STAFF REPORT TO THE PUBLIC HEALTH COUNCIL FOR A DETERMINATION OF NEED

Applicant Name	Baystate Health, Inc.
Applicant Address	759 Chestnut Street, Springfield MA, 01199
Date Received	January 8, 2018
Type of DoN Application	Substantial Change in Service
Maximum Capital Expenditure (MCE)	$3,780,088
DoN Number	BH-18010311-HS
Ten Taxpayer Group (TTG)	None
Community Health Initiative (CHI)	$189,004.40
Staff Recommendation	Approval
Public Health Council (PHC) Meeting Date	May 9, 2018

Project Summary and Regulatory Review

Baystate Health, Inc. (Baystate) submitted a Determination of Need (DoN) application pursuant to M.G.L. c.111, §25C and the regulations and guidelines adopted thereunder for a substantial change in service. In this Application, Baystate proposes to build out two additional ambulatory surgery operating rooms, and to equip seven combined pre- and post- operative care rooms, located at the Baystate Orthopedic Surgery Center (BOSC), Baystate Medical Center's (BMC's) satellite outpatient orthopedic surgery center. The capital expenditure for the project is $3,780,088.

Applications for substantial change in service are reviewed under the DoN regulation 105 CMR 100.000. Under the regulation, the Department must determine that need exists for a Proposed Project, on the basis of material in the record, where the Applicant makes a clear and convincing demonstration that the Proposed Project meets each Determination of Need Factor set forth within 105 CMR 100.210. Each of the six factors set forth in the regulation are addressed in this staff report.

The Department received no public comment on the application.

Background

Baystate Orthopedic Surgery Center (BOSC), located at 50 Wason Avenue, Springfield, Massachusetts, is a satellite of Baystate Medical Center (BMC). BMC is, in turn, an affiliate of Baystate Health, Inc. (Baystate)[1] which is the Applicant. The Massachusetts Department of Public Health (DPH) approved the original site plans for the BOSC on March 9, 2011. The project was not subject to DoN at that time. Plans included space for eight operating rooms, of which six were initially planned for use and built-out before the site was opened; and 28 pre- and post-op care rooms, all of which were built-out, but only 21 were equipped for use before the site was opened.

This DoN application contemplates the build-out of the two remaining operating rooms and equipping the seven pre- and post-op care rooms included in the original plans (Proposed Project or Build-out). Baystate asserts that the Proposed Project will allow BOSC to satisfy anticipated growth in the demand for outpatient orthopedic surgical services and accommodate a broader range of approved outpatient surgical procedures.

Analysis

This analysis and recommendation reflect the purpose and objective of DoN which is "to encourage competition and the development of innovative health delivery methods and population health strategies within the health care delivery system to ensure that resources will be made reasonably and equitably available to every person within the Commonwealth at the lowest reasonable aggregate cost advancing the Commonwealth's goals for cost containment, improved public health outcomes, and delivery system transformation" 105 CMR 100.001. All DoN factors are applicable in reviewing this project. This Staff Report addresses each of these factors in turn.

Factors 1 and 2

Factor 1 of the DoN regulation addresses patient panel need, and requires that the Applicant demonstrate that the project will add measurable public health value in terms of improved health outcomes and quality of life for the existing patient panel. Factor 1 also looks for evidence that the project will operate efficiently, improving the continuity of care, while providing reasonable assurances of health equity. Factor 1 of the regulation requires that the Applicant provide evidence of sound community engagement throughout the development of the proposal; and that the proposed project will compete on the basis of price, total medical expenses (TME), costs, and other recognized measures of health care spending. In addition, the Applicant must provide evidence of consultation with government agencies who have licensure,

[1] The Baystate system includes Baystate Medical Center (BMC); three community hospitals, Baystate Franklin Medical Center (BFMC), Baystate Wing Hospital (BWH), Baystate Noble Hospital (BNH); a health insurance provider, Health New England, Inc. (Health New England); home care and hospice services; Baystate Medical Practices, Inc. (BMP), which includes a network of more than 80 medical practices.

certification or other regulatory oversight which, in this case, has been done and so will not be addressed further in this staff report.

Under factor 2 of the regulation, the Applicant must demonstrate that the project will meaningfully contribute to the Commonwealth's goals for cost containment, improved public health outcomes, and delivery system transformation. This analysis will approach the requirements of factors 1 and 2 by describing each element of the proposed project and how each element complies with those parts of the regulation.

Patient Panel and Need

Baystate's Patient Panel - Baystate provides care to a four-county area that is approximately 2,850 square miles and has a population of approximately 830,000 people. By county, 75.1% of patients are from Hampden, 10.9% from Franklin, 6.5% from Hampshire, 2.7% from Berkshire Counties. An additional 2.3% are from Connecticut and 2.5% are from other areas. The highest concentration of patients is from the city of Springfield (27.1%), where BMC is located. The Baystate payer mix includes Medicare beneficiaries, who represent over 45.1% of the patient panel, followed by Medicaid beneficiaries at 27.2%. The significant percentage of Medicare representation in Baystate's payer mix reflects the substantial aging population within Baystate's patient panel. In the context of this project, because the Baystate patient panel spans a broad geography and BOSC is located one mile away from the BMC facility, the Applicant suggests that analyzing the patient panel of both BMC and BOSC is relevant to understanding the impact of the build-out. The Applicant notes that the patient population for outpatient orthopedic surgery is highly localized, and that patients from Franklin County are served mostly by the outpatient orthopedic surgery service at the Baystate Franklin Medical Center (BFMC) in Greenfield and that orthopedic services are provided at Baystate Noble Hospital (BNH) and at Baystate Wing Hospital (BWH), located in the eastern region of the Baystate service area.

Since the regulation defines Patient Panel as that of the Applicant, DPH would ordinarily consider the proposed project in the context of the whole Baystate panel. In this DoN, where the proposed project is entirely contained within BOSC, which is a satellite of and located only one mile from BMC, we agree that the Application and analysis should focus on the BMC/BOSC panel.

The BMC/BOSC Patient Panel - The Applicant reports that BMC provides care to patients from four western Massachusetts counties (Hampden, where BOSC is located, Franklin, Hampshire, and Berkshire Counties) and northern Connecticut. Just over 80% of BOSC's patients come from Hampden County of whom the majority, 60.9%, is from greater Springfield; the remaining BOSC patients (20%) come from communities surrounding Hampden County. In the four-county region, which is most relevant for BOSC, 45% of the population is age 45 and older. By gender, the BMC/BOSC patient panel was 50% male and 50% female over the FY2014-FY2016 timeframe; however, the Applicant reports that the mix is gradually shifting toward women, from 48.9% female in FY2014 to 51.2% in FY2016. The racial mix is based on self-reporting and

reflects a largely Caucasian population with nearly 8% not reporting and with 6.3% identifying as African American-Black. BOSC's payer mix includes Medicare beneficiaries, who represent 20.5% of the patient panel, and Medicaid beneficiaries, at 16.5% of the patient panel, as well as commercially insured patients who represent 61.3% of the patient panel. Blue Cross (18.3%) and Health New England (16.3%) are the top commercial payers, followed by worker's compensation insurers (10.0%).

Existing Patient Panel Need and Projected Growth

In 2016 and 2017, BOSC operated at 94.5% and 93.1% capacity respectively, and performed over 5,000 procedures annually. The Applicant asserts that BOSC is operating at capacity as a result of the increasing prevalence of muscular/skeletal disease, and co-morbid conditions; the aging local population; historical volume trends; and because of the shift to outpatient settings for orthopedic surgery. The Applicant states that between 2014 and 2016, due to capacity constraints at BOSC, 160 cases otherwise appropriate for care at BOSC or another outpatient surgery site were treated at BMC's main campus, where some outpatient orthopedic surgery is also performed.

The Applicant points to national data which indicate that the prevalence of muscular/skeletal disease[2] is increasing at the same time that care is shifting to an outpatient setting, and an increasing prevalence of osteoarthritis, diabetes, and obesity will increase the need for orthopedic procedures across diverse segments of the population.[3] [4] Healthcare Industry forecasts suggest significant growth across all outpatient orthopedic subspecialties.[5]
In Hampden County, where BOSC is located, almost 30% of adults struggle with obesity, and 65% are overweight or obese.[6] Almost one in five Hampden County residents has either pre-diabetes or diabetes, and approximately 26% of Medicare enrollees age 66 and older in Hampden County have diabetes, which is linked to musculoskeletal diseases.[7] Meanwhile, increasing physical activity levels in younger segments of the population are expected to lead to earlier utilization of services even in healthier sub-segments.[8] Consequently, the Advisory Board[9] projects the need for these services in Western Massachusetts will grow by 25% in five years, and 37% in 10 years.[10]

[2] http://newsroom.aaos.org/media-resources/Press-releases/obesity-link-to-increased-risk-for-orthopaedic-conditions-and-surgical- complications.htm
[3] Hongli Jiao, E. Xiao, and Dana T. Graves, Diabetes and Its Effect on Bone and Fracture Healing, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4692363/
[4] Advisory Board Orthopedic Market Trends, 2017
[5] Id.
[6] These figures compare to overall rates in Massachusetts of 24% and 59%, for obesity and overweight, respectively) CDC Behavioral Risk Factor Surveillance System (BRFSS), 2011
[7] BRFSS, 2010-2012
[8] Advisory Board Orthopedic Market Trends 2017
[9] The health care business of The Advisory Board Company is a best practices firm that uses a combination of research, technology and consulting to improve the performance of more than 4,400 health care organizations. www.advisory.com.
[10] Advisory Board Market Estimator Tool https://www.advisory.com/research/health-care-advisory-board/tools/2016/market-estimator

In line with these forecasts, the BOSC is projecting an overall 31% growth in outpatient surgeries between 2018 and 2021, increasing the number of surgeries to 6,600. This build-out is planned in anticipation of the growth in number of patients and to support the addition of hip arthroscopy, a procedure not currently performed within the Baystate primary service area but which, the Applicant states, has proven effective for many hip diseases.[11]

Public Health Value

DoN regulation requires that the Applicant demonstrate that the project will add measurable public health value in terms of improved health outcomes and quality of life for the existing patient panel, while providing reasonable assurances of health equity.

Baystate indicates that it will continue to strive to ensure equal access to its services with the Proposed Project through culturally competent staffing and access to translation services pre- and post-operatively as well as post discharge. Baystate argues that meeting the demand for these additional procedure types with clinical expertise and operational capacity at BOSC will improve patient outcomes and access to a lower cost, high quality option.

Baystate maintains that the risk for hospital-acquired infections, a critical outcome and quality of life measure, is reduced for surgeries performed in an outpatient setting. One study that focused on outpatient ankle procedures demonstrated that outpatients had lower rates of urinary tract infections, pneumonia, bleeding requiring transfusion, and venous thromboembolic events, as well as a reduced 30-day medical morbidity with no difference in readmissions or surgical morbidity.[12] Baystate uses the rate of complications and adverse events, including surgical site infections (SSIs) following orthopedic surgeries as another measure. In the outpatient setting, the rate ranges from 0.05% to 20%.[13] Between FY 2014 and FY 2017, BOSC's average rate of SSIs was 0.26%. The rate of inpatient admissions following all surgeries within 30 days at BOSC is 0.5-0.75%. Staff compared these rates to those found in an analysis of 53,667ambulatory procedures reported in the Journal American Geriatric Society. That study found a rate of 1.28%.[14] [15] Baystate will continue to monitor these measures of quality in the future.

If approved, the Applicant asserts that the addition of the two ORs will expand local access to hip arthroscopy, and other outpatient-appropriate surgery at a lower cost setting compared to the hospital. The Applicant reports overall BOSC patient satisfaction scores for "Overall Quality"

[11] https://orthoinfo.aaos.org/en/treatment/hip-arthroscopy/; The Economic Impact of Acetabular Labral Tears: A Cost-effectiveness Analysis Comparing Hip Arthroscopic Surgery and Structured Rehabilitation Alone in Patients Without Osteoarthritis; Lodhia P, Gui C, Chandrasekaran S, Suarez-Ahedo C, Dirschl DR, Domb BG. https://www.ncbi.nlm.nih.gov/pubmed/27190068

[12] https://www.ncbi.nlm.nih.gov/pubmed/27869620. Qin, C. et al. The Journal of Bone and Joint Surgery. 2016. "Safety and Outcomes of Inpatient Compared with Outpatient Surgical Procedures for Ankle Fractures"

[13] Charles A. Goldfarb, MD, et al, Journal of the American Academy of Orthopaedic Surgeons, Ambulatory Surgical Centers: A Review of Complications and Adverse Events, 2016

[14] De Oliveria GS, et al: Older adults and unanticipated hospital admissions within 30 days of ambulatory surgery: An analysis of 53,667ambulatory procedures. Journal American Geriatric Society 2015; 63(8):1679-1685.

[15] Staff notes that patients in an outpatient setting may tend to be younger and healthier and thus

and "Willingness to Recommend" at consistently greater than 90% and will continue to measure their quality performance with the goal of maintaining their high scores following project approval.

Continuity and Coordination of Care

The BOSC's orthopedic surgery patients complete a questionnaire soliciting the name of the primary care physician and information on topics that could affect the patient's outcome. Clinically oriented questions include reactions from anesthesia, history of bleeding disorders, and DVT/pulmonary embolisms, as well as previous illnesses and treatments. Nonclinical questions relate to social service needs such as primary language, naming the person to escort the patient home, naming who will be with the patient at home, presence of abuse (prompting need for interventions), and requests for health care proxy documents. When needed, arrangements are made for transport, interpreter services, and other social supports as identified. Surgical and OR notes and results are forwarded to primary care providers for office visits pre-and post-surgery. The BOSC has implemented a falls prevention program to help address the potential risk for post- operative hospitalization due to falls. The rate for BOSC falls documented at home for patients in 2017 (January-August) is 0.36%. In 2016, 2015 and 2014 they were 0.18%, 0.5%, and 0.7% respectively. This program will continue be improved and monitored post project approval.

Cost and Efficiency

Baystate asserts that it is a high-value care provider, pointing to the Statewide Relative Price (S-RP), which CHIA uses to compare provider prices across payers within an insurance category.[16] BMC's 2017 S-RP of 1.01, which is consistently around the average for the state (1.00) and is lower than all the other Massachusetts academic medical centers, with the exception of Boston Medical Center.

Baystate indicates that by using a continuous quality improvement process and standardizing supplies and vendors, it has seen an annual savings of approximately $70,000 since 2015. Baystate asserts, as well, that costs for procedures at BOSC are lower than at BMC's main campus, and anticipates a similar differential for hip arthroscopy once it is added as a service. Baystate asserts that there will be no change in prices for services or payer contracts; that incremental increases in operating costs for additional staff and supplies are likely to be offset by increased procedure volumes which will, in turn drive the cost per case down by 8.1% (in 2020); and that the added capacity will support economies of scale. This assertion is supported in the CPA analysis provided under factor 4 of the regulation. In summary, the Applicant asserts that the Build-out will assure continued access to appropriate outpatient surgeries in a lower cost, more efficient and convenient setting for patients.

[16] *Provider Price Variation in the Massachusetts Commercial Market* (Rep.). (2017, May). Retrieved January, 2017, from CHIA website: http://www.chiamass.gov/assets/docs/r/pubs/17/Relative-Price-Report-2017.pdf

Community Engagement

The regulation requires that in the context of project planning, Applicants describe their efforts to engage the community. The Applicant presented an overview of the Proposed Project to the BMC Community Benefits Advisory Council on September 14, 2017, the New North Citizens' Council (NNCC) Neighborhood Sub-Committee on September 27, 2017, and subsequently to the full NNCC Board of Directors on October 10, 2017. The NNCC Board of Directors unanimously voted to endorse the Proposed Project.

The Applicant asserts that this project addresses the impact of the diseases that were identified in the 2016 Community Health Needs Assessment (CHNA) on orthopedic-related conditions and that it will continue to address other findings from the CHNA through its community health initiatives funding (CHI) and which is further addressed in factor 6.

Factor 3

Baystate has certified 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.

Factor 4

Under factor 4, the Applicant must demonstrate that it has sufficient funds available for capital and operating costs necessary to support the Proposed Project without negative impacts or consequences to the existing patient panel. Documentation sufficient to make such finding must be supported by an analysis by an independent CPA (CPA Report). The Applicant submitted such an analysis, dated December 22, 2017 and performed by Meyers Brothers Kalicka, P.C. (Meyers).

In order to assess the reasonableness of assumptions used, and the feasibility of the projections for the build-out, the CPA Report reflects a review and analysis of the Applicant's audited consolidated financial statements, and the BOSC's current financial position (FY 2014 through 2017). Five-year *pro forma* financial projections were reviewed in relation to the most current four-year financial performance of the BOSC and were determined by Meyers to be based on reasonable assumptions. Meyers found that the revenue and operating expense projections are also reasonable, and affirmed the Applicant's assertion that the overall projected costs per case are likely to decline 8.1%, from $3,478 in FY 2017 to $3,195 by 2020. The impact of adding two additional operating rooms and equipment for seven pre-and post- operating rooms are projected to increase the overall cash flows of BOSC. Meyers reviewed BOSC's capital expenditures, construction budget (provided by an independent company), and cash flows in order to determine whether BOSC had sufficient funds for the build-out, plant and equipment and found that BOSC cash flows appear to be reasonable. The Applicant does not anticipate that BOSC will require any financing associated with this expansion.

The CPA Report found that the "build out of two additional operating rooms and the capital needs associated with this expansion and equipment of seven pre-and-post operating rooms is financially feasible and within the financial capability of Baystate", and "based upon feasible financial assumptions".

Factor 5

Factor 5 requires the Applicant to "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 and addressing, at a minimum, the quality, efficiency, and capital and operating costs of the Proposed Project relative to potential alternatives of substitutes." Staff notes that the Proposed Project here is a planned build-out of space that was laid out in an earlier, approved, plan. Baystate looked at the relative merit of construction of the additional ORs at a different site, which they dismissed as significantly more expensive. Baystate asserts that its build-out plan is the superior option when reviewing current capacity and anticipated demand, that the BOSC provides high quality services in a site specifically designed and equipped for orthopedic surgery with a staff that has specialized training, and that the existing efficiencies and quality controls will continue with the capacity expansion. Baystate argues that with more capacity, more patients will have access to the services that the site provides such as efficient patient flow, onsite parking, pharmacy and cost effective care.

Factor 6

The Community Health Initiative component of the DoN regulation requires approval of the Applicant's plans for fulfilling its responsibilities set out in the Department's Community-based Health Initiatives Guideline, 105 CMR 100.210(A)(6). The Guideline establishes three tiers based on the size of the CHI contribution.

Because the CHI contribution is below $500,000, this is a Tier 1 project in which the Applicant is required to submit documentation showing that the existing community health needs assessment (CHNA) and community health improvement planning (CHIP) processes, both evidence a sound community engagement process, and demonstrate an understanding of the DoN Health Priorities. In compliance with this requirement, Baystate submitted the following:

- A completed Community Engagement Self-Assessment form
- 4 completed Stakeholder Assessment forms
- Baystate Medical Center's 2016 Community Health Needs Assessment

Should the Department approve the DoN, including demonstration of a sound community engagement process and understanding of DoN Health Priorities, the Applicant (then Holder of a DoN) can work with the engaged community members in their Community Benefits Advisory Committee (CBAC) to select Health Priority strategies and funding. The Guideline makes these

processes, selection of the Health Priorities and funding decisions, conditions of the DoN and enforceable as such.

Analysis of CHI Application materials

DPH's CHI review process is led by staff from the Office of Community Health Planning and Engagement (Division of Prevention and Wellness, Bureau of Community Health and Prevention). DPH works with a cross-bureau Community Engagement Workgroup which participates in CHI review processes as well. For this review, two members of the Community Engagement Workgroup reviewed and commented on the application materials. Attached to this staff report is a memorandum (Attachment 1) which memorializes the review process. That attachment itself is informational. The enforceable conditions are contained in the main portion of this staff report, below.

CHI Review summary

The Community Engagement Guideline sets minimum standards for advisory committee representation, and for "levels" of community engagement for the 5 stages of a community health improvement planning process. The requisite Self-Assessment and Stakeholder Assessment forms ask questions that enable DPH staff to determine if minimum standards are met. They are also used as an opportunity to identify best practices that can be shared with other DoN applicants as a way to identify general opportunities for improvement.

Staff found that the community engagement process used in Baystate's 2016 CHNA should lead to natural alignment with the DoN Health Priorities. Based upon that work, staff found that Baystate is engaged in thoughtful and community-engaged processes supporting its community health planning work which can serve as the basis for CHI funding decisions, and that the membership of the Community Benefits Advisory Council meets the Department's sectorial standards for the decision making body of the CHI funds.

Upon approval of the DoN, the Applicant (then Holder of a DoN) will utilize its existing Community Benefits Advisory Board's grant program to administer the CHI funds. The Applicant will work through their Community Benefits Advisory Board, as an oversight body, to ensure community engagement continues throughout the RFP process. These dollars will be used in conjunction with pre-existing CHI dollars the Applicant is distributing through their existing grant program.

Staff recommendations relative to this and future CHI processes are set out in Attachment 1 and include: realignment of the process to more fully share power and decision-making with community members to achieve a community-led/community driven process; improve LGBTQ representation for future processes; consider using CHI as an opportunity to become more comfortable supporting a broader range of Social Determinant of Health investments/strategies including equitable economic development and job production; and inform the Department in any future DoN Applications if there are ways in which they are

actively pursuing more upstream approaches in their work, and how they are continuing to evaluate that work.

CHI Conditions and Timeline

1. Of the total CHI contribution of $189,004.40, 10% of CHI Total or $18,900.44 will be directed to the CHI Statewide Fund Contribution and $170,103.96 will be dedicated to local approaches to the Health Priorities

2. The Holder will invest the CHI funds at the start of the next fiscal year on or about October 1, 2018. These CHI dollars will be pooled with previous CHI dollars and applied to an outcome-based grant program through an RFP process that will begin distribution in October of 2018 and continue for three years through 2021.The outcome-based grants will be consistent with the strategy requirements contained in the DoN Health Priorities Guideline and reported to the Department as requested.

3. Review of the outcome-based grant submissions will be performed by a subgroup of the CBAC members and guest reviewers (with content expertise). The subgroup will make a preliminary set of recommendations, including proposals and amount of funding to be awarded. The review team will present their recommendations to the full CBAC. Once the CBAC approves the plans, they will be brought forward as final funding recommendations to the Hospital president for approval.

4. The Holder will, in future DoN applications, present a clear rationale for the inclusion of and varying levels of engagement in different communities as well as an explanation of how DoN applications originating on the Springfield campus can also impact community health issues across the Baystate system's geographies.

5. The Holder shall, in all future DoN Applications, include a description of how it plans to coordinate with county-level CHIP processes and the priorities those groups have developed; and shall include a narrative overview of how Baystate will be coordinating across the multiple decision-making and advisory groups of the cross-health system CHNA, the county level CHIPs, and all of the Baystate system CBACs.

Finding and Recommendation

The DoN program is designed to "ensure that resources will be made reasonably and equitably available to every person within the Commonwealth at the lowest reasonable aggregate cost" 105 CMR 100.001. As required by factors 1 and 2, any DoN applicant must show that the project will add measurable public health value in terms of outcomes, quality of life, with a focus on health equity, and add to the Commonwealth's goals for cost containment, delivery system transformation and improved outcomes.

The Applicant provided evidence that the proposed expansion project would improve patient access to care in an ambulatory surgical setting by accommodating the current and near future demand, including overflow procedures that are now referred to BMC, and by treating patients needing hip arthroscopy in a value-based lower cost setting. This build-out to the existing facility will more effectively address the patients' needs while providing public health value by increasing patient volume, increasing throughput, improving access to care, and more effectively support clinical and psycho-social needs of patients. The Applicant further offered evidence that the Applicant is in compliance as contemplated by factor 3, that the project, based upon the CPA analysis is financially feasible in the context of factor 4, that compared to other options, the proposed project has the most relative merit, and that based upon staff review, the Applicant is in compliance with the requirements of the CHI planning process.

Based upon a review of the materials submitted, Staff finds that the Applicant has met each DoN factor and recommends that the Department approve this Determination of Need application for this OR build-out and Pre and Post-Op Care Rooms Project subject to all standard conditions (105 CMR 100.310). The CHI Conditions and Timeline set out in the factor 6 analysis are also included as conditions, pursuant to 105 CMR 100.310(J).

In compliance with the provisions of 105 CMR 100.310(J) and (Q), which require a report to the Department, at a minimum on an annual basis, including the measures related to achievement of the DoN factors for a period of five years from completion of the project, the Holder shall address its assertions with respect to the cost and safety benefits of out-patient surgery as well as the BOSC payer mix with specificity and with associated metrics.

Attachment 1

CHI review of DoN Application from Baystate Health, Inc. (BH-18010311-HS)

Prepared by: Halley Reeves

Financial Summary:

Project MCE: $3,780,088.00
CHI Total (5% of MCE): $189,004.40
CHI Statewide Fund Contribution (10% of CHI Total): $18,900.44
CHI Total to be dedicated to local approaches to the Health Priorities: $170,103.96

Factor 6

The Community Health Initiative component of the DoN regulation requires approval of the Applicant's plans for fulfilling its responsibilities set out in the Department's Community-based Health Initiatives Guideline, 105 CMR 100.210(A)(6). The Guideline establishes three tiers based on the size of the CHI contribution. CHI projects below $500K (which includes this project) are considered Tier I projects for which Applicants are required to submit documentation showing that the existing community health needs assessment (CHNA) and community health improvement planning (CHIP) processes both evidence a sound community engagement process and demonstrate an understanding of the DoN Health Priorities. After approval by the Department of the DoN, including demonstration of sound community engagement process and understanding of DoN Health Priorities, the Applicant (then Holder of a DoN) can work with the engaged community members in their Community Benefits Advisory Committee (CBAC) to select Health Priority strategies and funding. The Guideline makes these processes, selection of the Health Priorities and funding decisions, conditions of the DoN and enforceable as such.

Tier I Applicants can submit a variety of documentation to establish that they are in compliance with factor 6, all as set out in the Guidelines. Tier I Applicants are not required to submit a Community Engagement Plan at the time of Application and the applicant did not. Baystate submitted the following:

A completed Community Engagement Self-Assessment form
4 completed Stakeholder Assessment forms
Baystate Medical Center's 2016 Community Health Needs Assessment

Analysis of application materials

DPH's CHI review process is led by staff from the Office of Community Health Planning and Engagement (Division of Prevention and Wellness, Bureau of Community Health and Prevention). DPH's cross-bureau Community Engagement Workgroup also agreed to participate

in CHI review processes on a volunteer basis. For this review, two members of the Community Engagement Workgroup reviewed and commented on the application materials in addition to the Office of Community Health Planning and Engagement staff.

Review summary:

The Community Engagement Guideline sets minimum standards for advisory committee representation and for "levels" of community engagement during the 5 stages of a community health improvement planning process. The Self-Assessment and Stakeholder Assessment forms ask questions that enable DPH staff to determine if minimum standards are met. They are also used as an opportunity to identify best practices that can be shared with other DoN applicants as well as a way to identify general opportunities for improvement.

Staff review of the Community Engagement Self-Assessment and related documents finds that the Baystate's 2016 CHNA's community engagement process, the Social and Economic Determinants of Health framework used, and the resulting priorities should lead to natural alignment with the DoN Health Priorities. Based upon that review, the Department responded to the Applicant with two different types of feedback: clarifications necessary for the Department's review of this DoN application, and conditions that are to be analyzed and included any forthcoming DoN applications.

The below sections describe each of these and the resulting clarifications and actions needed.

1. Clarifications necessary for Department's review of this DoN: Review of the Applicant's provided material illustrated that for the recent 2016 CHNA, Baystate is engaged in thoughtful and community-engaged processes supporting their community health planning work that can serve as the basis for CHI funding decisions.

   The Department's review brought to light some additional questions. DPH staff required these answers to assess the quality of engagement this DoN CHI fund distribution and administration. The Department's team communicated with the Applicant and received responses to the questions. The below description includes the result of this exchange.

   Due to the size of the DoN CHI amount after approval by the Department for the DoN, the Applicant (then Holder of a DoN) will utilize their preexisting grant program, Better Together, to administer the CHI funds and will continue to work through their Community Benefits Advisory Board, as an oversight body, to ensure community engagement continues throughout the RFP process. These dollars will be used in conjunction with pre-existing CHI dollars the Applicant is distributing through their Better Together program.

   Per the Department's request, they then submitted a list of the Community Benefits Advisory Council member's names, organizations and sectors they represent. The

resulting list satisfies the Department's sectorial standards for the decision making body of the CHI funds.

2. Conditions to be included in the application for any forthcoming DoNs that would include a CHI component

   The Department also identified additional areas where the Applicant could improve the process or the description of the process for any future DoN applications. These improvements were grouped in general themes that emerged from the Department's review of the submitted materials:

   Focus Communities:
   The focus communities identified and included in 2016 CHNA engagement activities tended to focus on Springfield and, to a lesser degree, Holyoke. Conversely, there is minimal focus on the rural communities within the county. Due to Baystate Medical Center's size and location, it is unclear whether a single county geographically represents the primary service area population. There may have been an intentional decision to focus on Springfield, but in future applications, the Applicant will explain the rationale for the different communities included and the level of engagement in each as well as an explanation of how DoN applications originating on the Springfield campus can also impact community health issues across the Baystate system's geographies.

   Additionally, recognizing there are several other CHNA/CHIP processes in the region, in future DoN Applications, the Applicant should include a description of how Baystate plans to coordinate with county-level CHIP processes and the priorities those groups have developed. The Applicant should include a narrative overview of how Baystate will be coordinating across the multiple decision-making and advisory groups of the cross-health system CHNA, the county level CHIPs, and all of the Baystate system CBACs.

   Levels of Engagement:
   All of the levels of engagement listed meet the Department's minimum levels required. There is, however, minimal evidence of community-led/community-driven power within the Applicants process and description. With one of the Applicant's main CHNA goals related to institutional racism and power as a community concern, realignment of this process to more fully share power and achieve a community-led process could enhance this work further.

   Grasstops vs Grass Roots:
   The process largely consisted of organizational representation with more general outreach that relied heavily on focus groups, which included only 54 community members. The provided materials implied that the CBACs (for each of the Baystate sites) were considered instrumental in the engagement process. To improve future applications, more thorough grassroots involvement could be included or explained. Additionally, there seems to be minimal stakeholders involved from the LGBTQ

community, yet Baystate is supporting the LGBTQ community through programming. It would be optimal, if the Applicant is able to improve representation for future processes.

Investment Mechanism:
If the Applicant uses the Better Together infrastructure to support DoN CHI Funding distribution decision making, the Applicant should provide further explanation of the organization's make up and engagement practices.

Investment in certain Social Determinants of Health;
The CHNA highlights some of the work Baystate is engaged in to address the DoN Health Priorities. While the Applicant's needs assessment identifies support of several of these upstream needs, the spending reported in the needs assessment tends to focus on care coordination, social services and supports, education, workforce development, supports for healthy eating and active living, and other relatively downstream interventions. Within the CHNA there was note of more upstream activities listed under grant funding including: support for healthy homes, healthy food policy supports, and advocacy training. In summary, there are issue areas where the Applicant appears to be comfortable supporting Social Determinant of Health level investments/strategies (education, workforce development, and social environment supports) and where the Applicant is less comfortable (equitable economic development and job production).

DPH encourages the use of CHI funds as an opportunity to further learn how to impact the social determinants of health/DoN Health Priorities among all residents in new and innovative ways. With this in mind, the Applicant will inform the Department in any future DoN Applications if there are ways in which they are actively pursuing more upstream approaches in their work and how they are continuing to evaluate that work.

DoN post-PHC Conditions and Timeline
For this DoN CHI, the Applicant and the Department have agreed to the following post PHC approval steps and timeline:

After approval by the Department of the DoN, the Applicant (then Holder of a DoN) will invest the CHI funds at the start of the next fiscal year on or around October 1, 2018 These CHI dollars will be pooled with previous CHI dollars and applied to an outcome-based grant program through an RFP process that will begin distribution in October of 2018. Each of these grants will likely be $150,000 – $250,000 over three years. These grants will end at or before October of 2021.
For this particular DoN CHI process, review of the outcome-based grant submissions will be performed by a subgroup of the CBAC members and guest reviewers (with content expertise). The subgroup will make a preliminary set of recommendations, including proposals and amount of funding to be awarded. The review team will present their recommendations to the full CBAC. Once the CBAC approves the plans, they will be brought forward as final funding recommendations to hospital president for approval.