



# Massachusetts Department of Public Health

## Determination of Need

### Application Form

Version: 11-8-17

Application Type:  Application Date: 09/13/2018 12:34 pm

Applicant Name:

Mailing Address:

City:  State:  Zip Code:

Contact Person:  Title:

Mailing Address:

City:  State:  Zip Code:

Phone:  Ext:  E-mail:

## Facility Information

List each facility affected and or included in Proposed Project

1 Facility Name:

Facility Address:

City:  State:  Zip Code:

Facility type:  CMS Number:

## 1. About the Applicant

1.1 Type of organization (of the Applicant):

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

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

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

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

1.5.a If yes, what is the legal name of that entity?

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

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

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

1.9 Complete the Affiliated Parties Form

## 2. Project Description

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

The Applicant requests approval for a minor change to Boston Medical Center's ("BMC") previously issued Determination of Need ("DoN") Project #4-3C32 ("Project") to include renovations to BMC's Crosstown Building, located at 801 Massachusetts Avenue, Boston, MA 02118. The previously issued DoN authorized a substantial capital expenditure for new construction and renovation at BMC's Menino Campus to permit the relocation of patient services sited at BMC's East Newton Campus. The proposed change will permit the relocation of BMC's Sleep Lab and General Internal Medicine ("GIM") services closer to BMC's Menino Campus due to the closure of the East Newton Campus. The total value of the proposed change based on the approved maximum capital expenditure ("MCE") is \$5,799,829 and the proposed change will result in a change to the approved gross square footage ("GSF") for the Project to 569,922 GSF.

2.2 and 2.3 Complete the Change in Service Form

## 3. Delegated Review

3.1 Do you assert that this Application is eligible for Delegated Review? ☒ Yes ☐ No

3.1.a If yes, under what section?

## 4. Conservation Project

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

## 5. DoN-Required Services and DoN-Required Equipment

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

## 6. Transfer of Ownership

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

## 7. Ambulatory Surgery

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

## 8. Transfer of Site

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

## 9. Research Exemption

9.1 Is this an application for a Research Exemption? ☐ Yes ☒ No

## 10. Amendment

10.1 Is this an application for a Amendment? ☒ Yes ☐ No

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

10.3 Original Application number:

Project #4-3C32

10.3.a Original Application Type:

Hospital/Clinic Substantial Capital Expenditure

10.3.b Original Application filing date:

11/15/2013

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

☒ Yes ☐ No

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

Add/Del Row	Amendment Number	Amendment Change Type	Approval Date
<input type="checkbox"/> <input type="checkbox"/>	Project #4-3C32	Significant	03/11/2015
<input type="checkbox"/> <input type="checkbox"/>	Project #4-3C32.1	Immaterial	07/14/2016
<input type="checkbox"/> <input type="checkbox"/>	Project #4-3C32.2	Minor	03/20/2017
<input type="checkbox"/> <input type="checkbox"/>	Project #4-3C32, Application # BMC-17110316-AM	Immaterial	11/17/2017

**For Immaterial or Minor Amendment changes:**

10.4.a Briefly describe the Approved Project.

On April 14, 2014, BMC received approval for Project #4-3C32 from the DoN Program. Specifically, the approval authorized new construction and renovation of space at BMC's Menino Campus to permit the relocation of patient services sited at BMC's East Newton Campus. As approved, the Project allowed BMC to discontinue patient services at BMC's East Newton Campus and centralize all operations on BMC's Menino Campus. The total approved GSF was 425,723 GSF, comprised of 115,286 GSF of new construction and 310,437 GSF of renovation. The DoN approval authorized a MCE of \$165,023,924 (November 2013 dollars). BMC funded the approved MCE with 100% equity comprised of investments and a sale/lease back of the East Newton Campus property.

A significant amendment to Project #4-3C32 was approved on March 11, 2015. The amendment provided for a change in the method of financing and allowed the Project to be financed in part through tax exempt bonds rather than solely equity. Additionally, the Project was amended to reflect certain changes in scope and building design. As a result of these changes, the DoN approval was amended to allow for an increase in the MCE to \$250,479,809 (December 2014 dollars) and to amend the GSF to provide for 138,480 GSF of new construction and 365,687 GSF of renovation.

On July 14, 2016, BMC received approval for an immaterial change to the Project to reflect a further change to the proposed method of financing to allow for a change in the balance of bond and equity financing. Specifically, the Project was amended to allow BMC to contribute \$111,178,000 (44.4% of the MCE) through an equity contribution and \$139,301,809 (55.6% of the MCE) through tax exempt bonds. The change in the method of financing allocation did not result in a change to the approved MCE for the Project.

On March 20, 2017, BMC received approval for a minor change to the scope of Project #4-3C32 along with accompanying changes to the MCE and total GSF of the Project. The amendment provided for an increase of \$19,443,099 from the prior approved MCE, for a total of \$269,479,809 (January 2017 dollars). Additionally, an increase of 39,980 GSF for renovation, for a total of 405,667 GSF of renovation, was approved.

Finally, an immaterial change to Project #4-3C32 was approved on November 17, 2017 relative to the approved method of financing. Specifically, the Project was amended to allow BMC to increase the amount of the MCE to be financed with tax exempt bonds, resulting in a total of \$158,744,908 to be financed with tax exempt bonds. With this change, an increase in the MCE by \$215,747 to provide for the costs of securing financing was also approved, resulting in an amended MCE of \$269,695,556 and an inflation adjusted MCE of \$273,420,211.24 (October 2017 dollars).

10.4.b Describe the proposed change and associated costs.

At this time, the Applicant proposes to modify Project #4-3C32 to include renovations to BMC's Crosstown Building, located at 801 Massachusetts Avenue, Boston, MA 02118, to permit the relocation of BMC's Sleep Lab and GIM services. Specifically, the Applicant seeks to renovate BMC's Crosstown Building to accommodate BMC's Sleep Lab and GIM services on the 6th floor. As described in further detail below, this minor change is necessary to support the closure of BMC's East Newton Campus, which was approved as part of the original DoN Project #4-3C32, and will permit BMC's Sleep Lab and GIM services to relocate closer to BMC's Menino Campus.

**a. Review of Proposed Change – Sleep Lab Services**

Currently, the Sleep Lab is located on BMC's East Newton Campus. When BMC originally planned its campus consolidation in 2013, it did not include any estimates related to relocating Sleep Lab services to the Menino Campus, as it anticipated moving these services to

leased space, a hotel, or a home care setting. Since that time, BMC has acquired an ownership interest in the Crosstown Building, which is conveniently located across the street from BMC's Menino Campus.

The Applicant now requests to amend BMC's previously issued DoN Project #4-3C32 to permit the renovation of BMC's Crosstown Building to accommodate BMC's Sleep Lab. The Applicant has determined that, given the newly available space in the Crosstown Building, relocation of these services to the 6th floor of the Crosstown Building – rather than to leased space, a hotel, or a home care setting as originally anticipated – will allow BMC to complete the closure of the East Newton Campus as proposed in the original DoN and improve operational efficiency and patient experience in a cost-effective manner. Specifically, the Sleep Lab will occupy a new space closer to the Menino Campus in the Crosstown Building that has been specifically designed to accommodate its needs and the way it operates to provide an overall better experience for patients and staff alike.

#### b. Review of Proposed Change – GIM Services

BMC's GIM services are currently located in the Shapiro Building on BMC's Menino Campus. Similar to the Sleep Lab services, the original DoN did not include any estimates related to relocating the GIM services. These services are already located on BMC's Menino Campus and BMC anticipated at the time of the original DoN filing that it would continue to be able to accommodate these services in one of the buildings on the Menino Campus.

Through implementation of Project #4-3C32, BMC has become aware that there is no longer sufficient space to accommodate its GIM services in one of the buildings on the Menino Campus as originally anticipated. Specifically, closure of the East Newton Campus necessitates that the GIM services be moved out of the Shapiro Building to permit relocation of BMC's Pulmonary Function Testing services to the Menino Campus. While relocation of BMC's Pulmonary Function Testing services to the Menino Campus was contemplated as part of the original DoN Project, BMC did not anticipate that such relocation would displace the GIM services from the Menino Campus. However, given that there is no other available space in any of the Menino Campus buildings, the Applicant requests to amend BMC's previously issued DoN Project #4-3C32 to permit the renovation of BMC's Crosstown Building to accommodate BMC's GIM services.

The Applicant has determined that relocation of the GIM services to the 6th floor of the Crosstown Building will allow BMC to complete the closure of the East Newton Campus as proposed in the original DoN and is the best option for ensuring that BMC meets its objective of consolidating of services to one campus. Upon relocation of the GIM services from the Shapiro Building to the Crosstown Building, the Pulmonary Function Testing services will vacate their current space at the East Newton Campus and relocate to the Shapiro Building. This reconfiguration will support the closure of the East Newton Campus, will ensure that all patient services are conveniently located on/near the Menino Campus, and will allow BMC to improve operational efficiency and patient experience.

#### c. Changes in Cost and GSF

The proposed change as described above will result in a change to the approved MCE. As noted in Response 10.4.a, the Project was amended in November 2017 to allow for an MCE of \$269,695,556. The costs associated with the newly requested minor change will increase the total value of the Project based on MCE by \$5,799,829, for a new total MCE of \$275,495,385 (August 2018). This represents a 2.2% increase in the MCE.

The proposed change will also result in a change to the approved GSF. As described in Response 10.4.a, the Project was amended in March 2015 to provide for 138,480 GSF of new construction and 365,687 GSF of renovation, and again in March 2017 to provide for 405,667 GSF of renovation, for a total of 544,147 GSF. In order to accommodate the newly proposed relocation of the Sleep Lab and GIM services, BMC will renovate 25,775 GSF in the Crosstown Building. Accordingly, with this amendment request, the Applicant seeks approval for an increase in the GSF of renovation to 431,442 GSF, representing a 6.4% increase in renovation related GSF. The Applicant does not request any change to the Project's new construction GSF. Accordingly, the total GSF for the Project as amended will be 569,922 GSF, or an increase of 4.7% total GSF.

#### 10.4.c Describe why this is reasonable and within the the approved project.

The above-described changes are reasonably necessary in order for the Applicant to implement the Project as approved. Without approval of this proposed minor change, BMC will not be able to vacate the East Newton Campus and consolidate services at the Menino Campus as approved under Project #4-3C32. Moreover, this request for a minor change meets the requirements set forth at 105 C.M.R. §§ 100.100 and 100.635(A)(2) of the DoN Program regulations.

Following the Department's approval of the Project in 2014, BMC continued the detailed planning required in order to obtain architectural plan approval and begin renovation and construction to consolidate patient services at the Menino Campus. As discussed above, during this process BMC was separately presented with an opportunity to acquire an ownership interest in the Crosstown Building, which acquisition was intended to be distinct from the campus consolidation plan. However, with further development of detailed design plans and assessment of available alternative spaces, the Applicant has determined that, given the availability of space

in the Crosstown Building, the proposed relocation of the Sleep Lab services to leased space, a hotel, or a home care setting is no longer the most efficient design and, rather, that the newly available Crosstown Building space can be renovated to accommodate the Sleep Lab services in a more cost-effective and patient-centered manner.

Moreover, through the planning and implementation process, the Applicant has uncovered certain facts not reasonably foreseeable at the time of approval that have resulted in the need to amend the Project approval with respect to scope and conceptual design (e.g., significant amendment to Project #4-3C32 was approved on March 11, 2015). These circumstances have in turn resulted in a situation where there is no longer space to accommodate GIM services in one of the Menino Campus buildings. To address this situation, the Applicant conducted further investigation of available sites, developed detailed architectural and engineering plans, and now proposes to relocate the GIM service from the Shapiro Building to the newly available Crosstown Building space. This relocation will allow for implementation of the Project in a manner most closely consistent with the original DoN approval by supporting the relocation of Pulmonary Function Testing services from the East Newton Campus and providing for convenient siting of GIM services across the street from the Menino Campus.

In summary, the Department's approval of this amendment will support the closure of BMC's East Newton Campus as approved under the original DoN Project #4-3C32, as well as the consolidation of patient services closer to BMC's Menino Campus, and will enable the Applicant to modify the Project in a way that increases operational efficiency, improves patient experience, and furthers BMC's goal of promoting the health and wellbeing of the diverse population it serves. To that end, the Applicant respectfully requests the Department's approval of the above-described request for a minor change to its existing DoN authorization.

## 11. Emergency Application

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

☐ Yes ☒ No

## 12. Total Value for Immaterial or Minor Amendments

Your project application is for an: **Immaterial or Minor Amendment**

**Filing Fee: \$0**

No additional information is need for this section.

### 13. Factors

Required Information and supporting documentation consistent with 105 CMR 100.210

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

Text fields will expand to fit your response.

## Documentation Check List

The Check List below will assist you in keeping track of additional documentation needed for your application. Once you have completed this Application Form the additional documents needed for your application will be on this list. E-mail the documents as an attachment to: [DPH.DON@state.ma.us](mailto:DPH.DON@state.ma.us)

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

## Document Ready for Filing

When document is complete click on "document is ready to file". This will lock in the responses and date and time stamp the form.

To make changes to the document un-check the "document is ready to file" box. Edit document then lock file and submit

Keep a copy for your records. Click on the "Save" button at the bottom of the page.

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

**This document is ready to file:**



Date/time Stamp: 09/13/2018 12:34 pm

E-mail submission to  
Determination of Need

**Application Number: BMC-18091312-AM**

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

☐ Community Engagement-Self Assessment form