



# Massachusetts Department of Public Health

## Determination of Need

### Application Form

Version: 11-8-17

Application Type:	Amendment	Application Date:	06/07/2018 11:05 am
Applicant Name:	Partners HealthCare System, Inc.		
Mailing Address:	800 Boylston Street, Suite 1150		
City:	Boston	State:	Massachusetts
		Zip Code:	02199
Contact Person:	Andrew Levine, Esq.	Title:	Attorney
Mailing Address:	One Beacon Street, Suite 1320		
City:	Boston	State:	Massachusetts
		Zip Code:	02108
Phone:	6175986700	Ext:	
E-mail:	alevine@barrettsingal.com		

### Facility Information

List each facility affected and or included in Proposed Project

1 Facility Name:	North Shore Medical Center		
Facility Address:	81 Highland Avenue		
City:	Salem	State:	Massachusetts
		Zip Code:	01970
Facility type:	Hospital	CMS Number:	220035
<a href="#">Add additional Facility</a>		<a href="#">Delete this Facility</a>	

### 1. About the Applicant

1.1 Type of organization (of the Applicant):	nonprofit
1.2 Applicant's Business Type:	<input checked="" type="radio"/> Corporation <input type="radio"/> Limited Partnership <input type="radio"/> Partnership <input type="radio"/> Trust <input type="radio"/> LLC <input type="radio"/> Other
1.3 What is the acronym used by the Applicant's Organization?	PHS
1.4 Is Applicant a registered provider organization as the term is used in the HPC/CHIA RPO program?	<input checked="" type="radio"/> Yes <input type="radio"/> No
1.5 Is Applicant or any affiliated entity an HPC-certified ACO?	<input checked="" type="radio"/> Yes <input type="radio"/> No
1.5.a If yes, what is the legal name of that entity?	Partners HealthCare Accountable Care Organization, LLC
1.6 Is Applicant or any affiliate thereof subject to M.G.L. c. 6D, § 13 and 958 CMR 7.00 (filing of Notice of Material Change to the Health Policy Commission)?	<input type="radio"/> Yes <input checked="" type="radio"/> No
1.7 Does the Proposed Project also require the filing of a MCN with the HPC?	<input type="radio"/> Yes <input checked="" type="radio"/> No

- 1.8 Has the Applicant or any subsidiary thereof been notified pursuant to M.G.L. c. 12C, § 16 that it is exceeding the health care cost growth benchmark established under M.G.L. c. 6D, § 9 and is thus, pursuant to M.G.L. c. 6D, §10 required to file a performance improvement plan with CHIA? ☐ Yes ☒ No

1.9 Complete the Affiliated Parties Form

## 2. Project Description

2.1 Provide a brief description of the scope of the project.

The Applicant proposes to modify Project #6-3C46 to build out approved shell space to accommodate 30 additional inpatient psychiatric beds. The proposed change will not result in a change to the approved maximum capital expenditure or gross square footage for the project.

2.2 and 2.3 Complete the Change in Service Form

## 3. Delegated Review

- 3.1 Do you assert that this Application is eligible for Delegated Review? ☐ Yes ☒ No

## 4. Conservation Project

- 4.1 Are you submitting this Application as a Conservation Project? ☐ Yes ☒ No

## 5. DoN-Required Services and DoN-Required Equipment

- 5.1 Is this an application filed pursuant to 105 CMR 100.725: DoN-Required Equipment and DoN-Required Service? ☐ Yes ☒ No

## 6. Transfer of Ownership

- 6.1 Is this an application filed pursuant to 105 CMR 100.735? ☐ Yes ☒ No

## 7. Ambulatory Surgery

- 7.1 Is this an application filed pursuant to 105 CMR 100.740(A) for Ambulatory Surgery? ☐ Yes ☒ No

## 8. Transfer of Site

- 8.1 Is this an application filed pursuant to 105 CMR 100.745? ☐ Yes ☒ No

## 9. Research Exemption

- 9.1 Is this an application for a Research Exemption? ☐ Yes ☒ No

## 10. Amendment

- 10.1 Is this an application for a Amendment? ☒ Yes ☐ No

10.2 This Amendment is: ☐ Immaterial Change ☐ Minor Change ☒ Significant Change

10.3 Original Application number: 6-3C46

10.3.a Original Application Type: Hospital/Clinic Substantial Capital Expenditure

10.3.b Original Application filing date: 10/07/2015

10.3.c Have there been any approved Amendments to the original Application? ☒ Yes ☐ No

10.3.d For each approved Amendment list all Amendment Numbers, Amendment types, and Approval Dates.

Add/Del Row	Amendment Number	Amendment Change Type	Approval Date
<input type="checkbox"/> <input type="checkbox"/>	6-3C46.1	Significant	08/09/2017

**For Significant Amendment Changes:**

10.5.a Describe the proposed change.

The Applicant proposes to modify the existing project in order build out the designated shell space for the operation of 30 additional inpatient psychiatric beds.

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

The proposed change will have no cost implications for the Holder. The cost of the proposed renovation to build out the designated shell space is \$4,133,439. The funding necessary to complete this initiative will come from savings realized during the construction process for the existing approved project. As a result, the project costs are below the approved capital expenditure. The Applicant proposes to reallocate the savings to the build out of shell space to accommodate an additional 30 inpatient psychiatric beds. Accordingly, the Applicant does not seek to increase the approved maximum capital expenditure for the project and therefore, the Holder will not incur any additional costs due to this change to the project. Finally, the Applicant has already committed to funding community health initiatives ("CHI") in an amount that reflects the expenditure for this additional construction because the costs of the build out were included in the original project costs.

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

As discussed in the response to question 10.5.b, the Applicant does not seek approval to increase the existing maximum capital expenditure for the project. It will reallocate funding that became available through savings achieved during the construction of the existing project. There will be no cost implications to the Holder's patient panel as no additional expenditure is involved and the approved funds are being reallocated to meet demand for inpatient psychiatric services.

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

In addition to the construction of a new building on North Shore Medical Center's ("NSMC") Salem campus, the approved project provides for the renovation of the former Spaulding North Shore building on the NSMC Salem campus to accommodate 90 inpatient psychiatric beds. An additional floor of the building was dedicated as shell space for future build out to accommodate 30 additional psychiatric beds as warranted. The total approved maximum capital expenditure ("MCE") for the project is \$168,173,839 (2017 dollars) and the approved gross square footage ("GSF") for the project is 255,462 GSF. The CHI funding for the project reflects the originally approved MCE of \$180,507,208. The proposed change can be achieved within the existing MCE and the existing GSF includes the GSF for the shell space. Accordingly, the proposed significant change to build out the existing approved shell space will not result in any change to the approved MCE or GSF.

Under the original Determination of Need approval, the Applicant planned to construct 120 inpatient psychiatric beds on the Salem campus. Due to significant ongoing operating losses by the hospital and unprecedented operating losses by Partners HealthCare System, the Applicant sought and obtained approval to reduce the number of inpatient psychiatric beds to 90 beds and for the construction of dedicated shell space that could be utilized for future inpatient psychiatric beds in the event that conditions changed. With the identified cost savings in the approved budget for the project, the Applicant re-evaluated the potential for accomplishing its original plan to construct a total of 120 inpatient psychiatric beds at the NSMC Salem campus. The build out of shell space to accommodate 30 additional beds will cost \$4,133,439. This additional floor will be opened when the hospital is able to recruit additional staff.

In addition, the Applicant evaluated current demand for inpatient psychiatric beds at the system level. While the Applicant believes that 90 beds will accommodate demand within the NSMC service area, the Applicant is experiencing unmet demand for inpatient psychiatric beds at its other facilities. For example, The Massachusetts General Hospital ("MGH") is increasingly not able to accommodate demand for inpatient psychiatric admissions at its facility. As the proposed new psychiatric facility at NSMC will be operated in collaboration with MGH, the parties evaluated the potential of building out the shell space to accommodate the unmet MGH demand. Based on the analysis conducted, the Applicant determined that it can meet excess demand at MGH with the additional beds and also provide capacity to meet other demand throughout the Applicant's patient panel. Accordingly, the additional beds will serve not only the NSMC geography, but will be a resource for the Commonwealth to address the increasing demand for inpatient psychiatric beds.

In planning for the psychiatric care needs of the Applicant's patient panel as a system, the Applicant will efficiently and effectively meet demand within its patient panel without increased costs to the system or the Commonwealth. By increasing capacity at NSMC's Salem campus without incurring further costs that were not already allocated to the hospital for its campus consolidation plan, the Applicant is maintaining its commitment to the NSMC service area, while also addressing unmet demand within its system and the state. By expanding the proposed service at NSMC, inpatient care will be available to the Applicant's patient panel in a cost-effective setting. This

proposed change to the project meets the Department of Public Health's goals under the new DoN regulations as the proposed change was developed to meet the demand of the Applicant's patient panel, was evaluated based on needs of the system, and promotes the provision of care in a cost-effective community setting.

☒ **The Holder hereby swears or affirms that the above statements with respect to the proposed Significant Change are True.**

**11. Emergency Application**

11.1 Is this an application filed pursuant to 105 CMR 100.740(B)? ☐ Yes ☒ No

**12. Total Value for Significant Amendments**

Enter all currency in numbers only. No dollar signs or commas. Grayed fields will auto calculate depending upon answers above.

**Your project application is for a: Significant Amendment**

**Filing Fee: \$0**

12.1 Proposed increase in total value of this project:	<input type="text" value="\$0.00"/>
12.2 Total increase in CHI commitment expressed in dollars: (calculated)	<input type="text" value="\$0.00"/>
12.3 Total proposed Construction costs, specifically related to the Proposed Project, If any, which will be contracted out to local or minority, women, or veteran-owned businesses expressed in estimated total dollars.	<input type="text"/>

### 13. Factors

Required Information and supporting documentation consistent with 105 CMR 100.210

Some Factors will not appear depending upon the type of license you are applying for.

Text fields will expand to fit your response.

## Documentation Check List

The Check List below will assist you in keeping track of additional documentation needed for your application. Once you have completed this Application Form the additional documents needed for your application will be on this list. E-mail the documents as an attachment to: [DPH.DON@state.ma.us](mailto:DPH.DON@state.ma.us)

- ☒ Copy of Notice of Intent
- ☒ Affidavit of Truthfulness Form
- ☒ Electronic copy of Staff Summary for Approved DoN
- ☒ Electronic copy of Original Decision Letter for Approved DoN
- ☒ Electronic Copy of any prior Amendments to the Approved DoN
- ☒ Change in Service Tables Questions 2.2 and 2.3
- ☐ Certification from an independent Certified Public Accountant
- ☒ Articles of Organization / Trust Agreement

## Document Ready for Filing

When document is complete click on "document is ready to file". This will lock in the responses and date and time stamp the form.

To make changes to the document un-check the "document is ready to file" box. Edit document then lock file and submit

Keep a copy for your records. Click on the "Save" button at the bottom of the page.

To submit the application electronically, click on the "E-mail submission to Determination of Need" button.

**This document is ready to file:**



Date/time Stamp: 06/07/2018 11:05 am

E-mail submission to  
Determination of Need

**Application Number: PHS-18050912-AM**

**Use this number on all communications regarding this application.**

☐ Community Engagement-Self Assessment form