**APPENDIX 2**

**NARRATIVE**

**2. Project Description**

*The Applicant*

The Applicant is Encompass Health Corporation (“Encompass Health” or “Encompass”), a national leader in inpatient rehabilitation services (“rehab”) with 157 inpatient rehabilitation hospitals in 37 states and Puerto Rico. Encompass Health (the “Applicant”) wholly owns and operates three inpatient rehabilitation facilities (“IRF”) in Massachusetts.[[1]](#footnote-2)

* Encompass Health Rehabilitation Hospital of Western Massachusetts, LLC (“Encompass Western Mass”), located in Ludlow and licensed to operate 53 beds.
* Encompass Health Rehabilitation Hospital of New England, LLC which is licensed to operate a total of 179 beds and includes three campuses: host hospital location in Woburn which is licensed for 137 beds; freestanding satellite location in Beverly which is licensed and operates 20 beds; and freestanding satellite location in Lowell which is licensed and operates 22 beds.
* Encompass Health Rehabilitation Hospital of Braintree, LLC which is licensed to operate a total of 187 beds and includes two campuses: host hospital location in Braintree which is licensed for 166 beds; and freestanding satellite location in Framingham which is licensed and operates 21 beds.

Encompass Health brings to each of its local Massachusetts facilities the resources and experience of a national company that has proven high quality, cost-effective programs and services along with the financial strength to ensure that its patients and specialized staff members have access to an extensive array of rehab-specific clinical equipment and technology. Notably, Encompass Health’s sole purpose is to own and operate post-acute care inpatient rehabilitation facilities. As a leading provider and operator of rehabilitation services facilities, Encompass Health has a proven long-term commitment to caring for patients.

*The Proposed Project*

The Applicant proposes to add seventeen (17) beds to its existing Encompass Health Rehabilitation Hospital of Western Massachusetts (“Hospital” or “Encompass Western Mass”) facility through the build out of shell space. The proposed 17-bed expansion will ensure that patients in need of comprehensive inpatient rehabilitative and restorative services can receive that intensive level of care without delay by increasing accessibility and availability of beds.

The Proposed Project involves the build-out and renovation of 7,260 gross square feet of available vacant space at the Hospital to house 17 private patient rooms, each with its own private wheelchair accessible bath. The private patient rooms will be of sufficient size to accommodate caregivers and family members bedside to interact and support the patient comfortably on a daily basis. Patients in the expanded 17-bed unit will have access to the Hospital’s specialized programs, services, and sufficiently-sized facilities, including for example, the indoor therapy gym, the Activities of Daily Living (“ADL”) Suite, outdoor therapy area, dining room and day rooms. As detailed below, the 17-bed expansion will ensure that the Hospital can continue to provide specialized state-of-the-art rehabilitative care to patients recovering from a wide array of injuries and illnesses, including stroke, traumatic brain injury, spinal cord injury, amputations, orthopedic surgery or injury, cardiac episodes, pulmonary conditions, and neurological disorders.

The need for the Proposed Project is driven by a number of factors, including the following:

1. The Hospital’s high and increasing occupancy, resulting in the Hospital operating at virtual capacity, with an average annual 2022 occupancy of approximately 95%.
2. The large and increasing population ages 65 and over (“65+” or “seniors”) in Western Massachusetts, which as demonstrated by the patient panels for the Applicant (Encompass) and the Hospital, comprises the vast majority of inpatient rehabilitation patients.
3. The need for additional post-acute care private rooms in Western Massachusetts to ensure timely discharge of patients from general acute care hospitals.
   * The Hospital uniquely has all private rooms at its facility, which benefits patients and families in a multitude of ways, including for example the ability for the patient to be timely admitted to the Hospital without waiting on a bed limited by gender, medical condition, or age of current patients.
   * Encompass Western Mass, similar to all of the Applicant’s hospitals, admits patients in need of Rehabilitation Services 24 hours per day, 365 days a year.
   * Encompass Health is a national rehabilitation provider with proven success contracting and working with a number of Medicare Advantage provider networks, including those in Massachusetts, to ensure that patients in need of IRF services receive that level of care in a timely manner.

*The Hospital*

Encompass Western Mass has 53 licensed inpatient rehabilitation beds, where patients are provided the intensive inpatient rehabilitation necessary to help them regain independence after a life-changing illness or injury. Using clinical collaboration and advanced technologies, the Hospital provides a personalized care plan designed to meet each patient’s unique needs and to help each patient achieve their individual goals.

Encompass Western Mass, similar to all Encompass Rehabilitation Hospitals, provides a comprehensive array of intensive inpatient rehabilitation and recovery programs and services to address a wide range of diagnoses, including but not limited to the following: stroke; brain injury;

neurological conditions; joint replacement; orthopedic; hip fracture; spinal cord injury; amputation; Parkinson’s Disease; Multiple sclerosis; burns; pulmonary/respiratory conditions; and pain management.

Evidence of the Hospital’s high quality services are the following Disease-Specific Care Certifications from the Joint Commission that have been awarded to Encompass Western Mass:

* Stroke Rehabilitation;
* Brain Injury Rehabilitation; and,
* Pulmonary Rehabilitation.

Patients in the proposed 17-bed expansion will benefit from Encompass’ clinical care team approach, which includes highly-qualified and specially-trained *physicians and staff members* who comprise a comprehensive, multidisciplinary team including:

* **Medical Director:** A Physical Medicine and Rehabilitation (“PMR”) physician who frequently meets with the patient during the patient’s inpatient stay, and is ultimately responsible for implementing the patient’s care plan as the multidisciplinary team leader.
* **Rehabilitation nursing:** Implements each patient’s medical care program as directed by his or her physician.
* **Occupational therapy:** Designs and delivers activity-based therapy to promote independence in the areas of self-care, home management and community reintegration.
* **Physical therapy:** Evaluates and designs a treatment program to address limitations in physical function, mobility and safety.
* **Respiratory therapy:** Ensures proper respiratory function through services such as oxygen supplements and aerosol treatments.
* **Speech-language pathology:** Assesses and treats individuals with communication and comprehension disorders, cognitive difficulties and swallowing disorders.
* **Dietary and nutritional counseling:** Supervises all meals to ensure patients meet their required nutritional needs.
* **Pharmacist:** On-site pharmacists educate the patients regarding their medicines, including post-discharge care.
* **Case management/social services:** Coordinates with the physician to ensure the patient’s needs are met and involves the family and other caregivers in the patient’s rehabilitation. The Case Manager is also responsible for:
  + Working with the family prior to the patient’s discharge to provide training to help family members care for patients after discharge.
  + Visiting the patient’s home prior to discharge to identify and then address any special needs (such as equipment) the patient will have upon returning home.
  + Coordination and collaboration of services between the patient and community service providers who will be responsible for providing care to the patient post-discharge.

Patients benefit not only from the extensive array and number of staff members in place at Encompass Health hospitals, but also from the unique patient-centric programs staff members institute at their facilities to ensure patients receive high quality care.

**13. Factors**

Required Information and supporting documentation consistent with 105 CMR 100.210

**Factor 1: Applicant Patient Panel Need, Public Health Values and Operational Objectives**

**F1.a.i** **Patient Panel:**

**Describe your existing Patient Panel, including incidence or prevalence of disease or behavioral risk factors, acuity mix, noted health disparities, geographic breakdown expressed in zip codes or other appropriate measure, demographics including age, gender and sexual identity, race, ethnicity, socioeconomic status and other priority populations relevant to the Applicant's existing patient panel and payer mix.**

***The Applicant’s Patient Panel***

Through its three Encompass Rehabilitation Service inpatient hospitals, the Applicant cares for a large and diverse Patient Panel, as demonstrated by the admission data for the most recent three full calendar years (CY20, CY21, CY22) based on unique patients.

The Applicant cares for adult patients of all ages, with the vast majority of admissions for patients ages 65 and over, which is typical for comprehensive inpatient rehabilitation programs generally and for Encompass Health specifically. As shown below, approximately 70% of the Applicant’s admissions in each of the past three years were for patients ages 65 and over.

Consistent with Encompass Health’s IRFs across the nation, the Applicant provides a comprehensive array of specialized restorative and rehabilitation services, caring for patients with a variety of illnesses and injuries including stroke, orthopedic conditions, neurological conditions, brain injury (traumatic and non-traumatic), spinal cord injury, pulmonary conditions, and more.

*The Applicant’s Patient Origin*

As shown below, residents of Middlesex County comprise the largest portion of patients cared for at the Applicant’s IRFs, representing approximately 30% of total admissions each year. Residents of Hampden County, the home county of the Hospital where Encompass proposes to add 17 beds, comprise approximately 13% of Encompass’ annual admissions. When residents from Hampden County are combined with residents from Hampshire County, admissions from those two Western Massachusetts counties account for approximately 17% of the Applicant’s annual admissions. The benefits of the Proposed Project in close geographic proximity to a material portion of the Applicant’s patients are detailed later in this application.

**Table 1 – Encompass Health Massachusetts Hospitals**

**Admissions by Patient County of Origin, CY20 – CY22**

| **Patient County** | **CY20** | **CY21** | **CY22** | **CY20 % of Total** | **CY21 % of Total** | **CY22 % of Total** |
| --- | --- | --- | --- | --- | --- | --- |
| Middlesex County | 1,824 | 1,925 | 2,048 | 30.3% | 30.0% | 30.2% |
| Hampden County | 797 | 835 | 878 | 13.2% | 13.0% | 13.0% |
| Norfolk County | 764 | 779 | 836 | 12.7% | 12.1% | 12.3% |
| Essex County | 677 | 734 | 737 | 11.2% | 11.4% | 10.9% |
| Plymouth County | 546 | 619 | 627 | 9.1% | 9.6% | 9.3% |
| Suffolk County | 553 | 560 | 587 | 9.2% | 8.7% | 8.7% |
| Hampshire County | 247 | 269 | 272 | 4.1% | 4.2% | 4.0% |
| Bristol County | 182 | 196 | 220 | 3.0% | 3.1% | 3.2% |
| Unknown | 64 | 102 | 115 | 1.1% | 1.6% | 1.7% |
| Barnstable County | 65 | 76 | 96 | 1.1% | 1.2% | 1.4% |
| Franklin County | 58 | 76 | 87 | 1.0% | 1.2% | 1.3% |
| Worcester County | 107 | 89 | 87 | 1.8% | 1.4% | 1.3% |
| Other[[2]](#footnote-3) | 135 | 166 | 187 | 2.1% | 2.6% | 2.8% |
| **Total** | **6,019** | **6,426** | **6,777** | **100.0%** | **100.0%** | **100.0%** |

Source: Encompass Health Rehabilitation Hospital of Western Massachusetts, Encompass Health Rehabilitation Hospital of Braintree, and Encompass Health Rehabilitation Hospital of New England Internal Data.

Note: Percentage totals may not equal 100% due to rounding.

While the Proposed Project will increase the Applicant’s patients timely access to needed intensive inpatient rehabilitation services at the Hospital, the Applicant’s relative patient origin distribution is expected to remain the same.

*The Applicant’s Patients by Age and Gender*

As shown below, persons identifying as female represent approximately 49% of the Applicant’s Patient Panel annually while persons identifying as male represent a slightly higher portion at approximately 51% annually.

**Table 2.1 - Encompass Health Massachusetts Hospitals**

**Admissions by Patient Age, CY20**

| **Age Group in Years** | **Female Patients** | **Male Patients** | **All Patients** | **Female % of Total** | **Male %  of Total** | **All Patients % of Total** |
| --- | --- | --- | --- | --- | --- | --- |
| < 18 to 34[[3]](#footnote-4) | 88 | 88 | 176 | 3.0% | 2.8% | 2.9% |
| 35 to 49 | 144 | 194 | 338 | 4.9% | 6.3% | 5.6% |
| 50 to 64 | 555 | 757 | 1,312 | 19.0% | 24.5% | 21.8% |
| 65 to 74 | 711 | 847 | 1,558 | 24.3% | 27.4% | 25.9% |
| 75 to 84 | 823 | 778 | 1,601 | 28.1% | 25.1% | 26.6% |
| 85 and Older | 604 | 430 | 1,034 | 20.6% | 13.9% | 17.2% |
| **Total** | **2,925** | **3,094** | **6,019** | **100.0%** | **100.0%** | **100.0%** |
| **% of Total Patients** | **48.6%** | **51.4%** | **100.0%** |  |  |  |

Source: Encompass Health Rehabilitation Hospital of Western Massachusetts, Encompass Health Rehabilitation Hospital of Braintree, and Encompass Health Rehabilitation Hospital of New England Internal Data.

Note: Percentage totals may not equal 100% due to rounding.

**Table 2.2 - Encompass Health Massachusetts Hospitals**

**Admissions by Patient Age, CY21**

| **Age Group in Years** | **Female Patients** | **Male Patients/ Self-Identified Other**[[4]](#footnote-5) | **All Patients** | **Female %  of Total** | **Male/Self-Identified Other %  of Total** | **All Patients % of Total** |
| --- | --- | --- | --- | --- | --- | --- |
| <18 to 34[[5]](#footnote-6) | 66 | 92 | 158 | 2.1% | 2.8% | 2.4% |
| 35 to 49 | 167 | 174 | 341 | 5.3% | 5.3% | 5.3% |
| 50 to 64 | 602 | 782 | 1,384 | 19.1% | 23.9% | 21.5% |
| 65 to 74 | 820 | 970 | 1,790 | 26.0% | 29.7% | 27.9% |
| 75 to 84 | 916 | 843 | 1,759 | 29.0% | 25.8% | 27.4% |
| 85 and Older | 585 | 409 | 994 | 18.5% | 12.5% | 15.5% |
| **Total** | **3,156** | **3,270** | **6,426** | **100.0%** | **100.0%** | **100.0%** |
| **% of Total Patients** | **49.1%** | **50.9%** | **100.0%** |  |  |  |

Source: Encompass Health Rehabilitation Hospital of Western Massachusetts, Encompass Health Rehabilitation Hospital of Braintree, and Encompass Health Rehabilitation Hospital of New England Internal Data.

Note: Percentage totals may not equal 100% due to rounding.

**Table 2.3 - Encompass Health Massachusetts Hospitals**

**Admissions by Patient Age, CY 22**

| **Age Group in Years** | **Female Patients** | **Male Patients/ Self-Identified Other**[[6]](#footnote-7) | **All Patients** | **Female %  of Total** | **Male/Self-Identified Other %  of Total** | **All Patients % of Total** |
| --- | --- | --- | --- | --- | --- | --- |
| <18 to 34[[7]](#footnote-8) | 80 | 97 | 177 | 2.4% | 2.7% | 2.6% |
| 35 to 49 | 146 | 216 | 362 | 4.4% | 6.2% | 5.3% |
| 50 to 64 | 648 | 803 | 1,451 | 19.8% | 23.0% | 21.4% |
| 65 to 74 | 794 | 977 | 1,771 | 24.2% | 27.9% | 26.1% |
| 75 to 84 | 990 | 985 | 1,975 | 30.2% | 28.2% | 29.1% |
| 85 and Older | 623 | 418 | 1,041 | 19.0% | 12.0% | 15.4% |
| **Total** | **3,281** | **3,496** | **6,777** | **100.0%** | **100.0%** | **100.0%** |
| **% of Total Patients** | **48.4%** | **51.5%** | **100.0%** |  |  |  |

Source: Encompass Health Rehabilitation Hospital of Western Massachusetts, Encompass Health Rehabilitation Hospital of Braintree, and Encompass Health Rehabilitation Hospital of New England Internal Data.

Note: Percentage totals may not equal 100% due to rounding.

As shown, the vast majority of admissions (approximately 70% annually) are for patients ages 65 and over, which is typical for comprehensive inpatient rehabilitation programs generally and for Encompass Health specifically. As such, the majority of the Applicant’s patients are enrolled in the Medicare program, either through the traditional Medicare Fee-For-Service (“FFS”) program or Medicare Advantage. Nationally, IRFs care for an older patient population, with the Medicare Payment Advisory Commission (“MedPAC”) reporting that in 2021, on average, the traditional Medicare (“FFS”) program accounted for about 52 percent of IRF discharges. [[8]](#footnote-9)

The average age of the Applicant’s patients during the most three recent calendar years was 70, which is consistent with the Applicant’s average age across all of its IRFS nationally, which is 71.[[9]](#footnote-10)

As with the patient origin profile, the Proposed Project is not expected to have any material impact on the Patient Panel distribution by age and gender.

*Applicant’s Patients by Race and Ethnicity*

As indicated below, the Applicant’s Patient Panel includes individuals representing a mix of self-reported races and ethnicities.[[10]](#footnote-11) The Patient Panel distribution by patient race/ethnicity is not expected to change following completion of the Proposed Project.

**Table 3 - Encompass Health Massachusetts Hospitals**

**Admissions by Patient Race/Ethnicity, CY20 – CY22**

| **Patient Race/Ethnicity** | **CY20** | **CY21** | **CY22** | **CY20 % of Total** | **CY21 % of Total** | **CY22 % of Total** |
| --- | --- | --- | --- | --- | --- | --- |
| White | 4,840 | 4,976 | 5,387 | 80.4% | 77.4% | 79.5% |
| Other and Unknown | 414 | 639 | 562 | 6.9% | 9.9% | 8.3% |
| Black or African American/  Black Hispanic[[11]](#footnote-12) | 475 | 466 | 516 | 7.8% | 7.1% | 7.6% |
| Asian | 155 | 173 | 182 | 2.6% | 2.7% | 2.7% |
| Hispanic or Latino | 122 | 158 | 112 | 2.0% | 2.5% | 1.7% |
| Biracial/Native American[[12]](#footnote-13) | 13 | 14 | 18 | 0.2% | 0.2% | 0.2% |
| **Total** | **6,019** | **6,426** | **6,777** | **100.0%** | **100.0%** | **100.0%** |

Source: Encompass Health Rehabilitation Hospital of Western Massachusetts, Encompass Health Rehabilitation Hospital of Braintree, and Encompass Health Rehabilitation Hospital of New England Internal Data. Note: Percentage totals may not equal 100% due to rounding.

Accounting for the fact that inpatient rehabilitation services are predominantly utilized by older individuals, the Applicant’s Patient Panel reflects the demographic profile of the Proposed Project’s home county (Hampden), as shown below.

**Table 4 – Hampden County Demographic Overview**

**U.S. Census Bureau, 2021 Estimates**

|  |  |
| --- | --- |
| **Population** | - |
| Total Population | 462,849 |
| **Gender** | - |
| Percent Population Female | 51.4% |
| Percent Population Male | 48.6% |
| **Race - Percent of Total Population** | - |
| White Alone | 81.9% |
| Black or African American Alone | 11.4% |
| Asian Alone | 2.8% |
| American Indian and Alaska Native Alone | 0.8% |
| Native Hawaiian and Other Pacific Islander Alone | 0.2% |
| Two or More Races | 3.0% |
| **Ethnicity - Percent of Total Population** | - |
| Hispanic or Latino | 27.3% |
| **Age - Percent of Total Population** | - |
| 65 Years and Older | 17.7% |

Source: U.S. Census Bureau QuickFacts, Hampden County; Population Estimates, July 1, 2021 (V2021). Percentages of races may not sum exactly to 100% due to rounding; data shown as provided by U.S. Census Bureau. <https://www.census.gov/quickfacts/fact/table/hampdencountymassachusetts/PST045222>

*Applicant’s Patients by Medical Condition*

As detailed below, and consistent with its practices nationally, Encompass Health treats patients with a wide array of medical conditions who benefit from its advanced technologies, innovative therapies, customized treatment plans, coordinated care teams, and specially-designed facilities.

**Table 5 – Encompass Health Massachusetts Hospitals**

**Patients by Medical Service/Condition, CY20 – CY22**

| **Patient Medical Services/Conditions** | **CY20** | **CY21** | **CY22** | **CY20 % of Total** | **CY21 % of Total** | **CY22 % of Total** |
| --- | --- | --- | --- | --- | --- | --- |
| Stroke Program | 1,424 | 1,415 | 1,585 | 23.7% | 22.0% | 23.4% |
| Other Conditions | 727 | 868 | 1,082 | 12.1% | 13.5% | 16.0% |
| Orthopedic – Hip | 500 | 528 | 558 | 8.3% | 8.2% | 8.2% |
| Neurological Condition | 787 | 807 | 527 | 13.1% | 12.6% | 7.8% |
| Orthopedic – Other | 490 | 459 | 508 | 8.1% | 7.1% | 7.5% |
| Multiple Trauma No Brain Injury | 400 | 412 | 472 | 6.6% | 6.4% | 7.0% |
| Brain Injury-Non Traumatic | 381 | 487 | 456 | 6.3% | 7.6% | 6.7% |
| Cardiac Program | 327 | 391 | 415 | 5.4% | 6.1% | 6.1% |
| Brain Injury-Traumatic | 233 | 248 | 276 | 3.9% | 3.9% | 4.1% |
| Spinal Cord Non-Traumatic | 192 | 225 | 201 | 3.2% | 3.5% | 3.0% |
| Orthopedic – Joint | 147 | 177 | 199 | 2.4% | 2.8% | 2.9% |
| Amputee-Lower Extremity | 123 | 120 | 142 | 2.0% | 1.9% | 2.1% |
| Multiple Trauma w/ Brain Injury | 115 | 110 | 135 | 1.9% | 1.7% | 2.0% |
| Pulmonary Program | 69 | 67 | 93 | 1.1% | 1.0% | 1.4% |
| Spinal Cord Injury Traumatic | 51 | 59 | 60 | 0.8% | 0.9% | 0.9% |
| Guillain-Barre | 16 | 28 | 27 | 0.3% | 0.4% | 0.4% |
| Other[[13]](#footnote-14) | 37 | 25 | 41 | 0.5% | 0.3% | 0.6% |
| **Total** | **6,019** | **6,426** | **6,777** | **100.0%** | **100.0%** | **100.0%** |

Source: Encompass Health Rehabilitation Hospital of Western Massachusetts, Encompass Health Rehabilitation Hospital of Braintree, and Encompass Health Rehabilitation Hospital of New England Internal Data.

Notes: Percentage totals may not equal 100% due to rounding.

Data sorted by highest to lowest based on CY22 admissions.

The wide array of medical conditions treated at Encompass Massachusetts IRFs is consistent with the Applicant’s national experience. As the nation’s leading owner and operator of inpatient rehab hospitals, with 157 inpatient rehab hospitals in 37 states and Puerto Rico representing approximately 24% of the licensed acute rehabilitation beds nationally and approximately 31% of Medicare patients served, the Applicant has a proven history of providing high-quality care to patients with a wide array of medical conditions. Notably, 129 of Encompass Health’s inpatient rehab hospitals hold one or more disease-specific certifications from The Joint Commission’s Disease-Specific Care Certification Program in areas such as stroke, brain injury, pulmonary, or hip fracture rehabilitation. In total, Encompass Health hospitals hold 365 Disease-Specific Certifications as of March 2023.

*Applicant’s Payor Mix*

As noted previously, the vast majority of patients at Encompass IRFs are ages 65 and older; thus, it follows that the vast majority of admissions are for patients enrolled in traditional Medicare (*i.e.*, FFS) or Medicare Advantage. Patients with Medicare coverage (combined traditional FFS and Medicare Advantage) comprise approximately 73% of admissions annually. Patients enrolled in Medicaid represent approximately 9% of admissions annually, while patients with some type of commercial insurance (including workers compensation) comprise approximately 16% annually. A small portion of the Applicant’s patients are self-pay.

The Proposed Project will not affect the Applicant’s payor mix.

**Table 6 – Encompass Health Massachusetts Hospitals**

**Payor Mix by Admission, CY20 – CY22**

| **Payor Mix** | **CY20** | **CY21** | **CY22** | **CY20 % of Total** | **CY21 % of Total** | **CY22 % of Total** |
| --- | --- | --- | --- | --- | --- | --- |
| Medicare | 3,600 | 3,807 | 3,927 | 59.8% | 59.2% | 57.9% |
| Medicare Advantage | 753 | 890 | 1,019 | 12.5% | 13.8% | 15.0% |
| Medicaid | 574 | 531 | 602 | 9.5% | 8.3% | 8.9% |
| HMO/PPO | 546 | 561 | 592 | 9.1% | 8.7% | 8.7% |
| Blue Cross | 357 | 402 | 395 | 5.9% | 6.3% | 5.8% |
| Self-Pay/Other | 121 | 147 | 160 | 2.0% | 2.3% | 2.4% |
| Commercial | 27 | 43 | 41 | 0.4% | 0.7% | 0.6% |
| Workers Comp | 41 | 45 | 41 | 0.7% | 0.7% | 0.6% |
| **Total** | **6,019** | **6,426** | **6,777** | **100.0%** | **100.0%** | **100.0%** |

Source: Encompass Health Rehabilitation Hospital of Western Massachusetts, Encompass Health Rehabilitation Hospital of Braintree, and Encompass Health Rehabilitation Hospital of New England Internal Data.

Note: Percentage totals may not equal 100% due to rounding.

***Encompass Western Mass (the Hospital) Patient Panel***

The Hospital cares for a large and diverse Patient Panel similar to Encompass’ experience nationally, as demonstrated by the admission data for the Hospital for the most recent three full calendar years (CY20, CY21, CY22). As was the case for the Applicant’s patient panel, the Hospital’s patient panel is based on unique patients.

*The Hospital’s Patient Origin*

As shown below, residents of Hampden County, the home county of Encompass Western Mass hospital, comprise the majority of the Hospital’s admissions, representing approximately 68% of annual admissions. Admissions for residents from the contiguous Hampshire County comprise approximately 21% of the Hospital’s admissions annually; thus, residents from Hampden and Hampshire counties combined account for approximately 89% of the Hospital’s annual admissions.

**Table 7 – Encompass Health Rehabilitation Hospital of Western Massachusetts  
Admission by Patient County of Origin, CY20 – CY22**

| **Patient County** | **CY20** | **CY21** | **CY22** | **CY20**  **% of Total** | **CY21**  **% of Total** | **CY22**  **% of Total** |
| --- | --- | --- | --- | --- | --- | --- |
| Hampden | 791 | 831 | 873 | 67.8% | 67.2% | 68.1% |
| Hampshire | 241 | 263 | 267 | 20.7% | 21.3% | 20.8% |
| Franklin | 54 | 74 | 81 | 4.6% | 6.0% | 6.3% |
| Out of State | 27 | 25 | 24 | 2.3% | 2.0% | 1.9% |
| Worcester | 33 | 21 | 15 | 2.8% | 1.7% | 1.2% |
| Other[[14]](#footnote-15) | 21 | 22 | 22 | 1.8% | 1.8% | 1.7% |
| Total | **1,167** | **1,236** | **1,282** | **100.0%** | **100.0%** | **100.0%** |

Source: Encompass Health Rehabilitation Hospital of Western Massachusetts Internal Data.

*The Hospital’s Patients by Age and Gender*

As shown below, persons identifying as female represent slightly more than half (approximately 53%) of the Hospital’s Patient Panel annually while persons identifying as male represent slightly less than half of admissions (approximately 47%) annually. Thus, the admissions by gender at the Hospital are similar to the gender distribution in the Hospital’s home county, where just over half of the county population is female and less than half of the county population is male.

**Table 8.1 – Encompass Health Rehabilitation Hospital of Western Massachusetts  
Admissions by Patient Age, CY20**

| **Age Group in Years** | **Female** | **Male** | **Total** | **Female % of Total** | **Male % of Total** | **All Patients % of Total** |
| --- | --- | --- | --- | --- | --- | --- |
| 18 to 34[[15]](#footnote-16) | 14 | 20 | 34 | 2.3% | 3.6% | 2.9% |
| 35 to 49 | 16 | 25 | 41 | 2.6% | 4.5% | 3.5% |
| 50 to 64 | 80 | 123 | 203 | 13.0% | 22.3% | 17.4% |
| 65 to 74 | 138 | 139 | 277 | 22.4% | 25.2% | 23.7% |
| 75 to 84 | 183 | 141 | 324 | 29.7% | 25.6% | 27.8% |
| 85 and older | 185 | 103 | 288 | 30.0% | 18.7% | 24.7% |
| **Total** | **616** | **551** | **1,167** | **100.0%** | **100.0%** | **100.0%** |
| **% of Total Patients** | **52.8%** | **47.2%** | **100.0%** |  |  |  |

Source: Encompass Health Rehabilitation Hospital of Western Massachusetts Internal Data.

**Table 8.2 – Encompass Health Rehabilitation Hospital of Western Massachusetts  
Admissions by Patient Age, CY21**

| **Age Group in Years** | **Female** | **Male** | **Total** | **Female % of Total** | **Male % of Total** | **All Patients**  **% of Total** |
| --- | --- | --- | --- | --- | --- | --- |
| 18 to 34[[16]](#footnote-17) | 15 | 12 | 27 | 2.2% | 2.1% | 2.2% |
| 35 to 49 | 29 | 29 | 58 | 4.3% | 5.2% | 4.7% |
| 50 to 64 | 97 | 100 | 197 | 14.4% | 17.8% | 15.9% |
| 65 to 74 | 146 | 162 | 308 | 21.7% | 28.8% | 24.9% |
| 75 to 84 | 226 | 157 | 383 | 33.6% | 27.9% | 31.0% |
| 85 and older | 160 | 103 | 263 | 23.8% | 18.3% | 21.3% |
| **Total** | **673** | **563** | **1,236** | **100.0%** | **100.0%** | **100.0%** |
| **% of Total Patients** | **54.4%** | **45.6%** | **100.0%** |  |  |  |

Source: Encompass Health Rehabilitation Hospital of Western Massachusetts Internal Data.

**Table 8.3 – Encompass Health Rehabilitation Hospital of Western Massachusetts  
Admissions by Patient Age, CY22**

| **Age Group in Years** | **Female** | **Male** | **Total** | **Female % of Total** | **Male % of Total** | **All Patients % of Total** |
| --- | --- | --- | --- | --- | --- | --- |
| 18 to 34[[17]](#footnote-18) | 16 | 26 | 42 | 2.3% | 4.3% | 3.3% |
| 35 to 49 | 23 | 36 | 59 | 3.4% | 6.0% | 4.6% |
| 50 to 64 | 97 | 117 | 214 | 14.2% | 19.5% | 16.7% |
| 65 to 74 | 159 | 151 | 310 | 23.3% | 25.1% | 24.2% |
| 75 to 84 | 216 | 182 | 398 | 31.7% | 30.3% | 31.0% |
| 85 and older | 170 | 89 | 259 | 25.0% | 14.8% | 20.2% |
| Total | **681** | **601** | **1,282** | **100.0%** | **100.0%** | **100.0%** |
| **% of Total Patients** | **53.1%** | **46.9%** | **100.0%** |  |  |  |

Source: Encompass Health Rehabilitation Hospital of Western Massachusetts Internal Data.

As shown, similar to the Applicant, the vast majority of the Hospital’s admissions (more than 75% annually) are for patients ages 65 and over. The average age of the Hospital’s patients during the most three recent calendar years was 73, which is slightly higher but still commensurate with the Applicant’s average age across all of its IRFS nationally, which is 71.[[18]](#footnote-19) As with the Hospital’s patient origin profile, the Proposed Project is not expected to have any material impact on the Patient Panel distribution by age and gender.

*The Hospital’s Patients by Race and Ethnicity*

As indicated below, the Hospital’s Patient Panel includes individuals representing a mix of self-reported races and ethnicities.[[19]](#footnote-20) The Patient Panel distribution by patient race/ethnicity is not expected to change following completion of the Proposed Project.

**Table 9 – Encompass Health Rehabilitation Hospital of Western Massachusetts  
Admission by Patient Race/Ethnicity, CY20 – CY22**

| **Patient Race/Ethnicity** | **CY20** | **CY21** | **CY22** | **CY20 % of Total** | **CY21 % of Total** | **CY22 % of Total** |
| --- | --- | --- | --- | --- | --- | --- |
| White | 1,076 | 1,117 | 1,172 | 92.2% | 90.4% | 91.4% |
| Black or African American/Black Hispanic[[20]](#footnote-21) | 49 | 45 | 50 | 4.2% | 3.6% | 3.9% |
| Hispanic or Latino[[21]](#footnote-22) | 28 | 52 | 33 | 2.4% | 4.2% | 2.6% |
| Asian/Other/Unknown[[22]](#footnote-23) | 14 | 22 | 27 | 1.2% | 1.8% | 2.1% |
| **Total** | **1,167** | **1,236** | **1,282** | **100.0%** | **100.0%** | **100.0%** |

Source: Encompass Health Rehabilitation Hospital of Western Massachusetts Internal Data.

*The Hospital’s Patients by Medical Condition*

As detailed below, and consistent with its practices throughout the state and nationally, Encompass Western Mass treats patients with a wide array of medical conditions who benefit from its advanced technologies, innovative therapies, customized treatment plans, coordinated care teams, and specially-designed facilities.

**Table 10 – Encompass Health Rehabilitation Hospital of Western Massachusetts  
Admission by Patient Medical Service/Condition, CY20 – CY22**

| **Patient Medical Service/Condition** | **CY20** | **CY21** | **CY22** | **CY20 % of Total** | **CY21 % of Total** | **CY22 % of Total** |
| --- | --- | --- | --- | --- | --- | --- |
| Stroke Program | 235 | 216 | 232 | 20.1% | 17.5% | 18.1% |
| Other Conditions | 110 | 133 | 203 | 9.4% | 10.8% | 15.8% |
| Orthopedic - Other | 113 | 124 | 121 | 9.7% | 10.0% | 9.4% |
| Orthopedic - Hip | 120 | 107 | 121 | 10.3% | 8.7% | 9.4% |
| Multiple Tr No Brain/Scan | 96 | 83 | 121 | 8.2% | 6.7% | 9.4% |
| Neurological Cond. | 214 | 275 | 105 | 18.3% | 22.2% | 8.2% |
| Brain Injury-Non Traumatic | 57 | 65 | 72 | 4.9% | 5.3% | 5.6% |
| Cardiac Program | 34 | 37 | 68 | 2.9% | 3.0% | 5.3% |
| Orthopedic - Joint | 41 | 50 | 45 | 3.5% | 4.0% | 3.5% |
| Brain Injury-Trauma | 41 | 31 | 43 | 3.5% | 2.5% | 3.4% |
| Multiple Tr w/ Brain/SCT | 23 | 25 | 27 | 2.0% | 2.0% | 2.1% |
| Spinal Cord Non Tram | 25 | 31 | 24 | 2.1% | 2.5% | 1.9% |
| Amputee-Lower Ext. | 27 | 17 | 23 | 2.3% | 1.4% | 1.8% |
| Pulmonary Condition | 12 | 11 | 23 | 1.0% | 0.9% | 1.8% |
| All Other[[23]](#footnote-24) | 19 | 31 | 54 | 1.6% | 2.5% | 4.2% |
| **Total** | **1,167** | **1,236** | **1,282** | **100.0%** | **100.0%** | **100.0%** |

Source: Encompass Health Rehabilitation Hospital of Western Massachusetts Internal Data.  
Note: Data sorted by highest to lowest based on CY22 admissions.

The Proposed Project will not affect the Hospital’s distribution of medical conditions; rather, the project will ensure that additional patients in need of comprehensive inpatient rehabilitation services can receive that intensive level of care in a timely manner and close to home.

*The Hospital’s Payor Mix*

As noted previously, the vast majority of patients at Encompass IRFs are ages 65 and older; thus, it follows that the vast majority of admissions are for patients enrolled in traditional Medicare (*i.e.*, FFS) or Medicare Advantage. Patients with Medicare coverage (combined traditional FFS and Medicare Advantage) comprise approximately 80% of Hospital admissions annually. Patients enrolled in Medicaid represented approximately 7% of admissions in 2022, while patients with some type of commercial insurance (including workers compensation) comprised approximately 11% that same year. A small portion of the Applicant’s patients are self-pay.

**Table 11 – Encompass Health Rehabilitation Hospital of Western Massachusetts  
Payor Mix by Admission, CY20 – CY22**

| **Payor Mix** | **CY20** | **CY21** | **CY22** | **CY20 % of Total** | **CY21 % of Total** | **CY22**  **% of Total** |
| --- | --- | --- | --- | --- | --- | --- |
| Medicare | 811 | 866 | 876 | 69.5% | 70.1% | 68.3% |
| Medicare Advantage | 117 | 148 | 132 | 10.0% | 12.0% | 10.3% |
| HMO/PPO | 73 | 64 | 98 | 6.3% | 5.2% | 7.6% |
| Medicaid | 71 | 61 | 89 | 6.1% | 4.9% | 6.9% |
| Other[[24]](#footnote-25) | 39 | 54 | 48 | 3.34% | 4.37% | 3.74% |
| Blue Cross[[25]](#footnote-26) | 56 | 43 | 39 | 4.8% | 3.5% | 3.0% |
| **Total** | **1,167** | **1,236** | **1,282** | **100.0%** | **100.0%** | **100.0%** |

Source: Encompass Health Rehabilitation Hospital of Western Massachusetts Internal Data.

Note: Data sorted by highest to lowest based on CY22 admissions.

The Proposed Project will not affect the Applicant’s payor mix.

**F1.a.ii**  **Need by Patient Panel:**

**Provide supporting data to demonstrate the need for the Proposed Project. Such data should demonstrate the disease burden, behavioral risk factors, acuity mix, health disparities, or other objective Patient Panel measures as noted in your response to Question F1.a.i that demonstrates the need that the Proposed Project is attempting to address. If an inequity or disparity is not identified as relating to the Proposed Project, provide information justifying the need. In your description of Need, consider the principles underlying Public Health Value (see instructions) and ensure that Need is addressed in that context as well.**

The addition of 17 beds at the Applicant’s highly-utilized Hospital in Western Massachusetts will increase the accessibility and availability of comprehensive intensive inpatient rehabilitation services for patients with a wide array of medical conditions. The Hospital has been operating at capacity and the service area requires access to additional post-acute beds. With the addition of private rooms, the Proposed Project will ensure that patients in need of comprehensive intensive inpatient rehabilitation services at the Hospital can receive that care in a timely manner and without delay in admission. This is further supported by the large and increasing population ages 65 and over in Western Massachusetts, which comprises the vast majority of inpatient rehabilitation patients. Finally, patients and families, including the elderly, will continue to receive care close to their home and their home medical community.

1. **The Hospital Operates at a High Occupancy Rate.**

Patients in need of comprehensive inpatient rehabilitation services in Western Massachusetts rely on Encompass Western Mass to provide that level of care, as demonstrated by the Hospital’s increasingly high occupancy rate.

**Table 12 – Encompass Western Massachusetts’ Utilization is High and Increasing**

| **Utilization Statistic** | **CY17** | **CY18** | **CY19** | **CY20** | **CY21** | **CY22** |
| --- | --- | --- | --- | --- | --- | --- |
| Patient Days | 17,274 | 17,287 | 17,788 | 17,574 | 18,161 | 18,327 |
| Discharges | 1,277 | 1,314 | 1,364 | 1,303 | 1,393 | 1,440 |
| Avg. Length of Stay | 13.5 | 13.2 | 13.0 | 13.5 | 13.0 | 12.7 |
| Licensed Beds | 53 | 53 | 53 | 53 | 53 | 53 |
| Average Daily Census | 47.3 | 47.4 | 48.7 | 48.0 | 49.8 | 50.2 |
| **Occupancy** | **89.3%** | **89.4%** | **92.0%** | **90.6%** | **93.9%** | **94.7%** |

Source: Medicare Cost Report data summarized and obtained through ahd.com.

As shown above, the Hospital is operating at virtual capacity, with 50.2 patients daily on average in its 53-bed facility, resulting in an average annual occupancy of 94.7% in CY22. The Hospital’s CY22 patient day volume of 18,327 is an increase of 6.1% over the Hospital’s CY17 volume of 17,274. Notably, both patient days and discharges have increased every year between 2017 and 2022, with the exception of a slight decrease in 2020 due to the impact of COVID-19. Even during that year, the Hospital was highly utilized, with an average annual occupancy of 90.6% in 2020.

The Hospital expects the need for its specialized and wide array of programs and services to continue to increase consistent with historical trends, as demonstrated below.

**Table 13 – Encompass Western Massachusetts’ Projected Utilization**

| **Utilization Statistic** | **CY25 (Year 1)** | **CY26 (Year 2)** | **CY27**  **(Year 3)** | **CY28**  **(Year 4)** | **CY29**  **(Year 5)** |
| --- | --- | --- | --- | --- | --- |
| Patient Days | 20,047 | 20,416 | 20,772 | 21,141 | 21,141 |
| Discharges | 1,575 | 1,604 | 1,632 | 1,661 | 1,661 |
| Avg. Length of Stay | 12.7 | 12.7 | 12.7 | 12.7 | 12.7 |
| Licensed Beds | 70 | 70 | 70 | 70 | 70 |
| Average Daily Census | 54.9 | 55.9 | 56.9 | 57.8 | 57.9 |
| Occupancy | 78.5% | 79.9% | 81.3% | 82.5% | 82.7% |

Note: Project Year 4 (CY28) occupancy rate is based on 366 days because 2028 is a leap year.

Without the Proposed Project, patients in need of intensive inpatient rehabilitative and restorative care would either be delayed in receiving that care, be forced to receive a lower level of care (such as at a skilled nursing facility or with home health services), need to seek care further from home, or forego needed rehabilitation services altogether. None of those options are optimal for patient care and outcomes.

1. **Patient Outcomes Improve with Care Close to Home.**

The largest proportion of the population that requires inpatient rehabilitation services are individuals ages 65 and over, as demonstrated by the Patient Panel for the Applicant and the Hospital, as well as by national data. As shown below, Hampden and Hampshire counties combined will be home to an estimated 131,811 senior residents in 2025, which is projected to increase to 153,877 by 2035. The 16.7% projected increase in the senior population between 2025 and 2035 is nearly nine times (*9x*) greater than the projected increase in the two counties’ total population during that same time period. Consequently, the senior population is projected to comprise a larger portion of the total population in 2035 (23.6%) than in 2025 (20.6%). Thus, the addition of 17 beds at Encompass Western Mass will ensure that the comprehensive inpatient rehabilitation needs of the large and increasing senior population can continue to be met in a timely manner and close to home.

**Table 14 – Population Ages 65 and Over**

| **County** | **2025** | **2030** | **2035** | **% Change, 2025-35** |
| --- | --- | --- | --- | --- |
| Hampden | 95,637 | 105,674 | 111,180 | 16.3% |
| Hampshire | 36,174 | 40,774 | 42,697 | 18.0% |
| **Total** | **131,811** | **146,448** | **153,877** | **16.7%** |
| **65+ as a Percent of Total Population** | **20.6%** | **22.6%** | **23.6%** | **N/A** |

Source: UMass Donahue Institute MassDOT Vintage 2018 Population Projections.

September 2018. (UMDI-DOT V2018)

The Proposed Project is also needed to ensure that Encompass Western Mass can continue to meet the needs of its patient population that is below age 65, which is a large and increasing population that further supports the need for the 17-bed addition.

**Table 15 – Total Population Projections by County**

| **County** | **2025** | **2030** | **2035** | **% Change, 2025-35** |
| --- | --- | --- | --- | --- |
| Hampden | 476,314 | 482,177 | 485,928 | 2.0% |
| Hampshire | 163,728 | 165,097 | 165,998 | 1.4% |
| **Total** | **640,042** | **647,274** | **651,926** | **1.9%** |

Source: UMass Donahue Institute MassDOT Vintage 2018 Population Projections.

September 2018. (UMDI-DOT V2018)

The ability for an IRF patient to receive care close to home is important because direct and active involvement by family and patient caregivers is a critical component of the patient’s nearly two-week intensive inpatient recovery and rehabilitation process. Absent a sufficient number of beds at Encompass Western Mass, patients will have to travel outside of their local community to receive care for the wide array of complex medical conditions treated at the Hospital, which would create hardship on all patients’ families and caregivers, including the senior population which comprises the vast majority of IRF patients.

The importance of consistent and active involvement by a patient’s family in his/her recovery process is illustrated by several design features and programs and services at the Hospital, including:

* Designing the private patient rooms with wheelchair accessible private bathrooms, and sufficient space bedside for caregivers and family members to interact and support the patient comfortably on a daily basis.
* Participation by family members in the interdisciplinary planning for the patient and in preparation for the patient’s return home, including:
* Working with the family prior to the patient’s discharge to provide training to help family members care for patients after discharge.
* Visiting the patient’s home prior to discharge to identify and then address any special needs (such as equipment) the patient will have upon returning home.
* Designing the Hospital’s existing Therapy Gym with specialized equipment and of sufficient size to ensure that patients and staff members have appropriate space to work with the patient to complete his/her daily rehabilitation, and to afford family members and caregivers the opportunity to attend the patient’s therapy sessions.
* Designing the Hospital’s facility to include multiple existing Dayroom Activity Areas that are used for socialization and rehabilitation of patients, including special activities involving family and/or community members.

The goal of a patient’s family participation is to ensure a safe discharge home for the patient by providing the patient and his/her family with the knowledge and skills to adjust their lifestyle to meet the patient’s functional and cognitive capabilities when the patient returns home from the IRF.

From a practical standpoint, that means that the patient’s family learns how to assist with transfers from wheelchair to bed, to car, to standing; prevent falls; provide wound care to the patient (which requires two people); understand and correctly control diabetic patient’s insulin levels; assist the patient with proper swallowing technique following a stroke to avoid choking; and assist with and ensure safe bathing, to name just a few of the many types of education provided to family members. Thus, the ability of family members to actively and consistently participate in an inpatient Rehabilitation Services patient’s rehabilitation and recovery process is critically important to the patient’s return to his/her highest level of functioning and independence. As the aging population in Western Massachusetts continues to grow, the proposed 17-bed addition will ensure that patients in need of IRF services can continue to receive that intensive level of care close to home.

1. **Western Massachusetts residents will benefit from additional post-acute care private rooms.**

Encompass Western Mass projects that its facility will continue to be highly utilized with 70 beds following the 17-bed addition. Thus, the Proposed Project will allow Encompass Western Mass to continue to ensure the timely admission of patients to its facility, which will in turn help facilitate the timely discharge of patients from general acute care hospitals.

Encompass Western Mass uniquely has all private rooms at its facility, which benefits patients and families in a multitude of ways, including for example the ability for the patient to be timely admitted to the Hospital without waiting on a bed limited by gender, medical condition, or age of current patients. Moreover, Encompass Western Mass, similar to all of the Applicant’s hospitals, admits patients in need of Rehabilitation Services 24 hours per day, 365 days a year. Finally, Encompass Health is a national rehabilitation provider with proven success contracting and working with a number of Medicare Advantage provider networks, including those in Massachusetts, to ensure that patients in need of IRF services receive that level of care in a timely manner.

Thus, the Proposed Project will help address the ongoing capacity challenges of the Massachusetts healthcare system, including the Western Massachusetts area hospitals, by increasing private post-acute care beds that will be available for patients in need of inpatient rehabilitation services. The Applicant employs dedicated liaisons at each of its hospitals, including Encompass Western Mass, who work directly with general acute care hospitals’ case managers, care coordinators, and physicians to ensure that patients in need of post-acute IRF services receive that physician-prescribed level of care in a timely manner so that patients have the best chance of recovery.

At the same time, the Proposed Project will benefit general acute care hospitals by providing an appropriate post-acute care discharge setting for their patients who are in need of, and will benefit from, intensive inpatient rehabilitative and restorative care. The Proposed Project will allow general acute care hospitals to discharge patients appropriate for Rehabilitation Services as soon as they are ready for discharge, rather than delaying discharge of the patient because there is no available bed.

Not only does the timely discharge of the patient from the general acute care hospital benefit the hospital at that time by freeing up the hospital’s limited resources (beds and staff, for example) to care for other patients in need of their general acute care services, but the general acute care hospital (and patient) will benefit in the mid- to long-term because the patient appropriately discharged to IRF rather than a lower level of rehab care (*e.g.*, skilled nursing facility or home health) is less likely to be readmitted and/or utilize the hospital’s emergency services in the future.

**F1.a.iii**  **Competition:**

**Provide evidence that the Proposed Project will compete on the basis of price, total medical expenses, provider costs, and other recognized measures of health care spending. When responding to this question, please consider Factor 4, Financial Feasibility and Reasonableness of Costs.**

The Applicant has a longstanding history of providing high-quality, cost-effective inpatient rehabilitation services. Following completion of the Proposed Project, the Applicant and the Hospital will continue to compete on the basis of price, total medical expenses, provider costs, quality outcomes and other recognized measures of health care spending, both in Western Massachusetts and in the Commonwealth as a whole. Notably, the Hospital’s prices will not increase due to the Proposed Project.

Moreover, Encompass Health’s programs and services are provided in a cost-effective manner, as shown below. Thus, the Hospital’s implementation and use of Encompass Health’s high quality, cost-effective programs and services similarly results in efficient and cost-effective care for residents of Western Massachusetts.

For example:[[26]](#footnote-27)

* Encompass Health’s average estimated total cost per discharge across all of its facilities in FY21 was $14,417 compared to the higher total cost per discharge for non-Encompass freestanding hospitals of $18,610 and for hospital-based units of $22,450 during that same time period.
* Encompass Health’s average estimated total payment per discharge across all of its facilities in FY21 was $20,944 compared to the higher total payment per discharge for non-Encompass freestanding hospitals of $22,569 and for hospital-based units of $23,801 during that same time period.
* Thus, Medicare pays Encompass Health less per discharge, on average, and Encompass Health treats a comparable acuity patient.

Encompass Health, and its hospitals such as Encompass Western Mass, differentiates itself by utilizing “best practices” clinical protocols, supply chain efficiencies, sophisticated management information systems, and economies of scale.

Finally, the Proposed Project will ensure that patients seeking access to needed IRF services at the Hospital can continue to receive admission to the facility in a timely manner. The addition of private rooms will allow the Hospital to admit more patients, which will result in an overall reduction in health care costs because more beds will be available to patients awaiting discharge from higher cost, general acute care hospitals.

**F1.b.i**  **Public Health Value /Evidence-Based:**

**Provide information on the evidence-base for the Proposed Project. That is, how does the Proposed Project address the Need that Applicant has identified.**

The Proposed Project cost-effectively addresses the Patient Panel’s need for additional intensive physical rehabilitation beds through renovation and build-out of existing vacant space at a high-quality IRF provider in Western Massachusetts.

Inpatient rehabilitation services are typically provided in an IRF or in a skilled nursing facility (“SNF”). There are a number of differences in the scope of services that must be provided in each setting, with inpatient rehab in a SNF being considered less intensive post-acute care services. The following table illustrates these differences based on what Medicare requires for inpatient rehab to be provided in each setting.

**Table 16 – Medicare Requirements for IRF Compared to SNF Rehabilitation Patients**

| **Required by Medicare** | **Inpatient Rehab Hospital** | **Nursing Home** |
| --- | --- | --- |
| Minimum Stay at an Acute Care Hospital | None | 3 days |
| Physician Visits | Minimum 3 times per week | Minimum 1x/month  or every 30 days |
| Rehabilitation Program | Minimum 3 hours per day,  5 days a week  or 15 hours over 7 days | Not required |
| Multi-Disciplinary Team Approach/Coordinated Program of Care | Required | Not required |
| MD or DO Rehabilitation Director | Required | No required |
| RN Oversight and Availability | 24 hours per day | Minimum 8 consecutive hours per day |
| Nursing Training and Expertise | Rehabilitation Specialty Expertise | None |
| Discharge to Community  (Industry Current National Avg.) [[27]](#footnote-28) | 66.21% | 52.7% |

Source: CMS regulations, MedPAC March 2019 Report to Congress.

As shown, two significant differences are the much higher number of therapy hours per day that a patient receives in the IRF setting compared to a SNF and the involvement and direction of a physician leading the multidisciplinary team. The national average discharge rates further demonstrate significant differences between the two settings, with rehab hospitals returning a significantly higher percentage of patients to the community compared to nursing homes.

The differences between the comprehensive IRF setting and the nursing home setting are also documented by a 2014 study which found that “when patients are matched on demographic and clinical characteristics, rehabilitation in IRFs leads to lower mortality, fewer readmissions and ER visits, and more days at home (not in a hospital, IRF, SNF or LTCH) than rehabilitation in SNFs for the same condition. This suggests that the care delivered is not the same between IRFs and SNFs. Therefore, different post-acute care settings affect patient outcomes.”[[28]](#footnote-29)

A number of other highly-regarded studies have also demonstrated that not only do a variety of patients receive significant benefit from intensive medical rehabilitation services after a general acute care stay, but that comparatively intensive medical rehabilitation services provided in a comprehensive IRF are superior to the care provided in other post-acute care settings, as summarized below.

The *American Heart Association/American Stroke Association’s 2016 Guideline for Adult Stroke Rehabilitation and Recovery* makes it clear that patients who have suffered from a stroke have the best chance to achieve their full potential if they receive sustained and coordinated rehabilitation care. Notably, the research also recognizes that though inpatient rehabilitation services may in the short term be more costly than other post-acute services, the positive clinical results of CIPR services such as reduced downstream medical morbidity and additional costs associated therewith must be considered. These guidelines have been endorsed by the American Academy of Physical Medicine and Rehabilitation and the American Society of Neurorehabilitation. Excerpts from the study follow.

***“Results****:* Stroke rehabilitation requires a sustained and coordinated effort from a large team, including the patient and his or her goals, family and friends, other caregivers (eg, personal care attendants), physicians, nurses, physical and occupational therapists, speech-language pathologists, recreation therapists, psychologists, nutritionists, social workers, and others. Communication and coordination among these team members are paramount in maximizing the effectiveness and efficiency of rehabilitation and underlie this entire guideline. Without communication and coordination, isolated efforts to rehabilitate the stroke survivor are unlikely to achieve their full potential.

***Conclusions***: As systems of care evolve in response to healthcare reform efforts, postacute care and rehabilitation are often considered a costly area of care to be trimmed but without recognition of their clinical impact and ability to reduce the risk of downstream medical morbidity resulting from immobility, depression, loss of autonomy, and reduced functional independence. The provision of comprehensive rehabilitation programs with adequate resources, dose, and duration is an essential aspect of stroke care and should be a priority in these redesign efforts.” (Stroke. 2016;47:e98-e169. DOI: 10.1161/STR.0000000000000098.)

Specific to Encompass, the importance of caring for stroke patients (among other patient types as well) is illustrated by Encompass’ national partnership with the American Heart Association/ American Stroke Association to increase patient independence after a stroke and reduce stroke mortality through community outreach and information campaigns. Encompass entered into this multi-year project to accelerate adoption of the AHA/ASA Stroke Rehabilitation Guidelines, increase patient awareness of post-stroke options, and provide practical support to patients and their families to improve recovery outcomes.

The benefits of rehabilitative care following injury was the focus of research by the University of Washington in conjunction with the State of Washington’s Department of Health. The research, titled “*Acute Rehabilitation after Trauma: Does it Really Matter?*”, demonstrated improved functional outcomes of injured patients following admission at designated trauma rehabilitation services in Washington as well as the positive impact inpatient rehabilitation services have on improving functional outcomes and limiting disabilities for trauma patients. The relevance of this research is that Encompass provides a wide array of services to patients, including those who have experienced severe trauma. Encompass’ wide array of services to patients in need of intensive inpatient rehab is distinctly different than SNF providers. Excerpts from the study follow.

“Trauma is the most common cause of significant functional impairment, disability, and mortality worldwide. According to the CDC, the annual work-lost cost in the United States for injured patients who survive to hospital discharge is an astonishing $150 billion. These injured patients are typically motivated and productive members of society who almost universally desire recovery of functional independence and return to community living and work. Helping them regain their functional independence has the potential to improve their quality of life considerably, and also decrease the socioeconomic impact of their injuries. The care of these injured patients does not end on discharge from the acute care hospital, and many of these patients require ongoing rehabilitation after discharge. This rehabilitation can occur in one of several settings, including an inpatient rehabilitation facility (IRF), skilled nursing facility (SNF), or in the outpatient setting.

Our data would suggest that post-discharge care at an IRF rather than a SNF has the potential to profoundly improve functional outcomes for acutely injured patients.

***Conclusions***: Acute trauma patients should be recognized as an underserved population that would benefit considerably from inpatient rehabilitation services after discharge from the hospital.” (J Am Coll Surg 2016;223:755e763. © 2016 by the American College of Surgeons. Published by Elsevier Inc. All rights reserved.)

An additional study, published on the Journal of the American Medical Association (“JAMA”) Network Open, compared functional status improvements of stroke patients receiving post-acute care at CIPRs (or IRFs) to SNFs. The findings were similar to the previously-cited AHA/ASA Guidelines: inpatient rehabilitation in IRFs for patients with stroke was associated with substantially improved physical mobility and self-care function compared with rehabilitation in SNFs. Excerpts from the study follow.

**“OBJECTIVE**: To compare functional outcomes in patients with stroke after postacute care in inpatient rehabilitation facilities (IRF) vs skilled nursing facilities (SNF).

***Findings***: This cohort study included 99,185 patients who received postacute care in inpatient rehabilitation or skilled nursing facilities after a stroke. Care in an inpatient rehabilitation facility was associated with greater improvement in mobility and self-care compared with care in a skilled nursing facility, and a significant difference in functional improvement remained after accounting for patient, clinical, and facility characteristics at admission.” (JAMA Network Open. 2019;2(12):e1916646. doi:10.1001/jamanetworkopen.2019.16646.)

The consistent findings in the above referenced research are that patients receiving post-acute care in a comprehensive and intensive IRF setting while recovering from an acute injury or stroke display higher levels of functionality and reduced disabilities than patients receiving services in other post-acute care environments, including SNFs.

While SNFs most definitely have an important role as a post-acute care provider, the inappropriate substitution of less intensive SNF rehab services for the more comprehensive, intensive inpatient rehabilitation and restorative care provided in an IRF when intensive inpatient rehab care is needed and a patient can participate in and benefit from same, is not one of them.

In addition to adding capacity for inpatient rehabilitation services in the IRF setting, the Proposed Project will provide that capacity in private rooms. Select research documenting the benefits of private rooms to patients, with key findings noted, include the following:

*Do Cost Savings From Reductions in Nosocomial Infections Justify Additional Costs of Single-Bed Rooms in Intensive Care Units? A Simulation Case Study*; Hessam Sadatsafavi, PhD, Bahar Niknejad, MD, Rana Zadeh, PhD, Mohsen Sadatsafavi, MD, PhD; Journal of Critical Care, 2015. <http://dx.doi.org/10.1016/j.jcrc.2015.10.010>

“Conclusions: This case study shows that although single-patient rooms are more costly to build and operate, they can result in substantial savings compared to open-bay rooms by avoiding costs associated with nosocomial infections.”

*Single-Patient Rooms for Safe Patient-Centered Hospitals;* Michael E. Detsky, MD, Edward Etchells, MD, MSc, JAMA, August 27, 2008*.*

The physician authors highlight the benefits of private rooms when it comes to safety, dignity, privacy and ensuring patient-centered care. The benefits of facility design in reinforcing patient safety, including the ability to clean and decontaminate a private room compared to the challenges associated with the same activities in a partially occupied semi-private room, are discussed.

*The Use of Single Patient Rooms versus Multiple Occupancy Rooms in Acute Care Environments*; Habib Chaudhury, PhD, Atiya Mahmood, PhD, Maria Valente of Simon Fraser University, Vancouver, BC, Canada, 2004.

This study’s comprehensive and extensive review of existing literature identifies a number of clinically beneficial outcomes associated with private rooms including enhanced infection control, the ability to isolate patients who are contagious or may be a high-risk for infection. The study also highlights improved communication between patients, family members and providers, which is critical in the inpatient rehabilitation setting where family members actively participate in the patient’s recovery, rehabilitation, and discharge planning.

This study also identifies other beneficial characteristics of private patient rooms that enhance the patient healing environment. These characteristics include increased patient privacy, noise reduction, fewer sleep disturbances, and an overall increase in patient satisfaction. In sum, the study showed that a patient’s sense of control of their environment in a private room results in a significant reduction in overall stress during their stay.

*The Role of the Physical Environment in the Hospital of the 21st Century: A Once-in-a-Lifetime Opportunity*; Roger Ulrich of Texas A&M University and Craig Zimring of the Georgia Institute of Technology and reported to The Center for Health Design; September 2004.

“To summarize briefly, there is a convincing pattern of evidence across many studies indicating that single-bed rooms lower nosocomial infection rates. Singles appear to limit person-to-person and person-surface-person spread of infection in part because they are far easier to decontaminate thoroughly than multibed rooms after patients are discharged. Also, single rooms with a conveniently located sink or alcohol-gel dispenser in each room may heighten hand washing compliance compared to multibed rooms with few sinks. Finally, single rooms are clearly superior to multi-bed rooms with respect to reducing airborne transmission of pathogens.”

Thus, as demonstrated, the Proposed Project will address the need for additional inpatient rehabilitation services and do so with the provision of private rooms that have evidence-based benefits to patients.

**F.1.b.ii**  **Public Health Value /Outcome-Oriented:**

**Describe the impact of the Proposed Project and how the Applicant will assess such impact. Provide projections demonstrating how the Proposed Project will improve health outcomes, quality of life, or health equity. Only measures that can be tracked and reported over time should be utilized.**

The Applicant provides high quality care, as demonstrated by the following publicly-available data reported by the Centers for Medicare & Medicaid Services (“CMS”). Each of these measures can be viewed and trended online, enhancing the transparency of the Applicant’s and the Hospital’s current performance and, following implementation, the impact of the Proposed Project on the Applicant’s and Hospital’s ability to continue to deliver high-quality services to its patients.

As shown, the Applicant’s reported quality metrics are most often better than the national average, evidencing the high-quality care provided by Encompass and its Massachusetts hospitals. These measures[[29]](#footnote-30) demonstrate that the quality of care provided at the Hospital result in improved health outcomes and quality of life.

The Proposed Project will ensure that Encompass Western Mass has the ability to continue providing the same level of high quality care following implementation of the 17-bed expansion as it currently provides. Thus, the Hospital expects that its quality measures following project completion will remain the same or improve as Encompass continues to evaluate and enhance its best clinical practices and protocols and implements them at its hospitals, including Encompass Western Mass.

**Table 17 – Encompass Health Massachusetts Hospitals Provide Proven, High Quality Programs & Services**

| **Quality Measure** | **Encompass Health Rehab Hospital of Western Mass (Ludlow)** | **Encompass Health Rehab Hospital of New England (Woburn)** | **Encompass Health Braintree Hospital (Braintree)** | **National Average** |
| --- | --- | --- | --- | --- |
| ***Results of Care***  Change in patient’s ability to care for themselves *(higher is better)* | 13.5 | 13.2 | 12.9 | 13.2 |
| ***Results of Care***  Change in patient’s ability to move around *(higher is better)* | 35.6 | 35.4 | 35.1 | 31.9 |
| ***Effective Care***  Percentage of patients who are at or above an expected ability to care for themselves at discharge *(higher is better)* | 66.0% | 67.1% | 65.4% | 61.6% |
| ***Effective Care***  Percentage of patients who are at or above an expected ability to move around at discharge *(higher is better)* | 71.4% | 74.0% | 69.7% | 60.7% |
| ***Readmissions***  Rate of potentially preventable hospital readmissions 30 days after discharge from an IRF *(lower is better)* | 6.99% | 8.28% | 7.06% | 6.76% |
| ***Readmissions***  Rate of potentially preventable hospital readmission during the IRF stay *(lower is better)* | 3.22% | 3.96% | 5.25% | 4.24% |
| ***Successful return to home or community***  Rate of successful return to home or community from an IRF *(higher is better)* | 73.47% | 68.60% | 65.85% | 66.21% |

Source: [CMS Medicare Compare Website](https://www.medicare.gov/care-compare/compare?providerType=InpatientRehabilitation&providerIds=223030,223026,223027&city=Ludlow&state=MA&zipcode=); data last updated March 30, 2023.

<https://www.medicare.gov/care-compare/compare?providerType=InpatientRehabilitation&providerIds=223030,223026,223027&city=Ludlow&state=MA&zipcode=>

Note: Results of Care and Effective Care data for time period 7/1/21-6/30/22. Readmissions and Successful Return to Home or Community data for time period 7/1/19-12/31/19 and 7/1/20-6/30/21.

**F1.b.iii Public Health Value /Health Equity-Focused:**

**For Proposed Projects addressing health inequities identified within the Applicant's description of the Proposed Project's need ­base, please justify how the Proposed Project will reduce the health inequity, including the operational components (e.g. culturally competent staffing). For Proposed Projects not specifically addressing a health disparity or inequity, please provide information about specific actions the Applicant is and will take to ensure equal access to the health benefits created by the Proposed Project and how these actions will promote health equity.**

The Proposed Project will allow the Applicant to continue to meet the increasing need of its Patient Panel to access inpatient rehabilitation services in their own community. As discussed above, Encompass Western Mass is operating at virtual capacity, with an average occupancy rate of 94.7% in 2022, which limits access to care for members of the Patient Panel.

The Hospital, like all Encompass hospitals, does not discriminate on the basis of race, color, national origin, sex, age, or disability in the delivery of healthcare to its patients. Notably, Encompass Health operates in diverse communities across the nation and is committed to ensuring that inclusion and diversity are incorporated into day-to-day business practices at all levels within the organization and its affiliated hospital facilities, including at the Hospital. Encompass Health’s Inclusion and Diversity Program was established in 2008 to address both community and workplace needs.

Encompass Health embraces inclusion and diversity, and accordingly seeks to employ talented individuals across diverse backgrounds to ensure a realization of the guiding principle of a better way to care, and that Encompass Health continues to be a provider of choice in every community served. The Hospital operates consistent with the Encompass Health Way, in which diversity plays an integral role in how business is conducted. An open and inclusive environment enables the Applicant and all of its hospitals, including Encompass Western Mass, to learn and leverage differences to offer the maximum value to employees, patients, business partners, and the local communities in which our team members live and work. The workplace environment is one in which employees who may be of varying age, race, color, national origin, religions, sex (including pregnancy, sexual orientation, and transgender status), disability, genetic information, and backgrounds can contribute to the Hospital’s success.

Inclusion and diversity is inherent in the work at Encompass Health and of its Western Mass hospital, which is committed:

* To set the standard for diversity by being statistically diverse.
* To lead with empathy by increasing awareness and acknowledging the lived experiences and realities of each employee.
* To do what is right by providing equal compensation and equal opportunity for all.
* To focus on the positive by celebrating the differences and strengths employees bring.
* To be stronger together by creating a culture of belonging in the workplace.

The National CLAS Standards (the “Standards”) include 15 actions that advance health equity and eliminate healthcare disparities, leading to enhanced access to care for all members of the community and advances in health outcomes and quality. The Applicant and Encompass Western Mass focus their efforts to achieve these standards through the following actions as they relate to the broader goals of the Standards:

1) Provision of Quality Care that is Responsive to the Diversity of the Community

* Cultivating relationships with community organizations that can assist in improving the workforce and health needs of the diverse communities served.
* Developing a diversity calendar to promote monthly multicultural observances.

2) Governance, Leadership and Workforce

* Recognizing the importance of diversity and seeking to employ individuals of all backgrounds.
* Attracting, developing and retaining a uniquely talented workforce which fosters an open and inclusive work environment and is knowledgeable and responsive to the diverse communities of the patients served.
* Launching ‘Aware for Care’ campaign, including resources to develop and enhance culturally competent knowledge and skills among hospital staff.
* Creation of the quarterly Inclusion & Diversity Digest newsletter.
* Mandatory diversity awareness training for all employees annually and at time of hire.

3) Communication and Language Assistance

* Providing free language services to community members whose primary language is not English, such as qualified interpreters.
* Providing patient care information written in other languages.
* Implementation of technology to enhance communication.
* “Stratus” video language translation assistance system, which provides assistance in 18 languages.

4) Engagement, Continuous Improvement and Accountability

* Partnering with diverse organizations with shared common goals.
* Culturally competent patient care assessment includes as part of the Employee Engagement Survey.
* Publication of Diversity Annual Report.

A concrete example of the dynamic and goal-oriented approach to diversity and inclusions is the mandatory diversity training at time of hire and biannually for all Encompass Health employees. Consistent with this approach, the Hospital’s employees also complete mandatory diversity training at time of hire and annually. Two recent additions to the curriculum were “Unconscious Bias and You” and “Success Through Inclusion” training sessions. These and other programs ensure that the Applicant provides patients with culturally responsive care.

**F1.b.iv Provide additional information to demonstrate that the Proposed Project will result in improved health outcomes and quality of life of the Applicant's existing Patient Panel, while providing reasonable assurances of health equity.**

Intensive inpatient rehabilitative care provides a significant benefit to individuals recovering from an injury or illness. As patients are receiving three hours of therapy, five days a week from a team of speech, occupational and physical therapists, they are provided with the care that will enable them to participate in many of the activities in which they were engaged prior to the onset of their current health condition. Encompass Western Mass currently returns 73.47% of patients to a home or community setting, as reported on Medicare’s Care Compare site and further discussed above. The Hospital’s successful return to home and community rate exceeds the national average of 66.21%. The ability to return approximately two-thirds of all inpatient rehabilitation patients to a community setting highlights the beneficial nature of the care provided by Encompass Western Mass.

One of the many programs that Encompass utilizes to achieve its high rate of successfully returning patients to their home or community is its care management program that focuses on promoting effective communication and coordination across care settings to ensure a smooth transition from hospital to community and seamless integration of services. A focus of the care management program is engaging patients and their caregivers in the discharge planning process to help move from the hospital to the next level of care safely and effectively. All patients have a case manager assigned on admission to provide care coordination and social services while the patient is in the hospital. The case manager also initiates discharge planning and begins coordination of services with the service providers that will care for the patient post-discharge.

Encompass Health’s rehabilitation philosophy entails including the family and patient in goal setting and education to ensure the best possible outcome and discharge to the community with a lowered risk of readmission to the acute care hospital. Thus, during the patient’s hospital stay at any Encompass hospital, including Encompass Western Mass, the Encompass team spends a significant amount of time educating patients and caregivers by offering customized one-on-one education and training sessions and a wide range of written educational materials.

A rehabilitation physician leads weekly team meetings with the interdisciplinary clinical team assigned to the patient to discuss patients’ progress toward the discharge goals, and solutions to any barriers to discharge. Patients and caregivers are kept abreast of the patient’s progress by the case manager, and patient and family conferences are held with the physician and team when needed to discuss caregiver concerns and issues.

At the time of discharge, the case managers confirm that all necessary medical follow-up appointments are scheduled with the patient’s primary care physician and/or specialists and that the rehabilitation physician sends necessary medical information regarding the patient’s rehabilitation stay to the community physician who will follow the patient. If home health services are needed post-discharge, the case manager works with the home health agency to confirm that services are initiated as soon as possible. Relationships with community organizations and associations related to patients’ injuries and ongoing needs also ensure that discharged patients have the support systems in place as needed*.*

After the patient is discharged, the case manager follows up to assure the discharge arrangements are implemented as planned and to answer questions the patient or caregiver has regarding the discharge instructions. In summary, the care management program at Encompass ensures the continuum of care for the patient by coordinating the patient’s care, working with the patient and families regarding plans for discharge, educational needs, care planning with goal development, and serving as a liaison between the patient, family, treatment team, and community agencies and providers. This same program of care is in place at Encompass Western Mass, and as demonstrated by the Hospital’s quality indicators in general and its rate of returning patients to their home or community specifically, benefits Western Massachusetts patients and families.

**F1.c Provide evidence that the Proposed Project will operate efficiently and effectively by furthering and improving continuity and coordination of care for the Applicant's Patient Panel, including, how the Proposed Project will create or ensure appropriate linkages to patients’ primary care services.**

Encompass Health recognizes the importance of continuity and coordination of care, as demonstrated by the response above. In addition to its proven care management program, Encompass and its hospital’s open medical staff model ensures that community-based physicians are available to care for patients’ medical needs alongside the physiatrists or physical medicine and rehabilitation physicians attending to their physical rehabilitative needs. The Applicant and its hospitals works with community-based internal medicine physicians, hospitalists, and other specialties (*e.g.*, neurology) to ensure that inpatients have access to medical specialists as needed during their inpatient stay. The open medical staff model and direct communication between the Hospital and community-based physicians means that patients return to their primary and specialty care physicians upon discharge with no interruption or gap in care, thus improving the coordination of patient care.

The Applicant also utilizes technology to facilitate communications with community-based providers. Care collaboration is enabled through Encompass’ secure web-based portal, Encompass Health Connection, which allows physicians and clinical care teams to review patient diagnoses, orders, medications and overall progress.

The Proposed Project will allow the Hospital to continue to operate efficiently and effectively by providing continuity and coordination of care for the Applicant’s Patient Panel, while ensuring that the Hospital has sufficient available private rooms to admit patients in need of comprehensive inpatient intensive rehabilitation and recovery services in a timely manner.

**F1.d Provide evidence of consultation, both prior to and after the Filing Date, with all Government Agencies with relevant licensure, certification, or other regulatory oversight of the Applicant or the Proposed Project.**

A broad range of input is valuable in the planning of a project. Therefore, the Applicant carried out a diverse consultative process with individuals at various regulatory agencies regarding the Proposed Project.

The Applicant consulted with numerous individuals at multiple regulatory agencies regarding the Proposed Project. The following individuals and agencies were consulted with regard to the Proposed Project:

* Dennis Renaud, Director of Determination of Need Program, Massachusetts Department of Public Health;
* The Centers for Medicare & Medicaid Services; and
* MassHealth

**F1.e.i** **Process for Determining Need/Evidence of Community Engagement:**

**For assistance in responding to this portion of the Application, Applicant is encouraged to review *Community Engagement Standards for Community Health Planning Guideline.* With respect to the existing Patient Panel, please describe the process through which Applicant determined the need for the Proposed Project.**

In addition to relying on the data described throughout this application that demonstrates the need for the Proposed Project, the Applicant also sought to engage the community to elicit feedback from patients and families regarding the Proposed Project. The Proposed Project was presented to the Hospital’s Patient Family Advisory Council (“PFAC”) as well as to the broader community. The presentations reviewed the purpose of the Proposed Project and what it would mean for patients and the community.

**F1.e.ii Please provide evidence of sound Community Engagement and consultation throughout the development of the Proposed Project. A successful Applicant will, at a minimum, describe the process whereby the "Public Health Value" of the Proposed Project was considered, and will describe the Community Engagement process as it occurred and is occurring currently in, at least, the following contexts: Identification of Patient Panel Need; Design/selection of DoN Project in response to "Patient Panel" need; and Linking the Proposed Project to "Public Health Value".**

To ensure sound community engagement throughout the development of the Proposed Project, the Applicant took the following actions:

* PFAC Presentation on May 24, 2023 and Community Presentation on September 7, 2023. At the PFAC Presentation, five (5) PFAC staff and three (3) non-staff attended the presentation and were presented details of the Proposed Project and Determination of Need process. The same information will be discussed during the Community Presentation.

**Factor 2: Health Priorities**

**Addresses the impact of the Proposed Project on health more broadly (that is, beyond the Patient Panel) requiring that the Applicant demonstrate that the Proposed Project will meaningfully contribute to the Commonwealth's goals for cost containment, improved public health outcomes, and delivery system transformation.**

**F2.a. Cost Containment:**

**Using objective data, please describe, for each new or expanded service, how the Proposed Project will meaningfully contribute to the Commonwealth's goals for cost containment.**

The Proposed Project will ensure that patients seeking access to needed IRF services at the Hospital can continue to receive admission to the facility in a timely manner and receive care close to home. The addition of private rooms will allow the Hospital to admit more patients, which will result in an overall reduction in health care costs because more beds will be available to patients awaiting discharge from higher cost, general acute care hospitals. In this way, the Proposed Project will meaningfully contribute to the Commonwealth’s goals for cost containment.

Moreover, Encompass Health’s rehabilitation philosophy entails including the family and patient in goal setting and education to ensure the best possible outcome and discharge to the community with a lowered risk of readmission to the acute care hospital. To accomplish that goal, the Hospital’s care team spends a significant amount of time educating patients and caregivers by offering customized one-on-one education and training sessions and a wide range of written educational materials during the patient’s stay at the facility. The resulting lower readmissions of Encompass patients meaningfully contributes to cost containment.

Similarly, the lower cost of care at Encompass compared to other IRFs meaningfully contributes to the Commonwealth’s goal for cost containment. As noted previously in response to F1.a.iii, Encompass Health’s average estimated total cost per discharge across all of its facilities in FY21 was $14,417 compared to the higher total cost per discharge for non-Encompass freestanding hospitals of $18,610 and for hospital-based units of $22,450 during that same time period. Encompass Health’s average estimated total payment per discharge across all of its facilities in FY21 was $20,944 compared to the higher total payment per discharge for non-Encompass freestanding hospitals of $22,569 and for hospital-based units of $23,801 during that same time period. Thus, Medicare pays Encompass Health less per discharge, on average, and Encompass Health treats a comparable acuity patient.

**F2.b. Public Health Outcomes:**

**Describe, as relevant, for each new or expanded service, how the Proposed Project will improve public health outcomes.**

The Proposed Project will benefit the members of the Patient Panel by enabling Western Massachusetts residents to maintain a higher quality of life and greater independence following injury or illness. While all residents in need of inpatient rehabilitation services will benefit from the Proposed Project, patients ages 65 years and older will particularly benefit because this population generally experiences more health-related issues, including cardiac, pulmonary, orthopedic and neurological disorders and reduced functionality, as compared to younger populations. As the population experiences these conditions, residents may lose independence and become socially isolated and unable to accomplish important tasks such as grocery shopping or scheduling medical appointments. Improved access to inpatient rehabilitation care will enable residents to return to independence with greater functionality, thereby leading to improved health outcomes for the Western Massachusetts community.

**F2.c. Delivery System Transformation:**

**Because the integration of social services and community-based expertise is central to goal of delivery system transformation, discuss how the needs of their patient panel have been assessed and linkages to social services organizations have been created and how the social determinants of health have been incorporated into care planning.**

Encompass Western Mass patients have access to clinical social workers, who assess patient needs and work with patients and their families to implement appropriate services during the patient’s stay and as part of discharge planning. As noted previously, case management/social service workers provide a variety of services including coordinating with the physician to ensure the patient’s needs are met and involving the family and other caregivers in the patient’s rehabilitation. The Case Manager is also responsible for:

* + Working with the family prior to the patient’s discharge to provide training to help family members care for patients after discharge.
  + Visiting the patient’s home prior to discharge to identify and then address any special needs (such as equipment) the patient will have upon returning home.
  + Coordination and collaboration of services between the patient and community service providers who will be responsible for providing care to the patient post-discharge.

Specific to the social determinants of health, Encompass Western Mass’ case managers incorporate social determinants of health into the patients’ care planning by connecting patients to community resources and services that they need upon discharge, including those relating to the various social determinants of health (*e.g.*, access to transportation, food, mental health services).

**Factor 5: Relative Merit**

**F5.a.i Describe the process of analysis and the conclusion that the Proposed Project, on balance, is superior to alternative and substitute methods for meeting the existing Patient Panel needs as those have been identified by the Applicant pursuant to 105 CMR 100.210(A)(1). When conducting this evaluation and articulating the relative merit determination, Applicant shall take into account, at a minimum, the quality, efficiency, and capital and operating costs of the Proposed Project relative to potential alternatives or substitutes, including alternative evidence-based strategies and public health interventions.**

The Proposed Project, which includes the renovation of existing shell space at Encompass Western Mass to add 17 private rooms, is the most cost-effective way for the Applicant to ensure that patients in need of comprehensive IRF services receive that care close to home and in a timely manner. The other alternative explored was to continue to operate the Hospital with the existing number of beds. For the following reasons, the Proposed Project was determined to be the superior method of meeting the identified need for more inpatient rehabilitation capacity.

**Quality:** The addition of 17 beds at the Applicant’s highly-utilized Hospital in Western Massachusetts will increase the accessibility and availability of Encompass Western Mass’ high quality, comprehensive intensive inpatient rehabilitation services for patients with a wide array of medical conditions. The Hospital has been operating at capacity and the service area requires access to additional post-acute beds. With the addition of private rooms, the Proposed Project will ensure that patients in need of comprehensive intensive inpatient rehabilitation services at the Hospital can receive that care close to their home and their home medical community and in a timely manner and without delay in admission.

Absent the Proposed Project, Encompass Western Mass will continue operating at virtual capacity and will have no additional beds to care for the large and increasing population ages 65 and over in Western Massachusetts, which comprises the vast majority of inpatient rehabilitation patients.

**Efficiency:**  Encompass Western Mass has existing infrastructure, support services, and staff in place so that the renovation and build-out of shell space in its facility will require minimal incremental staffing and will utilize current infrastructure (*e.g.*, therapy gym, day rooms, dining services) and support services (*e.g.*, laboratory, pharmacy). Administrative staff are in place to support the Proposed Project. Minimal incremental staff will be required for the additional patients, and those staff members are directly related to the incremental patient volume, *e.g.*, nurses, therapists, and social workers. The Hospital’s volume is expected to continue increasing between now and completion of the Proposed Project, so that in Project Year 1 (2025), only 9.8 additional FTEs will be added above FTE levels expected to be employed in 2024.

Absent the Proposed Project, Encompass Western Mass will continue to utilize its existing infrastructure, support staff, and the vast majority of its staff members to care for relatively fewer patients than can be cared for following completion of the 17-bed addition. Thus, while the Hospital operates as efficiently as possible now, the efficiencies without the Proposed Project will be less than the efficiencies expected post-implementation.

**Capital Expense:** The capital expense is necessary to provide additional bed capacity at a highly-utilized facility in Western Massachusetts. The required capital expenditure is a cost-effective way to add needed IRF beds because the hospital has existing shell space that can be renovated, thus reducing the capital costs to add beds compared to new construction.

Absent the Proposed Project, Encompass Western Mass will continue operating at virtual capacity and will have no additional beds to care for the large and increasing population ages 65 and over in Western Massachusetts, which comprises the vast majority of inpatient rehabilitation patients.

**Operating Costs:** Incremental operating costs for staffing and supplies due to increased census will be offset by the revenue generated by the additional patients in the expanded 17-bed unit of the Hospital. Moreover, as an Encompass Health hospital, Encompass Western Mass is a cost-effective provider of inpatient rehabilitative care, as illustrated by lower Medicare payments to Encompass Health, on average, for patients with a comparable acuity at other IRF providers. Additionally, the Hospital is able to maintain a competitive cost structure through ‘best practice’ clinical protocols, supply chain efficiencies, sophisticated management information systems, and overall economies of scale. (*See* response to F.1.a.iii for details.)

Absent the Proposed Project, Encompass Western Mass will continue operating at virtual capacity and will have no additional beds to care for the large and increasing population ages 65 and over in Western Massachusetts, which comprises the vast majority of inpatient rehabilitation patients.

1. Encompass Health also has a majority ownership interest in New England Rehabilitation Services of Central Massachusetts, Inc., d/b/a Fairlawn Rehabilitation Hospital which is licensed to operate 110 beds in Worcester. New England Rehabilitation Services of Central Massachusetts, Inc., d/b/a Fairlawn Rehabilitation Hospital is jointly owned by Encompass Health Fairlawn Holdings, LLC and UMass Memorial Health Ventures, Inc. Encompass Health Fairlawn Holdings, LLC is a wholly owned subsidiary of Encompass Health Corporation. [↑](#footnote-ref-2)
2. Includes Out of State, Berkshire County, Dukes County, and Nantucket for patient confidentiality. [↑](#footnote-ref-3)
3. Combined “<18” with “18-34” for patient confidentiality. [↑](#footnote-ref-4)
4. Includes “Male” and “Self-identified Other” for patient confidentiality. [↑](#footnote-ref-5)
5. Combined “<18” with “18-34” for patient confidentiality. [↑](#footnote-ref-6)
6. Includes “Male” and “Self-identified Other” for patient confidentiality. [↑](#footnote-ref-7)
7. Combined “<18” with “18-34” for patient confidentiality. [↑](#footnote-ref-8)
8. Medicare Payment Advisory Commission (“MedPAC”) [*Report to the Congress: Medicare Payment Policy*](https://www.medpac.gov/document/march-2023-report-to-the-congress-medicare-payment-policy/) *(March 2023)* at page 259, available at <https://www.medpac.gov/document/march-2023-report-to-the-congress-medicare-payment-policy/> . [↑](#footnote-ref-9)
9. See [Encompass Healthcare Quarter 4 2020 Investor Handbook](https://investor.encompasshealth.com/investor-resources/investor-reference-book/default.aspx), available at <https://investor.encompasshealth.com/investor-resources/investor-reference-book/default.aspx> . [↑](#footnote-ref-10)
10. Please note that the Applicant utilizes a combined race/ethnicity field when recording patient demographics, therefore ethnicity is not captured as a distinct characteristic. [↑](#footnote-ref-11)
11. Includes “Black or African American” and “Black Hispanic” for patient confidentiality. [↑](#footnote-ref-12)
12. Includes “Biracial” and “Native American” for patient confidentiality. [↑](#footnote-ref-13)
13. Includes arthritis, ortho-osteoarthritis, pain management, burn program, and amputee-other for patient confidentiality. [↑](#footnote-ref-14)
14. Includes the following counties of origin for patient confidentiality: Berkshire, Barnstable, Middlesex, Norfolk, Suffolk, Bristol, Essex. [↑](#footnote-ref-15)
15. Includes patients ages <18 for patient confidentiality. [↑](#footnote-ref-16)
16. Encompass Western Massachusetts cared for patients ages 18 and older during this time period. [↑](#footnote-ref-17)
17. Encompass Western Massachusetts cared for patients ages 18 and older during this time period. [↑](#footnote-ref-18)
18. See [Encompass Healthcare Quarter 4 2020 Investor Handbook](https://investor.encompasshealth.com/investor-resources/investor-reference-book/default.aspx), available at <https://investor.encompasshealth.com/investor-resources/investor-reference-book/default.aspx> . [↑](#footnote-ref-19)
19. Please note that the Applicant utilizes a combined race/ethnicity field when recording patient demographics, therefore ethnicity is not captured as a distinct characteristic. [↑](#footnote-ref-20)
20. Includes “Biracial-Black” and “Black Hispanic” for patient confidentiality. [↑](#footnote-ref-21)
21. Includes “American Indian Hispanic” for patient confidentiality. [↑](#footnote-ref-22)
22. Includes “Hawaiian/Pacific Islander”, “Alaska Native” and “American Indian for patient confidentiality. [↑](#footnote-ref-23)
23. Includes Guillain-Barre, Ortho-Osteoarthritis, Spinal Cord Injury Traumatic, Arthritis, Pain Management, Amputee-Other, and Unknown for patient confidentiality. [↑](#footnote-ref-24)
24. Including self-pay and Workers Compensation for patient confidentiality. [↑](#footnote-ref-25)
25. Includes “Commercial” for patient confidentiality. [↑](#footnote-ref-26)
26. Source: Investor Reference Book, Post Q2 2020 Earnings Release Updated March 9, 2021, Encompass Health. [↑](#footnote-ref-27)
27. Source: CMS Medicare Compare Website; data last updated for IRFs March 30, 2023 and for SNFs April 26, 2023. Data for both types of facilities for same time period: 7/1/19-12/31/19 and 7/1/20-6/30/21. [↑](#footnote-ref-28)
28. Source: Joan E. DaVanzo, Ph.D., M.S.W., Al Dobson, Ph.D., Audrey El-Gamil, Justin W. Li, and Nikolay Manolov, Ph.D.; Assessment of Patient Outcomes of Rehabilitative Care Provided in Inpatient Rehabilitation Facilities and After Discharge; 2014. [↑](#footnote-ref-29)
29. The Medicare Compare Website summarizes the Inpatient Rehabilitation Facility (IRF) Quality Reporting Program (QRP) data to ensure quality health care for Medicare beneficiaries through accountability and public disclosure. The data are submitted by IRF providers for every Medicare Part A patient treated during the respective time period using Medicare FFS claims data and the IRF Patient Assessment Instrument (IRF-PAI) that IRF providers use to collect patient assessment data for quality measure calculation and payment determination in accordance with the IRF QRP. Each reported quality measure is calculated based on the Medicare FFS patients who meet the respective criteria divided by the total number of Medicare FFS patients served during that time period. The source data for the Results of Care and Effective Care quality indicators in the following table are the IRF-PAI. The source data for the Readmissions and Successful Return to Home or Community quality indicators are Medicare FFS claims data.

    [↑](#footnote-ref-30)