing Date, whichever is later, by contacting the Department of Public Health, Determination of Need Program, 67 Forest Street, Marlborough, MA 01752 or dph.don@state.ma.us (preferred).

**Attachment 7**



1. Because the Hospital will remain operational and given this phased approach, the Applicant has determined fiscal year 2024 to be the first full year of operation of the Proposed Project for purposes of determining the five-year period subject to the independent CPA analysis required under 105 CMR 100.210(4)(a). [↑](#footnote-ref-1)
2. As noted above, the Hospital will maintain its current 110 licensed beds. [↑](#footnote-ref-2)
3. *See* “Home Alone Revisited: Family Caregivers Providing Complex Care”, Special Report by the Founders of the Home Alone Alliance, AARP Public Policy Institute (April 2019), *available at* <https://www.aarp.org/ppi/info-2018/home-alone-family-caregivers-providing-complex-chronic-care.html>. The report recommends health systems do more to prepare family caregivers in their relatives’ care, including involving them well in advance of the patient’s discharge to home. Id. at II. [↑](#footnote-ref-3)
4. “Other Massachusetts” represents Franklin, Hampshire, Suffolk, Bristol, Essex, Barnstable, Plymouth, Berkshire, and Dukes Counties, each of which accounted for fewer than 11 patients in a given period. [↑](#footnote-ref-4)
5. The #7 Line, Union Station HUB – Washington Heights Apts, requires a 0.7 mile walk (~15 minutes) to arrive at the Hospital. The #6 Line, Union Station HUB – West Tatnuck via Chandler St., requires a 0.4 mile walk (~8 minutes) to arrive at the Hospital. The #3 Line, Union Station HUB – Worcester State University via Highland St., requires a 0.6 mile walk (~6 minutes) to arrive at the Hospital. Source: https://www.therta.com/ [DisabilityInfo.com](http://DisabilityInfo.com), a resource navigator program of the Eunice Kennedy Shriver Center, a Center for Excellence at the University of Massachusetts Medical School, categorizes Fairlawn Rehabilitation Hospital as “near public transportation,” but does not list the location as “accessible via public transportation.” MBTA’s the RIDE does not service Worcester. [↑](#footnote-ref-5)
6. Medicare Payment Advisory Commission (“MedPAC”) *Report to the Congress: Medicare Payment Policy (March 2021)* at page 251, available at <https://www.medpac.gov/document/march-2021-report-to-the-congress-medicare-payment-policy/.> [↑](#footnote-ref-6)
7. See Encompass Healthcare Quarter 4 2020 Investor Handbook, available at <https://investor.encompasshealth.com/home/default.aspx.>

8 Please note that the Applicant utilizes a combined race/ethnicity field when recording patient demographics, therefore ethnicity is not captured as a distinct characteristic.

9 In accordance with Department guidance, certain Patient Race/Ethnicity categories having fewer than 11 patients in a given period are consolidated. [↑](#footnote-ref-7)
8. Please note that the Applicant utilizes a combined race/ethnicity field when recording patient demographics, therefore ethnicity is not captured as a distinct characteristic. [↑](#footnote-ref-8)
9. In accordance with Department guidance, certain Patient Race/Ethnicity categories having fewer than 11 patients in a given period are consolidated. [↑](#footnote-ref-9)
10. “Other Conditions” includes, but is not limited to, patients treated for Traumatic Spinal Cord Injury, Pain Management, Arthritis, Guillian-Barre, Orthopedic Osteoarthritis, Burn Program, Parkinson’s Disease, and Amputees, each of which accounted for fewer than 11 patients in a given period. [↑](#footnote-ref-10)
11. 2006 Guidelines for Design and Construction of Health Care Facilities, The Facility Guidelines Institute of the American Institute of Architects at xx, available at <https://www.fgiguidelines.org/wp-content/uploads/2016/07/2006guidelines.pdf.> [↑](#footnote-ref-11)
12. “Worcester’s population increases to 206,000, while county’s multicultural population increases 276%, new Census figures show”, MassLive (Aug. 13, 2021) *available at* <https://www.masslive.com/worcester/2021/08/worcesters-population-increases-to-206000-while-countys-multicultural-population-increases-276-new-census-figures-show.html.> [↑](#footnote-ref-12)
13. United States Census Bureau, Quick Facts, Worcester County, MA (last visited Jan. 1, 2022) *available at* [https://www.census.gov/quickfacts/worcestercountymassachusetts.)](https://www.census.gov/quickfacts/worcestercountymassachusetts.%29) [↑](#footnote-ref-13)
14. Id.;

UMass Donahue Institute, Massachusetts Population Estimates Program *available at* <https://donahue.umass.edu/business-groups/economic-public-policy-research/massachusetts-population-estimates-program/population-projections.> [↑](#footnote-ref-14)
15. Id. [↑](#footnote-ref-15)
16. Medicare Care-Compare, available at <https://www.medicare.gov/care-compare/details/inpatient-rehabilitation/223029?city=Worcester&state=MA&zipcode=.> [↑](#footnote-ref-16)
17. Id. [↑](#footnote-ref-17)
18. See joint guidance, available at <https://www.ahajournals.org/doi/10.1161/STR.0000000000000098?url_ver=Z39.88->2003&rfr\_id=ori:rid:crossref.org&rfr\_dat=cr\_pub%20%200pubmed. [↑](#footnote-ref-18)
19. Id. [↑](#footnote-ref-19)
20. Public Health regional coalition in the Massachusetts Department of Public Health Emergency Preparedness Region. [↑](#footnote-ref-20)
21. *See* MedPAC March 2019 Report to Congress, *available at* <https://www.medpac.gov/document/march-2019-report-to-the-congress-medicare-payment-policy/> [↑](#footnote-ref-21)
22. *See* Id. [↑](#footnote-ref-22)
23. Source: Joan E. DaVanzo, Ph.D., M.S.W., Al Dobson, Ph.D., Audrey El-Gamil, Justin W. Li, and Nikolay Manolov, Ph.D.; Assessment of Patient Outcomes of Rehabilitative Care Provided in Inpatient Rehabilitation Facilities and After Discharge; 2014. [↑](#footnote-ref-23)
24. Joint Commission re-accreditation surveys for these disease programs were completed on October 29, 2021. [↑](#footnote-ref-24)
25. 25Guidelines for Adult Stroke Rehabilitation and Recovery: A Guideline for Healthcare Professionals from the American Heart Association/American Stroke Association; 2016. Carolee J. Winstein, Joel Stein, Ross Arena, Barbara Bates, Leora R. Cherney, Steven C. Cramer, Frank Deruyter, Janice J. Eng, Beth Fisher, Richard L. Harvey, Catherine E. Lang, Marilyn MacKay-Lyons, Kenneth J. Ottenbacher, Sue Pugh, Mathew J. Reeves, Lorie G. Richards, William Stiers, and Richard D. Zorowitz and on behalf of the American Heart Association Stroke Council, Council on Cardiovascular and Stroke Nursing, Council on Clinical Cardiology, and Council on Quality of Care and Outcomes Research.<https://www.ahajournals.org/doi/full/10.1161/STR.0000000000000098> [↑](#footnote-ref-25)
26. Id. [↑](#footnote-ref-26)
27. Id. [↑](#footnote-ref-27)
28. See Encompass Healthcare Quarter 4 2020 Investor Handbook, page 10, *available at* <https://investor.encompasshealth.com/home/default.aspx.> [↑](#footnote-ref-28)