

January 20, 2017

DONOGHUE  
BARRETT  
& SINGAL

Via Email and Hand Delivery - Return Receipt Requested

Nora Mann, Esq., Program Director  
Determination of Need Program  
Department of Public Health  
250 Washington Street  
Boston, MA 02108

Re: Request for Approval of Significant Amendment to Determination of Need  
Project #6-3C46

Dear Attorney Mann:

We write on behalf of North Shore Medical Center, Inc. ("Applicant" or "Hospital") the current holder of approved Determination of Need ("DoN") Project #6-3C46 ("Project"). See Exhibit A for copy of the approval issued on July 13, 2016. Since the Project was approved, the Applicant has continued the detailed planning required to implement the Project. As a result of this work, the Applicant determined, in consultation with the Department of Public Health ("Department"), that the original approval requires certain modifications prior to full implementation. Accordingly, the Applicant hereby respectfully requests a significant amendment to its DoN authorization pursuant to 105 C.M.R. §§ 100.753 and 100.756. We offer the following comments in support of the Applicant's request for this significant amendment to its DoN approval.

Overview of the Project.

The Applicant's Project as approved consists of the construction of a 3-story building on the main campus of Salem Hospital, to accommodate a new, relocated emergency department and two 24-bed units of relocated medical/surgical beds. In addition, the former Spaulding Hospital-North Shore would be renovated to accommodate relocated expanded inpatient psychiatric services for a total of 120 beds (64 relocated beds; 56 new beds). Please note that since the DoN was approved, the Applicant has added 2 new psychiatric beds at the Union campus. As a result, as approved 66 psychiatric beds would relocate to the newly renovated psychiatric facility on the Salem campus. The vacated emergency department building would be renovated to accommodate additional capacity for outpatient services relocated from the Union Hospital campus. Finally, the Project included a new main entrance/lobby/reception. The maximum capital expenditure ("MCE") of the approved Project is \$180,507,208 (October 2015 dollars). The Project involves a total of 252,773 gross square feet ("GSF"), of which 115,405 GSF is for new construction and 137,368 GSF is for renovation.

Donoghue Barrett & Singal  
One Beacon Street, Suite 1320  
Boston, MA 02108-3106  
T 617.598.6700  
F 617.722.0276  
www.dbslawfirm.com

Requested Changes in DoN Approval.

Following the Department's approval of the Project, the Applicant continued the detailed planning required in order to obtain architectural plan approval and begin construction. Through this planning, the Applicant uncovered certain facts that were not reasonably foreseeable at the time of approval. These circumstances result in the need to amend the Project approval with respect to costs, square footage and conceptual design. It was not possible to develop detailed architectural and engineering plans until the project was approved and further investigation of site conditions was conducted. Moreover, the actual costs could not be determined until the detailed plans were developed. In addition, the cardiac surgery service at the Salem campus was consolidated to MGH, resulting in a newly available cardiac care unit space that could be converted to medical/surgical beds in a cost effective manner. Finally, due to worsening financial conditions for the Hospital, the Applicant determined that it would be prudent for certain project components to be eliminated or delayed. Each of these factors resulted in the need to modify the Project and approval.

To that end, the Applicant now requests approval of certain changes to the Project. In summary, the requested changes to the Project are as follows: (1) elimination of the new main entrance/reception/lobby component; (2) renovation to the former cardiac care unit to create 8 new medical/surgical beds; (3) reduction in the total medical/surgical and psychiatric beds to be constructed at this time; (4) design revisions due to unforeseen site conditions; and (5) modification to the financing mechanism for the Project to fund \$10,000,000 of the Project costs through fundraising and reduce bond financing. Due to the proposed changes to the Project, the Applicant requests corresponding changes to the approved GSF and MCE associated with the Project as summarized below.

1. Changes to the Approved GSF.

The Applicant requests changes to the approved GSF involved in the Project due to certain necessary Project modifications. These changes in GSF are a result of the elimination of the new main entrance/reception/lobby, relocation of the mechanical/electrical level and the renovation of the former cardiac care unit to accommodate 8 medical/surgical beds. Each of these changes are more fully described below.

As previously indicated, the Applicant has experienced additional operating losses. The Applicant has continued to see its financial challenges mount, posting a loss of \$36 million in 2015, \$48 million in 2016 and is expecting higher losses in 2017. In light of these challenges, the Applicant re-evaluated the Project and determined that it will not pursue the development of

Nora Mann, Esq., Program Director  
Determination of Need Program  
Department of Public Health  
January 20, 2017  
Page 3

DONOGHUE  
BARRETT  
& SINGAL

a new entrance/reception/lobby. The elimination of this component of the project reduces the GSF for renovation involved in the Project.

In addition, with the development of detailed design plans, the Applicant determined that the proposed location of the mechanical and electrical level of the Project was not the most efficient design. In consultation with Project architects and engineers, the Applicant proposes to relocate this function from a penthouse to be constructed on Level 4 to Level 2. This relocation will result in better floor alignment between the new building and the Hospital's existing Davenport building, providing for connection of the new medical/surgical floor with the 4<sup>th</sup> and 5<sup>th</sup> floors of Davenport where the main lab, radiology and operating rooms for the Hospital are located. Such alignment of clinical floors will provide for efficient care as medical/surgical patients receive care in the new building and Davenport. In addition, the remaining space of Level 2 will be utilized for storage that will support the emergency department and campus-wide needs. This change from a mechanical penthouse to provide an additional level of the new building will result in an increase of GSF of new construction.

Since the Project was approved, the Hospital's cardiac surgery service was transferred to the Massachusetts General Hospital. With the surgery service, the Hospital operated an 8 bed cardiac care unit. As the Hospital no longer performs cardiac surgery, it does not need a cardiac care unit. The Applicant now proposes to renovate this unit to provide 8 additional medical/surgical beds at the Salem campus. The 8 additional beds will provide a cost-effective use of existing resources to provide additional medical/surgical capacity at the Salem campus. The renovation of the unit in the Davenport building involves an increase in the Project's renovation GSF.

Additional changes to the Project result from the development of detailed project designs. These changes include the addition of an elevator machine room to the new building. In addition, the Hospital also plans to change the proposed location of the medical/surgical floors from the 2<sup>nd</sup> and 3<sup>rd</sup> floors to the 4<sup>th</sup> and 5<sup>th</sup> floors of the new building to provide for increased floor-to-floor height to accommodate more energy efficient duct work. Finally, the inpatient connector design was modified due to the discovery of seismic code requirements, which necessitate that the Applicant demolish a portion of the existing building and build a new structure.

In total, the Applicant requests a net reduction in the GSF for new construction by 2,477 GSF and an increase of the GSF for renovation by 5,166 GSF. Accordingly, the requested amended GSF for the Project is 112,928 GSF of new construction and 142,534 GSF of renovation for a total of 255,462 GSF for the Project. This represents a 1.06% increase in the GSF for the Project. A revised Factor 5.1 is provided as Exhibit B and provides a detailed breakdown of the amended GSF by functional area for the Project.

2. Changes to the Approved MCE.

The Applicant also is requesting approval of changes to its DoN approved MCE. The current approved MCE is \$180,507,208 (October 2015 dollars). The Applicant now seeks a decrease in its permitted MCE to \$168,173,839. This is a decrease of \$12,333,369 or 6.8% over the approved MCE. Although the Applicant requests a reduction in the MCE, the Applicant is committed to fulfilling the DoN Approval conditions relating to the payment of community health initiatives and does not seek a corresponding reduction in such initiative amounts due to the decrease in the Project's MCE.

The requested changes in the MCE are a result of the aforementioned changes in the design of the Project. In addition, due to the continuing decline in the Hospital's financial condition, the Applicant determined that it will need to calibrate the proposed expansion at the Salem campus to implement new beds as demand and capital availability warrant. Moreover, since the Project was approved, significant new inpatient psychiatric capacity is planned in the Commonwealth with approximately 380 new inpatient psychiatric beds, many of which have been or will be licensed by the Department of Mental Health at newly established psychiatric hospitals. As a result, the Applicant determined that with this additional capacity to the system and the increasing financial challenges for the Hospital, it would be more prudent to hold on fully implementing this portion of this Project at this time. As a result, the Applicant seeks to amend the DoN approval to reduce the number of psychiatric beds in the Project by 30 psychiatric beds at this time. With this change, the Spaulding North Shore building will be renovated to accommodate the relocation of 66 psychiatric beds from the Union and Salem campuses, as well as the addition for 24 new beds for a total of 90 psychiatric beds at the Salem campus.

In addition, the Applicant determined that it will reduce the number of medical/surgical beds originally included in the Project. As with the reduction in psychiatric beds, this decision was informed by the financial condition of the Hospital, along with the ability of the Hospital to implement 8 medical/surgical beds in the former cardiac care unit. As a result, the Applicant seeks to amend the DoN approval to reduce the number of medical/surgical beds by 16 beds at this time. With this change, the Project will involve the construction of 32 new medical/surgical beds, 24 of which will be located in the new building and 8 beds will be the result of renovation to the former cardiac care unit.

Additional floors that were intended to house the remaining 24 medical/surgical and 30 psychiatric beds that were approved in the Project will not be built out and will instead be developed as shell space for future build out for medical/surgical and inpatient psychiatric beds. Construction of this shell space will include the necessary ductwork, plumbing lines and elevator shafts for the two floors. In creating shell space, the Applicant will have the infrastructure in

place to allow for the space to be fitted out in an efficient manner. Accordingly, the Applicant seeks to modify the approved MCE associated with reduction in construction and the addition of shell space for future use. A summary of the changes requested to the MCE is provided in the following table.

| Category of Expenditure          | Approved New Construction | Approved Renovation | Requested New Construction | Requested Renovation |
|----------------------------------|---------------------------|---------------------|----------------------------|----------------------|
| <b>Land Costs</b>                |                           |                     |                            |                      |
| Land Acquisition                 | \$0                       | \$0                 | \$0                        | \$0                  |
| Non-Depreciable Land Dev.        | \$230,000                 | \$0                 | \$230,000                  | \$0                  |
| Site Survey and Soil Invest.     | \$3,333,683               | \$1,355,583         | \$3,333,683                | \$1,905,583          |
| <b>Total Land Costs</b>          | <b>\$3,563,683</b>        | <b>\$1,355,583</b>  | <b>\$3,563,683</b>         | <b>\$1,905,583</b>   |
| <b>Construction Costs</b>        |                           |                     |                            |                      |
| Depreciable Land Dev. Costs      | \$3,557,846               | \$0                 | \$3,557,846                | \$0                  |
| Building Acquisition Costs       | \$0                       | \$1                 | \$0                        | \$1                  |
| Construction Contract            | \$73,086,772              | \$74,027,829        | \$68,641,891               | \$67,130,909         |
| Fixed Equip. Not in Contract     | \$1,700,000               | \$1,080,000         | \$1,450,000                | \$930,000            |
| Architect. & Engineering Costs   | \$7,525,000               | \$5,100,000         | \$6,445,000                | \$5,375,000          |
| Pre-filing Planning and Dev.     | \$242,500                 | \$192,500           | \$252,500                  | \$192,500            |
| Post-filing Planning and Dev.    | \$525,000                 | \$420,000           | \$625,000                  | \$420,000            |
| Other:                           | \$1,350,000               | \$365,000           | \$1,140,000                | \$365,000            |
| Other:                           | \$4,517,000               | \$160,000           | \$4,517,000                | \$160,000            |
| <b>Total Construction Costs</b>  | <b>\$92,504,118</b>       | <b>\$81,345,330</b> | <b>\$86,619,237</b>        | <b>\$74,573,410</b>  |
| <b>Financing Costs</b>           |                           |                     |                            |                      |
| Costs of Securing Financing      | \$925,041                 | \$813,453           | \$766,192                  | \$745,734            |
| <b>Total Financing Costs</b>     | <b>\$925,041</b>          | <b>\$813,453</b>    | <b>\$766,192</b>           | <b>\$745,734</b>     |
| <b>Total Capital Expenditure</b> | <b>\$96,992,842</b>       | <b>\$83,514,366</b> | <b>\$90,949,112</b>        | <b>\$77,224,727</b>  |

#### Request for Significant Change.

In accordance with the provisions of 105 C.M.R. § 100.753(A), the Applicant respectfully requests that the Department approve a significant change to its DoN authorization. Specifically, the Applicant requests approval for a decrease in its approved MCE to \$168,173,839 (January 2017 Dollars). In addition, the Applicant respectfully requests that its total approved GSF for the

Nora Mann, Esq., Program Director  
Determination of Need Program  
Department of Public Health  
January 20, 2017  
Page 6

DONOGHUE  
BARRETT  
& SINGAL

Project be increased to 255,462. Of this total, 112,928 GSF is for new construction and 142,534 GSF is renovation. In compliance with the regulations applicable to significant changes, 105 C.M.R. §§ 100.753 and 100.756, the Applicant states the following:

1. Along with the original request, two (2) copies of this request are being submitted to the DoN Program Director. A copy of the request is also being filed with the North East Regional Health Office, and the Center for Health Information and Analysis.
2. In accordance with 105 C.M.R. § 100.756, this request has provided a detailed description and comparison of the approved project with the proposed change, a description of the cost implications, and the rationale for the proposed change.
3. Attached as Exhibit C is a Certificate of Truthfulness and Proper Submission pursuant to 105 C.M.R. § 100.324, certifying to the truthfulness of the facts contained in the request and that the requisite number of copies of this request have been sent to the Program Director, Regional Health Office, and the Center for Health Information and Analysis.
4. In accordance with 105 C.M.R. §§ 100.330 and 100.331(A) of the DoN regulations, notice of this request for significant change was published in the Salem News on January 20, 2017. Original copies of the notice and the original Return of Publication Affidavit will be provided when produced by the newspaper.

The Department's approval of this request will be consistent with the DoN Program's mandate to ensure satisfactory access to quality health care at reasonable costs. To that end, we respectfully request that you approve this amendment, which has been submitted in conformance with 105 C.M.R. §§ 100.753 and 100.756 of the Department's DoN regulations.

Nora Mann, Esq., Program Director  
Determination of Need Program  
Department of Public Health  
January 20, 2017  
Page 7

DONOGHUE  
BARRETT  
& SINGAL

Your attention to this request is greatly appreciated. If you require any additional information, please do not hesitate to contact Crystal Bloom or me.

Sincerely,



Andrew S. Levine

Enclosures (2 copies)

cc: J. Ross, DMH  
S. Davis, DPH  
S. Lohnes, Esq., DPH  
R. Rodman, Esq., DPH  
Center for Health Information and Analysis  
Health Policy Commission  
MassHealth  
North East Regional Health Office  
J. Alviani  
P. Cushing, Esq.  
M. Fishman  
G. Meyer

## **Attachment/Exhibit**

**A**





The Commonwealth of Massachusetts  
Executive Office of Health and Human Services  
Department of Public Health  
Bureau of Health Care Safety and Quality  
Determination of Need (DoN) Program  
99 Chauncy Street, Boston, MA 02111

CHARLES D. BAKER  
Governor

KARYN E. POLITO  
Lieutenant Governor

MARYLOU SUDDERS  
Secretary

MONICA BHAREL, MD, MPH  
Commissioner

July 18, 2016

VIA EMAIL

Andrew S. Levine  
Donoghue Barrett & Singal  
One Beacon Street, Suite 1320  
Boston, MA 02108-3106  
[ALevine@dbslawfirm.com](mailto:ALevine@dbslawfirm.com)

RE: North Shore Medical Center (NSMC)  
Project Number 6-3C46  
(New Construction/Renovation to Consolidate  
all NSMC Acute Care Services on the Salem  
Campus)

Dear Mr. Levine:

At their meeting of July 13, 2016, the Commissioner and the Public Health Council, acting together as the Department, voted pursuant to M.G.L. c.111, § 25C and the regulations adopted thereunder, to approve with conditions the above application filed by North Shore Medical Center ("NSMC" or "Applicant"). The approved project will involve new construction of a 115,405 gross square foot ("GSF") building on the Salem Campus, to accommodate a new, relocated emergency department and two 24-bed units of relocated medical/surgical beds. In addition, there will be 137,368 GSF of renovation of the former Spaulding Hospital – North Shore facility adjacent to the Salem Campus to accommodate expanded inpatient psychiatric services. There will also be new construction of an addition to the existing Davenport building on the Salem campus to accommodate a new main entrance/reception/lobby. Finally, the vacated emergency department building will be renovated to accommodate additional capacity for relocated outpatient cardiac and pulmonary rehabilitation, as well as wellness, ultrasound and infusion services.

This Notice of Determination of Need ("DoN") incorporates by reference the Staff Summary, Public Hearings, a Memorandum to the Public Health Council, and the Public Health Council proceedings concerning this application.

The approved maximum capital expenditure ("MCE") of \$180,507,208 (October 2015 dollars) is itemized below:

|  | <u>New Construction</u> | <u>Renovation</u> |
|--|-------------------------|-------------------|
| <u>Land Costs:</u>                       |                         |                   |
| Site Survey and Soil Investigation       | \$ 230,000              |                   |
| Other Non-Depreciable Land Development + | 3,333,683               | \$ 1,355,583      |
| Total Land Costs                         | 3,563,683               | 1,355,583         |
| <u>Construction Costs:</u>               |                         |                   |

|   |               |              |
|---|---------------|--------------|
| Depreciable Land Development Cost   | 3,557,846     |              |
| Construction Contract (including bonding cost)  | \$ 73,086,772 | \$74,027,829 |
| Fixed Equipment Not in Contract   | 1,700,000     | 1,080,000    |
| Architectural Cost (including fee, printing, supervision etc.) and Engineering Cost                   | 7,525,000     | 5,100,000    |
| Pre-filing Planning and Development Costs*  | 242,500       | 192,500      |
| Post-filing Planning and Development Costs*   | 525,000       | 420,000      |
| Other (See Below**):  | 1,350,000     | 365,000      |
| Other (See Below***):   | 4,517,000     | 160,000      |
| Total Construction Costs  | \$ 92,504,118 | \$81,345,330 |
| Financing Costs:  |               |              |
| Cost of Securing Financing (legal, administrative, feasibility studies, mortgage insurance, printing, | 925,041       | 813,453      |
| Total Financing Costs   | 925,041       | 813,453      |
| Estimated Total Capital Expenditure   | \$96,992,842  | \$83,514,366 |

Total

\$180,507,208

Financing of the approved MCE of will be through debt financing of the entire MCE funded by Partners, NSMC's parent. Partners will secure financing with tax-exempt bonds issued by the Massachusetts Development Finance Agency ("MDFA"), at an anticipated fixed interest rate of 4.500% for 30-year term. The financial covenants associated with the bond issue will be applicable to Partners. No financial covenants will be applicable to NSMC.

The approved incremental operating costs of \$1,791,253 (October 2015 dollars) for the project's first full year (FY 2020) of operation are indicated below:

|                             |                |
|-----------------------------|----------------|
| Salaries, Wages and Fringe  | \$ (4,819,142) |
| Supplies and Other Expenses | (6,090,045)    |
| Purchased Services          | (128,077)      |
| Depreciation                | 5,435,320      |
| Interest                    | 7,950,883      |
| Pension                     | (557,687)      |
| Total Operating Expenses    | \$ 1,791,253   |

The reasons for this approval with conditions are as follows:

1. NSMC proposes to undertake new construction of a 115,405 gross square foot ("GSF") building on the Salem Campus, to accommodate a new, relocated emergency department and two 24-bed units of relocated medical/surgical beds. In addition, there will be 137,368 GSF of renovation of the former Spaulding Hospital – North Shore facility adjacent to the Salem Campus to accommodate expanded inpatient psychiatric services. There will also be new construction of an addition to the existing Davenport building on the Salem campus to accommodate a new main entrance/reception/lobby. Finally, the vacated emergency department building will be renovated to accommodate additional capacity for relocated outpatient cardiac and pulmonary rehabilitation, as well as wellness, ultrasound and infusion services.

2. The health planning process for the project was satisfactory.
3. The proposed project is supported by a trend of consistent significant growth for the inpatient psychiatric services, and consistent demand for medical/surgical and emergency services. There are also documented concerns about current significant operating constraints and space deficiencies associated with inpatient psychiatric and emergency services, as well as multiple bed rooms involved with medical/surgical services, as discussed under the Health Care Requirements factor of the Staff Summary.
4. The project, with adherence to certain conditions, meets the operational objectives of the DoN regulations.
5. The project, with adherence to a certain condition, meets the standards compliance factor of the DoN regulations.
6. The recommended maximum capital expenditure of \$180,507, 208 (October 2015 dollars) is reasonable based on the significantly higher than average new construction/renovation costs associated with the consolidation of all acute care services on the Salem Campus.
7. The recommended incremental operating costs of \$1,791,253 (October 2015 dollars) are reasonable based on the expected substantial operational cost savings involved with the project.
8. The project is financially feasible based on the substantial financial support of Partners Healthcare, the Applicant's parent.
9. The project satisfies the requirements for relative merit.
10. The proposed community health service initiatives, with adherence to a certain condition, are consistent with DoN regulations.
11. The Applicant meets the Determination of Need Guidelines for Environmental and Human Health Impact ("Environmental Guidelines").

This Determination is effective upon receipt of this Notice. The Determination is subject to the conditions set forth in Determination of Need Regulation 105 CMR 100.551, including sections 100.551 (C) and (D) which read in part:

- (C) ...such determination shall be valid authorization only for the project for which made and only for the total capital expenditure approved.
- (D) The determination...shall be valid authorization for three years. If substantial and continuing progress toward completion is not made during the three year authorization period, the authorization shall expire if not extended by the Department for good cause shown (see 105 CMR 100.756).... Within the period of authorization, the holder shall make substantial and continuing progress toward completion; however, no construction may begin until the holder has received final plan approval in writing from the Division of Health Care Quality.

This Determination is subject to the following conditions, in addition to the terms and conditions set forth in 105 CMR 100.551. Failure of the Applicant to comply with the conditions may result in Department sanctions, including possible fines and/or revocation of the DoN.

1. NSMC shall accept the maximum capital expenditure of \$180,507, 208 (October 2015 dollars) as the final cost figure except for those increases allowed pursuant to 105 CMR 100.751 and 100.752.
2. The total approved gross square feet ("GSF") for this project shall be 252,773 GSF, which will include 115,405 GSF of new construction and 137,368 GSF of renovation.
3. The Applicant shall contribute a total of \$9,025,360 (October 2015 dollars) for a period of five years, to fund community health services initiatives as described in the document prepared by the Office of Community Health Planning and Engagement ("OHPE"), as amended from time to time by agreement of the Applicant and OHPE, which is attached and is incorporated herein by reference (Attachment 1).
4. The Applicant shall continue to provide language access services at both the Salem Campus and the Lynn Campus with the improvements described in the document prepared by the Office of Health Equity ("OHE"), as amended from time to time by agreement of the Applicant and OHE, which is attached hereto as Attachment 2 and is incorporated herein by reference.
5. To ensure more equitable geographic and socioeconomic access to health care services for Lynn residents, and in recognition of the processes already underway, NSMC shall provide the Department with an updated evaluation of community health needs resulting from the impact of the proposed consolidation on access to services for Lynn residents. This updated evaluation shall be provided in two phases. The initial phase shall reflect the work of the Emergent/Urgent Care Services Planning Group that is meeting regarding how to most appropriately serve the longer term emergent/urgent needs of all NSMC's patients and communities post-consolidation. This initial update shall be provided to the Department within one year of the issuance of DoN approval. Upon completion of Phase One in 2018, the second phase of this updated evaluation of community health needs shall begin and be incorporated into NSMC's existing community health needs planning process. As part of its existing federally mandated community health needs assessment process every three years the hospital must conduct an in-depth community needs assessment and outline a strategy for meeting community-identified needs of underserved populations. This process will be expanded to include a targeted focus on assessing the needs of the general populations throughout the hospital's primary service area, including the City of Lynn. The update shall be done in active consultation and active participation by Lynn City elected officials or their designees, the Lynn Health Taskforce, SEIU, and other stakeholders in the Greater Lynn area. In addition, with respect to the City of Lynn, the community health needs assessment will be inclusive of the diverse socio-economic groups that exist in the city.
6. NSMC shall seat, over the next three years, and maintain a board of individuals with cultural, ethnic and gender diversity that is reflective of the communities it serves with a particular emphasis on the needs of the underserved and more vulnerable patient populations. As part of the process of identifying and electing new board members NSMC shall consider the recommendations of a wide number of sources in the PSA, including other health care organizations, elected officials, advocacy groups and other community organizations.
7. At a minimum, the Department shall review compliance with the above conditions within 1 year of issuance of DoN approval and again after the completion of the project. At each time, NSMC's report of the status of compliance shall be reviewed by the Staff of Department and presented to the Public Health Council (PHC) by Staff of the Department after consultation with NSMC and community parties specified in these conditions. Further, NSMC and the community parties shall have an opportunity to address the PHC in regard to these conditions. Upon consideration of such presentations, the PHC will be the final arbitrator as to compliance with the conditions, and reserves

the right to continue the progress reports beyond the specified one year if needed and, if so, decide the timeline for the preparation of said reports to the PHC.

Sincerely,



Darrell Villaruz, Interim Manager  
Determination of Need Program

DV/jp

cc: Michael Sinacola, Bureau of Health Care Safety and Quality  
Rebecca Rodman, Office of General Counsel  
Sherman Lohnes, Division of Health Care Facility Licensure and Certification  
Mary Byrnes, Center for Health Information and Analysis  
Stephen Thomas, MassHealth  
Erica Koscher, Health Policy Commission  
Daniel Gent, Division of Health Care Facility Licensure and Certification  
Ben Wood, Bureau of Community Health and Prevention  
Samuel Louis, Office of Health Equity  
Katherine Mills, Health Policy Commission  
Emily Gabrault, Office of the Attorney General



*The Commonwealth of Massachusetts*  
*Executive Office of Health and Human Services*  
*Department of Mental Health*  
*25 Staniford Street*  
*Boston, Massachusetts 02114-2575*

**CHARLES D. BAKER**  
*Governor*

**KARYN E. POLITO**  
*Lieutenant Governor*

**MARYLOU SUDDERS**  
*Secretary*

**JOAN MIKULA**  
*Commissioner*

(617) 626-8000  
[www.mass.gov/dmh](http://www.mass.gov/dmh)

April 4, 2016

Darrell Villaruz, Director  
Determination of Need Program  
Department of Public Health  
99 Chauncy Street  
Boston, MA 02111

Dear Mr. Villaruz:

I am writing to confirm the Department of Mental Health's (DMH) support for the addition of 56 psychiatric beds being proposed at North Shore Medical Center's ("Hospital") Salem campus for adult, pediatric, and geriatric psychiatric patients.

The Hospital has informed DMH of its intention to provide specialized behavioral treatment programs to address the clinical needs of especially vulnerable patient populations, such as adults with co-morbid Substance Use Disorders and children with Autism Spectrum Disorders. It is often difficult to find appropriate clinical placement for such patients, who may incur significant waiting times in emergency departments. The Hospital has assured DMH that their programs will be designed to effectively identify available medical services for these patients and efficiently direct them to those resources.

The addition of these beds will further enhance the psychiatric services provided by North Shore Medical Center as they already hold a DMH license for 26 adult psychiatric beds, 18 pediatric psychiatry beds, and 20 geriatric psychiatric beds.

If you have questions or need more information on this letter of support, please feel free to call the DMH Director of Licensing, Janet Ross at 617-626-8279.

Sincerely,

Handwritten signature of Joan Mikula.  
Joan Mikula  
Commissioner

cc: Janet Ross  
Joy B. Rosen  
Andrew Levine, Esq



The Commonwealth of Massachusetts  
Executive Office of Health and Human Services  
Department of Public Health  
250 Washington Street, Boston, MA 02108-4619

Attachment 2

CHARLES D. BAKER  
Governor

KARYN E. POLITO  
Lieutenant Governor

MARYLOU SUDDERS  
Secretary

MONICA BHAREL, MD, MPH  
Commissioner

Tel: 617-624-6000  
[www.mass.gov/dph](http://www.mass.gov/dph)

May 9, 2016

Robert G. Norton  
President and CEO  
North Shore Medical Center  
81 Highland Avenue  
Salem, MA 01970

Dear Mr. Norton:

Pursuant to your recent Determination of Need Application, Samuel Louis met with Jeremy Freitas, Manager Interpreter Services, Maura Hines Clouser, Executive Director of PCS Finance and Business Operations, Lori Long, Director, Community Relations, and Cheryl Merrill, Senior VP of Patient Care Services/Chief Nursing Officer on February 25, 2016 to review changes in service operations and policies, progress and improvement as well as exchanging ideas on strategies for continued operations and improvement.

After review of submitted documents and subsequent conversations, the Office of Health Equity has determined that North Shore Medical Center shall continue to:

- Enhance its capacity to provide quality, timely and competent interpreter services, i.e., posting of availability of interpreter services, annual language needs assessment, tailored community outreach, and submission of an annual language needs assessment.

**Supplemental Conditions:**

North Shore Medical Center shall:

- Monitor over the next 12 months its Interpreter Services and implement specific activities in response thereof, including but not limited to, support to the Coordinator of Interpreter Services, increase in personnel, resources and equipment, participation in language services forums and entities, and appropriate training for all staff.
- Document over the next 6 months the increase usage of telephonic and video remote interpretation and provide a detailed report of its findings.
- Obtain feedback from Interpreter Services patients regarding the use of telephonic and video remote interpretation and provide a detailed report of its findings.

- Continue to implement its Culturally and Linguistically Appropriate Services (CLAS) Initiative plan for the Language Access Services standards and follow recommended standards for Cultural Competent Care and Organizational Support for Cultural Competency for all sites operating under its license. Provide the Office of Health Equity with an updated plan that includes specific goals and objectives, action steps, targeted staff/departments, evaluation, and outcomes.
- Identify and report on the different mechanisms and/or projects the hospital has and will continue to use the data collected on race, ethnicity, and language to improve patient care and eliminate health disparities.
- Provide an Annual Progress Report to the Office of Health Equity within 45 days at the end of the Federal Fiscal Year.

An implementation plan that addresses the aforementioned and includes anticipated outcomes, evaluation, and **periodic submission of progress reports**, is to be submitted within 30 days of DoN's approval to:

Preferred:

[samuel.louis@state.ma.us](mailto:samuel.louis@state.ma.us)

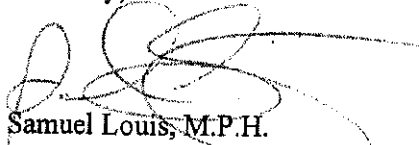
Or

Samuel Louis, M.P.H.  
Massachusetts Department of Public Health  
Office of Health Equity  
250 Washington Street, 5<sup>th</sup> Floor  
Boston, MA 02108

It is imperative that North Shore Medical Center staff communicates with the Office of Health Equity to assure adequate monitoring, compliance, satisfactory implementation and progress to the implementation plan.

If you wish to discuss any of the conditions, or other areas covered at the visit, please contact me at (617) 624-5905 or at [samuel.louis@state.ma.us](mailto:samuel.louis@state.ma.us).

Sincerely,

  
Samuel Louis, M.P.H.  
Health Care Interpreter Services Coordinator

Cc: Jere Page, Determination of Need Analyst  
Rodrigo Monterrey, Acting Director, Office of Health Equity





**The Commonwealth of Massachusetts** Attachment 6  
Executive Office of Health and Human Services  
Department of Public Health  
250 Washington Street, Boston, MA 02108-4619

**CHARLES D. BAKER**  
Governor

**KARYN E. POLITO**  
Lieutenant Governor

**MARYLOU SUDDERS**  
Secretary

**MONICA BHAREL, MD, MPH**  
Commissioner

Tel: 617-624-6000  
[www.mass.gov/dph](http://www.mass.gov/dph)

To: Commissioner Bharel and Members of the Public Health Council

From: Ben Wood, Bureau of Community Health and Prevention

Date: 6/01/2016

Re: Community Health Initiative (CHI) for Factor 9; North Shore Medical Center, Inc.; Project #3C46; New construction and renovation of Salem Hospital campus; MCE: \$180,507,208; CHI: \$9,025,360

---

The Applicant, North Shore Medical Center, Inc. is committed to contributing an amount reasonably related to this Project for programs that provide primary care and preventative health services to underserved populations in its service area. As such, the Applicant will contribute five percent (5%) of the MCE for the Factor 9 requirements.

Consistent with the policies and procedures set forth in the Department of Public Health Bulletin ("Bulletin") of February 11, 2009 and amended August 2014, the Applicant has worked with representatives of the Department of Public Health's Bureau of Community Health and Prevention (BCHAP), Office of Community Health Planning and Engagement to identify community planning partners for the development of a specific funding plan for the Initiative(s). The identified planning partners included the Lynn Health Taskforce, a Ten-Taxpayer Group. Planning partners further included representatives from the Lynn and Salem health departments, the region's Community Health Network Area (the North Shore Community Health Network) and two community health centers (North Shore Community Health Center and the Lynn Community Health Center). The planning group convened three (3) times to assist the Applicant in ensuring that the funds are directed to community health initiatives that will improve health for vulnerable populations and reduce health disparities based on the identified health needs and priorities in North Shore Medical Center's Community Health Needs Assessment's conducted in 2012 and 2015. Specifically, \$9,025,360 will be distributed over 5 years according to the funding plan attached to this memo. Funding will initiate upon approval by Public Health Council.

Community Health Initiative Planning Summary:

The Applicant submitted a Factor 9/Community Health Initiative funding proposal with its' Determination of Need application that focused on three priority areas identified in the 2012 and 2015 community health needs assessment:

1. Access to Primary, Urgent and Specialty Care
2. Behavioral Health and Substance Use Disorder Programming
3. Community Programming for Supporting Health

DPH staff met with the planning group on December 22<sup>nd</sup>, 2015 to review the Community Health Initiative planning process and the Applicant's proposal. Subsequent to that meeting DPH staff held separate meetings with members of the planning group to gain additional background information on needs, perspectives and priorities. The issue of most concern for planning members related to the proportion of funds allocated specifically for the City of Lynn versus allocations in other areas of the Applicant's service region.

After these meetings DPH requested that the Applicant prepare a more detailed proposal using the SMART (specific, measurable, attainable, relevant, time-focused) framework to better understand both the allocation percentage between communities and the intended impact of the funding. After the Applicant completed this activity, the planning group convened two additional times (March 22<sup>nd</sup>, 2016 and April 26<sup>th</sup>, 2016) for discussion and completion of a funding proposal. At the April 26<sup>th</sup>, 2016 meeting of the planning group consensus on the attached funding plan was achieved. The funding plan is consistent with the policies and procedures set forth in the Department of Public Health Bulletin ("Bulletin") of February 11, 2009 and amended August 2014.

The Applicant and other designated planning partners will meet on an annual basis to review the outcomes of funded initiatives and confirm subsequent year investments of the community health initiative budget. Any modifications to the Factor 9 budget must be approved in advance by BCHAP.

Consistent with 105 CMR 100.551(J), the applicant is required to file written reports to the department, annually through the duration of each approved project, including a) reporting period; b) funds expended; c) recipient(s) of funds; d) purpose(s) of expenditures; e) project outcomes to date; f) proposed changes, if any, to the approved CHI; g) balance of funds to be expended over the duration of the project; and h) name of applicant's representative, including complete contact information. Reports may but are not required to include copies of printed materials, media coverage, DVDs, etc. Reports should be submitted electronically to Ben Wood, Bureau of Community Health and Prevention @ [ben.wood@state.ma.us](mailto:ben.wood@state.ma.us)

**Attachment/Exhibit**

**B**

North Shore Medical Center - Determination of Need Amendment  
December 22, 2016

| Functional Areas                                | Present Square Footage |         |        |         |        |         | Square Footage Involved in Project |         |         |            |     |       | Resulting Square Footage |               | Total Cost  |            |  | Cost/ Square Footage |  |
|---|------------------------|---------|--------|---------|--------|---------|------------------------------------|---------|---------|------------|-----|-------|--------------------------|---------------|-------------|------------|--|----------------------|--|
|   | Net                    | Gross   | Net    | Gross   | Net    | Gross   | New Construction                   | Net     | Gross   | Renovation | Net | Gross | New Construction         | Renovation    | New         | Renovation |  |                      |  |
| 1 Level 1: EMERGENCY DEPARTMENT                 | 14,673                 | 22,998  | 26,708 | 42,048  | 9,857  | 21,791  | 63,839                             | 36,565  | 63,839  |            |     |       | \$ 35,945,619            | \$ 11,257,492 | \$ 854.87   | \$ 516.61  |  |                      |  |
| 2 Level 2:                                      |                        |         |        |         |        |         |                                    |         |         |            |     |       |                          |               |             |            |  |                      |  |
| MECH/ELEC & ED STORAGE                          |                        |         | 16524  | 18321   |        |         |                                    | 16524   | 18321   |            |     |       | \$ 5,329,583             |               | \$ 290.90   |            |  |                      |  |
| SNS PEDI-PSYCH                                  | 6,909                  | 12,043  | 548    | 3,595   | 27,259 | 29,985  | 33,580                             | 27,807  | 33,580  |            |     |       | \$ 3,952,735             | \$ 15,331,390 | \$ 1,099.51 | \$ 511.30  |  |                      |  |
| 3 Level 3:                                      |                        |         |        |         |        |         |                                    |         |         |            |     |       |                          |               |             |            |  |                      |  |
| CI - MEP CAMPUS INFRASTRUCTURE                  | 8,957                  | 9,853   |        |         | 8,957  | 9,853   |                                    | 8,957   | 9,853   |            |     |       |                          | \$ 18,165,209 | \$ 1,843.62 |            |  |                      |  |
| SNS - GERI-PSYCH                                | 6,665                  | 11,216  | -      | -       | 12,116 | 18,626  |                                    | 12,116  | 18,626  |            |     |       | -                        | \$ 9,529,493  | \$ 511.62   |            |  |                      |  |
| IP - CONNECTOR                                  | 709                    | 780     | 1,535  | 3,671   | 780    | 1,277   |                                    | 2,315   | 4,948   |            |     |       | \$ 4,036,298             | \$ 269,813    | \$ 1,099.51 | \$ 211.29  |  |                      |  |
| PHLEBOTOMY                                      | 596                    | 1,110   |        |         | 1,332  | 1,477   |                                    | 1,332   | 1,477   |            |     |       |                          | \$ 283,983    | \$ 192.27   |            |  |                      |  |
| CARDIAC REHAB & WELLNESS                        | 2,820                  | 3,431   |        |         | 4,122  | 5,644   |                                    | 4,122   | 5,644   |            |     |       |                          | \$ 1,121,178  | \$ 198.65   |            |  |                      |  |
| INFUSION  | 2,274                  | 2,492   |        |         | 3,319  | 5,377   |                                    | 3,319   | 5,377   |            |     |       |                          | \$ 1,054,317  | \$ 196.08   |            |  |                      |  |
| LOBBY / CHECK-IN / SECURITY (EXISTING ED)       | 1,308                  | 2,272   |        |         | 1,308  | 2,272   |                                    | 1,308   | 2,272   |            |     |       |                          | \$ 425,734    | \$ 187.38   |            |  |                      |  |
| 4 Level 4:                                      |                        |         |        |         |        |         |                                    |         |         |            |     |       |                          |               |             |            |  |                      |  |
| SNS - ADULT PSYCH                               | 6,159                  | 10,192  | -      | -       | 12,091 | 18,625  |                                    | 12,091  | 18,625  |            |     |       | -                        | \$ 9,529,442  | \$ 511.65   |            |  |                      |  |
| IP - CONNECTOR                                  | 709                    | 780     | 998    | 2,328   | 780    | 828     |                                    | 1,778   | 3,156   |            |     |       | \$ 2,559,657             | \$ 174,946    | \$ 1,099.51 | \$ 211.29  |  |                      |  |
| IP - MED-SURGE BEDS                             | 11,303                 | 18,194  | 12,979 | 19,665  | -      | -       |                                    | 12,979  | 19,665  |            |     |       | \$ 13,445,968            | \$ -          | \$ 683.75   |            |  |                      |  |
| 5 Level 5:                                      |                        |         |        |         |        |         |                                    |         |         |            |     |       |                          |               |             |            |  |                      |  |
| Shell Space                                     |                        |         | -      | -       | 12,091 | 18,626  |                                    | 12,091  | 18,626  |            |     |       | -                        | \$ 5,388,106  | \$ 289.28   |            |  |                      |  |
| IP - CONNECTOR                                  | 709                    | 780     | 998    | 2,344   | 685    | 3,002   |                                    | 1,683   | 5,346   |            |     |       | \$ 2,577,249             | \$ 634,283    | \$ 1,099.51 | \$ 211.29  |  |                      |  |
| Shell Space                                     | 4,647                  | 7,248   | 12,979 | 19,665  | -      | -       |                                    | 12,979  | 19,665  |            |     |       | \$ 7,500,310             | \$ -          | \$ 381.40   |            |  |                      |  |
| IP - Med Surge Beds (Davenport Bldg- former CC) | 4,906                  | 5,151   |        |         | 4,906  | 5,151   |                                    | 4,906   | 5,151   |            |     |       |                          | \$ 225,000    | \$ 43.68    |            |  |                      |  |
| 6 Level 6:                                      |                        |         |        |         |        |         |                                    |         |         |            |     |       |                          |               |             |            |  |                      |  |
| ELEVATOR MACHINE ROOM                           |                        |         | 855    | 1,291   |        |         |                                    | -       | -       |            |     |       | \$ 1,419,466             |               | \$ 1,099.51 |            |  |                      |  |
| Total:  | 73,344                 | 108,540 | 74,124 | 112,928 | 99,603 | 142,534 |                                    | 173,727 | 255,462 |            |     |       | \$ 76,766,886            | \$ 73,390,385 | \$ 679.79   | \$ 514.90  |  |                      |  |

## **Attachment/Exhibit**

**C**


## AFFIDAVIT OF TRUTHFULNESS AND PROPER SUBMISSION

We, the undersigned, on behalf of North Shore Medical Center, Inc., hereby certify as follows:

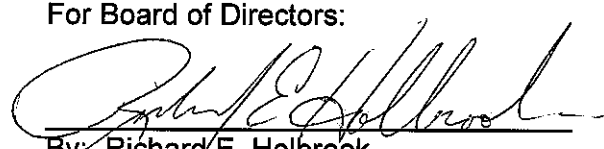
1. We have read the Massachusetts Department of Public Health's (the "Department") Determination of Need regulations, 105 CMR 100.00 et seq. (the "Regulations").
2. We have read the foregoing Request for Significant Amendment, including all exhibits and attachments (the "Request"), prepared on behalf of North Shore Medical Center, Inc.
3. We have caused to be submitted the required copies of this Request to the Program Director of the Determination of Need Program, the appropriate Regional Health Office of the Department, the Center for Health Information and Analysis, and the Department of Mental Health in accordance with 105 CMR 100.756(A). No filing with the Department of Elder Affairs was required by 105 CMR 100.152.
4. We have arranged for notices to be published in the *Salem News* on January 20 2017 and to have an original of such notice forwarded to the Determination of Need Program and the Attorney General in accordance with 105 CMR 100.330-100.332 and 105 CMR 100.756(C) of the Regulations.
5. The material submitted to the Department by or on behalf of North Shore Medical Center, Inc. with respect to the Request is true and does not, to the best of our knowledge, contain any false statement or misrepresentation of fact.

Signed on this 17<sup>th</sup> day of January, 2017, under the pains and penalties of perjury.

For Corporation:

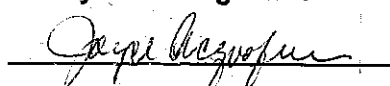
  
By: Gregg S. Meyer, M.D.  
Its: Interim President

For Board of Directors:

  
By: Richard E. Holbrook  
Its: Chairman of the Board

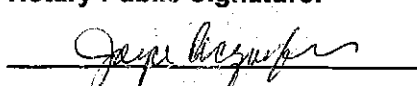
On this 17<sup>th</sup> day of January, 2017, Gregg S. Meyer personally appeared before me, the undersigned notary public, and proved to me through satisfactory evidence of identification, which was a driver's license, to be the person whose name is signed above and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of his knowledge and belief.

Notary Public Signature:

  
My Commission  
Expires: January 5, 2018

On this 17<sup>th</sup> day of January, 2017, Richard E. Holbrook personally appeared before me, the undersigned notary public, and proved to me through satisfactory evidence of identification, which was a driver's license, to be the person whose name is signed above and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of his knowledge and belief.

Notary Public Signature:

  
My Commission  
Expires: January 5, 2018