



Massachusetts Department of Public Health Determination of Need Application Form

Version: 11-8-17

Application Type: Application Date: 11/14/2018 11:15 am

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

1.6 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.

A Determination of Need application filed by Deutsches Altenheim, Inc. d/b/a German Centre for Extended Care ("Applicant") and approved on March 24, 2015. The project, as approved, provides for renovation of 58,905 GSF of the existing 103,191 GSF facility to include replacement of the HVAC, boilers, fire alarm system, electrical and plumbing systems, as well as emergency lighting upgrades. There will also be renovation of resident and common areas to include replacement of interior wall finishes, flooring and drapes, as well as limited exterior site improvements. The total approved gross square feet ("GSF") for the project is 58,905 GSF of renovation of the existing facility. The approved maximum capital expenditure ("MCE") for the project is \$5,875,011 (October 2014 dollars). The approved MCE of \$5,875,011 (October 2014 dollars) will be financed through a combination of equity to be provided from the Applicant's accumulated gains from operations, and long term debt through a mortgage from a commercial bank at an anticipated interest rate of 4.25% for a 25-year term.

On 12/29/2016, a minor amendment was approved, the request took into account two factors:

1) The Holder originally intended to finance the project with cash reserves but was able to secure a low rate of financing for tax exempt bonds for the project. This resulted in an increase in the approved maximum capital expenditure ("MCE") to reflect financing costs. The Holder has determined that borrowing the funds and maintaining their endowment would provide a net gain of approximately 3%, and that therefore this option is preferable.

2) Unforeseen circumstances following plan approval resulted in an updated assessment of the costs of the project when the final plans were put out to bid. Elements involved in the increased costs are related to infrastructure upgrades that upon review by architects and engineers were determined to be beyond their useful life, including bringing the sprinkler system into compliance, electrical upgrades and additional concrete pads for a new fuel tank, and a determination that the electric beds in patient rooms were beyond their useful life. These factors resulted in an increase in the construction contract, architectural, and major movable equipment line items.

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

4.2 Within the Proposed Project, is there any element that has the result of modernization, addition or expansion? Yes No

4.3 Does the Proposed Project add or accommodate new or increased functionality beyond sustainment or restoration Yes No

4.4 As part of the Proposed Project, is the Applicant:

<input type="checkbox"/> Adding a new service?	<input type="checkbox"/> Expanding a service?
<input type="checkbox"/> Modernizing the provision of a service?	<input type="checkbox"/> Substituting a service?
<input type="checkbox"/> Otherwise altering a serves's usage or designation, including patients served?	
<input type="checkbox"/> Adding a new piece(s) of equipment	<input type="checkbox"/> Modernizing a piece(s) of equipment?
<input type="checkbox"/> Expanding bed capacity?	<input type="checkbox"/> Adding bed capacity?
<input type="checkbox"/> Otherwise altering bed capacity, usage, or designation?	<input type="checkbox"/> Adding additional square footage?

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:

10.3.a Original Application Type:

10.3.b Original Application filing date:

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="button" value="+"/> <input type="button" value="-"/>	4-1586	Minor	12/29/2016

For Immaterial or Minor Amendment changes:

10.4.a Briefly describe the Approved Project.

The project as approved, provides for renovation of 58,905 GSF of the existing 103,191 GSF facility to include replacement of the HVAC, boilers, fire alarm system, electrical and plumbing systems, as well as emergency lighting upgrades. There will also be renovation of resident and common areas to include replacement of interior wall finishes, flooring and drapes, as well as limited exterior site improvements. The minor amendment approved on December 29, 2016 consisted of two major factors - 1. The Holder originally intended to finance the project with cash reserves but was able to secure a low rate of financing for tax exempt bonds for the project. This resulted in an increase in the approved maximum capital expenditure to reflect financing costs. The Holder determined that borrowing the funds and maintaining their endowment would provide a net gain of approximately 3% and that therefore this option was preferable. 2. Unforeseen circumstances following plan approval resulted in an updated assessment of the costs of the project when the final plans were put out to bid. Elements involved in the increased costs were related to infrastructure upgrades that upon review by architects and engineers were determined to be beyond their useful life, including bringing the sprinkler system into compliance, electrical upgrades and additional concrete pads for a new fuel tank, and a determination that the electric beds in patient rooms were beyond their useful life. These factors resulted in an increase in the construction contract, architectural, and major movable equipment line items of the MCE therefor necessitating the need for a minor amendment.

10.4.b Describe the proposed change and associated costs.

While over time of implementing this DoN, the Holder has encountered various issues with the building during renovation. During the

new generator testing it was noticed that proper egress lighting did not meet fire code requirements by the city Fire Marshall. It was required by the City Fire Marshall to upgrade the wiring and lighting. During demolition of the second floor the construction company identified a water leak causing damage to multiple areas including offices, hallways and exterior. In order to prevent damage to new renovations it was obvious that the Holder would need to repair the patio and exterior walls, roofing, and water proofing system. During installation of dietary equipment, part of the kitchen renovation, the grease trap system failed. A grease trap system is required by the city and therefor the trap had to be replaced. During renovation, the dietary dumb waiter, used to transport food from storage to the kitchen failed. This particular elevator is the primary food transportation system to support kitchen food preparation. None of these issues were known prior to filing of the original determination of need application or subsequent amendment and were unforeseen. The increased cost associated with these changes are expected to be \$13,122 over the inflation adjusted increase of \$5,181,755.

The other two areas where cost were unforeseen and increase over the inflation adjusted amount is Net Interest Expense and Major Movable Equipment. The Holder is requesting an increase in Net Interest Expense of \$96,966 over the inflated adjusted amount of \$76,879. The reasons for this are when the amendment was done in December, 2016 the interest was calculated on a 9 month construction period which in reality has been 20 months, more than doubled what was predicted. This delay has been mostly caused by the age and condition of the current building. The other area the Holder is requesting an unforeseen increase is Major Movable Expense, an increase of \$123,245 over the inflated adjusted amount of \$780,292. The reasons for this increase have been upon completion of certain renovations the Holder determined that the existing furnishings were outdated and required updating. Also, due to complexities of documentation, the Holder believes an upgrade to their current IT system is necessary and crucial to successfully managing their patient population in this highly regulated era of healthcare.

The total amended requested MCE for this minor adjustment is \$6,927,418 (October 2018 dollars), \$262,784 (3.94%) over the inflation adjusted amount of \$6,664,634. (Please see attachment 1 for detail of inflation amounts and requested amended MCE)

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

This organization has been an established facility operating in the city of Boston for many years. The unforeseen circumstances amounted to a minor amendment and were necessary for patient safety and required by code and local safety officials and the Holder had no choice other to conform to regulation.

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

- 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: 11/14/2018 11:15 am

E-mail submission to
Determination of Need

Application Number: -18111411-AM

Use this number on all communications regarding this application.

Community Engagement-Self Assessment form