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| **STAFF REPORT TO THE PUBLIC HEALTH COUNCIL****FOR A DETERMINATION OF NEED** |
| Applicant Name  | Baystate New England Orthopedic Surgeons Alliance, LLC |
| Applicant Address  | 759 Chestnut StreetSpringfield, MA 01199 |
| Filing Date | March 23, 2022  |
| Type of DoN Application | Ambulatory Surgery  |
| Total Value | $14,844,635 |
| Project Number | BNEOS-21122916-AS  |
| Ten Taxpayer Group (TTG) | None |
| Community Health Initiative (CHI)  | $742,231.75 |
| Staff Recommendation | Approval |
| Public Health Council  | July 13, 2022  |
| Project Summary and Regulatory ReviewBaystate New England Orthopedic Surgeons Alliance, LLC (“Applicant”) submitted an application for a Proposed Substantial Change in Service to establish an ambulatory surgery center (ASC) at 50 Wason Avenue, Springfield. Currently, the proposed ASC is a licensed outpatient surgery satellite of Baystate Medical Center (“Baystate”) called Baystate Orthopedic Surgery Center (“BOSC”). The proposed project will convert the service to a freestanding ASC operated by the Applicant. As a freestanding ASC, the Applicant anticipates the proposed project will be reimbursed at a lower rate than the existing hospital service at the same location. The Applicant states that the proposed ASC will maximize operational efficiencies by leveraging a dedicated staff and an experienced management company. The ASC will also feature greater capacity than the HOPD, with total cases expected to increase 2% each year of the projection period.The Applicant anticipates minimal construction will be required to meet current architectural standards. Accordingly, patients will experience minimal disruption during the conversion from a hospital satellite to a freestanding ASC. The Applicant plans to maintain the current number of operating rooms (8) and pre-/post-care rooms (28) at the proposed site. The total value of the proposed project is $14,844,635, the vast majority of which would go towards building acquisition ($14,635,428). The most common procedures currently performed at BOSC are shoulder arthroscopy, knee arthroscopy, rotator cuff repair, and carpal tunnel release surgery, representing approximately 44% of all procedures. Review of Applications for Ambulatory Surgery is 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 Determination of Need Factor set forth within 105 CMR 100.210. This staff report addresses each of the six factors set forth in the regulation. |

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# Background: Baystate Orthopedic Surgery Center and Application Overview

Baystate New England Orthopedic Surgeons Alliance, LLC (“Applicant”) is a newly formed joint venture created for the purpose of establishing the proposed ASC. Its members are Baystate (60%), NEOS SurgCo, LLC (“NEOS,” 35%), and Compass Surgical Partners Holdings of Springfield, LLC (“Compass,” 5%), a third-party management services provider. Baystate, an affiliate of Baystate Health, Inc., located in Springfield, Massachusetts, is a teaching hospital and the region’s only Level 1 trauma center. NEOS, which is composed of orthopedic surgeons who perform surgeries at BOSC and who plan to perform surgeries at the ASC, is a limited liability company formed in order to establish the proposed facility.

The Applicant states that the ASC will maximize operational efficiencies by utilizing a dedicated staff and an experienced management company. Additionally, the ASC will feature greater capacity than the HOPD: BOSC had 5,784 cases in the year ended 9/30/21. At the proposed ASC, total cases are expected to increase 2% each year (to 6,322 in projected year 5). Additionally, the Applicant argues that the lower prices of the ASC will help manage spending, and facilitate care coordination, for patients of two accountable care organizations affiliated with Baystate.

# Patient Panel[[1]](#footnote-1)

Because the Applicant is a newly formed joint venture, it does not have a patient panel. The following patient panel information reflects historical trends among BOSC’s patient panel, which is consistent with the Applicant’s anticipated Patient Panel for the proposed project. The Applicant provided patient panel information for the period FY2019-2021, during which time BOSC served 15,033 patients. Table 1 presents demographic information (gender, race/ethnicity, age, city/town of residence, and payer mix) for BOSC’s patient panel during this period.

Highlights from this data include:

* Most of BOSC’s patients are aged 46-64 (46.5%), followed by ages 19-45 (27.5%), ages 65+ (20.8%), and ages 0-18 (5.2%).
* Most BOSC patients self-identified as White (76.8%). Patients also self-identified as Hispanic (14.8%), Black/African American (5.3%), and Asian (0.7%). Only 2.2% of patients identified as a different ethnicity or declined to provide their race/ethnicity.
* Most of BOSC’s patients (64%) reside in and around Springfield, including Westfield, Agawam, Chicopee, West Springfield, and Ludlow.
* BOSC patients are primarily commercially insured (48%), followed by Medicare (15%), managed Medicaid (12%), and managed Medicare (8%). Additionally, 7% of patients received coverage through Workers’ Compensation.

Table 1: Overview of NESC Patients

|  | **FY21** |
| --- | --- |
| Total Unique Patients | 5,143 |
| **Gender**Male Female | 48.3%51.7% |
| **Age** 0-1819-4546-6465+ | 5.2%27.5%46.5%20.8% |
| **Race/Ethnicity**American Indian or Alaska NativeAsianBlack or African AmericanHispanicNative Hawaiian or Other Pacific IslanderOther Refuse to AnswerUnknownWhite | 0.0%0.7%5.3%14.8%0.1%0.0%0.1%2.1%76.8% |
| **Patient Origin**64.2% of patients came from 14 communities | Springfield (14.4%)Westfield (7.0%)Agawam (6.2%)Chicopee (5.4%)West Springfield (5.1%)Ludlow (4.2%)East Longmeadow (3.5%)Longmeadow (3.3%)Chicopee (3.0%)Holyoke (3.0%)Wilbraham (2.6%)South Hadley (2.5%)Belchertown (2.2%)Ware (1.8%) |
| **Payer-Mix**Managed MedicareOriginal MedicareManaged Medicaid[[2]](#footnote-2)Original MedicaidWorker’s Comp.CommercialOther[[3]](#footnote-3) | 8.4%14.3%11.9%4.5%7.1%48.8%5.0% |

# Factor 1: a) Patient Panel Need

**In this section, staff assesses whether the Applicant has sufficiently addressed** Patient Panel need for the Proposed Project. Because the Applicant anticipates that the proposed ASC will offer a similar set of services as the HOPD, the analysis of patient need focuses on historical and projected utilization of these particular services. The Applicant states that the main factor contributing to patient panel need for this proposed project is the aging regional population.

**Patient Panel Need**From FY19 to FY21, the share of BOSC’s patients that are 65 and older increased by 9.5%. This is consistent with national trends, which indicate that adults aged 55 plus have experienced the greatest increase in surgical procedures in ASCs since 1990.[[4]](#endnote-1) In particular, arthritis and obesity are more prevalent among older adults and increase the likelihood of requiring surgical intervention. The 65+ age cohort in the Lower Pioneer Valley Region (which comprises 29 municipalities, including Springfield, Chicopee, and Holyoke) is expected to increase from 14% of the population in 2010 to 23% of the population in 2035.[[5]](#endnote-2) As a result, the Applicant anticipates increased need for orthopedic surgery, driving projected demand at the proposed ASC. Additionally, the Applicant expects that demand for orthopedic surgery will increase as a result of the ASC’s cost savings for payers and patients. Medicare reimbursement rates for ASCs are, on average, 58% of the amount paid to HOPDs.[[6]](#endnote-3) Moreover, according to the CPA report submitted with the application,[[7]](#footnote-4) the Applicant expects that prices/reimbursements will decline 30% when the facility converts from a HOPD to an ASC.

***Analysis***

The Applicant outlined a need for converting the HOPD to an ASC. In addition to current utilization of BOSC’s services, the Applicant illustrates how the aging regional population, as well as the lower prices featured by an ASC, will contribute to prospective demand.

# Factor 1: b) Public Health Value, Improved Health Outcomes and Quality of Life; Assurances of Health Equity

**Public Health Value**

According to recent utilization data, older adults are the primary age cohort utilizing ASCs, with adults older than 64 accounting for 33% of procedure volume.[[8]](#endnote-4) An additional 39% of patients were in the 45-64 age group.[[9]](#endnote-5) With respect to orthopedics, demand by older adults is driven largely by the prevalence of conditions that result in joint damage, including obesity and arthritis.[[10]](#endnote-6) The share of the US adult population suffering from arthritis is expected to grow substantially between now and 2040.[[11]](#endnote-7) Additionally, 24.4% of Massachusetts adults are obese and are therefore at enhanced risk of needing a knee replacement.[[12]](#endnote-8) These trends suggest that demand will continue to increase for orthopedic surgery related to joint issues.

Because ASCs have lower prices than HOPDs, patients will be responsible for lower out-of-pocket costs at the proposed facility.[[13]](#endnote-9) These lower costs are expected to improve access: about one in ten adults have delayed or forgone care due to cost.[[14]](#endnote-10) Payers, including ACOs, also should see substantial savings. Additionally, the Applicant is anticipating being able to offer a broader set of orthopedic services soon: Medicare has announced plans to add to the list of procedures it will pay ASCs for in 2023.[[15]](#endnote-11)

**Improved Outcomes**

As explained in the public health value section above, the lower prices at an ASC are expected to improve access by decreasing out-of-pocket costs. This improved access may improve outcomes for patients by promptly addressing patients’ orthopedic needs.

The Applicant proposes to track the impact of the project using the following metrics:[[16]](#footnote-5)

1) Patient satisfaction (measured on a 0-10 scale)

2) Surgical site infection (the number of patients who develop a surgical-site infection within 30 days of surgery or within 90 days of surgery for arthroplasty implant procedures)

3) Fall prevention (the number of patients who report a fall at home within 24 hours of surgery)

**Health Equity**
The Applicant states that the ASC will not discriminate based on ability to pay/payer source; physical ability; sensory/speech limitations; or religious, spiritual, and cultural beliefs. BOSC plans to employ bilingual staff with fluency in multiple languages, including Spanish. The ASC will also offer free translation services, with patients being screened for their translation needs at the time the request for services is made. If patients are found to need a translator, one will be scheduled in advance. If an in-person translator is not available, translation by video will be performed via iPad. Interpreter services will also be available for all pre- and post-op visits and phone calls.

All patients will be screened for transportation needs to and from the facility when their surgery is scheduled. Patients needing assistance will be referred to community resources such as a senior center or their house of worship. If concerns pertaining to social determinants of health are identified prior to the procedure, staff will provide the patient referral resources and notify the patient’s primary care provider (PCP) as appropriate.

***Analysis***

Access to affordable health services is associated with improved outcomes and can reduce the need for additional care.[[17]](#endnote-12),[[18]](#endnote-13) Additionally, the literature suggests that surgeries performed in an ASC outpatient setting can result in fewer and lower infection rates than hospitals.[[19]](#endnote-14),[[20]](#endnote-15) ASCs are regulated to ensure the delivery of quality care, and BOSC cited reporting processes that assess quality of care, patient satisfaction, and outcomes. By presenting information on the facility’s relative prices, the projected increase in demand for its services, its planned interpreter services, and its social needs screening, staff finds that the Applicant has sufficiently outlined, at a high level, a case for improved health outcomes, public health value, reasonable assurances of health equity, and access to care.

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

The Applicant described care coordination processes between its patients, their PCP, the surgeon’s office, and BOSC both before and after surgery:

* Patient questionnaire (pre-surgery): The Applicant notes that during a pre-surgery office visit, all patients are required to fill out a questionnaire regarding their recovery needs. The questionnaire will cover topics including experience from previous surgeries (*e.g*., reactions from anesthesia), health history (including bleeding disorders, deep vein thrombosis/pulmonary embolisms, and past illnesses and treatments), post-surgery plans (*e.g.,* who is escorting the patient home), domestic violence concerns, health care proxy issues, and the preferred language of the patient. The nurse and the anesthesia provider will review this questionnaire before surgery; any questions will be addressed with the patient before the surgery date.
* PCP coordination (pre-surgery): According to the Applicant, the surgeon’s office will contact the patient’s PCP to discuss the surgery and any items requiring a follow-up from the patient’s questionnaire. BOSC will use an EHR to facilitate this coordination.[[21]](#footnote-6)
* Billing consultation (pre-surgery): Patients are contacted 3-5 days before surgery to discuss out-of-pocket costs and payment options.[[22]](#footnote-7)
* History and physical (pre-surgery): Prior to surgery, all patients must undergo a history and physical, which may be completed at the surgeon’s office or the PCP’s office.
* ASC nurse follow-up (post-surgery): The day after surgery, a nurse from the ASC will call the patient (using translation services if necessary) to address concerns regarding recovery issues including pain, medication, and falls. Additionally, patients may request a follow-up call with a physician as needed.

***Analysis***

The Applicant detailed care coordination and information sharing across different providers. Additionally, the Applicant detailed processes for screening patients for recovery issues before surgery and following up with them after surgery. Integrated processes are of particular importance in the ASC setting for managing patient referral to different points of care.[[23]](#endnote-16) EHR adoption in ASCs has been slow and the high expense of the systems is one reason cited.[[24]](#endnote-17) Staff finds BOSC has adequate processes in place to facilitate care coordination and communication across providers, which will continue after its conversion to an ASC.

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# 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.

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

The Department’s Guideline[[25]](#endnote-18) 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.”[[26]](#endnote-19)

The Applicant held three invitation-only meetings to inform the community of its plans. Meeting attendees had an opportunity to learn about the proposed project and the joint venture behind it.

* Baystate Community Benefits Advisory Council (CBAC), January 13, 2022: 16 people attended this meeting of the CBAC, which convenes monthly and encompasses community stakeholders and Baystate Medical Center (BMC) employees.[[27]](#footnote-8)
* North End Stakeholder Meeting (NESM), February 9, 2022: 18 people attended this meeting of NESM, which convenes 2-4 times a year to keep BMC’s neighbors apprised of construction plans and other matters of concern. Attendees included neighbors, community organizations (Atwater Park Civic Association, New North Citizens’ Council, and the Ronald McDonald House of Springfield), and elected officials (including State Representative Carlos Gonzalez, State Senator Adam Gomez, Springfield City Councilors Michael Fenton and Maria Perez, and Springfield School Committee member Joesiah Gonzalez).[[28]](#footnote-9)
* Baystate Patient and Family Advisory Council (PFAC), February 16, 2022: 23 people attended this meeting.[[29]](#footnote-10)

***Analysis***

Staff reviewed the information on the Applicant’s community engagement and finds that the Applicant has met the minimum 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 states that the proposed project will reduce the cost of the surgeries offered at the facility and therefore have a positive effect on TME and other measures of healthcare spending. Both patients and payers should see savings from the conversion. On average, Medicare reimbursement rates for ASCs are 58% of the rate paid HOPDs for the same procedures.[[30]](#endnote-20) For example, while the average Medicare payment to HOPDs for a tendon sheath incision (a procedure to treat trigger finger) is $1,692, ASCs are paid an average of $1,023.[[31]](#footnote-11) The average Medicare payment to HOPDs for a knee arthroscopy with meniscal repair is $3,542; ASCs are paid an average of $2,040.[[32]](#footnote-12)

According to the CPA report submitted with the application, the net charge per case for the fiscal year ending on Sept. 30, 2021 was $4,762, while the projected net charge per case for year one of the projections is $3,350.[[33]](#footnote-13) The decrease of about $1,400 correlates with the approximate 30% reimbursement reduction for procedures in an ASC versus a HOPD setting. Overall net revenue is projected to decrease $8 million from the fiscal year ending on Sept. 30, 2021 to year one of the projections.[[34]](#footnote-14)

***Analysis***It has been well-established that generally, outpatient surgeries performed in the ASC setting can be a lower-cost alternative to the same surgeries performed in the HOPD and several studies detailed the cost savings associated with performing surgeries in the ASC setting.[[35]](#endnote-21),[[36]](#endnote-22),[[37]](#endnote-23) ASCs focus on performing a narrow set of medical specialties and surgical procedures and providing care for patients with lower acuity and risk of complications.[[38]](#endnote-24),[[39]](#endnote-25) Staff compared total costs and copayments of select procedures offered at BOSC using data from Medicare’s Price Procedure Lookup tool that was provided by the Applicant and it illustrated that ASCs can be a cost-effective alternative for certain procedures.[[40]](#footnote-15)

## Factor 1 Summary

As a result of information provided by the Applicant and additional analysis, staff finds that the Applicant has demonstrated that the proposed ambulatory surgery project has met Factors

1(a-f).

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

 **Cost Containment**

The Applicant reiterated the cost savings achieved in ASCs. According to the CPA report submitted with the application, the net charge per case for the fiscal year ending on Sept. 30, 2021 was $4,762, while the projected net charge per case for year one of the projections is $3,350.[[41]](#footnote-16) The decrease of about $1,400 correlates with the approximate 30% reimbursement reduction for procedures in an ASC versus a HOPD setting. Overall net revenue is projected to decrease $8 million from the fiscal year ending on Sept. 30, 2021 to year one of the projections.[[42]](#footnote-17)

***Analysis*: Cost Containment**

A review of the literature shows that the rate of outpatient surgery is increasing in the ASC setting. Studies show that payment differentials between ASCs and HOPDs are driving care to take place in the lower-cost ASC setting, where care may be more cost efficient.[[43]](#endnote-26) Cost containment on a statewide level is impacted through pricing, which is a function of what providers charge payers and what payers agree to pay. While payment contracts between individual providers and commercial payers are confidential, contracts among providers and Medicare and Medicaid are more transparent. Since surgeries performed in the ASC setting have been shown to be efficient, cost-effective, and are of equal or higher quality than when they are performed in the HOPD, staff finds that expanding access to outpatient surgery in the ASC setting has the potential to contribute to the Commonwealth’s cost containment goals.

 **Public Health Outcomes**

The Applicant argues that the project will improve public health outcomes by expanding patient access to care via reducing costs. As stated above, a substantial share of adults report deferring or skipping care due to cost,[[44]](#endnote-27) which is associated with poorer outcomes.[[45]](#endnote-28)

***Analysis*: Public Health Outcomes**

Surgical procedures performed in ASCs are associated with reduced mortality, morbidity, and hospital admission rates as compared to outpatient surgery performed in the hospital setting, and patients also experience shorter surgery and recovery times; these benefits appear to extend to vulnerable (highest-risk Medicare) patients.[[46]](#endnote-29),[[47]](#endnote-30),[[48]](#endnote-31) Improving access to BOSC’s services has the potential to improve outcomes and quality of life for the Patient Panel.

**Delivery System Transformation**

The Applicant notes that its clinicians are prepared to refer patients to other providers as needed, connect patients with resources to address the social determinants of health, and liaise with patients’ PCPs as needed.

***Analysis*: Delivery System Transformation**

Central to the goal of Delivery System Transformation is the integration of social services and community-based expertise. The Applicant described its social needs screening processes including how surgery patients are assessed and how referrals are made to the PCP and outside organizations.

# Factor 2 Summary

As a result of information provided, staff finds that the Applicant 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. As a result of information provided by the Applicant, staff finds the Applicant has reasonably met the standards of Factor 3.

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# 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 a finding must be supported by an analysis conducted by an independent CPA. The Applicant submitted a report performed by Meyers Brothers Kalicka, P.C. (CPA Report).

The CPA Report is limited to an analysis of the five-year financial projections prepared by the Applicant. In order to assess the reasonableness of assumptions used in the preparation and feasibility of the projections with regards to the proposed project, the CPA reviewed internal financial statements for the fiscal year ended September 2020, projected/pro-forma results for the fiscal year ended September 2021, and the DoN application.

**Volume/Revenue**

The number of total cases will increase 15.7% from 5,465 (in the year ended Sept. 30, 2020) to 6,322 (in the year ended Sept. 30, 2026) due to a substantial increase in orthopedic surgeries and smaller increases in plastic surgery and pain management cases. Although gross charges are projected to increase from around $49.1 million (in the year ended Sept. 30, 2020) to around $62.5 million (in the year ended Sept. 30, 2026), net charges per case are projected to decline substantially, and net revenue is projected to decrease from around $25.1 million to around $22.7 million. This decrease in net revenue is attributable to the 30% reduction in reimbursement rates for procedures in an ASC versus a HOPD.

**Expenses**

Total expenses are projected to increase 8.4% from about $17.8 million to about $19.3 million (from the year ended Sept. 30, 2020 to the year ended Sept. 30, 2026). Line items for salaries, wages, and benefits; occupancy costs; and equipment expense, repairs, and maintenance decreased over the project period. Conversely, spending is projected to increase on drugs and medical supplies; purchased services (including waste management); management expenses (paid to Compass, which has a 5% share in BOSC); office expense, supplies and postage, and other operating expenses; depreciation; and interest.

 **Financing/Maximum Capital Expenditure**

According to the CPA Report, 50% of capital expenditures will be financed for the projected/proforma Year One ($475k for five years at 3% interest). No other financing is expected. The maximum capital expenditure for the project is about $14,845,000.

As a result of the foregoing, the CPA determined that “the plan is not likely to result in insufficient funds available for capital and ongoing operating costs necessary to support the proposed project without negative impacts or consequences to the Applicant, or its parties.”

As a result of information provided by the Applicant, staff finds the Applicant has reasonably met the standards of Factor 4.

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

The Applicant compares the Proposed Project to the alternative of continuing operations as a HOPD. The Applicant dismissed this alternative because a freestanding ASC will maximize efficiencies by using a dedicated staff and an experienced management company, thus facilitating lower operating costs. Additionally, continuing to operate as an HOPD would deprive patients and payers of an ASC’s lower prices. Moreover, because Baystate already purchased the building where the ASC would operate, the capital expense for the proposed project and the alternative proposal is the same ($14,635,428). According to the Applicant, there would be no difference in quality between the proposed project and the alternate proposal.

Staff agrees that the above alternative of maintaining the status quo will not adequately address Patient Panel need for high-quality and convenient access to outpatient surgical services. As aresult of information provided by the Applicant and additional analysis, staff finds the Applicant hasreasonably met the standards of Factor 5.

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

**Summary and Background**The Applicant is engaged in a process to fulfill their Community Health Initiative (CHI) requirements that is different than the process for most applicants. The project is for an ASC, which would traditionally pay its entire CHI contribution to the Statewide Funds. In this case, the ASC is within the Applicant’s geographic area for both care catchment and community health planning work, and the Applicant will conduct a Local Community Health Initiative for this application. The Applicant submitted its Community Health Needs Assessment (CHNA) from 2019, and this covers the geography of the planned ASC. The Applicant plans to release its next CHNA in fall 2022 and will use the findings to inform the investment strategies for the CHI funds associated with this application. The Department requested and received from the Applicant a commitment to ongoing needs assessment in this geography and further local CHI investment should there be additional DoN applications associated with this proposed site.

The Applicant submitted the 2019 CHNA and Implementation Strategy and a CHI Narrative. A Self-Assessment, Stakeholder Assessment, and Community Engagement Plan were not required in this case as this application is associated with documents from prior applications. That is, the Applicant has submitted these documents as part of a project covered by the same timeframe for the 2019 CHNA.

**The Community Health Needs Assessment** was conducted in 2019 by the Applicant, Baystate Medical Center, in partnership with Public Health Institute of Western Massachusetts, Community Health Solutions, Collaborative for Educational Services, Franklin Regional Council of Governments, and Pioneer Valley Planning Commission. In completing the CHNA, the Applicant conducted focus groups, key informant interviews, one Community Conversation, and several Community Chats. The Applicant engaged community residents and other community stakeholders, intentionally including the experiences of community members who gave input in focus groups or key informant interviews in other regions, which were often considered relevant to the Applicant’s service area. Additionally, the Applicant conducted data analysis and completed a review of the previous CHNA and existing assessment reports published since 2016. The CHNA for 2019 lists the following as the key priorities identified: social environment, housing needs, transportation access, basic needs resources, financial health, and violence and trauma. Additionally, health outcomes impacting the service area include mental health, chronic conditions, infant and perinatal health, and Alzheimer’s disease and dementia. The CHNA goes on to identify barriers to improving outcomes in each of the priorities as well as priority populations for each of the health conditions. CHI staff have assessed Baystate Health’s 2019 CHNA and determined that it is an adequate and appropriate basis for CHI purposes. The Applicant will release a new CHNA in 2022 and will employ similar strategies for engagement. The Applicant will engage its Regional Advisory Committee throughout the assessment process and will engage its Community Benefit Advisory Committee (CBAC) to select priorities and identify strategies for implementation.

**The CHI narrative** provided background and overview information for the CHI processes. The narrative also outlines advisory duties for the advisory and allocation committees and planned use of funding for evaluation and administrative activities. Additionally, the narrative outlines the CHI funds breakdown and the anticipated timeline for CHI activities.

The timeline, RFP processes, and use of evaluation and administrative funds are all appropriate and in line with CHI planning guidelines. The Applicant has strong infrastructure for existing and future community health improvement planning activities. As part of its planning for previous CHI processes, Baystate Health established a practice for equitable and transparent distribution of CHI funds. There are four hospitals within the system, and the practice is to distribute funds equitably across them, utilizing key criteria. These funds will support existing community health planning for Baystate Medical Center, the site that shares geography with the proposed project. The Applicant’s current work focuses on priority areas that allow for implementation at the root cause level, and the expectation is that the final CHNA for 2022 will continue this trend. The Applicant will work with its CBAC to select priorities and approve implementation strategies. Based on strategies in the Applicant’s ongoing community benefit work, DPH staff have determined that as the Applicant agrees to ongoing local CHI work related to this project and continued engagement with their CBAC, CHI investment will align appropriately with the Health Priorities Guideline. The Applicant will also provide status updates and share the final 2022 CHNA with DPH staff.

The anticipated timeline for CHI activities includes a meeting of the Advisory Committee six weeks post approval, identifying the Health Priorities Strategies 3-4 months post approval, and deciding on the best investment strategy to support existing efforts 5-6 months post approval, with funding disbursed 10 months thereafter.

With the administrative funds, the Applicant’s preliminary plans are to develop and disseminate communication materials to encourage community participation in the process.

***Analysis***As a result of information provided by the Applicant and additional analysis, staff finds that with the conditions outlined below, and with their commitment to conduct ongoing Community Health Planning processes in the geography of the ASC, the Applicant has demonstrated that the Proposed Project has met Factor 6.

# Findings and Recommendations

Based upon a review of the materials submitted, staff finds that, with the addition of the recommended Condition detailed below, the Applicant has met each DoN Factor for the Proposed Project and recommends that the Department approve this Determination of Need, subject to all applicable Standard and Other Conditions.

# Other Conditions

1. Of the total required CHI contribution of $742,231.75
	* 1. $179,991.20 will be directed to the CHI Statewide Initiative
		2. $539,973.60 will be dedicated to local approaches to the DoN Health Priorities
		3. $22,266.95 will be designated as the Administrative Allowance
2. To comply with the Holder’s obligation to contribute to the Statewide CHI Initiative, the Holder must submit a check for $179,991.20 to Health Resources in Action (the fiscal agent for the CHI Statewide Initiative)
	* 1. The Holder must submit the funds to HRiA within 30 days from the date of the Notice of Approval
		2. The Holder must promptly notify DPH (CHI contact staff) when the payment has been made

# AppendicesAppendix I: Average Prices of Orthopedic Procedures, ASCs and HOPDs

| **Procedure Description** | **ASC (US average)** | **HOPD (US average)** |
| --- | --- | --- |
| Total | Medicare Payment | Copay | Total | Medicare Payment | Copay |
|
|  |
| Arthroscopy, shoulder, surgical; distal claviculectomy including distal articular surface | $2,025 | $1,620 | $404 | $3,527 | $2,822 | $705 |
| Arthroscopy, knee, surgical; with meniscectomy (medial or lateral, including any meniscal shaving) including debridement/shaving of articular cartilage (chondroplasty), same or separate compartment(s), when performed | $1,887 | $1,509 | $376 | $3,389 | $2,711 | $677 |
| Neuroplasty and/or transposition; median nerve at carpal tunnel | $1,251 | $1,001 | $249 | $2,201 | $1,761 | $439 |
| Arthroscopy, shoulder, surgical; with rotator cuff repair | $4,029 | $3,223 | $805 | $7,364 | $5,891 | $1,473 |
| Arthroscopy, shoulder, surgical; debridement, extensive, 3 or more discrete structures | $1,939 | $1,551 | $387 | $3,441 | $2,753 | $688 |
| Tendon sheath incision | $1,023 | $818 | $204 | $1,692 | $1,353 | $338 |
| Arthroscopically aided anterior cruciate ligament repair/augmentation or reconstruction | $5,041 | $4,033 | $1,008 | $7,270 | $5,816 | $1,454 |
| Arthroscopy, shoulder, surgical; biceps tenodesis | $3,873 | $3,098 | $773 | $7,208 | $5,766 | $1,441 |
| Arthroscopy, knee, surgical; with meniscectomy including debridement/shaving of articular cartilage (chondroplasty), same or separate compartment(s), when performed | $1,908 | $1,526 | $381 | $3,410 | $2,728 | $682 |
| Arthroscopy, knee, surgical; with meniscus repair (medial or lateral) | $2,040 | $1,631 | $407 | $3,542 | $2,833 | $708 |

Source: Price data obtained using [Procedure Price Lookup](https://www.medicare.gov/procedure-price-lookup/), Medicare.gov.

**Appendix II: Quality Reporting Measures[[49]](#footnote-18)**

**1. Patient Satisfaction**: ASC staff will review patient satisfaction scores around patient recommendations to determine the impact of the Proposed Project on patient experience.

*a. Measure:* Response options include Numerical Scoring “0” (“Not Likely to Recommend”) – “10” (“Extremely Likely to Recommend”)

*b. Projections:* As the Proposed Project is to establish a new ASC, the Applicant will provide baseline measures and three years of projections following the first full fiscal year following implementation of the Proposed Project.

*c. Monitoring:* Quarterly.

**2. Surgical Site Infection**: This measure will monitor the rate at which the ASC’s patients develop surgical site infections and aims to reduce or eliminate such incidences.

*a. Measure:* The number of all patients who develop a surgical-site infection within 30 days of surgery; or, within 90 days of surgery for arthroplasty (implant) procedures.

*b. Projections:* As the Proposed Project is to establish a new ASC, the Applicant will provide baseline measures and three years of projections following the first full fiscal year following implementation of the Proposed Project*.*

*c. Monitoring:* Results will be reviewed monthly by the Infection Control Nurse.

**3. Fall Prevention**: This measure will monitor the number of patients who report a fall within 24 hours after the completion of surgery and aims to reduce or eliminate such incidences.

*a. Measure:* The number of patients with a documented fall at home.

*b. Projections:* As the Proposed Project is to establish a new ASC, the Applicant will provide baseline measures and three years of projections following the first full fiscal year following implementation of the Proposed Project.

*c. Monitoring:* Patients who experience a fall on the day of service are reported through the internal Risk Management program. Patients receive a follow-up contact the day after surgery and can report any fall that has occurred between the time they were discharged and the time of the contact. Patients who experience a fall that results in a physician intervention are reported to the center by the physician monthly. All falls will require an incident report be completed that will be reviewed by the internal Risk Manager upon receipt. Falls will be tracked monthly on the ACS’s incident reporting log. They will be reported as part of the ASC’s Quality Assurance and Performance Improvement Program (“QAPI”) and the Medical Executive Committee (“MEC”) on a quarterly basis.

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