

Memorandum to the Public Health Council

APPLICANT: Mass General Brigham Incorporated
800 Boylston St, Suite 1150
Boston, MA 02199

SITE: Mass General Waltham
52 Second Ave
Waltham, MA 02451

PROJECT NUMBER: #PHS-18022210-HE (Original)
#MGB-23120412-AM (Amendment)

FILING DATE: January 16, 2024

Introduction

This memorandum presents, for Public Health Council (PHC) action, the Determination of Need (DoN) Program's recommendation pertaining to a request by Mass General Brigham, Inc. for a Significant Change to Mass General Waltham (DoN #PHS-18022210-HE) to build out 9,881 gross square feet (GSF) of approved shell space. As described further herein, the Applicant seeks approval to add three outpatient operating rooms (OR) and eleven peri-operative bays. The increase in the Maximum Capital Expenditure (MCE) of this project is \$21,156,000, for a new maximum capital expenditure ("MCE") of \$51,660,587. The increase to the Community Health Initiatives (CHI) contribution is \$1,057,800.

This request falls within the definition for Significant Change that includes "... (5) Any build out of shell space that was subject to a Notice of Determination of Need" and will be reviewed pursuant to 105 C.M.R. 100.635(A)(3), which requires that the proposed change falls within the scope of the Notice of Determination of Need and is reasonable.

Background

On June 13, 2018, the Holder received DoN approval for a Substantial Change in Service. The original DoN (#PHS-18022210-HE) included the build-out of six additional ambulatory surgery operating rooms (bringing the total operating rooms to 10), 21 peri-operative bays with support space, and 9,881 gross square feet (GSF) of additional shell space for future build-out. The total approved MCE was \$30,504,587 (2018 dollars).

Proposed Amendment

With this Significant Amendment, the Holder proposes to build-out the 9,881 GSF of approved shell space to accommodate three additional outpatient operating rooms (OR) and eleven peri-operative bays at Mass General Waltham (MG Waltham). This Proposed Amendment would result in a total of 13 ORs and 32 peri-operative bays at the facility. The three proposed ORs are

being transferred from Mass General Hospital Main Campus (MGH Main Campus). MGH Main Campus has 71 operating rooms and has been tracking its out of service operating rooms. MGH Main Campus seeks to transfer three of its out of service ORs to MG Waltham and will surrender the right to operate two more ORs that are out of service. In total, the right to five ORs will be deactivated at the MGH Main Campus.

The Holder notes that since the implementation of its DoN in FY2022, MG Waltham has successfully shifted clinically appropriate volume from MGH Main Campus in Boston to MG Waltham and provided the Patient Panel with access to more surgical specialties than were historically offered at MG Waltham. The Holder states that growth in volume at MG Waltham was driven primarily by a shift in outpatient cases from the MGH Main Campus, as well as some organic growth in outpatient case volume. Specific to the shift of outpatient cases, the percentage of MG Waltham Outpatient Cases divided by Total Outpatient Cases (MG Waltham Outpatient Cases + MGH Main Campus Outpatient Cases) grew from 25% in FY2021 to 39% in FY2023. The Holder states that this data suggests there was a deliberate shift of outpatient cases from the MGH Main Campus to MG Waltham. This has been achieved through the MGH OR Block Governance Committee, which is responsible for assigning surgeon block time to OR locations that match patient acuity. After two years of operation, the additional MG Waltham ORs are experiencing a high volume of surgeries, as detailed in Table 1.

Table 1: MG Waltham Historical Surgical Volume by Specialty

Case Type	FY19 Volume (4 ORs)	FY22 Volume (10 ORs)	FY23 Volume (10 ORs)	Volume Change (FY23 - FY19)	% Change (FY23 - FY19)
Burn	0	51	30	30	N/A
Endoscopy	0	1,235	1,324	1,324	N/A
Surgical Oncology	12	455	1,153	1,141	9508%
Gynecology	0	351	366	366	N/A
Neurosurgery	<11	30	14	13	1300%
Oral Maxillofacial Surg	0	77	132	132	N/A
Orthopedic Surgery	3,095	4,804	4,959	1,864	60%
Reconstructive Surgery	122	235	301	179	147%
Podiatry	0	<11	<11	<11	N/A
Radiology	0	293	283	283	N/A
Urology	0	742	949	949	N/A
Grand Total	3,230	8,274	9,513	6,283	195%

The Holder states that the patient need for the variety of surgeries performed, as well as the complexity of the cases, has left MG Waltham operating at capacity, resulting in growing wait times for medically necessary outpatient surgery. Though the wait times for surgery at MG

Waltham remain lower than the average surgical wait time across the MGB system¹, the median number of days from the time a case was requested at MG Waltham to when the surgery was performed increased by 26% between FY2022-FY2023 (from 23 days to 29 days). The limitations of capacity at MG Waltham leave the facility unable to accept any additional patients from the MGH Main Campus, where the median wait time for surgeries has increased by 20% from FY2022-FY2023 (from 24 days to 29 days).

The Holder states that increasing capacity at MG Waltham would allow a larger portion of clinically appropriate cases to be moved to MG Waltham from the MGH Main Campus. In FY2023, the MGH Main Campus performed 15,022 same-day surgeries, 58% of which could have been performed at MG Waltham based on clinical criteria² if the facility had been able to accept additional patients. The Holder projects that the Proposed Amendment and associated shift of ORs from MGH Main Campus to MG Waltham will maintain or lower the FY2023 baseline wait times at MG Waltham baseline due to the objective of shifting cases from the MGH Main Campus and accommodating some new outpatient demand.

In addition to the historical volume of surgeries, the Holder projects that the facility's additional OR availability and location provides improved access to clinically appropriate patients for future outpatient surgery needs. The projections detailed in Table 2 reflect the expected ramp-up for the three proposed operating rooms. The projected volume assumes an average of 850 cases will be performed in each OR, which is based on historical average MG Waltham OR utilization of 950 cases per OR, per year, when consideration is made for the mix of cases that will be performed.³

Table 2 - MG Waltham Projected Surgical Volume For 3 Additional Operating Rooms

Project Years	FY2027	FY2028	FY2029	FY2030	FY2031
Case Volume	1,275	1,913	2,550	2,550	2,550

The Holder states that the projected growth in volume at MGH Waltham is driven by a shift of outpatient cases from the MGH Main Campus to MG Waltham, and projected new outpatient case volume. The Holder expects that the open surgical time gained on the MGH Main Campus through this OR and case shift strategy will allow for the backfill of higher acuity cases. They estimate that for every two outpatient cases shifted from the MGH Main Campus to MG Waltham, the open MGH Main Campus time will be backfilled with one higher acuity case.⁴

¹ Average wait time for outpatient surgery at locations within the MGB system from October 1, 2023 through February 5, 2024 was 44 days.

² Cases are considered clinically appropriate in a freestanding location if the patient has a body mass index of 40 or less and an American Society of Anesthesiology Score of I or II.

³ Historical cases at MG Waltham included a mix of surgery and endoscopy, with endoscopy having a shorter case length. In FY2023, MG Waltham opened an endoscopy suite, allowing for these shorter cases to be performed outside of the ambulatory ORs.

⁴ Average case length on the MGH Main Campus is 2.8 hours while the average case length at MG Waltham is 1.4 hours.

In FY2023, most surgery patients at MG Waltham and MGH Main Campus originated from the Boston area, the MetroWest area, and towns to the north of Waltham. Since MG Waltham expanded in FY2022, the largest increases in patient volume have come from the regions surrounding Waltham, including patients located along the Mass Pike, Route 2, and those coming from Central Massachusetts. This suggests that there is a significant number of patients for whom MG Waltham represents a closer, more convenient option than the MGH Main Campus.

Analysis

Staff has reviewed the Amendment request and has determined that it falls within the scope of the original Approval. Staff finds that shifting surgical cases from MGB Main Campus has increased the surgical volume at MG Waltham since the new ORs became operational. Despite the additional OR capacity created in the original DoN, the MG Waltham surgical schedule is full, leading to steadily increasing wait times for surgery at MG Waltham, and limiting the facility's ability to accept lower acuity cases from MGB Main Campus. Based on these points, staff finds that the Holder has established a reasonable basis for three additional ORs and eleven additional peri-operative bays.

Impact on Cost

The regulation requires that a Holder submit a description of the proposed change along with associated cost implications for the Holder and the Patient Panel. The Proposed Amendment is expected to result in incremental operating expenses (\$14,500,000 annually) driven by the additional OR case volume. The Holder notes that these projected costs would be less than providing the service at the MGH main campus due to the overhead associated with a full-service academic medical center. The Holder asserts that adding outpatient surgical capacity by building out shell space in an existing facility that has the required infrastructure is a cost-effective approach to meeting the surgical needs of the community.

The Holder states that its Patient Panel will not experience any impact on cost from the Project. The Holder further notes that the same services will be provided at lower costs to patients compared to the MGH Main Campus. MGH recently amended its contracts with commercial insurers to accept community hospital payment rates for services at MG Waltham. With respect to Medicare beneficiaries, the Holder notes that services provided in the three additional MG Waltham ORs will be billed under the Medicare Ambulatory Surgery Center Fee Schedule which typically reimburses at 53% of the amount paid for the same services provided by a hospital.ⁱ As a result, costs to insurers and patients are lower for patients who choose to have surgery performed at MG Waltham instead of at the MGH Main Campus.

Impact on Community Health Initiative Funding

This Amendment is for an increase in the maximum capital expenditure, and results in an

increase of \$1,057,800 to the Community Health Initiative (CHI) contribution.

Summary and relevant background for this application: This proposed Amendment project will result in a Tier 2 Community-based Health Initiative (CHI). Recognizing the overlap in service areas, the Applicant is using Newton-Wellesley Hospital's (NWH) 2022 Community Health Needs Assessment (CHNA) and Strategic Implementation Plan (SIP) as the basis for CHI planning and implementation. NWH will carry out the CHI for this project and will establish a Waltham-specific Community Benefits Committee (CBC) to lead the selection of CHI health priorities and strategies.

For this project, to fulfill Factor 6 requirements, the Applicant submitted NWH's 2022 CHNA, a Community Engagement Plan, Self-Assessment and CHI Narrative. The Applicant will submit the Stakeholder Assessments within 3 months following the Waltham CBC's first meeting.

NWH's 2022 CHNA assessed the communities of Natick, Needham, Newton, Waltham, Wellesley, and Weston. To guide the CHNA process, NWH engaged community leaders and advocates to work alongside the established CBC. Together, the CBC+ guided the CHNA design, and recommended secondary data sources and key assessment processes such as integrating existing data on social influencers of health, incorporating community feedback regarding health and social challenges, and proposing solutions.

To identify key community needs, strengths, and resources, the CHNA process included synthesizing existing data, and facilitating focus groups and key informant interviews with specific populations of interest (e.g., older adults, youth, persons of color, immigrants, residents with mental health/substance use needs, and food pantry service users). Community social and economic needs that presented in the CHNA included affordable housing, economic hardship, income inequality, and transportation, as well as access to services such as health insurance and inpatient psychiatry. Key community health challenges also presented in the findings included obesity, cancer screenings, and mental health and substance use.

Using the 2022 CHNA, the Applicant will need to engage its newly established Waltham CBC to select health priorities and identify strategies for implementation with the funds associated with this proposed project. To ensure selected priorities and strategies are in line with CHI principles, the Applicant and Waltham CBC will need to focus on the community social and economic needs presented in the 2022 CHNA.

The Community Engagement Plan and Self-Assessment provided a summary of community engagement processes and socio-demographic information, and data and highlights related to topics and themes of community needs related to the existing. The Self-Assessment Form also outlined activities to engage, convene and collaborate with the Waltham CBC.

Stakeholder Assessments will be submitted to DPH within 3 months following the Waltham CBC's first meeting in relation to this project. Assessments will be reviewed upon receipt and

are expected to justify continued work on the existing community health improvement strategy. Individuals who make up the Applicant's Waltham CBC will provide information on their individual engagement levels (e.g., their personal participation and role) and their analysis of how NWH engaged the community in community health improvement planning processes.

The CHI Narrative provides background and overview of the CHI processes and timeline. Upon approval, the Applicant will establish and convene a Waltham Ad Hoc CBC within 12 weeks, select CHI Health Priorities within 16 weeks, and allocate and disburse the funds within 12 months. The narrative also outlines the CHI funds breakdown, including the intended use of administrative and evaluation funds, which are in line with the CHI guideline.

Summary Analysis: As a result of the information provided by the Applicant and additional analysis, staff finds that with the conditions outlined below, and ongoing communication on items outlined above, the Applicant will have demonstrated that the Proposed Project has met Factor 6.

Staff Summary and Findings

Staff reviewed the 2018 Staff Report and Decision Letter to determine whether the request falls within the scope of that Approval.

Based upon the information submitted, and information in the record, the Department can find that "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 C.M.R. 100.635(A)(3), which are the requirements for approval of an Amendment.

Conditions to the DoN

1. Of the total required CHI contribution of \$1,057,800.
 - a. \$256,516 will be directed to the CHI Statewide Initiative.
 - b. \$769,550 will be dedicated to local approaches to the DoN Health Priorities.
 - c. \$31,734 will be designated as the administrative fee.
2. To comply with the Holder's obligation to contribute to the Statewide CHI Initiative, the Holder must submit payment to Health Resources in Action (the fiscal agent for the CHI Statewide Initiative). If there are any questions or concerns regarding payment, please contact the CHI team at DONCHI@mass.gov.
 - a. Payment should be made out the Massachusetts Community Health and Healthy Aging Funds (MACHHAF) in the full amount of \$256,516.
 - b. The Holder must submit the funds to HRIA within 30 days from the date of the Notice of Approval.

- c. The Holder must send a PDF image of the check (or confirmation of payment) to DONCHI@mass.gov and dongrants@hria.org.

Payment should be sent to:
Health Resources in Action, Inc., (HRiA)
2 Boylston Street, 4th Floor
Boston, MA 02116
Attn: MACHHAF c/o Bora Toro
DoN project #: MGB-23120412-AM (Amendment)/ PHS-18022210-HE (Original)

3. The Holder will report on Surgical Volume by Specialty for both MG Waltham and MGH Main Campus based on the case type listed below. Annual reporting should demonstrate that the additional OR capacity is reducing the volume of low acuity surgeries at MGH Main Campus.

Surgical Volume by Specialty

Case Type
Burn
Endoscopy
Surgical Oncology
Gynecology
Neurosurgery
Oral Maxillofacial Surg
Orthopedic Surgery
Reconstructive Surgery
Podiatry
Radiology
Urology
Grand Total

4. The Holder will report the median number of days from the time a case was requested to when the surgery was performed for both MG Waltham as well as MGH Main Campus. Annual reporting should demonstrate that the additional capacity is maintaining or reducing the wait time for surgeries at MG Waltham.

The DoN program shall review the data received in accordance with Condition 3 to determine whether one or more of the following Referral Indicators is present:

- A material increase in total volume of the targeted surgeries at MGH Main Campus
- A material decrease in total volume of targeted surgeries at MG Waltham

The DoN program shall review the data received in accordance with Condition 4 to determine whether the following Referral Indicators is present:

- a) A material increase in wait time for surgeries at MG Waltham

If the DoN Program finds any one or more of the Referral Indicators, the matter shall be referred to the Public Health Council (PHC) for review to determine whether MGB is in violation of one or more of the conditions and thus out of compliance with the terms of this Notice of DoN.

Upon referral to the PHC based upon any one or more of the Referral Indicators, MGB shall have an opportunity to show cause why the PHC shall not find one or more of the Referral Indicators.

Upon approval of the Proposed Amendment, post DoN reporting for the original DoN (#PHS-18022210-HE) shall continue for five years after the completion of the Amendment Project with Amendment conditions included in the reporting.

ⁱ *Ambulatory Surgery Centers Versus Hospital-based Outpatient Departments: What's the Difference?* AMERICAN ACADEMY OF ORTHOPAEDIC SURGEONS. <https://www.aaos.org/aaosnow/2019/sep/managing/managing02/>