

2. Project Description

Mass General Brigham Incorporated (the “Holder” or “MGB”), on behalf of Massachusetts General Hospital (“MGH”) for its licensed satellite, Mass General Waltham (“MG Waltham”), located at 52 Second Avenue, Waltham, Massachusetts 02451, requests approval for a Significant Change to the previously issued Determination of Need (“DoN”) Application #PHS-18022210-HE to build out approved shell space to accommodate three (3) outpatient operating rooms (“OR”) and eleven peri-operative bays (the “Proposed Change”). The capital expenditure associated with the Proposed Change is \$21,156,000, resulting in a new total maximum capital expenditure (“MCE”) of \$51,660,587.

10. Amendment

10.5.a Describe the proposed change.

The previously issued DoN approved the expansion of ambulatory surgical services at MG Waltham through the construction of six (6) additional operating rooms, for a total of ten operating rooms and included shell space for future build out as demand dictates (the “Project”). Even with the implementation of its DoN in FY2022 at MG Waltham, patients at both MG Waltham and MGH’s main campus in Boston (“MGH Main Campus”) continue to experience significant wait times for surgical services. Further expanding capacity at MG Waltham offers a convenient, cost-effective setting to address current patient demand and aligns with future projections driven by aging population and even more surgical care migrating from inpatient to outpatient care settings. MGH determined that additional outpatient surgical capacity at MG Waltham will assist in alleviating capacity constraints in a convenient, cost-effective setting. To that end, MGH seeks to build out 9,881 square feet of approved shell space for the addition of three (3) operating rooms and 11 perioperative bays.

10.5.b Describe the associated cost implications to the Holder.

The Proposed Change represents a cost-effective approach to adding outpatient surgical capacity in the community by building out shell space in an existing facility that has the required infrastructure. Moreover, this approach will create additional access to ambulatory surgery at an outpatient facility that is reimbursed at a lower rate than outpatient surgeries performed at the MGH Main Campus. Lastly, the Proposed Change is expected to result in incremental operating expenses (\$14,500,000 annually) driven by the additional OR case volume, but these projected costs would be less than providing the service at the MGH main campus due to the overhead associated with a full-service academic medical center.

10.5.c Describe the associated cost implications to the Holder’s existing Patient Panel

The Proposed Change will not increase costs for patients who receive services at MG Waltham and moreover, the same services will be provided at lower costs to patients compared to the MGH Main Campus. MGH recently amended its contracts with commercial insurers to accept community hospital payment rates for services at MG Waltham. As a result, costs to insurers and patients are lower for patients who choose to have surgery performed at MG Waltham instead of at the MGH Main Campus. With respect to Medicare beneficiaries, services provided in the three additional MG Waltham ORs will be billed under the Medicare Ambulatory Surgery Center Fee Schedule which typically reimburses at 53% of the amount paid for the same services provided by a hospital.¹ Accordingly, MG Waltham provides MGH’s patients a lower cost alternative for receiving high-quality surgical services.

¹ *Ambulatory Surgery Centers Versus Hospital-based Outpatient Departments: What’s the Difference?* AMERICAN ACADEMY OF ORTHOPAEDIC SURGEONS. <https://www.aaos.org/aaosnow/2019/sep/managing/managing02/>

10.5.d Provide a detailed narrative, comparing the approved project to the proposed Significant Change, and the rationale for such change.

MGH achieved the objective of the DoN by shifting volume from the MGH Main Campus to MG Waltham and expanding access to multiple specialties in the community. However, after two years of operation, the MG Waltham ORs are operating at capacity requiring patients to wait weeks to be scheduled for medically necessary outpatient surgery. Moreover, the capacity constraints at MG Waltham impact the ability to shift additional clinically appropriate cases from the MGH Main Campus. In turn, patients requiring surgery at MGH Main Campus also experience increasingly longer wait times. The Proposed Change will expand outpatient surgical capacity at MG Waltham, allowing for the continued shift of appropriate cases in a geographically convenient location and lower cost setting and thereby addressing the needs of the patient panel at multiple locations.

MG Waltham's expansion opened in FY2022 and enabled MGH not only to shift patients from the MGH Main Campus but also allowed MGH to provide access to more surgical specialties than were historically offered at MG Waltham. The expanded surgical specialties offered at MG Waltham, including gynecology, reconstructive surgery, oral maxillofacial, oncology, radiology, and oncology, now comprise 48% of all surgeries at MG Waltham. The following table provides a detailed view of the impact of the MGH Waltham expansion on providing access in the community to surgeries that historically were provided at the MGH Main Campus.

Table 1. MG Waltham Historical Surgical Volume by Specialty

Case Type	FY19 Volume (4 ORs)	FY22 Volume (10 ORs)	FY23 Volume (10 ORs)	Volume Change (FY23 - FY19)	% Change (FY23 - FY19)
Burn	0	51	30	30	N/A
Endoscopy	0	1,235	1,324	1,324	N/A
Surgical Oncology	12	455	1,153	1,141	9508%
Gynecology	0	351	366	366	N/A
Neurosurgery	1	30	14	13	1300%
Oral Maxillofacial Surg	0	77	132	132	N/A
Orthopedic Surgery	3,095	4,804	4,959	1,864	60%
Reconstructive Surgery	122	235	301	179	147%
Podiatry	0	1	2	2	N/A
Radiology	0	293	283	283	N/A
Urology	0	742	949	949	N/A
Grand Total	3,230	8,274	9,513	6,283	195%

Despite the expansion, MG Waltham is operating at capacity due to the types and complexity of cases it performs. This is evidenced through growing wait times. The median number of days from the time a case was requested at MG Waltham to when the surgery was performed increased from 23 days to 29 days in FY2023 compared to FY2022, or a 24% increase. Similarly, the median wait time at the MGH Main Campus was 29 days in FY2023 compared to 24 days in FY2022, a 22% increase. MG Waltham is unable to accept a meaningful number of additional patients, which impacts access at both locations.

With adequate capacity, more patients could receive their care at MG Waltham. In FY2023, the MGH Main Campus performed 15,022 same-day surgeries, including a majority of same-day surgeries that could have been performed at MG Waltham based on clinical criteria. Based on clinical criteria, 8,726 or 58% of the

MGH Main Campus cases in FY2023 met the clinical criteria for an outpatient surgical center.² With the proposed expansion at MG Waltham, a larger portion of clinically appropriate cases can be moved to MG Waltham, opening capacity at the MGH Main Campus which will in turn decrease wait times for inpatient surgery and outpatient surgical cases that are not clinically appropriate for MG Waltham.

The ability to shift clinically appropriate cases from the MGH Main Campus to MG Waltham also is supported by patient origin data for both locations. For example, in FY2023 most surgery patients at MG Waltham and MGH Main Campus originated from the Boston area, the MetroWest area, and towns to the north of Waltham. In addition, since MG Waltham expanded in FY2022, the largest increases in patient volume have come from the regions surrounding Waltham, including patients located along the Mass Pike, Route 2, and those coming from Central Massachusetts. Accordingly, there a significant number of patients for whom MG Waltham likely represents a closer, more convenient option than the MGH Main Campus.

In addition to the geographic convenience afforded to patients at MG Waltham, it is a more cost-effective location for outpatient surgery. In FY2023, MG Waltham began accepting MGB community hospital rates with local commercial payers. Medicare also determined that an in OSC is an appropriate setting for an increasing number of case types. Through additional capacity, MGH will provide access in a setting that aligns with payer expectations and shift more cases from the Main Campus to MG Waltham. This will further drive cost savings for the Commonwealth.

For the reasons discussed above, MGH anticipates that a larger portion of clinically appropriate and geographically compatible patients will choose MG Waltham for their future outpatient surgery needs. Following an initial ramp up by decanting cases from the MGH Main Campus and addressing wait times at MG Waltham, the number of cases performed in the new ORs is expected to level off. In total, MGH anticipates 2,550 additional cases annually will be performed at MG Waltham when the Proposed Project is fully operational in Year 3.

Table 2. MG Waltham Projected Surgical Volume

Project Years	Year 1	Year 2	Year 3	Year 4	Year 5
Case Volume	1,275	1,913	2,550	2,550	2,550

As detailed throughout this amendment request, the Proposed Change will allow MGH to expand access to high-quality outpatient surgery in a cost-effective community setting. With MG Waltham effectively operating at capacity, MGH is unable to reduce current wait times and expects patients at both MG Waltham and the MGH Main Campus will experience longer wait times as demand for surgical services continues to grow organically and with the aging population. By shifting more clinically appropriate cases to MG Waltham, MGH can reduce wait times at both locations, while providing additional access to outpatient surgery in a more convenient and cost-effective location closer to home for its patient panel.

Factor 6. Community Health Initiative

MG Waltham is a satellite of an acute care hospital and is not required to independently comply with community benefits related CHNA/CHIP processes as determined by the IRS or the Massachusetts Attorney General's Office. However, because Newton-Wellesley Hospital (NWH) has overlapping service areas with MG Waltham, DPH agreed during the original DoN that it is the most relevant hospital within the MGB system and would administer all Community Health Initiatives (CHI) arising from MG Waltham.

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

Following approval of two DoNs for MG Waltham³, the resulting CHI carried out by NWH funded the Wraparound Waltham Initiative (“Initiative”), a collaborative of community-based organizations working in partnership with Waltham Public Schools. Funds were distributed in two separate grants over four years: \$300,000 annually to Waltham Partnership for Youth leading the collaborative of community-based organizations and \$78,000 annually to Waltham Public Schools to support implementation of this work. While the CHI’s funding ended after the 2022-2023 school year, the Initiative secured funding through the 2025-2026 school year based on the success of the first four-year grant cycle.

If the Proposed Change is approved, NWH will carry out the CHI for this Proposed Change using its most recent CHNA (2022) as the basis for selecting priorities and strategies. As with the original CHI, NWH will bring together community voices representing the interests of Waltham. Once the Waltham sub-committee is formed, it will evaluate existing funding options that could be sustained or expanded through this CHI’s funding, as well as consider new options for priority areas and funding strategies based on the current CHNA.

The breakdown of the CHI monies for the Proposed Change is detailed in the table below.

Table 3. CHI Money Breakdown

	Total	Description
MCE	\$21,156,000.00	
CHI Monies	\$1,057,800.00	(5% of Maximum Capital Expenditure)
Administrative Fee	\$31,734.00	(3% of the CHI Monies, retained by Applicant)
Remaining Monies	\$1,026,066.00	(CHI Monies minus the Administrative fee)
Statewide Initiative	\$256,516.00	(25% of remaining monies, paid to State-wide fund)
Local Initiative	\$769,550.00	(75% of remaining monies)
Evaluation Monies	\$76,955.00	(10% of Local Initiative Monies, retained by Applicant)
CHI Monies for Local Disbursement	\$692,595.00	

The timeline for CHI activities is as follows:

- Four to twelve weeks post-approval: NWH will organize and convene a Waltham Ad Hoc Committee to fulfil the role of the CHI Advisory Committee. Once the ad hoc committee is formed, it will begin meeting and reviewing the 2022 CHNA to commence the process of selecting CHI Health Priorities.
- Three to four months post-approval: The ad hoc committee selects the Health Priorities and Strategies for funding.
- Five to seven months post-approval: Following a conflicts of interest disclosure process, the ad hoc committee determines funding methods, including the use of direct funding and requests for proposals.
- Eight to eleven months post-approval: Funding decisions are made.
- Twelve months post approval: Disbursement of funds begins.
- Thirteen months to four years post-approval: Strategies are implemented and annual evaluating occurs.
- Four years post-approval: Final evaluation of funded projects.

NWH is requesting approval to use up to three percent (3%) of local CHI funding (\$31,734.00) in administrative funding. These monies will support promotion of meetings, interpretation/translation,

³ DoN #PHS-18022210-HE and #PHS-18090711-HS.

community engagement, stipends for community resident participation, additional staff time for these efforts.

Additionally, NWH is seeking to use 10% of local CHI funding (\$76,955.00) for evaluation efforts. These monies will allow NWH to retain the expertise of the internal and/or external resources to develop and implement appropriate evaluation metrics of the CHI-funded projects.