

**STEWARD HEALTH CARE SYSTEM LLC
DON APPLICATION # -18092615-AM
ATTACHMENTS**

**SIGNIFICANT CHANGE
ST. ELIZABETH'S MEDICAL CENTER**

OCTOBER 29, 2018

BY

**STEWARD HEALTH CARE SYSTEM LLC
111 HUNTINGTON AVENUE, SUITE 1800
BOSTON, MA 02199**

STEWARD HEALTH CARE SYSTEM LLC
APPLICATION # -18092615-AM

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Attachment/Exhibit

A

2. Project Description

The proposed request is filed with respect to the previously issued DoN Project #4-3B89 for new construction of an addition to St. Elizabeth's Medical Center, 736 Cambridge Street, Boston, MA 02135. The request for a significant change ("Application") requests approval build out shell space located on the 6th floor of the Connell Building to accommodate ten (10) critical care unit beds and sixteen (16) medical/surgical beds ("Project").

10. Amendment

10.5.a Describe the proposed change.

Steward Health Care System LLC ("Applicant") is the owner and operator of St. Elizabeth's Medical Center, a licensed hospital located at 736 Cambridge Street in Boston ("Medical Center"). The proposed significant change will allow for the build-out of shell space on the 6th floor of the Connell Building for the addition of ten (10) critical care unit ("CCU") beds and sixteen (16) medical/surgical beds.

10.5.b Describe the associated cost implications to the Holder.

The Applicant projects the yearly operating expense to increase by \$4,000,000.00. The majority of the increase is related to the Medical Center's proposed ICU and medical/surgical service staff that are required to accommodate and provide care for additional patient volume. The Medical Center also will need to increase support service staff, such as respiratory, food service, environmental, and others, as a result of the proposed increase in patient volume and additional square footage.

10.5.c Describe the associated cost implications to the Holder's existing Patient Panel.

The Applicant anticipates the impact on its patient panel as a result of the Project to be one of cost savings. Through the Project, the Applicant will be able to maintain patients within the Applicant's ACO and insurance payer network rather than transfer care outside of these networks. Patients will thus be responsible for in-network rates, reducing co-pay and co-insurance amounts as these costs increase when patients must go out of network for care. The additional availability of CCU beds and medical/surgical beds at the Medical Center will not increase costs to the patient panel.

10.5.d Provide a detailed narrative, comparing the approved project to the proposed Significant Change, and the rationale for such change.

Background

The Medical Center originally submitted a DoN application on April 8, 2011. The Department authorized the Medical Center to construct a one-story addition to the existing Connell Building for the purpose of developing a twenty-three (23) bed consolidated CCU for the replacement of the separate cardiology, respiratory, surgical, and neurology step-down CCUs. The separate CCUs contained a total of twenty-seven (27) beds. Also included in the approval was 2,730 gross square feet ("GSF") of shell space to be located on the new 5th floor to accommodate future expansion of five (5) additional CCU beds.

A significant change to the DoN authorization was approved on June 4, 2012. This approval amended the original DoN authorization to include construction of an additional floor of shell space to the Connell Building. The 6th floor shell space was constructed to allow the Medical Center to meet future demand for additional inpatient beds.

A second significant change was approved on August 20, 2013. The DoN authorization was amended to allow for the build-out of shell space located on the 5th floor of the Connell Building for five (5) additional CCU beds. The amendment also allowed the Medical Center to complete mechanical infrastructure work related to the future build-out of the 6th floor shell space.

The Department approved a third significant change to the DoN authorization on February 13, 2014. This amendment allowed for renovations to the 3rd floor of the Seton Pavilion in space that was formerly operated as the respiratory and cardiac CCUs. These services vacated the space upon licensure of the consolidated CCU. The amendment approved renovations for the establishment of two (2) inpatient operating rooms, the relocation of the post-anesthesia care unit, and the establishment of a consolidated surgical preparation and recovery area.

A fourth significant change was approved on April 9, 2015. The DoN authorization was amended to allow for the build-out of shell space on the Connell Building to accommodate thirty (30) medical/surgical beds. Renovations also were approved to the space vacated by the former surgical CCU upon licensure of the consolidated CCU. The approval authorized renovations to the former surgical CCU for the establishment of two inpatient operating rooms, including an interventional operating room.

The fourth amendment to the original DoN approval expired before the Medical Center could implement the approval. The build-out of shell space on the Connell Building 6th floor for thirty (30) medical/surgical beds and the renovations to the former surgical CCU to establish two inpatient operating rooms did not occur. As such, the 6th floor of the Connell Building remains shell space and the former surgical CCU is vacant.

The Applicant is seeking approval to pursue the Project, which will result in a significant change to the original DoN authorization. As the previous DoN amendment approval expired, the Applicant reviewed the Medical Center's present service needs. The 6th floor of the Connell Building remains shelled space. It was determined this space should be built out for the addition of ten (10) CCU beds and sixteen (16) medical/surgical beds to ease existing capacity constraints faced by the Medical Center as the Applicant's tertiary referral facility and to facilitate appropriate capacity in the Applicant's system to meet the needs of its ACO.

Need for Additional CCU Bed Capacity

The Applicant seeks approval of the Project in order to build out shell space located on the 6th floor of the Connell Building for the addition of ten (10) CCU beds. This will bring the Medical Center's total licensed CCU bed complement from twenty-eight (28) to thirty-eight (38). As the Applicant's tertiary facility, the Medical Center cares for high acuity and medically complex patients. The Medical Center's cardiac, thoracic, vascular, and neurosurgery services lines are anticipated to experience increased volume in the coming years due to an aging patient panel. The Applicant estimates that by 2022, the Medical Center's patient volume for these service lines will grow by 300 operating room procedures over current year volume, which will add over 2,000 new CCU patient days. Due to these anticipated changes, the Applicant seeks approval for an additional ten (10) CCU beds at the Medical Center.

The Medical Center's CCU patient days historically have increased. In 2015, the Medical Center had 7,634 CCU patient days, followed by 7,614 CCU patient days in 2016, and 8,529 CCU patient days in 2017. There were 2,101 CCU discharges in 2015, followed by 2,151 CCU discharges in 2016, and 2,123 CCU discharges in 2017. The occupancy rate was at 75% for 2015 and 2016, followed by an increase to 84% in 2017. Average length of stay was 4.41 days, and average daily census YTD through June 2018 was 25; CCU average daily census has been 25 or above 61% of the time YTD through June 2018, resulting in the inability to accept 103 transfers. This data indicates the Medical Center's CCU utilization is strong and will continue to grow in the future with the aging of its patient panel.

As indicated, the Medical Center's cardiac, thoracic, vascular, and neurosurgery service lines are expected to experience significant increases by 2022 which will directly impact the CCU. Certain of the patients undergoing care for cardiac, thoracic, vascular, and neurological conditions require a greater level of care than can be provided in a medical/surgical bed. As these patients have greater acute care needs, placement in the CCU is necessary. To accommodate the projected demand, additional CCU beds are needed. With the opening of the ten (10) additional beds, the Applicant projects CCU patient days will be 10,379 in Year 1 of operations, increasing to 12,219 CCU patient days by Year 5. Occupancy rates would be 75% in Year 1 and increase to 88% by Year 5. Patient discharges also are projected to increase from 2,354 CCU discharges in Year 1 to 2,771 CCU discharges in Year 5. The projections demonstrate that the addition of ten (10) CCU beds will allow the CCU to accommodate the anticipated growth in the cardiac, thoracic, vascular, and neurosurgery service lines by ensuring CCU beds are available as needed.

Need for Additional Medical/Surgical Bed Capacity

The Applicant proposes to build out shell space on the 6th floor of the Conneil Building to accommodate an additional sixteen (16) medical/surgical beds. The additional beds will increase the Medical Center's total number of licensed medical/surgical beds from 154 to 170. As a result of growing surgical volume at the Medical Center, the Applicant evaluated strategies to accommodate the increase in demand. The proposed addition of medical/surgical beds will ensure the continued availability of inpatient beds to serve the needs of the Applicant's ACO and patient panel.

The Medical Center's medical/surgical patient days have been on the rise over the past years. There were 33,557 medical/surgical patient days in 2015, followed by 32,492 patient days in 2016, and 35,650 in 2017, for an overall increase of 6%. Over the same period, medical/surgical discharges also increased 2.5%, from 7,078 medical/surgical discharges in 2015, followed by 6,896 discharges in 2016, and 7,256 discharges in 2017. Occupancy rates are on the rise at 70% for 2017, an increase from 66% in 2015 and 64% in 2016. The current average length of stay is 4.9 days, accompanied by a current average daily census of 102 patients.

The Medical Center's occupancy rates are impacted by operational issues and lack of private rooms. Approximately 110 of the Medical Center's 154 patient beds are located in semi-private rooms. Only forty-four (44) beds are located in private rooms, which can be fully utilized at all times. The Medical Center frequently cannot use both beds in a patient room due to the need to block beds. For example, patients must be matched based on gender and acuity mix; when patients cannot meet these criteria, remaining beds in multi-bed rooms may need to be blocked. Additionally, the Medical Center provides care to a high proportion of patients in need of inpatient surgery. This results in the Medical Center being at capacity for medical/surgical beds during the week but emptying out as a result of discharges by the weekend, which impacts

overall occupancy rates. By creating additional private rooms, the Medical Center will be able to more fully utilize all available beds and reduce the effects of bed blocking.

Each new medical/surgical room located on the Connell Building 6th floor will be private, with private toilet and shower facilities. Space will be included in each room for families. The private configuration of the rooms will ensure that the Medical Center is able to use all available beds at any time, with no need to block beds due to gender, acuity, or other reasons. The build-out of shell space also will include appropriate support spaces for the private medical/surgical beds.

The Medical Center's historical medical/surgical data further demonstrates its unique role as the tertiary referral center for the Applicant's Accountable Care Organization ("ACO"). A breakdown of the Medical Center's surgical minutes show that approximately 75% of cases are inpatient and 25% are outpatient. The high number of inpatient cases is in contrast to healthcare industry trends towards increasing outpatient surgical procedure options. The Medical Center's high inpatient surgical volume is a function of its role as a teaching hospital. The Medical Center's top inpatient cities and towns of origin are comprised of those communities where the Applicant's community hospitals are located. Routine care thus is provided in the Applicant's community-based hospitals while patients are referred to the tertiary medical center for more complex treatment. In this way, the Applicant's ACO is functioning to meet the needs of its patient panel.

The Applicant proposes to add sixteen (16) medical/surgical beds to better support the Medical Center's surgical service. An increase in the number of medical/surgical beds also will allow the Medical Center to ensure an available medical/surgical bed is available when a patient can be safely transferred out of the CCU. This not only impacts the availability of medical/surgical beds but also allows the Applicant to ensure the operational efficiency of the CCU. Based on the availability of additional beds, the Medical Center projects medical/surgical patient days will be 40,010 in Year 1 of operations, increasing to 40,646 patient days by Year 5. Occupancy rates will start at 64% in Year 1 and increase to 66% by Year 5. Discharges will grow from 7,959 discharges in Year 1 to 8,149 discharges in Year 5. The availability of additional medical/surgical beds will improve operational flow for the Medical Center, leading to better patient management. The addition of sixteen (16) medical/surgical beds situated in private rooms will allow the Medical Center to continue to operate as the tertiary hospital for the Applicant's ACO and meet the needs of the Applicant's patient panel.

Attachment/Exhibit

B

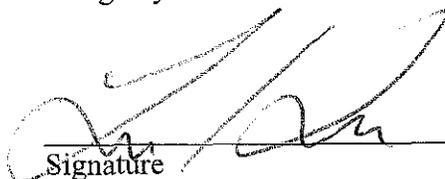
RETURN OF PUBLICATION

I, the undersigned, hereby certify under the pains and penalties of perjury, that I am employed by the publishers of **The Boston Herald** and the following Public/Legal announcement was published in two sections of the newspaper on **Wednesday, September 19, 2018** accordingly:

- 1) "Public Announcement Concerning a Proposed Health Care Project" page 31,
Legal Notice Section.
(check one) Size two inches high by three columns wide
 Size three inches high by two columns wide
- 2) "Public Announcement Concerning a Proposed Health Care Project" page 14,
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PUBLIC ANNOUNCEMENT CONCERNING A PROPOSED HEALTH CARE PROJECT

Steward Health Care System, LLC ("Applicant") located at 111 Huntington Avenue, Suite 1800, Boston, MA 02199 intends to file a Notice of Determination of Need ("DoN") for Significant Change ("Application") with respect to the previously issued DoN Project # 4-3B98, as amended, for a substantial capital expenditure to construct a consolidated critical care unit at St. Elizabeth's Medical Center located at 736 Cambridge Street, Boston, MA 02135. The Application requests approval to build out previously approved shell space to develop a ten (10) bed critical care unit and accommodate an additional sixteen (16) medical/surgical beds. The costs associated with the requested change will increase the total value of the Project based on the approved maximum capital expenditure ("MCE") by \$15,873,420, for a total MCE of \$51,955,895 (September 2018 dollars). The Applicant does not anticipate any price or service impacts on the Applicant's existing Patient Panel as a result of the Project. Any ten Taxpayers of Massachusetts may register in connection with the intended Application no later than 30 days of the filing of the Notice of Determination of Need by contacting the Department of Public Health, Determination of Need Program, 250 Washington Street, 6th Floor, Boston, MA 02108.


Signature

Laurie Kluse
Name

Multimedia/Legal Rep.
Title

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Notary: Barbara L...
Commission Expires
June 27, 2019

t stop the music

king saves BSO tour from flight

"It wasn't the day we hadn't performed it in more planned. But everyone hung than a year. in there," Mark Volpe, the "tensions were high,"

musical scores to be printed in Amsterdam.

It all ended on a high note: Nelsons and his orchestra received what Volpe described as "an unbelievable standing ovation" — a musical high-five and a welcome coda to a challenging day.

As for the musicians left behind in Paris? They had a picnic on the concourse, noshing on wines and cheeses from the duty-free shop.

Most eventually made it to Amsterdam after midnight for a party celebrating the end of the tour, which began Sept. 1 and included stops in London, Hamburg, Berlin, Leipzig, Vienna, Lucerne and Paris.

"Even after 21 years, the character and spirit of this orchestra continue to astound me," Volpe said.

— ASSOCIATED PRESS

BOSTON HERALD WEDNESDAY, SEPTEMBER 19, 2018

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MORTGAGE FORECLOSURE

MORTGAGE FORECLOSURE

MORTGAGE FORECLOSURE

NOTICE OF MORTGAGEE'S SALE OF REAL ESTATE

By virtue and in execution of the Power of Sale contained in a certain mortgage given by Lee Johansson, Jr. to Wells Fargo Bank, N.A.

LEGAL NOTICES

LEGAL NOTICES

LEGAL NOTICES

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Attachment/Exhibit

C

STAFF SUMMARY FOR DETERMINATION OF NEED
BY THE PUBLIC HEALTH COUNCIL
July 13, 2011

APPLICANT: Steward St. Elizabeth's Medical Center of Boston, Inc. PROGRAM ANALYST: Jere Page

LOCATION: 736 Cambridge Street
Boston, MA 02114

REGION: HSA IV

DATE OF APPLICATION: April 8, 2011

PROJECT NUMBER: 4-3B98

PROJECT DESCRIPTION: The project involves new construction of a new one-story addition to the existing Connell Building at Steward St. Elizabeth's Medical Center to develop a 23-bed consolidated critical care unit ("CCU") to replace the Medical Center's existing 27-bed CCU, which includes cardiac, surgical, respiratory and neurology step-down units. The project will also include renovation to connect the new CCU to the existing Emergency Department, as well as shell space for five additional CCU beds if required by further demand.

ESTIMATED MAXIMUM CAPITAL EXPENDITURE:

Requested: \$18,093,255 (April 2011 dollars)
Recommended: \$18,093,255 (April 2011 dollars)

ESTIMATED FIRST YEAR OPERATING COSTS:

Requested: \$71,000 (April 2011 dollars)
Recommended: \$71,000 (April 2011 dollars)

LEGAL STATUS: A regular application for a Determination of Need for substantial capital expenditure pursuant to M.G.L. c.111, § 25C and the regulations adopted thereunder.

ENVIRONMENTAL STATUS: No environmental notification form (ENF) is required to be submitted for this project since the proposed project will not exceed any MEPA review threshold within the subject matter of a Determination of Need.

OTHER PENDING APPLICATIONS: None

COMPARABLE APPLICANTS: None

COMMENTS BY THE DIVISION OF MEDICAL ASSISTANCE: None submitted

COMMENTS BY THE DIVISION OF HEALTH CARE FINANCE AND POLICY: None submitted

TEN TAXPAYER GROUPS: None formed

RECOMMENDATION: Approval with conditions

I. BACKGROUND AND PROJECT DESCRIPTION

The Applicant, Steward St. Elizabeth's Medical Center of Boston, Inc. ("Applicant" or "Steward St. Elizabeth's" or "Medical Center") is a 252-bed acute care, tertiary teaching medical center located at 736 Cambridge Street in Boston, with satellite facilities located in Bedford and Brighton. The Medical Center is a member of Steward Health Care System, LLC ("Steward Health Care"), a Delaware limited liability company affiliated with Cerberus Capital Management, L.P. Other hospitals in the Steward system include Saint Anne's Hospital in Fall River, Holy Family Hospital in Methuen, Norwood Hospital, Carney Hospital in Dorchester, Good Samaritan Medical Center in Brockton, Merrimack Valley Hospital in Haverhill, and Nashoba Valley Medical Center in Ayer. Other Steward Health Care entities include Steward Physician Network, Caritas Hospice and Home Care, Labouré College, and Por Cristo, a Caritas charitable medical service organization that is involved in health care work for at-risk women and children in Latin America.

Steward St. Elizabeth's 252 licensed beds include 133 adult medical/surgical beds, 16 intensive care beds, 7 coronary care beds, 18 maternal newborn service beds, 18 neonatal intensive care beds, 11 substance abuse service beds, and 49 acute psychiatric beds.

Staff notes that as a result of the sale of the former Caritas hospitals to Steward Health Care in 2010, Steward committed to provide \$400 million to be distributed among the member hospitals to be used for needed capital improvements, specifically those related to infrastructure and technology. Staff further notes that Steward St. Elizabeth's is the first of the former Caritas hospitals to file a Determination of Need application for infrastructure improvement since the Steward/Caritas merger.

The proposed project involves new construction of a one-story addition above the Emergency Department in the existing Connell Building at Steward St. Elizabeth's Medical Center to develop a 23-bed, 19,074 GSF consolidated critical care unit ("CCU") to replace the Medical Center's existing 27-bed cardiac, surgical, respiratory and neurology step-down units. In addition, the project will include 299 GSF for renovation to connect the new CCU to the existing Emergency Department, as well as 2,730 GSF of shell space for five additional CCU beds if required by further demand and 21,895 GSF of utility interstitial space for mechanical support.

Staff notes that Steward St. Elizabeth's has submitted Version 2.2 of the Construction Section of the Green Guide for Health Care Checklist ("GGHC Checklist") to demonstrate its commitment to green building standards for the proposed CCU unit. The Checklist shows that the proposed new CCU unit will achieve 50 out of a possible 97 credit points and exceed the minimum 50% compliance standard of the Department's Determination of Need Guidelines for Environmental and Human Health Impact ("Environmental Guidelines").

II. STAFF ANALYSIS

A. Health Planning Process

Prior to filing the application, Steward St. Elizabeth's consulted with a number of health care providers in its service area who would be most directly affected by the new CCU. These include representatives of Holy Family Hospital, Norwood Hospital, Saint Anne's Hospital, Good Samaritan Medical Center, Steward Home Care, Armstrong Ambulance Service, American Ambulance New England, and Kindred Healthcare. Each of these providers also submitted letters of support for the proposed new CCU, along with several physicians from Steward St. Elizabeth's.

The Applicant also discussed the proposed CCU with the DoN Program, the Division of Health Care Quality and Safety, the Office of Healthy Communities and the Office of Health Equity at DPH and the Division of Medical Assistance..

Steward St. Elizabeth's reports that the proposed 23-bed CCU and additional shell space for the future addition of five beds, is the product of a comprehensive and detailed planning and evaluation process involving both internal and external data review and evaluation regarding hospital specific and general population data.

Staff finds that Steward St. Elizabeth's has engaged in a satisfactory health planning process.

B. Health Care Requirements

As indicated previously, the proposed project involves new construction of a new one-story addition to the existing Connell Building at Steward St. Elizabeth's Medical Center to develop a 23-bed consolidated critical care unit ("CCU") to replace the Medical Center's existing 27-bed CCU, which includes cardiac, surgical, respiratory and neurology step-down units. The project will also include renovation to connect the new CCU to the existing Emergency Department, as well as shell space for five additional CCU beds if required by further demand.

1. Physical Plant Deficiencies in Existing Units

Steward St. Elizabeth's states that the new construction of a consolidated CCU is intended to address operational and physical deficiencies associated with the current CCUs and neurology step-down unit, which were designed more than twenty-five years ago. These existing units have many physical plant inadequacies due to their age and are very inefficient to operate and staff as a result of their small size and layout. In addition, the use of several small-sized specialty units is a costly model with duplication of staff and other resources and limits effective cross training of nursing staff. Moreover, the existing rooms and support areas are significantly undersized when compared to current Department construction standards. However, the most pressing issue with the operation of the step-down unit and the other critical care units is the overall inefficiency associated with staffing and operating four inadequately-designed and inefficient units. A more unit-specific review of the more material deficiencies reported by Steward St. Elizabeth's is provided below.

a. Surgical Intensive Care Unit

The surgical intensive care unit ("SICU") is located in the Medical Center's Cardinal Medeiros Pavilion, which was constructed in 1976, and no renovations have been made to the unit since the Pavilion was constructed. The nine patient rooms in the unit are each located next to in-wall commodes, which does not meet the requirements of the 2010 Facility Guidelines Institute ("FGI") Guidelines for Design and Construction of Health Care Facilities. In addition, the rooms are significantly under the minimum standard of 200 GSF/bed and do not provide the recommended five-foot clearance around the beds. The unit also does not have a negative flow isolation room. In addition to these design issues, the SICU is plagued by air quality and temperature due to the age of the existing HVAC system, and the electrical system, plumbing, fire safety and nurse call stations need upgrades and replacement.

b. Respiratory Intensive Care Unit and Cardiac Care Unit

Steward St. Elizabeth's reports that neither of these units has been upgraded or renovated since the Seton Pavilion Building was constructed in 1986. Temperature issues are prevalent in both these units and neither unit has separate toilet facilities. Also, both units are undersized in the rooms as well as the support

space, and as a result, equipment is often crowded into limited space, affecting the ability to access the patient, and there is not sufficient storage space for the wide variety of supplies and equipment required for the critical care provided in these units.

c. Neurology Step-Down Unit

Steward St. Elizabeth's reports that the neurology step-down unit was opened in 1997 in the St. Margaret's Center Building, which was built in 1993. The unit was established to address the very specialized observational needs of patients with acute neurological and other conditions. Steward St. Elizabeth's notes that this unit is the functional equivalent of a critical care unit due to the nature of the very specialized care provided. There are high levels of staffing required and the step-down staff are required to be trained in critical care areas. Although the step-down unit is newer than the other units described, it suffers from serious physical space constraints. For example, the entire unit is only 648 GSF, resulting in only 162 GSF/bed.

2. Operational Deficiencies in Existing Units

Steward St. Elizabeth's reports that its current model of multiple small, specialized units is no longer considered necessary or the most optimal way to deliver high quality services. The Medical Center notes that its issues affecting operating efficiency are extensive. These include the following: unnecessary duplication of staffing, equipment, and management; inefficient bed management; difficulties in maintaining cross-trained staff and a multi-disciplinary approach to care; variations in policies and procedures; and the need for separate quality assurance and related monitoring. Each issue is associated with significant costs.

More specifically, as each of the current intensive care units is relatively small and specialized, Steward St. Elizabeth's experiences many more incidents when a bed is unavailable in one of its units than if it operated a single integrated CCU. In addition, demand for a particular specialty intensive care unit varies. Since there are fewer beds, it is more likely that a particular intensive care unit will have a higher rate of bed unavailability. When the intensive care units reach maximum occupancy, patients requiring such care must be held in an alternate location such as the Emergency Department pending bed availability.

In addition, when one intensive care unit is at capacity, it is not always feasible to use a bed in another unit due to the current specialization of each intensive care unit. Steward St. Elizabeth's states that for this and other clinical reasons, the trend in critical care delivery today focuses more on non-specialized intensive care units with a multi-disciplinary approach to care. Steward St. Elizabeth's further reports that a 2010 study found that a multidisciplinary approach to critical care was associated with a significant reduction in mortality rates, which was attributed to improved communication among health care providers, early identification to avert adverse drug events, and implementation of cross-discipline best clinical practices. Thus, by having all of its critical care nurses in one intensive care unit, the Medical Center will be able to maintain fully cross-trained nursing staff able to handle a full range of surgical, respiratory, cardiac, neurological and other similar conditions.

3. Demand Factors

Steward St. Elizabeth's reports that it considered a variety of demand factors in developing the project and determining the number of beds required for its new CCU.

a. Historical Critical Care Utilization Trends

As a starting point, Steward St. Elizabeth's reviewed its historical patient days data for its existing 23-bed intensive care units and its 4-bed neurology step-down unit, as shown below in Table 1.

Table 1
St Elizabeth's Medical Center Historical Demand

Year	Days	ADC	% Change	Occupancy	Beds
2006	6,175	16.92	-	62.7%	27 beds
2007	5,931	16.25	-4.0% ↓	60.1%	27 beds
2008	6,229	17.07	5.0% ↑	63.2%	27 beds
2009	6,197	16.98	-0.5% ↓	62.9%	27 beds
2010	5,703	15.62	8.0% ↓	57.9%	27 beds
2011	6,100	16.71	7.0% ↑	*67%	27 beds

* Projected

While the data were relatively stable over the years, as indicated in Table 1 above, Steward St. Elizabeth's notes that a slight decrease occurred in FY 2010 due to the loss of four key physicians who previously cared for a large number of patients in the various intensive care units.

Steward St. Elizabeth's further notes that thus far in FY 2011, it is experiencing higher levels of admissions to its intensive care units; however, there is traditionally some seasonal fluctuation in such rates. The winter months typically are associated with higher levels of admissions to intensive care units; however, the Applicant notes that it also experienced success in physician recruitment. The new physicians are expected to begin filling the gaps created by the previously-noted loss of physicians in FY 2010.

b. Primary Service Area ("PSA") Population Projections

Steward St. Elizabeth's has defined its service area based on total acute care discharge data for fiscal year 2009 obtained from the Massachusetts Health Data Consortium. Consistent with DoN policy, it selected those communities that cumulatively accounted for 90% of its annual discharges in order to identify its PSA, and determined that its PSA is comprised of 97 cities and towns, which illustrates the tertiary nature of Steward St. Elizabeth's services. It shows that the Medical Center draws many patients from outside its surrounding neighborhood, and also includes the cities and towns served by its affiliates in the Steward system.

The entire county of Suffolk is encompassed in the Applicant's PSA and, as shown in Table 2 below, it experienced significant growth over the last decade, which is expected to continue during the next ten 10 years. Based on data compiled by MISER population projections ("MISER") [what is MISER?], the 2010 population projection indicates an increase of 5.96% over the past decade, for a total of 606,040 residents. In addition, the MISER projections predict that the population of Suffolk County will increase by an additional 6.26% by the year 2020, with a total of 643,985 residents residing in the PSA at that time.

Table 2
Suffolk County Population Growth Trends
Population Aged 15+¹

2000	2010	% Increase	2020	% Increase
571,976	606,040	5.96%	643,985	6.26%

Source: MISER Population Projections

To further refine its analysis of applicable population data, Steward St. Elizabeth's evaluated the population projections for each major city and town in Suffolk County, as shown in Table 3 below. With the exception of Winthrop, which is projected to have a slight decrease in population, the projected population increase among major Suffolk County cities and towns ranges from 5% to 27.33% over the next decade.

Table 3
Suffolk County Service Area Population Growth Trends
Population Aged 15+²

City / Town	2000	2010	% Increase	2020	% Increase
Boston	490,821	515,781	5.09%	541,567	5.00%
Chelsea	26,839	33,334	24.20%	42,444	27.33%
Revere	38,886	41,586	6.94%	44,801	7.73%
Winthrop	15,430	15,339	-1.68%	15,173	-1.08%

Source: MISER Population Projections

In light of the significant population growth projections in its service area, Steward St. Elizabeth's also determined it would be important to examine the population trends relative to that portion of the population over 65 years of age. The demand for critical care is steadily increasing as a result of the aging population and represents a large portion of the potential patients to be served by the Applicant's CCU. As a result, trends in this population group have a significant impact on the Applicant's future need for critical care capacity. The projected data for 2010 and 2020 demonstrate that the 65+ population in Suffolk County will increase considerably by 22.14%, as shown in Table 4 below.

Table 4
Population Data
Suffolk County, Ages 65+

Age Group	2010 Projection	2020 Projection	% Change
65-69	22,735	30,732	35.17%
70-74	16,694	23,762	42.34%
75-79	13,254	15,884	19.84%
80-84	11,109	10,242	-7.80%
85-89	7,081	6,307	-10.93%
90+	4,274	4,860	13.71%
Total	75,147	91,787	22.14%

From this review of its PSA and related population trends, Steward St. Elizabeth's concluded that demand for its critical care services will increase subsequent to the projected growth in population within its PSA over the next decade. Moreover, because all of Suffolk County relies to an extent on the Medical

Center to provide critical care services to its growing population, this will ensure increased demand and need for the Medical Center's critical care services.

4. Special Factors Affecting Demand for Steward St. Elizabeth's Proposed CCU

a. Affiliations and Referral Relationships

Steward St. Elizabeth's also asserts that the proposed new CCU is affected by a variety of various special factors that further support its need, along with shell space for future expansion should the need arise. These factors will affect Steward St. Elizabeth's demand for critical care services, and include the further development of the Steward system, including the addition of new hospitals and other health care facilities, as well as the evolving delivery of health care within networks and accountable care organizations, physician recruitment, and trends toward an aging population and higher percentage of sicker patients in hospitals. These factors are discussed below.

Steward St. Elizabeth's is a part of Steward Health Care System, which includes eight acute care community hospitals, as well as Steward Physician Network, Caritas Hospice and Home Care, Labouré College, and Por Cristo, and serves as the tertiary referral center within this system for a variety of services .

Steward Health Care System is the primary provider or preferred provider of services for Celticare, a managed care organization that is an approved Medicaid managed care and Connector health insurance provider that serves the Commonwealth Bridge and Commonwealth Care programs. Steward Health Care and Steward St. Elizabeth's are also the primary providers of service for the US Family Health Plan ("USFHP"), a Department of Defense-sponsored managed care plan, which contracts with St. Elizabeth's Medical Center directly for the care of 20% of its total membership.

Steward St. Elizabeth's serves as the primary referral site for various Steward member hospitals' cardiac catheterization and primary angioplasty services. In this capacity, it provides the tertiary cardiac surgery required to maintain these critical programs in the community hospital setting

b. Interruption of Physician Supply

Steward St. Elizabeth's reports that in recent years, the Medical Center, under previous ownership, experienced certain losses of key medical staff and had difficulty in recruiting replacements. As discussed previously, the Medical Center needed a variety of facility improvements and equipment and had not been able to secure access to sufficient capital to address those needs. This created some concerns about the long term, future viability of the Medical Center. These economic issues adversely affected the Medical Center's ability to retain and recruit certain specialists.

However, since assuming ownership of the Medical Center, Steward St. Elizabeth's has prioritized recruitment of needed specialists, and it reports that to date, these efforts have been very successful. Steward St. Elizabeth's has secured the commitment of at least six new specialists, many of which have already started providing services at the Medical Center's various locations and admitting patients to its intensive care units. Therefore, as Steward St. Elizabeth's continues its selective, specialist recruiting over the next few years, there should be a continuing, positive impact on demand for intensive care unit services as a result of those efforts

5. Project Projections

Steward St. Elizabeth's reports that based on the various factors discussed above, it determined that it was reasonable to project small but incremental increases in demand over time for its proposed consolidated CCU, as shown in Table 5 below.

Steward St. Elizabeth's believes that the projected 1.6% annual increases indicated are conservative and well supported by the data based on historic information available regarding bed utilization in its four current units, and that the conservative nature of these projections is the basis for the development of shell space that can accommodate five additional beds in the event that demand is greater than currently projected.

Table 5
Steward St. Elizabeth's Medical Center CCU Demand Projections

Year	Days	ADC	% Change	Occupancy	Beds
2008	6,229	17.07	-	63.2%	27 beds
2009	6,197	16.98	-0.5% ↓	62.9%	27 beds
2010	5,703	15.62	8.0% ↓	57.9%	27 beds
2011	6,100	16.71	7.0% ↑	*67%	27 beds
2013 (P1) *	6,200	16.99	1.6% ↑	73.87%	23 beds
2014 (P1) *	6,300	17.26	1.6% ↑	75.04%	23 beds
2015 (P1) *	6,400	17.53	1.6% ↑	76.22%	23 beds
2016 (P1) *	6,500	17.81	1.6% ↑	77.73%	23 beds

* Projected

Conclusion

Based on the above analysis, Staff finds that the proposed new construction and renovation to develop a 23-bed consolidated critical care unit CCU to replace Steward St. Elizabeth's current model of multiple small, specialized units is necessary, and the best option to respond to the multitude of physical and operational deficiencies in its existing CCUs and neurology step-down unit, as well as achieve greater efficiency to provide state-of-the-art intensive care services.

Staff notes that the DoN Program does not provide explicit guidelines or standards for critical care bed need projections. However, current literature indicates that critical care units should be operated with an optimal occupancy rate that permits the unit to admit and care for incoming critical patients, including significant and unexpected fluctuations in patient demand. Pursuant to national benchmark data, the recommended occupancy rate for a critical care unit is 60 to 70% occupancy.¹ Steward St. Elizabeth's demand projections for FY 2013-2016 above support occupancy ranges in the mid 70% range, which Staff believes would be necessary in a tertiary hospital setting in order to assure the most adequate coverage of periods when demand peaks, and is therefore a reasonable and prudent range.

¹ Carri W. Chan, Vivek F. Farias, Nicholas Bambos, and Gabriel J. Escobar. Maximizing Throughput of Hospital Intensive Care Units with Patient Readmissions. COLLABORATIVE BUSINESS SCHOOL STUDY 2010 (researchers define "near capacity" or "full" state as when the ICU occupancy level is at 75% of its maximum).

C. Operational Objectives

Steward St. Elizabeth's reports that it has a comprehensive utilization review plan in place that uses a variety of procedures to assess the quality and appropriateness of care it provides in its critical care units ("CCUs"), and ensure that the provision of critical care services are consistent with the most recent state-of-the-art care. The Applicant states that utilization review for the Steward St. Elizabeth's CCUs specifically

focus on and monitor the appropriateness of services rendered and the necessity of patient stays in these units, and the results are then used to make adjustments to patient care policies and procedures in order to assure the highest level of appropriate utilization.

Steward St. Elizabeth's also reports that it has written referral agreements with Holy Family Hospital and Norwood Hospital related to primary angioplasty and cardiac surgery services, and informal referral agreements with Carney Hospital, Good Samaritan Medical Center, and Saint Anne's Hospital for critical care patient transfers. In addition, Steward St. Elizabeth's also maintains informal referral and transfer agreements with twenty-nine other acute care hospitals and health care facilities in Eastern Massachusetts.

Steward St. Elizabeth's has assured the Department that it will continue to offer services to patients who are poor, medically indigent, and/or Medicaid eligible and to care for all patients in a non-discriminatory manner.

Staff further notes that the Department's Office of Health Equity ("OHE") recently conducted a review of the policies and operations of the existing interpreter services at Steward St. Elizabeth's. OHE believes that it is critical that interpreter services are available for new and expanded clinical services. Therefore, in order to ensure an appropriate level of service for limited English proficient patients in need of treatment at Steward St. Elizabeth's, OHE recommends, and Staff agrees, that as a condition of approval, the Medical Center should enhance its existing interpreter services by providing certain elements of a professional medical interpreter service, which are set forth as a condition of approval in the Staff Recommendation.

Based on the above analysis, Staff finds that the proposed project, with adherence to a certain condition, meets the operational objectives requirements of the DoN regulations.

D. Compliance Standards

1. Spatial Allocation

As indicated previously, Steward St. Elizabeth's is requesting approval of a total of 47,067 gross square feet ("GSF") as indicated below for new construction of a one-story addition above the Emergency Department in the existing Connell Building to develop a 23-bed, 19,074 GSF consolidated critical care unit ("CCU") to replace the Medical Center's existing 27-bed cardiac, surgical, respiratory and neurology step-down units. In addition, the project will include 2,730 GSF of shell space for five additional CCU beds if required by further demand, as well as 21,895 GSF of utility interstitial space for mechanical support and 299 GSF for renovation to connect the new CCU to the existing Emergency Department.

Project Functional Areas and GSF

Functional Areas	Present Square Footage		Square Footage Involved in Project			
	Net ^a	Gross ^a	New Construction		Renovation	
			Net	Gross	Net	Gross
1 Critical Care Unit						
2 Existing RICU	2,428	3,617	0	0	0	0
3 Existing SICU	2,001	3,779	0	0	0	0
4 Existing CCU	2,293	3,816	0	0	0	0
5 Existing Neurology Step Down Unit	712	763	0	0	0	0
6 Critical Care Unit	0	0	12,559	19,074	0	0
7 CCU Exterior Wall	0	0	0	841	0	0
8 CCU Shafts, Elevators, Stairs	0	0	0	843	0	0
9 Shell Space (Future Fit-Out)	0	0	2,645	2,730	0	0
10 Utility Interstitial Space	0	0	21,736	21,895	0	0
11 Interstitial Exterior Wall	0	0	0	841	0	0
12 Interstitial Shafts, Elevators, Stairs	0	0	0	843	0	0
13 ED Elevator Shaft	0	0	0	0	272	299
14 Total	7,434	11,975	36,940	47,067	272	299

Steward St. Elizabeth's reports that the new CCU will be designed to meet the required standards set forth in the 2010 Facility Guidelines Institute ("FGI") Guidelines for Design and Construction of Health Care Facilities, as well as the Department's Critical Care Checklist. The new CCU will consist of all private rooms and include at least one airborne infection isolation room.

Staff notes that if the shell space is approved as part of this DoN, Steward St. Elizabeth's will be required, under Section 105 CMR 100.756 of the DoN Regulations, to file a request to the DoN Program Director for an amendment for a significant change to its approved DoN prior to undertaking the build-out of the shell space for clinical purposes. The approval process for a significant change amendment requires review and analysis by DoN Staff, opportunity for public comment during the review process, and final approval by the Public Health Council.

Steward St. Elizabeth's states that it will meet all regulatory requirements for licensure of the new facility, including staffing requirements and any plan review requirements of the Department's Division of Health Care Quality. Staff finds the requested space reasonable and is recommending approval of the total requested 47,067 GSF for new construction and 299 GSF for renovation as a condition of approval.

Based on the above analysis, Staff finds that, with adherence to a certain condition, the proposed project meets the standards compliance factor of the DoN regulations.

E. Reasonableness of Capital Expenditure and Incremental Operating Costs

1. Capital Expenditure

Major Capital Expenditure ("MCE")

The requested and recommended capital expenditure ("MCE") of \$18,093,255 (April 2011 dollars) is itemized below. The recommended MCE does not include any major movable equipment or financing costs, as Steward St. Elizabeth's will use existing major movable equipment in the new CCU and the new CCU will be financed with 100% equity from the parent, Steward Health Care System, LLC.

	<u>New Construction</u>	<u>Renovation</u>
Construction Costs:		
Construction Contract (including bonding cost)	14,709,800	96,200
Fixed Equipment Not in Contract	565,855	0
Architectural Cost and Engineering Cost	2,167,300	4,100
Pre-Filing Planning and Development Costs	49,500	0
Post-Filing Planning and Development Costs	22,000	0
Other (A): IT and biomedical network, AV, security, Call Stations	365,750	0
Other: (B) moving, cleaning, Builders risk coverage, Signage	<u>112,750</u>	0
Total Construction Costs	<u>\$17,992,955</u>	<u>\$100,300</u>
Estimated Total Capital Expenditure		\$18,093,255

Staff notes that the requested Other (A) expenses include the following: \$250,000 for IT and biomedical network, \$20,000 for AV, \$45,000 for security, and \$50,000 for Call Stations. Other (B) expenses include \$30,000 for moving expenses, \$27,000 for cleaning expenses, \$28,000 for Builders risk coverage, and \$28,000 for signage.

New Construction Costs/GSF

In determining the reasonableness of the revised maximum capital expenditure, Staff reviewed the cost/GSF for new construction. Based on the requested 47,067 GSF for new construction, the requested cost/GSF is \$370.60/GSF (April 2011 dollars) as calculated below.

Construction Contract	\$14,709,800
Fixed Equipment Not in Contract	565,855
Architectural and Engineering Costs	<u>2,167,300</u>
TOTAL	\$17,442,955
Total New GSF Requested	47,067
Cost/GSF	\$370.60

Staff has compared the requested new construction cost of \$370.60/GSF to the most recent Marshall & Swift Valuation Service ("Marshall & Swift") Class A "Excellent" base cost/GSF (November 2009) under its General Hospital designation.

Taking into account the current regional and local multipliers recommended by Marshall & Swift, the maximum allowable cost/GSF for the new CCU in the Boston area is \$651.42/GSF (April 2011 dollars), as indicated below.

	<u>Class A Excellent</u>
Base Cost (November 2009)	\$414.04
Sprinklers (Wet System)	3.60
HVAC (Extreme Climate)	54.30
	\$471.94
<u>Adjustments</u>	
Height per Story (12 Ft.)	1.00
Regional Multiplier (Eastern –June 2011)	1.07
Local Multiplier (Boston Area – April 2011)	<u>1.29</u>
Maximum Allowable Cost/GSF	\$651.42

Note: Local Multiplier is based on a range of ZIP codes statewide including Boston.

The requested new construction cost of \$370.60/GSF is considerably less than the Marshall & Swift allowable cost/GSF for new construction of \$651.42/GSF. However, Staff notes that, as indicated previously, the project includes an additional 4-foot high, 21,895 GSF "floor" or utility interstitial space located between the new CCU and the existing Emergency Department, which is necessary to accommodate the mechanical equipment to support the new CCU. The inclusion of this additional "floor" of mechanical space in the calculation of the total cost/GSF results in the lower overall cost/GSF of \$370.60. Given this factor, Staff finds the requested cost/GSF reasonable and is recommending approval of the new construction cost of \$370.60/GSF.

Conclusion on MCE

Based on the above analysis, Staff finds the recommended MCE of \$18,093,255 (April 2011 dollars) reasonable based on similar, previously-approved projects.

2. Incremental Operating Costs

The requested and recommended incremental operating costs of \$71,000 (April 2011 dollars) for the project's first full year (FY 2013) of operation are indicated below, and represent overall a decrease in staffing of 3.59 FTEs and a significant increase in depreciation. The cost for Purchased Services and Supplies and Other Expenses for the new 23-bed CCU will remain the same as the current cost for the existing 27-bed Unit.

	<u>Recommended</u>
Salaries, Wages, Fringe Benefits	\$ (516,000)
Purchased Services	0
Supplies and Other Expenses	0
Depreciation	<u>587,000</u>
Total Incremental Operating Costs	\$ 71,000

Staff finds the recommended incremental operating costs reasonable compared to similar, previously-approved projects. All operating costs are subject to review and approval by the Division of Health Care Finance and Policy and third party payers according to their policies and procedures.

F. Financial Feasibility and Capability

The project's total recommended MCE of \$18,093,255 (April 2011 dollars) will be funded with a 100% cash equity contribution provided by Steward St. Elizabeth's parent, Steward Health Care System,

LLC, and will come from available cash. Steward St. Elizabeth's states that as it is part of a larger system, all facility level cash is aggregated at the parent level in order to provide for optimal cash management for the entire system, and the parent, Steward Health Care, then funds individual facility projects from such cash. At Staff's request, Steward St. Elizabeth's has submitted a letter from its Chief Financial Officer that provides further information regarding the funding source (Attachment 1). Staff also notes that Steward St. Elizabeth's and its parent, Steward Health Care, have no audited financial statements for review as St. Elizabeth's and the other hospitals in the Steward Healthcare System are still operating in the first year and have not yet conducted audited financial statements for the period. Staff believes however, that as the project is being funded with 100% equity, a review of audited financial statements would not be required to determine financial feasibility.

As an indication of the proposed project's financial feasibility, Staff notes that Steward St. Elizabeth's Medical Center's financial schedules in the DoN application also show an actual gain from operations of \$21,889,000 for FY 2010, and that, with project approval, the Applicant anticipates a gain from operations of \$22,295,000 in FY 2013, the first full year of operation. In addition, Steward St. Elizabeth's actual excess of revenues over expenses was \$23,505,000 in FY 2010, and the projected revenue over expenses for FY 2013 is \$23,911,000.

Based on the above analysis, Staff finds the project financially feasible and within the financial capability of Steward St. Elizabeth's

G. Relative Merit

Steward St. Elizabeth's reports that two other alternatives to the proposed project were considered to respond to the multitude of physical and operational deficiencies in its existing CCUs, as well as achieve greater efficiency to provide state-of-the-art intensive care services.

The first alternative considered was the possibility of continuing the current CCUs and making no changes. However, this was rejected because the existing cardiac, surgical, and respiratory care units and neurology step down unit no longer meet Steward St. Elizabeth's needs for the care of patients, as each is undersized and has a design layout that is no longer effective or efficient. In addition, the units are operated independently of one other, meaning that separate staff and resources must be dedicated towards the operations of each of these four distinct units. Furthermore, the four units cannot be combined in any feasible manner that would allow for more efficient operations.

The second alternative considered was replacing or renovating each of the existing CCUs. However, this was also rejected because the current physical facility does not have sufficient space for the development of any of the CCU units in another location. Additionally, Steward St. Elizabeth's reports that because of the current limited size of the existing units and patient rooms, any attempted renovation would be a full gut renovation, requiring closure of the applicable unit.

Staff finds that the project meets the relative merit requirements of the DoN regulations.

H. Community Health Initiatives

After some discussion Steward St. Elizabeth's has, as a condition of approval, agreed to work with Community Health Network Area 19 ("CHNA") and the appropriate community representatives, as well as the Office of Healthy Communities ("OHC") to ensure that community initiative funds are directed to community health improvement initiatives as identified in the Department of Public Health Bulletin ("Bulletin") of February 11, 2009, issued by the Division of Healthy Communities and agreed to by these Planning Partners, which include the Applicant, CHNA 19, the Office of Healthy Communities, and

other appropriate community representatives. Specifically, \$904,663 will be distributed over five years for priorities consistent with the Bulletin and as identified by the planning partners. At present Steward St. Elizabeth's predicts this project will be implemented in approximately twelve months. With this timeline in mind, Steward St. Elizabeth's will contact the OHC to engage the community process at least six months prior to the implementation of the Project.

Steward St. Elizabeth's, CHNA 19, and other designated community partners will meet on an annual basis to review the outcomes of the funding initiatives. Funding of the initiatives will begin within 30 days of the DoN being implemented. Steward St. Elizabeth's will file all reports required by the OHC detailing compliance and outcomes of the initiatives.

III. STAFF FINDINGS

1. The project involves new construction of a new one-story addition above the Emergency Department in the existing Connell Building at Steward St. Elizabeth's Medical Center to develop a 23-bed consolidated critical care unit ("CCU") to replace the Medical Center's existing 27-bed CCU, which includes cardiac, surgical, respiratory and neurology step-down units. In addition, the project will include shell space for five additional CCU beds if required by further demand, as well as renovation to connect the new CCU to the existing building.
2. The health planning process for the project was satisfactory.
3. The proposed new construction and renovation is supported by Steward St. Elizabeth's need to respond to the multitude of physical and operational deficiencies in its existing CCUs, as well as achieve greater efficiency to provide state-of-the-art intensive care services, as discussed under the Health Care Requirements factor of the Staff Summary.
4. The project, with adherence to a certain condition, meets the operational objectives factor of the DoN regulations.
5. The project, with adherence to a certain condition, meets the standards compliance factor of the DoN regulations.
6. The recommended maximum capital expenditure of \$18,093,255 (April 2011 dollars) is reasonable compared to similar, previously approved projects.
7. The recommended operating costs of \$71,000 (April 2011 dollars) are reasonable compared to similar, previously approved projects.
8. The project is financially feasible and within the financial capability of Steward Health Care.
9. The project meets the relative merit requirements of the DoN regulations.
10. The proposed community health service initiatives are consistent with the DoN regulations.

IV. STAFF RECOMMENDATION

Based on the above analysis and findings, Staff recommends approval with conditions of Project Number 4-3B98 filed by Steward St. Elizabeth's Medical Center of Boston, Inc. for new construction of a 23-bed consolidated critical care unit ("CCU") to replace the Medical Center's existing 27-bed CCU, which includes cardiac, surgical, respiratory and neurology step-down units. In addition, the project will

also include renovation to connect the new CCU to the existing Emergency Department, as well as shell space for five additional CCU beds if required by further demand. The recommended conditions, to which Steward St. Elizabeth's has agreed, are listed below. Failure of the Applicant to comply with the conditions may result in Department sanctions, including possible fines and/or revocation of the DoN.

1. Steward St. Elizabeth's shall accept the maximum capital expenditure of \$18,093,255 (April 2011 dollars) as the final cost figure except for those increases allowed pursuant to 105 CMR 100.751 and .752.

2. The total gross square feet (GSF) for this project shall be 47,067 GSF for new construction of a consolidated 23-bed critical care unit at Steward St. Elizabeth's Medical Center to replace the existing 27-bed CCU, which includes cardiac, surgical, respiratory and neurology step-down units. The project will also include shell space for five additional CCU beds if required by further demand.

3. Steward St. Elizabeth's shall contribute 100% in equity of the maximum capital expenditure of \$18,093,255 (April 2011 dollars).

4. Steward St. Elizabeth's shall agree to a condition of approval pertaining to the provision of interpreter services, which is attached as a separate document prepared by the Office of Health Equity (Attachment 2) and is incorporated herein by reference.

5. Steward St. Elizabeth's shall comply with the policies and procedures set forth in the Department of Public Health Bulletin ("Bulletin") of February 11, 2009, issued by the Division of Healthy Communities and agreed to by the Planning Partners, which include the Applicant, Community Health Network Area 19 ("CHNA"), the Office of Healthy Communities ("OHC"), and other appropriate community representatives. Steward St. Elizabeth's shall work with CHNA 19 and the appropriate community representatives, as well as the OHC to ensure that community initiative funds are directed to community health improvement initiatives as identified in the Bulletin and agreed to by the Planning Partners. Specifically, \$904,663 will be distributed over five years for priorities consistent with the Bulletin and as identified by the Planning Partners. At present Steward St. Elizabeth's predicts this project will be implemented in approximately twelve months. With this timeline in mind, Steward St. Elizabeth's will contact the OHC to engage the community process at least six months prior to the implementation of the Project.

Steward St. Elizabeth's, CHNA 19, and other designated community partners will meet on an annual basis to review the outcomes of the funding initiatives. Funding of the initiatives will begin within thirty days of the DoN being implemented. Steward St. Elizabeth's will file all reports required by the OHC detailing compliance and outcomes of the initiatives.

Attachment/Exhibit

D

The Commonwealth of Massachusetts

Executive Office of Health and Human Services

Department of Public Health
Determination of Need Program

99 Chauncy Street, 2nd Floor

Boston, MA 02116

(617) 753-7340

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DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

JUDYANN BIGBY, MD
SECRETARY

JOHN AUERBACH
COMMISSIONER

July 14, 2011

CERTIFIED MAIL

RETURNED RECEIPT REQUESTED

NOTICE OF DETERMINATION OF NEED

Project Number 4-3B98

Steward St. Elizabeth's Medical Center

(New Construction to Replace Four Existing
CCU's with a consolidated CCU Unit)

Andrew S. Levine, Esq.
Donoghue, Barrett & Singal, P.C.
One Beacon Street, Suite 1320
Boston, MA 02108

Dear Mr. Levine:

At their meeting of July 13, 2011, the Commissioner and the Public Health Council, acting together as the Department, voted pursuant to M.G.L. c.111, § 25C and the regulations adopted thereunder, to approve with conditions, the application filed by Steward St. Elizabeth's Medical Center, Inc. ("Applicant" or "Steward St. Elizabeth's" or "Medical Center") for a Determination of Need. The project involves construction of a new one-story addition to the existing Connell Building at Steward St. Elizabeth's Medical Center to develop a 23-bed consolidated critical care unit ("CCU") to replace the Medical Center's existing 27-bed CCU, which includes cardiac, surgical, respiratory and neurology step-down units. The project will also include renovation to connect the new CCU to the existing Emergency Department, as well as shell space for five additional CCU beds if required by further demand.

This Notice of Determination of Need incorporates by reference the attached Staff Summary and the Public Health Council proceedings concerning this application.

The total gross square feet ("GSF") for this project shall be 47,067 GSF for new construction of a consolidated 23-bed critical care unit at Steward St. Elizabeth's Medical Center to replace the existing 27-bed CCU.

The approved maximum capital expenditure ("MCE") of \$18,093,255 (April 2011 dollars) is itemized below:

	<u>New Construction</u>	<u>Renovation</u>
Construction Costs:		
Construction Contract (including bonding cost)	14,709,800	96,200
Fixed Equipment Not in Contract	565,855	0
Architectural Cost and Engineering Cost	2,167,300	4,100
Pre-Filing Planning and Development Costs	49,500	0
Post-Filing Planning and Development Costs	22,000	0
Other (A): IT and biomedical network, AV, security, Call Stations	365,750	0
Other:(B): moving, cleaning, Builders risk coverage, Signage	112,750	0
Total Construction Costs	<u>\$17,992,955</u>	<u>\$100,300</u>
Estimated Total Capital Expenditure	\$18,093,255	

The approved MCE will be funded with a 100% cash equity contribution provided by Steward St. Elizabeth's parent, Steward Health Care System, LLC, from available cash.

The approved incremental operating costs of \$71,000 (April 2011 dollars) for the project's first full year of operation (FY 2013) are itemized as follows:

Salaries, Wages, Fringe Benefits	\$ (516,000)
Purchased Services	0
Supplies and Other Expenses	0
Depreciation	<u>587,000</u>
Total Incremental Operating Costs	\$ 71,000

The reasons for this approval with conditions are as follows:

1. The project involves construction of a new one-story addition above the Emergency Department in the existing Connell Building at Steward St. Elizabeth's Medical Center to develop a 23-bed consolidated critical care unit ("CCU") to replace the Medical Center's existing 27-bed CCU, which includes cardiac, surgical, respiratory and neurology step-down units. In addition, the project will include shell space for five additional CCU beds if required by further demand, as well as renovation to connect the new CCU to the existing building.
2. The health planning process for the project was satisfactory.
3. The proposed new construction and renovation is supported by Steward St. Elizabeth's need to respond to the multitude of physical and operational deficiencies in its existing CCUs, as well as achieve greater efficiency to provide state-of-the-art intensive care services, as discussed under the Health Care Requirements factor of the Staff Summary.
4. The project, with adherence to a certain condition, meets the operational objectives factor of the DoN regulation.
5. The project, with adherence to a certain condition, meets the standards compliance factor of the DoN regulation.

6. The recommended maximum capital expenditure of \$18,093,255 (April 2011 dollars) is reasonable compared to similar, previously approved projects.
7. The recommended operating costs of \$71,000 (April 2011 dollars) are reasonable compared to similar, previously approved projects.
8. The project is financially feasible and within the financial capability of Steward Health Care.
9. The project meets the relative merit requirements of the DoN regulation.
10. The proposed community health service initiatives are consistent with the DoN regulation.

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

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

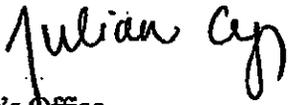
This Determination is subject to the following conditions, in addition to the terms and conditions set forth in 105 CMR 100.551. Failure of the Applicant to comply with the conditions may result in Department sanctions, including possible fines and/or revocation of the DoN.

1. Steward St. Elizabeth's shall accept the maximum capital expenditure of \$18,093,255 (April 2011 dollars) as the final cost figure except for those increases allowed pursuant to 105 CMR 100.751 and .752.
2. The total gross square feet (GSF) for this project shall be 47,067 GSF for new construction of a consolidated 23-bed critical care unit at Steward St. Elizabeth's Medical Center to replace the existing 27-bed CCU, which includes cardiac, surgical, respiratory and neurology step-down units. The project will also include shell space for five additional CCU beds if required by further demand.
3. Steward St. Elizabeth's shall contribute 100% in equity of the maximum capital expenditure of \$18,093,255 (April 2011 dollars).
4. Steward St. Elizabeth's shall agree to a condition of approval pertaining to the provision of interpreter services, which is attached as a separate document prepared by the Office of Health Equity (Attachment 2) and is incorporated herein by reference.
5. Steward St. Elizabeth's shall comply with the policies and procedures set forth in the Department of Public Health Bulletin ("Bulletin") of February 11, 2009, issued by the Division of Healthy Communities and agreed to by the Planning Partners, which include the Applicant,

Community Health Network Area 19 ("CHNA"), the Office of Healthy Communities ("OHC"), and other appropriate community representatives. Steward St. Elizabeth's shall work with CHNA 19 and the appropriate community representatives, as well as the OHC to ensure that community initiative funds are directed to community health improvement initiatives as identified in the Bulletin and agreed to by the Planning Partners. Specifically, \$904,663 will be distributed over five years for priorities consistent with the Bulletin and as identified by the Planning Partners. At present Steward St. Elizabeth's predicts this project will be implemented in approximately twelve months. With this timeline in mind, Steward St. Elizabeth's will contact the OHC to engage the community process at least six months prior to the implementation of the Project.

Steward St. Elizabeth's, CHNA 19, and other designated community partners will meet on an annual basis to review the outcomes of the funding initiatives. Funding of the initiatives will begin within thirty days of the DoN being implemented. Steward St. Elizabeth's will file all reports required by the OHC detailing compliance and outcomes of the initiatives.

FOR THE PUBLIC HEALTH COUNCIL


Julian A. Cyr
Commissioner's Office

JAC/JG/jp

cc: Sherman Lohnes, Division of Health Care Quality
Steve McCabe, Division of Health Care Finance and Policy
Terri Yannetti, Division of Medical Assistance
Daniel Delaney, Commissioner's Office
Cathy O'Connor, Office of Healthy Communities
Samuel Louis, Office of Health Equity
Georgia Simpson-May, Office of Health Equity
Decision Letter File
Public File
MIS

Attachment/Exhibit

E

Attachment/Exhibit

1



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Public Health
Bureau of Health Care Safety and Quality
Determination of Need Program
99 Chauncy Street, Boston, MA 02111
617-753-7340

DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

JUDYANN BIGBY, MD
SECRETARY

JOHN AUERBACH
COMMISSIONER

June 14, 2012

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

NOTICE OF PUBLIC HEALTH COUNCIL ACTION
PREVIOUSLY APPROVED DON #4-3B98
St. Elizabeth's Medical Center
Request for Significant Change

Andrew S. Levine, Esq.
Donoghue, Barrett & Singal, P.C.
One Beacon Street, Suite 1320
Boston, MA 02108

Dear Mr. Levine:

At their meeting of June 13, 2012, the Commissioner and the Public Health Council, acting together as the Department, voted pursuant to M.G.L. c. 111, § 25C and the regulations adopted thereunder, to approve with conditions a significant change to the approved but not yet implemented Project Number 4-3B98 of St. Elizabeth's Medical Center ("St. Elizabeth's"). The change includes the addition of a floor of shell space to the Connell Building (new 6th floor) to accommodate a future 30 bed medical/surgical unit at the St. Elizabeth's main campus located at 736 Cambridge Street, Brighton MA 02135.

As amended, the total square footage of the project shall encompass 75,763 total gross square feet ("GSF") including 73,900 GSF of new construction and 1,863 GSF of renovation. Included in the 73,900 GSF of new construction is 23,085 GSF of shell space.

As amended, the maximum capital expenditure ("MCE") of the project shall be \$25,008,921 (March 2012 dollars), itemized as follows:

	New Construction	Renovation	Total
Construction Contract	\$20,456,886	\$516,051	\$20,972,937
Fixed Equipment not in Contract	\$426,864		\$426,864
Architect and Engineering Costs	\$1,589,145	\$40,110	\$1,629,255
Pre-filing Planning and Development	\$49,500	0	\$49,500
Post-filing Planning and Development	\$37,000	0	\$37,000
Other: IT and biomedical network, AV, security, call stations, low voltage	\$840,877	0	\$840,877
Other: Moving, cleaning, builders risk coverage, signage, hazardous material abatement	<u>\$1,052,489</u>	<u>0</u>	<u>\$1,052,489</u>
Total Maximum Capital Expenditure	\$24,452,760	\$556,161	\$25,008,921

The conditions accompanying this approval are as follows:

1. St. Elizabeth's Medical Center shall accept the maximum capital expenditure of \$25,008,921 (March 2012 dollars) as the final cost figure except for those increases allowed pursuant to 105 CMR 100.751 and 100.752.
2. The total gross square feet (GSF) for this project shall be 73,900 GSF of new construction and 1,863 GSF of renovated space.
3. St. Elizabeth's Medical Center shall contribute 100% in equity of the maximum capital expenditure of \$25,008,921 (March 2012 dollars).
4. St. Elizabeth's Medical Center shall provide a total of \$1,228,291, or \$245,658 per year over five years, in support of community and regional health improvement programs. This revised contribution, based upon the addition of \$323,628 to the contribution amount of \$904,663 from Condition #5 of approved DoN #4-3B98 and shall be subject to the same terms as described therein. The additional amount of \$323,628 is based upon 5% of the increase in the maximum capital expenditure of \$6,472,562 (March 2012 dollars).
5. All other conditions attached to the original approval of this project shall remain in effect.
6. Pursuant to 105 CMR 100.753(D) of the DoN regulations, St. Elizabeth's Medical Center shall file an amendment for a significant change prior to undertaking the build-out of shell space approved as part of this project.

Sincerely,



Bernard Plovnick, Director
Determination of Need Program

cc: Steve McCabe, DHCFP
Sherman Lohnes, DHCQ
Paul DiNatale, DHCQ
Daniel Gent, DHCQ
Cathy O'Connor, OHC

Attachment/Exhibit

2



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

DEVAL L. PATRICK
 GOVERNOR
 JOHN W. POLANOWICZ
 SECRETARY
 CHERYL BARTLETT, RN
 COMMISSIONER

Tel: 617-753-7340
 Fax: 617-753-7349
 www.mass.gov/dph/don

August 20, 2013

Andrew S. Levine, Esq.
 Donoghue, Barrett & Singal, P.C.
 One Beacon Street, Suite 1320
 Boston, MA 02108
alevine@dbslawfirm.com

NOTICE OF PUBLIC HEALTH COUNCIL
 ACTION
PREVIOUSLY APPROVED DON #4-3B98
 Steward St. Elizabeth's Medical Center of Boston,
 Inc. (Request for Significant Change)

Dear Mr. Levine:

At their meeting of August 14, 2013, the Commissioner and the Public Health Council, acting together as the Department, voted pursuant to M.G.L. c. 111, § 25C and the regulations adopted thereunder, to approve with conditions a significant change to approved Determination of Need ("DoN") Project Number 4-3B98 of Steward St. Elizabeth's Medical Center of Boston, Inc. ("St. Elizabeth's" or "Hospital"). The change authorizes St. Elizabeth's to build out 2,730 GSF of approved shell space on the fifth floor of the Connell Building to accommodate 5 additional CCU beds and associated support functions as well as to undertake construction of mechanical infrastructure associated with the future build-out of the sixth floor of the building. As approved, the significant change will increase the maximum capital expenditure ("MCE") of the project from \$25,008,921 (March 2012 dollars) to \$29,231,960 (June 2013 dollars).

The significant change, as approved, does not change the approved project square footage. The only impact upon project square footage will be the development of previously approved shell space, as summarized below:

	Approved	New GSF Shell space	Total New	Renovation GSF	Total GSF
Approved 7-13-2011	44,377	2,730	47,067	299	47,067
Approved 6-13-2012	50,815	23,085	73,900	1,863	75,763
Approved 8-14-2013	53,545	20,355	73,900	1,863	75,763

The revised MCE of \$29,231,960 (June 2013 dollars) is itemized as follows:

	<u>New Construction</u>	<u>Renovation</u>
Construction Contract (Including bonding cost)	\$24,382,181	\$531,068
Fixed Equipment not in Contract	439,285	0
Architect. & Engineering	1,790,669	41,277
Pre-filing Planning & Development	60,940	0
Post-filing Planning & Development	38,077	0
Other (A): IT/Biomed Network AV, Security, Call Stations	865,347	0
Other (B): Moving, Cleaning, Builder's Risk, Signage	1,083,116	0
Total Construction Costs	<u>\$28,659,615</u>	<u>\$572,345</u>
Maximum Capital Expenditure	\$29,231,960	\$29,231,960

The conditions accompanying this approval are as follows:

1. St. Elizabeth's shall accept the maximum capital expenditure of \$29,231,960 (June 2013 dollars) as the final cost figure except for those increases allowed pursuant to 105 CMR 100.751 and 100.752.
2. St. Elizabeth's shall provide a total of \$1,439,443, or \$287,889 per year over five years, in support of community and regional health improvement programs. This revised contribution is based upon the addition of \$211,152 to the contribution amount of \$1,228,291 from Condition #4 of amended DoN #4-3B98 (June 14, 2012) and shall be subject to the same terms as described therein. The additional amount of \$211,152 is based upon 5% of the increase in the maximum capital expenditure of \$4,223,039 (June 2013 dollars).
3. All other conditions attached to the original approval and previous amendment of this project shall remain in effect.

Sincerely,



Bernard Plovnick, Director
Determination of Need Program

/bp

cc: Steve McCabe, CHIA
Sherman Lohnes, HCQ
Paul DiNatale, HCQ
Daniel Gent, HCQ
Cathy O'Connor, OHC
Geoff Wilkinson, Commissioner's Office

Attachment/Exhibit

3



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

DEVAL L. PATRICK
 GOVERNOR

JOHN W. POLANOWICZ
 SECRETARY

CHERYL BARTLETT, RN
 COMMISSIONER

Tel: 617-753-7340
 Fax: 617-753-7349
 www.mass.gov/dph/don

February 13, 2014

Andrew S. Levine, Esq.
 Donoghue, Barrett & Singal, P.C.
 One Beacon Street, Suite 1320
 Boston, MA 02108
alevine@dbslawfirm.com

NOTICE OF PUBLIC HEALTH COUNCIL
 ACTION
PREVIOUSLY APPROVED DON #4-3B98
 Steward St. Elizabeth's Medical Center of Boston,
 Inc. (Request for Significant Change)

Dear Mr. Levine:

At their meeting of February 12, 2014, the Commissioner and the Public Health Council, acting together as the Department, voted pursuant to M.G.L. c. 111, § 25C and the regulations adopted thereunder, to approve with conditions a significant change to approved Determination of Need ("DoN") Project Number 4-3B98 of Steward St. Elizabeth's Medical Center of Boston, Inc. ("St. Elizabeth's" or "Hospital"). The change authorizes St. Elizabeth's to renovate 22,406 GSF of existing space on the third floor of the Seton Pavilion including the surgical suite, post anesthesia care unit, and the preparation and recovery functions for ambulatory surgery. Renovation of the surgical suite includes the addition of two operating rooms for inpatient surgery, increasing the number of operating rooms at the hospital from eleven to thirteen. As approved, the significant change will increase the maximum capital expenditure ("MCE") of the project from \$29,231,960 (June 2013 dollars) to \$36,082,475 (October 2013 dollars).

The significant change, as approved, increases the approved project square footage as follows:

	Approved	New GSF Shell space	Total New	Renovation GSF	Total GSF
Approved 7-13-2011	44,377	2,730	47,067	299	47,067
Approved 6-13-2012	50,815	23,085	73,900	1,863	75,763
Approved 8-14-2013	53,545	20,355	73,900	1,863	75,763
Approved 2-12-2014	53,545	20,355	73,900	24,269	98,169

The revised MCE of \$36,082,475 (October 2013 dollars) is itemized as follows:

	New Construction	Renovation	Total
Construction Contract	\$24,623,565	\$6,056,993	\$30,680,558
Fixed Equipment not in Contract	443,634	0	\$443,634
Architect. & Engineering	1,808,397	588,232	\$2,396,629
Pre-filing Planning & Development	61,543	60,500	\$122,043
Post-filing Planning & Development	38,454	9,900	\$48,354
Other (A): IT and Biomedical Network AV, Security, Call Stations	873,914	346,504	\$1,220,418
Other (B): Moving, Cleaning, Builder's Risk Coverage, Signage	1,093,839	77,000	\$1,170,839
Total Maximum Capital Expenditure	\$28,943,346	\$7,139,129	\$36,082,475

The conditions accompanying this approval are as follows:

1. St. Elizabeth's shall accept the maximum capital expenditure of \$36,082,475 (October 2013 dollars) as the final cost figure except for those increases allowed pursuant to 105 CMR 100.751 and 100.752.
2. St. Elizabeth's shall provide a total of \$1,804,124, or \$360,825 per year over five years, in support of community and regional health improvement programs. This revised contribution is based upon 5% of the revised maximum capital expenditure of \$36,082,475 (October 2013 dollars) and replaces Condition #2 of amended DoN #4-3B98 (August 20, 2013). The additional funds shall be allocated to programs based upon identified needs as determined through a process involving the Boston Alliance for Community Health (CHNA 19), the Boston Public Health Commission, St. Elizabeth's, the Office of Community Health Planning, and other planning partners.
3. The approved project scope shall encompass 73,900 GSF of new construction and 24,269 GSF of renovations.
4. All other conditions attached to the original approval and previous amendment of this project shall remain in effect.

Sincerely,



Bernard Plovnick, Director
Determination of Need Program

Attachment/Exhibit

4



The Commonwealth of Massachusetts
 Executive Office of Health and Human Services
 Department of Public Health
 99 Chauncy Street, Boston, MA 02111

CHARLES D. BAKER
 Governor

MARYLOU SUDDERS
 Secretary

KARYN E. POLITO
 Lieutenant Governor

April 9, 2015

MONICA BHAREL, MD, MPH
 Commissioner

VIA EMAIL

NOTICE OF PUBLIC HEALTH COUNCIL ACTION

Steward St. Elizabeth's Medical Center of
 Boston, Inc.

Previously Approved DoN #4-3B98
 (Request for Significant Change)

Andrew S. Levine, Esq.
 Donoghue Barrett & Singal
 Boston, MA 02108-3106
 One Beacon Street, Suite 1320
 alevine@dbslawfirm.com

Dear Mr. Levine:

At their meeting of April 8, 2015, the Commissioner and the Public Health Council, acting together as the Department, voted pursuant to M.G.L. c. 111, § 25C and the regulations adopted thereunder, to approve with conditions a significant change to approved Determination of Need ("DoN") Project Number 4-3B98 of Steward St. Elizabeth's Medical Center of Boston, Inc. ("St. Elizabeth's" or "Hospital"). The change authorizes St. Elizabeth's to build out 21,058¹ gross square feet ("GSF") of approved shell space on the sixth floor of the Connell Building to establish a 20-bed adult medical/surgical unit and an 8-bed intensive care unit ("ICU"), as well as renovation of 3,637 GSF on the third floor of the Seton Pavilion to construct two new operating rooms. Upon licensure, the additional beds will increase the Hospital's adult medical/surgical bed complement from 128 to 148 beds and its ICU bed complement from 28 to 36 beds. The additional operating rooms will increase Hospital's surgical capacity from 13 to 15 operating rooms.

The approved build out of 21,058 GSF of shell space and renovation of 3,637 GSF of existing space increase the total square footage of this project from 98,169 GSF to 102,509 GSF as follows:

	New Construction	Renovation	Total Project
Approved 2-13-2014	73,900	24,269	98,169
Proposed changes	<u>703¹</u>	<u>3,637</u>	<u>4,340</u>
Totals	74,603	27,906	102,509

¹ Included in this number is 703 GSF of space to correct a previous under-reporting of the total space constructed on the sixth floor of the Connell Building.

As amended, the approved MCE of \$52,550,902 (August 2014 dollars) is itemized as follows:

	<u>New Construction</u>	<u>Renovation</u>	<u>Total</u>
Construction Contract	\$35,560,468	\$9,214,286	\$44,774,754
Fixed Equipment not in Contract	462,267	0	462,267
Architect. & Engineering	2,874,621	903,223	3,777,844
Pre-filing Planning & Development	113,628	100,385	214,013
Post-filing Planning & Development	40,069	20,216	\$60,285
Other (A): IT and Biomedical Network AV, Security, Call Stations, Low Voltage, Equip. Planning	1,250,618	521,057	1,771,675
Other (B): Moving, Cleaning, Builder's Risk Coverage, Signage, Hazardous Materials Abatement	1,387,830	102,234	1,490,064
Net Interest Expense During Construction	0	0	0
Major Movable Equipment	0	0	0
Total Construction Costs	<u>\$41,689,501</u>	<u>\$10,861,401</u>	<u>\$52,550,902</u>

The conditions accompanying this approval are as follows:

1. St. Elizabeth's shall accept the maximum capital expenditure of \$52,550,902 (August 2014 dollars) as the final cost figure except for those increases allowed pursuant to 105 CMR 100.751 and 100.752.
2. St. Elizabeth's shall provide an additional \$823,421, or \$164,684 per year over five years, in support of community and regional health improvement programs ("CHI"). This revised contribution is based upon 5% of the requested increase in the maximum capital expenditure of \$16,468,427 (August 2014 dollars), resulting in a total CHI obligation of \$2,627,545 for this project. The additional funds shall be allocated to programs based upon identified needs as determined through a process involving the Boston Alliance for Community Health (CHNA 19), the Boston Public Health Commission, St. Elizabeth's, the Office of Community Health Planning, and other planning partners.
3. As amended, the approved project scope shall encompass 74,603 GSF of new construction and 27,906 GSF of renovations.
4. All other conditions attached to the original approval and previous amendments of this project shall remain in effect.

Sincerely,

A handwritten signature in black ink, appearing to read "Bernard Plovnick". The signature is fluid and cursive, with a long horizontal stroke at the end.

Bernard Plovnick, Director
Determination of Need Program

cc: Mary Byrnes, CHIA
Kate Mills, HPC
Sherman Lohnes, HCQ
Paul DiNatale, HCQ
Daniel Gent, HCQ
Cathy O'Connor, OCHP

Attachment/Exhibit

F

F

The Commonwealth of Massachusetts

William Francis Galvin

Secretary of the Commonwealth

One Ashburton Place, Room 1717, Boston, Massachusetts 02108-1512

Foreign Limited Liability Company

Application for Registration

(General Laws Chapter 156C, Section 48)

Federal Identification No.: 27-2473240

(1a) The exact name of the limited liability company:

Steward Health Care System LLC

(1b) If different, the name under which it proposes to do business in the Commonwealth of Massachusetts:

(2) The jurisdiction* where the limited liability company was organized:

Delaware

(3) The date of organization in that jurisdiction: March 18, 2010

(4) The general character of the business the limited liability company proposes to do in the Commonwealth:

See Attached Rider

(5) The business address of its principal office:

299 Park Avenue

New York

NY

10171

(6) The business address of its principal office in the Commonwealth, if any:

N/A

(7) The name and business address, if different from principal office location, of each manager:

None

(6) The name and business address of each person authorized to execute, acknowledge, deliver and record any recordable instrument purporting to affect an interest in real property recorded with a registry of deeds or similar office of the land court:
NAME ADDRESS

Christopher Holt	259 Park Avenue, New York, NY 10171
Lisa Gray	259 Park Avenue, New York, NY 10171
W. Brett Ingersoll	259 Park Avenue New York, NY 10171

(9) The name and street address of the resident agent in the Commonwealth:

National Corporate Research, Ltd.
10 Milk Street, Suite 1055 Boston MA 02108

(10) The latest date of dissolution, if specified: _____

(11) Additional matters:

Signed by (by at least one authorized signatory): W. Brett Ingersoll

I, National Corporate Research, Ltd.
resident agent of the above limited liability company, consent to my appointment as resident agent pursuant to G.L. c156C § 48 (or attach resident agent's consent hereto).

* Attach a certificate of existence or good standing issued by an officer or agency properly authorized in home state.

RIDER

Purposes

1. To establish and maintain hospital or other institutions within the Commonwealth of Massachusetts, duly licensed by the Commonwealth of Massachusetts Department of Public Health, Department of Mental Health or other regulatory agencies.
2. To carry on any educational activities related to rendering care to the sick and injured, or to the promotion of health, that in the opinion of the Directors may be justified by the facilities, personnel, funds, and other requirements that are, or can be, made available;
3. To promote and carry on scientific research related to the care of the sick and injured insofar as, in the opinion of the Directors, such research can be carried on in, or in connection with, the institution or institutions;
4. To participate, so far as circumstances may warrant, in any activities designed and carried on to promote the general health of the community.

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "STEWARD HEALTH CARE SYSTEM LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SIXTH DAY OF MAY, A.D. 2010.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "STEWARD HEALTH CARE SYSTEM LLC" WAS FORMED ON THE EIGHTEENTH DAY OF MARCH, A.D. 2010.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE NOT BEEN ASSESSED TO DATE.

4801236 8300

100469467




Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 7976292

DATE: 05-06-10

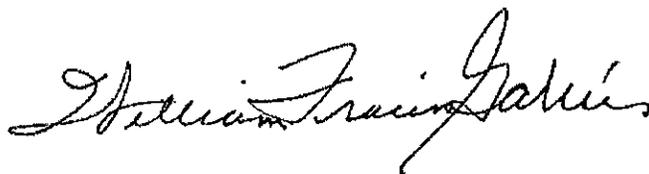
You may verify this certificate online at corp.delaware.gov/authvcr.shtml

THE COMMONWEALTH OF MASSACHUSETTS

I hereby certify that, upon examination of this document, duly submitted to me, it appears that the provisions of the General Laws relative to corporations have been complied with, and I hereby approve said articles; and the filing fee having been paid, said articles are

deemed to have been filed with me on:

May 07, 2010 9:16 AM

A handwritten signature in cursive script that reads "William Francis Galvin". The signature is written in black ink and is centered on the page.

WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth

Attachment/Exhibit

G



Massachusetts Department of Public Health
Determination of Need
Affidavit of Truthfulness and Compliance
with Law and Disclosure Form 100.405(B)

Version: 7-6-17

Instructions: Complete Information below. When complete check the box "This document is ready to print". This will date stamp and lock the form. Print Form. Each person must sign and date the form. When all signatures have been collected, scan the document and e-mail to: dph.don@state.ma.us Include all attachments as requested.

Application Number: Original Application Date:

Applicant Name:

Application Type:

Applicant's Business Type: Corporation Limited Partnership Partnership Trust LLC Other

Is the Applicant the sole member or sole shareholder of the Health Facility(ies) that are the subject of this Application? Yes No

The undersigned certifies under the pains and penalties of perjury:

1. The Applicant is the sole corporate member or sole shareholder of the Health Facility(ies) that are the subject of this Application;
2. I have read 105 CMR 100.000, the Massachusetts Determination of Need Regulation;
3. I understand and agree to the expected and appropriate conduct of the Applicant pursuant to 105 CMR 100.800;
4. I have read this application for Determination of Need including all exhibits and attachments, and certify that all of the information contained herein is accurate and true;
5. I have caused, as required, notices of intent to be published and duplicate copies to be submitted to all Parties of Record, and all carriers or third-party administrators, public and commercial, for the payment of health care services with which the Applicant contracts, and with Medicare and Medicaid, as required by 105 CMR 100.405(C), et seq.;
6. If subject to M.G.L. c. 6D, § 13 and 958 CMR 7.00, I have submitted such Notice of Material Change to the HPC - in accordance with 105 CMR 100.405(G);
7. Pursuant to 105 CMR 100.210(A)(3), I certify that both the Applicant and the Proposed Project are in material and substantial compliance and good standing with relevant federal, state, and local laws and regulations, as well as with all previously issued Notices of Determination of Need and the Terms and Conditions attached therein;
8. I have read and understand the limitations on solicitation of funding from the general public prior to receiving a Notice of Determination of Need as established in 105 CMR 100.415;
9. I understand that, if Approved, the Applicant, as Holder of the DoN, shall become obligated to all Standard Conditions pursuant to 105 CMR 100.310, as well as any applicable Other Conditions as outlined within 105 CMR 100.000 or that otherwise become a part of the Final Action pursuant to 105 CMR 100.360;
10. Pursuant to 105 CMR 100.705(A), I certify that the Applicant has Sufficient Interest in the Site or facility; and
11. Pursuant to 105 CMR 100.705(A), I certify that the Proposed Project is authorized under applicable zoning by-laws or ordinances, whether or not a special permit is required; or,
 - a. If the Proposed Project is not authorized under applicable zoning by-laws or ordinances, a variance has been received to permit such Proposed Project; or,
 - b. The Proposed Project is exempt from zoning by-laws or ordinances.

LLC

All parties must sign. Add additional names as needed.


 Name: Signature: Date

This document is ready to print:

Date/time Stamp:

*been informed of the contents of
 **have been informed that
 ***issued in compliance with 105 CMR 100.00, the Massachusetts Determination of Need Regulation effective January 27, 2017