



City of Marlborough

Office of the Mayor

140 Main Street
Marlborough, Massachusetts 01752
508.460.3770 Fax 508.460.3698 TDD 508.460.3610
www.marlborough-ma.gov

Arthur G. Vigeant
MAYOR

Patricia M. Bernard
EXECUTIVE AIDE

Ryan P. Egan
EXECUTIVE SECRETARY

January 26, 2022

VIA EMAIL DPH.DON@State.MA.US

Lara Szent-Gyorgyi
Director, Determination of Need Program
Massachusetts Department of Public Health
Department of Public Health
67 Forest Street
Marlborough, MA 01752

RE: Mass General Brigham Ambulatory, Project #21012113-AS, Independent Cost-Analysis Comment by the City of Marlborough Ten Taxpayer Group

Dear Director Szent-Gyorgyi:

- This comment letter is filed on behalf of the Ten Taxpayer Group by the City of Marlborough.
- The City of Marlborough highly values Marlborough Hospital as a crucial community asset. Marlborough Hospital has been a vital part of our community for over 130 years and has cared for hundreds of thousands of patients in that time. Remarkably, state data shows that Marlborough Hospital has the lowest inpatient rates of any hospital in,¹ while it also has received national recognition for quality of care from groups like The Leapfrog Group and the CMS Star Ratings.
- It does this while also serving as our community's safety net hospital. Because it treats a disproportionately large percentage of low-income patients who are covered by MassHealth, seniors or disabled on Medicare and patients who are uninsured, Marlborough Hospital is labeled a "High Public Payer" hospital by the state and a "Disproportionate Share Hospital" by the federal government.
- Residents of Marlborough and surrounding towns are fortunate to have a local community hospital that so effectively combines cost, quality, and dedication to serving the less fortunate. As a municipal leader, I appreciate how valuable this combination of qualities is to the quality of life of members of our community, so we feel compelled to speak out when we believe that such a vital institution is threatened.

¹ Massachusetts Hospital Profiles Report, Center for Health Information & Analysis, (March 2021).

- During this historic Covid pandemic, Marlborough Hospital has partnered with the City of Marlborough to provide over 150,000 free Covid tests through the DPH's Stop the Spread testing initiative, administered over 25,000 Covid vaccines to residents, first responders, health care workers, school aged students at our local high school and middle school and treated thousands of our residents for Covid as well as other health issues. For the past two years of Covid, the hospital has provided leadership and guidance to not only the City of Marlborough, but to local business leaders, elected officials, community organizations and residents of the multiple communities the hospital serves.
- We believe that Mass General Brigham's proposed large clinic directly threatens the fiscal viability of Marlborough Hospital and, therefore, its ability to effectively carry forth its 130-year history of community service well into the future. The MGB Westborough clinic would essentially be a mini hospital and its own executives have described its purpose as being to attract new commercially insured patients into the MGB system to expand its volume of highly profitable referrals into the two most expensive hospitals in the state, Mass General Hospital and Brigham & Women's.
- Taking commercial patients away from local providers may be great for MGB's bottom line (which is certainly why its executives touted the plan to audiences of national investors), but it would be terrible for Marlborough Hospital. As you know, public payers, especially MassHealth pay hospitals far less than the actual cost of care. To remain fiscally viable, safety net hospitals like Marlborough need to counterbalance those losses with revenue from caring for commercially insured patients. Somehow, Marlborough has done this even with inpatient rates lower than all other hospitals and with a percentage of safety net patients that is far higher than MGB's.
- This concern is apparently what impelled the Massachusetts Attorney General to issue a groundbreaking report in November that urged state regulators to very thoroughly review MGB's application, especially the impact that high acuity referrals would have on statewide cost. While noting that MGB is "the biggest and highest priced health care system in Massachusetts," the Attorney General stated: "Low-cost community hospitals rely on narrow commercial margins to stay in business, and a shift of commercial patients away from them threatens their continued viability as affordable and high-quality options in the market."
- The Attorney General's report was truly eye opening. **It revealed that MGB projects its ambulatory expansion plan, which includes the Westborough clinic, will yield an annual profit margin of \$385 million**, while increasing its market share substantially including gaining an additional 3-4% of all tertiary admissions. The report attributed MGB's anticipated profit "patient referrals from the ambulatory sites to MGB hospitals."
- The Attorney General's revelation about MGB's strategy to build the ambulatory clinics to expand referrals into its expensive Boston hospitals is 100 percent consistent with how MGB executives have described the strategy to investors. In January 2020, MGB's chief executive officer and chief financial officer delivered a slide presentation to the national JP Morgan Healthcare Conference that described an ambulatory expansion goal to "**increase network lives and secondary & tertiary commercial referral volume**" – i.e., to lure commercially insured patients away from lower cost, local healthcare providers to increase referrals into its Boston hospitals for profitable high acuity care. (By contrast, when Marlborough Hospital patients need high acuity care, they normally go to UMass Memorial Medical Center, which is the lowest priced academic medical center in the state.)

- With all this evidence pointing toward MGB’s true motives and the impact its scheme would have on the cost of healthcare, we understand why the Attorney General strongly recommended that regulators conduct “robust and transparent analyses of MGB’s proposed expansion.” We assumed the Independent Cost Analysis (ICA) would do exactly that to inform your decision-making process. We find it inexplicable that it did not do so. It is especially mindboggling that the ICA did not examine the cost of referrals into the state’s two highest cost hospitals, nor the impact of that loss of commercially insured patients will have on local safety net hospitals like Marlborough Hospital.
- The state regulations which you are charged with upholding are intended to “ensure that resources will be made reasonably and equitably available to every person within the Commonwealth at the lowest reasonable aggregate cost.”² Amazingly, the ICA misses the mark twice in this one short sentence: first on reasonable and equitable availability and then on aggregate cost.
- Without analyzing the cost of MGB increasing “network lives and secondary & tertiary commercial referral volume” – the very strategy upon which MGB is relying to create its anticipated \$385 million profit – it can be of no use to the Department of Public Health in helping you to assess the proposal’s impact on aggregate healthcare costs. Taken together readily available public documents – including MGB’s statements to investors about its growth strategy, the content of the Attorney General’s report, and the state’s data on inpatient costs – make it abundantly clear that this proposal will increase the cost of healthcare. Yet, inexplicably, the ICA did not even examine the possibility that referrals would occur, never mind at what price.
- Similarly, without analyzing the proposal’s likely impact on local safety net hospitals, the ICA does nothing whatsoever to help you assess its impact upon whether health resources will be reasonably and equitably available to all residents. As we described above, Marlborough Hospital somehow offsets its losses from caring for a disproportionate share of publicly insured or uninsured patients with revenue from commercially insured patients while remaining the lowest cost inpatient hospital in the state. That is an incredibly delicate balance. But it is a balance that is certain to be disrupted when the “biggest and highest priced health care system in Massachusetts” implements its strategy to lure away commercial patients. We fear that the resulting fiscal instability could force Marlborough Hospital to substantially scale back its services simply to remain afloat.
- The specter of MGB luring commercial patients from Marlborough Hospital is not conjecture. MGB is proposing a clinic in Westborough that is *at least* three times larger than it needs and it is advertising aggressively to local residents. MGB’s application and the ICA both estimate that patient visits from MGB’s existing patients will amount to 42,267 annually in Westborough and 138,594 in Woburn. With 30.5 percent the volume of Woburn, common sense would dictate that the Westborough clinic would be a fraction its size. But instead MGB plans identical 62,000 square foot clinics in both communities. This, along with massive advertising offensive, make clear that MGB sees extraordinary room for growth in Westborough – enough to build a clinic so oversized.
- In closing, although we aren’t charged with implementing the Determination of Need regulations, we can see that they are written to uphold two important public policy goals that we each care about. The first is equitable access to health care for *all* residents. Low-income members of our

² 105 CMR 100.001

community deserve access to health care as much as every other person, and Marlborough Hospital has been instrumental in providing that care. We deeply desire that it remain fiscally viable so it can continue to do so for another 130 years. Second, is the issue of cost. As community and business leaders, we see it as imperative that healthcare costs in Massachusetts be stabilized. Increased costs inevitably cause increased health insurance premiums, which negatively impacts businesses and employees alike. Marlborough Hospital and similar small community hospitals across the state are accessible institutions that provide high quality care at a much lower price than MGB. To borrow a phrase from MGB, community hospitals like Marlborough provide the right care, in the right place, *at the right price*.

- As the Department of Public Health assesses this proposal to prepare its recommendation, we ask you to recognize the enormous shortcomings of the ICA's analysis. We hope you will review the abundant evidence that was ignored in the ICA and see this proposal for what it is (and what MGB has described it as to investors): a major commercial growth strategy to increase volume at its expensive Boston hospitals. If they are allowed to implement that strategy, please understand that the costs will be both financial and human – the financial cost of rising health insurance premiums for businesses and employees, and the human cost of lost access to health services for our state's most vulnerable residents.
- We believe these prices are too high to pay and we respectfully urge you to reject MGB's application in its entirety.

Sincerely,



Arthur G. Vigeant
Mayor
City of Marlborough