



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Public Health
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September 18, 2023

Alan H. Einhorn
Foley & Lardner LLP
111 Huntington Avenue
Boston, MA 02199

VIA electronic mail: aeinhorn@foley.com

RE: Notice of Transfer of Site Application
23080411-TS

Dear Attorney Einhorn,

We are in receipt of the above-referenced Notice and its accompanying attachments, dated July 28, 2023, wherein Sports Medicine North Orthopaedic Surgery, Inc. dba Peabody Imaging (the Clinic) provided notice to the Department of Public Health (the Department) in accordance with 105 CMR 100.745 for a proposed transfer of site of the magnetic resonance imaging (MRI) clinic from its current location at 1 Orthopedics Drive, Peabody, MA to 378 Commonwealth Avenue, Danvers, MA, as described below. The proposed transfer of site involves the replacement of the currently held MRI machine and the relocation of services from its current location in Peabody to the proposed location, approximately one mile away, in Danvers, MA.

Sports Medicine North Orthopaedic Surgery, Inc. dba Peabody Imaging 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).

Reason for Request

1. Description

The Applicant has stated that the Clinic's current/extended lease term is due to expire on April 30, 2026, and does not include a right of extension or renewal, so the existing space will no longer be available. In order to preserve timely access to the Clinic's services and ensure continuity of services for the Clinic's patients, the Applicant is proposing to relocate the MRI clinic to a new space at 378 Commonwealth Avenue, Danvers. The Applicant is anticipating that relocating the Clinic to the new space will take effect in early 2026, contingent on DoN approval.

Gross Square Feet (GSF)

The proposed site, in a newly constructed facility in Danvers, will be 11% larger than its current site. The relocated Clinic will have a new MRI machine upon opening, which will replace the aging equipment at the current location. The Clinic will continue to provide the same imaging services, with no additional complimentary services at the new Clinic site.

2. Demographics and Primary Service Area (PSA)

The Applicant provided detailed patient demographic and insurance information for the Clinic patients over a 12-month period (January to December 2022). The Clinic served 5,183 unique patients during the 12-month period.

Age: Patients between the ages of 18-64 comprise 67.6% of the population served, followed by the 65+ cohort at 27.4%. Patients younger than 17 account for the remainder of the population.

Race/Ethnicity: The majority of patients identify as White, followed by very small percentages in all other categories.

Patient Origin: Patients live in the following communities: Peabody, Danvers, Beverly, Ipswich, Lynn, Salem, Hamilton, Lynnfield.

Insurance: Primary payer is group policy insurance, commercial insurers, Medicare Part B, and Medicaid.

Because the proposed site is approximately one mile (approximately a 5-minute drive time) from the existing site, the Applicant does not anticipate any changes to the PSA served by the Clinic.

3. Patient Access

Because the proposed site is approximately one mile from the existing site, the Applicant does not anticipate any impact on the Patient Panel's access to the Clinic's services.

4. Impact on Health Care Spending

The Applicant states that the proposed relocation of the Clinic is not expected to have any impact on price of the Clinic's services or total medical expenditures (TME). Apart from rental fees, the Applicant expects to incur expenditures associated with relocation of certain Clinic property and equipment to the new site. The Applicant anticipates that the vendor for the replacement MRI unit will incur the cost of removing the aging MRI unit from the current facility.

- The Applicant does not anticipate that the proposed Transfer of Site will have an

impact on price because the facility fees charged by The Clinic will not change.

- The Applicant does not anticipate that the proposed Transfer of Site will impact provider costs because the staffing levels and payer contracts will remain the same.

Construction of the building that will house the Clinic will be undertaken by the landlord for the relocated Clinic's space. Moreover, the Applicant's rent for the space will be significantly less than the Applicant's current rent. The Applicant anticipates approximately \$50,000 in expenditures associated with the moving equipment and furniture from the current site to the proposed site.

5. Sufficient Interest in the Proposed Site

The Clinic has a lease proposal for the space at 378 Commonwealth Avenue, Danvers, and the area is appropriately zoned to provide healthcare services.

Findings:

The Department finds that Sports Medicine North Orthopaedic Surgery, Inc. dba Peabody Imaging 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.

Emily Dally



Acting Commissioner

Massachusetts Department of Public Health