

Memorandum to the Commissioner

APPLICANT:

Steward Health Care System LLC
1900 North Pearl Street
Suite 2400
Dallas, TX 75201

PROJECT NUMBER: DoN # 20121611 (Emergency DoN)

Filing DATE: July 30, 2021

Introduction

This memorandum presents, for Commissioner's Review and action, the Determination of Need (DoN) Program's recommendation pertaining to a request by Steward Health Care System, LLC (Steward), for an Emergency DoN. The Application is for a substantial capital expenditure with a maximum capital expenditure of \$325,700,000.00. There is neither Community Health Initiative (CHI) contribution nor a DoN filing fee required for an Emergency DoN. As described further herein, the Applicant seeks approval for an Emergency DoN.

This Amendment request falls within the definition for Substantial Capital Expenditure (105 CMR 100.100) of "Any expenditure, or obligation to make an expenditure, past, present or future, which, under generally accepted accounting principles, is not properly chargeable as a cost of operation and maintenance, and which includes any fee(s) for architectural, engineering, legal, accounting, or any other professional services, any interest charges, and any other financing cost capitalized throughout the Construction period of the project, and any Site acquisition cost(s)"

Background

The Department received the submission of Determination of Need Application #20121611 for an Emergency DoN for Norwood Hospital on July 30, 2021 on behalf of Steward Health Care System LLC to rebuild Norward Hospital. The Hospital is an acute care community hospital that primarily serves the southern Metrowest region. The Hospital historically provided emergency care, as well as inpatient and outpatient services at its main campus. During an unprecedented storm on June 28, 2020, the hospital sustained catastrophic damage and despite immediate mitigation efforts taken in July and August 2020, it was determined that the hospital could not be reasonable restored to safe and consistently reliable conditions.

Proposed Project

In order to replace the damaged hospital, the Proposed Project includes the construction of a 130-bed acute care hospital on the Hospital's existing campus at 800 Washington Street, Norwood, MA. The new facility will include an Emergency Department ("ED"), 113 medical-surgical beds, three (3) pediatric beds, and 14 critical care beds. Additionally, the Hospital will have five (5)

inpatient operating rooms (“OR”), four (4) outpatient ORs, and five (5) endoscopy procedure rooms. The Proposed Project will include a cardiac catheterization lab with two procedure rooms, radiology services including a magnetic resonance imaging (“MRI”) unit, which is a replacement of the Hospital’s previously licensed MRI unit as well as the replacement of its two existing two (2) computed tomography (“CT”) units. In addition, there will be outpatient services including, but not limited to the following: comprehensive breast care, diabetes & endocrine, gastroenterology, gynecology, neurology, nutrition and weight loss, ophthalmology, pulmonology, sleep medicine, spine care and urology. Finally, the Proposed Project includes shell space for future build-out as demand dictates to provide additional capacity for services.

To accommodate the need to provide outpatient surgery in a dedicated outpatient surgical suite, the Hospital plans to update its complement of inpatient and outpatient operating rooms. The prior facility had three (3) outpatient ORs and seven (7) inpatient ORs though inpatient and outpatient surgery were performed in all. The Hospital determined that the new facility will close two (2) inpatient ORs and increase the number of outpatient ORs by one (1), resulting in four (4) outpatient ORs and five (5) inpatient ORs. While the number of ORs will decrease by one, the Applicant states this will allow outpatient procedures to be performed in a more efficient outpatient setting and these cases will not be impacted by the need to accommodate emergency surgery. This shift in the complement of outpatient and inpatient ORs will allow the Hospital to provide outpatient surgery in a more efficient manner and enhance patient experience as patients will receive all care within the outpatient surgical suite.

Emergency Situation

On June 28, 2020, the Hospital experienced a catastrophic event as defined in 105 CMR 100.100 (2)(b)“Emergency Situation. A situation involving ...b) Catastrophic Event. An unforeseen event that substantially affects or increases the need for health care services, such as a natural disaster, an act of terrorism, or an extended power outage. Examples of Catastrophic Events include, but are not limited to, events involving numerous serious injuries, such as fires or building collapse, a chemical spill or release, or widespread outbreak of disease or illness requiring emergency treatment or hospitalization.”

Norwood Hospital has served the Norwood area and surrounding community (including Walpole, Canton, Foxborough, Wrentham and Sharon) for 100 years, and the Applicant states that it remains committed to providing community hospital services. Since June 28, 2020, the Hospital has been unable to provide to its Patient Panel in Norwood, Walpole, Canton, Foxborough, Wrentham. and Sharon¹ with emergency or inpatient, services including stroke and cardiac care, endoscopy procedures, and surgery, as well as outpatient surgery.

As a High Public Payer hospital Norwood serves patients, including members of the Applicant’s Accountable Care Organization (ACO), who may be experiencing difficulty accessing care due to lack of adequate transportation to travel significantly further for in-network care, as required by the terms of the ACO. Without locally available care, these patients may be delaying or foregoing care entirely.

¹ CHIA FY2019 – 19.5%, 9.2%, 6.6%, 6.19%, 4.5%, 4.4%

More broadly, residents of the Hospital's service area in need of emergency services must seek care further from home. While the Hospital's ED remains closed, patients must seek emergency services at other hospitals, the closest of which is approximately 18 minutes away (Beth Israel Deaconess Needham), resulting in delayed access to emergent care.

Department staff note that there is an urgent need for the services to be available and accessible to the Norwood community, particularly access to Emergency Department services. While some services are being offered at the Hospital's satellite sites, many patients are required to travel longer distance to access them. The Hospital's Patient Panel is negatively impacted by the reduction of types of services, and the ability to access them within their community. In Fiscal Year 2019, the last full fiscal year prior to the storm and flood damage, the Hospital provided services to 126,497 patients. Specifically, the Hospital treated 39,437 patients in the Emergency Department; performed 6,977 endoscopy procedures; 2,983 outpatient surgeries; and 1,321 inpatient surgeries. The Hospital's Cardiac Catheterization Lab saw 428 cases while the Cardiac Rehabilitation Department provided care for over 4,000 visits.

The Department notes that the Proposed Project to rebuild the hospital does not include replacement of the inpatient psychiatry beds that were licensed and operational at the time of the flood. The shortage of inpatient psychiatry beds has long been experienced in Massachusetts, and has been exacerbated during the COVID-19 pandemic.² These beds serve the Applicant's Patient Panel, for whom there continues to be an urgent need for these beds as demonstrated by an increase in already high ED boarding rates across the state.^{3,4} As such, the Department believes there is a critical need to replace the inpatient psychiatric beds and is imposing a condition regarding replacement of the 61 inpatient psychiatry beds within the Applicant's system, to ensure that Patient Panel need for inpatient psychiatry continues to be met.

The Department also notes the community's need to be able to access Emergency Services in a timely manner which has been impacted by the absence of the Norwood Hospital emergency department. Without the availability of Norwood Hospital Emergency Services, nearly 40,000 patients in the area are experiencing delays in getting these needed services. As such, the Department is imposing a condition regarding prioritization of developing an operational emergency department with dedicated behavioral health rooms/bays.

Findings

² <https://www.cambridgeday.com/2021/01/08/lack-of-psychiatric-beds-can-mean-30-day-waits-for-people-in-crisis-filling-up-emergency-rooms/>

³ Mark D. Pearlmutter, MD et al., Analysis of Emergency Department Length of Stay for Mental Health Patients at Ten Massachusetts Emergency Departments, 70 ANNALS EMERGENCY MED. 193 (2014).

⁴ Eral Bojdani et al., COVID-19 Pandemic: Impact on Psychiatric Care in the United States, 289 PSYCHIATRY RES. 113069 (2020), available at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2852580/>

Based upon a review of the Proposed Project as submitted by the Applicant, DoN staff recommend that the Commissioner determine that there is an Emergency Situation, as defined in 105 CMR 100.100, and staff recommend that the Commissioner issue a Notice of Determination of Need, subject to all Standard Conditions set out in 105 CMR 100.310(A) other than 100.310(A)(10), and two additional conditions, to address the Patient Panel's ongoing need for inpatient psychiatric beds.

Staff further recommend that, in light of the urgent need to have the Hospital rebuilt, certain notice and comment regulations be waived, specifically 105 CMR 100.435(D) and 105 CMR 100.440 (B), and the related sections of 105 CMR 100.405(C)(2).

Other Conditions

- (1) Subject to the availability of a MassHealth inpatient psychiatric supplemental payment, which shall be paid upon the Holder's satisfaction of all applicable requirements of such supplemental payment opportunity, the Holder shall replace the 61 inpatient psychiatric beds listed on the Norwood Hospital license by licensing and operationalizing at least 61 new inpatient psychiatric beds at another hospital facility or campus in Massachusetts no later than December 31, 2022, or another date agreed upon by the DoN program and EOHHS. The Holder shall satisfy all eligibility criteria and conditions of payment under such supplemental payment opportunity that shall be determined by EOHHS. MassHealth shall notify the DoN program if the Holder is not compliant with all eligibility criteria and conditions of payment under the supplemental payment opportunity. The Holder shall provide a report to the DoN program in connection with this Condition regarding its progress on licensing and operationalizing inpatient psychiatric beds to replace the 61 inpatient psychiatric beds listed on the Norwood Hospital license not later than six months after the date of DoN approval and regularly until such new inpatient psychiatric beds are operational.
- (2) The Holder shall make reasonable efforts to (i) prioritize and make available as soon as is practicable an operational emergency department; and (ii) make available dedicated behavioral health rooms/bays in its emergency department for the treatment of patients with substance use or mental health disorders. The Holder shall provide a status report in connection with this Condition not later than nine months after the date of DoN approval and regularly until the Proposed Project is completed.