

Follow up Questions for NSMC Amendment 3C46.2

Applicant's Responses

1- To date the approved psychiatric beds have not been implemented according to the Change in Service Form and DoN required compliance reporting.

Please describe in greater detail, the rationale and planning for the re- approval of these 30 adult psychiatric beds.

In the prior DoN Amendment, the hospital requested and received approval to shell the fourth psychiatric floor for future use. At the time, NSMC's analysis of demand concluded that the hospital could meet the needs of the hospital's primary service area with three psychiatric units, one of which was an adult unit. Future fit out of the additional adult floor would be considered if there was evidence of additional need within NSMC, the Partners System, or the North Shore community. As the NSMC/MGH Psychiatric collaboration has progressed, and due to increasing demand within both the hospital's service area and MGH's service area, the Applicant determined that it could address additional demand within the Applicant's patient panel in a cost-effective manner by developing the proposed shell space.

While the hospital's proposal for 3 units would meet the demand of its service area as it existed at the time of the prior amendment request, attrition of Psychiatric beds in the Commonwealth in the last year has begun to result in additional need for beds. In the last year, Lowell treatment Center (40+ beds) and Westwood Lodge (85+ beds) have both closed, resulting in an increase in the number of patients boarding in Eastern and Northeast Massachusetts emergency departments as they wait for a bed to become available. Particularly, the closure of the Lowell facility has resulted in an increase in patients in the NSMC's secondary service area that experience further delay in admission for psychiatric services and the closure of Westwood has impacted both the MGH and Newton-Wellesley hospitals. Although additional beds have been licensed in the state since the prior amendment was approved, the Applicant has not experienced the positive impact of such new capacity that it had anticipated would occur with respect to the Applicant's ability to more quickly transfer patients out of its EDs. The Commonwealth has recognized this increasing and unmet demand. For example, the Department of Mental Health has developed a number of initiatives to address overcrowding of psychiatric patients in the emergency department. These have included expected clinical competencies of inpatient psychiatric units and an expedited admission process for those individuals who are stuck in the emergency department. The Applicant's proposal to license an additional 30 adult psychiatric beds will allow it to meet demand for the hospital's patient panel, as well as MGH patients that originate from the NSMC service area.

Describe the impact on the patient panel in terms of outcomes and access to care.

The Applicant believes that opening this additional floor of psychiatric beds will allow the Applicant to address demand not only at the hospital, but the demand of the larger system patient panel. With additional capacity to meet demand for inpatient psychiatric care by the Applicant's patient panel, the Applicant will be able to provide its patients with care that is void of fragmentation and redundancy, and will allow MGH and NSMC to more efficiently and effectively meet the needs of the patient panel. Access

will be enhanced as MGH and other hospitals within the Applicant's organization will have access to additional psychiatric bed capacity, thereby potentially reducing ED boarding at not only NSMC, but also at MGH and other hospitals.

How does the Holder anticipate the wait times and referrals in and out to other facilities will be affected.

The Applicant anticipates that the additional adult floor will further accelerate admission of patients from the ED, thereby reducing boarding hours and also the number of patients that would require transfer to another facility. In addition, MGH will have the ability to transfer within the Partners system, patients that it currently cannot accommodate.

What are the considerations for the public payers?

More than 70% of the Psychiatric care at NSMC is provided to patients with public plans. Creating this additional capacity at NSMC will enhance the hospital's and the Applicant's ability to take care of both NSMC patients and other patients with public insurance. Furthermore, the MassHealth ACO incentivizes providers to ensure that care is provided in a cost-effective manner to patients of the system's own ACO. This additional capacity will provide the Applicant with the ability to better meet the needs of ACO members in a more expeditious manner.

How will transportation for those in need be accommodated.

Patients requiring admission that are transferred from MGH or any other facility to NSMC will be transferred via ambulance.

2- Given that NSMC described their FY 2016 financial losses as "unprecedented and untenable", please provide in greater detail, a discussion of the impact of the project on NSMC's current financial position. In what way will the project make a positive contribution to the operating margin of NSMC. Additionally, provide assurances that the project will not have a negative impact in terms of cost on the patient panel?

Psychiatric care provides NSMC with a positive contribution margin on a per-case basis. The investment in this additional floor is projected to provide a positive return of 11% and enhance NSMC's bottom line annually. Because the floor is already fit out and the staff from the additional floors can easily be leveraged, the investment in this unit is positive for NSMC. The project will not result in a negative impact in terms of cost on the patient panel.

It is also important to note that this 120-bed inpatient psychiatric facility will be in a unique position to manage psychiatric inpatients with complicated comorbid medical concerns. These are patients who can sometimes require transfer between services to fully meet their medical and behavioral health needs, creating additional costs for the system and patients. To this end the hospital has already developed an agreement with a North Shore Medical Center hospitalist group to provide daily rounding on the 3 adult inpatient units. This will also be extended to the 4th unit. Access to specialty consultations will also be

available, allowing the hospital to provide care for more medically complicated psychiatric patients in a cost-effective manner.

3- Please provide the status of the approved project. Provide the anticipated timeframe for completion of the previously described phases of the project including:

- **Completing construction of the approved psychiatric floors and relocating the patients from Union hospital.** *Anticipated: Construction complete and receive Certificate of Occupancy, June 30, 2019. Open for business the week of October 14, 2019.*
- **Completing construction of the ED and other components of the approved project.** *Anticipated: Construction complete and receive Certificate of Occupancy, June 30, 2019. Open for business the week of October 14, 2019.*
- **Completing construction of the medical/surgical floors and relocating patients from Union Hospital.** *Anticipated: Construction complete and receive Certificate of Occupancy, June 30, 2019. Open for business the week of October 14, 2019.*
- **Completing construction of this proposed psychiatric floor build out included in this request.** *This is contingent on the DoN review process. If DoN approval is issued in August, the dates for completion will be the same as the rest of the psychiatric floors. If DoN approval is issued in September, meeting the date above will be difficult. If approval is issued after September, it is highly unlikely the floor will be open at the same time as the rest of the psychiatric floors and will result in increased costs to implement the floor as the subcontractors would have to be remobilized.*
- **Recruiting staff for the new psychiatric floor.** *Staffing for the additional floor is likely to be phased in due to the shortage of psychiatrists in the state and country that are seeking positions in inpatient units. Given the difficulty in recruiting Psychiatric staff, NSMC will work with MGH to staff the floor in a timely manner.*