

## 2. Project Description

### The Applicant

Atrius Health, Inc. (the “Applicant” or “Atrius Health”) is a multi-specialty group practice serving adult and pediatric patients throughout eastern Massachusetts. The Applicant provides high-quality, patient-centered, coordinated, cost effective care; is a Health Policy Commission (“HPC”) Certified Accountable Care Organization (“HPC ACO”); and is a member of the Fallon-Health-Atrius Health Care Collaborative, a MassHealth Accountable Care Organization (“MassHealth ACO”). The Applicant works with its affiliate, Atrius MSO, LLC, which provides administrative support services to Atrius Health under an administrative services agreement.

### The Proposed Project

The Applicant submits this Application to establish a freestanding ambulatory surgery center (“ASC”) with six (6) operating rooms located at 153 Second Avenue, Waltham, Massachusetts, 02451 (the “Center” or the “Proposed Project”). The Center would be an affiliate of Atrius Health, an HPC ACO, and would be operated by Atrius Health Ambulatory Surgery Center, LLC<sup>1</sup> (“AHASC”) for which clinic licensure will be sought after approval of the Proposed Project. The Applicant will lease and renovate 22,000 gross square feet to open the Center that will specialize in providing outpatient surgical services, performed by Atrius Health surgeons, including ear, nose and throat (“ENT”), general surgery, obstetrics and gynecology (“OB/GYN”), orthopedics, and podiatry (collectively the “Surgical Services”). AHASC will collaborate with Surgical Care Associates, Inc. (“SCA”), a national leader in the operation and management of ASCs, to assist the Applicant with providing core operational services for the Proposed Project. The establishment of the Center will allow the Applicant to offer its value-based care model through the provision of high quality, low-cost surgical services to its Patient Panel. The Proposed Project will shift the provision of Surgical Services to the Applicant’s Patient Panel from hospital outpatient departments (“HOPDs”) and unaffiliated ASCs to the Center.

It is important to Applicant to begin providing the Surgical Services to its Patient Panel at the Center for a number of reasons. First, in 2023 78% of the Applicant’s Surgical Patients (defined below) are currently obtaining the Surgical Services in a hospital setting, with only 12% receiving Surgical Services in an ASC. See table 8. The high volume of Surgical Services done in the hospital is a reflection of the ASC capacity in the Commonwealth rather than of the need to care for a higher acuity, higher risk patient in a hospital setting. Due to the Commonwealth’s limited ASC capacity, Atrius Health surgeons are often unable to secure operating time at ASCs, and instead perform procedures in hospital settings or refer patients to specialists outside Atrius Health. Not

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<sup>1</sup> To be certified as a Medicare ambulatory surgery center, the Center must be operated by a legal entity that is not certified to participate in the Medicare program under any other provider category. See 42 CFR 416.2.

only will the Center increase ASC capacity but it will also lower the cost of care for the Patient Panel. In turn, this will contribute to the Commonwealth's cost containment goals. Second, moving patients' Surgical Services to an affiliated ASC will also allow Atrius Health to more effectively manage care in an integrated clinical setting. This will mean that the patient experience will be less fragmented with enhanced clinical quality, greater service efficiency and be more convenient and timely care at the Center, which in turn will have a positive impact on patient outcomes.

**F.1.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.**

**A. The Applicant's Patient Panel (the "Patient Panel")**

The Patient Panel was determined looking at all patients seen by Applicant for any type of care for the period January 1, 2020 through December 31, 2023 with 573,888 unique patients for CY 2023. See Table 1. The vast majority of these patients (88%) are Atrius Health primary care patients with the remaining patients (12%) receiving care from an Atrius Health specialist or ancillary, imaging, or other services. During CY 2020 through CY 2022, the Patient Panel had a slight decrease of 1.7% because of the ongoing impact of COVID-19 and reductions in primary care physicians. The Applicant however has seen the Patient Panel rebound from CY 2022 to CY 2023 with growth of 4.2%. See Table 1. This growth, in part, was from hiring physicians and assuming patients from the closure of Compass Medical. The Patient Panel covers a large service area, with patients residing in 450 zip codes in Massachusetts. The Patient Panel is primarily in Eastern Massachusetts, with 90% of patients residing in Middlesex, Norfolk, Suffolk, Plymouth, and Essex counties. See Table 2. The Patient Panel is a predominately white population (self-identified), with slight year over year growth in populations of color. A significant portion of the Patient Panel is insured by commercial payers with 25.1% being covered by government payors (Medicare, MassHealth); however, 66% of the Patient Panel is covered by value- and risk-based arrangements with commercial and government payers ("APMs"). The Patient Panel data is set forth in Table 1.

The Patient Panel covers all ages with approximately 60% of individuals under the age of 50 and 40% over the age of 50, as illustrated in Table 3. The number of patients over age 50 is growing at a rate that exceeds that of the population under age 50. From 2020 through December 2023,

the number of patients over the age of 50 grew by 9,463 or 4.3%, while the population under the age of 50 grew by just 3,727, or 1.1%.

**B. The Patient Panel for the Proposed Project – Surgical Services (the “Surgical Patients”)**

To determine the need for the Proposed Project, the Applicant looked at the unique patients that received the Surgical Services for the period January 1, 2020 through December 31, 2023. Based on the Applicant’s claims data, the Applicant is only able to provide data for the Surgical Patients under its risk contracts for whom the Applicant receives paid claims information from payers. As illustrated in Table 4, for the period January 1, 2020 through December 31, 2023, the Surgical Patients grew from 12,573 to 15,396 (22%). This growth is projected to continue in CY 2024 and into the future. The Surgical Patients, like the Patient Panel, reside throughout Eastern Massachusetts in 212 zip codes. See Table 5. The Applicant estimates<sup>2</sup> that approximately 80% of the Surgical Patients within Massachusetts reside within convenient access to the Proposed Project. Like the Patient Panel, the Surgical Patients are a predominately white population (self-identified), with slight year over year growth in populations of color. A significant portion of the Surgical Patients are insured by commercial payers, with 43.3% insured by government payors (Medicare, MassHealth). Even though only 16.8% of the Patient Panel is insured by Medicare, 33.4% of the Surgical Patients are Medicare beneficiaries. This is because a large percentage of the Surgical Services are received by older individuals. The patient panel data for the Surgical Patients is set forth on Table 4.

As noted above, the Surgical Services are being obtained by older individuals. For example, 37.6% of the Surgical Patients are under the age of 50 and 62.4% are over the age of 50, as illustrated in Table 6. From CY 2020 through CY 2023, the number of Surgical Patients over the age of 50 grew by 1,651 (21%), as compared to the number of Surgical Patients under the age of 50, which grew by just 1,172 (25%).

The Applicant has identified that the number of their surgical cases related to the Surgical Services specialties have steadily grown since the market-wide reductions resulting from the COVID-19 pandemic in 2020. Case volumes have rebounded and stabilized with gradual growth since the depression in cases in CY2020 due to the COVID-19 Public Health Emergency. Case volumes have grown 22% from CY 2020 to CY 2023. Based on the current surgical cases in the first quarter of 2024, the Applicant expects continued gradual growth in future years. See Table 7.

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<sup>2</sup> The Applicant assumes that its entire Patient Panel except for those residing the Bristol and Plymouth County, Central, and Western Massachusetts could utilize the Proposed Project. The Applicant excluded those counties because the drive time and historical trends of patents in these counties remaining on the South Shore for their care.

### **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.**

In considering the Proposed Project, the Applicant determined that its Patient Panel would benefit from access to an ASC that provides the proposed Surgical Services. This determination was based on the proposed expansion of Surgical Services for the Patient Panel that are feasible in an ambulatory setting, an evaluation of the Patient Panel's historical and projected demand for the Surgical Services, as well as Atrius Health's mission of "Improving Care to Transform Lives" by providing value-based care to its Patient Panel. Atrius Health strives to ensure that its patients receive the right care, at the right place, at the right time under a risk-based reimbursement model, and has structured its care model across payers and products to provide high quality, cost effective care to the Applicant's patients while avoiding unnecessary or low-value care<sup>3</sup>.

#### **A. Determining Need for Surgical Services Due to Volume**

As noted above, the growth in the number of Surgical Patients has exceeded overall growth in the Patient Panel during the CY 2020 – 2023 period. The Applicant has also observed a growth in the population over 50, which accounts for 62.4% of surgical patients. The Applicant projects that its volume of Surgical Services at the Center will increase year-over-year. The Applicant estimates that the projected case volume for the Proposed Project will gradually increase over the first five years to 6,615 cases in the fifth year of operations. See Table 9. The projected case volume assumes a gradual ramp up of cases during the first couple of years as Surgical Services shift from their current site of service to the Proposed Project, as well as a modest 2% organic growth due to the growing population as described below and advances in medical technology that will allow more procedures to be safely performed in an outpatient setting. Based on the projected case volume, the Applicant has determined that by year three of the Proposed Project, the case volume should be able to support and maintain six (6) operating rooms.

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<sup>3</sup> 2021 Annual Health Care Cost Trends Report Chartpack 59, HPC (Sep. 2021) (<https://www.mass.gov/doc/2021-cost-trends-report-chartpack/download>); <sup>3</sup> 2022 Health Care Cost Trends Report and Policy Recommendations 69, HPC (Sep. 2022) (<https://www.mass.gov/doc/2022-cost-trends-report-chartpack/download>).

## B. Need for the Surgical Services for an Aging Population

The lack of capacity to provide the Surgical Services is a challenge both for Atrius Health and the Commonwealth as demand for these services is projected to grow. As noted above, the majority of the Surgical Services are currently ordered for the Atrius Health patients who are 50 years and older. See Table 6. Looking at statewide population projections over the next 15-20 years, the largest part of the Commonwealth's population growth will be attributed to residents within the 50+ cohort.<sup>4</sup> Additionally, the University of Massachusetts Donahue Institute's *Long-Term Population Projects for Massachusetts Regions and Municipalities*, projects the number of residents ages 65 or older that reside in Atrius Health's Primary Service Area<sup>5</sup> is anticipated to increase 29% from 2020 to 2030. This is consistent with national trends, which indicate that adults aged 55 plus have experienced the greatest increase in surgical procedures in ASCs since 1990.<sup>6</sup> Thus, as the Commonwealth's population ages, demand for outpatient surgeries will grow, as it is this older age group that will most need the types of surgeries performed at the ASC. The Proposed Project will allow the Applicant to address the needs of its aging Patient Panel through improved access to the Surgical Services.

## C. Determining Need for the Surgical Services Due to Capacity

As discussed above, the majority of the Surgical Patients are currently obtaining their Surgical Services in HOPDs and only a small percentage are getting care in an ASC.<sup>7</sup> See Table 8. This is consistent with the HPC's February 2024 report and June 2023 findings that access to ASCs is a challenge across the Commonwealth and that Massachusetts has the fourth lowest per capita number of ASCs as compared to other states.<sup>8</sup> One reason for this is that Massachusetts enacted

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<sup>4</sup> ELIZABETH DUGAN, PhD, ET AL., HIGHLIGHTS FROM THE MASSACHUSETTS HEALTHY AGING DATA REPORT: COMMUNITY PROFILES 2014 (2014) (available at <https://www.mass.gov/files/documents/2016/07/wb/healthy-aging-data-report.pdf>).

<sup>5</sup> Essex, Middlesex, Norfolk, Plymouth, and Suffolk Counties

<sup>6</sup> Margaret J Hall, et al., *Ambulatory surgery data from hospitals and ambulatory surgery centers: United States, 2010* 9, Nat Health Stat Rep 2017;102:1-15 (Feb. 28, 2017) (available at <https://pubmed.ncbi.nlm.nih.gov/28256998/>).

<sup>7</sup> For example, there are four (4) ASCs in Waltham. They each specialize in limited Surgical Services. Two provide ophthalmology services, one provides fertility services, and the fourth one provide orthopedics and podiatry services.

<sup>8</sup> HPC DataPoints, Issue 26: Trends in Ambulatory Surgical Centers in Massachusetts, MASS. HEALTH POLICY COMM. (Hereafter "HPC") (Feb. 15, 2024) (<https://www.mass.gov/info-details/hpc-datapoints-issue-26>) (updating the June 2023 findings that Massachusetts has the six fewest ASCs per capita among all states), and HPC Board Meeting 27, HPC (June 07, 2023) (<https://www.mass.gov/doc/presentation-board-meeting-june-7-2023/download>).

a moratorium on new ASCs from 1971 to 2017.<sup>9</sup> In turn, the lack of ASCs has resulted in the Surgical Services mainly being provided in HOPDs.<sup>10</sup>

#### D. The Value of Integrating the ASC into Atrius Health

In addition to the cost savings achieved by the Proposed Project and discussed in F1.a.iii, the Proposed Project will provide patients with a more streamlined, less fragmented patient experience. In 2022, 56% of the Surgical Patients covered by risk products received care from surgeons outside of Atrius Health. This is more likely to result in a disjointed care experience because patients must navigate a different set of providers with whom they likely have a limited, time-bound relationship; coordinate the sharing of medical records between the outside provider and their Atrius Health team; experience repeat testing and diagnostics due to the lack of medical record integration; and ensure follow-up with their Atrius Health primary care provider. With the Proposed Project, there will be medical record integration, providing the patient's surgeon, primary care provider, and specialist timely access of the patient's medical records. One way this will be achieved is through the patient's Atrius Health electronic medical record ("EMR"). The Patient Panel's medical records, including health history, medications and test results will be immediately available to their surgical clinical team at the Center. Likewise, the care documented by the surgical team will be accessible by a patient's Atrius Health primary care provider and their other Atrius Health clinicians. This will mean that a patient's care team has access to the same clinical information, which will reduce the need for additional labs, testing, and other pre-surgical work often required before the surgical procedures could be performed at non-Atrius Health facilities. It will also allow the Atrius Health primary care provider and surgeon to efficiently track a patient's prognoses post-discharge from the Center. It will also ensure patients are comfortable in the knowledge that all of their care team members are communicating and well-coordinated.

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<sup>9</sup> *Supra*, note 8 HPC Board Meeting; *See also*, *Proposed Revisions of the Determination of Need Regulations 105 CMR 100.100*, MASS. DPH (Aug. 23, 2016) (available at <https://www.mintz.com/sites/default/files/viewpoints/orig/8/2016/08/Proposed-Revision-Presentation-8.23.16.pdf>) (DPH recognized that the moratorium contributed to the current market's imbalance among provider types and identified the need for controlled expansion of ASCs to improve hospital sustainability, while ensuring growth in low-cost settings without impacts to quality of care); *See also*, JAY YOUMANS, ET AL., FINAL PROPOSED REVISIONS OF 105 CMR 100.00: DETERMINATION OF NEED MEMORANDUM (Jan. 11, 2017) (available at <https://www.mintz.com/sites/default/files/viewpoints/orig/8/2017/01/DPH-Final-PHC-Memo-Determination-of-Need-105-CMR-100.000-FINAL-1-11-17.pdf>) (DPH modified the DoN Program to allow HPC ACOs to establish ASCs to incentivize the formation of value-driven and patient-centered care).

<sup>10</sup> *Supra*, note 8 HPC Board Meeting.

### **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.**

Consistent with the HPC's 2024 Report: Trends in ASCs in Massachusetts<sup>11</sup> and 2023 Cost Trends Report<sup>12</sup> and DPH's 2017 changes to the DoN Program<sup>13</sup>, the Proposed Project will compete based on price, total medical expense ("TME"), provider costs and other recognized measures of health care spending because it will provide a lower cost alternative to higher cost HOPDs for the same surgical procedures.<sup>14</sup>

The Applicant has a demonstrated commitment to the Commonwealth's cost containment goals. The HPC 2021 Annual Cost Trends Report found the Applicant was one of the lowest spending providers on low-value services<sup>15</sup> as compared to its peers.<sup>16,17</sup> In spring 2023, the HPC also reported that the Applicant was among three provider groups with the lowest unadjusted total medical spending per member per year from 2015-2021.<sup>18</sup> A foundational element of the Applicant's ability to control costs while ensuring high quality is the ability to offer a range of services within its own practices, minimizing the need to send patients to more expensive hospital-based or hospital-affiliated providers with higher reimbursement rates and patient cost

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<sup>11</sup> *Supra*, note 8 HPC DataPoints.

<sup>12</sup> *See*, 2023 Annual Health Care Cost Trends Report and Policy Recommendations 28, HPC (Sep. 2023) (<https://www.mass.gov/doc/2023-health-care-cost-trends-report/download>) (finding that most prices for most ambulatory services provided in HOPDs typically exceeded the Medicare-based benchmark, most care delivered in HOPDs can be safely provided in ASCs, and that payments for ASCs are typically lower than for hospitals for the same procedure).

<sup>13</sup> *See*, *supra* note 9 Youmans; *See also*, *supra* note 8 HPC DataPoints, at "Regulatory environment."

<sup>14</sup> THE MEDICARE PAYMENT ADVISORY COMMISSION, MARCH 2022 REPORT TO THE CONGRESS: MEDICARE PAYMENT POLICY, CHAPTER 5: AMBULATORY SURGICAL CENTER SERVICE 168 (Mar. 15, 2022) (available at <https://www.medpac.gov/document/march-2022-report-to-the-congress-medicare-payment-policy/>) ("evidence suggests that ASCs are a lower-cost setting than HOPDs. Studies that used data from the National Survey of Ambulatory Surgery found that the average length of time for ambulatory surgical visits for Medicare patients was 25 percent to 39 percent shorter in ASCs than in HOPDs, which likely contributes to lower costs in ASCs" (citing Hair et al. 2012, Munnich and Parente 2014)); *See also*, *supra*, note 8 HPC DataPoints; *See also*, *infra* note 16.

<sup>15</sup> *Id.* at 64 ("Low value care (LVC) in this section refers to medical services recognized by clinicians as not based on evidence and typically unnecessary for any patient, based on research compiled in the Choosing Wisely® recommendations"), and THE MEDICARE PAYMENT ADVISORY COMMISSION, MARCH 2021 REPORT TO THE CONGRESS: MEDICARE PAYMENT POLICY, CHAPTER 3 HOSPITAL INPATIENT AND OUTPATIENT SERVICES 55 (Mar. 15, 2021) (available at <https://www.medpac.gov/document/march-2021-report-to-the-congress-medicare-payment-policy/>).

<sup>16</sup> 2021 Annual Health Care Cost Trends Report Chartpack 59, HPC (Sep. 2021) (<https://www.mass.gov/doc/2021-cost-trends-report-chartpack/download>).

<sup>17</sup> 2022 Health Care Cost Trends Report and Policy Recommendations 69, HPC (Sep. 2022) (<https://www.mass.gov/doc/2022-cost-trends-report-chartpack/download>).

<sup>18</sup> *Supra*, note 8 Board Meeting at 56-57.

sharing, allowing patients to experience lower cost-sharing and avoid administrative inefficiencies associated with external referrals along with disruptions to care.

The Applicant's care delivery and business models are focused on improving health outcomes through cost-effective delivery of coordinated services. The Applicant's system of integrated primary, specialty and ancillary services enables the Applicant's providers to refer patients within the Applicant's network, as clinically appropriate and in accordance with patient preferences, ensuring highly coordinated care in the lowest cost setting possible. This care model forms the foundation for the Applicant's long and successful history of participating in value- and risk-based arrangements with commercial and government payers (referred to as alternative payment arrangements or "APMs"). As noted in Table 1, 66% of the Patient Panel participates in APMs, including the MassHealth ACO program, Medicare Shared Savings Program and Medicare Primary Care First. The Applicant has been a market leader in the Commonwealth in leveraging APMs to deliver efficiencies that result in overall costs savings while maintaining a high quality of care. Under most of these arrangements, the Applicant is fully accountable for all care and treatment rendered to its patients. Adding the Proposed Project to the Applicant's toolbox will ensure that it continues to drive value under the APMs and achieve cost savings that will flow back to payors, patients and the Commonwealth.

The Applicant projects that the Proposed Project will generate a significant savings from shifting the site of Surgical Services from HOPDs to the Center that will lower its TME. In aggregate, the Proposed Project is anticipated to reduce medical expenses, and by performing cases in a single facility, Atrius Health will gain operational efficiencies and patients will benefit from enhanced care coordination and practice efficiency. Based on the Proposed Project case volume projections in Table 9, by the second year of operations, the Applicant anticipates that 11% of the Surgical Services will shift from hospital inpatient setting, 68% of cases from a HOPD, and 20% from other ASCs to the Center. Looking at relative prices on Surgical Services claims data and the Proposed Project's anticipated volume, the Applicant has estimated cost savings in the second year of Proposed Project will be \$15.9 million annually, with the vast majority of savings (89% or \$14.1 million) coming from shifting cases from an HOPD to the Center. In the fourth year and beyond of the Proposed Project, these cost savings will continue. This cost savings will have a positive impact on patients, who will have reduced cost sharing for Surgical Services at the Center, and both governmental and commercial payors. In the long term, the Applicant hopes that the Proposed Project will contribute to the ability to maintain and/or lower insurance premiums and positively contribute to lowering the health cost benchmark for the Commonwealth.



### **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.**

In addition to reducing costs by shifting care from hospitals to ASCs, patient care and outcomes related to services delivered in an ASC have several advantages relative to services performed in a HOPD. Specifically, services performed in an ASC benefit from enhanced clinical quality on several factors, greater service efficiency, and greater patient convenience.

Evidence has shown that cases performed in an ASC have better quality outcomes. Surgeries performed in an ASC are generally shorter and patient recovery time is faster than cases performed in a hospital<sup>19</sup>. Infection rates for procedures performed in ASCs are significantly lower than that of hospital outpatient surgical departments, and morbidity and mortality following ASC procedures is favorable.<sup>20</sup> ASC patients are less likely to revisit the hospital within one-week of surgery compared with those treated in a HOPD.<sup>21</sup> Similarly, hospital readmission rates at the 30 and 90 day mark post-surgery are lower for ASC patients compared with patients treated in hospitals.<sup>22</sup>

In addition to better quality outcomes, ASCs offer greater clinical and operational efficiencies compared to HOPDs.<sup>23</sup> ASCs focus on performing a subset of surgical procedures in a limited number of medical specialties, and they are designed to provide care for specific categories of lower-acuity surgical cases. This results in a limited scope of care, and allows staff to organize their services to support this specialized practice, meaning that scheduling is more predictable and leads to greater efficiency and lower costs.<sup>24</sup> As a result, ASCs can achieve efficiencies such as improved scheduling and shorter wait times from their tighter focus on a specific range of procedures as compared to hospitals which are prone to delays resulting from emergencies or

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<sup>19</sup> *The Benefits of Outpatient Surgical Centers*, THE CENTERS FOR ADVANCED ORTHOPAEDICS (Jun. 15, 2017) (<https://www.cfaortho.com/media/news/2017/06/the-benefits-of-outpatient-surgical-centers>).

<sup>20</sup> Mark Warner, M.D., et al., *Major Morbidity and Mortality Within 1 Month of Ambulatory Surgery and Anesthesia*, JAMA. 1993;270(12):1437-1441 (Sep. 22, 1993) (<https://jamanetwork.com/journals/jama/article-abstract/408575>). *Major Morbidity and Mortality Within 1 Month of Ambulatory Surgery and Anesthesia | JAMA | JAMA Network*

<sup>21</sup> *Id.*

<sup>22</sup> Jeffrey Silber, et al., *The Safety of Performing Surgery at Ambulatory Surgery Centers Versus Hospital Outpatient Departments in Older Patients With or Without Multimorbidity*, 61 Med. Care 5 (May 17, 2023) (<https://www.ingentaconnect.com/content/wk/mcar/2023/00000061/00000005/art00010>).

<sup>23</sup> See, *supra* note 8 Board Meeting (ASCs provide comparable care to patients than an HOPD but at a lower price for patients, there is not a variation in quality as there is a variation in price.)

<sup>24</sup> David Pace, M.D., et al., *Ambulatory surgery centres: a potential solution to a chronic problem*, Can. J. of Surgery E111 – E113 (Mar. 07, 2023) (available at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9998099/>).

emergent inpatient surgeries.<sup>25,26,27, 28</sup> ASCs only accommodate routine, scheduled procedures, and are therefore not as affected by the schedule disruptions that can occur in a hospital setting. In contrast, hospital-based operating rooms also must be equipped to accommodate more complex cases.<sup>29</sup>

The development of minimally invasive procedures and advancements in the administration of anesthesia have contributed to increased migration of surgical procedures from inpatient to outpatient care.<sup>30</sup> Additionally, anticipated advances in medical technology and favorable regulatory treatment by third party payers will increase the number and types of cases that can be performed in an ASC. These enhanced quality and efficiencies of ASCs will result in a more positive surgical experience relative to surgeries performed in a hospital setting and provide increased patient convenience.

#### **F1.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 Proposed Project will improve timely access to surgical procedures in a low-cost setting for the Patient Panel. To assess the impact of the Proposed Project, the Applicant worked with SCA to develop the following quality metrics. All measures will be reported on an annual basis following the first year of the Proposed Project's implementation. The measures are discussed below:

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<sup>25</sup> See, CH Chiu, et al., *Cancellation of elective operations on the day of intended surgery in a Hong Kong hospital: point prevalence and reasons*, 18 Hong Kong Med. J. 5 (Feb 2012) (available at <https://www.hkmj.org/system/files/hkm1202p5.pdf>).

<sup>26</sup> See, Wei Xue, et al., *Dynamics of Elective Case Cancellation for Inpatient and Outpatient in an Academic Center*, 4 J Anesth. Clin. Res. 314 (May 13, 2013) (available at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3839960/>).

<sup>27</sup> See, Jedidiah Grisel, M.D., and Ellis Arjmand, M.D., *Comparing quality at an ambulatory surgery center and a hospital-based facility: Preliminary findings*, 141 Am. Acad. Of Otolaryngology – Head & Neck Surgery Found. 701 (Sep. 09, 2009) (available at [https://bcpsc.yitech.in/wp-content/uploads/2021/01/Grisel\\_2009.pdf](https://bcpsc.yitech.in/wp-content/uploads/2021/01/Grisel_2009.pdf)).

<sup>28</sup> *Minutes of the Health Policy Commission 3 – 7*, HPC (Jun. 07, 2023) (<https://www.mass.gov/doc/minutes-from-june-7-2023-board-meeting/download>) (there is a need for more ASCs to provide better access to hospital-based care without having to wait for openings at a hospital).

<sup>29</sup> Elizabeth Munnich and Stephen T. Parente, *Procedures Take Less Time At Ambulatory Surgery Centers, Keeping Costs Down And Ability To Meet Demand Up*, 33 Health Affairs 5 (May 2014) (available at <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2013.1281>).

<sup>30</sup> *Id.*

- 1. Clinical Quality – Surgical Site Infection Rate.** Surgical site infections can be a significant setback to a patient’s recovery. Effective surgical infection prevention encompasses systems and processes to reduce risk factors and optimize evidence-based processes of care.
  - a. *Measure:* The Applicant will review Outpatient Procedure Component Surgical Site Infection (OPC-SSI) Ratios, as defined by the CDC’s National Healthcare Safety Network (NHSN). OPC-SSI Ratios will be benchmarked against national data on an annual basis.
  - b. *Projections:* The Applicant will provide baseline measures and three years of projections one year following implementation of the Proposed Project.
- 2. Clinical Quality – On-Time Starts.** Ensuring that procedures start on-time is not only important to ensure that a provider is achieving efficiencies, but it also positively contributes to patient satisfaction and outcomes.
  - a. *Measure:* The Applicant will review its percent of On-Time Starts.
  - b. *Projections:* The Applicant will provide baseline measures and three years of projections one year following implementation of the Proposed Project.
- 3. Clinical Quality – Hospital Transfer Rate.**
  - a. *Measure:* The Applicant will review the number of hospital admission transfers per 1,000 ASC admissions, defined and reported by the ASC Quality Collaboration (ASCQC).
  - b. *Projections:* The Applicant will provide baseline measures and three years of projections one year following implementation of the Proposed Project.
- 4. Patient Satisfaction.** The Outpatient & Ambulatory Surgery Community Assessment of Healthcare Providers and Systems (OAS-CAHPS) survey is designed to measure the experience of care for patients who have visited Medicare-certified HOPDs or ASCs for surgery or procedures to inform quality improvement and comparative consumer information about the facility.
  - a. *Measure:* The Center will use the OAS-CAHPS survey to assess patient satisfaction with the Project. The survey will be provided to all eligible patients on an annual basis.
  - b. *Projections:* The Applicant will provide baseline measures and three years of projections one year following implementation of the Proposed Project.

### **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.**

Atrius Health is an HPC-certified ACO driven to improve the health and wellness of the population of the Commonwealth by providing high-quality, coordinated care for patients across Eastern Massachusetts. Atrius Health is committed to serving a diverse patient population and strives to address the needs of individuals who may be at particular risk for poor health as a result of social and other conditions. As further detailed throughout this proposal, the Proposed Project will increase access to high quality surgical services for all patients.

Atrius Health prides itself on delivering a model of care that is focused on the individual, regardless of payer source or ability to pay. Atrius Health accepts most insurance plans and works with patients who have difficulty paying for care under a financial assistance policy. Atrius Health has always participated in Medicaid (MassHealth) and currently participates as the ACO Partner in the MassHealth ACO plan, Fallon Health - Atrius Health Care Collaborative. Even prior to the launch of the MassHealth ACO program in 2018, Atrius Health was one of the few provider groups in the state in a full-risk arrangement for MassHealth. Atrius Health participates in Medicare alternative payment models, such as the Medicare Shared Savings Program and Primary Care First, the aims of which include improving access to, and coordinating care for Medicare beneficiaries.

Since the launch of the MassHealth ACO program in 2018, the Atrius Health's MassHealth population has almost doubled. Atrius Health has one of the highest rates of voluntary attribution amongst the other ACOs and saw a 40% growth in its MassHealth population during Public Health Emergency (PHE).<sup>31</sup> Although the lift of the PHE and reinstatement of the MassHealth redetermination process has led to 8% decrease in Atrius Health's MassHealth population<sup>32</sup>, it is a smaller decrease than what has been seen across the Commonwealth.<sup>33</sup>

Under the new MassHealth ACO model, Atrius Health has expanded and improved connection to health-related social need services, long-term services and supports, behavioral health services,

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<sup>31</sup> Atrius Health MassHealth Monthly Membership Roster, February 2028 - April 2023

<sup>32</sup> Atrius Health MassHealth Monthly Membership Roster, April 2023 - May 2024

<sup>33</sup> *MassHealth Redetermination Dashboard* (May 2024) <https://www.mass.gov/info-details/masshealth-redetermination-dashboard>

and care management services for the Atrius Health's MassHealth patient population. Atrius Health plans to continue to provide these services to meet the unique needs of the MassHealth population.

The Proposed Project will contribute to Atrius Health's efforts to improve access to care for underserved populations by making surgical services more accessible at a lower cost to its patients across Eastern Massachusetts. The HPC has shared findings from an analysis of the CHIA 2019 Massachusetts Health Insurance Survey, indicating that among Massachusetts commercially insured patients with lower incomes, 59.3% had trouble accessing care due to cost. The HPC has also found that lower-income residents disproportionately forgo needed care.<sup>34</sup> Reducing the cost of care, including for surgical needs, can be incredibly meaningful for families with significant cost-sharing as part of their health insurance plans. Because the Proposed Project will improve affordability for lower-income residents by offering surgical services at lower cost than hospital-based surgical services - which will reduce out-of-pocket expenses for patients with cost-sharing obligations for these services- it will help address inequities in access and cost of care.

Atrius Health respects and honors the cultural differences among its Patient Panel and staff. Atrius Health has a robust DEI (diversity, equity and inclusion) program, which provides training to staff on cultural and socioeconomic differences as part of an effort to help address any disparities and inequities in patient care. Atrius Health strives to hire and retain medical staff and leadership that is culturally diverse. The staff performing surgical services will provide respectful, compassionate, and empathetic care to all patients consistent with Atrius Health policy and its DEI program.

The Atrius Health Health Equity Steering Committee is charged with monitoring health disparities and establishing plans to reduce inequities, improving equitable access to services for all Atrius Health patients. The scope of the Health Equity Steering Committee is broad and includes surgical services, including those to be provided under the Proposed Project. As part of the health equity program enacted under the MassHealth ACO program, Atrius Health is focused on reducing health disparities through improving the IT infrastructure for race, ethnicity, disability, sexual orientation, and gender identify data collection and reporting; implementing clinical and non-clinical intervention to address health disparities among patients with disabilities, hypertension and/or diabetes; and establishing organizational health equity awareness and structures through diversity, equity, and inclusion training such as implicit bias and LGBTQ+ competency trainings. In addition, Atrius Health is actively partnering with other health plans to

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<sup>34</sup> 2021 Annual Health Care Cost Trends Report, HPC (Sep. 2021) (<https://www.mass.gov/doc/2021-health-care-cost-trends-report/download>).

explore incorporating accountability in reducing health disparities into quality and value-based arrangements.

Atrius Health provides interpreter services for 240 spoken languages for patients in their preferred language as well as American Sign Language. This service is offered through the Atrius Health Interpretive Services Departments and offers free telephonic, video, or in-person interpreter services through a third-party vendor. The telephonic or video interpreter services are available at all Atrius Health sites. Also, Atrius Health currently provides on-site in-person interpretation for diagnostic imaging, cardiac testing, and in the endoscopy department. These services are coordinated by Atrius Health staff and will be made available for the Proposed Project.

Atrius Health has instituted Social Needs Screening protocols across its primary care practice. One important benefit of the Center will be that the results of social needs screening – and all other medical history and information – will be immediately available to clinical staff at the Center and automatically part of the care planning process via an integrated medical record. This means that patient social care needs can be seamlessly incorporated into care plan development. Atrius Health employs a robust Social Work program. These staff are available to help with care planning when patients have social care needs and will be available to help with patient care needs at the ASC. The Social Work team provides assistance in arranging transportation for patients that need it. These elements of integration create a significant differentiator in comparison to services provided in a non-affiliated ASC or hospital.

In March 2024, Atrius Health launched Pride+ Care to improve care and services for Atrius Health LGBTQIA+ patients. The program provides comprehensive care to adult LGBTQIA+ patients in the Primary Care setting. By linking patients with expert clinicians and offering customized services, the practice aims to elevate engagement, experiences, & health outcomes within the LGBTQIA+ communities. The program team includes primary care clinicians, behavioral health providers, and a care facilitator that specialize in LGBTQIA+ and gender affirming care. The Pride+ Care program created systemic changes at Atrius by updating care flows to include more affirming language, training all staff at pilot sites in LGBTQ+ inclusive care practices, and building off of prior EMR enhancements to the sexual orientation and gender identity (SOGI) data collection to ensure communication practices and processes were inclusive and affirming.

**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.**

The Proposed Project will improve health outcomes and quality of life for the Patient Population by providing increased access to high-quality, convenient surgical services with increased care coordination. As compared to HOPDs, the ASC will provide patients with an opportunity to obtain their Surgical Services in a convenient community-based setting. The Proposed Project will be centrally located within convenient driving distance for most Atrius patients, easily accessible from multiple major highways (near the intersection of Route 2 and I-95) and provide access to ample free parking. In addition, because Atrius Health providers utilizing the Center will continue to provide office-based consultation care in their offices, patients will be able to receive pre-operative consultations and follow-up care in their own communities, rather than having to travel for pre-operative or post-operative care. This will be a significant source of additional convenience for patients and their family caregivers.

The Proposed Project will also streamline patient experience which will reduce patient stress and contribute to positive health outcomes. To do this, the Applicant employs a number of software tools to communicate with its patients. These include online scheduling, patient notices, test results, and wide variety of other patient communication tools that allow patients to directly communicate with their care teams, register and arrange for care, and receive information from their providers. The Proposed Project will build upon these capabilities to create patient access tools that will significantly enhance the ease and convenience of their Surgical Services by integrating the process into their existing patient health portal – from referral, to scheduling, to pre-registration, to discharge planning and follow up care.

As discussed in the Application, the Proposed Project will have a direct impact on health equity as it will reduce the out-of-pocket expenses for patients whose cost sharing obligations are higher for Surgical Services in a hospital. In addition, the Proposed Project is conveniently located in a community-based setting, which will allow patient to timely access Surgical Services in a state-of-the-art facility, which should reduce their time off work, and reduce child and elder care expenses.

**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.**

To achieve operational efficiencies at the Center, the Applicant will work with SCA, a national leader in ASC operations and management, to bring a broad and deep set of capabilities, services, and industry expertise that will create an outstanding surgical experience for Atrius Health patients. SCA, through a management agreement with AHASC, will provide comprehensive clinical, operational, and administrative services that will ensure the Center is efficient, professionally managed, and economical, leveraging design and operations experience; integrated and custom technology solutions; supply chain advantages and economies of scale; quality management and clinical support; and a wide range of reporting, quality assurance, risk management, and benchmarking tools. Additionally, the Center will be a state-of-the art facility that is built out to ensure it is compliant with best practice for infection control and other building system efficiencies. The Center will be Medicare certified and accredited by The Joint Commission and the Accreditation Association for Ambulatory Health Care.

Not only will the Proposed Project be operationally efficient and effective, but it will offer the Surgical Services in a state-of-the art ASC, where a patient's care will be integrated with their primary and specialty care. As discussed above, the integrated EMR facilitates the delivery of efficient and effective care by ensuring that the entire care team has timely access to needed data, as well as to each other, facilitating diagnosis and treatment. The EMR functionality allows the Applicant's surgeons to share operative notes and post-operative discharge instructions with the Applicant's primary care physicians so both physicians may track patient prognoses post-discharge. This will improve efficiency and continuity and coordination of care by easing coordination of visits to multiple providers.

Lastly, the Proposed Project will leverage the Applicant's existing resources to help facilitate a more effective and efficient patient experience, from referral through discharge, with surgical staff able to access patient medical history, lab results, and social needs information, consult primary care and specialists via virtual consultations. The Center will also fit into the Applicant's broader clinical eco-system, which includes strong existing clinical integration with several local hospitals and home health services.



**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.**

The Applicant and its representatives have had discussions with the Department of Public Health's Determination of Need Program, Division of Health Care Facility Licensure and Certification and the Division of Community Health Planning, and the Health Policy Commission.

**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 has also engaged the community to elicit feedback from patients and its physicians regarding the Proposed Project.

The Proposed Project was presented to the Atrius Health Patients and Family Advisory Council (PFAC) on November 6, 2023. The presentation included an overview of the Center and the proposed Surgical Services offering and included a discussion of the implications for patients having surgical services provided locally and internally to Atrius Health, including improved coordination of care and access to high quality, lower-cost surgical services.

Members of the PFAC were enthusiastic and supportive of the Proposed Project. There was an active discussion at the meeting where the PFAC members asked several questions, and provided input and feedback on the Center. PFAC member questions focused on the location of and accessibility of the Center; the Surgical Services to be offered at the Center compared to their current sites; which patients could access these services; the integration of the Surgical Services into Atrius Health's model of care; the time frame for implementation and requirements to open the Center. Members said that they believed that it was consistent with Atrius Health's approach to providing a wide array of services under a single umbrella, would enhance convenience for patients and provide benefit to the community. A copy of the presentation is attached as Exhibit 8.

The Applicant also engaged other local stakeholders including Jeanette A. McCarthy, the Mayor of Waltham, as well as the office of State Senator Michael Barrette and State Representative Thomas Stanley, both of whose districts include the City of Waltham. All were supportive of the Proposed Project.

**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 for the Proposed Project, the Applicant took the actions described above, including meeting with its PFAC on November 6, 2023 to present the Proposed Project.

## **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.**

One of the Commonwealth’s primary goals for cost containment is to provide low-cost care without sacrificing high quality.<sup>35</sup> As discussed in this Application, the Proposed Project will contribute directly and meaningfully to the Commonwealth’s cost containment goals by improving the availability and accessibility of lower cost surgical services as an alternative to higher cost, hospital-based services. Broadly speaking, ASC reimbursement rates are 48% of the amount paid to hospital outpatient departments.<sup>36</sup> Data from the 2018 HOPD Medicare Fee Schedule suggests that if half of all eligible surgical procedures were shifted to the ASC from a HODP, Medicare would save \$2.5 billion annually.<sup>37</sup>

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<sup>35</sup> 2023 Annual Health Care Cost Trends Report and Policy Recommendations 2, HPC (Sep. 2023) (<https://www.mass.gov/doc/2023-health-care-cost-trends-report/download>) (“Policymakers should not settle for a false choice between a high-quality health care system and an affordable one”).

<sup>36</sup> See, Medicare CY 2018 Outpatient Prospective Payment System (OPPS) Final Rule Claims Accounting, CMS (2017) (<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Downloads/CMS-1678-FC-2018-OPPS-FR-Claims-Accounting.pdf>).

<sup>37</sup> *Id.*

Moreover, the Applicant has established its strength in managing TME and minimizing the use of low-value services.<sup>38</sup> The Proposed Project will help ensure that the Applicant as a non-hospital health care provider continues to deliver timely, connected and coordinated care to its patients at a state-of-the-art facility in a low cost setting in their community.

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

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

As discussed in the Application, the Applicant anticipates that demand for the Proposed Project's Surgical Services will continue to increase over time as the Patient Panel ages. More timely access will facilitate treatment and result in improved patient experience and public health outcomes.

#### **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.**

Atrius Health aims to provide consistently culturally competent care to its entire patient population. Atrius Health's emphasis on diversity, equity, and inclusion guides major decisions made by the organization. Atrius Health patients speak dozens of languages; as noted above, interpreter services are available to make sure that patients fully understand procedures and other components of their care plans.

Atrius Health routinely screens for health-related social needs in its pediatric and adult populations. When patients screen positive, Atrius Health connects patients to internal and external resources (e.g., social work; community health worker; community services using the FindHelp community resource directory) to support identified needs, including but not limited to those specific to an aging population. For its MassHealth ACO population specifically, Atrius Health has established partnerships with social services organizations including Community Servings, Just Roots, and the Massachusetts Housing Coalition. The efforts will be integrated into the Proposed Project and fully available to all eligible Atrius Health patients.

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<sup>38</sup> HPC Board Meeting 27, HPC (June 08, 2022) (<https://www.mass.gov/doc/presentation-board-meeting-june-8-2022/download>).

In addition, Atrius Health has implemented EMR capabilities to capture patient-reported sexual orientation, gender identity, race, ethnicity, and language data more accurately and in greater detail to help better identify and reduce disparities.

Atrius Health trains staff regularly to honor and respect patients of all cultural, racial, and ethnic backgrounds, seeking to improve our cultural competence. For example, in 2023, all staff have completed implicit bias training. In addition to trainings, Atrius Health offers DEI resources on its Intranet, available to all staff.

#### **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 evidence-based strategies and public health interventions.**

**This Proposal:** The Proposed Project will establish a conveniently located ASC specializing in the Surgical Services, which will allow Atrius Health physicians to provide more timely and convenient access to the Surgical Services in a lower cost setting which will increase patient outcomes and satisfaction.

**Quality:** The Proposed Project is the superior option because of the positive impact it will have on patient health outcomes and quality of life as well as the long-term cost savings attributed to shifting the Surgical Services from a hospital to an ASC. The Center, which will be integrated into Atrius Health, will improve care coordination as discussed in the Application. The Center will also provide high quality Surgical Services with clinical outcomes that are equal to or better than HOPD for the same procedure.

**Efficiency:** The Proposed Project will operate in a brand-new state-of-the art facility, which will improve the efficiency of obtaining high-quality Surgical Services for the Patient Panel. Surgical needs will be timely communicated between providers who all will have access to an integrated EMR for the patient. The surgical information will be integrated directly in the patient's medical record. Additionally, patients will no longer need to travel to a hospital or other ASC for the Surgical Services and suffer the inconvenience and stress of navigating unfamiliar facilities and providers. This would be a particularly important improvement for the elderly population.

**Capital Expense:** Establishment of the Proposed Project will result in a one-time capital expense to finance construction costs and purchase and install equipment.

**Operating Costs:** There will be an additional operating cost attributed to operating the Proposed Project which includes the overhead to operate the Center such as additional staff and medical supplies. The Applicant anticipates, however, that this cost will be significantly offset by savings obtained from TME reductions under the Applicant's risk-based contracts that result from providing the Surgical Services in a lower cost setting. The Applicant will also be able to take advantage of operational efficiencies by operating the Surgical Services in one location.

**Alternative Proposal 1:** Maintain the status quo and continue providing the Surgical Services at local hospitals and/or other ASCs.

**Quality:** Under this alternative, the quality achieved would be the same as is currently being delivered. However, as noted in the Application and documented by the HPC, there is insufficient current capacity to meet the current needs of patients who need outpatient surgical procedures and this need is only projected to continue to grow. This alternative is not sufficient to meet the Patient Panel's need for outpatient surgical services.

**Efficiency:** Continued clinical and operational inefficiencies would persist by not establishing the Proposed Project. This option is unfavorable from the standpoint of both cost, convenience, and care coordination.

**Capital Expense:** There are no capital expenses under this alternative; however, this Application supports that the existing surgical capacity is not sufficient to meet current or future demand, and capital will need to be invested to address capacity.

**Operating Costs:** There are no new operating costs under this option; however, under this alternative the Applicant will continue to struggle with having its Patient Panel obtain the Surgical Services in a lower-cost outpatient setting.

**Alternative Proposal 2:** Operate the Proposed Project at another location. As part of its due diligence for the Proposed Project, the Applicant identified and evaluated a number of properties for the Center in its service area, primarily focusing on Waltham. Ultimately, the properties not selected for the Proposed Project were not ideally located for the Patient Population or were not sized appropriately for an ASC with 6 operating rooms.

**Quality:** Under this alternative, assuming that an appropriate location and sized property could have been selected and leased, the Proposed Project would have had a

positive impact it will have on patient health outcomes and quality of life as well as the long-term cost savings attributed to shifting the Surgical Services from a hospital to an ASC.

**Efficiency:** Under this alternative, the Proposed Project would have had the same efficiencies that are discussed above.

**Capital Expense:** The capital expense with this Alternative would have been greater than the Proposed Project. Based on the various properties that the Applicant evaluated, the cost or the size were not appropriate for the Proposed Project which supports six operating rooms and will provide sufficient capacity to meet current and future demand.

**Operating Costs:** The operating costs for this alternative would likely have been higher than those of the Proposed Project.

**F5a ii - 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)(I). 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 was chosen as the best alternative to meet the current and future needs of the Patient Panel. Not only will quality and efficiency of the Surgical Services will be improved, but capital expense and operating costs will be kept to a minimum under the implementation of the Proposed Project. The Proposed Project will improve local access to the Surgical Services, provide better care coordination for patients and providers, and reduce costs associated with use of hospital-based Surgical Services.

**Table 1. Atrius Health Patient Panel**

	CY2020		CY2021		CY2022		CY2023	
<b>PATIENTS</b>	<b>560,698</b>	<b>100%</b>	<b>554,154</b>	<b>100%</b>	<b>550,915</b>	<b>100%</b>	<b>573,888</b>	<b>100%</b>
<b>Age</b>								
Children (0-18)	116,534	20.8%	114,212	20.6%	113,675	20.6%	112,833	19.7%
19 - 64	339,111	60.5%	332,491	60.0%	329,637	59.8%	343,991	59.9%
65 and Over	105,053	18.7%	107,451	19.4%	107,603	19.5%	117,064	20.4%
<b>Race</b>								
Asian	47,950	8.6%	48,140	8.7%	52,292	9.5%	52,511	9.2%
Black	42,127	7.5%	42,264	7.6%	43,455	7.9%	43,415	7.6%
Caucasian	371,283	66.2%	360,852	65.1%	358,579	65.1%	375,366	65.4%
Hispanic	28,510	5.1%	29,109	5.3%	31,264	5.7%	33,688	5.9%
Native American	1,110	0.2%	1,101	0.2%	1,151	0.2%	1,208	0.2%
Other	22,286	4.0%	29,291	5.3%	21,374	3.9%	26,849	4.7%
Declined	47,432	8.5%	43,397	7.8%	42,800	7.8%	40,851	7.1%
<b>Payer Type</b>								
Medicare Risk	60,199	10.7%	52,675	9.5%	57,720	10.5%	58,850	10.3%
Medicare FFS	27,911	5.0%	35,574	6.4%	31,596	5.7%	37,750	6.6%
Medicaid Risk	39,992	7.1%	43,110	7.8%	46,233	8.4%	45,036	7.8%
Medicaid FFS	3,007	0.5%	2,861	0.5%	2,592	0.5%	2,196	0.4%
Commercial Risk	278,573	49.7%	266,043	48.0%	265,068	48.1%	274,371	47.8%
Commercial FFS	151,016	26.9%	153,891	27.8%	147,706	26.8%	155,685	27.1%

**Table 2. Atrius Health Patient Panel - County**

	CY2020		CY2021		CY2022		CY2023	
<b>County</b>	<b>Patients</b>	<b>% Patients</b>	<b>Patients</b>	<b>% Patients</b>	<b>Patients</b>	<b>% Patients</b>	<b>Patients</b>	<b>% Patients</b>
MIDDLESEX	201,186	35.9%	200,931	36.3%	202,155	36.7%	201,430	35.1%
NORFOLK	139,901	25.0%	136,415	24.6%	132,442	24.0%	134,761	23.5%
SUFFOLK	74,982	13.4%	72,280	13.0%	73,249	13.3%	73,820	12.9%
PLYMOUTH	55,722	9.9%	54,621	9.9%	53,522	9.7%	61,980	10.8%
ESSEX	44,833	8.0%	43,371	7.8%	41,333	7.5%	42,244	7.4%
BRISTOL	11,205	2.0%	11,474	2.1%	11,414	2.1%	16,853	2.9%
WORCESTER	8,782	1.6%	9,671	1.7%	9,820	1.8%	10,539	1.8%
BARNSTABLE	8,697	1.6%	9,002	1.6%	9,631	1.7%	10,040	1.7%
HAMPDEN	267	0.0%	321	0.1%	365	0.1%	379	0.1%
HAMPSHIRE	191	0.0%	262	0.0%	287	0.1%	275	0.0%
BERKSHIRE	138	0.0%	168	0.0%	198	0.0%	192	0.0%
DUKES	134	0.0%	131	0.0%	126	0.0%	128	0.0%
FRANKLIN	83	0.0%	100	0.0%	112	0.0%	116	0.0%
NANTUCKET	65	0.0%	82	0.0%	73	0.0%	47	0.0%
UNKNOWN	201	0.0%	256	0.0%	242	0.0%	4,670	0.8%
OUTSIDE MASSACHUSETTS	14,311	2.6%	15,069	2.7%	15,946	2.9%	16,414	2.9%
<b>GRAND TOTAL</b>	<b>560,698</b>	<b>100.0%</b>	<b>554,154</b>	<b>100.0%</b>	<b>550,915</b>	<b>100.0%</b>	<b>573,888</b>	<b>100.0%</b>

**Table 3. Atrius Health Patient Panel - Under and Over 50 Years of Age**

	<b>Total Patients</b>	<b>Patients Under 50</b>	<b>Patients Over 50</b>
<b>CY2020</b>	560,698	340,917	219,781
<b>CY2023</b>	573,888	344,644	229,244
<b>Change CY2020 - CY2023</b>	13,190	3,727	9,463
<b>% Change CY2020 - CY2023</b>	2.4%	1.1%	4.3%

**Table 4. Surgical Patients<sup>39</sup>**

	<b>CY 2020</b>		<b>CY 2021</b>		<b>CY 2022</b>		<b>CY2023</b>	
<b>PATIENTS</b>	<b>12,573</b>	<b>100%</b>	<b>13,162</b>	<b>100%</b>	<b>14,288</b>	<b>100%</b>	<b>15,396</b>	<b>100%</b>
<b>Age Group</b>								
0 - 18	855	6.8%	723	5.5%	1,086	7.60%	1,429	9.3%
19 - 64	7,041	56.0%	7,732	58.7%	7,973	55.80%	8,370	54.4%
65 and Over	4,677	37.2%	4,707	35.8%	5,229	36.60%	5,597	36.4%
<b>Payer Type</b>								
Commercial	7,116	56.6%	7,521	57.1%	7,987	55.90%	8,733	56.7%
Medicare	4,413	35.1%	4,326	32.9%	4,801	33.60%	5,142	33.4%
Medicaid	1,044	8.3%	1,302	9.9%	1,486	10.40%	1,521	9.9%
<b>Race / Ethnicity</b>								
Asian	415	3.3%	487	3.7%	629	4.40%	645	4.2%
Black	893	7.1%	1,052	8.0%	1,072	7.50%	1,175	7.6%
Caucasian	9,128	72.6%	9,362	71.1%	10,545	73.80%	11,327	73.6%
Hispanic	377	3.0%	500	3.8%	614	4.30%	715	4.6%
Native American	25	0.2%	39	0.3%	43	0.30%	42	0.3%
Other	1,358	10.8%	1,328	10.1%	929	6.50%	745	4.8%
Declined	377	3.0%	394	3.0%	472	3.30%	747	4.9%

<sup>39</sup> The surgical case data only includes data on Atrius Health risk patients. It does not include data on fee-for-services.



**Table 5. Surgical Patients – Counties<sup>40,41</sup>**

	CY 2020		CY 2021		CY 2022		CY 2023	
County	Patients	% Patients	Patients	% Patients	Patients	% Patients	Patients	% Patients
Middlesex County	3,845	31.1%	4,496	34.9%	4,874	34.9%	5,200	36.1%
Norfolk County	3,174	25.7%	3,287	25.5%	3,362	24.1%	3,191	22.2%
Plymouth County	1,763	14.3%	1,384	10.7%	1,729	12.4%	1,832	12.7%
Suffolk County	1,473	11.9%	1,687	13.1%	1,693	12.1%	1,738	12.1%
Essex County	1,313	10.6%	1,321	10.2%	1,376	9.9%	1,432	9.9%
Barnstable County	320	2.6%	224	1.7%	408	2.9%	393	2.7%
Bristol County	263	2.1%	283	2.2%	267	1.9%	327	2.3%
Worcester County	180	1.5%	205	1.6%	229	1.6%	246	1.7%
Hampden County	<11	0.0%	<11	0.0%	<11	0.0%	<11	0.0%
Berkshire County	<11	0.0%	<11	0.0%	<11	0.0%	<11	0.1%
Dukes County	<11	0.0%	<11	0.0%	<11	0.0%	<11	0.0%
Franklin County	<11	0.0%	<11	0.0%	<11	0.0%	<11	0.0%
Hampshire County	<11	0.0%	<11	0.0%	<11	0.0%	12	0.1%
Nantucket County	<11	0.0%	<11	0.0%	<11	0.0%	<11	0.0%
<b>Grand Total</b>	<b>12,348</b>	<b>100.00%</b>	<b>12,899</b>	<b>100.00%</b>	<b>13,964</b>	<b>100.00%</b>	<b>14,393</b>	<b>100.00%</b>

**Table 6. Surgical Patients - - Under and Over 50 Years of Age<sup>37</sup>**

	Total	Under 50	Over 50
CY 2020	12,573	4,611	7,962
CY 2023	15,396	5,783	9,613
Change CY 2020 - 2023	2,823	1,172	1,651
% Change CY 2020 - 2023	22%	25%	21%

**Table 7. Surgical Cases by Surgical Services Specialty<sup>37</sup>**

Specialty	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	Jan-Mar 2024
Ear, Nose, and Throat	2,267	2,319	1517	1628	2,067	2,475	649
Surgery, General	4,576	4,379	3650	3715	3,866	4,178	1157
Orthopedics	7,486	7,026	5,960	6,201	6,827	6,800	1851
Podiatry	746	757	484	572	556	568	172
Obstetrics and Gynecology	2,223	2,211	1713	1,899	2,153	2,218	591
<b>Total</b>	<b>17,298</b>	<b>16,692</b>	<b>13,324</b>	<b>14,015</b>	<b>15,469</b>	<b>16,239</b>	<b>4,420</b>

<sup>40</sup> The surgical case data only includes data on Atrius Health risk patients that were provided surgical services by an Atrius Health surgeon..

<sup>41</sup> Only includes Massachusetts counties resulting in smaller Grand Total count than in Table 1.

**Table 8. Location of Surgical Cases<sup>42</sup>**

Location of surgical cases	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	Jan-Mar 2024
ASC	974	1035	863	1048	1584	1971	508
IP Hospital	4820	4386	3564	2956	2432	2507	645
OP Hospital	10212	9905	7744	8735	9771	10225	2653
Other	1292	1366	1153	1276	1682	1537	614
<b>Total</b>	<b>17298</b>	<b>16692</b>	<b>13324</b>	<b>14015</b>	<b>15469</b>	<b>16240</b>	<b>4420</b>

**Table 9. Projected Cases Volume by Year<sup>43</sup>**

	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
<b>Estimated Cases</b>	<b>3,428</b>	<b>6,233</b>	<b>6,358</b>	<b>6,485</b>	<b>6,615</b>

<sup>42</sup> The surgical case data only includes data on Atrius Health risk patients. It does not include data on fee-for-services.

<sup>43</sup> The timeline is best on current projections. It is expected that AHASC will be opening in the beginning of 2026 and will not be open for the entire calendar. The timeline for opening is dependent on regulatory and permitting being completed within projected timeline.