



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Public Health
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MEMORANDUM

To: Interested Parties

From: Lara Szent-Gyorgyi, Determination of Need Program

Subject: Annual Adjustments to Determination of Need (DoN) Expenditure Minimums

Date: January 21, 2021

Each year, pursuant to M.G.L. c.111, § 25B½, the DoN Program issues an informational bulletin on annual adjustments to the DoN expenditure minimums to adjust the Substantial Capital Expenditure dollar amount for inflation.

Section 25B½ specifies the use of an inflation index established by the U.S. Department of Health and Human Services. In place of a federal index such as the Consumer Price Index, the DoN Program has historically performed annual adjustments to DoN expenditure minimums using Marshall & Swift indices for capital expenditures involving construction and equipment. These indices are the basis for the adjustment of expenditure minimums for the period from October 1, 2020 through September 30, 2021.

Effective October 1, 2020, DoN expenditure minimums are adjusted as shown below. The adjustment factors used to update the expenditure minimums are provided in Attachment 1.

Please direct any questions or comments about this memorandum to the Determination of Need Program at dph.don@state.ma.us.

Minimum Capital Expenditure Requiring Determination of Need

Project Type	Through September 30, 2020	Effective October 1, 2020
For the purchase of medical, diagnostic, or therapeutic equipment acquired for use in a location other than a health care facility.	\$285,780	\$289,419
For expenditures for and acquisitions of, medical, diagnostic or therapeutic equipment by or for health care facilities, other than hospitals.	\$1,029,140	\$1,042,245
For all other expenditures and acquisitions by or for health care facilities, other than hospitals (<u>except</u> expenditures or acquisitions to replace previously approved DoN-required Equipment or DoN-required Services, or replacement of medical, diagnostic, or therapeutic equipment that was exempt from DoN review and approval).	\$2,058,278	\$2,084,490
For expenditures and acquisitions made by or for hospitals and comprehensive cancer centers (<u>except</u> that major movable equipment not otherwise defined by the department as DoN-required Equipment or DoN-required Services shall not require a DoN and shall not be included in the calculation of the expenditure minimum).	\$19,293,096	\$19,538,773
For expenditures and acquisitions concerned solely with outpatient services other than ambulatory surgery and not otherwise defined by the department as DoN-required Equipment or DoN-required Services.	\$31,467,725	\$31,868,433

Attachment 1

Annual Inflation Factors Applied To Adjust DoN Expenditure Minimums

	Oct 19	Oct-20
Basis for Eastern Region Index	3361.1	3403.9
Massachusetts Multiplier	1.17	1.17

2020	<u>3403.9</u>	x	<u>1.17</u>	=	<u>Inflation Index Applied To 2019 Expenditure Minimums</u>
2019	3361.1		1.17		1.012733926