

David O. McCready
President

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Via Email: DPH.DON@MassMail.State.MA.US

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

Re: Application No. MGB-20121716-HE Independent Cost-Analysis

Dear Director Szent-Gyorgyi:

Mass General Brigham Incorporated ("MGB" or "Applicant") is hereby providing written comments with respect to the independent cost analysis ("ICA") that was prepared as required by the Department of Public Health's ("Department") Determination of Need ("DoN") Program with respect to the above captioned DoN application for Brigham and Women's Faulkner Hospital ("BWFH") ("Application"). Consistent with the Department's regulations, the Department determined the scope of the ICA to be completed in order to conclude whether the proposed project is consistent with the Commonwealth's health care cost containment goals. As part of this analysis, the independent economist approved by the Department, Charles River Associates was also required to evaluate the Applicant's calculation of need for the proposed project.

For the following reasons, the ICA findings support the conclusion that the proposed project is not only consistent with health care cost containment goals, but also found that the Applicant's analysis demonstrates that there is demand for the proposed project:

- Demand for the services in the proposed project is projected to continue to increase over the next decade due to projected population growth for the service area and significant aging of the population.
- MGB's "shares associated with the proposed project are modest and unlikely to meaningfully change the system's bargaining leverage with health insurers."
- Allowing hospitals to expand lowers healthcare prices and reduces expenditures on health care services.



- The proposed project overall will decrease health care expenditures across all service lines in the project.

The Applicant also takes this opportunity to reiterate the need for the proposed project despite the Health Policy Commission's ("HPC") assertions that its own analysis should be considered in place of the ICA that was required and accepted by the Department. While the Department must consider the HPC's comments, it also must not give those comments greater weight than Department's own analysis of the DoN Application and the ICA it required. The ICA answered the Department's questions. While the HPC is critical of the ICA, the Department must be mindful that HPC's comments are provided in a vacuum and do not balance all of the factors that the Department must review, including access, quality, outcomes and health equity. Moreover, the HPC conclusions are based on unsubstantiated assumptions designed to inflame the public discourse regarding the proposed project and MGB overall.

The HPC's conclusions are blind to the current state of the health care system in Massachusetts as it relates to the need for additional inpatient beds. Each day, all hospitals collectively meet with DPH to discuss where there is bed capacity in the state. Each day, there are little to no available beds. Had community hospitals, such as BWFH, had more beds, most patients who are now being boarded in hallways would be admitted to an inpatient bed in a timely manner. Instead, due to lack of beds, care is being delayed and ultimately may lead to poorer outcomes and increased costs to care for the patient. BWFH's plan to add inpatient capacity will meet future demand as the Commonwealth cannot risk being in the position of having inadequate inpatient capacity as the population ages and more residents require inpatient care.

The HPC's analysis was designed to reach its predetermined conclusion that patients should not have a choice with respect to their own health care if the costs of such care may be higher than that offered by another provider. The HPC arrives at its conclusion by ignoring data indicating that there is demand for additional services at BWFH. BWFH fulfilled the DoN requirement to demonstrate the need for the project based on patient panel demand. The DoN factors of review do not require any Applicant to provide an analysis of capacity outside of its own system. Furthermore, the regulations also do not require the Department to consider potential impacts of a particular project on other providers. These standards should not be imposed on the proposed project just because the Applicant is MGB.

DPH must consider these projects based upon the regulatory framework under which it must determine if a project is needed. No one single factor should be given more weight to the detriment of patient access and public health outcomes. The Applicant, through its Application and responses to the Department's comprehensive questions, has demonstrated that the proposed project is needed to serve its patient panel. This conclusion is further supported by the ICA.

The Department must find that the proposed project has met the DoN factors of review and approve MGB's Application to improve and expand services at BWFH to operate as a full-service community hospital. The requested additional beds will allow clinically appropriate patients to be cared for in the community hospital setting. The addition of an advanced endoscopy room and 3T MRI will ensure that all patients have access to these basic hospital



services. More specifically, the additional MRI is a prudent investment to ensure that patients have continuous access to MRI in the event its existing only MRI unit requires maintenance or repair, which does indeed occur too frequently. To that end, the proposed project must be approved to ensure access and continuity of care for patients in a lower cost setting.

We urge the Department's favorable and timely action to allow the project to move forward. We appreciate the DoN Program's time and thoughtful review of the Application.

Sincerely,



David O. McCready
President, Brigham and Women's Faulkner Hospital

cc: R. Rodman, Esq.
T. McNamara
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