

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

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DATE: July 21, 2022

Kathleen Harrell, Esq.
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Plymouth, Massachusetts, 02360

VIA EMAIL: kharrell@barrettharrell.com

RE: Boston Medical Center— Notice of Transfer of Site Application # BMCHS-22062406-TS

Dear Ms. Harrell,

We are in receipt of the above-referenced Notice and its accompanying attachments, dated June 24, 2022, wherein Boston Medical Center (BMC) provided notice to the Department of Public Health (the Department) in accordance with 105 CMR 100.745 for a proposed transfer of site of two outpatient services from various locations adjacent to and within the main hospital as described below.

BMC has complied with the requirements of Notice and has provided information sufficient to allow the Department to make a finding that the proposed transaction will neither result in a Substantial Capital Expenditure nor Substantial Change in Service, and thus will not first require a Notice of Determination of Need (DoN).

The proposed transfer of site involves several of BMC's services:

(1) Transfer of Site of outpatient physical therapy (PT) and occupational therapy (OT) services from BMC's main hospital in the Preston Family Building,¹ to a new South Bay Satellite ("Proposed South Bay Project") at 39B District Avenue, Dorchester, MA 02125.

(2) Transfer of Site of outpatient pediatric primary care, pediatric psychiatry, adolescent primary care, and STAR (Services for Trauma and Resources for families) unit services from BMC's main hospital Yawkey Building, pediatric neurology services from BMC's main hospital Shapiro Building,² to BMC's Crosstown Satellite ("Proposed Crosstown Project") located at 801 Massachusetts Avenue, Boston, MA 02118.

¹ 732 Harrison Avenue, Boston, MA 02118

² 725 Albany Street, Boston, MA 02118,

Reason for Request

In attempting to meet patient demand for all services, the Applicant has identified a need for strategic space modifications to better use existing building resources, establish centralized services and complementary use adjacencies, and drive operational efficiency. To address the evolving healthcare landscape and to meet demand for high-quality, cost-effective, and efficient patient care, the Applicant states it continually engages in a long-range planning to “right-size its campus.” Through careful site planning of building resource use BMC has undertaken a “measured approach to renovation and new construction” to ensure the Hospital’s sustainability as an academic medical center. The two proposed Transfer of Site Change in Designated Location, Proposed Projects outlined below work towards accomplishing that aim.

Project #1: Proposed South Bay Project

1. *Description*

The Hospital’s outpatient retail pharmacy operates in a leased space;³ that lease will soon end, and thus requires relocation. The pharmacy primarily services outpatients seeking care in the nearby buildings, including the Hospital’s Preston Family (Preston) building. The Applicant has determined the need for the pharmacy to support BMC patients utilizing the outpatient services within Preston. The only space identified was the current location of the outpatient PT and OT services. To accomplish this the Applicant proposes to relocate PT and OT services from the first floor of the Preston Family Building to a new BMC satellite located in leased space at South Bay Center (South Bay), approximately one (1) mile from BMC’s main hospital.

The Applicant asserts that the Proposed South Bay Project constitutes a Transfer of Site or Change of Designated Location of a Health Care Facility, as it involves the relocation of a part of the Hospital from the licensed main hospital to a new hospital satellite.⁴ The Applicant also asserts that the Proposed South Bay Project either when considered alone or when consolidated with the Proposed Crosstown Project (described below) is less than the current expenditure minimum that would require a full DoN submission for either a Substantial Change in Service or Substantial Capital Expenditure. Accordingly, the Applicant seeks approval from the Department to move forward with implementation of the Proposed South Bay Project as a Transfer of Site.

2. *Gross Square Feet (GSF)*

The Hospital’s PT and OT services currently occupy 9,423 GSF within the Preston Family Building. The services will occupy 7.2% more space (10,102 GSF) at South Bay, if approved.

³ In the Doctor’s Office Building

⁴ Pursuant to MGL Ch. 111 s. 25B, “Health Care Facility” is defined to include “a hospital or clinic . . . and any part of such facilities.”

3. *Demographics and Primary Service Area (PSA)*

The Applicant provided detailed patient demographic and patient origin information of its PT and OT Services.⁵ Given that the South Bay Satellite will be located approximately 1.4 miles from BMC's licensed main hospital, the Applicant does not anticipate any changes to the patient population for BMC's PT and OT services if the project is approved. The Applicant is a high public paying hospital with compensation from government sources exceeding 65%.

4. *Patient Access*

Given the approaching end of BMC's Doctors Office Building leasehold, the Proposed South Bay Project will ensure continued access to outpatient PT and OT services as well as outpatient pharmacy services for the Hospital's patient panel. Located approximately one (1) mile from BMC's main hospital, the proposed new site is easily accessible by public transportation, is within walking distance of the Andrew Square MBTA Station on the Red Line (0.6 miles), and the Newmarket MBTA Stop on the Fairmount Commuter Rail Line (0.1 miles), as well as several MBTA bus lines and major highways.⁶

Further, the proposed new South Bay site is at ground level, ensuring access for persons with disabilities, is easily navigable, and included free garage parking. Given these factors, the Applicant anticipates that as other services migrate to the Satellite,⁷ the site will allow patients the convenience of an integrated outpatient care setting close to home, transport, and close to BMC's main hospital.

5. *Documentation of Sufficient Interest in the Proposed Site*

The Hospital has entered into a lease agreement for the proposed new South Bay Satellite. This space is appropriately zoned to provide healthcare services, including PT and OT services. If approved, the Applicant will pursue architectural plan review, custom retrofit the space, and proceed with licensure.

6. *Impact on Health Care Spending*

Staff will consider this discussion in concert with the second proposed Transfer of site below.

Project #2 Proposed Crosstown Project

1. *Description*

The Hospital's pediatric primary care, pediatric psychiatry, adolescent primary care, and STAR unit services are located on the sixth floor of BMC's Yawkey Building: its pediatric neurology services are located on the eighth floor of BMC's Shapiro Building. The Applicant proposes to transfer all of these services to the seventh floor of BMC's licensed Crosstown satellite, located across the street, in order

⁵ Which it defines as the cities and towns from which 75% of BMC's PT and OT patients originate.

⁶ major highways

⁷ Separately, the Applicant has signaled the intent to relocate such services as orthopedics to the site. The Applicant is aware that for certain services or Substantial Capital Expenditures, a full DoN submission may be required.

to address space constraints driven by increased demand, support a team-based model of integrated pediatric care, and improve use of campus adjacencies, while maximizing the use of existing BMC inpatient and outpatient campus space.

The Proposed Crosstown Project will allow the Hospital to maximize clinical space and redesign patient throughput, thereby reducing the need for travel between BMC's various buildings, improving access for patients. The Applicant anticipates colocation of these services will increase collaboration among providers which is anticipated to improve coordination of care, create efficiencies and facilitate improved health outcomes.

The Applicant asserts that the Proposed Crosstown Project constitutes a Transfer of Site or Change of Designated Location of a Health Care Facility, as it involves the relocation of a part of the Hospital from the licensed main hospital to a hospital satellite.⁸ Additionally, it asserts the Proposed Crosstown Project either when considered alone or when consolidated with the Proposed South Bay Project (described above) is less than the current expenditure minimum that would require a full DoN submission for either a Substantial Change in Service or Substantial Capital Expenditure. Given these factors, the Applicant seeks approval to move forward with implementation of the Proposed Crosstown Project as a Transfer of Site.

2. Gross Square Feet ("GSF")

The Hospital's pediatric primary care, pediatric psychiatry, adolescent primary care, and STAR unit services currently occupy 21,096 GSF within the Yawkey Building, and the Hospital's pediatric neurology services occupy 4,321 GSF within the Shapiro Building, totaling 25,417 GSF. The services will occupy 2.2% more space (25,985 GSF) at Crosstown if approved.

3. Demographics and Primary Service Area ("PSA") Towns Served

The Applicant provided detailed patient demographic and patient origin information of its pediatric primary care, pediatric psychiatry, adolescent primary care, STAR unit, and pediatric neurology Services. Given that the Crosstown Satellite is conveniently located across the street from BMC's main hospital, the Applicant does not anticipate any changes to the Patient population served for these services following the Transfer of Site. The Applicant is a high public paying hospital with compensation from government sources exceeding 65%.

4. Patient Access

The Applicant anticipates that the Proposed Crosstown Project will improve access to these services for its pediatric patient population. The proposed Transfer of Site of these services from various buildings within BMC's main hospital across the street to the outpatient Crosstown Satellite will help address care fragmentation and allow patients to receive a full complement of comprehensive, integrated

⁸ Pursuant to MGL Ch. 111 s. 25B, "Health Care Facility" is defined to include "a hospital or clinic . . . and any part of such facilities."

pediatric and adolescent care on a single floor within one building. Such co-location of services will improve the patient care experience. The Applicant anticipates that the Proposed Crosstown Project will reduce the need for travel between BMC’s various buildings, increase collaboration among providers, promote better coordination of care, create greater efficiencies in care processes, and, overall, improve access for patients.

5. Documentation of Sufficient Interest in the Proposed Site

The Hospital owns the Crosstown Satellite, which is appropriately zoned to provide healthcare services, including those proposed for this project. Upon approval of the Proposed Project the Applicant will proceed with completion of architectural plan review, renovations, with licensure.

6. Impact on Health Care Spending

Staff will consider this discussion in concert with the first proposed Transfer of site described above.

Overall Impact on Health Care Spending

The Applicant does not anticipate that the either project will have any impact on price, total medical expenditures, or provider costs. As described herein, the Applicant currently provides all these services either at BMC’s main hospital or adjacent to it. If approved, all pricing will remain consistent with current charges for these services.

The Applicant states that the combined Capital Expenditures for both proposed transfers of site is \$20,838,426, for the construction/renovation of space to accommodate the projects as shown in Table 1 Below.

Table 1: Cost Breakdown of Each Transfer of Site

Project	#1-South Bay	#2-Crosstown	
Cost Breakdown	Amount	Amount	Total
Cost of Obtaining Space	\$5,499,224	N/A	\$5,499,224
Construction Contract	\$4,319,084	\$9,731,740	\$14,050,824
Architectural and Engineering	\$388,717	\$874,957	\$1,263,674
Pre- and Post-Filing Planning and Development	\$12,115	\$12,589	\$24,704
Total	\$10,219,140	\$10,619,286	\$20,838,426

Project #1: The capital expenditure associated with the proposed South Bay Project is projected to be \$10,219,140. The cost of obtaining the space accounts for the majority of the expenses, 54% and the construction contract comprises the next largest component, 42%.


The Applicant stresses that for patients, out of pocket costs for patients may be reduced because of access to free parking at the site and that prices will not change.

Project #2: As shown in Table 1 above, the capital expenditure associated with the Proposed Crosstown Project is anticipated to be \$10,619,286 for renovations to accommodate the relocated pediatric primary care, pediatric psychiatry, pediatric neurology, adolescent primary care, and STAR unit services. The construction contract accounts for 92% of the total costs of this project.

The Applicant stresses that given current market constraints relating to the inflated costs of construction materials, and architectural and engineering services, the cost of these projects is higher than normal. However, the Applicant notes that the anticipated capital expenditure for each project when considered either individually or aggregated does not exceed the Substantial Capital Expenditure threshold for filing a DoN for outpatient projects, which is currently \$34,988,545.⁹ Accordingly, the Proposed Project does not require a DoN submission.

Findings:

The Department finds that Boston Medical Center has provided the Department with the information required in 105 CMR 100.745(D). Based upon review of the Notice and supporting materials, the Department finds that this transaction does not require a DoN either as a Substantial Capital Expenditure or Substantial Change in Service, pursuant to 105 CMR 100.730, and that BMC may move forward with the proposed transfers and changes at the designated locations.



Margret R. Cooke
Commissioner

⁹ For FY 2022; it is adjusted annually for inflation.