

CareGroup, Inc.
DoN Application Number: CG-18051612-HE

Substantial Capital Expenditure
Beth Israel Deaconess Medical Center, Inc.

Applicant Response to DPH Questions

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By

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1. Does the Applicant anticipate changes to the BIDMC patient panel after the Beth Israel Lahey Health (BILH) merger is complete? If so, describe.

CareGroup, Inc., the applicant (“CareGroup” or “Applicant”) for Determination of Need Application (Application Number: CG-18051612-HE, the “Application”) for a substantial capital expenditure by Beth Israel Deaconess Medical Center, Inc. (“BIDMC”), anticipates the BIDMC patient panel will remain largely consistent following the completion of the Beth Israel Lahey Health (“BILH”) merger. As described in the Application, BIDMC now serves as the academic medical center hub for the existing network of BIDMC’s clinical affiliates, and as the primary acute care and community hospital for neighborhoods in close proximity to BIDMC, including those that serve vulnerable patient populations. The New Inpatient Building will create updated and expanded facilities needed for BIDMC to continue to serve this essential role within BIDMC’s existing network of affiliates, enabling BIDMC to continue to provide highest quality, patient and family-friendly acute and intensive inpatient care, and advanced surgical and high complexity procedures to its patient panel. Following the formation of BILH, the new system will not alter the design of the new building, the services expected to be provided there, or the project cost. As stated throughout the Application, the New Inpatient Building is designed to care for BIDMC’s sickest patient population with sophisticated facilities and advanced care. With the creation of the new system, the New Inpatient Building will continue to serve the needs of the existing BIDMC patient panel it was designed to meet, and the BIDMC patient panel and its needs for high acuity, sophisticated care are anticipated to be largely unchanged by the formation of BILH.

A factor contributing to the high degree of consistency expected within the BIDMC panel after the merger is complete is the fact that the merger participants have complementary geographies in Eastern Massachusetts. The participating hospitals and other providers in BILH are located in distinct and complementary regions, with few overlapping primary service areas. Each merger participant is expected to continue to provide health care services to its unique patient communities and service areas. While significant consistency in the BIDMC patient panel is anticipated due to the need for BIDMC to continue to serve its primary service region, some minor change can be predicted. For example, certain limited changes in referral patterns are foreseeable among BIDMC, Anna Jacques and Lahey Health System due to the fact that Anna Jacques, which currently is affiliated with and refers patients to BIDMC, is more proximate to Lahey. Thus, it is foreseeable that some patients who today are referred to BIDMC for care may shift some of their treatment to Lahey, while still coming to BIDMC for highly specialized care.

Upon completion of the merger, BIDMC, which today serves as the academic medical center for its network of affiliates, will be the tertiary and quaternary care academic medical center anchoring BILH. BIDMC’s currently affiliated community hospitals refer patients for tertiary and quaternary care at BIDMC. Upon completion of the merger, BIDMC will continue in the same role, but will also be the academic medical center for the entire BILH system. Given BIDMC’s ongoing role as the network’s academic medical center, BIDMC’s future patient panel is expected to be very similar; however, additional referral sources established by the

merger may increase BIDMC's case-mix index ("CMI"), as BIDMC is expected to care for an increasing number of high acuity patients from the expanded BILH system.

2. **Please discuss the implications of this Proposed Project on the BILH Patient Panel. While you have been clear that this project would go forward irrespective of the proposed affiliation, and that all the parties to the proposed affiliation support the project, and that BILH will, as the future Holder be responsible for all commitments under any DoN, please discuss how the this project, its impact on the BIDMC/current patient panel, or any commitments made under this DoN application might be affected by any role BIDMC will play within the larger clinically integrated network.**

The implications of the Proposed Project for the BILH patient panel are comparable to the New Inpatient Building's effect on the BIDMC patient panel as described in Question 1 and in the Application. The BILH patient panel will realize benefits from the improved capacity and capabilities of the New Inpatient Building as BIDMC will function as the anchor academic medical center for the BILH patient panel in the same manner as it does with respect to the BIDMC patient panel. Similarly, the benchmark measurements proposed by the Applicant as DoN commitments will be equally effective for monitoring the impact of the New Inpatient Building following the formation of the BILH system.

The New Inpatient Building's improved and expanded inpatient care facilities, as described in the Application, are expected to reduce constraints and pressures at BIDMC, thus enabling more efficient and effective care for complex patients today from within the BIDMC network, and post-merger, from throughout the BILH system. As a fully-integrated system, it is predicted that BILH patients will experience improved case management over all aspects of a patient's care transitions, directly enhancing a patient's quality of care. Consolidated transition of care efforts, such as discharge planning, transportation support, and scheduling follow-up appointments, will be supplemented with additional investment into health analytic capabilities for targeted identification of high-risk patients and opportunity to create tailored, interventional solutions and care management approaches that effectively address specific patient needs.

With improved access to community resources, BIDMC's role as the anchor academic medical center and the tertiary and quaternary provider of the proposed BILH patient panel will help to facilitate coordination and collaboration among BILH provider organizations and community resources. The increased inpatient capacity and advanced surgical technology and innovative care made available by the New Inpatient Building also will help facilitate BILH's goal of enhancing delivery of and access to higher quality, lower cost health care and improving value to the BILH patient panel. With access to an enhanced cadre of community resources, BIDMC will be able to develop more effective care transitions for inpatients that reside within any of the BILH service area communities, particularly for behavioral health patients and other vulnerable patient cohorts who can benefit from the expertise and services of other BILH merger participants.

3. Please provide detail, including measurable benchmarks for how BIDMC will increase community appropriate discharges (CADs) in its subsidiary community hospitals? (pg. 53 DoN Application Narrative).

BIDMC proposes utilizing its annual Case Mix Index (“CMI”) as a monitoring measure to demonstrate that it is treating an inpatient population appropriate to its status as an academic medical center and tertiary and quaternary care provider. This measure will demonstrate that the New Inpatient Building is achieving its purpose of supporting the complex clinical care that needs to be delivered at BIDMC.

CMI is a relative value assigned to Medicare Severity-Diagnosis Related Groups (“MS-DRG”) weighted to reflect the allocation of resources required for the care and treatment of patients classified by primary and secondary diagnoses, procedures, age, comorbidity and needs. Thus, a hospital’s CMI reflects the diversity, clinical complexity and need for resources of its inpatient population.

As discussed in Section C of the response to F1.a.i in the Application, BIDMC’s CMI has risen consistently as its strategy has focused on meeting the clinical needs of more complex populations, and the BIDMC system has improved resources and capabilities in its community hospitals. BIDMC’s CMI is expected to remain stable or continue to increase with the opening of the New Inpatient Building.

BIDMC proposes that it will measure CMI and report annually starting with the 12 month period that commences at the beginning of the 13th month after the New Inpatient Building Project is fully operational (“Year 2”), the same time frame used for other measureable benchmarks included in the Application. This report will include the annual CMI, the absolute change from the prior year, and the percentage change from the prior year. In the report, the CMI information also will highlight any key diagnosis groups and/or service lines most responsible for changes in CMI (e.g. general medicine and general surgery).

Case Mix Index						
Measure	FY 2015	FY 2016	FY 2017	Year 2 of Project Operations ¹	Change from Prior Year	Percent Change from Prior Year
Case Mix Index	1.63	1.71	1.72			

4. Please provide the gender make-up of the BIDMC patient panel.

In FY 2017, BIDMC’s patient mix consisted of approximately 55.4% females, 44.6% males. At present, for DoN patient panel data collection purposes, BIDMC tracks patient gender using two categories, female or male. Patients are provided opportunities to express other gender preferences during their treatment and care.

¹ BIDMC will measure and report on the 12 month period that commences at the beginning of the 13th month after the New Inpatient Building Project is fully operational.