

Memorandum to the Commissioner

Applicant: Shields Healthcare of Dartmouth, Inc.

At: St. Luke's Hospital
361 Allen Street,
New Bedford, MA

PROJECT NUMBER: Application 5-4887

Amendment # FRNB-25011310-AM (Significant Change)

Filing DATE: February 3, 2025

Introduction -Background

The proposed Amendment is filed with respect to DoN # 5-4887 where Shields Healthcare of Dartmouth, Inc. is the Holder of a DoN for one MRI unit¹ that provides the inpatient and outpatient MRI scans for St. Luke's Hospital's patients² via a joint venture, Shields Healthcare of Dartmouth, Inc. (d/b/a Fall River/New Bedford MRI Limited Partnership ("JV")).

The JV was formed to provide inpatient and outpatient MRI services serving the Fall River/New Bedford area and also owns and operates two (2) DoN approved fix-based MRIs located at a DPH licensed clinic.³ The ownership percentages and patient facing operations will remain the same if this Amendment is approved and will not be affected by the Proposed Project however, the joint venture will cease to operate at the satellite location, St. Lukes. The joint venture includes the following entities:

- Shields Healthcare of Dartmouth, Inc. (2.0%),
- Shields Family Equity, LLC (73.1%); and
- Southcoast Ventures, Inc. ("SHV") (24.9%).

SHV is a wholly owned subsidiary of Southcoast Health System, Inc. and sister corporation of Southcoast Hospital Group ("SHG"). SHG includes St. Lukes, Tobey and Charlton Memorial Hospitals.

The Proposed Amendment

The ("Proposed Project") is a significant change that will accomplish the following:

1. Remove Shields Healthcare of Dartmouth, Inc. as the Holder of DoN #5-4487 for this MRI,

¹ DoN approved on October 30, 2003

² located at 361 Allen Street, New Bedford. St. Lukes is a member of Southcoast Hospital Group.

³ At 313 Faunce Road, North Dartmouth. DoNs were approved 1987 and 1998 respectively.

2. Release Shields Healthcare of Dartmouth, Inc., and Shields Family Equity, LLC (collectively, "Shields") from the ownership of the satellite clinic at St. Luke's Hospital, and
3. Acknowledge SHG on behalf of SHV as the holder of the DoN for the MRI unit.

Following the closure of the transaction, SHG will be the sole provider of the MRI service at St. Luke's and the satellite clinic will cease to operate.

Impact on Costs – to Holder

With the sale of one asset, the MRI and the right to operate it, the current Holder expects to have lower operating costs and to receive the sale price associated with the one unit. There are no cost implications for the Patient Panel of the JV at the clinic location.

SHG will become the Holder of DoN # 5-4887 with this Amendment approval and assume responsibility for the purchase of the MRI unit and associated renovations (including a new patient access ramp), which are estimated to be \$2,600,000; and it will assume the associated operating costs at St Luke's (formerly attributable to the JV) estimated to be \$1,200,000 per year.

Impact on Cost - to the Patient Panel

The Amendment states the Proposed Project will not have any significant cost implications for SHG's Patient Panel. For out-patients, the MRI scans are billable through a patient's outpatient hospital medical benefits. The patients' out-of-pocket costs will be determined by medical insurance for an outpatient hospital facility service. SHG does not expect the change to affect how patients are billed and patients' out-of-pocket costs.

The Applicant further explains that St. Luke's Hospital, is a Disproportionate Hospital ("DSH") hospital whereby 65% of patients are covered by Medicare and Medicaid; over 80% of the Medicare patients have dual coverage and patient cost share is fully covered; and Medicaid patients do not incur a patient cost share for hospital billed services. Accordingly, out-of-pocket costs for Medicare and Medicaid patients for outpatient MRI services will not change whether the services are provided by the JV or by St. Luke's. SHG expects no change to the percentage of Medicare and Medicaid patients who utilize the MRI services at St Luke's.

Further, inpatient MRI scans are not billed separately, rather they are part of the hospital's Diagnostic Related Group ("DRG") global payment which will not change whether the provider of MRI scans is the JV or St Luke's. Therefore, there will be no change as a result of the Amendment in patients' out-of-pocket costs for inpatient MRI scans.

The Rationale for the Significant Change Amendment

The rationale for the significant change is the following-

- The Shields JV partners wish to discontinue the JV's provision of MRI services at St. Luke's Hospital and therefore Shields wishes to release their holding to SHG.

Consequently, the service would likely be discontinued without approval of this Amendment. SHG also wishes to become the provider of the MRI service at St. Luke's Hospital through the purchase the existing MRI.

As discussed below and in the *Analysis*, The Applicant states that SHG expects the Proposed Amendment will improve the quality of patient care and access for St. Luke's patients by:

1. Reducing length of stay (LOS) at St. Luke's as a result of its ability to prioritize inpatient MRIs for St. Luke's patients-

Upon staff inquiry the SHG replied it has a system-wide goal to reduce acute care length of stay, which is 0.25-0.75 days longer than SHG's goal. Currently, St. Luke's inpatient turnaround time (TAT) for MRIs averages 13.5 hours from scan order to completion. This TAT is significantly higher than the TAT of 8-10 hours for MRI services at Charlton Memorial and Tobey Hospitals. Reducing the TAT at St Luke's will help SHG reduce its acute care length of stay and meet its system-wide goal.

To accomplish this, SHG notes that St. Luke's can adjust its schedule to perform inpatient MRI scans earlier in the day in order to expedite discharges. St. Luke's projected increase in volume would be an additional 2-3 inpatient MRI scans per day for the MRI unit.

2. Enhancing oversight for clinical care by integrating the peer review processes for MRI services with all hospital locations of SHG;

Following staff inquiry, SHG stated it has a robust imaging peer review program for MRI scans performed at its other two hospitals; however, since the St Luke's MRI scans are currently performed as part of the JV, they are not included in SHG's imaging peer review. With approval of this Amendment the St. Luke's MRI scans will be incorporated into the existing Southcoast imaging peer review program whereby SHG utilizes system-wide data to provide clinical care oversight; this has been shown to have a positive impact on patient care and the performance of radiology providers and staff. Consistent with SHG's other hospitals, the data will include: patient safety, clinical outcomes, patient utilization, and external benchmarking data for St. Luke's Hospital's MRI services.

3. Improving coordination of service delivery efficiencies by enabling comparisons of inpatient's MRI imaging with other imaging studies and modalities by integrating patients' MRIs into St. Luke's electronic medical record. The proposed Amendment will allow the Southcoast radiologists to dictate directly into EPIC, making the result more readily available to the clinical care team which can facilitate communications and improve the coordination of services among such programs as the Southcoast Breast Center that provides services at a separate outpatient site,⁴ and the SHG hospitals.

Impact on Community Health Initiative

This is a DoN project that will result in a Tier 1 CHI for an amendment whereby standard practice is to contribute the full CHI contribution to the Statewide Funds for DoN-required

⁴ 235 Hanover St Fall River, MA 02722

equipment. In this case, the Applicant and DPH agreed to allow Southcoast to follow a standard CHI process, contributing to both the Statewide Funds and a local CHI project. With additional touch points with the CHI team, Southcoast will work with their Community Health Benefits Advisory Committee (CBAC) to ensure that local CHI investments align with upstream principles and health priorities.

To fulfill Factor 6 requirements, Southcoast submitted a CHI Narrative, their 2022 Community Health Needs Assessment (CHNA), a Self-Assessment and Partner Assessments.

The 2022 CHNA assessed Southcoast's service area region that includes 13 geographic communities—Swansea, Somerset, Fall River, Westport, Freetown, Dartmouth, New Bedford, Acushnet, Rochester, Fairhaven, Mattapoisett, Marion, and Wareham. With a collaborative community-wide approach, the CHNA analyzed primary and secondary quantitative and qualitative data capturing key demographics and social determinants of health. This process included a community survey, a health and social service provider survey, key informant interviews and leveraging community partnerships with local health departments and community-based organizations. In analyzing social determinant of health (SDoH) data, the CHNA named that Fall River and New Bedford are Southcoast's most underserved communities in terms of economic opportunity. Additional key priority health issues identified in the CHNA include: economic opportunity (social mobility, income, education), behavioral health (mental health, substance use disorder, youth trauma), housing (affordability, stability, homelessness), wellness and chronic disease (unhealthy behaviors, health outcomes, prevention), and health access and equity (underserved populations, obstacles to care, health literacy).

Using the 2022 CHNA and the upcoming 2025 CHNA process and analysis, Southcoast will engage its CBAC to select priorities and identify implementation strategies for the local CHI funds associated with this proposed project.

Self-Assessment provided a summary of community engagement processes and socio-demographic information, data and highlights related to topics and themes of community needs. Through data analysis, surveys, and key informant interviews, Southcoast and participating community groups identified the key priorities also highlighted in the 2022 CHNA.

Partner Assessments (formerly known as Stakeholder Assessments) submitted provided information on the individuals' engagement levels (e.g., their personal participation and role) and their analysis of how the Applicant engaged the community in community health improvement planning processes. The information provided in these forms was largely consistent with the self-assessment conducted by Southcoast.

The CHI Narrative provided an overview of the CHI funds breakdown, processes, and community engagement and planning activities. It also highlighted CBAC and Allocation Committee duties, timeline for CHI activities, explanation of administrative monies, and evaluation overview. Southcoast plans to utilize administrative funds to promote funding opportunities, provide facilitation support for the CBAC and Allocation Committee, and pay for

the development of communications materials. The proposed timeline and use of administrative and evaluation funds are appropriate and in line with CHI planning guidelines.

Southcoast will work with its CBAC to select priorities and approve implementation strategies, and may want to consider enhancing impact through fewer, larger investments given the small CHI total. DPH staff have determined that if Southcoast agrees to address community conditions and root causes, while engaging in ongoing work with the CBAC, CHI investment will align appropriately with the CHI Guidelines. The Applicant will also have additional touchpoints with DPH staff to share lessons learned to ensure sound processes for planning and implementation.

CHI Analysis

As a result of information provided by the Holder and additional analysis, staff finds that with the conditions outlined below, and the ongoing communication on items outlined above, the Holder will have demonstrated that the amended Project has met the CHI standards.

Analysis

Staff has reviewed the rationale and cost implication of the proposed Amendment and notes that it will not result in any expansion of service, rather it is a change to the management structure of the service; staff finds that the Holder's assertions that the Proposed Project will likely result in 1) enhanced efficiencies and patient care coordination, and 2) expedited care planning and delivery, have merit because SHG will gain full operational control of the inpatient and out-patient scheduling process, MRI scanning, clinical quality control, and results reporting by becoming the owner operator of the MRI services at St. Luke's. By improving these processes, SHG will likely be able to reduce LOS which may allow for increased admissions and improved operating margins.

Findings, Recommendations, and Conditions of Approval Analysis

Staff reviewed the information in the record the Approval of Project #5-4487 to confirm that the Amendment request falls within the scope of that Approval.

Based upon the information submitted, and information in the record, the Department can find that the "the proposed change or modification falls within the scope of the Notice of Determination of Need as previously approved by the Department, and ... is reasonable" 105 CMR 100.635(A)(3), which are the requirements for approval of an Amendment and subject to the Other Conditions.

Other Conditions

1. Of the total required CHI contribution of \$130,000.
 - a. \$12,480 will be directed to the CHI Statewide Initiative.
 - b. \$112,320 will be dedicated to local approaches to the DoN Health Priorities.
 - c. \$5,200 will be designated as the administrative fee.

2. To comply with the Holder's obligation to contribute to the CHI Statewide Initiative, the Holder must submit a check for \$12,480 to Health Resources in Action (the fiscal agent for the CHI Statewide Initiative) **within 30 days** from the date of the Notice of Approval.
 - a. Payments should be made out to:
Health Resources in Action, Inc. (HRiA)
2 Boylston Street, 4th Floor
Boston, MA 02116
Attn: MACHHAF c/o Bora Toro
DoN project #: FRNB-25011310-AM
 - b. Please send a PDF image of the check or **confirmation of payment** to DONCHI@Mass.gov and dongrants@hria.org