| **Amended: replaces the original Staff Report**  **STAFF REPORT TO THE PUBLIC HEALTH COUNCIL**  **FOR A DETERMINATION OF NEED** | |
| --- | --- |
| Applicant Name | The Children’s Medical Center Corporation |
| Applicant Address | 300 Longwood Avenue, Boston, MA 02115 |
| Filing Date | May 4, 2022 |
| Type of DoN Application | Transfer of Ownership |
| Total Value | $55,821,519.00 |
| Project Number | BCH-22031810 |
| Ten Taxpayer Groups (TTG) | One in support |
| Community Health Initiative (CHI) | None – Exempt from Factor 6 |
| Staff Recommendation | Approval |
| Public Health Council | August 10, 2022 |
| **Project Summary and Regulatory Review**  The Children’s Medical Center Corporation (CMCC or the Applicant), the sole corporate member of The Children’s Hospital Corporation, and Franciscan Hospital for Children (Franciscan) submit this Application with respect to an institutional affiliation—categorized as a “Transfer of Ownership” pursuant to the Determination of Need regulations whereby CMCC will become Franciscan’s sole corporate member.  This Determination of Need (DoN) Application falls within the definition of Transfer of Ownership, which is reviewed under the DoN regulation 105 CMR 100.000. The Department must determine that need exists for a Proposed Project, on the basis of material in the record, where the Applicant makes a clear and convincing demonstration that the Proposed Project meets each applicable DoN Factor set forth within 105 CMR 100.210. A DoN Application for a Transfer of Ownership is subject to factors 1, 2, 3, and 4 of the DoN regulation. This staff report addresses each of the four factors set forth in the regulation. | |

Table of Contents

[Background and Application Overview 3](#_Toc109403281)

[Patient Panel 5](#_Toc109403282)

[Factor 1a: Patient Panel Need 8](#_Toc109403283)

[Factor 1: b) Public health value, improved health outcomes and quality of life; assurances of health equity 13](#_Toc109403284)

[Factor 1: c) Efficiency, Continuity of Care, Coordination of Care 16](#_Toc109403285)

[Factor 1: d) Consultation 17](#_Toc109403286)

[Factor 1: e) Evidence of Sound Community Engagement through the Patient Panel 17](#_Toc109403287)

[Factor 1: f) Competition on Price, Total Medical Expenses (TME), Costs and Other Measures of Health Care Spending 18](#_Toc109403288)

[FACTOR 1 Summary Analysis 19](#_Toc109403289)

[Factor 2: Cost Containment, Improved Public Health Outcomes and Delivery System Transformation 19](#_Toc109403290)

[Factor 3: Relevant Licensure/Oversight Compliance 22](#_Toc109403291)

[Factor 4: Demonstration of Sufficient Funds as Supported by an Independent CPA Analysis 22](#_Toc109403292)

[Factor 5: Assessment of the Proposed Project’s Relative Merit 24](#_Toc109403293)

[Factor 6: Fulfillment of DPH Community-based Health Initiatives Guideline 24](#_Toc109403294)

[Ten Tax-Payer and Public Comments on the Application 24](#_Toc109403295)

[Findings and Recommendations 25](#_Toc109403296)

[Appendix 1 27](#_Toc109403297)

[**Appendix 2: Commentors in Support of the Application**,  28](#_Toc109403298)

# 

# Background and Application Overview

**Franciscan Hospital for Children** (Franciscan, FHC) was founded in 1949 by the Franciscan Missionaries of Mary, whose mission has been to provide a “*compassionate environment for children with complex medical, mental health and educational needs.*”[[1]](#footnote-1) Franciscan is the only licensed pediatric chronic disease and rehabilitation hospital[[2]](#footnote-2) in Massachusetts. Patients needing specialized pediatric behavioral health, post-acute medical and rehabilitative care, dental, and educational services, including the Kennedy Day School,[[3]](#footnote-3) are referred to Franciscan from acute care hospitals, emergency departments, mobile crisis teams, school systems, and other providers in Massachusetts and New England. Franciscan is a nationally recognized pediatric service provider with the specialized ability to care for (i) medically complex children[[4]](#footnote-4), including newborn babies on ventilators, (ii) children with behavioral health conditions requiring inpatient services, short-term residential, school-based, ambulatory and/or community-based services, (iii) children who need specialized dental services, including dental surgeries under general anesthesia, and (iv) children with specialized educational needs due to their physical and/or cognitive condition.

According to the Applicant, Franciscan is facing financial challenges that constrain its ability to (1) enhance services sought by patients and families, (2) update its aging and inefficient physical plant, and (3) expand services to more underserved children and adolescents.

**Children’s Medical Center Corporation (CMCC**) operates the only freestanding pediatric acute care hospital in Massachusetts, The Children’s Hospital Corporation.[[5]](#footnote-5) Its mission is to provide quality pediatric health care to enhance the health and well-being of the children and families in the local community as well as conducting research, and training. CMCC comprises a network of pediatric subspecialists in New England, that includes primary care, through Children’s Hospital Primary Care Center and the Pediatric Physician’s Organization at Children’s (PPOC). CMCC also serves pediatric behavioral health needs for Massachusetts children, including those having acute and complex needs by offering inpatient, ambulatory behavioral health, and an integrated behavioral health ambulatory program with its community pediatric physician practices including, Mass Health Accountable Care Organization (ACO) patients.

If this Application for DoN is approved, CMCC would become Franciscan’s sole corporate member. Franciscan and Boston Children’s Hospital (BCH)[[6]](#footnote-6) would become sister hospitals under the CMCC parent corporate structure. Franciscan would continue to be a separately licensed hospital and separately incorporated public charity with a fiduciary board of trustees, with its own officers and its own management team. The Chair of the Franciscan’s Board of Trustees would be appointed to the CMCC Board of Trustees, and the Chair or Vice Chair of the CMCC Board of Trustees would be appointed to the Franciscan’s Board of Trustees to improve system alignment and mission effectiveness. As the sole corporate member, CMCC would also have standard reserved powers over Franciscan’s corporate entity and other rights and responsibilities.[[7]](#footnote-7)

The entities currently have a strong working relationship, whereby they coordinate transfers of psychiatric and complex medical patients back and forth as the need arises. The Applicant provided the data on the transfer activities in Table 1. Note that the number of post-acute medical transfers is larger than the number of unique patients reflects the fragility complexities of the patients, some needing to be transferred multiple times.

**Table 1: Transfer Activities Between Franciscan and CMMC FY 2018-2021**

|  | FY2018 | FY2019 | FY2020 | FY2021 |
| --- | --- | --- | --- | --- |
| **Transfers from Franciscan to CMCC** |  |  |  |  |
| Behavioral Health | 2 | 4 | 3 | 2 |
| Non-Behavioral Health | 138 | 100 | 132 | 150 |
| Total | 140 | 104 | 135 | 152 |
| **CMCC Discharges to Franciscan** | | | | |
| Behavioral Health | 17 | 25 | 38 | 37 |
| Post-Acute Medical Discharges | 144 | 139 | 200 | 228 |
| Total | 161 | 164 | 238 | 265 |
| ***Unique CMCC Rehab Patients Transferred to FHC*** | ***63*** | ***69*** | ***109*** | ***91*** |

The Applicant asserts the proposed affiliation will support increased staffing of existing beds and services, provide greater access and efficiency in the delivery of services, facilitate the expansion of Franciscan’s services to its core patient population and support CMCC’s focus on behavioral health patients with co-morbid medical conditions on its Longwood campus as described in Factors 1 and 2. The proposed affiliation will also enable the parties to integrate and further “contemplate a significant and necessary investment in Franciscan’s campus” that will allow Franciscan and CMCC to redevelop and modernize Franciscan’s campus into a state-of-the-art center for pediatric behavioral health and post-acute medical and rehabilitative center of excellence, while directly increasing patient access and community-based programming, which will improve Franciscan’s ability to decrease geographic and racial disparities. Where applicable, these new initiatives will be addressed in a DoN for Substantial Capital Expenditure at a later date. The current bed counts at both entities is in Table 2.

**Table 2: Current Approved Bed Count For CMCC and Franciscan**

|  | **CMCC at BCH** | | | **Franciscan** | |
| --- | --- | --- | --- | --- | --- |
|  | **Current** | **Jul-22** | **DoN Approved[[8]](#footnote-8)** |  | **Current** |
| **Longwood** |  |  |  | **Warren St** |  |
| Med/Surg/ICU | 388 | 446 | 455 | Rehab | 48 |
| behavioral health | 16 | 16 | 20 | BH | 32 |
| Subtotal | 404 | 462 | 475 |  | 80 |
| **Waltham** |  |  |  |  |  |
| Med/Surg | 11 | 11 | 11 |  |  |
| BH | 12 | 12 | 12 |  |  |
| Subtotal | 23 | 23 | 23 |  |  |
| TOTAL | 427 | 485 | 498 |  | 80 |
| CBAT Separate License | 12 | 12 | 12 |  | 18 |

# Patient Panel[[9]](#footnote-9)

Table 3 provides high level Patient Panel data over a four-year period. For CMCC, there was an increase of 31,201 unique patients, or a 4.5% annual compounded growth rate from Fiscal Year (FY) 2018-2021. Due to the COVID-19 pandemic there was a decline in FY 2020.

The number of patients utilizing the services of Franciscan decreased over the past four years, with 4,369 unique patients in 2021 FY as compared to 7,026 unique patients in FY18, a decline of 2,657 patients.[[10]](#footnote-10) The Applicant states that Franciscan’s decline in unique patients from FY18 through FY21 reflects (1) closure of Franciscan’s Pediatric Primary Care Clinic in September of 2019 due to falling demand and inadequate reimbursement,[[11]](#footnote-11) and (2) reductions in certain services during 2020 and 2021 because of the COVID-19 pandemic.

**Table 3: Overview of Patient Panels- FY18-FY21**

| **Year** | **FY18** | **FY19** | **FY20** | **FY21** |
| --- | --- | --- | --- | --- |
| **Unique Patients** | **Count** | **Count** | **Count** | **Count** |
| CMCC MA | 219,857 | 229,342 | 209,610 | 251,058 |
| Franciscan | 7,026 | 7,059 | 4,076 | 4,369 |

The Applicant provided four years of Patient Panel demographic information for the fiscal years 2018-21 for both parties, CMCC, and Franciscan. [[12]](#footnote-12) Table 4 provides a demographic profile on each parties’ patients for the most recent year of data provided, FY 2021.[[13]](#footnote-13)

**Table 4: Demographic Profile of CMCC and Franciscan Patients- FY21**

| **FY21** | | | | |
| --- | --- | --- | --- | --- |
|  | ***CMCC MA*** | | ***Franciscan*** | |
| **Total Unique Patients** | ***251,058*** | | **4,369** | |
|  | **Count** | **%\*** | **Count** | **%\*** |
| **Gender** |  |  |  |  |
| Female | 129,336 | 51.5% | 2,030 | 46.5% |
| Male | 121,616 | 48.4% | 2,339 | 53.5% |
| Unknown | 106 | 0.0% | 0 | 0.0% |
| **Age** |  |  |  |  |
| 0-2 years | 41,599 | 16.6% | 186 | 4.25% |
| 3-5 years | 29,205 | 11.6% | 1,371 | 31.30% |
| 6-10 years | 46,065 | 18.3% | 1,526 | 34.84% |
| 11-15 years | 52,799 | 21.0% | 770 | 17.58% |
| 16-18 years | 29,575 | 11.8% | 291 | 6.64% |
| 19+ years | 51,815 | 20.6% | 236 | 5.39% |
| **Race/Ethnicity\*** |  |  |  |  |
| Asian, non-Hispanic | 8,808 | 4.9% | 355 | 8.4% |
| Black, non-Hispanic | 17,485 | 9.7% | 568 | 13.4% |
| Hispanic | 28,903 | 16.0% | 988 | 23.3% |
| White, non-Hispanic | 109,606 | 60.7% | 1,909 | 45.1% |
| Another Race, non-Hispanic | 12,704 | 7.0% | 417 | 9.8% |
| Multiracial, non-Hispanic | 3,129 | 1.7% | Not collected |  |
| **Patient Origin** |  |  |  |  |
| HSA\_1: Western MA | 4,430 | 1.8% | 71 | 1.6% |
| HSA\_2: Central MA | 15,924 | 6.3% | 616 | 14.0% |
| HSA\_3: Northeast | 43,474 | 17.3% | 755 | 17.2% |
| HSA\_4: Metro West | 86,830 | 34.6% | 923 | 21.1% |
| HSA\_5: Southeast | 36,510 | 14.5% | 626 | 14.3% |
| HSA\_6: Boston | 51,004 | 20.3% | 1,082 | 24.6% |
| Unknown | 12,886 | 5.1% | 321 | 7.3% |
| \*Numbers may not add up to 100% due to rounding | | | | |

**Gender:** For FY21, CMCC’s patient mix consisted of 51.5% females and 48.4% males.Franciscan was approximately 53.5% males and 46.5% females.

**Age** CMCC serves a greater number of patients in the youngest and oldest age cohorts than Franciscan. For its youngest patients it operates neonatal and pediatric intensive care units. Because of the relationships developed among the team and family over a child’s lifetime, it continues to treat some complex patients over age 19. [[14]](#footnote-14)

**Race:** CMCC’s patient mix reflects a diverse patient panel. For FY 21: 60.7% of CMCC’s

statewide patient population identified as White, non-Hispanic; 16% as Hispanic; 9.7% as Black, non-Hispanic; 7% as Another Race, non-Hispanic; 4.9% as Asian, non-Hispanic; and 1.7% identified as Multiracial, non-Hispanic.

Franciscan’s Patient Panel also reflects a diverse patient population. For FY 21: 45.1% of Franciscan’s patient panel identified as White, non-Hispanic; 23.3% identified as Hispanic; 13.4% identified as Black, non-Hispanic; 9.8% identified as Another Race, non-Hispanic; and 8.4% identified as Asian, non-Hispanic.

**Patient Origin:** CMCC’s Massachusetts Patients reside mainly in Eastern Massachusetts. In FY21 data, 34.6% of CMCC’s Massachusetts patients resided in HSA 4 (Metro-West); 20.3% reside in HSA 6 (Boston); 17.3% reside in HSA 3; 14.5% reside in HSA 5; 6.3% reside in HSA 2; 1.8% reside in HSA 1; and the origin of 5.1% is unknown.

Franciscan’s Patient Origin reflects a similar pattern to CMCC’s but with a larger percentage, 14%, residing in Central MA, HSA 2, and a smaller percentage, 21.0% residing in Metro West.

**Payor Mix**: The portion of CMCC’s unique patients having Medicaid coverage is 30.4%, while for Franciscan those with Medicaid coverage at is 62.7%. Table 5 shows the patient mix for Medicaid and All Other which includes commercial payers.

**Table 5: Payor Mix for Each Party: Unique Patients**

| **Payor Mix[[15]](#footnote-15)** | **Medicaid** | **All Other** |
| --- | --- | --- |
| CMCC | 30.4% | 69.6% |
| Franciscan | 62.7% | 37.3% |

Additionally, not shown in Table 5, the portion of CMCC’s charges attributed to the treatment of patients with Medicaid coverage increased from 37.7% in 2018 to 40.4% in 2021.

Service specific patient information concerning pediatric patients that receive behavioral health, dental services, post-acute care, and medically complex care from CMCC or Franciscan, is included below as applicable.

# Factor 1a: Patient Panel Need

The Applicant must demonstrate Patient Panel need for the Proposed Project.

The Applicant asserts the proposed affiliation will be better able to address four growing essential needs of both parties’ Patient Panels:

* specialized pediatric behavioral health services,
* post-acute care for medically complex children, and
* dental care for pediatric patients with medical and behavioral health-related sensitivities,
* better integration and coordination of the delivery of services along the continuum of care for these populations through ensuring Franciscan’s sustainability, by addressing its staffing issues and financial constraints.

**Need for Specialized Pediatric Behavioral Health (BH)**

The critical need for mental health services nationwide[[16]](#footnote-16) and in Massachusetts is well documented,[[17]](#endnote-1), [[18]](#endnote-2) and the state’s *Roadmap for Behavioral Health Reform* lays out the coordinated efforts and system-wide reforms needed to address the issue.[[19]](#endnote-3), [[20]](#footnote-17)Both Franciscan’s most recent Community Health Needs Assessment (CHNA 2021), and the Boston CHNA Community Survey show that access to behavioral health care is a crucial concern in the community, particularly among children.[[21]](#footnote-18), [[22]](#footnote-19)

Children in the Commonwealth experience extended wait times for outpatient behavioral health services, neuropsychological testing, and certain therapies. The Applicant reports that Franciscan patients currently experience a 2-month waitlist for psychiatric care, a 12 to 18-month waitlist for outpatient therapy and a 9 to 12-month waitlist for neuropsychological testing despite a significant allocation of resources to behavioral health care.

The COVID-19 pandemic led to a greater need for access to inpatient adolescent and pediatric psychiatric services due to quarantine orders, remote learning and destabilization of families.[[23]](#endnote-4) The proportion of mental health-related visits for children aged 5-11 and 12-17 years increased approximately 24% and 31%, respectively in 2020[[24]](#endnote-5) over 2019.

During the past two years, CMCC has seen an increase in behavioral health emergency room visits. Patients requiring appropriate placement and services are experiencing extended boarding that was exacerbated by the COVID-19 pandemic’s widespread impact on pediatric behavioral health. The Applicant provided utilization data for each entity’s behavioral health services in Table 6. Note the fluctuation in all data points for Franciscan, which has been attributed to COVID 19 and to limited resources including staffing. While total unique patients declined, visits either increased or did not decrease proportionally. Total patient days also did not decrease as dramatically as total unique patients. For CMCC, increases in unique patients, visits and most bedded day types occurred. Notably, inpatient and ED boarder bedded days more than quadrupled (from 2,803 in FY 18 to 11,948 in FY 21) and acuity in the DMH unit increased.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Table 6: Patients Receiving Behavioral Health Services by Site** | | | | |
|  | | | | |
|  | **FY18** | **FY19** | **FY20** | **FY21** |
| **Franciscan's Patients** | **Count** | **Count** | **Count** | **Count** |
| ***Total Unique Patients*** | 1,528 | 1,839 | 1,414 | 1,205 |
| ***Total Visits*** | 15,525 | 20,989 | 22,588 | 18,400 |
| ***Total Patient Days*** | 14,393 | 14,163 | 13,353 | 13,368 |
|  | **FY18** | **FY19** | **FY20** | **FY21** |
| **CMCC’s MA Patients** | **Count** | **Count** | **Count** | **Count** |
| ***Total MA Unique Patients*** | 3,715 | 4,333 | 4,254 | 4,817 |
| ***Total MA Visits*** | 16,121 | 19,593 | 20,416 | 24,236 |
| ***Bedded Days (CBAT)*** | 2,781 | 3,153 | 2,982 | 3,659 |
| ***Bedded Days (DMH Unit)*** | 4,519 | 4,775 | 4,686 | 4,345 |
| ***Bedded Days (IP/ED Boarders)*** | 2,803 | 3,912 | 4,863 | 11,948 |
| ***Case Mix Index (DMH Unit)*** | ***0.95*** | ***0.92*** | ***0.93*** | ***0.98*** |

As discussed herein, the Applicant and Franciscan operate many programs across the care continuum, from psychiatric emergency and inpatient psychiatric care, to the Community Based Acute Treatment Program (CBAT), outpatient programs, behavioral health in primary-care settings, and school-based programs and supports. As Table 1 shows, Franciscan provides services through a 32-bed inpatient psychiatric unit, an 18-bed CBAT program, and outpatient behavioral health programs on its Brighton campus. CMCC provides services through its 16-bed inpatient psychiatric unit and outpatient behavioral health programs at its Longwood campus, and in Waltham, it operates outpatient behavioral health programs, a 12-bed CBAT program, and a 12-bed inpatient adolescent and pediatric psychiatric unit. Further, each party operates various clinical mental health and training programs in 11 different schools.[[25]](#footnote-20)

While the Applicant notes that BCH and Franciscan together specialize in certain aspects of the continuum of behavioral health care, including expertise in complex psychiatric inpatient and outpatient care and strong links with schools and community programs, there are areas that can only be addressed through the proposed affiliation, such as investment in staffing models that will enable a more expedited transfer to the right care setting for each individual child, and needed infrastructure investment.[[26]](#footnote-21) The proposed Affiliation will enable existing resources to be pooled where appropriate, and ensure greater investment in expanded capacity to address the unmet behavioral and mental health care needs of children in additional schools and beyond.

**Growing Need for Post-Acute Care for Medically Complex Children**

The Children’s Hospital Association estimates that children with complex medical needs will grow at a rate of 5% annually.[[27]](#endnote-6) Recognizing that children with medical complexity (CMC) needs are a high-need population, with significant use of health and social services, the Health Policy Commission was tasked with evaluating the status of the systems serving children with complex medical needs.[[28]](#footnote-22) Key findings of the report include:

* 4.5% of commercially insured children and 6.4% of children with MassHealth MCO/ACO coverage are children with CMC.
* About half of CMC in Massachusetts have commercial insurance, and about half are covered by MassHealth. Preliminary findings do not capture children with primary commercial and secondary MassHealth coverage.
* CMC who are hospitalized have nearly double the length of inpatient stay of healthier children who are hospitalized (6.5 vs. 3.6 days). A plurality of CMC (36%) are hospitalized at BCH.
* there is a shortage of pediatric specialists who accept MassHealth, and since they require specialty and sub-specialty treatment or inpatient care, they are disproportionately admitted for inpatient hospitalization compared to children from higher income families.
* Annual commercial spending for CMC is 18 times that of healthier children ($30,578 vs. $1,691), and annual MassHealth MCO/ACO spending for CMC is 16 times that of healthier children ($22,439 vs. $1,435).[[29]](#endnote-7)

As a post-Acute rehabilitation hospital, the demand for its pediatric post-acute care services at Franciscan increased to a peak of 14,786 patient days in FY19.

The Applicant reports that Franciscan admissions originate from acute care hospitals throughout Massachusetts and New England (and occasionally outside of the New England region). Annually, Franciscan accepts admissions from ~15 different referring hospitals, based on the level of care that patients require. Given the high concentration of CMC patients at CMCC, Franciscan is able to treat the most medically complex patients, including those requiring ventilator support, in its post-acute care program. On average, 60% of Franciscan’s post-acute care patients are on ventilators at any given time, and approximately 75% of patients are receiving outpatient physical and rehabilitative therapy services. All of the students enrolled in Kennedy Day School have medical complexity.

Approximately 36% of BCH admissions[[30]](#endnote-8) statewide are for children and adolescents with

complex medical needs. BCH sends patients to Franciscan for post-acute care, including children who need rehabilitative care post-trauma, as well as medically complex children who require specific and specialized post-acute care. In FY21, BCH transferred 91 patients to Franciscan, which represents approximately 70% of Franciscan’s referral base for post-acute care. Daily, BCH has approximately five medical beds filled with patients who no longer require the acute level of care that BCH offers, and who would be better served by a transfer to the post-acute care clinical setting at Franciscan.

The Applicant notes that staffing and payor network limitations have slowed or stopped Franciscan from accepting these patient transfers and instead, the Applicant states “*these patients frequently need to be transferred out of Massachusetts and out of New England because Franciscan lacks the resources to develop capacity locally*.” The proposed affiliation will allow the parties to invest in infrastructure and staffing models that will enable a more expedited transfer to the right care setting for each individual patient. The Applicant provided utilization data for of the Franciscan Rehabilitation patients in Table 7.

**Table 7:** **Franciscan Patients Receiving Inpatient Rehabilitation Care**

|  | **FY18** | **FY19** | **FY20** | **FY21** |
| --- | --- | --- | --- | --- |
|  | **Count** | **Count** | **Count** | **Count** |
| ***FHC Total Unique Patients (Rehab)*** | **160** | **142** | **148** | **119** |
| ***FHC Total Patient Days Rehab*** | **14,382** | **14,786** | **14,431** | **13,632** |

The Applicant also reports children at Franciscan seeking outpatient speech therapy evaluations currently wait 4-12 weeks for an evaluation and from 4-12 weeks for speech therapy following their evaluation if the patient can be seen during school hours. It can be as long as 9-12 months for patients who need to be seen after school.

Growing Need for Pediatric Dental Care

Patients with complex medical needs have challenges in accomplishing daily activities, especially self-care activities such as dental hygiene and oral health.[[31]](#endnote-9) Patients with Medicaid coverage are more likely to have untreated dental issues and studies show that poor oral health negatively impacts overall health.[[32]](#endnote-10) Both BCH and Franciscan provide dental care for patients with complex medical and behavioral health conditions. The Applicant reports that Franciscan is a leading provider of pediatric dental surgeries in Massachusetts, treating those with extensive dental needs, developmental disabilities, medically compromising conditions, and situational anxiety. Approximately 30% of the children receiving non-surgical dental care at Franciscan’s dental clinic also have medical complexity.[[33]](#footnote-23) The majority of children needing dental surgery at Franciscan also have medical complexity, and often require complicated dental care that must be performed with specialty pediatric capacity and anesthesia.

The Applicant provided utilization data for dental services at each entity shown in Table 8.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Table 8: Franciscan's Patients Receiving Dental Services** | | | | |
|  | **FY18** | **FY19** | **FY20** | **FY21** |
|  | **Count** | **Count** | **Count** | **Count** |
| ***Total Unique Dental Patients*** | ***3,392*** | ***3,265*** | ***2,469*** | ***2,537*** |
| ***Total Dental Visits*** | ***8,020*** | ***7,594*** | ***5,176*** | ***5,611*** |
|  |  |  |  |  |
| **CMCC's Massachusetts Patients Receiving Dental Services** | | | | |
|  | **FY18** | **FY19** | **FY20** | **FY21** |
|  | **Count** | **Count** | **Count** | **Count** |
| ***Total MA Unique Dental Patients*** | ***10,700*** | ***10,917*** | ***8,852*** | ***9,468*** |
| ***Total MA Dental Visits*** | ***25,709*** | ***26,932*** | ***17,411*** | ***21,627*** |

During the height of the COVID-19 pandemic, limitations on in-person visits led to a decline in visits and delayed dental care. Following the lifting of emergency restrictions, both BCH and Franciscan continue to experience a rebound in visits for dental services.

***Analysis***

The Applicant has established that there is an ongoing and growing need for children needing access to behavioral health care, complex post-acute medical care, and for access to dental specialists trained to care for both of those pediatric populations. Throughout its report, the Applicant makes clear its intent to provide needed capital to improve and expand infrastructure and invest in delivery system integration to better coordinate the delivery of staffing and services along the continuum of care to better serve their Patient Panels and the broader community, increasing access. As a result, the proposed affiliation will ensure that the Franciscan continues to provide needed services to the post-acute care community.

Staff notes that following approval of this proposed affiliation, the Applicant is aware that any capital expenditures or expansion of services that require a DoN must be submitted as a new application for DoN.

As a result of information provided by the Applicant and with additional analysis, Staff finds the Applicant has met the requirements of Factor 1a).

## Factor 1: b) Public health value, improved health outcomes and quality of life; assurances of health equity

In this section the Applicant must demonstrate that the Proposed Project adds measurable public health value in terms of improved health outcomes and quality of life for the Applicant’s existing patient panel, while providing reasonable assurances of health equity.

**Public Health Value- Health Outcomes, and Quality of Life**

The Applicant reports that the proposed affiliation will build on Franciscan’s expertise and the decades of collaboration between Franciscan and BCH in the treatment of children with complex medical needs which will lead to improved health outcomes and quality of life. Both BCH and Franciscan have experienced several barriers to achieving their joint commitment to expanding access to timely and cost-effective pediatric behavioral health, rehabilitative, and dental care. The following outlines those stated barriers and some of the anticipated impacts of the proposed affiliation.

1. Staffing shortfalls driven in part by poor reimbursement: Through the proposed affiliation, BCH and Franciscan will be better able to support staffing needs and jointly to improve coverage, and bed utilization, by enhancing workforce development and training and establishing an integrated network of behavioral health service providers.
2. Obstacles to coordination of care across the continuum-The Affiliation will enable the integration of clinical systems to provide better coordinated care and will allow Franciscan to increase outpatient programming and locate subspecialists on its campus.
3. The need for significant investment in programming, existing facilities and infrastructure to ensure access to the specialized care provided by Franciscan. Through the increased access to financial resources, Franciscan can expand its service offerings, thereby increasing access to state-of-the-art care for patients from health systems across the region, while ensuring the continuation of FCH’s dental surgery and special education services offered through the Kennedy Day School. This investment in facilities and infrastructure will allow greater financial stability to support Franciscan’s mission.

The Applicant and Franciscan envision a comprehensive approach to pediatric behavioral health that fosters linkages and alignment with other providers and critical social service agencies, primary care providers, public and private schools, civic and religious leaders, and other community organizations who seek to improve the health and well-being of children and families.

The proposed affiliation will allow the parties to combine their strengths to develop a system for a full continuum of pediatric behavioral health services, including school and community services, primary care integration, short-term residential programs, intensive outpatient services, and specialized inpatient care.

By affiliating, the Applicant and Franciscan assert they will be able to enhance coordination in the delivery of pediatric behavioral health and post-acute rehabilitation care, including to children with medical complexities, in addition to growing research in support of child health. As part of the proposed affiliation, the parties will evaluate how to improve current processes in order to provide seamless clinical care to patients and better support their families and caregivers.

***Analysis***

The Applicant provided several measures to track in order to assess the impact of the affiliation. Upon review of the measures Staff requested clarification and baseline information from which to measure the impact which are found in Appendix 1. These can be found under Findings and Recommendations. The Applicant will track and report the measures as part of their annual reporting.

Staff has reviewed and concurs that the proposed affiliation will add to public health value in terms of improved health outcomes and quality of life of the for both Franciscan and CMCC’s Patient Panels.

**Public Health Value- Equity**

The Applicant asserts that consistent with their respective missions, the proposed affiliation will promote health equity including among the underserved and will not restrict access to either CMCC or Franciscan services for vulnerable and/or Medicaid-eligible individuals. Both parties’ respective missions to serve children needing specialized services, that will continue following the closing of the proposed affiliation. Because of the shortages of services tailored to meet their complex needs, many of the children also have social challenges that require involvement from the Department of Children and Families. The critical need for behavioral health services was identified by community members and community-based organizations in Franciscan’s most recent 2021 CHNA.

Throughout the United States, Medicaid, and the Children’s Health Insurance Program (CHIP), covers almost half of all children with special health care needs.[[34]](#endnote-11) The Massachusetts Medicaid Policy Institute, reports that 41% of children and young adults in the Commonwealth are covered by MassHealth.[[35]](#endnote-12) The FY 19 Massachusetts Hospital Profiles, shows Franciscan had a public payor mix of 64.7% in 2019,[[36]](#endnote-13) with the majority of Franciscan’s patients on Medicaid.

The Applicant asserts the proposed affiliation will provide improved access to services for more children with complex medical and behavioral health needs. School-based behavioral health programs are fundamental to health equity, ensuring access to those who cannot travel to receive services. Franciscan and CMCC both operate distinct school-based programs, each at 11 different schools, that provide on-site counseling and psychiatry services, while working in tandem with school administrators, guidance counselors, and teachers. Through the proposed affiliation, the strengths of each parties’ programs can be integrated and expanded to reach more children.

Both institutions recognize the importance of diversity, equity, and inclusion and are committed to expanding initiatives through the proposed affiliation. CMCC and Franciscan both provide Interpreter services inhouse and through third party contracts at no cost. Similarly, both facilities have committees engaged in efforts to increase the diversity of its workforce, eliminate structural racism and advance culturally effective pediatric care delivery, while developing tracking metrics. The proposed affiliation will facilitate the implementation of Franciscan’s 2021 CHNA as a result of the shared resources and expertise gained.

CMCC has ongoing efforts to develop and track health disparity metrics, with regard to its ACO, and is in the process of collecting and analyzing data regarding access to care by race, ethnicity and language, incorporating population health priorities such as obesity and asthma.

***Analysis: Health Equity and SDoH***

As a result of information provided by the Applicant and additional DoN Staff review of the Proposed Affiliation’s impact on equitable access to care, Staff finds the Applicant has sufficiently outlined a case for improved health outcomes and health equity.

# 

# Factor 1: c) Efficiency, Continuity of Care, Coordination of Care

The Applicant reports that as a result of the proposed affiliation their Patient Panels will have access to an integrated continuum of care and providers will be able to coordinate care more efficiently, reducing the current fragmentation for pediatric medically complex and behavioral health care. Currently, once patients are discharged to Franciscan from CMCC, there can be delays in care when/if they need to return to CMCC for treatment, and once discharged from Franciscan, there is no ability to track patients. The Applicant asserts that, the proposed affiliation will integrate Franciscan within the CMCC system’s programs and services,[[37]](#footnote-24) strengthening the continuum of care through improved coordination thereby reducing fragmentation and promoting efficiency.

Additionally, the Proposed Affiliation will allow BCH and Franciscan to collaborate closely with respect to clinical staffing to increase staffing of existing beds and improve patient triage to the most appropriate setting. The parties are undertaking a workforce study and anticipate joint recruitment efforts for clinicians. Post-closing, the parties will evaluate the possible consolidation of programs, such as CBAT, in order to increase the number of available beds and improve coordination.

Further, the Applicant asserts that the parties will continue exploring opportunities to improve and coordinate the exchange of information including integrating joint electronic health records and back-office support services to improve efficiencies.

As a system, the parties assert they will be able to foster alignment among providers, social service agencies, schools, and other community organizations to improve the health and well-being of children and families.

***Analysis***

Staff finds that the Applicant has sufficiently described how improvements in care coordination will contribute positively to efficiency, continuity, and coordination of care to benefit both Patient Panels as well as the broader community of children needing complex medical and behavioral health services as a result of the proposed affiliation.

# Factor 1: d) Consultation

The Applicant has provided evidence of consultation, both prior to and after the Filing Date, with all government agencies that have licensure, certification, or other regulatory oversight, which has been done and will not be addressed further in this report.

# **Factor 1: e) Evidence of Sound Community Engagement through the Patient Panel**

The Department’s Guideline[[38]](#footnote-25) for community engagement defines “community” as the Patient Panel and requires that, at minimum, the Applicant must “consult” with groups representative of the Applicant’s Patient Panel. Regulations state that efforts in such consultation should consist of engaging “community coalitions statistically representative of the Patient Panel.”[[39]](#footnote-26)

The Applicant reports that consistent with their respective missions, CMCC and Franciscan sought to engage the patient panels, family members, community members, and local stakeholders that may be impacted by the proposed affiliation.

One of the steps in the engagement process, was CMCC’s outreach to its Family Advisory Council (FAC) and Franciscan’s outreach to its Patient Family Advisory Council (PFAC). At their respective February 2022 meetings leadership informed FAC and PFAC members of the need for the proposed affiliation and of the expanded programs and services for both entities that will result from the proposed affiliation. Feedback from the both the Franciscan PFAC and the CMCC FAC members was generally supportive.

In addition to the CMCC FAC and the Franciscan PFAC, the proposed affiliation was informed by ongoing discussions with key community stakeholders, patient advocates, and thought leaders, including but not limited to:

* Health Care for All
* Health Law Advocates
* Children’s Hospital Association
* Parent/Professional Advocacy League
* Children’s Mental Health Campaign
* Allston-Brighton Health Collaborative
* Allston-Brighton Substance Use Task Force
* Massachusetts Association of behavioral health Systems
* Federation for Children with Special Health Care Needs/Family Voices
* The Massachusetts Society for the Prevention of Cruelty to Children

To ensure community awareness about the proposed affiliation, the Applicant and Franciscan also conducted general outreach to the Massachusetts provider community, [[40]](#footnote-27) community leadership,[[41]](#footnote-28) senior physician leaders, state and local agencies and officials, specialty disease and advocacy groups, and patient groups.

***Analysis***

Staff reviewed the information on the Applicant’s community engagement and finds that the Applicant has met the required community engagement standard of Consult in the planning phase of the Proposed Project.

# Factor 1: f) Competition on Price, Total Medical Expenses (TME), Costs and Other Measures of Health Care Spending

The Applicant notes that both parties will continue to compete in their respective markets following the proposed affiliation, since each party provides services under separate licenses, and further, the proposed affiliation does not entail consolidation of services.

The Applicant describes several means by which the Proposed affiliation will allow both entities to continue to compete.

1. Reducing fragmentation - health care fragmentation can lead to inefficiencies and delays in care, which can then cost increases. Through better integration and coordination of care along the continuum of each institution’s existing inpatient, CBAT, outpatient, school, and community-based programming, the proposed affiliation will reduce the fragmentation that pediatric patients and their families experience.
2. More children will gain access through combined resources and expertise - to ultimately improve the flow of patients to the appropriate level of care, reducing wait times for care and increase efficiencies, across the health care continuum. Children who present in a state of behavioral health crisis in emergency rooms and spend days waiting for care receive little treatment but raise costs. The Applicant acknowledges that in the short-term expenditures may increases as access behavioral health improves and more children receive timely care, However, it stresses as the ED crisis subsides through earlier intervention, costs should decline.
3. As the only statewide ACO dedicated to serving children and adolescents, the BCH ACO serves approximately 20% of all pediatric MassHealth ACO enrollees (111,328 members)[[42]](#footnote-29), the highest percentage among the 17 MassHealth ACOs. In general, BCH ACO assumes 75% of the financial risk for the plan. Franciscan provides care to pediatric ACO patients who may be transferred for specialized post-acute care. However further discussion in Factor 2 notes that value-based payment models that incentivize short-term savings may not optimally serve most pediatric patients.
4. Research has found that investment in child well-being may yield long-term returns for their health, and then generate a longitudinal societal benefit.[[43]](#endnote-14) Studies have also found that children with comorbid behavioral health conditions, like those seen by BCH and Franciscan, have higher total health care costs compared with children not having behavioral health conditions.[[44]](#endnote-15)

***Analysis***

The proposed affiliation has the potential over the long-term to enhance competition and to reduce the total medical expenses through enhanced care coordination enabling the provision of timely, appropriate level, while maximizing efficiencies through centralized services. These efforts can help prevent costly waiting periods and readmissions, while maintaining the parties’ high public payer mix. The parties will utilize a collaborative approach with families and providers to ensure children receive care in the appropriate care setting that will contribute to improvements in patient outcomes and overall cost efficiency.

## FACTOR 1 Summary Analysis

As a result of the information provided by the Applicant and additional analysis, staff finds that the Applicant has demonstrated that the Proposed Project meets Factors 1(a-f).

# Factor 2: Cost Containment, Improved Public Health Outcomes and Delivery System Transformation

**Cost Containment**

The Applicant states in the long-term the proposed affiliation will likely advance the Commonwealth’s goals for cost containment. Initially the project is intended to preserve services already being provided by Franciscan, as a result of the financial stability and the necessary investments afforded by the Applicant. The closer integration of the Parties will allow for long-term cost savings through an improved continuum of care for the pediatric population with enhanced care coordination, improved staffing models and administrative resources while providing broader access to the specialty pediatric services described in Factor 1. Studies have shown that when not addressed fully, childhood mental health conditions often persist into adulthood and may result in negative social outcomes[[45]](#footnote-30), and also increased financial burdens on social support and disability programs.[[46]](#endnote-16) Additionally, the provision of timely and appropriate care to complex medical populations reduces the need for more intensive and expensive downstream care that may result if clinically appropriate care that is delayed. As such, these efforts will support the Commonwealth’s cost containment goals.

Further, the Massachusetts Medicaid Policy Institute found that value-based payment models that incentivize short-term savings may not optimally serve most pediatric patients, and consequently, a longer-term view of investment in the pediatric population is more appropriate. Sharing this view, the Applicant and Franciscan state that through the proposed affiliation, the parties will dedicate significant resources necessary to fundamentally transform the delivery of pediatric care for children with behavioral health and complex post-acute medical and rehabilitation needs stating, “*As the requisite first step in achieving this vision, the proposed affiliation will build on the parties’ investment in the pediatric population and, with a long-term view, will meaningfully contribute to the Commonwealth’s cost containment goals*.”

**Public Health Outcomes**

In addition to financial stability, the proposed affiliation will allow the parties to share resources and expertise and position them as a regional hub for pediatric rehabilitative and behavioral health care. The proposed affiliation will preserve their missions while providing the resources for it to grow. As with cost containment, the parties take a long-term view of public health outcomes, providing specialized services responsive to the needs of children with conditions that often could not have been prevented. However, through timely intervention and ongoing supportive care, such services can mitigate the impact of such conditions and help children become the healthiest adults they can be.

**Delivery System Transformation**

As described throughout this Report, the proposed affiliation will unite resources and expertise and through these efforts, advance the parties’ initiatives aimed at addressing the SDOH. Given the diverse and complex pediatric population the parties serve, a competent, diverse, committed staff is essential. The parties will strengthen their workforce by providing enhanced training, support, and administrative resources to ensure their workforce comprises committed individuals “rooted” in their communities that may further address the SDOH.

Both the Applicant and Franciscan have demonstrated commitments to their community health mission through established linkages with community partners and social services organizations[[47]](#footnote-31) and through developing programs aimed at health care SDOH. For example, as described in Factor 1, both Franciscan and BCH operate behavioral health programs in area school systems, bringing much needed care to the community. Through the Applicant’s BCH ACO, it supports initiatives that promote health equity through population health management that include behavioral health, asthma management, response to social needs, complex care, and regional support.

Every three years, both Parties conduct a comprehensive community health needs assessment. Franciscan’s 2021 assessment identified two key priorities: 1) improving access to behavioral health services and 2) improving access and raising awareness of dental services. Franciscan’s implementation plan that was in place before the Affiliation Agreement set the below goals include expanding outreach, awareness, training, and capacity. These will be supported through the proposed affiliation.

Key themes of the Applicant’s assessment include how poverty impacts child and community health, access to stable, affordable housing, food insecurity, and the importance of prevention with a focus on early childhood. BCH’s 2019 assessment indicates that families continue to be concerned with heath issues around asthma, obesity, and mental/behavioral health. The corporate affiliation between the Applicant and Franciscan will allow for additional expertise and resource support move towards achieving the objectives, while enhancing the impact of such efforts across both parties’ Patient Panels and workforce.

***Analysis***

Through the proposed affiliation, the Applicant and Franciscan will have the opportunity to address staffing shortfalls by exploring new staffing models that delay patients from receiving care in Franciscan’s lower-cost, clinically appropriate post-acute setting. This will improve the coordination and transition of care to the most appropriate cost-effective level of care while providing financial stability to Franciscan. Staff finds that the Applicant has adequately explained how the Proposed Project aligns with cost containment goals through ensuring the ongoing availability and improving delivery of its rehabilitation, dental and behavioral services and extensive educational programs for children. Staff finds that the Applicant intends to ensure and further strengthen the delivery of quality care and implement best practices that has the potential to improve health outcomes. Studies have documented how delays in access can exacerbate current conditions and increase costs of care. [[48]](#endnote-17)

Central to the goal of Delivery System Transformation is the integration of social services and community-based expertise. The Applicant described how both parties engage the community in an interdisciplinary approach to improve the provision of care in the most appropriate setting that also aligns with patients’ and families’ goals while trying to better address the identified needs around SDOH.

# 

As a result of information provided, and additional analysis, staff finds that the Proposed Transfer of Ownership has sufficiently met the requirements of Factor 2.

# Factor 3: Relevant Licensure/Oversight Compliance

The Applicant has provided evidence of compliance and good standing with federal, state, and local laws and regulations and this Factor will not be addressed further in this report. As a result of information provided by the Applicant, staff finds the Applicant has reasonably met the standards of Factor 3.

# Factor 4: Demonstration of Sufficient Funds as Supported by an Independent CPA Analysis

Under factor 4, the Applicant must demonstrate that it has sufficient funds available for capital and operating costs necessary to support the Proposed Project without negative effects or consequences to the existing patient panel. Documentation sufficient to make such finding must be supported by an analysis by an independent CPA.

The CPA report is an analysis of the Applicant’s projections and supporting documentation including:

1. Financial Model for the CHCC and for Franciscan for the periods ending September 30, 2018 through September 30, 2027;
2. Affiliation Agreement dated as of October 7, 2021 between the Children’s Medical Center Corporation and Franciscan Hospital for Children, Inc.;
3. Interim Finance Committee Meeting PowerPoint for Franciscan Children’s, dated September 2, 2021;
4. FY22 Q2 Budget & Rolling Operating Plan Presentation to the Executive Committee of the Board of Trustees, dated December 22, 2021;
5. Audited Consolidated Financial Statements for Franciscan Hospital for Children, Inc. and Affiliate for the Years Ended September 30, 2021 and 2020;
6. Audited Consolidated Financial Statements and Supplementary Information for Boston Children’s Hospital and Subsidiaries for Years Ended September 30, 2017 through 2021;
7. Long Term Plan Sub-Committee Report Presentation to the Finance Committee, dated May 27, 2021;
8. Industry reports including Integra Reports,[[49]](#footnote-32) Definitive Healthcare data, IBISWorld Industry Report, Hospitals in the US, dated November 2021;

Throughout the report, Management’s underlying assumptions were based on historical operations and anticipated market changes. The CPA calculated and evaluated standard financial metrics, reflecting profitability, liquidity, and solvency[[50]](#footnote-33) of the projections with the actual performance of both CHCC and Franciscan to assess the feasibility and reasonableness of the Projections.

**Revenue** Approximately 80.0% of revenue is from net patient service revenue (NPSR).[[51]](#footnote-34) NPSR is projected to grow between 4.0 percent and 9.6 percent annually over the projection period 2023-2027which is below Applicant’s actual NPSR of FY 2021 growth rate of 15.0%.

On a total operating revenue basis, Franciscan Children’s accounts for approximately 2.3% of the two entities combined total operating revenue. The projected six-year compound annual growth rate (CAGR) of 5.1% falls below Children’s revenue growth rate in FY 2021 of 10.4%.

As a result, the CPA concludes that the revenue projections are based on reasonable assumptions and are likely feasible for the Applicant.

**Operating Expenses** include salaries and benefits (60.0%), supplies and other expenses[[52]](#footnote-35) (23.0%), direct research expenses of grants, health safety net assessment, depreciation and amortization, costs related to asset dispositions, and interest.

Salaries and benefits increase annually between 3.7 percent and 10.4 percent for FY 2022 through FY 2027. Of the Applicant’s total salaries and benefits ~55% relate to the Hospital. Growth in salaries and benefits for the Hospital was based on growth in full time equivalents (FTEs)[[53]](#footnote-36) and in wages which increased by ~2.5 percent annually.

A decline in supplies of 3.4% was projected in FY 2022[[54]](#footnote-37) and increased annually ranging from 3.7% to 10.2% FY 2023 through FY 2027. Subsequent supply increases were based on expenses per adjusted patient days which were adjusted 2.0% annually per patient day growth (and 3.0% for pharmacy and blood products).

The CPA added that it reviewed the Applicant’s actual gain from operations in comparison to the Applicant’s budget for each of the prior 15 fiscal years[[55]](#footnote-38) and noted the Applicant met or exceeded budget in 12 out of 15 years. As such, it is feasible that the Applicant will continue to achieve the improvement plan targets included in the Projections and concludes that the operating expenses projected by Management are based on reasonable assumptions and are feasible for the Applicant.

The CPA notes there are no related capital expenditures or financing needs.

**Conclusions of Feasibility -**The CPA reviewed and considered multiple sources of information including industry metrics, historical results, and Management expectations.[[56]](#footnote-39) In preparing its analysis. The Projections exhibit a cumulative operating EBITDA surplus of approximately 8.7 percent of cumulative projected operating revenue for the six years from 2022 through 2027. Based upon this analysis the CPA determined the anticipated operating surplus is a reasonable expectation that is based upon feasible financial assumptions and therefore, determined that the Projections are reasonable and feasible, and not likely to have a negative impact on the patient panel or result in a liquidation of assets of Children’s.

# Factor 5: Assessment of the Proposed Project’s Relative Merit

*Transfer of Ownership Applications are exempt from this factor.*

# Factor 6: Fulfillment of DPH Community-based Health Initiatives Guideline

*Transfer of Ownership Applications are exempt from this factor.*

# Ten Tax-Payer and Public Comments on the Application

Any person, and any Ten Taxpayer group (TTG), may provide written or oral comment at any time during the first 30 days following the Filing Date of an Application, or during the first ten days after a public hearing.[[57]](#footnote-40)

One TTG registered in support of the Proposed Project. Registration information for each TTG is available on the DoN website.

Summary of Written Comments

The Department received a total of 10 written comments, all supportive, including that of the one TTG. Comments considered in DoN’s review and analysis are those that address the Applicant’s ability to meet the requirements of the relevant factors. Those commenting included clinicians and parents with extensive experience caring for children and adolescents with medical complexity and behavioral health needs, and representatives of the Society for the Prevention of Cruelty to Children and William James College. The names of those submitting written comments are listed in Appendix II and the text of written comments is available on the DoN website.[[58]](#footnote-41) There was widely shared consensus that that the pediatric patient demand for post-acute care facilities like Franciscan substantially exceeds the supply of beds and practitioners. Further there was consensus that the proposed affiliation will achieve the following:

* improve the lives of patients and families throughout Massachusetts and New England- *“The benefits to patients and families will be substantial and transformative and will advance the health and well-being of thousands of children and adolescents.”*
* combine the parties’ experience and expertise to create a system of pediatric behavioral health and rehabilitative care, research and teaching,
* strengthen staffing models and the organizations’ abilities to jointly train, recruit and retain pediatric behavioral health and rehabilitation clinicians,
* increase community-based programming that will decrease geographic and racial disparities,
* Improve integration and the transitioning of patients from the acute-care setting to post-acute care health services reducing the need for patients to remain in an inappropriate acute-care setting that is not equipped to provide the longer-term rehabilitation or psychiatric care. (They note that there were 36 children boarding in acute care beds waiting for appropriate behavioral health placements.)
* Create the opportunity to modernize the Franciscan Children’s campus, into a state-of-the-art center for pediatric behavioral health and rehabilitative care, improving patient access,[[59]](#footnote-42)
* The TTG stated the following: “*We have collectively seen the challenges that families face when seeking care for their children with complex needs and the struggles of providers to cope with overwhelming demand amid a pandemic that has exacerbated the existing behavioral health crisis. We also know the power of the right care delivered in the right place and the right time to change the trajectory of a child’s life, whether it is post-acute care after a complicated hospitalization for a medically fragile child or timely intervention to address an emerging behavioral health issue before it escalates to the point of crisis.”*
* William James College notes that it works closely with Boston Children’s Hospital to expand diversity within the children’s mental health field and increase community engagement and impact. “*The College’s core mission is to expand and diversify the behavioral health field by training behavioral health professionals and paraprofessionals, with the knowledge and skills to deliver culturally responsive mental health and substance use services throughout the Commonwealth.”*

***Analysis***

Staff finds that the comments provided were consistent with the Applicant’s assertions that the project would improve upon meeting the needs for services and for staff, improve access and coordination of care while improving upon reducing disparities in service delivery and addressed in discussions of Factors 1 and 2.

# Findings and Recommendations

Based upon a review of the materials submitted, the Department finds that the Applicant has met each DoN factor and recommends approval of this Application for Determination of Need.[[60]](#footnote-43) In addition to the measures provided in Appendix 1, commencing with the approval of this DoN, and continuing for a period of five years after the Proposed Project is complete, the Holder shall provide the following information as part of the annual report required by 105 CMR 100.310(A)(12):

1. The number of patients who transfer from all referring facilities to Franciscan or to other facilities, by facility, service and by payor mix
2. The number of patients who transfer from Franciscan to BCH or to other facilities by facility, service and by payor mix
3. The number and percent of patients clinically eligible to transfer from BCH to Franciscan who do not transfer to Franciscan for lack of capacity with average wait times.

In addition, the Holder shall, within six months of Approval, provide the Department with a comprehensive Integration Plan with a timeline for implementation to ensure the goals of improved tracking, efficiencies and care delivery are being advanced. On an Annual basis, with the required annual reporting, and continuing for a period of five years after the Proposed Project is complete, provide a progress report on such integration.

# Appendix 1

The Holder shall provide, in its annual report to the Department the following outcome measures. These metrics will become part of the annual reporting on the approved DoN, required pursuant to 105 CMR 100.310(A)(12).

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Measure | | | Current Baseline | | | |
|  | | | CMCC | | Franciscan | |
| 1.  The daily average of staffed beds for behavioral health services at BCH and Franciscan | | | 40 | | 34 | |
| 2.  The daily average of emergency department admissions at CMCC. | | | 30 | | NA | |
| 3.  The number of rehabilitation/post-acute patients transferred from CMCC to Franciscan. | | | 228 | | NA | |
| 4.  The number of children who obtain dental services at CMCC and Franciscan. | | | 9,468 | | 2,537 | |
|  |  | |  | |  |
| \* DMH and Department of Early Education Licensed Beds are staffed, excludes beds that are needed for boarded patients requiring inpatient level of care. | | | | |  |
|  |
|  |  | |  | |  |
| Metric Measurement |  | |  | |  |
| 1. Number of licensed beds at BCH; In general, all licensed beds are staffed. |  | |  | |  |
| 2. Bedded encounters admitted from emergency department of 11,107, total bedded encounters of 21,742. | | | | | |

**Appendix 2: Commentors in Support of the Application**[[61]](#footnote-44), [[62]](#footnote-45)

Jay G. Berry, M.D., M.P.H.

Chief, Complex Care

Division of General Pediatrics

Boston Children’s Hospital

Associate Professor of Pediatrics

Harvard Medical School

Associate Director, Children and Youth with Special Healthcare Needs Research Network

Maternal and Child Health Bureau

Patricia Ibeziako, MD

BCH, Associate Chief for Clinical Services, Department of Psychiatry and Behavioral Sciences; Medical Director, Psychiatry Quality Program

Associate Professor of Psychiatry, Harvard Medical School

David R DeMaso, MD

BCH, Psychiatrist-in-Chief; Chairman, The Leon Eisenberg Chair in Psychiatry; Director, Office of Clinician Support

George P. Gardner & Olga E. Monks Professor of Child Psychiatry & Professor of Pediatrics; Harvard Medical School

Mary A. McGeown

Executive Director

Massachusetts Society for the Prevention of Cruelty to Children (MSPCC),

Executive member of the Children’s Mental Health Campaign

Gemima St. Louis, PhD

Vice President for Workforce Initiatives & Specialty Training

Associate Professor, Clinical Psychology Department

Director, Child & Adolescent Mental Health Initiative (CAMHI)

Center for Workforce Development at William James College

Fatima Watt, PsyD

Vice President and Director Behavioral Health Services

Franciscan Children’s

Kristan Bagley Jones, LICSW

Program Director, Children’s Wellness Initiative

Franciscan Children’s

Kevin B. Churchwell, M.D.

President and CEO

Boston Children’s Hospital

Parents of Yarielis

Danny Paulino and Yaris Pepin

Joseph Mitchel, M.D.

President and CEO

Franciscan Children’s

**TTG**

Jonas Bromberg, PsyD

Program Manager, Behavioral Health Integration Program; Attending Psychologist, Department of Psychiatry, Instructor in Psychology in the Department of Psychiatry, Harvard Medical School

* Katie Curran, MSW
* Eugene J. D'Angelo MSW PhD
* David R DeMaso, MD
* Erin Graham
* Robert J. Graham, MD
* Gina Hartley, MA
* Patricia Ibeziako, MD
* Shahzina S. Karim, MSW
* Man Wai Ng, DDS, MPH
* Patricia Pratt

1. The FMM sisters have managed, served at, and lived near Franciscan Children’s, through 2020. Currently there are no FMM sisters working at Franciscan or living in Massachusetts. [↑](#footnote-ref-1)
2. DPH operated facilities, like Pappas Rehabilitation Hospital for Children, (PRHC) do not operate under a BHCSQ license. [↑](#footnote-ref-2)
3. The School provides collaborative special education, therapeutic, and health services to more than 60 students, ages 3 to 22, with significant, complex needs from more than 30 cities and towns across Massachusetts. [More information at franciscanchildrens.org](https://franciscanchildrens.org/education/kennedy-day-school/) [↑](#footnote-ref-3)
4. Patients with medically complex conditions include: chronic lung disease, feeding problems, technology dependency (including gastronomy tubes and ventilators), brain or spinal cord injury. [↑](#footnote-ref-4)
5. d/b/a Boston Children’s Hospital (BCH) [↑](#footnote-ref-5)
6. CMCC is the sole corporate member of BCH [↑](#footnote-ref-6)
7. See DoN Application Exhibits page 8 for an organizational chart. [↑](#footnote-ref-7)
8. DoN 4-3C47 approved in 2016 [↑](#footnote-ref-8)
9. As defined in 105 CMR 100.100, Patient Panel is the total of the individual patients regardless of payer, including those patients seen within an emergency department(s) if applicable, seen over the course of the most recent complete 36-month period by the Applicant or Holder. [↑](#footnote-ref-9)
10. *See* [Table 6 of the DoN Application](https://www.mass.gov/doc/application-with-exhibits-pdf/download), <https://www.mass.gov/doc/application-with-exhibits-pdf/download> [↑](#footnote-ref-10)
11. Franciscan’s Primary Care Clinic had 6,696 patient visits in FY 18 and 5,888 in FY19 before it closed. Franciscan coordinated with Charles River Community Health Center to provide patients a local Brighton option to continue quality care. [↑](#footnote-ref-11)
12. Because the parties have not yet finalized the transaction, the cumulative Patient Panel could not be produced. Further, since the focus of clinical operations of CMCC is general and specialized pediatric care while that of Franciscan’s is on post-acute and medically complex patients, the data that they each collect is different, and the systems they use to analyze such data differ. Further, because the data is collected differently, we urge caution in comparing the two entities. [↑](#footnote-ref-12)
13. See Tables 1-8 of the DoN Application for detailed information of both Patient Panels <https://www.mass.gov/doc/application-with-exhibits-pdf/download> [↑](#footnote-ref-13)
14. For example for patients with genetic or chronic conditions. [↑](#footnote-ref-14)
15. CMCC collects this information by percentage of Revenue, and Franciscan by percentage of patients. As such comparisons cannot be made across the two. [↑](#footnote-ref-15)
16. In its *Behavioral Health Workforce Report*, SAHMSA reported that approximately 10% of U.S. school children in 2020 will have serious emotional disturbance/serious mental illness, and that schools represent an important resource for child mental health services. [↑](#footnote-ref-16)
17. The U.S. Surgeon General’s Advisory*,* U.S. Dep’t of Health and Human Srvcs., Public Health Srvc., Off. of the Surgeon Gen., [*Protecting Youth Mental Health*](https://www.hhs.gov/sites/default/files/surgeon-general-youth-mental-health-advisory.pdf), (2021) (noting that “in 2016, of the 7.7 million children with treatable mental health disorder, about half did not receive adequate treatment). https://www.hhs.gov/sites/default/files/surgeon-general-youth-mental-health-advisory.pdf. [↑](#endnote-ref-1)
18. <https://www.samhsa.gov/workforce> [↑](#endnote-ref-2)
19. [*Roadmap*](https://www.mass.gov/service-details/roadmap-for-behavioral-health-reform). <https://www.mass.gov/service-details/roadmap-for-behavioral-health-reform> [↑](#endnote-ref-3)
20. The report further notes that “researching covering 80,000 youth globally found that depressive and anxiety symptoms doubled during the pandemic, with 25% of youth experiencing depressive and 20% experiencing anxiety symptoms. [↑](#footnote-ref-17)
21. *See* [Franciscan Children’s 2021 Community Health Needs Assessment](https://franciscanchildrens.org/wp-content/uploads/2021/07/Franciscan-Childrens-CHNA-Full-Report.pdf) (July 2021), available at <https://franciscanchildrens.org/wp-content/uploads/2021/07/Franciscan-Childrens-CHNA-Full-Report.pdf> [↑](#footnote-ref-18)
22. *See* [Boston Children’s Hospital 2019 Community Health Needs Assessment Final Report](https://www.childrenshospital.org/community-health/community-health-needs), available at <https://www.childrenshospital.org/community-health/community-health-needs> [↑](#footnote-ref-19)
23. *See* Karen Dineen Wagner, MD, PhD, [*New Findings About Children 's Mental Health During COVID-19*](https://www.psychiatrictimes.com/view/newfindings-children-mental-health-covid-19), Psychiatric Times (October 7, 2020), *available at* https://www.psychiatrictimes.com/view/newfindings-children-mental-health-covid-19. [↑](#endnote-ref-4)
24. Leeb RT, Bitsko RH, Radhakrishnan L, Martinez P, Njai R, Holland KM, [*Mental Health- Related Emergency Department Visits Among Children Aged < 18 Years During the COVID-19 Pandemic - United States*](http://dx.doi.org/10.15585/mmwr.mm6945a3external%20icon)*, January 1-0ctober 17, 2020*, MMWR Morb. Mortal Wkly. Rep. (2020), 69:1675-1680, *available at* http://dx.doi.org/10.15585/mmwr.mm6945a3external icon. [↑](#endnote-ref-5)
25. Franciscan currently operates mental health programs in 11 Boston Public Schools, and the Boston Children’s Hospital Neighborhood Partnerships Program partnered with 11 schools in 2020-2021 to provide behavioral health services to 1,469 students and 1,500 hours of training and consultation to Boston school staff. [↑](#footnote-ref-20)
26. Which since this DoN is only for the Transfer of Ownership, is not a component of this DoN submission. [↑](#footnote-ref-21)
27. Children’s Hosp. Ass’n., [*Optimizing Health Care for Children with Medical Complexity*](https://www.childrenshospitals.org/-/media/Files/CHA/Main/Issues_and_Advocacy/Key_Issues), (October 15, 2013) *available at* https://www.childrenshospitals.org/-/media/Files/CHA/Main/Issues\_and\_Advocacy/Key\_Issues /Children\_With\_Medical\_Complexity/Issue\_Briefs\_and\_Reports/OptimizingHealthCareReport\_10152013.pdf [↑](#endnote-ref-6)
28. Section 7 of Chapter 124 of the Acts of 2019 [↑](#footnote-ref-22)
29. Mass. Health Policy Comm’n, *Children with Medical Complexity in the Commonwealth* (Oct. 6, 2021). [↑](#endnote-ref-7)
30. Mass. Health Policy Comm’n, *Children with Medical Complexity in the Commonwealth* (Oct. 6, 2021). [↑](#endnote-ref-8)
31. Nat’l Inst. of Dental & Craniofacial Research, [*Developmental Disabilities & Oral Health*](https://www.nidcr.nih.gov/health-info/developmental-disabilities)*, available at* https://www.nidcr.nih.gov/health-info/developmental-disabilities. [↑](#endnote-ref-9)
32. Mass. Health DRISP, [*Oral Health Integration for MassHealth ACOs*](https://www.ma-dsrip-ta.com/wp-content/uploads/2020/09/Oral-Health-FAQ-Factsheet.pdf)*, available at* https://www.ma-dsrip-ta.com/wp-content/uploads/2020/09/Oral-Health-FAQ-Factsheet.pdf. [↑](#endnote-ref-10)
33. Franciscan has a long-standing contractual relationship with the Boston University Henry M. Goldman School of Dental Medicine (“BUGSDM”) under which Franciscan serves as a primary training location for BUGSDM residents and fellows who provide pediatric dental services to children in Franciscan’s dental clinic and dental surgery as part of BUGSDM academic programs. Franciscan and BUGSDM have conferred and expect to continue this important clinical relationship under this proposed affiliation. [↑](#footnote-ref-23)
34. Elizabeth Williams and MaryBeth Musumeci, [*Children with special health care needs: Coverage, affordability, and HCBS Access*](https://www.kff.org/medicaid/issue-brief/children-with-special-health-care-needs-coverage-affordability-and-hcbs-access/), KFF (October 4, 2021), *available at* https://www.kff.org/medicaid/issue-brief/children-with-special-health-care-needs-coverage-affordability-and-hcbs-access/. [↑](#endnote-ref-11)
35. Mass. Medicaid Pol’y Inst., [*MassHealth: The Basics, Facts and Trends*](https://www.bluecrossmafoundation.org/sites/g/files/csphws2101/files/2020-10/MassHealthBasics_Oct2020_Final.pdf)(October 2020), *available at* https://www.bluecrossmafoundation.org/sites/g/files/csphws2101/files/2020-10/MassHealthBasics\_Oct2020\_Final.pdf. [↑](#endnote-ref-12)
36. Ctr. For Health Info. & Analysis, [*FY 2019 Massachusetts Hospital Profiles*](https://www.chiamass.gov/assets/docs/r/hospital-profiles/2019/FY19-Massachusetts-Hospital-Profiles-Compendium.pdf) (March 2021), *available at* https://www.chiamass.gov/assets/docs/r/hospital-profiles/2019/FY19-Massachusetts-Hospital-Profiles-Compendium.pdf. [↑](#endnote-ref-13)
37. Comprising pediatric inpatient medical and surgical care, intensive care and neonatal intensive care, emergency services, and primary care services to over 400,000 children throughout the Commonwealth. Primary care is provided directly at its primary care center, Children’s Hospital Primary Care Center, and through the PPOC, a network of more than 400 licensed health care professionals devoted exclusively to pediatric primary care in collaboration with BCH specialists. The BCH ACO, with over 500 primary care providers at over 100 locations across the Commonwealth, provides primary care services for nearly 20% of all children and young adults enrolled in MassHealth ACOs. [↑](#footnote-ref-24)
38. Community Engagement Standards for Community Health Planning Guideline. https://www.mass.gov/doc/community-engagement-guidelines-for-community-health-planning-pdf/download. [↑](#footnote-ref-25)
39. [DoN Regulation 100.210 (A)(1)(e).](https://www.mass.gov/files/documents/2018/12/31/jud-lib-105cmr100.pdf.) [at https://www.mass.gov/files/documents/2018/12/31/jud-lib-105cmr100.pdf](https://www.mass.gov/files/documents/2018/12/31/jud-lib-105cmr100.pdf). [↑](#footnote-ref-26)
40. including the PPOC, the Massachusetts Medical Society, the Massachusetts Health and Hospital Association, Massachusetts League of Community Health Centers and individual members, the Conference of Boston Teaching Hospitals, the Massachusetts Association of Behavioral Healthcare, the Association of Behavioral Health. [↑](#footnote-ref-27)
41. including, but not limited to the Brighton Allston Improvement Association, the Allston Civic Association, the Allston-Brighton Health Collaborative, the Allston-Brighton Substance Use Task Force, the West End House/Boys and Girls Clubs of Massachusetts, and Charles River Community Health Center. [↑](#footnote-ref-28)
42. As of June 30, 2020 [↑](#footnote-ref-29)
43. Brykman K, Houston R, Bailey M, [*Value-Based Payment to Support Children’s Health and Wellness*](https://www.bluecrossmafoundation.org/sites/g/files/csphws2101/files/2021-09/Value-Based%20Pmt_Childrens-Health_ExSum_FINAL.pdf)(September 2021), *available at* https://www.bluecrossmafoundation.org/sites/g/files/csphws2101/files/2021-09/Value-Based%20Pmt\_Childrens-Health\_ExSum\_FINAL.pdf. [↑](#endnote-ref-14)
44. Suryavanshi MS, Yang Y, [*Clinical and Economic Burden of Mental Disorders Among Children with Chronic Physical Conditions, United States, 2008–2013*](http://dx.doi.org/10.5888/pcd13.150535)*. [Erratum appears in* Prev. Chronic Dis. *2016;13. http://www.cdc.gov/pcd/issues/2016/15\_0535e.htm.]* Prev. Chronic Dis. (2016), 13:150535 *available at*  http://dx.doi.org/10.5888/pcd13.150535. [↑](#endnote-ref-15)
45. such as unemployment, substance abuse, and criminal behaviors, as well as increased burden on social support and disability programs [↑](#footnote-ref-30)
46. id. [↑](#endnote-ref-16)
47. who were involved in the community engagement process under factor1(d) [↑](#footnote-ref-31)
48. Id, Institute of Medicine (IOM): The Committee on the Quality of Health Care in America. *Crossing the Quality Chasm: A New Health System for the 21st Century.* Washington, DC: Institute of Medicine; 2004. [↑](#endnote-ref-17)
49. published by MicroBilt Corporation [↑](#footnote-ref-32)
50. Profitability metrics, such as EBITDA, EBITDA Margin, Operating Margin and Total Margin are used to assist in the evaluation of management performance in how efficiently resources are utilized. Liquidity metrics, such as Current Ratio, Cash Days on Hand and Days in Accounts Receivable measure the quality and adequacy of assets to meet current obligations as they come due. Solvency metrics, such as Total Assets and Total Equity measure the company’s ability to service debt obligations. Certain metrics can be applicable in multiple categories. [↑](#footnote-ref-33)
51. NPSR is comprised of the Hospital (~65%), the Physician Organizations (PO)(~28%), the Franciscan Children’s (~2.5%), and other subsidiaries. Management projects the PO NPSR to increase between 2.9% and 6.9% annually, which is below actual FY 2021 growth of 13.7 % in FY 2021. [↑](#footnote-ref-34)
52. The Hospital comprises ~ 91.0 of supplies. [↑](#footnote-ref-35)
53. Change in FTEs were determined based on the growth in adjusted patient days [↑](#footnote-ref-36)
54. The decline in supplies in FY 2022 relate to a reduction in expected high cost therapies, and cost savings initiatives put in place for the fiscal year as of the second quarter. [↑](#footnote-ref-37)
55. Gain from Operations Actual to Budget Comparison for FY 2005 through FY 2019. [↑](#footnote-ref-38)
56. Note: the Projections do not account for changes in accounting standards; which may have a material impact on individual future years. [↑](#footnote-ref-39)
57. No public hearing was requested or held on this Application. [↑](#footnote-ref-40)
58. <https://www.mass.gov/doc/public-comments-pdf-cmcc-transfer-of-ownership-of-franciscan-hospital-for-children-inc/download> [↑](#footnote-ref-41)
59. Staff notes again that a substantial capital expenditure would be a separate DoN submission. [↑](#footnote-ref-42)
60. (B)(1) A Determination of Need Application for Transfer of Ownership pursuant to 105 CMR 100.735 is exempt from105 CMR 100.310(A)(5), (6), (7), (9), (10) and (13). [↑](#footnote-ref-43)
61. There were no opposing comments [↑](#footnote-ref-44)
62. Some letters had multiple signers [↑](#footnote-ref-45)